

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
November 12, 2015

PRESENT: Virginia Buechner-Maxwell, Carolyn Copenheaver, Henri de Hahn, Tim Hodge, Stephen Kleiber, Herve Marand, Channing Mitchell, Leslie O'Brien, Hans Robinson, Ken Smith, Jason Soileau, John Tedesco, Sue Teel, Benjamin Tracy, Sarah Umbarger-Wells (guest).

ABSENT: Dwight Shelton, Thanassis Rikakis, William Knocke, Brett Besag, Tim Kinoshita, Quinton Nottingham

1. CALL TO ORDER AND WELCOME NEW MEMBERS

Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning, called the meeting to order at 4:01 p.m.

2. APPROVAL OF THE AUGUST 27, 2015 MINUTES

Mr. Hodge stated that the August 27, 2015 minutes have been approved and forwarded to the University Council for posting on the web.

3. UPDATE ON STATE BUDGET OUTLOOK

Mr. Hodge gave an update of the State Budget outlook. While the state finished FY15 with a \$538M surplus, those funds were already obligated to be returned to the revenue stabilization and water quality improvement funds. As of the end of September, the state has seen a modest 2.4% growth year-to-date. Question was raised as to whether the talk of a federal sequestration has contributed to the slow growth? Mr. Hodge stated there have been many contributing factors to the slowdown in economic growth on a state and national level. A handout on the state budget status is attached to these minutes.

4. UPDATE ON EXECUTIVE BIENNIAL BUDGET REQUEST

Mr. Hodge provided an update of the status of the Executive Biennial Budget request. He highlighted the initiatives that were submitted by VT for consideration in the Governor's Executive Budget for both the University Division (Agency 208) and Cooperative Extension Agriculture Experiment Station Division (Agency 229). He shared that faculty & staff salaries, student financial, and operation & maintenance of new facilities requests were not submitted as they are considered through a system-wide process. Question was asked if the initiatives submitted for consideration would be approved on an individual basis or as a group. Mr. Hodge stated that each initiative would be considered individually and could be supported fully or partially. Mr. Hodge shared that the Governor's Executive Budget will be released on December 17th and that is the starting point for the General Assembly which traditionally makes adjustments to the budget during their session. A summary on the executive biennial budget requests is attached to these minutes. Updates will be brought to the Council back as additional information becomes available.

5. STUDENT FINANCIAL AID

Mr. Hodge provided an overview of the university's support for student financial aid, which was presented to the Board of Visitors on November 9th. Mr. Hodge described the different forms of student financial aid that are currently offered to the undergraduate students of VT and shared the trends and the total amount of student financial aid. Mr. Hodge reviewed undergraduate grants and scholarships by providing a breakdown of funding sources and how much each funding source contributed to the total amount. Mr. Hodge shared an analysis of the institutional support by major fund source and how it has changed over time. He also reviewed the Funds for the Future program and the university's enhancements to this program which shelters returning students, in certain income groups, from tuition increases. Mr. Hodge concluded his presentation by sharing the trends in student indebtedness and student need and the plan to increase private philanthropy to enhance future financial aid programs. A copy of this presentation is attached to these minutes.

6. OTHER BUSINESS

In other business, a question was raised regarding the university's plans for enrollment support. Ken Smith, Vice Provost for Research Management and Institutional Effectiveness, shared that the university's introduced a new conceptual model to the deans yesterday.

The meeting adjourned at 5:04 p.m.

