

Virginia Tech Board of Visitors Meeting April 20, 2012

Minutes

- A. **Resolution:** Appreciation to the Office of the Attorney General of Virginia
- B. **Resolution:** Appreciation to the Firm of McGuire Woods
- C. **Presentation:** 2012-13 Tuition and Fee

MINUTES

April 20, 2012

The Board of Visitors of Virginia Polytechnic Institute and State University held a special meeting on Friday, April 20, 2012, in the Pocahontas Room, Hotel Roanoke, Roanoke, Virginia.

Present

Mr. George Nolen (Rector)
 Mr. Frederick J. Cobb (via phone)
 Ms. Beverley Dalton
 Mr. Douglas R. Fahl
 Mr. Cordel Faulk
 Mr. William B. Holtzman
 Dr. Calvin D. Jamison, Sr. (via phone)
 Mr. John C. Lee IV (via phone)
 Ms. Suzanne Obenshain
 Ms. Deborah Leigh Martin Petrine
 Mr. Michael J. Quillen
 Mr. John G. Rocovich, Jr.
 Mr. Paul W. Rogers, Jr.
 Dr. Bruce Pencek, Faculty Representative
 Ms. Maxine Lyons, Staff Representative
 Ms. Michelle McLeese, Graduate Student Representative
 Mr. Matthew Banfield, Undergraduate Student Representative

Absent

Ms. Michele Duke

Also present were the following: Dr. Charles Steger, Mr. Ralph Byers, Ms. Shelia Collins, Mr. Corey Earles, Ms. Natalie Hart, Ms. Kay Heidbreder, Mr. Timothy Hodge, Ms. Elizabeth Hooper, Dr. Mark McNamee, Ms. Kim O'Rourke, Mr. Mark Owczarski, Mr. Christopher Rahmes, Mr. Dwight Shelton, Ms. Sandra Smith, Dr. Sherwood Wilson, and Ms. Tonia Moxley (*Roanoke Times*).

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Rector Nolen convened the meeting at 10:10 a.m. The start of the meeting was delayed from 9:30 because of travel delays experienced by several Board members.

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President Steger presented for the Board's consideration two resolutions to express appreciation to the staff from the Office of the Attorney General and the firm of McGuire Woods for their extraordinary efforts throughout the Peterson/Pryde vs. Commonwealth of Virginia civil litigation.

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The following resolution was moved by John Rocovich, seconded by William Holtzman, and approved unanimously.

**Resolution of Appreciation
to the Office of the Attorney General of Virginia**

That the resolution expressing appreciation to the staff of the Office of the Attorney General of Virginia, specifically Robert McDonnell, Governor (formerly Attorney General); Kenneth T. Cuccinelli, II, Attorney General; Wesley G. Russell, Jr., Deputy Attorney General; Peter R. Messitt, Senior Assistant Attorney General; Mike F. Melis, Assistant Attorney General; Kay Heidbreder, Special Assistant Attorney General; and Ms. Susan Terry, Paralegal Senior of the Office of the Attorney General, for their invaluable service to Virginia Tech and the Commonwealth of Virginia in the Peterson/Pryde vs. the Commonwealth of Virginia civil litigation be approved. (Copy filed with the permanent minutes and marked Attachment A.)

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The following resolution was moved by Mr. Rocovich, seconded by Mr. Holtzman, and approved unanimously.

**Resolution of Appreciation
to the Firm of McGuire Woods**

That the resolution expressing appreciation to the firm of McGuire Woods, specifically to William G. Broaddus, Richard Cullen, Frank Atkinson, Thomas Cabaniss, Jeremy S. Byrum, and Katie Lilley, for invaluable service to Virginia Tech and the Commonwealth of Virginia in the Peterson/Pryde vs. the Commonwealth of Virginia civil litigation be approved. (Copy filed with the permanent minutes and marked Attachment B.)

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(NOTE: Mr. Quillen arrived at 10:20 a.m. due to a travel delay.)

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Presentation on 2012-13 Tuition and Fee Recommendations

Rector Nolen called on Mr. Shelton, Vice President for Finance and Chief Financial Officer, to give a presentation he had prepared for the Board on the outcome of the 2012 General Assembly Session and tuition and fee recommendations for 2012-13. (Copy filed with the permanent minutes and marked Attachment C.)

Mr. Shelton presented an update on the university's financial outlook and need for increased tuition and fee rates. The update included the financial outcomes of the joint Conference Committee of the Virginia General Assembly, which impact both the institution's costs and resources. This included significant increases in state-assigned costs and the positive step of the Conferees inclusion of \$3.8 million in support with some designations for a portion of those funds.

The presentation also covered the university's current financial status, a review of the university's lean administrative cost structure and efforts to further reduce energy utilization and leverage technology to contain costs, the cost drivers impacting the university and the amount of state support available to assist with a portion of these costs, the process and considerations in establishing tuition rates, potential revenue from tuition rate scenarios, a potential scenario for balancing the university budget, the progression of rate reductions since the Board's previous approval of the six-year financial plan, and a recommended set of tuition and fees including a proposal to reduce rates for on-campus undergraduates for summer 2013. While raising tuition and fees is never desirable, a 4.9 percent resident undergraduate increase and 6.0 percent non-resident undergraduate rate recommendation were shared to demonstrate how resource needs could be balanced with price sensitivity. As the university increases tuition, it also plans to increase the amount of financial aid available to students. The Funds for the Future program shelters returning students with need from all or a portion of the impact of a rate increase depending on income. Mr. Shelton also noted that the proposed non-resident tuition and mandatory E&G fees would be 143 percent of the Average Cost of Education. This is in compliance with state tuition policy, which mandates that non-residents pay at least 100 percent of the Average Cost of Education. The proposal would have resident students fund 60 percent of their cost of education. The presentation also included an update on student debt, differential pricing, trends in higher education, a summary of the outlook of public peer institutions, and an update on net price and benchmarking of Virginia Tech's rates with public peer institutions for 2011-12. Virginia Tech ranks 20 out of 24 for in-state undergraduates and 18 out of 24 for nonresident undergraduates.

A discussion ensued with concerns of the proposed rates. Mr. Shelton was asked to prepare several scenarios that would allow the university to meet its financial targets and submit those recommendations to the Board. While Board members did not express an interest in increasing in-state tuition for students, one option that was discussed was to possibly increase tuition paid by out-of-state students.

No action was taken by the Board on the tuition and fee recommendations.

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The following resolution was moved by Ms. Dalton, seconded by Mr. Fahl, and approved unanimously.

MOTION TO BEGIN CLOSED MEETING

I move that the Board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Discussion of salaries of actual employees
2. Briefing on probable litigation.

pursuant to the following section 2.2-3711 (A)(1) and(10), Code of Virginia, as amended.

