

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
January 23, 2014

PRESENT: Wendy Herdman, Tim Hodge, Joe Merola, Quinton Nottingham, Leslie O'Brien, Ken Smith,

ABSENT: Renee Boyer, Amy Brunner, Martin Daniel, Elizabeth Fine, Balachandar Guiduri, William Knocke, Mark McNamee, Andrew McCoy, Theresa Pancotto, John Phillips, Timothy Scott, Dwight Shelton, Jason Soileau, Connie Stovall, Sue Teel

1. CALL TO ORDER

Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE DECEMBER 5, 2013 MINUTES

Mr. Hodge announced that the minutes of the December 5, 2013 meeting have been electronically approved and sent to University Council for posting on the web.

3. REVIEW OF GOVERNOR'S EXECUTIVE BUDGET FOR 2014-16

Mr. Hodge reported on Governor McDonnell's Executive Budget for 2014-16 which was presented to the House and Senate on December 16th, 2013. The proposal is now under review by the General Assembly, and is subject to change before final passage in the spring. A handout was provided to summarize proposals that impact Virginia Tech. This handout is attached.

Mr. Hodge noted the following key points regarding the Executive Budget proposal:

New General Fund (208) support totaling \$4,032,730 is included to support objectives of the Higher Education Opportunity Act (HEOA). This includes \$3,444,138 in degree incentives and \$588,592 in enrollment growth incentives based on outcomes.

State agencies were alerted in fall, 2013 to prepare for a potential reduction in their budgets. Colleges and universities were excluded. In lieu of budget reductions, colleges and universities are to reallocate approximately 2% in each year from the current E&G General Fund budget to advance HEOA objectives. This is \$2.8m for Virginia Tech.

Proposed General Funds for the biennium include the following for Virginia Tech:

- \$1,650,000 to support neurological and brain disorder research and life science research.
- \$100,000 for in-state need-based low and middle-income undergraduate financial aid
- \$271,420 to support graduate financial aid
- \$46,000 in year one and \$175,000 in year two to support establishment of a statewide consortium administered by SCHEV to help military personnel and veterans apply their training and education towards degree completion.

Proposed biennial funding for the Virginia Cooperative Extension/Agriculture Experiment Station (229) include:

- \$1.2 Million for operation and maintenance costs of the new HABBI facility.

- An additional \$110,000 for agricultural specialists compensation to provide professional development to middle school and high school agricultural education teachers.

Compensation:

- Faculty and staff salary increases were not included in the budget; however, those employed on April 1, 2014, through November 24, 2014 are eligible for a December 1, 2014 bonus. Detailed information is provided in the attached handout.
- A 2% salary adjustment will be effective July 25, 2014 to relieve salary compression and maintain market relevance for a limited number of high turnover job roles enumerated in the budget document (e.g. law enforcement, housekeeping, and certain emergency response and medical personnel).

Proposed health care and fringe rate increases charged to the university include:

- Virginia Retirement System: 40% increase. Note: ORP not linked to VRS.
- Group Life Insurance: 11% increase
- VSDP: 32% increase
- Retiree Health: 17% increase.
- Health insurance rates charged to the university (employer) will be 5.25% in FY15 with an additional 6.9% in FY16.
- GF support for a portion of these costs is planned in a central appropriation. The university will need to fund the NGF share.
- Employee health care single plans will increase \$3 per month (both years). Family plans will increase \$10 per month (first year) and \$13 per month (second year). Prescription copays will increase from \$5-\$10.

Other Items proposed in the executive budget that would impact the university include:

- Premiums are to increase for automobile insurance (more than 1000%) and workers' compensation (approximately 10%). The Risk Management Department has completed an initial review of this change.
- The Unmanned Aircraft Research/FACT Fund will provide up to \$1,199,495 in the first year and \$436,998 in the second year for unmanned aircraft systems research and development.
- No change is proposed for the Board of Visitors' authority to establish tuition and fee rates. However, the Governor's support of the HEOA initiatives is meant to slow the rising costs of tuition and fees in order to maintain affordability and accessibility in higher education.
- The Executive Budget includes language and partial funding to establish a Higher Education Procurement Cooperative to obtain a financial advantage through cooperative procurement. Virginia Tech worked closely with the University of Virginia and the Secretary of Education to develop and support of this initiative.
- Language delineating the funding elements of a higher education funding model for implementing the Virginia HEOA of 2011 is provided for current and future years. Detailed information is provided in the attached handout.
- The Research matching & reporting requirement includes a match or investment of 2 times over 3 years or commercialization of a product. It also requires an agency-submitted report identifying the institution's research accomplishments and state's return on investment.
- Financial Aid funding is intended to enhance affordability for low and middle income students and families. Funds will be allocated based on the existing SCHEV Partnership Model. Language provided in the Budget Bill defines the low and middle income range and requires institutional reporting to the Commonwealth through the institution's six-year plans.
- \$6,975,108 in Maintenance Reserve funding is proposed for the university in each year of the biennium, which reflects a \$2.65 million increase over the current biennium.

