

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
December 5, 2013

PRESENT: Amy Brunner, Martin Daniel, Wendy Herdman, Tim Hodge, William Knocke, Mark McNamee, Joe Merola, Quinton Nottingham, Leslie O'Brien, John Phillips, Dwight Shelton, Ken Smith, Sue Teel

ABSENT: Renee Boyer, Elizabeth Fine, Balachandar Guiduri, Andrew McCoy, Theresa Pancotto, Timothy Scott, Jason Soileau, Connie Stovall

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 OCTOBER 24, 2013 MINUTES

Dr. McNamee announced that the minutes of the October 24, 2013 meeting have been electronically approved and sent to University Council for posting on the web.

3. UPDATE ON ADMINISTRATIVE EFFICIENCY ASSESSMENT AND INITIATIVES

Mr. Dwight Shelton, Vice President for Finance and Chief Financial Officer, reviewed that the Council had expressed interest in several topics. In response, the university had developed materials to present to respond to two of those requests today: update on administrative efficiency assessment and initiatives and faculty compensation.

Mr. Shelton introduced Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning to update the council on the university's assessment of administrative efficiency and share initiatives to further enhance administrative efficiency.

Mr. Hodge reviewed four assessment methodologies used by external groups to consider administrative efficiency at institutions of higher education: 1) Administrative costs as a percentage of core expenditures (IPEDS), 2) Administrative costs per student FTE (SHEEO), 3) Administrative staffing level per student FTE (Delta Cost Study), and 4) allocation of resources between primary and support programs (Virginia Auditor of Public Accounts). Virginia Tech was benchmarked against peer institutions, public research institutions, and Virginia public research institutions. Findings of these studies showed that with respect to the comparable institutions: a smaller portion of Virginia Tech's core expenditures is spent on administrative costs, Virginia Tech spends less on administrative costs per student FTE, Virginia Tech employs fewer full-time administrative employees per student FTE, and VT allocates a greater proportion of tuition and fees to core programs than other Virginia institutions. The slides from this presentation are attached to the minutes.

Mr. Hodge reviewed two perspectives on the State Council of Higher Education's (SCHEV) assessment of institutional funding adequacy. Overall Virginia Tech continues to have a funding shortfall which stretches resources across campus.

To respond to the question about efforts undertaken to enhance administrative efficiency, Mr. Hodge shared examples of university efforts to enhance and leverage efficiency initiatives, new efforts underway, and planned initiatives that will help leverage technology, enhance efficiency, and reduce energy consumption which will result in increased resources for core programs. Administrative efficiency is a top priority for Virginia Tech. To maintain this focus moving forward, administrative efficiency has been added to the Board of Visitor's Scorecard with a goal to remain within the top 5 of peer institutions. VT is currently ranked 2nd, up from 3rd last year.

4. FACULTY COMPENSATION UPDATE

In response to the question about faculty compensation, Mr. Hodge provided an overview of the faculty compensation policy environment, the benchmarking process with SCHEV approved peer institutions, and the importance of faculty compensation to the overall institutional funding model. Reductions in state support have prevented traditional merit process during the recession. The Commonwealth has a cost-sharing formula for faculty compensation and other costs which has the institution funding a significant portion of the cost. The overall result of the July 25, 2013 faculty merit process was reviewed which resulted in a 4.8% overall increase. Achieving the 60th percentile will take an estimated 4.1% annual increase for the next six years based on the state's traditional methodology and SCHEV's assumptions. Restoration of the annual merit process remains a top institutional priority to ensure sustained progress towards salary competitiveness. If the Commonwealth cannot contribute to a faculty salary increase annually, the university has a contingency plan for more modest faculty salary increases based upon the institutional share of the annual process. PowerPoint slides for this presentation are attached to the minutes.

5. OTHER BUSINESS

There being no further business, the meeting adjourned at 4:10 p.m.