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(NOTE: Ms. Obenshain departed at 12:05 p.m. At that time, the telephone connection with the three Board members participating by telephone was checked, and it was discovered that they were no longer connected.)

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The following resolution was moved by Ms. Dalton, seconded by Mr. Rocovich, and approved unanimously.

MOTION TO RETURN TO OPEN SESSION

WHEREAS, the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were

identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Visitors.

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The date for the next regular meeting is June 3-4, 2012, Blacksburg, Virginia.

The meeting adjourned at 12:40 p.m.

George Nolen, Rector

Kim O'Rourke, Secretary

RESOLUTION OF APPRECIATION TO THE OFFICE OF THE ATTORNEY GENERAL OF VIRGINIA

WHEREAS, on April 16, 2007, the tranquil learning environment of Virginia Polytechnic Institute and State University was shattered by an outburst of unprecedented, incomprehensible violence that in two separate incidents resulted in the slaying of 33 people and the physical injury of more than 20 others; and

WHEREAS, in the immediate aftermath of the shootings when then-Attorney General Robert McDonnell (now Governor) rushed to the Virginia Tech campus and throughout the ensuing years under the direction of The Honorable Kenneth T. Cuccinelli, II, the Office of the Attorney General has steadfastly supported the Virginia Tech community and its leadership; and

WHEREAS, Special Assistant Attorney General Kay Heidbreder was instrumental in negotiating settlement agreements with those who were physically injured and all but two of the families of those who were slain; and

WHEREAS, with great care, compassion, and sensitivity, the legal team comprised of Wesley G. Russell, Jr., Deputy Attorney General; Peter R. Messitt, Senior Assistant Attorney General; Mike F. Melis, Assistant Attorney General; Kay Heidbreder; Special Assistant Attorney General (assisted by Virginia Tech paralegal Patti Smith); and Susan Terry, Paralegal Senior; under the leadership of Attorney General Kenneth T. Cuccinelli, II spent countless hours as they, in cooperation with the team from McGuire Woods, diligently prepared for and expertly represented the Commonwealth of Virginia and named defendants in the civil case of Peterson/Pryde vs. the Commonwealth of Virginia that was tried in Montgomery County, Virginia, in March 2012; and

WHEREAS, numerous issues arising and decided in the course of the litigation will have significant impact not only upon Virginia Tech, but upon all institutions of higher education across the country;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University does hereby express its deepest appreciation and pay tribute to Robert McDonnell, Governor; Kenneth T. Cuccinelli, II, Attorney General; Wesley G. Russell, Jr., Deputy Attorney General; Peter R. Messitt, Senior Assistant Attorney General; Mike F. Melis, Assistant Attorney General; Kay Heidbreder, Special Assistant Attorney General; and Ms. Susan Terry, Paralegal Senior of the Office of the Attorney General, for their unwavering dedication and outstanding service to Virginia Tech and the Commonwealth of Virginia.

RECOMMENDATION:

That the above resolution expressing appreciation to the staff of the Office of the Attorney General of Virginia for their invaluable service to Virginia Tech and the Commonwealth of Virginia in the Peterson/Pryde vs. the Commonwealth of Virginia civil litigation be approved.

April 20, 2012

RESOLUTION OF APPRECIATION TO THE FIRM OF McGUIRE WOODS

WHEREAS, on April 16, 2007, the tranquil learning environment of Virginia Polytechnic Institute and State University was shattered by an outburst of unprecedented, incomprehensible violence that in two separate incidents resulted in the slaying of 33 people and the physical injury of more than 20 others; and

WHEREAS, a civil law suit, Peterson/Pryde vs. the Commonwealth of Virginia, et al., was brought by the families of two of the slain students against the Commonwealth of Virginia, Virginia Tech, President Charles Steger, and others; and

WHEREAS, with the blessing of Chairman and Partner Richard Cullen and Managing Partner Thomas Cabaniss, the law firm of McGuire Woods, LLP of Richmond, Virginia, graciously offered to represent President Steger pro bono; and

WHEREAS, even after President Steger was formally dismissed as a defendant in the case along with the other individual defendants prior to trial, McGuire Woods remained steadfastly committed to the defense of the Commonwealth of Virginia and the vindication of all those who previously had been named in the suit; and

WHEREAS, with great care, compassion, and sensitivity, the legal team of William G. Broaddus, Counsel, and Jeremy S. Byrum, Associate, in consultation with Richard Cullen, spent countless hours as they, in cooperation with the team from the Office of the Attorney General of Virginia, diligently prepared for and expertly represented the Commonwealth of Virginia and named defendants in the civil case of Peterson/Pryde vs. the Commonwealth of Virginia that was tried in Montgomery County, Virginia, in March 2012; and

WHEREAS, throughout the proceedings, the team of Frank Atkinson, Partner and Chairman of McGuire Woods Consulting, and Katie Lilley provided expert professional communications consulting services to Virginia Tech;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University does hereby express its deepest appreciation and pay tribute to William G. Broaddus, Richard Cullen, Frank Atkinson, Thomas Cabaniss, Jeremy S. Byrum, and Katie Lilley of the firm of McGuire Woods for their unwavering dedication and outstanding service to Virginia Tech and the Commonwealth of Virginia.

RECOMMENDATION:

That the above resolution expressing appreciation to the firm of McGuire Woods, specifically to William G. Broaddus, Richard Cullen, Frank Atkinson, Thomas Cabaniss, Jeremy S. Byrum, and Katie Lilley, for invaluable service to Virginia Tech and the Commonwealth of Virginia in the Peterson/Pryde vs. the Commonwealth of Virginia civil litigation be approved.

April 20, 2012



2012-13 Tuition and Fee Recommendation
Board of Visitors, Executive Committee
April 20, 2012
M. Dwight Shelton, VP for Finance and Chief Financial Officer



General Assembly Update



2012 General Assembly

- ☐ General Assembly Adjourned in March without passing a 2012-14 biennial budget.
- ☐ Joint Conference Committee worked through April on compromised budget, but this budget failed to pass on April 18th.
- ☐ Higher Education funding has not been a point of conflict.
- ☐ General Assembly continues to debate contentious issues. Governor McDonnell will need to approve final budget once passed.



