

## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

August 30, 2007

PRESENT: Judy Alford, Julia Beamish, Donna Dunay, Kyrille Goldbeck, Johanna Hahn, Muhammad Hajj, Dixon Hanna, Scott Hurst, Bernie Jortner, Mary Ann Lewis, Don Rimstidt, Dwight Shelton, Linda Tegarden, Stephanie White

ABSENT: David Ford, Eric Hallerman, Jim Hyatt, Heidi McCoy, Mark McNamee, Denisa Olteanu, Kerry Redican

#### 1. CALL TO ORDER AND WELCOME TO NEW MEMBERS

Mr. Dwight Shelton, Vice President for Budget and Financial Management, called the meeting to order at 3:04 p.m. and welcomed new members to the Council.

#### 2. APPROVAL OF THE MAY 17, 2007 MINUTES

Mr. Shelton announced that the minutes of the May 17, 2007 meeting have been electronically approved and sent to University Council to be posted on the web.

#### 3. UPDATE ON HIGHER EDUCATION RESTRUCTURING ACT

Mr. Shelton provided members with an overview of the current status of the restructuring activities. The Restructuring Act was enacted by the General Assembly in 2005. This Act provided restructuring benefits and responsibilities for all Virginia institutions of higher education. For Virginia Tech, the Act also provided the opportunity to apply for additional "Level 3" authority and responsibilities. In November 2005, the Board of Visitors approved a resolution adopting Virginia Tech's Management Agreement and related operational policies and performance measures, in accordance with the Restructuring Act and as approved by the Governor's Office. The 2006 General Assembly converted the Management Agreement into a Section One Bill, which was subsequently passed by the General Assembly and signed by the Governor.

With the approval of the Management Agreement legislation, effective July 1, 2006, the University was granted the authority to operate as a Covered Institution in accordance with its Management Agreement and operational policies for a period of four years. The Management Agreement provides the University greater autonomy in the areas of capital outlay, leasing, procurement, information technology, finance,

and human resources. Accountability is an important part of the Restructuring Act, and all institutions of higher education have a common set of performance measures to achieve. Further, Management Agreement institutions have additional performance measures created through the application for Covered Institution status.

In May 2007, SCHEV certified that all institutions including Virginia Tech, had successfully met all educational measures for the first year. In addition, the Level 3 universities also have institutional performance measures created through the application for Covered Institution status. The University established a process to track compliance with these additional measures, and believes it is in compliance with all of the measures.

During 2007-08 the University will continue to work to fully implement the Management Agreement, as well as to manage the new authorities that have already been implemented. A major focus of the upcoming year will be to work to develop the new Human Resources system, and to begin operating under the new finance and accounting structure.

#### 4. REVIEW OF 2008-10 APPROPRIATIONS REQUEST

Mr. Shelton provided a review of the university's 2008-10 Appropriations Request. For Agency 208, the university's operating budget proposal will be structured to request funding for Base Budget Adequacy, enrollment growth, security enhancements, Commonwealth Research Initiative, Center for Creative Technologies in the Arts, quarantine at the Equine Medical Center, operation and maintenance of new facilities, and Unique Military Activities (UMA). For Agency 229, requests will be focused on the Food, Fiber, and Health Initiative.

#### 5. STATUS OF THE STATE'S REVENUE AND UPDATE ON 2007-08 OPERATING BUDGET

Mr. Shelton reported that the State is predicting a shortfall of \$850 million. The Governor has asked state agencies to prepare budget reduction plans. As soon as information is available, it will be disseminated.

There being no further business, the meeting adjourned at 4:12 p.m.

## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

October 4, 2007

PRESENT: Judy Alford, Julia Beamish, David Ford, Kyrille Goldbeck, Muhammad Hajj, Dixon Hanna, Scott Hurst, Bernie Jortner, Mark McNamee, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Marty Simpson (for Donna Dunay), Linda Tegarden

ABSENT: Ellen Bielema, Johanna Hahn, Eric Hallerman, Jim Hyatt, Mary Ann Lewis, Amanda Mitchell, Stephanie White

GUESTS: Heidi McCoy

#### 1. CALL TO ORDER

Dr. Mark McNamee, Provost & Vice President for Academic Affairs, called the meeting to order at 3:02 p.m.