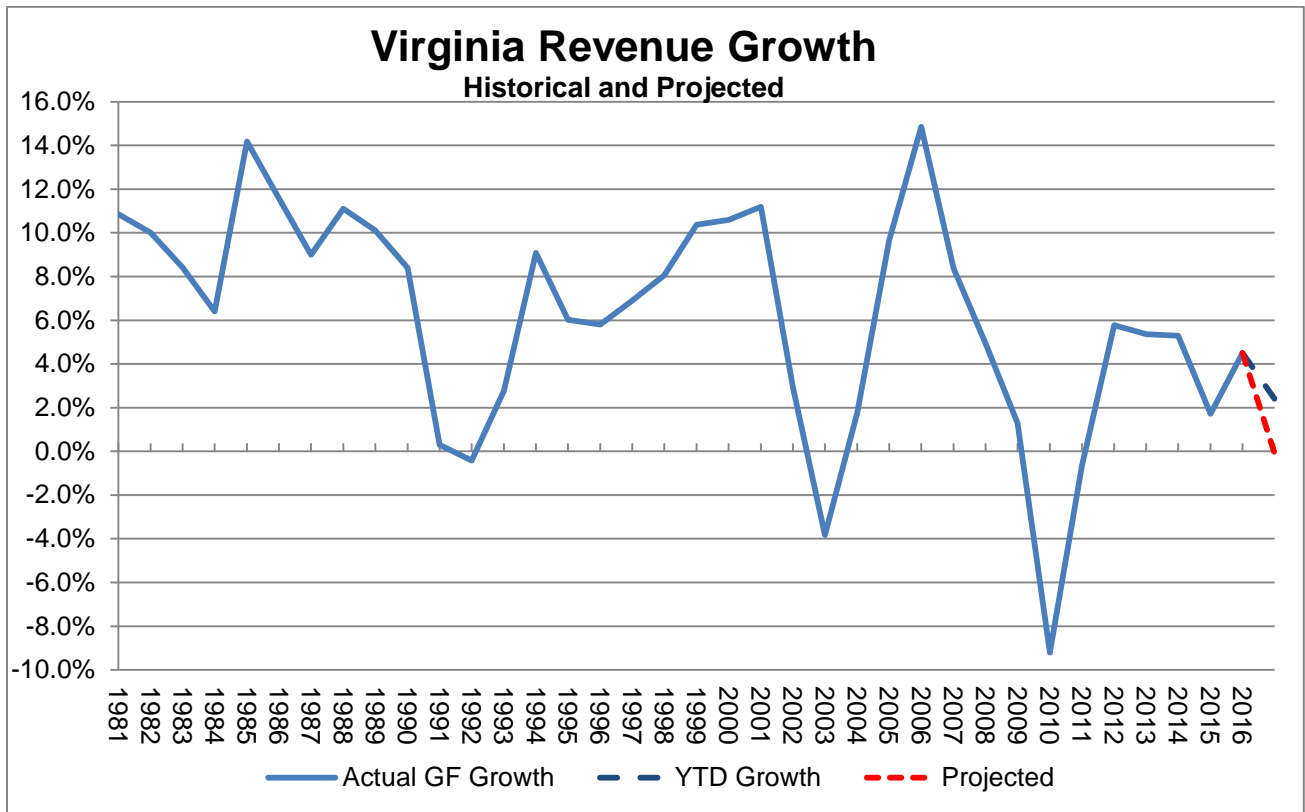
University Strategic Budget & Planning Council
External Budget Update
 11/12/15

State Economy

- Finished FY15 with a \$538M surplus which is already obligated to be returned to the revenue stabilization and water quality improvement funds.
- Currently at 2.4% growth year-to-date, ~2.5% over target

Pattern of Historical Revenue Growth

- Virginia General Fund growth trend is slowing and the future rate of growth in General Fund is uncertain: 10 year average = 2.4%



University Executive Budget Requests

- In the fall of 2015, VT submitted 8 initiatives for consideration in the Governor's Executive Budget.
- Faculty and staff salaries, student financial aid, and operation and maintenance of new facilities will be considered through a system-wide process.

	2016-2017	2017-2018
University Division (Agency 208)	GF	GF
1 Advance Strategic Research Opportunities and Enhance Entrepreneurial and Innovation Ecosystem*	\$ 4,870,311	\$ 9,740,622
2 Increase Access for Virginia Undergraduates (200 additional resident undergraduates)	2,247,180	4,494,360
3 Expand and Enhance STEM-H Degree Production, Health Sciences, Neuroscience, Creative Technologies, and Computational Thinking	1,241,064	2,482,128
4 Support Faculty Startup Packages, Particularly for New Faculty in the STEM-H fields, Including Equipment and Lab Renovation	717,500	1,435,000
5 K-12 Pipeline: Expand Access to Underserved Virginians	956,920	1,500,270
6 Support Timely Degree Completion Through Enhanced Student Advising, Year-Round Academic Programs, and Instructional Resource Sharing Opportunities	523,378	1,021,256
7 Increase Support for Unique Military Activities	214,084	214,084
Subtotal Agency 208	\$ 10,770,437	\$ 20,887,720
VCE/VAES Division (Agency 229)		
1 Advance the Commonwealth's Capabilities for Growth in Translational Agricultural Biosciences	750,000	1,500,000
Total for Agency 208 and 229	\$ 11,520,437	\$ 22,387,720