- The Classroom project is included in the state pool for funding the cost of furniture, fixtures, and equipment for previously approved construction projects.
- With the exception of one planning project at a community college, the commonwealth did not propose planning or construction funding for any new higher education capital projects for the 2014-16 biennium.
- Authorization is provided to convey land to the Virginia-Tech Montgomery Regional Airport Authority to grant a restrictive runway protection zone for a runway expansion project, funded through the Federal Aviation Administration.
- An update on the General Assembly will be given at the next meeting.

4. UPDATE ON JLARC STUDY ON HIGHER EDUCATION COST EFFICIENCY – REPORTS 1 & 2

Mr. Hodge gave a PowerPoint presentation on the recent Joint Legislative Audit and Review Commission (JLARC) study on higher education cost efficiency. The purpose of this study was to analyze cost efficiency of Virginia public higher education institutions and identify opportunities to reduce costs. The resolution identified 14 areas to consider including academic factors and non-academic factors.

Report 1—Trends in Higher Education Funding, Enrollment, and Student Costs—was issued on June 10, 2013. This 76-page report on academic factors reviewed and summarized 10- and 20-year trends in enrollment, tuition and fees, housing, and dining charges; the relationship between average income and higher education costs and financial aid; and public higher education revenue streams and spending.

Report 2—Review of non-academic services and costs focused on impact of non-academic (auxiliary) services on tuition and mandatory fees, the operation of auxiliary enterprise activities, revenue source and allocation, and opportunities to reduce costs. Data was provided to compare Virginia Tech's auxiliary services and costs to other state universities in five areas. These areas included: intercollegiate athletics, recreation and fitness centers, student housing, student dining, and debt service for auxiliary enterprise projects. A handout of the PowerPoint slides is attached.

The final JLARC report is expected to be completed by November, 30, 2014.

5. OTHER BUSINESS

There being no further business, the meeting adjourned at 4:10 p.m.

2014-16 Executive Budget

On December 16th, 2013 Governor McDonnell presented the 2014-16 Executive Budget proposal to the House Appropriations and Senate Finance Committees. The proposal is now under review by the 2014 General Assembly, and is subject to change before final passage in Spring 2014. The following is a summary of the proposals that impact Virginia Tech.

University Division (208)

- **New General Fund Support:** Incremental General Fund (GF) resources of \$4,032,730 are provided in each year to support the objectives of the Higher Education Opportunity Act, made up of:
 - \$3,444,138 in degree incentives, and
 - \$588,592 in enrollment growth incentives.
- **Reallocation:** In lieu of budget reductions, the Executive Budget asks colleges and universities to reallocate approximately 2% in each year from the General Fund portion of the current E&G budget, or \$2.8M, to advance the objectives of the Higher Education Opportunity Act.
- **Research:** \$1,650,000 GF in each year is proposed to support neurological and life science research.
- **Veteran and Military Educational Consortium:** The Executive Budget provided Virginia Tech, along with JMU, ODU, UVA, and the VCCS, \$46,000 GF in year one and \$175,000 GF in year two to support the establishment of a statewide consortium administered by SCHEV to help military personnel and veterans apply their training and education towards degree completion.
- **Student Financial Aid:** An additional \$100,000 GF in each year is provided for in-state need-based undergraduate financial aid for low and middle-income families, and \$271,420 GF in each year is allocated to support graduate financial aid.

Virginia Cooperative Extension/Agriculture Experiment Station (229)

- **Operation and Maintenance of New Facilities:** General Fund support of \$1.2 Million in each year is proposed to fund the operation and maintenance costs of the new HABBI facility.
- **Agricultural Specialists:** An additional \$110,000 GF in each year is proposed to support agricultural specialists to provide professional development to agricultural education teachers in middle and high schools across the Commonwealth.

Compensation

- **Faculty and Staff Salaries:** Unfortunately, a traditional salary increase program was not included in the Executive Budget.
- **Bonus:** Faculty and staff employed on April 1, 2014, and remain employed until at least November 24, 2014 are eligible for a December 1, 2014 bonus as follows:
 - Up to two percent of base pay, contingent upon statewide discretionary unspent GF appropriations reverted at the end of fiscal year 2014 equaling or exceeding \$107,772,638

(twice the GF cost). Staff must have attained a performance evaluation of at least "meets expectations" and have no active written notices.

- Up to one percent of base pay, contingent upon the combination of GF revenues exceeding the official FY14 revenue estimate and discretionary unspent GF appropriations reverted at the end of fiscal year 2014 equaling or exceeding \$7,005,232 (twice the GF cost). Staff must have attained a performance evaluation rating of "exceeds expectations" and have no active written notices.
- If either of the GF resources are insufficient, the respective bonus payment would be prorated.

