MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
November 12, 2020

PRESENT: Awad Abdelhalim, Scott Case, Terry Clements, William Dougherty, Jeff Earley, John Fike, Daniel Harrington, Donald Hatfield, Jia-Qiang He, Bob Hicok, Tim Hodge, Ed Lener, Erin McCann, Ken Miller, Michael Sorice, David Crotts (guest of Ken Miller) and Ted Price (substitute for Carol Cash).

ABSENT: Angel Carter, Cyril Clarke, Joell Eifert, Joe Merola, and Liza Morris.

1. CALL TO ORDER
Mr. Tim Hodge, Associate Vice President for Budget and Financial Planning, called the meeting to order.

2. APPROVAL OF THE OCTOBER 15, 2020 MINUTES
The October 15, 2020 minutes have been approved and forwarded to the University Council for posting on the web.

3. ADDITIONAL QUESTION TIME ON PIBB UPDATE
Jeff Earley, Vice Provost for Academic Resource Management, answered additional questions from the Council regarding a presentation given on the Partnership for an Incentive Based Budget (PIBB) at the October 15, 2020 meeting. The presentation is attached to these minutes.

4. FINANCIAL UPDATE ON COVID-19
Tim Hodge presented the financial update on COVID-19 to the Council. Mr. Hodge reminded the Council the support VT was set to receive from the General Assembly’s Special Session, which included no reduction in General Fund support, $4 million one-time for operational support for impacts of the pandemic and $13.3 million in federal Coronavirus Relief funds. Mr. Hodge also gave an update on the Fall 2020 enrollment numbers, which were higher than projected for in-state students, but fell slightly short on out-of-state students and graduate students, resulting in a $4 million shortfall. He also reviewed the impact of the pandemic on the University’s Auxiliary Enterprise units, which have $85.6 million less revenue. Mr. Hodge reviewed the impacts to the E&G budgets, which included the reinstatement of $25 million in revenue contingency. He also reviewed budget management strategies, which include the partial mitigation of the 5% & 7% budget reductions by an average of 2% for Agency 208 E&G (to 3% and 5% respectively) and elimination of the 5% reduction for Agency 229. Management strategies for the one-time gap in the Auxiliary Enterprise units includes cost savings, restructuring of existing debt, federal support (CARES Act, next stimulus program), institutional support and other one-time savings (e.g. the state’s health insurance holiday in December will save the university $4.7 million). Mr. Hodge reminded the Council that the University will continue to monitor, manage and report on additional impacts of COVID-19, but the duration of the impact remains uncertain and resources are likely to be constrained in 2021-22. The presentation is attached to these minutes.

5. No further business was discussed and the meeting adjourned at 5:02 p.m.
Partnership for an Incentive Based Budget (PIBB) Update

Jeff Earley, Associate Vice Provost for Finance
Ken Smith, Vice Provost for Academic Resource Management

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING
OCTOBER 15, 2020
Partnership for an Incentive-Based Budget (PIBB)

**INCLUSIVE**
Performance goals established in collaboration with units being assessed. Performance metrics reward both shared and distinct outcomes.

**PREDICTABLE**
Promotes transparent institutional decision-making based on validated performance metrics accessible to units being assessed. Enables long-range planning.

**STRATEGIC**
A goal-based performance budget model that supports our mission and vision.

**REAL**
Enables academic leaders to make effective decisions.
Partnership for an Incentive-Based Budget (PIBB)
### Example college budget

