

VIRGINIA MILITARY INSTITUTE
Lexington, Virginia
Minutes
BOARD OF VISITORS MEETING
10 February 2012

A meeting of the VMI Board of Visitors was held in Lynchburg, Virginia at the Craddock Terry Hotel and Event Center beginning at 0800 Friday 10 February, pursuant to notice.

Present: Paul D. Fraim '71, President
John C. Allen '62
Lee D. Camp
P. Wesley Foster, Jr. '56
Paul E. Galanti
Bruce C. Gottwald, Jr. '81
General Ronald H. Griffith
MG Patricia P. Hickerson
General John P. Jumper '66
G. Marshall Mundy '56
W. Gregory Robertson '65
George P. Ramsey III '72
James E. Rogers, '67
Ernesto V. Sampson '98

Absent: Kimber L. Latsha '77
MG Daniel E. Long, Jr.
Anthony Q. McIntosh '89

Friday 10 February – 0800 hours

1. Mr. Fraim presided and called the meeting to order. Colonel Michael M. Strickler '71, Secretary to the Board of Visitors, recorded the minutes.

2. A motion was made by Mr. Rogers, seconded by General Jumper, to approve the minutes of the 2-3 December 2011 meeting of the Board of Visitors. The motion passed.

3. The Board viewed a video, produced by the Office of Communications and Marketing, featuring cadets promoting the 5-6 March 2012 Conference – *Cheating, Lying, and Honor in America's High Schools, Colleges, and Universities* – at the Center for Leadership and Ethics.

4. VMI Superintendent J. H. Binford Peay III '62 highlighted some of the 19 principal events which have occurred at VMI since the December 2011 Board of Visitors meeting and 60 future principal events leading to matriculation on 18 August 2012. Both lists of events are filed with the minutes of this meeting as **Appendix I**.

5. General Peay briefly reviewed the 14 Vision 2039 Simplified Descriptors and the “stoplight chart” associated with numerous goals of each Descriptor, a total of 181. The status of each Descriptor and each individual goal is shown in green (complete), amber (still in progress), and red (incomplete). Due to the dynamics of some goals, the status can change from green to amber over time. The “stoplight chart” is reported out each year and forms the basis of the Superintendent’s MBOs (Management by Objective). The report on the status of the current-year objectives is presented to the Board at its annual May meeting along with the MBOs for the next academic year.

a. He highlighted certain aspects of the 14 Descriptors.

1. IV – 25 Partnerships with the Best Graduate Schools: VMI now has 17 agreements/partnerships in place.

2. V – Balances of Arts, Sciences, and Engineering with greater than 50% in the hard science and engineering (STEM): STEM graduates have increased from 35% to 40% (excluding psychology) and from 39% to 51% (including psychology). This is still a work in progress.

3. VI – Corps of 1500 with 200 Female Cadets: The current Corps breakdown is 1,366 men and 140 women.

4. VII – Greater than 55% Virginia Cadets: Current in-state enrollment is approximately 59%.

5. VIII – 70% Corps Commissioning (with growth in the Guard and Reserve): Commissioning rates have increased from 38% to consistently better than 50% with a high of 58% for the Class of 2011. VMI may not attain this goal, but there has been great improvement.

6. Leadership Development System – Program unsurpassed: Much progress has been made within the Corps of Cadets; the next step is to enhance the faculty and staff program.

b. He reiterated the immutables of a VMI education:

- An academic and full spectrum quality education
- Competitive athletic program
- Citizen-soldiers to serve our country in peace and war
- Quality environment in which to study and work
- Commonality of purpose
- Graduating honorable leaders and good citizens

c. The “stoplight chart” with Simplified Descriptors is filed with the minutes of this meeting as **Appendix II**.

6. General Jumper stressed that VMI must document and institutionalize the process that General Peay follows in the government relations program with Richmond and the General Assembly. Though based on personal connections, VMI needs to capture what has worked so

successfully in a policy way for future sustainability. General Peay responded that the process starts with Brigadier General Robert L. Green '67, Deputy Superintendent for Finance Administration and Support and his staff, Colonel Gary R. Knick, Treasurer, and Lieutenant Colonel Kimberly C. Parker, Director of Government Relations. COL Knick does much behind the scenes budget work during the year with staffers in Richmond, and LTC Parker is "on the ground" in Richmond during the General Assembly session and working with Delegates, Senators, and their staffs out-of-session. It is a team effort with numerous presentations and visits in Richmond, Lexington, and throughout the state.

