

Update on the Development of the 2022-2028 Six-Year Plan and Approval of Related Strategies

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

May 11, 2021

The university received instructions for developing revisions to the 2022-2028 Six-Year Plan on April 30, 2021. 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 submission begins 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 plan is due to the state on July 1, 2021. University leadership will present the plan in August to the state review committee (Op-Six), which includes the Secretaries of Education and Finance, Directors of the State Council on Higher Education for Virginia (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 by September 1, the university will respond to that feedback by October 1, and the final plan will be brought forward for Board approval at the November 2021 meeting.

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) Project financial resources needed to support these initiatives in the first biennium, including the projection of tuition rates and student financial assistance; and
- c) Provide an enrollment projection to assist the SCHEV in its planning and reporting responsibilities.

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

A summary of initiatives under consideration for inclusion in the university's Six-Year Plan submission is provided in Appendix 1.

Funding and Cost Containment

As instructed by SCHEV, the plan assumes no incremental General Fund support. Primary operating resources are generated through tuition and fee revenue (rate increases and enrollment growth). Opportunities for the state to provide new General Fund investments are displayed 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. To ensure 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 the 2022-24 biennium have not yet been set by the Board of Visitors, the university is currently proposing to use the following placeholders for the state’s six-year planning purposes.

FY23 & FY24 Placeholders	Resident	Nonresident
Assumption of No New General Fund	4.9%	2.9%

Timeline and Next Steps

The Six-Year Plan proposals will be submitted on July 1. This begins a dialogue with the commonwealth about the plans. The state will then provide feedback on the Six-Year Plan by September 1. Following the state’s review, the university will respond to questions posed by the OP-Six as part of its final plan submission on October 1. The Six-Year Plan will be presented for approval at the November 2021 Board of Visitors meeting.

The Six-Year Plan will serve as the basis of the university’s budget submissions for the Executive Budget development process in the fall of 2021. The university may then revise any of the plan assumptions in summer 2022 to better reflect the available funding and progress made towards goals and strategic initiatives at that time.

Recommendation

That the Board of Visitors approve the university’s strategies for the development of the 2022-28 Six-Year Plan proposal to advance shared goals.

June 8, 2021

Appendix 1

Advancing Beyond Boundaries Strategic Plan	Six-Year Plan: 2022-24 Biennium Priorities		State Plan for Higher Education
	Nongeneral Fund Academic Strategies	General Fund Requests	
1) Advance Regional, National, and Global Impact	<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>	<p>Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).</p>	3- Transformative
2) Elevate the Ut Prosim Difference	<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
3) Be a Destination for Talent	<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>	<p>Continue progress of equitable support for the Corps of Cadets.</p>	
4) Ensure Institutional Excellence	<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>	<p>Enhance Information Technology infrastructure including statewide fiber connectivity.</p>	1- Equitable, 3- Transformative