

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 25, 2007

PRESENT: Julia Beamish, Jean Brickey, Donna Dunay, Johanna Hahn, Dixon Hanna, James Hyatt, Bernie Jortner, Mary Ann Lewis, Robin Panneton, Taylor Powell, Kerry Redican, David Tegarden

ABSENT: Dave Beagle, David Ford, Eric Hallerman, Scott Hurst, Claire Ihlendorf, Eva Marand, Mark McNamee, Dwight Shelton, Stephanie White

GUESTS: Heidi McCoy

1. CALL TO ORDER AND WELCOME TO NEW MEMBERS

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

2. APPROVAL OF THE OCTOBER 5, 2006 MINUTES

Mr. Hyatt announced that the minutes of the October 5, 2006 meeting have been electronically approved and sent to University Council to be posted on the web.

3. REVIEW OF GOVERNOR'S EXECUTIVE BUDGET

Mr. Hyatt reviewed a handout providing an overview of the incremental funding provided through the Governor's Executive Budget for Virginia Tech's operating and capital budgets for 2007-08. Items of particular interest to Virginia Tech include: (1) Faculty Salaries – The 2006 session provided \$12.9 million from the General Fund in the second year of the biennium to provide 3.0% salary increase for faculty statewide in order to make progress toward the 60th percentile objective; (2) Staff Salaries – The executive budget amendments include funding for a 3% raise for staff employees, effective November 25, 2007; (3) Base Budget Adequacy – As a part of the state's commitment to quality in higher education, the Executive Budget contains an incremental \$1,924,208 in General Fund (GF) support for 2007-08; (4) Undergraduate Student Financial Assistance – The executive budget amendments include \$903,989 GF support for need-based aid for instate undergraduates for 2007-08; (5) Operation and Maintenance of New Facilities – The executive budget amendments include increased commitments to support operation and maintenance costs of new facilities; and (6) Fringe Benefit Rates – State support is provided for the GF share of updated rates for health insurance, employee sickness and disability, group life insurance, and retiree health care; consistent with the funding model, the University will have to fund the nongeneral fund portion of these costs.

Other areas of Interest outside of the proposed direct allocations to the university include: (1) Higher Education Research Initiative – The executive budget amendments to the statewide Commonwealth Research Initiative include an additional \$2M GF in 2007-08 for the Commonwealth Technology Research Fund; (2) Regional Research and Development Center (Housing and Community Development) – The executive budget amendments include \$330,000 GF in 2007-08 for the creation of an additional community industry-focused regional research and development center in Covington that will partner with area higher education institutions; (3) Southside Business Technology Center – The executive budget amendments include \$75,000 GF in 2007-08 for program expansion; (4) Institute for Advanced Learning and Research – The executive budget amendments include an additional \$500,000 GF in 2007-08 to support partnering for economic transformation, which encourages regional cooperation between IALR, the New College Institute, and the Southern Virginia Higher Education Center; and (5) Virginia Military Survivors and Dependents – An appropriation of \$1M was established in 2007-08 to provide scholarships for room and board for students who qualify for financial aid under this program.

4. LEGISLATIVE UPDATE

In response to the Governor's proposed executive budget, the University has prepared operating and capital budget amendments. Amendments for operating budget priorities include: (1) Fund enrollment growth (Agency 208) – This amendment provides for the General Fund share of the cost of enrolling Virginia students beyond the official enrollment plan; (2) Adjust general fund for historical impact of patient revenues (Agency 208) – This amendment provides additional General Fund support for Base Budget Adequacy to correct the historical impact on the University's General Fund support due to a technical issue with patient revenues on prior base adequacy allocations; this allows equitable treatment with other Virginia research institutions with public teaching hospitals; (3) Commonwealth Staffing Initiative (Agency 229) – This amendment completes the funding of the Commonwealth Staffing Initiative that was partially funded during the 2005 and 2006 General Assembly sessions; (4) Technical correction of faculty salary increase (Agency 229) – The Executive amendments included a 3% salary increase effective November 25, 2007 for faculty salaries; the amount provided for VA Cooperative Extension/Agricultural Experiment Stations (Agency 229) was insufficient, and this amendment requests the General Funds required to achieve the stated funding intent of 3%; and (5) Clarify the Commonwealth's commitment to research (Agency 208) – To achieve the maximum benefit of the Commonwealth's investment in research, this amendment adds language to clarify the continuing commitment of the state to support research activities. Amendments for capital budget priorities for the University Division (Agency 208) include: (1) Replace deteriorated sections of Davidson Hall; (2) Planning Geosciences Discovery Center; (2) Cyber Arts Studio and Creative Technologies Laboratory; (4) Supplement Performance Hall; (5) Renovate Liberal Arts Building; (6) Construct Hampton Roads Classroom; and (7) Construct Engineering/Computational Sciences Instructional Facility. A capital budget amendment for Cooperative Extension/Agricultural Experiment Station (Agency 229) was submitted for Planning Human and Agricultural Biosciences building.