7. BG Green reviewed the preliminary aspects of the FY 2013 budget.

- a. Tuition & fee increases for both FY 2013 and FY 2014 are projected at 4.9% for both in-state and out-of state cadets, bringing the cost to \$21,634 (FY 2013) and \$22,698 (FY 2014) and \$41,544 (FY 2013) and \$43,584 (FY 2014) respectively.
- b. Enrollment assumptions are 500 new cadets for the next two years and an average Corps attendance at 1,586 and 1,591. The in-state/out-of-state mix going forward will be based on a 58%/42% mix.
- c. Education and General (E&G) program revenue shows an increase of \$260,000 in state general funds for FY 2013 to \$7.76 million and an increase in tuition income of \$1.26 million to \$25.55 million. State general funds are projected to be the same for FY 2014 while tuition income will rise to \$26.77 million.
- d. Other key assumptions: The Auxiliary Fund Balance (AFB) will remain at the \$6 million level through FY 2014. It has risen to more than \$8 million in FY 2011, but some of it has been used for strategic purposes. UMA program revenues will increase slightly from the current \$6.55 million to \$7.12 million in FY 2014. The total contingencies budget will drop from \$1.7 million to \$1.3 million for the next two years. The \$400,000 may be used to fund the state 3% General Funds' reallocation as part of the Higher Education Opportunity Act (HEOA). Based on the VMI Foundations level funding plan, unrestricted local funds remain at \$2.6 million per year. Mr. Ramsey asked if the unrestricted local funding would increase based on the Foundation's 12-month rolling average and a rebound in the value of the endowment. BG Green responded that the level funding agreement was through FY 2014; however, he and General Peay are monitoring this and may asked the Foundation to consider an increase based on the improvement of the endowment.
- e. The Governor's proposed budget for the biennium includes increases of \$97,651 for base operations, \$148,500 for past enrollment growth, \$100,125 for degree incentives, \$229,000 for three STEM faculty positions requested by VMI, \$142,000 for a Math Education and Resource Center requested by VMI, \$18,683 for student financial aid, and no increases from the current levels of \$714,250 from the Equipment Trust Fund or \$790,123 from Maintenance Reserve.

f. The budget also requires reallocation of funds from E&G program overhead and administration to HEOA goals of \$287,446 in FY 2013 and \$479,180 in FY 2014...**reference 7 d. above.** These figures will evolve as more guidance is received from the state.

g. There are no salary increases proposed in the Governors budget, though a 3% bonus for full-time employees is included in FY2013 if institutions can generate savings in FY 2012 (VMI's savings would amount to \$464,000). The savings stipulations will likely be adjusted. Mr. Robertson expressed concern that neither the faculty nor staff has received a pay raise since 2007, and that VMI must maintain quality faculty. General Peay also noted his concern and pointed out that a number of the faculty receive additional pay in the form of stipends and numerous faculty teach summer school; some faculty (particularly in the STEM majors) have the opportunity to consult; and faculty have access to faculty development funds. There have been some merit bonuses for both faculty and staff, providing assistance in recent years. Brigadier General R. Wane Schneider, Deputy Superintendent for Academics and Dean of the Faculty, said that VMI faculty salaries are tied to the Oklahoma Model, which has been adapted to the characteristics of our faculty. According to the model, VMI's starting salaries are adequate, but there is compression at the top. Currently, a little over half of the faculty is at or above the model. VMI has developed a two-phased plan. The first phase takes the faculty, who are below the model, and over a 3-5 year period, brings them up to the model. The second phase would be to try and keep pace with the model going forward. The cost would be approximately \$50,000 in each of the next three year to bring 95% of the faculty to the model average. He also noted that the faculty load has been reduced to three courses, and if they teach above that, they can receive bonuses. He also reiterated General Peay's points that faculty do have the opportunity for additional pay through summer school and stipends and noted the "generous" faculty development fund. Because of these opportunities we are able to retain faculty and obtain top quality candidates for position openings.

h. The Governor's budget also dictates an increase in employer VRS retirement contributions from 6.58% to 8.76%, and there will also be a 1% increase in employer health insurance premiums.

i. VMI's FY 2013 operating budget projections include the following:

1. A place holder for a 2% salary increase or bonus for all employees...Depending on the final version of the state budget, VMI plans a modest bonus for faculty, staff, and employees in March 2012.