#### 2. APPROVAL OF THE AUGUST 30, 2007 MINUTES

Dr. McNamee announced that the minutes of the August 30, 2007 meeting have been electronically approved and sent to University Council to be posted on the web.

#### 3. STATUS OF STATE BUDGET

Mr. Shelton reviewed a handout providing a budget overview as of October 1, 2007. The State reported that in fiscal year 2007, revenues grew 4.9 percent, compared to an anticipated 6.5 percent growth rate. This created a projected \$641 million revenue shortfall for 2006-08. A cumulative \$849 million shortfall is projected to occur for the two years of the 2008-10 biennium. On October 1, 2007, the Administration announced plans to address the \$641 million shortfall; the plans call for \$300.3 million in reductions to agency budgets, approximately \$22 million in new revenues, and \$318.7 million through unspent balances and an allocation from the State's Revenue Stabilization Fund. Overall, higher education absorbed a significant share of the reductions. With reductions totaling \$90.4 million, the institutions' combined reductions represent 30 percent of the \$300.3 million in agency reductions.

#### 4. VIRGINIA TECH'S RESPONSE TO THE STATE BUDGET REDUCTIONS

Mr. Shelton stated that to internally plan for reductions, the University will follow a two stage process. First, the University is asking the campus to plan for a 2.5 percent one-time reversion in 2007-08. The second stage of the process focuses on implementing base budget reductions in 2008-09. The University has asked each vice president and dean to present two scenarios of how expenditure reductions or revenue enhancements can be achieved on an ongoing basis beginning July 1, 2008. The scenarios are for a 3.5 percent reduction in the University division (4 percent in agency 229) and a 5 percent contingency planning scenario for each agency. The budget reductions will not impact the 4 percent salary increases for faculty and staff to become effective in November. Also, untenured faculty positions will not be cut.

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

## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

November 29, 2007

PRESENT: Tom Tucker (for Judy Alford), Donna Dunay, Kyrille Goldbeck, Bernie Jortner, Mary Ann Lewis, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Stephanie White

ABSENT: Julia Beamish, Ellen Bielema, David Ford, Johanna Hahn, Muhammad Hajj, Eric Hallerman, Dixon Hanna, Scott Hurst, Jim Hyatt, Mark McNamee, Amanda Mitchell, Linda Tegarden

GUEST: Heidi McCoy

#### 1. CALL TO ORDER

Mr. Dwight Shelton, Vice President for Budget and Financial Management, called the meeting to order at 3:05 p.m.

#### 2. APPROVAL OF THE OCTOBER 4, 2007 MINUTES

Mr. Shelton announced that the minutes of the October 4, 2007 meeting were electronically approved and sent to University Council to be posted on the web.

#### 3. UPDATE ON ANNUAL GENERAL FUND SUPPORT FOR VIRGINIA TECH

Mr. Shelton provided Council members with handouts showing (1) historical general fund support percentages, and (2) a calculation of general fund support percentage for Virginia Tech for FY 2007-08. For FY 2007-08, general fund support provides 25.31% of the university's total budget for all university operations, including agency 229.

#### 4. UPDATE ON STATE BUDGET REDUCTIONS AND PROCESS

Mr. Shelton updated Council members on state budget reductions and the process. The university has submitted its budget reduction plans to the State. Discussions will be held the first two weeks of December with Vice Presidents and Deans regarding the budget reduction plans and how operations and units will be impacted. The Governor will present his executive budget proposal on December 17. The General Assembly will convene in January to review and finalize the budget, and the university will know the outcome and the impact on Virginia Tech in March.

## 5. OTHER BUSINESS

In response to data shared by a Council member at the meeting showing an increase at Virginia Tech in Administrative Professional (A/P) and Special Research faculty positions but no increase in Teaching and Research positions over the past 10 years, information will be provided to Council at its next meeting providing historical position data for all types of faculty, including conversions from classified to A/P, as well as sponsored programs positions.

