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


* 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.

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 50th 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

* 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

**Agenda Item**  

1. Motion to Reconvene in Open Session  
2. Welcome and Opening Remarks  
3. 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  
   * 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  
   * 5. Approval of 2022-23 Faculty Compensation Plan  
   6. Financial Actions for Staff Compensation  
   * 7. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – March 31, 2022)  
   8. Discussion of Future Agenda Topics and Closing Remarks  

**Reporting Responsibility**  
Preston White  
Ed Baine  
Ed Baine  
Ken Miller  
Tim Hodge  
Ken Miller  
Ken Miller  
Tim Hodge  
Bob Broyden  
Ed Baine

* Requires full Board approval.  
◆ Discusses Enterprise Risk Management topic(s).
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
* 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
Ratification of Personnel Changes Report

Recommendation: That the Committee ratifies the Personnel Changes Report as submitted.

2021-22 Promotion, Tenure, and Continued Appointment Program

Recommendation: That the Committee approves the 2021-22 Promotion, Tenure, and Continued Appointment Program as submitted.

Approval of 2022-23 Faculty Salary Program

Recommendation: That the Committee approves the 2022-23 Faculty Salary Program as submitted.
Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
The Inn at Virginia Tech
April 3-4, 2022

Open Session
April 3, 2022

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Carrie Chenery (via Zoom)*, Holli Drewry – Administrative/Professional Faculty Representative, Paolo Fermin – Undergraduate Student Representative, Greta Harris, C.T. Hill, Anna James, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Horacio Valeiras, Robert Weiss – Faculty Representative, Preston White

Virginia Tech Personnel: Beth Armstrong, Callan Bartel, Lynsay Belshe, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Corey Earles, Jeff Earley, Alisha Ebert, Kari Evans, Ron Fricker, Michael Friedlander, Rachel Gabriele, Bryan Garey, Emily Gibson, Debbie Greer, Kay Heidbreder, Jim Hillman, Tim Hodge, Elizabeth Hooper, Chris Kiwus, Sharon Kurek, Rob Mann, Elizabeth McClanahan, Ken McCrery, Steve Mc Knight, Nancy Meacham, Scott Midkiff, Ken Miller, Justin Noble, Kim O’Rourke, Mark Owczarski, Charlie Phlegar, Ellen Plummer, Jon Porter, Robin Queen, Tim Sands, Frank Shushok, Dan Sui, Aimée Surprenant, Don Taylor, Judy Taylor, Jon Clark Teglas, Tracy Vosburgh, Melinda West, Lisa Wilkes

* One Board member participated remotely for personal reasons in accordance with Code of Virginia §2.2-3708.2(A)(1)(2). Ms. Chenery participated remotely while on a family vacation. She was located at 9423 Old Oregon Inlet Road, Nags Head, NC.

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

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

   a. Approval of Minutes of the November 8, 2021 Meeting

   b. Approval of Minutes of the March 22, 2022 Meeting

   c. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts: The Committee received an update on the actions taken under the delegation of authority and policy 4240 and the corresponding financial and programmatic
impacts. There have been no actions taken since the quarterly update provided at the March 2021 Finance and Resource Management open session meeting.

**d. Approval of Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies):** The Committee reviewed for approval the revised resolution for authority to loan funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies). The original resolution was passed at the June 2021 Board of Visitors meeting and it allowed the university to loan working capital up to $2.5 million to Virginia Tech Innovations Corporation (VTIC) and its subsidiary(ies) outside the United States. The proposed revisions would expand this resolution to allow the university to advance working capital to a newly created or planned limited liability corporation (LLC) under VTIC.

**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 Vice President for Finance 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 revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies) and the Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission to the full Board for approval.

3. **Update on Advancement:** University Advancement provided a report on their fundraising efforts including campaign updates, the most recent numbers for New Gifts and Commitments (NG&C) and Cash, growth model updates, and an overview of the progress made to reach the 22 percent participation rate by 2022 goal.

4. **Update on the Tuition and Fee Rate Development for 2022-23:** The Committee received an overview of the budget development process and the impact of tuition and fee revenues and general funds on the universities’ ability to fund strategic initiatives and ongoing operations.