2. Vacancy/Turnover savings of \$300,000

3. "Buy back" of three faculty positions (\$226,000) initially funded by Jackson-Hope as part of the SACs Quality Enhancement Plan

4. E&G utility/insurance of \$3.8 million, an increase of 2.2%

5. Student Financial Aid of \$2.2 million, with 1.6 million from the E&G program, an increase of \$450,000.... \$100,000 of the increase is due to higher tuition and fees.

6. The AFB will provide \$700,000 for intercollegiate athletics.

7. \$500,000 of the Auxiliary Program budget will be used for small capital projects and maintenance. The current list of projects is more than \$2 million.

8. The Unique Military Programs budget includes \$127,000 for two Non-commissioned Officers (NCO) on the Commandant's staff. VMI is also planning for 1-3 NCOs for Army

ROTC because of fewer commissioning possibilities in Air Force and Navy/Marine ROTC and a large cohort of non-commissioning track cadets in Air Force ROTC, causing a significant shift of cadets to the Army ROTC for classroom instruction, physical training, and commissioning.

9. The local unrestricted fund balance will be about \$100,000 and drops to zero in FY 2014.

10. Scholarship and Athletic Operation Fund donations to the Keydet Club are projected at the same level as FY 2012. Revenues exceeding this level may be allocated to offset use of the AFB for athletic scholarships and operations.

8. Brian S. Crockett, CEO of the VMI Foundation, Inc. provided a status update on the upcoming VMI fundraising campaign.

a. The comprehensive planning for the campaign has included the following elements:

1. Through Vision 2039, a solid strategic plan is in place.
2. Through an internal development assessment with input from the Foundation, staff, other Alumni Agency personnel, and VMI leadership, the Foundation has taken a close look at its organization and what it can do better.
3. For detailed prospect screening the Foundation has screened its database with an external company resulting in new identified prospects.
4. Graham-Pelton Consulting, Inc. acting as a facilitator for the Institute, met with senior leadership to perform an institutional needs assessment.
5. A planning study involved taking these needs, which were condensed to one sheet of paper, and presenting them in private meetings to key stake holders, as well as sending an electronic survey which obtained a 21% return asking other key alumni and friends their input on the “case statement, and conducting two facilitated sessions with the Class Agents. Highlights from these meetings and surveys showed that 98% had a favorable impression of VMI, 96% think that the campaign should proceed, and 87% plan to make a gift. These percentages are all considerably higher than national benchmarks.
6. A Memorandum of Understanding between VMI and the Alumni Agencies has been approved to serve as the basis for campaign readiness and daily operating guidelines.

b. A one-page draft of bullets highlighting VMI’s distinctions has been produced:

- Founded in 1839, VMI is the nation’s first state-supported military college.
- Corps of Cadets: 1,569 (10% female); represents 34 states and six countries
- 145 faculty members, with 100% of the full-time faculty in degree granting departments holding Ph.D. or terminal degrees
- 134 acres – 12 as a National Historic District
- 14 majors offering 17 degrees and 23 minors
- Longstanding honor system, operated and enforced by cadets
- “Every cadet an athlete and every athlete a cadet”
- *U.S. News and World Report* ranks VMI 4th among public liberal arts colleges; *Forbes* magazine ranks VMI among the top 10 percent of colleges and universities nationally.
- Center for Leadership and Ethics

c. An all encompassing assessment showed \$465 million of needs. This figure was reduced to \$221 million, and then to \$200 million which was tested. The current funding needs areas are:

1. Academics (\$75 million): Scholarships; Center for Leadership and Ethics; Academic Support, Enrichment & Faculty Development; Jackson-Hope Fund; and Preston Library & the VMI Archives

