

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
February 20, 2020

PRESENT: Scott Case, Terry Clements, William Dougherty (via Zoom), John Fike (via Zoom), Donald Hatfield (via Zoom), Edward Lener, Erin McCann, Ken Miller, Cayce Myers (via Zoom), John Richey (via Zoom), Ken Smith, Michael Sorrice (via Zoom), Sanskriti Neupane (substitute for Blake Barnhill) and Sarah Myers (substitute for Liza Morris).

ABSENT: Maria Balota, Sherrie Clark-Deener, Angel Carter, Cyril Clarke, Bob Hicok, Tim Hodge, and Maruf Hoque.

1. CALL TO ORDER

Dr. Ken Smith, Vice Provost for Academic Resource Management called the meeting to order.

2. APPROVAL OF THE JANUARY 23, 2020 MINUTES

Dr. Smith stated that the January 23, 2020 minutes have been approved and forwarded to the University Council for posting on the web.

3. UPDATE ON THE GENERAL ASSEMBLY AS OF CROSSOVER

Mr. Brennan Shepard, Director of Financial Planning for the Office of Budget and Financial Planning reminded the council that Governor Northam released his 2020-22 Executive Budget on December 17, 2019. Both the House of Delegates and Senate review the Governor's budget and each branch makes changes to the original budget amendments. On Sunday, February 16, 2020 the budget Crossover occurred between the two branches and Mr. Shepard gave an update to the council of a side-by-side comparison of the each budget as of Crossover. Some items Mr. Shepard highlighted with the council were the support increase in Student Financial Aid, enhanced enrollment flexibility, and additional funding for Cooperative Extension & Agricultural Experiment Station Division. He also highlighted the differences in the compensation packages being brought forth by the House and Senate, as well as proposed increases in Health Insurance premiums. Mr. Shepard shared with the Council the proposed funding for the Tech Talent Investment Fund and the restoration of funding for the Commonwealth Cyber Initiative. The General Assembly is scheduled to adjourn on March 7, 2020. A summary on the General Assembly Session as of Crossover is attached to these minutes.

4. UPDATE ON INNOVATION CAMPUS

Dr. Smith provided an update to the Council on the Innovation Campus in Arlington, where land is being negotiated in the North Potomac Yard area and master planning has begun for the site. During construction, VT will utilize its Falls Church building as a temporary location for the campus. Dr. Smith also shared enrollment strategy and faculty & support plans for both the Arlington & Blacksburg campus.

5. No further business was discussed, the meeting was adjourned at 5:05 p.m.

**2020-22 BUDGETS AS OF CROSSOVER
AS OF TUESDAY, FEBRUARY 18, 2020 – Based on Half-Sheets**

The Executive column reflects incremental adjustments to the 2020-22 biennial budget proposed by the Governor.
House and Senate columns reflect incremental changes proposed by each body to the Executive Budget.

	Executive	House	Senate
Operating Budget			
Student Financial Aid	Proposes increased Virginia undergraduate need-based financial aid at Virginia Tech of \$811,600 in the first year and \$1,623,200 in the second year.	No change to Executive Budget.	Proposes increasing the Executive Budget recommendation for need-based undergraduate financial aid at Virginia Tech by \$811,600 in the first year, resulting in \$1,623,200 GF in both years. (Item 232 #1s) Proposes \$284,800 in the first year and \$427,200 in the second year for graduate financial aid at Virginia Tech. (Item 232 #2s)
Tuition Moderation	N/A	Proposes a \$61.8 million GF state-wide pool to moderate in-state undergraduate tuition and support institutional six-year plans in FY21. VT: \$5.3 million in exchange for freezing in-state undergraduate tuition and fees. {This is equivalent to a 2.5% tuition increase} This funding “will allow institutions to fully fund their six-year plans to include salary increases, base operating costs, institution-specific initiatives, and undergraduate financial aid without increasing in-state undergraduate tuition and fees.” Language also describes a year 2 program. {Note: it is unclear how this item also funds a 2nd year program.} Full text is included at the end of this document. (Item 262.50 #1h)	N/A

