

# Virginia Tech Board of Visitors Meeting

## August 29, 2005

### Minutes

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### *Reports from Constituency Representatives*

Ms. [Susanna Rinehart](#), President, Faculty Senate

Mr. [Navin Manjooran](#), Graduate Student Representative to the Board of Visitors

Ms. [Jennifer Jessie](#), Undergraduate Student Representative to the Board of Visitors

**MINUTES**  
August 29, 2005

The Board of Visitors of Virginia Polytechnic Institute and State University met on Monday, August 29, 2005, at 1:15 p.m. in Torgersen Hall on the Virginia Tech Campus in Blacksburg, Virginia.

**Present****Absent**

Mr. Michael Anzilotti  
 Ms. Beverley Dalton  
 Mr. Ben J. Davenport, Jr.  
 Ms. Michele Duke  
 Mr. Robert L. Freeman, Jr.  
 Mr. L. Bruce Holland  
 Dr. Hemant Kanakia  
 Mr. John R. Lawson, II  
 Ms. Sandra Stiner Lowe  
 Mr. Jacob A. Lutz, III  
 Mr. George Nolen  
 Mr. Thomas L. Robertson  
 Mr. James W. Severt, Sr.  
 Mr. Philip S. Thompson  
 Ms. Susanna Rinehart, President, Faculty Senate  
 Ms. Jennifer Jessie, Undergraduate Student Representative  
 Mr. Navin Manjooran, Graduate Student Representative

Also present were the following: Dr. Charles Steger, Mr. Ralph Byers, Mr. Jerry Cain, Mr. Denny Cochran, Mr. Ron Daniel, Dr. Karen DePauw, Dr. Ben Dixon, Dr. John Dooley, Mr. Bill Elvey, Dr. Elizabeth Flanagan, Dr. David Ford, Ms. Kay Heidebreder, Dr. Zenobia Hikes, Dr. Eileen Hitchingham, Mr. Larry Hincker, Mr. James Hyatt, Dr. Pat Hyer, Mr. Kurt Krause, Dr. Mark McNamee, Ms. Terri Mitchell, Dr. Anne Moore, Ms. Kim O'Rourke, Mr. Mark Owczarski, Ms. Ellen Plummer, Ms. Kathy Sanders, Mr. Dwight Shelton, Ms. Sandra Smith, Dr. Raymond Smoot, Dr. Ed Spencer, Dr. Norrine Spencer, Mr. Jeb Stewart, Dr. Tom Tillar, Mr. David Travis, Dr. Lisa Wilkes, Ms. Teresa Wright, faculty, staff, students, guests, and reporters.

Mr. Davenport introduced new Board members – Ms. Shelley Duke and Mr. George Nolen; Faculty Senate president – Ms. Susanna Rinehart; undergraduate student representative – Ms. Jennifer Jessie; and graduate student representative – Mr. Navin Manjooran.

Mr. Davenport announced the 2006 Board meeting dates:

March 26-27, 2006

June 11-12, 2006

August 27-28, 2006

November 5-6, 2006

Mr. Davenport asked for a motion of approval of the minutes of the June 13, 2005, meeting as distributed. The motion was made by Mr. Davenport and seconded by Mr. Robertson. The minutes were approved.

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## **REPORTS OF THE SPECIAL COMMITTEE ON RESEARCH**

Mr. Thompson gave a report of the Special Committee on Research. (Copy filed with the permanent minutes and marked Attachment A.)

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## **REPORT OF THE ACADEMIC AFFAIRS COMMITTEE**

Mr. Davenport called on Ms. Lowe for a report of the Academic Affairs Committee. (Copy filed with the permanent minutes and marked Attachment B.)

Ms. Lowe thanked John Dooley and Ron Daniel for their efforts in regard to the Board's trip to Switzerland.

In regard to the admissions update, Ms. Lowe commented that the Committee would like to see offers to under-represented students increase and will have a plan to the Board at the November meeting. In regard to graduate education, Ms. Lowe commented that Ph.D. enrollment numbers may increase when incorporating those in Northern Virginia. The numbers will be shared with the Board at the November meeting. The committee hopes it will be possible for the university to increase student health insurance institutional support to 100 percent in the near future.

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As part of the Academic Affairs Committee report, the following resolution was moved by Ms. Lowe, seconded by Mr. Lutz, and approved unanimously.

### **Resolution for Approval of the Anti-Discrimination and Harassment Prevention Policy**

**That revised Anti-Discrimination and Harassment Prevention Policy be approved.** (Copy filed with the permanent minutes and marked Attachment C.)

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As part of the Academic Affairs Committee report, the following resolution was moved by Ms. Lowe, seconded by Mr. Thompson, and approved unanimously.

**Resolution Regarding Public Listings of  
Required or Assigned Textbooks**

**That the resolution regarding public listings of required or assigned textbooks be approved.** (Copy filed with the permanent minutes and marked Attachment D.)

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**REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE**

Mr. Davenport called on Mr. Lawson for a report of the Buildings and Grounds Committee. (Copy filed with the permanent minutes and marked Attachment E.)

Mr. Lawson reported that Mr. Freeman will represent the Buildings and Grounds Committee for future public art selections. He noted that a report on the master plan will be given at the November meeting.

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**REPORT OF THE FINANCE AND AUDIT COMMITTEE**

Mr. Davenport called on Mr. Lutz for the report of the Finance and Audit Committee. (Copy filed with the permanent minutes and marked Attachment F.)

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and approved unanimously:

**Resolution for Approval of 2006-08 Appropriation Requests  
Operating Budget Submission  
Capital Outlay Submission**

**That a general endorsement of the areas of emphasis in the 2006-08 operating budget submission be provided.** (Copy filed with the permanent minutes and marked Attachment G.)

Mr. Lutz commented that there was discussion among the committee as to whether the university wants to have a higher debt ratio given the university is now in a restructuring program and can manage more of its own debt. University staff has been asked to look into this.

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and approved unanimously:

**Resolution for Approval of  
The Year-to-Date Financial Performance Report  
(July 1, 2004 – June 30, 2005)**

**That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2004 through June 30, 2005 and the Capital Outlay report be accepted.** (Copy filed with the permanent minutes and marked Attachment H.)

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Lutz, seconded by Mr. Thompson, and approved unanimously.

**Resolution for Approval of Master Equipment Leasing Program (MELP)  
And Vendor Financing Program**

**That the proposed resolution designating borrowing authority for the MELP and vendor financing programs to the Executive Vice President and Chief Operating Officer for up to \$20 million, and to further designate signature authority, as appropriate, be approved.** (Copy filed with the permanent minutes and marked Attachment I.)

\* \* \* \* \*

*At this point, Mr. Lutz recused himself from the meeting for the discussion of the next two items due to a possible conflict of interest (these bonds are issued through the Virginia College Building Authority and Troutman Sanders represents the Virginia College Building Authority), and Mr. Thompson continued with the committee report.*

As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Thompson, seconded by Ms. Dalton, and approved unanimously by those present.

**Resolution for Approval of Graduate Center Financing**

**That the above resolution allowing the authorized officers to enter into a loan agreement, promissory note, and other necessary documents with the VCBA to finance the Graduate Student Center on behalf of the University be approved.** (Copy filed with the permanent minutes and marked Attachment J.)

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As part of the Finance and Audit Committee report, the following resolution was moved by Mr. Thompson, seconded by Mr. Robertson, and approved unanimously by those present.

**Resolution for Approval of Biology/Vivarium Facility Financing**

**That the resolution allowing the authorized officers to enter into a loan agreement, promissory note, and other necessary documents with the VCBA to finance the Biology/Vivarium Facility on behalf of the University be approved.** (Copy filed with the permanent minutes and marked Attachment K.)

*At this point Mr. Lutz returned to the meeting.*

\* \* \* \* \*

As part of the Finance and Audit Committee report, the following was moved by Mr. Lutz, seconded by Mr. Thompson, and approved unanimously.

**Resolution for Acceptance of 6 Audit Reports:**

**Insurance and Risk Management  
Office of Scholarships and Financial Aid  
NCAA Compliance – Recruiting  
Athletics Department Business Operations  
Graduate School  
College of Natural Resources**

**That the motion to accept the above-named audit reports be accepted.** (Copies of audit reports filed with the permanent minutes and marked Attachment L.)

In regard to the "Review of the Audit Committee Charter," Mr. Lutz commented that other committees of the Board may want to adopt a charter to define the scope of each committee. No action by the full Board with regard to the Audit Committee Charter is necessary.

Mr. Lutz commented that the committee is pleased that there are no past-due implementation items.

In regard to the University's financial management practices, Mr. Lutz commented that there is a very good system in place with an accuracy rating of about 95 percent. This is an important benchmark.

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## **REPORT OF THE STUDENT AFFAIRS COMMITTEE**

Mr. Davenport called on Mr. Anzilotti for the report of the Student Affairs Committee.  
(Copy filed with the permanent minutes and marked Attachment M.)

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## **PRESIDENT'S REPORT ITEMS FOR BOARD APPROVAL AND INFORMATION**

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As part of the President's report, the following resolutions were moved by Mr. Lawson, seconded by Mr. Davenport, and approved unanimously:

### **Resolutions of Appreciation (2)**

**That the resolution recognizing A. Ronald Petera for his service as a member of the Board of Visitors be approved.**

**That the resolution recognizing John G. Rocovich, Jr. for his service as a member and Rector of the Board of Visitors be approved.**

(Copies filed with the permanent minutes and marked Attachment N.)

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### **Motion to begin Closed Session**

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

1. Appointment of faculty to Emeritus status, the consideration of individual salaries of faculty, consideration of Endowed Professors, approval of the conflict of interest report, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes including appointments, resignations, tenure, and salary adjustments of specific employees.
2. The status of current litigation and briefing on actual or probable litigation.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, and .7.

The motion was seconded by Ms. Dalton and passed unanimously.



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### **Motion to Return to Open Session**

Following the Closed Session, members of the press, students, and the public were invited to return to the meeting. Mr. Davenport called the meeting to order and asked Mr. Lutz to make the motion to return to open session.

Mr. Lutz made the following motion:

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 provisions 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.

The motion was seconded by Mr. Thompson and passed unanimously.

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Mr. Lutz, unanimous approval was given to the resolutions for approval of **Emeritus Status** (3), as considered in Closed Session. (Copies filed with the permanent minutes and marked Attachment O.)

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Ms. Lowe, unanimous approval was given to the resolution for approval of **Faculty Leave – Study Research** (1) as considered in Closed Session. (Copy filed with the permanent minutes and marked Attachment P.)

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Ms. Lowe, unanimous approval was given to the resolutions for approval of **Endowed Professorships** (3) as considered in Closed Session. (Copies filed with the permanent minutes and marked Attachment Q.)

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Mr. Lutz, approval was given to **Ratification of Personnel Changes Report** as considered in Closed Session. (Copy filed with the permanent minutes and marked Attachment R.) This item was reviewed by the Academic Affairs Committee and the Finance and Audit Committee.

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Mr. Lutz, approval was given to the **Ratification of Research and Development Disclosure Report** as considered in Closed Session. (Copy filed with the permanent minutes and marked Attachment S.) This item was reviewed by the Academic Affairs Committee and the Finance and Audit Committee.

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On recommendation of Mr. Davenport, and after a motion by Mr. Davenport and second by Mr. Lutz, approval was given to the **Resolution for Approval of the Track and Field Bonuses Recommendation** as considered in Closed Session. (Copy filed with the permanent minutes and marked Attachment T.)

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Mr. Davenport thanked John Dooley, Ron Daniel and Kim O'Rourke for making the Northern Virginia meeting and Switzerland trip so enjoyable. It was a great opportunity to see Virginia Tech in action in Northern Virginia and in Switzerland. Mr. Davenport shared that he talked with Dr. McNamee and Dr. Dooley about the need to have at the next Board meeting more ideas about how we deal with our international exposure.

Mr. Thompson suggested that Dr. McNamee and his team could produce a report card where the Board could get a capsule view of all of our international areas.

Ms. Lowe thanked Kim O'Rourke and Sandy Smith personally and professionally on behalf of the Board for all of the arrangements they make for the Board.

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**LITIGATION REPORT  
CLOSED SESSION ITEM**

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**Heard Audit Report. No Board Action Required.**

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**Heard Litigation Report. No Board Action Required.**

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There will be a special meeting of the Board of Visitors on September 24, 2005, in Blacksburg, Virginia, for the purpose of considering the six-year enrollment, academic, and financial plans required by the Restructured Higher Education Financial and Administrative Operations Act.

Dates for the next regular meeting are November 6-7, 2005, in Blacksburg, Virginia.

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The meeting adjourned at 3:00 p.m.

Board of Visitors  
Special Committee on Research  
Minutes  
The Inn at Virginia Tech and Skelton Conference Center  
August 28, 2005  
1:30 p.m.

Committee Members Present: Mr. Philip S. Thompson, Committee Chair, Ms. Sandra Stiner Lowe, Mr. John R. Lawson, II, Mr. Jacob A. Lutz, Mr. Michael Anzilotti, and Mr. Ben J. Davenport, Jr.

Committee Members Absent: None.

Other Attendees: Dr. Charles Steger, Dr. Mark McNamee, Mr. James Hyatt, Dr. Brad Fenwick, Dr. Hemant Kanakia, Dr. James Blair, Mr. Rodd Hall, Dr. Tim Pickering, Mr. Mark Owczarski, Mr. Ralph Byers, Mrs. Shelley Duke, Mr. Kevin Miller, and Mrs. Pam Pettry

Opening Comments: Mr. Thompson suggested the meeting should focus on addressing the challenging results from the recent National Science Foundation (NSF) ranking of universities on research expenditures as well as actions to be taken for continued progress toward achieving a higher standard in the area of research.

Welcome: Dr. Steger welcomed the committee to Blacksburg and the new Inn and Skelton Conference Center. He said he was confident the material presented would show a resurgence in energy and accomplishments that illustrated the university was, in fact, recovering from the budget crisis of the early 2000's. He noted a major concern was the lack of funding to take advantage of all the positive opportunities.

Approval of June 13, 2005 Minutes: The minutes were approved without modification.

Research Performance Update: Dr. Fenwick began the discussion with a review of the NSF expenditure report. This survey is completed annually by all organizations receiving research funding from the federal government. For Virginia Tech, the results of the survey are a report of data from the previous two years. Therefore, the data released in July, 2005 was based on the results of the performance turned in during the 2002-03 academic year which ended in June, 2003.

Dr. Fenwick summarized the results of the most recent release of data:

- Virginia Tech expenditures of \$247.8 million represented a 6.5 percent growth over the previous year.
- Tech dropped three places in the ranking of universities by expenditure, falling from 52<sup>nd</sup> to 55<sup>th</sup>.
- The university ranked 38<sup>th</sup> among publicly funded institutions, a drop of one place.

- Overall, in 2003 the growth in total expenditures was 10.2 percent, meaning that the university lost “market share” by only having 6.5 percent growth.
- Schools that made significant improvements in rankings generally grew by 15 percent or more.
- Schools immediately behind Virginia Tech in the rankings grew at a faster pace than we did.

Dr. Fenwick explained the expenditure data reported by NSF is the end of the pipeline. Proposals tend to lead awards by one year, and expenditures by two years. He said that looking at the timing of the 2003 data compared to the budget crunch of 2000-03 helped explain some of the problem. State and local government spending on research during academic year 2002-2003 fell by roughly \$5 million. (This was also reflected in the ranking drop experienced by other publicly funded universities – Texas A&M four spots; Maryland three spots; Iowa six spots; N. C. State 10 spots; and SUNY-Buffalo nine spots.)

Another \$4.5 million drop in expenditures came as a result of the continued decline in the size of WPI (one of the university’s affiliated corporations, whose results count toward total expenditures for Tech). In the area he considered the most important, raw federal expenditures without including WPI, Dr. Fenwick noted that the university had grown by 26.9 percent in 2003, up almost \$20 million.

Dr. Fenwick concluded it is going to take double-digit growth in research expenditures before the university begins to move back up in the NSF rankings. He noted the known results from 2004 will not help in this regard, predicting a fall to about 60<sup>th</sup> in the rankings as a result of flat performance in expenditures in the year ended June 30, 2004.

2005 data is significantly better in regard to awards, a fact that should lead to double-digit growth in academic years 2006 and 2007. Awards were up by 28.3 percent in that year, while expenditures grew by 7.5 percent.

Dr. Fenwick noted some concern over a 9.9 percent drop in proposals submitted in 2005, citing a previous correlation of 96 percent between proposals submitted and expenditures two years later. He said actions had been taken to assure the yield rate on proposals would rise, citing the formation of the three major research institutes, the cluster hires to strategically replenish faculty ranks, and the hiring of a four-person proposal development team to assist faculty in submitting higher quality large proposals. So far, the first month of the 2006 academic year points to a continued surge in awards. July statistics are a bell-weather of the total year because of the significant amount of sponsored research done in the summer. Awards in July were up by \$5 million over last year’s record-setting pace, or about 20 percent.

He also pointed to the positive award results of the School of Biomedical Engineering and Science (SBES), one of the first initiatives of the Institute for Critical Technology and Applied Science (ICTAS) as a harbinger of things to come. SBES-related awards grew from about \$500,000 in 2000 to over \$4 million in 2005. Another positive sign is the awards performance for the principal investigators in the National Capital Region. In 2000, that group had only \$4.8 million compared to \$8.8 million in 2005.

Mr. Thompson suggested the best approach to working on improvement was to continue focusing inside the university instead of on the competition, noting that this was very much like the game of golf. He said the university should be focusing on how to get to double-digit growth on a consistent basis. Dr. Kanakia questioned the optimism associated with the results from one year, suggesting that it was impossible to tell whether fine-tuning was needed, or whether things needed to change drastically.

Industrial Sponsored Research, Technology Commercialization, and Economic

Development: Dr. Fenwick briefed the Committee on the recent changes in the university's technology transfer and commercialization strategy. He showed how the previous model (the patent volume model) yielded poor results that were overshadowed by the royalties which resulted from one major discovery. That model focused on patenting as many disclosures as possible and hoping that at least some of them paid off. The new model being employed (the market-based service model) focuses efforts on marketing disclosures and patenting disclosures only when they show significant economic prospects. This model will require a staffing increase from two intellectual property professionals up to six professionals. These individuals will foster not only the disclosure process, but also the marketing of those disclosures which should result in high-yielding patent royalties. Dr. Fenwick said this new model involved faculty in the process much more effectively, citing the case of Karen Brewer, whose work with fuel cells has led to immediate funding that she can plow back into her research program.

Dr. Fenwick said it would take time before this model could be fully employed due to the needed staffing increase. He suggested that the worst thing that could happen would be to announce that we were open to do business in a new way and then not be able to deliver.

Dr. Kanakia suggested that a better model would be to determine the areas in which Virginia Tech was producing world-class research and patent all disclosures in those areas. He said that this hybrid-market approach would solve the problem of figuring out what the market really wanted better than trying to figure this out on a case-by-case basis. Mr. Thompson also suggested looking at this hybrid approach.

Adjournment: 3:05 p.m.

Minutes of the Academic Affairs Committee  
August 29, 2005

Members of Academic Affairs Committee present: Sandra Stiner Lowe, Beverley Dalton, Michele Duke, and Navin Manjooran. Ben Davenport, rector, also attended portions of the meeting.

Guests: Mark McNamee, David Ford, Patricia Hyer, Ron Daniel, Brad Fenwick, Karen DePauw, John Dooley, Ben Dixon, Karen Sanders, Norrine Bailey Spencer, Kerry Redican, Kevin McDonald, David Travis, Keohi Council, and a number of other guests. The President also attended portions of the meeting.

OPEN SESSION:

Provost's Update:

Dr. McNamee made brief comments about the upcoming revision of the strategic plan, in which the academic affairs committee will soon be involved, and activities associated with restructuring. He then reviewed a summary of faculty affairs issues identified in August 2004 and the status of various initiatives. Funding competitive salaries for new and existing faculty members remains a major challenge for the university. Salary is the most frequent factor cited by faculty members who have left the university. While counteroffers and preemptive retention efforts have helped retain some highly productive individual faculty members, there are insufficient funds to adequately address general salary compression across most departments. Smaller scale compensation and benefits improvements will be instituted in 2005-06, including raising the base salary for instructors, increasing promotion stipends, developing financial incentives for faculty with salary support from sponsored research, and providing health and retirement benefits for part-time faculty.

The Provost also reported significant progress in addressing work life issues, such as dual career hiring, childcare, and extending the tenure clock for childbirth or adoption. Work life issues are central to the Advance project and will continue to receive considerable attention in the years to come.

A list of recently recruited African American, Hispanic, and American Indian faculty and administrative staff was distributed. The number of new faculty and administrators from under-represented groups should substantially increase this fall, helping to achieve the university's commitment to diversifying the faculty.

## Academic Initiatives:

### Diversity:

Mr. David Travis briefed the committee on important revisions to policy 1025, which previously addressed sexual harassment only. Case law has evolved in recent years to encompass unlawful harassment against other protected groups. The revised policy consolidates the university's non-discrimination statement, defines unlawful harassment, and outlines procedures for reporting, investigating, and addressing both informal and formal complaints of harassment or discrimination.

Ms. Lowe questioned the selection of the word "MAY" rather than "WILL" in the phrase "...MAY result in disciplinary action" in the section concerning knowingly filing a false complaint. Ms. Dalton offered a rewording of that sentence that would read: "Such conduct may be pursued using the steps followed for a complaint of discrimination/harassment, and if found to have occurred WILL result in disciplinary action THAT MAY INCLUDE termination or expulsion." A motion to approve the revised policy as amended was moved, seconded, and approved.

Dr. Karen Sanders made a presentation to the committee on a wide variety of pre-college outreach and pipeline initiatives. Outreach programs are targeted at under-represented minority and disadvantaged K-12 students and are designed to increase the students' academic preparedness for college. A primary strategy is to capitalize on existing K-12 relationships, including those with Fairfax County, Danville, Richmond, Roanoke and other southwest Virginia school systems. Both the Ron Brown Scholarship program and Project Discovery have been fruitful leads to pursue.

Dr. Norrine Spencer updated the committee on the new freshman class which has 5017 students; 44% are female; the number of both African American and Hispanic students has increased over last year. She described new appointments and initiatives in the Office of Admissions designed to enhance minority recruitment efforts. The goal for 2005-06 is to increase the number of applications received from under-represented students by 20%. This includes first generation, low income, under-represented racial and ethnic minorities, students from Appalachia, and women in particular disciplines. Several alumni chapters are eager to assist in the recruitment effort.

Ms. Lowe reiterated that commitment to diversity is the job of the entire Board, not just the Academic Affairs Committee. Committee members thanked them for their work on these issues, and recommended that the committee have a more detailed understanding of the target goal and how that will result in increased enrollments. Adequate financial aid is a key piece to successfully recruiting students from under-represented groups, and this is a special challenge to Virginia Tech.



Graduate Education:

Dr. Karen DePauw reviewed elements of the graduate education business plan presented last year to the committee and the status of the proposed initiatives. Good progress has been made in reaching the goal of increasing PhD students by 900; Ph.D. enrollment has increased by 450 since 2002. Institutional support for graduate student health insurance has increased to 70% this fall. The Graduate Life Center opened this fall in Donaldson Brown. Administrative improvements are also underway: the institutional plan for graduate degrees has been updated, graduate program review guidelines have been drafted, and an imaging system will soon be implemented. Committee members expressed great appreciation for the progress that has been achieved. Ms. Lowe asked about progress in making multi-year commitments to incoming graduate students. She urged that this issue be addressed in the strategic plan update.

Undergraduate Education:

Associate Provost Ron Daniel briefed the committee on the recommendations and proposed actions coming from a two-year review of the core curriculum. The steering committee urged the university to bring more focus and resources to the coordination of the core and to undergraduate education more generally, and to adopt several initiatives to enrich students' educational experiences. A University Center for Undergraduate Education will be the heart of the effort, with new leadership responsibilities assigned to several people. The Center will be housed in Hillcrest Hall. Committee members urged wide dissemination of the new vision for undergraduate education within the university community so that connections could be made with undergraduate recruitment and development, for example.

Textbooks:

Recent legislation requires the university to designate an agent to compile, publish, keep, and maintain listings for assigned or required textbooks. A resolution recognizing Virginia Tech Service, Inc. as the designated agent was moved, seconded, and approved.

## CLOSED SESSION:

Ms. Duke moved that the Academic Affairs committee convene in Executive Session. The motion was seconded and approved. The committee considered recommendations of conferral of emeritus status, approval of faculty leaves, appointment to endowed professorships, and ratification of the research and development disclosure report and the faculty personnel changes report. All recommendations were approved. The committee then formally closed and certified the Executive Session.

## **Anti-Discrimination and Harassment Prevention**

**WHEREAS**, in recent years the Supreme Court has ruled that employers are subject to liability for unlawful harassment, not only based on sex, but based on other protected classifications as well (e.g. age, race, national origin, religion etc.); and

**WHEREAS**, the Equal Employment Opportunity Commission has directed employers to establish anti-harassment policies and complaint procedures covering all types of unlawful harassment; and

**WHEREAS**, current Virginia Tech Policy 1025 (Sexual Harassment) addresses only sexual harassment. Current Virginia Tech Policy 1030 (Affirmative Action) addresses only "racial, sexual, religious and ethnic types of harassment" and not harassment based upon other protected classifications (e.g. disability or age). Both policies require revision in order to conform with current law. The revisions are most effectively accomplished through a merger of the two policies in order to create a unitary policy regarding the University's prohibition against unlawful discrimination/harassment; and

**WHEREAS**, the attached policy is consistent with the current state of the law and the university's non-discrimination statement, and clarifies the rights and responsibilities of those who are victimized by, or receive information indicating the occurrence of unlawful discrimination/harassment;

**THEREFORE** be it resolved that the attached revision of policy 1025 be approved and that policy 1030 be eliminated.

### **RECOMMENDATION:**

That revised Anti-Discrimination and Harassment Prevention Policy be approved.

# **Anti-Discrimination and Harassment Prevention Policy**

**No. 1025**

**Subject: Anti-Discrimination and Harassment Prevention Policy**

**Rev. 3**

**Virginia Polytechnic Institute and State University**

**Policy and Procedures**

**Date: 8/29/05**

## **1.0 Purpose**

Virginia Tech does not tolerate discrimination or harassment on the basis of age, color, disability, gender, national origin, political affiliation, race, religion, sexual orientation or veteran status. Such behavior is inconsistent with the University's commitments to excellence and to a community in which mutual respect is a core value as articulated in the Virginia Tech Principles of Community. The prohibition against discrimination and harassment applies to all levels and areas of University operations and programs, to students, administrators, faculty, staff, volunteers, vendors and contractors.

Virginia Tech is also committed to the free and vigorous discussion of ideas and issues. This policy does not allow curtailment or censorship of constitutionally protected expression, nor does it attempt to address behaviors that do not constitute discrimination or harassment. Offensive behavior that does not violate this policy should be addressed by the appropriate supervisor or administrator.

## **2.0 Policy**

### **2.1 Prohibited Acts**

#### **1. Discrimination/Harassment**

Discrimination/ Harassment includes the following behaviors:

- A. Conduct that conditions any element of a person's employment, enrollment as a student, receipt of student financial aid, or participation in university activities on that person's age, color, disability, gender (including pregnancy), national origin, political affiliation, race, religion, sexual orientation, or veteran status, unless otherwise permitted or required by applicable law;
- B. Conduct of any type (oral, written, graphic, electronic or physical) based upon a person's age, color, disability, gender (including pregnancy), national origin, political affiliation, race, religion, sexual orientation, or veteran status and which unreasonably interferes with the person's work or academic performance or participation in University activities, or creates a working or

learning environment that a reasonable person would find hostile, threatening or intimidating;

- C. Conduct consisting of unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made, explicitly or implicitly, a term or condition of an individual's employment or education; or submission to or rejection of such conduct is used as a basis for employment or educational decisions affecting an individual.

## **2. Retaliation**

It is a violation of this policy to retaliate against any party for participating in a discrimination/harassment investigation ("protected activity"). Retaliation includes any adverse treatment which is reasonably likely to deter the complainant or others from filing a charge of discrimination/harassment or participating in a discrimination/harassment investigation. Retaliation can be verbal, written, graphic, electronic or physical.

## **3. Knowingly Filing False Complaints**

Knowingly filing a false complaint of discrimination/harassment or of retaliation is a violation of this policy. Such conduct may be pursued using the steps followed for a complaint of discrimination/harassment, and if found to have occurred will result in disciplinary action that may include termination or expulsion.

## **4. Intentional Breaches of Confidentiality**

All participants in the discrimination/harassment complaint resolution process described below, including the complainant and respondent, witnesses and any other parties shall respect the confidentiality of the proceedings. Breaches of confidentiality jeopardize effective functioning of internal complaint resolution. Participants are authorized to discuss the case only with those persons whose university duties entail a clear and genuine need to know.

A complaint alleging an intentional breach of confidentiality may be pursued using the procedures set forth in Sections 5.3 and 5.4 below. Such a breach may also constitute an act of retaliation. Further, a breach of confidentiality may void the outcome of any previously agreed-upon resolution to a complaint.

## **2.2 Consensual Relationships**

It should be understood by all members of the university community that consensual amorous or sexual relationships (hereinafter referred to as consensual relationships) that occur in the context of educational or employment supervision and evaluation present serious ethical concerns. Consensual

relationships between faculty and students enrolled in their classes or students for whom they have professional responsibility as advisor or supervisor violate the policy on Professional Ethics and Responsibilities and may be a violation of this discrimination/harassment policy. Similarly, consensual relationships between supervisors and employees they directly supervise violate University policy. Faculty members or others performing instructional or academic advising duties and supervisors involved in consensual relationships must remove themselves from any activity or evaluation that may reward or penalize the affected student or employee.

Consensual relationships between faculty and students are particularly susceptible to exploitation. The respect and trust accorded a professor by a student, as well as the power exercised by the professor in giving praise or blame, grades, recommendations for further study and future employment, make voluntary consent by the student suspect, given the fundamentally asymmetric nature of the relationship.

Faculty and supervisors should be aware that conducting consensual relationships with students or employees they supervise makes them liable for formal action. Even when both parties have consented to the development of such a relationship, it is the faculty member or supervisor who, by virtue of his or her special responsibility, will be held accountable for unprofessional behavior. Complaints alleging discrimination/harassment, as defined above, may be filed by either party to the consensual relationship or by an aggrieved party outside the relationship.

### **3.0 Responsibilities of Those Experiencing Discrimination/Harassment**

Anyone who believes they have been subject to or have observed instances of discrimination/harassment should take one or more of the following steps:

1. create a detailed record of the offending behavior, and any response thereto.
2. ask the perpetrator to cease the offending behavior;
3. seek the assistance of a supervisor, faculty member or university administrator; and/or
4. contact the Office for Equal Opportunity. (See Sections 5.3 and 5.4 below.)

It bears emphasis that the complainant is not required to confront or complain to the discriminating/harassing party. He or she may instead pursue steps 3 and/or 4 above.

## **4.0 Responsibilities of Administrators, Supervisors and Faculty**

University administrators, supervisors, faculty members and others performing instructional or academic advising duties have an added responsibility to create and maintain a work and learning environment free of discrimination/harassment.

If an administrator, supervisor or faculty member becomes aware of an incident that might reasonably be construed as constituting discrimination/harassment, he/she must take immediate steps to address the matter. In such cases, the administrator, supervisor or faculty member should promptly contact the Office for Equal Opportunity in order to coordinate any further action which may be necessary.

Administrators, supervisors and faculty members have a legal obligation to act whenever they learn--either directly or indirectly--about discrimination/harassment. This obligation exists even if the complainant requests that no action be taken. It is not the responsibility of the complainant to correct the situation.

Administrators, supervisors and faculty members have the legal responsibility to protect a complainant from continued discrimination, harassment or retaliation. They must also protect persons accused of discrimination/harassment from potential damage by false allegations. Administrators and supervisors will be held accountable for dealing with and taking necessary steps to prevent discrimination/harassment.

Administrators and supervisors are responsible for informing their employees and students of this policy.

## **5.0 Procedures**

### **5.1 Introduction**

This Policy reflects the University's commitment to maintain a community that is free from discrimination/harassment. Virginia Tech has designed procedures for prompt internal resolution of discrimination/harassment complaints that arise within the University community. The University expects that the use of these procedures will facilitate a prompt resolution of such complaints, but the assistance of faculty, staff and students is critical to helping the University learn of and address problem behavior. Every member of the university community has the right to a civil and productive work and learning environment; and has the responsibility to maintain the highest standards to accomplish this goal.

## 5.2 Scope

These procedures apply to prohibited acts (defined above) performed by any employee, volunteer, vendor, or contractor of Virginia Tech.

Discrimination/harassment allegedly perpetrated by an undergraduate or a graduate student who is **not** acting in the capacity of a university employee, volunteer, vendor or contractor falls within the jurisdiction of the Office of Judicial Affairs **regardless of the status of the complainant** (i.e. student, faculty, or staff). The Office of Judicial Affairs will address the complaint in accordance with procedures described in University Policies for Student Life.

## 5.3 Informal Resolution

Once the Office for Equal Opportunity receives information suggesting a reasonable possibility that discrimination/harassment has occurred, it will arrange a meeting with the complainant in order to further review the information, applicability of this policy and available options. For an individual who does not wish to file a formal complaint, but who nevertheless wishes to put an end to conduct they believe to violate this policy, the following options are available:

1. with the advice and assistance of the Office for Equal Opportunity as requested, the complainant may write to or meet with the accused, discuss the situation and make it clear that the behavior is unwelcome; or
2. a representative of the Office for Equal Opportunity may discuss the alleged conduct with the charged party, review this policy with him or her, and seek an explicit commitment to comply with the requirements stated therein. A complainant may request that, if practical, such a conversation be held without revealing his or her identity directly to the charged party. Action taken by the Office for Equal Opportunity under this provision shall not constitute a finding of discrimination/harassment.
3. the Office for Equal Opportunity can consult with appropriate supervisors to explore options for informal resolution including training and education.

All records relating to an informal investigation will be retained in the Office for Equal Opportunity for a period consistent with applicable federal and state law and in accordance with university records management policy, after which the records will be destroyed.

## 5.4 Formal Resolution

A formal complaint includes a written description of the facts and circumstances allegedly constituting discrimination/harassment signed by the complainant and filed with the Office for Equal Opportunity. A formal complaint must be made

within 300 days of the alleged discrimination/harassment. Promptly after a written complaint is filed, the Office for Equal Opportunity will provide written notification to the accused (“respondent”) of the allegations and the identity of the complainant. The respondent also will be furnished with a copy of the written charge and will have an opportunity to respond to the allegations contained therein. The respondent’s immediate supervisor will receive a copy of the written notification. An accused student may wish to consult a faculty mentor in responding to the complaint. After the notification described above, the Office of Equal Opportunity will conduct any additional investigation which may be necessary.

The investigation is expected to lead to one of the following possible outcomes:

1. The Office for Equal Opportunity finds insufficient facts to support the charge;
2. The Office for Equal Opportunity finds facts to support the charge, reaches a negotiated resolution satisfactory to the parties, and does not recommend further action; or
3. The Office for Equal Opportunity finds facts to support the charge and recommends further action.

Upon completion of the investigation, the Office for Equal Opportunity will submit to the President a report including findings of fact and any recommended action. Disciplinary action shall reflect the status of the accused, the severity and pervasiveness of the conduct, the apparent intent of the accused, and other relevant factors in the case. Copies of the report will be provided to the complainant, the respondent, the respondent’s immediate supervisor, the Dean, Director and /or Department Head as appropriate, and the Provost or Executive Vice President as appropriate.