2. Military (\$30 million): Scholarships; Corps Life; Fitness, Health, & Training; and Clubs & Intramural Opportunities

3. Annual and Long Term Support (\$50 million): Unrestricted Annual Support and Unrestricted Endowment

4. Athletics (\$22 million): Scholarships and Operating Funds

5. Legacy (\$23 million): VMI Museum Operations and Moody Hall

d. VMI is now in the “Quiet Phase” of the campaign during which it will identify top campaign prospects, refine the *Case for Support*, conduct executive briefings, identify and recruit the campaign cabinet (6-10 individuals), solicit seven and eight figure gifts, set the final goal, and secure 50%-60% of that goal prior to making the public announcement.

e. In the Public Phase, VMI will announce the campaign, initiate constituent campaigns, solicit second-tier/top gift prospects, recruit additional campaign leadership, close all pending solicitations, establish all post-campaign follow-up systems, and plan the victory celebration.

f. The “Committee” for the campaign will be the President of the Board of Visitors, the Superintendent, the Presidents and CEOs of the three Alumni Agencies, and the Chair (s) of the campaign. Reporting directly to the “Committee” will be the Executive Committee of the Campaign Cabinet and the Honorary Campaign Cabinet. A full, but tentative organizational chart is included with these minutes as **Appendix III**.

g. The next steps going forward include:

1. Continue to collect gifts from the previous campaign and continue to cultivate these donors. However, these gifts cannot count for the current campaign.

2. Gift acceptances and accounting policies must be in place and strictly followed as part of campaign planning.

3. Develop the volunteer leadership structure.

4. Develop cultivation strategies for the various VMI Boards.

5. Provide regular campaign progress summaries.

h. Mr. Crockett said that there are three components to his vision at the end of the campaign: As soon as the current campaign ends, the process for the next campaign begins; at the end of the campaign, the Alumni Agencies have sustainment with annual giving at a higher level and will be able to increase the pledge receivables; and create an excitement that extends into the victory celebration and beyond.

i. Mr. Allen asked if the Foundation’s endowment had returned to its previous highest level. Mr Crockett responded that the endowment’s high point was \$350 million, the low point was \$222 million, and it is currently slightly above \$300 million.

9. General Peay reviewed several six other areas of interest.

a. Regarding the situation with the ROTC departments [see 7 I (8)], VMI has communicated this message through admissions, the athletic department, and internally within the Corps. A couple of classes were grandfathered, but it is hoped that some of those switching over to the Army will also get commissioned.

b. A focus group of faculty and staff (F&S) discussed an F&S professional development initiative. Though some of the younger faculty provided positive feedback, the general consensus was somewhat flat. Going forward, General Peay plans to move slowly to obtain “buy in” for this initiative which he considers important to performance by staff and faculty over the long term.

c. On 5 January a small group of key alumni and VMI staff met in Richmond to discuss the football program and initiative for success. On 21 January General Peay met with BG Green, Colonel Jeffrey H. Curtis '79, Chief of Staff, Colonel Strickler, Colonel Thomas H. Trumps '79, Commandant of Cadets, and Donald T. White '79, Director of Intercollegiate Athletics to review and discuss recommendations from the 5 January meeting. General Peay highlighted a few major items:

1. A primary focus of both meetings was special areas requiring funding. The importance of an endowment was stressed in order for the Keydet Club (scholarships and athletic operations) and VMI to be able to plan for the future, instead of living year-to-year.

2. It is important for the coaching staff to be able to recruit out-of-state players with a goal of a 50-50 split of matriculates.

3. Funding for summer school attendance by the football team is important.

4. Future scheduling should pursue only one “money game,” preferably from a mid-major FBS team, in order to schedule a second or third potential win (ease of schedule going forward).

5. The importance of nourishment and sleep was discussed, as well as the need for the Mess Hall environment to be conducive to proper nourishment for the entire Corps, not just football.

