

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
September 17, 2020

PRESENT: Awad Abdelhalim, Scott Case, Carl Cash, Terry Clements, William Dougherty, Joell Eifert, John Fike, Daniel Harrington, Donald Hatfield, Jia-Qiang He, Bob Hicok, Tim Hodge, Ed Lener, Erin McCann, Ken Miller, Joe Merola, Ken Smith and Michael Sorice.

ABSENT: Angel Carter, Cyril Clarke and Liza Morris.

1. CALL TO ORDER AND WELCOME NEW MEMBERS

Mr. Tim Hodge, Associate Vice President for Budget and Financial Planning, called the meeting to order.

2. APPROVAL OF THE APRIL 16, 2020 MINUTES

Mr. Hodge stated that the April 16, 2020 minutes have been approved and forwarded to the University Council for posting on the web.

3. OVERVIEW AND GENERAL DISCUSSION OF THE ACTIVITIES OF THE COUNCIL

Mr. Hodge gave a brief overview of the Council.

4. REVIEW OF UNIVERSITY FINANCIAL STRUCTURE, FINANCIAL TRENDS, AND EXTERNAL OPERATING BUDGET TIMELINE

Mr. Hodge presented an overview of the University's financial structure, operating trends, and state budget timeline. He reviewed the university's program structure, explaining how the university is split into two agencies (Agency 208 and Agency 229), how each of those agencies are funded, and which programs fall under each. Mr. Hodge also reviewed resources the university receives from the State, tuition & fees, self-generated and private funds, and showed the trend of those resources over the past 10 years. Mr. Hodge also provided an overview of the state budget process and timeline, and explained that the committee would be updated at future meetings as the state budget process unfolded. The General Assembly is currently in a special session to approve the current budget, which was not approved in April due to the COVID-19 pandemic. A PDF of the presentation is attached to these minutes.

5. FINANCIAL UPDATE ON COVID-19

Mr. Hodge presented the financial impact thus far on University due to COVID-19. He updated the Council on the spring and summer 2020 impact on the University, which resulted in \$37 million revenue loss, primarily in the university's business units. The University received \$9.7 million in CARES Act support, which reduced the losses in Residential Housing and Dining by 41%. He reminded the Council that the University received an additional \$9.7 million in CARES Act, which was solely applied to Student Financial Aid/Emergency Grants. Mr. Hodge reviewed the University's financial response to the pandemic. The Council was reminded that the State of Virginia received \$3.2 billion in CARES Act, to which VT submitted a request for \$33 million over FY20 and FY21, and has received \$3.5 million to date for FY20. For fall 2020, there are still many unknowns concerning the financial impact of COVID-19. The General Assembly is currently in a Special Session that began on August 18 to pass a budget for FY20. The Executive budget did not contain a reduction which was a positive surprise. Another positive is general strength in enrollment (with some challenges in international students and graduate enrollments) but fall census will not be finalized until later in September. Auxiliary and Ancillary

operations continue to struggle financially due physical distancing requirements which reduced services that could be offered. This significantly impacts dining, athletics, housing, and other business activities. The university continues to monitor the outlook on additional federal support for higher education. An updated university budget is expected in October. A PDF of the presentation is attached to these minutes.

6. TOPICS COUNCIL WOULD BE INTERESTED IN DISCUSSING

Mr. Hodge asked the Council members for recommendations of topics they would like to see the Council discuss over the coming months. Several topics were shared, including periodic financial updates on COVID, budget reductions, enrollment with regards to international students, and implementation of the PIBB. The Council was encouraged to send any additional topics to Mr. Hodge or Jean Cummins.