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

## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 24, 2008

PRESENT: Judy Alford, Donna Dunay, Kyrille Goldbeck, Johanna Hahn, Muhammad Hajj, Eric Hallerman, Scott Hurst, Bernie Jortner, Mary Ann Lewis, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Linda Tegarden, Stephanie White

ABSENT: Julia Beamish, Ellen Bielema, David Ford, Dixon Hanna, Mark McNamee, Amanda Mitchell

GUEST: Tim Hodge, Heidi McCoy

#### 1. CALL TO ORDER

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

#### 2. APPROVAL OF THE NOVEMBER 29, 2007 MINUTES

Mr. Shelton announced that the minutes of the November 29, 2007 meeting were electronically approved and sent to University Council to be posted on the web.

#### 3. ANALYSIS OF THE GOVERNOR'S 2008-2010 EXECUTIVE BUDGET

Mr. Shelton provided Council members with handouts outlining the Governor's 2008-2010 Executive Budget proposals for Virginia Tech which were announced on 12/17/07.

For Virginia Tech, the Governor's Executive Budget Bill proposes total Operating Funds of \$21,885,000 for 2008-09 and \$14,360,000 for 2009-2010. After adjustments are made to account for removal of Commonwealth Research Initiative funding, continuation of 2007-08 budget reductions, exclusion of ETF allocation that was transferred from the VA College Building Authority, and technical adjustments to the Base Budget, the total of all state operating support reconciled to the Executive Budget document is \$7,780,000 for 2008-09 and \$255,000 for 2009-2010. The Governor's budget does not include a pay increase for staff or faculty in the first year of the biennium (2008-09), but it does include funding in the Central Appropriation for a 3% pay increase for staff and faculty in the second year (2009-2010), effective July 1, 2009 (pay period beginning June 25, 2009). If this proposal is accepted by the General Assembly, this would shift in the effective date in salary increases from the traditional November 25 to June 25.

The Executive Budget Bill proposes total capital budgets for the 2008-2010 biennium of \$161,261,000 in General Fund and \$94,047,000 in Nongeneral Fund monies, for a total of \$255,308,000 for Virginia Tech. After adjustments are made to account for \$11,628,000 less in the Central Appropriation for Maintenance Reserve and \$146,175,000 General Obligation Bond monies subtracted from the total, the adjusted total of Virginia Tech's capital section of the budget bill for 2008-2010 is \$97,505,000. The Governor introduced a Higher Education bond package of \$1.65 billion, which includes a General Obligation Bond (GOB) package for 75 projects intended to support education, including four at Virginia Tech. If passed by the General Assembly, the GOB package will need public approval in a Fall 2008 bond referendum.

In response to the Governor's proposed Executive Budget, Virginia Tech has presented the 2008 General Assembly with 13 amendment requests; Mr. Shelton provided Council members with a handout listing the specific amendments. Total Operating amendment requests for Agencies 208 and 229 are \$13,098,000 for 2008-09, \$20,574,000 for 2009-2010, and include a "Caboose" request for an additional \$2,964,000 for the remainder of 2007-08 to enhance classroom and building safety and security and support recovery from quarantine at the Equine Medical Center. Additionally, the state universities have jointly presented a Unified Amendment addressing issues such as base budget adequacy, additional monies for graduate assistantships and undergraduate financial aid, operating and maintenance funding needs, faculty salaries, and staff salaries.

The House and Senate committees are scheduled to report their budget recommendations on February 17, 2008, at which time the recommendations will "crossover" between the committees, and the House and Senate will each review the other's budget recommendations and propose any amendments. Finally, the Conference Committee will meet to review House and Senate recommendations and amendments and finalize the budget.

#### 4. REPORT ON VT FACULTY HISTORICAL POSITION DATA

In follow-up to a discussion at the Council's last meeting, Mr. Shelton provided members with a handout showing a 10 year history of filled Teaching and Research (T&R) and Administrative/Professional (A/P) faculty FTEs. Over the 10 year span from 1998 – 2007, Agency 208 E&G T&R faculty FTEs increased 10%, up 135.89 FTEs from 1,342.92 in 1998 to 1,478.81 in 2007, and A/P faculty FTEs increased 4%, from 272.40 in 1998 to 284.39 in 2007. Some of the increase was due to growth, and some of the A/P increase was due to conversions of positions from staff to A/P. From 1998 to 2007, Sponsored T&R positions increased 42%, and A/P positions increased 69%. Combined, E&G and Sponsored T&R positions increased 16%, and A/P positions increased 12%.

