

**Committee Minutes**

**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**The Inn at Virginia Tech**

**June 7, 2022**

**Joint Open Session with the Buildings and Grounds Committee**

June 7, 2022

**Board Members Present:** Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Paolo Fermin – Undergraduate Student Representative, C. T. Hill, Tish Long, Chris Petersen, Mehul Sanghani, Horacio Valeiras, Preston White

**Virginia Tech Personnel:** Callan Bartel, Lynsay Belshe, Eric Brooks, Bob Broyden, Caroline Buscaglia, Al Cooper, Alisha Ebert, Kari Evans, David Gerrard, Alan Grant, Tony Haga, Wendy Halsey, Jim Hillman, Frances Keene, Chris Kiel, Chris Kiwus, Kayla Lambert, Jamie Lau, Jack Leff, Rob Mann, Megan Marsh, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Liza Morris, Mike Mulhare, Heidi Myers, Kim O'Rourke, James Perkins, Charlie Phlegar, Tim Sands, Dwyn Taylor, Jon Clark Teglas, Chris Wise

- \* 1. **Approval of Resolution to Supplement the Student Wellness Improvements Authorization:** The Committees reviewed for approval a resolution to supplement the student wellness improvements authorization. This request was for a \$12 million supplement to adjust the total authorization for the Student Wellness Improvements project to \$70 million to complete a renovation of War Memorial Hall.

The Committees recommended the Resolution to Supplement the Student Wellness Improvements Authorization to the full Board for approval.

There being no further business, the meeting adjourned at 10:08 a.m.

## **Open Session**

June 7, 2022

**Board Members Present:** Ed Baine, Sharon Brickhouse Martin, Carrie Chenery, Holli Drewry – Administrative/Professional Faculty Representative, Paolo Fermin – Undergraduate Student Representative, Anna James, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Preston White

**Virginia Tech Personnel:** Janice Austin, Callan Bartel, Bob Broyden, Brock Burroughs, Cyril Clarke, John Cusimano, Corey Earles, Alisha Ebert, Debbie Greer, Trish Hammer, Kay Heidbreder, Jim Hillman, Tim Hodge, Chris Kiwus, Jack Leff, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Scott Midkiff, Ken Miller, Kim O'Rourke, Charlie Phlegar, Dan Sui, Aimée Surprenant, Lisa Wilkes, Chris Wise

**Guests:** Anna Buhle – Graduate Student Representative for 2022-23, Jamal Ross – Undergraduate Student Representative for 2022-23

**1. Motion to Reconvene in Open Session**

**2. Welcome and Opening Remarks:** The Committee Chair welcomed the attendees and gave opening remarks.

**3. Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.

**a. Approval of Items Discussed in Closed Session**

**b. Approval of Minutes of the April 3-4, 2022 Meeting**

\* **c. Approval of 2022-23 Pratt Fund Budgets:** The Committee reviewed for approval the 2022-23 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 2022-23, the College of Engineering proposes expenditures of \$1,101,664 and the Department of Animal Nutrition propose expenditures of \$981,801.

\* **d. Approval of 2022-23 Hotel Roanoke Conference Center Commission:** The Committee reviewed for approval the 2022-23 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. 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, if needed. Traditionally, the university has contributed \$80,000 to support the operations, and this will continue for the fiscal year 2022-23 and will come from the Fralin endowment, which was established to assist this program. Also included was the full Commission budget with a projected deficit of \$52,604, which will be covered by the Commission's accumulated net assets or reserves, not by the participating parties.

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- e. **Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission:** The Committee reviewed for approval a resolution to appoint the Associate Vice President for Engagement as a representative of the university on the Hotel Roanoke Conference Center Commission.
- f. **Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies:** The Committee reviewed the notification of provisions of the Appropriation Act relating to indebtedness of state agencies. This is the university's annual notification to the Board of Visitors detailing the provisions of the Appropriation Act relating to indebtedness of state agencies, or unauthorized deficits.

The Committee approved the items on the Consent Agenda and recommended the 2022-23 Pratt Fund Budgets, the 2022-23 Hotel Roanoke Conference Center Commission budget, and the Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission to the full Board for approval.

- 4. **Update on the Revision of the 2022-28 Six-Year Plan:** The Committee received an update on the revision of the 2022-28 Six-Year Plan. The Higher Education Opportunity Act of 2011 established goals and objectives for higher education in Virginia, and outlined an annual planning process. This process requires submission of six-year academic, financial, and enrollment plans for the future three biennia and revisions to these plans as needed. The university plans to submit the revised Six-Year Plan to the commonwealth on July 1, 2022, the beginning of an iterative review process that will culminate with feedback from the commonwealth by September 1 and a university response by October 1. However, the delay in the state budget process may cause corresponding delays in these deadlines. Adjustments to the Six-Year Plan will be presented for approval at the November 2022 Board of Visitors meeting.

- \* **5. Approval of 2022-23 Faculty Compensation Plan:** The Committee reviewed for approval the 2022-23 Faculty Compensation Plan. The report defines the qualification criteria for teaching and research faculty and administrative and professional faculty, provides guidance on the authorized and actual salary averages for full-time teaching and research faculty positions, and requires board approval.

Based on the university's understanding of the state budget, a five percent faculty salary increase, effective July 10, 2022, has been planned. The university traditionally implements such state increases differentially on the basis of merit. In anticipation of this program, merit recommendations were developed during the spring of 2022, consistent with the proposed 2022-23 Faculty Compensation Plan. Results of this process are being shared with the Board in a separate resolution. Implementation of this increase is subject to Board approval and finalization of the state budget.

To maintain and improve upon the university's standing relative to the 50<sup>th</sup> percentile of the Top 20 Land Grant peers, the higher levels of competing offers offered to key faculty, and to minimize the high cost of turnover, the university will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation.

The Committee recommended the proposed 2022-23 Faculty Compensation Plan to the full Board for approval.

- 6. Financial Actions for Staff Compensation:** The Committee received an overview of financial actions related to staff compensation. During the 2022 special session of the General Assembly, lawmakers proposed two biennial budget proposals, both of which included compensation actions impacting Classified and University Staff. Based on the university's understanding of the budget, the university conducted a merit review process utilizing compensation program parameters including a 5.0 percent across-the-board increase for Classified Staff, and an average of 5.0 percent increase for University Staff, comprised of a 3.0 percent base increase and 2.0 percent variable merit-based increase. This compensation plan will be adjusted as needed to conform with the final state budget.

- \* **7. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – March 31, 2022):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2021 to March 31, 2022. For the third quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The operating budget was increased by \$11.4 million in Sponsored Programs due to the receipt of federal pandemic relief funds and \$5.6

million in All Other Programs due to federal revenue applied to the Kentland Farm capital lease. Adjustments to the auxiliary budget include an increase in Athletics expenses due to football coaching staff transitions; an increase in Residential and Dining revenues and expenses due and increase in business volume; an increase in Parking and Transportation revenues and expenses for higher business volume and the multi-modal transit project; an increase in Telecommunications expenses related to the residential network project; and a decrease in Electric revenue due to lower consumption. The university will continue to monitor energy consumption and prices, and Dining business volume and food inflation.