## **5.5 Appeal**

In the event that either the complainant or the respondent disagree with or object to the Office for Equal Opportunity’s findings and recommendations rendered pursuant to section 5.4 above, the following options are available:

1. Complainants may pursue the appropriate remedy set forth in Paragraph 5.6 below.
2. Classified staff respondents, including those performing instructional or academic advising duties, may pursue their grievance rights as set forth in the State Employee Grievance Procedure.
3. Faculty respondents and others performing instructional or academic advising duties within fourteen days of receipt of the findings of fact and/or



recommended action, may request review of the Office for Equal Opportunity's findings and recommendations by the Provost or Executive Vice President as appropriate. The Provost or Executive Vice President will appoint a three-member panel and designate one of the members as chair. Members of the panel will be selected from among the General Faculty in consultation with the President of the Faculty Senate or the Chair of the Commission on Administrative and Professional Faculty as appropriate. The Director of the Office for Equal Opportunity will participate in all meetings of the panel and serve as a non-voting advisor to the panel. If the appellant respondent is a student, the Provost will appoint a representative from the Graduate School or Student Affairs as a non-voting member. The panel will determine whether there existed in the available evidence of record a reasonable basis for Office for Equal Opportunity's findings and recommendations. The panel will report its determination to the Provost or Executive Vice President for further action as warranted.

Records of the investigation will be retained by the Office for Equal Opportunity for a period consistent with federal and state law and in accordance with university records management policy, after which the records will be destroyed.

A complainant found to have made intentionally false allegations of discrimination/harassment is subject to University discipline. (See Section 2.1(3) above.)

## **5.6 Supplemental/Alternative Avenues for Formal Complaints**

In addition to, or in lieu of the procedures set forth above:

1. Students may file formal complaints with the Office for Civil Rights of the U.S. Department of Education.
2. Faculty may file a charge with the federal Equal Employment Opportunity Commission and/or the Virginia Council on Human Rights within 300 days of the incident.
3. The following options are available to staff:
  - A. Non-probationary classified staff may file a grievance within 30 days of the offense as outlined in the Grievance Procedure for State Employees; or
  - B. Salaried and wage staff may file a complaint using the Discrimination Complaint Procedure administered by the Office of Equal Employment Services in the state's Department of Human Resource Management.

- C. Salaried and wage staff may file a complaint with the federal Equal Employment Opportunity Commission or the Virginia Council on Human Rights within 300 days of the alleged discrimination/harassment.

Additional information regarding any of the procedures outlined above may be obtained from the Office for Equal Opportunity.

Additional assistance and support may be obtained from the Office of the Provost (faculty), the Office of Personnel Services (classified staff), The Women's Center, the Graduate School (graduate students), Cook Counseling Center (students), or the Office of Judicial Affairs (students).

## 6.0 References

Virginia Department of Human Resources Management Policy 1.60 Standards of Conduct  
 Virginia Department of Human Resource Management Policy 2.05, Equal Employment Opportunity  
 Virginia Department of Human Resource Management Policy 2.30 Workplace Harassment  
 Department of Employment Dispute Resolution Grievance Procedure Manual  
 Virginia Tech Policy 4075 Accommodation of Employees with Disabilities  
 Virginia Tech Faculty Handbook  
 Virginia Tech Research Faculty Handbook  
 Virginia Tech Classified Employee Handbook  
 Building Graduate Community: Expectations for Graduate Study (Graduate School publication)  
 Virginia Tech Principles of Community

## 7.0 Approvals and Revisions

- Revision 1

Revised by Commission on Faculty Affairs, December 17, 1990, the Faculty Senate, January 8, 1991, and the EO/AA Committee on January 8, 1991, with further revisions, February 12, 1991.

Approved March 4, 1991 by University Council.

- Revision 2

Revised by the EO/AA Committee, March 29, 1994; approved by Commission on Faculty Affairs, May 13, 1994.

Approved October 3, 1994 by University Council.

- Revision 3

Revised by the Commission on Equal Opportunity and Diversity, March 28, 2005.

Approved by University Council, May 2, 2005

Approved by the Board of Visitors, August 29, 2005

**RESOLUTION REGARDING PUBLIC LISTINGS  
OF REQUIRED OR ASSIGNED TEXTBOOKS**

**WHEREAS**, the Commonwealth has enacted recent legislation, §23-4.3:1, *Code of Virginia, 1950, as amended*, requiring state universities to make public listings of required or assigned textbooks; and

**WHEREAS**, the legislation further requires the Board of Visitors to implement procedures for making available to students, in a central location and in a standard format on the University's website, this listing of required or assigned textbooks; and

**WHEREAS**, Virginia Tech Services, Inc., an auxiliary service of the University, operates the Virginia Tech Bookstores and presently provides this function which is in compliance with the new law; and

**WHEREAS**, Virginia Tech Services, Inc., has proposed and agreed to compile, publish, keep, and maintain this requisite information required on the appropriate University website;

**NOW THEREFORE BE IT RESOLVED**, that Virginia Polytechnic Institute and State University implement and adopt as its procedure for making available to students the information required by law, those functions and processes currently performed by Virginia Tech Services, Inc., relating to required or assigned textbooks, and that Virginia Tech Services, Inc. is recognized as the University's designated agent, to compile, publish, keep, and maintain listings for assigned or required textbooks.

**RECOMMENDATION:**

That the above resolution regarding public listings of required or assigned textbooks be approved.

**MINUTES OF THE BUILDINGS AND GROUNDS COMMITTEE  
OF THE BOARD OF VISITORS  
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

**August 29, 2005**

**The Inn at Virginia Tech and Skelton Conference Center**

**PRESENT**

**Board of Visitors Members:**

Mr. Robert L. Freeman, Jr.  
Mr. John R. Lawson, II  
Mr. James W. Severt, Sr.

**VPI & SU Staff:**

Mr. Dennis C. Cochrane  
Mr. William M. Elvey  
Mr. Z. Scott Hurst  
Mr. Kurt J. Krause  
Ms. Elizabeth D. Reed

**Guests:**

Mr. Jared Field – Student Government Association, Director of Constituent Outreach  
Dr. Elizabeth Flanagan – Vice President for Development and University Relations  
Mr. Larry Hincker - Associate Vice President, University Relations  
Mr. Robert Livingstone – Project Manager, Inn at Virginia Tech, Skelton Conference Center and Holtzman Alumni Center Project  
Mr. Jim McCoy – Director, Capital Design and Construction  
Mr. Allan Miller – Senior Editor, News & Information, University Relations  
Ms. Lindsay O'Connor – Student Government Association, VASGA Director  
Ms. Kristina Perry – Student Government Association, Chief Justice  
Dr. Raymond D. Smoot, Jr. – Chief Operating Officer and Secretary-Treasurer, Virginia Tech Foundation  
Mr. Tom Tillar – Vice President for Alumni Relations  
Mr. Devin Weller – Student Government Association, Vice President

**OPEN SESSION**

Opening Comments: Mr. Lawson called the meeting to order at 8:03 a.m. Mr. Severt, moved the Committee enter into Closed Meeting to discuss the acquisition, use, or disposition of real property, and potential litigation pursuant to §2.2-3711.3, Code of Virginia, as amended. The motion passed unanimously.

## **CLOSED MEETING**

The Committee met in a Closed Meeting to discuss the acquisition, use, or disposition of real property, and potential litigation. Mr. Severt moved the Committee be reconvened in Open Session at 9:18 a.m. The motion passed unanimously. The Committee members individually certified that, pursuant to §2.2-3712, the Closed Meeting was conducted in conformity with the Code of Virginia.

## **OPEN SESSION**

1. **Report of Closed Meeting:** Mr. Lawson reported that the Committee met in Closed Meeting to discuss acquisition, use, or disposition of real property, and potential litigation. No actions were taken.
2. **Approval of Minutes:** The minutes of the June 12, 2005 meeting were unanimously approved.
3. **Capital Outlay Project Status Report:** The Committee reviewed the status of all capital projects in design, under construction, or pending. The following ten capital projects are in design: Building Construction Learning Laboratory, ICTAS-I, Classroom Improvements, Litton Reaves Exterior Structural Repairs, Boiler Pollution Controls, Southwest Campus Heating and Cooling System, Cowgill Hall HVAC and Power Upgrade, Renovation of Henderson Hall, Surge Space Building, and the Graduate School Facility. The ongoing comprehensive study to renovate old residence halls is well underway and is expected to be completed this fall. The Committee emphasized that this study needs to inform the university what to do, timelines, funding options, etc. The following six capital projects are under construction: Holtzman Alumni Center, Agriculture and Natural Resources Research Building, Stadium Expansion, Soccer/Lacrosse Complex, Life Sciences-I, and the Addition to the Campus Chilled Water Plant. The Committee continues to support the need to match the back of the bleachers of the Soccer/Lacrosse Complex to the surrounding architecture along Spring Road. The following two capital projects are pending: Renovation of Agnew and Burruss Halls, and the Fine Arts Center. The proposed Fine Arts Center is a future opportunity that will deliver mutual benefits and strengthen our relationship with both the Town of Blacksburg and Montgomery County. The Town is very supportive of this project and has stated their desire for this facility to be located along Main Street near Alumni Mall.
4. **Public Art Process:** The Committee received information on the public art process at Virginia Tech. Currently the university has two committees on campus which have roles in recommending acquisition and placement of outdoor art. The "Visual Arts Properties Committee" is responsible for the review, endorsement, or rejection of visual arts work, and the "Art in Public Places

Committee” is responsible for the Master Plan for Outdoor Public Art and for seeking donations of a major sculpture. Mr. Krause introduced a proposal to combine these two committees, and to include placing a BOV Buildings and Grounds Committee member on this new committee. The Committee agreed with this proposal and determined Mr. Freeman would be their ideal choice to serve as their representative. Mr. Freeman emphasized the need to limit the number of people on the combined committee, and that it consist of influential people from outside the university, as well as people with an arts background.

5. **W. Addison Caldwell Sculpture:** The project entails the installation of a bronze statue of W. Addison Caldwell, purportedly the first student at the Virginia Agriculture and Mechanical College, now Virginia Tech. This sculpture is a gift of the Class of 1956. The proposed site for the sculpture is the Upper Quad area of campus between the Performing Arts Building and Torgersen Hall. The Upper Quad area has been recommended by the university’s Commemorative Tributes Committee and endorsed by President Charles W. Steger as an appropriate location for this statue because of the relationship between the early history of the institution and the area of campus. The Committee approved the sculpture at the proposed location, and requested the design of the base be further refined.
6. **Graduate Housing:** This summer the university was successful in converting the hotel portion of Donaldson Brown for single graduate housing. The Committee discussed the need to pursue graduate housing for married students.
7. **Recreation Facilities:** The Committee expressed the need to pursue additional recreation facilities for students. The Capital Outlay Plan for the 2006-2008 biennium contains a proposed non-general fund project of \$13 million to construct additional recreation, counseling and clinical space.
8. **New Visitors and Admissions Center:** Mr. Severt expressed continued support for the New Visitors and Admissions Center. The proposed high priority non-general fund \$5,250 million project is in the Capital Outlay Plan in the 2006-2008 biennium. The Governor’s Budget is scheduled to be submitted to the General Assembly in December 2005.
9. **Virginia Tech Foundation:** Dr. Raymond D. Smoot, Jr., Chief Operating Officer and Secretary-Treasurer of the Virginia Tech Foundation, addressed the Committee on the role of the Virginia Tech Foundation in support of the university’s program needs through acquisition and development of real property. He provided an historical perspective, and cited numerous examples of property the foundation has acquired. Regarding the University Master Planning process, the key point is the Virginia Tech Foundation reacts to the requests of the university.
10. **Tour of the Holtzman Alumni Center:** Mr. Tom Tillar, Vice President for Alumni Relations, led the Committee on a tour of the Alumni Center portion of the

Inn at Virginia Tech, Skelton Conference Center, and Holtzman Alumni Center. The tour was well received. The facility is scheduled to be dedicated on Friday, October 28, 2005.

The meeting of the Buildings and Grounds Committee adjourned at 11:30 a.m.

Respectfully submitted,

Kurt J. Krause  
Vice President for Business Affairs



**MINUTES OF THE FINANCE AND AUDIT COMMITTEE  
OF THE BOARD OF VISITORS  
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

**August 29, 2005**

***FINANCE CLOSED SESSION***

**PRESENT:**

**BOARD OF VISITORS:** Mr. Ben Davenport, Dr. Hemant Kanakia, Mr. Jacob Lutz, Mr. Thomas Robertson, Mr. Philip Thompson

**VPI&SU STAFF:** Mr. Jerry Cain, Ms. Kay Heidbreder, Mr. James Hyatt, Mr. John Rudd, Mr. Dwight Shelton, Dr. Charles Steger, Dr. Lisa Wilkes

**FINANCE CLOSED SESSION:** The Committee met in Closed Session to review and take action on the quarterly personnel changes report, the Research and Development Disclosure Report, and a Track and Field bonus recommendation.

***FINANCE CLOSED  
JOINT SESSION WITH BUILDINGS AND GROUNDS COMMITTEE***

**PRESENT:**

**BOARD OF VISITORS:** Mr. Ben Davenport, Dr. Hemant Kanakia, Mr. Robert Freeman, Mr. John Lawson, Mr. Jacob Lutz, Mr. Thomas Robertson, Mr. James Severt, Mr. Philip Thompson

**VPI&SU STAFF:** Mr. Jerry Cain, Mr. Dennis Cochrane, Mr. William Elvey, Ms. Kay Heidbreder, Mr. James Hyatt, Mr. Kurt Krause, Mr. James McCoy, Mr. John Rudd, Mr. Dwight Shelton, Dr. Lisa Wilkes

**FINANCE CLOSED SESSION:** The Finance and Audit Committee and the Buildings and Grounds Committee met jointly in Closed Session to discuss potential litigation.

**FINANCE OPEN SESSION**

**PRESENT:**

**BOARD OF VISITORS:** Dr. Hemant Kanakia, Mr. Jacob Lutz, Mr. Thomas Robertson, Mr. Philip Thompson

**VPI&SU STAFF:** Ms. Divya Amin, Mr. Mel Bowles, Mr. Bob Broyden, Mr. Al Cooper, Mr. John Cusimano, Mr. Tim Hodge, Mr. James Hyatt, Ms. Heidi McCoy, Mr. Ken Miller, Mr. Mark Owczarski, Ms. Susanna Rinehart, Mr. John Rudd, Ms. Kathy Sanders, Mr. Dwight Shelton, Dr. Raymond Smoot, Dr. Charles Steger, Dr. Lisa Wilkes, Ms. Linda Woodard

1. APPROVAL OF ITEMS DISCUSSED IN CLOSED SESSION:

The Finance and Audit Committee reviewed and took the following actions on items discussed in closed session: ratified the Personnel Changes Report and the Research and Development Disclosure Report, and approved a Track and Field bonus recommendation.

2. APPROVAL OF MINUTES OF THE JUNE 12, 2005 MEETING:

The Committee reviewed and approved the minutes of the June 12, 2005 meeting.

3. REPORT ON COMMONWEALTH MANAGEMENT STANDARDS:

The Committee received a report on the Commonwealth Management Standards. The University met the Management Standards for institutions of higher education in Virginia for 2004-05. Therefore, unexpended funds for Educational and General programs will be available for expenditure in 2005-06. Additionally, the University is provided flexibility in managing the maximum employment levels.

4. UPDATE ON THE HIGHER EDUCATION RESTRUCTURING INITIATIVE:

The Committee received an update on the Higher Education Restructuring Initiative. Implementation of the Restructured Higher Education Financial and Administrative Operations Act will require work in phases throughout the current fiscal year. At the state level, the State Council of Higher Education for Virginia's efforts has focused on the development of a framework for the six year academic and financial plans as well as the identification of performance measures. For the Executive Branch, work has occurred regarding the implementation of the Level One authorities as well as preparation for discussions with various institutions regarding potential Level Two and Level Three management agreements. University personnel have been actively engaged with the State Council with regard to the six year plans as well as review and discussion of the

Level One authorities. The University also continues to work on the requirements for becoming a Level Three or "Covered" Institution. The report provided a summary of the status of these activities, as of August 1, 2005.

Attached to this document is the briefing report that was presented to the Finance and Audit Committee.

5. UPDATE ON UNIVERSITY DEBT CAPACITY:

The University's authorization to incur debt is outlined in Section 9(c) and Section 9(d) of Article X of the Constitution of Virginia. Section 9(c) debt is issued by the State on behalf of the university and is secured by the full faith and credit of the Commonwealth. Section 9(d) debt is issued by the University (or a conduit issuer) and is secured by project revenues and/or the general revenue pledge of the University.

In 1992, the Secretary of Finance issued the Alternative Financing Guidelines that allowed universities with debt ratios of 7 percent or less (defined as maximum annual debt service to current fund unrestricted expenditures and mandatory transfers) to secure debt with a pledge of its general revenues. In past reports to the Board, the University reviewed its debt ratio as it relates to this 7 percent benchmark. Recently, the Department of the Treasury concluded that the Alternative Financing Guidelines are no longer in place. As a result, the University can now secure its debt with a pledge of general revenues without having to maintain a state-required debt ratio.

As part of the Restructured Higher Education Financial and Administrative Operations Act, the University must maintain certain performance measurements, one of which is to maintain a debt burden ratio (actual debt service to operations) of 7 percent or less. Accordingly, the debt capacity report will now monitor our debt burden ratio as it relates to the University's performance measurements.

The University's debt ratio for FY 2005 is 3.25 percent. Current outstanding debt and capital leases of the University total \$245.6 million. The maximum amount of debt that can be issued at the 7 percent benchmark is estimated to be \$611.1 million, which leaves additional debt capacity of approximately \$365.5 million.

Anticipated debt that is both Board approved and Executive and Legislative authorized for non-general fund projects represents \$127.8 million, and will result in an estimated debt ratio of 4.56 percent if issued over the next three years. The University will carefully review each project in accordance with its debt capacity before coming back to the Board with project authorizations for debt.

**ITEMS PRESENTED TO THE FULL BOARD FOR APPROVAL****6. 2006-08 APPROPRIATIONS REQUEST:**

The Committee received the 2006-2008 Appropriations Request. For Agency 208, the University's operating budget proposal will be structured to request funding for Base Budget Adequacy, enrollment growth, strategic academic and research initiatives, operation and maintenance of new facilities, and Unique Military Activities (UMA). For Agency 229, requests will be focused on Cooperative Extension's Commonwealth Staffing Initiative.

The Committee recommended the 2006-08 Appropriations Request to the full Board for approval.

**7. APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT (JULY 1, 2004 – JUNE 30, 2005):**

The Committee received the Year-to-Date Financial Performance Report for July 1, 2004 – June 30, 2005. For the fourth quarter, all programs of the University are on target, and routine budget adjustments were made to reflect changes in General Fund revenues and reallocations of expenditure budgets in academic and administrative areas.

The annual budget for General Fund revenue includes the direct appropriation to the University and transfers to and from Central Appropriations. For the 12 month period, the University Division (Agency 208) fully utilized the General Fund budget, which was adjusted for new program resources and increases in central fund allocations distributed during the year. The Cooperative Extension and Agricultural Experiment Station Division (Agency 229) also fully utilized its General Fund budget, which was adjusted during the year due to increases in central fund allocations. Annual Tuition and Fee revenues fell short of the adjusted budget by \$810 thousand due to greater than expected unfunded scholarship awards; corresponding expenditure budgets were adjusted accordingly. Revenue and expenditures in Sponsored Programs were less than projected, but sponsored research expenditures are ahead of 2003-2004 activity levels. The Committee discussed the University process for utilizing institutional and endowed undergraduate scholarship funds and requested a detailed report at the next meeting.

The projected annual revenue, expenditure, and reserve drawdown budgets for Intercollegiate Athletics were adjusted to accommodate higher-than-anticipated ticket sales and handling fees, concessions income, licensing revenue, interest earnings, South End Zone revenues, Ticket Office expenses, equipment costs, renovations to athletic venues and equipment, and participation in the preseason BCA football contest and the 2005 Nokia Sugar Bowl. Additionally, routine budget adjustments have been made in several auxiliaries to reflect revenue and expenditure changes.

During the fiscal year ended June 30, 2005, \$31.7 million was expended for Educational and General and General Obligation Bond Projects, and \$49.0 million in expenditures were incurred for Auxiliary Enterprises capital projects.

The Committee recommended the Year-to-date Financial Performance Report to the full Board for approval.

8. APPROVAL OF MELP AND VENDOR FINANCING:

Legislation enacted by the Virginia General Assembly in 1985 empowered the Commonwealth's Treasury Board to undertake credit purchase financing of the personal property equipment needs of all state agencies and institutions. The Treasury Board created the Master Equipment Leasing Program (MELP) and issued guidelines governing the MELP and other vendor/third party financing agreements. The goal of the MELP is to ensure that all Commonwealth agencies obtain the best credit terms and financing arrangements possible.

In February 1997 the Board of Visitors delegated borrowing authority for the MELP and vendor financing programs to the University's Executive Vice President for up to \$5 million for general University use. The Board of Visitors approved an additional \$18 million in MELP and vendor financing in August 2001 for the Virginia Bioinformatics Institute (VBI) to fund start-up equipment costs.

After purchases planned in 2005-06, only \$1.2 million in borrowing authorization will remain. An increase in the \$5 million general use authorization is needed to support additional strategic equipment purchases.

The Committee reviewed for approval a resolution recommending that the total authorization for MELP and vendor financing be consolidated and reduced to \$20 million to support future strategic equipment purchases and authorizing the Executive Vice President and Chief Operating Officer to borrow up to \$20 million for general University use through the MELP and vendor financing programs.

The Committee recommended the MELP and Vendor Financing Resolution to the full Board for approval.

9. APPROVAL OF GRADUATE CENTER FINANCING RESOLUTION:

Mr. Lutz recused himself from discussion of the Graduate Center Financing Resolution.

The Graduate Student Center Project (Capital Outlay Project 17205) has been authorized to be financed pursuant to Article X, Section 9(d), of the Constitution of Virginia for up to \$3,000,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

The proposed project consists of the renovation and conversion of the existing Donaldson Brown Hotel and Conference Center (DBHCC) to a Graduate Life Center. To finance the project, bonds will be issued through the Virginia College

Building Authority (VCBA) and the University will enter into a loan agreement and promissory note with the Authority. The proposed resolution identifies the Executive Vice President and Chief Operating Officer, and the University Treasurer as authorized officers to execute the loan agreement, promissory note, and other necessary documents with the Authority.

The Committee recommended the Graduate Center Financing Resolution to the full Board for approval.

10. APPROVAL OF BIOLOGY/VIVARIUM FACILITY FINANCING RESOLUTION:

Mr. Lutz recused himself from discussion of the Biology/Vivarium Facility Financing Resolution.

A portion of the Biology/Vivarium Facility (Capital Outlay Project 16713) has been authorized to be financed pursuant to Article X, Section 9(d), of the Constitution of Virginia for up to \$8,750,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

The proposed project consists of a 72,000 gross square foot research facility, will conform to federal NIH funding guidelines, and will support animal researchers, veterinarians and microbiologists. The construction cost of the project is \$35,013,000. Of that amount, \$8,750,000 has been authorized to be financed as Section 9(d) debt, with the remaining \$26,263,000 funded by the Commonwealth's General Obligation Bonds through its Virginia Educational Facilities Bond Act of 2002.

To finance the 9(d) portion of the project, bonds will be issued through the Virginia College Building Authority (VCBA), and the University will enter into a loan agreement and promissory note with the Authority. The proposed resolution identifies the Executive Vice President and Chief Operating Officer, and the University Treasurer as authorized officers to execute the loan agreement, promissory note, and other necessary documents with the Authority.

The Committee recommended the Biology/Vivarium Facility Financing Resolution to the full Board for approval.

There being no further business, the meeting adjourned at 11:55 a.m.

## **Update on the Higher Education Restructuring Initiative August 29, 2005**

Implementation of the Restructured Higher Education Financial and Administrative Operations Act will require work in phases throughout the current fiscal year. At the state level, the State Council of Higher Education for Virginia's efforts has focused on the development of a framework for the six year academic and financial plans as well as the identification of performance measures. For the Executive Branch, work has occurred regarding the implementation of the Level One authorities as well as preparation for discussions with various institutions regarding potential Level Two and Level Three management agreements. At Virginia Tech, numerous faculty and staff have been working throughout the summer to plan for and implement the various phases of the Restructuring Initiative. University personnel have been actively engaged with the State Council with regard to the six year plans as well as review and discussion of the Level One authorities. The University also continues to work on the requirements for becoming a Level Three or "Covered" Institution. This report provides a summary of the status of these activities, as of August 1, 2005.

### **Institutional Plan Development**

The Restructured Higher Education Financial and Administrative Operations Act requires public colleges and universities to submit six year institutional plans to include academic, financial, and enrollment components. Since the June Board of Visitors meeting, the University has been working closely with staff at the State Council to help shape an institutional plan template that best meets the needs of all public institutions in the Commonwealth. The components of the plan are described below.

#### Institutional Narrative

The institutional plan requires a narrative which will identify the major strategic direction of the institution over the next six years. The State Council anticipates a three to five page narrative that "tells the story of where the institution is going." The narrative must also address how the institution plans to use base adequacy funding should funding be made available.

#### State Goals Template

State Council has developed a template to be used to describe the academic activities and support services that will occur during the six year academic plan to address the state goals identified in the Act and accepted by the Board of Visitors at the June board meeting. This document will serve as the basis for the academic component of the institutional plan. The template, which is reflected as Attachment A to this report, also requires that activities be listed by the specific biennium in which

they will occur. The Institutional Narrative and State Goals Template comprise the Academic Plan component required by the Act.

### Financial Plan

The Financial Plan will contain projections over six years of the funding required to cover annual expected expenditures. The revenue projections will include the following components:

- The annual resources needed to achieve the 60<sup>th</sup> percentile goal for faculty salaries over the same period; the annual cost information will also be provided by the State Council.
- The funding necessary to achieve 100 percent of the base adequacy guidelines by 2012 (based on the State Council-approved enrollment projections); this cost will be provided by the State Council and spread by the institution through the six year period. Classified salary increases are a component of this category.
- New academic initiatives that may be proposed, consistent with the Academic Plan.
- Anticipated student financial aid strategies required to maintain the institution's accessibility and affordability commitments.

While the items above focus on the Educational and General component of the University's budget, the Financial Plan template includes sections to incorporate each major component of the University's budget. Thus, the end result is anticipated to be a six year projection of the total budget. Accompanying this set of revenue projections will be a statement of uses of these funds, presented in a program expenditure format. State Council anticipates that each institution may provide footnotes to the expenditure schedule to address questions that might arise regarding the spread of costs over the years or the amount of costs reflected in the schedules. Attachment B provides the financial plan template from the State Council.

Finally, the Financial Plan will project this information, using two distinct scenarios. The first scenario will assume that the state will provide incremental General Fund support based on the General Fund share of costs for in-state students as provided in the current biennial budget, while nongeneral funds cover the remainder of the cost increases. The second scenario reflects the anticipated revenue and expenditure requirements, based on no increase in General Fund support over the six year period.



### Enrollment Plan

The University submitted the enrollment component of the institutional plan to the State Council in the spring. A system-wide enrollment plan was recently approved by the State Council during their July meeting. The plan reported additional demand for the four-year institutions but also noted that the four-year institutions' planned enrollment growth meets the expected demand.

### Virginia Tech's Plans

In addition to working closely with the State Council on the institutional template, the University has also been working on its specific plan, with an anticipated completion date of early to mid September. For the Financial Plan, the University will develop an internal plan that is similar in design and content to the previous 2005-2010 Financial Plan. The University will convert this internal plan to the State Council format for submission to the state. A review of the University Plan by the Board of Visitors will be scheduled for September. Completed institutional plans are due to the State Council by October 1.

### **Accountability Measures and Performance Benchmarks**

The Act requires the State Council to assess the degree to which each institution has met specific accountability measures and performance benchmarks each year. The State Council will develop the initial academic-related measures for consideration by the Governor and General Assembly by October 1, 2005. The Governor shall develop the initial financial and administrative management performance measures and benchmarks to report to the General Assembly by November 15, 2005. Both the academic measures and the financial and administrative measures shall be included in "The Budget Bill" or in the proposed gubernatorial amendments to the general appropriation act. These will be voted on by the General Assembly during the 2006 legislative session.

The approved accountability measures will serve as the basis for the annual assessment of whether or not the institution has met its performance benchmarks and thus should be eligible for the financial incentives identified in the Act. No later than June 1 of every fiscal year, the State Council shall provide a report of the results of the annual assessment to the Governor and various legislative committee chairmen.

### **Exercise of New Authorities**

During the June 2005 Board of Visitors meeting, the Board passed a resolution committing to the state goals identified in the Act. Passage of this resolution allows the University to exercise the "Level One" authorities permitted by this initial level of autonomy as of August 1, 2005. For reference, a listing of these authorities is provided by Attachment C to this report. As referenced in this report, the Executive

Branch has developed a set of implementing procedures to guide institutions in the use of these new authorities. For Virginia Tech, which had previously received many of these authorities through decentralization agreements, these guidelines do not present any significant issues, and the University anticipates full compliance and implementation of many of the new authorities on August 1, 2005.

### **Preparation for the Development and Execution of Management Agreements**

In order to exercise the greatest amount of autonomy with the state, the Act requires the institution to negotiate a management agreement with the Commonwealth to operate as a "Covered Institution." The management agreement would identify the specific authorities in the areas of capital outlay, procurement, human resources, information technology, real estate management, and accounting and financial management that the Board of Visitors would accept responsibility for managing locally with less oversight from the State's central administrative offices. In many instances, the University would move from a pre-approval and sometimes daily reporting requirement to a post-audit and/or as needed reporting requirement.

Virginia Tech, along with the College of William and Mary and the University of Virginia, has begun discussions with the Administration on what additional flexibilities can be gained through negotiations of a management agreement. The University anticipates that this process will ultimately result in the development of a central management agreement along with accompanying policies in each area of extended management authority. These policies will detail which flexibilities will be exercised and implemented.

Each institution will negotiate a unique management agreement with the Administration. Policies, with the exception of a procurement rules document, will also vary amongst the institutions negotiating a management agreement. The Act requires the institutions that negotiate a management agreement to develop a set of consistent procurement rules.

The development of such documents will need to occur during the fall of 2005 in order to meet the November 15, 2005 deadline for submission of such agreements, in accordance with the legislation.

**Key Upcoming Dates**

September 13	State Council Meeting (approval of performance measures)
September 24	Virginia Tech Board of Visitors Special Meeting (review of Six Year Plans)
October 1	Institutional Plans Due to State Council  State Council to submit education related performance measures to the Governor and the General Assembly
November 6 and 7	Virginia Tech Board of Visitors Meeting
November 15	Governor to submit administrative and financial performance measures to General Assembly  Last day to enter into a management agreement
December 16	Governor presents budget to joint money committee meeting (recommendation to approve the management agreement included in "The Budget Bill" or in the proposed gubernatorial amendments to the general appropriation act)

**ACADEMIC COMPONENT**Instructions

In the column entitled "Academic Activity/Support Service," please provide 2-3 sentences detailing how your institution will accomplish each activity related to this goal for the three biennia of this six-year period. The information provided should be macro-level information with sufficient detail for the reader to understand your general approach. The fifth column should reference pages in other documents where more detail on goal-specific activities can be found.

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
<b>1. Provide access to higher education</b> <ul style="list-style-type: none"> <li>• <i>Target underrepresented populations</i></li> <li>• <i>Develop and meet enrollment projections</i></li> <li>• <i>Develop and meet degree estimates</i></li> </ul>				
<b>2. Provide affordable higher education</b> <ul style="list-style-type: none"> <li>• <i>Assess impact of tuition and fees on applications, enrollment, and student indebtedness</i></li> </ul>				
<b>3. Offer broad range of mission-relevant academic programs</b> <ul style="list-style-type: none"> <li>• <i>Target offerings in shortage areas by discipline and geographic region</i></li> </ul>				
<b>4. Initiate continuous, rigorous assessment of academic programs</b> <ul style="list-style-type: none"> <li>• <i>Review and improve academic programs, course availability, faculty productivity, and other relevant factors</i></li> </ul>				

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
<b>5. Improve student retention</b> <ul style="list-style-type: none"> <li>• <i>Improve student retention to timely graduation</i></li> <li>• <i>Increase number of degrees conferred as enrollment increases</i></li> </ul>				
<b>6. Develop articulation agreements</b> <ul style="list-style-type: none"> <li>• <i>Forge agreements with VCCS that have uniform application to all 23 campuses</i></li> <li>• <i>Forge agreements that meet general education requirements and provide additional opportunities for associate degree holders</i></li> <li>• <i>Create dual enrollment programs with high schools</i></li> </ul>				
<b>7. Stimulate economic development</b> <ul style="list-style-type: none"> <li>• <i>Engender local economic development in lag areas as it relates to income, employment, and other factors</i></li> </ul>				
<b>8. Engage in research</b> <ul style="list-style-type: none"> <li>• <i>Increase the level of externally funded research</i></li> <li>• <i>Facilitate technology transfer to private sector</i></li> </ul>				

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
<b>9. Develop K-12 partnerships</b> <ul style="list-style-type: none"> <li>• <i>Assist in efforts to improve student achievement</i></li> <li>• <i>Upgrade the knowledge and skills of teachers</i></li> <li>• <i>Strengthen leadership skills of school administrators</i></li> </ul>				
<b>10. Prepare a six-year financial plan</b>				
<b>11. Institute efficient business affairs</b>				

**Part C.1.a. Six-Year Financial Plan -- Estimated Incremental Revenue Worksheet**  
**Scenario 1 -- Assuming No Increase in General Fund Support**  
**Section I -- Tuition and Fee Increases Needed for E&G and Student Financial Aid**

Institution: Virginia Tech

Goal by FY12/ Benchmark <sup>1</sup>	Base Year 2005-06	Needed Add'l Funding	Accumulated Additional Funding					
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12

**A. Educational and General Programs (E&G)**

- (1) Six-Year Funding Estimate
  - 1a. Funding Needs
  - 1b. GF share of funding @ 0%
  - 1c. T&F share of funding @ 100%
  - 1d. Accumulated percentage change
  - 1e. Remaining T&F revenue net of lines 2d, 3b and B3.
  - 1f. Avg T&F increase of all types of students
- (2) T&R faculty salary
  - 2a. Reaching the 60th Percentile by FY2012
  - 2b. Appropriated T&R salary
  - 2c. Proj annual salary increase rate to reach the goal<sup>2</sup>
  - 2d. Accumulated amount of salary increases incl fringe
  - 2e. Avg T&F increase of all types of students
- (3) New academic programs/initiatives  
(provide a list and justification)
  - 3a. Total additional program operation cost
  - 3b. T&F share of the program cost
  - 3c. Avg T&F increase of all types of students

**B. Student Financial Aid (Need-Based)**

- B1. Add'l T&F for 1% T&F increase at current aid level<sup>3</sup>
- B2. Add'l tuition revenue for financial aid
- B3. Additional tuition revenue for financial aid (B1 or B2)
- B4. As a percentage of total add'l T&F revenue
- B5. Avg T&F increase of all types of students

**C1. Total Allocated Additional T&F for E&G & Financial Aid**

**C2. Annual percentage change**

**C3. Annual in-state undergraduate T&F increase rate**

**D. T&F Revenue Meeting the Funding Needs by FY2012**

- D1. Funding Needs
- D2. Total Allocated T&F Revenue
- D3. Over/(Under) the Funding Needs

**Notes:**

- (1) and (2) to be supplied by SCHEV
- (3) Funding need is based on the 2005-06 tuition and total mandatory fees for in-state undergraduate students and maintaining the current level of need met by the state.

