

Virginia Tech Board of Visitors Meeting September 24, 2005

Minutes

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MINUTES
September 24, 2005
Special Board Meeting

The Board of Visitors of Virginia Polytechnic Institute and State University held a special Board meeting on Saturday, September 24, 2005, at 12:05 p.m. in the Duck Pond Room at The Inn at Virginia Tech, in Blacksburg, Virginia.

Present

Mr. Michael Anzilotti
Ms. Beverley Dalton
Mr. Ben J. Davenport, Jr.
Mrs. Michele Duke
Mr. Robert L. Freeman, Jr.
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

Absent

Mr. L. Bruce Holland
Dr. Hemant Kanakia

Also present were the following: Dr. Charles Steger, Mr. Ralph Byers, Dr. Karen DePauw, Dr. Ben Dixon, Dr. John Dooley, Dr. Brad Fenwick, Dr. David Ford, Ms. Laura Fornash, Ms. Kay Heidbreder, Dr. Lisa Wilkes, Mr. James Hyatt, Dr. Pat Hyer, Dr. Zenobia Hikes, Mr. Kurt Krause, Dr. Mark McNamee, Ms. Kim O'Rourke, Mr. Mark Owczarski, Ms. Ellen Plummer, Mr. Dwight Shelton, Ms. Sandra Smith, Mr. Sumeet Bagai, faculty, staff, students, guests, and reporters.

The meeting was called to order by Rector Davenport.

President Steger made an announcement about a significant commitment the university is making to provide additional financial aid to students. The creation of the Virginia Tech "Funds for the Future" fulfills the desire of the university to assure that any Virginian who is offered freshman admission to Virginia Tech will not be prevented from attending because of his or her financial circumstances. A copy of the press release was distributed. (Copy is filed with the permanent file and marked Attachment A.)

President Steger gave a brief history of the restructuring legislation. It is clear that in order to move Virginia Tech and other institutions of higher education in Virginia forward, significant additional investments are going to be required. However, Virginia is facing significant increases in costs for healthcare, transportation, criminal justice, and the environment. Given this enormous demand on tax dollars, little is left for other purposes.

Originally, Virginia Tech, William and Mary, and the University of Virginia sought a way to institute greater efficiency in the management of the enterprise that would enable the dollars saved to be reinvested back into the core academic mission. For example, if the timeline for a construction project could be reduced by 9-12 months by managing it locally and financing it in a bond market, perhaps 10 percent could be saved on the project, which translates into real dollars. The essence of the entire process is to achieve administrative efficiency. As information was shared to help people understand what is trying to be achieved, other institutions in Virginia also sought greater flexibility. As a result, differing levels of deregulation were considered for the different types of institutions in Virginia. As the discussions evolved, some amendments were made to the proposed legislation. One proposal by the Chairman of the Senate Finance Committee, Senator Chichester, resulted in the requirement for an academic plan.

Today, the Board first will consider a resolution to authorize the university to submit the enrollment plan, the academic plan and the financial plan to Richmond. The legislation requires that the financial plans be developed under two distinct scenarios, one an extreme scenario assuming no new general funds, and the other an optimistic scenario assuming general funds at 44 percent. The scenarios provide some boundary conditions for planning purposes, but the reality will probably fall somewhere in between the optimistic and extreme scenarios. He clarified that the Board is not being asked to set tuition at this meeting; that will occur as usual at the March meeting.

Second, the Board will consider a resolution that attests to Virginia Tech's ability to manage its administrative and financial operations successfully as an institution with the highest level of autonomy granted under the restructuring act.

Further, the legislation specifies that in return for being granted greater autonomy, the universities will be expected to carry out functions that are very important to the future of Virginia. Of particular interest are: 1) Strengthening ties with K-12; and 2) providing greater economic development assistance to specific regions of Virginia.

President Steger shared that a letter outlining what has been said was mailed on Thursday to all families of all in-state Virginia Tech students to give them a sense of why this is being done and what is likely to happen.

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Mr. Davenport called for a motion in support of the first resolution. The following resolution was moved by Mr. Lutz, seconded by Mr. Robertson and approved unanimously. (A copy is attached for the permanent file and marked Attachment B.)

**Resolution Approving The Six-Year Enrollment Plan,
Academic Plan, and Financial Plan**

That the resolution regarding approval of the enrollment, academic and financial plans be adopted.

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Mr. Davenport called for a motion in support of the second resolution. The following resolution was moved by Mr. Thompson, seconded by Mr. Lutz and approved unanimously. (A copy is attached for the permanent file and marked Attachment C.)

**Resolution Attesting to Virginia Tech's
Ability to Operate as a Covered Institution**

That the resolution regarding the University's ability to operate as a covered institution be adopted.

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The six-year Academic Plan is attached for the permanent file and marked Attachment D.

The six-year Enrollment Plan is attached for the permanent file and marked Attachment E.

The six-year Financial Plan is attached for the permanent file and market Attachment F.

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Ms. Duke asked that the Board go on record as commending President Steger for demonstrating tremendous leadership capabilities in collaborating with the presidents of the other two flagship Virginia universities in initiating this restructuring act, which is viewed as a historic piece of legislation, not only in the Commonwealth, but around the nation. Mr. Davenport made a motion to this effect. It was seconded by Mr. Lutz and approved unanimously by the Board.

Mr. Davenport added that it is sometimes easy to take for granted the leadership that this university provides to the commonwealth and the rest of the nation. He noted that it is great to be associated with a group that has a mindset to seek innovative solutions to overcome constraints. President Steger's leadership has allowed this to happen.

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Mr. Sumeet Bagai presented each Board member with an Orange Effect game day shirt.

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

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The meeting adjourned at 12:23 p.m.

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Virginia Tech announces “Funds for the Future” program to offset tuition increases for students from low and moderate income families

BLACKSBURG, Va., Sept. 24, 2005 – At a special meeting of the Virginia Tech Board of Visitors held Sept. 24 in Blacksburg, Virginia Tech President Charles W. Steger announced the creation of the “Funds for the Future”—a landmark financial aid program that will maintain the affordability of a Virginia Tech education to Virginia students from low and moderate income families.

Under the program, Virginia students with family incomes below \$30,000 will not see their tuition and mandatory fees increase during their four years at Virginia Tech. Students from families earning between \$30,000 and \$75,000 will receive varying levels of financial support, depending on family income levels, that will reduce the impact of tuition and fee increases.

Almost one-third of all Virginia undergraduate students enrolled at Virginia Tech will benefit from this program. It is estimated that approximately 1,800 Virginia Tech students will receive full protection from tuition and fee increases when the program is implemented next year.

Funding for the program will come from both public and private sources. To provide increased support for financial aid, the university estimates that it will increase its commitment to undergraduate student financial aid by approximately \$14.4 million by 2011-12.

The university will develop a similar program for undergraduate students from outside Virginia, to address the increasing costs assigned to out-of-state students and to maintain the geographic diversity of the student body.

“Even though Virginia Tech has the lowest total cost of any four-year institution in Virginia, it is essential that we continue to do everything we can to keep a Virginia Tech education affordable to students from families with low and moderate incomes,” said Steger. “Inevitably, tuition will

rise due to increased costs and the critical need to preserve our high quality educational programs. That's why it is important to make this commitment to our students from low and moderate income families that the impact of tuition and fee increases will be minimized."