For the quarter ending March 31, 2022, \$127 million was expended for Educational and General capital projects, and \$31.3 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending March 31, 2022 totaled \$158.3 million.

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

- 8. Discussion of Future Agenda Topics and Closing Remarks:** The Committee did not discuss any future agenda topics.

There being no further business, the meeting adjourned at 11:46 a.m.

**\* Requires full Board approval.**

**◆ Discusses Enterprise Risk Management topic(s).**

**Open Joint Session Agenda**

**FINANCE AND RESOURCE MANAGEMENT COMMITTEE  
AND BUILDINGS AND GROUNDS COMMITTEE**

**Room 260, New Classroom Building**

**10:00 a.m.**

**June 7, 2022**

Agenda Item

Reporting  
Responsibility

- \* 1. Approval of Resolution to Supplement the Student Wellness Improvements Authorization

Ken Miller  
Chris Kiwus  
Bob Broyden

\* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).

**Open Session Agenda**  
**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**  
**Room 230, New Classroom Building**  
**10:45 a.m.**  
**June 7, 2022**

<b><u>Agenda Item</u></b>	<b><u>Reporting Responsibility</u></b>
1. Motion to Reconvene in Open Session	Preston White
2. Welcome and Opening Remarks	Ed Baine
3. Consent Agenda	Ed Baine
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the April 3-4, 2022 Meeting	
*   c. Approval of 2022-23 Pratt Fund Budgets	
*   d. Approval of 2022-23 Hotel Roanoke Conference Center Commission Budget	
*   e. Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission	
*   f. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies	
4. Update on the Revision of the 2022-28 Six-Year Plan	Ken Miller Tim Hodge
* 5. Approval of 2022-23 Faculty Compensation Plan	Ken Miller
6. Financial Actions for Staff Compensation	Ken Miller
* 7. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – March 31, 2022)	Tim Hodge Bob Broyden
8. Discussion of Future Agenda Topics and Closing Remarks	Ed Baine

**Closed Session Agenda**  
**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**  
**Room 230, New Classroom Building**  
**10:30 a.m.**  
**June 7, 2022**

<b><u>Agenda Item</u></b>	<b><u>Reporting Responsibility</u></b>
1. Motion for Closed Session	Carrie Chenery
* 2. Ratification of Personnel Changes Report	Ken Miller
* 3. 2021-22 Promotion, Tenure, and Continued Appointment Program	Ken Miller
* 4. Approval of 2022-23 Faculty Salary Program	Ken Miller

\* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).



# CONSENT AGENDA

Attachment G

- a. Approval of Items Discussed in Closed Session
- b. Approval of Minutes of the April 3-4, 2022 Meeting
- \* c. Approval of 2022-23 Pratt Fund Budgets
- \* d. Approval of 2022-23 Hotel Roanoke Conference Center Commission Budget
- \* e. Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission
- \* f. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies

## **Update on the Revision of the 2022-2028 Six-Year Plan**

### **FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**May 25, 2022**

The university received instructions for developing revisions to the 2022-2028 Six-Year Plan on April 30, 2022. This report provides an early update on this process and key assumptions underlying the development of the plan.

#### **Process**

The Higher Education Opportunity Act of 2011 codified a set of goals and objectives for higher education in Virginia, and outlined an annual planning process. This process requires submission of academic, financial, and enrollment plans for the next three biennia, with particular focus on the first biennium of the planning period. Plans are submitted each odd-year, with an opportunity to revise in each even-year. The Six-Year plan process facilitates a discussion with the commonwealth about the university's planned progress towards the goals of the state's Virginia Plan for Higher Education, how the university can partner with the state to advance shared outcomes, and is an important step in positioning the university to seek state support during the Executive Budget development process each fall.

An initial submission of the revised plan is due to the state on July 1, 2022. The State Council on Higher Education for Virginia (SCHEV) will review the revisions with the state's review committee (Op-Six), which includes the Secretaries of Education and Finance, Directors of SCHEV, and the Department of Planning & Budget (DPB), and representatives from the House Appropriations Committee and the Senate Finance and Appropriations Committee. The Op-Six will provide feedback and questions to the university in the fall and the university will have the opportunity to respond before bringing back to the Board for final approval.

#### **Planning Assumptions**

##### **Academic and Support Service Strategies**

The Six-Year Plan focuses on the institutional priorities of the upcoming biennium (fiscal years 2023 and 2024). The primary goals of the Six-Year Plan are to:

- a) Summarize major strategies that impact academic, student support, research, and operations areas;
- b) Update projections on financial resources needed to support these initiatives in the first biennium, including the projection of tuition rates and student financial assistance; and
- c) Update enrollment projections to assist the SCHEV in its planning and reporting responsibilities.

As part of the development of the original Six-Year Plan, the university categorized a list of potential strategies which are aligned with the university's strategic plan. These strategies are designed to advance the mutual goals of the commonwealth and Virginia Tech.

A summary of strategies included in the university's Six-Year Plan submission is provided in Appendix 1.

### **Funding Assumptions**

The commonwealth's instructions for the Six-Year Plan indicate an assumption of no incremental General Fund support. The Six-Year Plan is to be balanced with tuition and fee revenue. Opportunities for the state to provide new General Fund support are requested separately, and SCHEV's instructions explicitly state that no new General Fund support should be assumed. This process is designed to focus on goals, costs, and nongeneral fund resources so that General Fund support may be determined later through the state budget process. This allows state officials to consider how tuition rates can be reduced or programs enhanced during the state budget process.

### **Cost Containment**

To ensure continued sensitivity to overall cost, the university projects another internal reallocation program to help advance top priorities while mitigating the pressure on tuition.

### **Tuition and E&G Fee Revenue**

A key part of the Six-Year Plan submission is a discussion with the commonwealth regarding resources for the university's instructional division. Many of the initiatives envisioned in the plan will require both state General Fund support and nongeneral fund self-generated revenue to be fully realized. Consistent with the instructions issued by SCHEV, the university's plan separates the progress possible through nongeneral fund support alone and the additional potential if the state were to partner with the university to fully realize these strategies.

It is important to recognize that the university is not recommending nor committing to a specific set of tuition rates through the Six-Year Plan submission. Establishment of tuition and fee rates remains under the purview of the Board of Visitors, and will be informed through an annual discussion of needs and the state budget process (which has not yet begun). However, the state's planning process and template require a projection of changes to tuition and fees assuming no incremental state support.

Estimated tuition and fee rates and revenue are outlined as part of the iterative planning process established by the Higher Education Opportunity Act of 2011, and are expected to provide a basis for discussion of potential investments, costs and fund split between institutions and the state. The Six-Year Plan solicits the university's "estimate of reasonable and necessary charges to students based on the mission, market capacity, and other factors with the *assumption of no new state General Fund support*." This estimate provides the opportunity for the university to partner with the commonwealth to develop strategies to reduce in-state undergraduate tuition increases via incremental

General Fund support. Nonresident rates are market-based and do not vary based on state support. While increases in tuition and mandatory fees for fiscal year 2024 have not yet been set by the Board of Visitors, the university is currently proposing to use the following placeholder for the state's six-year planning purposes. The actual level of state support, inflationary increases, and mandatory cost drivers such as state employee compensation and benefits will be considered when proposing actual tuition recommendations for fiscal year 2024.