Next Steps:

- The Governor's Advisory Council on Revenue Estimates (GACRE) will meet in November to set biennial revenue projections.
- Governor's cabinet is meeting in November to consider agency requests
- Executive Budget is to be released on December 17th
- General Assembly session is scheduled from January 13th - March 13th, 2016.



University Support for Student Financial Aid

November 12, 2015

Forms of Student Financial Aid

Grants and Scholarships

- Need-based
- Merit-based

Employment

- Federal Work Study
- General Wage
- Graduate Assistantship

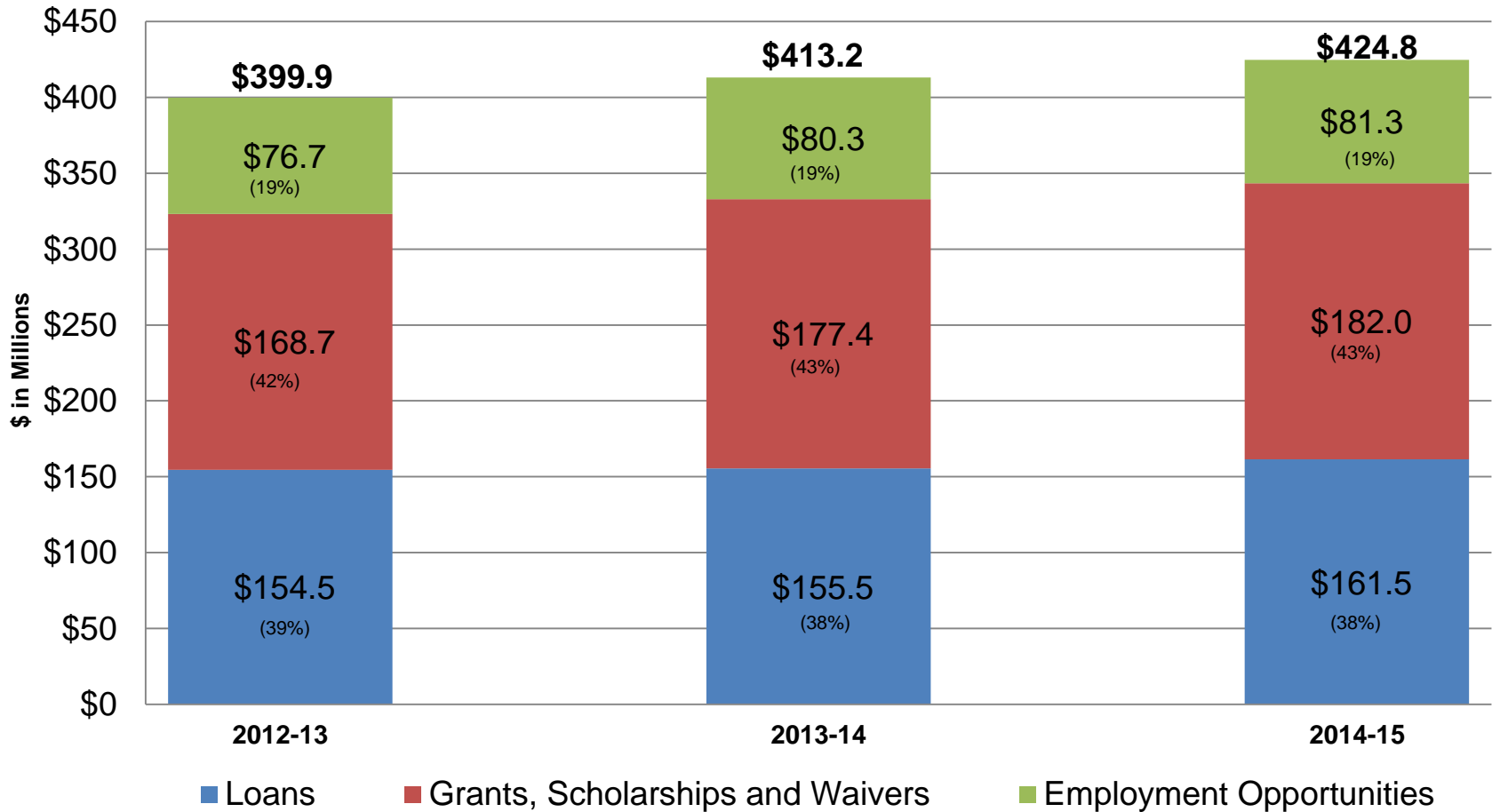
Loans

- Subsidized
- Unsubsidized

Payment Options

Student Financial Aid at Virginia Tech

Figure 1: Total Student Financial Aid From All Sources*



Grants, Scholarships, & Waivers

Sources of Funding:

- Federal
- State
- Institutional
 - Internal Resources
 - Codified Waivers
 - Tuition Remission
 - Unfunded Scholarships
 - Tuition and Fee Revenue Used for Financial Aid
- Private
 - Foundation
 - Outside funds

Undergraduate Grants and Scholarships

<u>Undergraduate</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Federal	\$ 17.6	\$18.0	\$18.0
State	14.7	15.4	15.5
Institutional			
<i>Unfunded Scholarships</i>	13.4	13.8	14.0
<i>Internal and Other*</i>	6.1	6.9	6.0
<i>Private (Foundation)</i>	<u>19.3</u>	<u>20.4</u>	<u>21.1</u>
Subtotal Institutional	38.8	41.1	41.1
Outside	<u>25.4</u>	<u>25.1</u>	<u>25.9</u>
Total Undergraduate	<u>\$ 96.5</u>	<u>\$ 99.6</u>	<u>\$ 100.5</u>

*Other Undergraduate includes external grants and contracts, waivers codified in the Code of Virginia, and educational benefits for employees.

