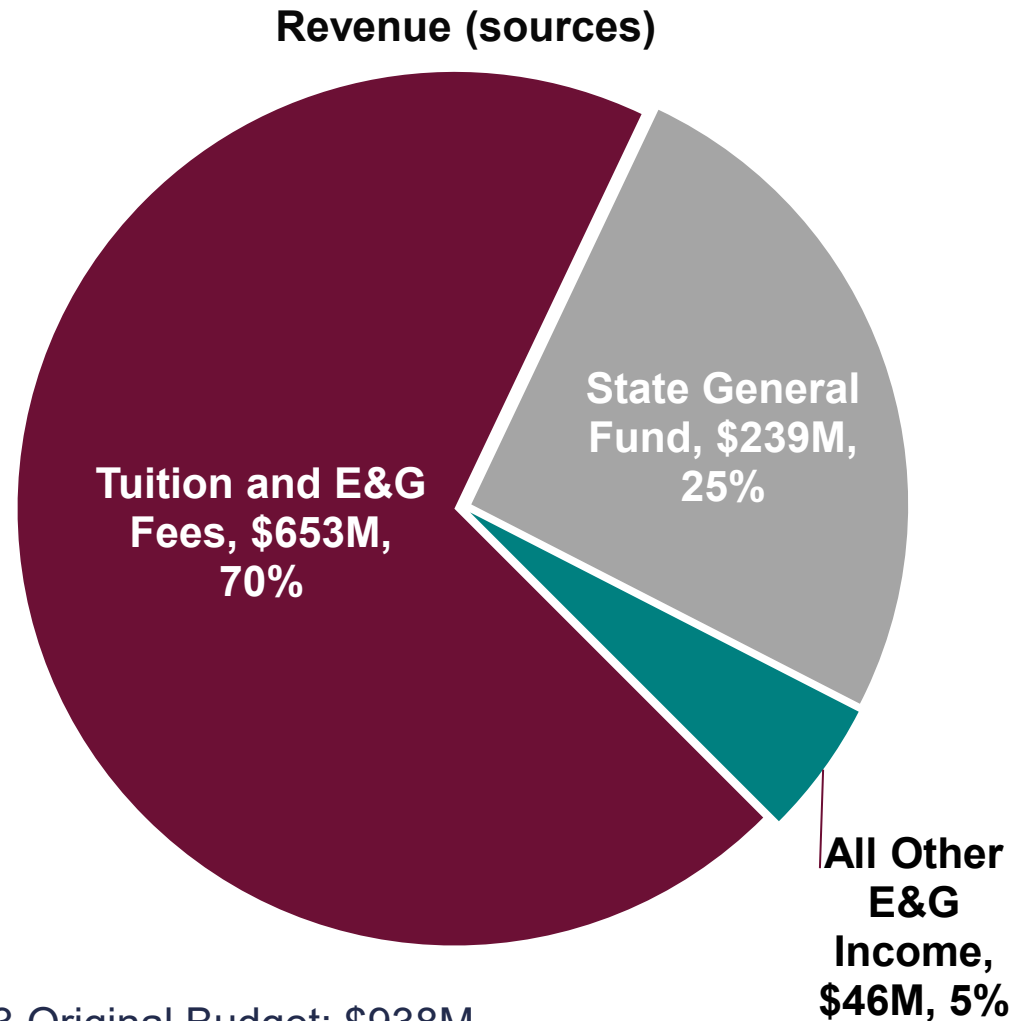


FY24 TUITION AND FEES

AMY SEBRING, EXECUTIVE VICE PRESIDENT
AND CHIEF OPERATING OFFICER

April 21, 2023

Current State: Tuition revenue accounts for 70% of E&G revenue

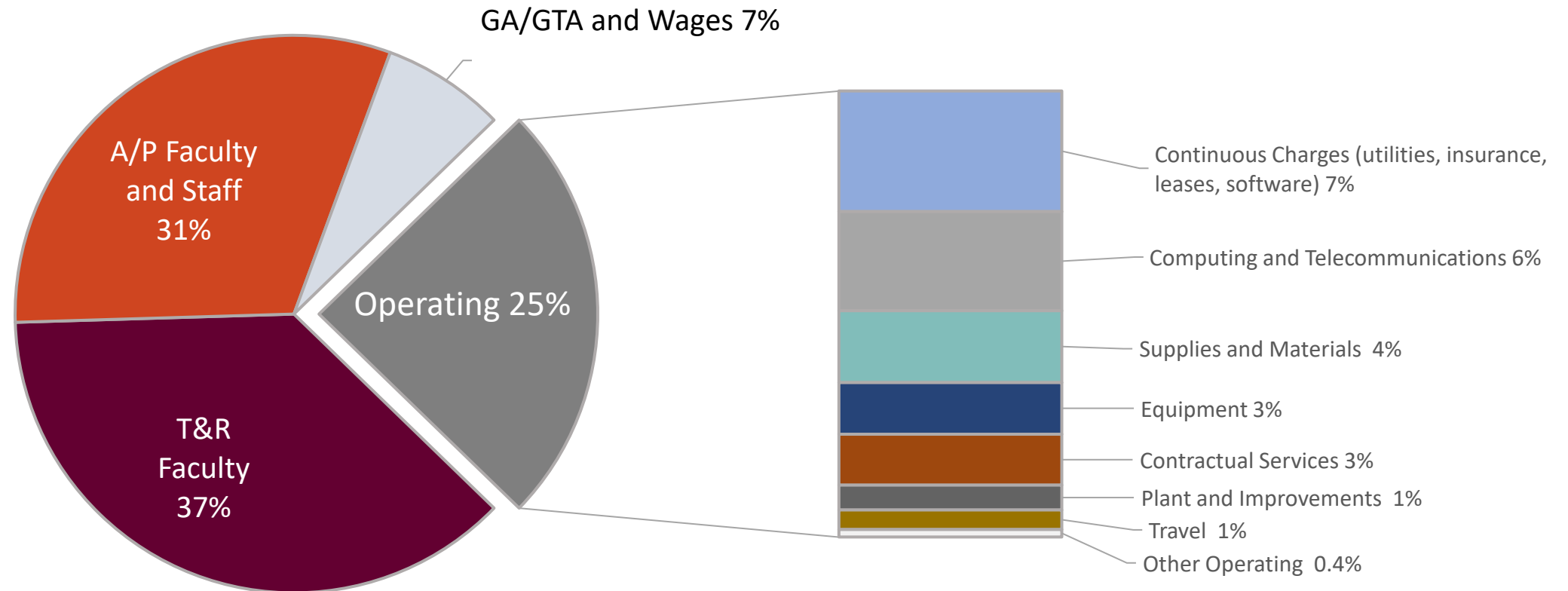


Total FY23 Original Budget: \$938M

Educational & General (E&G) Programs

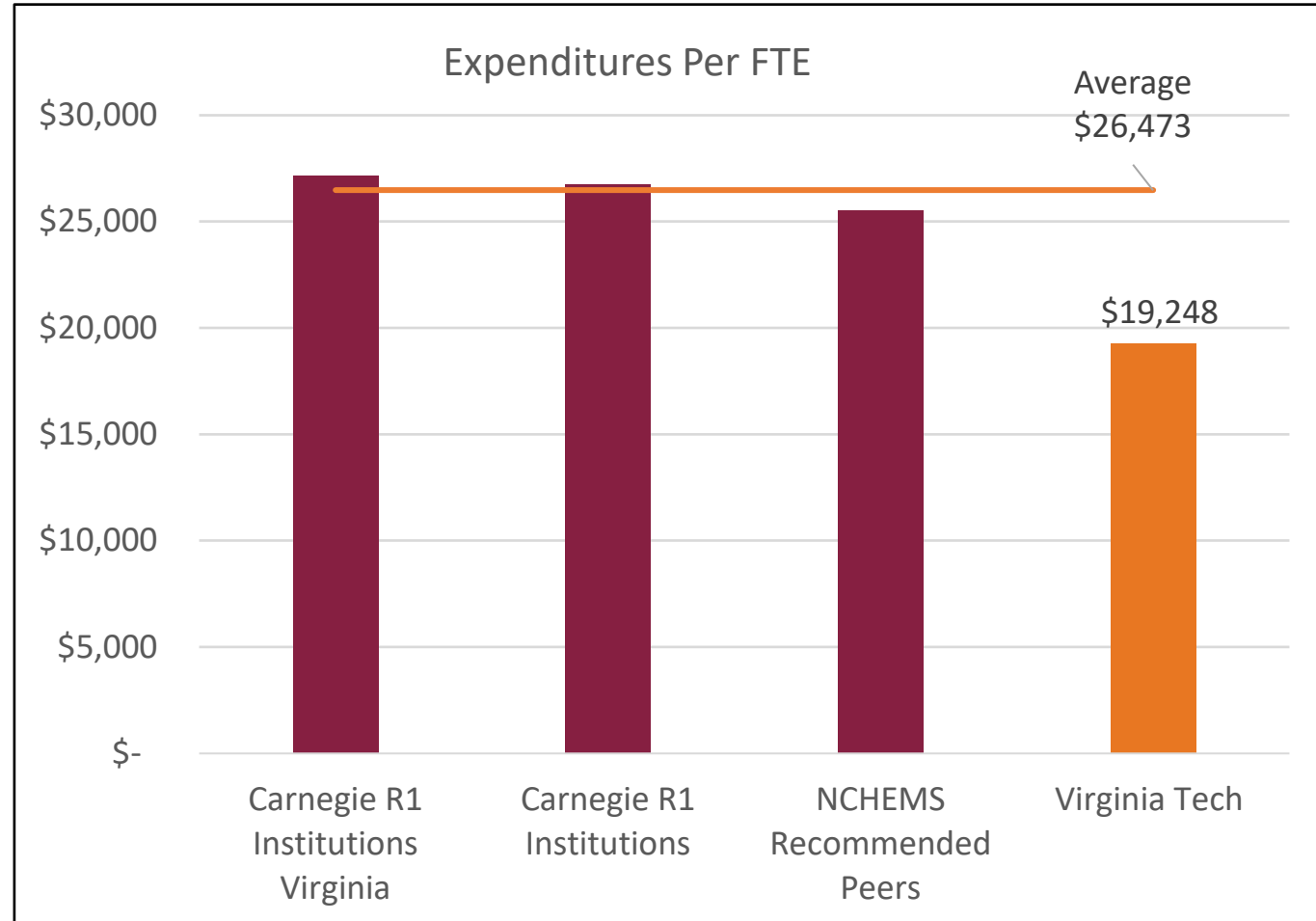
- Instruction
- Research
- Public service
- Academic Support
- Student Services
- Institutional Support
- Operation & Maintenance of Plant

Current State: Personnel account for 75% of E&G spend



Current State: Virginia Tech delivers quality more efficiently than comparable institutions

- The 2021 General Assembly directed the State Council of Higher Education for Virginia (SCHEV) to review higher education costs, funding needs, appropriations, and efficiency.
- SCHEV retained the National Center for Higher Education Management Systems (NCHEMS) to develop a cost analysis methodology of Virginia institutions and proposed updated peer institutions
- SCHEV/NCHEMS provided three-year average (FY18 -FY20) of E&G expenditures per Full-Time Equivalent (FTE) for Virginia institutions with institutions with similar characteristics (such as doctoral universities with very high research activity, labeled as Carnegie R1 Institutions).