2012 General Assembly (continued)

- ☐ Joint Conference Budget as of April 17th includes the following E&G base operating support for Virginia Tech for 2012-13:

General Fund (\$ in millions)

Base Operating Support	\$1.7
New Virginia Undergraduate Growth	0.7
Six-Year Plan Initiatives	0.9
VA View (K-12 career program)	0.3
VA Space Grant Consortium (internships)	0.3
<i>Total Operating Support</i>	<i>\$3.9</i>
Total Operating Support for E&G Division	<u>\$3.3</u>
<i>Total Flexible Operating Support Available to Address Fixed Cost Increases</i>	<i>\$1.7</i>



2012 General Assembly (continued)

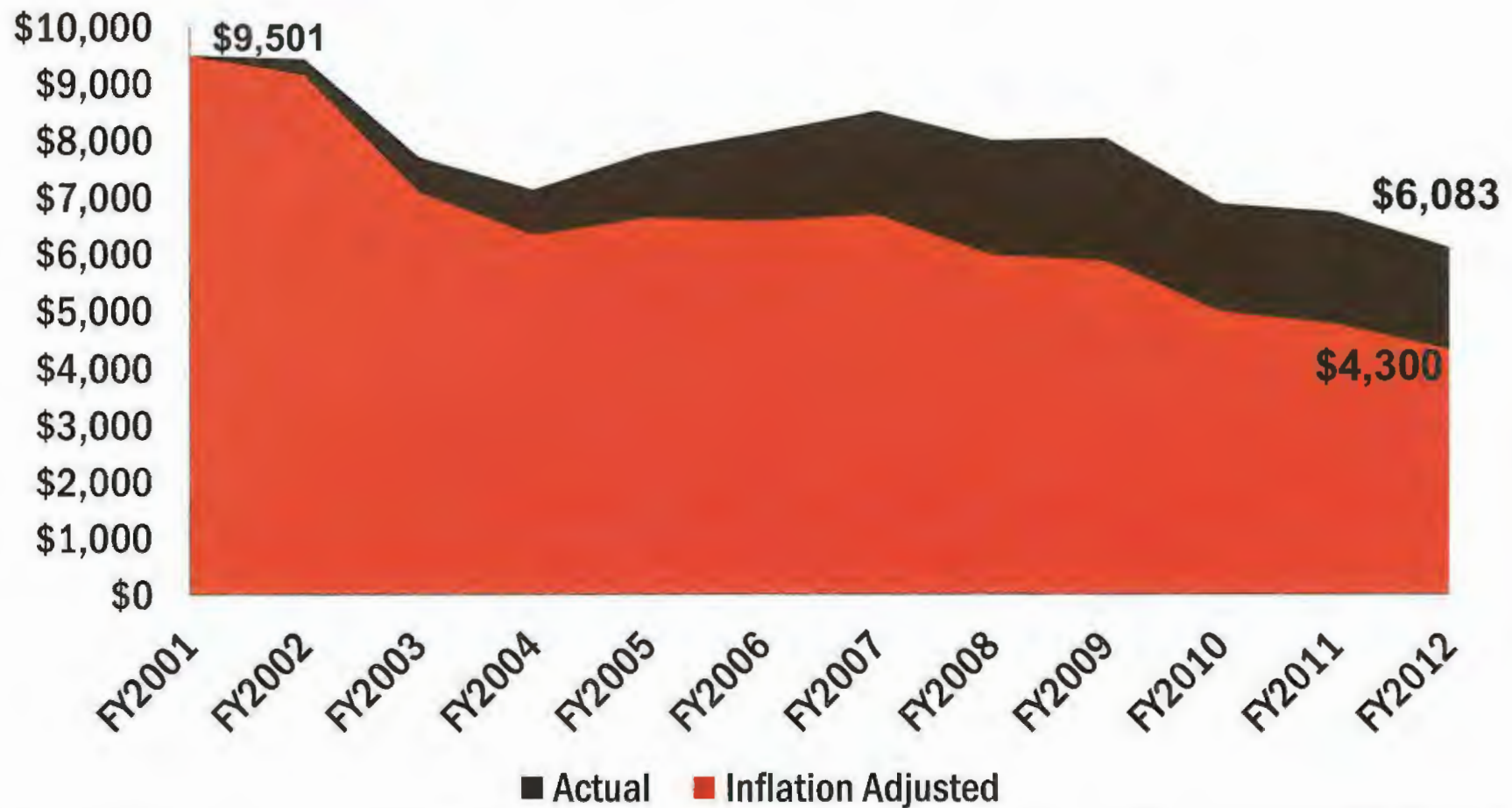
- ☐ Joint Conference Budget as of April 17th also includes the following support for Virginia Tech, **designated for specific programs**, in 2012-13:

	General Fund
Unique Military Activities	\$150k
Brain Disorder Research	\$750k
Undergraduate Financial Aid	\$445k
Agency 229 Critical Staffing	\$500k
Equipment Trust Fund – Research Increase	\$2.0M

- ☐ This additional funding supports university activities outside of the instructional budget, and will not impact tuition resources.
- ☐ The state will share the cost of the 2% faculty and staff salary increase in 2013-14, contingent upon state revenue targets.



General Fund Per Virginia Student at Virginia Tech



2012-13 Tuition & Fee Development

Objective:
Balance costs with appropriate price sensitivity.

Development Timeline

- ☐ The university traditionally develops tuition and fee recommendations in the Spring, with guidance regarding General Fund support from the General Assembly.

- ☐ It is helpful to students and families to understand the cost of education prior to the May 1st student acceptance deadline.

Authority to Establish Tuition

- ❑ **The Management Agreement of 2006** affords the university:
“the sole authority to establish tuition, fees, room, board, and other charges consistent with sum sufficient appropriation authority for non-general funds as provided by the Governor and the General Assembly in the Commonwealth’s biennial appropriations authorization.”
- ❑ **Higher Education Opportunity Act of 2011** framed tuition and General Fund support within a calculated “aggregate cost of education”, limiting total resources to a theoretical total need. However, allowances remain for institutional specific needs related to faculty salaries and uniquely mission-oriented initiatives.
- ❑ **All versions of the 2012-14 biennial budget** retain the university’s sum sufficient nongeneral fund appropriation and the authority of the Board of Visitors to set tuition and fee rates.

