

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

August 25, 2005

PRESENT: Dave Beagle, Julia Beamish, Dixon Hanna, Scott Hurst, James Hyatt, Bernie Jortner, Mark McNamee, Robin Panneton, Susanna Rinehart, Robert Schubert, Dwight Shelton, David Tegarden, Lisa Wilkes

ABSENT: Rhonda Arsenault, Jean Brickey, David Ford, Johanna Hahn, Lindsey Leisher, Eva Marand, Sean O'Keefe, Patrick Washington

1. CALL TO ORDER AND WELCOME TO NEW MEMBERS

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:00 p.m. and welcomed new members to the Council.

2. APPROVAL OF THE JUNE 23, 2005 MINUTES

Dr. McNamee announced that the minutes of the June 23, 2005 meeting have been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON RESTRUCTURING ACTIVITIES

Mr. James Hyatt, Executive Vice President and Chief Operating Officer, provided members with an overview of the current status of the restructuring activities. Implementation of the Restructured Higher Education Financial and Administrative Operations Act will require work in phases throughout the current fiscal year. At the state level, the State Council of Higher Education for Virginia's efforts have focused on the development of a framework for the six year academic and financial plans as well as the identification of performance measures. For the Executive Branch, work has occurred regarding the implementation of the Level One authorities as well as preparation for discussions with various institutions regarding potential Level Two and Level Three management agreements. University personnel have been actively engaged with the State Council with regard to the institutional six year plans as well as review and discussion of the Level One authorities. The University also continues to work on the requirements for becoming a Level Three or "Covered" Institution.

Mr. Dwight Shelton, Vice President for Budget and Financial Management, reviewed two documents and a list of key upcoming dates that were shared with the Board of Visitors at its August meeting. The Act requires public colleges and universities to

submit six year institutional plans to include academic, financial and enrollment components. The first document Mr. Shelton reviewed is a template developed by State Council which describes the activities and support services that will occur during the six year academic plan to address the state goals identified in the Act and accepted by the Board of Visitors. This document will serve as the basis for the academic component of the institutional plan. The second document provides the financial plan template from the State Council. The Financial Plan will contain projections over six years of the funding required to cover annual expected expenditures. The end result is anticipated to be a six year projection of the total budget. The University submitted the enrollment component of the institutional plan to State Council in the spring.

In addition to working closely with the State Council on the institutional template, the University has also been working on its specific plan, with an anticipated completion date of early to mid September. A review of the University Plan by the Board of Visitors is scheduled for September. Completed institutional plans are due to State Council by October 1.

The Governor will develop the initial financial and administrative management performance measures and benchmarks to report to the General Assembly by November 15, 2005. Both the academic measures and the financial and administrative measures will be included in "The Budget Bill" or in the proposed gubernatorial amendments to the general appropriation act. These will be voted on by the General Assembly during the 2006 legislative session.

The university received Level 1 authority from the state on August 1, 2005, and is now preparing materials regarding the development of the management agreement in order to become eligible for Level Three authority. This work is occurring in conjunction with the University of Virginia and the College of William and Mary. Management agreements negotiated with the Commonwealth and passed by the 2006 General Assembly would become effective on July 1, 2006.

4. REVIEW OF 2006-08 APPROPRIATIONS REQUEST

Mr. Shelton provided a review of the university's 2006-08 Appropriations Request. For Agency 208, the university's operating budget proposal will be structured to request funding for Base Budget Adequacy, enrollment growth, strategic academic and research initiatives, operation and maintenance of new facilities, and Unique Military Activities (UMA). For Agency 229 requests will be focused on Cooperative Extension's Commonwealth Staffing Initiative.

There being no further business, the meeting adjourned at 4:00 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

December 1, 2005

PRESENT: Rhonda Arsenault, Dave Beagle, Julia Beamish, Jean Brickey, David Ford, Johanna Hahn, Dixon Hanna, Scott Hurst, Bernie Jortner, Lisa Wilkes

ABSENT: James Hyatt, Lindsey Leisher, Eva Marand, Mark McNamee, Sean O'Keefe, Robin Panneton, Susanna Rinehart, Robert Schubert, Dwight Shelton, David Tegarden, Patrick Washington

GUESTS: Heidi McCoy

1. CALL TO ORDER:

Dr. David Ford, Vice Provost for Academic Affairs, called the meeting to order at 3:30 p.m.