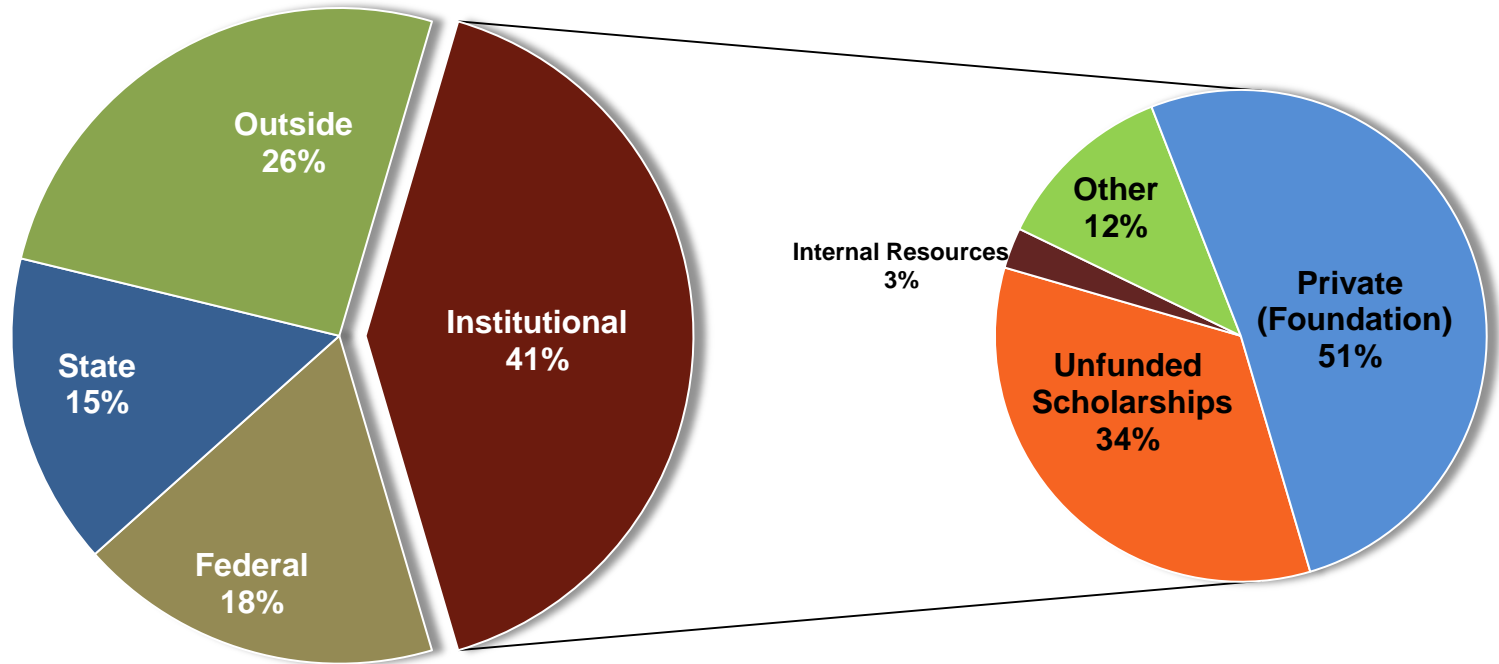
Graduate Financial Aid

<u>Graduate</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Federal	\$0.1	\$0.2	\$0.0
State	4.2	4.5	4.5
Institutional			
<i>Graduate Tuition</i>			
<i>Remission</i>	57.0	60.1	64.0
<i>Other Graduate*</i>	2.7	3.6	3.7
<i>Private (Foundation)</i>	<u>2.7</u>	<u>2.8</u>	<u>2.6</u>
Subtotal Institutional	62.4	66.5	70.3
Outside	<u>5.5</u>	<u>6.6</u>	<u>6.7</u>
Total Graduate	<u>\$ 72.2</u>	<u>\$ 77.8</u>	<u>\$ 81.5</u>

* Other Graduate includes waivers codified in the Code of Virginia, educational benefits for employees, and internal resources used to support graduate students.

