
Absent with Notice: Cyril Clarke, Nancy Gruber, Amy Sebring, Randy Wynne

Absent: Mintai Kim, Stephen Kleiber, and Sophie Thompsen

Guests: Brennan Shepard (substitute for Amy Sebring), Chad Proudfoot (substitute for Nancy Gruber) Debbie Greer

1. **Announcement of approval and posting of minutes of February 16, 2023**

   The February 16, 2023 minutes have been approved and forwarded to the University Council for posting on the web.

2. **Presentation**

   **Operating Budget Overview:**

   Tim Hodge, Associate Vice President of Budget and Financial Planning, provided a brief overview of the Council. Mr. Hodge presented an overview of fund accounting, the University’s financial structure, operating trends, and state budget timeline. He reviewed the university’s program structure, explaining how the university is split into two agencies (Agency 208 and Agency 229), how each of those agencies are funded, and which programs fall under each. Mr. Hodge also reviewed resources the university receives from the State, tuition & fees and self-generated, and showed the trend of those resources over time. Mr. Hodge also provided an overview of the state budget process and timeline, and explained that the committee would be updated at future meetings as the state budget process unfolded. A PDF of the presentation is attached to these minutes.

   **Update on 2023 Special Session of the General Assembly:**

   Tim Hodge also gave an update on the outcomes of the 2023 Special Session of the General Assembly. He reminded the committee that the General Assembly adjourned the regular session on February 25, 2023 passing a ‘skinny budget’. On August 25, 2023, conferees announced a comprehensive budget deal and an amended budget was passed during the Special Session which convened on September 6, 2023. Several items that were part of the amended budget included a 2.0% compensation program effective December 10, 2023, $9.2 million for affordable access, $1.3 million for student financial aid, $1.0 million for research at Fralin Biomedical Research Institute, as well as several capital projects including planning for Expansion of the VTCSOM & FBRI and Improve Center Woods Complex. The amended budget also introduced language to establish a joint subcommittee on higher education funding. A PDF of the presentation is attached to these minutes.

3. **Other Items**
Tim Hodge inquired from Committee members recommendations of topics they would like to discuss over the coming months. There was discussion and several topics were shared.

4. **Adjournment**

There being no further business, the meeting adjourned at 4:48 p.m.
OPERATING BUDGET

BUDGETING AND PLANNING COMMITTEE

SEPTEMBER 20, 2023
Fund accounting is an accounting system for recording resources whose use has been limited by the donor, grant agency, governing authority, or law. It emphasizes accountability and is used by nonprofits and governments.

Money provided to the institution for a certain purpose must be spent for that purpose.

VT is comprised of multiple self-balancing funds, such as:

- Agency 208 University Division E&G
- Agency 229 Cooperative Extension
- Agency 229 Ag Experiment Station
- Each Auxiliary Enterprise
- Each sponsored grant
- Each continuing education program
- Each gift (in the VTF)
- Each capital project
**VIRGINIA TECH’S MAJOR FUNDS AND PROGRAMS COMPRIS A $2B PUBLIC ENTITY**

<table>
<thead>
<tr>
<th>FUNDS</th>
<th>General Fund</th>
<th>Tuition &amp; Fees</th>
<th>Federal Funds</th>
<th>Sales &amp; Services</th>
<th>Grants &amp; Contracts</th>
<th>All Other Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Division E&amp;G</td>
<td>$251.7</td>
<td>$700.4</td>
<td>$15.6</td>
<td>$2.5</td>
<td>$415.9</td>
<td>$53.3</td>
<td>$1,007.9</td>
</tr>
<tr>
<td>CE/AES Division E&amp;G</td>
<td>$89.1</td>
<td>$235.5</td>
<td>$15.6</td>
<td>$219.6</td>
<td></td>
<td>$1.1</td>
<td>$105.8</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>$19.4</td>
<td>$16.6</td>
<td>$415.9</td>
<td></td>
<td></td>
<td>$12.5</td>
<td>$455.1</td>
</tr>
<tr>
<td>Sponsored Programs</td>
<td>$33.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$435.3</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>$3.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$50.2</td>
</tr>
<tr>
<td>Other Programs</td>
<td>$397.5</td>
<td>$952.5</td>
<td>$15.6</td>
<td>$222.1</td>
<td>$415.9</td>
<td>$66.9</td>
<td>$2,070.5</td>
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</tbody>
</table>

Source: 2023-24 University Authorized Budget Document available at obfp.vt.edu
Programs vary in the portion of funding that comes from self-generated revenues and subsidies.