"My fellow board members and I are pleased with this innovative approach to protect our students from tuition and fee increases," said Ben Davenport, Rector of the Virginia Tech Board of Visitors. "Virginia Tech is an exceptional value in higher education, but we want to make sure that we do not end up pricing our institution out of the range of deserving students from low and moderate income families. 'Funds for the Future' goes a long way toward addressing this issue. As the financial requirements of this program grow over time, we must remain vigilant and increase our efforts to raise private funds for this program."

The program will apply to all students receiving financial aid. Students who are not receiving financial aid but who might benefit from the program will be asked to contact the Financial Aid Office and complete the Federal Application for Student Financial Aid (FASFA) form.

The program will be fully implemented for the 2006-07 academic year.

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**RESOLUTION APPROVING THE SIX-YEAR ENROLLMENT PLAN,
ACADEMIC PLAN, AND FINANCIAL PLAN**

WHEREAS, the Restructured Higher Education Financial and Administrative Operations Act requires the University to develop an enrollment plan, an academic plan, and a financial plan each covering a six-year period; and

WHEREAS, Virginia Tech has prepared these plans in accordance with the requirements of the Restructured Higher Education Financial and Administrative Operations Act and guidelines prepared by the State Council of Higher Education;

NOW THEREFORE BE IT RESOLVED, that the Virginia Tech six-year enrollment plan, academic plan, and financial plan be approved.

RECOMMENDATION:

That the Resolution regarding approval of the enrollment, academic and financial plans be adopted.

**RESOLUTION ATTESTING TO VIRGINIA TECH'S
ABILITY TO OPERATE AS A COVERED INSTITUTION**

WHEREAS, the 2005 General Assembly passed HB 2866 and SB 13277 known as the Restructured Higher Education Financial and Administrative Operations Act, as amended by the Governor; and

WHEREAS, by separate Resolution the Board of Visitors has committed to the Governor and the General Assembly to meet the state goals as specified in Chapter 4.10, Section 23-38.88 B of the Act; and

WHEREAS, the Act includes a provision titled Subchapter 3, Alternative Authority for Covered Institutions (§23-38.91, et seq.), which sets out the requirements for a public university or college of the Commonwealth to gain the greatest degree of authority over financial and administrative operations, subject to certain accountability, audit and reporting measures specified by the General Assembly of Virginia;

NOW THEREFORE BE IT RESOLVED, that it is the sense of the Board of Visitors that Virginia Polytechnic Institute and State University is qualified to be, and should be, governed by the authorizations and requirements set forth in Subchapter 3 and as may otherwise be prescribed by applicable law; and

BE IT FURTHER RESOLVED, that the Board of Visitors of the University attests to the ability of Virginia Polytechnic Institute and State University to manage successfully its administrative and financial operations without jeopardizing its financial integrity and stability; and accordingly authorizes the University President to submit to the Governor a written request for the University to be governed by Subchapter 3, providing a copy of such written request to the Chairman of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Finance, and the Senate Committee on Education and Health. The University's request shall be supported by the documentation called for by §23-38.97 of the Virginia Code, including documenting the University's expertise and resources to perform successfully its public educational mission and setting forth its performance and accountability standards; and

BE IT FURTHER RESOLVED, that it is the desire of the Board of Visitors that the Virginia Cooperative Extension and Agricultural Experiment Station Division be included in and benefit from the same financial and managerial authority as may be granted to the University according to the terms of the approved management agreement and the Act.

RECOMMENDATION:

That the Resolution regarding the University's ability to operate as a covered institution be adopted.

STRATEGIC PLAN NARRATIVE

RESTRUCTURING PLAN FOR HIGHER EDUCATION VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Introduction

As Virginia's senior land-grant university, Virginia Tech is a community of scholars committed to the creation, preservation, transmission, advancement, and use of knowledge by means of rigorous intellectual inquiry. The successful transmission of knowledge requires a commitment to the continuous personal growth of present and future generations of students at every level. Growth—intellectual, aesthetic, social, and moral—results from, contributes to, and persistently improves debate and conclusions in the academic arena. A commitment to lifelong learning and inquiry within and outside the university community guarantees continued growth and secures societal benefits of ever advancing knowledge. The application of this knowledge finds its ultimate and highest achievement in service to society.

A major goal for Virginia Tech is to achieve a standard of world class excellence emphasizing quality, innovation, and results. To be successful in enhancing its state, national, and international impact, the university will have a cluster of programs that are considered to be among the best in the world. Sustaining this level of excellence requires a high level of investment. Quality is as crucial as scale of activities. As such, one of Virginia Tech's goals is to be among the top research universities in the nation. These institutions possess a critical mass of resources and have research programs growing at an above average rate. Universities with large-scale research programs are able to quickly take advantage of emerging opportunities. They also have the ability to assume greater risk and achieve a greater potential for substantial return on investment.

Virginia Tech is aggressively repositioning its research programs to align with major sources of funding in areas of special interest to the faculty and which address the special needs of Virginia. In addition, we are modifying our management and organizational structure to be more responsive to large-scale opportunities and to better interface with both the public and private sectors. One of the objective indicators of competitive research activity is annual sponsored research funding. Consequently, achieving Virginia Tech's goal will encompass significant increases in externally funded initiatives.

While growth in sponsored research is a critical component in achieving institutional goals, it is not sufficient in its own right. Virginia Tech expects and supports an overall increase in scholarly productivity in all departments in the three mission areas of teaching, research, and service. To move ahead, the university must strengthen core academic programs, develop innovative interdisciplinary research and degree programs, and attain a significant global presence. Moreover, our obligation remains to foster education of the whole student, to instill a set of ethics and values that provide a foundation for productive citizens in our democratic society. All of these goals require us to recruit, support, and retain faculty and staff members of the highest quality, and to recruit and educate a diverse and talented student body.

The Restructuring Plan will enable Virginia Tech to provide necessary resources for many of the university's future initiatives. The institution's financial plan is dependent upon the commitment of state resources through the base adequacy funding model.

A Vision for Virginia Tech

A Sense of Self

The complexities of modern society demand, more than ever, the enabling tools of a college education. Research universities such as Virginia Tech are connected to mainstream societal issues more than ever before. Indeed, the modern American university, especially a land-grant, public research university with its threefold mission of teaching, research, and outreach, represents a crucial thread in the fabric of American culture.

We are mindful of the key role the university plays in the development of productive citizens and future professionals in an increasingly diverse state, of the contributions of our faculty and students to the generation of new knowledge, and of our impact on multiple levels of community and society. In an era where information empowers and where ideas and innovation are the raw materials of the information economy, Virginia Tech's demonstrated capabilities indicate relevance and value of the highest order.

At the heart of our mission is the creation and dissemination of new knowledge that will benefit society. The distinction between basic and applied research has become more blurred and Virginia Tech recognizes its bias toward the beneficial use of knowledge. A "Putting Knowledge to Work" philosophy is manifested in the Cooperative Extension tradition of transforming campus discoveries into practice. Further, new areas of scientific investigation are interdisciplinary in nature and the processes of discovery, scientific inquiry, and scholarship inform all aspects of the educational enterprise.

The Virginia Tech Culture

In order to achieve a position of educational leadership, Virginia Tech fosters an atmosphere of intellectual excitement among faculty, staff, and the greater university community. We challenge students, including undergraduates, to pursue the discovery of new knowledge. We value the contribution of research and scholarship to the instructional process. We believe there is a linkage between the excitement of the classroom and the excitement of "Eureka." We recognize that academic inquiry fuels creative scholarship, which in turn energizes the intellectual atmosphere of the classroom and the learning process.

