

**MINUTES  
UNIVERSITY ADVISORY COUNCIL ON  
STRATEGIC BUDGETING AND PLANNING  
February 23, 2017**

**PRESENT:** Carolyn Copenheaver, Tim Hodge, Steve Kleiber, Omchand Mahdu, Tom Bell (substitute for Herve Marand), Andi Ogier, Alex Parrish, Benjamin Tracy, Linbing Wang.

**ABSENT:** Mateo Carrasco, Henri de Hahn, Susan Marmagas, Quinton Nottingham, Randy Penson, Thanassis Rikakis, Hans Robinson, Dwight Shelton, Ken Smith, Jason Soileau, John Tedesco.

**1. CALL TO ORDER**

Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning, called the meeting to order at 4:00 p.m.

**2. APPROVAL OF THE JANUARY 26, 2017 MINUTES**

Mr. Hodge stated that the January 26, 2017 minutes have been approved and forwarded to the University Council for posting on the web.

**3. 2017 GENERAL ASSEMBLY SESSION UPDATE AS OF CROSSOVER**

Mr. Hodge reminded the council that the Governor's executive budget amendments (reviewed at prior meeting) went to the General Assembly, which convened on January 11, 2017. Both the House of Delegates and Senate reviewed the Governor's budget amendments and each branch has made changes. On Sunday, February 7, 2017 the budgets crossover between the two houses. A summary of the two budgets was provided. Mr. Hodge informed the council that the two budgets presented by the General Assembly were reconciled into one budget by the Conference Committee last night. Final results included the 5% reduction in General Funds for 2017-18 in Agency 208, and no reduction in the Cooperative Extension Agriculture Experiment Station Division (Agency 229). It also included a one-time recovery of cost savings from the State VRS Prepayment in Agency 208. The state funded a share of a 2% Faculty and 3% Staff compensation increase. Language was also supported to correct the fund split in Agency 229 moving forward. The state also included a supplement for a capital project. The Governor will have 30 days to review. A summary on the General Assembly Session as of Crossover is attached to these minutes.

**4. The meeting adjourned at 4:56 p.m.**

**2016-18 BUDGETS AS OF CROSSOVER  
AS OF TUESDAY, FEBRUARY 7, 2017**

The Executive column reflects incremental adjustments to the 2016-18 biennial budget proposed by the Governor.  
House and Senate columns reflect incremental changes proposed by each body to the Executive Budget.

	<b>Executive</b>	<b>House</b>	<b>Senate</b>
<b>Budget Reduction – University Division (208)</b>	2016-17: No reduction 2017-18: \$8,588,385 GF reduction.	2016-17: No reduction 2017-18: \$8,719,792 GF reduction.	No change to Executive Budget.
<b>Budget Reduction - Cooperative Extension &amp; Agricultural Experiment Station Division (229)</b>	2016-17: No reduction 2017-18: \$2,043,693 GF reduction	2016-17: No reduction 2017-18: No reduction	2016-17: No reduction 2017-18: No reduction
<b>Capture Virginia Retirement System Rate Reduction Savings</b>	One time reversion of University Division resources in each year: 2016-17: \$4,110,195 GF 2017-18: \$2,740,130 GF  Agency 229 was exempt from this action.	Reversion shifted from GF to NGF	No change to Executive Budget.
<b>Bonus Program</b>	1.5% employee bonus, effective December 1, 2017. Applies to faculty and staff employed on July 1, 2017 and remaining through November 1, 2017.	Bonus is eliminated	Bonus is eliminated
<b>Faculty and Staff Salary Increase</b>	2017-18: No salary increase is proposed.	2017-18: 3% salary increase, effective July 10 <sup>th</sup> , 2017.  General Fund support is reduced to reflect institutional salary actions unilaterally taken in 2017.	2017-18: effective July 10, 2017 salary increase. Faculty: 2% Staff: 3%  Nothing in this act shall preclude institutions of higher education from providing salary increases or bonuses.
<b>Other Salary Adjustments</b>	Salary compression plan for State Police, Sheriffs, and regional jails.	Additional adjustments pay for State Police  Additional 2 percent increase for High-turnover positions (housekeeping, Registered Nurse, etc.).	Retains Executive Budget compression plan for State Police  Additional 4 percent increase for Mental Health High-turnover/Front-line Service Providers.
<b>E&amp;G Interest Earnings and Credit Card Rebate</b>	Elimination of benefits resulting in a loss of approximately \$400,000 per year.	No change to Executive Budget.	No change to Executive Budget.