2. APPROVAL OF THE OCTOBER 6, 2005 MINUTES

Dr. Ford announced that the minutes of the October 6, 2005 meeting have been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON ACADEMIC PLAN

Dr. Ford provided members with an overview of the current status of the academic planning activities. In accordance with the requirements of the Higher Education Restructuring Act, the University submitted six-year enrollment, academic and financial plans to SCHEV on September 30, 2005. Members were provided with the September 30, 2005 letter to SCHEV from James A. Hyatt, Executive Vice President and Chief Operating Officer, the six-year enrollment and academic plans, the university's response to statewide goals, and guidelines for institutional performance.

The enrollment projection reflects increases in both graduate and Virginia undergraduate students. The growth in Virginia undergraduate students is focused primarily on 1,000 transfer students, with an emphasis on community college transfers. An increase of 900 graduate students is also projected. It was noted that the increase in graduate students is not dependent on base adequacy funding.

The narrative academic plan further outlines enrollment projects and presents major upcoming academic initiatives. The academic plan addresses the University's vision for the future and describes how undergraduate education, graduate education, research and creative scholarship, and outreach and international programs will advance the Commonwealth through 2012 while striving to achieve academic excellence and diversity. The plan includes strategies to accomplish the University's land grant mission as a part of its overall pursuit of research and outreach activities. The academic plan also restates the academic commitment to the university mission and strategic plan.

The university's response to statewide goals is divided into 3 biennia, spanning 2006 through 2012. The university addresses each of the "ask" statements required by the Restructuring Act. The response assumes base adequacy funding for salary and enrollment increases.

Finally, the guidelines for assessments of institutional performance were discussed. The guidelines reflect a recommended relationship between the goals of the Restructuring Act and the measures that SCHEV will employ in reaching annual "certification" decisions. The guidelines detail the university's response to the "ask" statements. University officials will meet with state officials to explain how the University will meet these goals.

4. UPDATE ON RESTRUCTURING ACT – APPROVAL OF THE MANAGEMENT AGREEMENT

Dr. Lisa J. Wilkes, Chief of Staff for the Executive Vice President and Chief Operating Officer, provided members with an overview and update on the Restructuring Act. Negotiations for the management agreement began in August 2005 and continued through November. Dr. Wilkes advised that the Management Agreement was approved in November and focused on six main areas: (1) capital outlay, (2) human resources, (3) financial and accounting, (4) information technology (5) procurement and (6) real estate and leasing. The management agreement outlines gained efficiencies; for example, non-general fund capital projects will not require state approvals and the University can obtain only BOV approval and move forward with the project. Additionally, the University will be able to develop its own human resource system. All employees hired on or after July 1, 2006 will fall under the new human resources system, while current employees will have the option to move to this status. Employees hired prior to July 1, 2006 will remain under the current university system unless they opt into the new human resource system that will be developed consistent with the management agreement. The management agreement was submitted to the Governor on November 15, 2005.

There being no further business, the meeting adjourned at 4:30 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 26, 2006

PRESENT: Rhonda Arsenault, Dave Beagle, Julia Beamish, Jean Brickey, Johanna Hahn, Dixon Hanna, Scott Hurst, James Hyatt, Bernie Jortner, Mark McNamee, Sean O'Keefe, Susanna Rinehart, Dwight Shelton, Steven Sheetz (for David Tegarden), Patrick Washington, Lisa Wilkes

ABSENT: David Ford, Lindsey Leisher, Eva Marand, Robin Panneton, Robert Schubert

GUESTS: Heidi McCoy

1. CALL TO ORDER:

Mr. Dwight Shelton, Vice President for Budget and Financial Management, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE DECEMBER 1, 2005 MINUTES

Mr. Shelton announced that the minutes of the December 1, 2005 meeting have been electronically approved and sent to University Council to be posted on the web.

3. REVIEW OF GOVERNOR'S EXECUTIVE BUDGET

Mr. Shelton provided Council members with a copy of a December 21, 2005 memo which provided an analysis of the 2006-08 Executive Budget which contains several elements that are designed to support the instruction, research, and outreach missions of higher education. Attachment 1, Elements of Governor Warner's Executive Budget for 2006-08 Introduced December 16, 2005, provides an overview of the major elements that impact higher education and Virginia Tech, such as restructuring, salaries, enrollment, student financial assistance, Equipment Trust Fund, and Maintenance Reserve. Attachment 2 provides an overview of the incremental funding provided through the Executive Budget for Virginia Tech's operating and capital budgets for 2006-08.