5. **Approval of 2022-23 Compensation for Graduate Assistants:** The Committee reviewed for approval the proposed 2022-23 compensation program for graduate students. The key components of the program include competitive stipends, a stipend supplement, tuition assistance, and health insurance. The university proposed a 5.0 percent increase in the stipend scale.
The Committee recommended the proposed 2022-23 Compensation for Graduate Assistants to the full board for approval.

6. **University’s Annual Financial Statements:** The Committee received an overview of the university’s annual financial statements for the fiscal year ending June 30, 2021. The financial statements have been prepared in accordance with generally accepted accounting principles, and the Auditor of Public Accounts (APA) issued an unmodified (or clean) opinion. The APA reported two written audit comments: one comment for improving the timeliness of enrollment data to the National Student Loan Data System, and the other comment for improving compliance over enrollment reporting. The university is in the process of implementing corrective action plans to address these audit comments.

At June 30, 2021, the university had total net position of approximately $1.8 billion, an increase of $300.1 million or 19.8 percent since fiscal year 2020. Total unrestricted net assets increased by $178.2 million or 131.5 percent to $42.7 million.

Total revenues for fiscal year 2021 were $1.8 billion, an increase of $142.9 million or 8.6 percent over fiscal year 2020. Total operating expenses for fiscal year 2021 were $1.5 billion, decrease of $36.2 million or 2.3 percent.

7. **Intercollegiate Athletics Programs Report for Year-Ended June 30, 2021:** The Committee received a report on the Auditor of Public Accounts (APA) Intercollegiate Athletics Program review for fiscal year 2021. The APA performed certain agreed-upon procedures to evaluate whether the Schedule of Revenues and Expenses of the Intercollegiate Athletics Program is in compliance with the National Collegiate Athletic Association (NCAA) bylaws. This review does not constitute an audit and therefore no opinion is issued, but no instances of noncompliance with bylaws were identified.

* 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2021 – December 31, 2021):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2021 to December 31, 2021. For the second quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The operating budget was increased due to the receipt of federal pandemic relief funds. The operating budget was also adjusted for higher than anticipated enrollment.

Dining revenues were slightly higher than expected after a revenue budget reduction in anticipation of continued pandemic impacts. The university will continue to monitor this situation and develop a budget adjustment. The Athletics
Program budget revenues and expenses were increased for participation in the Pinstripe Bowl. Athletics expenses were higher than projected due to a football coaching transition. $12 million of financing will be aligned in the third quarter.

For the quarter ending December 31, 2021, $79.1 million was expended for Educational and General capital projects, and $24.7 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending December 31, 2021 totaled $103.8 million.

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

9. **Discussion of Future Agenda Topics and Closing Remarks**: Due to time constraints, the Committee was unable to discuss future agenda topics.

There being no further business, the meeting adjourned at 5:43 p.m.

**Joint Open Session with the Buildings and Grounds Committee**
April 4, 2022

**Board Members Present**: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Carrie Chenery (via Zoom)*, Greta Harris, C. T. Hill, Tish Long, Phil Miskovic – Graduate Student Representative, Chris Petersen (via Zoom)*, Horacio Valeiras, Preston White

**Virginia Tech Personnel**: Mac Babb, Callan Bartel, Lynsay Belshe, Bob Broyden, Kevin Carlson, Al Cooper, John Cusimano, Jeff Earley, Alisha Ebert, Mark Gess, Emily Gilbert, Kay Heidbreder, Jim Hillman, Mary-Ann Ibeziako, Robin Jones, Frances Keene, Chris Kiel, Chris Kiwus, Sharon Kurek, Jamie Lau, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Scott Midkiff, Ken Miller, Bernadette Mondy, Liza Morris, Mike Mulhare, Bobbi Myers, Heidi, Myers, Justin Noble, Kim O’Rourke, Charlie Phlegar, Jon Porter, Tim Sands, Ken Smith, Dwyn Taylor, Jon Clark Teglas, Tracy Vosburgh, Lisa Wilkes, Chris Wise

* Two Board members participated remotely for personal reasons in accordance with Code of Virginia §2.2-3708.2(A)(1)(2). Ms. Chenery participated remotely while on a family vacation. She was located at 9423 Old Oregon Inlet Road, Nags Head, NC. Mr. Petersen participated remotely due to upcoming business travel from 7012 Arbor Lane, McLean, VA.

