

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

345 and 340 Lavery Hall

June 3, 2019

Closed Session

Board Members Present: Greta Harris, Tish Long, Dennis Treacy, Horacio Valeiras

Virginia Tech Staff: Kay Heidbreder, Charlie Phlegar, Dwayne Pinkney, Tim Sands, Savita Sharma, Dwight Shelton

1. **Motion to Reconvene in Open Session:** Motion to begin open session.

- * 2. **Ratification of Personnel Changes Report:** The Committee met in closed session to review and ratify the quarterly Personnel Changes Report. The report includes new faculty appointments and adjustments in salaries for select faculty through the quarter ending March 31, 2019.

The Committee recommended the Personnel Changes Report to the full Board for approval.

- * 3. **2018-19 Promotion, Tenure, and Continued Appointment Program:** The Committee met in closed session to review and approve the 2018-19 Promotion, Tenure, and Continued Appointment Program.

The Committee recommended the 2018-19 Promotion, Tenure, and Continued Appointment Program to the full Board for approval.

- * 4. **Approval of 2018-19 Faculty Salary Program:** The Committee met in closed session to review and approve the 2018-19 Faculty Salary Program.

The Committee recommended the 2018-19 Faculty Salary Program to the full Board for approval.

Open Session

Board Members Present: Greta Harris, Tish Long, Dennis Treacy, Horacio Valeiras

Virginia Tech Staff: Callan Bartel, Bob Broyden, Allen Campbell, Al Cooper, Noah Craig, John Cusimano, Tom Dingus, John Dooley, Jeff Earley, Alisha Ebert, Lance Franklin, Michael Friedlander, Bryan Garey, Debbie Greer, Mary Helmick, Jim Hillman, Tim Hodge, Chris Kiwus, Theresa Mayer, Robin McCoy, Nancy Meacham, Scott Midkiff, Ken Miller, Terri Mitchell, Kim O'Rourke, Charlie Phlegar, Dwayne Pinkney, Tim Sands, Savita Sharma, Dwight Shelton, Brad Sumpter, Lisa Wilkes, Chris Wise, Chris Yianilos

Guests: Ryan King, 2019-20 Graduate Student Representative; Kenneth McClevey; Madelynn Todd, 2019-20 Undergraduate Student Representative

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **Opening Remarks:** The Chair recognized Savita Sharma, Chief of Staff for the Vice President for Finance and Chief Financial Officer, for her excellent service to the Finance and Resource Management Committee.
3. **Consent Agenda:** The Committee considered for approval the items listed on the Consent Agenda.
 - a. Approval of Items Discussed in Closed Session
 - b. Approval of Minutes of the March 31, 2019 meeting
 - * c. Approval of 2019-20 Pratt Fund Budgets: The Pratt Fund provides funding for programs in both the College of Engineering and Department of Animal Nutrition in the College of Agriculture and Life Sciences. For 2019-2020, the College of Engineering proposes expenditures of \$999,333 and the Department of Animal Nutrition proposes expenditures of \$969,833.
 - * d. Approval of 2019-20 Hotel Roanoke Conference Center Commission Budget: The Hotel Roanoke Conference Center Commission was established by resolutions adopted by Virginia Tech and the City of Roanoke, under Commonwealth of Virginia enabling legislation. The enabling legislation provided that the Commission shall annually prepare and submit to both the City of Roanoke and Virginia Tech a proposed operating budget showing its estimated revenues and expenses for the forthcoming fiscal year, and, if the estimated expenses exceed the estimated revenues, the portion of the unfunded balance is to be borne by each participating party for the operation of the conference center. The funds for Virginia Tech total

\$80,000 for the fiscal year 2019-20 and will come from the Fralin endowment which was established to assist with the project.

- * e. Approval of 2019-20 Virginia Tech-Wake Forest University School of Biomedical Engineering and Sciences Budget: The collaboration agreement, which outlines the relationship and responsibilities of Virginia Tech and Wake Forest University School of Biomedical Sciences, requires the governing boards of each university to approve the annual operating budget for the School of Biomedical Engineering and Sciences. The Virginia Tech financial commitment for fiscal year 2019-20 is \$5.37 million.
- * f. Approval of Resolution to Reappoint University Commissioner to the Hotel Roanoke Conference Center Commission: The resolution seeks approval to reappoint the Chief Executive Officer of the Virginia Tech Foundation as a representative of the university on the Hotel Roanoke Conference Center Commission.

The Committee approved the items on the Consent Agenda and recommended the 2019-20 Pratt Fund Budgets, the 2019-20 Hotel Roanoke Conference Center Commission Budget, the 2019-20 Virginia Tech-Wake Forest University School of Biomedical Engineering and Sciences Budget, and the Resolution to Reappoint University Commissioner to the Hotel Roanoke Conference Center Commission to the full Board for approval.

- 4. **Update on Advancement:** University Advancement provided an update on the upcoming campaign and reported that the university is positioned to have a record year in terms of total new gifts and commitments.
- 5. **Update on Research:** The Committee received an update on current research initiatives, which included the growth of competitive external research award expenditures, the Center for Advancing Industry Partnerships (LINK), and current research initiatives at the Virginia Tech Transportation Institute.
- * 6. **Update on the Development of the Six-Year Plan and Approval of Related Strategies:** The Committee reviewed for approval the process for development of the Six-Year Plan and Institutional Performance Partnership Agreement (IPPA) proposal, along with strategies under consideration for inclusion in the plans that would advance shared goals. Strategies include: access and affordability, enrollment support, economic development, efficiency and innovation, and accountability.

The Committee recommended the Update on the Development of the Six-Year Plan and Approval of Related Strategies to the full Board for approval.

- * 7. **Approval of Policy Governing the Investment of University Funds:** The Committee reviewed for approval the Policy Governing the Investment of University Funds.