4. OPERATING AND CAPITAL BUDGET AMENDMENTS

In response to the Governor's proposed budget, Virginia Tech submitted amendments for consideration by the 2006 General Assembly. The proposed amendments cover areas that Virginia Tech has identified as its most critical needs. For Agency 208 Operating Budget, these are (1) additional funding for base budget adequacy, (2) funding for extraordinary energy costs, and (3) increased funding for

the Equine Medical Center for instruction support. Amendments for Agency 229 Operating Budget include (1) funding for extraordinary energy costs, (2) equipment funding, and (3) funding for the Commonwealth Staffing Initiative, an Agency 229 initiative to put extension agents and senior faculty in critical positions across the state. Virginia Tech also submitted an amendment proposing a language change to move to a higher mileage reimbursement rate, to include Agency 229. Amendments regarding Agency 208 capital projects include funding support for (1) planning for Sciences Research Laboratory I, (2) Hazardous Materials Facility, (3) supplements to the 2002 General Obligation Bond Projects for Cowgill Hall and Litton-Reaves Hall, (4) replacement of deteriorated section of Davidson Hall, and (5) supplement for the Residence Hall Project. An amendment for Agency 229 requests funding support for the planning for the Human and Agricultural Biosciences Building I.

5. GENERAL ASSEMBLY KEY DATES

Mr. Shelton provided Council members with copies of the General Assembly calendar and the House Appropriations Committee calendar, and a summary of key upcoming dates during the 2006 legislative session. Budget amendments were submitted by the January 20 due date. Crossover of legislation other than the Budget Bill (i.e. the passing of some bills between the House and Senate for action) occurs February 14. The Money Committees report budgets on Sunday, February 19. February 23 is the deadline for House action on the budget and crossover to the Senate for action. By March 7, the Conference Committee must complete its review of House and Senate budget proposals and make its recommendations. By the March 11 adjournment date, the General Assembly will vote on the budget bill. The Governor will then review the budget bill and make any additional recommendations prior to the April 19 reconvene session of the General Assembly, at which time the General Assembly will consider any actions taken by the Governor on the budget.

6. UPDATE ON THE STRATEGIC PLANNING PROCESS

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, briefed Council members on the status of the process to update the University Strategic Plan. All colleges submitted academic strategic plans on September 30. Meetings with deans, vice presidents and vice provosts, and the ad hoc University Academic Advisory Committee (UAAC) have take place throughout the fall semester to discuss various aspects of the academic plans and to evaluate academic priorities. Meetings will continue over the next few months, and a draft strategic plan which includes academic and supporting administrative plans will be presented for review and discussion of policy implications at the March retreat of the Board of Visitors. A final University Strategic Plan will be presented to the Board of Visitors for approval at the June 2006 Board meeting.

There being no further business, the meeting adjourned at 4:00 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 2, 2006

PRESENT: Paul Metz (for Dave Beagle), Julia Beamish, Jean Brickey, David Ford, Dixon Hanna, Scott Hurst, James Hyatt, Bernie Jortner, Mark McNamee, Susanna Rinehart, Robin Panneton, Robert Schubert, Steven Sheetz (for David Tegarden), Lisa Wilkes

ABSENT: Rhonda Arsenault, Johanna Hahn, Lindsey Leisher, Eva Marand, Sean O'Keefe, Dwight Shelton, Patrick Washington

GUESTS: Heidi McCoy

1. CALL TO ORDER:

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:10 p.m.

2. APPROVAL OF THE JANUARY 26, 2006 MINUTES

Dr. McNamee announced that the minutes of the January 26, 2006 meeting have been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON THE STRATEGIC PLANNING PROCESS

Dr. McNamee provided an update on the strategic planning process. The academic strategic plan is being updated as part of the overall update to the university strategic plan. The University Academic Advisory Committee (UAAC), Deans, Vice Presidents and Vice Provosts have been analyzing information and updating the proposed academic priorities for the university. The academic strategic plan is based on three scholarship domains: Learning (undergraduate and graduate education scholarship domains), Discovery (research and creative scholarship domain), and Engagement (outreach and international affairs scholarship domain). A Town Hall meeting with the university community will be scheduled in March to provide a brief presentation on the update to the strategic plan and to invite discussion and feedback from the university community. The Colleges will then revise their updated plans in response to the university academic plan so that their plans will align with the administrative plans. The Board of Visitors will review the strategic plan at the BOV retreat at the end of March. More discussions, revisions, and presentations will take place in April and May, and the final plan will be presented to the Board of Visitors for approval at the June BOV meeting. Information about the planning process is available on the Provost's website at <http://www.provost.vt.edu> .

