

MINUTES
BUDGET AND PLANNING COMMITTEE
February 23, 2024

Present: Travis Burns, Kristen Cox, Cathy Duerbeck, Jeff Earley, Nancy Gruber, Jim Hillman, Tim Hodge, Stephen Kleiber, John McGee, Liza Morris, Derek Mueller, Rebecca Pauly, Corina Sandu, Amy Sebring, Sophie Thompson, Joseph Wells, and Randy Wynne

Absent with Notice: Cyril Clarke, Nancy McGehee, Sean O’Keefe

Absent: Tara Brent, Mintai Kim

Guests: Brennan Shepard, Don Taylor (substitute for Cyril Clarke)

1. Announcement of approval and posting of minutes of November 17, 2023

The November 17, 2023 minutes have been approved and forwarded to the University Council for posting on the web.

2. Presentation

Tim Hodge, Associate Vice President of Budget and Financial Planning provided an update of the General Assembly actions as of Crossover. Mr. Hodge reminded the Committee that the Governor presented his executive 2024-26 biennial budget on December 17, 2023. The biennial budget is then reviewed by the House and Senate where they can propose incremental changes. The House and Senate sent their respective budget changes to each other for further review (crossover). Both proposed budgets are positive towards Higher Education and VT. A few highlights from the proposed budgets is an additional general funds to hold down in-state undergraduate tuition and increase degree production, House proposed \$9M each year, Senate proposed \$2.6M first year and \$4M second year. For compensation, the House proposed 3% each year, while the Senate proposed 2.5% each year. The Governor proposed \$30M for to create a Patient Research Center at VT as part of a statewide VIPA (Virginia Biotechnology, Life Sciences, Pharmaceutical Manufacturing) Network, House re-envisioned that money proposing \$6M in year one, \$24M in year two, while the Senate proposed zero funding for this project at VT. Mr. Hodge also reviewed proposed funding for Agency 229 and as well as a few Capital items that were proposed.

Mr. Hodge also walked through the university’s operating budget timeline with the Committee. He discussed the State, BOV, and University Budget Process and how these timelines intersect with the others. The group asked about the hearings and

reinvestment process, Jeff Earley and Brennan Shepard responded that the meetings are either with the Provost or Chief Operating Officer to hear about the budget requests and reinvestment proposals that were submitted by each college or VP area. A PDF of the presentation is attached to these minutes.

3. Adjournment

There being no further business, the meeting adjourned at 4:49 p.m.

AGENDA

BUDGETING AND PLANNING COMMITTEE

February 23, 2024

1. Call to Order

Tim Hodge &
Jeff Earley

2. Announcement of approval and posting of minutes of November 17, 2023

These minutes were emailed to the Budgeting and Planning Committee members on November 29, 2023. Having received no feedback, the minutes were forwarded on to University Council for posting on the web.

Tim Hodge

3. New Business

4:05 – 4:50 pm

- Update the General Assembly as of Crossover
- Review budget development timeline

Tim Hodge

Tim Hodge &
Jeff Earley

4. Discussion

4:50 – 5:00 pm

5. Adjournment

Tim Hodge



PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY
as of February 20, 2024: Based on Half Sheets

Operating Budget

	Executive Budget		House Budget		Senate Budget	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
General Fund						
University Division E&G						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	30,630,615	30,630,615	30,630,615	30,630,615	30,630,615	30,630,615
Chapter 1 Affordable Access (Exec Budget has performance requirements) -- <i>Not New Resources</i>	9,205,000	9,205,000	9,205,000	9,205,000	9,205,000	9,205,000
<u>New Appropriations</u>						
Affordable Access, Retention and Degree Production/Operational Support	-	-	9,000,000	9,000,000	2,616,650	4,035,130
SCHEV - Statewide Financial Aid and Waiver Programs					TBD	TBD
Provide Funding for Campus Safety and Security Initiatives [One-Time]	2,914,275	-	-	-	-	-
<i>Subtotal</i>	42,749,890	39,835,615	48,835,615	48,835,615	42,452,265	43,870,745
Employee Compensation (estimated state share)						
Executive: 1% BONUS Faculty, Staff, and GTAs, December 1, 2024 & 2025	2,419,161	2,419,161	-	-	-	-
Executive: 1% Compensation June 10, 2025	-	2,690,316	-	-	-	-
House: 3% Compensation June 10, 2024 & June 10, 2025	-	-	8,070,948	16,384,024	-	-
Senate: 2.5% Compensation September 10, 2024 & June 10, 2025 [Contingent on State GF Revenues]	-	-	-	-	6,725,790	13,619,725
<i>Subtotal Compensation</i>	2,419,161	5,109,477	8,070,948	16,384,024	6,725,790	13,619,725
Student Financial Aid						
Technical Adjustment - Continue Chapter 1 funding changes: Distribute financial aid	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000
Graduate Aid			-	-	965,000	1,440,000
Increase Need-Based Student Financial Aid			-	-	2,584,300	3,555,760
<i>Subtotal Student Financial Aid</i>	3,125,000	3,125,000	3,125,000	3,125,000	6,674,300	8,120,760
Research						
Technical Adjustment - Continue Chapter 1 funding changes: Fund Brain Disorder Research	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
VIPA - Virginia Biotechnology, Life Sciences, Pharmaceutical Manufacturing Network	30,000,000	-	6,750,000	24,237,550	-	-
<i>Subtotal Research</i>	31,000,000	1,000,000	7,750,000	25,237,550	1,000,000	1,000,000
Higher Education Equipment Trust Fund						
Bioscience Research Initiative - VTPRC			-	4,000,000	-	-
229 - Innovative Agriculture Equipment			TBD	-	-	-
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	94,866,148	64,642,189	83,353,660	109,154,286	72,424,452	82,183,327
Cooperative Extension/AES Division (CE/AES) E&G						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	8,660,596	8,660,596	8,660,596	8,660,596	8,660,596	8,660,596
<u>New Appropriations</u>						
Innovative Agriculture	-	-	750,000	1,350,000	-	-
<i>Subtotal</i>	8,660,596	8,660,596	9,410,596	10,010,596	8,660,596	8,660,596
Employee Compensation (estimated state share)						
Executive: 1% BONUS Faculty, Staff, and GTAs, December 1, 2024 & 2025	707,361	707,361	-	-	-	-
Executive: 1% Compensation June 10, 2025	-	822,550	-	-	-	-
House: 3% Compensation June 10, 2024 & June 10, 2025	-	-	2,467,650	5,009,330	-	-
Senate: 2.5% Compensation September 10, 2024 & June 10, 2025 [Contingent on State GF Revenues]	-	-	-	-	2,056,375	4,164,159
<i>Subtotal Compensation</i>	707,361	1,529,911	2,467,650	5,009,330	2,056,375	4,164,159
Subtotal CE/AES	9,367,957	10,190,507	11,878,246	15,019,926	10,716,971	12,824,755
Total Operating Budget State Support	\$ 104,234,105	\$ 74,832,696	\$ 95,231,906	\$ 124,174,212	\$ 83,141,423	\$ 95,008,082

PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY
as of February 20, 2024: Based on Half Sheets

	State Support		
	Executive Budget	House Budget	Senate Budget
CAPITAL BUDGET			
University Division			
Maintenance Reserve (a)	37,770,915	37,770,916	46,652,691
Improve Campus Accessibility (construction)	8,000,000	8,000,000	-
Repair Derring Hall Envelope (construction)	-	16,830,000	-
		(b)	(c)
			(a)
Cooperative Extension & Agricultural Experiment Station Division			
Center Woods (construction)	-	14,700,000	-
AREC Improvements (planning)	-	1,500,000	-
		(d)	(e)
TOTAL CAPITAL SUPPORT	\$ 45,770,915	\$ 78,800,916	\$ 46,652,691

Footnotes:

- (a) Virginia Tech's Maintenance Reserve allocation: the Executive Budget includes all \$37.77 million of General Fund in the first year of the biennium (FY25); while the House Budget splits the total \$37.77 million of Maintenance Reserve funding in half for each fiscal year during the biennium, including \$18.885 million in both FY25 and FY26; and the Senate Budget Bill increases the funding and includes \$8M to improve campus accessibility.
- (b) The Improve Campus Accessibility project is included in all three State Budget Bills. The Executive and House Budget Bills propose to fund this project as a stand-alone item with state VCBA bonds, while the Senate Bill includes this project within the university's Biennial Maintenance Reserve funding allocation.
- (c) The Repair Derring Hall Building Envelope project was included in the House's Higher Education Capital Construction Pool. The estimated project cost is \$16.83 million.
- (d) The Improve Center Woods project was included in the House Budget Bill's Higher Education Capital Construction Pool. The estimated project cost in the State's Capital Budget Request was \$14.7 million.
- (e) The AREC Improvements planning project was included in the House Budget Bill's Capital Planning Pool. The estimated planning project cost in the State's Capital Budget Request was \$1.5 million.

OPERATING BUDGET DEVELOPMENT TIMELINE

	FY24												FY25
	July	August	September	October	November	December	January	February	March	April	May	June	July
State	<div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-bottom: 10px;">Six-Year Plan</div> <div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-bottom: 10px;">State Budget Development</div> <div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-bottom: 10px;">Executive Budget</div> <div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-bottom: 10px;">General Assembly</div> <div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-bottom: 10px;">Appropriation Act</div> <div style="border: 1px solid blue; padding: 5px; display: inline-block; margin-left: 20px;">Crossover</div>												
Board of Visitors	<div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">BOV 6 year plan</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">Tuition Public Notice/Public Comment</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">BOV T&F</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">BOV Budget</div>												
University Budget Process (informed by strategic plan)	<div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-bottom: 10px;">Critical Needs Request</div> <div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-bottom: 10px;">Reinvestment Proposals</div> <div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-bottom: 10px;">Hearings</div> <div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-left: 20px;">Publish Budget</div>												
Carryover	<div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-bottom: 10px;">Carryover Phase 2</div> <div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-bottom: 10px;">Carryover Plans</div> <div style="border: 1px solid purple; padding: 5px; display: inline-block; margin-left: 20px;">Carryover Phase 1</div>												
	July	August	September	October	November	December	January	February	March	April	May	June	July