We value the ability to educate the whole person. Through the undergraduate residential learning experience, students have opportunities for leadership and community service. They discover the value of responsibility, self-discipline, community service, and understanding of others. It exposes students to new cultures, social diversity, and new ways to see the world around them. We value heuristic education, which demands that students learn by doing in the classroom, on the job, or through service.

In recent years, outreach and public service have transitioned from simply providing off-campus coursework to our students. Virginia Tech now includes more robust student services as well as a dynamic exchange of knowledge that is used to strengthen individuals, communities, businesses, and even whole economies. Outreach programs enrich and expand the reach of our teaching, research, and public service programs. Today, Virginia Tech is an economic development catalyst. The university welcomes that responsibility. Virginia Tech aggressively pursues the commercialization of patents. Through the Corporate Research Center, we promote entrepreneurial activity either among faculty or those wishing to engage faculty. The university encourages faculty/industry relationships. Faculty members maintain sensitivity to real-world problems and advancements and develop networks for student opportunity. These activities

address real-world problems, lead to major research advancements, and develop important networking for student opportunities.

A Vision for the Future--Transformation

While our vision of tomorrow is an extension and reflection of today's vision, a major expansion of the research enterprise is necessary to become one of the nation's leading universities. Our strategy for strengthening the academic enterprise and challenging inquiring minds is based on the notion of the relevant land-grant university. However, in order to grow and remain viable, we envision new ways of program delivery, innovative strategic partnerships, and creative financial support. Virginia Tech is in a period of transformation and welcomes the challenge.

This vision to become one of the leading world universities will be reached through:

- Achieving greater eminence and international prominence in science, technology, engineering, and agriculture, while building recognition in the social sciences, business, education, arts, and humanities.
- Developing an appreciation of other cultures by expanding global focus in and out of the classroom.
- Achieving the highest level of technological literacy for our students and faculty through innovative and individualized, computer-based instruction and networking.
- Fostering leadership and the notion of service among the entire university community.
- Continuing to nurture the residential college experience within the greater university.
- Recognizing that diversity of peoples enriches the learning experience. We will seek a campus climate welcoming to all. We will increase underrepresented groups among our students, faculty, and staff, and will embrace our recently enacted "Principles of Community" as a guiding light for progress.

Our vision for the future is simple: we will continue to do things that matter and that have a profound impact on our changing world – whether it is in the classroom, the laboratory, or a village in a developing country. Virginia Tech will strive for scholarly excellence in the domains of Undergraduate Education, Graduate Education, Research, and Outreach and International Programs. Each will serve as guides to a prosperous and sustainable future.

Scholarship of Undergraduate Education

Virginia Tech enrollment projections indicate an increase of 1,000 in-state students by 2012 to a total of 22,500. Articulation agreements with all campuses of the Virginia Community College System (VCCS) will accommodate additional transfer students as the major pathway for growth. This approach is a cost-effective method to address enrollment demand in the Commonwealth. The enrollment projection includes the additional in-state freshman students necessary to sustain a freshman class of 5,000 approximately students diverse in gender, race/ethnicity and state geographic region. The current undergraduate mix of 70 percent in-state and 30 percent out-of-state students provides an excellent balance among academic competitiveness, student diversity, and financial necessity. A significant challenge will be the need to obtain additional resources for student financial aid so that high quality students throughout the state will have access to Virginia Tech regardless of family income.

The university's core curriculum/general education program is under intense review by faculty and administration. Our aim is to provide a distinctive academic experience. Recent recommendations to the University Provost from the core curriculum steering committee will be implemented over the next six years. Among the recommendations is the development of a

University Center for Undergraduate Education. The Center will combine existing departments of University Honors, University Studies, and the Center for Excellence in Undergraduate Teaching. Enhanced emphasis will be placed on learning outcomes assessment, academic program review, first-year student initiatives (e.g., Common Book initiative), academic support programs, university advising, e-portfolios, and capstone undergraduate programs (e.g., undergraduate research, service learning, and international study).

Base adequacy funding and tuition increases will enable the replacement of 120 teaching faculty lost during past state budget revisions. The benefit to undergraduate and graduate education will be to restore previously reduced course offerings, to stabilize class sizes, and to respond to the need for new course offerings. New revenues will also enable us to support capital projects for improved instructional classrooms, to develop new academic programs in emerging areas and in critical, high demand areas (e.g. engineering), and to ensure timely graduation scenarios.

Scholarship of Graduate Education

Nationally, graduate education is in the throes of reinvention as it moves towards broader professional preparation for a variety of careers, seeks to admit larger numbers of qualified students from a diverse pool of applicants, and develops a model of inclusive practices that will attract the very best and brightest. Virginia Tech will remain in the forefront of a national movement to transform graduate education. In doing so, Virginia Tech will enhance the preparation and better equip its graduate students with knowledge and skills for meaningful and relevant contributions to 21st century education, health, and industry.

To achieve this goal, Virginia Tech has planned growth in PhD enrollment. The goal of adding 900 new doctoral students over the period of the next six years (for a total of 2600) will be a function of resources from sponsored research, private support, and the university budget through base adequacy funding. Modest growth in off-campus graduate programs will be in response to meeting business and industry continuing education requests and doctoral degrees to support the educational needs of the Commonwealth's K-12 faculty. These enrollment projections reflect some additional program majors, primarily reflecting the current trend of collaborative interdisciplinary research.

The foundation of graduate enrollment growth will be ongoing efforts to enhance financial resources in support of learning and research in graduate education. The centerpiece of this initiative will be the new Graduate Life Center at Donaldson Brown designed to foster a living and learning community. This unique center will provide residential living arrangements, house graduate school administrative and student organization offices, sponsor educational and social programming, and offer social spaces to encourage informal relationships. In total, the center will create a friendly environment to encourage an interdisciplinary graduate education community. Virginia Tech will also continue to advance support for graduate students through growth in assistantship opportunities, moving towards funding 90% of student health insurance premiums, and offering competitive stipends.

Research and Creative Scholarship

Virginia Tech is committed to grow as a major research institution. Achieving this goal and eventual recognition as a member of the Association of American Universities (AAU) requires the commitment to grow both our sponsored research activities and other indicators reflective of excellence in research scholarship across a broad spectrum of disciplines. In addition to the

NSF-reported research dollar expenditures, the university will encourage the recruitment and development of increased numbers of faculty who are members of one of the National Academies, to increase numbers of national awards for research and scholarship, and to enhance both the numbers and quality of publications/presentations by our faculty. The research engine of the university must also play a role in outreach to industries of the commonwealth and assist in both regional and statewide economic development.

Virginia Tech is committed to develop new research programs which address national needs and present fertile grounds for expansion of extramural funding for the future. Two major institutes have been initiated in the past year and will represent significant new efforts over the coming 5 to 7 years. First, the Institute for Critical Technology and Applied Science (ICTAS) will address the emerging needs in nanotechnology, computational sciences, biomedical engineering and other areas that build upon our core strengths in engineering and physical sciences. Second, the Institute for Biomedical and Public Health Sciences (IBPHS) will address the desire of the university to advance biomedical research with a focus on support from the National Institutes of Health. Initial areas of emphasis are infectious diseases, and food, nutrition and health. IBPHS provides a focal point for expanded research activity in agriculture, veterinary medicine, biomedical and the life sciences. Both ICTAS and IBPHS complement established research institutes, such as the Virginia Bioinformatics Institute and the Virginia Tech Transportation Institute. Each of these institutes is expected to generate more than \$10M per year in sponsored research expenditures. A third institute, currently in development, will enhance scholarship in the fields of arts, humanities, and social sciences. This institute, organized around the theme of Society, Culture and Environment, will provide a venue to energize and support scholarship in areas where traditional extramural funding is not as abundant as science and engineering.