The purpose of this revised policy is to establish a framework for the effective management of university financial resources through a comprehensive investment program. The university investment policy is to develop and execute resource allocation decisions and investment strategies that will maximize investment returns within the guidance and constraints described in the policy. The policy also establishes parameters regarding the authorization, investment, philosophy, reporting, monitoring, and accountability for all university investments.

The Committee recommended the revised Policy Governing the Investment of University Funds to the full Board for approval.

- * 8. **Approval of 2019-20 Faculty Compensation Plan:** The Committee reviewed for approval the 2019-20 Faculty Compensation Plan. Virginia Tech's Actual Salary Average for Fall 2017 was \$102,470, placing the university at the 35th percentile of its peer group. The university estimates that the Actual Salary Average will rank in the 32nd percentile of peer institutions for Fall 2018.

The Commonwealth approved a three percent faculty salary increase, effective June 10, 2019 and merit actions resulting from this process will be effective July 1, 2019 for calendar year employees and September 1, 2019 for academic year employees.

Recognizing the critical nature of faculty compensation, and to minimize the high cost of turnover, the university will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation. Because the current state salary process is effective June 10, 2019, no additional merit process is currently planned for 2019-20. To the extent that the Commonwealth approves an additional program in 2019-20, or the university identifies resources sufficient to implement its own process, the university will seek Board approval at an appropriate time using the same merit-based compensation development process as is described in this plan.

The Committee recommended the 2019-20 Faculty Compensation Plan to the full Board for approval.

- 9. **Financial Actions for Staff Compensation:** The Committee received an overview of the financial actions related to staff compensation. During the 2019 session of the General Assembly, lawmakers approved an amended biennial budget which included several compensation actions impacting both classified and university staff. These state-mandated compensation actions include a 2.75 percent across-the-board increase with an average of 2.25 percent merit increase for classified staff, and an average of 2.75 percent merit increase for university staff.

In order to assess performance, staff employees undergo an annual evaluation by their manager, which informs a merit adjustment. The average merit adjustments for the 2019-20 Staff Compensation Program were 4.96 percent for classified staff and 2.79 percent for university staff.

In addition to the merit process, the university also made changes to the entry level salary for full-time staff employees. As of July 1, 2019, Pay Band 1 salaries will be based upon a minimum of \$12 per hour (\$24,960 per year), with compression adjustments for employees making up to \$13.50 per hour. To support work-related expenses such as childcare and parking costs, effective January 1, 2020 the university will begin to provide an annual supplement of \$500 for all full-time employees who make an annual salary of \$35,500 or less.

- * 10. **Approval of 2019-20 University Budgets:** The Committee reviewed for approval the 2019-20 University Budgets. The University Budgets are comprised of the Operating and Capital Budgets.
 - a. **Auxiliary System Budgets:** The auxiliary systems are a component of the overall operating budget. In accordance with the resolutions authorizing and securing the Dormitory and Dining Hall System, Electric Service Utility System, University Services System, and Athletic Facilities System revenue bonds, the Board of Visitors is required to separately adopt an annual budget for each system. All budgets are balanced and designed in accordance with bond covenants including maintenance and reserve requirements. The annual budgets, including debt service, for the period July 1, 2019 to June 30, 2020 for the four systems are:
 - i. Dormitory and Dining Hall System Budget: \$133.8 million
 - ii. Electric Service System Budget: \$35.2 million
 - iii. University Services System Budget: \$54.3 million
 - iv. Athletic Facilities System Budget: \$77.5 million

The Committee recommended each of the four Auxiliary Systems Budgets for 2019-20 to the full Board for approval.

- b. **Operating Budget and Capital Budget:** The university anticipates an initial state authorization of \$1.5 billion during 2019-20 to carry out all of its programs, based on the forecast of direct appropriations to the university. However, the annual internal budget varies from this external expenditure authorization for several reasons, some of which increase the annual expenditure authority while others reduce the expenditure plans.

The university's expenditure authorization will be adjusted during 2019-20 when the state allocates the Central Appropriation funding for the state share of compensation and fringe benefit rate changes, as well as General Fund support for the tuition moderation program, Tech Talent Pipeline, and Commonwealth Cyber Initiative (CCI)

For 2019-20, the recommended internal budget for all operations is \$1.66 billion. This is an increase of \$102.2 million, approximately 6.6 percent, over the adjusted 2018-19 budget. For 2019-20, the university's total General Fund allocation is estimated to be approximately \$303.0 million, an increase of \$36.9 million from the 2018-19 adjusted budget. The overall change in the budget includes an increase of \$52.4 million attributable to the Educational and General programs and \$12.3 million of projected growth in Auxiliary Enterprises. General Fund revenues will provide \$276.7 million in support for the instructional, research, and agricultural experiment station and extension programs, \$23.5 million for student financial assistance, and \$2.8 million for the Unique Military Activities program.

The university's Educational and General budget will be \$900.6 million in 2019-20. The total 2019-20 auxiliary revenue budget is \$360.8 million, a growth of \$12.3 million or 3.5 percent over the adjusted 2018-19 budget. The projected annual budget for Financial Assistance for Educational and General Programs is \$354.9 million, an increase of \$32.8 million or 10.2 percent higher than the adjusted 2018-19 budget. The most significant activity in this category is externally sponsored research.

The capital outlay program for 2019-20 is comprised of 15 Educational and General projects and 12 Auxiliary Enterprise projects for a total of 27 projects. The total capital outlay budget for fiscal year 2019-20 includes total project authorizations of approximately \$967 million and a projected unspent balance for these projects of \$763 million.

The 2019-20 expenditure budget for those projects is approximately \$175 million.

The Committee recommended the 2019-20 Operating Budget and Capital Budget to the full Board for approval.