Additionally, the Presidents of all state public universities have presented a Unified Budget Amendment request to reflect all schools' needs for additional General Fund Appropriations to support several priorities across all institutions, including operating budgets for Base Budget Adequacy, Student Financial Aid (as indicated by SCHEV) and Faculty Salaries, and capital outlay budgets for equipment for buildings coming on line and increased costs for approved capital projects.

5. OTHER BUSINESS

Although the formal meeting of the Council scheduled on November 2 was canceled, Council members were invited to participate in a "Budget 101" presentation provided by Mr. Dwight M. Shelton, Vice President for Budget and Financial Management, which presented an overview of the university's financial structure in order to inform Council members of the manner in which the university operates and assist them this coming year as they meet to discuss university budget and planning issues. Mr. Shelton outlined the university's organizational, financial, and programmatic structure, the accountability and audit processes, and the budget cycle.

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

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UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

February 22, 2007

PRESENT: Dave Beagle, Julia Beamish, Jean Brickey, Donna Dunay, David Ford, Johanna Hahn, Eric Hallerman, Mary Ann Lewis, Mark McNamee, Kerry Redican, Dwight Shelton, David Tegarden

ABSENT: Dixon Hanna, Scott Hurst, James Hyatt, Claire Ihlendorf, Bernie Jortner, Eva Marand, Mark McNamee, Robin Panneton, Taylor Powell, Stephanie White

GUESTS: Bob Broyden, 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 JANUARY 25, 2007 MINUTES

Mr. Shelton announced that the minutes of the January 25, 2007 meeting have been electronically approved and sent to University Council to be posted on the web.

3. LEGISLATIVE UPDATE

On September 29, 2006 the University submitted budget decision packages for consideration for inclusion in the Executive Budget for 2007-08. Governor Kaine presented his Executive Budget (amendments to Chapter 3, 2006 Acts of Assembly) on December 15, 2006 for the 2007-08 biennium. The General Assembly session opened on January 10, 2007 and is scheduled to complete its work on February 24, 2007. The House and Senate Committees presented their budget recommendations on February 4, 2007. Six Delegates and five Senators were designated as members of the Conference Committee to resolve differences between the budget recommendations. The conferees reached a compromise, and the two Houses of the General Assembly will vote on the compromise budget by February 24, 2007. The Council received an overview of House and Senate recommendations. No Conference Committee report is available yet. After the vote on February 24th, the budget proposal will then go to Governor Kaine for his approval. He will have 30 days to sign or submit additional amendments to the budget before the veto session on April 4, 2007.

4. 2008-2014 CAPITAL PLAN

Mr. Shelton shared with Council members a draft list of potential capital outlay projects that have been identified for inclusion in the 2008-2014 Capital Outlay Plan and which will be presented to the Board of Visitors for approval at its March meeting. Projects with 100% nongeneral fund support approved by the Board of Visitors become effective under the University's management agreement under the Higher Education Restructuring Act.

The University prepares an updated Six-Year Capital Outlay Plan every two years as part of the state budget cycle, with the next plan covering 2008-2014 and due for submission to the state in the spring or summer of 2007, the year before the biennium begins. The proposed projects are consistent with programmatic needs established for the prior planning period and with the strategic plan of the University, and they position the University with options to respond to guidance from the state. Once the university receives guidance and instructions from the state, the university will prepare its final capital outlay plan for submission.

The plan is usually submitted to the state's Department of Planning and Budget (DPB) mid-May. In June DPB will notify the University of projects (that include state funding) that may be submitted (full proposals) for consideration in the Executive Budget. The University will then submit full proposals, and the Governor will consider them as the proposed 2008-2010 Executive Budget is developed for consideration by the 2008 General Assembly.

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