Success in these new initiatives, along with continued growth of our current research enterprise at a rate approaching 10% per year, will be required for Virginia Tech to reach its research aspirations in the coming 7 to 10 years.

Base adequacy funding is essential to extending the research enterprise at Virginia Tech. The ability to offer competitive salaries to tenure-track faculty (using the 60th percentile of our SCHEV peer group as the goal) will enable us to attract and retain the best faculty to support both outstanding education for our students and vigorous research programs which will focus the national spotlight on Virginia. High quality research faculty and the work they do fuel the educational missions through innovative instruction, advanced equipment, and cutting-edge knowledge to educate our students for the future. Base adequacy will also be essential for Virginia Tech to meet increased space and staff needs to support this research enterprise. Without rapid expansion of high quality research and educational facilities, Virginia Tech can not continue to compete with other major research universities for high quality faculty and students.

Scholarship of Outreach and International Programs

As a land-grant university, Virginia Tech has a unique role and responsibility to connect the discoveries of its classrooms and laboratories for the economic and social benefit of citizens of the Commonwealth and people around the world. Through the active engagement of faculty expertise in applied research, teaching, and service, the university will pursue the following Outreach and International Affairs priorities:

- Develop and implement strategies that enhance Virginia Tech research activities as drivers for economic and community development throughout the state. The university will continue

to support the Southside Virginia initiative and the outreach/research programs at the Institute for Advance Learning and Research in Danville, recently honored with a regional Innovator Award by the Southern Growth Policies Board. The university will also seek additional community partnerships to transport promising practices learned through the Southside initiative, especially centers of distributed research, to other areas of the Commonwealth, particularly regions experiencing economic distress.

- Work with faculty, staff and students to expand continuing and professional education programs that shape a public agenda and/or respond to identified needs in business, industry, government, and communities. One example of the university's commitment is the Virginia Tech Science, Technology, Engineering, and Mathematics (VT-STEM) initiative to strengthen K-12 education through a teaching enrichment program.
- Facilitate greater service-learning elements in the undergraduate curriculum that enable students to work in communities as part of their for-credit courses and help faculty deliver a broader educational experience.
- Implement the recently adopted Virginia Tech International Strategic Plan, which challenges the university to significantly increase the number of students and faculty annually participating in international research, teaching and outreach. Additionally, the strategic plan calls for enhancing global competencies with all members of the Virginia Tech community.

Conclusion

As we move through the next six years, Virginia Tech will remain committed to its mission and strategic plan, each reflecting our ongoing commitment to use instruction, research, and outreach to create and convey knowledge to expand personal growth; advance social and community development; foster economic development; and improve the quality of life. Our goal to be among the top thirty research universities provides an ambitious target. To be clear, this quest transcends the research enterprise. It is nothing less than the pursuit of pervasive excellence. If we are to continue to provide a quality education for a diverse student population, to ensure an atmosphere of robust research and scholarship, and to attract the best and brightest faculty and students, we must remain competitive with the best in the nation and indeed the world. Given this action agenda, Virginia Tech will remain true to its land grant heritage and remain accessible to qualified students regardless of financial means.

Attachment C

**RESPONSE TO STATEWIDE GOALS
PART B – ACADEMIC COMPONENT
SEPTEMBER 20, 2005**

ASSUMES BASE ADEQUACY FUNDING FOR SALARY AND ENROLLMENT INCREASES

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	
<p>1. Provide access to higher education</p> <ul style="list-style-type: none"> • <i>Target underrepresented populations</i> • <i>Develop and meet enrollment projections</i> • <i>Develop and meet degree estimates</i> 	<p>-Increase applications of underrepresented undergraduates by 6.7% above 2005 by 2008</p> <p>-Progressively increase new transfer student enrollment (in-state) annually to move from 15,200 to 16,200 total in-state undergraduate students by 2012</p>	<p>-Increase applications of underrepresented undergraduates by an additional 6.7% above 2006 by 2010</p> <p>-Progressively increase new transfer student enrollment (in-state) annually to move from 15,200 to 16,200 total in-state undergraduate students by 2012</p>	<p>-Increase applications of underrepresented undergraduates by an additional 6.7% above 2008 by 2012</p> <p>-Progressively increase new transfer student enrollment (in-state) annually to move from 15,200 to 16,200 total in-state undergraduate students by 2012</p>	Strategic Plan, Undergraduate Education Scholarship Domain
<p>2. Provide affordable higher education</p> <ul style="list-style-type: none"> • <i>Assess impact of tuition and fees on applications, enrollment, and student indebtedness</i> 	<p>-Increase need-based financial aid to entering students equivalent to one-half of their annual tuition increase</p>	<p>-Increase need-based financial aid to entering students equivalent to one-half of their annual tuition increase</p>	<p>-Increase need-based financial aid to entering students equivalent to one-half of their annual tuition increase</p>	University Financial Plan 2006-2012

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
<p>3. Offer broad range of mission-relevant academic programs</p> <ul style="list-style-type: none"> • <i>Target offerings in shortage areas by discipline and geographic region</i> 	<p>-Progressively increase undergraduate enrollments in science, agriculture and natural resource disciplines above 2005 levels by 2% by 2008</p> <p>-Progressively increase undergraduate enrollments in engineering disciplines above 2005 levels by 2% by 2008</p>	<p>-Progressively increase undergraduate enrollments in science, agriculture and natural resource disciplines above 2008 levels by 2% by 2010</p> <p>-Progressively increase undergraduate enrollments in engineering disciplines above 2008 levels by 2% by 2010</p>	<p>Progressively increase undergraduate enrollments in science, agriculture and natural resource disciplines above 2010 levels by 2% by 2012</p> <p>-Progressively increase undergraduate enrollments in engineering disciplines above 2010 levels by 2% by 2012</p>	SACS Comprehensive Standards/Core Requirement 2.7.2
<p>4. Initiate continuous, rigorous assessment of academic programs</p> <ul style="list-style-type: none"> • <i>Review and improve academic programs, course availability, faculty productivity, and other relevant factors</i> 	<p>-Engage in a continuous, rigorous program review schedule for all undergraduate and graduate programs on a seven-year cycle consistent with state and regional (SACS) accreditation guidelines</p> <p>-Progressively move faculty salaries to the 60th percentile of SCHEV peer institutions based upon stated goals of research and scholarship</p>	<p>-Engage in a continuous, rigorous program review schedule for all undergraduate and graduate programs on a seven-year cycle consistent with state and regional (SACS) accreditation guidelines</p> <p>-Progressively move faculty salaries to the 60th percentile of SCHEV peer institutions based upon stated goals of research and scholarship</p>	<p>-Engage in a continuous, rigorous program review schedule for all undergraduate and graduate programs on a seven-year cycle consistent with state and regional (SACS) accreditation guidelines</p> <p>-Progressively move faculty salaries to the 60th percentile of SCHEV peer institutions based upon stated goals of research and scholarship</p>	-SACS Comprehensive/Core Requirement 2.5 - Strategic Plan, Research and Creative Scholarship Domain