	Executive	House	Senate
Enhanced Enrollment Flexibility	N/A	Proposes allowing enrollment of additional nonresident undergraduates beyond existing caps, as long as they support workforce development goals (determined in conjunction with VEDP), and in-state undergraduate enrollment does not fall below fall 2018 levels. (Item 4-2.01 #1h)	Proposes allowing enrollment of additional nonresident undergraduates beyond existing caps, as long as they support workforce development goals and in-state undergraduate enrollment does not fall below fall 2018 levels and that any such increase shall be limited to no more than one percentage point increase over the prior year. (Item 4-2.01 #1s)
Pricing Flexibility		Language allows institutions with fewer than 15 percent nonresident enrollment to lower nonresident tuition for students enrolling in Data Science and Technology, Science and Engineering, Healthcare, and Education programs. (Item 4-2.01 #1h)	
Unique Military Activities	N/A	Provides an additional \$100,000 GF in each year of the biennium. (Item 234 #1h)	N/A
Mobility Talks Conference	N/A	Proposes \$50,000 GF in the first year only to support a "Mobility Talks International Conference". (Item 231 #1h)	N/A
Cooperative Extension & Agricultural Experiment Station Division (Agency 229)	N/A	Proposes \$50,000 GF in each year for a "Richmond County Extension Agent." (Item 236 #1h) Proposes \$120,000 GF in each year to support the Holiday Lake 4-H Educational Center. (Item 236 #2h)	Proposes \$335,000 in the first year for "4H Center Holiday Lake." Funding is provided through the Department of Agriculture & Consumer Services and not directly to VT. (Item 97 # 2s)

	Executive	House	Senate
Employee Compensation and Benefits			
Faculty and Staff Salary Increase	N/A	<p>2020-21:</p> <ul style="list-style-type: none"> • Salary Increase: <ul style="list-style-type: none"> • Effective June 10, 2020 • <u>Classified Staff:</u> compression adjustment of \$75/year of service, years 5-30. • <u>University Staff & Faculty:</u> 1 percent • Bonus: <ul style="list-style-type: none"> • Effective September 1, 2020: • 1 percent for all full-time employees employed on January 1, 2020 and remain through August 25, 2020. <p>2021-22</p> <ul style="list-style-type: none"> • Salary Increase: <ul style="list-style-type: none"> • Effective June 10, 2021. • <u>Classified and University Staff:</u> 2 percent base increase • <u>Faculty:</u> 3 percent base increase <p>Notes:</p> <ul style="list-style-type: none"> • State share funded from the “Tuition Moderation and Six-Year Plan” pool. • Salary increase may be based on performance as long as increases do <u>not exceed the average</u> based on the state’s methodology. <p>(Item 477 #1h)</p>	<p>2020-21:</p> <p><u>Contingent upon the achievement of FY20 revenue targets, proposes:</u></p> <ul style="list-style-type: none"> • Bonus: <ul style="list-style-type: none"> • Effective December 1, 2020: • 3 percent for all full-time employees employed on April 1, 2020 and remaining through November 24, 2020. • Included adjuncts {note: never seen this before} <p>2021-22</p> <ul style="list-style-type: none"> • Salary Increase: <ul style="list-style-type: none"> • <u>All full-time employees:</u> 3 percent increase effective June 10, 2021. • Included adjuncts {note: never seen this before} <p>Notes:</p> <ul style="list-style-type: none"> • Salary increase may be based on performance as long as increases do <u>not exceed</u> 3 percent on average. <p>(Item 477 #4s)</p>
Health Insurance	Increase of 2.4% in the first year and an additional 6.7% in the second.	<p>Eliminates proposed increase for FY21 due to cash balance in the Health Insurance Fund.</p> <p>FY22: 6.7% increase in health insurance premiums</p> <p>(Item 477 #6h)</p>	No change to Executive Budget.

	Executive	House	Senate
Minimum Wage Adjustment	N/A	<p>Provides \$3.6 million in the first year and \$7.4 million in the second year from the General Fund to support the state's share of HB395, which would increase the state minimum wage as follows:</p> <p>FY21: \$10.00/hr FY22: \$11.25/hr FY23: \$12.00/hr FY24: \$13.00/hr FY25: \$14.00/hr FY26: \$15.00/hr (Item 477 #5h)</p>	<p>Provides \$2 million in the first year and \$5 million in the second year to support the state's share of SB7, which would increase the state minimum wage as follows:</p> <p>FY22: \$9.50/hour FY23: \$10.50/hour FY24: \$11.50/hour FY25: Creates minimum wage based on formula calculated using a ratio of regional median household income to region with the highest median household income. (Item 477 #1s)</p>
Fringe Rate Increase	<p>Central fringe rates were increased as follows:</p> <ul style="list-style-type: none"> • VRS increases to 14.46% (originally 13.52%) • VaLORS increases to 21.88% (originally 21.61%) • Group Life increases to 1.34% (originally 1.31%) • VSDP decreases to 0.61% (originally 0.62%) • Retiree Health decreases to 1.12% (originally 1.17%) 	<p>In addition to the changes proposed by the Governor, the House further adjusts:</p> <ul style="list-style-type: none"> • Retiree Health increases to 1.25% in FY21 and 1.36% in FY22. (Item 477 #2h) 	No change to Executive Budget.
State Economic Development and Research			
Tech Talent Investment Fund	<p>Provides total of \$31.8 million in each year of the biennium to support final MOUs; an increase of \$15.2 million per year over the 2019-20 funding level. (Item 481)</p> <p>\$13.6 million VCBA bond pool to be allocated according to the finalized MOUs. (Item C-71)</p>	No change to Executive Budget.	Proposes additional \$22.1 million for "projects related to the Tech Talent Initiative", per committee report. Details were not found in halvesheets.