Starting Point

- ☐ \$47M base budget adequacy shortfall as assessed by the State Council of Higher Education in October 2011.
- ☐ While the Commonwealth's stated goal is the 60th percentile, Virginia Tech's authorized faculty salary average is at the 25th percentile of our SCHEV peer group.
- ☐ 2,194 additional resident students since 2004 without additional General Fund support.
- ☐ Six-year plan envisioned the following tuition increases:
 - ☐ 8.5% Resident Undergraduate
 - ☐ 6.0% Nonresident Undergraduate



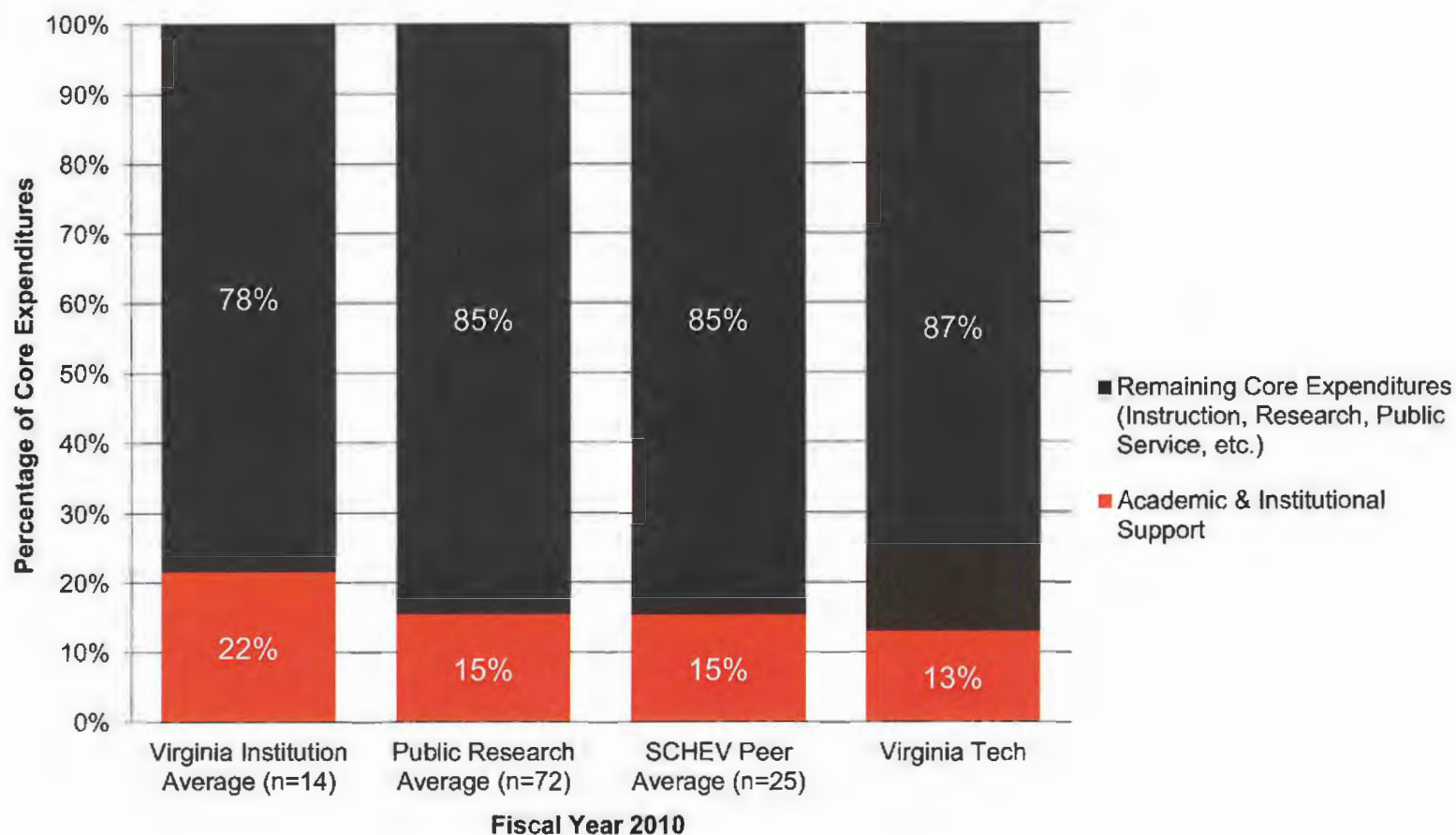
University Successes with Efficiency Improvements

- ☐ Sustainability
 - ☐ Energy reduction programs
 - ☐ Energy Service Company (ESCO)

- ☐ Automation Initiatives
 - ☐ Research administration system
 - ☐ Online procurement system
 - ☐ Online payment system

- ☐ Process Review

Administrative Costs as a Percentage of Core Expenditures





Review of Major Cost Drivers 2012-13

Mandatory Cost Drivers	\$14.0
Commitments	9.7
Priority Initiatives	8.4
<i>Subtotal</i>	<u>\$32.1</u>
 New Costs (1% to Align with State Bonus)	 <u>2.1</u>
<i>Total</i>	<u><u>\$34.2</u></u>

Review of Cost Drivers and Previously Identified Resources 2012-13

Costs	\$ (34.2)
General Fund	3.3
Enrollment Growth (+50 ISUG)	0.4
Reallocation	1.9
Surplus/(Shortfall)	\$ (28.6)



Rate and Revenue Process and Options

- ☐ University undertakes a several month, multi-step process to evaluate and create proposals for the many rates and total costs in the tuition and fee package.

- ☐ The following discussion will cover the factors and logic for the major rate and cost proposals for 2012-13.



Rate and Revenue Process and Options

- ☐ The new revenue generated from rate changes is estimated to be \$17.2 million. *Not Implemented
because tuition-and-mandatory
fee proposal was not accepted*
- ☐ The university has not considered across-the-board rate proposals due to the differing factors that impact each rate decision.
 - ☐ However, reviewing revenue generated from across-the-board scenarios is sometimes helpful.

Revenue Generation Scenarios

- ❑ Example of incremental revenue generated through various percentage increases to each student group.

	Incremental Revenue (\$ in millions)				
	3%	4%	5%	6%	7%
Instate Undergraduate	\$ 4.2	\$ 5.6	\$ 7.0	\$ 8.4	\$ 9.8
Out-of-State Undergraduate	3.9	5.2	6.5	7.8	9.1
Instate Graduate	0.5	0.6	0.7	0.8	0.9
Out-of-State Graduate	0.6	0.7	0.9	1.1	1.3
Total	\$ 9.2	\$ 12.1	\$ 15.1	\$ 18.1	\$ 21.1



Not Implemented
 because tuition-and-mandatory
 fee proposal was not accepted

A Balancing Strategy

<u>Reallocate Funds</u>	<i>\$ in millions</i>
<i>NGF share of State-Assigned 3% Bonus</i>	6.3
<i>Classroom Renovation Program</i>	0.7
<u>Allocate New Equipment Trust Fund Resources</u>	
<i>High Performance Computing</i>	2.0
<i>Classroom Technology (Video Broadcast Services)</i>	1.0
<u>Ask Campus to Absorb Inflation</u>	
<i>Contract Inflation</i>	0.5
<u>Update Student Financial Aid Goal with Lower Tuition</u>	
<i>Financial Aid (BOV Scorecard Metric)</i>	0.5
<u>Financing</u>	
<i>Extend Term of Unified Communications System</i>	0.4
<u>Tuition</u>	
<i>Projected Revenue</i>	17.2
<i>Total</i>	<u>\$ 28.6</u>