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
<p>5. Improve student retention</p> <ul style="list-style-type: none"> • <i>Improve student retention to timely graduation</i> • <i>Increase number of degrees conferred as enrollment increases</i> 	<p>-Improve first to second year retention rates of undergraduate students from 2005 base to 86% by 2008</p> <p>-Improve total number of undergraduate degree awards/annual FTE of degree-seeking undergraduates from 2005 base to 22.5% by 2008</p>	<p>-Improve first to second year retention rates of undergraduate students from 2008 base to 87% by 2010</p> <p>-Improve total number of undergraduate degree awards/annual FTE of degree-seeking undergraduates from 2008 base to 22.75% by 2010</p>	<p>-Improve first to second year retention rates of undergraduate students from 2010 base to 88% by 2012</p> <p>-Improve total number of undergraduate degree awards/annual FTE of degree-seeking undergraduates from 2010 base to 23% by 2012</p>	Strategic Plan, Undergraduate Education Scholarship Domain
<p>6. Develop articulation agreements</p> <ul style="list-style-type: none"> • <i>Forge agreements with VCCS that have uniform application to all 23 campuses</i> • <i>Forge agreements that meet general education requirements and provide additional opportunities for associate degree holders</i> • <i>Create dual enrollment programs with high schools</i> 	<p>-Implement articulation agreements with 23 community colleges that will allow students who have completed appropriate associate degree requirements with at least a B average to automatically transfer into the College of Agriculture and Life Sciences</p>	<p>- Implement articulation agreements with 8 community colleges that offer pre-engineering program that will allow students who have completed appropriate associate degree requirements with at least a B average to automatically transfer into the College of Engineering</p>	<p>-Continue to implement prior agreements and develop articulation agreements with VCCS that pertain to two more colleges at Virginia Tech that allow for automatic transfer</p>	Strategic Plan, Undergraduate Education Scholarship Domain

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
7. Stimulate economic development <ul style="list-style-type: none"> Engender local economic development in lag areas as it relates to income, employment, and other factors 	-Create and implement one new strategic alliance with private sector through the Southside Initiative and the Institute for Advanced Learning and Research to enhance economic and community development -Increase by at least one program the total number of academic programs offered in the National Capital Region	-Create and implement one new additional strategic alliance with private sector through the Southside Initiative and the Institute for Advanced Learning and Research to enhance economic and community development -Increase by at least one program the total number of academic programs offered in the National Capital Region	-Create and implement one new additional strategic alliance with private sector through the Southside Initiative and the Institute for Advanced Learning and Research to enhance economic and community development -Increase by at least one program the total number of academic programs offered in the National Capital Region	Strategic Plan, Outreach and International Affairs Scholarship Domain
8. Engage in research <ul style="list-style-type: none"> Increase the level of externally funded research Facilitate technology transfer to private sector 	Increase level of externally funded research from 2005 base of \$155 million to \$212 million by 2008	Increase level of externally funded research from 2008 base of \$212 million to \$293 million by 2010	Increase level of externally funded research from 2010 base of \$293 million to \$382 million by 2012	Strategic Plan, Research and Creative Scholarship Domain
9. Develop K-12 partnerships <ul style="list-style-type: none"> Assist in efforts to improve student achievement Upgrade the knowledge and skills of teachers Strengthen leadership skills of school administrators 	-Increase the number of participants involved in K-12 Outreach and Pipeline Initiatives (Talent Search, Upward Bound, 4-H Teens, Project Discovery, VT STEM, VT STARS, etc.) from 2005	-Increase the number of participants involved in K-12 Outreach and Pipeline Initiatives (Talent Search, Upward Bound, 4-H Teens, Project Discovery, VT STEM, VT STARS, etc.) from 2008	-Increase the number of participants involved in K-12 Outreach and Pipeline Initiatives (Talent Search, Upward Bound, 4-H Teens, Project Discovery, VT STEM, VT STARS, etc.) from 2010	Strategic Plan, Outreach and International Programs Scholarship Domain

GOAL	ACADEMIC ACTIVITY / SUPPORT SERVICE			Page(s) in institutional plan w/ detail
	2006 – 2008	2008 – 2010	2010 - 2012	
	base by 5% by 2008 -Increase the number of continuing education courses conducted for K12 faculty and staff advancement from 2005 base by 5% by 2008	base by 5% by 2010 -Increase the number of continuing education courses conducted for K12 faculty and staff advancement from 2008 base by 5% by 2010	base by 5% by 2012 -Increase the number of continuing education courses conducted for K12 faculty and staff advancement from 2010 base by 5% by 2012	
10. Prepare a six-year financial plan				
11. Institute efficient business affairs				

ENROLLMENT PLAN Composition of Student Population

Attachment E

Details of Enrollment Projections Submitted to SCHEV 6/15/05
as Part of the Enrollment Plan for Restructuring Act

		Fall Term										
		2001	2002	2003	2004	2005	Proj 06	Proj 07	Proj 08	Proj 09	Proj 10	Proj 11
On Campus In-State Undergraduates	<i>First-Time Freshmen</i> in Baccalaureate Degree Programs	3197	3066	3277	3358	3494	3300	3250	3250	3250	3300	3300
	<i>Other New or Continuing Students who Entered VT as Non-Transfer Students*</i>	10,467	10,439	10,199	10,217	10,336	10,243	10,219	10,141	10,042	9,980	10,002
	<i>New Transfer Students</i>	524	477	555	582	604	702	777	849	925	1035	1090
	<i>Continuing Students who Entered VT as Transfer Students</i>	1504	1366	1175	1040	1109	1213	1315	1431	1558	1693	1860
	Sub-Total Transfer Students	2028	1843	1730	1622	1713	1915	2092	2280	2483	2728	2950
	Total In-State Undergraduates	15,692	15,348	15,206	15,197	15,543	15,458	15,561	15,671	15,775	16,008	16,252
On Campus Out-of-State Undergraduates	<i>First-Time Freshmen</i> in Baccalaureate Degree Programs	1796	1616	1602	1531	1499	1600	1600	1600	1600	1600	1600
	<i>Other New or Continuing Students who Entered VT as Non-Transfer Students*</i>	3610	3992	4088	4237	4226	3973	3954	3986	3990	3990	3989
	<i>New Transfer Students</i>	165	142	124	92	106	92	92	92	92	92	92
	<i>Continuing Students who Entered VT as Transfer Students</i>	275	315	274	215	193	168	155	152	152	152	152
	Sub-Total Transfer Students	440	457	398	307	299	260	247	244	244	244	244
	Total Out-of-State Undergraduates	5846	6065	6088	6075	6024	5833	5801	5830	5834	5834	5833
University Summary	On Campus Undergraduates	21,538	21,413	21,294	21,272	21,567	21,291	21,362	21,501	21,609	21,842	22,085
	Percentage In-State (On Campus Undergraduate only)	72.9%	71.7%	71.4%	71.4%	72.1%	72.6%	72.8%	72.9%	73.0%	73.3%	73.6%
	On Campus Masters Level Students	2655	2679	2508	2259	2150	2108	2100	2131	2174	2174	2174
	On Campus Doctoral Level Students	1364	1367	1576	1741	1839	1918	2011	2104	2216	2216	2216
	On Campus First Professional Students	355	360	359	357	359	360	360	360	360	360	360
	Total On Campus Students	25,912	25,819	25,737	25,629	25,915	25,677	25,833	26,096	26,359	26,592	26,835
	Off Campus 05 are preliminary											
	Off Campus Undergraduates	55	60	54	58	60	57	59	60	65	67	69
	Off Campus Masters Level Students	1913	1801	1607	1570	1635	1582	1628	1676	1732	1727	1735
	Off Campus Doctoral Level Students	323	347	357	362	369	310	304	306	315	310	315
	Total Off Campus Students	2,291	2,208	2,018	1,990	2,064	1,949	1,991	2,042	2,112	2,104	2,119
	Grand Total University Enrollment	28,203	28,027	27,755	27,619	27,979	27,626	27,824	28,138	28,471	28,696	28,954

*Other New and Continuing Non-Transfer Students includes First-Time Freshmen enrolled in Baccalaureate and Associate Degree Programs in earlier years as well as First-Time Students enrolled in Associate Degree Programs and Non-Degree Seeking Students in the current year. In addition, 7 displaced Hurricane Katrina students are included in Fall 2005.

