

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 valid data accessible to units being assessed. Enables long-range planning.



STRATEGIC

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



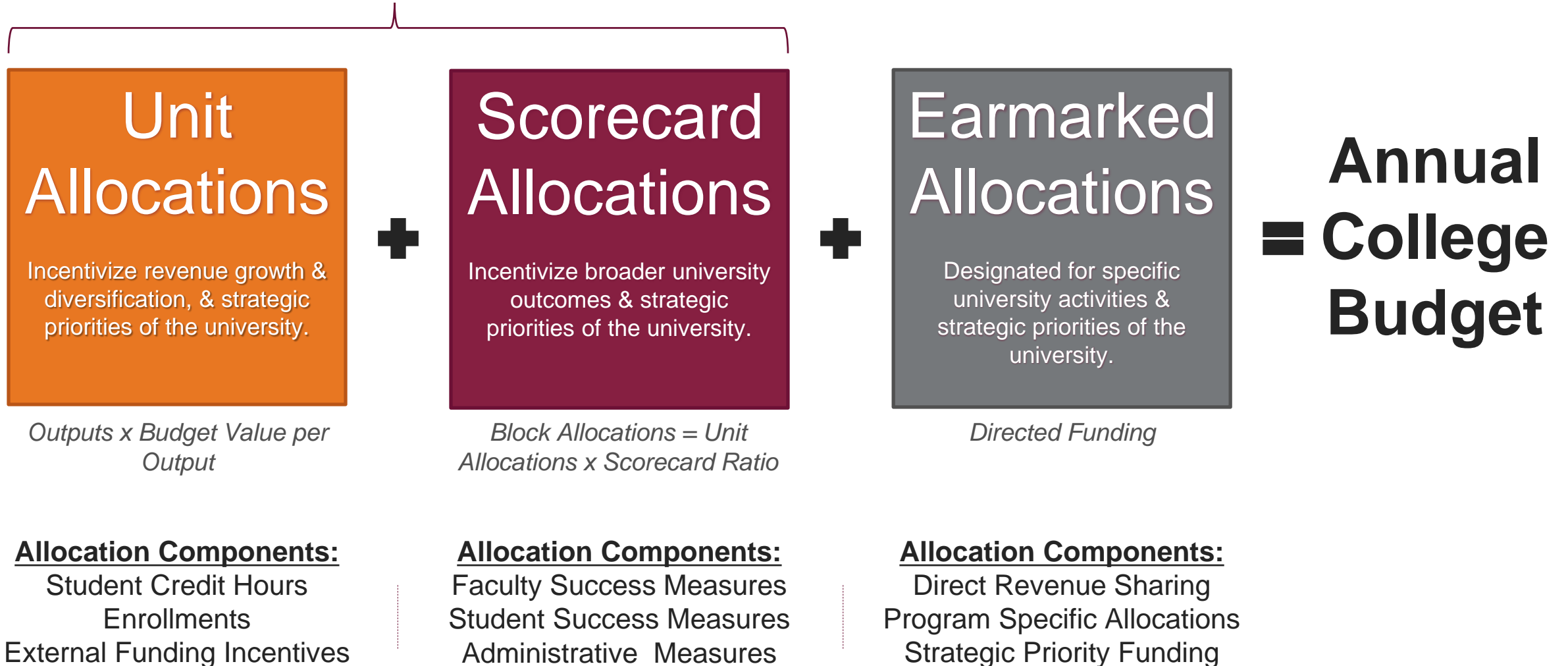
RESPONSIVE

Enables leaders to manage resources effectively in a dynamic academic and financial environment.



Partnership for an Incentive-Based Budget (PIBB)

Performance Components



Example college budget

Unit Allocations



Scorecard Allocations



Earmarked Allocations

Metric	Unit Value	College Goal	Budget
Student Credit Hours			
All Student Credit Hours	\$ 96.75	196,000	\$ 18,963,000
Graduate Section	48.25	49,000	2,364,250
Cross Disciplinary	9.75	15,000	146,250
Target Section Size	9.75	47,000	458,250
Tech Talent Pipeline	7.00	5,000	35,000
Core Curriculum	4.50	10,000	45,000
Destination Area Course	4.50	47,000	211,500
Honors Course	3.00	100	300
Enrollment			
All Enrollment (by Primary Major)	\$ 740.00	9,700	\$ 7,178,000
Out of State, Undergraduate	740.00	4,400	3,256,000
Graduate Majors	450.00	2,000	900,000
Tech Talent Pipeline	60.00	-	-
Additional Major(s)	40.00	150	6,000
External Funding			
New Gifts and Commitments	\$ 0.08	\$ 22,000,000	\$ 1,760,000
to Professorship Endowments	0.03	150,000	4,500
to Scholarship Endowments	0.03	3,000,000	90,000
Sponsored Expenditures	0.12	98,000,000	11,760,000
Ancillary Income	0.10	-	-
<hr/>			
Unit Allocation Associated Value			\$ 47,178,050
Scorecard Value Associated with Other Outcomes	32% of performance budget		22,201,435
<hr/>			
Total Value of Measured Activity			\$ 69,379,485
Earmarked Allocations			
Special Sessions			\$ 2,000,000
Differential Tuition			10,100,000
Distance Learning Revenues			1,800,000
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			\$ 83,279,485