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit Value</th>
<th>College Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Credit Hours</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Student Credit Hours</td>
<td>$ 96.75</td>
<td>$ 196,000</td>
</tr>
<tr>
<td>Graduate Section</td>
<td>48.25</td>
<td>49,000</td>
</tr>
<tr>
<td>Cross Disciplinary</td>
<td>9.75</td>
<td>15,000</td>
</tr>
<tr>
<td>Target Section Size</td>
<td>9.75</td>
<td>47,000</td>
</tr>
<tr>
<td>Tech Talent Pipeline</td>
<td>7.00</td>
<td>5,000</td>
</tr>
<tr>
<td>Core Curriculum</td>
<td>4.50</td>
<td>10,000</td>
</tr>
<tr>
<td>Destination Area Course</td>
<td>4.50</td>
<td>47,000</td>
</tr>
<tr>
<td>Honors Course</td>
<td>3.00</td>
<td>100</td>
</tr>
<tr>
<td><strong>Enrollment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Enrollment (by Primary Major)</td>
<td>$ 740.00</td>
<td>$ 9,700</td>
</tr>
<tr>
<td>Out of State, Undergraduate</td>
<td>740.00</td>
<td>4,400</td>
</tr>
<tr>
<td>Graduate Majors</td>
<td>450.00</td>
<td>2,000</td>
</tr>
<tr>
<td>Tech Talent Pipeline</td>
<td>60.00</td>
<td>-</td>
</tr>
<tr>
<td>Additional Major(s)</td>
<td>40.00</td>
<td>150</td>
</tr>
<tr>
<td><strong>External Funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Gifts and Commitments</td>
<td>$ 0.08</td>
<td>$ 22,000,000</td>
</tr>
<tr>
<td>to Professorship Endowments</td>
<td>0.03</td>
<td>150,000</td>
</tr>
<tr>
<td>to Scholarship Endowments</td>
<td>0.03</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Sponsored Expenditures</td>
<td>0.12</td>
<td>98,000,000</td>
</tr>
<tr>
<td>Ancillary Income</td>
<td>0.10</td>
<td>-</td>
</tr>
</tbody>
</table>

**Unit Allocation Associated Value**

**Scorecard Value Associated with Other Outcomes**

**Total Value of Measured Activity**

**Earmarked Allocations**

- Special Sessions
- Differential Tuition
- Distance Learning Revenues
PIBB Performance Metrics

**Faculty Success Measures (SC):**
- Percent of Full-time Female Instructional and Research Faculty, Both Tenured/Tenure-Track & Non-Tenured
- Percent of Full-time URM Instructional and Research Faculty, Both Tenured/Tenure-Track & Non-Tenured
- Publications
- Citations
- Awards

**Administrative Effectiveness Measures (SC):**
- Percent of Updated Academic Assessment Plans
- Utilization of College-Based Scholarships and Professorships
- Competitive Faculty Salaries
- Competitive Graduate Assistantship Stipends

**Student Success:**
- In-College Four-Year Entering Freshmen
- In-College Three-Year Transfers
- Graduation Rate of Undererved Students, Freshmen and Transfer Students
- Undergraduate Program Learning Communities
- Undergraduate Program Communities
- Graduate Students
- Graduate Student URM and/or Undererved Students
- Graduate Program Finance Component

**Student Credit Hour Metrics (UA):**
- Student Credit Hour (SCH) Baseline, All
- SCH Premiums:
  - SCHs in Graduate Courses
  - SCHs to Other College Majors
  - SCHs in Target Section Sizes
  - SCHs to Tech Talent Pipeline Majors
  - SCHs in Pathway Courses
  - SCHs in Destination Area Courses
  - SCHs in Honors Courses

**Enrolled Major Metrics (UA):**
- Majors Baseline, All
- Enrollment Premiums:
  - Out-of-State Undergraduate Majors
  - Graduate Majors
  - Tech Talent Pipeline Majors
  - Students in More Than One Major

**External Funding:**
- New Gifts and Contracts
- New Gifts and Contracts:
  - Scholarship Baseline
  - Professorship
- Sponsored Expenses
- Sponsored Expenses:
  - Industry-Funded
- Ancillary Income
PIBB Annual Development Cycle

Review Unit Allocation and Student Success Scorecard metrics. Plan for model improvements.

Performance variations applied in carryover

Publish Budget

Winter
Fall
Summer
Spring

Budget Development
Revise multi-year milestones and vision
Project Earmark
Financial Update on COVID-19

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

NOVEMBER 12, 2020
State Budget - Special Session

- **No reduction** in state General Fund support
- **$4M one-time** to support operations, financial aid, and other COVID costs.
- Federal Coronavirus Relief Funds (via Commonwealth of Virginia): **$13.3M one-time** for VT.
- Language: financial flexibility for supporting pandemic impacts during 2020-22 with BOV approval.
- Proposed: “Healthcare Holiday” for December 2020, which would provide cost savings for one month of healthcare premiums.
### Fall 2020 Enrollment Variance from Budgeted Enrollment (Headcount)