Sources of Undergraduate Grants and Scholarships

2014-15

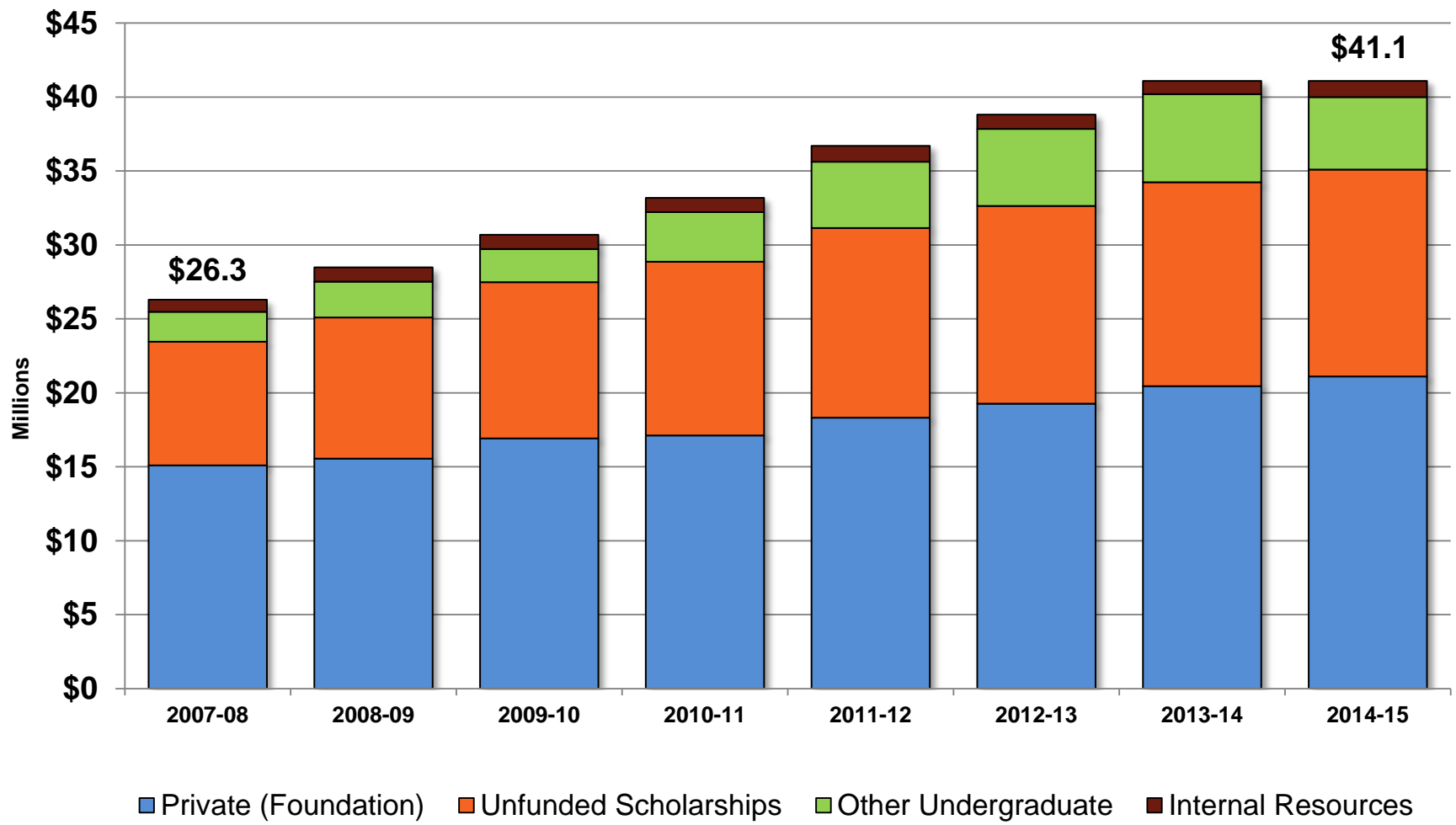


Federal:	\$ 18.0
State:	15.5
Institutional:	41.1
<u>Outside:</u>	<u>25.9</u>