7. No further business was discussed, and the meeting adjourned at 5:02 p.m.



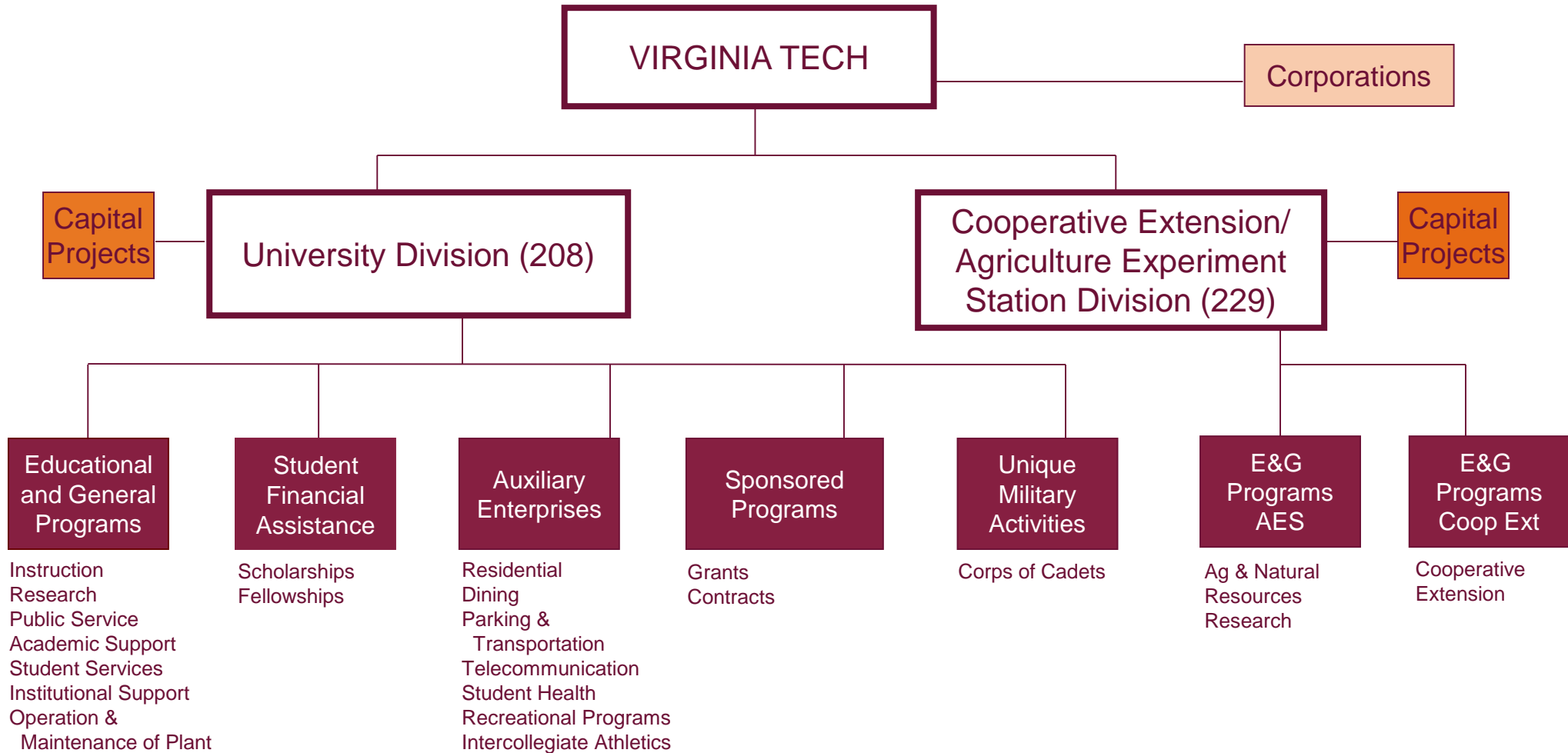
OPERATING BUDGET

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC
BUDGETING AND PLANNING

SEPTEMBER 17, 2020



PROGRAM STRUCTURE



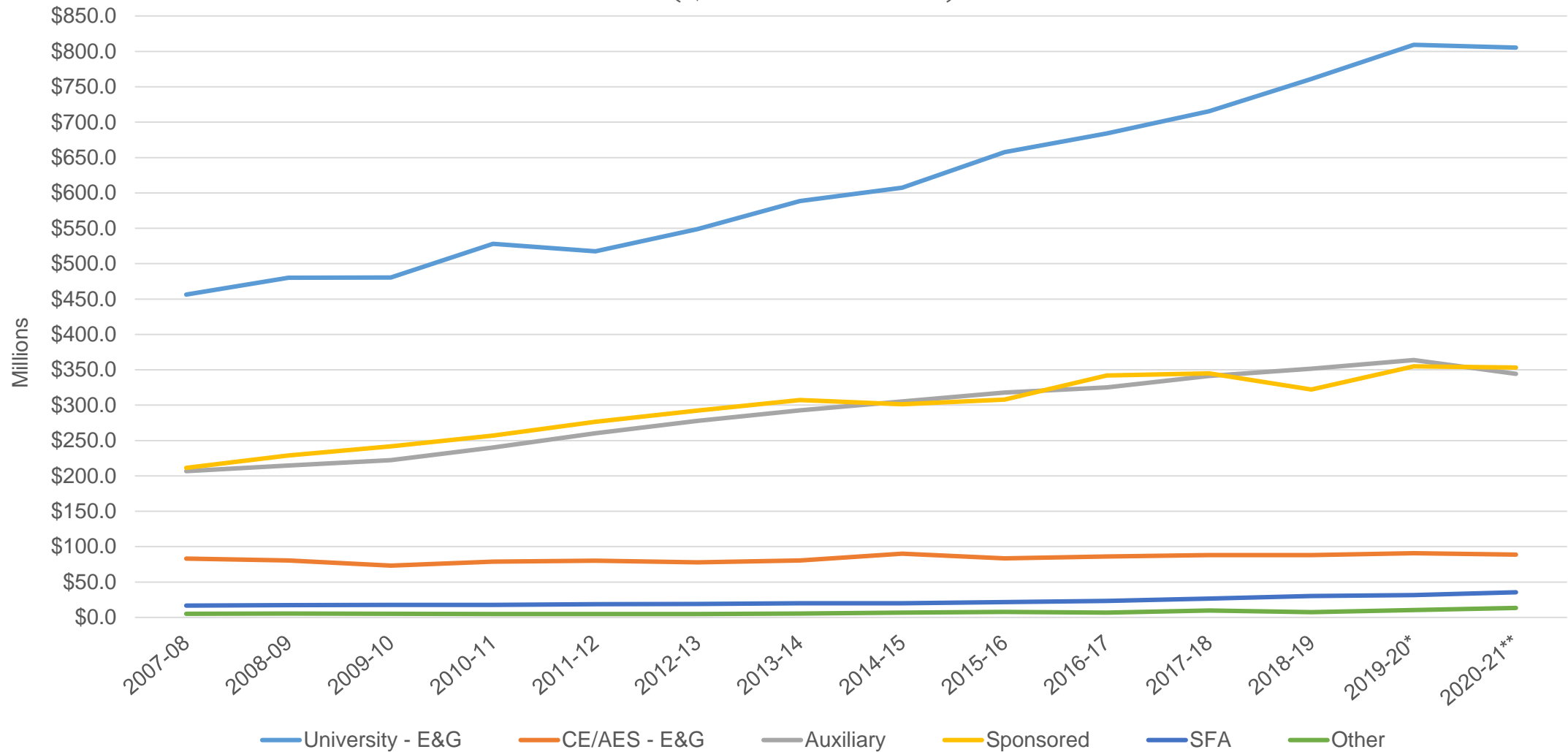
PUBLIC & PRIVATE RESOURCES

2020-21 Budget (\$ in Millions)