- * 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2018 – March 31, 2019):** The Committee reviewed the Year-to-Date Financial Performance Report for July 1, 2018 – March 31, 2019 for approval. For the third quarter, all programs of the university are on target and routine budget adjustments were made to reflect changes in General Fund revenues and expenditure budgets in academic and administrative areas. The tuition and fee revenue budgets were increased by \$3.4 million in the third quarter for stronger than projected spring retention and winter session revenues.

For year-to-date ending March 31, 2019, \$50.5 million has been expended for Educational and General capital projects, and \$32.5 million has been expended for Auxiliary Enterprises capital projects. Capital outlay expenditures for year-to-date ending March 31, 2019 totaled \$83 million.

The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.

- 12. **Other Business:** The Committee discussed other topics as needed.

Joint Open Session with the Building and Grounds Committee

Board Members Present: Greta Harris, C.T. Hill, Mehmood Kazmi, Tish Long, Robert Mills, Dennis Treacy, Horacio Valeiras, Preston White

VPI & SU Staff: Mac Babb, Callan Bartel, Bob Broyden, Allen Campbell, David Chinn, Noah Craig, Joe Crane, John Cusimano, John Dooley, Jeff Earley, Alisha Ebert, Kari Evans, Lance Franklin, Randal Fullhart, Elaine Gall, Bryan Garey, Debbie Greer, Mary Helmick, Jim Hillman, Tim Hodge, Frances Keene, Chris Kiwus, Rob Mann, Robin McCoy, Nancy Meacham, Ken Miller, Terri Mitchell, Liza Morris, Charlie Phlegar, Dwayne Pinkney, Tim Sands, Savita Sharma, Dwight Shelton, Kayla Smith, Ken Smith, Brad Sumpter, Dwyn Taylor, Jon Clark Teglas, Sherwood Wilson, Chris Wise

Guests: Kenneth McClevey

- * 1. **Approval of Resolution for the Corps Leadership and Military Science Building:** The Committees reviewed for approval the Resolution for the Corps Leadership and Military Science (CLAMS) Building. In November 2015, the Board of Visitors approved a \$2.1 million planning authorization for the Corps Leadership and Military Science Building project. The project is envisioned as an approximately 75,500 gross square foot, three full floor structure with a partial under grade floor for mechanical and service requirements in a basement level.

The building will be located in the northern portion of the Upper Quad, near Lane Hall, and will provide a centralized and consolidated home to the Corps of Cadets and ROTC programs currently dispersed in the north area of campus. The facility will include modern classroom, administrative, program, and academic office space including academic classroom space required for the cyber security initiative.

The total project cost for the current design is \$52 million, and the project has been on the university's Six-Year Capital Outlay Plan requesting state support for a portion of the project costs to match private fund raising. The university has developed an alternative funding plan and desires authorization for the project at this time because of the uncertain timing of future state support for capital outlays.

The proposed funding plan for the project calls for \$38 million of private funds and cash reserves and \$14 million of debt serviced by other nongeneral fund sources including future private gift revenues, internal facility use agreements for space, and a \$250 annual fee per cadet. The amount of debt and/or the fee may require an adjustment depending on the timing of private gift receipts and project outflows.

This request was for a \$52 million project authorization to complete designs and construct the Corps Leadership and Military Science Building.

The Committees recommended the Resolution for the Corps Leadership and Military Science Building to the full Board for approval.

- * 2. **Approval of Resolution for the New Upper Quad Residence Hall:** The Committees reviewed for approval a resolution for the New Upper Quad Residence Hall.

With the support of the university, the Corps plans to expand from 1,100 to 1,400 students. Cadets are required to live on-campus and are currently assigned to live on the Upper Quad in either Pearson Hall or New Cadet Hall. With the planned expansion of the Corps, the university has developed a solution to provide the required 300 additional beds while simultaneously replacing an underutilized and deteriorating asset.

Femoyer Hall was constructed in 1949 as a residence hall on the Upper Quad. It was later repurposed to house student support functions including academic advising. The facility has received few improvements since its original construction with no major renovations, carries a significant deferred maintenance backlog, and does not meet student expectations. The university has determined, because of Femoyer Hall's condition, that the facility be replaced rather than renovated.

The university's proposed solution calls for demolishing Femoyer Hall and constructing a new 300 bed residential facility on the site. This request was for a \$33 million

authorization to raze Femoyer Hall and design and construct a New Upper Quad Residence Hall.

The Committees recommended the Resolution for the New Upper Quad Residence Hall to the full Board for approval.

- * 3. **Approval of Resolution for the Global Business and Analytics Complex Residence Halls:** The Committees reviewed for approval a resolution for the Global Business and Analytics Complex (GBAC) Residence Halls.

The GBAC complex will be comprised of four new facilities including the Data and Decision Sciences Building, a new Pamplin College of Business, and two residence halls. Because the state has appropriated full funding for the Data and Decision Sciences Building with an effective date of July 1, 2019, the residence halls are the natural next step towards the full development of the complex. The proposed residence halls will include living-learning communities, which will house 700 students and space for the Cranwell International Center.

The residence halls project is ready to enter into the formal design phase this summer with occupancy desired no later than summer 2023. This request was for an \$84 million authorization to design and construct the Global Business and Analytics Complex Residence Halls project.

The Committees recommended the Resolution for the Global Business and Analytics Complex Residence Hall to the full Board for approval.

- * 4. **Approval of Resolution to Supplement the New Gas-Fired Boiler at the Central Steam Plant:** The Committees reviewed for approval a resolution to supplement the Gas-Fired Boiler at the Central Steam Plant project.