- **Compression Adjustment:** As a result of a central study of compensation, a 2% adjustment will be effective July 25, 2014 to relieve salary compression and maintain market relevance for a limited number of high turnover job roles enumerated in the budget document (e.g. law enforcement, housekeeping, and certain emergency response and medical personnel).

- **Fringe Rate Increases:** The commonwealth will increase the charges to the university for the several central costs, including:
 - Virginia Retirement System: 40% increase
 - Group Life Insurance: 11% increase
 - VSDP: 32% increase
 - Retiree Health: 17% increase.
 - As a result, GF support for a portion of these costs is planned in a central appropriation.

- **Health Care, Employer:** Health insurance rates charged to the university will increase approximately 5.25% in FY15 and an additional 6.9% in FY16. General Fund support for a portion of the cost increase is planned in a central appropriation.

- **Health Care, Employee:** Single plans will increase \$3 per month in both years, and family plans will increase \$10 per month in the first year and \$13 per month in the second year of the biennium. Prescription copays will increase from \$5-\$10.

Other Items

- **Insurance:** Premiums for automobile insurance liability are increasing by more than 1000% and workers' compensation by approximately 10%. GF support for a portion of the cost is provided.

- **Unmanned Aircraft Research/FACT Fund:** The state's Federal Action Contingency Trust Fund is continued to provide relief to areas affected by the Federal budget volatility. For the university, this item will provide up to \$1,199,495 in the first year and \$436,998 in the second year for unmanned aircraft systems research and development.

Language

- **Tuition Authority:** There is no change proposed to the authority of the Board of Visitors to establish tuition and fee rates. However, the Governor states that his support of the Higher Education Opportunity Act initiatives is, in part, meant to slow the rising costs of tuition and fees in order to keep higher education more affordable and accessible.

- **Higher Education Procurement Cooperative:** The Executive Budget includes language and partial funding to establish a cooperative to provide a formal framework to aggregate and

leverage individual institutional procurement requirements and resources to obtain financial advantage through cooperative procurement. Virginia Tech worked closely with the University of Virginia and the Secretary of Education in the development and support of this initiative.

- **Higher Education Funding Model:** Language delineating the funding elements of a budget model for implementing the Virginia Higher Education Opportunity Act of 2011 is provided for current and future years:
 - Enrollment Growth: Per-student amount based on TAG award amount for enrollment growth over two most recent years,
 - Base and Incentive Funding
 - 42% for incentive funding,
 - 21% for financial aid,
 - 14% for enrollment growth,
 - 14% for research activities,
 - 9% for base operations support.
 - Research Matching & Reporting Requirement: Requires match or investment of 2 times over 3 years or commercialization of a product. Also requires agency-submitted report identifying the institution's research accomplishments and state's return on investment.
 - Financial Aid: Provides funding that is intended to enhance affordability for low and middle income students and families. Funds will be allocated based on the existing SCHEV Partnership Model. Language provided in the Budget Bill defines the low and middle income range and requires institutional reporting to the commonwealth through the institution's Six-year plans.

Capital Budgets:

- **Maintenance Reserve:** \$6,975,108 is proposed for the university in each year of the biennium, which reflects a \$2.65 million increase over the current biennium.
- **Equipment:** The Classroom project is included in the state pool for funding the cost of furniture, fixtures, and equipment for previously approved construction projects.
- **Capital Projects:** With the exception of one planning project at a community college, the commonwealth did not propose planning or construction funding for any new higher education capital projects for the 2014-16 biennium.
- **Airport Expansion Language:** Authorization is provided to convey land to the Virginia-Tech Montgomery Regional Airport Authority to grant a restrictive runway protection zone for a runway expansion project, funded through the Federal Aviation Administration at no cost to the commonwealth. Further, the university shall retain all net proceeds from the sale to support the costs of relocating agricultural programs impacted by the sale of the land or granted easements.

SUMMARY OF INTRODUCED EXECUTIVE BUDGET FOR 2014-16

VIRGINIA TECH

December 20, 2013


(Dollar Amounts in Thousands)


OPERATING BUDGET

<u>University Division</u>	General Fund (a)	
	2014-15	2015-16
Educational and General Budget		
Support for Higher Education Opportunity Act Initiatives	\$ 4,033	\$ 4,033
Veteran and Military Education Consortium	46	175
State Share of Insurance Premium Increase (Workers Comp, Auto)	247	263
State Share of New State Budget & Accounting Systems	17	19
Student Financial Aid		
Undergraduate	100	100
Graduate	271	271
Research		
Neurological and Life Science Research	1,650	1,650
Technical Adjustments		
Continuation of Prior Year Items (Fringe Rates & Compensation)	9,080	9,080
Higher Education Equipment Trust Fund		
Base Allocation	8,328	8,328
Research Specific Allocation	4,278	4,278
Subtotal University Division	\$ 28,050	\$ 28,197
 <u>Cooperative Extension/Agricultural Experiment Station Division</u>		
Educational and General Budget		
Operation and Maintenance of HABBI	1,150	1,173
Support for Agricultural Specialists	110	110
State Share of New State Budget & Accounting Systems	6	8
State Share of Insurance Premium Increase (Workers Comp, Auto)	-17	-17
Technical Adjustments		
Continuation of Prior Year Items (Fringe Rates & Compensation)	2,946	2,946
Subtotal VCE/VAES Division	4,195	4,220
TOTAL OPERATING SUPPORT	\$ 32,245	\$ 32,417