	State	In-State T&F	Out-of-State T&F	Self-Generated	Private	Revenue Contingency	Total
208 E&G	\$195.1	\$283.8	\$312.9	\$46.4		(\$32.8)	\$805.4
229 E&G	75.0			16.6		(\$3.0)	88.6
Student Financial Aid	23.2			12.4			35.6
Auxiliary Enterprises		43.6	27.9	282.8		(\$10.0)	344.3
Sponsored Programs	15.4			337.6			353.0
All Other Programs (UMA)	2.6			10.7			13.3
Subtotal Public Resources	311.3	327.4	340.8	706.5	-	(45.8)	1,640.2
Virginia Tech Foundation					184.1		* 184.1
Other University-Related Entities					28.0		* 28.0
Total	\$311.3	\$327.4	\$340.8	\$706.5	\$212.1	(\$45.8)	\$1,852.3
<i>% of total</i>	<i>17%</i>	<i>18%</i>	<i>18%</i>	<i>38%</i>	<i>11%</i>	<i>-2%</i>	

2020-21 OPERATING BUDGET TREND BY COMPONENT

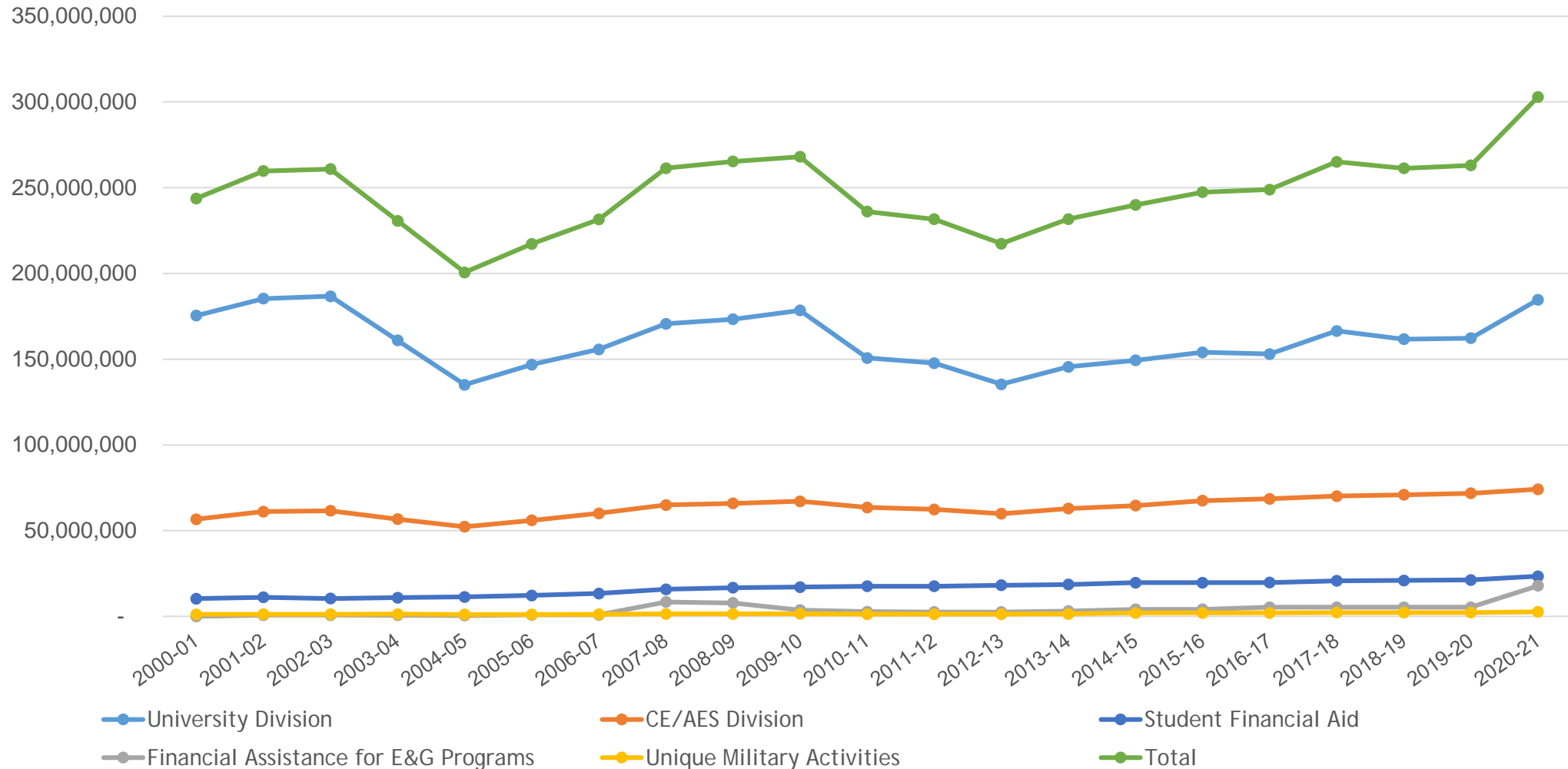
(\$ in Millions)