The Board of Visitors approved the project at its April 3, 2017 meeting with a \$6.8 million total project cost. The scope and budget for the project resolution was based on metrics for similar projects and internal reviews. The project is being implemented in three phases: (1) hazardous material abatement, demolition of existing decommissioned boiler and associated piping; (2) manufacture and delivery of a new boiler; and (3) installation of the new boiler and associated piping. Phase one is complete. Phase two is under contract and the new boiler is scheduled for delivery in July 2019. Phase one is \$140,000 under its budget, and Phase two is \$24,000 under its budget for a total savings of \$164,000. The costs to accept bids for Phase three are \$1.564 million over its budget. Applying the savings from Phase one and Phase two, the project requires a \$1.4 million supplement to the existing \$6.8 million budget for an adjusted budget of \$8.2 million. The university has worked to control costs of the installation and has determined this is the lowest possible cost to have the boiler operational on schedule.

The new 100,000 pound per hour gas-fired boiler would produce 60 percent of the Plant's natural gas steam generation with a \$495,000 lower annual fuel cost than the current gas assets. The additional \$1.4 million would extend the payback period by approximately two years for a total payback period of 11 years.

This request was for a \$1.4 million supplement to adjust the total authorization for the Gas-Fired Boiler at the Central Steam Plant project to \$8.2 million.

The Committees recommended the Resolution to Supplement the New Gas-Fired Boiler at the Central Steam Plant to the full Board for approval.

There being no further business, the meeting adjourned at 11:37 a.m.

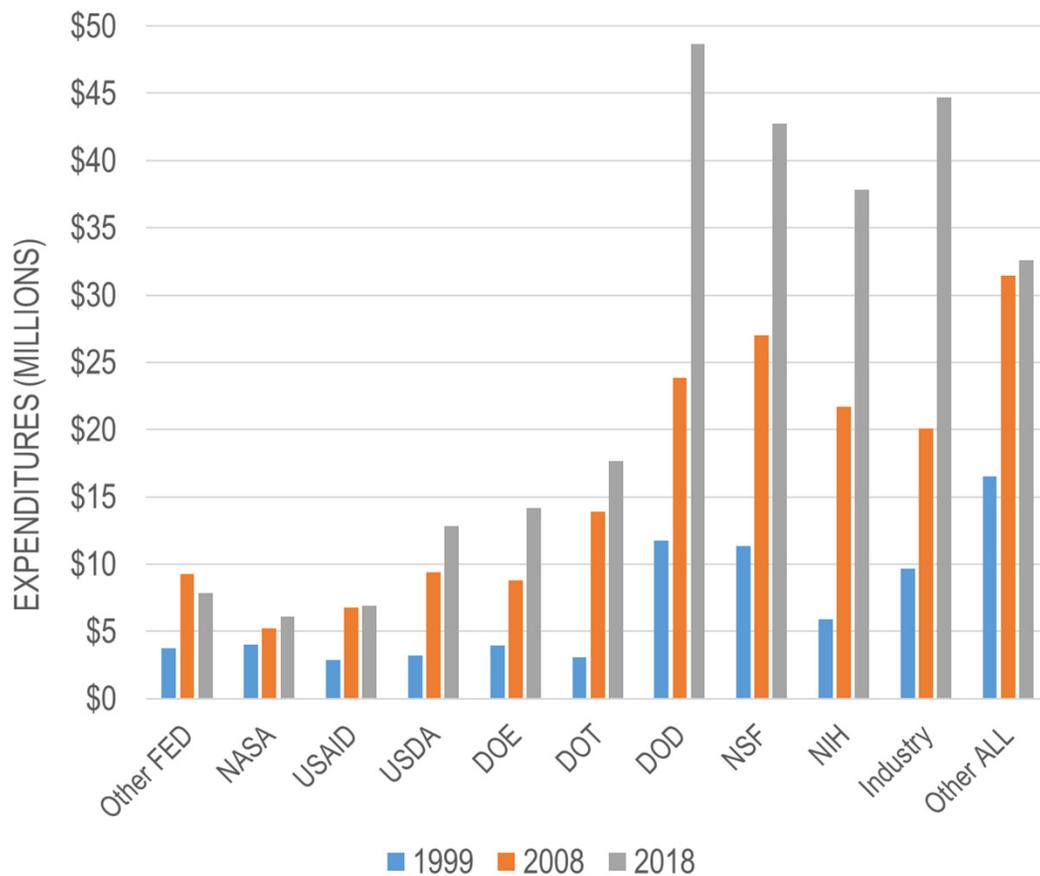
*** Requires full Board approval.**



Research & Innovation

FINANCE & RESOURCE MANAGEMENT

JUNE 3, 2019



COMPETITIVE EXTERNAL AWARD GROWTH

Investments in faculty, facilities, and instruments have driven the rapid growth of competitive external research award expenditures:

- DOD > 4.1 times to \$48.7 M
- NSF > 3.8 times to \$42.7 M
- NIH > 6.4 times to \$37.8 M
- Industry > 4.6 times to \$44.7 M

¹ Extramural funding includes competitive grants and contracts and subcontracts to other organizations.

RESEARCH & DEVELOPMENT

Why Companies and Universities Should Forge Long-Term Collaborations

by **Kenneth R. Lutchen**

JANUARY 24, 2018

SUMMARY SAVE SHARE COMMENT 4 TEXT SIZE PRINT \$8.95 BUY COPIES



CENTER FOR ADVANCING INDUSTRY PARTNERSHIPS

- Founded as strategic priority in 2017
- Portal to Virginia Tech for research, philanthropy, talent, education
- Replaced Corporate and Foundation Relations in Advancement
- Partnership between Research, Advancement, Colleges, Institutes
- Lower barriers to Intellectual Property and establish new engagement frameworks