OPTIMISTIC SCENARIO -- STATE PROVIDES GF AT 44%

SIX-YEAR FINANCIAL PROJECTIONS
VIRGINIA TECH
(Dollars in Thousands)

	Internal Budget 2005-06	Projected Budget					
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE BUDGET							
University Division (Agency 208)							
Educational and General (100)	\$394,081	\$447,400	\$469,427	\$497,209	\$524,701	\$552,347	\$580,099
General Fund	155,748	195,331	201,485	212,056	222,627	233,197	243,768
Nongeneral Fund	238,333	252,069	267,942	285,153	302,074	319,150	336,331
Auxiliary Enterprises (809)	\$150,483	\$157,367	\$164,188	\$172,138	\$178,983	\$187,133	\$194,700
Nongeneral Fund	150,483	157,367	164,188	172,138	178,983	187,133	194,700
Sponsored Programs (110)	\$177,975	\$205,122	\$237,239	\$277,194	\$321,624	\$366,020	\$414,055
General Fund	602	602	602	602	602	602	602
Nongeneral Fund	177,373	204,520	236,637	276,592	321,022	365,418	413,453
Student Financial Assistance (108)	\$13,398	\$14,309	\$15,289	\$16,344	\$17,463	\$18,647	\$19,890
General Fund	\$13,398	\$14,309	\$15,289	\$16,344	\$17,463	\$18,647	\$19,890
Subtotal Agency 208	\$735,937	\$824,198	\$886,143	\$962,885	\$1,042,770	\$1,124,148	\$1,208,745
General Fund	169,748	210,242	217,376	229,002	240,692	252,446	264,260
Nongeneral Fund	566,189	613,956	668,767	733,883	802,078	871,702	944,485
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	\$74,239	\$79,223	\$82,209	\$88,369	\$91,698	\$98,777	\$103,050
General Fund	60,112	65,096	68,082	74,242	77,571	84,650	88,923
Nongeneral Fund	14,127	14,127	14,127	14,127	14,127	14,127	14,127
GRAND TOTAL REVENUE BUDGETS	\$810,176	\$903,421	\$968,352	\$1,051,254	\$1,134,468	\$1,222,925	\$1,311,795
General Fund	\$229,860	\$275,338	\$285,458	\$303,244	\$318,263	\$337,096	\$353,183
Nongeneral Fund	\$580,316	\$628,083	\$682,894	\$748,010	\$816,205	\$885,829	\$958,612
EXPENDITURE BUDGETS							
University Division (Agency 208)							
Educational and General (100)	\$394,081	\$447,360	\$469,337	\$497,060	\$524,660	\$552,335	\$579,996
Auxiliary Enterprises (809)	150,483	157,367	164,188	172,137	178,983	187,134	194,701
Sponsored Programs (110)	177,975	205,122	237,239	277,194	321,624	366,020	414,055
Student Financial Assistance (108)	13,398	14,309	15,289	16,344	17,463	18,647	19,890
Subtotal Agency 208	\$735,937	\$824,158	\$886,053	\$962,735	\$1,042,730	\$1,124,136	\$1,208,642
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	74,239	79,172	82,115	88,241	91,545	98,639	102,937
GRAND TOTAL EXPENSE BUDGETS	\$810,176	\$903,330	\$968,168	\$1,050,976	\$1,134,275	\$1,222,775	\$1,311,579
NET OF REVENUE AND EXPENDITURE BUDGETS							
University Division (Agency 208)							
Educational and General (100)	\$0	\$40	\$90	\$149	\$41	\$12	\$103
Auxiliary Enterprises (809)	0	0	0	0	0	0	0
Sponsored Programs (110)	0	0	0	0	0	0	0
Student Financial Assistance (108)	0	0	0	0	0	0	0
Subtotal Agency 208	\$0	\$40	\$90	\$150	\$41	\$12	\$103
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	0	51	94	128	153	138	113
NET GRAND TOTAL	\$0	\$91	\$184	\$278	\$194	\$150	\$216

OPTIMISTIC SCENARIO -- STATE PROVIDES GF AT 44%

**EDUCATIONAL AND GENERAL BUDGET PROJECTION (PROGRAM 100)
UNIVERSITY DIVISION
(Dollars in Thousands)**

	Internal Budget 2005-06	Projected Budget					
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE BUDGET							
Calculation of New General Fund Revenue:							
SCHEV Calculation of Funding Needs (a)		\$21,751	\$43,503	\$65,254	\$87,006	\$108,757	\$130,508
Health Insurance Increases		0	0	0	0	0	0
Subtotal Funding Needs		\$21,751	\$43,503	\$65,254	\$87,006	\$108,757	\$130,508
Less: NGF component (56%)		-12,181	-24,362	-36,542	-48,723	-60,904	-73,084
Net New General Fund (44%)		\$9,570	\$19,141	\$28,712	\$38,283	\$47,853	\$57,424
Activity-based Budget General Fund	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748
Total General Fund Revenue with Net New Funding	\$155,748	\$165,318	\$174,889	\$184,460	\$194,031	\$203,601	\$213,172
General Fund Support for Research Initiatives							
Host-Pathogen Interactions and Bioinformatics		13,026	13,171	13,171	13,171	13,171	13,171
Advanced Biomaterials Nanotechnology		11,987	13,425	13,425	13,425	13,425	13,425
Strategic Equipment Program		5,000	0	0	0	0	0
Research Enhancement Funding		0	0	1,000	2,000	3,000	4,000
Total General Fund Support for Research Initiatives		30,013	26,596	27,596	28,596	29,596	30,596
Total Tuition and Mandatory E&G Fees	207,641	221,325	235,987	253,108	269,937	286,919	304,004
Indirect Cost Recoveries (30%)	4,853	4,853	4,853	4,853	4,853	4,853	4,853
Estimated Interest Earnings	0	0	1,158	1,193	1,229	1,266	1,304
Other E&G Fees - Unrestricted	2,622	2,674	2,727	2,782	2,838	2,895	2,953
Other E&G Revenues - Restricted	23,217	23,217	23,217	23,217	23,217	23,217	23,217
PROJECTED ANNUAL E&G REVENUE BUDGET	\$394,081	\$447,400	\$469,427	\$497,209	\$524,701	\$552,347	\$580,099
Percentage Increase		13.53%	4.92%	5.92%	5.53%	5.27%	5.02%
EXPENSE BUDGET							
2005-06 Actual E&G Budget Used as Base Budget	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081
Incremental Expenses Against SCHEV Funding Needs							
Salaries							
Increased Salary Costs (b)							
T&R Faculty @ 4.0%		6,418	13,093	20,035	27,254	34,762	42,570
Other Faculty (A/P, Summer, and GTAs) @ 4.0%		1,766	3,603	5,514	7,501	9,568	11,717
Classified Staff @ 3.0%		2,585	5,248	7,990	10,815	13,725	16,722
Subtotal Salaries		10,769	21,944	33,539	45,570	58,055	71,009
Non-salary							
Health Insurance Increases @ 12% for 3 years; 10% for last 3 years		2,880	6,191	9,999	14,378	19,414	25,206
Operation and Maintenance of New Facilities		569	2,263	3,626	4,376	5,126	5,876
Fixed Cost Increases		600	1,200	1,800	2,400	3,000	3,600
Funding Available for Base Budget Adequacy		6,933	11,905	16,290	20,281	23,162	24,817
Subtotal Non-salary		10,982	21,559	31,715	41,435	50,702	59,499
Total Salaries and Non-salary Expenses		21,751	43,503	65,254	87,005	108,757	130,508
Funding for Academic Excellence (NGF)	0	0	2,000	4,000	6,000	8,000	8,000
Support for Research Initiatives							
Host-Pathogen Interactions and Bioinformatics (GF)		13,026	13,171	13,171	13,171	13,171	13,171
Advanced Biomaterials Nanotechnology (GF)		11,987	13,425	13,425	13,425	13,425	13,425
Strategic Equipment Program (GF)		5,000	0	0	0	0	0
Research Enhancement Funds (GF)		0	0	1,000	2,000	3,000	4,000
Research Enhancement Funds (NGF)		0	2,000	3,000	4,000	5,000	6,000
Total Support for Research Initiatives		30,013	28,596	30,596	32,596	34,596	36,596
TOTAL PROJECTED ANNUAL E&G EXPENSE BUDGET WITH ACADEMIC INITIATIVE	\$394,081	\$445,845	\$466,180	\$491,931	\$517,682	\$543,434	\$569,185
Student Financial Aid for Continuing Access (c)		1,515	3,157	5,129	6,978	8,901	10,811
PROJECTED TOTAL ANNUAL EXPENSES	\$394,081	\$447,360	\$469,337	\$497,060	\$524,660	\$552,335	\$579,996
Percentage Increase		13.52%	4.91%	5.91%	5.55%	5.27%	5.01%
NET OF REVENUE AND EXPENSE BUDGETS	\$0	\$40	\$90	\$149	\$41	\$12	\$103
SUMMARY							
General Fund	\$155,748	\$195,331	\$201,485	\$212,056	\$222,627	\$233,197	\$243,768
Nongeneral Fund	238,333	252,069	267,942	285,153	302,074	319,150	336,331
Total	\$394,081	\$447,400	\$469,427	\$497,209	\$524,701	\$552,347	\$580,099