	Executive	House	Senate
Commonwealth Cyber Initiative	Reduces 2019-20 funding (\$10 million) to \$5 million in the first year and to \$2.5 million in the second year. (Item 135-K.2)	Restores funding to \$10 million GF in each year for both the hub and the node items. Provides authority for Hub and certified Spoke sites to seek matching funds for faculty recruitment and support for renovations and equipment. Funding request applications will be submitted to the proposed Virginia Innovation Partnership Authority for investment from the Commonwealth Commercialization Fund. Language also requires submission of an annual report. (Item 135#1h N) Full language is cited at the end of this document.	2020-21: Maintains Executive Budget proposal to reduce year one funding to \$5 million for both the hub and node items. 2021-22: Increases Executive Budget funding to \$5 million for both the hub and node items (remains \$5m/year less than current funding). Includes language allowing the remainder of proceeds from the sale of the Center for Innovative Technology to provide additional funding for the Commonwealth Cyber Initiative; Funding decision subject to approval by the Virginia Innovation Partnership Authority Board of Directors. (Item 135#1s M2)
Annual Report initiatives greater than \$1M	N/A	Language requires an annual report for initiatives greater than \$1 million. This includes: CCI, CCAM.	N/A
<i>Statewide Initiatives and Language Impacting Higher Education</i>			
Merit-based Scholarships	N/A	Undergraduate remission of tuition and fees for merit limited to 20% of resident (or nonresident) tuition and required fees. Characterized as greater flexibility in student recruitment and retention. Full language is at the end of this document. (Item 4-5.01 #1h)	N/A
Procurement	N/A	Proposes expanding access to the VASCUPP contracts to non-VASCUPP institutions regardless of the level of purchasing delegated authority. (Item 4-5.04 #1h)	N/A

	Executive	House	Senate
Virginia Innovation Partnership Authority	<p>Appropriation is provided to establish the Virginia Innovation Partnership Authority to serve as a consolidated entity for innovation and new technology-based economic development. The Authority would absorb and combine the Center for Innovative Technology and the Virginia Research Investment Committee, and oversee the Commonwealth Center for Advanced Manufacturing (CCAM) and the Commonwealth Cyber Initiative. (Item 135)</p>	<p>Proposes an increase of \$9.0 million in the first year and \$9.5 million in the second year. (Item 135#1h)</p>	<p>Proposes a reduction of \$10.1 million in the first year and \$14.3 in the second year. (Item 135# 1s)</p>
G3 Program	<p><i>Program is targeted at Virginia public associate degree-granting institutions.</i></p> <p>Proposes \$145.1 million to implement the “G3” program, which provides the full cost of tuition, fees, and books for students with a family income less than 400 percent of the federal poverty level who are enrolled in a discipline or field in which there is a shortage of skilled workers to fill current vacancies or anticipated additional job openings.</p> <p>An eligible student must agree to a Community Engagement Agreement which requires two hours of work experience, community services, or public services per each enrolled credit hour of coursework by the end of the term. (Item 221-D)</p>	<p>Reduces funding by \$38.0 million each year; Eliminates requirement for a Community Engagement Agreement; Identifies eligible academic programs by CIP code. (Item 221 #1h)</p> <p>Provides \$1.5 million in the first year and \$0.5 in the second year for marketing, outreach, and public awareness efforts for the new G3 program. (Item 220 #5h)</p>	<p>Proposes \$97.0 million to implement the “G3” program; Maintains requirement for student to complete a Community Engagement Agreement. (Item 221#1s)</p>