Total:	\$ 100.5

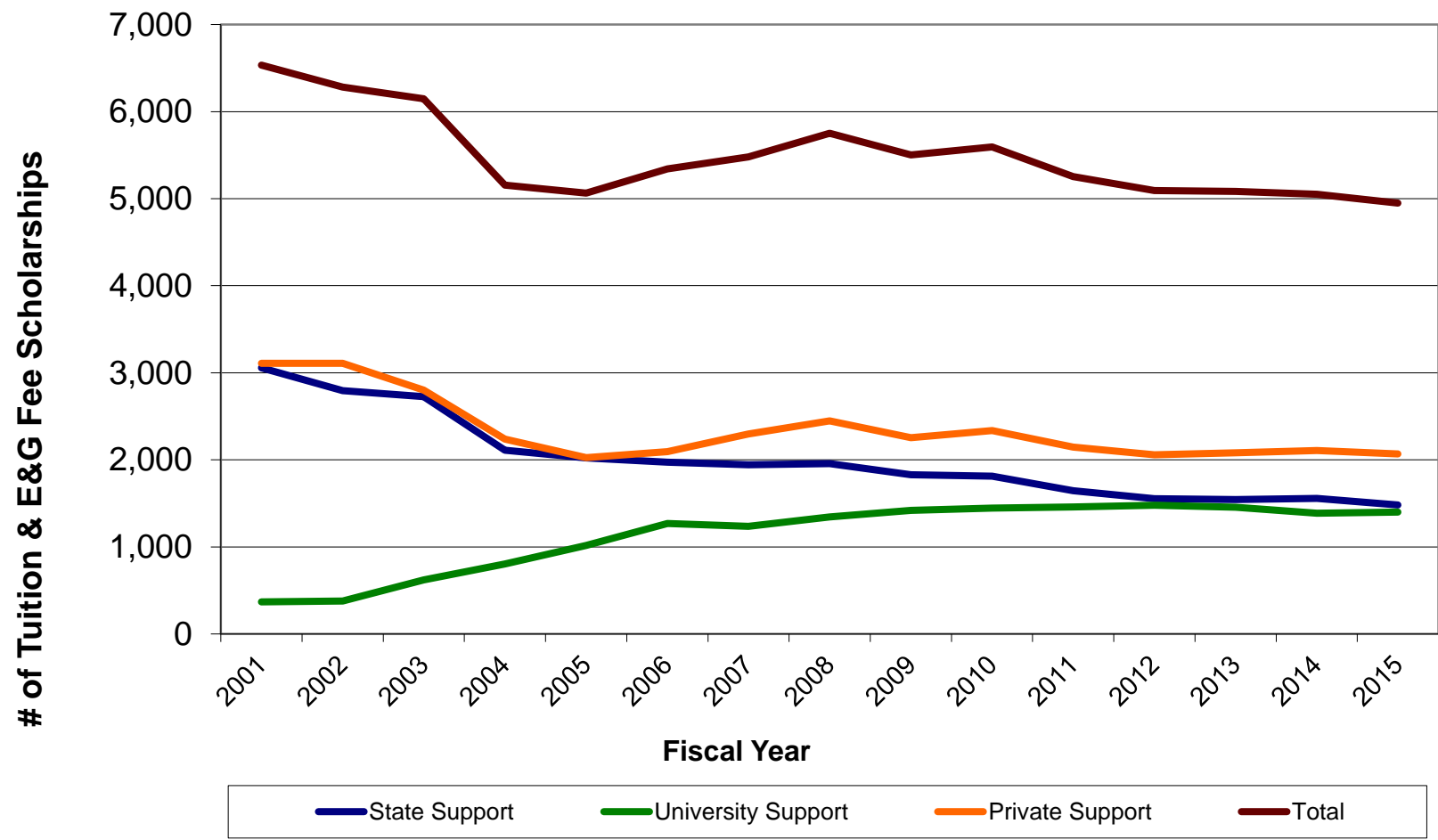
Unfunded Scholarships:	\$14.0
Internal Resources:	1.1
Private (Foundation):	21.1
<u>Other:</u>	<u>4.9</u>
Total:	\$ 41.1