	<b>Executive</b>	<b>House</b>	<b>Senate</b>
<b>Agency 229 (CE/AES) Fund Split Language</b>	No change.	“It is the intent of the General Assembly that the general fund share of the Education and General program for the Virginia Cooperative Extension and Agricultural Experiment Station shall be 95 percent of state funding calculations.”	“It is the intent of the General Assembly that the general fund share of the Educational and General program for the Virginia Cooperative Extension and Agricultural Experiment Station Division shall be 95 percent for state funding calculations beginning July 1, 2018. The Virginia Cooperative Extension and Agricultural Experiment Station Division shall work with the Department of Planning and Budget regarding the disparity in the current methodology and report to the Chairmen of Senate Finance and House Appropriations by September 1, 2017.”
<b>Agency 229 (CE/AES) Study Language</b>	No change.	“Before November 1, 2017, the agency will study how to best leverage state investment with industry partnerships that result in the technological and scientific advancements needed to grow the state’s agricultural and natural resources economy. A report should be sent to the Chairmen of the House Appropriations and Senate Finance Committees with the findings of such a study to include short-term and long-term goals to grow the state’s agricultural and natural resource economy.”	“The agency shall study how best to leverage state investment with industry partnerships that result in the technological and scientific advancements needed to grow the state’s agricultural and natural resource economy. A report shall be sent to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2017. The findings of the study are to include short-term and long-term goals to grow the state’s agricultural and natural resource economy.”
<b>Out-of-State Capital &amp; Equipment Fee</b>	No change.	No change to Executive Budget.	\$1 increase per credit hour of the nonresident capital fee. Assessment of \$324,564 NGF in 2017-18.
<b>Renovate/Renew Academic Buildings -- Capital Project Supplement</b>	A supplemental appropriation of \$4.5 million GF is provided to support project	No change to Executive Budget.	No change to Executive Budget.
<b>Capital Project FF&amp;E Pool</b>	Provides \$3.174 for FF&E for the Renovate Renew Academic Buildings Project and \$745,000 for FF&E for the Improve Kentland Facilities Project.	No change to Executive Budget.	No change to Executive Budget.

	<b>Executive</b>	<b>House</b>	<b>Senate</b>
<b>Virginia Research Investment Fund</b>	Support for the VRIF is reduced by \$4 million GF in the first year and by \$6 million GF in the second year. Funding of \$4 million GF remains in year one and \$8 million GF remains in year two.	No funding change from Executive Budget. Language changes include: Study of Virginia's research assets. FOIA protections added. Responsibility for updating the Commonwealth Research and Technology Strategic Roadmap from CIT to VRIC and SCHEV.	No change to Executive Budget.
<b>GO Virginia</b>	General Fund reduced by \$4.6 million GF in the first year and by \$10.4 million GF in the second.	Restores \$3.6 million GF in the first year and \$3.9 million GF in the second year of the Executive Budget reductions.	Restores \$1.05 million GF in the first year and \$6.45 million GF in the second year of the Executive Budget reductions.
<b>Global Genomics and Bioinformation Research Institute</b>	Reduced by \$4 million GF in first year.	Restores \$2 million GF of Executive Budget Reduction.	Restores \$4 million GF of Executive Budget Reduction.
<b>Virginia Biosciences Health Research Consortium</b>	No change.	Reduction of \$2.5 million GF in 2017-18, leveling the funding in each year of the biennium.	No change.
<b>Optional Retirement Program</b>	No change.	Provides nongeneral fund appropriation to implement HB2251, which offers all state employees an Optional Retirement Plan (defined contribution) as is already available to faculty at institutions of higher education.	No change to Executive Budget.
<b>Enhanced VRS Retirement</b>	No change.	Expands existing provisions for Executive Branch employees to Legislative Branch Employees. If the Speaker of the House and Chairman of the Senate Committee on Rules certify that such actions are the result of 1) budget reductions, 2) reorganization or reform, or 3) downsizing, the agency shall not be required to pay the VRS for enhanced retirement benefits.	"M.1. Notwithstanding the provisions of Section 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in Section 2.2-3204(A), Code of Virginia, for employees who are involuntarily separated from employment with the Commonwealth if the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules have certified on or after July 1, 2016 that such action results from 1. budget reductions enacted in the Appropriation Act; 2. reorganization or reform actions taken by agencies in the legislative branch of state government to increase efficiency of operations or improve service delivery, provided such actions have been approved by the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules; or 3. downsizing actions

	<b>Executive</b>	<b>House</b>	<b>Senate</b>
			taken by agencies in the legislative branch of state government as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue; and if the applicable agency certifies that the actions comport with the provisions of and related polices associated with the Workforce Transition Act. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System."
<b>SCHEV Statewide Initiatives</b>	No change.	Saves \$2.8 million over the biennium by deferring new programs / initiatives approved in 2016 Session at SCHEV and the VCCS related to cyber scholarships and new cyber initiatives, career coaches, and one-time funding continuation.	No change.
<b>Student Financial Aid Letters</b>	No change.	No change.	The State Council of Higher Education for Virginia shall develop a standard template for financial aid award letters for institutions of higher education receiving state financial aid or whose students receive tuition assistance grants by November 1, 2017. The Council shall work with representatives of the higher education institutions and with the staff of the Senate Finance and House Appropriations Committees in the development of the template. The institutions shall be required to use this template for financial aid award letters beginning in the 2018-19 academic year. 2. The State Council shall also study options to create an interactive website to compare multiple financial aid award letters and report the findings to the Senate Finance and House Appropriations Committees by November 1, 2017."
<b>Higher Education Study</b>	No change.	No change.	Education Subcommittee to study: (a) improve the quality of higher education; (b) review the autonomy and flexibility granted to Virginia's public higher education institutions, including the history of restructuring and the expansion of autonomy; (c) examine access and affordability in higher education, including the cost of education and need-based financial aid programs; (d) review the impact of financial, demographic, and competitive changes on the sustainability of Virginia's public higher education system; and (e) identify any practices that would result in more