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



## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

February 28, 2008

PRESENT: Julia Beamish, Kyrille Goldbeck, Johanna Hahn, Muhammad Hajj, Eric Hallerman, Dixon Hanna, Hugh Latimer (for Scott Hurst), Bernie Jortner, Mary Ann Lewis, Mark McNamee, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Stephanie White

ABSENT: Judy Alford, Ellen Bielema, Donna Dunay, David Ford, Amanda Mitchell, Linda Tegarden

GUEST: Tim Hodge

#### 1. CALL TO ORDER

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

#### 2. APPROVAL OF THE JANUARY 24, 2008 MINUTES

Dr. McNamee announced that the minutes of the January 24, 2008 meeting were electronically approved and sent to University Council to be posted on the web.

#### 3. UPDATE ON STATE BUDGET AND GENERAL ASSEMBLY SESSION

Mr. Shelton provided Council members with an update on the status of the state budget and the General Assembly session. Governor Kaine presented the Executive Budget Bill for the upcoming biennium on December 17, 2007. The General Assembly session opened on January 9, 2008. Information regarding the House and Senate amendments to the Governor's Executive Budget Bill was released on February 19, 2008. Mr. Shelton provided handouts which (1) outlined the Governor's 2008-2010 Executive Budget proposals for Virginia Tech, and (2) summarized the House and Senate proposed Operating and Capital funding changes for Virginia Tech. The Conference Committee will meet to review House and Senate recommendations and amendments and finalize the budget.

Mr. Shelton will provide Council members with a review of the final budget when the Council convenes on March 27, 2008.

#### 4. GENERAL ASSEMBLY ACTIONS ON VT BUDGET AND PROPOSED BUDGET REDUCTIONS

Mr. Shelton briefed Council members on ongoing General Assembly actions regarding the Virginia Tech budget and proposed budget reductions. The General Assembly is scheduled to adjourn prior to the next meeting of the Council, and at the March 27 Council meeting, Mr. Shelton will provide a report on the final status of Virginia Tech's budget.

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

## MINUTES

### UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 27, 2008

PRESENT: Judy Alford, Julia Beamish, Donna Dunay, David Ford, Kyrille Goldbeck, Johanna Hahn, Eric Hallerman, Dixon Hanna, Hugh Latimer (for Scott Hurst), Mark McNamee, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Linda Tegarden, Stephanie White

ABSENT: Ellen Bielema, Muhammad Hajj, Bernie Jortner, Mary Ann Lewis, Amanda Mitchell

#### 1. CALL TO ORDER

Mr. Dwight Shelton, Vice President for Finance and Chief Financial Officer, called the meeting to order at 3:10 p.m.

#### 2. APPROVAL OF THE FEBRUARY 28, 2008 MINUTES

Dr. Mark McNamee, Senior Vice President and Provost, announced that the minutes of the February 28, 2008 meeting were electronically approved and sent to University Council to be posted on the web.

#### 3. UPDATE ON THE LEGISLATIVE SESSION

Mr. Dwight Shelton, Vice President for Finance and Chief Financial Officer, provided Council members with an analysis of the 2008-10 Joint Conference Committee budget actions. The Joint Conference Committee reached an agreement on March 13 and released its operating budget amendments to Governor Kaine's proposed 2008-10 Executive Budget for the Commonwealth. Total proposed appropriations for Virginia Tech's operating budget is \$16.3 million in each year of the 2008-10 biennium. The Conference Committee also recommended a one-time \$200,000 appropriation in 2007-08 to support the Equine Medical Center recovery from quarantine. The Governor will review the recommendations, and the General Assembly will reconvene on April 23, 2008 to finalize the budget.

Amendments to the bond bills for the capital budget remain outstanding and are expected to be completed before the April 23, 2008 reconvene date.

#### 4. DEVELOPMENT OF 2008-09 TUITION AND FEE RATES

Mr. Shelton briefed Council members on the university's development of the 2008-09 tuition and fee rates. The General Assembly session was extended to provide additional time for the House and Senate conferees to reach agreement on the 2008-10 budget, including the provisions for higher education; an agreement was reached on March 13. The university management is now developing its 2008-09 tuition and fees proposals in light of the parameters provide by the General Assembly. The proposed 2008-09 tuition and fee rates will be submitted to the Executive Committee of the Board of Visitors in April 2008..

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