	Executive	House	Senate
SCHEV Studies	N/A	<p>Requires SCHEV to conduct three studies:</p> <ol style="list-style-type: none"> 1) Institutional expenditures by program and academic discipline. 2) Review and recommendations on higher education costs, funding needs, and appropriations. 3) Financial aid awarding packages and discounting strategies. <p>(Items 152 #5h, #6H, and #7H)</p> <p>Full language is cited at the end of this document.</p>	<p>Authorizes SCHEV to continue a review of Financial Aid, including institutional award policies.</p> <p>(Item 152 #1s)</p> <p>Provides \$150,000 in each year for SCHEV to review higher education costs, funding needs, and appropriations.</p> <p>(Item 152 #2s)</p>
Innovative Internship Fund and Program	N/A	N/A	<p>Provides an increase of \$300,000 in the first year and \$1,300,000 in the second year to support the Innovative Internship Fund and Program, including access and affordability of internship opportunities.</p> <p>(Item 152 #3s)</p>
BOV Training (SCHEV)	N/A	<p>Allows SCHEV to use on-line training modules to expand training beyond the initial orientation for Boards of Visitors members.</p> <p>(Item 152 #1h)</p>	N/A
Title IX Training (SCHEV)	N/A	<p>Provides \$100,000 GF in each year to support statewide training and professional development for institutional staff in the area of Title IX compliance.</p> <p>(Item 152 #2h)</p>	N/A
Virtual Library of Virginia (SCHEV)	N/A	<p>Provides \$400,000 GF in each year to support the Virginia Library of Virginia.</p> <p>(Item #152 #4h)</p>	N/A

	Executive	House	Senate
Virginia Biosciences Health Research Corporation	Provides an increase of \$1.25 million in the second year. (Item 135-I)	Eliminates proposal in Executive Budget. (Item 135#1h L)	Eliminates proposal in Executive Budget. (Item 135#1s I)
Virginia Center for Unmanned Systems	Proposes a \$0.5 million increase in the first year and \$1.0 million increase in the second year to establish collaboration between businesses, investors, universities, entrepreneurs, and government organizations to increase the Commonwealth's position as a leader of the Autonomous Systems Community. (Item 135-H)	Reduces proposed funding by \$0.5 million in the second year. (Item 135#1h K)	Reduces proposed funding by \$0.5 million in the second year. (Item 135#1s H)
Virginia Management Fellows Program	Program is moved from Central Appropriations to a new agency within the Department of Human Resource Management titled Virginia Management Fellows Program Administration Agency. Current funding of \$1.2 million annually is increased to \$1.5 million. In addition, a new internship component is created in the Office of the Governor and funded with \$0.3 million annually. Virginia Tech currently delivers the instructional component of the VMFP program on behalf of the Commonwealth. (Item 85)	Reduces proposed funding \$0.5 million in both years for the Virginia Management Fellows Program. Eliminates funding for proposed internship program in the Governor's Office. (Item 85#1h).	No change from Executive Budget

	Executive	House	Senate
Capital Budget			
Maintenance Reserve	<p>Provides \$13.725 million in each year of the biennium to support E&G facilities; an increase of \$151,357 per year over the 2019-20 funding level.</p> <p>This is a 1.1% increase over the current budget from the previous 2018-20 biennium.</p> <p>The Higher Education MR funding for 2020-22 is \$260 million total, with Virginia Tech taking the largest allocation at \$27.5 million for the biennium; a \$303,000 increase from the previous biennium. (Item C-64)</p>	No change to the Executive	<p>No change to the Executive</p> <p>Budgetary Technical adjustment: Shifted funding within the biennium from \$260M of debt to \$144M cash for biennium (has no effect on Virginia Tech MR funding level).</p>
Capital Equipment Pool	<p>Provides additional \$93 million of VCBA authorization for FF&E Pool for 13 previously authorized capital projects, three of which are Higher Education projects, including \$23.76 million the following Virginia Tech projects:</p> <ul style="list-style-type: none"> • \$5.1 million for Renovate Holden Hall (18267) • \$18.1 million for Fralin Biomedical Research Institute • \$.5 million for Livestock and Poultry Research Facilities Phase I (229-18277) <p>(Item C-65)</p>	No change to the Executive	No change to the Executive
Capital Detail Planning Pool	<p>Provides \$23 million of General Fund support for 16 projects; three are Higher Education projects, none are Virginia Tech projects. (Item C-66)</p>	<p>Proposes \$11 million NGF Authorization to plan Randolph Hall Replacement project. (Item C-33.10 #1h, HB30)</p>	No change to Executive Budget.