FY21 base E&G reductions resulted in further constraints

- All colleges took a **3% base budget reduction**
- Administrative units (non-college areas) took a **5% base budget reduction** to support critical and strategic needs, including tuition mitigation
- Base budget reductions totaled \$19.8M
- Across-the-board reductions negatively impacts already “thin” areas

Tuition recommendations informed by:

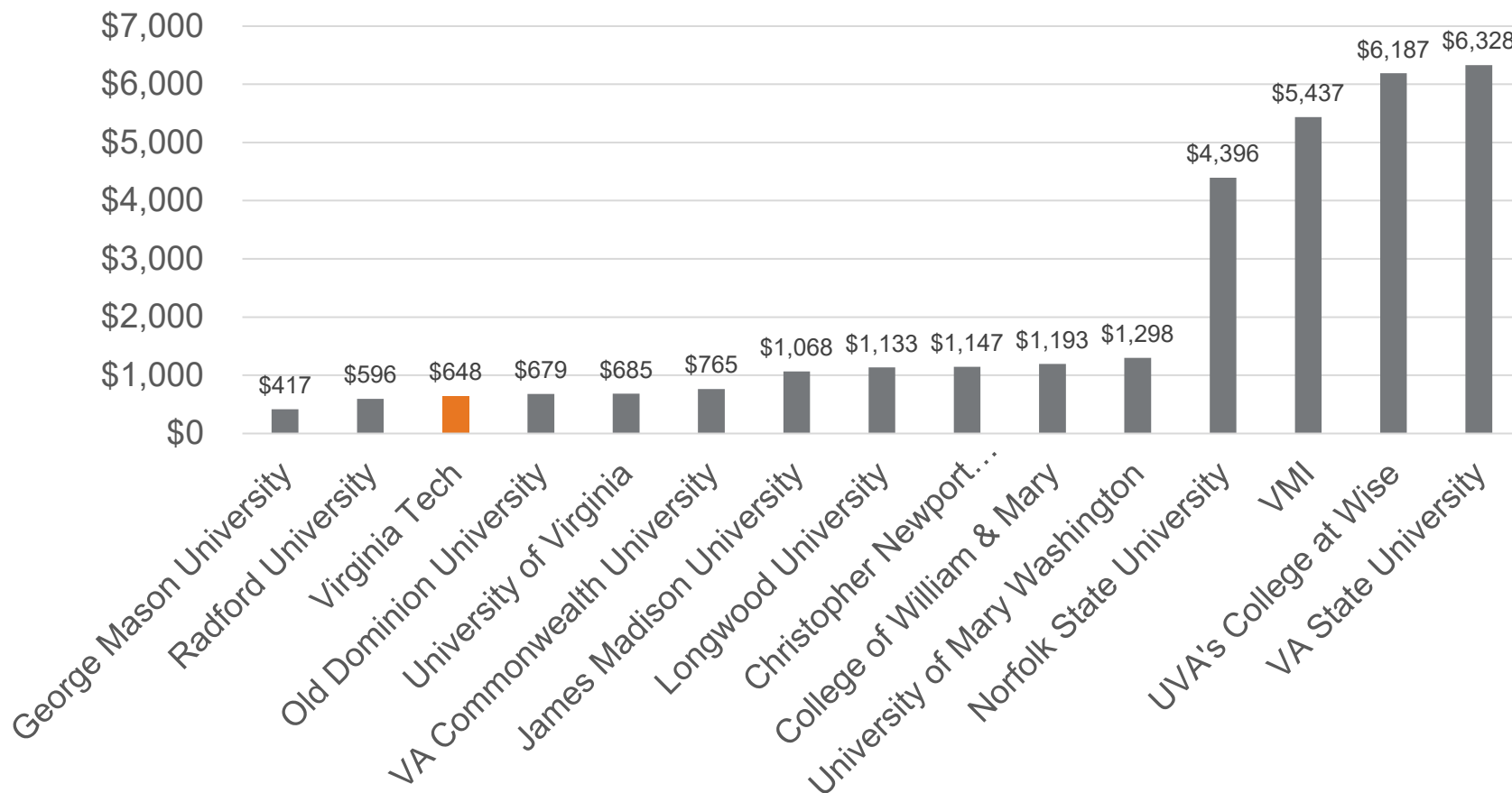
- Level of state support
 - State general fund support remains unknown pending final General Assembly action
- Known (or projected) costs
 - State mandated costs remain unknown pending final General Assembly action
- Strategic investments
- Market position
 - Impact of students and families