<b>FY24 Placeholder</b>	<b>Resident</b>	<b>Nonresident</b>
Assumption of No New General Fund	4.9%	3.9%

### **Timeline and Next Steps**

The university will submit the revised Six-Year Plan to the commonwealth on July 1, 2022, the beginning of an iterative review process that will culminate with feedback from the commonwealth by September 1 and a university response by October 1. Adjustments to the Six-Year Plan will be presented for approval at the November 2022 Board of Visitors meeting.

The revised Six-Year Plan will also serve as the basis of the university's budget submissions for the Executive Budget development process in the fall of 2022.

**Appendix 1**

<b>Advancing Beyond Boundaries Strategic Plan</b>	<b>Six-Year Plan: 2022-24 Biennium Priorities</b>		<b>State Plan for Higher Education</b>
	<b>Nongeneral Fund Academic Strategies</b>	<b>General Fund Requests</b>	
<b>1) Advance Regional, National, and Global Impact</b>	<p>Leverage crosscutting strengths in high-impact research frontiers to facilitate recruitment of talented and diverse mid-career faculty and bolster retention of fast-rising early-career faculty.</p> <p>Advance evidence-based, student-centered learning programming for undergraduates, with an emphasis on experiential learning opportunities.</p> <p>Expand graduate enrollment in high-demand disciplines to support the commonwealth's workforce needs, specifically the Tech Talent Investment Program.</p>	Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).	3- Transformative
<b>2) Elevate the Ut Prosim Difference</b>	<p>Advance academic and administrative efficiencies, leading to reduced time-to-degree and a reduction in net student cost.</p> <p>Increase student financial aid for low- and middle-income Virginians to reduce net price and expand access.</p>	<p>Lower the need for a tuition increase for Virginia residents by providing the state share of escalating costs.</p> <p>Increase Student Financial Aid support for need-based Virginia undergraduates.</p>	1- Equitable, 2- Affordable, 3- Transformative
<b>3) Be a Destination for Talent</b>	<p>Enhance competitive compensation for faculty, staff, graduate student assistantships, and wage employees to support diverse recruitment and the retention of talent, particularly among mid-career faculty.</p>	Continue progress of equitable support for the Corps of Cadets.	
<b>4) Ensure Institutional Excellence</b>	<p>Enhance institutional transformation and effectiveness through investments in technology and critical support services.</p> <p>Reimagine use of physical resources, renovate existing facilities, and support the operation and maintenance of new facilities.</p>	Enhance Information Technology infrastructure including statewide fiber connectivity.	1- Equitable, 3- Transformative



# Update on the Revisions to the 2022-28 Six-Year Plan

*KEN MILLER, VICE PRESIDENT FOR FINANCE*

*TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND  
FINANCIAL PLANNING*

*JUNE 7, 2022*



# *Six-Year Plan*

- Higher Education Opportunity Act of 2011
- Academic, financial, and enrollment plans for the next three biennia, with focus on the first biennium
- Even year: mid-cycle revisions to tune-up assumptions
- Submission due July 1
- State and the university will finalize in October 2022
- Six-Year Plan frames discussion with the commonwealth:
  - Outline of the university's planned progress towards shared goals supporting the state's Virginia Plan for Higher Education
  - Positions the university to seek state support during the Executive Budget development process each fall



# Major Elements Under Consideration for Inclusion in University Six-Year Plan

Attachment G

Virginia Tech Strategic Plan	Six-Year Plan		State Plan for Higher Education
	Nongeneral Fund Academic Strategies	General Fund Requests	
1) <i>Advance Regional, National, and Global Impact</i>	<p>Leverage crosscutting strengths in high-impact research frontiers to facilitate recruitment of talented and diverse mid-career faculty and bolster retention of fast-rising early-career faculty.</p> <p>Advance evidence-based, student-centered learning programming for undergraduates, with an emphasis on experiential learning opportunities.</p> <p>Expand graduate enrollment in high-demand disciplines to support the commonwealth's workforce needs, specifically the Tech Talent Investment Program.</p>	Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).	Transformative
2) <i>Elevate the UT Prosim Difference</i>	<p>Advance academic and administrative efficiencies, leading to reduced time-to-degree and a reduction in net student cost.</p> <p>Increase student financial aid for low- and middle-income Virginians to reduce net price and expand access.</p>	<p>Lower the need for a tuition increase for Virginia residents by providing the state share of escalating costs.</p> <p>Increase student financial aid support for need-based Virginia undergraduates.</p>	Equitable, Affordable, Transformative
3) <i>Be a Destination for Talent</i>	Enhance competitive compensation for faculty, staff, graduate student assistantships, and wage employees to support diverse recruitment and the retention of talent, particularly among mid-career faculty.	Continue progress of equitable support for the Corps of Cadets.	
4) <i>Ensure Institutional Excellence</i>	<p>Enhance institutional transformation and effectiveness through investments in technology and critical support services.</p> <p>Reimagine use of physical resources, renovate existing facilities, and support the operation and maintenance of new facilities.</p>	Enhance information technology infrastructure including statewide networks	Equitable, Transformative



# Major Elements Under Consideration for Inclusion in University Six-Year Plan

Attachment G

Virginia Tech Strategic Plan	Six-Year Plan		State Plan for Higher Education
	Nongeneral Fund Academic Strategies	General Fund Requests	
1) <i>Advance Regional, National, and Global Impact</i>	<p>Leverage crosscutting strengths in high-impact research frontiers to facilitate recruitment of talented and diverse mid-career faculty and bolster retention of fast-rising early-career faculty.</p> <p>Advance evidence-based, student-centered learning programming for undergraduates, with an emphasis on experiential learning opportunities.</p> <p>Expand graduate enrollment in high-demand disciplines to support the commonwealth's workforce needs, specifically the Tech Talent Investment Program.</p>	Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).	Transformative

# Major Elements Under Consideration for Inclusion in University Six-Year Plan

Attachment G

Virginia Tech Strategic Plan	Six-Year Plan		State Plan for Higher Education
	Nongeneral Fund Academic Strategies	General Fund Requests	
2) <i>Elevate the UT Prosim Difference</i>	<p>Advance academic and administrative efficiencies, leading to reduced time-to-degree and a reduction in net student cost.</p> <p>Increase student financial aid for low- and middle-income Virginians to reduce net price and expand access.</p>	<p>Lower the need for a tuition increase for Virginia residents by providing the state share of escalating costs.</p> <p>Increase student financial aid support for need-based Virginia undergraduates.</p>	Equitable, Affordable, Transformative
3) <i>Be a Destination for Talent</i>	Enhance competitive compensation for faculty, staff, graduate student assistantships, and wage employees to support diverse recruitment and the retention of talent, particularly among mid-career faculty.	Continue progress of equitable support for the Corps of Cadets.	