LINK



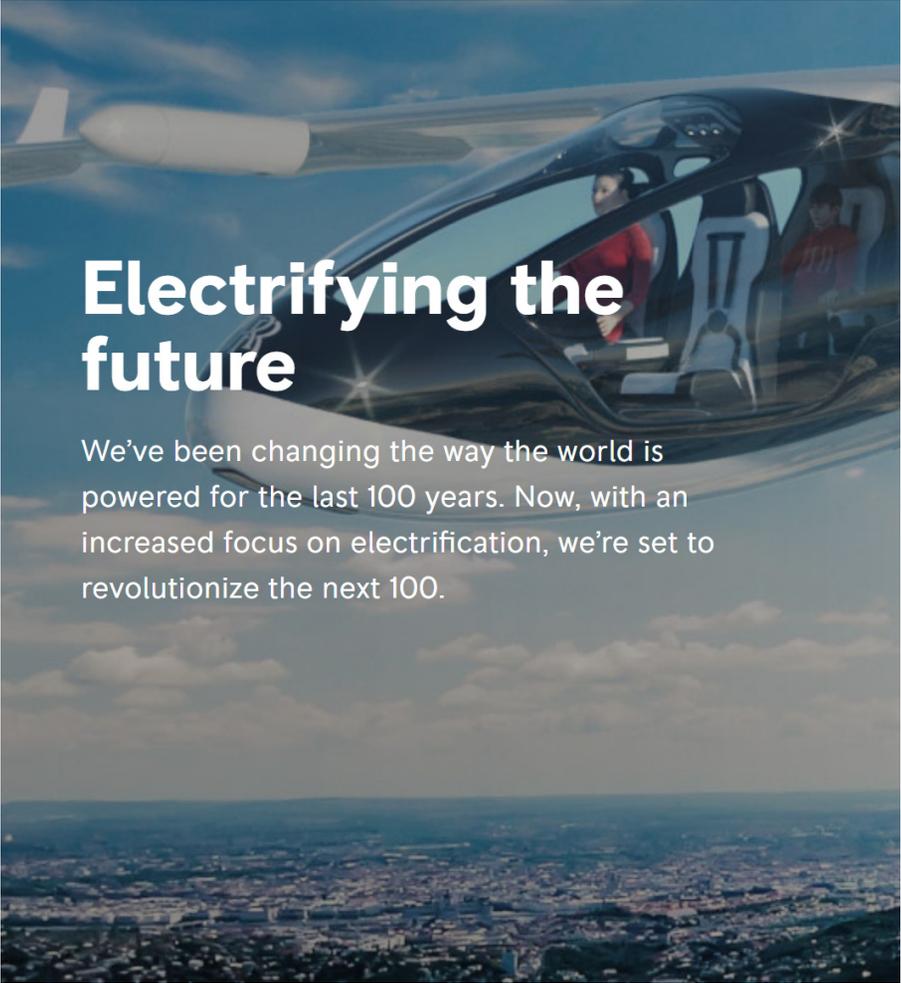
<https://media.ford.com/content/fordmedia/fna/us/en/news/2017/09/13/ford-virginia-tech-autonomous-vehicle-human-testing.html>

PRINCIPAL PARTNERS

Since becoming one out of eleven Ford Strategic Alliance Partners in 2016, Virginia Tech sponsored research award totals have increased 15-fold over the five years prior to 2016.

Enhanced campus-wide engagement, with new awards in Electrical Engineering, Hume Center, Discovery Analytics Center, Chemistry, and Materials Science.





Electrifying the future

We've been changing the way the world is powered for the last 100 years. Now, with an increased focus on electrification, we're set to revolutionize the next 100.