Multi-Year Strategy

- ☐ University maintains a three year budget outlook
- ☐ Anticipate 2013-14 to be resource constrained
 - ☐ Flexible state support provided in 2012-13
 - ☐ Continued price sensitivity
- ☐ Continue to study differential pricing and enrollment options

2012-13 Tuition Fee
Recon. by the Board of Visitors
Recommendations

Components of Total Cost

- Tuition
- E&G Fees
- Comprehensive Fee
- Room & Board

TUITION &
E&G FEES

TUITION &
MANDATORY FEES

TOTAL COST

Factors Considered in Establishing Rates

- ☐ State policy
 - ☐ Nonresidents
 - ☐ Fund at least 100% of their average cost of education
 - ☐ Commonwealth capital and equipment debt service assignment
 - ☐ Residents
 - ☐ State intent to fund 67%
- ☐ Costs
 - ☐ Nongeneral fund cost assignments
- ☐ Market
 - ☐ SCHEV Peers
 - ☐ Competitive Peers
 - ☐ Net Price Benchmarking
- ☐ Guidance

Key Elements of Recommendation

- ☐ Proposed rates for Virginia undergraduates are:
 - ☐ Significantly lower than in previous years due to more stable economic environment and increased State support
 - ☐ Significantly lower than rates envisioned in the six year plan
- ☐ Driven largely by fixed cost increases and necessity to address existing university commitments
- ☐ Allows the university to make modest progress in support of the Higher Education Opportunity Act goals



Tuition Planning Progression

- ❑ Six-Year plan projected resident undergraduate tuition increase of 8.5%, assuming no new General Fund support.
- ❑ Additional General Fund support equates to a 2.4% decrease in resident undergraduate tuition.
- ❑ Rigorous planning and conservative budgeting has further reduced the recommend rate by 1.2%.

	<u>% Increase</u>
Six-Year Plan Resident UG Tuition & Fees	8.5%
New General Fund (\$3.3M)	(2.4%)
<i>Net Remaining Tuition Need</i>	6.1%
University actions	(1.2%)
Current Recommendation	4.9%

Not Approved
by the Board of Visitors

2012-13 Tuition

	2011-12 Charge	Proposed 2012-13	Rate Increase	
			\$	%
<u>Undergraduate Students</u>				
Resident	\$ 8,852			4.7%
Nonresident	22,321			5.9%
<u>Graduate Students</u>				
On-Campus Programs				
Resident	10,048	10,677	629	6.3%
Nonresident	19,497	20,926	1,429	7.3%
Off-Campus Programs				
Resident	11,124	11,822	698	6.3%
Nonresident	20,902	22,435	1,533	7.3%

Not Approved
by the Board of Visitors



Access and Year Round Use of Facilities

Summer 2013 tuition rate reduction for on-campus undergraduates

☐ Streamline process to credit-hour basis

☐ Enables innovation in course and timetable

☐ Discount of 10% per credit hour

☐ Undergraduate student incentive to study year r

☐ 2012-13 per credit hour rate proposal:

Not Approved
by the Board of Visitors

<u>Undergraduate On-Campus</u>	<u>Regular Session</u>	<u>Summer Session</u>
Resident Credit Hour	\$386.25	\$348.00
Nonresident Credit Hour	982.25	884.00

2012-13 E&G Fees

- ❑ **Technology Fee:** To offset additional costs of university's communication network, e911 system, and emergency communications systems.
- ❑ **Commonwealth Capital and Equipment Fee:** 2012 General Assembly increased assessment by \$35 per year for nonresident students. Revenue passed directly to state to service debt for facilities and equipment.

	<u>2011-12</u> <u>Charge</u>	<u>Proposed</u> <u>2012-13</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
Technology Fee	47	63	16	34.0%
Commonwealth Capital and Equipment Fee (Nonresident only)	569	604	35	6.2%

2012-13 Auxiliary Fees

	2011-12 Charge	Proposed 2012-13	Increase \$	%
<u>Comprehensive Fee</u>				
Student Activity Fee	411	437	26	6.3%
Health Service Fee	346	363	17	4.9%
Athletic Fee	260	279	19	7.3%
Bus Fee	104	110	6	5.8%
Recreational Sports Fee	258	265	7	2.7%
Student Services Fee	231	235	4	1.7%
Total Comprehensive Fee	1,610	1,689	79	4.9%
Northern Virginia Center Student Services F		106	106	N/A
<u>Room & Board Fees</u>				
Pre-1983 Dormi	4,138	4,508	370	8.9%
Major Flex Plan	2,718	2,806	88	3.2%

**Not Approved
by the Board of Visitors**

Resident Undergraduates

	2011-12	Proposed	Increase	
	Charge	2012-13	\$	%
Tuition	\$8,852	\$9,272		4.7%
E&G Fees	47	60		24.0%
<i>Tuition & E&G Fees</i>	8,899			4.9%
Comprehensive Fee	1,610		79	4.9%
<i>Tuition & Mandatory Fees</i>	10,509	11,024	515	4.9%
<i>Room and Board</i>	6,856	7,314	458	6.7%
Total Cost	\$17,365	\$18,338	\$973	5.6%

Not Approved
by the Board of Visitors

Nonresident Undergraduates

	2011-12	Proposed	Increase	
	Charge	2012-13	\$	%
Tuition	\$22,254	\$23,575	\$1,321	5.9%
E&G Fees	616	667	51	8.3%
<i>Tuition & E&G Fees</i>	22,870			6.0%
Comprehensive Fee	1,610		79	4.9%
<i>Tuition & Mandatory Fees</i>	24,480	25,931	1,451	5.9%
Room and Board	6,856	7,314	458	6.7%
Total Cost	\$31,336	\$33,245	\$1,909	6.1%

Not Approved
by the Board of Visitors

Resident Graduates

	2011-12	Proposed	Increase	
	Charge	2012-13	\$	%
Tuition	\$10,048	\$10,677	\$629	6.3%
E&G Fees	47		16	34.0%
<i>Tuition & E&G Fees</i>	10,095		645	6.4%
Comprehensive Fee		1,689	79	4.9%
Total		\$12,429	\$724	6.2%

Not Approved
by the Board of Visitors

Nonresident Graduates

	2011-12	Proposed	Increase	
	Charge	2012-13	\$	%
Tuition	\$19,497		129	7.3%
E&G Fees			51	8.3%
<i>Tuition & E&G Fees</i>		1,593	1,480	7.4%
Comprehensive Fee		1,689	79	4.9%
Total	\$21,723	\$23,282	\$1,559	7.2%

Not Approved
by the Board of Visitors

Veterinary Medicine

Total Cost

	2011-12 Charge	Proposed 2012-13	Increase	
			\$	%
Virginia/Maryland Students				
Tuition	\$17,444	\$18,163	\$719	4.1%
E&G Fees	47	63	16	34.0%
Comprehensive Fee	16	25	9	4.9%
Vet Med Facility Fee			0	0.0%
Total		1,450	814	3.9%
Nonresident Students				
Tuition	40,847	42,491	1,644	4.0%
E&G Fees	616	667	51	8.3%
Comprehensive Fee	1,610	1,689	79	4.9%
Vet Med Facility Fee	1,535	1,535	0	0.0%
Total	44,608	46,382	1,774	4.0%

Not Approved
by the Board of Visitors



Undergraduate Scholarships Funds For the Future

- ☐ FFF ensures existing levels of financial aid are maintained and retain their value over a returning student's four-year academic progression.
- ☐ FFF works on a sliding scale of family responsibility for coverage of tuition and fee increases.