# Major Elements Under Consideration for Inclusion in University Six-Year Plan

Virginia Tech Strategic Plan	Six-Year Plan		State Plan for Higher Education
	Nongeneral Fund Academic Strategies	General Fund Requests	
4) <i>Ensure Institutional Excellence</i>	Enhance institutional transformation and effectiveness through investments in technology and critical support services.  Reimagine use of physical resources, renovate existing facilities, and support the operation and maintenance of new facilities.	Enhance information technology infrastructure including statewide networks	Equitable, Transformative

# Financial Plan

- Tuition and other institutional resources are expected to fund plan; assuming no new state support per state instructions
- General Fund requests are separate and may help expand university initiatives or lower the need for a tuition rate increase
- Plan represents the beginning of a discussion with commonwealth on opportunities for partnership, and is not a final decision about tuition or other resources
- As placeholders, the university envisions the following tuition assumptions:

FY24 Placeholders	Resident	Nonresident
<i>Assumption of No New General Fund</i>	4.9%	3.9%

- The university's highest priority General Fund request will be to help lower the need for an increase in resident tuition

# *Next Steps*

- Revisions are under development
- No substantive changes are expected
- July 1 - initial submission to state
- September 1 - feedback from the state
- October 1 - university response to feedback
- November - BOV review and approval of revised plan

# DISCUSSION

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# 2022-23 Faculty Compensation Plan

KEN MILLER, VICE PRESIDENT FOR FINANCE

JUNE 7, 2022



# 2022-23 FACULTY COMPENSATION PLAN ELEMENTS

Attachment G

- *Benchmarking*
- *2022-23 pay structure*
- *Promotion and tenure process*
- *Annual evaluation and salary adjustment process*



# PEER SALARY BENCHMARKING

Attachment G

<u>Top 20 Land Grant Group</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Change</u>
50 <sup>th</sup> percentile (excl. VT)	\$110,924	N/A*	-
VT Average Salary	\$105,167	\$110,447	5.02%
VT Rank	15 of 20	N/A	-
VT Percentile	30th	N/A	-

*\*IPEDS peer salary data for Fall 2021 is not yet available*

# 2022-23 PAY STRUCTURE

Attachment G

	9-Month Faculty		12-Month Faculty		Distribution of Faculty by Rank
	Entrance	Change	Entrance	Change	
Professor	\$100,313	4.0%	\$122,347	4.0%	31%
Associate Professor	76,723	4.0%	92,967	4.0%	26%
Assistant Professor	63,469	4.0%	77,201	4.0%	28%
Senior Instructor	54,435	4.0%	70,829	4.0%	3%
Advanced Instructor	48,532	4.0%	62,961	4.0%	2%
Instructor	44,482	4.0%	57,875	4.0%	10%

# PROMOTION AND TENURE

Attachment G



- *Promotion to a higher rank and appointment with tenure may be granted to faculty members on a regular faculty appointment who have demonstrated outstanding accomplishments*
- *Each candidate for promotion or tenure will be evaluated in light of the tripartite mission of the university: instruction, research, and outreach*

# ANNUAL EVALUATION & SALARY ADJUSTMENTS Attachment G

- *Faculty Activity Report (FAR)*
  - Teaching/Research Faculty: instructional activities, creative scholarship, outreach and service contributions, and other professional activities and recognitions
  - Administrative/Professional Faculty: activities in support of their specific job goals as they relate to the broader mission of the university
- *FAR forms the basis of faculty evaluations conducted annually by departments independent of the faculty merit process*

# UPDATE ON CURRENT MERIT PROCESS

Attachment G

- *State budget included 5.0% increase (effective July 10, 2022)*
- *Merit recommendations were developed during the spring of 2022, consistent with the proposed 2022-23 Faculty Compensation Plan*
  - *4.0% pool for Faculty Merit*
  - *1.0% pool for Special Adjustments*
    - *Retention, Alignment, Market, and National Distinction and Outstanding Contributor recognition*
- *Results of this process is shared with the Board in a separate resolution.*

# 2022-23 FACULTY COMPENSATION PLAN

Attachment G

## RECOMMENDATION

*That the proposed 2022-23 Faculty Compensation Plan be approved.*

*June 7, 2022*

## **2022-23 Staff Compensation Update**

### **FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**May 30, 2022**

#### **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 Management. 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.

Since 2008, Classified Staff were provided the opportunity to convert to University Staff. Conversions, natural attrition of Classified Staff, and new hires of University Staff have resulted in a current workforce of 663 (20%) Classified Staff and 2,589 (80%) University Staff.

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.

#### **State Authorized Compensation Program**

Based on the university's understanding of the state budget, the following compensation actions impact Classified and University Staff.

The table below provides an outline of these July 10, 2022 actions:

	<b>State Increase</b>	<b>Basis of Increase</b>
Classified Staff	5.0	Across-the-Board
University Staff	5.0	Discretion of the University

The university distributed a memorandum to senior management areas outlining these parameters for both the University and Classified Staff 2022-23 compensation processes on April 18, 2022.

Senior management units were expected to achieve an average increase of 5.0 percent for University Staff, and to differentiate actions to recognize individual performance. To aid campus in associating performance with salary actions, all eligible University Staff received a base 3.0% increase, with the following general recommendations for utilization of the remaining 2.0% merit pool:

- Developing Performance: 0.0% merit, 3.0% overall
- Strong Performance: Up to 2.0% merit, 3.0%-5.0% overall
- Model Performance: 2.0%-4.0% merit, 5.0%-7.0% overall

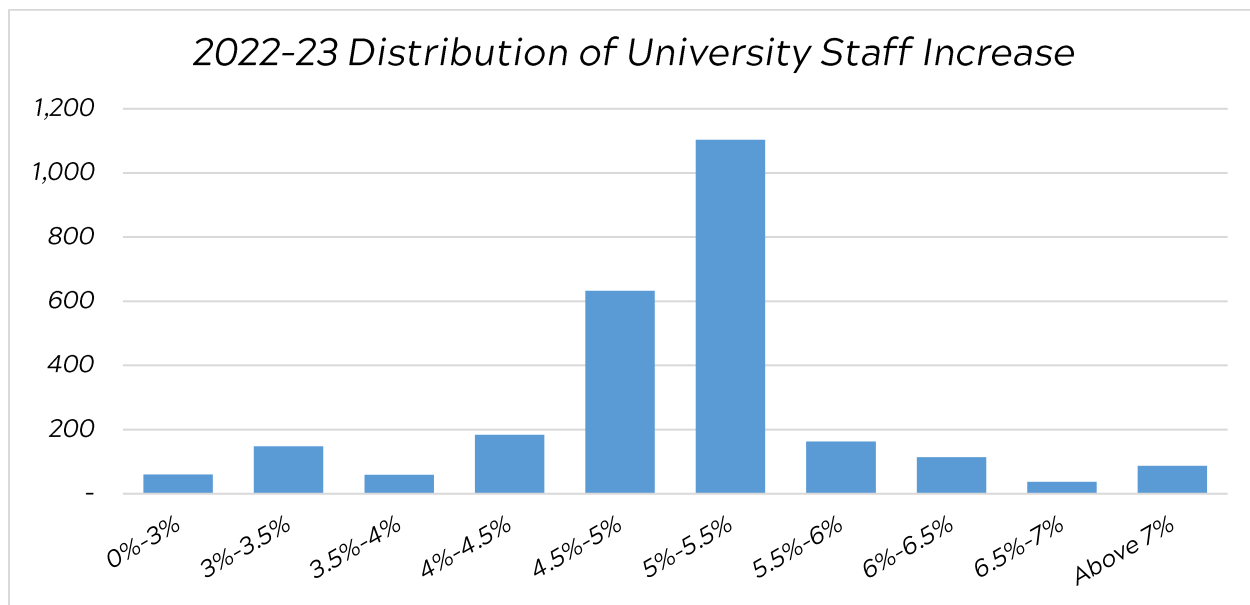
### **Results of the University Staff Merit Review Process**