Institutional resources provided \$41.1 million of financial aid to 10,160 undergraduate students in 2014-15, an average of \$4,045 per student.

Undergraduate Institutional Support at Virginia Tech



Analysis of State & Institutional Support for Undergraduate Scholarships



Undergraduate Scholarships Institutional Programs

2014-15 Funds For the Future Program

- Shelters returning students from tuition increases at increasing levels dependent upon need.
- Ensures that students with the most need are not priced out due to tuition increases.

Family Income (AGI)	Number of Virginia Undergraduates Receiving Award	Number of Nonresident Undergraduates Receiving Award
\$0 - \$29,999	936	203
\$30,000 - \$49,999	603	122
\$50,000 - \$74,999	751	167
\$75,000 - \$99,999	744	134
Total	3,034	626

Undergraduate Scholarships Institutional Programs

2015-16 Funds For the Future Enhancements

- Covers 100% of tuition increases for students with family income up to \$49,999
- Covers 50% of tuition increases for students with family income up to \$74,999

2015-16 FFF Program Parameters

Family Income (AGI)	Undergraduate Tuition & Fee Increase Protection*	Example Impact of FFF Protection for Undergraduate Student	
		Total Tuition & E&G Fee Increase	Net Impact of Tuition & Fee Increase
\$0 - \$49,999	100%	3.9%	0%
\$50,000 - \$74,999	50%	3.9%	1.95%
\$75,000 - \$99,999	25%	3.9%	2.93%

Undergraduate Scholarships Institutional Programs

VT Grant

- Provides additional need based aid to undergraduate students to reduce unmet need.

Other Strategic Aid Programs

- Presidential Scholarship Initiative to assist low-income and first-generation Virginia students with significant financial need
- VT Scholars award to recruit academically talented students and advance university first generation enrollment goals
- Emerging Leaders Scholarship for participants in the Corps of Cadets

Undergraduate Scholarships Institutional Programs

Other Strategic Aid Programs

- Presidential Campus Enrichment Grants and Alumni Presidential Scholar Program serve both students with need and students who demonstrate merit to achieve university enrollment goals
- University match of the federal Yellow Ribbon program for military veterans and dependents
- Scholarships to defray a portion of a student's costs to study at the Steger Center for International Scholarship
- Scholarship support to help offset the higher costs of study abroad programs

Employment Opportunities

Many employment opportunities are available to help to support student financial need, including:

Federal Work-Study:

- Provides financial aid award between \$1,500 and \$3,000 (based on need) in addition to wage employment.
- **841** students participated in work-study in 2014-15.
 - Undergraduate: 809 participants
 - Graduate: 32 participants
- Program is subsidized by the federal government and supported, in part, by the university.