- (a) Funding Needs estimated at \$130M and spread equally over six years. Includes BBA ONLY.
 (b) T&R Faculty salary costs increased at 4.0% per year, the rate needed to achieve the 60th percentile by FY12 as compared to current authorized salary average and accelerates peers at rates currently used by SCHEV.
 (c) Estimated nongeneral fund student financial aid growth based on relative increases in undergraduate tuition costs.

COOPERATIVE EXTENSION AND AGRICULTURAL EXPERIMENT STATION PROJECTED BUDGET (AGENCY 229)
(Dollars in Thousands)

	Internal Budget 2005-06	Projected Budget					
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE BUDGET							
Calculation of New General Fund Revenue:							
Funding for Salary Increases, Fringe Benefits, and O&M of New Facilities		\$2,976	\$6,119	\$9,445	\$12,949	\$17,243	\$21,741
Less: NGF component @ 5.0%		-149	-306	-472	-647	-862	-1,087
Net New General Fund (95%)		\$2,827	\$5,813	\$8,973	\$12,302	\$16,381	\$20,654
Activity-based Budget General Fund	\$60,112	\$60,112	\$60,112	\$60,112	\$60,112	\$60,112	\$60,112
Total General Fund Revenue with Net New Funding	\$60,112	\$62,939	\$65,925	\$69,085	\$72,414	\$76,493	\$80,766
General Fund Support for Initiatives							
Commonwealth Staffing Initiative		2,157	2,157	2,157	2,157	2,157	2,157
Other New Initiative Funding		0	0	3,000	3,000	6,000	6,000
Total General Fund Support for Initiatives		2,157	2,157	5,157	5,157	8,157	8,157
Base Nongeneral Fund Authority	14,127	14,127	14,127	14,127	14,127	14,127	14,127
Increased Nongeneral Fund Support	0	0	0	0	0	0	0
PROJECTED ANNUAL CE/AES REVENUE BUDGET	\$74,239	\$79,223	\$82,209	\$88,369	\$91,698	\$98,777	\$103,050
EXPENSE BUDGET							
2005-06 Actual CE/AES Budget Used as Base Budget	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239
Incremental Expenses							
Personnel Services							
Increased Salary Costs (a)							
T&R Faculty @ 4.0%		967	1,972	3,018	4,106	5,237	6,413
Other Faculty (A/P, Summer, and GTAs) @ 4.0%		769	1,568	2,399	3,263	4,162	5,097
Classified Staff @ 3.0%		556	1,129	1,720	2,328	2,954	3,599
Health Insurance Increases @ 12% for 3 years; 10% for last 3 years		684	1,450	2,308	3,252	4,290	5,432
Subtotal Personnel Services		2,976	6,119	9,445	12,949	16,643	20,541
Nonpersonnel Services							
Operation and Maintenance of Physical Plant		0	0	0	0	600	1,200
Fixed Cost Increases		100	200	300	400	500	600
Subtotal Nonpersonnel Services		100	200	300	400	1,100	1,800
Total Personnel and Nonpersonnel Services		3,076	6,319	9,745	13,349	17,743	22,341
NEW INITIATIVE FUNDING							
Commonwealth Staffing Initiative (GF)		2,157	2,157	2,157	2,157	2,157	2,157
Other Initiatives (GF)		0	0	3,000	3,000	6,000	6,000
Total Support for Initiatives		2,157	2,157	5,157	5,157	8,157	8,157
Increased Local Support (Expenditure Offset)		-300	-600	-900	-1,200	-1,500	-1,800
TOTAL PROJECTED ANNUAL CE/AES EXPENSE BUDGET WITH ACADEMIC INITIATIVE:	\$74,239	\$79,172	\$82,115	\$88,241	\$91,545	\$98,639	\$102,937
NET OF REVENUE AND EXPENSE BUDGETS	\$0	\$51	\$94	\$128	\$153	\$138	\$113
SUMMARY							
General Fund	\$60,112	\$65,096	\$68,082	\$74,242	\$77,571	\$84,650	\$88,923
Nongeneral Fund	14,127	14,127	14,127	14,127	14,127	14,127	14,127
Total	\$74,239	\$79,223	\$82,209	\$88,369	\$91,698	\$98,777	\$103,050

(a) Faculty salary costs increased at 4.0% per year, the rate needed to achieve the 60th percentile by FY12 as compared to current authorized salary average and accelerates peers at rates currently used by SCHEV.