In order to assess performance, staff employees undergo an annual evaluation by their manager. Those evaluations, and the employees' subsequent observed performance, serve as the basis for the recommended merit adjustment. While the overall University Staff average adjustment is 5.0%, individual recommendations varied based upon employee performance and were distributed as follows:

<b>Performance Rating</b>	<b>Employee Count*</b>	<b>Average Recommended Increase</b>
Developing	65	3.9%
Strong	2,026	4.8%
Model	498	5.5%

*\*Only staff hired prior to March 11, 2022 are eligible for the base or merit increase; therefore, total eligible staff are less than the total employment levels stated on page 1 of this report.*





Salary increases for both employee groups are effective July 10, 2022 and will appear in employee paychecks on August 1, 2022.

### **Other Staff Compensation Actions**

In most years, 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.

To support work-related expenses such as childcare and parking costs, effective January 1, 2020 the university began to provide an annual supplement of \$500 for all full-time benefitted employees who make an annual salary of \$35,500 or less. The university continued this annual supplement provision in 2022.

### **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 who provide exemplary service in all positions across campus. This will include an annual assessment of the minimum hiring salary and analysis of market position to support competitive pay for non-faculty roles at the university.

# 2022-23 Staff Compensation Update

*KEN MILLER, VICE PRESIDENT FOR FINANCE*

*JUNE 7, 2022*



# 2021-22 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
20% of staff workforce	80% of staff workforce

# 2022-23 Staff Compensation Update

- The 2022 General Assembly approved an amended biennial budget with the following compensation actions:

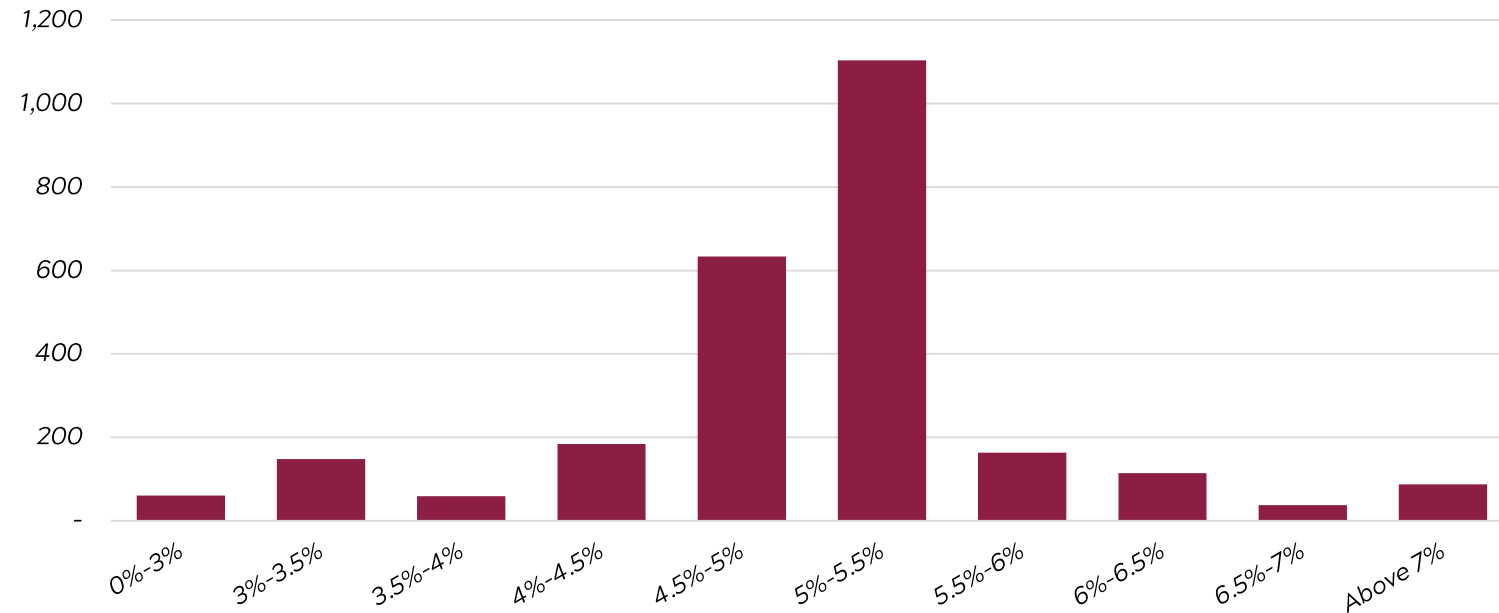
	State Increase	Basis of Increase
<i>Classified Staff</i>	5.0%	<i>Across-the-board</i>
<i>University Staff</i>	5.0%	<i>Discretion of University</i>

- University implemented the University Staff program in 2 components:
  - 3.0 percent base increase
  - 2.0 percent merit-based increase (variable)
- Merit process designed to differentiate and recognize performance

# 2022-23 University Staff Compensation Program

Average Increase:  
**5.0%**

2022-23 Distribution of University Staff Increase



*Increases are effective July 10, 2022 and will appear in employee paychecks on August 1, 2022.*

# DISCUSSION

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# FINANCIAL PERFORMANCE REPORT