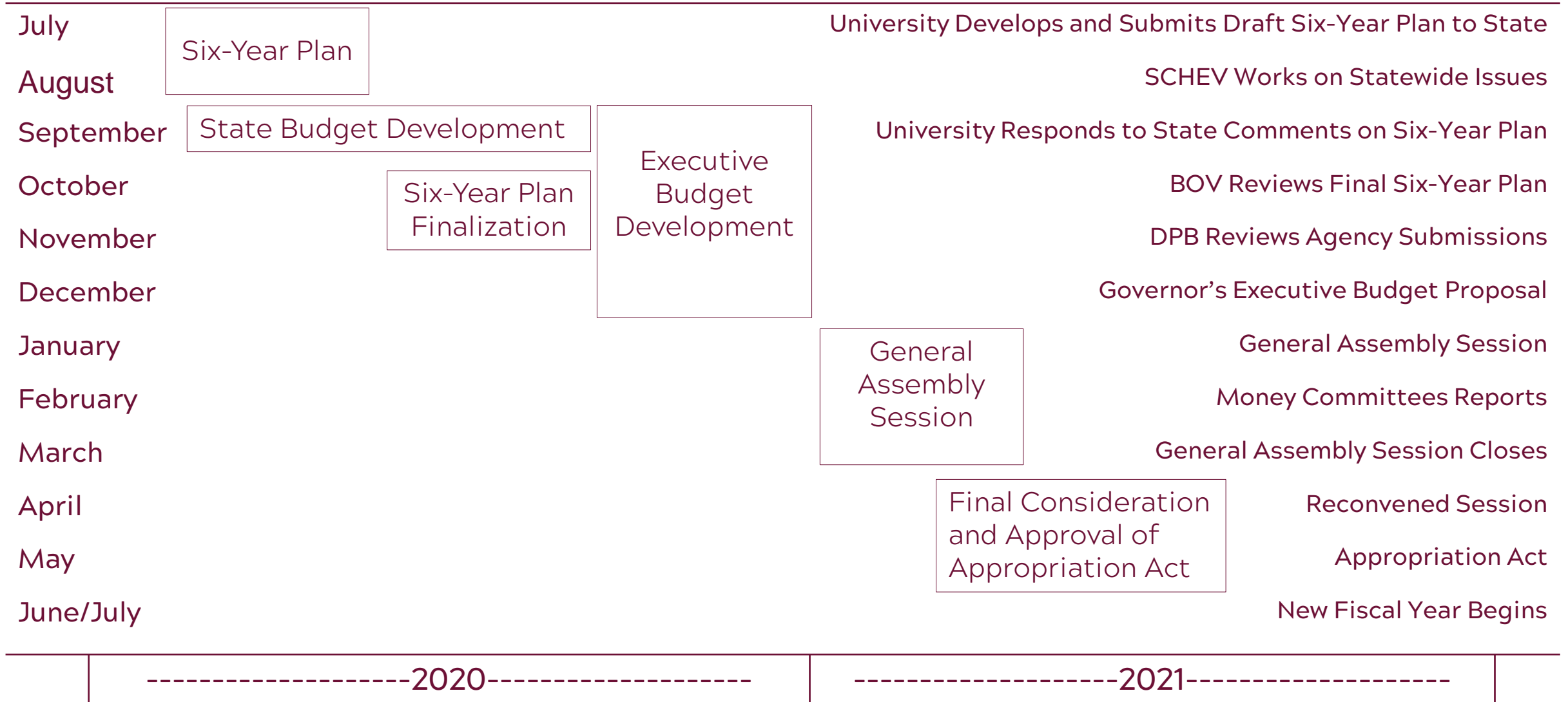


GENERAL FUND SUPPORT BY PROGRAM

Trend of General Fund by Major Program from FY2000-01 through 2020-21



EXTERNAL OPERATING BUDGET TIMELINE - BIENNIUM





DISCUSSION



Financial Update on COVID-19

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC
BUDGETING AND PLANNING

SEPTEMBER 17, 2020

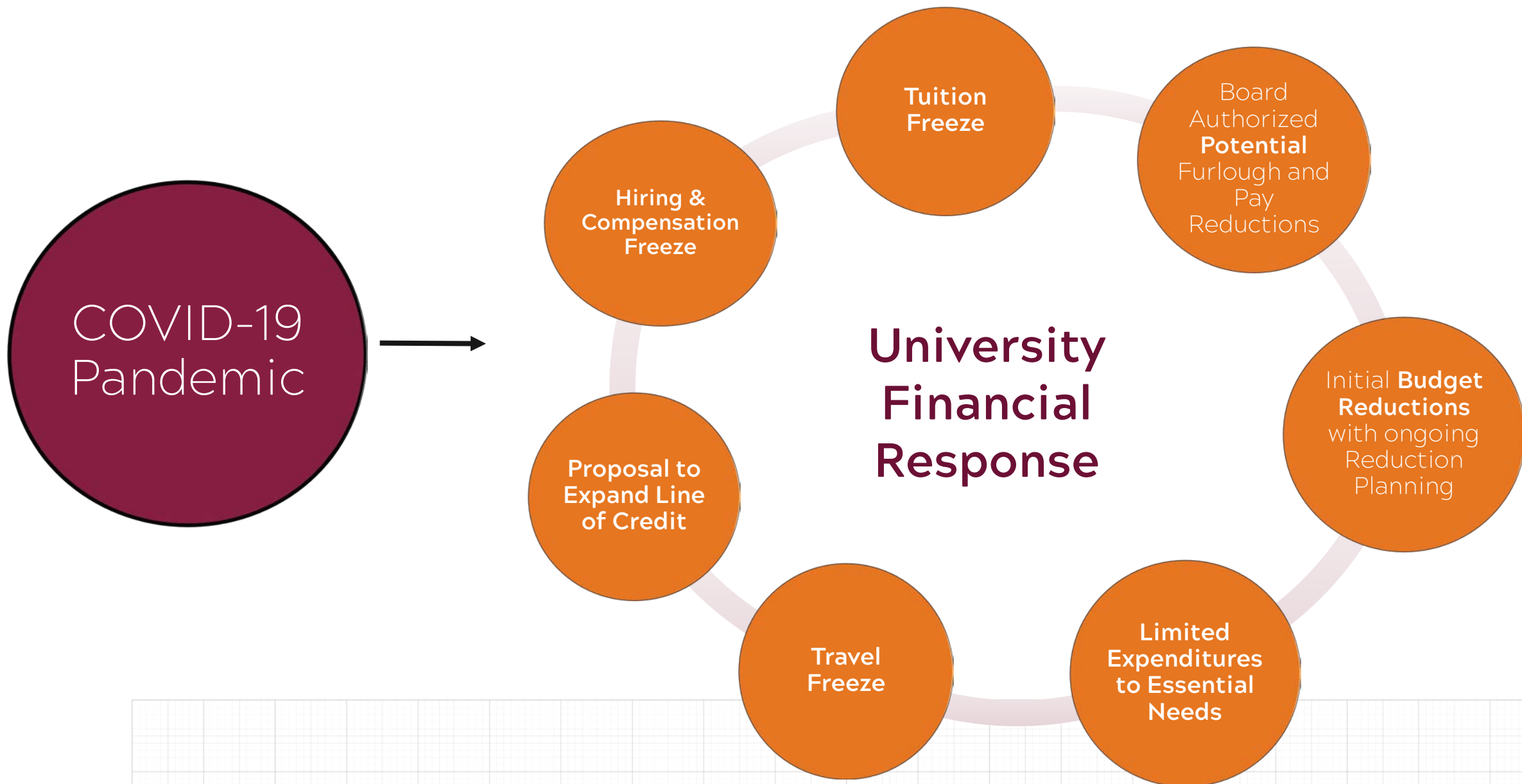


COVID-19 Impact on Spring & Summer 2020

Revenue Loss (\$ in millions)	Gross	CARES Act Relief	Net
Residential & Dining Hall System*	\$(23)	9.7	(13)
Athletics (<i>\$5 million is timing</i>)	(6)		(6)
Veterinary Teaching Hospital & Equine Center	(2)		(2)
Hotel & Conference Center	(2)		(2)
Comprehensive Fee Summer	(1)		(1)
Parking & Fleet Services	(1)		(1)
Other Services	(1)		(1)
Continuing Education	(1)		(1)
Total	(37)	9.7	(27)

* Cares Act replaced 41% of the lost dorm and dining revenue.

University Financial Response to Pandemic



Federal CARES Act for VT

- **VT Direct allocation**