INTERNATIONAL PARTNERS
ENHANCE OPPORTUNITIES



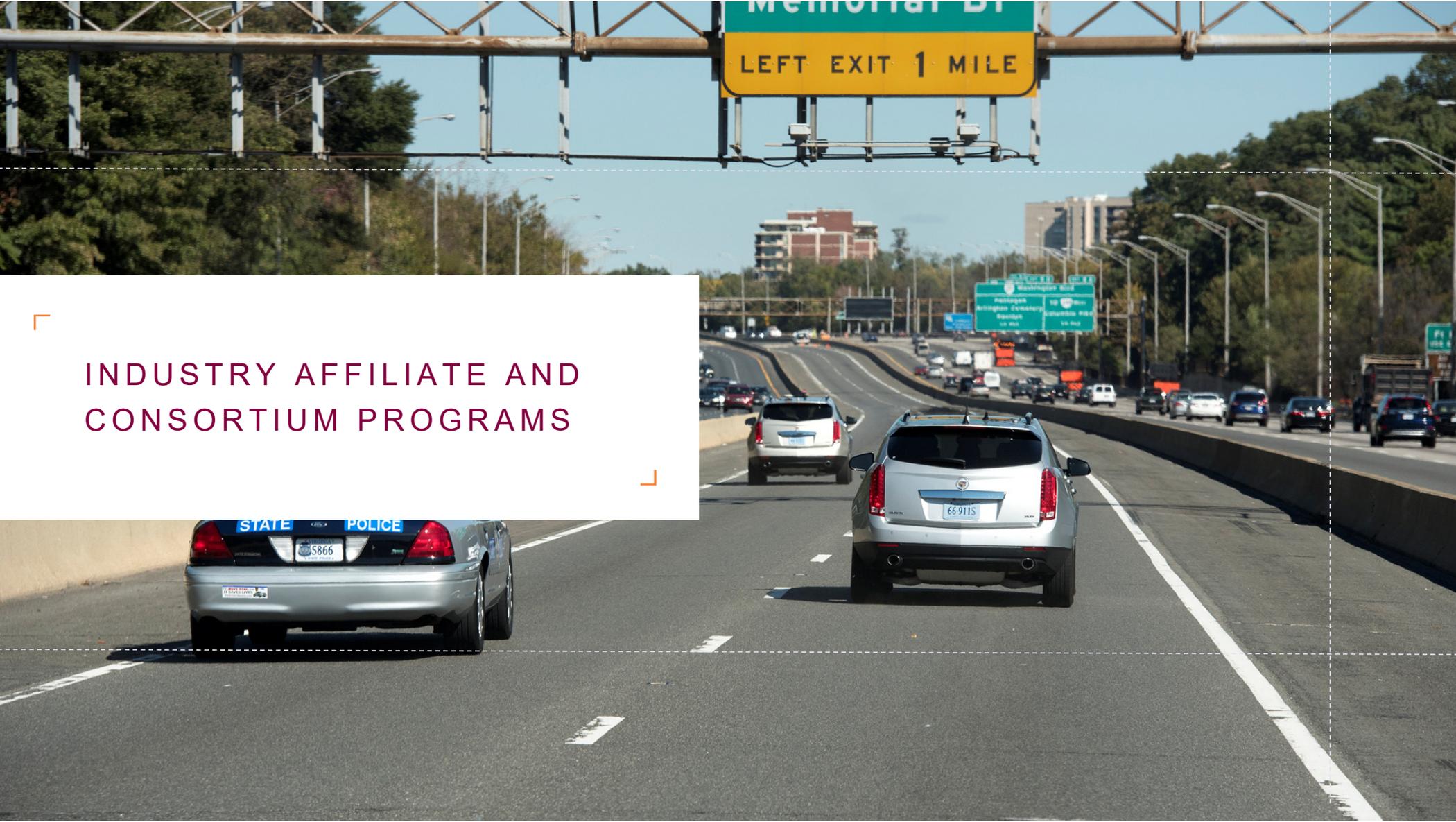
Rolls-Royce®

**Research and University
Technology Centres**

We have an established global network of research centres.

MEMPHIS BLVD
LEFT EXIT 1 MILE

INDUSTRY AFFILIATE AND
CONSORTIUM PROGRAMS





80+ Industry Members

form the CPES Industry Affiliate Program with annual membership between \$25K - \$50K (no F&A)

CENTER FOR POWER ELECTRONIC SYSTEMS

- CPES started as an NSF-funded Engineering Research Center (ERC) in 1988
- Affiliate Program membership fees support precompetitive research that benefits all of the member companies
- Members receive non-exclusive royalty free licenses to IP portfolio, which includes technologies found in energy grids to mobile devices





GLOBAL EPICENTER FOR TESTING, VALIDATION, AND CERTIFICATION OF AUTOMATED VEHICLES

Leaders in all major elements:

- Testing on-track
- Monitoring on-road
- Developing standards (lead in US)
- Developing simulation tools and methods



FEDERAL MOTOR VEHICLE SAFETY STANDARDS FOR AUTOMATED VEHICLES



AMP

Automated Mobility Partnership



KEY PROGRAM ELEMENTS

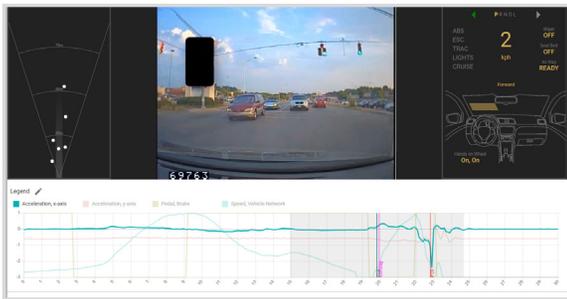
AMP is led by VTTI and 9 Steering Committee Members

- 13 member companies in total
- 5 centers in VTTI and VTT, LLC
- Each steering committee member contributes \$1 million (full F&A)
- Members can access library with 60,000 real-world cases through secure web portal
- ~30 student interns participate annually

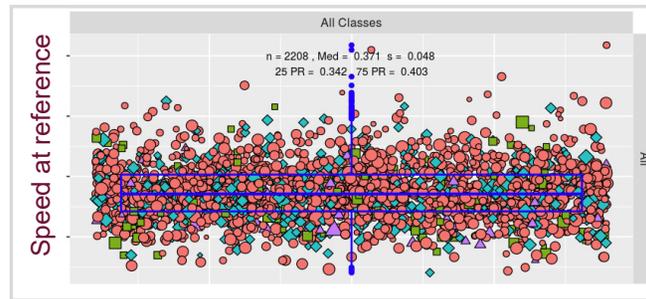




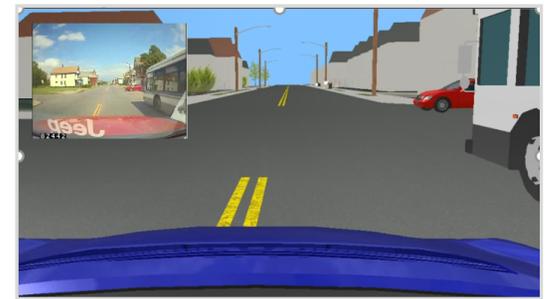
DELIVERING A SET OF DATA AND TOOLS FOR VIRTUAL DEVELOPMENT AND EVALUATION OF ADS



Library of Cases



Interactive Analytics



Simulation Foundation

Each steering committee member benefits from the program's combined contributions, and receives significant return on initial investment

AMP

Automated Mobility Partnership



VIRTUAL RECONSTRUCTION

Scenarios for sensor and algorithm development and evaluation

- Accounts for actors' global paths and vehicle dynamics
- Data structure supports multiple simulation tools
- Architecture enables added variations to the actors and the environment



AMP

Automated Mobility Partnership



SCENARIO RECONSTRUCTION

Scenarios can be reconstructed
VTTI's on Smart Road and Surface
Street experimental testbeds

Closed track testing is critical to
confirming that an ADS is ready
for on-road testing and validation
of simulations





“

Neither side wants a transactional model... Instead, they want a relationship model – a durable, cooperative model that allows them to stay continuously connected to early stage research and to accelerate the translation of that research into new products that drive economic growth...

2019-20 Staff Compensation Update

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

May 9, 2019

Background

The university currently operates two staff personnel systems: Classified Staff and University Staff. The Classified Staff system is defined by the Commonwealth's Virginia Personnel Act with policies established by the Virginia Department of Human Resources. Salary programs for Classified Staff are normally appropriated by the state.