	Executive	House	Senate
Capital Construction Pool	<p>Provides \$788.8 million of state funding for 27 Higher Education Projects. The Undergraduate Lab Building was NOT included in this funding pool.</p> <ul style="list-style-type: none"> The projects within the Capital Planning Pool from Chapter 759 of the 2016 Act were advanced. This pool includes the Undergraduate Laboratory Building project that is currently in design (but was not funded for construction). (Item C-68) 	<p>No change for Virginia Tech in the Executive Budget</p> <p>Defers six projects from the funding pool - worth \$90.37 million</p>	<p>No change for Virginia Tech in the Executive Budget</p> <p>Defers eight projects from the funding pool -- worth \$221.7 million</p>
Capital Infrastructure / Umbrella Project Pool	<p>Provides \$77.5 million of state funding for 8 Higher Education Projects including the following for Virginia Tech:</p> <ul style="list-style-type: none"> \$3.1 million for the Life, Health, Safety, Accessibility and Code Compliance project (18478) \$10 million for the Improve System-wide ARECs project (229-18477) (Item C-76) 	<p>Defers \$3.1 million General Fund for the Life, Health, Safety, Accessibility and Code Compliance project (18478) (Item C-33 #1h)</p> <p>Defers \$10 million General Fund for the System-wide AREC project (229-18477) (Item C-34 #1h)</p>	<p>Defers \$10 million General Fund for the System-wide AREC project (229-18477) (Item C-34 #1s)</p>
9(c) Debt Authorization	<p>Provides authorization to issue debt through the state's NGF pooled bond program which reduces the costs of capital compared to stand-alone debt.</p> <ul style="list-style-type: none"> \$89.62 million of 9c Debt Authority for the Construct Creativity and Innovation District LLC project (18412) \$84 million of 9c Debt Authority for the Construct GBAC Residence Halls project (18458) \$33 million of 9c Debt Authority for the Construct New Upper Quad Residence Hall project (18459) (Item C-77) 	<p>No change to Executive Budget</p>	<p>No change to Executive Budget</p> <p>Technical correction to 9(c) bond table to show the correct amount of 9(c) debt appropriated for construction of the Creativity and Innovation District Living Learning Community. (Item C-77 # 1s)</p>

	Executive	House	Senate
9(d) Debt Authorization	<p>Provides authorization to issue debt through the state's nongeneral fund pooled bond program which reduces the costs of capital compared to stand-alone debt.</p> <ul style="list-style-type: none"> • \$107 million of 9d Debt Authority for the Innovation Campus Academic Facility project 18412. (Item C-26) • \$10 million of 9d Debt Authority for the Data and Decision Sciences Building project 18427. (Item C-27) • \$31.35 million of 9d Debt Authority for the Construct Corps Leadership and Military Sciences Building project 18460. (Item C-31) • \$11.08 million of 9d Debt Authority for the Acquire Falls Church Property project 18461. (Item C-32) (<p>Adds \$9.5 million of 9(d) debt authority to supplement the Student Wellness Improvements project 18357. (Item C-18 #1h, HB29)</p>	<p>Adds \$9.5 million of 9(d) debt authority to supplement the Student Wellness Improvements project 18357. (Item C-18 #1s, SB29)</p>
Debt Capacity Advisory Committee	N/A	N/A	<p>Directs the Secretary of Finance to convene stakeholders to examine process by which various state component units authorizes to issue state tax-supported debt must report to the DCAC prior to the issuance of any such debt. (Item 264 #1s)</p>

House: Tuition Moderation and Six-Year Plan Funding Pool: The House Appropriations Committee proposed the following incentive pool:

“A. 1. Out of this appropriation, \$61,750,000 the first year from the general fund is designated for In-State Undergraduate Affordability and Six-Year Plan Funding Pool and to implement the salary actions contained in Item 477 of this Act. Allocations to public colleges and universities from this Item are as follows:

<u>Institution</u>	<u>Annual Amount</u>
Christopher Newport University	\$2,800,000
College of William and Mary	700,000
George Mason University	500,000
James Madison University	8,000,000
Longwood University	2,000,000
University of Mary Washington	3,150,000
Norfolk State University	1,000,000
Old Dominion University	3,000,000
Radford University	2,000,000
University of Virginia	7,000,000
University of Virginia's College at Wise	900,000
Virginia Commonwealth University	17,300,000
Virginia Military Institute	500,000
Virginia Polytechnic Institute & State University	5,300,000
Virginia State University	1,500,000
Richard Bland College	400,000
Virginia Community College System	<u>5,700,000</u>
	\$61,750,000

2. a. Allocations listed in paragraph A.1. of this item shall be granted to public colleges and universities in fiscal year 2021 so long as they maintain all tuition and mandatory Educational and General (E & G) fee charges to include tuition differentials for in-state undergraduate students to fiscal year 2020 levels.

b. In addition to the allocation from this item, George Mason University is provided \$10,000,000 from the general fund under Item 171, Old Dominion University is provided \$10,000,000 from the general fund under Item 187, and the Virginia Community College System also is provided \$4,000,000 from the general fund under Item 220 in order to effectuate the goals of this item.