- \$9.7 million for Student Emergency Grants
- \$9.7 million for Institutional Support

- **State allocation**

- \$3.2 billion allocated to the Commonwealth of Virginia for costs associated with COVID-19 pandemic. Agencies (including VT) request support.

VT Direct Allocation of CARES Act

Student Emergency Grants (in millions)

■ Financial Need	\$ 6.4	
■ Impacted by Pandemic	0.9	
■ Emergency Assistance	<u>2.4</u>	
Total	\$ 9.7	(\$9.2 awarded to 12,081 students so far)

Institutional Disruption

- \$9.7 million offset 41% revenue lost (primary due to refunds) in dining and housing during the interrupted Spring & Summer

Commonwealth Share of CARES Act

- Commonwealth of Virginia received \$3.2 billion
- VT requested \$33 million (\$16.5 million FY20 and \$16.6 million FY21)
- VT has received \$3.5 million for FY20
- FY21 will be considered at later date

Dollars in Millions

	FY20		FY21
	Request	Received	Request
Expand <i>Testing</i>	1.3	-	8.6
Health Clinic Medical Expenses	0.4	0.4	0.2
Personal Protective Equipment	1.2	1.2	0.5
Disinfectant and Sanitization Supplies	0.5	0.5	-
Public Safety Enhancements	0.5	-	1.9
Distance Learning and Telework Capabilities	0.8	0.9	-
Contact Tracing to Slow Spread of COVID-19	0.2	-	0.9
Business Interruption Support	10.9	-	4.5
Public Health Employee Payroll Support	0.7	0.5	-
Total	\$ 16.5	\$ 3.5	\$ 16.6

Fall 2020

Amounts are not known yet

• Revenue

- State budget - Special Session began August 18
- Enrollment - Fall census in late September
- Auxiliary & Ancillary operations
 - Dining
 - Residential
 - Athletics
 - Other: parking, Steger Center, hotel & conference, veterinary hospital, fleet

• Additional costs

- Personal protective equipment, physical distancing, testing

Timeline

- **August / September**
 - Commonwealth of Virginia reforecasts revenues
 - General Assembly update state budget allocations
- **September 22**
 - Enrollment census
- **October**
 - Update university budget
- **TBD**
 - Additional federal actions



Discussion