PIBB Performance Metrics

Faculty Success Measures (SC):

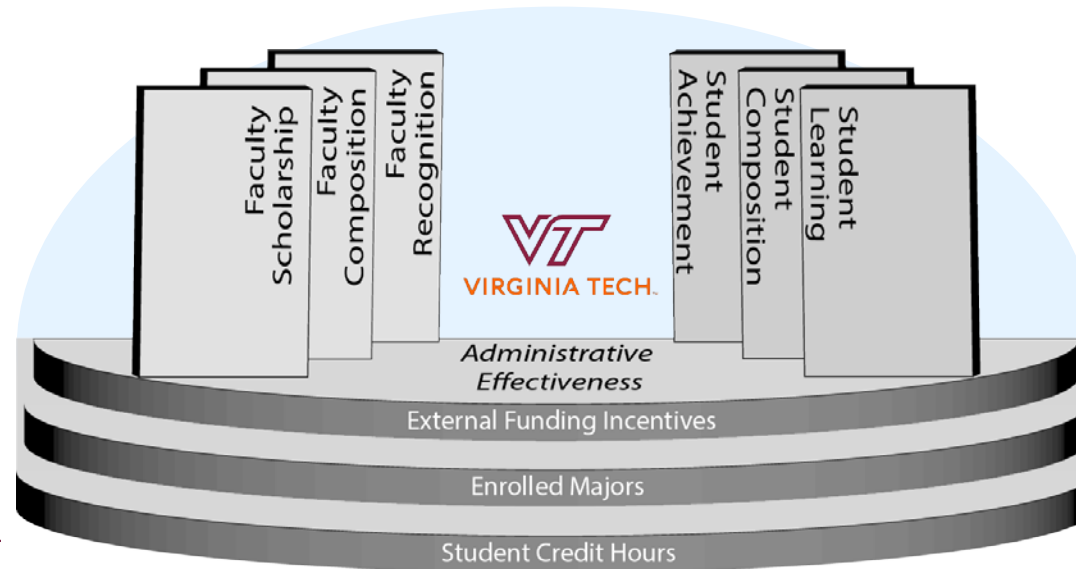
- Percent of Full-time Female Instructional and Research Faculty, Both Tenured/Tenure-Track & Non-Tenured
- Percent of Full-time URM Instructional and Research Faculty, Both Tenured/Tenure-Track & Non-Tenured
- Publications
- Citations
- Awards

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 Measures (SC):

- In-College Four-Year Graduation Rate for Entering Freshmen
- In-College Three-Year Graduation Rate for Transfers
- Graduation Rate Disparity for URM and/or Underserved Students (USS), Entering Freshmen and Transfers
- Undergraduate Programs with Experiential Learning Component
- Undergraduate Participation in Living Learning Communities
- Graduate Student Graduation Rates
- Graduate Student Graduation Rate Disparity for URM and/or Underserved Students (USS)
- Graduate Programs w/ Cultural Competency 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

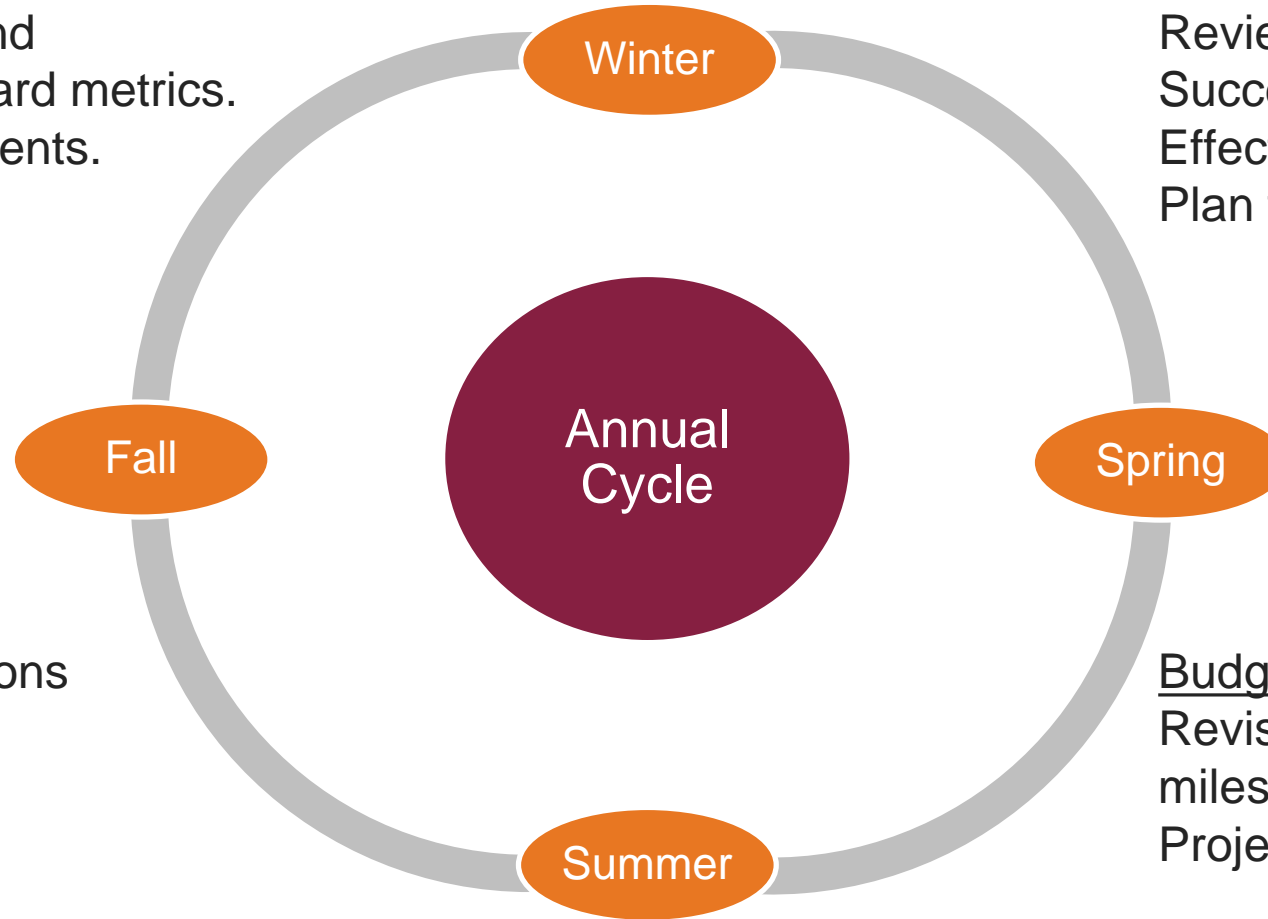
External Funding Incentive Metrics (UA):