2022-24 Biennium: State E&G increases varied by institution

- 2022** General Assembly increased base E&G GF support for FY23
 - \$15M for VT in FY23
 - No incremental base E&G funding was provided for FY24
- 2023** General Assembly made no changes to FY24 in “the skinny budget”
 - They continue to deliberate additional changes

Incremental E&G General Fund Per Resident Student in FY23



State-mandated salary increases are driving FY24 tuition increases

| | Skinny Budget (\$ in millions) | Tuition Equivalent |
|-------------------------------|----------------------------------------------|-------------------------------|
| Mandatory & Unavoidable Costs | \$ 29.6 | 5.7% |
| 4.9% Tuition Increase | 25.6 | 4.9% |
| Funding Gap | \$ (4.0) | -0.8% |

Mandatory costs include:

- \$19.8 million for state-mandated salary and health insurance increases not covered by general fund support
- \$ 5.0 million in incremental costs for VMSDEP

Unavoidable costs include:

- \$1.9 million in cost escalations for utilities, insurance, and leases
- \$2.2 million for operation and maintenance of new facilities
- \$0.7 million for promotion and tenure

- "Skinny Budget" reflects the current appropriation act with technical amendments approved by the 2023 General Assembly
 - 5% salary increase
 - No incremental GF operating support
- Additional state mandated actions may further erode strategic investments
- +1% salary increase drives \$6.3M in E&G costs (state funds 39%)

Strategic investments will be needed to realize *Beyond Boundaries*

Destination for Talent

Access and Affordability: Virginia Tech Advantage
Employee Recruitment and Retention

Academic Excellence

Tech Talent Investment–Innovation Campus
Health and Biomedical Sciences
Integrated Security
Destination Areas 2.0