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

2. **Approval of Items Discussed in Closed Session**
3. **Approval of Resolution for a Long-term Lease for the Research Swing Space:** The Committees reviewed for approval a resolution for a long-term lease for the Research Swing Space. The total project budget for the project is $20 million, and the estimated annual lease costs are $2.07 million with an estimated present value debt impact of $20 million.

The Committees recommended the Resolution for a Long-term Lease for the Research Swing Space to the full Board for approval.

4. **Approval of Resolution for a Long-term Lease for the Gilbert Street Project:** The Committees reviewed for approval a resolution for a long-term lease for the Gilbert Street project. The total budget for the university’s portion of the project is $71.7 million with an estimated annual lease costs of $5.5 million and an estimated present value debt impact of $69 million.

The Committees recommended the Resolution for a Long-term Lease for the Gilbert Street Project to the full Board for approval.

5. **Approval of Resolution for Planning for the New Pamplin College of Business Building:** The Committees reviewed for approval a resolution for planning the new Pamplin College of Business building. The target total project budget is $80.8 million, and the funding plan calls for entirely nongeneral fund support. The funding sources include $40.4 million of private fund raising and $40.4 million of university nongeneral funds which will be allocated by the university in a combination of cash and annual support for debt service. The private fund commitments have reached the necessary milestone and cash receipts are available and sufficient to cover the $8 million cost to complete planning through working drawings.

The Committees recommended the Resolution for Planning for the New Pamplin College of Business Building to the full Board for approval.

There being no further business, the meeting adjourned at 12:14 p.m.

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).
Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Latham A/B, The Inn at Virginia Tech
3:00 p.m.
April 3, 2022

Agenda Item

1. Welcome and Opening Remarks

2. Consent Agenda
   a. Approval of Minutes of the November 8, 2021 Meeting
   b. Approval of Minutes of the March 22, 2022 Meeting
   c. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts
   * d. Approval of Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies)
   * e. Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission

3. Update on Advancement
   ◆ 4. Update on the Tuition and Fee Rate Development for 2022-23

   * 5. Approval of 2022-23 Compensation for Graduate Assistants

6. University’s Annual Financial Statements

7. Intercollegiate Athletics Programs Report for Year Ended June 30, 2021
   * 8. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – December 31, 2021)

9. Discussion of Future Agenda Topics and Closing Remarks

Reporting Responsibility

Ed Baine
Charlie Phlegar
Ken Miller
Tim Hodge
Ken Miller
Melinda West
Tim Hodge
Bob Broyden
Ed Baine

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).
Joint Closed/Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEES

11:30 a.m.
April 4, 2022
Joint Closed

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Reporting Responsibility</th>
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<tr>
<td>1. Motion to Begin Closed Session</td>
<td>Sharon Brickhouse Martin</td>
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<td>* 2. Approval of Resolution for the Disposition of Real Estate</td>
<td>Ken Miller</td>
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<td>Chris Kiwus</td>
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<td>Bob Broyden</td>
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Joint Open

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<td>Bob Broyden</td>
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* Requires full Board approval.
* Discusses Enterprise Risk Management topic(s).
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.

<table>
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<tr>
<th>FY24 Placeholder</th>
<th>Resident</th>
<th>Nonresident</th>
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<tr>
<td>Assumption of No New General Fund</td>
<td>4.9%</td>
<td>3.9%</td>
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</table>

**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

<table>
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<tr>
<th>Nongeneral Fund Academic Strategies</th>
<th>General Fund Requests</th>
<th>State Plan for Higher Education</th>
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<tbody>
<tr>
<td><strong>1) Advance Regional, National, and Global Impact</strong></td>
<td>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.</td>
<td>Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).</td>
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<tr>
<td></td>
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<td>Reimagine use of physical resources, renovate existing facilities, and support the operation and maintenance of new facilities.</td>
<td></td>
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</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Virginia Tech Strategic Plan</th>
<th>Nongeneral Fund Academic Strategies</th>
<th>General Fund Requests</th>
<th>State Plan for Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Advance Regional, National, and Global Impact</td>
<td>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. Advance evidence-based, student-centered learning programming for undergraduates, with an emphasis on experiential learning opportunities. Expand graduate enrollment in high-demand disciplines to support the commonwealth's workforce needs, specifically the Tech Talent Investment Program.</td>
<td>Research support for frontier areas (could include infectious disease, transportation, security, biomedical, and quantum computing, among other areas).</td>
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<td>Equitable, Transformative</td>
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</table>
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:

<table>
<thead>
<tr>
<th>FY24 Placeholders</th>
<th>Resident</th>
<th>Nonresident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumption of No New General Fund</td>
<td>4.9%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

- 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
2022-23 Faculty Compensation Plan

KEN MILLER, VICE PRESIDENT FOR FINANCE

JUNE 7, 2022
2022-23 FACULTY COMPENSATION PLAN ELEMENTS

- Benchmarking
- 2022-23 pay structure
- Promotion and tenure process
- Annual evaluation and salary adjustment process
### PEER SALARY BENCHMARKING

<table>
<thead>
<tr>
<th>Top 20 Land Grant Group</th>
<th>Fall 2020</th>
<th>Fall 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>50&lt;sup&gt;th&lt;/sup&gt; percentile (excl. VT)</td>
<td>$110,924</td>
<td>N/A*</td>
<td>-</td>
</tr>
<tr>
<td>VT Average Salary</td>
<td>$105,167</td>
<td>$110,447</td>
<td>5.02%</td>
</tr>
<tr>
<td>VT Rank</td>
<td>15 of 20</td>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>VT Percentile</td>
<td>30th</td>
<td>N/A</td>
<td>-</td>
</tr>
</tbody>
</table>

*IPEDS peer salary data for Fall 2021 is not yet available
<table>
<thead>
<tr>
<th>Rank</th>
<th>9-Month Faculty</th>
<th></th>
<th>12-Month Faculty</th>
<th></th>
<th>Distribution of Faculty by Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entrance</td>
<td>Change</td>
<td>Entrance</td>
<td>Change</td>
<td></td>
</tr>
<tr>
<td>Professor</td>
<td>$100,313</td>
<td>4.0%</td>
<td>$122,347</td>
<td>4.0%</td>
<td>31%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>$76,723</td>
<td>4.0%</td>
<td>$92,967</td>
<td>4.0%</td>
<td>26%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>$63,469</td>
<td>4.0%</td>
<td>$77,201</td>
<td>4.0%</td>
<td>28%</td>
</tr>
<tr>
<td>Senior Instructor</td>
<td>$54,435</td>
<td>4.0%</td>
<td>$70,829</td>
<td>4.0%</td>
<td>3%</td>
</tr>
<tr>
<td>Advanced Instructor</td>
<td>$48,532</td>
<td>4.0%</td>
<td>$62,961</td>
<td>4.0%</td>
<td>2%</td>
</tr>
<tr>
<td>Instructor</td>
<td>$44,482</td>
<td>4.0%</td>
<td>$57,875</td>
<td>4.0%</td>
<td>10%</td>
</tr>
</tbody>
</table>
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

- 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

- 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.
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:

<table>
<thead>
<tr>
<th>State Increase</th>
<th>Basis of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classified Staff</td>
<td>5.0</td>
</tr>
<tr>
<td>University Staff</td>
<td>5.0</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Performance Rating</th>
<th>Employee Count*</th>
<th>Average Recommended Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing</td>
<td>65</td>
<td>3.9%</td>
</tr>
<tr>
<td>Strong</td>
<td>2,026</td>
<td>4.8%</td>
</tr>
<tr>
<td>Model</td>
<td>498</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

*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:

<table>
<thead>
<tr>
<th>Classified Staff</th>
<th>University Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governed by Virginia Personnel Act and policies developed by Virginia Department of Human Resources</td>
<td>Governed by human resources policies adopted by the Board of Visitors in August 2008</td>
</tr>
<tr>
<td>Compensation programs are initiated by the commonwealth</td>
<td>Compensation programs are consistent with state approved programs</td>
</tr>
<tr>
<td>University may not supplement or implement additional programs</td>
<td>University may supplement or implement additional programs</td>
</tr>
<tr>
<td>Hired prior to July 1, 2006</td>
<td>Hired on July 1, 2006 and after, or have converted from Classified Staff</td>
</tr>
<tr>
<td>20% of staff workforce</td>
<td>80% of staff workforce</td>
</tr>
</tbody>
</table>
2022-23 Staff Compensation Update

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

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<thead>
<tr>
<th></th>
<th>State Increase</th>
<th>Basis of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Classified Staff</strong></td>
<td>5.0%</td>
<td>Across-the-board</td>
</tr>
<tr>
<td><strong>University Staff</strong></td>
<td>5.0%</td>
<td>Discretion of University</td>
</tr>
</tbody>
</table>

- 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%

Increases are effective July 10, 2022 and will appear in employee paychecks on August 1, 2022.
DISCUSSION
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
Federal student and institutional support for pandemic relief recognized in budget during in Q2.
3rd QUARTER 2021-22

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.
CAPITAL PROGRAM
<table>
<thead>
<tr>
<th></th>
<th>1st Quarter Ended</th>
<th>2nd Quarter Ended</th>
<th>3rd Quarter Ended</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>7</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Closeout</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Total Projects</td>
<td>26</td>
<td>26</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Total Budget (in Thousands)</td>
<td>$1,180,056</td>
<td>$1,180,275</td>
<td>$1,192,921</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$328,691</td>
<td>$387,543</td>
<td>$442,063</td>
<td></td>
</tr>
</tbody>
</table>
TIMING FOR CONSTRUCTION PRICING

- **JULY 2022**: Student Wellness Improvements
- **SEPT 2022**: Life, Health, Safety, Accessibility & Code Compliance
- **OCT 2023**: Mitchell Hall
- **SEPT 2024**: New Business Building

$54,500,000

Spending on Projects in design phase through March 31, 2022: $6,570,000
Construction Input Costs Comparison

<table>
<thead>
<tr>
<th>Raw Material</th>
<th>2021 Price Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Steel</td>
<td>127%</td>
</tr>
<tr>
<td>Aluminum Shapes</td>
<td>30%</td>
</tr>
<tr>
<td>Copper Materials</td>
<td>23%</td>
</tr>
<tr>
<td>Gypsum Products</td>
<td>21%</td>
</tr>
<tr>
<td>Lumber &amp; Plywood</td>
<td>18%</td>
</tr>
<tr>
<td>Diesel Fuel</td>
<td>55%</td>
</tr>
</tbody>
</table>
CURRENT MARKET CONDITIONS

Input Costs vs. Bid Prices

% Change Since March 2020

-10% 0% 5% 10% 15% 20% 25% 30% 35% 40% 45%


PPI - Construction Input Costs  PPI - Construction Bid Prices

Price pressure on trade partners resulting from commodity escalation
<table>
<thead>
<tr>
<th>Year</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Nov: Chiller Plant, Phase II</td>
</tr>
<tr>
<td>2022</td>
<td>Jan: Holden Hall Renovation</td>
</tr>
<tr>
<td></td>
<td>May: Construct Seafood AREC</td>
</tr>
<tr>
<td></td>
<td>Aug: Livestock &amp; Poultry Research Facilities, Phase I</td>
</tr>
<tr>
<td>2023</td>
<td>Mar: Dietrick Renovation</td>
</tr>
<tr>
<td></td>
<td>Apr: Data &amp; Decision Sciences Building</td>
</tr>
<tr>
<td></td>
<td>July: Corps Leadership &amp; Military Sciences Building</td>
</tr>
<tr>
<td></td>
<td>Aug: New Upper Quad Residence Hall</td>
</tr>
<tr>
<td>2024</td>
<td>Mar: Hitt Hall</td>
</tr>
<tr>
<td></td>
<td>Apr: Innovation Campus Academic Building</td>
</tr>
<tr>
<td></td>
<td>Apr: Undergraduate Science Lab</td>
</tr>
</tbody>
</table>

Spending on projects in construction phase through March 31, 2022 - $168,111,000
APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT
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