

**MINUTES
BUDGETING AND PLANNING COMMITTEE
February 16, 2023**

Present: Carol Cash, Kristen Cox, Jeff Earley, Joell Eifert, Nancy Gruber, Amr Hilal, Jim, Hillman, Tim Hodge, Mintai Kim, Stephen Kleiber, Erin McCann, Nancy McGehee, Joe Merola, Liza Morris, Sean O’Keefe, and Rebecca Pauly.

Absent with Notice: Cyril Clarke, Aimane Najmeddine, Corina Sandu, Amy Sebring, and Randy Wynne

Absent: Nikolaos Dervisis, Michael Sorice and Evan Zajkowski.

Guests: Debbie Greer

1. Announcement of approval and posting of minutes of November 17, 2022

The November 17, 2022 minutes have been approved and forwarded to the University Council for posting on the web.

2. Presentation

Tim Hodge, Associate Vice President for Budget and Financial Planning provided an update on the General Assembly actions as of Crossover. Mr. Hodge reminded the Committee that the Governor released his Executive Amendments to the 2022-24 biennial budget on December 15, 2022 and the House and Senate review the Governor’s budget and propose incremental changes to the Executive Budget. Some of those changes include additional General Funds, \$7.1 million from House and \$22.6 million from Senate, to help with affordable access and tuition moderation. The Senate also proposed an additional \$3.7 million to the \$5 million already allocated in the previous budget year for Student Financial Aid. Agency 229 received \$0.5 million in proposed House support for the ‘Building Resiliency Initiative’ and \$165K in proposed Senate support for O&M for the Seafood AREC. For the compensation program, both the House and Senate proposed an additional 2% for a total of 7% increase effective June 10, 2023, with the House also adding an additional 0.5% to acknowledge exceptional performance. The House eliminated a one-time bonus of \$1,500, while the Senate reduced the one-time bonus down to \$1,000. The Executive, House and Senate budgets all proposed a Health Insurance premium increase of 4.1%.

Mr. Hodge also reviewed some language that has impact on Higher Education as well as a few of the Capital items that have been proposed. There was discussion time with the Committee members. A PDF of the presentation is attached to these minutes.

3. Adjournment

There being no further business, the meeting adjourned at 3:38 p.m.

**2022-24 BUDGETS AS OF CROSSOVER
AS OF TUESDAY, FEBRUARY 7, 2023 – Based on Half sheets**

The Executive column reflects incremental changes in the 2022-24 biennial budget proposed by the Governor.
House and Senate columns reflect incremental changes proposed by each body to the Executive Budget.

	Executive	House	Senate
<i>University Division (Agency 208) Operating Budget</i>			
Affordable Access and Tuition Moderation	No additional incremental support proposed.	\$7,137,000 General Fund in the second year to hold in-state undergraduate tuition increases to no more than one percent in FY24.	\$22,630,000 General Fund in the second year to support the growing need for student support services; address increased costs resulting from inflation; refine or create programs that meet current and future workforce needs; and minimize the need to raise tuition and fees.
Student Financial Aid	No additional incremental support proposed.	No change to Executive Budget.	\$3,750,000 from the General Fund to support increased affordability for low- and middle-income students and to provide emergency aid consistent with recent JLARC recommendations; Up to five percent may be used for emergency assistance program for students facing a financial emergency that puts them at risk of dropping out. “These funds are also intended to reduce the amount of tuition revenue from in-state undergraduate students that institutions use for financial aid, grants, and scholarships.”
<i>Cooperative Extension & Agricultural Experiment Station (CA/EAS) Division (Agency 229) Operating Budget</i>			
Building Resiliency Initiative	No additional incremental support proposed.	\$0.5 million from the General Fund in the second year “for the third installment to complete the Building Resilience in Virginia Communities initiative. The funding will support extension programs and complete phase-in of additional extension agents and specialists.”	No change to Executive Budget
Operations & Maintenance of New Facilities	No additional incremental support proposed.	No additional incremental support proposed.	\$165,972 from the General Fund in the second year. For the operation and

			maintenance of the Seafood Agricultural Research Center
Employee Compensation and Benefits			
Compensation Program	Maintains 5% state employee increase effective June 10, 2023 as authorized by 2022 General Assembly.	Proposes an additional 2%, bringing the total to 7% Proposes an additional 0.5% salary increase to “be available at the discretion of each agency to support compensation actions for full-time salaried employees to address turnover, vacancies, and compression issues or to acknowledge exceptional work performance. These actions may include salary increases, retention or high-performance bonuses and sign-on bonuses.	Proposes an additional 2% bring the total to 7%
Bonus	One-time bonus of \$1,500 for full-time state employees effective December 1, 2023. Proposes a revenue-contingent performance-based bonus payment of up to 10% of an employee’s salary <i>to top performing</i> state employees, effective December 1, 2023.	Eliminates both bonus programs proposed in the Executive budget.	Reduces one-time bonus of \$1,500 for full-time state employees to \$1,000. Eliminates revenue-contingent performance-based bonus
Health Insurance Premiums	Proposes 4.1 increase in 2 nd year.	No change to Executive budget	No change to Executive budget