CAPITAL BUDGET

<u>University Division</u>	<u>State Support</u>
Maintenance Reserve, Fiscal Year 2015	\$ 6,975
Maintenance Reserve, Fiscal Year 2016	6,975
FF&E Funding for Classroom Building	3,642
TOTAL CAPITAL SUPPORT	\$ 17,592






Update on JLARC Study on Higher Education Cost Efficiency
 University Advisory Council on Strategic Budgeting and Planning
 January 23, 2014


JLARC Study: Overview

The 2012 General Assembly directed the Joint Legislative Audit and Review Commission (JLARC) to:

- conduct a study on **cost efficiency** of the Virginia public higher education institutions
- identify opportunities to **reduce the cost of public higher education in Virginia.**

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JLARC Study: Overview

The resolution identified 14 areas to consider including:

- **academic factors:** teaching load and faculty productivity, impact of faculty research on tuition, incentives created by existing faculty compensation models, etc.
- **non-academic factors:** administrative staffing and costs, operation of enterprise activities, etc.
- Expected to be completed by November 30, 2014

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JLARC Study: Reports

	Report	Issue Date
1.	Trends in Higher Education Funding, Enrollment, and Student Costs	June 10, 2013 (Issued)
2.	Review of Non-Academic Services and Costs	September 9, 2013 (Issued)
3.	Review of Academic Spending and Workload	December 9, 2013 (Issued)
4.	Review of Administrative Efficiency	2014
5.	Strategies and Practices to Facilitate Efficient and Effective Public Higher Education in Virginia	2014

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JLARC Report 1: Trends in Higher Education Funding, Enrollment, and Student Costs

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Trends in Higher Education Funding, Enrollment, and Student Costs Report

- Issued on June 10, 2013
- The 76-page report reviewed and summarized:
 - 10- and 20-year trends in the areas of enrollment, tuition and fees, housing, and dining charges
 - the relationship between average income and higher education costs, student borrowing, and other forms of financial aid
 - public higher education revenue streams, and public higher education spending

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Trend Report - Highlights

- Most spending at public four-year higher education institutions in Virginia and nationally is on activities other than direct instruction.
- The largest driver of spending increases in Virginia has been on auxiliary enterprises such as student housing, dining, and intercollegiate athletics.
- States have shifted more of the financial burden of higher education to students. State funding as a percentage of total revenue at institutions in Virginia and nationally has declined.
- In Virginia, state general funding per student (adjusted for inflation) declined 22 percent between 1991-92 and 2011-12.

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Trend Report – Highlights

- Virginia has increased enrollment more and graduated students faster than nationwide.
- Price of higher education has increased substantially in Virginia and nationwide. The price of higher education has increased substantially over the last two decades, though, slightly less in Virginia than nationally.
- Higher education now consumes more income, necessitating increased borrowing and other aid.

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Trend Report – VT Observations

- Virginia Tech maintains one of the *lowest non-Educational and General fees* of the four-year public institutions in Virginia.
- Virginia Tech has experienced *enrollment growth* resulting in an increased demand for services in several auxiliaries.
- Student and parent expectations for the quality of services has increased over the years.

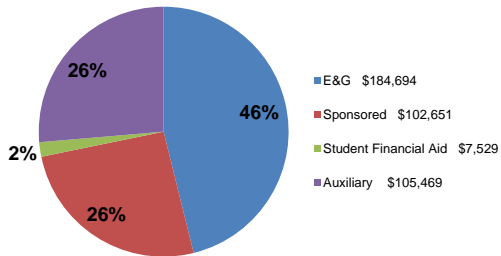
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Trend Report – VT Observations

- Report cites an overall 22 percent decline in inflation-adjusted General Fund support per student for Virginia institutions.
 - The 22 percent is calculated for both resident and non-resident students
 - General Fund support provided by the state is for the benefit of resident students only; non-resident students fund more than 100 percent of their cost of education
- General Fund per resident student at Virginia Tech decreased \$5,119 in inflation-adjusted dollars between fiscal year 2001 to 2014 – a 53.8 percent decrease on an inflation-adjusted basis

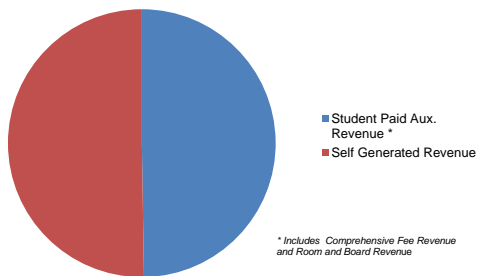
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Virginia Tech Expenditure Growth by Area: FY 2002 to FY 2011