Employment Opportunities

Many employment opportunities are available to help to support student financial need, including:

Wage Employment:

- Provides hourly university employment in many departments across campus.
- **6,900** students held wage appointments in 2014-15.
 - Undergraduate: 5,904 participants
 - Graduate: 996 participants

Employment Opportunities

Many employment opportunities are available to help to support student financial need, including:

Graduate Assistantships:

- Offers tuition remission and a stipend in return for student effort through research, service, or teaching appointments.
- **3,175** graduate students (full-time equivalent) held assistantship appointments in 2014-15.
 - Represents 73% of the full-time graduate student population.

Trends in Student Indebtedness

Average Debt per Borrower and Percentage of Students Graduating with Debt

Class of:		2011	2012	2013	2014
VT	\$	\$ 24,175	\$ 25,672	\$26,807	\$27,865
	%	52%	54%	55%	53%
National Average	\$	\$ 26,600	\$27,850	\$28,400	\$28,950
	%	66%	68%	69%	69%

Student Debt Repayment

Cohort Default Rate for Federal Direct Loan and Federal Family Education Loans

2012 Cohort

Virginia Tech	2.1%
Peer Group average	3.1%

A **cohort default rate** is the percentage of a school's borrowers who enter loan repayment status during a federal fiscal **year** (10/1 – 9/30) and **default** within the next two fiscal years.

Trends in Student Need

Comparison of Net Price for Undergraduate Residents

- The university remains competitive in terms of the average Cost of Attendance, but has an opportunity to enhance the Net Price competitiveness for low and middle-income students.

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2013-14 data)				
		\$0-\$30,000	\$30,001-\$48,000	\$48,001-\$75,000	\$75,001-\$110,000	\$110,001+
Virginia Tech	\$26,165	\$12,446	\$14,614	\$18,113	\$22,517	\$24,862
National Peer Average	\$28,950	\$10,067	\$11,852	\$16,372	\$21,600	\$25,451
Advantage / (Disadvantage)	\$2,785	\$ (2,379)	\$ (2,762)	\$ (1,741)	\$ (917)	\$ 589
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Virginia Tech	\$26,165	\$12,446	\$14,614	\$18,113	\$22,517	\$24,862
Select VA Doctoral	\$27,202	\$ 7,376	\$8,456	\$12,864	\$21,032	\$25,341
Advantage / (Disadvantage)	\$1,037	\$ (5,071)	\$ (6,159)	\$ (5,250)	\$ (1,485)	\$ 479

- Net Price is the remaining cost to the student after all available financial aid resources are applied to the total Cost of Attendance which includes tuition, fees, room & board, and other expenses.

Trends in Student Need

Average Unmet Need

	2010-11	2011-12	2012-13	2013-14	2014-15
Virginia Resident Undergraduate	\$ 4,298	\$ 4,457	\$5,668	\$5,814	\$5,299
% of Average Need	31.5%	31.4%	36.8%	36.7%	33.2%
Nonresident Undergraduate	\$ 9,065	\$8,380	\$10,273	\$10,541	\$9,783
% of Average Need	43.9%	40.0%	45.9%	45.8%	41.8%

Current Events

- University has recently reviewed student financial need, and found that the net price compared to other doctoral institutions in the state could be improved for students in the lowest three income quintiles. Strategies are being developed to address this.
- In an era of modest tuition increases, institutional unfunded support for financial aid is significantly constrained and has practical limits.
- For 2015-16, the state provided an additional \$0.1M General Fund support for undergraduate student financial aid. This support is appreciated but does not significantly enhance the financial aid program.
- As a result, the university will work to expand student financial aid funding with emphasis on private philanthropy.

Questions?