6. Overall, any changes must not alter the tenants of the VMI system.

d. The George C. Marshall Foundation had a tough decade financially. They have brought in a consultant to review their situation and make recommendations on the “way ahead.” VMI is highly supportive of the Marshall Foundation.

e. General Peay briefly mention the report by the American Council of Trustees and Alumni (ACTA), which the Board had received from ACTA. The report was a private foundation initiative and had some useful information and charts, but did not take into account the uniqueness of Virginia’s state-supported colleges and universities. Mr. Fraim did not think the report was particularly in depth, and it did not try to distinguish between individual colleges. One aspect of the report which concerned Mr. Sampson was that grade inflation has impacted grade point averages by about .5 on a 4.0 scale over the past 15 years, which puts some of our cadets and young alumni at a disadvantage when competing with students from other schools because

VMI has not had this grade inflation. Mrs. Camp said that VMI makes graduate schools aware of this fact, particularly those with whom we have agreements.

f. On 6 February General Peay met with the upper three classes regarding the Quick Meme Internet web-site which had numerous postings by cadets which were demeaning to other cadets and staff on the basis of gender and race and inappropriate postings about the administration. The site had hundreds of "hits" from the Corps and some alumni as well. Though the number of cadets who made the inappropriate postings were few, that may be all it takes to stain VMI's reputation. He expressed his disappointment, noting that this was the first time he had ever had to address the entire Corps for a conduct issue. The cadet General Committee is investigating the postings for possible disciplinary action.

10. A motion was made by Mrs. Camp, seconded by General Jumper, that the Board of Visitors approve the Changes in Faculty and Staff, dated 1 February 2012. The motion passed.

11. A motion was made by Mrs. Camp, seconded by Mr. Allen, that the Academic Affairs Committee recommends that the final list of 20 December 2011 graduates (Memorandum # 27, dated 20 December 2011) and 31 January 2012 graduates (Memorandum # 34, dated 31 January 2012) be accepted by the Board of Visitors and that both lists be filed with the minutes of this meeting. The motion passed. Both lists of graduates are filed with the minutes of this meeting as **Appendix IV**.

12. A motion was made by Mrs. Camp, seconded by Mr. Robertson, that the Academic Affairs Committee has considered updates to the **Faculty Handbook**, dated February 2012 and recommends that the Board of Visitors approve the **Faculty Handbook, February 2012** and that the updates be made part of the minutes. The motion passed. The memorandum associated with this motion and the updates are filed with the minutes of this meeting as **Appendix V. The Faculty Handbook, February 2012** is on file in the office of the Deputy Superintendent for Academics and Dean of the Faculty.

13. A motion was made by Mrs. Camp, seconded by Mr. Mundy, that the Academic Affairs Committee has considered the revised Policy on International Baccalaureate (IB), Advanced Placement (AP) Credit Award, and Cambridge International Exams and recommends that the Board of Visitors approve both the IB, AP Credit Awards, and Cambridge International Exams. The motion passed. These revised policies are filed with the minutes of this meeting as **Appendix VI**.

14. **Entered into Closed Session:** A motion was made by General Jumper, seconded by Mr. Galanti, to enter into a Closed Meeting. The motion passed and the Board entered into Closed Session at 1025 hours to discuss:

1. Consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel (pursuant to 2.2-3711 (A) 7) relating to OCR complaint and personnel performance.
 2. Personnel matters related to specific individual employees or candidates for employment (pursuant to 2.2-3711 (A) 1), relating to performance.
 3. Disciplinary and other matters involving specific cadets, and individuals (pursuant to 2.2-3711 (A) 2 relating to indiscipline and honor court cases.
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15. **Return to Open Meeting:** At 1105 hours, a motion was made by Mr. Foster, seconded by Mr. Gottwald, certifying the Closed Meeting. The motion passed.

16. *General Peay highlighted some areas of concentration and future initiatives for expanding the blueprint of Vision 2039 (Vision 2039 A): Master Planning, Public Affairs, Admissions, Center for Leadership and Ethics, Organization & Succession Planning, Citizen Soldier & Military, Academics, Athletics, Honor System, and Alumni Activities & Relations.*

17. Mr. Fraim acknowledged Commodore/Captain Perry F. "Pete" Van Hooser III '71, for his service to the nation with the Naval Special Warfare Command and Seal Team Six. He attended the recent retirement ceremony for Captain Van Hooser at which Admiral William H. McCraven (4-star), Commander of Joint Special Operations Command was present.

16. There being no further business to come before the Board, the meeting was adjourned at 1205 hours.

Michael M. Strickler '71
Secretary