Family Income (AGI)	Virginia Resident Undergraduate Tuition and Fee Increase	Net Impact of Tuition & Fee Increase
\$0 - \$29,999	4.9%	0%
\$30,000 - \$49,999	4.7%	1.2%
\$50,000 - \$74,999	4.5%	3.4%
\$75,000 - \$100,000	4.3%	3.9%

Not Approved
by the Board of Visitors



Student Financial Aid from Tuition

- ❑ Longstanding authority provided in the Code of Virginia allows the university to utilize limited portion of tuition revenue to assist needy students.
 - ❑ Efforts to restrict this authority were pursued in 2012 General Assembly but did not pass
- ❑ In 2011-12, Virginia Tech directed 4.5% of undergraduate tuition revenue to undergraduate need-based financial aid programs.
- ❑ Approximately 3% of increase in tuition from the 2012-13 proposal will be directed to financial aid (\$500,000).

Not Implemented
 because tuition-and-mandatory
 fee proposal was not accepted



Student Indebtedness at Virginia Tech

- ❑ Average student debt at graduation for 2009-10 was \$23,100.
- ❑ 52% of Virginia Tech graduates carry some debt. This proportion is stable, and has decreased over the previous decade.
- ❑ Comparison trends from 2008-09 to 2009-10:
 - ❑ Virginia Tech increased 4.7%
 - ❑ Virginia 4-year publics increased 9.3%
 - ❑ SCHEV peers increased of 8.2%
 - ❑ National 4-year publics increased 6.3%

**Information from the Institute for College Access & Success, based upon institutionally submitted IPEDS data.*

Average Cost of Education

	<u>Amount*</u>	<u>% of Average</u>
Average Cost of Education	\$15,870	
<u>Undergraduates</u>		
Residents		59%
Nonresidents		149%
<u>Graduates</u>		
Residents	10,740	68%
Nonresidents	20,989	132%
<u>Residency</u>		
Residents		60%
Nonresidents		143%

Not Approved
by the Board of Visitors

*Amount includes proposed tuition and technology fee for 2012-13 (the nonresident capital and equipment fee is not comparable to the Average cost of Education).

Differential Pricing

- ❑ Differential pricing has become more prevalent in recent years.
 - ❑ Differential tuition can be based on factors including program, level, and location.
 - ❑ Program fees are across-the-board supplemental fees to support specific program costs and represent program value.
 - ❑ Course fees are designed to cover a cost in an individual course.
 - ❑ The university is sensitive to the interaction of tuition, program fees, and course fees.
 - ❑ Considerations include program costs, funding sources, objectives, demand, and total cost.
 - ❑ VT strategy has been to align costs and resources.

Differential Pricing

- ☐ Virginia Tech currently assesses the following differential fees to undergraduate students:
 - ☐ Engineering (\$30 per credit hour)
 - ☐ Architecture (\$650 per academic year)
 - ☐ Science (\$65 for certain laboratory courses, on average)
 - ☐ Art (\$74 for certain courses, on average)
- ☐ Virginia Tech also has several differentials at the graduate level:
 - ☐ Engineering (\$720 per academic year)
 - ☐ Masters of Public Health (\$500 per academic year)
 - ☐ MBA, Professional MBA, and Executive MBA
 - ☐ Masters of Information Technology (\$145 per credit hour)
 - ☐ Executive Masters of Natural Resources

Differential Pricing

- ❑ Study indicates that Virginia Tech has similar number of Program Fees as other Virginia doctoral institutions.
 - ❑ Of fees assessed, Virginia Tech has above average differentials.
 - ❑ Some Virginia doctoral institutions have no undergraduate differential pricing. Some have up to five programs with differential pricing.
 - ❑ Opportunities for potential additional program differentials are being studied for future implementation.
- ❑ In addition to program fees, Virginia Tech has expanded the use of course-based fees in 2011-12 for several resource-intensive courses, and continues to review and implement additional course fees as appropriate.
- ❑ As program resources and value demand, the university will review revenue enhancement strategies to address exceptional program costs.

Benchmarking Information

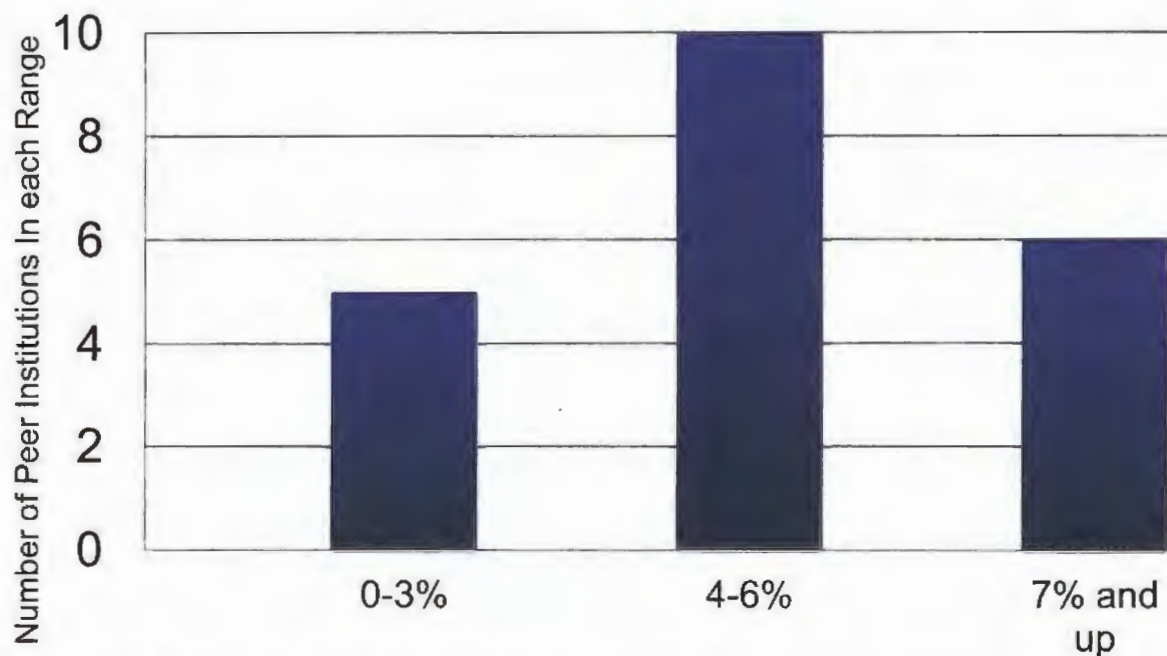
Tuition and Fee Competitive Market Movement