- New Gifts and Commitments, All
- New Gifts and Commitment Premiums:
 - Scholarship Endowments
 - Professorship Endowments
- Sponsored Expenditures, All
- Sponsored Expenditures Premium:
 - Industry-Funded Research
- Ancillary Income

PIBB Annual Development Cycle

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

Review Unit Allocation, Faculty Success, & Administrative Effectiveness Scorecard metrics. Plan for model improvements.



Performance variations applied in carryover

Budget Development:
Revise multi-year metric milestones and values.
Project Earmarked Allocations.

Publish Budget



THANK YOU



Financial Update on COVID-19

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

NOVEMBER 12, 2020

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State Budget - Special Session

- **No reduction** in state General Fund support
- **\$4M one-time** to support operations, financial aid, or 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.

Enrollment Update

Fall 2020 Enrollment Variance from Budgeted Enrollment (Headcount)			
	<u>Resident</u>	<u>Nonresident</u>	<u>Total</u>
Associates/Unclassified	-34	42	8
Freshman	245	-351	-106
Continuing UG	172	78	250
Transfers	27	53	80
Undergraduate	410	-178	232
Graduate	-8	-74	-82
MD - VTCSOM	-13	12	-1
DVM - Veterinary Medicine	2	3	5
Total	391	-237	154

The preliminary budget included enrollment hedge of \$7.8 million:

- Strength in undergraduate enrollment; though nonresident freshman were lower than projected and graduate enrollment was lower than projected.
- As a result, able to increase the tuition revenue budget \$3.84 million to *partially* 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, end 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 supplies and staffing

Auxiliary Enterprise COVID-19 Impact

Auxiliary Enterprise	Revenue	Expense (Savings) /Cost	Net
Dining	-36.7M	-13.5M	-23.2M
Athletics*	-20.1M	-2.8M	-17.3M
Residential	-9.9M	-1.0M	-8.9M
Inn at VT: Hotel & Conference Center	-8.6M	-4.0M	-4.6M
Electric Service	-3.4M	-1.8M	-1.6M
Parking & Fleet Services	-3.3M	-1.5M	-1.8M
Health Services	-0.6M	+0.7M	-1.3M
Other (Steger Center, Printing, Center for Arts)	-3.0M	-1.1M	-1.9M
Total	-85.6M	-25.0M	-60.6M

* Athletics financial impact from pandemic still unfolding

Educational and General COVID-19 Impact

Description of E&G COVID-specific adjustments	University Division	CE/AES Division
Remove Revenue Contingency	25.0M	3.0M
Tuition and Fees		
Enrollment Contingency	7.8M	-
Fall 20 Tuition Shortfall	-4.0M	-
Capacity to Restore Enrollment Contingency	3.8M*	-
Other Adjustments	-2.8M	-
Total	26.0M	\$3.0M

*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 impacts 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 Units

Under development

┌ Continue to monitor (impacts will vary by unit)

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

Potential strategies

- Federal support
 - \$13.3M state allocation of CARES Act
 - Stimulus 2 ?
 - \$4M State support from Special Session for COVID
 - 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 financial impacts of COVID

Continue to work with the Commonwealth on state budget

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

Remember:

Duration of the financial impact of COVID19 remains uncertain

Resources are likely to be constrained in 2021-22