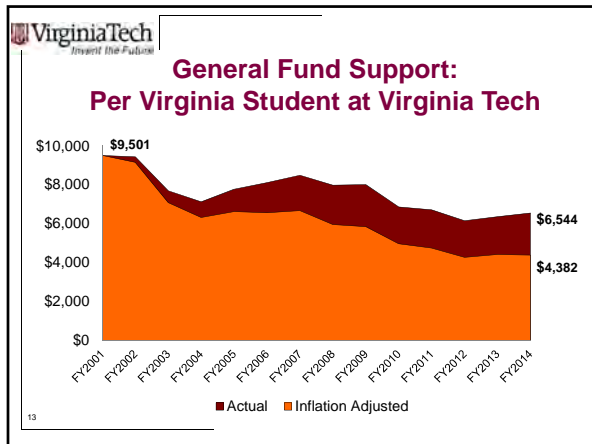


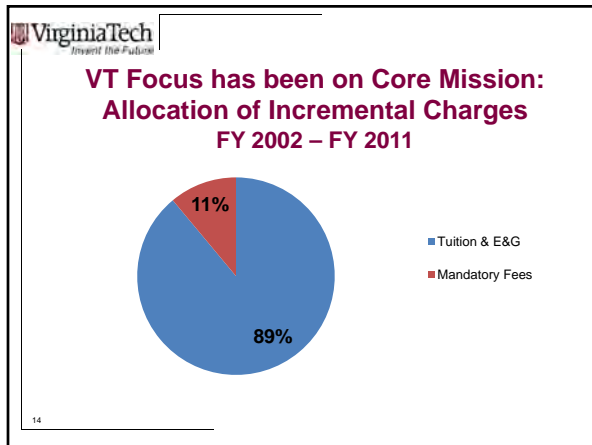
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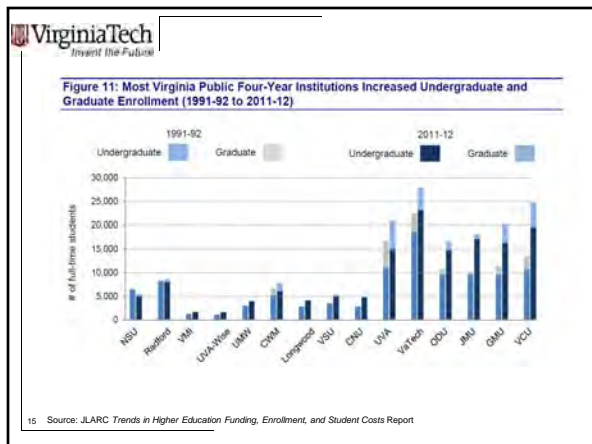
Growth in Auxiliary Enterprise Revenue

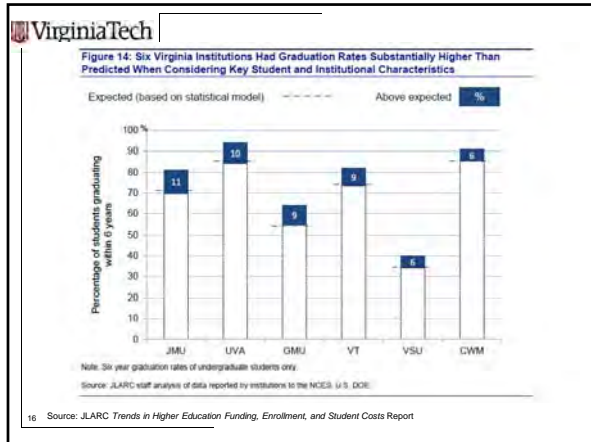


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JLARC Report 2: Review of Non-Academic Services and Costs

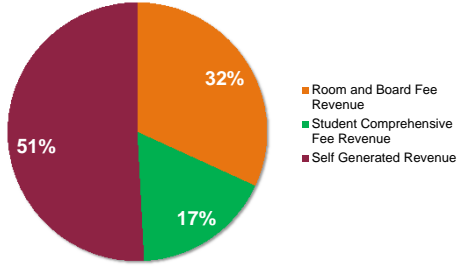
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- ### Review of Non-Academic Services and Costs
- **Scope of Study:**
 - Review impact of non-academic (auxiliary) services on tuition and mandatory fees
 - Operation of auxiliary enterprise activities
 - Revenue source and allocation
 - Opportunities to reduce cost
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Auxiliary Enterprises at Virginia Tech

- **Auxiliary Enterprises**
 - Separate self-supporting business units operated for the convenience of faculty, staff, and students
- **Revenue Sources**
 - Student fees
 - Self-generated revenue
- **Required to be 100% Self-Supporting:**
 - Cover both direct and indirect costs
 - No General Fund support and no tuition revenue
 - Institutions can manage auxiliaries as a whole; however, athletics must stand on its own.
 - Virginia Tech manages each auxiliary as a separate entity.