	Tuition and Fee Increase Rate					
	E&G T&F					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
In-state undergraduate						
Out-of-state undergraduate						
In-state graduate						
Out-of-state graduate						
In-state Vet-Med						
Out-of-state Vet-Med						

Financial Component

Attachment F

**Part C.1.a. Six-Year Financial Plan -- Estimated Incremental Revenue Worksheet**  
**Scenario 1 -- Assuming No Increase in General Fund Support**  
**Section II -- Revenues from All Programs and Fund Sources**

Institution: Virginia Tech

Goal by FY12/ Benchmark <sup>2</sup>	Base Year 2005-06	Needed Add'l Funding	Accumulated Additional Funding					
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12

**A. Educational and General Programs (E&G)**

- A1. Additional general fund revenue
- A2. Additional Tuition revenue
- A3. Additional other nongeneral fund revenue
- A4. Total E&G revenue
- A5. Accumulated percentage change

**B. Student Financial Aid**

- B1. Additional T&F revenue for financial aid
- B2. Additional other nongeneral fund revenue for fin aid
- B3. Total student financial aid
- B4. Accumulated percentage change

**C. Auxiliary Enterprises**

- C1. Proj. additional revenue from fee increases
- C2. Accumulated percentage change
- C3. Annual in-state undergraduate T&F increase rate
- C4. Proj. additional non-fee revenue
- C5. Proj. annual non-fee revenue increase rate
- C6. Total auxiliary revenue
- C7. Accumulated percentage change

**D. Sponsored Research Program**

- D1. Proj. additional sponsored research funding
- D2. Annual percentage change
- D3. Total indirect cost recoveries (IDC) included in D1<sup>1</sup>
- D4. IDC growth in excess of 30% E&G share in base year incl. in D3

**E. Total Operating Budget**

- E1. Total additional general fund revenue
- E2. Total additional tuition and fee revenue
- E3. Total additional other nongeneral fund revenue
- E4. Total additional budget
- E5. Accumulated percentage change

**Notes:**

(1) For information only. Institutions shall provide the total indirect cost recoveries minus the FY04 E&G share in the Base Year 2005-06.

(2) For information only. The 2005-06 figure is the FY04 frozen amount of the E&G share included in Line A3.

	Tuition and Fee Increase Rate						
	E&G T&F						Aux Fee Annual
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
In-state undergraduate							
Out-of-state undergraduate							
In-state graduate							
Out-of-state graduate							
In-state Vet-Med							
Out-of-state Vet-Med							



**Part C.1.a. Six-Year Financial Plan -- Estimated Incremental Revenue Worksheet**  
**Scenario 1 -- Assuming No Increase in General Fund Support**  
**Section III -- Projected Enrollments and Planned Tuition and Fee Rates**

Institution: Virginia Tech

**(A) Enrollment**

	Base Year	6-Year Plan					
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
In-state undergraduate FTE							
Out-of-state undergraduate FTE							
In-state graduate FTE							
Out-of-state graduate FTE							
In-state Vet-Med FTE							
Out-of-state Vet-Med FTE							
Total FTE	0	0	0	0	0	0	0

**(B) Tuition and Fee Rate**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>In-state Undergraduates</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Tuition and Fees							
% increase							
d. Room and Board							
% increase							
e. Total Cost							
% increase							
<b>Out-of-state Undergraduates</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Tuition and Fees							
% increase							
d. Room and Board							
% increase							
e. Total Cost							
% increase							
<b>In-state Graduates</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Cost							
% increase							
<b>Out-of-state Graduates</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Cost							
% increase							
<b>In-state Vet-Med</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Cost							
% increase							
<b>Out-of-state Vet-Med</b>							
a. Tuition & E&G fee							
% increase							
b. Non-E&G fee							
% increase							
c. Total Cost							
% increase							

E&G T&F Revenue	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
In-state undergraduate							
Out-of-state undergraduate							
In-state graduate							
Out-of-state graduate							
In-state Vet-Med							
Out-of-state Vet-Med							
Total							
Annual Additions							

Auxiliary Revenue	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
In-state undergraduate							
Out-of-state undergraduate							
In-state graduate							
Out-of-state graduate							
In-state Vet-Med							
Out-of-state Vet-Med							
Total							
Annual Additions							

**Part C.2 -- Estimated Incremental Spending Worksheet**

Pgm	Category	Activity/Enhancement (List, Describe and Est. Cost of Each Activity)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>E&amp;G</b>	Compensation/Positions							
	Academic programs							
	Library/Technology							
	Student Services							
	Institutional Support							
	Facilities							
	Other (specify)							
	<b>E&amp;G Total</b>							
	<b>Student Financial Assistance</b>							
	Need-Based Undergraduate Aid							
	Graduate Aid							
	Other (specify)							
	<b>Student Financial Assistance Total</b>							
	<b>Auxiliary</b>							
	Athletics							
	Residential Services							
	Other (specify)							
	<b>Auxiliary Total</b>							
	<b>Sponsored Programs</b>							
	Research							
	Indirect Cost Recoveries							
	Other (specify)							
	<b>Sponsored Programs Total</b>							
	<b>Total All Programs</b>							

Attachment C

***Level 1 Authorities***

1. To dispose of their surplus materials at the location where the surplus materials are held and to retain any proceeds from such disposal;
2. To have the option to contract with a building official of the locality in which construction is taking place and for such official to perform any inspection and certifications required for the purpose of complying with the Uniform Statewide Building Code;
3. To enter into contracts for specific construction projects without the preliminary review and approval of the Division of Engineering and Buildings of the Department of General Services and utilize the general terms and conditions for those forms of procurement approved by the Division and the Office of the Attorney General for those institutions that have a signed memorandum of understanding with the Secretary of Administration regarding participation in the nongeneral fund decentralization program;
4. To acquire easements;
5. To enter into an operating/income lease or capital lease;
6. To convey an easement pertaining to any property such institution owns or controls;
7. To sell surplus real property valued at less than \$5 million, which is possessed and controlled by the institution;
8. To procure goods, services, and construction from a vendor that the institution has certified as a small, women, and minority business enterprise;
9. To be exempt from review of their budget request for information technology by the CIO;
10. To be allowed to establish policies for the designation of administrative and professional faculty positions at the institution;
11. To receive financial benefits (interest on tuition, fees and other nongeneral funds, unexpended appropriations, and a pro rata amount of the rebate on credit card purchases);
12. To be exempt from reporting its purchases to the Secretary of Education, provided that all purchases, including sole source purchases, are placed through the Commonwealth's electronic procurement system using proper system codes for the methods of procurement; and
13. To utilize as methods of procurement a fixed price, design-build or construction management contract.

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE  
OF THE BOARD OF VISITORS  
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

**August 29, 2005**

***AUDIT CLOSED SESSION***

**PRESENT:**

**BOARD OF VISITORS:** Mr. Ben Davenport, Dr. Hemant Kanakia, Mr. Jacob Lutz, Mr. Thomas Robertson, Mr. Philip Thompson

**VPI&SU STAFF:** Mr. Jerry Cain, Ms. Kay Heidbreder, Mr. James Hyatt, Mr. John Rudd, Mr. Dwight Shelton, Dr. Lisa Wilkes

AUDIT CLOSED SESSION: The Committee met in Closed Session with the Director of Internal Audit and Management Services to discuss audits of specific departments and units where individual employees will be identified. The Committee also received an update on the outstanding fraud, waste, and abuse cases.

***AUDIT AGENDA***

**PRESENT:**

**BOARD OF VISITORS:** Dr. Hemant Kanakia, Mr. Jacob Lutz, Mr. Thomas Robertson, Mr. Philip Thompson

**VPI&SU STAFF:** Ms. Divya Amin, Mr. Mel Bowles, Mr. Bob Broyden, Mr. Al Cooper, Mr. John Cusimano, Mr. Larry Hincker, Mr. Tim Hodge, Mr. James Hyatt, Ms. Heidi McCoy, Mr. Ken Miller, Mr. Mark Owczarski, Ms. Susanna Rinehart, Mr. John Rudd, Ms. Kathy Sanders, Mr. Dwight Shelton, Dr. Raymond Smoot, Dr. Lisa Wilkes, Ms. Linda Woodard

**GUEST:** Mr. Kevin Miller, Roanoke Times

1. APPROVAL OF MINUTES OF THE JUNE 12, 2005 MEETING:

The Committee reviewed and approved the minutes of the June 12, 2005 meeting.

2. REVIEW OF AUDIT COMMITTEE CHARTER:

In response to a request made by the Committee at the June 2005 meeting, the Committee reviewed the Audit Committee Charter. It is the responsibility of the Finance and Audit Committee to review and oversee the practices and reporting of the University in relation to internal controls and risk assessment, internal and external auditing processes, financial reporting, and overall compliance with stated policies. The proposed Charter defines the Committee's responsibilities in each of these areas of oversight. The Director will obtain additional information related to the work with the external auditor and bring a revised Charter back to the Committee.

3. REVIEW AND ACCEPTANCE OF UNIVERSITY'S UPDATE OF RESPONSES TO ALL PREVIOUSLY ISSUED INTERNAL AUDIT REPORTS:

The Committee reviewed the University's update of responses to all previously issued internal audit reports. At the June meeting, the university reported 7 high or medium risk audit comments as remaining outstanding. An additional 15 comments have been issued since the June meeting for a total of 22 comments. As of June 30, 2005, 10 comments have been addressed, leaving 12 comments still in progress.

The Committee accepted the report.

4. UPDATE ON UNIVERSITY'S FINANCIAL MANAGEMENT PRACTICES:

In response to a request made by the Committee at the June 2005 meeting, the Committee received an update on the University's financial management practices for the Fixed Asset Inventory System and for Petty Cash.

The update on the University's financial management practices for the Fixed Asset Inventory System includes an overview of equipment and fixed assets, the University's fixed asset control processes, system and staff, and an outline of the process improvements and strategies to improve controls over fixed assets. The University has three policies that establish procedures for ensuring that equipment and fixed assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, audit requirements, and applicable accounting pronouncements. University management believes that ongoing efforts and improvements are sufficient to establish and maintain effective controls over fixed assets.

The update for Petty Cash Funds Procedures provided the Committee additional information on the petty cash handling procedures and control environment. The University's payment procedures and policies have been established to minimize the use of petty cash and allow monies to be advanced in the care of a petty cash custodian for specified purposes where the cost-benefit and/or efficiency of the cash transaction outweighs the associated risk. As of June 30, 2005, the University had 30 petty cash disbursement funds and 49 petty cash change funds. During fiscal year 2005, Capital Assets and Financial Management conducted compliance reviews of eight "disbursement" and eight "change" funds with balances greater than \$2,000. The review of disbursement funds did not detect any significant control problems, cash shortages, or lack of documentation for payments to participants. University management has reviewed the procedures in place for both types of petty cash funds and believes controls have been designed to ensure that assets are protected, accounting records are reliable, and operations are both cost effective and efficient. In addition, procedures are being updated to enhance and clarify physical controls over funds and reimbursement schedules.

5. DISCUSSION OF THE CURRENT STATUS OF THE JUNE 30, 2005 AUDIT OF THE UNIVERSITY'S FINANCIAL STATEMENTS:

The Committee received a report on the current status of the audit of the university's financial statements for 2004-05. This audit is conducted by the Commonwealth Auditor of Public Accounts. At this time, the auditors have not identified or informed the University of any significant concerns about the areas of the audit. The audit should be completed and presented at the November meeting of the Board of Visitors.

6. PRESENTATION, DISCUSSION, AND ACCEPTANCE OF INTERNAL AUDIT DEPARTMENT'S QUARTERLY REPORT AND ANNUAL STATUS REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2005:

The Committee reviewed the Internal Audit Department's status report for the quarter ended June 30, 2005. The Internal Audit Department continued to conduct full scope audits, periodic audits, special projects, and investigations related to fraud, waste, and abuse. Additionally, the department has focused on the professional development of the staff. Internal Audit and the Virginia Tech Foundation, Inc. worked jointly on a potential check fraud inquiry.

The Committee also reviewed the Internal Audit Department's annual status report for 2004-05. In the last fiscal year, 14 planned or requested audits and 5 compliance reviews were completed. Internal Audit also conducted periodic audit activities, and assisted the Auditor of Public Accounts in a review of funding and oversight of a project in response to an inquiry.

The Committee accepted the report.

7. REVIEW AND ACCEPTANCE OF THE 2006 AUDIT PLAN:

The Committee reviewed the 2006 Audit Plan. Scheduled audits were selected based on a recently completed university-wide comprehensive risk assessment process and related discussion with the Committee when the preliminary five-year audit plan was presented at the June meeting. Nineteen audits are scheduled for the 2005-06 fiscal year; audits not completed in 2005-06 will be carried forward to the next fiscal year.

The Committee accepted the report.

8. REVIEW AND ACCEPTANCE OF THE FOLLOWING INTERNAL AUDIT REPORTS/MEMOS ISSUED:

The Committee reviewed and accepted the following Internal Audit Reports:

A. Insurance and Risk Management

The Committee received a report on the audit of Insurance and Risk Management. The audit indicated that the overall risk exposure is medium and that controls are effective. Audit identified and discussed with management minor opportunities for additional improvement which were enacted prior to the conclusion of the audit.

B. Office of Scholarships and Financial Aid

The Committee received a report on the audit of the Office of Scholarships and Financial Aid. The audit indicated that the overall risk exposure is high and that improvements are recommended. Audit recommended enhanced planning, monitoring, and oversight processes for institutional and endowed undergraduate scholarships awarded by both the Office of Scholarships and Financial Aid (OSFA) and in the academic units. Management is working to implement corrective action to address the audit recommendation.

C. NCAA Compliance – Recruiting

The Committee received a report on the review of the university's NCAA Compliance Program in the Athletics Department. The NCAA requires a complete review of the entire program at least every four years. The scope of this review was to evaluate NCAA compliance within the area of recruiting. The review indicates that management has designed controls that are generally effective at ensuring the organization's compliance with the NCAA regulations, but some improvements are recommended to ensure full compliance. Management is working to fully address all recommendations.

D. Athletics Department Business Operations

The Committee received a report on the audit of the Athletics Department business operations. The audit indicated that the overall risk exposure is high and the internal control system is effective but improvements are recommended. Recommendations included: improve funds handling, Ticket Office receivables, and Ticket Office revenue reconciliation procedures, improve security of voided tickets, coordinate the Ticket Office and the Virginia Tech Athletic Fund systems to improve sharing of patron information, improve Athletic Office information technology operations, and review International Sports Properties, Inc. (ISP) financial records to assure revenue controls are adequate. Management is working to implement corrective action to address audit recommendations.

E. Graduate School

The Committee received a report on the audit of the Graduate School. The audit indicated that the overall risk exposure is medium and controls are effective. Audit identified and discussed with management some opportunities for improvement, and management is working to implement the recommended improvements.

F. College of Natural Resources

The Committee received a report on the audit of the College of Natural Resources. The audit indicated that the overall risk exposure is medium and improvements are recommended. Recommendations include: improve monitoring and follow-up of Environmental Health and Safety Services inspection reports; improve direction and oversight to the college's vehicle services centers; improve workstation and server security; develop, adopt and publish a disaster recovery and contingency plan; improve oversight and training of conflict of interest requirements; and implement additional security measures and documentation for the college web site. Management is working to implement corrective actions to address the recommendations.

There being no further business, the meeting adjourned at 11:55 a.m.



**2006-08 APPROPRIATIONS REQUEST****VIRGINIA TECH****August 2005****Biennial Budget Process**

The Commonwealth develops its budgets on a biennial basis, and the next biennial budget will cover the period of July 1, 2006 through June 30, 2008. To prepare proposals for the 2006-08 biennium, much of the budget development process for the state's agencies and higher education institutions occurs in the summer and fall of the preceding year.

For the University, the process of submission of various elements of the appropriations requests and the development of the Executive Budget proposal for 2006-08 is well underway. While the University has not yet received instructions for the submission of institutional initiatives for 2006-08, work is progressing based on the assumption that the submission guidelines and process will be similar to prior biennia. As a result, during the summer of 2005 the University developed plans for the anticipated submission of operating requests later this year. In addition to these requests, the University has continued to work with the State on statewide funding issues for higher education. The status of each of these efforts is described in this report, and the attached schedule provides a listing of the operating issues specific to Virginia Tech.

**Statewide Funding Initiatives**

In most years, the State identifies some issues that are statewide in scope and for which funding proposals are developed centrally for all higher education institutions. For the 2006-08 biennium, the University believes that these statewide issues are likely to include funding proposals for:

- Faculty salary increases to achieve the 60<sup>th</sup> percentile
- Annual classified staff salaries
- Base budget adequacy
- Equipment Trust Fund program
- Maintenance reserve
- Student financial assistance

Virginia Tech is working with State representatives and entities to develop and strengthen central support for various initiatives. Specifically, the University continues to advocate the funding of faculty salaries at the 60<sup>th</sup> percentile of its peers and for needed compensation increases for support staff. Consistent with prior years, any proposal to return faculty salaries to the 60<sup>th</sup> percentile is likely to include a multi-year funding model. Using the authorized salary average for

2004-05, Virginia Tech is at the 25<sup>th</sup> percentile of its peer group for 2004-05. Because the General Assembly provided funding for an average increase of 4.60 percent in 2005-06, the authorized salary average is expected to place Virginia Tech at a higher percentile in relation to its peer group. Additionally, the University is encouraging continued support for funding of equipment (through the Equipment Trust Fund) to support advances in instructional and research activities. The University strongly supports the full restoration of prior maintenance reserve funding amounts to provide adequate resources to address deferred maintenance needs.

The University strongly supports the continued funding of student financial assistance. As part of its commitment to the goals in the Higher Education Restructuring Act and consistent with its six-year financial and academic plans, the University is planning to increase University support for student financial assistance with the expectation that State support will also grow. As a result, the continued coordination and advocacy for student financial assistance by the State Council of Higher Education for Virginia (SCHEV) remains important for both undergraduate and graduate programs.

The base budget adequacy model continues to be the primary operating budget funding process for higher education. The University continues to work with the State on these computations. The appropriate funding of base budget adequacy is the main resource driver for the instructional program and encompasses enrollment growth. The Higher Education Restructuring Act specifically speaks to base budget adequacy; thus, it is expected to remain a critical funding issue for all of higher education. The base budget adequacy model seeks to fund the direct and indirect costs of the instructional program. However, base budget adequacy does not preclude the institution from proposing programmatic enhancements in the areas of research and public service. Further, in recent years, the incremental funding provided for base budget adequacy has contained an element of funding for enrollment growth, and this approach is likely to continue for the 2006-08 biennium.

### **Operating Budget Submission**

The University's 2006-08 proposed operating budget will be assembled in two phases – establishment of the base budget and then a process for institution-specific requests. The Department of Planning and Budget (DPB) has distributed instructions for the preparation of the base budget for 2006-08 biennium. This submission was due to DPB by August 1, 2005, and it was submitted on time. We anticipate that the instructions for submitting operating budget requests will be issued in the middle of August and that the decision packages for institution-specific initiatives for the 2006-08 biennium will be due September 15. In the absence of instructions, Virginia Tech is developing materials in a manner similar to the process used in prior years.

During the base budget process, technical adjustments may be submitted for those items that do not involve policy decisions, account for additional nongeneral fund revenue, or account for an increase in position levels for actions that have already been approved. Examples of technical adjustments for Virginia Tech include increasing the nongeneral fund appropriation for auxiliary enterprises to reflect current levels of activity, annualizing partial-year funding, adjusting for fringe benefit rate changes, recognizing the increased staffing level in sponsored programs to reflect current activities, and correcting the state's portion of the operation and maintenance costs for the new Agriculture and Natural Resources Building.

As noted above, because of the timetable established by DPB, the University is still in the process of developing its budget requests. However, based upon the University's priorities and its strategic plan, the University currently anticipates that the operating budget proposal, to be submitted on September 15, 2005, will be structured to address five initiatives in the University Division, one initiative for the Cooperative Extension/Agriculture Experiment Station Division, and two language changes. The initiatives are described in the following paragraphs.

#### University Division -- Agency 208

- Base Budget Adequacy. The Joint Subcommittee on Higher Education Funding Policies was charged with studying the funding needs of higher education and developing funding models to address those needs. The Joint Subcommittee funding model determines base budget adequacy for five of the seven Educational and General programs – instruction, academic support, student services, institutional support, and operation and maintenance of plant. According to the State Council of Higher Education for Virginia, there was an estimated funding shortfall for Virginia higher education institutions of approximately \$300 to \$400 million for the 2004-06 biennium.

SCHEV staff has been asked to compute the cost of meeting base adequacy through 2012. The University has only recently received its first notification regarding SCHEV's calculations, and it is not yet clear what the annual funding requirements are, based on the model. However, the University currently believes that a proposal for \$7 million for the first year of the biennium and \$14 million in the second year to fund base adequacy requirements is a reasonable approximation of the model's projections, along with the enrollment growth projection described in this report. This additional funding would support teaching and research faculty and graduate teaching assistants, provide the associated support costs included in the instructional and other programs, and maintain the infrastructure needed for delivery of these programs for Virginia students.

- Enrollment Growth. Virginia Tech anticipates growth in enrollments of Virginia students of 306 in fall 2006 and 453 in fall 2007. The Commonwealth funding guidelines indicates that “the General Assembly shall seek to cover at least 67 percent of educational costs associated” with the average cost of instruction for Virginia students. For 2005-06 the average cost of instruction is \$11,826 per student. Based on enrollment projections submitted on the SCHEV 2B, the University will submit appropriation requests of \$2.4 million in the first year of the biennium and \$3.6 million in 2007-08 to fund the State’s share of resident on-campus enrollment growth.
- Strategic Academic & Research Initiatives. The University seeks support for the development of strategic academic and research initiatives, as envisioned in the institution’s strategic plan. Areas of emphasis for these activities would be the potential for significant growth in research activities, the development of intellectual properties, outreach opportunities, technology transfer, and support for economic development and growth. Support for these programs will improve the University’s ability to recruit world-class research groups, national academy members, and promising Nobel candidates. Areas of emphasis for the University include:
  - Host-Pathogen Interactions and Bioinformatics Program. The goal of the Host-Pathogen Interactions and Bioinformatics Program is to contribute to the basic knowledge of host pathogen interactions and to develop appropriate vaccines or other prevention methods for pathogens which pose a threat to our society. This is a natural extension of the University’s current and growing strength in bioinformatics. An earlier version of this project was rated highly by members of the National Academy of Science in 2004 through the Governor’s Research Initiative; it received favorable comments on the high potential for developing nationally and internationally recognized research programs at Virginia Tech. Virginia Tech holds this program as one of its highest priorities and continues to build personnel and infrastructure in this area. The University will request \$12.5 million in each year of the biennium to support the development of this program.
  - Advanced Biomaterials Nanotechnology Program. A major initiative for Virginia Tech through ICTAS is the field of nanotechnology. Rapid advances in the ability to engineer structures at the atomic level holds the promise of generating novel new materials which will benefit citizens of the Commonwealth and society generally. A large program in materials and nanotechnology was presented to the Administration in 2004 and described many of the research objectives for this initiative. Evaluation of this program by members of the National Academy of Science through the Governor’s Research Initiative received outstanding ratings, indicating potential for developing a

nationally and internationally prominent program at Virginia Tech. The University is well positioned to create a world class, advanced biomaterial nanotechnology program, and it is already making major investments in state-of-the-art instrumentation for characterization of nanomaterials. The University also is openly recruiting several new faculty positions in nanotechnology across four colleges. Virginia Tech intends to propose this program as a major priority for further development of new, high-return and high-impact research. The University anticipates requesting \$12.5 million in each year of the biennium to support this program.

- Strategic Equipment Program. Recommendation three of the SCHEV report, *Increasing University Research in the Commonwealth* (July 19, 2005), is to “Create a long-term and sustainable research funding plan” that will build research capacity by increasing funding for equipment and facilities. With this in mind, the University proposes to request an appropriation of \$5.0 million in the first year of the biennium for strategic equipment purchases. This will enable the University to remain on the cutting edge of technology in several research fields, help attract nationally and internationally recognized teaching and research faculty, equip new facilities with state-of-the-art equipment, and allow the University to expand its research potential.
- Operation and Maintenance of New Facilities. Traditionally, the State has provided General Fund support for the operation and maintenance of new facilities coming on-line during the biennium. The University anticipates that six buildings will open during the 2006-08 biennium: the Biology/Vivarium Facility, Building Construction Lab, New Engineering Building (ICTAS I), Aquatics and Fisheries Research Lab, Graduate Life Center, and Surge Space Building. This request represents the current estimate of the funds required to provide for the operation and maintenance of these Educational and General facilities that will open during 2006-08. The University is seeking \$527,776 in 2006-07 and \$2,221,824 in 2007-08.
- Unique Military Activities (UMA). Both the Virginia Military Institute and Virginia Tech receive a separate General Fund appropriation to support the military activities portion of the Corps of Cadets programs at these two institutions. Virginia Tech’s share of the UMA is appropriated to the Virginia Military Institute (VMI) and then administratively transferred to Virginia Tech annually after cadet enrollments are certified. Currently, this funding is insufficient to support existing enrollments at Virginia Tech. The University proposes to seek full funding for the Virginia Tech Corps of Cadets in the 2006-08 Executive Budget recommendations. The Corps of Cadets provides students with an alternative to other military programs by maintaining a well established, coeducational, military environment based

on positive leadership models within the largely civilian campus. As a vital part of Virginia Tech and the Commonwealth of Virginia, the Corps of Cadets provides men and women an opportunity to develop the essential attributes of quality leadership demanded by the competitive global marketplace. VMI recently endorsed a plan that would fund UMA-cadets at \$2,778 for each enrolled cadet. The Virginia Tech Corps of Cadets anticipates enrollment for fall 2006 to be 790 cadets. Following this new funding model, the University is seeking an appropriation of \$871,796 in each year of the biennium. The University is coordinating this request with the Virginia Military Institute.

#### Cooperative Extension/Agricultural Experiment Station Division -- Agency 229

- Commonwealth Staffing Initiative. The Commonwealth Staffing Initiative (CSI) will support 18 field specialists and 20 county/city agents who will be divided among the six extension districts across the Commonwealth. These new field specialists and agents will directly address four priority research and extension areas that have been identified after intensive discussions with local government and community leaders. These four areas are: (1) sustaining agriculture and the environment; (2) developing our communities; (3) growing the green industry, and (4) families and youth. The budget requirement for these positions is estimated to be \$2.1 million in each year of the biennium.

#### Language Changes

- Increase in Mileage Reimbursement Rate. Automobile mileage reimbursement rates are limited in the Appropriation Act and cannot exceed 32.5 cents per mile. The reimbursement rate that has been established in the federal Internal Revenue Code is 40.5 cents per mile. The University is exploring working with other institutions to seek an adjustment in the language of the Appropriation Act that will allow institutions of higher education to reimburse its employees at the higher rate. This issue is of particular concern to the Cooperative Extension/Agricultural Experiment Station Division; their employees frequently travel throughout the Commonwealth, and the current reimbursement rates do not fully cover costs.
- Extend Authority for Virginia Students in the Institute for Distance and Distributed Learning (IDDL) Instructional Enterprise Fund. The 2000 General Assembly (Chapter 1073) authorized Virginia Tech to establish a self-supporting "instructional enterprise fund" to account for the revenues and expenditures of online courses offered to students at locations outside of the Commonwealth of Virginia. The 2002 General Assembly (Chapter 899) authorized Virginia Tech to establish a three-year pilot program in which Internet-based (on-line) courses, certificate, and entire degree

programs, primarily at the graduate level, are offered to students in Virginia who are not concurrently enrolled in classes on the Blacksburg campus or one of the extended campus locations. Tuition generated by Virginia students taking these on-line courses and tuition from IDDL students at locations outside of Virginia is to be retained in the fund to support the entire IDDL program, are not to be used by the state to offset other E&G costs, and are to be fully auditable by the Auditor of Public Accounts. The University established and operates the IDDL Enterprise Fund in accordance with this authority. The following programs have entered the enterprise fund: Instructional Technology Master of Arts, Master of Information Technology, Ocean Engineering, Political Science, and Forestry programs. The University has recently completed a comprehensive review and determined that the pilot program authorized for three years should be continued. This language change will seek to remove the three-year limit to ensure continuity of service to Virginia students currently enrolled in on-line programs who are otherwise unable to attend.

### **Operating Budget Proposal Summary**

Schedule 1 summarizes these critical issues to be submitted for the 2006-08 operating budget. It is anticipated that the University will request 100 percent General Fund support where state support is appropriate and reasonable; at the current time, all the amounts listed are General Fund requests. The amounts may change as the requests are refined to meet the budget guidelines and program goals; however, any changes to these amounts should not be significant.

It is the established practice of the University to seek the review and approval of the Board of Visitors with regard to its biennial budget submissions. Since instructions for preparing 2006-08 operating budget requests will not be received until mid-August, the University is requesting that the Board of Visitors endorse the general concept of developing budget requests within the targeted areas described in this report for the biennial budget submission.

### **Update on Capital Outlay Submission for 2006-08**

The list of projects for inclusion in the University's Six-year Capital Plan for 2006-12 was presented and approved at the March 2005 meeting of the Board. In accordance with the state's instructions, the University submitted the 2006-12 Capital Plan to the Department of Planning and Budget (DPB) on May 13, 2005.

On June 21, 2005, the state authorized the University to submit justification proposals for each project on the first biennium (2006-2008) of the capital plan. The due date for the submission was July 22, 2005, and the materials were submitted accordingly. The submission is now under review by the Department

of Planning and Budget, the Department of General Services, and State Council. Discussions with the agencies may occur over the summer regarding the projects. The next actions expected include state-wide priority recommendations from State Council in the fall, followed by the State's Six Year Capital Plan in November, and the Executive Budget Bill in December.

**RECOMMENDATION:**

That a general endorsement of the areas of emphasis in the 2006-08 operating budget submission be provided.



**CRITICAL ISSUES FOR 2006-08 OPERATING BUDGET SUBMISSION****VIRGINIA TECH**

(Dollars in Millions)

	University Appropriation Request (a,b)	
	2006-07	2007-08
<b><u>Agency 208, University Division</u></b>		
Base Budget Adequacy	\$ 7.0	\$ 14.0
Enrollment Growth	2.4	3.6
Strategic Academic and Research Initiatives		
• Host-Pathogen Interactions and Bioinformatics	12.5	12.5
• Advanced Biomaterials Nanotechnology	12.5	12.5
• Strategic Equipment Program	5.0	-
Operation & Maintenance of New Facilities	0.5	2.2
Unique Military Activities	0.9	0.9
Subtotal (Agency 208)	<u>40.8</u>	<u>45.7</u>
<b><u>Agency 229,</u></b>		
<b><u>Cooperative Extension/Agricultural Experiment Station Division</u></b>		
Commonwealth Staffing Initiative	2.1	2.1
Subtotal (Agency 229)	<u>2.1</u>	<u>2.1</u>
<b>Total Operating Request</b>	<b><u>\$ 42.9</u></b>	<b><u>\$ 47.8</u></b>

**Language Requests**

Increase in Mileage Reimbursement Rate--Language Request Only	N/A	N/A
Extend Authority for Virginia Students in the IDDL Enterprise	N/A	N/A

**Notes:**

- (a) All amounts represent General Fund requests.
- (b) The amounts shown in 2007-08 represent the amount requested in 2006-07 plus any increment required in 2007-08 to fully fund the request in the second year.

**VIRGINIA TECH**

**FINANCIAL PERFORMANCE REPORT**

**Operating and Capital Expenditures**

**July 1, 2004 to June 30, 2005**

## **FINANCIAL PERFORMANCE REPORT**

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and with the Commonwealth of Virginia, and the annual budgets. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and the expenditures when obligated rather than when paid. The annual budgets are based upon the amount of funds anticipated, approved, and appropriated to Virginia Tech by the General Assembly and the Governor of the Commonwealth of Virginia before the beginning of the fiscal year. The projected year-end budgets reflect adjustments to incorporate actual experience during the fiscal year. The adjustments are coordinated with the State Department of Planning and Budget.

The July to June 2004-05 budget (year-to-date) is prepared from historical data and reflects trends in expenditures from previous years. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of accountability since the institution has a legislative mandate to remain within the total revenue and expenditure amounts appropriated by the General Assembly for the two divisions of Virginia Tech, including transfers from the Commonwealth's Central Appropriation for classified salary increase and fringe benefit rate changes.

**OPERATING BUDGET**

1. Tuition and Fee revenue is lower than projected due to higher than projected waivers of the out-of-state differential for graduate students on assistantship and awards of unfunded scholarships to graduate students on assistantship.
2. Academic expenditures are higher than projected due to increased revenue and expenditure activity for continuing education programs and the timing of operating expenses.
3. Expenses in University Support Programs were less than budgeted due to the timing of expenses and to offset the lower tuition revenue.
4. While the Commonwealth requires that revenue and expenses be balanced for Educational and General Programs, year-end variances are possible for continuing education programs. For 2004-05 revenues exceeded expenses in continuing education programs.
5. The budget for federal revenue is established to match projected allotments from the federal government. All expenses in federal programs are covered by drawdowns of federal revenue up to allotted amounts. Federal revenue in the Cooperative Extension/Agricultural Experiment Station Division was less than the projected budget due to lower-than-anticipated federal expenditures and the timing of receipt of federal drawdowns.
6. Academic Program expenses in the Cooperative Extension/Agricultural Experiment Station Division are lower than budget projections due to salary savings from vacant positions in the current year. Support expenses are higher than projected due to the timing of operating expenditures.
7. The University worked with the Department of Planning and Budget to transfer \$2.5 million in one-time savings to the Agriculture/Natural Resources capital project to support furnishings and equipment during 2004-05. The Department of Planning and Budget elected to defer the transfer to July 2005 and has agreed to reappropriate the June 30, 2005 balance for this purpose.
8. While the Commonwealth requires that revenue and expenses be balanced for Education and General Programs, variances in Federal Funds are possible due to the timing difference between drawdowns and expenses. In 2004-05, Federal Fund revenues slightly exceeded expenses due to the timing of drawdowns for expenditures incurred late in 2003-04.
9. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
10. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored and overhead revenue and expenditures were less than projected, but sponsored research expenditures are ahead of 2003-04 activity levels.
11. Total expenses for Student Financial Assistance were slightly lower than the projected budget. The University will request that the Commonwealth reappropriate these funds for expenditure in the 2005-06 fiscal year.
12. Revenues and expenses in All Other Programs are less than budgeted due to lower-than-projected activity in the federal work study program, surplus property, and the local funds.
13. The General Fund revenue budget has been increased by \$219,087 for a transfer from Student Financial Assistance to the Educational and General program for assistantships in the Multicultural Academic Opportunities Program, by \$2,004,625 for one-time General Fund support for research, by \$34,763 for VIVA libraries distribution costs, by \$21,386 for the reimbursement of military tuition waivers from SCHEV, and by \$475,741 to match the actual central appropriations transfer based on revisions in statewide fringe benefit rates. The corresponding expenditure budgets have been adjusted accordingly.
14. During the first quarter, the annual budget for Tuition and Fees was increased by \$97,999 to finalize the revenue estimates for the Virginia/Maryland Regional College of Veterinary Medicine regional capitation agreement and decreased by \$2,080,849 in anticipation of fall enrollments. During the third quarter the tuition budget was increased by \$1,500,000 for a strong spring retention and lower than projected undergraduate unfunded scholarships. The corresponding expenditure budgets have been adjusted accordingly.
15. The revenue budget for All Other Income has been increased by \$1,157,208 for the carryover of direct assistance from the auxiliaries, by \$160,000 for the carryover of the Continuing Education budget, by \$1,238,000 to reflect increased revenues from the Equine Medical Center and the Veterinary Teaching Hospital, by \$71,797 for additional revenue from the child and adult day services, and decreased by \$60,000 for revised printing revenue projections. The corresponding expenditure budgets have been adjusted accordingly.
16. The General Fund revenue budget for the Cooperative Extension/Agricultural Experiment Station Division has been increased by \$243,773 to match the actual central appropriations transfer based on revisions in statewide fringe benefit rates. The corresponding expenditure budgets have been adjusted accordingly.
17. The annual budget for Federal Appropriations in the Cooperative Extension/Agricultural Experiment Station Division has been adjusted to reflect lower than anticipated federal expenditures in the current fiscal year. The corresponding expenditure budgets have been adjusted accordingly.
18. The projected year-end revenue and expense budgets for Student Financial Assistance were reduced by \$219,087 for the transfer from Student Financial Assistance to the Educational and General program for assistantships in the Multicultural Academic Opportunities Program and increased for the reappropriation of \$14,723 in unexpended balances from the prior fiscal year.
19. The projected year-end budgets in All Other Programs were adjusted to reflect funding changes and the relocation of the Office of Investment and Debt Management, the carryover of surplus property authorizations for 2003-04 commitments as well as an increase due to 2004-05 activity, and an accounting adjustment in the work study program to return excess federal allotments that were received prior to June 30, 2004.