EXTREME CASE SCENARIO -- NO STATE GENERAL FUND PROVIDED FOR E&G OR STUDENT AID (LEVEL ENROLLMENT)

**SIX-YEAR FINANCIAL PROJECTIONS
VIRGINIA TECH
(Dollars in Thousands)**

	Internal Budget 2005-06	Projected Budget					
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE BUDGET							
University Division (Agency 208)							
Educational and General (100)	\$394,081	\$416,994	\$441,959	\$468,351	\$494,655	\$521,011	\$547,309
General Fund	155,748	155,748	155,748	155,748	155,748	155,748	155,748
Nongeneral Fund	238,333	261,246	286,211	312,603	338,907	365,263	391,561
Auxiliary Enterprises (809)	\$150,483	\$157,367	\$164,188	\$172,138	\$178,983	\$187,133	\$194,700
Nongeneral Fund	150,483	157,367	164,188	172,138	178,983	187,133	194,700
Sponsored Programs (110)	\$177,975	\$197,063	\$216,822	\$238,130	\$260,798	\$285,683	\$313,634
General Fund	602	602	602	602	602	602	602
Nongeneral Fund	177,373	196,461	216,220	237,528	260,196	285,081	313,032
Student Financial Assistance (108)	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398
General Fund	13,398	13,398	13,398	13,398	13,398	13,398	13,398
Subtotal Agency 208	\$735,937	\$784,823	\$836,367	\$892,016	\$947,834	\$1,007,226	\$1,069,042
General Fund	169,748	169,748	169,748	169,748	169,748	169,748	169,748
Nongeneral Fund	566,189	615,075	666,619	722,268	778,086	837,478	899,294
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239
General Fund	60,112	60,112	60,112	60,112	60,112	60,112	60,112
Nongeneral Fund	14,127	14,127	14,127	14,127	14,127	14,127	14,127
GRAND TOTAL REVENUE BUDGETS	\$810,176	\$859,062	\$910,606	\$966,255	\$1,022,073	\$1,081,465	\$1,143,281
General Fund	\$229,860	\$229,860	\$229,860	\$229,860	\$229,860	\$229,860	\$229,860
Nongeneral Fund	\$580,316	\$629,202	\$680,746	\$736,395	\$792,213	\$851,605	\$913,421
EXPENDITURE BUDGETS							
University Division (Agency 208)							
Educational and General (100)	\$394,081	\$416,924	\$441,902	\$468,294	\$494,644	\$520,982	\$547,277
Auxiliary Enterprises (809)	\$150,483	\$157,367	\$164,188	\$172,137	\$178,983	\$187,134	\$194,701
Sponsored Programs (110)	\$177,975	\$197,063	\$216,822	\$238,130	\$260,798	\$285,683	\$313,634
Student Financial Assistance (108)	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398	\$13,398
Subtotal Agency 208	\$735,937	\$784,751	\$836,310	\$891,959	\$947,823	\$1,007,197	\$1,069,010
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239	\$74,239
GRAND TOTAL EXPENSE BUDGETS	\$810,176	\$858,990	\$910,549	\$966,198	\$1,022,062	\$1,081,436	\$1,143,249
NET OF REVENUE AND EXPENDITURE BUDGETS							
University Division (Agency 208)							
Educational and General (100)	\$0	\$70	\$57	\$57	\$11	\$29	\$32
Auxiliary Enterprises (809)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs (110)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance (108)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Agency 208	\$0	\$71	\$57	\$57	\$11	\$29	\$32
Cooperative Extension/Agricultural Experiment Station Division (Agency 229)							
Educational and General (100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET GRAND TOTAL	\$0	\$71	\$57	\$57	\$11	\$29	\$32

EXTREME CASE SCENARIO -- NO STATE GENERAL FUND PROVIDED FOR E&G OR STUDENT AID (LEVEL ENROLLMENT)

**EDUCATIONAL AND GENERAL BUDGET PROJECTION (PROGRAM 100)
UNIVERSITY DIVISION
(Dollars in Thousands)**

	Internal Budget 2005-06	Projected Budget					
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE BUDGET							
Calculation of New General Fund Revenue:							
SCHEV Calculation of Funding Needs (a)		\$19,151	\$38,302	\$57,453	\$76,604	\$95,755	\$114,906
Health Insurance Increases		0	0	0	0	0	0
Subtotal Funding Needs		\$19,151	\$38,302	\$57,453	\$76,604	\$95,755	\$114,906
Less: NGF component (100%)		-19,151	-38,302	-57,453	-76,604	-95,755	-114,906
Net New General Fund (0%)		\$0	\$0	\$0	\$0	\$0	\$0
Activity-based Budget General Fund	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748
Total General Fund Revenue with Net New Funding	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748
Total Tuition and Mandatory E&G Fees	207,641	230,502	254,256	280,558	306,770	333,032	359,234
Indirect Cost Recoveries (30%)	4,853	4,853	4,853	4,853	4,853	4,853	4,853
Estimated Interest Earnings	0	0	1,158	1,193	1,229	1,266	1,304
Other E&G Fees - Unrestricted	2,622	2,674	2,727	2,782	2,838	2,895	2,953
Other E&G Revenues - Restricted	23,217	23,217	23,217	23,217	23,217	23,217	23,217
PROJECTED ANNUAL E&G REVENUE BUDGET	\$394,081	\$416,994	\$441,959	\$468,351	\$494,655	\$521,011	\$547,309
Percentage Increase		5.81%	5.99%	5.97%	5.62%	5.33%	5.05%
EXPENSE BUDGET							
2005-06 Actual E&G Budget Used as Base Budget	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081	\$394,081
Incremental Expenses Against SCHEV Funding Needs							
Salaries							
Increased Salary Costs (b)							
T&R Faculty @ 4.0%		6,418	13,093	20,035	27,254	34,762	42,570
Other Faculty (A/P, Summer, and GTAs) @ 4.0%		1,766	3,603	5,514	7,501	9,568	11,717
Classified Staff @ 3.0%		2,585	5,248	7,990	10,815	13,725	16,722
Subtotal Salaries		10,769	21,944	33,539	45,570	58,055	71,009
Non-salary							
Health Insurance Increases @ 12% for 3 years; 10% for last 3 years		2,880	6,191	9,999	14,378	19,414	25,206
Operation and Maintenance of New Facilities		569	2,263	3,626	4,376	5,126	5,876
Fixed Cost Increases		600	1,200	1,800	2,400	3,000	3,600
Funding Available for Base Budget Adequacy		4,333	6,703	8,488	9,878	10,157	9,212
Subtotal Non-salary (BBA)		8,382	16,357	23,913	31,032	37,697	43,894
Total Salaries and Non-salary Expenses		19,151	38,301	57,452	76,602	95,752	114,903
Funding for Academic Excellence (NGF)		0	0	2,000	4,000	6,000	8,000
Support for Research Initiatives							
Research Enhancement Funding (NGF)		0	2,000	3,000	4,000	5,000	6,000
Total Support for Research Initiatives		0	2,000	3,000	4,000	5,000	6,000
TOTAL PROJECTED ANNUAL E&G EXPENSE BUDGET WITH ACADEMIC INITIATIVES	\$394,081	\$413,232	\$434,382	\$456,533	\$478,683	\$500,833	\$522,984
Student Financial Aid for Continuing Access (c)		3,692	7,520	11,761	15,961	20,149	24,293
PROJECTED TOTAL ANNUAL EXPENSES	\$394,081	\$416,924	\$441,902	\$468,294	\$494,644	\$520,982	\$547,277
Percentage Increase		5.80%	5.99%	5.97%	5.63%	5.32%	5.05%
NET OF REVENUE AND EXPENSE BUDGETS	\$0	\$70	\$57	\$57	\$11	\$29	\$32
SUMMARY							
General Fund	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748	\$155,748
Nongeneral Fund	238,333	261,246	286,211	312,603	338,907	365,263	391,561
Total	\$394,081	\$416,994	\$441,959	\$468,351	\$494,655	\$521,011	\$547,309

(a) Funding Needs estimated at \$114M and spread equally over six years. Includes base budget adequacy only. Assumes 2005-06 enrollments remain level through 2011-2012.

(b) Faculty salary costs increased at 4.0% per year, the rate needed to achieve the 60th percentile by FY12 as compared to current authorized salary average and accelerates peers at rates currently used by SCHEV.

(c) Estimated nongeneral fund student financial aid growth based on relative increases in undergraduate tuition costs.