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Auxiliary Enterprise Revenue Sources at Virginia Tech 2013-14



Revenue Source	Percentage
Room and Board Fee Revenue	32%
Student Comprehensive Fee Revenue	17%
Self Generated Revenue	51%

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JLARC Review of Non-Academic Services and Costs: Auxiliary Enterprises

Report focused on five areas:

- I. Intercollegiate athletics
- II. Recreation & fitness centers
- III. Student housing
- IV. Student dining
- V. Debt Service for Auxiliary Enterprise Projects

21 Source: JLARC Non-Academic Services and Costs Report

Intercollegiate Athletics

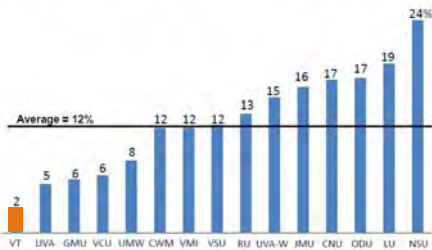
Highlights from report:

- State-wide, athletic programs do not generate enough revenue to cover their expenses. Most institutions depend heavily on mandatory student fees to subsidize programs.
- About 12 percent of tuition and fees is used for athletic programs, on average, but considerably more at certain institutions.

22 Source: JIARC Non-Academic Services and Costs Report

Intercollegiate Athletics: Fees

Mandatory Athletic-Related Fees Comprise an Average of 12% of Total Tuition and Fees (2012-13)

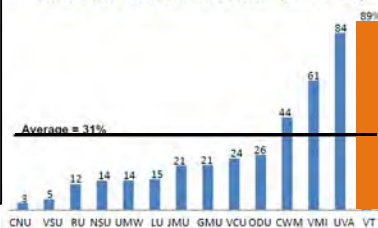


23 Source: JIARC Non-Academic Services and Costs Report

Intercollegiate Athletics: Revenues

Most Athletic Programs Generate Less Than Half of Total Revenue (2011-12)

No Virginia school generates enough athletic revenue to cover all its expenses without subsidies from student athletic fees, but the amount of generated revenue varies substantially by school.



24 Source: JIARC Non-Academic Services and Costs Report

Intercollegiate Athletics: Findings (1)

Institutions are not sufficiently transparent about mandatory fees, including the athletics fee.

- Athletic fee (or the athletic component of mandatory non-E&G fees) is difficult to find on many school websites or is not publicized at all.
- Students may not be fully aware of how much they pay in athletic-related mandatory student fees.

Intercollegiate Athletics: Recommendation (1)

- **Boards of Visitors should:**
 - Require their institution to list the amount of athletic fee on their website.
 - Consider requiring institutions to list the major components of mandatory fees, including athletic fees, in a separate page attached to student invoices.

Intercollegiate Athletics: Recommendation (1)

The report specifically states:

“An exception to this lack of transparency is VT; the Bursar’s Office provides a detailed listing of mandatory fees on its website. The university also itemizes each fee on student invoices, as opposed to charging one line for a “comprehensive fee.”

This level of transparency could be emulated at other Virginia institutions.”

Intercollegiate Athletics: Findings (2)

Institutions do not calculate and report components of fees using the same method, so fees are not always comparable between institutions.

- SCHEV's annual tuition and fee report provides information about components of mandatory non-E&G fees charged to students
- Comparisons across schools are problematic
 - Some schools charge a separate debt service fee that includes auxiliary debt service
 - Other schools include athletics-related debt service in athletics fee.

VT does not have a separate debt service fee; debt service is incorporated into respective auxiliary unit fee.

Intercollegiate Athletics: Findings (2)

Lack of Comparability in Fees Across Schools

Institution	Mandatory Athletic-Related Fee	Athletic Fee as Published by SCHEV
LU	52,044	51,797
CHU	1,795	1,266
VMI	1,622	1,502
NSU	1,618	1,510
CWM	1,584	1,485
JMU	1,528	1,176
ODU	1,453	1,211
UVA-W	1,219	1,175
Average	1,185	1,027
RU	1,138	1,138
VSU	892	724
UMW	747	373
UVA	657	657
VCU	635	635
GMU	577	515
VT	267	267

Intercollegiate Athletics: Recommendation (2)

- **SCHEV should:**
 - Convene a working group of institution financial officers to create a standard way of calculating and publishing mandatory non-E&G fees, including for intercollegiate athletics.
 - The group should report its findings to the House Appropriations and Senate Finance Committees by 2015 General Assembly.

Intercollegiate Athletics: Recommendation (2)

Virginia Tech Response:

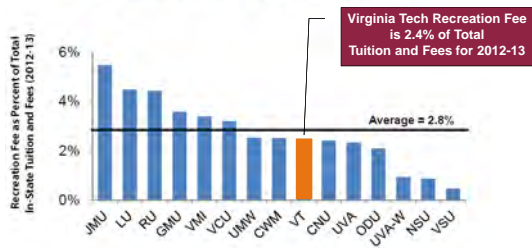
VT believes its current practices represent best practices.