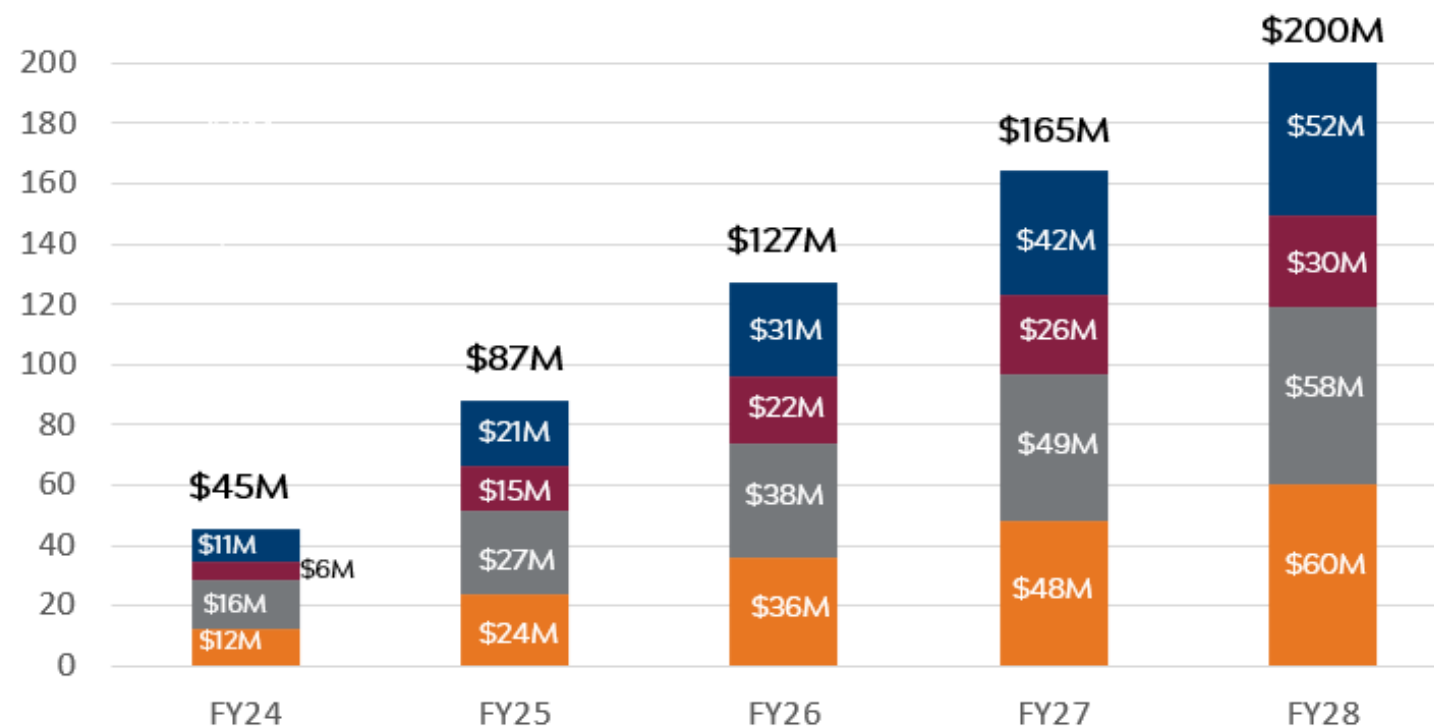
Enabling Infrastructure and Capacity

Advancement
IT Transformation/Technology Infrastructure
Facilities Renewal

Academic Quality and Critical Needs

Academic Incentive-Based Funding (PIBB Model)
Annual Critical Needs Requests

Multiple fund sources will contribute to the achievement of these strategic initiatives



Creating the Virginia Tech Advantage

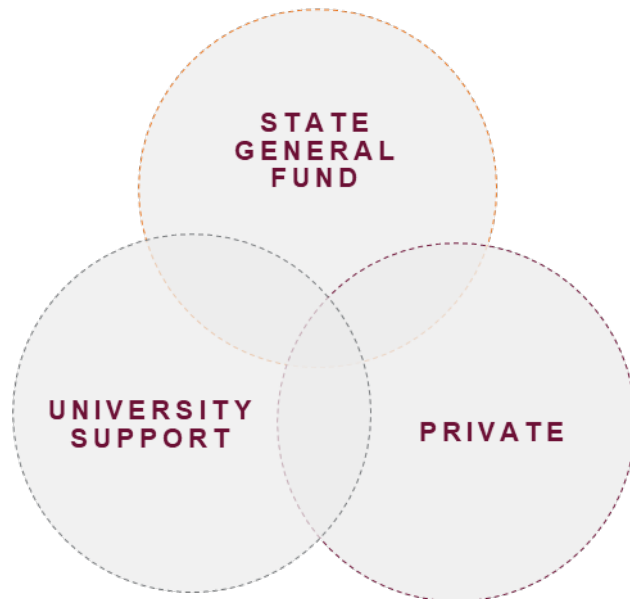
Access and affordability are among the university's top priorities.

Goals

1. Expand Financial Aid
2. Enhance the Student Experience - includes internships

Financial Aid Funding Need

- \$30M (based on net price gap of peers) to enhance affordability within 5 years (Phase 1)
- An additional \$20M+ to address long-range goals