3. The State Council of Higher Education for Virginia (SCHEV) shall certify whether each public college and university has met the tuition freeze requirements of this fund. SCHEV shall report its findings to the Governor, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director of the Department of Planning and Budget by July 1, 2020.

4. Upon certification by SCHEV that the requirements in paragraph A.2. have been met, the Director, Department of Planning and Budget, shall transfer the amounts listed above to each of the certified institutions.

5. If an institution elects to increase tuition and mandatory E & G fees for in-state undergraduate students in fiscal year 2021 above the fiscal year 2020 levels, the institution shall not be eligible for an allocation from the fund.

6. The Rector, Board of Visitors of institutions choosing to forego allocations from this item and electing to increase tuition and mandatory E & G fees for in-state undergraduate students in fiscal year 2021 shall communicate the Board Resolution certifying that decision to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by August 1, 2020.

7. All unallocated funds shall be proportionally redistributed to the remaining institutions that elected to maintain tuition and mandatory Educational and General (E & G) fees for in-state undergraduate students at fiscal year 2020 levels.

B. 1. Out of this appropriation, \$50,000,000 the second year from the general fund is designated for In-State Undergraduate Affordability and Six-Year Plan Funding Pool.

2. Allocations from the amount listed in paragraph B. I. of this item shall be granted to public colleges and universities in fiscal year 2022 so long as they limit increases for all tuition and mandatory Educational and General (E & G) fee charges to include tuition differentials for in-state undergraduate students to two percent

3. Allocation distribution and procedures for the second year shall be determined by the 2021 Session of the General Assembly.

Explanation:

(This amendment requests funding to support in-state undergraduate tuition moderation and six-year plan funding for each year of the biennium. In the first year, amounts included in this item along with separate appropriations for George Mason University in Item 171, Old Dominion University in Item 187, and the Virginia Community College System in Item 220 will allow institutions to fully fund their six-year plans to include salary increases, base operating costs, institution-specific initiatives, and undergraduate financial aid without increasing in-state undergraduate tuition and fees. In the second year, amounts included in this item along with separate appropriations for George Mason University in Item 171, Old Dominion University in Item 187, and the Virginia Community College System in Item 220 will allow institutions to fully fund their six-year plans to include salary increases, base operating costs, institution-specific initiatives, and undergraduate financial aid while limiting in-state undergraduate tuition and fee increases to two percent. Actual allocations and procedures for the second year will be determined by the 2021 Session of the General Assembly.)

House: Merit-based Student Financial Aid: The House Appropriations Committee proposes the following language to allow the provision of merit-based aid:

"6. Merit Scholarships: Notwithstanding any other provisions of law, public four-year institutions of higher education are authorized to remit tuition and fees for merit scholarships for students of high academic achievement subject to the following limitations and restrictions:

a) The number of such scholarships annually awarded to undergraduate Virginia students shall not exceed 20 percent of the fall headcount enrollment of Virginia students in undergraduate studies in the institution from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by 20 percent of the headcount enrollment of Virginia students in undergraduate studies in the institution for the fall semester from the preceding academic year.

b) The number of such scholarships annually awarded to undergraduate non-Virginia students shall not exceed 20 percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by 20 percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution during the preceding academic year.

c) A scholarship awarded under this program shall entitle the holder to receive an annual remission of an amount not to exceed the cost of tuition and required fees to be paid by the student."

House: Commonwealth Cyber Initiative: The House Appropriations Committee proposes the following language on the Commonwealth Cyber Initiative.
N.1. Out of the appropriation in this item, \$10,000,000 the first year and \$10,000,000 the second year from the general fund is provided to scale the Commonwealth Cyber Initiative ability to seek matching funds for faculty recruitment and support for renovations and equipment. Certified institutions shall submit their funding request application to VIP A for review and evaluation from an investment from the Commonwealth Commercialization Fund. After completing its review, VIP A shall approve or deny the request for an allocation of funds. The amounts provided in this paragraph are non-reverting and shall constitute the base budget for subsequent fiscal years.