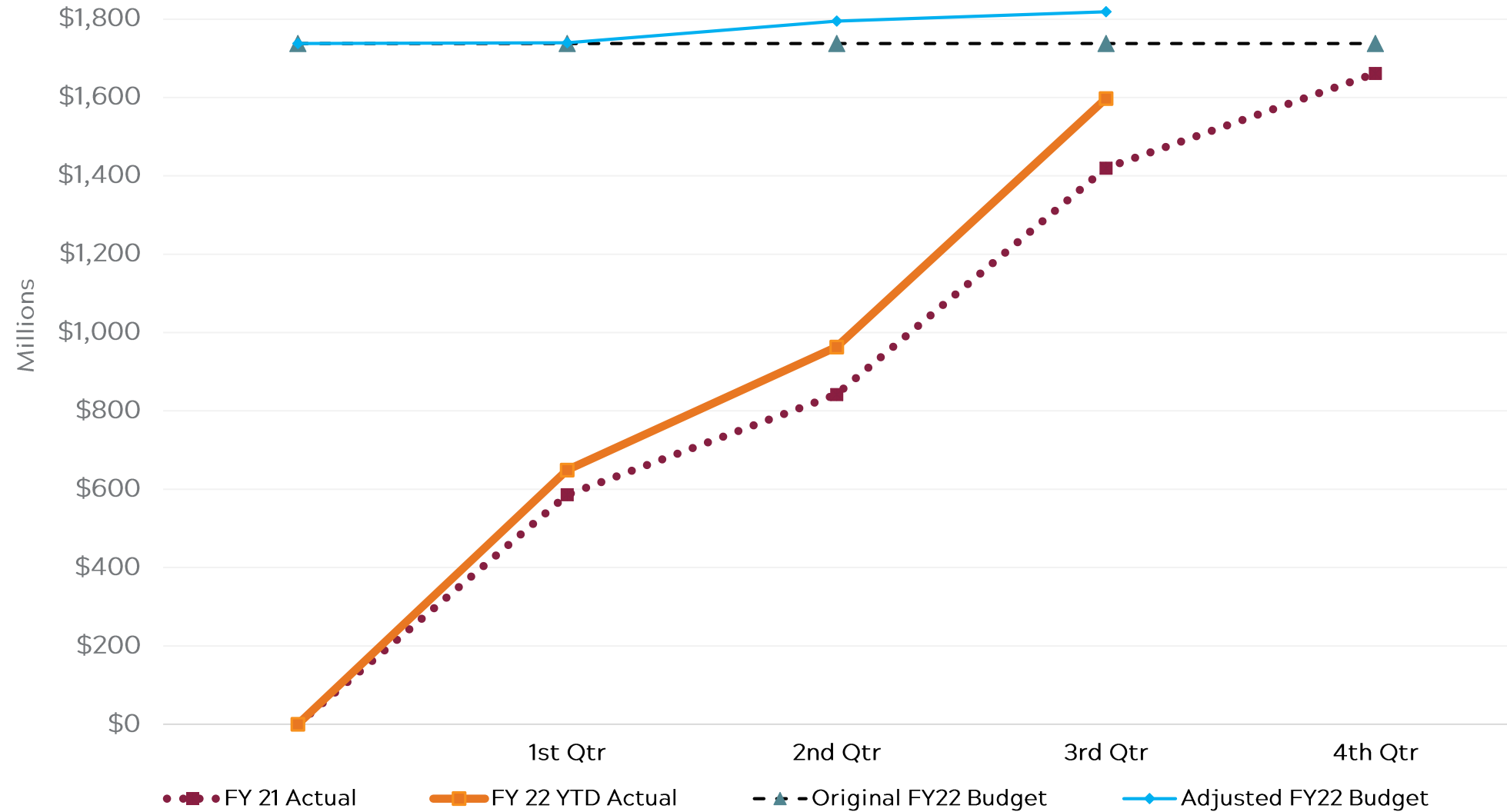
## July 1, 2021 - March 31, 2022

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR  
BUDGET AND FINANCIAL PLANNING

BOB BROYDEN, ASSOCIATE VICE PRESIDENT FOR  
CAMPUS PLANNING AND CAPITAL FINANCING

JUNE 7, 2022

# OPERATING REVENUES



Federal student and institutional support for pandemic relief recognized in budget during in Q2



## Annual Budget Changes

### Sponsored Programs

- \$11.4 million of federal pandemic relief revenue, primarily for student aid.

### All Other Programs

- \$5.6 million federal revenue earmarked for Kentland Farm capital lease (dairy relocation plan).

### Auxiliary Enterprises

- Athletics: \$3.6 million revenue and \$15.6 million expense increase; includes \$13.5 million for football coaching staff transition.
- Residential & Dining : \$6.5 million revenue and \$5.8 million expense increase for business volume.
- Parking & Transportation: \$2.9 million revenue and \$2.3 million expense increase for business volume, multi-modal transit project activity.
- Telecommunications: \$4.1 million expense increase for the next phase of the residential network project.
- Electric: \$2.8 million revenue decrease for lower electrical consumption. Continuing to monitor energy consumption and prices.

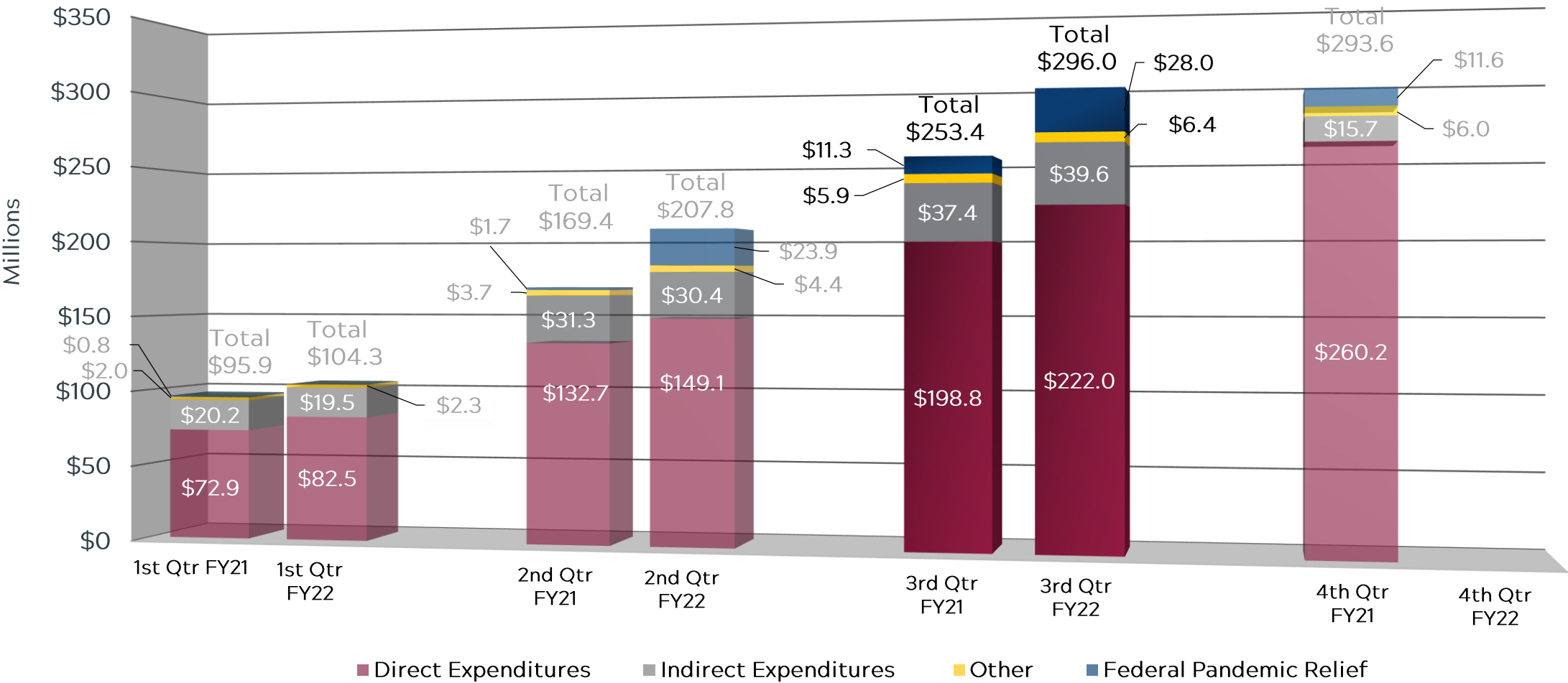
## Financial Performance

### Auxiliary Enterprise

- Electric: Continuing to monitor energy consumption and prices.
- Dining: continue to monitor business volume and food inflation.