4. UPDATE ON THE STATUS OF THE 2006-08 BUDGET AND RELATED LEGISLATIVE ITEMS

Mr. James Hyatt, Executive Vice President and Chief Operating Officer, updated Council members on the status of the legislative session and the development of the 2006-08 budget. Council members received handouts which provided a detailed analysis of the current status in the House and Senate of Virginia Tech's capital projects requests as of mid-February, and which provided an overview of the proposed funding from the Executive Budget and each house of the General Assembly as of mid-February. Although the General Assembly is scheduled to adjourn on March 11, there is continuing debate in the House and Senate over budget issues, and the Legislative Session may be extended. The Council will receive an update on the status of the 2006-08 budget and related legislative items at its next meeting.

5. UPDATE ON HIGHER EDUCATION RESTRUCTURING ACT

Mr. Hyatt provided Council with an update on the Higher Education Restructuring Act. In response to a request by General Assembly members to see and review the entire management agreements for Virginia Tech, University of Virginia, and the College of William and Mary, it was decided to convert the management agreement, operational policies, and memorandum of understandings into a bill so that the details of the management agreements and related documents could be reviewed and voted on by all the members of the General Assembly. In January, a bill was introduced in both the House and Senate which contained these documents. During the legislative process, amendments have been made to the bills primarily in the financial management policy to clarify language concerns raised by members of the General Assembly or their staff. Both bills are expected to pass the House and Senate and be submitted to the Governor for review and approval or amending. If the Governor submits amendments, those changes will require approval by both houses of the General Assembly during the Reconvene Session scheduled for April 19, 2006. If the Management Agreement legislation is approved, it would become effective July 1, 2006. The Council will be provided an update on the legislation at its next meeting.

There being no further business, the meeting adjourned at 3:45 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 23, 2006

PRESENT: Rhonda Arsenault, Paul Metz (for Dave Beagle), Julia Beamish, Johanna Hahn, Dixon Hanna, Hugh Latimer (for Scott Hurst), James Hyatt, Bernie Jortner, Mark McNamee, Robin Panneton, Dwight Shelton, Steven Sheetz (for David Tegarden), Patrick Washington

ABSENT: Jean Brickey, David Ford, Lindsey Leisher, Eva Marand, Sean O'Keefe, Susanna Rinehart, Robert Schubert, Lisa Wilkes

GUESTS: Heidi McCoy

1. CALL TO ORDER:

Mr. James Hyatt, Executive Vice President and Chief Operating Officer, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE MARCH 2, 2006 MINUTES

Mr. Hyatt announced that the minutes of the March 2, 2006 meeting have been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON THE LEGISLATIVE SESSION

Mr. Hyatt updated Council members on the status of the legislative session and the development of the 2006-08 budget. Council members reviewed handouts which provided a detailed analysis of the current status in the House and Senate of Virginia Tech's capital projects requests as of mid-February, and which provided an overview of the proposed funding from the Executive Budget and each house of the General Assembly as of mid-February. The General Assembly continues to debate budget issues and did not adjourn as scheduled on March 11. The General Assembly will reconvene in extended session on March 27th.

The restructuring bills have passed both the House and Senate and have been submitted to the Governor for review and approval or amending. If the Governor submits amendments, those changes will require approval by both houses of the General Assembly during the Reconvene Session scheduled for April 19, 2006. If the Management Agreement legislation is approved, it would become effective July 1, 2006.

The Council will receive an update on the restructuring legislation and the status of the 2006-08 budget and related legislative items at its next meeting.

4. 2006-07 TUITION AND FEE RATES

Mr. Hyatt briefed the Council members on the status of the proposed 2006-07 tuition and fee rates. As the General Assembly has not yet reconciled the difference between the House and Senate budget, the Board of Visitors will review for approval at its meeting on March 27th proposed maximum tuition rates. These rates are consistent with the range of rates specified between the University's six-year financial plan optimistic funding scenario (full General Fund support as defined by the Joint Subcommittee Base Budget Adequacy model) and the pessimistic scenario (no additional increase in General Fund support) and the need to address dramatic increases in energy costs that were not envisioned in the six-year plan. In order to provide prospective students and families with timely information for planning, assumptions have been made about General fund support so that maximum rates can be established at this time, if approved by the Board of Visitors at its March meeting.