University Staff employment policies are within the purview of the Board of Visitors. The Higher Education Restructuring Act of 2005 and the subsequent individual management agreement finalized between the university and state in 2006 conferred increased operational autonomy and flexibility to the university in certain financial and administrative functions including personnel management for employees not subject to the Virginia Personnel Act. Accordingly, individuals hired in non-faculty positions on or after July 1, 2006 are designated as "University Staff" employees.

Following several months of collaborative engagement with staff employees and managers, the university presented a package of human resources policies for University Staff to the Board of Visitors in August 2008. Under this new human resources program, the existing benefits and compensation programs were retained for University Staff. In addition, the university adopted a more flexible performance management rating system for University Staff based on the existing compensation principles for Classified Staff that were submitted to the state's Department of Human Resource Management in 2000. This modified system includes a more flexible process for differentiation between levels of performance and would become the basis for an annual merit pay program for University Staff. The Board subsequently approved the policies governing University Staff with an effective date of October 2008, and delegated authority for approval of personnel decisions affecting University Staff in accordance with these policies to the President or designee.

Since 2008, Classified Staff were provided the opportunity to convert to University Staff. Conversions, natural attrition of Classified Staff, and new hires as University Staff has resulted in a current staff workforce of 905 (26%) Classified Staff and 2,543 (74%) University Staff.

State Authorized Compensation Program

During the 2019 session of the General Assembly, lawmakers approved an amended biennial budget which included several compensation actions impacting both Classified and University Staff.

The table below provides an outline of these actions:

	State Increase	Basis of Increase
Classified Staff	2.75%	Across-the-board Merit-based
	2.25%	
University Staff	2.75%	Discretion of University

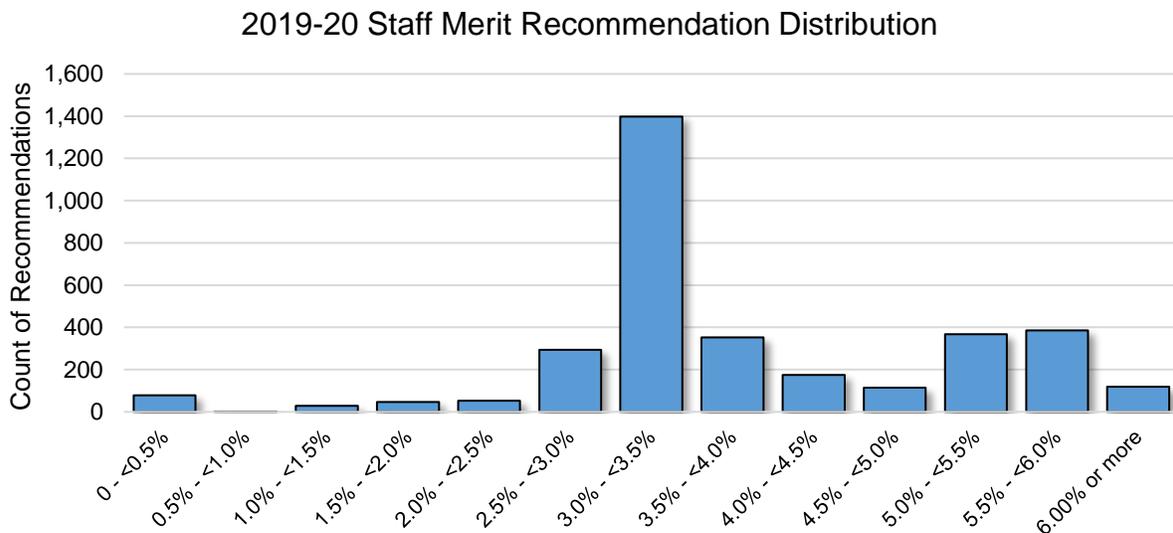
On March 9, 2019, the university distributed a memorandum to senior management areas outlining the parameters for both the University and Classified Staff 2019-20 compensation processes. Senior management units were expected to achieve an average of 2.25 percent merit for Classified Staff, a minimum of at least 2.75 percent average merit for University Staff, and to differentiate actions to recognize individual performance.

Results of the Merit Process

In order to assess performance, staff employees undergo an annual evaluation by their manager. Those evaluations, and the employees' subsequent observed performance, serves as the basis of the recommended merit adjustment. The average recommended increase is reflected in the table below:

	Average Increase
Classified Staff	4.96%
University Staff	2.79%

Recommendations varied based upon employee performance, and were distributed as follows:



With the recommended increases, the university's average staff salary as of June 10, 2019 will be \$44,922.

Merit increases for both employee groups are effective June 10, 2019 and will appear in employee paychecks on July 1, 2019.

Other Staff Compensation Actions

Each senior management area participates in an annual salary review for Classified and University Staff and makes salary adjustments that recognize changed job duties, changed skill or competency levels, proactive retention actions, or adjustments for salary compression or market competitiveness. Approximately 700 staff employees receive salary increases each year as a result of this program.

In addition to the merit process, the university also made changes to the entry level salary for full-time staff employees. As of July 1, 2019, Pay Band 1 salaries will be based upon a minimum of \$12 per hour (\$24,960 per year). This adjustment will also necessitate compression adjustments for those staff making up to \$13.50 per hour. In a related action, the university will also examine the hourly wage structure to make similar adjustments to those employees in similarly engaged positions across campus.

To support work-related expenses such as childcare and parking costs, effective January 1, 2020 the university will begin to provide an annual supplement of \$500 for all full-time employees who make an annual salary of \$35,500 or less.

Plans for the Future

The university will continue to examine compensation for all employees in an effort to ensure that Virginia Tech remains a competitive employer able to recruit and retain talented employees to provide exemplary service in all positions across campus. This will include an annual assessment of the minimum hiring salary and analysis of competitive pay for non-faculty roles at the university.