- VT is willing to participate and share the university's practices.
- Finance officers of higher education have offered to create a work group, and will engage with SCHEV and the State to come up with a proposal.

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Student Recreation

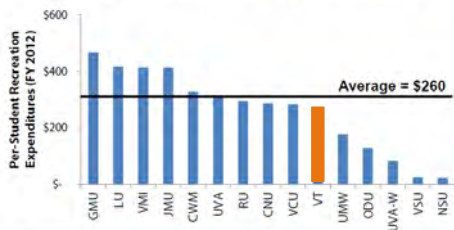
Recreation Fees Represent Average of 2.8% of Total Tuition and Fees (2012-13)



32 Source: JIARC Non-Academic Services and Costs Report

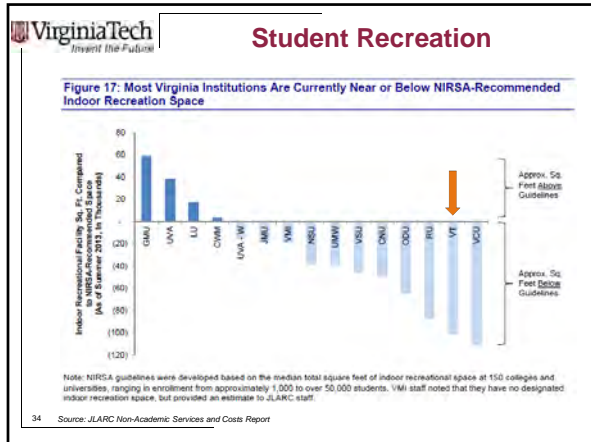
Student Recreation

Recreation Expenditures Per Student Vary Considerably By Institution



Note: Per-student figures include headcounts of all students enrolled in the institution (undergraduate, graduate, and first professional degree students) during the Fall semester of 2011.

33 Source: JIARC Non-Academic Services and Costs Report



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Student Recreation: Findings (3)

Highlights from report:

- Campus recreation spending varies across institutions and relies primarily on student fees.
- New recreation facilities have driven increases in recreation spending, but institutions remain below national median for indoor recreation space.
- Recreation facilities and services benefit students, staff, and the community.


35 Source: JIARC Non-Academic Services and Costs Report

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Student Recreation: Recommendation (3)

- **Boards of Visitors should:**
 - Assess the feasibility and impact of raising additional revenue through campus recreation and fitness enterprises to reduce reliance on mandatory student fees.
 - The assessments should address the feasibility and impact of raising additional revenue through charging for specialized programs and services, expanding membership, and/or charging all users of recreation facilities.


36 Source: JIARC Non-Academic Services and Costs Report


Student Recreation: Recommendation (3)

Virginia Tech Response:

- VT has expanded the use of the Student Recreation Center for faculty/staff use.
- Due to our location, VT has to be sensitive to the impact that implementation of the recommendation could have on local business community.


37 Source: JLARC Non-Academic Services and Costs Report


Student Housing

Highlights from report:

- 11 out of 15 institutions require at least freshmen students to live on campus
 - UMW, CNU, and VMI have multi-year requirements
 - GMU, VCU, ODU, and NSU have no requirement
- Student housing and dining account for nearly half the price of higher education for residential students. Virginia institutions charge about the same or less than other higher education institutions nationwide.

38 Source: JLARC Non-Academic Services and Costs Report


Student Housing

Highlights from report:

- Average charge for student housing increased more than average rent nationwide and about the same as in local markets.
- Despite the increases, on campus housing charges in Virginia are less than rent in local and national markets.

39 Source: JLARC Non-Academic Services and Costs Report

Student Housing

Highlights from report:

- Growth in housing charges attributable to several factors:
 - Construction & renovation of housing facilities
 - Student and parent demand for more features
 - Utility and labor costs
 - Student enrollment growth

40 Source: JIARC Non-Academic Services and Costs Report

Student Dining

Highlights from report:

- Student dining charges at public four-year institutions in Virginia increased more than price of meals out and slightly more than charges at other higher education institutions over the last decade, on average.
- Various factors have contributed to this rate of increase:
 - rising cost of food and labor
 - building new dining facilities to accommodate enrollment growth
 - accommodating expanding student dietary needs.