## OPERATING BUDGET

2004-05

Dollars in Thousands

	July 1, 2004 to June 30, 2005			Annual Budget for 2004-05		
	Actual	Budget	Change	Original	Adjusted	Change
<b>Educational and General Programs</b>						
<b><u>University Division</u></b>						
<u>Revenues</u>						
- General Fund	\$147,626	\$147,626	\$0	\$144,870	\$147,626	\$2,756 (13)
- Tuition and Fees	199,403	200,213	-810 (1)	200,696	200,213	-483 (14)
- All Other Income	26,634	27,004	-370	24,437	27,004	2,567 (15)
Total Revenues	\$373,663	\$374,843	\$-1,180	\$370,003	\$374,843	\$4,840
<u>Expenses</u>						
- Academic Programs	\$-238,248	\$-236,779	\$-1,469 (2)	\$-235,381	\$-236,779	\$-1,398 (13, 14, 15)
- Support Programs	-135,147	-138,064	2,917 (3)	-134,622	-138,064	-3,442 (13, 14, 15)
Total Expenses	\$-373,395	\$-374,843	\$1,448	\$-370,003	\$-374,843	\$-4,840
NET	\$268	\$0	\$268 (4)	\$0	\$0	\$0
<b><u>CE/AES Division</u></b>						
<u>Revenues</u>						
- General Fund	\$56,288	\$56,288	\$0	\$56,044	\$56,288	\$244 (16)
- Federal Appropriation	11,087	11,820	-733 (5)	14,361	11,820	-2,541 (17)
- All Other Income	785	660	125	660	660	0
Total Revenues	\$68,160	\$68,768	\$-608	\$71,065	\$68,768	\$-2,297
<u>Expenses</u>						
- Academic Programs	\$-59,164	\$-63,421	\$4,257 (5, 6, 7)	\$-65,565	\$-63,421	\$2,144 (16, 17)
- Support Programs	-6,426	-5,347	-1,079 (6)	-5,500	-5,347	153 (16)
Total Expenses	\$-65,590	\$-68,768	\$3,178	\$-71,065	\$-68,768	\$2,297
NET	\$2,570	\$0	\$2,570 (7, 8)	\$0	\$0	\$0
<b>Auxiliary Enterprises</b>						
Revenues	\$148,730	\$148,574	\$156 (9)	\$141,386	\$148,574	\$7,188 (9)
Expenses	-141,109	-148,913	7,804 (9)	-136,396	-148,913	-12,517 (9)
Reserve Drawdown (Deposit)	-7,621	339	-7,960 (9)	-4,990	339	5,329 (9)
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sponsored Programs</b>						
Revenues	\$160,754	\$168,502	\$-7,748 (10)	\$168,502	\$168,502	\$0
Expenses	-150,448	-168,502	18,054 (10)	-168,502	-168,502	0
Reserve Drawdown (Deposit)	-10,306	0	-10,306	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Student Financial Assistance</b>						
Revenues	\$12,069	\$12,069	\$0	\$12,273	\$12,069	\$-204 (18)
Expenses	-12,059	-12,069	10 (11)	-12,273	-12,069	204 (18)
NET	\$10	\$0	\$10	\$0	\$0	\$0
<b>All Other Programs *</b>						
Revenues	\$4,059	\$4,160	\$-101 (12)	\$4,366	\$4,160	\$-206 (19)
Expenses	-3,802	-4,204	402 (12)	-4,366	-4,204	162 (19)
Reserve Drawdown (Deposit)	-257	44	-301	0	44	44 (19)
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total University</b>						
Revenues	\$767,435	\$776,916	\$-9,481	\$767,595	\$776,916	\$9,321
Expenses	-746,403	-777,299	30,896	-762,605	-777,299	-14,694
Reserve Drawdown (Deposit)	-18,184	383	-18,567	-4,990	383	5,373
NET	\$2,848	\$0	\$2,848	\$0	\$0	\$0

\* All Other Programs include federal work study, alumni affairs, surplus property, and unique military activities.

**AUXILIARY ENTERPRISE BUDGET**

1. Expenditures in Residence and Dining Halls are less than projected due to turnover and vacancy, debt refunding, and higher than projected expenditure recoveries.
2. Expenditures are lower than budgeted in Parking and Transportation due to savings in operating and delays in one-time campus and Blacksburg Transit projects.
3. Operating expenditures are lower than projected due to timing of equipment purchases for the expanded wireless connectivity project and infrastructure upgrades.
4. Expenditures in the University Services System are lower than projected due to salary savings and the timing of operating expenditures.
5. Expenditures in the Intercollegiate Athletics System are lower than projected due to the timing of expenses related to the following renovations projects: Lane Stadium video-board, the Moseley Practice field, the Soccer/Lacrosse Complex, and the equipment room renovation; and savings in expenses related to the 2005 Sugar Bowl game.
6. Revenues are lower than projected in the Electric Services auxiliary due to timing of 2003-04 year-end receipts from the University's Educational and General program. Expenditures are higher due to the average cost of wholesale electricity being more than originally anticipated due to an increase in the fuel adjustment factor.
7. Revenues in the Donaldson Brown Hotel and Conference Center are higher than projected due to better than anticipated lodging and food and beverage revenue. Expenditures are lower than projected due to salary savings from turnover and vacancy and timing of new hotel expenses.
8. Revenues are higher than projected in the Other Enterprise Functions due to higher-than-projected royalties in the Licensing and Trademark auxiliary, door access revenue in the Hokie Passport auxiliary, revenue from Cadet Uniforms in the Tailor Shop, and income from software sales in the Student Software auxiliary. Expenses are lower than projected due to operating savings in the Hokie Passport Auxiliary and Library Auxiliary.
9. The projected annual revenue, expenditure, and reserve drawdown budgets for Residence and Dining Halls were adjusted to reflect increased dining sales, expenses for renovation projects (i.e., Shultz laundry and utility renovation and Cochrane furniture replacement), increased operating expenses, and for a less favorable currency exchange rate in the European Studies Center Auxiliary.
10. The projected year-end budget was increased for outstanding 2003-04 commitments and projects that were initiated but not completed before June 30, 2004.
11. The projected annual revenue and reserve drawdown budgets for the Telecommunications auxiliary were adjusted to reflect the deferral of an optional student fee for wireless computing access on campus. The cost of providing campus-wide wireless access for students will be funded by the auxiliary reserves in 2004-05 and built into the Comprehensive Fee beginning in 2005-06.
12. The projected annual revenue, expenditure, and reserve drawdown budgets for the University Services System were adjusted to accommodate Squires regional chiller system repairs and cooling tower replacement; to reflect an endowment payout that was planned in 2003-04 but was not received until 2004-05; one-time additional operating support in Recreational Sports; and additional revenue and expenses generated from higher than anticipated student participation in the alcohol education classes.
13. The projected annual revenue, expenditure, and reserve drawdown budgets for Intercollegiate Athletics were adjusted to accommodate higher-than-anticipated ticket sales and handling fees, concessions income, licensing revenue, interest earnings, South End Zone revenues, Ticket Office expenses, equipment costs, and renovations to the Lane Stadium video-board, Moseley Practice field, the Soccer/Lacrosse Complex, Coliseum Ambulatory area, and the equipment room as well as participation in the Preseason BCA football contest and the 2005 Nokia Sugar Bowl.
14. The projected annual revenue, expenditure, and reserve drawdown budgets for the Donaldson Brown Hotel and Conference Center were adjusted for pre-opening expenses for the new hotel, emergency repairs to Alumni Hall, the payment of management fees to the Hilton Hotels Corporation, and additional sales income.
15. The revenue budgets for Other Enterprise Functions were adjusted as a result of increased royalties from the sale of Virginia Tech merchandise in the current fiscal year, additional student orientation revenue, and increased sales of software to students through the Software Sales Auxiliary. The expenditure and reserve drawdown budgets were adjusted for Licensing and Trademark's increased contribution to athletics and academic scholarship support, the purchase of new windbreakers for cadets in the Tailor Shop auxiliary, increased operating expenses associated with increased revenue in the Software Sales and Student Orientation, funding of repairs to the Golf Course clubhouse, and to support the construction of the new hotel and conference center in accordance with the golf course relocation plan.

**UNIVERSITY DIVISION  
AUXILIARY ENTERPRISES**

Dollars in Thousands

	July 1, 2004 to June 30, 2005			Annual Budget for 2004-05		
	Actual	Budget	Change	Original	Adjusted	Change
<b>Residence and Dining Halls</b>						
Revenues	\$49,315	\$49,475	\$-160	\$47,293	\$49,475	\$2,182 (9)
Expenses	-48,284	-48,947	663 (1)	-46,033	-48,947	-2,914 (9, 10)
Reserve Drawdown (Deposit)	-1,031	-528	-503	-1,260	-528	732 (9, 10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Parking and Transportation</b>						
Revenues	\$4,508	\$4,508	\$0	\$4,508	\$4,508	\$0
Expenses	-4,262	-4,658	396 (2)	-4,476	-4,658	-182 (10)
Reserve Drawdown (Deposit)	-246	150	-396	-32	150	182 (10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Telecommunications Services</b>						
Revenues	\$14,140	\$14,214	\$-74	\$14,744	\$14,214	\$-530 (11)
Expenses	-13,910	-15,092	1,182 (3)	-14,622	-15,092	-470 (10)
Reserve Drawdown (Deposit)	-230	878	-1,108	-122	878	1,000 (10, 11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>University Services System</b>						
Revenues	\$19,415	\$19,498	\$-83	\$19,425	\$19,498	\$73 (12)
Expenses	-19,305	-20,530	1,225 (4)	-19,710	-20,530	-820 (10, 12)
Reserve Drawdown (Deposit)	-110	1,032	-1,142	285	1,032	747 (10, 12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Intercollegiate Athletics</b>						
Revenues	\$36,347	\$36,269	\$78	\$31,076	\$36,269	\$5,193 (13)
Expenses	-29,305	-33,164	3,859 (5)	-27,303	-33,164	-5,861 (10, 13)
Reserve Drawdown (Deposit)	-7,042	-3,105	-3,937	-3,773	-3,105	668 (10, 13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Electric Service</b>						
Revenues	\$15,083	\$15,342	\$-259 (6)	\$15,342	\$15,342	\$0
Expenses	-16,249	-16,132	-117 (6)	-15,953	-16,132	-179 (10)
Reserve Drawdown (Deposit)	1,166	790	376	611	790	179 (10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Donaldson Brown Hotel and Conference Center</b>						
Revenues	\$4,248	\$4,110	\$138 (7)	\$4,106	\$4,110	\$4 (14)
Expenses	-4,875	-5,266	391 (7)	-4,228	-5,266	-1,038 (14)
Reserve Drawdown (Deposit)	627	1,156	-529	122	1,156	1,034 (14)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Enterprise Functions</b>						
Revenues	\$5,674	\$5,158	\$516 (8)	\$4,892	\$5,158	\$266 (15)
Expenses	-4,919	-5,124	205 (8)	-4,071	-5,124	-1,053 (10, 15)
Reserve Drawdown (Deposit)	-755	-34	-721	-821	-34	787 (10, 15)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL AUXILIARIES</b>						
Revenues	\$148,730	\$148,574	\$156	\$141,386	\$148,574	\$7,188
Expenses	-141,109	-148,913	7,804	-136,396	-148,913	-12,517
Reserve Drawdown (Deposit)	-7,621	339	-7,960	-4,990	339	5,329
Net	\$0	\$0	\$0	\$0	\$0	\$0

## CAPITAL OUTLAY BUDGET

Educational and General Projects

1. The project total budget reflects the appropriation available for fiscal year 2005. The total budget reflects the state's allocation of the second year's \$2.486 million of general fund maintenance reserve authorization six months early. The annual budget includes anticipated expenditures from maintenance reserve equivalent to 50% of the additional funding; the remaining funds will be spent in the second year of the biennium.
2. Blanket Authorizations allow unforeseen renovation needs under \$2,000,000 to be authorized administratively for expediency. The only blanket project currently active is the planned purchase of the Heavener property, as approved by the Commonwealth. The acquisition cost of the property is expected to be \$1,406,751, and has been deferred to fiscal year 2006.
3. The project is complete, final payment has been made to the contractor, and the project was closed on June 30, 2005.
4. The project is complete and will be closed when final payments are processed. The total cost is expected to be \$420,000 less than budgeted as a result of bid savings.
5. The project is nearly complete, with a small office space to be constructed, and will be closed when final payments are processed.
6. The project is complete and was closed on June 30, 2005.
7. The project is complete and will be closed when final payments are processed.
8. The project is complete and was closed on June 30, 2005.
9. The project is complete and was closed on June 30, 2005. The total project cost was \$2.74 million, which is lower than the original cost due to bid savings.
10. This project includes the construction of a federally funded laboratory located near the Brooks Center. All bids were over budget. The project is on hold pending review of program options and potential identification of additional resources.
11. This project is complete and will be closed when final payments are processed.
12. This project will bring the primary boiler up to current emission standards by adding pollution controls. The project is in the preliminary design phase, with construction expected to be complete by summer 2007.
13. This planning project, which encompasses the design of new heating and cooling system infrastructure needed to accommodate current and future buildings in the southwest area of campus, is in the preliminary planning phase.

2002 General Obligation Bond Program

14. This project will build a state-of-the-art laboratory facility to support plant science teaching and research. Construction is underway with occupancy expected in December 2005.
15. The project, which is in the design review phase, utilizes a CM (Construction Manager) at Risk contracting method. A Guaranteed Maximum Price (GMP) contract has been awarded and construction is expected to begin this summer.
16. This project will construct a new laboratory facility to support instructional programs in the Building Construction department. The project is in the preliminary design phase, with an estimated bid date of fall 2006 and occupancy expected in late 2007. The project was temporarily delayed when initial cost estimates came in over budget. The University has identified additional private gifts to keep the project moving forward and is concurrently requesting state support to fund the overrun.
17. This project is envisioned to update many out-of-date general assignment classrooms on campus. Preliminary planning is underway with an estimated bid date of summer 2006 for the initial phase of renovation.
18. This project will update the building's power and HVAC infrastructure to support modern instructional technology. Pre-planning work is underway to finalize the scope of work with an estimated bid date by early 2007.
19. This project will repair current exterior pre-cast concrete panels that are failing. The project is in the preliminary planning phase with an estimated bid date in 2006. In accordance with the Board of Visitors' guidance, the University is requesting a \$4 million increase to pursue the option of providing a hokie stone exterior. Thus, the project schedule may be extended, depending on the approval of the funding increase.
20. This project will provide cooling capacity to the north zone of campus to support several new construction and renovation projects. Bids were received and are within budget. Construction is expected to begin in July 2005 with occupancy expected by summer 2006.
21. This project will renovate Henderson Hall to house art programs and construct a state-of-the-art performance theatre. Pre-planning work is underway on Henderson Hall to finalize the scope of work and an estimated bid date will be established at that time. Site options are under consideration for the Performing Arts Center and programming may be initiated after that is determined.
22. The project calls for the renovation of Williams Hall, Agnew Hall, and part of Burruss Hall for state-of-the-art instructional space. The Williams Hall component is complete with a budget of \$5.701 million, including \$4.566 million of VCBA Bonds and \$482,000 of General Fund monies. The project includes \$652,000 of nongeneral fund authorization for the Williams Hall component that was a placeholder until the 2002 General Obligation Bond funds were available, and this will not be used as part of the project budget. The budget available for the Agnew and Burruss components is \$4.799 million and their estimated bid date is fall 2006.
23. This project envisions building a state-of-the-art, multidisciplinary research laboratory. Independent cost estimates recently came in over budget. The University is addressing the situation through a combination of a request for additional spending authorization from the State and a redesign of the facility. The bidding process is expected to begin in late 2005.
24. The starting time of this project is based on the state's capital implementation plan.



**CAPITAL OUTLAY PROJECTS**  
**AUTHORIZED AS OF June 30, 2005**

Dollars in Thousands

	CURRENT YEAR			TOTAL PROJECT BUDGET						
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	GENERAL OBLIGATION BOND	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<u>Educational and General Projects</u>										
Maintenance Reserve	\$ 2,657	\$ 3,700	\$ 3,211	\$ 4,972	\$ 0	\$ 0	\$ 0	\$ 4,972	\$ 3,211	(1)
Blanket Authorizations	0	1,407	0	0	0	9,885	0	9,885	0	(2)
Airport Taxiway Construction	0	171	171	0	0	3,129	0	3,129	1,566	(3)
Chemistry/Physics - Phase II	0	1,147	1,041	23,431	0	3,763	0	27,194	26,668	(4)
Dairy Science Facilities	0	1,221	896	5,343	0	0	0	5,343	5,018	(5)
Hampton Roads Wing Replacement	0	68	68	1,345	0	83	0	1,428	1,428	(6)
Career Services Facility	281	441	285	0	0	0	4,608	4,608	4,452	(7)
Bioinformatics Building - Phase I	0	1,209	1,209	0	0	0	21,864	21,864	21,864	(8)
Multipurpose Livestock Arena	367	352	76	1,900	0	1,818	0	3,718	2,745	(9)
Fisheries and Aquatics Research Center	472	25	17	0	0	800	0	800	97	(10)
Bioinformatics Building Phase II	9,551	11,000	10,349	24,394	0	0	0	24,394	23,071	(11)
Boiler Pollution Controls	350	350	148	3,850	0	0	2,000	5,850	148	(12)
Planning: Southwest Campus Heating/Cooling	500	25	0	0	0	2,750	0	2,750	0	(13)
TOTAL	14,178	21,116	17,472	65,235	0	22,228	28,472	115,935	90,267	
<u>2002 General Obligation Bond Program</u>										
Agriculture & Natural Resources Research Laboratory	10,823	11,200	9,989	2,555	23,168	256	0	25,979	16,235	(14)
Biology/Vivarium Building	2,867	2,000	1,417	0	26,263	0	8,750	35,013	2,254	(15,24)
Bishop-Favrao Hall	311	200	152	0	2,500	5,000	0	7,500	265	(16,24)
Classroom Improvements, Phase I	410	150	212	0	4,530	0	0	4,530	212	(17,24)
Cowgill Hall HVAC and Power	165	165	83	0	7,500	0	0	7,500	83	(18,24)
Litton-Reaves Hall Exterior Repairs	271	271	164	0	2,500	0	0	2,500	164	(19,24)
Main Campus Chilled Water Central Plant	404	900	752	0	2,800	0	0	2,800	756	(20,24)
Henderson Hall and Performing Arts Center	2,814	100	35	0	6,542	2,235	40,000	48,777	35	(21,24)
Williams, Agnew, & Burruss Renovation	50	480	428	5,048	5,452	652	0	11,152	5,699	(22,24)
Institute for Critical Technology and Applied Science	4,146	1,200	1,026	0	13,996	0	17,000	30,996	2,079	(23,24)
TOTAL	22,261	16,666	14,258	7,603	95,251	8,143	65,750	176,747	27,783	

**CAPITAL OUTLAY BUDGET (continued)****Auxiliary Enterprises Projects**

1. Projects are scheduled and funded by the auxiliary enterprises during the annual Auxiliary Enterprise Budgeting Process.
2. Blanket Authorizations allow unforeseen renovation needs under \$2,000,000 to be authorized administratively for expediency. This blanket has no active project authorizations.
3. Recent improvements to four existing parking lots have been completed. The outstanding project budget balance is envisioned for parking structures that are on hold.
4. The project's hotel and conference center are substantially complete and opened in July. The Alumni Center is under construction, with occupancy expected in August 2005. The total estimated cost is expected to be \$43.118 million.
5. This project was envisioned to build a new clubhouse and driving range. The project is on hold pending programmatic decisions regarding future use of the on-campus course.
6. Phase I, South End Zone: This component is complete with a total cost of \$34.098 million. Phase II, West Side Stands: Construction is underway with an estimated occupancy date of September 2005, and an expected total cost of \$54.02 million.
7. This project envisions a new residence hall of approximately 256 beds along with office space for residential services and judicial affairs. The project is on hold pending review of future residential fees and program priorities.
8. The project is complete and was closed on June 30, 2005.
9. This project is envisioned to build dining, student activity, meeting, and classroom space. The project is on hold pending further review of the site location and program priorities.
10. This project is envisioned to expand the existing student center by adding dining, student activity, meeting, and classroom space. The project is on hold pending further review of the site and program priorities.
11. This project will install seating stands and restrooms to support the field adjacent to McComas Hall. The initial section of bleachers is complete. The cost estimate for the restrooms exceeded the available budget. The University received additional funding authorization from the State in the 2005 General Assembly session to cover the necessary budget increase. The adjusted total budget will be \$2 million.
12. This project will provide upgrades and improvements to existing residence and dining halls. The project is currently in the preliminary programming phase. Planning will begin once project priorities have been defined.

## Capital Outlay Projects Authorized as of June 30, 2005 (Continued)

Dollars in Thousands

	CURRENT YEAR			TOTAL PROJECT						
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	GENERAL OBLIGATION BOND	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<u>Auxiliary Enterprises Projects</u>										
Maintenance Reserve	\$ 2,616	\$ 2,677	\$ 2,655	\$ 0	\$ 0	\$ 5,200	\$ 0	\$ 5,200	\$ 2,803	(1)
Auxiliary Enterprise Blanket Authorizations	0	0	0	0	0	4,809	0	4,809	0	(2)
Parking Auxiliary Projects	0	90	90	0	0	79	20,554	20,633	1,049	(3)
Alumni/CEC/Hotel Complex	16,182	16,000	16,512	0	0	25,099	20,732	45,831	35,949	(4)
Golf Course Facilities	0	0	0	0	0	1,500	0	1,500	0	(5)
Expand Lane Stadium - Phases I and II	31,646	31,646	26,212	0	0	13,062	80,738	93,800	65,768	(6)
New Residence Hall	0	0	0	0	0	1,041	15,000	16,041	86	(7)
Dietrick Servery/HVAC, Phase II	2,396	3,567	3,560	0	0	1,500	5,000	6,500	6,493	(8)
Dining and Student Union Facility	0	0	0	0	0	0	6,250	6,250	0	(9)
G. Burke Johnston Student Center Addition	0	0	0	0	0	0	6,250	6,250	46	(10)
Soccer/Lacrosse Complex	0	25	9	0	0	750	0	750	360	(11)
Major Residence and Dining Hall Improvements	280	0	0	0	0	0	4,000	4,000	0	(12)
TOTAL	53,120	54,005	49,037	0	0	53,040	158,524	211,564	112,553	
GRAND TOTAL	\$ 89,559	\$ 91,787	\$ 80,767	\$ 72,838	\$ 95,251	\$ 83,411	\$ 252,746	\$ 504,246	\$ 230,603	

## RECOMMENDATION:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2004 through June 30, 2005 and the Capital Outlay report be accepted.

## **Master Equipment Leasing Program Borrowing Authorization**

### **Background**

Legislation enacted by the Virginia General Assembly in 1985 (Code of Virginia §23-19.) empowered the Commonwealth's Treasury Board to undertake credit purchase financing of the personal property equipment needs of all state agencies and institutions. The Treasury Board created the Master Equipment Leasing Program (MELP) and issued guidelines governing the MELP and other vendor/third party financing agreements. The goal of the MELP is to ensure that all Commonwealth agencies obtain the best credit terms and financing arrangements possible. Credit purchases of equipment through the MELP must be at least \$10,000, and the useful life of the equipment may not be less than the term of financing, typically 3, 5, 7 or 10 years.

In February 1997 the Board of Visitors delegated borrowing authority for the MELP and vendor financing programs to the University's Executive Vice President for up to \$5 million for general University use. The Board of Visitors approved an additional \$18 million in MELP and vendor financing in August 2001 for the Virginia Bioinformatics Institute (VBI) to fund start-up equipment costs.

All MELP and vendor funding requests are thoroughly scrutinized by the Office of Investment and Debt Management, Office of Budget and Financial Planning, and the Vice President of Budget and Financial Management for appropriateness, affordability, and consistency with University plans prior to review for approval by the Executive Vice President and Chief Operating Officer. The University incorporates the use of all MELP and vendor financings within the scope of its overall debt capacity.

### **Current and Planned Utilization of MELP**

As of June 30, 2005, \$1.3 million of the \$5 million general use authorization has been borrowed for the purchase of various printing equipment, scientific equipment and an initial phase of enhancements to the University's network infrastructure, resulting in remaining borrowing capacity of \$3.7 million. For 2005-06, an additional \$2.5 million of borrowing capacity will be utilized for the next phase of network infrastructure enhancements and residence hall furnishings. After these purchases, only \$1.2 million in borrowing authorization will remain.

All of VBI's financing under the MELP has been fully repaid, and VBI has no immediate plans for utilizing its \$18 million borrowing authority.

### **Need for Increased MELP and Vendor Financed Authorization**

An increase in the \$5 million general use authorization is needed to support additional strategic equipment purchases. Potential future applications for MELP and vendor

financing include the equipping of new facilities, purchase of equipment to support research initiatives, and continuing enhancements to the network infrastructure. Additional financing needs may also be identified during future budget development processes.

At the same time, it does not appear likely that VBI will be fully utilizing its \$18 million borrowing authority in the near future, allowing for the opportunity to consolidate and reduce the aggregated MELP and vendor borrowing authorizations of the University and VBI from a total of \$23 million to a single authorization of \$20 million, a level that should effectively serve the needs of the entire University for the foreseeable future.

The MELP continues to be a cost-effective financing strategy for these types of purchases, as current financing terms are very favorable (3.1% for a 5-year term). Bonded debt is not appropriate for financing the purchase of these types of equipment due to their relatively short useful life and the high cost of issuing bonds.

### Recommendation

That the total authorization for MELP and vendor financing be consolidated and reduced to \$20 million to support future strategic equipment purchases. The attached resolution authorizes the Executive Vice President and Chief Operating Officer to borrow up to \$20 million for general University use through the MELP and vendor financing programs.

## **RESOLUTION ON MELP AND VENDOR FINANCED AUTHORIZATION**

**WHEREAS**, pursuant to the Code of Virginia §23-19, the Board of Visitors is required to authorize all borrowing of the University; and,

**WHEREAS**, the University periodically finances equipment through either the Treasury Board's Master Equipment Leasing Program (MELP) or vendor/third party financing agreements where payment of the purchase price is deferred through installment payments; and,

**WHEREAS**, the University's Board of Visitors authorized borrowing through the MELP and vendor financing programs for a maximum of \$5 million for general university use in February 1997, and authorized an additional \$18 million in MELP and vendor financing for the Virginia Bioinformatics Institute (VBI) in August, 2001; and,

**WHEREAS**, the University desires to reduce and consolidate total MELP and vendor financing authorizations from the current \$23 million to \$20 million; and,

**WHEREAS**, the Board of Visitors' March 21, 1988, resolution designated the Executive Vice President and Chief Operating Officer as the University's chief contracting officer and has the authority to designate signature authority for certain contracts;

### **NOW, THEREFORE, BE IT RESOLVED:**

That the Executive Vice President and Chief Operating Officer is designated to authorize borrowing for general university use through the Master Equipment Leasing Program and vendor/third party financing programs for up to \$20 million; and,

That the Executive Vice President and Chief Operating Officer, in accordance with the Board of Visitors' resolution, be authorized to further designate signature authority for the Master Equipment Leasing Program and vendor/third party financing programs, as appropriate.

### **RECOMMENDATION:**

That the proposed resolution designating borrowing authority for the MELP and vendor financing programs to the Executive Vice President and Chief Operating Officer for up to \$20 million, and to further designate signature authority, as appropriate, be approved.

August 29, 2005

## **GRADUATE STUDENT CENTER 9(d) DEBT FINANCING**

The Graduate Student Center Project (Capital Outlay Project 17205) has been authorized to be financed pursuant to Article X, Section 9(d), of the Constitution of Virginia for up to \$3,000,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

The proposed project consists of the renovation and conversion of the existing Donaldson Brown Hotel and Conference Center (DBHCC) to a Graduate Life Center. The design includes conversion of the first floor, mezzanine level and second floor of the existing Alumni Hall portion of DBHCC to house the Graduate School. Floors three and four of the Alumni Hall portion of DBHCC will be renovated to serve as housing for graduate students. The first floor of the hotel component will be converted to accommodate Graduate Life Center student services functions, and the upper floors will be renovated to serve as Graduate resident rooms. These combined renovations will co-locate a graduate housing facility with the Graduate School services, which will provide a comprehensive graduate life environment on campus in close proximity to the existing Squires Student Center. The working title for this facility is currently "The Graduate Life Center at Donaldson Brown."

To finance the project, bonds will be issued through the Virginia College Building Authority (VCBA) and the University will enter into a loan agreement and promissory note with the Authority. The loan agreement and note are subject to the following parameters: (a) the principal amount shall not be greater than the amount authorized by the General Assembly of Virginia, (b) the interest rate payable shall not exceed a true interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, (c) the weighted average maturity of the principal payments shall not be in excess of 20 years, (d) the last principal payment date shall not extend beyond the expected economic life of the project, and (e) the actual amount, interest rates, maturities and date shall be approved by an authorized officer, which approval will be evidenced by the execution of the 2005A Note.

The proposed resolution identifies the Executive Vice President and Chief Operating Officer, and the University Treasurer as authorized officers to execute the loan agreement, promissory note, and other necessary documents with the Authority.

**RESOLUTION OF THE BOARD OF VISITORS OF  
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

**GRADUATE STUDENT CENTER - 9(d) FINANCING**

**WHEREAS**, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the General Assembly of Virginia has authorized the Virginia College Building Authority (the "Authority") to develop a pooled bond program (the "Program") to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the "Institutions") to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the "Projects");

**WHEREAS**, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the "Bonds") to finance the purchase of bonds and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

**WHEREAS**, the Board of Visitors of Virginia Polytechnic Institute and State University (the "Board") may from time to time wish to finance or refinance Projects of Virginia Polytechnic Institute and State University (the "Institution") through the Program;

**WHEREAS**, if the Institution wishes to finance or refinance a Project through the Program, it will be necessary for the Institution to enter into a Loan Agreement (a "Loan Agreement") between the Authority and the Institution and to evidence the loan to be made by the Authority to the Institution pursuant to the Loan Agreement by issuing the Institution's promissory note (the "Note") pursuant to Section 23-19 of the Code of Virginia of 1950, as amended, and pursuant to the Loan Agreement, the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the Institution and the Institution will agree to use the proceeds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

**WHEREAS**, the Institution now proposes to sell to the Authority the Institution's Note (the "2005A Note") to be issued under a Loan Agreement (the "2005A Loan Agreement") to finance or refinance from all or a portion of the proceeds of certain Bonds issued by the Authority in 2005 (the "2005A Bonds") all or a portion of the costs of construction and/or improvements of the Graduate Student Center (the "2005A Project"), which has been authorized for bond financing by the General Assembly;



**WHEREAS**, there has been made available to the Board the proposed forms of the 2005A Note and the 2005A Loan Agreement; and

**WHEREAS**, it is the desire of the Board to delegate to such Authorized Officers (as hereinafter defined) of the Institution the authority to approve, on behalf of the Board, the forms of the 2005A Loan Agreement and the 2005A Note and, similarly, to authorize such Authorized Officers of the Institution to execute, deliver and issue in the name of and on behalf of the Institution, the 2005A Loan Agreement, the 2005A Note and any and all documents necessary or desirable to effectuate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program with the Authority and to facilitate the purchase of the 2005A Note by the Authority;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF THE INSTITUTION:**

**Section 1.** The 2005A Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the Executive Vice President and Chief Operating Officer, and the University Treasurer of the Institution (the "Authorized Officers"), are each hereby delegated and invested with full power and authority to approve the forms of the 2005A Loan Agreement and 2005A Note, and any pledge to the payment of the 2005A Note of the Institution's total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and non-general fund appropriations and other revenues not required by law or by previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2005A Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

**Section 2.** Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2005A Loan Agreement and the 2005A Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2005A Loan Agreement and 2005A Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program, the construction of the 2005A Project and the Institution's participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2005A Note as may be required under existing obligations of the Institution, including bond resolutions relating to the Institution's outstanding general revenue pledge bonds.

**Section 3.** The authorizations given above as to the approval, execution, delivery and issuance of the 2005A Loan Agreement and the 2005A Note are subject to the following parameters: (a) the principal amount to be paid under the

2005A Note allocable to each Project constituting part of the 2005A Project, together with the principal amount of any other indebtedness with respect to such Project, shall not be greater than the amount authorized for such Project by the General Assembly of Virginia, which is \$3,000,000 as the same may be adjusted as required or permitted by law, (b) the interest rate payable under the 2005A Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by Delphis-Hanover, or another comparable service or index on the date that the interest rates on the 2005A Note are determined, taking into account original issue discount or premium, if any, (c) the weighted average maturity of the principal payments due under the 2005A Note shall not be in excess of 20 years, (d) the last principal payment date under the 2005A Note shall not extend beyond the period of the reasonably expected economic life of the 2005A Project, and (e) subject to the foregoing, the actual amount, interest rates, maturities, and date of the 2005A Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2005A Note.

**Section 4.** The Board acknowledges, on behalf of the Institution, that if the Institution fails to make any payments of debt service due under any Loan Agreement or Note, including the 2005A Loan Agreement and the 2005A Note, the Program authorizes the State Comptroller to charge against the appropriations available to the Institution all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

**Section 5.** The Board agrees that if the Authority determines that the Institution is an “obligated person” under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the Institution will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the Institution and will comply with the provisions and disclosure obligations contained therein.

**Section 6.** This resolution shall take effect immediately upon its adoption.

### **RECOMMENDATION:**

That the above resolution allowing the authorized officers to enter into a loan agreement, promissory note, and other necessary documents with the VCBA to finance the Graduate Student Center on behalf of the University be approved.

August 29, 2005

**BIOLOGY/VIVARIUM FACILITY  
9(d) DEBT FINANCING**

A portion of the Biology/Vivarium Facility (Capital Outlay Project 16713) has been authorized to be financed pursuant to Article X, Section 9(d), of the Constitution of Virginia for up to \$8,750,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

The proposed project consists of a 72,000 gross square foot research facility that includes state-of-the-art laboratories, quarantine areas, animal holding rooms and related support spaces. The facility also includes offices for 18 principal investigators and additional work space for graduate and postdoctoral personnel. The design of the new construction will conform to federal NIH funding guidelines and will support animal researchers, veterinarians and microbiologists. The construction cost of the project is \$35,013,000. Of that amount, \$8,750,000 has been authorized to be financed as Section 9(d) debt, with the remaining \$26,263,000 funded by the Commonwealth's General Obligation Bonds through its Virginia Educational Facilities Bond Act of 2002.

To finance the 9(d) portion of the project, bonds will be issued through the Virginia College Building Authority (VCBA), and the University will enter into a loan agreement and promissory note with the Authority. The loan agreement and note are subject to the following parameters: (a) the principal amount shall not be greater than the amount authorized by the General Assembly of Virginia, (b) the interest rate payable shall not exceed a true interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, (c) the weighted average maturity of the principal payments shall not be in excess of 20 years, (d) the last principal payment date shall not extend beyond the expected economic life of the project, and (e) the actual amount, interest rates, maturities and date shall be approved by an authorized officer, which approval will be evidenced by the execution of the 2005A Note.