# SPONSORED PROGRAM EXPENDITURES

FY21 VS FY22



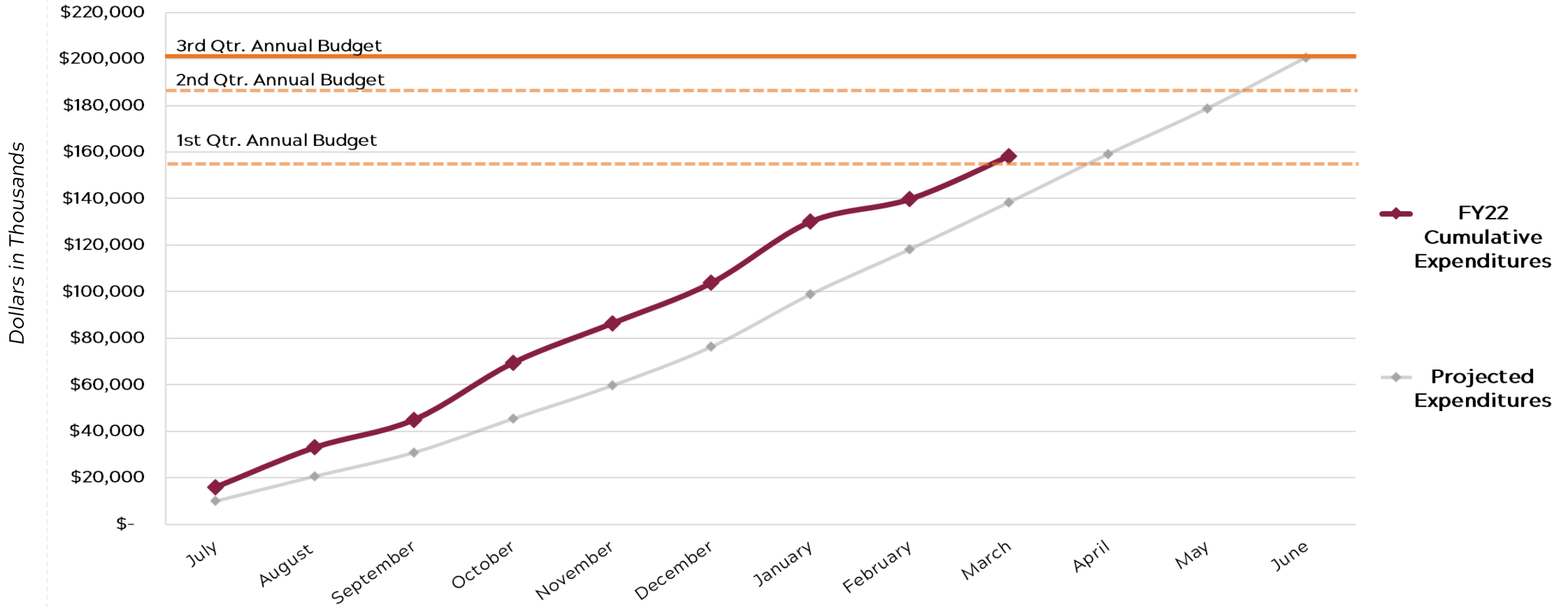
# CAPITAL PROGRAM

# CAPITAL OUTLAY TOTAL PROGRAM Attachment G

	1 <sup>st</sup> Quarter Ended	2 <sup>nd</sup> Quarter Ended	3 <sup>rd</sup> Quarter Ended	4 <sup>th</sup> Quarter
 Design	7	6	4	
 Construction	10	10	10	
 Equipment	3	3	3	
 Closeout	6	7	10	
Total Projects	26	26	27	
Total Budget (\$ in Thousands)	\$1,180,056	\$1,180,275	\$1,192,921	
Total Expenditures (\$ in Thousands)	\$328,691	\$387,543	\$442,063	

