

President's Remarks in BOV Open Session March 26th, 2018

Last week was one of the best philanthropic weeks in Virginia Tech's history. First, on March 19th, we announced a \$20M gift from alumnus, David Calhoun, Class of 1979. A \$15M endowment for the Calhoun Honors Discovery Program will support scholarships for 200 students in steady state. An additional \$5M will be used to develop and deliver the curriculum for the Program, and to launch the Calhoun Center for Higher Education Innovation, a center that will advance Virginia Tech's vision for the VT-shaped student experience as a Beyond Boundaries incubator.

The next day was Virginia Tech's first annual Giving Day. In 24 hours, Hokies all around the world gave more than 4,800 gifts totaling in excess of \$1.6M. The results exceeded expectations. The bar is set high for next year. I'd like to thank all of those who contributed, including our donors and the students, faculty, staff and alumni who brought energy and passion to this endeavor. Given that my March Madness bracket was entirely busted during the first round of the tournament (I had Virginia Tech defeating Virginia in the finals), I was able to redirect my competitive anxieties to watching the College of Engineering and the College of Liberal Arts and Human Sciences battle it out to the end in a Giving Day Challenge. Dean Blieszner and her crew pulled it out at the very end.

We are in the home stretch for Fall 2018 admissions. Admissions decisions were distributed a few weeks ago. For the fourth year in a row, we set a record for first-year application numbers. We exceeded 32,000, about 5,000 more than last year, and up 60% since Fall 2014. Soaring interest in Virginia Tech for both in-state and out-of-state students reflects the value of the degree and the 21st century student experience that we offer. Unfortunately, the growth in enrollment over the four years has not kept up with demand, and we are now in a position that we must wait-list or deny many qualified applicants who we know could be successful at Virginia Tech.

Declining support from the commonwealth over the past two decades combined with the physical limitations on the rate of infrastructure growth have required a moderated approach to growth. Last year's over-enrollment by about 500 students, while unintentional, did serve the purpose of revealing the stress points in our dining, housing, student services and curricular capacities. Going forward, we will focus on adding capacity in those critical areas. Incidentally, we were fortunate to retain 97.5% of our first-year students from Fall to Spring. I'd like to thank our faculty and our staff, especially in Student Affairs, facilities, academic advising and our academic departments for ensuring that our students received the support that they needed.

Growth has allowed for efficiencies of scale that have contributed to our ability to keep base tuition and fee rate increases to 2.9% for a third year in a row, provided our appropriation from

the state meets expectations for the coming year. To put 2.9% in perspective, this rate increase is in between two inflation indexes, the Consumer Price Index (cpi) and the Higher Education Price Index (HEPI). The HEPI is more strongly weighted to the escalating cost of attracting and retaining talent, and tends to drive a higher inflation rate. Our tuition rate increases have been the lowest in the commonwealth over these past three years. We have the lowest comprehensive fees and room & board rates of the 15 public four-year institutions in the commonwealth. The actual cost to Virginia Tech for providing an undergraduate education has been more or less constant in real dollars since 2000. To reduce the net price to our students, we are increasing our scholarship funding year-by-year. Gifts such as the Calhoun Honors Discovery Program and the Clark Foundation gift in September of last year make a tremendous difference for those students.

And while Virginia Tech retains a focus on careful stewardship of state and tuition funds, we face challenges in maintaining the quality of some of our signature programs that require expensive facilities and globally competitive salaries for faculty and staff. As a result, we are increasing the differential tuition rates for new first-year students in those programs. Continuing students will not see a differential tuition rate increase. Students in these programs should see steady improvement in the quality of the facilities and the academic support they receive that is critical to their success.

As the General Assembly session draws to a close, I am encouraged by three conversations that have gained traction to the extent that budget language is now being debated. The first is reflected in the transformative CyberX initiative introduced by the House of Delegates. CyberX would receive \$50M over the biennium, including \$10M in capital, to grow Virginia's research, innovation and talent pipelines at the intersection of data, security and autonomy. The House has asked Virginia Tech to coordinate this initiative by standing up a "hub" in northern Virginia that would connect the "spokes" of strength that are distributed around the commonwealth. Our \$57M in annual research expenditures in the data-security-autonomy confluence as well as our leadership of Virginia's Cyber Range has put us in a position to lead. We hope that the General Assembly and the Administration will support this initiative through the final stages of the budgeting process. Virginia Tech and our sister institutions, in concert with industry, can put Virginia in a global leadership position at this critical confluence that will define the economy and our way of living for the foreseeable future.

The second conversation in Richmond that I think is essential to realizing our Beyond Boundaries vision for the VT-shaped student experience is the concept of a high-impact internship that is catalyzed by resources from the state that would be matched by employers. Think of this as Cooperative Education 2.0. If nearly all of our students were able to graduate in four years without debt and with the skills and connections that are needed to seamlessly transition to a career, I think we would have made a tremendous leap toward the envisioned VT-shaped student experience. Both the House and Senate have incorporated language that would allow for pilot projects. Virginia Tech is excited to be at the forefront of this transformation of the student experience.

The final conversation is around new partnerships with the state around common goals, goals such as enhancing access and affordability, strengthening cooperative extension, and catalyzing economic growth. We are seeking a formal framework for those conversations that would identify opportunities for alignment between the needs of our institution and the expectations of the Virginia taxpayer. A partnership around those aligned objectives would include institutional commitments, state commitments, and the institutional flexibility needed to realize the mutually-agreed-upon objectives. It sounds simple, but it will require commitment, transparency and trust. I'm optimistic.

I would like to update you on the search processes for two senior leaders. The first is the Senior Vice President for Operations and Administration, a key member of the Executive Staff. The pool is very strong and we are optimistic that the search will be completed before the end of the spring semester. The second is the search for our Vice President for Human Resources. We are building that pool now, and the search is expected to be completed in early summer.

Finally, my bracket may have been busted, but athletics is quietly enjoying a breakout year. You all know about the success of football and men's basketball, and of course, women's basketball is enjoying an incredible post-season run in the WNIT – now in the final four - but the other sports are also having success. The evidence is in the Learfield Directors' Cup standings. As of a few days ago, we are in 7th place nationally for the year, behind Stanford, Penn State, Wisconsin, USC, Michigan and NC State. You may have heard that in Indoor Track and Field, the men placed 4th and the women 14th. The men's Distance Medley Relay won the NCAA title. Wrestling finished 8th at the NCAA tournament, and Women's Swimming and Diving finished 33rd. There is much more competition left this year, but a top-25 finish would be our best ever. No pressure, Whit!

And by the way, we congratulate Whit on being named one of four FBS Under Armour Athletic Directors of the year!

That concludes my report.