The proposed resolution identifies the Executive Vice President and Chief Operating Officer, and the University Treasurer as authorized officers to execute the loan agreement, promissory note, and other necessary documents with the Authority.

**RESOLUTION OF THE BOARD OF VISITORS OF  
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

**BIOLOGY/VIVARIUM FACILITY - 9(d) FINANCING**

**WHEREAS**, pursuant to Chapter 3.2, Title 23 of the Code of Virginia of 1950, as amended (the "Act"), the General Assembly of Virginia has authorized the Virginia College Building Authority (the "Authority") to develop a pooled bond program (the "Program") to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the "Institutions") to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the "Projects");

**WHEREAS**, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the "Bonds") to finance the purchase of bonds and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program;

**WHEREAS**, the Board of Visitors of Virginia Polytechnic Institute and State University (the "Board") may from time to time wish to finance or refinance Projects of Virginia Polytechnic Institute and State University (the "Institution") through the Program;

**WHEREAS**, if the Institution wishes to finance or refinance a Project through the Program, it will be necessary for the Institution to enter into a Loan Agreement (a "Loan Agreement") between the Authority and the Institution and to evidence the loan to be made by the Authority to the Institution pursuant to the Loan Agreement by issuing the Institution's promissory note (the "Note") pursuant to Section 23-19 of the Code of Virginia of 1950, as amended, and pursuant to the Loan Agreement, the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the Institution and the Institution will agree to use the proceeds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of, premium, if any, and interest due on that portion of the Bonds issued to purchase the Note;

**WHEREAS**, the Institution now proposes to sell to the Authority the Institution's Note (the "2005A Note") to be issued under a Loan Agreement (the "2005A Loan Agreement") to finance or refinance from all or a portion of the proceeds of certain Bonds issued by the Authority in 2005 (the "2005A Bonds") all or a portion of the costs of construction and/or improvements of the Biology/Vivarium Facility (the "2005A Project"), which has been authorized for bond financing by the General Assembly;

**WHEREAS**, there has been made available to the Board the proposed forms of the 2005A Note and the 2005A Loan Agreement; and

**WHEREAS**, it is the desire of the Board to delegate to such Authorized Officers (as hereinafter defined) of the Institution the authority to approve, on behalf of the Board, the forms of the 2005A Loan Agreement and the 2005A Note and, similarly, to authorize such Authorized Officers of the Institution to execute, deliver and issue in the name of and on behalf of the Institution, the 2005A Loan Agreement, the 2005A Note and any and all documents necessary or desirable to effectuate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program with the Authority and to facilitate the purchase of the 2005A Note by the Authority;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF THE INSTITUTION:**

**Section 1.** The 2005A Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the Executive Vice President and Chief Operating Officer, and the University Treasurer of the Institution (the "Authorized Officers"), are each hereby delegated and invested with full power and authority to approve the forms of the 2005A Loan Agreement and 2005A Note, and any pledge to the payment of the 2005A Note of the Institution's total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and non-general fund appropriations and other revenues not required by law or by previous binding contract to be devoted to some other purpose, restricted by a gift instrument for another purpose or excluded from such pledge as provided in the 2005A Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 3 hereof.

**Section 2.** Subject to the provisions of Section 3 hereof, the Authorized Officers are each hereby individually delegated and invested with full power and authority to execute, deliver and issue, on behalf of the Board, (a) the 2005A Loan Agreement and the 2005A Note with the approval of such documents in accordance with Section 1 hereof by any such officer evidenced conclusively by the execution and delivery of the 2005A Loan Agreement and 2005A Note, respectively, and (b) any and all other documents, instruments or certificates as may be deemed necessary or desirable to consummate the financing or refinancing of all or a portion of the costs of the 2005A Project through the Program, the construction of the 2005A Project and the Institution's participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2005A Note as may be required under existing obligations of the Institution, including bond resolutions relating to the Institution's outstanding general revenue pledge bonds.

**Section 3.** The authorizations given above as to the approval, execution, delivery and issuance of the 2005A Loan Agreement and the 2005A Note are subject to the following parameters: (a) the principal amount to be paid under the

2005A Note allocable to each Project constituting part of the 2005A Project, together with the principal amount of any other indebtedness with respect to such Project, shall not be greater than the amount authorized for such Project by the General Assembly of Virginia, which is \$8,750,000 as the same may be adjusted as required or permitted by law, (b) the interest rate payable under the 2005A Note shall not exceed a “true” or “Canadian” interest cost more than 50 basis points higher than the interest rate for “AA” rated securities with comparable maturities, as reported by Delphis-Hanover, or another comparable service or index on the date that the interest rates on the 2005A Note are determined, taking into account original issue discount or premium, if any, (c) the weighted average maturity of the principal payments due under the 2005A Note shall not be in excess of 20 years, (d) the last principal payment date under the 2005A Note shall not extend beyond the period of the reasonably expected economic life of the 2005A Project, and (e) subject to the foregoing, the actual amount, interest rates, maturities, and date of the 2005A Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2005A Note.

**Section 4.** The Board acknowledges, on behalf of the Institution, that if the Institution fails to make any payments of debt service due under any Loan Agreement or Note, including the 2005A Loan Agreement and the 2005A Note, the Program authorizes the State Comptroller to charge against the appropriations available to the Institution all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

**Section 5.** The Board agrees that if the Authority determines that the Institution is an “obligated person” under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the Institution will enter into a continuing disclosure undertaking in form and substance reasonably satisfactory to the Authority and the Institution and will comply with the provisions and disclosure obligations contained therein.

**Section 6.** This resolution shall take effect immediately upon its adoption.

**RECOMMENDATION:**

That the above resolution allowing the authorized officers to enter into a loan agreement, promissory note, and other necessary documents with the VCBA to finance the Biology/Vivarium Facility on behalf of the University be approved.

August 29, 2005



VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: John C. Rudd, Director

DATE: June 3, 2005

SUBJECT: Final Report – Insurance and Risk Management Audit

Internal Audit has completed a review of the Office of Insurance and Risk Management in conformity with the fiscal year 2005 audit plan. The objective of this review was to contribute to the improvement of control systems within Insurance and Risk Management by identifying and evaluating the area's exposures to business risks and the controls designed by management to reduce those risks.

### **BACKGROUND**

The Office of Insurance and Risk Management, reporting to the University Controller, consists of three personnel. The office manages insurance programs for property liability, automobile liability, general liability, medical and veterinary malpractice liability, boiler & machinery, aircraft and bonding as well as comprehensive insurance policies for Virginia Tech and some of its subsidiary corporations. Current locations insured include Virginia Tech's main campus in Blacksburg, 13 agricultural research and extension centers, six 4-H educational centers, graduate centers in Northern Virginia, Roanoke, Abingdon, Lugano Switzerland, an equine research facility in Leesburg, as well as approximately 125 Virginia cooperative extension locations and activities throughout the Commonwealth and the nation. Annually, the number of claims for all insurance coverages average 308 with an average annual value of \$606,510. The university's automobile fleet consists of approximately 1,000 vehicles.

In addition, the Office of Risk Management provides guidance on University contracts and incident investigations for use in potential litigation and risk transfer techniques on various university activities. Also, the Office of Risk Management administers Virginia Tech's student Medical Insurance program for approximately 3,000 students with premiums totaling \$3,000,000.

### **RISK EXPOSURE**

Internal Audit periodically performs a detailed risk analysis of all of the university's auditable entities using factors such as the amount of cash inflows, operating expenditures, grant activities, level of external regulation, etc. The goal of the process is to prioritize those entities within the university that should receive audit attention. Insurance and Risk Management was determined to be a medium risk entity due to its oversight of insurance coverage for all properties and vehicles owned and utilized by the University and the volume of insurance claims processed.

### **SCOPE**

The scope of this review included claims processing, insurance policy renewals, insurance coverage and the Risk Master system. The review covered the period of July 1, 2003 to December 31, 2004.

**OVERALL ASSESSMENT**

Our review indicates that management has designed and implemented controls that are effective at reducing the department's and the university's exposure to business risks. Audit identified and discussed with management minor opportunities for additional improvement which were enacted prior to the conclusion of the audit.

**MANAGEMENT:**

Fred Weaver, Director, Insurance and Risk Management

Ellen Douglas, Assistant Director, Insurance and Risk Management

**AUDITORS:**

John C. Rudd, Director

Mel Bowles, Associate Director

Divya Amin, Auditor-in-Charge

Sharad Gupta, Staff Auditor

Paul Toffenetti, IT Manager

PC: Auditor of Public Accounts

Bob Broyden

Ellen Douglas

James A. Hyatt

Kenneth E. Miller

Dwight Shelton, Jr.

Charles W. Steger

Fred Weaver





VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: John C. Rudd, Director

DATE: August 8, 2005

SUBJECT: Final Report – Office of Scholarships and Financial Aid

Internal Audit has completed a review of the Office of Scholarships and Financial Aid in conformity with the fiscal year 2005 audit plan. The objective of this review was to contribute to the improvement of risk management and the control systems within the Office of Scholarships and Financial Aid by identifying and evaluating the audit area's exposures to risks and the controls designed by management to reduce those risks.

### **BACKGROUND**

The Office of Scholarships and Financial Aid (OSFA) provides or monitors approximately \$208 million of annual student financial assistance, through various federal, state and university programs and alternative loans available from various commercial lenders. Over the past three years, OSFA has reorganized and added more supervisory positions to reduce the span of control and increase oversight. Additional staff and procedural modifications have enhanced internal controls and compliance. There are currently twenty-nine staff members in this area: the director and two associate directors, seven assistant directors, seven counselors, and twelve support staff. Numerous student workers are not included in the staff total. Over 18,000 applications for federal aid were received in the 2004-05 academic year.

### **RISK EXPOSURE**

The Office of Scholarships and Financial Aid is a high risk organization due to the high volume of financial aid provided and the significant compliance requirements for federal and state programs it manages.

### **SCOPE**

Review of this entity is performed annually over a multi-year cycle. In this cycle we reviewed controls over the awarding and monitoring of undergraduate scholarships funded from endowments and other institutional sources. Testing covered the current aid year 2004-05. Due to the fact that the aid year was ongoing, records reviewed were still subject to modifications.

### **OVERALL ASSESSMENT**

Our review indicates that management has designed and implemented controls that are often effective at reducing the department's exposure to many of the business risks it faces, but improvements are recommended to achieve a fully effective system of internal controls. See the attached appendix for our recommendation and management's action plan.

### **AUDITORS**

John Rudd - Director  
Mel Bowles - Associate Director  
Divya Amin - Senior Auditor-In-Charge  
Rachel Potters - Senior Auditor

### **MANAGEMENT**

David Ford, Vice Provost for Academic Affairs  
Dr. Barry Simmons, Director  
Marilynn King, Senior Associate Director  
John Albano, Associate Director for Information Technology

pc:  
Auditor of Public Accounts  
Robert Broyden  
Brenda Burke  
David Ford  
James Hyatt  
Mark McNamee  
Ken Miller  
Rick Richardson  
Dwight Shelton  
Ray Smoot  
Charles Steger

**Virginia Tech Internal Audit**  
**Appendix**  
**05-518 Office of Scholarships and Financial Aid**  
**Recommendations**

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## Oversight of Institutional Aid

### Recommendation

Enhance planning, monitoring, and oversight processes for institutional and endowed undergraduate scholarships awarded by both the Office of Scholarships and Financial Aid (OSFA) and in the academic units as follows:

- Establish monitoring processes, including reviews of award decisions made in OSFA, which ensure that all criteria for endowed scholarships are met and due consideration is given for stated preferences.

### Benefits/Basis

Enhanced controls will ensure that endowments and future donations are not jeopardized by awards to ineligible recipients. Awarding available funds to the fullest extent benefits current students and helps attract a diverse and highly-qualified student body. The following observations were noted:

- OSFA endowment award decisions are made by a single manager with minimal review.
- For one of ten endowed scholarships tested which were awarded in OSFA, the criteria stipulated in the endowment agreement were not initially met for six of twenty (30%) of the students who received the scholarship.
- For two of twenty-seven (7%) scholarships awarded in academic units, the academic major or level criteria in the endowment agreements were not met for 20% and 80% of the students awarded, respectively.
- For three of twenty-seven (11%) scholarships, academic units had not given due consideration to the residence or career path preferences in the endowment agreements.

### Management Action Plan

A "Personnel Plan" proposed by OSFA in late 2004 is under active consideration. The plan includes a new position at the associate director level to more closely oversee, manage and monitor institutional and endowed undergraduate scholarships both in the academic units as well as OSFA. This new position would also provide oversight of the counseling unit, thus providing the Senior Associate Director more time to devote to compliance and the ongoing process of developing policies and procedures. In addition:

- Management will develop a policy requiring the Manager, Accounting and Risk Analysis to develop a sampling plan to verify students meet the criteria for scholarships awarded. The plan will be implemented after review and approval by the Director and proposed Associate Director and will be included in the "OSFA Policy and Procedure Manual" with an initial sample to be reviewed by October 31, 2005. A complete sample from all departments will be reviewed by January 31, 2006, contingent upon OSFA receiving additional resources in the form of personnel and base budget. Where the audit identified that stipulated criteria were not met, OSFA immediately moved students onto a more appropriate award. An internal identifier incorrectly indicating Architecture as an approved major has been removed.

**Virginia Tech Internal Audit**  
**Appendix**  
**05-518 Office of Scholarships and Financial Aid**  
**Recommendations**

- Actively work with the Virginia Tech Foundation (VTF) to seek clarification or concessions from donors, heirs, trustees, etc. when scholarship endowment agreements are vague, obsolete, or unusually restrictive.
- Use past trends and income data to plan for and manage the annual income generated from endowments and other institutional sources such that they can be fully utilized.
- Actively seek to identify scholarship funds that could be utilized to meet university priorities such as attracting out of state students or developing a more diverse student body.
- Ensure that executive management has set clear criteria and priorities to guide the awarding of institutional aid for which the funds have not been otherwise restricted.
- Five of ten (50%) scholarship funds examined which are managed by OSFA were under utilized (<75% of available funds awarded).
- Thirteen of twenty (65%) scholarship funds examined which are managed by academic units were similarly under utilized.
- Awards totaling only \$34,000 were made from the College Plates fund which had \$635,165 available and a budget allocation of \$165,000.
- No awards were made from the President's Loan and Scholarship Fund which had \$133,465 available and a budget of \$30,000. Award criteria have not been established.
- An initial meeting was held on August 8, 2005 with personnel from VTF to review accounting procedures and funding projections in addition to defining responsibilities for review of endowment agreements. Additionally, a policy and procedure will be developed by January 31, 2006 requiring the annual review of foundation earnings to ensure awarding criteria are clear and appropriate and the fund is properly scheduled to be awarded.
- A policy and procedure will be developed by January 31, 2006 requiring a yearly scan of all possible institutional scholarship resources to be used for various enrollment initiatives. Such a scan will include consultation with other university units such as Budget and Financial Management to assure appropriate spending levels have been included in the OSFA official "Budget Letter." OSFA will work through the Vice Provost for Academic Affairs to obtain clear guidance regarding the appropriate use of institutional aid such as College Plates and the President's Loan and Scholarship Fund.

**Risk Evaluation: Medium**  
**Implementation Date: January 31, 2006**



VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: Mel Bowles, Associate Director

DATE: July 5, 2005

SUBJECT: Final Report – NCAA Compliance – Recruiting

Internal Audit has completed the third phase of an NCAA required four-year review of the NCAA Compliance program in the Athletics Department in conformity with the fiscal year 2005 audit plan. The objective of this review was to contribute to the improvement of risk management and the control systems within the compliance program of the Athletics Department by identifying and evaluating the department's exposures to risks and the controls designed by management to reduce those risks.

### **BACKGROUND**

Virginia Tech has been competing in varsity sports for more than 100 years. The athletics program was established on September 26, 1891. Currently, Virginia Tech sponsors 21 varsity sports at the NCAA Division I level. There are 11 men's sports and 10 women's sports. The Athletics Department Compliance office monitors over five hundred student-athletes each academic year. Virginia Tech became a full member of the Atlantic Coast Conference for the 2004-05 season, after competing in the Big East Conference since the 2000-01 season.

### **RISK EXPOSURE**

Internal Audit periodically performs a detailed risk analysis of all of the university's auditable entities using factors such as the amount of cash inflows, operating expenditures, grant activities, level of external regulation, etc. The goal of the process is to prioritize those entities within the university that should receive audit attention. The Athletics Department was judged a high risk organization due to the NCAA regulation requirements, and the potential for negative publicity.

### **SCOPE**

The scope of this review was to evaluate NCAA compliance within the area of recruiting. Failure to comply with the regulations could lead to fines, penalties, adverse publicity, and loss of revenue as well as institutional and student-athlete eligibility.

### **OVERALL ASSESSMENT**

Our review indicates that management has designed controls that are generally effective at ensuring the organization's compliance with NCAA regulations in the area of Recruiting, but some improvements are recommended to ensure full compliance. See

the attached appendices for our recommendations and management's action plans.

**MANAGEMENT**

Jim Weaver - Director of Athletics

Jon Jaudon - Associate Athletic Director of Administration

Tim Parker - Assistant Athletic Director of Compliance

**AUDITORS**

Mel Bowles – Associate Director

Andrea Abiyounes – Senior Auditor-in-Charge

Rachel Potters – Assisting Senior Auditor

pc:

Auditor of Public Accounts

John Ballein

Bob Broyden

Randy Butt

James Hyatt

Jon Jaudon

Larry Killough

Sharon McCloskey

Ken Miller

Tim Parker

Charles Steger

Dwight Shelton

Joe Tront

Jim Weaver

**Virginia Tech Internal Audit  
Appendix  
05-519 NCAA Compliance – Recruiting  
Recommendations**

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## **Recruiting Records**

### **Recommendation**

Maintain comprehensive recruiting records for each prospect, which document when the prospect received their initial telephone call, in-person off-campus contact, as well as the total number of evaluations and in-person off-campus contacts made on the prospect.

Retain all records pertinent to the official visits expenditures within the files provided to the Recruiting Coordinator. This documentation should include meals, lodging, transportation, and the itinerary for the prospect's visit.

### **Benefits/Basis**

Maintaining comprehensive recruiting records for each prospect will help ensure compliance with NCAA Bylaws, which stipulate when and how many times a prospective student-athlete may be called, evaluated and contacted. It will also assist Athletics staff members to refute any challenges regarding the frequency and timing of calls, contacts and evaluations.

For the sample of prospects in our review we noted that there was not one location or file that could be reviewed to determine when a prospect was first called, evaluated or contacted. There was also not a comprehensive record that reflected the total number of phone calls, in-person off-campus contacts or evaluations made on each prospect.

Phone logs were either incomplete or not available for five of the sports that were reviewed.

### **Management Action Plan**

Each head coach will be required to compile -- in one location -- certain key information for each "recruited" prospective student-athlete. This information may include: dates of each in-person off-campus contact, total evaluations per year, date of Official Visit, etc. Toward that end, summary form "templates" will be provided by the Compliance Office to serve as examples. Each coach will then choose a template (or an approved variation) to use for his/her sport.

Head coaches will be expected to provide their respective staff's phone logbooks upon request, and will be responsible for storing them in an accessible location upon completion.

**Risk Evaluation:** Medium

**Implementation Date:** November 15, 2005

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**Virginia Tech Internal Audit  
Appendix  
05-519 NCAA Compliance – Recruiting  
Recommendations**

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## **Recruit Tickets**

### **Recommendation**

Improve controls over the recruit ticket process by performing the following:

- Maintain a comprehensive reconciliation of recruit tickets that details the amount of tickets that each prospect received.
- Ensure that names of the individuals receiving the complimentary recruit tickets are legible.
- Utilize the VT Complimentary Ticket Request Form for individuals who are not a recruit and/or their guest.

### **Benefits/Basis**

Maintaining a comprehensive reconciliation of recruit tickets will ensure compliance with Bylaw 13.7.5.2 that allows a prospect to be provided a maximum of three complimentary tickets to a home athletic event. Utilizing the VT Complimentary Ticket Request Form for individuals who are not recruits will help ensure compliance with department policy.

Our review of complimentary tickets provided to recruits indicated that reconciliations were not complete. The amount of tickets received by each recruit is not indicated on the listing of individuals who signed for tickets during pregame events; and the number of individuals that signed for the tickets does not equal the total amount distributed per the reconciliation. Several of the signatures are illegible. Furthermore, some individuals who signed for complimentary recruit tickets were not prospective athletes.

### **Management Action Plan**

Discrepancies between the number of individuals who signed for tickets and the total number of tickets distributed were a result of having only recruits, and not their family or guests, sign for complimentary tickets. This was the procedure that existed during the 2003 and 2004 football seasons.

Starting in August 2005, a new form will be used, on which each recruit's name will be pre-typed or printed. Each prospect will sign the form indicating how many complimentary admits he/she received (1, 2, or 3). If the individual is being recruited in a sport other than football, he/she will also indicate the sport on the form.

Also beginning this August, only recruits and their guest will receive complimentary admits from the "recruit" pool of tickets. Other complimentary tickets for individuals working the recruiting event will be obtained through the use of the VT Complimentary Ticket Request Form.

**Risk Evaluation:** Medium

**Implementation Date:** September 15, 2005

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## **Off-Campus Recruiting Limits**

### **Recommendation**

Evaluate whether recruiting coaches in Men's and Women's Basketball exceeded the limit of the number of coaches who may evaluate and contact prospective student-athletes off-campus at any one time. Based on this evaluation determine whether the potential violation should be reported to the NCAA.

Provide additional information on the In-Person Off-Campus Contact and Evaluation Summary forms which includes the departure and return of a recruiter from an off-campus recruiting trip, the time of the contact and/or evaluation with the prospect, and personal vacation time that occurs during a recruiting trip. For evaluations, consider documenting the names of prospects of interest on contact and evaluation summary forms.

### **Benefits/Basis**

Additional information (i.e. arrival and departure times of recruiting activities) on the In-Person Off-Campus Contact and Evaluation Summary forms will ensure that documentation is available in the event that there are questions or challenges regarding the number of evaluations and contacts made on individual prospects. Evaluation of the number of coaches recruiting off-campus at the same time will help ensure that off-campus recruiting during the 2003-04 academic year met the NCAA requirements as defined in Bylaw 11.7.5.1.

On two different dates during the contact period for Women's basketball, the number of coaches off-campus recruiting exceeded the NCAA limits defined in 11.7.5.1.

On three different dates during the contact period for Men's basketball, the recruiting coaches did not document their arrival and departure times which made it difficult to verify that the limit was not exceeded.

Two occasions were also noted where one of the recruiting coaches indicates that he was on personal vacation at the beginning of these recruiting trips in order to explain why he was not involved in university business. However, the coach was reimbursed for meals and/or lodging on these dates.

There was also one instance where one coach indicated on his completed In-Person Off-Campus Contact and Evaluation form that he evaluated a prospective student-athlete during a dead period.

### **Management Action Plan**

The level of specificity (exact times, etc.) that will be required on Contact/Evaluation Forms completed after August 1, 2005, will be dictated by pending interpretations of NCAA Proposal 2004-132-B.

If, following interviews with the former Women's Basketball staff, a violation is substantiated resulting from their September 2003 recruiting trips, it will be reported to the ACC/NCAA per normal departmental procedure.

The Compliance staff believes that the staff of Men's Basketball program adhered to Bylaw 11.7.4. However, the Assistant Athletic Director of Compliance has agreed to submit this case to the ACC for their interpretation. Based on input from this inquiry, he will report the violation, if substantiated, to the NCAA or conference office.

Regarding the Dead Period situation, it is belief of the Compliance staff that the evaluation actually occurred on April 11, and was mistakenly logged as April 12 on the coach's Contact/Evaluation Form.

**Risk Evaluation:** High

**Implementation Date:** September 15, 2005.

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**Transfer Student Recruitment**

**Recommendation**

Inform coaching staff that prior to meeting on- or off-campus with a two-year college prospect enrolled in their first year, that they should verify in writing that the prospective student-athlete is a qualifier.

**Benefits/Basis**

Informing the coaching staff will help ensure that the institution complies with the requirements of Bylaw 13.1.1.2. This bylaw states that a prospect who was not a qualifier as defined in Bylaw 14.02.9.1 and who is enrolled in the first year of a two-year college may not be contacted in person on or off an institution's campus for recruiting purposes by a member institution.

A prospective student-athlete portrayed himself to the coaching staff at various times prior to his arrival at Virginia Tech as a qualifier, and a holder of a two-year degree. However, he never attained a two-year degree. Although he did meet the Initial-Eligibility requirements upon graduation, he had not been certified as a qualifier. The prospective student made an unarranged unofficial visit and spoke with at least one staff member while here in Blacksburg on October 4, 2003.

**Management Action Plan**

Bylaw 13.1.1.2 will be addressed with the coaching staff via several modes of rules-education (in-person, memo, Monday Minute, etc.) during the 2005-06 academic year.

**Risk Evaluation:** Low

**Implementation Date:** November 15, 2005

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**Unofficial Visit Form**

**Recommendation**

Evaluate whether the unofficial visit form should be modified to include statements where the prospect certifies that lodging, meals and entertainment during an unofficial visit comply with Bylaw 13.8.2 of the NCAA guidelines regarding unofficial visits.

**Benefits/Basis**

According to Bylaw 13.8.2, during an unofficial visit, an institution may not pay any expenses or provide any entertainment except a maximum of three complimentary admissions. Noncompliance with this bylaw may result in institutional violations and affect the eligibility of the individual (i.e., prospective or enrolled student-athlete).

The current unofficial visit form does not provide assurance that the prospective student-athlete has or will not be provided impermissible benefits during a self-financed visit to the institution.

**Management Action Plan**

The VT Unofficial Visit Form has been updated to include a statement and signature-line confirming that the prospective student-athlete received no impermissible benefits while on his/her Unofficial Visit. In keeping with current policy, the form will continue to be required for any pre-arranged Unofficial Visit.

**Risk Evaluation:** Low

**Implementation Date:** September 15, 2005.

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**Recruiting Manual****Recommendation**

Update the internal compliance manual to include procedures relating to recruiting prospective student-athletes.

**Benefits/Basis**

Updating the internal compliance manual will help ensure consistent compliance with NCAA regulations, serve as a training tool for new staff members and provide a reference for all personnel.

The August 1989 Recruiting section of the Athletics Department Compliance Manual is currently being updated. These modifications were not complete prior to the completion of our review. However, individual recruiting forms have been modified since that date.

**Management Action Plan**

Because the NCAA amends over 100 bylaws each year, the VT Compliance Manual must exist as an "organic" and ever-changing document. To reflect changes in "real time," the entire manual (including a re-worked Recruiting section and key forms) will be placed on-line and made available to all departmental staff members. Updates and additions will continue to occur into the future, as needed.

**Risk Evaluation:** Low

**Implementation Date:** June 30, 2006

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VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: Melvin Bowles, Associate Director

DATE: July 20, 2005

SUBJECT: Final Report – Athletics Department Business Operations

Internal Audit has completed a review of the Athletics Department Business Operations in conformity with the fiscal year 2005 audit plan. The objective of this review was to contribute to the improvement of risk management and the control systems within the Athletics Department Business Operations by identifying and evaluating the department's exposures to risks and the controls designed by management to reduce those risks.

### **BACKGROUND**

Virginia Tech has been competing in varsity sports for more than 100 years. The athletic program was established on September 26, 1891. Currently, Virginia Tech sponsors 21 varsity sports at the NCAA Division I level. There are 11 men's sports and 10 women's sports. The Athletics Department was established on July 1, 1988 after operating as the Virginia Tech Athletics Association. Virginia Tech became a full member of the Atlantic Coast Conference for the 2004-05 season, after competing in the Big East Conference since the 2000-01 season. The department's operating budget is currently \$25 million with expected growth due to the change in conference affiliation.

### **RISK EXPOSURE**

Internal Audit periodically performs a detailed risk analysis of all of the university's auditable entities using factors such as the amount of cash inflows, operating expenditures, grant activities, level of external regulation, etc. The goal of the process is to prioritize those entities within the university that should receive audit attention. The Athletics Department Business Operations was determined to be a high risk entity due to the volume of revenue associated with the department and the potential for negative publicity.

### **SCOPE**

The scope included a review of revenues, funds handling, the ticket office, courtesy cars, and information technology. The review covered the period of July 1, 2003 to March 31, 2005.

## **OVERALL ASSESSMENT**

Our review indicates that management has designed and implemented controls that are often effective at reducing the department's exposure to many of the business risks it faces, but improvements are recommended to achieve a fully effective system of internal controls. Audit recommendations were issued to management where opportunities for further improvements were noted. See the attached appendices for our recommendations and management's action plans.

## **MANAGEMENT:**

Jim Weaver-Director of Athletics  
David Chambers-Senior Associate Director of Athletics for External Affairs  
Randy Butt-Associate Director of Athletics for Financial Affairs  
Tom Gabbard-Associate Director of Athletics for Internal Affairs  
Sandy Smith-Assistant Director of Athletics for Athletic Ticketing Services

## **AUDITORS:**

Mel Bowles-Associate Director  
Rachel Potters-Senior Auditor-In-Charge  
Andrea Abiyounes-Senior Auditor  
Paul Toffenetti –IT Audit Manager  
Nathan Beachum-Undergraduate Intern  
David Crotts-Undergraduate Intern

## **PC: Auditor of Public Accounts**

Bob Broyden  
Randy Butt  
David Chambers  
Elizabeth Flanagan  
Tom Gabbard  
James A. Hyatt  
Lu Merritt, Jr.  
Sharon McCloskey  
Kenneth E. Miller  
Evelyn Ratcliffe  
Lisa Rudd  
Dwight Shelton, Jr.  
Sandy Smith  
Charles W. Steger  
Jim Weaver

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**Ticket Office & VTAF Systems  
Coordination**

**Recommendation**

We recommend that management of the Virginia Tech Athletic Fund (VTAF) and the Athletic Department develop a mutually agreeable solution for the effective coordination and sharing of critical patron information.

**Benefits/Basis**

Providing consistent, accurate and reliable patron information being utilized by both VTAF and the Athletic Ticketing Office will improve the efficiency of both organizations and enhance customer relations.

During December 2004, an attempt to match the patron records of both organizations programmatically resulted in numerous mismatched records which were eventually resolved manually. This situation caused a degree of confusion in both organizations as some of the patron information was incomplete and not reliable.

Based on discussions with both organizations the need to more effectively coordinate and share patron information is critical to the success of both operations and the university.

**Management Action Plan**

Management will use a consultant to assess the needs of the VTAF and the Athletics Ticket Office to make recommendations and implement a solution for providing an effective coordination and sharing of critical patron information.

**Risk Evaluation:** Medium

**Implementation Date:** July 31, 2006

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**Athletic Office Information  
Technology Operations**

**Recommendation**

We recommend that management review the organizational placement and responsibilities of the information technology functions to achieve more consistent coordination and direction.

**Benefits/Basis**

Significant resources are invested in the department's IT hardware, software, services, and personnel. Establishing more consistent coordination and management oversight will ensure these resources are being controlled and used in the most effective and efficient manner.

Our review noted that information technology operations are dispersed throughout the department. Many of the operations are managed separately with little or no coordination. This causes inconsistency in applying the information technology control measures throughout the department.

**Management Action Plan**

Management will follow the recommendation as written.

**Risk Evaluation:** Low

**Implementation Date:** January 15, 2006

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## **Faculty/Staff Ticket Discounts**

### **Recommendation**

Consult with Personnel Services to develop a mechanism to periodically update customer employment information within Paciolan to ensure that only qualifying individuals are receiving the faculty/staff discount.

### **Benefits/Basis**

Developing a mechanism to periodically update customer employee information will help ensure equitable treatment of customers and will help deter lost revenue due to individuals who do not qualify for the discount.

The Ticket Office checks for a faculty/staff ID when the customer initially requests the discount, but the Office does not have the capability to track when an employee terminates employment or retires. Therefore, our review identified numerous individuals that had a termination date prior to the purchase of their tickets.

### **Management Action Plan**

Management has contacted Personnel Services for development of a mechanism to periodically update customer employment information. We will continue these efforts until a viable option is developed and implemented.

**Risk Evaluation:** High

**Implementation Date:** October 15, 2005

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## **Game Day Parking Revenue**

### **Recommendation**

Update the Memorandum of Understanding (MOU) between the Department of Athletics and Parking Services to reflect the changes to the fee structure for game day parking services.

Obtain the results of the cash handling review to be performed by the Bursar's Office during the 2005 football season. Evaluate the results, and follow-up with Parking Services to ensure that any control weaknesses identified are corrected.

### **Benefits/Basis**

Updating the MOU will ensure that accurate information is reflected and both parties are in agreement with the terms established. Obtaining and reviewing the cash handling review would allow Athletics to evaluate cash collection services provided and follow-up on any issues identified.

The latest MOU between the Department of Athletics and Parking Services is dated July 11, 2001 and has not been updated for changes that have been implemented.

Parking Services is collecting parking revenue for Athletics and is subject to the university's funds handling guidelines. The last cash handling review of game day parking revenue occurred several years ago.

### **Management Action Plan**

- Management is currently working with Parking Services to update the MOU as recommended by September 30, 2005.
- Management will work with the Bursar's Office and Parking Services in evaluating cash handling procedures by October 31, 2005.

**Risk Evaluation:** Low

**Implementation Date:** October 31, 2005

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**Ticket Office Receivables****Recommendation**

Develop procedures that document the receivables process for the Ticket Office. In particular, the procedures should address when the receivables will be billed, proof of billing and when the receivables will be turned over to the University Bursar for further collection efforts. Ensure the written procedures are in compliance with state and university guidelines.

**Benefits/Basis**

Development and use of written procedures will help ensure consistent treatment of receivables and ensure that proper steps have been followed and adequate documentation is available if further collection actions need to be pursued.

Our review of Ticket Office receivables noted the following:

- The office does not have a documented receivables policy.
- One customer was not billed for an outstanding balance in a timely manner.
- There is no documentation to prove that billings for outstanding receivables occurred.
- One customer has an outstanding balance from the 2003 football season that has not been turned over to University Bursar.

**Management Action Plan**

Management will follow the recommendation as stated and will develop procedures by October 15, 2005.

**Risk Evaluation:** Medium

**Implementation Date:** October 15, 2005

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## **Ticket Office Revenue Reconciliations**

### **Recommendation**

Improve the reconciliation of Ticket Office sales by performing the following:

- Ensure that the reports utilized to reconcile the Paciolan system to the Banner system contain complete and accurate information.
- Investigate and resolve any significant variances identified.
- Develop a mechanism for tracking e-check reconciling items.

### **Benefits/Basis**

Improving the reconciliation process will help ensure that complete and accurate data is being used to reconcile the university's general ledger.

At the time of review the following items were noted:

- Paciolan reports were incomplete or could not be produced in order to complete a monthly reconciliation for several months reviewed.
- Significant variances were noted that have not been identified and/or corrected.
- The Paciolan report utilized to perform the reconciliation appears to have incomplete information as two miscellaneous items (negative handling and e-check discounts) do not appear on the report.
- Two consecutive days of month end reports could not be reconciled to the daily summary report.
- A mechanism for tracking e-check reconciling items is currently not in place.

### **Management Action Plan**

- Management has contacted several ACC schools and is working with Clemson University to develop a complete reconciliation process as recommended.
- Management will ensure all significant variances are identified and resolved.
- Management is developing a mechanism for tracking e-check transactions.

**Risk Evaluation:** High

**Implementation Date:** December 15, 2005

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## **Funds Handling**

### **Recommendation**

Improve funds handling controls by performing the following:

- Ensure that all cash collection points have an approved funds handling plan.
- Institute department procedures to ensure that criminal background checks are performed for all new hires (including student workers) when their job duties include handling cash or working in an area that contains sensitive information to which the employee may have access.

#### **For the Ticket Office:**

- Ensure a petty cash log is maintained.
- Ensure that a supervisor signs off on the batch report as an indicator of a segregation of duties.
- Institute a policy to change the safe combinations when an employee terminates employment.