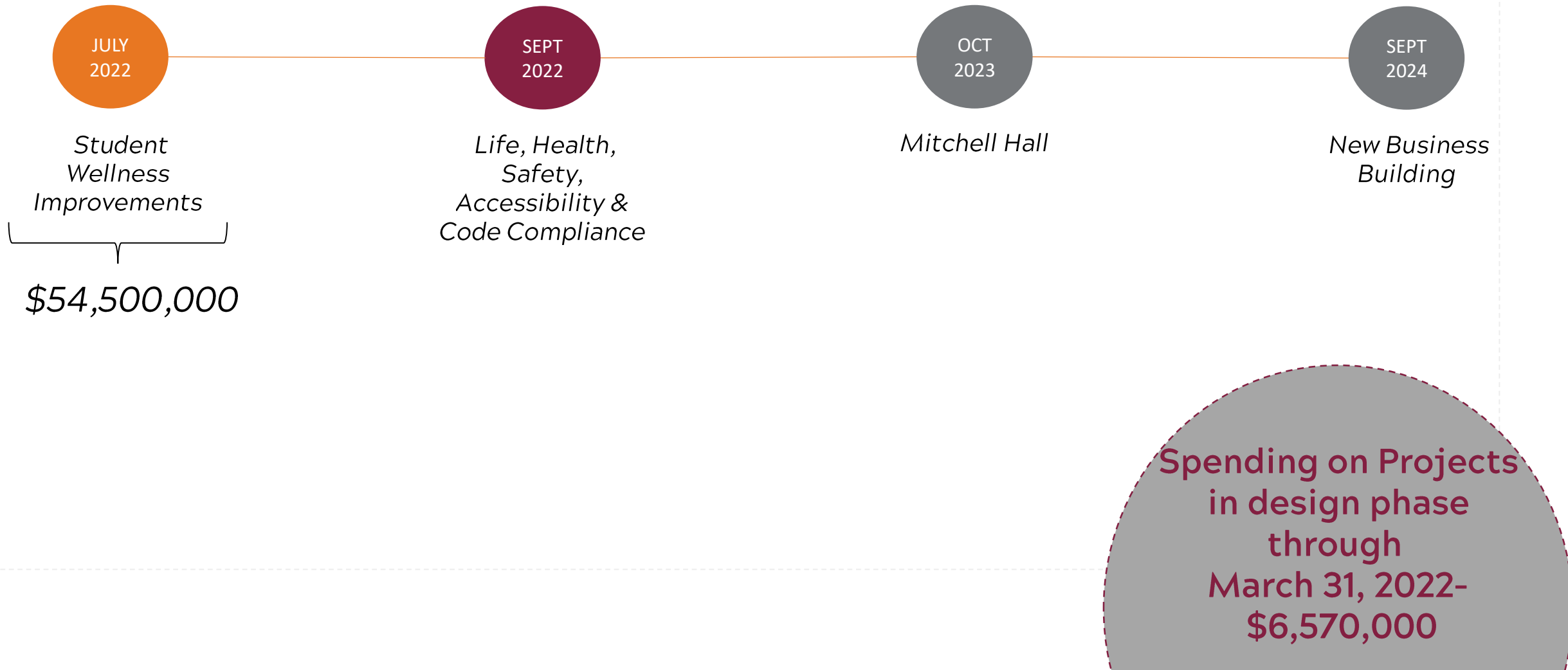
# ACTIVITY THROUGH MARCH 31, 2022

Attachment G



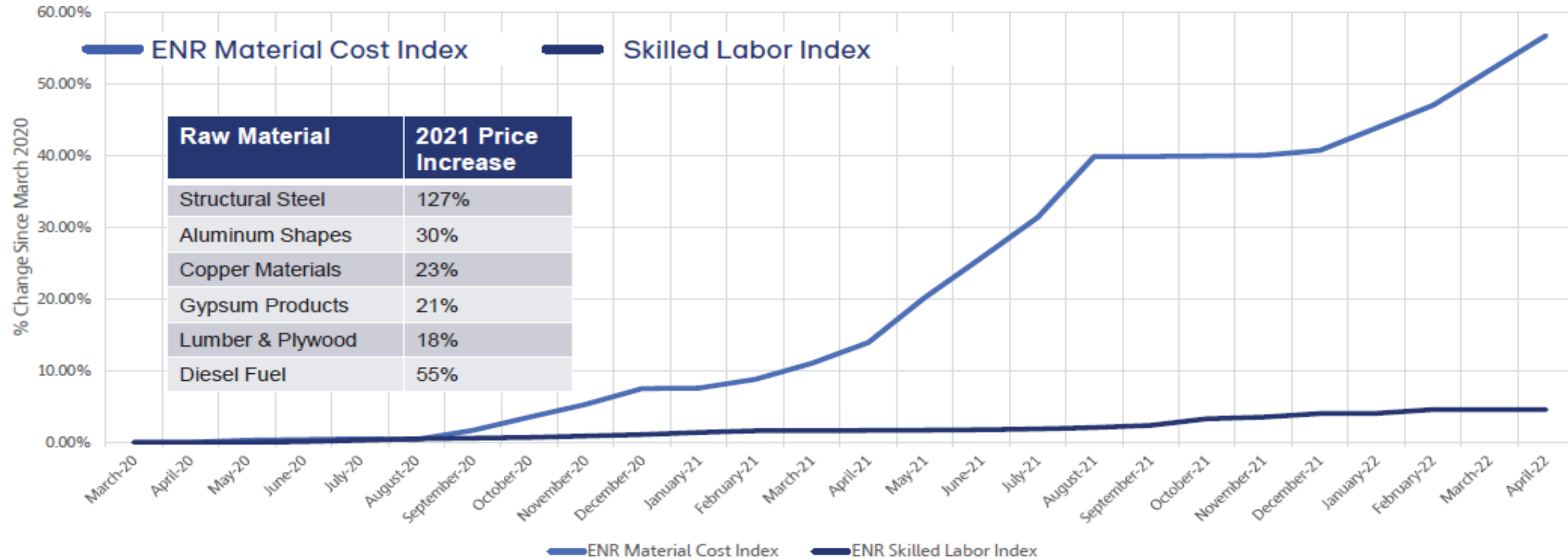
# TIMING FOR CONSTRUCTION PRICING

Attachment G

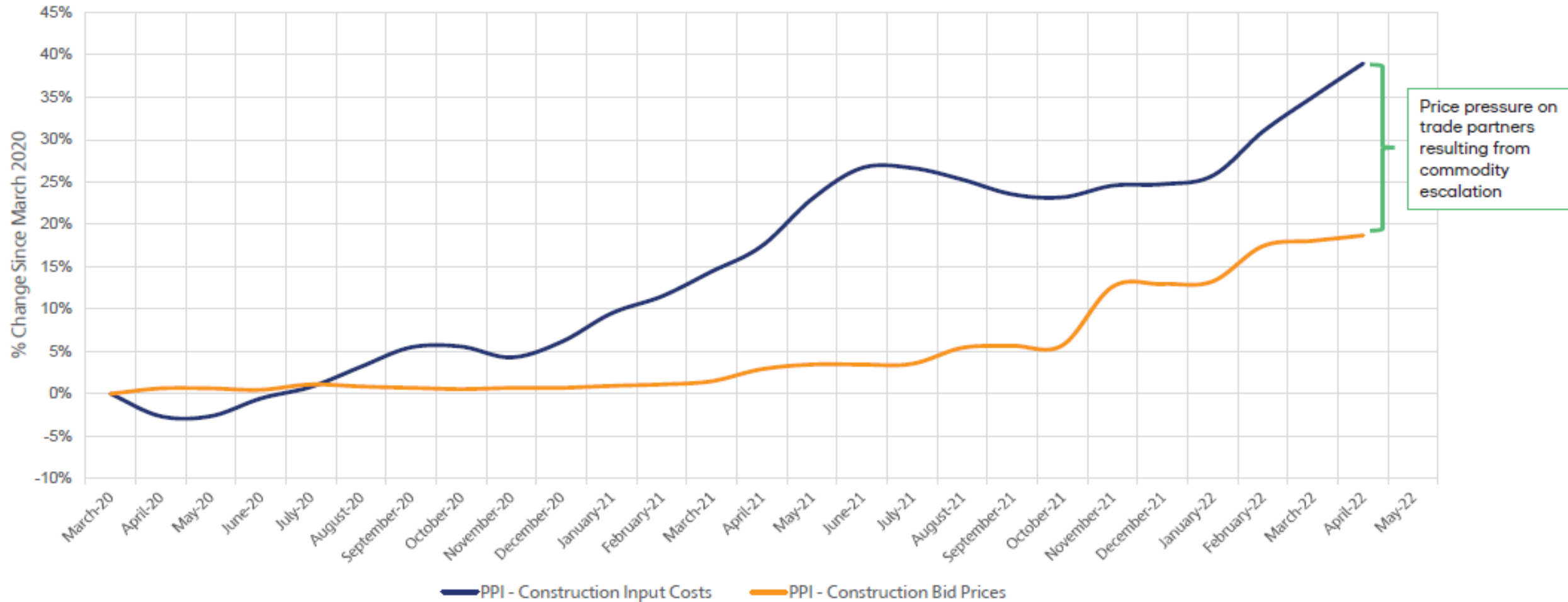


\$54,500,000

## Construction Input Costs Comparison



## Input Costs vs. Bid Prices





# PROJECTS COMING ONLINE

Attachment G

2021	2022	2023	2024
<ul style="list-style-type: none"><li>❖ NOV: Chiller Plant, Phase II</li></ul>	<ul style="list-style-type: none"><li>❖ JAN: Holden Hall Renovation</li><li>❖ MAY: Construct Seafood AREC</li><li>❖ AUG: Livestock &amp; Poultry Research Facilities, Phase I</li></ul>	<ul style="list-style-type: none"><li>❖ MAR: Dietrick Renovation</li><li>❖ APRIL: Data &amp; Decision Sciences Building</li><li>❖ JULY: Corps Leadership &amp; Military Sciences Building</li><li>❖ AUG: New Upper Quad Residence Hall</li></ul>	<ul style="list-style-type: none"><li>❖ MAR: Hitt Hall</li><li>❖ APRIL: Innovation Campus-Academic Building</li><li>❖ APRIL: Undergraduate Science Lab</li></ul>

*Spending on projects in construction phase through March 31, 2022 - \$168,111,000*

# APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

Attachment G

July 1, 2021 - MARCH 31, 2022

## RECOMMENDATION

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2021 through March 31, 2022 and the Capital Outlay report be approved.

June 7, 2022