	<b>Executive</b>	<b>House</b>	<b>Senate</b>
			efficient outcomes regarding cost and completion, including dual enrollment and online programs.
<b>Substance-Use Prevention</b>	No change.	Directs SCHEV to work with the Department of Alcohol and Beverage Control to identify and compile a list of best practices among current substance-use prevention programs at colleges and universities. A final report is due to the Commission on Youth prior to the 2018 General Assembly Session.	No change to Executive Budget.
<b>Student Credit Hour Policy</b>	No change.	<p>"e. 1. The State Council of Higher Education for Virginia shall establish a policy for granting undergraduate course credit to entering freshman students who have taken one or more Advanced Placement, Cambridge Advanced (A/AS), College-Level Examination Program (CLEP), or International Baccalaureate examinations by August 1, 2017. The policy shall:</p> <p>a) Outline the conditions necessary for each public institution of higher education to grant course credit, including the minimum required scores on such examinations;</p> <p>b) Identify the course credit or other academic requirements of each public institution of higher education that the student satisfies by achieving the minimum required scores on such examinations; and</p> <p>c) Ensure that the grant of course credit is consistent across each public institution of higher education and each such examination.</p> <p>2. The Council and each public institution of higher education shall make the policy available to the public on its website."</p>	No change to Executive Budget.

**PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY**  
as of February 7, 2017: Crossover

**Operating Budget****General Fund**

	Executive Budget		House Budget		Senate Budget	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
<b>University Division</b>						
Incorporate 5 Percent General Fund Reduction	\$ -	\$ (8,588,385)	\$ -	\$ (8,719,792)	\$ -	\$ (8,588,385)
Recover Cost Savings from State VRS Prepayment (One-Time)	(4,110,195)	(2,740,130)	(4,110,195)	(2,740,130)	(4,110,195)	(2,740,130)
Withhold Credit Card Rebate and Interest Earnings	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
3% Faculty Salary Increase (House Program)	-	-	-	1,115,920	-	-
2% Faculty Salary Increase (Senate Program)	-	-	-	-	-	2,071,886
3% University Staff Salary Increase	-	-	-	-	-	568,945
3% Classified Staff Salary Increase	-	-	-	525,448	-	511,693
<i>Subtotal University Division Operating</i>	(4,510,195)	(11,728,515)	(4,510,195)	(10,218,554)	(4,510,195)	(8,575,991)
			-	-		
<b>Student Financial Aid</b>						
Undergraduate - Continue 2016-17 One-Time Funding in 2017-18	-	590,288	-	590,288	-	590,288
<i>Subtotal Student Financial Aid</i>	-	590,288	-	590,288	-	590,288
<b>Subtotal - University Division</b>	<b>(4,510,195)</b>	<b>(11,138,227)</b>	<b>(4,510,195)</b>	<b>(9,628,266)</b>	<b>(4,510,195)</b>	<b>(7,985,703)</b>
<b>Cooperative Extension/AES Division (CE/AES)</b>						
Incorporate 5 Percent General Fund Reduction (less matching)	-	(2,040,693)	-	-	-	-
Recover Cost Savings from State VRS Prepayment (One-Time)	-	-	-	-	-	-
3% Faculty Salary Increase (House Program)	-	-	-	420,470	-	-
2% Faculty Salary Increase (Senate Program)	-	-	-	-	-	524,979
3% University Staff Salary Increase	-	-	-	-	-	214,740
3% Classified Staff Salary Increase	-	-	-	168,083	-	196,692
<b>Subtotal CE/AES</b>	-	(2,040,693)	-	588,553	-	936,411
			-	-		-
<b>Total Operating Budget State Support</b>	<b>\$ (4,510,195)</b>	<b>\$ (13,178,920)</b>	<b>\$ (4,510,195)</b>	<b>\$ (9,039,713)</b>	<b>\$ (4,510,195)</b>	<b>\$ (7,049,292)</b>

(a) General Fund savings are restored, yet nongeneral funds are captured in the same amount.

**PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY**  
as of February 7, 2017: Crossover

**Capital Budget****University Division**

Renovate/Renew Academic Buildings Supplement

Renovate/Renew Academic Buildings FF&amp;E

**Cooperative Extension & Agricultural Experiment Station**

Kentland Improvements FF&amp;E

***Total***

<b>Executive Budget</b>	<b>House Budget</b>	<b>Senate Budget</b>
State	State	State
4,466,000	4,466,000	4,466,000
3,174,000	3,174,000	3,174,000
745,000	745,000	745,000
<b>\$8,385,000</b>	<b>\$8,385,000</b>	<b>\$8,385,000</b>

**Notes:**