<table>
<thead>
<tr>
<th></th>
<th>Resident</th>
<th>Nonresident</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates/Unclassified</td>
<td>-34</td>
<td>42</td>
<td>8</td>
</tr>
<tr>
<td>Freshman</td>
<td>245</td>
<td>-351</td>
<td>-106</td>
</tr>
<tr>
<td>Continuing UG</td>
<td>172</td>
<td>78</td>
<td>250</td>
</tr>
<tr>
<td>Transfers</td>
<td>27</td>
<td>53</td>
<td>80</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>410</td>
<td>-178</td>
<td>232</td>
</tr>
<tr>
<td>Graduate</td>
<td>-8</td>
<td>-74</td>
<td>-82</td>
</tr>
<tr>
<td>MD - VTCSOM</td>
<td>-13</td>
<td>12</td>
<td>-1</td>
</tr>
<tr>
<td>DVM - Veterinary Medicine</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>391</td>
<td>-237</td>
<td>154</td>
</tr>
</tbody>
</table>

The preliminary budget included enrollment hedge of $7.8 million:

- Strength in undergraduate enrollment; though nonresident freshman was projected and graduate enrollment was lower than projected.
- As a result, able to increase the tuition revenue budget $3.84 million to potentially restore the revenue hedge while recognizing a **$4 million shortfall**.
Auxiliary Enterprise Update

- Dining: no off campus sales in Fall, no cash sales
- Athletics: no football ticket sales, financial impact still unfolding
- Residential: held 513 beds for isolation/quarantine, early semester early 10% refunds, room occupancy lower than projected (approximately 93% occupancy in non-quarantine locations). Steger Center closed
- Inn at VT: lower hotel, restaurant, and conference business
- Electric, Parking, Fleet, and Printing Services: Lower business volume
- Health: increased protective equipment, testing supply, staffing
<table>
<thead>
<tr>
<th>Auxiliary Enterprise</th>
<th>Revenue</th>
<th>Expense (Savings)/Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dining</td>
<td>-36.7M</td>
<td>-13.5M</td>
</tr>
<tr>
<td>Athletics*</td>
<td>-20.1M</td>
<td>-2.8M</td>
</tr>
<tr>
<td>Residential</td>
<td>-9.9M</td>
<td>-1.0M</td>
</tr>
<tr>
<td>Inn at VT: Hotel &amp; Conference Center</td>
<td>-8.6M</td>
<td>-4.0M</td>
</tr>
<tr>
<td>Electric Service</td>
<td>-3.4M</td>
<td>-1.8M</td>
</tr>
<tr>
<td>Parking &amp; Fleet Services</td>
<td>-3.3M</td>
<td>-1.5M</td>
</tr>
<tr>
<td>Health Services</td>
<td>-0.6M</td>
<td>+0.7M</td>
</tr>
<tr>
<td>Other (Steger Center, Printing, Center for Arts)</td>
<td>-3.0M</td>
<td>-1.1M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-85.6M</strong></td>
<td><strong>-25.0M</strong></td>
</tr>
</tbody>
</table>

* Athletics financial impact from pandemic still unfolding
<table>
<thead>
<tr>
<th>Description of E&amp;G COVID-specific adjustments</th>
<th>CE/AES Division</th>
<th>University Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove Revenue Contingency</td>
<td>3.0M</td>
<td>25.0M</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment Contingency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall 20 Tuition Shortfall</td>
<td></td>
<td></td>
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<tr>
<td>Capacity to Restore Enrollment Contingency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$3.0M</td>
<td>$26.0M</td>
</tr>
</tbody>
</table>

*One-time budget capacity in 2020-21*
Strategy for Management of E&G Budget

- Partial mitigation of 5% college/7% non-college budgets reductions:
  - 208 E&G reduction: lower 2% to 3%/5%:
    - 3% reduction remains for: cost escalations, unfunded mandates, the Fall enrollment shortfall, and impact of COVID19.
    - 2% (non-college) for critical needs
  - 229 E&G reduction: lower 5% to 0%
- Working to preserve workforce and academic quality and also avoid personnel impacts
Strategies for Managing Auxiliary/Ancillary

Under development

Continue to monitor (impacts will vary by unit)

- Additional impacts (e.g. athletics)
- Expenditure savings/control (beyond 5% reduction)

Potential strategies

- Federal support
  - $13.3M state allocation of CARES Act
  - Stimulus 2?
- $4M State support from Special Session for:
  - Restructuring existing debt
  - Institutional support
- One-time resources/savings (e.g. health insurance holiday)
Next steps

Monitor federal activities for a second stimulus program

Continue to monitor, manage and report back on additional fiscal impacts of COVID

Continue to work with the Commonwealth on state budget

Refine strategies to manage the FY21 impact. Bring plan back to Cabinet

Remember:
Duration of the financial impact of COVID19 remains uncertain
Resources are likely to be constrained in 2021-22