2. Out of the appropriation in this item, \$10,000,000 the first year and \$10,000,000 the second year from the general fund is provided for the leasing of space and establishment of the Hub by the anchoring institution and for the establishment of research faculty, entrepreneurship programs, student internships and educational programming, and operations of the Hub. The amounts provided in this paragraph are non-reverting and shall constitute the base budget for subsequent fiscal years.

3. CCI shall submit a report by October 1st of each year to the Secretary of Commerce and Trade, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, the Director of the Department of Planning and Budget, and VIP A detailing the use and leverage of the investment in this item in strengthening the state's cyber economy. The state report shall contain information on: (i) external research grants attracted to support the work of CCI, (ii) research grants awarded from the funds contained in this Item, (iii) research faculty recruited, (iv) results of entrepreneurship and workforce programming, (v) collaborative partnerships and projects, (vi) correlated economic outcomes (jobs and new business formation), (vii) the geographic distribution of awards from the funding contained in this item.

House: SCHEV Studies: The House Appropriations Committee proposes that SCHEV conduct the following studies:

1) "P. 1. The State Council of Higher Education for Virginia shall develop a plan for implementing a state-wide survey on institutional expenditures by program and academic discipline at Virginia's public institutions to determine the effectiveness of spending related to the attainment of state and institutional goals and inform strategic decision-making.

2. The Council shall review existing reporting capacities and other state examples of cost analysis by program and academic discipline in higher education to: (1) determine the Council's current capacity to conduct the survey; (2) determine any additional staff and financial support necessary for conducting such a survey; (3) determine the potential for long-range cost containments; (4) detail a plan for survey implementation.

3. By November 1, 2020, the Council shall submit a report and any related recommendations to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees."

2) "P. I. The State Council of Higher Education for Virginia (SCHEV) shall review higher education costs, funding needs, and appropriations in Virginia. The review shall identify and recommend (i) methods to determine appropriate costs; (ii) measures of efficiency and effectiveness; (iii) strategies to allocate limited public resources based on outcomes that align with state needs related to affordability, access, completion, and workforce alignment; (iv) the impact of funding on underrepresented student populations; and (v) financial incentives for affordability, innovation, and collaboration.

2. In making such recommendations, SCHEV shall consult with national and state policy experts and institutional innovators in other states and consider trends in the implementation of various outcomes-based funding models and shall account for institutional differences. SCHEV shall also seek input from within the Commonwealth, including industry leaders, consumer advocacy groups, and representatives of public doctoral institutions, comprehensive institutions, and comprehensive community colleges.

3. SCHEV shall submit its report and any related recommendations to the Governor and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations by July 1, 2021."

3) "P 1. The State Council of Higher Education for Virginia, in consultation with staff from the House Appropriations Committee, Senate Finance and Appropriations Committee, Department of Planning and Budget, Secretary of Finance and Secretary of Education, as well as representatives of public higher education institutions, shall review financial aid awarding practices and tuition discounting strategies.

2. The Council shall review current state financial aid awarding policies and make recommendations to: (1) prioritize and address affordability for low- and middle-income students; (2) increase program efficiency and efficacy in meeting state goals that align with The Virginia Plan; and (3) simplify communication and ease student understanding of eligibility criteria. The review shall also assess financial aid by income level and the utilization and reporting of tuition revenue used for financial aid to address program efficacy and increase transparency of this financial aid funding strategy.

3. By July 1, 2021, the Council shall submit a report and any related recommendations to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees."