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Subsidy</th>
<th>Self-Gen</th>
<th>Self-Gen Earmarked</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Division</td>
<td>5%</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>CE/AES Division</td>
<td>1%</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>Auxiliary Operations</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Sponsored Programs</td>
<td>5%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>33%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Other Programs</td>
<td>23%</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20%</td>
<td>46%</td>
<td></td>
</tr>
</tbody>
</table>

This diagram illustrates the percentage breakdown of funding sources for different program types.
EXTERNAL OPERATING BUDGET TIMELINE - BIENNium

July
- University Develops and Submits Draft Six-Year Plan to State

August
- SCHEV Works on Statewide Issues

September
- University Responds to State Comments on Six-Year Plan

October
- BOV Reviews Final Six-Year Plan

November
- DPB Reviews Agency Submissions

December
- Governor’s Executive Budget Proposal

January
- General Assembly Session

February
- Money Committees Reports

March
- General Assembly Session Closes

April
- Reconvened Session

May
- Appropriation Act

June/July
- New Fiscal Year Begins

Six-Year Plan

State Budget Development

Executive Budget Development

Six-Year Plan Finalization

General Assembly Session

Final Consideration and Approval of Appropriation Act

------------------------2023------------------------

------------------------2024------------------------
DISCUSSION
Update on 2023 Special Session of the General Assembly

BUDGETING AND PLANNING COMMITTEE

September 20, 2023
February 25, 2023 - Regular session adjourned without a complete spending agreement. A stop-gap measure, known as the “skinny budget” was approved which minimal changes but no action of higher education.

August 25, 2023 - Conferees announced there was a comprehensive budget deal.

September 6, 2023 - Special session convened. Amended budget was passed by House and Senate.

September 14, 2023 - Governor signed the amended state budget.
2.0% compensation program effective December 10th, 2023.

- Faculty, Staff, and Graduate Assistants eligible.
- State will fund the General Fund share of program.

<table>
<thead>
<tr>
<th>Fund Split Methodology</th>
<th>State Share (GF)</th>
<th>University Share (NGF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Division E&amp;G</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>Cooperative Extension &amp; Agricultural Experiment Station</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Sponsored Programs</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
$9.2 million General Fund for Affordable Access to support inflation, student support services, programs for workforce needs, and to minimize student costs.

$3.1 million of General Fund for Student Financial Aid to provide need-based undergraduate financial aid to reduce the amount of tuition revenue used for financial aid.

$1.0 million of General Fund to support research on the efficacy of making electroencephalogram combined transcranial magnetic stimulation available for veterans, first responders, and law-enforcement officers at Fralin Biomedical Research Institute.
Capital Projects

- **$9.0 million** NGF for Detail Planning on expand the VTCSOM & FBRI.
- Detail Planning authorization for the Improve Center Woods Complex (amount TBD).

Maintenance Reserve Program

- **$0.8 million** increase in FY24

Furniture, Fixtures & Equipment (FF&E)

- **$5.7 million** provided to support FF&E for the Undergraduate Laboratory Building.

Nongeneral Fund Debt Authorization

- 9d debt authorizations included bond financing as requested:
  - Randolph/Mitchell Hall
  - Building Envelope Improvements
STATE BUDGET: OTHER ACTIONS

- Language introduced to establish a joint subcommittee on higher education funding with priority placed on review of operations and financial aid funding models.

- Statewide $12.5 million GF to SCHEV for the recruitment and retention of Pell-eligible students. Funds intended to support initiatives that attract, enroll, and retain low-income students. Priority is placed on institutions with below average Pell enrollment. Competitive grant process.
DISCUSSION