	2011-12	
	1-YR Increase	3-YR Increase
In-state Undergraduate		
Public SCHEV Peers	7.5%	7.2%
Virginia Doctorals	7.4%	8.3%
Out-of-state Undergraduate		
Public SCHEV Peers	5.4%	5.8%
Regional Competitive Peers (a)	4.4%	4.2%

(a) Regional competitive peers: Pennsylvania State, Rutgers University, University of Maryland, Ohio State, University of Pittsburgh, and North Carolina State.

Public Peer Institutions Potential Tuition Increases

- ❑ Media benchmarking reveals insights into potential resident undergraduate tuition increases at SCHEV peer institutions.
- ❑ Average potential resident undergraduate increase of 6%



Potential Instate Undergraduate Tuition Increases for FY13*

**Source - press and news releases.*



Net Price Benchmarking

- ☐ Net Price reflects a first-time freshman's total cost of attendance (as computed by the Office of Student Financial Aid) after applying the institutional average financial aid package.
- ☐ Net price help understand a key component of the economic decision faced by a student/family.
- ☐ Federal requirements have recently expanded the availability of Net Price data.
- ☐ Initial findings of Net Price benchmarking for an Out-of-State freshman with assumed household income of \$60,000:

	<u>Cost of Attendance</u>	<u>Net Price</u>
Virginia Tech	\$ 36,400	\$ 31,700
SCHEV Peer Average	38,255	30,754

- ☐ While the university ranks 16th in gross Cost of Attendance, the Net Price for a student with a family income of \$60,000 ranks 13th among SCHEV Peers; about \$1,000 above the peer group average.



Virginia Tech Tuition and Fee Benchmarking

	2011-12		
	VT	Average	VT Rank
In-state Undergraduate			
Public SCHEV Peers	\$10,509	\$10,594	11 out of 24
Virginia Institutions	\$10,509	\$9,465	5 out of 15
UVA	\$10,509	\$11,576	
CWM	\$10,509	\$13,132	
Out-of-state Undergraduate			
Public SCHEV Peers	\$24,480	\$26,504	17 out of 24
Virginia Institutions	\$24,480	\$24,141	5 out of 15
Regional Competitive Peers (a)	\$24,480	\$24,922	

(a) Regional competitive peers: Pennsylvania State, Rutgers University, University of Maryland, Ohio State, University of Pittsburgh, and North Carolina State.



2011-12 Public Virginia Institutions Instate Undergraduate

<u>Institutions</u>	<u>Tuition and Mandatory Fees</u>	<u>Total Cost</u>	<u>Rank</u>
William and Mary	\$13,132	\$22,024	1
University of Virginia	\$11,576	\$20,612	2
Virginia Military Institute	\$13,184	\$20,360	3
Christopher Newport University	\$10,084	\$19,612	4
Longwood University	\$10,530	\$18,664	5
Virginia Commonwealth University	\$9,517	\$18,163	6
George Mason University	\$9,266	\$17,666	7
Virginia Tech	\$10,509	\$17,365	8
University of Mary Washington	\$8,806	\$17,274	9
James Madison University	\$8,448	\$16,788	10
University of Virginia's College at Wise	\$7,813	\$16,703	11
Old Dominion University	\$8,144	\$16,362	12
Virginia State University	\$7,090	\$15,970	13
Radford University	\$8,320	\$15,909	14
Norfolk State University	\$6,600	\$14,527	15



2011-12 Public Virginia Institutions Out-of-State Undergraduate

<u>Institutions</u>	<u>Tuition and Mandatory Fees</u>	<u>Total Cost</u>	<u>Rank</u>
University of Virginia	\$ 36,570	\$ 45,606	1
William and Mary	\$ 35,962	\$ 44,854	2
Virginia Military Institute	\$ 32,164	\$ 39,610	3
George Mason University	\$ 26,744	\$ 35,144	4
Virginia Commonwealth University	\$ 22,949	\$ 31,595	5
Virginia Tech	\$ 24,480	\$ 31,336	6
Old Dominion University	\$ 22,484	\$ 30,702	7
Longwood University	\$ 22,380	\$ 30,494	8
University of Virginia's College at Wise	\$ 21,428	\$ 30,318	9
James Madison University	\$ 21,738	\$ 30,078	10
University of Mary Washington	\$ 20,534	\$ 29,002	11
Christopher Newport University	\$ 19,306	\$ 28,834	12
Norfolk State University	\$ 20,243	\$ 28,170	13
Radford University	\$ 19,478	\$ 27,067	14
Virginia State University	\$ 15,988	\$ 24,868	15


VirginiaTech
Invent the Future

2011-12 Public Peer Institutions

Instate Undergraduate

<u>Institutions</u>	Tuition and Mandatory Fees	Total Cost	
	\$	\$	Rank
University of California, Berkeley	12,834	28,106	1
University of California, Davis	13,860	26,557	2
University of Pittsburgh	16,132	25,562	3
Pennsylvania State	15,984	25,404	4
University of Illinois, Urbana	14,581	24,661	5
Rutgers University, New Brunswick	12,754	24,016	6
University of Michigan, Ann Arbor	12,634	23,162	7
University of Washington, Seattle	10,574	20,924	8
Michigan State	12,769	20,923	9
University of Minnesota, Twin Cities	13,022	20,856	10
Ohio State	9,735	20,517	11
University of Colorado, Boulder	9,152	20,430	12
University of Texas, Austin	9,794	20,216	13
Purdue, West Lafayette	9,478	18,988	14
University of Maryland, College Park	8,655	18,532	15
SUNY at Buffalo	7,482	18,210	16
University of Missouri-Columbia	8,989	17,632	17
Stony Brook University	6,994	17,568	18
University of Wisconsin, Madison	9,665	17,389	19
Virginia Tech	10,509	17,365	20
Texas A&M	8,421	16,621	21
North Carolina State	7,018	15,554	22
Iowa State	7,486	15,468	23
University of Florida	5,657	14,457	24