#### **For Hokiesports the Newspaper:**

- Maintain a mail log or other compensating mechanism to identify when payments are received.
- Ensure that credit card transactions are being processed in a timely manner.
- Ensure that funds are being submitted to the Business Office timely so that funds can be deposited within 24 hours of receipt.
- Ensure there is dual access to the cabinet that is used to store funds.
- Utilize pre-numbered receipts.

### **Benefits/Basis**

Improving funds handling controls will help ensure compliance with university funds handling guidelines as well as help ensure that cash is adequately safeguarded.

Our review noted the following:

- Funds handling plans have not been prepared and/or approved for all cash collection points.
- Department procedures currently include having background checks for individuals that handle cash but other factors should be considered to determine whether a criminal background check is appropriate.
- A petty cash log was not being maintained in the Ticket Office.
- Supervisory review was not apparent on several of the batch reports reviewed.
- The safe combination in the Ticket Office had not been changed at the time of our review, and an employee had recently retired from the office.
- A mail log was not being maintained by Hokiesports the Newspaper.
- Some checks were being held by Hokiesports the Newspaper which caused them to not be deposited timely.
- Some credit card transactions reviewed, had not been processed in a timely manner.

### **Management Action Plan**

- Management will develop funds handling plans and institute departmental procedures as stated.
- Ticket Office – Management has implemented a petty cash log, has begun ensuring supervisor approval of batch reports, has changed the safe combination and will continue to do so when any employee who has safe combination access is terminated.
- HokieSports-The Newspaper Management has created a mail log, improved credit card transaction processing, now ensures funds are submitted to the Business Office within 24 hours of receipt, has provided the Business Office access to the cabinet and has begun using pre-numbered receipts.

**Risk Evaluation:** Medium

**Implementation Date:** January 31, 2006

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**ISP Financial Review****Recommendation**

Consider utilizing the stipulation within the contract with International Sports Properties, Inc (ISP) that allows for the review of financial records to gain assurance that the controls over the collection and distribution of revenue are adequate.

**Benefits/Basis**

Obtaining assurance that ISP's controls over the collection and distribution of revenue are adequate will help ensure that the revenues received by ISP are complete.

The contractual agreement with ISP allows for Virginia Tech to inspect the financial records in relation to the calculation of gross collected cash revenue and the annual royalty.

This provision has not been utilized by Virginia Tech, and the ISP contract provides a significant amount of revenue to the Athletics Department.

**Management Action Plan**

Management is currently working with the Controller of ISP and its CPA firm to have a written assessment provided to Athletics for the 2004-05 fiscal year. This assessment should include assurances that controls over the collection and distribution of revenues are adequate. Management has requested written documentation that outlines the results of the CPA review.

**Risk Evaluation:** Low

**Implementation Date:** January 31, 2006

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## **Paciolan Source Code**

### **Recommendation**

Management should ensure that the ticketing department retains physical possession of the Paciolan Software System source code—the most current release and all subsequent releases—or verifies that the source code is placed in escrow.

### **Benefits/Basis**

Physical possession of vendor source code or placing source code in escrow for mission critical software systems—in case of vendor bankruptcy or unexpected termination of service—is typically recognized as a sound business practice.

The Athletics Ticket Office does not have physical possession of the Paciolan Software System source code. The original contract between Paciolan and Virginia Tech stated that *“Delivered with each application software module will be one copy of the object code and one copy of the source code ...”* however, since the system is no longer hosted at Virginia Tech the modified contract makes no provision for delivering the source code.

### **Management Action Plan**

Management will contact Paciolan and ensure that the source code is placed in escrow.

**Risk Evaluation:** Low

**Implementation Date:** October 1, 2005

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**Voided Tickets****Recommendation**

Improve the security of voided tickets by defacing the tickets and/or maintaining them in the safe.

**Benefits/Basis**

Improving the security of voided tickets will help ensure that unauthorized individuals do not have access to voided tickets and will improve accountability for the tickets. Defacing the voided tickets would also help ensure that these tickets are not used inappropriately.

Our review indicates that voided tickets are stored in the work area of the individual that voided the tickets. Although the tickets are stored out of sight and the access to the Ticket Office is restricted, there is the potential that voided tickets could be accessed by unauthorized individuals. Voided tickets are not defaced which also increases the risk of tickets being used to access athletic events.

**Management Action Plan**

Management will deface voided tickets and begin placing them in the safe.

**Risk Evaluation:** Low

**Implementation Date:** September 30, 2005

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VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: John C. Rudd, Director

DATE: August 8, 2005

SUBJECT: Final Report – Graduate School

Internal Audit has completed a review of the Graduate School in conformity with the fiscal year 2005 audit plan. The objective of the review was to contribute to risk management and the control systems within the Graduate School by identifying the area's exposure to business risks and evaluating controls designed by management to manage those risks.

### **BACKGROUND**

The mission of the Virginia Tech Graduate School is to advance graduate education as a critical component in the transmission of new knowledge, new research, new ideas, and new scholarship in the university. The Graduate School is committed to providing a rich learning environment that attracts and retains outstanding graduate students. Graduate School personnel work in partnership with the faculty, program chairs, department heads, deans, graduate students (particularly through the Graduate Student Association), and the Commission on Graduate Studies & Policies (CGS&P) to strengthen graduate education at Virginia Tech through an evaluation of the following:

- Quality of the graduate students and alumni
- Quality of the graduate programs (including rankings)
- Institutional connections of graduate education to undergraduate education
- Institutional relationship of graduate education and research
- Commitment to diversity (theme: excellence through diversity)

The Graduate School's primary tasks for achieving goals and aspirational challenges are:

- Projected growth for PhD enrollments
- Institutional Plan for Graduate Degrees (IPGD)
- Graduate Program Review
- Competitive recruitment packages (stipend, health insurance, tuition remission)
- Transformative Graduate Education initiative
- Academic graduate community

The Graduate School is responsible for:

- developing academic policies and procedures
- assisting with the preparation of new graduate degree options and programs
- implementing enrollment management strategies at the graduate level
- overseeing admission of graduate students
- monitoring graduate students' progress toward degrees
- accepting and approving theses and dissertations
- certifying the successful completion of graduation requirements
- certifying eligibility of graduate students to hold assistantships (GTAs, GRAs, GAs)
- managing tuition remissions program and scholarship and fellowship programs
- coordinating University-wide graduate recruitment efforts

- advocating and promoting a nurturing climate for graduate education
- coordinating University-wide graduate student orientation and GTA training
- processing documentation for international students and assuring federal compliance
- implementing health insurance subsidy program;
- administering the honor system; and
- facilitating interdisciplinary graduate programs.

### **RISK EXPOSURE**

Internal Audit periodically performs a detailed risk analysis of all of the university's auditable entities using factors such as the amount of cash inflows, operating expenditures, grant activities, level of external regulation, etc. The goal of the process is to prioritize those entities within the university that should receive audit attention. The Graduate School was determined to be a medium risk entity due to the important role it plays in advancing graduate education.

### **SCOPE**

The audit covered the period of July 1, 2004 to May 31, 2005 and included the graduate admission process; monitoring of progress towards degrees and other graduate requirements; administration of tuition remissions; scholarship & fellowship programs; international students admission and immigration; health & safety; and information technology. Audit reviewed documentation for students receiving tuition remissions in 2004-2005; however, it placed primary focus on the adequacy of the planned new procedures adopted for the tuition remission program effective fall semester 2005.

### **OVERALL ASSESSMENT**

Our review indicates that management has designed and implemented controls that are effective at reducing the department's and the university's exposure to business risks. Audit identified and discussed with management some opportunities for additional improvement. See the attached appendices for our recommendations and management's action plans.

### **MANAGEMENT:**

Dr. Karen DePauw, Vice Provost for Graduate Studies & Dean of the Graduate School  
 Dr. Roger Avery, Senior Associate Dean  
 Anne McNabb, Associate Dean  
 Roberto Mayorga, Assistant to the Dean for Operations & Fiscal Affairs  
 Monika Gibson, Director of Student Services  
 Angela Webb, Manager-Applications, Plans, Clearances  
 Jeremy Sippel, Information Technology Manager

### **AUDITORS:**

John C. Rudd, Director  
 Mel Bowles, Associate Director  
 Divya Amin, Auditor-in-Charge  
 Paul Toffenetti, IT Manager  
 Michelle Zorn, Staff Auditor

pc: Auditor of Public Accounts  
 Bob Broyden  
 James Hyatt  
 Mark McNamee  
 Ken Miller  
 Evelyn Ratcliffe  
 Dwight Shelton  
 Charles W. Steger

**Virginia Tech Internal Audit  
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## Receipt of Application Fees

Recommendation	Benefits/Basis	Management Action Plan
<p>Enhance physical safeguards over receipts for graduate school application fees as follows:</p> <ul style="list-style-type: none"> <li>• Establish a log for all payments received</li> <li>• Restrictively endorse checks upon receipt</li> </ul>	<p>Enhanced controls over receipts will minimize the risk of loss and ensure timely deposits in compliance with the University's Funds Handling guidelines. (<a href="http://www2.bursar.vt.edu/forms/funds_handling/01_Funds_Handling_Policy_2004.doc">http://www2.bursar.vt.edu/forms/funds_handling/01_Funds_Handling_Policy_2004.doc</a>)</p> <p>During Internal Audit's review it was noted that application fees are received in the mail from those applicants who send paper applications directly to the Graduate School. Also, on a monthly basis checks are received from CollegeNet, the vendor who processes all on-line applications to the Graduate School. However, a log is not maintained for payments received. As a result, an audit or management review can not easily determine if all checks receipts were properly deposited in a timely fashion.</p> <p>Additionally, checks received are not restrictively endorsed upon receipt as required by university Funds Handling Guidelines. The checks are endorsed when the processor prepares the deposit.</p>	<p>The Graduate School agrees that a receipts log will further enhance controls over application fees received and enhance management's ability to periodically confirm that our business practices are working as intended. A receipts log was implemented immediately upon receipt of this recommendation.</p> <p>While restrictive endorsement of checks has been occurring during deposit entry into Banner, the Graduate School will immediately amend its procedure to restrictively endorse those checks when they are removed from envelopes and logged.</p> <p>As implementation of the Noli imaging/workflow system continues, we will consult with Internal Audit and the Office of the University Bursar to determine whether procedures developed as a result of the imaging/workflow system can replace or augment the recommended paper check receipt log. We expect to be able to make that evaluation no later than October 30, 2005.</p>
<p><b>Risk Evaluation: Medium</b> <b>Implementation Date: October 31, 2005</b></p>		

**Virginia Tech Internal Audit  
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## Monitoring of Student Progress

Recommendation	Benefits/Basis	Management Action Plan
<p>Enhance controls to ensure that reports guiding the application of academic progress policies and procedures are consistently provided to the colleges and other appropriate officials.</p>	<p>The Graduate School piloted stronger and clearer academic progress standards for graduate students through the university governance process during the 2004-05 academic year. In addition, additional reporting was developed which can alert the appropriate college when a plan of study is not on file for a student. Consistent reporting will ensure that graduate students' progress is reviewed regularly and that appropriate, timely action is taken when required.</p> <p>The following observations were noted:</p> <ul style="list-style-type: none"> <li>Monitoring reports for students with a GPA under 3.0 and for students without a Plan of Study were not run for Spring 2005.</li> <li>No action was taken for seven of fifteen (47%) students tested with GPA's under 3.0 as of fall 2004. The newly adopted procedures are to automatically place the student on probation and notify the relevant college, which has the option to explain why the probationary status should be removed.</li> <li>Approximately 160 (less than 5%) of graduate students did not have a Plan of Study as of fall 2004. Seventeen of twenty students tested still had not submitted a Plan of Study as of July 2005.</li> </ul>	<p>The Graduate School worked with the Commission on Graduate Studies &amp; Policies to develop and revise policies regarding graduate student progress. These policies are published annually in the Graduate Catalog. Policy updates are announced on (<a href="http://www.grads.vt.edu/">http://www.grads.vt.edu/</a>) the Graduate School website and communicated in a monthly memo from the Graduate School Dean. The memo is distributed via email and on the Graduate School website: (<a href="http://www.grads.vt.edu/graduate_school/monthly_memos/index.html">http://www.grads.vt.edu/graduate_school/monthly_memos/index.html</a>).</p> <p>Since fall 2004, academic departments have the ability to run a report with GPA, hours attempted, and Plan of Study status. The Graduate School has provided departments probation reports for several years prior to Spring 2005, and it will ensure that these reports are produced and reviewed consistently each semester. Prior to the audit, work began to automate the running and distribution of this report for departments each semester. These efforts will enable the Graduate School to better assist students and facilitate communication between students and programs regarding academic progress.</p> <p><b>Risk Evaluation: Medium</b> <b>Implementation Date: October 31, 2005</b></p>



VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

Department of Internal Audit

279 Southgate Center (0328), Blacksburg, Virginia 24061  
Phone: (540) 231-5883 Fax: (540) 231-4681

TO: Finance and Audit Committee of the Board of Visitors

FROM: John C. Rudd, Director

DATE: August 11, 2005

SUBJECT: Audit Report – College of Natural Resources

Internal Audit has completed an audit of the College of Natural Resources. This review was performed in conformity with the fiscal year 2005 audit plan. The objective of this review was to contribute to the improvement of risk management and the control systems within the functional areas by identifying and evaluating the audit area's exposures to risks and the controls designed by management to reduce those risks.

### **BACKGROUND**

Maintaining healthy and abundant natural ecosystems is central to the land grant mission of Virginia Tech. The College of Natural Resources (CNR) is the only comprehensive research, education and outreach program in natural resources in the Commonwealth and supports world-class programs in Fisheries and Wildlife Science, Forestry, Geography and Wood Science and Forest Products. The quality of the individual programs in the College of Natural Resources is highlighted by the recent recognition of the Department of Forestry as a Virginia Tech Exemplary Department. The Fisheries and Wildlife programs were ranked as the #2 and #1 programs, respectively, in the United States based on a survey of natural resource administrators. The Geography Department received several national awards and university faculty awards in 2004-05, including the recognition of one of its new faculty members with the highly prestigious Nystrom Award presented by the Association of American Geographers. The Wood Science and Forest Products Department has been acknowledged by the administrators of its peer programs as one of the two or three leading programs in the United States. With the addition of the Sloan Forest Industries Center, the College portfolio in forest products and economic development has been strengthened further.

### **RISK EXPOSURE**

Internal Audit periodically performs a detailed risk analysis of all of the university's auditable entities using factors such as the amount of cash inflows, operating expenditures, grant activities, level of external regulation, etc. The goal of the process is to prioritize those entities within the university that should receive audit attention. The College of Natural Resources was determined to be a medium risk entity due to its

volume of grants, laboratories and expenditures.

## **SCOPE**

The scope included a review of grant administration, service centers, conflicts of interest compliance, health and safety and information technology. The review covered the period of July 1, 2003 to June 30, 2004.

## **OVERALL ASSESSMENT**

Our review indicates that management has designed and implemented controls that are often effective at reducing the department's exposure to many of the business risks it faces, but improvements are recommended to achieve a fully effective system of internal controls. Audit recommendations were issued to management where opportunities for further improvements were noted. See the attached appendix for our recommendations and management's action plans.

## **MANAGEMENT**

Harold Burkhardt – University Distinguished Professor and Department Head, Forestry

Lawrence Grossman – Professor and Department Head, Geography

J. Michael Kelly – Dean, College of Natural Resources

Brian Murphy – Director, Conservation Management Institute

Thomas Olson – Assistant Dean for Administration, College of Natural Resources

Donald Orth – Professor and Department Head, Fisheries and Wildlife Science

Paul Winistorfer – Professor and Department Head, Wood Science and Forest Products

## **AUDITORS**

John Rudd, Director

Mel Bowles, Associate Director

Scott McGee, Auditor-in-Charge

James Gregory, Senior Audit Specialist

Sharad Gupta, Staff Auditor

Linda Srygley, IT Auditor

Michelle Zorn, Staff Auditor

cc: Auditor of Public Accounts

Zack Adams

Robert Broyden

Les Fuller

James Hyatt

Kurt Krause

Mark McNamee

Ken Miller

Dwight Shelton

Charles Steger

Lon Weber

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## **Health and Safety**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Establish a monitoring and follow-up system for Environmental Health and Safety Services (EHSS) inspection reports to ensure that safety hazards noted on the reports are addressed formally and in a timely manner.</p>	<p>Safety hazards reported by EHSS should be immediately addressed and remedied to mitigate the risk of personal injury and financial penalties that may occur. Additionally, inspection reports should be responded to formally, in writing, to establish a thorough audit trail to document corrective actions planned or completed.</p>	<p>The College will request that EHSS send all correspondence directly to the Dean's Office. The Dean's Office will notify Department Heads and Departmental Safety coordinators (where necessary) on all correspondence from EHSS.</p>
	<p>We were unable to obtain written responses to EHSS for corrective actions planned for the annual chemistry lab inspection reports conducted in March 2004 and machinery shop inspection reports conducted in November 2003.</p>	<p>The Dean's Office will ensure that EHSS inspection reports are addressed formally and in a timely fashion, including those issues already identified in the 2003 and 2004 inspection reports as noted in the audit.</p>
	<p>We performed follow-up on recommendations from a sample of machinery shop inspections and found that the Forest Products Harvesting Lab had taken no corrective action to implement the recommendations. The shop safety coordinator stated that he did not receive the inspection report from EHSS and was unaware of these findings.</p>	<p><b>Risk Evaluation: High</b> <b>Implementation Date: January 31, 2006</b></p>
	<p>At our request, EHSS performed follow-up on the recommendations from the chemistry lab inspection reports and found that several recommendations were not implemented.</p>	

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## **Vehicle Service Centers Recommendation**

Provide more direction and oversight to the college's vehicle service centers; specifically,

- Develop standard operating procedures to address the requirements of the University's Policy #3250 "Service Centers".
- Develop standard billing procedures for all vehicle service centers.
- Develop standard vehicle operating procedures to monitor the usage of vehicles. Specifically ensure that mileage logs are maintained for each vehicle, they are complete and contain adequate information to determine the university purpose for which the vehicle was used.
- Develop periodic reports of service center activity for upper management review.

## **Benefits/Basis**

Strengthening controls over service centers will ensure compliance with Policy 3250: Service Centers. Standardizing billing procedures will make the fund reconciliation and billing process less complicated and present an accurate reflection of the service centers' available balance. Vehicle operating procedures will reduce the level of risk to vehicle operators, extend the useful life of the vehicle, and protect the university from potential liability. Performing thorough reviews of service center expenses and billing charges will ensure that fund activity is permissible and in accordance with university and other relevant policies.

Our review of the college's two vehicle service centers noted the following:

- Non-compliance with Policy 3250 was observed (incorrect rates charged, incomplete mileage logs, no yearly rate review, etc.).
- Billings are inconsistent and untimely.
- Incorrect account codes were assigned to various charges within a fund.
- Gasoline charges were incorrectly charged to the Vehicle Replacement fund (as opposed to Operations and Maintenance fund) for one of the two service centers.

## **Management Action Plan**

The College has implemented changes to ensure that billings are completed on a timely basis and in accordance with Policy 3250. The Dean's office will perform periodic reviews of these changes, making sure that policies are followed, adequate mileage logs are maintained, current rates are used and billings are performed on a timely basis (by the tenth of each month in most cases).

**Risk Evaluation: Medium**

**Implementation Date: October 15, 2005**



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## **Conflicts of Interest**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Improve controls over reporting of outside employment and consulting activities by reminding college employees on an annual basis of the requirement for faculty to report consulting activities and classified staff to report outside employment.</p>	<p>Reminding faculty of the requirements to obtain prior approval for consulting and other external activities will ensure compliance with university policy 13010: Conflicts of Interest and Commitment. Additionally, obtaining the faculty disclosures of external activities will give the college assurance that they have assessed the impact of each such activity and put proper oversight measures in place if necessary.</p> <p>Our review of six departments within the College of Natural Resources indicated the following:</p> <ul style="list-style-type: none"> <li>• Two out of the six departments do not have any mechanism in place to annually record, track and monitor reportable external activities.</li> </ul> <p>For the remaining four departments, we noted the following:</p> <ul style="list-style-type: none"> <li>• Some of the forms were incomplete.</li> <li>• Some of the forms lacked proper approval.</li> <li>• Some of the forms indicated approval after commencement of the activity.</li> </ul>	<p>The College will annually send out a letter to all faculty recommending that they read and understand University Policy 13010. This letter will require that all faculty, request approval to engage in External Activities and Disclosure of Conflict of Interest/Commitment. Departments will also be asked to send out a letter to the faculty with more specific directions. Approval will be requested through the Departments on Forms 13010A and 13010B respectively. Departments will be required to submit these requests to the Dean's Office.</p> <p><b>Risk Evaluation: Medium</b></p> <p><b>Implementation Date: October 31, 2005</b></p>

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## **Workstation and Server Security**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Implement additional generally accepted industry-best practices for computer configuration and use. Include the following:</p> <ul style="list-style-type: none"> <li>• Establish and maintain logs detailing server modifications.</li> <li>• Install firewall protection on all servers.</li> <li>• Implement a secure method for transferring files between computers.</li> <li>• Ensure that personnel resources are adequate to secure and maintain computer equipment.</li> <li>• Adopt and enforce an effective password policy.</li> <li>• Where practical, establish a separate account for each user. Ensure each user account is granted appropriate system privileges.</li> <li>• Develop and implement an appropriate backup strategy for all user data.</li> <li>• Establish a method to detect and track inappropriate use of laboratory computers.</li> <li>• Document the ghosting process for graduate laboratory computers.</li> <li>• Add a login announcement that</li> </ul>	<p>Implementation of additional security configuration settings will provide additional assurance that data is protected from unauthorized access and its integrity is maintained.</p> <p>Our review of three servers and 20 workstations indicated the following:</p> <p><b>Servers:</b></p> <ul style="list-style-type: none"> <li>• Logs are not kept to document changes to servers.</li> <li>• One server does not have a firewall installed.</li> <li>• Two servers have unsecured file transfer protocols.</li> </ul>	<p>The college is taking the following measures to enhance computer security configurations:</p> <p>Servers:</p> <ul style="list-style-type: none"> <li>• Logs are now kept for all three servers.</li> <li>• A new Web Server with a firewall will be installed.</li> <li>• We are using the secure file transfer protocol which is part of IIS, however other more secure methods of file transfer are currently being reviewed.</li> </ul>

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references the Acceptable Use Policy.

Workstations:

- One systems administrator is responsible for approximately 340 workstations.
- The password policy implemented on desktop computers does not meet generally accepted minimum requirements.
- Users have full administrative privileges on workstations.
- Not all critical user data is backed up by a centralized process.
- The undergraduate lab machines all share one userid and password; these machines are used for internet and e-mail. The userid and password is posted on the white board in the lab.
- Documentation does not exist to support the Graduate Lab server or for what is required on a routine basis to ensure the machines are ready each semester.
- An “appropriate use” message is not displayed to computer users at time of login to the computer.

Workstations:

- The administrator has been authorized to hire students that are capable of assisting the administrator.
- The password policy has been updated to meet accepted minimum requirements.
- The college is currently in the process of purchasing a new domain server. This will allow our users to centrally store their work files to a location that will be backed up by the university backup program. Since our users will be logging into the domain instead of their local computers, we will be able to more readily control their privilege level.
- Currently working on installing a third party software program on the undergraduate lab computers which would require them to login using their PID and password. This will give us the needed accountability on the common use computers.
- Documentation detailing the methods used for ghosting the computer lab has been developed.
- The security policy has been updated to display acceptable use guidelines.

**Risk Evaluation: High**

**Implementation Date: February 15, 2006**

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## **Disaster Recovery and Contingency Planning**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Develop, adopt, and publish a recovery plan that details the procedures necessary to replace or return critical computing resources and information to service in the event of a catastrophic loss. Store the document in a secure location for reference as needed. Update recovery plan as needed or on an annual basis.</p> <p>Guidance for constructing an emergency response/disaster recovery plan can be found at <a href="http://security.vt.edu/playitsafe">http://security.vt.edu/playitsafe</a></p>	<p>Planning for the restoration or replacement of critical computing resources and information will help the department more rapidly resume essential business processes in the event that an emergency or disaster occurs.</p> <p>The College of Natural Resources has not previously performed or developed a disaster recovery/business contingency plan.</p>	<p>The College has completed a "Business Impact Analysis/Risk Assessment for Information Assets" and will use it in developing a Disaster Recovery Plan.</p>

**Risk Evaluation: Medium**  
**Implementation Date: January 15, 2006**

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## **Server Room**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Provide a secure, climate- controlled space for critical computer hardware, as follows:</p> <ul style="list-style-type: none"> <li>• Maintain room temperature at an acceptable level to protect critical computer hardware.</li> <li>• Lock the server room when administrators are not present.</li> <li>• Relocate student workers or servers to prevent inadvertent damage to critical computer hardware.</li> </ul>	<p>A secure, climate controlled server room will prevent damage to critical computer hardware.</p> <p>We observed the following:</p> <ul style="list-style-type: none"> <li>• The average temperature over 4 days in the server room was 77 degrees.</li> <li>• The server room door is unlocked from 8:00 AM to 5:00 PM, including times when administrators are not in their offices.</li> <li>• The help desk student technicians work in the server room</li> </ul>	<p>Physical Plant has been contacted with regards to the climate control with no apparent and cost effective way of resolving the issue. Even though the server room is unlocked during normal business hours the servers themselves are locked down with passwords. The room must stay open so that college personnel may access the CNR Help Desk when necessary. After the completion of the new Agriculture-Natural Resources building, the College will work to identify more suitable space for the server room.</p>

**Risk Evaluation: Medium**  
**Implementation Date: June 15, 2006**

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## **Web Site**

<b>Recommendation</b>	<b>Benefits/Basis</b>	<b>Management Action Plan</b>
<p>Implement additional security measures and documentation for the College web site, as follows:</p> <ul style="list-style-type: none"> <li>• Document web site code, objectives, and approved procedures for updates and testing.</li> <li>• Train and assign a backup administrator.</li> <li>• Install a firewall on the server.</li> <li>• Implement secure methods of transferring files.</li> </ul>	<p>Additional security measures and documentation for the College web site will ensure that the information it provides is up-to-date and available. A backup administrator that is familiar with the web site helps minimize down time in the event of a hardware or software failure. Thorough documentation enables a backup or replacement administrator to perform maintenance and repairs and keep the web site functional.</p> <p>We observed the following:</p> <ul style="list-style-type: none"> <li>• Web site code, objectives, and procedures for changing and testing are not documented.</li> <li>• A backup administrator for the web site has not been designated and trained.</li> <li>• The web server is not secured by a firewall.</li> <li>• Unsecured file transfer protocol is used to transfer files to the production web server.</li> </ul>	<p>Documentation for the code, objectives and procedures for changing and testing the website is currently being developed.</p> <p>The College Computer Systems Engineer currently serves as the default backup administrator for the web site, and can fulfill that role if a disaster were to occur.</p> <p>A new web server with a firewall will be installed.</p> <p>Currently using the secure file transfer protocol which is part of IIS, however other more secure methods of file transfer are currently being reviewed.</p> <p><b>Risk Evaluation: Low</b></p> <p><b>Implementation Date: November 30, 2005</b></p>

## **MINUTES**

### **STUDENT AFFAIRS COMMITTEE OF THE BOARD OF VISITORS**

**August 29, 2005**

**Cascades A  
Skelton Conference Center  
8:30 a.m.**

**PRESENT:** Mr. Michael Anzilotti, Chair  
Mr. L. Bruce Holland  
Ms. Jennifer Jessie  
Mr. George Nolen

**GUESTS:** Maj. Gen. Jerry Allen, Ms. Kimberle Badinelli, Dr. Cynthia Bonner, Mr. Tom Brown, Dr. Zenobia Hikes, Mr. David Jarvis, Mr. Rick Johnson, Dr. Gerry Kowalski, Ms. Donna Sanzenbach, Dr. Ed Spencer, Dr. Charles Steger, Dr. Brian Warren, Mr. Don Williams, Mr. David Wilson

1. **Opening remarks and approval of June 12, 2005, minutes.** Mr. Michael Anzilotti, Chair, provided opening remarks and welcomed Ms. Jennifer Jessie, the new undergraduate representative to the Board; Dr. Zenobia Hikes, the new Vice President for Student Affairs; and Mr. George Nolen, the newest member of the committee. Mr. Bruce Holland is returning to the committee along with Mr. Anzilotti. He asked the others present to introduce themselves as well.

Mr. Anzilotti then submitted the minutes of the June 12 Student Affairs Committee meeting to the committee for review and approval. The minutes were approved as written.

2. **Welcome and Introduction from the New Vice President for Student Affairs.** Dr. Zenobia Hikes provided introductory information and expressed her pleasure at being selected as the Vice President for Student Affairs. Her goals and plans for the division include three areas of focus: 1) benchmark other top 30 research institutions as Virginia Tech strives to become a top 30 institution; 2) work on the campus climate to make a more welcome environment for all students on campus; 3) establish partnerships with the academic community and external communities.

3. **Athletic Department Quarterly Report.** Mr. James Weaver, Athletic Director, was unable to attend. The next Athletic Department quarterly report will be given at the November meeting.
4. **Recommended Procedures for Selecting the Undergraduate Representative to the Board of Visitors.**

Dr. Edward Spencer, Associate Vice President for Student Affairs, discussed the recommendation from the Commission on Student Affairs to change the way in which finalists for the Undergraduate Representative to the Board of Visitors are selected. When this position was first added in 1983, the Commission on Student Affairs—composed of students, faculty, and staff—was assigned the task of selecting the three finalists for the position. Subsequently, the processes utilized for selection of the Graduate and Faculty Representatives to the Board involve selection only by graduate students and faculty, respectively, for these two positions. In order to bring the selection process for the Undergraduate Representative in line with the processes followed for selection of the other representatives, the Commission on Student Affairs voted at its meeting on April 21, 2005, to recommend that a structured committee of undergraduate students be appointed each year to screen applicants and select the three finalists for the Undergraduate Representative position. The Executive and Student Affairs Committees of the Board would then continue to make the final selection from among the three finalists.

Ms. Jennifer Jessie expressed concern that the proposed membership gives too many seats to the Student Government Association and doesn't give a designated seat to the Corps of Cadets and underrepresented student organizations. Following a discussion of these concerns, the Committee voted to approve this change in the screening and selection process for one year and review it next year to make sure the changes were beneficial to the process.

5. **Review of Summer and Fall Orientation and Fall Opening.** Dr. Spencer introduced four members of his staff who reviewed various summer activities, orientation, and the fall opening.

Mr. Tom Brown, Director of the Office of Student Life, reviewed Summer Orientation and outlined schedule and format changes, new alcohol and sexual assault programs, the emphasis on a diverse "Community of Hokies," and the separate track for transfer students. Orientation attendance was at an all-time high of 13,549 new students, parents, and other family members. On-line evaluations of the program show that 99% of the participants had an overall positive experience and 97% felt "confident and comfortable" about returning in August.



Dr. Gerry Kowalski, Director of Residence Life, reported on the extensive Fall Training and Leadership Workshop for over 200 graduate and undergraduate live-in staff conducted from August 1–15. He further reviewed the impressive work of the Residence Hall Federation in its rentals and sales of various furnishings and products for residence hall rooms. The commissions earned in these programs are channeled back to fund various programs and activities for resident students. He also reviewed the helpful work of the 700-plus “Team Hokies” volunteers from various student organizations who help students unload vehicles and move belongings into the residence halls along Washington Street during the official move-in days.

Mr. Richard Johnson, Director of Housing and Dining Services, discussed a number of major summer projects: roof replacements in Lee and Ambler Johnston, the preparation for and opening of the Graduate Life Center, the annual cleaning, maintenance, and painting of the 45 residence halls, and the opening of the halls with an ideal occupancy of slightly more than 100%. Mr. Johnson also previewed for the Committee the on-going Facilities Condition Study, which is nearing completion in 18 residence halls. The study outlines what needs to be done, in what order, and at what cost.

Finally, Ms. Kimberle Badinelli, Associate Director of Public Relations and Information Technology, presented an overview of the extensive summer conference program that accommodated 85 groups who consumed 60,000 “bed nights” and brought in about \$2.1 million in housing and dining revenue, which helps minimize student room and board fees. She highlighted the largest conferences, including 1,800 for The Friends General Conference, over 1,000 for Future Farmers of America, and about 900 for the Southeastern Unitarian Universalist Summer Institute. Ms. Badinelli also discussed the collaborative efforts that go into the “Hokie Hi” welcome program, ranging from temporary housing for international students, to a variety of informational and social programs, to the concluding Welcome Picnic and Pep Rally held in Lane Stadium.

## **6. Adjournment.**

The meeting adjourned at 10:16 a.m. and the group moved to a tour of the Upper Quad led by Maj. Gen. Jerry Allen, Commandant of Cadets, Dr. Spencer, and Mr. Johnson. The tour included visits to the Military Building, the Navy ROTC offices in Femoyer, and Shultz Dining Center. Various concepts being explored in the University Master Plan in connection with the Upper Quad were discussed.



**RESOLUTION**  
August 29, 2005

**WHEREAS**, Mr. A. Ronald Petera was appointed to the Board of Virginia Polytechnic Institute and State University on July 1, 2001, to serve a four-year term ending June 30, 2005; and

**WHEREAS**, Mr. Petera is a loyal and dedicated alumnus, a member of the Class of 1969, having earned a Bachelor of Science degree in management from the Pamplin College of Business; and

**WHEREAS**, during his years of service on the Board, Mr. Petera participated as a member of the Student Affairs Committee, serving as its chair from 2002 to 2003, and by virtue of this role was also as a member of the Executive Committee from 2002 to 2003; and

**WHEREAS**, Mr. Petera served on the Buildings and Grounds Committee from 2003 to 2004, and participated on the Special Committee on Research from 2002 to 2003; and

**WHEREAS**, Mr. Petera has demonstrated his ongoing commitment to the university through his enthusiastic and generous support of intercollegiate athletics and the Pamplin College of Business, and through his membership in the Hokie Club and Hokies for Higher Education; and

**WHEREAS**, throughout his years of service, Ron Petera has provided leadership and vision on behalf of the university's students and research mission; and

**WHEREAS**, the members of the Board have thoroughly enjoyed getting to know Ron and his wife, Anne, and have enjoyed their company at Board meetings, football games, and other university special events;

**NOW, THEREFORE, BE IT RESOLVED**, that the members of the Board of Visitors of Virginia Polytechnic Institute and State University extend their sincere appreciation to A. Ronald Petera for his loyalty and devoted service to his alma mater, and for his faithful dedication to the university and its missions.

**RECOMMENDATION:**

That the above resolution recognizing A. Ronald Petera for his service as a member of the Board of Visitors be approved.

