

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
January 20, 2022

Present: Scott Case, Carol Cash, Jeff Earley, Joell Eifert, Nancy Gruber, Dan Harrington, Don Hatfield, Bob Hicok, Tim Hodge, Ed Lener, Erin McCann, Joe Merola, Liza Morris, Sean O'Keefe, and Michael Sorice

Absent with Notice: Cyril Clarke, Ken Miller

Absent: Angel Carter, Nikolaos Dervisis, Mintai Kim, and Anusha Prasad

Guests: David Crots (substitute for Ken Miller)

1. Announcement of approval and posting of minutes of November 11, 2021

The November 11, 2021 minutes have been approved and forwarded to the University Council for posting on the web.

2. Old Business

No old business.

3. New Business

No new business.

4. Presentation

Tim Hodge, Associate Vice President of Budget and Financial Planning, provided an update on the Governor's 2022-24 Executive Budget, which was communicated to campus in a memorandum by Dr. Dwayne Pinkney, Senior Vice President and Chief Business Officer, on December 22, 2021. The Governor proposed a five percent compensation increase for faculty, staff and graduate assistants for both years' of the biennial budget, with an additional compression action for sworn law officers. To help manage the increases in health insurance premiums, the Governor proposed using state trust fund to help offset the anticipated six percent increase in premiums but only have a two increase for employees and the employer shares. The Governor also proposed an increase in Operation & Maintenance for new facilities coming online, Virginia Resident Undergraduate Financial Aid, Graduate Fellowship support, and Unique Military Activities (Corps of Cadets). The Governor proposed ongoing support for the Focused Ultrasound Program at the Fralin Biomedical Research Institute. The Higher Education Equipment Trust Fund was proposed for another cycle. For Agency 229, the Governor proposed increased support for Extension Agents, Equipment and Operation & Maintenance of New Facilities.

Mr. Hodge also reviewed the Capital Budget Proposals including funding for planning the Center Woods Complex improvement project, Supplemental funding for Livestock and Poultry Facilities Phase 1, \$7.3 million in support towards Life, Health, Safety, Accessibility and Code Compliance, Nongeneral Fund planning authorization expansion

of the VT Carilion School of Medicine and Fralin Biomedical Research Institute and Maintenance Reserve funding. A copy of the memorandum reviewed is attached to these minutes.

5. Adjournment

There being no further business, the meeting adjourned at 4:51 p.m.



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and Chief Business Officer**
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December 22, 2021

TO: Deans
Vice Presidents
Research Institute Leadership

FROM: Dwayne L. Pinkney, Senior Vice President and Chief Business Officer ds
DP

SUBJECT: Analysis of the Executive Budget for the 2022-24 Biennium

On December 16th, Governor Northam presented the 2022-24 biennial Executive Budget proposal to the House and Senate Finance and Appropriation Committees. I would like to provide some context on the development of the Executive Budget, followed by an overview of key elements that will be considered further by the General Assembly during next year's legislative session.

Going into the 2022-24 biennium, the Commonwealth has substantial additional General Fund resources due to higher than expected growth across nearly every state revenue source. In his introductory remarks to lawmakers, the Governor mentioned that the largest surplus in the Commonwealth's history enabled him to craft a budget that will not only strengthen Virginia's fiscal liquidity and long-term stability, but also to invest in Virginia's public workforce and core services. Among these proposed investments are increases to state employee compensation, depositing new resources into the state's revenue reserves, reducing unfunded liabilities in the Virginia Retirement System, and making targeted investments in many state agencies. The Executive Budget also contains a number of tax adjustment proposals which include an increase in the Earned Income Tax Credit, elimination of the state share of the grocery tax, and individual one-time refunds to state taxpayers.

The Executive Budget proposal includes several items that impact the university's operations, capital projects, and employee compensation and benefits. Details are included in the attached table, and the highlights of the Governor's proposals are summarized below:

Employee Compensation and Benefits

- **State Employee Compensation Increase:** A five percent increase for faculty, staff, and graduate assistants is proposed for each year, effective each June 10, 2022 and June 10, 2023.
- **Sworn Law Enforcement Officers:** An additional \$100 per year of service compression action is proposed for sworn law officers with at least 3 years of service, up to 30 years.

- **Health Insurance Premiums:** While cost increases to the state will increase approximately six percent per year, the Executive Budget proposes using state reserves to help manage the increases. The employee and employer share of premiums will increase 2 percent in the first year and 2.5 percent in the second year.
- **University fund share:** for each of these costs the Commonwealth funds a General Fund share and assigns the university a nongeneral fund share. The nongeneral fund share of these costs is 62% for Agency 208 Educational & General, 100% for Auxiliary Enterprises, 100% for Sponsored Programs, and 5% for Agency 229.

University Division (Agency 208)

- **Affordable Access:** proposes \$9.8 million of ongoing operating support for affordable access in FY23; half of this amount continues the \$4.9 million one-time allocation Virginia Tech received in FY22.
- **Operation and Maintenance of New Facilities:** proposes an increase of \$757 thousand in the first year and \$1.2 million in the second year for new facilities coming online during FY23.
- **Virginia Resident Undergraduate Financial Aid:** proposes an increase of \$1.0 million in the first year and \$6.6 million in the second year.
- **Graduate Financial Aid:** proposes an increase of \$965 thousand in the first year and \$1.5 million in the second year.
- **Unique Military Activities:** proposes an increase of \$371 thousand in the first year and \$742 thousand in the second year.
- **Focused Ultrasound:** proposes \$2.0 million of ongoing support for the Focused Ultrasound Program at the Fralin Biomedical Institute.
- **Higher Education Equipment Trust Fund:** proposes reauthorization in the new biennium at the current level of support.

Cooperative Extension/Agricultural Experiment Station Division (Agency 229)

- **Building Resiliency – Extension Agents:** proposes \$653 thousand of support in the first year and \$1.3 million in the second year.
- **Building Resiliency – Equipment:** proposes an increase of \$1.29 million of one-time support in the first year.
- **Operation and Maintenance of New Facilities:** proposes an increase of \$666 thousand in the first year and \$759 thousand in the second year for new facilities coming online during FY23.

Capital Budget Proposals

- Center Woods Complex improvement project (amount TBD)
- Life, Health, Safety, Accessibility and Code Compliance funding of \$7.3 million
- Supplemental funding support for Livestock and Poultry Facilities Phase 1

- Nongeneral Fund planning authorization for the expansion of the Virginia Tech Carilion School of Medicine and Fralin Biomedical Research Institute
- Maintenance Reserve funding of \$17.872 million each year which reflects a \$4.1 million increase over FY22.

This Executive Budget proposal is not the final state spending plan. The General Assembly will convene in mid-January to consider amendments and finalize the Commonwealth's two-year spending plan by Spring 2022.

We will continue our efforts through the 2022 General Assembly session to ensure that our elected representatives understand the critical role that Virginia Tech plays in the future of the Commonwealth and advocate for the university's funding needs. If you have any questions about the Executive Budget proposal, please feel free to contact me.

cc: Caroline Lohr, President of the Undergraduate Student Senate
Jack Leff, President of the GPSS
Serena Young, President of the Staff Senate
Robert Weiss, President of the Faculty Senate
Elizabeth Hooper, Associate Vice President of Government and Community Relations