VirginiaTech 2011-12 Public Peer Institutions
Invent the Future
Out-of-state Undergraduate

<u>Institutions</u>	Tuition and Mandatory Fees	Total Cost	
	\$	\$	Rank
University of California, Berkeley	\$ 35,712	\$ 50,984	1
University of California, Davis	\$ 36,738	\$ 49,435	2
University of Michigan, Ann Arbor	\$ 37,782	\$ 48,310	3
University of Texas, Austin	\$ 32,506	\$ 42,928	4
University of Colorado, Boulder	\$ 30,330	\$ 41,608	5
University of Illinois, Urbana	\$ 29,953	\$ 40,033	6
Michigan State	\$ 31,639	\$ 39,793	7
University of Washington, Seattle	\$ 28,058	\$ 38,408	8
Pennsylvania State	\$ 28,066	\$ 37,486	9
Purdue, West Lafayette	\$ 27,646	\$ 37,156	10
University of Florida	\$ 27,934	\$ 36,734	11
Rutgers University, New Brunswick	\$ 25,416	\$ 36,678	12
University of Maryland, College Park	\$ 26,026	\$ 35,903	13
Ohio State	\$ 24,630	\$ 35,412	14
University of Pittsburgh	\$ 25,540	\$ 34,970	15
University of Wisconsin, Madison	\$ 25,415	\$ 33,139	16
Texas A&M	\$ 23,811	\$ 32,011	17
Virginia Tech	\$ 24,480	\$ 31,336	18
University of Missouri-Columbia	\$ 21,784	\$ 30,427	19
North Carolina State	\$ 19,853	\$ 28,389	20
SUNY at Buffalo	\$ 16,932	\$ 27,660	21
Iowa State	\$ 19,358	\$ 27,340	22
Stony Brook University	\$ 16,444	\$ 27,018	23
University of Minnesota, Twin Cities	\$ 18,022	\$ 25,856	24

 **VirginiaTech** 2011-12 Competitive Peer Institutions
Invent the Future

Out-of-state Undergraduate

<u>Institutions</u>	Tuition and Mandatory Fees	Total Cost	
	\$	\$	Rank
University of California, Berkeley	\$ 35,712	\$ 50,984	1
University of California, Davis	\$ 36,738	\$ 49,435	2
University of Michigan, Ann Arbor	\$ 37,782	\$ 48,310	3
University of Texas, Austin	\$ 32,506	\$ 42,928	4
University of Colorado, Boulder	\$ 30,330	\$ 41,608	5
University of Illinois, Urbana	\$ 29,953	\$ 40,033	6
Michigan State	\$ 31,639	\$ 39,793	7
University of Washington, Seattle	\$ 28,058	\$ 38,408	8
Pennsylvania State	\$ 28,066	\$ 37,486	9
Purdue, West Lafayette	\$ 27,646	\$ 37,156	10
University of Florida	\$ 27,934	\$ 36,734	11
Rutgers University, New Brunswick	\$ 25,416	\$ 36,678	12
University of Maryland, College Park	\$ 26,026	\$ 35,903	13
Ohio State	\$ 24,630	\$ 35,412	14
University of Pittsburgh	\$ 25,540	\$ 34,970	15
University of Wisconsin, Madison	\$ 25,415	\$ 33,139	16
Texas A&M	\$ 23,811	\$ 32,011	17
Virginia Tech	\$ 24,480	\$ 31,336	18
University of Missouri-Columbia	\$ 21,784	\$ 30,427	19
North Carolina State	\$ 19,853	\$ 28,389	20
SUNY at Buffalo	\$ 16,932	\$ 27,660	21
Iowa State	\$ 19,358	\$ 27,340	22
Stony Brook University	\$ 16,444	\$ 27,018	23
University of Minnesota, Twin Cities	\$ 18,022	\$ 25,856	24

 VirginiaTech
Invent the Future **2011-12 Public Peer Institutions**
Instate Graduate

<u>Institutions</u>	<u>Tuition and Mandatory Fees</u>	
	<u>\$</u>	<u>Rank</u>
University of Pittsburgh	19,514	1
University of Michigan, Ann Arbor	18,860	2
Pennsylvania State	18,032	3
Rutgers University, New Brunswick	16,531	4
University of Illinois, Urbana	15,727	5
University of Minnesota-Twin Cities	15,240	6
University of Maryland, College Park	13,983	7
Michigan State	13,656	8
University of California, Davis	13,105	9
University of Washington, Seattle	12,898	10
University of California, Berkeley	12,834	11
University of Florida	11,954	12
Ohio State	11,823	13
Virginia Tech	11,705	14
University of Wisconsin, Madison	11,369	15
University of Colorado, Boulder	10,867	16
University of Texas, Austin	10,610	17
SUNY at Buffalo	10,536	18
Stony Brook University	9,974	19
Purdue, West Lafayette	9,478	20
University of Missouri-Columbia	8,866	21
Iowa State	8,508	22
Texas A&M	8,180	23
North Carolina State	7,834	24


VirginiaTech
Invent the Future

2011-12 Public Peer Institutions Out-of-state Graduate

<u>Institutions</u>	<u>Tuition and Mandatory Fees</u>	
	<u>\$</u>	<u>Rank</u>
University of Michigan, Ann Arbor	\$37,920	1
University of Pittsburgh	\$31,476	2
Pennsylvania State	\$30,516	3
University of Florida	\$29,348	4
Ohio State	\$28,548	5
University of Maryland, College Park	\$28,527	6
University of California, Davis	\$28,207	7
University of Illinois, Urbana	\$27,955	8
University of California, Berkeley	\$27,936	9
Purdue, West Lafayette	\$27,646	10
Michigan State	\$26,820	11
University of Colorado, Boulder	\$26,743	12
University of Washington, Seattle	\$25,768	13
Rutgers University, New Brunswick	\$25,531	14
University of Wisconsin, Madison	\$25,127	15
University of Minnesota, Twin Cities	\$22,694	16
Virginia Tech	\$21,723	17
University of Missouri-Columbia	\$21,269	18
Iowa State	\$20,224	19
University of Texas, Austin	\$20,108	20
North Carolina State	\$19,882	21
SUNY at Buffalo	\$16,826	22
Stony Brook University	\$16,264	23
Texas A&M	\$15,692	24

Summary

- ☐ This recommendation balances the resource needs of the university with price sensitivity.
- ☐ Increases are significantly less than in previous years, yet allow the university to make modest progress towards meeting the university's and Commonwealth's goals.
- ☐ Commitment to access for Virginia resident undergraduates in accordance with the university's Management Agreement is continued.

Questions?