5. UPDATE ON THE STRATEGIC PLANNING PROCESS

Dr. McNamee provided an update on the strategic planning process. The academic strategic plan is being updated as part of the overall update to the university strategic plan. The University Academic Advisory Committee (UAAC), Deans, Vice Presidents and Vice Provosts have been analyzing information and updating the proposed academic priorities for the university. A town hall meeting was held March 17th and feedback received through a web based survey. The Board of Visitors will review the draft strategic plan and discuss policy issues at the BOV retreat March 25-26. More discussions, revisions, and presentations will take place in April and May, including another town hall meeting scheduled on April 24 to receive final feedback. The final plan will be presented to the Board of Visitors for approval at the June BOV meeting. Information about the planning process is available on the Provost's website at <http://www.provost.vt.edu> .

There being no further business, the meeting adjourned at 3:35 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

June 22, 2006

PRESENT: Rhonda Arsenault, Jean Brickey, Johanna Hahn, Dixon Hanna, Scott Hurst, Bernie Jortner, Mark McNamee, Robert Schubert, Dwight Shelton, David Tegarden

ABSENT: Dave Beagle, Julia Beamish, David Ford, James Hyatt, Lindsey Leisher, Eva Marand, Sean O'Keefe, Robin Panneton, Susanna Rinehart, Patrick Washington, Lisa Wilkes

GUESTS: Heidi McCoy, Linda Woodard

1. CALL TO ORDER:

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE MARCH 23, 2006 MINUTES

Dr. McNamee announced that the minutes of the March 23, 2006 meeting have been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON THE UNIVERSITY STRATEGIC PLAN

Dr. McNamee provided Council members with an update on the University Strategic Plan, which was approved by the Board of Visitors at its June meeting and is available for review on the Provost's website. Colleges will review their plans over the summer and fall to assure alignment with the university strategic plan. Work with University Relations will take place over the summer to develop brochures, news releases and presentations to roll out the strategic plan. Forums will be held in the fall and throughout the next year.

Dr. McNamee will provide another update on the strategic plan to Council members at the August meeting.

4. UPDATE ON RESTRUCTURING

Mr. Dwight Shelton, Vice President for Budget and Financial Management, gave an update on university restructuring. On July 1, Virginia Tech begins operating under the provisions of the Restructured Higher Education Financial and Administrative Operations Act, the university's goal being to operate more effectively and efficiently with a greater degree of authority and autonomy than as a regular state agency. Under restructuring, the university is granted certain authorities from the Commonwealth, delegated by the legislature and detailed in the Management

Agreement (which was initially approved for four years), for capital projects, finance and operations, human resources, information technology, leases, and procurement.

Ms. Linda Woodard, Assistant Vice President for Human Resources, gave an overview of the impact restructuring will have on university personnel and provided Council members with a handout detailing the changes. All university personnel will remain state employees. There will be no change from current programs for health insurance, retirement plans, worker compensation, or the grievance process for any staff employee. Nothing will change for Classified Staff employees for human resource practices; these employees remain under the province of the state Department of Human Resource Management. Any new employee hired on or after July 1 will be a University Staff employee whose human resource policies are under the province of the university Board of Visitors, similar to the status of university faculty. Initially, the human resource practices governing University Staff employees will be identical to classified staff policies, with minor revisions, but they will change over time with input from the staff. Classified Staff will have periodic opportunities to convert to university staff.

A special publication, "Higher Education Restructuring and How It Affects You," was distributed to all employees in June providing details on these changes. Also, complete details on restructuring are available on the university web site at www.vt.edu/restructuring.

5. UPDATE ON THE LEGISLATIVE SESSION

Mr. Shelton updated Council members on the status of the legislative session and the development of the 2006-08 budget. The budget was approved by the General Assembly on June 19 and is expected to be signed as approved by the Governor before July 1. Mr. Shelton provided members with handouts detailing the Conference Committee's budget recommendations that were presented to the Governor for approval, statewide base budget adequacy and research funding comparisons, and an analysis of Virginia Tech's capital projects for 2006-08.

There being no further business, the meeting adjourned at 4:15 p.m.