41 Source: JIARC Non-Academic Services and Costs Report

Student Dining

Report uses the following criteria to measure the attractiveness of dining services:

- Percentage of students who voluntarily purchase dining plans
- Estimated cost of each meal
- Student utilization of meals already purchased

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Student Dining

Table 21: Eight Institutions Exceeded Statewide Average for Percentage of Non-Residential Students Who Voluntarily Purchase Dining Plans (2012-13)

Institution	# Students Who Voluntarily Purchase Dining Plans	% Non-Residential Students Who Voluntarily Purchase Dining Plans
VT	11,055	76%
JMU	7,370	67
UMW	762	65
CWM	2,042	60
CNUJ	1,664	57
RU	2,162	42
UVA	4,387	41
LU	439	40
Average	2,870	39
VCU	6,011	38
VSU	318	15
UVA W	126	14
ODU	1,549	14
GMU	1,636	13
NSU	307	11
Total	40,180	---

Note: VMI not shown because all students are required to purchase dining plans.

43 Source: JIARC Non-Academic Services and Costs Report

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Student Dining

Figure 27: Eight Institutions Below Statewide Average Per-Meal Cost for 14 or 15 Meal-Per-Week Dining Plan (2012-13)

Note: Calculations reflect estimated cost of all meals, including meals not consumed. Assumption of 32 weeks in academic year 2012-13. "Dining dollars" or campus equivalent subtracted from calculations. Value for VMI reflects unlimited meal plan. Values for ODU, UMW, and VCU reflect block plans with between 225 and 250 meals per semester. Value for VT reflects average price per transaction for all transactions in 2012-13.

44 Source: JIARC Non-Academic Services and Costs Report

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Student Dining

Figure 29: Students Consume Roughly Four Out of Five Meals, On Average, at Virginia Institutions (Spring Semester 2012-13)

Note: VMI is not included because staff do not track meal plan participation. VT reported an average meal utilization rate of 99.95 percent. Average percent of meals consumed across all institutions is weighted based on the number of students with dining plans at each institution.

45 Source: JIARC Non-Academic Services and Costs Report

Student Dining: Findings

Several institutions have high dining plan utilization and low estimated per-meal cost compared to statewide averages.

*"In 2012-13, VT had the **highest percentage of voluntary dining plan purchases, the highest meal utilization rate, and below average estimated per-meal costs** compared to the averages among other public four-year institutions in Virginia."*

46 Source: JIARC Non-Academic Services and Costs Report

Debt Service for Auxiliary Enterprise Projects

Highlights from report:

- Virginia's institutions have undertaken more than **200 auxiliary enterprise projects** during the last decade using **\$3.5 billion in bonds**. Students pay most of the debt service.
- Auxiliary enterprise capital projects are **approved in State appropriation process and funded with non-general funds**
 - Level 3 institutions have independent authority to issue bonds; UVA (& UVA-W) most active
 - No State general funds are used for auxiliary enterprise capital projects

47 Source: JIARC Non-Academic Services and Costs Report

Debt at Virginia Tech

- VT has a proactive debt management program.
- VT issues debt to support all aspects of mission, including:
 - Instruction & Research
 - Auxiliary Enterprises
- Of the Auxiliary debt incurred:
 - Some affects student charges (e.g. dorms, rec sports)
 - Some does not (e.g. hotel, Electric service)
- VT is sensitive to fee increases and ensuring cost-benefit.

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Conclusions

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Comprehensive Fee

- Virginia Tech has the **lowest comprehensive fee** of all public 4-year institutions in Virginia.

Comprehensive Fee: VT Ranked 15 out of 15

50 Source: SCHEV 2013-14 Tuition and Fee Report


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Comprehensive Fee

- Largest portion of student charges support instruction at VT compared to other 4-year public institutions in Virginia.

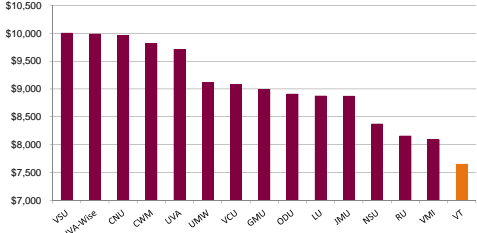
Mandatory Non-E&G Fees as a Percentage of Mandatory Costs
Virginia Public Institutions, 2013-14

51 Source: SCHEV 2013-14 Tuition and Fee Report


Room & Board


- Our award-winning dining program provides the greatest value to our students while minimizing the cost.

Average Room & Board: VT Ranked 15 out of 15



University	Average Room & Board (Approximate)
VSU	\$10,000
UVA-Wise	\$10,000
ONU	\$10,000
CWM	\$9,800
UVA	\$9,700
UVAW	\$9,100
VCU	\$9,000
GMU	\$8,900
ODU	\$8,800
LU	\$8,800
JMU	\$8,800
NSU	\$8,300
RU	\$8,100
VMI	\$8,100
VT	\$7,600


52 Source: SCHEV 2013-14 Tuition and Fee Report


Next Steps:

**JLARC Report 3-5:
Review of Academic Cost and Efficiency,
Administrative Efficiency, Strategies to
Facilitate Efficient HE in Virginia**

- University is currently examining the most recently issued JLARC report on academic spending and workload.
- University will provide update
- University will continue to support, provide input, on other JLARC studies.

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Questions?