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

as of February 18, 2020: Halfsheets

	Executive Budget		House Budget		Senate Budget	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Operating Budget						
General Fund						
University Division E&G						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	12,822,747	12,822,747	12,822,747	12,822,747	12,822,747	12,822,747
In-State Undergraduate Tuition and E&G Fee Moderation (freeze) - Optional	-	-	5,300,000	-	-	-
Mobility Talks International Conference - One-time Funding	-	-	50,000	-	-	-
Employee Compensation (estimated state share)						
Senate 3% Bonus for Faculty and Staff in FY21	-	-	-	-	5,647,278	-
Senate 3% Raise for Faculty and Staff in FY22	-	-	-	-	-	6,459,114
House Faculty and Staff 1% Bonus in FY21	-	-	-	-	-	-
House Faculty Raise (1% in FY21 and 3% in FY22)	-	-	-	-	-	-
House University Staff Raise (1% in FY21 and 2% in FY22)	-	-	-	-	-	-
House Classified Compression Adjustment of \$75/year of service in FY21	-	-	-	-	-	-
House Classified Raise (2% in FY22)	-	-	-	-	-	-
<i>Subtotal Compensation</i>	-	-	-	-	5,647,278	6,459,114
Student Financial Aid						
Virginia Undergraduate Financial Aid	811,600	1,623,200	811,600	1,623,200	1,623,200	1,623,200
Graduate Financial Aid	-	-	-	-	284,800	427,200
<i>Subtotal Student Financial Aid</i>	811,600	1,623,200	811,600	1,623,200	1,908,000	2,050,400
Unique Military Activities						
	-	-	100,000	100,000	-	-
Tech Talent Investment Program						
Virginia Tech State Operating Funding	12,957,304	12,957,304	12,957,304	12,957,304	12,957,304	12,957,304
Virginia Tech Startup & Equipment Funding (state debt funding)	8,237,000	7,540,800	8,237,000	7,540,800	8,237,000	7,540,800
<i>Subtotal Tech Talent Investment Program</i>	21,194,304	20,498,104	21,194,304	20,498,104	21,194,304	20,498,104
Commonwealth Cyber Initiative (CCI)						
Hub Leasing, Operations, Faculty, & Internships	(5,000,000)	(7,500,000)	-	-	(5,000,000)	(5,000,000)
Scale Initiative at Hub & 4 statewide Node Sites	(5,000,000)	(7,500,000)	-	-	(5,000,000)	(5,000,000)
<i>Subtotal CCI</i>	(10,000,000)	(15,000,000)	-	-	(10,000,000)	(10,000,000)
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	40,400,748	35,516,148	55,850,748	50,616,148	47,144,426	47,402,462
Cooperative Extension/AES Division (CE/AES)						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	1,862,864	1,862,864	1,862,864	1,862,864	1,862,864	1,862,864
Additional Extension Agent - Richmond County	-	-	50,000	50,000	-	-
Holiday Lake 4-H Educational Center (Senate funding directed to Dept. of Agriculture & Consumer Services)	-	-	120,000	120,000	335,000	-
Employee Compensation (estimated state share)						
Senate 3% Bonus for Faculty and Staff in FY21	-	-	-	-	1,603,281	-
Senate 3% Raise for Faculty and Staff in FY22	-	-	-	-	-	1,850,812
House Faculty and Staff 1% Bonus in FY21	-	-	534,427	-	-	-
House Faculty Raise (1% in FY21 and 3% in FY22)	-	-	444,209	1,776,836	-	-
House University Staff Raise (1% in FY21 and 2% in FY22)	-	-	111,756	335,268	-	-
House Classified Compression Adjustment of \$75/year of service in FY21	-	-	170,585	170,585	-	-
House Classified Raise (2% in FY22)	-	-	-	121,945	-	-
<i>Subtotal Compensation</i>	-	-	1,260,977	2,404,634	1,603,281	1,850,812
Subtotal CE/AES	1,862,864	1,862,864	3,293,841	4,437,498	3,801,145	3,713,676
Total Operating Budget State Support	\$ 42,263,612	\$ 37,379,012	\$ 59,144,589	\$ 55,053,646	\$ 50,945,571	\$ 51,116,138

PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY
as of February 18, 2020: Halfsheets

\$s in thousands

	State Support		
	Executive Budget	House Budget	Senate Budget
CAPITAL BUDGET			
University Division (2)			
Maintenance Reserve	\$ 27,451	\$ 27,451	\$ 27,451
Life, Health, Safety, Accessibility and Code Compliance	3,100	-	3,100
Fralin Biomedical Research Institute Equipment	18,133	18,133	18,133
Renovate Holden Hall FF&E	5,128	5,128	5,128
Planning: Replace Randolph Hall (1)	-	11,000 (1)	-
Cooperative Extension & Agricultural Experiment Station Division			
System-wide AREC Improvements	10,000	-	-
Livestock and Poultry Research Facilities, Phase I FF&E	500	500	500
TOTAL CAPITAL SUPPORT	\$ 64,312	\$ 62,212	\$ 54,312

Footnotes:

- (1) The House Authorized an \$11 million NGF planning project to Replace Randolph Hall. Virginia Tech shall submit its completed detailed planning documents to the Six-Year Capital Outlay Plan Advisory Committee for its review and recommendation. However, No planning documents should be submitted to the Governor or General Assembly prior to July 1, 2022. Virginia Tech will be reimbursed for all nongeneral funds used when the project is funded to move into the construction phase.
- (2) Neither the House or Senate recommended the Undergraduate Science Laboratory Building for construction funding.