2019-20 Staff Compensation Update

*DWIGHT SHELTON, VICE PRESIDENT FOR FINANCE AND
CHIEF FINANCIAL OFFICER*

BRYAN GAREY, VICE PRESIDENT FOR HUMAN RESOURCES

JUNE 3, 2019



2019-20 Staff Compensation Update

- Since 2006, the University has operated two staff personnel systems:

Classified Staff	University Staff
Governed by Virginia Personnel Act and policies developed by Virginia Department of Human Resources	Governed by human resources policies adopted by the Board of Visitors in August 2008
Compensation programs are initiated by the Commonwealth	Compensation programs are consistent with state approved programs
University may not supplement or implement additional programs	University may supplement or implement additional programs
Hired prior to July 1, 2006	Hired on July 1, 2006 and after, or have converted from Classified Staff
26% of staff workforce	74% of staff workforce

2019-20 Staff Compensation Update

- The 2019 General Assembly approved an amended biennial budget with the following compensation actions:

	State Increase	Basis of Increase
<i>Classified Staff</i>	2.75% 2.25%	<i>Across-the-board Merit-based</i>
<i>University Staff</i>	2.75%	<i>Discretion of University</i>

- Senior Management units were expected to achieve an average of 2.25 percent merit for Classified Staff and at least 2.75 percent for University Staff
- Merit process designed to differentiate and recognize individual performance

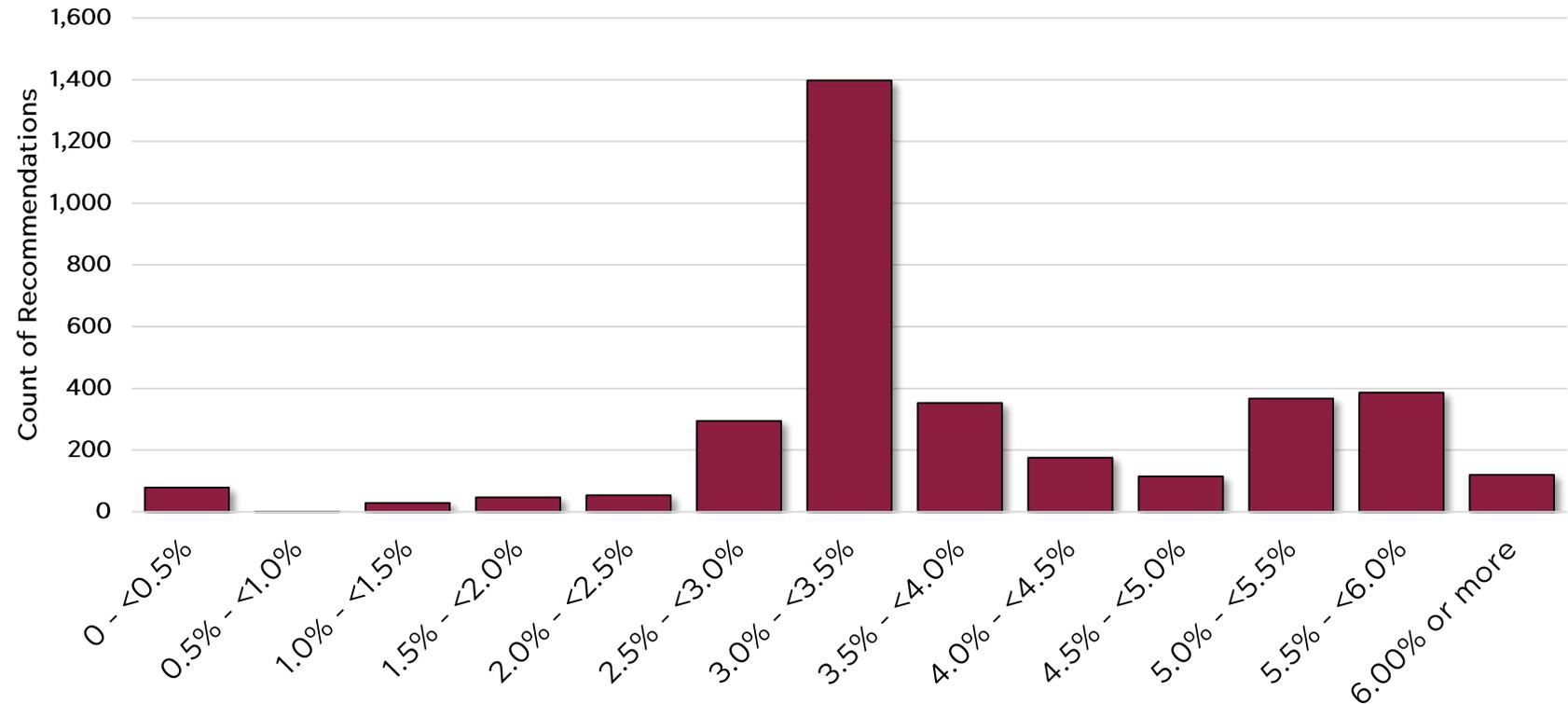
2019-20 Staff Compensation Program Results

Average Increase

Classified - 4.96%

University - 2.79%

2019-20 Staff Increase Recommendation Distribution



Increases are effective June 10, 2019 and will appear in employee paychecks on July 1, 2019

2019-20 Staff Compensation Actions

- The university also facilitates an annual salary review for Classified and University Staff to recognize change of duties, retention, and market competitiveness
- The university recently made changes to the entry level salary for full-time employees
 - As of July 1, 2019, Pay Band 1 salaries will be based upon a minimum of \$12 per hour (\$24,960 per year)
 - All full-time employees who earn \$35,500 or less per year will receive a \$500 supplement to support work-related expenses such as parking and/or childcare

Discussion