Virginia Tech Research			
Transcranial Magnetic Stimulation	N/A	\$1.0 million from the General Fund in the second year be designated to the “Fralin Biomedical Research Institute to research the efficacy of making electroencephalogram combined transcranial magnetic stimulation available for veterans, first responders, and law-enforcement officers.”	No change to Executive Budget
Statewide Initiatives and Language Impacting Higher Education or Virginia Tech			
Tuition and Fee Transparency	N/A	“The Boards of Visitors or other governing bodies of institutions of higher education shall adopt procedures requiring the transparent disclosure to each Virginia student, or, if such student is a dependent, the parent of each Virginia student enrolled at such institution of what dollar amount of such student’s annual tuition and other mandatory fees are used to provide financial aid, grants, or scholarships for other students at such institution. Such procedures shall include a provision allowing any Virginia student or the parent of any Virginia student to opt out of paying the portion of such student’s tuition and mandatory fees that were allocated toward providing financial aid, grants, or scholarships for other students at such institution.”	No change to Executive Budget.

Student Transcripts	N/A	<p>“Each public institution of higher education shall release an academic transcript directly to the employer or prospective employer of a current or former student enrolled at such institution upon request.</p> <p>b. No public institution of higher education shall condition the release of an academic transcript to a current or former student enrolled at such institution on the payment of an outstanding debt:</p> <ol style="list-style-type: none"> 1. if the outstanding debt is less than \$500; or 2. if the student has enrolled in a repayment plan and has made at least three consecutive monthly payments.” 	No change to Executive Budget.
SCHEV Pell Initiative	N/A	No change to Executive Budget	<p>Proposes an additional \$25 million to Pell Initiative to attract and retain low-income students;</p> <p>Language:</p> <p>3. Any Virginia public institution of higher education may apply for pilot funding in the second year through a competitive grant process. Applications must demonstrate efforts to restructure outreach, recruitment, admission, and retention procedures. Funds are intended to support initiatives that attract, enroll, and retain low-income students. Institutions that request funds for need-based financial aid must specify that aid may be used to support internship opportunities.</p>
Mental Health Services	Proposes \$9 million GF one-time support to SCHEV for student mental health services in elementary, secondary, and higher education institutions. SCHEV and	Proposes technical changes to the proposed language, separating the higher education pilot program from K-12 activities.	Proposes language that would clarify that the use of funds is designated as a one-time appropriation to support student mental health services in

	VDOE shall coordinate efforts to pursue a common vendor to provide such services including virtual care.		institutions of higher education; removes language related to elementary and secondary students.
Capital Budget			
Maintenance Reserve	The 2022 General Assembly provided \$35.14 million to the university; no Maintenance Reserve funding changes are proposed in the 2023 Executive Budget amendment for Virginia Tech.	Proposes an additional \$3.0 million in the 2 nd year for a total of \$38.14 million over the biennium.	No change to Executive Budget funding levels. Proposes language directing the Department of Planning and Budget to review and approve subprojects in the maintenance reserve program or umbrella projects <i>prior to authorization</i> of these projects for agencies and higher education institutions.
Planning Projects	Proposes \$6.05 million (Nongeneral Fund) for the <u>Virginia Tech Carilion School of Medicine and FBRI Expansion Project</u> Planning.	Proposes increasing VTCSOM/FBRI total authorization to \$9.0 million (NGF). Adds <u>Improve Center Woods Complex</u> to the Capital Planning Pool (GF).	Proposes increasing VTCSOM/FBRI total authorization to \$9.0 million (NGF).
Equipment	Equipment for Undergraduate Science Laboratory Building	Proposes increasing the total statewide authorization to \$67 million (\$1.9 million increase).	No change to Executive Budget.

PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY

as of February 7, 2023: Halfsheets

Operating Budget

	Executive Budget		House Budget		Senate Budget	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
General Fund						
University Division E&G						
Affordable Access / Tuition Mitigation				7,137,000	-	22,630,000
Support Growth in VMSDEP Waivers				-	-	-
<i>Subtotal University Division E&G Budget</i>	-	-	-	7,137,000	-	22,630,000
Employee Compensation (estimated state share)						
Salary Increase						
5% Faculty, Staff, and GTAs, June 10, 2023		13,263,580	-	13,263,580	-	13,263,580
Add'l 2% (Total of 7%) Faculty, Staff, and GTAs, June 10, 2023				5,305,432	-	5,305,432
Add'l 0.5% Flexible Compensation Funding				1,326,358	-	-
One-time Bonus						
\$1500 Bonus for Full-Time State Employees, Effective December 1, 2023		3,219,089		-	-	-
\$1000 Bonus for Full-Time State Employees, Effective December 1, 2023	-	-	-	-	-	2,146,059
Contingent Merit Bonus for Full-Time State Employees, Effective December 1, 2023		TBD		-	-	-
<i>Subtotal University Division E&G Compensation</i>	-	16,482,669	-	19,895,370	-	20,715,071
Student Financial Aid						
Virginia Undergraduate Financial Aid				-	-	3,750,000
Research						
Transcranial Magnetic Stimulation				-	1,000,000	-
<i>Subtotal Research</i>	-	-	-	1,000,000	-	-
Higher Education Equipment Trust Fund						
Traditional Allocation	10,331,639	10,331,639	10,331,639	10,331,639	10,331,639	10,331,639
Research Allocation	5,240,458	5,240,458	5,240,458	5,240,458	5,240,458	5,240,458
<i>Subtotal Equipment Trust Fund</i>	15,572,097	15,572,097	15,572,097	15,572,097	15,572,097	15,572,097
Subtotal - University Division	15,572,097	32,054,766	15,572,097	43,604,467	15,572,097	62,667,168
Cooperative Extension/AES Division (CE/AES) E&G						
Building Resiliency Initiative				-	500,000	-
Provide funding for operations and maintenance of new facilities coming online in FY24				-	-	165,972
<i>Subtotal CE/AES Division E&G</i>	-	-	-	500,000	-	165,972
Employee Compensation (estimated state share)						
Salary Increase						
5% Faculty, Staff, and GTAs, June 10, 2023	-	3,725,628	-	3,725,628	-	3,725,628
Add'l 2% (Total of 7%) Faculty, Staff, and GTAs, June 10, 2023	-	-	-	1,490,251	-	1,490,251
Add'l 0.5% Flexible Compensation Funding	-	-	-	372,563	-	-
One-time Bonus						
\$1500 Bonus for Full-Time State Employees, Effective December 1, 2023	-	1,072,625	-	-	-	-
\$1000 Bonus for Full-Time State Employees, Effective December 1, 2023	-	-	-	-	-	715,083
Contingent Merit Bonus for Full-Time State Employees, Effective December 1, 2023	-	TBD	-	-	-	-
<i>Subtotal CE/AES Division E&G Compensation</i>	-	4,798,253	-	5,588,442	-	5,930,963
Subtotal CE/AES Division	-	4,798,253	-	6,088,442	-	6,096,935
Total Operating Budget State Support	\$ 15,572,097	\$ 36,853,019	\$ 15,572,097	\$ 49,692,909	\$ 15,572,097	\$ 68,764,103

PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY

as of February 7, 2023: Halfsheets

\$s in thousands

CAPITAL BUDGET

University Division

Maintenance Reserve

Expand Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute (planning)

2022 Supplement Pool (c)

Potential Projects: Innovation Campus Academic Building and Mitchell Hall

Cooperative Extension & Agricultural Experiment Station Division

Improve Center Woods Complex (planning)

	State Support				
	Executive Budget		House Budget		Senate Budget
	35,140,941	(a)	38,137,342	(a)	35,140,941
	6,005,000	(b)	9,000,000	(b)	9,000,000 (b)
		(c)			
	-		1,500,000	(d)	-
TOTAL CAPITAL SUPPORT	\$ 41,145,941		\$ 48,637,342		\$ 44,140,941

Footnotes:

- (a) The Executive Budget included \$35.14M of Maintenance Reserve funding for Virginia Tech for the 2022-24 Biennium. The House increased the Maintenance Reserve funding pool by \$27.4M, including Virginia Tech's FY2024 Maintenance Reserve allocation by nearly \$3M. The Senate did not propose any changes from the Executive Budget in their Committee Reports.
- (b) Support for the planning of the VTCSOM and FBRI expansion is authorized to proceed with \$6.05M of institutional nongeneral funds. Both the House and Senate proposed increasing this nongeneral fund planning authorization to \$9 million.
- (c) The Executive Budget included a 2022 Supplement Pool in the amount of \$400M. This includes \$100M in FY23 and \$300M in FY24, which are contingent upon state revenue collections meeting FY23 forecasts. The House and the Senate have differing positions on the amount of this Supplement Pool; as the House would like to decrease it while the Senate would like to increase it. Virginia Tech desires to obtain a portion of this supplement pool funding for several projects including the Innovation Campus Academic Building and Mitchell Hall.
- (d) The House included the Improve Center Woods Complex project within the 2022 General Fund Capital Planning pool.