Madame Rector, Members of the Board of Visitors:

The life of a university, in some respects, is like the life of a human being. In the long
march of years, in the hundreds of decisions we make and actions we take from day to
day, it’s not always immediately clear to us which decisions and actions will end up
having a significant effect on the course of our lives. Often it’s only in retrospect that the
important events in our lives begin to appear truly important. Often it’s only when we
look back over time that we’re able to say, “That was a big step. That changed my
life.”

But then, occasionally, we experience events that are so obviously important that, even
as they are occurring, we immediately recognize them for what they are: turning points.
The college you decide to attend; the career you decide to pursue; the person you
decide to marry — we know these are life-altering decisions, even as we are making them.

Over the years of a university’s existence, in the daily ebb and flow of activity, it’s not
always easy to tell which decisions or events will have significant long-term effects. But
occasionally, universities experience the same type of unmistakably transformational
moments that we sometimes experience in our personal lives.

The University of Virginia is entering such a moment now. UVa is beginning one of the
most profound transformations in its history — an institutional transformation, but also
a human transformation. Our faculty has reached a generational turning point, because
many of our top faculty members who came to UVa 30 or 40 years ago and enjoyed
illustrious careers here will be retiring soon. Over the next 5 - 7 years, we will be
recruiting and hiring large numbers of faculty to replace retiring faculty and to keep
pace with our plans for modest enrollment growth. We need to attract the very best
faculty from across the country and around the world; we need to retain the excellent
faculty we already have; we need to offer them competitive compensation; and we need
to assure that they have outstanding facilities for teaching and research.

This is not the first transformational moment for UVa. The University has experienced
other major inflection points in its history: when Thomas Jefferson and his colleagues
gathered at Rockfish Gap to draft a plan to transform this University from conception to
reality, for example, and when de-segregation and co-education transformed an all-
male, all-white school into the diverse global university of today. And now the massive
re-making of our faculty is another inflection point, and also an opportunity to ensure
future greatness.
Paying competitive salaries to all University employees is our goal. But our faculty are farthest behind in their compensation rates. Today I am asking the Board to adopt a goal to address this issue. In the Finance Committee meeting, Colette Sheehy will present more detail concerning a multi-year plan for competitive compensation for UVa faculty. Using our AAU peers as the metric, the overall goal of the plan is to raise our average faculty salaries into the top 20 of the AAU universities by 2016-17. UVa is currently ranked #26 overall in the AAU and #6 among public AAU institutions.

Some of our schools currently pay average salaries that are above some of our AAU peers, while some of our schools’ salaries are lower than the peers. So each school will need to develop a compensation plan that meets its specific needs. The compensation plans will be discussed annually in budget meetings with the Provost and the Chief Operating Officer. This will be a very high priority, because our missions of teaching, research, and clinical care depend so critically on the faculty.

We believe it will take $65 million, added to the faculty payroll, to meet our goal. This does not mean adding $65 million to the budget, because some of this can be done through reallocation. This is recurring money, because payroll must be met every year. In addition, we will need approximately $110 million in one-time funding for start-up packages. The schools, primarily the College and Engineering, have budgeted funds to cover about 60% of these costs so we can continue hiring, but we need to find new sources of start-up funding to be able to sustain faculty recruitment in these key areas over the next 5 -7 years. These costs do not include estimates of start-up needs in the School of Medicine, but those costs will be significant too.

Many partners will need to come to the table to make this happen. Supplementing faculty salaries through endowments and raises must now become the highest priority for the Board of Visitors, for the foundations, and for donors. Several of the foundations are already excited about this prospect, but they have asked me if this priority has Board support.

As a result of this investment, we expect certain outcomes. We will retain our best faculty, energize our current faculty by recognizing their hard work, and provide the means to hire new faculty at competitive rates as retirements occur. This investment will also enhance our ability to strengthen STEM fields by providing competitive start-up money. At the same time, the Provost will be leading a review of our hiring and evaluation practices, so that we can adopt best practices in hiring and nurturing new faculty in every part of the University.

The people we hire and the choices we make in the next few years will be the defining factors for this University in the decades ahead. At the same time that we are beginning this protracted hiring process, we are launching a strategic planning effort that will create a blueprint for the University’s next decade and beyond. Strategic planning will
help us set priorities, and that’s important because we cannot do everything we would like to do; we will have to make choices.

In the meeting of the Special Committee on Strategic Planning immediately after this Preliminary Session, you will hear from Milton Adams about the progress to date in our planning effort. The working groups that are involved in this effort will focus on a series of topics and questions that are fundamental to the University’s future.

For example: What is the value of residential education, and how can we demonstrate the value of UVa’s distinctive brand of undergraduate education?

What should our students be learning now, and how can we measure how well they are learning?

What technologies should we be using in our teaching, and how can they improve our face-to-face instruction? What technology resources do we need at UVa to support innovation in teaching and research?

What does it mean to be a public university in the 21st century? What should our commitments be, now and in the future, as a university that is both great and public?

How can we identify and align the shared interests of our individual schools and faculty members so they can effectively work together to distinguish the University?

How can we streamline the University’s operations, and how can we generate greater resources through private support?

These questions are critical. Finding the right answers will be transformational. We will work closely with Board’s Special Committee on Strategic Planning as we seek out those answers.

In the Board’s committee meetings, you hear and discuss a great amount of extremely detailed information and data. This level of detail is necessary to properly inform your decision-making. But the granular focus might sometimes make it difficult to see the broader significance of the matters under discussion.

This time, however, there is no mistaking the significance of the moment, as the University begins a transformational period, near the beginning of its third century. I am grateful for your strong commitment to stewardship as the work begins.