**RESOLUTION**

August 29, 2005

**WHEREAS**, John G. Rocovich, Jr. was appointed to the Board of Virginia Polytechnic Institute and State University on July 1, 1997, to serve a four year term ending June 30, 2001, and was subsequently re-appointed to a second four-year term on July 1, 2001; and

**WHEREAS**, following a year of service as Vice Rector, Mr. Rocovich was elected by his fellow Board members to serve as Rector of the Board from July 1, 2002 until June 30, 2004, and by virtue of this position, also served as chair of the Executive Committee; and

**WHEREAS**, during Mr. Rocovich's tenure as Rector, Virginia Tech realized a 50-year old dream come true when it gained admittance to the Atlantic Coast Conference (ACC); and

**WHEREAS**, Mr. Rocovich provided leadership and wisdom for the benefit of the university's fiscal and research programs through his membership on the Finance and Audit Committee, which he also chaired from June 1999 to June 2002, and through his participation on the Special Committee on Research; and

**WHEREAS**, Mr. Rocovich is a loyal and dedicated alumnus, a member of the Class of 1966, having earned a Bachelor of Science degree from the College of Business; and

**WHEREAS**, demonstrative of his extensive dedication to the university and its programs are Mr. Rocovich's many years of service and leadership on the Pamplin Advisory Council, the Engineering Committee of 100, the Engineering Advisory Committee, the Alumni Association Board, the Smith Mountain Lake 4-H Board of Directors, the Virginia Tech Foundation Board, and Hokies for Higher Education; and

**WHEREAS**, Mr. Rocovich has exhibited his commitment to the development of Virginia Tech by his leadership on both university and college level campaign councils, and through his own generosity to Virginia Tech, as displayed by his membership in the *Ut Prosim* Society, the Legacy Society, and as a Hokie Benefactor in athletics; and

**WHEREAS**, Mr. Rocovich's love for Virginia Tech and his devotion to the ideal of *Ut Prosim* are evident by his extensive record of service and his faithful participation in university meetings, gatherings, programs, and athletic events; and

**WHEREAS**, the members of the Board have thoroughly enjoyed John and Sue Ellen's good company at Board meetings, athletic events, and other university functions to which they have added immeasurably by their charm, wit, and good favor;

**NOW, THEREFORE, BE IT RESOLVED**, that the members of the Board of Visitors of Virginia Polytechnic Institute and State University extend their deepest appreciation to John G. Rocovich, Jr. for his exceptional loyalty and devoted service to his alma mater, and for his long record of faithful dedication to the university, its students, and its missions.

**RECOMMENDATION:**

That the above resolution recognizing John G. Rocovich, Jr. for his service as a member of the Board of Visitors be approved.

**RESOLUTION FOR EMERITUS STATUS**  
**August 29, 2005**

**WHEREAS**, Dr. Donald R. Jensen faithfully served Virginia Tech for 40 years in both the College of Arts & Sciences and the College of Science, beginning in 1965; and

**WHEREAS**, as a member of the faculty in the Department of Statistics, he made significant contributions to the university's research mission, especially through his almost 140 peer-reviewed articles; and

**WHEREAS**, Dr. Jensen made significant contributions to the department's teaching efforts through his dedicated service in such courses as mathematical statistics, multivariate analysis, and engineering statistics; and

**WHEREAS**, he directed seven Ph.D. dissertations; and

**WHEREAS**, he served on numerous departmental committees, as well as college and university committees;

**THEREFORE**, be it resolved that the Board of Visitors recognizes Dr. Donald R. Jensen for his service to the university with the title of Professor Emeritus of Statistics.

**RECOMMENDATION:**

That the above resolution recommending Dr. Donald R. Jensen for emeritus status be approved.

**RESOLUTION FOR EMERITUS STATUS**  
**August 29, 2005**

**WHEREAS**, Dr. John K. Shaw faithfully served Virginia Tech with distinction for 35 years in the Mathematics Department beginning in 1970; and

**WHEREAS**, as a member of the faculty of the Mathematics Department, he was a dedicated teacher of a wide range of courses from the freshman to the graduate level with a particular interest in applied and interdisciplinary courses; and

**WHEREAS**, he advised numerous undergraduate and graduate students during his career, including directing two doctoral dissertations in Mathematics, and one masters thesis in Electrical Engineering; and serving as the Director of Undergraduate Research in the Mathematics Department; and

**WHEREAS**, Dr. Shaw made contributions to a wide variety of research areas including complex analysis, spectral theory of differential operators, and interdisciplinary research on nonlinear optics and fiber optics; and

**WHEREAS**, he authored 60 research publications in refereed journals, 1 book, and 25 papers in edited conference proceedings; and

**WHEREAS**, he made significant contributions to interdisciplinary research having served as a visiting professor in the Virginia Tech Electrical Engineering Department supported by a National Science Foundation interdisciplinary grant, and as an American Society of Engineering Education Fellow at the U.S. Naval Research Laboratory, and as an Intergovernmental Personnel Act rotator in Applied Mathematics at the National Science Foundation, where his responsibilities included Applied Mathematics, Optical Communications and serving as a liason to Engineering and Materials Research;

**THEREFORE**, be it resolved that the Board of Visitors recognizes Dr. John K. Shaw for his service to the university with the title of Professor Emeritus of Mathematics.

**RECOMMENDATION:**

That the above resolution recommending Dr. John K. Shaw for emeritus status be approved.

**RESOLUTION FOR EMERITUS STATUS**  
**August 29, 2005**

**WHEREAS**, Dr. Dusan Teodorovic faithfully served Virginia Tech with distinction for six years in the College of Engineering beginning in 1999; and

**WHEREAS**, during his long and distinguished career at both the University of Belgrade and Virginia Tech he has taught literally thousands of Civil Engineering graduates in the areas of transportation engineering and networks analysis, operations research, and the application of fuzzy logic to transportation systems; and

**WHEREAS**, Dr. Teodorovic has been a prolific researcher and scholar during his career, having written four books and over one hundred refereed scholarly works that have been read the world over;

**THEREFORE**, be it resolved that the Board of Visitors recognize Dr. Dusan Teodorovic with the title of Professor Emeritus of Civil and Environmental Engineering.

**RECOMMENDATION:**

That the above resolution recommending Dr. Dusan Teodorovic for emeritus status be approved.

## **FACULTY LEAVE**

Virginia Tech's program of professional development for tenured faculty members provides two kinds of opportunities: Study-Research Leaves at one-half salary for up to one year and one-semester Research Assignments at full salary.

The following faculty member is requesting a change from a Study-Research Leave to a Research Assignment. The BOV approved a Study-Research Leave at their March 14, 2005, meeting.

**Athman Bouquettaya**, Associate Professor, Department of Computer Science, for Spring 2006, to collaborate with colleagues at Purdue University to design and develop key components of a web service management system. The purpose of the leave has not changed from when the board initially approved the Study-Research Leave in March.

## **RECOMMENDATION:**

That the above change be approved as requested.



## **ENDOWED PROFESSORSHIP**

### **The John E. Peterson Jr. Professorship of Accounting and Information Systems**

The John E. Peterson Jr. Professorship of Accounting and Information Systems was established in 1991 with a generous gift from Mr. John E. Peterson Jr. with the specification that this honor be awarded to a professor in the Department of Accounting and Information Systems, Pamplin College of Business.

Dr. C. Bryan Cloyd received his Ph.D. from Indiana University in 1992. His first teaching position was at the University of Texas at Austin where he was promoted to associate professor in 1999. In the fall of 1999, Professor Cloyd took a position at the University of Illinois at Urbana-Champaign.

Professor Cloyd has published or had accepted for publication 18 refereed journal articles and three non-refereed journal articles. He has published articles in what are generally regarded as the two leading academic accounting journals: *The Accounting Review* (three articles,) and the *Journal of Accounting Research* (one article). For two of these papers, Professor Cloyd won the American Taxation Association's Outstanding Manuscript Award. Professor Cloyd has published seven articles in the leading academic taxation journal, *The Journal of the American Taxation Association (JATA)*. He is the incoming editor of *JATA*. Professor Cloyd's other papers are also in highly regarded journals, such as *The Journal of Law and Economics*, *Journal of Accounting and Public Policy*, and the *National Tax Journal*. He has two working papers and three research projects in process. His current research explores the effect that a lower dividend tax rate has on corporate dividend policy, and the role of SEC Rule 19c-3 regarding off-market trading of NYSE stocks on ex-dividend day returns and trading volume.

Professor Cloyd's teaching area is taxation. He was recognized for his innovations in teaching by Arthur Andersen and Deloitte & Touche. He has also taught tax topics in large international accounting firms' education programs. In addition, Professor Cloyd has made numerous presentations at professional meetings and universities.

### **RECOMMENDATION:**

That Dr. C. Bryan Cloyd be appointed the John E. Peterson Jr. Professor of Accounting and Information Systems, effective August 10, 2005, with a salary supplement provided by the endowment and as available from the eminent scholars match program.

**ENDOWED PROFESSORSHIP**  
**The N. Waldo Harrison Professorship**

The N. Waldo Harrison Professorship was established in 1987 by Mr. Harrison. Interim Dean Edmund Henneke, concurring with the recommendations of the Department of Engineering Science and Mechanics Honorifics Committee, and the College of Engineering Honorifics Committee, has nominated Dr. Michael Hyer to hold the position of N. Waldo Harrison Professor of Engineering Science and Mechanics.

Professor Hyer, a member of the Virginia Tech faculty for 26 years, has also served as an assistant professor at Old Dominion University, visiting faculty at David Taylor Naval Ship Research and Development Center in the Composites Group of Submarine Structures, research associate at the Wright Patterson Air Force Base Materials Laboratory, and as principal investigator at NASA Langley Research Center.

Professor Hyer is internationally renowned for his work in the field of the mechanics of composite structures and materials. In this area he has supervised a NASA Composite Research Program at Virginia Tech of some 4.2 million dollars and has been personally responsible for 3.2 million dollars in research funding. An indication of the extent of the recognition of his research lies in his election to the Grade of Fellow in four independent technical societies: American Society of Mechanical Engineers (1997); American Society of Composites (2002); American Academy of Mechanics (2003); and American Institute of Aeronautics and Astronautics (2003). His textbook, *Stress Analysis of Fiber Reinforced Composites*, WCB1McGraw-Hill, 1998 is a preeminent text, and he received the Distinguished Service Award from the American Society for Testing and Materials in 2002, as well as the Best Paper Award from the American Society of Composites in 2002. Professor Hyer served as President of the American Society of Composites and Vice President, Region 3 (the Americas) of the International Council of Composite Materials. He currently serves on the Editorial Boards of the *Journal of Composite Materials*, *Advanced Composite Materials*, *Mechanics of Advanced Materials and Structures*, and *Journal of Composites Technology and Research*.

**RECOMMENDATION:**

That Dr. Michael Hyer be appointed the N. Waldo Harrison Professor of Engineering Science and Mechanics effective on August 10, 2005, for a renewable period of five years, with a salary supplement provided by the endowment and, as available, from the Eminent Scholars match program.

**ENDOWED PROFESSORSHIP**  
**Via Professor of Civil and Environmental Engineering**

Mrs. Marion Bradley Via presented \$10 million in 1987 to Virginia Tech's College of Engineering. The amount was divided equally between the Departments of Civil and Environmental Engineering (CEE) and Electrical and Computer Engineering (ECE). The University's Board of Visitors named the CEE Department in honor of her late husband, Charles E. Via, Jr., and the ECE Department in honor of her late father, Harry Lynde Bradley. The Via Professorship is funded from the proceeds of the CEE Department's share of the endowment.

Interim Dean Edmund Henneke, concurring with the recommendations of the CEE Department's Honorifics Committee, and Dr. William R. Knocke, the CEE Department Head, has nominated Dr. Shinya Kikuchi to hold the position of Charles E. Via, Jr. Professor of Civil and Environmental Engineering.

Dr. Kikuchi is joining the CEE Department at Virginia Tech in August 2005 following a long and distinguished career at the University of Delaware. He received his Ph.D. degree from the University of Pennsylvania in 1974, with a focus on transportation research. His areas of research and teaching interest include transportation engineering, transportation planning and data analysis, urban transportation systems planning, applications of operations research techniques to transportation, and uncertainty applications to transportation problems. He is truly recognized as an international scholar, with invited lectures and presentations having been given all around the world. Dr. Kikuchi has authored or co-authored seven book chapters, over 75 refereed journal articles, and an additional 71 conference proceedings papers. Colleagues who provided written references supporting Dr. Kikuchi's hiring into the CEE Department referred to him as "one of the fathers of the use of soft computing in the area of transportation" and "one of the top specialists in the world in the area of the application of artificial intelligence to transportation problems".

**RECOMMENDATION:**

That Dr. Shinya Kikuchi be appointed as a Charles E. Via, Jr. Professor of Civil and Environmental Engineering effective August 10, 2005 for a renewable period of five years, with a salary supplement provided by the Via endowment and, as available, from the Eminent Scholars match program.

**DESCRIPTION OF FACULTY PERSONNEL CHANGES**

(Prepared by Personnel Services)

**I. FACULTY PERSONNEL & SALARY CHANGES**

This section includes new appointments and changes in appointments for the general faculty, including faculty in the colleges and in the library, and for administrative and professional faculty in all areas under educational & general funding.

**A. New Appointments**

This section includes documentation of all new faculty appointments for the positions noted above. Some appointments, for example visiting faculty, may be “restricted” with a fixed-term appointment. If a senior-level appointment (Associate or Full Professor) is to be made with tenure, it is so noted.

**B. Adjustments in Appointment and/or Salary**

This section includes a listing and brief explanation of all off-cycle salary adjustments, conversion of positions from classified to faculty status, changes in the percent of employment (example: 50% to 75%), etc.

**II. SPONSORED RESEARCH FACULTY**

Section II documents appointments and changes to faculty positions funded by sponsored grants and contracts. These positions are usually “restricted” with a fixed-term appointment. Occasionally, appointments may be designated as regular (non-restricted) and will be noted as such.

**A. New Appointments**

This section includes appointments such as Visiting Assistant Professor, Professional Lecturer, or Instructor, as well as any of the various “Special Research-Ranked Faculty” titles, such as Research Associate, Postdoctoral Associate, or Research Scientist. Faculty appointed to these positions are funded from sponsored grants and contracts on one-year or multi-year appointments, which may be renewed depending on availability of funding, need for services, and performance.

**B. Adjustments in Appointment and/or Salary**

This section contains annual merit adjustments for faculty not included in the special research-ranked positions, changes in rank, special adjustments made for equity, funding availability, or changes in job responsibilities, and similar changes. Also included are adjustments in the percentage of employment and reappointments.

## FACULTY PERSONNEL CHANGES

August 28-29, 2005

### TEACHING AND RESEARCH FACULTY

#### *NEW APPOINTMENTS*

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Martin, Thomas	Instructor	Agricultural Technology	10-Aug-05	100	\$ 44,000
Zhang, Yiheng	Assistant Professor	Biological Systems Engineering	10-Aug-05	100	\$ 74,000
<u>Architecture &amp; Urban Studies</u>					
Battaglia, Paul	Visiting Assistant Professor - Rstr	School of Architecture & Design	10-Aug-05	100	\$ 37,500
Dulaney Jr, Ronald	Visiting Assistant Professor - Rstr	School of Architecture & Design	10-Aug-05	100	\$ 45,000
Ku, Kihong	Assistant Professor	Building Construction	10-Aug-05	100	\$ 65,000
Lutz, Matthew	Visiting Associate Professor - Rstr	School of Architecture & Design	10-Aug-05	100	\$ 40,000
Sharma, Akshay	Visiting Associate Professor - Rstr	School of Architecture & Design	10-Aug-05	100	\$ 48,000
Surjan, Terry	Visiting Assistant Professor - Rstr	School of Architecture & Design	10-Aug-05	100	\$ 56,500
Webster, Dane	Assistant Professor	Art & Art History	10-Aug-05	100	\$ 55,000
<u>Engineering</u>					
Abbas, Montasir	Assistant Professor	Civil & Environmental Engineering	10-Aug-05	100	\$ 72,500
Agah, Masoud	Assistant Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 75,000
Cameron, Kirk	Associate Professor	Computer Science	10-Aug-05	100	\$ 91,000
Cao, Yang	Assistant Professor	Computer Science	10-Jan-06	100	\$ 76,000
da Silva, Claudio R.C.M.	Assistant Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 75,000
Feng, Wu-Chun	Associate Professor w/ Tenure	Computer Science	10-Jan-06	100	\$ 91,000
Ferris, John	Associate Professor	Mechanical Engineering	10-Aug-05	100	\$ 90,000
Goulbourne, Nakhiah	Assistant Professor	Mechanical Engineering	10-Aug-05	100	\$ 72,000
Huang, Chao	Assistant Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 75,000
Kikuchi, Shinya	Professor w/ Tenure	Civil & Environmental Engineering	10-Aug-05	100	\$ 147,500
Murray-Tuite, Pamela	Assistant Professor	Civil & Environmental Engineering	10-Aug-05	100	\$ 76,500
Paul, JoAnn	Associate Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 80,000
Roan, Michael	Associate Professor	Mechanical Engineering	10-Aug-05	100	\$ 78,000
Schaumont, Patrick	Assistant Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 75,000
Southward, Steve	Associate Professor	Mechanical Engineering	10-Aug-05	100	\$ 90,000
Tilevich, Eli	Assistant Professor	Computer Science	10-Jan-06	100	\$ 77,000
Walz, John	Professor/ Dept Head w/ Tenure	Chemical Engineering	1-Jul-05	100	\$ 200,000
Wang, Linbing	Associate Professor	Civil & Environmental Engineering	10-Aug-05	100	\$ 88,000

Continued

**TEACHING AND RESEARCH FACULTY*****NEW APPOINTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Liberal Arts &amp; Human Sciences</u>					
Belanger, Kelly	Associate Professor w/ Tenure	English	10-Aug-05	100	\$ 80,000
Bishop, Christopher	Instructor - Rstr	Foreign Languages & Literatures	10-Aug-05	100	\$ 31,000
Day-Vines, Norma	Associate Professor	School of Education	10-Aug-05	100	\$ 70,000
Gendron, Brian	Assistant Professor	Music	10-Aug-05	100	\$ 46,000
Glenn, William	Assistant Professor	School of Education	10-Aug-05	100	\$ 60,000
Hall, Bryan	Visiting Assistant Professor - Rstr	Philosophy	10-Aug-05	100	\$ 42,000
Lopez, Nancy	Instructor - Rstr	Foreign Languages & Literatures	10-Aug-05	100	\$ 31,000
Martin, Rosalie	Visiting Professor - Rstr	School of Education	10-Aug-05	100	\$ 63,000
Miley, James	Assistant Professor	Music	10-Aug-05	100	\$ 60,000
Natter, Wolfgang	Professor w/ Tenure	Political Science	10-Aug-05	100	\$ 95,500
Petersen, William	Instructor - Rstr	Music	10-Aug-05	100	\$ 34,000
Trudeau, Denise	Assistant Professor	Interdisciplinary Studies	10-Aug-05	100	\$ 52,000
Uhden, Raina	Visiting Assistant Professor - Rstr	Foreign Languages & Literatures	10-Aug-05	100	\$ 31,000
Wells, John	Associate Professor	School of Education	10-Aug-05	100	\$ 64,500
<u>Science</u>					
Baik, Kyung	Visiting Professor - Rstr	Economics	10-Aug-05	100	\$ 80,000
Cimini, Daniela	Assistant Professor	Biology	25-Dec-05	100	\$ 58,000
Deater-Deckard, Kirby	Professor w/ Tenure	Psychology	10-Aug-05	100	\$ 82,000
Finkelstein, Carla	Assistant Professor	Biological Sciences	10-Aug-05	100	\$ 58,000
Hawley, Dana	Assistant Professor	Biological Sciences	25-Dec-06	100	\$ 60,000
He, Chong	Associate Professor w/ Tenure	Statistics	10-Aug-05	100	\$ 80,000
Heremans, Jean	Associate Professor w/ Tenure	Physics	25-Dec-05	100	\$ 64,000
Li, Liwu	Associate Professor w/ Tenure	Biological Sciences	10-Aug-05	100	\$ 80,000
Park, Kyungwha	Assistant Professor	Physics	10-Aug-05	100	\$ 53,000
Pooler, Penelope	Instructor - Rstr	Statistics	10-Aug-05	100	\$ 50,000
Soghomonian, Victoria	Associate Professor w/ Tenure	Physics	25-Dec-05	100	\$ 63,000
Sun, Dongchu	Professor w/ Tenure	Statistics	10-Aug-05	100	\$ 120,000
Turner, James	Professor w/ Tenure	Mathematics	10-Aug-05	100	\$ 100,000
Yoon, Yong	Visiting Associate Professor - Rstr	Economics	10-Aug-05	100	\$ 75,000
<u>Veterinary Medicine</u>					
Clark, Shawn	Clinical Instructor	Biomedical Sciences & Pathobiology	12-Sep-05	100	\$ 64,000
McGhee, Julie	Clinical Instructor - Rstr	Large Animal Clinical Sciences	11-Jul-05	100	\$ 80,000

**TEACHING AND RESEARCH FACULTY*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Doak, Samuel	Instructor - Rstr	CALS	10-Aug-05	100	\$ 42,000
Garst, Barry	Assistant Professor	VA Cooperative Extension	10-May-05	100	\$ 52,045
Hensley, Rachel	Instructor - Rstr	CALS	10-Aug-05	100	\$ 40,000
Tu, Zhijian	Associate Professor	Biochemistry	10-Aug-05	100	\$ 74,800
White, William	Instructor	AAEC	10-Aug-05	100	\$ 52,500
<u>Architecture &amp; Urban Studies</u>					
Mayer, Heike	Assistant Professor	School of Public & International Affairs	10-Aug-05	100	\$ 62,650
O'Brien, Michael	Professor	Building Construction	10-Aug-05	100	\$ 87,000
<u>Business</u>					
Belanger, France	Associate Professor	Accounting & Information Systems	10-Aug-05	100	\$ 107,880
Lang, James	Professor	Management	1-Jul-05	100	\$ 181,840
Salbador, Debra	Associate Professor	Accounting & Information Systems	10-Aug-05	100	\$ 99,571
Sheetz, Steven	Associate Professor/Director	Accounting & Information Systems	10-Aug-05	100	\$ 107,280
<u>Engineering</u>					
Case, Scott	Associate Professor/Assoc Dept Head	Engineering Science & Mechanics	10-Aug-05	100	\$ 105,700
El-Toweissy, Mohamed	Associate Professor	Electrical & Computer Engineering	10-Aug-05	100	\$ 90,000
Fox, Edward	Professor	Computer Science	10-Aug-05	100	\$ 146,970
Grant, John	Professor	Engineering Science & Mechanics	10-Aug-05	100	\$ 150,000
Grizzard, Thomas	Professor	Civil & Environmental Engineering	10-Aug-05	100	\$ 115,727
			10-Aug-05	100	\$ 154,302
Hovakimyan, Naira	Associate Professor	Aerospace and Ocean Engineering	1-Jul-05	100	\$ 106,666
Knocke, William	Professor	Civil & Environmental Engineering	1-Jul-05	100	\$ 200,000
Van Aken, Eileen	Associate Professor/Assistant Dept Head	Industrial & Systems Engineering	10-Aug-05	100	\$ 98,633
Westman, Erik	Assistant Professor	Mining and Minerals Engineering	10-Aug-05	100	\$ 80,000
Weyers, Richard	Charles E. Via Jr Professor	Civil & Environmental Engineering	10-Aug-05	100	\$ 113,100

Continued

**TEACHING AND RESEARCH FACULTY*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Liberal Arts &amp; Human Sciences</u>					
Abeysekara, Ananda	Associate Professor	Interdisciplinary Studies	10-Aug-05	100	\$ 60,857
Allnutt, Robin	Instructor	English	10-Aug-05	100	\$ 31,750
Armstrong, Mark	Instructor	English	10-Aug-05	100	\$ 35,510
Barton, Jennifer	Instructor - Rstr	English	10-Aug-05	100	\$ 31,250
Bean, Carl	Instructor	English	10-Aug-05	100	\$ 34,415
Bliss, Michael	Instructor	English	10-Aug-05	100	\$ 34,562
Bloomer, Elizabeth	Instructor	English	10-Aug-05	100	\$ 35,602
Calasanti, Toni	Professor	Sociology	10-Aug-05	100	\$ 73,659
Canter, Robert	Instructor	English	10-Aug-05	100	\$ 33,535
Ekrich, Arthur	Professor	History	10-Aug-05	100	\$ 71,450
Garland, Ken	Instructor - Rstr	Communication Studies	10-Aug-05	100	\$ 45,658
Gaskill, Luann	Professor/Dept Chair	Apparel, Housing, and Resource Management	10-Aug-05	100	\$ 104,871
Gendron, Brian	Assistant Professor	Music	10-Aug-05	100	\$ 46,000
Giglio, Matt	Instructor - Rstr	Communication Studies	10-Aug-05	100	\$ 31,250
Hagedorn, Susan	Instructor	English	10-Aug-05	100	\$ 34,469
Hall, Donald	Instructor	English	10-Aug-05	100	\$ 34,102
Hardcastle, Valerie	Professor/Assoc Dean	Science & Technology	10-Aug-05	100	\$ 98,979
Harvill, JoAnn	Instructor	English	10-Aug-05	100	\$ 37,894
Hicks, David	Associate Professor	School of Education	10-Aug-05	100	\$ 61,025
Huges, Michael	Professor	Sociology	10-Aug-05	100	\$ 83,787
Jenkins, Dale	Instructor	Communication Studies	10-Aug-05	100	\$ 40,000
Kanter, Erik	Instructor - Rstr	Communication Studies	10-Aug-05	100	\$ 32,500
Kark, Steven	Instructor	English	10-Aug-05	100	\$ 35,588
Kinder, Alice	Instructor	English	10-Aug-05	100	\$ 39,430
Kotz, Sean	Instructor	English	10-Aug-05	100	\$ 34,497
Lawrence, Jennifer	Instructor - Rstr	English	10-Aug-05	100	\$ 31,250
Lazenby, Roland	Instructor	Communication Studies	10-Aug-05	100	\$ 40,000
Leslie, Lisa	Instructor	English	10-Aug-05	100	\$ 32,576
LoMascolo, Alice	Instructor	English	10-Aug-05	100	\$ 32,576
Martin, Stephanie	Instructor - Rstr	English	10-Aug-05	100	\$ 31,250
Mayes, April	Visiting Assistant Professor - Rstr	Sociology	10-Aug-05	100	\$ 42,000
Mengert, Julie	Instructor - Rstr	English	10-Aug-05	100	\$ 31,250
Mole, Shawn	Instructor - Rstr	English	10-Aug-05	100	\$ 33,576
Mooney, Jennifer	Instructor	English	10-Aug-05	100	\$ 35,383
Mooney, Stephen	Instructor	English	10-Aug-05	100	\$ 34,578



Continued

**TEACHING AND RESEARCH FACULTY*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Liberal Arts &amp; Human Sciences</u>					
Moore, Mary	Instructor	English	10-Aug-05	100	\$ 39,142
Moyer, Lynette	Instructor - Rstr	English	10-Aug-05	100	\$ 31,250
Murphy, Aileen	Instructor	English	10-Aug-05	100	\$ 33,760
Neilan, Leslie	Instructor	English	10-Aug-05	100	\$ 40,545
Norris, Lisa	Instructor	English	10-Aug-05	100	\$ 35,042
Oehlschlaeger, Fritz	Professor	English	10-Aug-05	100	\$ 78,912
Olsen, Deborah	Associate Professor w/ Tenure	Educational Leadership & Policy Studies	10-Aug-05	100	\$ 97,250
Patton, Herbert	Instructor	English	10-Aug-05	100	\$ 36,725
Polanah, Paulo	Assistant Professor	Sociology	10-Aug-05	100	\$ 50,000
Preston, Marlene	Assistant Professor	Communication Studies	10-Aug-05	100	\$ 53,000
Quesenberry, Brandi	Instructor - Rstr	Communication Studies	10-Aug-05	100	\$ 32,500
Reisinger, Suzanne	Instructor	English	10-Aug-05	100	\$ 38,007
Ruggiero, Cheryl	Instructor	English	10-Aug-05	100	\$ 60,527
Saffle, Geraldine	Instructor	English	10-Aug-05	100	\$ 34,780
Sewall, Emily	Instructor - Rstr	English	10-Aug-05	100	\$ 31,000
Smith, Michael	Instructor	English	10-Aug-05	100	\$ 38,793
Soendergaard, Bettina	Assistant Professor - Rstr	School of Education	10-Aug-05	100	\$ 50,000
Sorrentino, Paul	Professor	English	10-Aug-05	100	\$ 79,429
Stallings, Emily	Instructor	Communication Studies	10-Aug-05	100	\$ 40,000
Tietjen, Philip	Instructor	English	10-Aug-05	100	\$ 31,250
Tilley-Lubbs, Gresilda	Assistant Professor	School of Education	10-Aug-05	100	\$ 52,000
Trent, Tiffany	Instructor	English	10-Aug-05	100	\$ 31,250
Verdu, Mary Ellen	Instructor/Asst Dept Head	Human Development	10-Jun-05	100	\$ 53,802
Voros, Gyorgyi	Instructor	English	10-Aug-05	100	\$ 34,661
Watson, Bruce	Instructor	English	10-Aug-05	100	\$ 32,613
Watson, Joan	Instructor - Rstr	Interdisciplinary Studies	10-Aug-05	100	\$ 31,775
Weathers, Edward	Instructor	English	10-Aug-05	100	\$ 34,576
Wemhoener, Jane	Instructor	English	10-Aug-05	100	\$ 31,500
Wiswell, Albert	Associate Professor	Human Development	10-Aug-05	100	\$ 52,440
Wood, Donald	Instructor - Rstr	Communication Studies	10-Aug-05	100	\$ 34,000

Continued

**TEACHING AND RESEARCH FACULTY*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Science</u>					
Agud, Diane	Instructor	Mathematics	10-Aug-05	100	\$ 34,650
Anderson, Susan	Instructor	Mathematics	10-Aug-05	100	\$ 39,700
Bonawitz, Elizabeth	Instructor	Mathematics	10-Aug-05	100	\$ 32,200
Bourdon, Terri	Instructor	Mathematics	10-Aug-05	100	\$ 43,244
Chermak, John	Instructor - Rstr	Geosciences	10-Aug-05	100	\$ 37,000
Cothren, Marlene	Instructor	Mathematics	10-Aug-05	100	\$ 34,600
Hagen, Susan	Instructor	Mathematics	10-Aug-05	100	\$ 36,900
Hanks, Lucy	Instructor	Mathematics	10-Aug-05	100	\$ 35,300
Hart, Heath	Instructor	Mathematics	10-Aug-05	100	\$ 31,000
Hodges, Charles	Instructor	Mathematics	10-Aug-05	100	\$ 54,100
Hoggard, John	Instructor	Mathematics	10-Aug-05	100	\$ 31,000
Holub, Lorraine	Instructor	Mathematics	10-Aug-05	100	\$ 40,100
Kohler, Abigail	Instructor	Mathematics	10-Aug-05	100	\$ 39,800
Li, Liwu	Associate Professor	Biological Sciences	10-Aug-05	100	\$ 106,666
Lloyd, Gwendolyn	Associate Professor	Mathematics	10-Aug-05	100	\$ 78,000
McQuain, Margaret	Instructor	Mathematics	10-Aug-05	100	\$ 38,000
Peters, Leroy	Instructor	Mathematics	10-Aug-05	100	\$ 31,000
Powers, Linda	Instructor	Mathematics	10-Aug-05	100	\$ 40,200
Schulman, Robert	Associate Professor	Statistics	10-Aug-05	100	\$ 71,182
Shugart, Eileen	Instructor	Mathematics	10-Aug-05	100	\$ 44,600
Smith, Deborah	Instructor	Mathematics	10-Aug-05	100	\$ 35,400
Stephens, Catherine	Instructor	Mathematics	10-Aug-05	100	\$ 33,600
<u>Veterinary Medicine</u>					
Brown, Jennifer	Clinical Assistant Professor	Equine Medical Center	1-Jul-05	100	\$ 88,175
Desrochers, Anne	Clinical Instructor	Equine Medical Center	1-Jul-05	100	\$ 73,830
Elvinger, Francois	Associate Professor/Director of Veterinary Public Health	Large Animal Clinical Sciences	25-Jun-05	100	\$ 100,100
Furr, Martin	Associate Professor/Riggs Chair	Equine Medical Center	1-Jul-05	100	\$ 98,450
Grant, David	Assistant Professor	Small Animal Clinical Sciences	1-Jul-05	100	\$ 85,000
Keoughan, Curry	Clinical Assistant Professor	College of Veterinary Medicine	1-Jul-05	100	\$ 96,000
McKenzie, Harold	Assistant Professor	Equine Medical Center	1-Jul-05	100	\$ 79,737
Pleasant, Robert	Associate Professor	Large Animal Clinical Sciences	1-Jul-05	100	\$ 96,100
Smith, Alison	Instructor	Equine Medical Center	1-Jul-05	100	\$ 84,378
Sullins, Kenneth	Professor	Equine Medical Center	1-Jul-05	100	\$ 106,632
Young, Byron	Instructor	Equine Medical Center	1-Jul-05	100	\$ 77,206

**ADMINISTRATIVE AND PROFESSIONAL****NEW APPOINTMENTS**

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Brady, Casey	Associate Extension Agent	VA Cooperative Extension	10-Jul-05	100	\$ 35,000
Liggon, Cathy	Associate Extension Agent	VA Cooperative Extension	10-Jul-05	100	\$ 37,700
Mallory, Sharon	Extension Agent	VA Cooperative Extension	10-Jul-05	100	\$ 40,000
Rafter, Leslie	Extension Agent	VA Cooperative Extension	10-Jul-05	100	\$ 36,000
Roche, Nancy	Associate Extension Agent	VA Cooperative Extension	10-Aug-05	100	\$ 40,000
Spencer, Janet	Extension Agent	VA Cooperative Extension	25-Aug-05	100	\$ 35,000
Squires, Eric	Associate Extension Agent	VA Cooperative Extension	10-Jun-05	100	\$ 41,000
Straw, Richard	Area Specialist / Horticulture	VA Cooperative Extension	1-Jul-05	100	\$ 68,500
Thompson, John	Associate Extension Agent	VA Cooperative Extension	10-Jul-05	100	\$ 37,700
Wamsley, Wendy	Extension Agent	VA Cooperative Extension	25-May-05	100	\$ 35,000
<u>Athletics</u>					
Donnenwerth, Jesse	Athletic Trainer	Athletics	25-May-05	100	\$ 28,000
Gergen, Jayme	Assistant Volleyball Coach	Athletics	1-Jun-05	100	\$ 23,660
<u>Provost</u>					
Amelink, Catherine	Coordinator of Special Projects - Rstr	Office of the Provost	1-Jun-05	100	\$ 39,000
Bryant, Alvin	Assistant Director	Undergraduate Admissions	1-Aug-05	100	\$ 32,000
Bryant, Yalana	Assistant Director	Undergraduate Admissions	1-Aug-05	100	\$ 35,000
Collins, Sarah	Assistant Director	Student Athlete Academic Support	16-Jun-05	100	\$ 33,000
Hegr, Jessica	Assistant Director	Student Athlete Academic Support	25-Jun-05	100	\$ 33,000
Williams, Anna	Judicial Coordinator - Rstr	Judicial Affairs	10-Jul-05	100	\$ 30,000
<u>Vice President for Development &amp; University Relations</u>					
Boggs, Aron	Assistant Director of Development College of Engineering	University Development	12-Jul-05	100	\$ 50,000
Clough, John	Director, Marketing & Strategic Communications	University Relations	11-Jul-05	100	\$ 80,000
Rallapalli, Chandrika	Associate Director of Foundation Relations	University Development	6-Jul-05	100	\$ 35,000
<u>Vice President for Outreach</u>					
Brown, Ann	Assistant Director, Program Development	Outreach Program Development	11-Jul-05	100	\$ 47,900

Continued

**ADMINISTRATIVE AND PROFESSIONAL*****NEW APPOINTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Vice President for Student Affairs</u>					
Bitsko, Matthew	Counselor - Rstr	Thomas E. Cook Counseling Center	15-Aug-05	100	\$ 50,000
Chadwick, Colin	Complex Director	Student Programs - Residence Life	29-Jun-05	100	\$ 26,000
Eicholtz, Kristin	Career Advisor	Career Services	27-Jun-05	100	\$ 32,000
Hikes, Zenobia	Vice President for Student Affairs	Vice President for Student Affairs	25-Aug-05	100	\$ 180,000
Malloy, Alison	Complex Director	Student Programs - Residence Life	10-Jun-05	100	\$ 26,000
Marin, Eileen	Complex Director	Student Programs - Residence Life	10-Jun-05	100	\$ 26,000
Messenger, Tasha	Executive Officer	Military Affairs	10-Jun-05	100	\$ 35,500
Miller, Amy	Area Coordinator	Student Programs - Residence Life	10-Jul-05	100	\$ 32,000
Smith, Patricia	Area Coordinator	Student Programs - Residence Life	19-Jul-05	100	\$ 31,500
Wylie, Jonathan	Complex Director	Student Programs - Residence Life	10-Jun-05	100	\$ 26,000
<u>Vice Provost for Outreach</u>					
Duke, Steven	Assistant Program Director, Education Abroad	Office of International Research, Education, & Development	20-Jun-05	100	\$ 55,000

**ADMINISTRATIVE AND PROFESSIONAL****ADJUSTMENTS**

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Allen, Shannon	Curriculum Specialist	Agricultural & Extension Education	10-Jul-05	100	\$ 41,616
Belcher, Shelia	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 31,720
Board, Barbara	District Director	VA Cooperative Extension	10-Jun-05	100	\$ 80,840
Dailey, Jocelyn	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 31,600
Eanes, Linda	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 31,000
Halsey, Tammy	Curriculum Specialist	Agricultural & Extension Education	10-Jul-05	100	\$ 41,616
Holmes, Viola	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 46,000
McClellan, Matthew	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 31,000
Moore, Amy	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 32,638
Mussey, Guy	Associate Extension Agent	VA Cooperative Extension	25-Mar-05	100	\$ 53,155
Redmon, Kendra	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 38,000
Stegon, Nancy	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 39,500
Wages, Joan	Associate Extension Agent	VA Cooperative Extension	1-Jul-05	100	\$ 36,720
White, Stephanie	Associate Director of Agricultural Technology	Agricultural Technology	1-Jul-05	100	\$ 62,019
<u>Athletics</u>					
Ball, Anthony	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 100,974
Brizendine, Michael	Assistant Men's Soccer Coach	Athletics	25-Jun-05	100	\$ 36,350
Cagle, Daniel	Assistant Women's Soccer Coach	Athletics	25-Jun-05	100	\$ 36,500
Cavanaugh, James	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 131,267
Dunkenberger, Elizabeth	Head Women's Basketball Coach	Athletics	1-Jul-05	100	\$ 174,213
Foster, Robert	Defensive Coordinator	Athletics	25-Jun-05	100	\$ 193,356
Hand, Wesley	Assistant Wrestling Coach	Athletics	25-Jun-05	100	\$ 36,712
Hartness, Jonathan	Assistant Baseball Coach	Athletics	25-Jun-05	100	\$ 40,540
Hite, William	Associate Head Football Coach	Athletics	25-Jun-05	100	\$ 161,116
Holloway, Braden	Assistant Swim Coach	Athletics	25-Jun-05	100	\$ 31,000
Hornak, Christine	Assistant Softball Coach	Athletics	25-Jun-05	100	\$ 35,000
Jack, Gregory	Associate Track & Field Coach	Athletics	25-Jun-05	100	\$ 50,000
Johnson, Lawrence	Assistant Track & Field Coach	Athletics	25-Jun-05	100	\$ 38,000
Locklin, Bert	Diving Coach	Athletics	25-Jun-05	100	\$ 32,170
Pearman, Daniel	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 89,755
Phillips, William	Assistant Baseball Coach	Athletics	25-Jun-05	100	\$ 47,005
Rogers, Kevin	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 135,508
Smith, Clarence	Assistant AD Ticketing Services	Athletics	25-Jun-05	100	\$ 66,192
Staedt, Lisa	Assistant Lacrosse Coach	Athletics	25-Jun-05	100	\$ 30,770
Stinespring, Bryan	Offensive Coordinator	Athletics	25-Jun-05	100	\$ 154,369
Thomas, Benjamin	Assistant Track & Field Coach	Athletics	25-Jun-05	100	\$ 42,810
Ward, Lorenzo	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 113,425

Continued

**ADMINISTRATIVE AND PROFESSIONAL**  
**ADJUSTMENTS**

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Athletics</u>					
Wiles, Charles	Assistant Football Coach	Athletics	25-Jun-05	100	\$ 124,535
Yantis, April	Assistant Volleyball Coach	Athletics	25-Jun-05	100	\$ 35,000
<u>Business</u>					
Daugherty, Richard	Director, Business Technology Center	Business Technology Center	6-Jun-05	100	\$ 96,000
<u>Engineering</u>					
Adel, Gregory	Professor/Asst Dept Head	Mining and Minerals Engineering	10-May-05	100	\$ 125,400
<u>Executive Vice President</u>					
Cooper, George	Director, Business & Management Systems	Executive Vice President & Chief Operating Officer	1-Aug-05	100	\$ 60,000
<u>President</u>					
Ridenour, Minnis	Senior Fellow & Director	President	1-Dec-05	Adjct	\$ 40,000
<u>Provost</u>					
Campos, Mary	Program Coordinator - Rstr	Women's Center	25-May-05	100	\$ 32,240
Cianelli, Ellen	Victim Advocate	Women's Center	1-Aug-05	62.5	\$ 19,800
Hazelwood, Sherry	Assistant Director	Undergraduate Admissions	1-Jul-05	100	\$ 33,000
Humphrey, Elaine	Associate Director for Research and Assessment	Center for Academic Enrichment and Excellence	1-Jul-05	100	\$ 40,000
Johnson, Mildred	Senior Associate Director	Undergraduate Admissions	1-Aug-05	100	\$ 65,000
LaBoone, Kimberly	Assistant Director for College Transition Programs	Center for Academic Enrichment and Excellence	1-Jul-05	100	\$ 37,000
Simpson, Miya	Director, Academic Opportunities Program	Center for Academic Enrichment and Excellence	1-Jul-05	100	\$ 57,000
<u>Veterinary Medicine</u>					
Gargagliano, Richard	Hospital Administrator/Controller	Equine Medical Center	1-Jul-05	100	\$ 91,128
Harness, J. Michael	Assistant Dean for Administration	Veterinary Medicine	25-May-05	100	\$ 99,000
White, Nathaniel	Shehan Professor & Director	Equine Medical Center	1-Jul-05	100	\$ 168,228

Continued

**ADMINISTRATIVE AND PROFESSIONAL**  
**ADJUSTMENTS**

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Vice President for Budget and Financial Management</u>					
Ratcliffe, Evelyn	University Bursar	University Bursar	25-Jun-05	100	\$ 71,000
<u>Vice President for Development</u>					
Bohnen, Evan	Director of Development, College of Liberal Arts & Human Sciences	University Development	1-Jul-05	100	\$ 76,668
Cooper, Tracy	Interim Director of Development, College of Architecture & Urban Studies	University Development	25-May-05	100	\$ 55,000
Edwards, Erin	Interim Director of Development, College of Engineering	University Development	1-Jun-05	100	\$ 77,000
Smythers, Robert	Assistant Director of Gift Planning	University Development	5-Jul-05	100	\$ 70,000
<u>Vice President for Information Technology</u>					
Plymale, William	Director, Learning Technology Systems/Research & Development	Learning Technologies	30-May-05	100	\$ 81,405
Watson, Charles	Coordinator of Instruction	Learning Technologies	1-Jul-05	100	\$ 49,783
<u>Vice President for Research</u>					
Fenwick, Bradley	Vice President for Research	Research / Interdisciplinary Programs Administration	1-Jul-05	100	\$ 218,300
<u>Vice President for Student Affairs</u>					
Burrell, Stephen	Assistant Director of Student Organizations	University Unions & Student Activities	1-Jul-05	100	\$ 40,290
Chitwood, Patty	Staff Physician	Schiffert Health Center	25-May-05	100	\$ 98,450
Keene, Frances	Director of Judicial Affairs	Student Programs - Judicial Affairs	25-May-05	100	\$ 58,000
Kuresman, Kia	Assistant Director of Theme Housing - Rstr	Student Programs	1-Jul-05	100	\$ 38,200
Lattimer, Charles	Director of Cooperative Leadership Initiative - Rstr	Student Affairs	25-Jun-05	100	\$ 51,503
MacDonald, Michael	Assistant Director	Student Programs - Residence Life	1-Jul-05	100	\$ 38,654
Neely, Julie	Staff Physician	Schiffert Health Center	10-May-05	100	\$ 89,701
Settle, Rohsaan	Assistant Director	Student Programs - Residence Life	1-Jul-05	100	\$ 38,793
Spencer, Edward	Interim VP for Student Affairs	Student Programs	1-Jul-05	100	\$ 125,000

Continued

**ADMINISTRATIVE AND PROFESSIONAL*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Vice Provost for Outreach</u>					
Jobst, Shelly	Assistant Director	Outreach Program Development	2-May-05	100	\$ 47,900
Lilly, A. Jack	Associate Director	Outreach Program Development	10-Apr-05	100	\$ 67,895



**SPECIAL RESEARCH FACULTY*****NEW APPOINTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Biedler, James	Postdoctoral Associate - Rstr	Biochemistry	15-Jul-05	100	\$ 35,500
Holliman, Daniel	Research Scientist - Rstr	Food Science and Technology	10-May-05	100	\$ 34,800
Lamb, Ashley	Postdoctoral Associate - Rstr	Entomology	3-Jun-05	100	\$ 34,000
LI, Huifeng	Postdoctoral Associate - Rstr	Animal & Poultry Sciences	21-Jul-05	100	\$ 28,000
Vanwyk, Peter	Research Associate - Rstr	Food Science and Technology	15-Jun-05	100	\$ 50,000
Wang, Shifa	Postdoctoral Associate - Rstr	Alson H Smith Jr AREC	19-May-05	100	\$ 35,000
Yakout, Haitham	Research Scientist - Rstr	Animal & Poultry Sciences	21-Jun-05	100	\$ 30,000
<u>Architecture &amp; Urban Studies</u>					
Bumgarner, John C	Project Associate - Rstr	Institute for Policy Outreach, School of Public & International Affairs	10-Jun-05	100	\$ 45,000
<u>Engineering</u>					
Cass, Callaway	Research Associate - Rstr	Center for Power Electronics Systems	25-Jun-05	100	\$ 40,000
Hinze, Nicolas	Research Associate - Rstr	Civil & Environmental Engineering	1-Aug-05	100	\$ 45,000
Li, Huai	Research Assistant Professor - Rstr	Northern Virginia Engineering	27-Jun-05	100	\$ 88,000
Navin, Michael	Postdoctoral Associate - Rstr	Civil & Environmental Engineering	25-Aug-05	66.67	\$ 24,000
Wang, Shuo	Research Assistant Professor	Center for Power Electronics Systems	25-Jul-05	100	\$ 70,000
Zhang, Gangming	Postdoctoral Associate - Rstr	Engineering Science & Mechanics	1-Jul-05	100	\$ 30,000
<u>Executive Vice President</u>					
Baker, Susan	Research Associate - Rstr	VA Bioinformatics Institute	20-Jun-05	100	\$ 67,500
Ferreira, Adriana de Oliveira	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-Aug-05	100	\$ 45,000
Lam, Vy	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	8-Jun-05	100	\$ 40,000
Lee, Christine	Research Associate - Rstr	VA Bioinformatics Institute	27-Jun-05	100	\$ 55,000
Mohapatra, Saroj	Postdoctoral Associate - Rstr	VA Bioinformatics Institute	1-Sep-05	100	\$ 47,000
Shallom, Joshua	Research Associate - Rstr	VA Bioinformatics Institute	14-Jul-05	100	\$ 52,000
Vishnubhat, Nataraj	Research Associate - Rstr	VA Bioinformatics Institute	1-Jul-05	100	\$ 55,000
Whyte, Barry	Senior Project Associate - Rstr	VA Bioinformatics Institute	15-Aug-05	100	\$ 70,000
Will, Rebecca	Senior Project Associate - Rstr	VA Bioinformatics Institute	18-Jul-05	100	\$ 75,000
Williams, Kelly	Senior Project Associate - Rstr	VA Bioinformatics Institute	15-Aug-05	100	\$ 78,000

Continued

**SPECIAL RESEARCH FACULTY*****NEW APPOINTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Natural Resources</u>					
Frimpong, Emmanuel	Postdoctoral Associate - Rstr	Fisheries and Wildlife	10-Aug-05	100	\$ 32,000
Gagnon, Jennifer	Project Associate	Forestry	1-Aug-05	100	\$ 45,000
<u>Science</u>					
Banik, Suman	Postdoctoral Associate - Rstr	Physics	1-Sep-05	100	\$ 32,000
Fasciano, Steven	Postdoctoral Associate - Rstr	Biological Sciences	10-Aug-05	100	\$ 34,000
Kim, Chul	Postdoctoral Associate - Rstr	Chemistry	23-May-05	100	\$ 30,000
Richter, Kathlene	Postdoctoral Associate - Rstr	Biological Sciences	10-Aug-05	100	\$ 34,000
<u>Science</u>					
Su, Jianmin	Postdoctoral Associate - Rstr	Biological Sciences	10-Aug-05	100	\$ 35,000
Vasudevan, Pradeep	Postdoctoral Associate - Rstr	Biological Sciences	1-Aug-05	100	\$ 35,570
Wu, Yong	Postdoctoral Associate - Rstr	Physics	10-Oct-05	100	\$ 30,500
Xie, Qifa	Postdoctoral Associate - Rstr	Biological Sciences	10-Aug-05	100	\$ 31,000
<u>Veterinary Medicine</u>					
Dai, Rujuan	Research Scientist - Rstr	Biomedical Sciences & Pathobiology	13-Jul-05	100	\$ 45,000
Karpuzoglu-Sahin, Ebru	Postdoctoral Associate - Rstr	Biomedical Sciences & Pathobiology	25-Sep-05	100	\$ 35,000
<u>Vice President for Research</u>					
Burnett, Roger	Sr Project Associate	Research/Interdisciplinary Program Administration	25-Aug-05	100	\$ 100,000
De Vita, Rafaella	Postdoctoral Associate - Rstr	Interdisciplinary Center for Applied Mathematics	1-Aug-05	100	\$ 35,000
Jinschek, Joerg	Research Assistant Professor - Rstr	Institute for Critical Technologies and Applied Science	10-Aug-05	100	\$ 67,500
Shelton, Jason	Project Associate - Rstr	Center for Geospatial Information Technology	23-May-05	100	\$ 43,000
Tiwari, Binod	Postdoctoral Associate - Rstr	Center for Geospatial Information Technology	1-Oct-05	80	\$ 25,000
Wade, Melissa	Project Associate	Research/Interdisciplinary Program Administration	13-Jun-05	100	\$ 46,000

Continued

**SPECIAL RESEARCH FACULTY*****NEW APPOINTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Vice Provost for Outreach</u>					
Billian, Bruce	Research Associate - Rstr	JOUSTER.IALR	13-Jun-05	100	\$ 60,000
Stich, Bethany	Senior Research Associate - Rstr	University Transportation Fellow	16-Jul-05	100	\$ 52,800

**SPECIAL RESEARCH FACULTY*****ADJUSTMENTS***

NAME	TITLE	DEPARTMENT	EFF DATE	% APPT	ANNUAL RATE
<u>Agriculture &amp; Life Sciences</u>					
Cutlip, Melanie	Project Associate - Rstr	Human Nutrition, Foods, & Exercise	10-Jul-05	100	\$ 38,000
<u>Engineering</u>					
Colbert, Joy	Project Director - Rstr	Aerospace & Ocean Engineering	1-Jul-05	100	\$ 100,742
Dietrich, Carl	Research Assistant Professor - Rstr	Electrical & Computer Engineering	25-Jul-05	100	\$ 60,000
Gu, Yunfeng	Research Associate - Rstr	Chemical Engineering	25-May-05	100	\$ 40,100
Hull, Christopher	Project Associate - Rstr	Center for Advanced Separation Technology	10-Jul-05	100	\$ 46,000
Mao, Shiwen	Research Scientist - Rstr	Electrical & Computer Engineering	25-Apr-05	100	\$ 45,000
Zhang, Fajian	Research Associate - Rstr	Electrical & Computer Engineering	10-Aug-05	100	\$ 29,723
<u>Liberal Arts &amp; Human Sciences</u>					
Carruthers, Maureen	Project Associate - Rstr	Institute for Cultural Policy & Practice	15-Jun-05	100	\$ 37,500
Marek, Lydia	Research Scientist - Rstr	Human Development	1-Jul-05	100	\$ 57,998
<u>Natural Resources</u>					
Barrett, Scott M	Research Associate - Rstr	Forestry	1-Jul-05	100	\$ 46,750
<u>Science</u>					
Han, Nizhou	Research Associate - Rstr	Geosciences	10-Jun-05	100	\$ 14,884
<u>Vice President for Research</u>					
Craig, Anne	Senior Project Associate	The Institute for Critical Technology and Applied Science	25-May-05	100	\$ 85,000
Gibbons, Ronald B	Research Scientist - Rstr	Virginia Tech Transportation Institute	25-May-05	100	\$ 92,697
Hanowski, Richard	Research Scientist - Rstr	Virginia Tech Transportation Institute	25-May-05	100	\$ 112,410
Hickman, Jeffrey	Research Associate - Rstr	Virginia Tech Transportation Institute	16-Jun-05	100	\$ 58,000
Hix, Deborah	Research Scientist - Rstr	Systems Research Center	25-Jul-05	80	\$ 91,280

**RESEARCH AND DEVELOPMENT DISCLOSURE REPORT**  
**April 1, 2005 - June 30, 2005**

<b>Reason for Conflict</b>	<b>Sponsor</b>	<b>Owner</b>	<b>Principal Investigator</b>	<b>Co - P.I.'s</b>	<b>College</b>	<b>Period of Performance</b>	<b>Award Amount</b>	<b>Short Title<sup>(1)</sup></b>
Faculty-owned Business	Nanosonic, Inc.	R. Claus	D. Viehland	No Co-PI	Engineering	Apr 05 - Apr -07	\$24,928	Low-Cost Biodegradable Massive Sensor Networks for Submarine Detection, Phase II
Faculty-owned Business	Nanosonic, Inc.	R. Claus	D. Stilwell	No Co-PI	Engineering	Apr 05 - Apr -07	\$45,000	Low-Cost Biodegradable Massive Sensor Networks for Submarine Detection, Phase II
Faculty-owned Business	Nanosonic, Inc.	R. Claus	G. Brown	No Co-PI	Engineering	May 05 - Feb 06	\$33,000	Target Detection Using a Computationally Efficient Physics-Based Modeling Tool
Faculty-owned Business	Nanosonic, Inc.	R. Claus	D. Stilwell	No Co-PI	Engineering	Jan 05 - May 05	\$8,367	Magnetoelectrical Sensors for Detection and Mapping Applications with uvv's - Phase 1 Option
Faculty-owned Business	Prime Photonics LC	A. Wang	G. Pickrell	No Co-PI	Engineering	May 05 - Aug 05	\$45,000	Assistance with Development of Claddings on Sapphire Fiber
Faculty-owned Business	Panaphase Technologies LLC	K. Ramu	K. Ramu	D. de Wolf	Engineering	May 05 - Oct 05	\$60,892	Design and Control of SRM

<sup>(1)</sup>More detailed information on the subject of the project is available upon request.

## **TRACK AND FIELD BONUS RECOMMENDATION**

In its first season as a member of the Atlantic Coast Conference (ACC), the Virginia Tech Men's Track and Field program had an outstanding year in winning its first NCAA National Championship this past winter in the 35 lb. weight throw competition and in winning the National Championship in the hammer throw competition this spring. The Hokies also participated in the 2005 NCAA Outdoor Championships held at Sacramento State in June and finished in 13<sup>th</sup> place. This finish was the second highest ACC men's team finish at the championships and was also the best team finish of the Hokies track and field program at a national meet.

To recognize the efforts and accomplishments of Coaches Dave Cianelli and Greg Jack on behalf of the Virginia Tech Athletic Program, the university proposes to award them a bonus of \$3,000 each. These bonuses are a one-time award and do not affect base salary. Funds for the bonuses are budgeted within the Athletic Department's budget for post-season play.

**RECOMMENDATION:** That the recommended bonuses for Coach Dave Cianelli and Associate Head Coach Greg Jack be approved.

August 29, 2005

Thank you Mr. Rector. Good afternoon, members of Virginia Tech's Board of Visitors, administration, faculty, staff, undergraduate and graduate student body. It is with great humility, energy, hope and a sense of purpose that I sit here with all of you, poised as we are at the beginning of another academic year.

My humility arises from a real awareness of my responsibility as Faculty Senate president to represent and carry – to the best of my ability – the voices of my colleagues to this table and beyond. The source of my energy is my commitment to and passion for our collective mission and vision, and my awareness that I am surrounded by a group of women and men of enormous dedication, intellect and integrity, sincerely – I believe – committed to making this university all that it can and should be. I have been moved over the last year by this Board's commitment to listen, respond, act and partner with the university community.

My hope and sense of purpose reside in the multiple evidences of growth and change that I have already been privileged to witness in my relatively short time here. This is hard and complex work in which we are all engaged. The very real challenge for all of us is in sustaining our collective commitment to that work. Since I arrived here in the fall of 1999, the Higher Education Restructuring Act passed and is underway. We have created the Commission on Equal Opportunity and Diversity. We have adopted the Standards of Inclusive Policies, Practices and Programs and the Virginia Tech Principles of Community. This fall, we are witnessing the opening of the Graduate Life Center and the continued implementation of the Graduate Education Business Plan outlined a year ago by Dr. DePauw. This Board has approved retirement benefits for part-time faculty, increased base salaries for Instructors, increased promotion stipends, and made initial progress in beginning to raise faculty salaries from the 21<sup>st</sup> percentile among our peer institutions to the goal of 60<sup>th</sup> percentile. It is critical that we sustain our commitment to that objective. The guidelines for dual career hires have been finalized and posted to the web; a child care committee was formed this summer to continue to address the critical challenge of providing affordable, flexible and quality child care for VT employees. We are making progress in rebuilding depleted faculty numbers. And, I am very excited about the plans for the development of the Undergraduate Program of which Dr. McNamee and Dr. Daniel will speak at tomorrow's Academic Affairs Committee meeting.

However, as we all know, there is work to be done.

The preliminary results of faculty exit surveys conducted last year, the Advance survey of all current instructional and research faculty this past spring (combined with the more qualitative data from a series of five faculty group discussions with approximately 60 faculty members from across the campus) will provide us with a path. We must pay attention. We must communicate and collaborate. We must respond to the very real challenges of work/life balance faced by educators and their institutions nationwide. To do so is not to make compromises; to do so is to invest in our future. This is an extraordinarily hard-working, dedicated and distinguished faculty, staff and administration. We need to take care of this, our most valuable resource and asset. The beauty of it is that to take care of our people is to take care of our institution.

We need to be concerned about sustainability and resources – human, financial and physical. We need to create conditions in which the intellect and creativity of our faculty and our students is given opportunity to thrive. All great teaching and learning involves research, service and outreach. And all great research involves teaching and learning. Our missions of teaching, research, outreach and service are inextricably intertwined. We need to continue to find ways to recognize, support and develop the unique work and contribution of each and every member of our community. Diversity is not a problem to be solved. Diversity is a gift, a strength, which we *must* honor.

In the meantime, there are those countless and largely invisible moments happening across this campus every minute which are emblematic of that for which we all strive. These are moments which do not show up on an Annual Faculty Activity Report, a student's grade report, or in a news release. These are the countless hours of dialogue, debate, discovery and dedication which are occurring in classrooms, laboratories, hallways, studios, sidewalks, administrative offices and rehearsal halls, among and between administrators, students and faculty. The light of understanding that flashes across a student's face. The student who dares to speak up in a classroom of 500, or who stops a professor on a sidewalk or in the grocery store having made some wonderful point of connection between his personal experience and what was just the subject of a lecture; the alumna who emails her former professor ten or fifteen years later to say thank you, or who has become a professor, and says she uses what she learned here every day with her own students. I could go on and on, but I know everyone here has been part of those invisible moments.



I look forward to another productive year of collaboration and partnership with all of you.

Thank you for your time.

**Address by the Graduate Student Representative to the  
Virginia Tech Board of Visitors: Navin Manjooran, on August 28<sup>th</sup>, 2005**

**Handouts:**

1. Graduate Life Center brochure
2. Graduate student planner
3. Graduate Life Center–Speaker Series September schedule

Thank you Mr. President, Mr. Rector, Members of the Board, Ladies and Gentleman.

**Introduction**

Where did summer go? It feels like only yesterday when I was making plans for the entire summer. But, as they say all good things do come to an end and with classes having started earlier this week, the graduate students are eagerly looking forward to an exciting year ahead.

Since this is my first constituency report, I thought I might start by introducing myself. My name is Navin Manjooran and I come from a beautiful small town in southern India called the queen of the Arabian Sea–‘Cochin’; which is the major city in the state nicknamed, God’s own country–‘Kerala’. With a hundred percent literate English speaking population of about 1.6 million, Kerala is one of the most prosperous states of India [though it has not yet really cashed in on outsourcing or the boom in the computer industry].

After obtaining my bachelors degree in Metallurgical Engineering from the National Institute of Technology, Warangal, India, I went on to pursue my masters degree in Materials Science and Engineering at the University of Florida, Gainesville. I am currently pursuing my doctorate in Materials Science and Engineering with Dr. Gary Pickrell. In my spare time I play a lot of tennis and golf. I also like to quiz, read, sail, water-ski and dance.

Before I get started narrating the experiences of graduate students in summer and their problems, I would like to congratulate Marcus Ly, who held this position last year, on his outstanding dedication and commitment to serving the needs of fellow graduate students. Thank you Marcus.

**Activities**

During the past spring and summer I met with president Steger, provost McNamee, vice president Dixon, vice provost Ford and several times with vice provost and dean DePauw. We discussed a few graduate issues and the activities I have planned for the year. We decided to schedule regular meetings all through the year. I have been in regular contact with the president of the Graduate Student Assembly, Stephen Kalista, and leaders from the graduate and undergraduate student organizations. I plan to work closely with them during the year. Over the months I have interacted with about 450-500 graduate students.

Over the course of the year I plan to introduce many of the graduate students to members of this board and university administrators. President Steger has graciously offered to continue

with the luncheons he has been hosting with graduate students in the past. I am also working with Kim to see if we can schedule breakfasts or lunches with both members of this board and graduate students in the November and March meetings.

Earlier this summer I attended Virginia's second annual Board of Visitors student representatives retreat organized by Old Dominion University at Norfolk, Virginia. This was an excellent opportunity to meet fellow BoV student representatives and discuss activities and issues at their universities. I would like to thank the graduate school for having provided me the resources to attend this event. President Steger has kindly offered to host this retreat at Virginia Tech next year. Jennifer and I will be working on the logistics to make this happen in the coming months.

The past summer has been very eventful for graduate students. In July we had a summer wine-tasting session and it seems like graduate students do like to discuss a lot of issues after a couple of glasses of red merlot! This event has been a big hit among graduate students. Many more of these sessions are being planned during the year. In summer we had graduate students participate in the VT stars, C-TECH<sup>2</sup> and GAMES<sup>2</sup> summer community service opportunities. Also over the summer many graduate and undergraduate students worked closely with the office of the vice president for multicultural affairs, informing and distributing plaques on the Virginia Tech Principles of Community to university administrators. Over the course of the year, I plan to work closely with different student organizations in making sure that these principles are implemented and all graduate students are made aware of them. Earlier in summer, our VT women's table tennis team, which comprised mainly of graduate students, brought home the national collegiate team title. This is the first national title in any Olympic sport for Virginia Tech! In May, we had our nationally ranked Virginia Tech men's table tennis team, that comprised mainly of graduate students too, win the 2005 Virginia state tournament. With the assistance of the graduate school, I have also been working on giving the BoV student representative website a new look. The url is [www.bovgradrep.grads.vt.edu](http://www.bovgradrep.grads.vt.edu) and it lists names of the previous representatives. Their pictures, a brief write up on them and their contact information will be updated in the coming months.

The fall semester orientation conducted by the graduate school, went very well and was appreciated by the incoming graduate students. The graduate ambassador program started last year helped incoming graduate students to feel at home and answered many of their queries. The Virginia Tech Principles of Community bookmarks and graduate student planners were also presented to the students. I have distributed copies of the graduate student planner to all of you too. I did make a couple of oral presentations at the international student orientation and the graduate school orientation informing students about the Board of Visitors and how they can get in touch with me. We also had a couple of luncheons for incoming graduate students to interact with dean DePauw, Stephen Kalista and myself that were sponsored by the graduate school. The orientation week ended with a graduate students cookout sponsored by the graduate school and GSA. Moreover with dean DePauw graciously offering me an office at the Graduate Life Center, graduate students should be able to have easy access to their graduate student representative to the Board of Visitors.

The graduate students are really excited about the Graduate Life Center and are eagerly looking forward to making the most of its resources once renovations are complete. I have distributed the Graduate Life Center brochure that was prepared by the graduate school to this audience as well. The speaker series, planned at the GLC every Friday from 4 pm to 5:30 pm followed by a 'TGIF' promises to be a cross-border academic and social graduate community building event where graduate students, faculty and university administrators can interact and socialize. As a part of the Speaker Series committee we are working on inviting Jorge Cham of PhD comics for an invited presentation in November. Feedback from surveys show that graduate students are eagerly awaiting this event. I have also distributed the September schedule for the Speaker Series to this audience. The graduate students are also looking forward to the board to facilitate a tour of the Graduate Life Center during the November meeting, if possible. Over months of interactions with graduate students, I have been able to shortlist few key issues that concern them.

### Issues

The key issues that I would like to focus over the year are (1) Affordable family student housing (2) Multi-year funding and (3) Summer status

I would like to share a quote with the board that I heard from a VT faculty member this summer. It reads: "We lost a married graduate student who was planning on working full-time for his PhD and supporting his family and two kids-a five year old and a three year old. He had a 4.0 GPA and had tremendous potential to conduct cutting edge research. He had to avoid coming to VT as he couldn't afford it. He couldn't pursue his first choice, but he couldn't afford to pursue a graduate degree otherwise." In spite of Virginia Tech achieving greater heights in research, to attract and retain outstanding graduate students, affordable family student housing is essential. The cost of living is an important factor in choosing which graduate program to apply to and enroll in. For comparison, University of Florida, a peer land grant university has five graduate villages at affordable rates for graduate students! We are definitely losing out on a large number of really bright students because of the absence of affordable family student housing. These students cannot afford to pursue their first choice, but they cannot afford to pursue a graduate degree otherwise.

Multi-year funding is an important concern for graduate students. Many graduate students doing their Masters or PhD sign contracts for their assistantships every semester and are under pressure to perform in that semester. They are not sure until the end of the semester if they are going to receive assistantships the following semester. This hinders with their academic progress and they live and conduct research in the fear of not making the assistantship. I have heard cases wherein graduate students are on part-time assistantships and are made to work extra in the hope that they will be granted assistantships the following semester. Insecurity in funding is a dangerous and scary proposition for graduate students. The graduate students look forward to this board to address this issue by having students sign two or three year contracts towards their academic degree.

The status of graduate students in summer is also a concern for many graduate students. In summer graduate students are removed from the university telephone and address directories,

they are not entitled to use the university gymnasium or the health center; they are not allowed to download free university software etc. Coverage for accidents that may happen at University laboratories and facilities to graduate students in summer is also a grey area. Graduate students are looking forward to this board to clearly define what the status of graduate students in summer exactly is?

### **Conclusions**

The graduate students are looking forward to an exciting year ahead and they are looking forward to this board to address their key issues. On my personal front, I am excited about the upcoming year and the challenges and obstacles that may come along.

Before I end, I would like to thank my faculty advisor Dr. Gary Pickrell and the Materials Science and Engineering department graduate coordinator, Professor William Reynolds Jr. for their continued motivation, support and encouragement to apply for this prestigious position. They are truly two of the finest faculty I have ever interacted with. I would also like to thank Professor David Clark, my department head for his continued support. MSE is truly an exemplary department and I am proud to be a part of it.

Lastly, thank you for listening. It was my pleasure to be here and I look forward to getting to know this Board.

Thank you

**Navin Manjooran**

**<http://www.bovgradrep.grads.vt.edu/>**

Graduate Representative to the Board of Visitors

PhD Candidate, Materials Science and Engineering

Virginia Tech

23A, Graduate Life Center at Donaldson Brown-0186

Blacksburg, Virginia 24060

(cell) 540 467 6860 (fax) 540 231 3554

(office) 540 231 3626 (lab) 540 231 3899

This week new and returning students reluctantly began their classes. At freshmen orientation I had a chance to meet with some of our new students, most of the freshmen concerns seemed to center around fitting in, adjusting, and making it on their own in college. This week I witnessed most of these fears subside. New students are adjusting well to undergraduate life at Virginia Tech.

The concern of most freshmen, returning students, and their parents has been the price of textbooks. This week the Collegiate Times reported that the prices have almost doubled on textbooks. Textbook prices have risen so much that some students have decided to buy few or none of the textbooks that they need, deciding to either borrow from a friend or classmate or do without and hope to get by. Many students buy their textbooks online instead of at our bookstores only to find that many of their textbooks will not arrive in time to meet class deadlines. Some students are aware that rises in textbook prices are not a result of any action by the school, others believe the school can control the problem but has chosen not to, most students expect the administration to address the issue and find some way to alleviate the problem. Last year students worked with lobbying organizations to change the code of Virginia so that textbooks used at the university were publicly listed. In accordance with that change a resolution has been written to assure its implementation, I urge you to adopt such a resolution. It is my opinion that doing this will show a willingness of the Board to address textbook issue.

This week I have also heard concerns from returning students about the increase of student fees. Most students attribute lack of funding as the source behind these increases but are frustrated by them. In particular they are frustrated by the increase of student fees without an statement by the administration as to what the increases will help to pay for. Students would like to be more aware of what their money is being spent on and the university should do more to make students understand these increases.

Another concern for many of our commuter students is commuter parking, this week parking and traffic has been extremely difficult. The traffic circle that was developed is useful but confusing to most student drivers and is temporarily causing traffic backups. Students are frustrated by the parking situation but are unsure of what solution if any will solve the problem. Recently I have seen more of effort by students to take the Blacksburg Transit, however, many students still desire to park on campus and endure long waits to obtain a parking spot, making those students late for class even when they leave well in advance. Students would like to see the administration review this ongoing problem.

Over the last couple of months the multicultural affairs office, the commission on equal opportunity and diversity, graduate and undergraduate students, as well as various departments and administrators, have distributed and made students, faculty, and staff aware of the Principles of Community adopted by this Board last spring. I am happy to report that so far their efforts have been successful. Many groups and individuals have developed unique ways to assure the principles' success. Items such as a how to guides, power points, and presentations have been developed; I have some of these items with me tonight. New students and International student were introduced to the principles during orientation. The principles have been featured recently in a front-page article in the Collegiate Times. I have also witness administrators and faculty incorporate these principles in their speeches and talks with students and visitors to this school. Currently

new and innovative ideas are being developed to assure the Principles of Community's success.

This year Navin and I are working closely and developing ideas to assure Virginia Tech's research goals are successful. We hope to bridge the gap between undergraduates and graduates students by closely working together and giving undergraduates and graduates an opportunity to work together to achieve their academic and career goals. The primary goal is to make students aware of the research and other opportunities that exist at this school and encourage students to take advantage of these new opportunities. Graduates are fully aware of the advantages of becoming a top thirty-research institution, now it is time to make sure undergraduates are aware of the advantages. Undergraduates need to understand their place in the Research Initiative and understand how these and other goals relate to our status as a land grant university. I believe that once Undergraduates are made aware of this they will not only support the university goals but will find ways to help Virginia Tech reach their research goals.

This year I also hope to be in close contact with student leaders and organizations to assure their voice is heard and the goals and decision of the Board are understood. On Friday the university hosted their annual student organization showcase, I was able to introduce myself to many of the organizations that were present at this event and make plans for continued contact with the organizations. I hope to bring their concerns to the board at a later date. The year is off to a good start and I am confident that undergraduates and the Board will be successful in their endeavors.