State Support

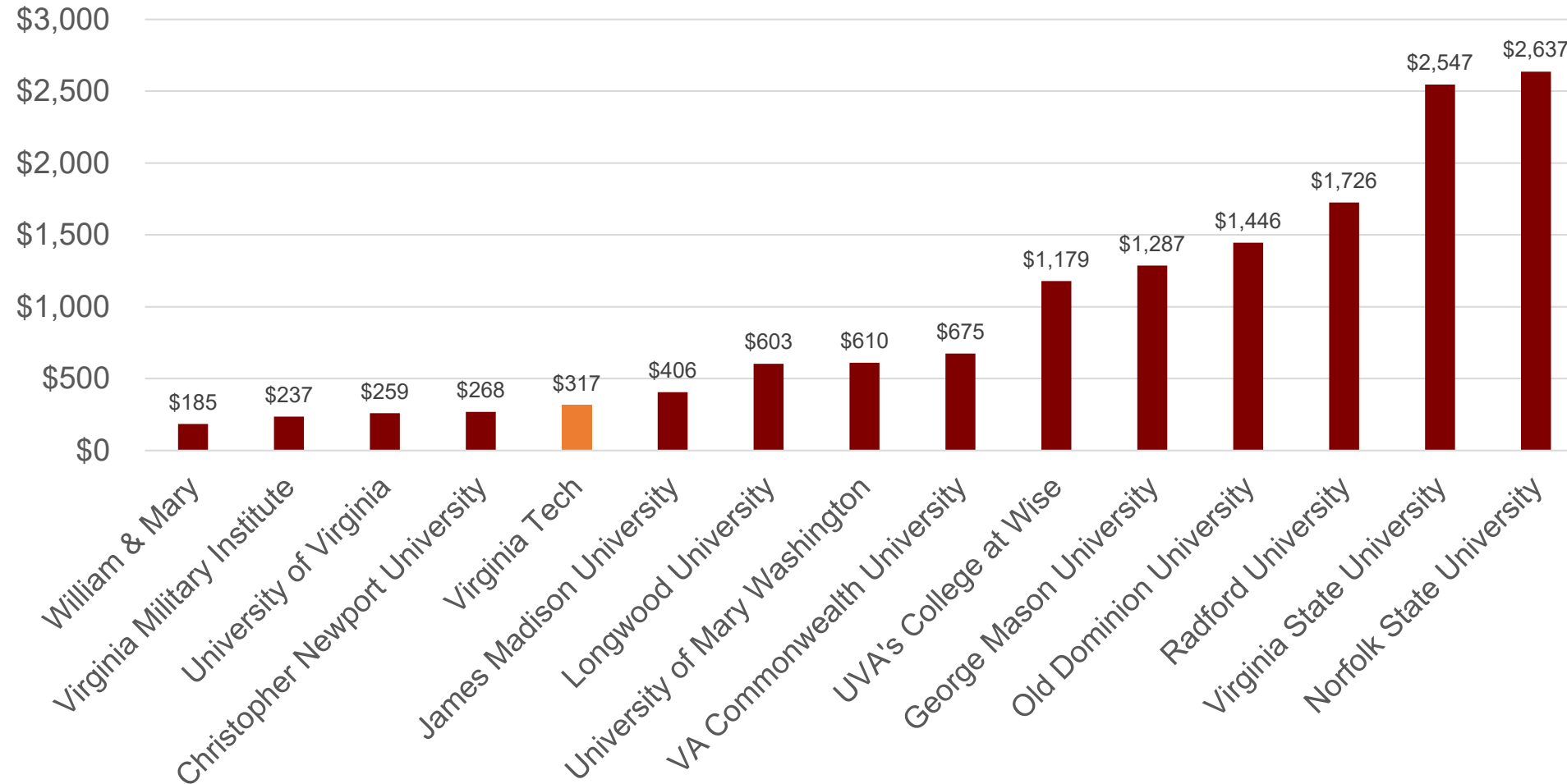
Projected Costs

Strategic Initiatives

Market Competitiveness

Incremental state funding for financial aid has also varied by institution

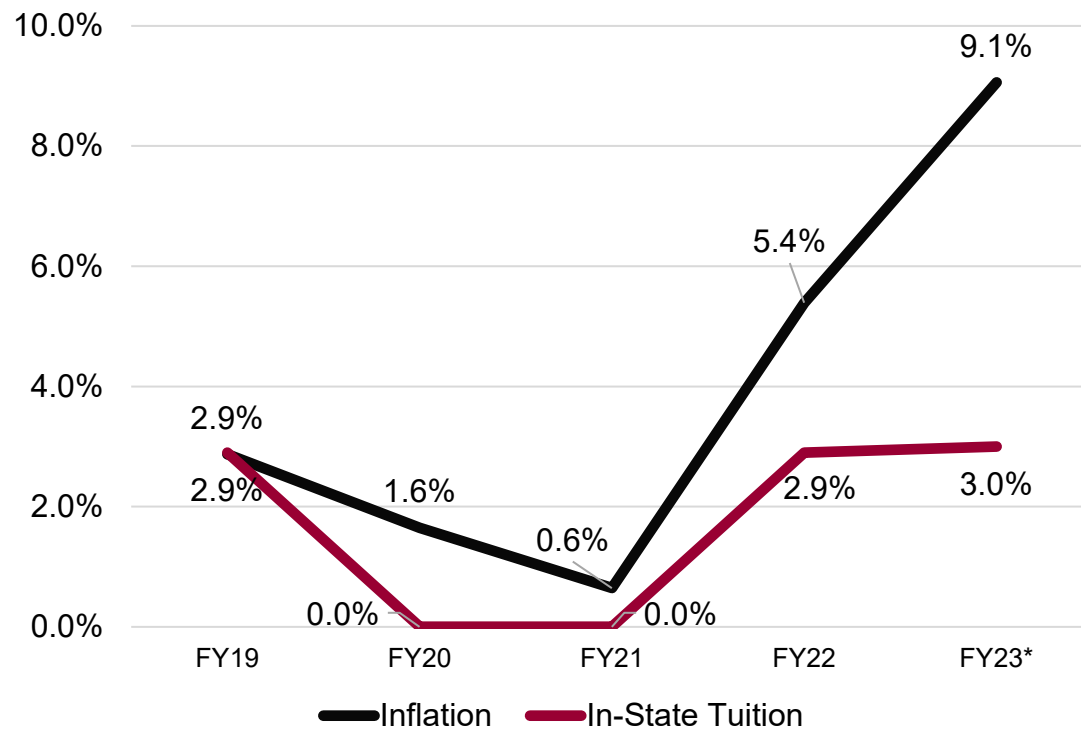
Incremental SFA GF per Resident Undergraduate FY24 (appropriated during 2022 session)



Virginia Tech's sticker price remains competitive for in-state undergraduate students

- Over the past five years:
 - Consumer Price Index (inflation) has increased **21%**
 - In-State undergraduate tuition has increased just **9%**

Virginia Tech Tuition vs. Inflation
FY19-FY23



Virginia Public Four-Year Institutions
FY23 In-state Undergraduate Tuition & E&G Fees



* FY23 In-state increase offset by one-time tuition mitigation scholarship.

State Support

Projected Costs

Strategic Initiatives

Market Competitiveness

Virginia Tech has little headroom in the out-of-state undergraduate market

| | FY23 | |
|----------------------------|----------|--------------|
| | Rate | Rank |
| Virginia Tech | \$35,920 | |
| Public SCHEV Peers | \$36,997 | 16 out of 24 |
| Regional Competitive Peers | \$36,188 | 5 out of 7 |

Regional peers include Penn State, Rutgers, University of Maryland, Ohio State, University of Pittsburgh and North Carolina State University.

Looking ahead: Strategic reallocations

- Across-the-board reallocations are effective as a stop gap measure, but are not likely to be sustainable in key programmatic and service areas
 - Annual across-the-board reductions are reactionary
 - Create environment of uncertainty
- Ambitious five-year plan for strategic investments will not be realized solely through incremental “new” revenue
- Strategic reallocations allow for:
 - Multi-year planning,
 - Process redesign and technology upgrades to facilitate the work,
 - Programmatic focus and alignment

Comprehensive Fee (“Comp Fee”) recommendations informed by:

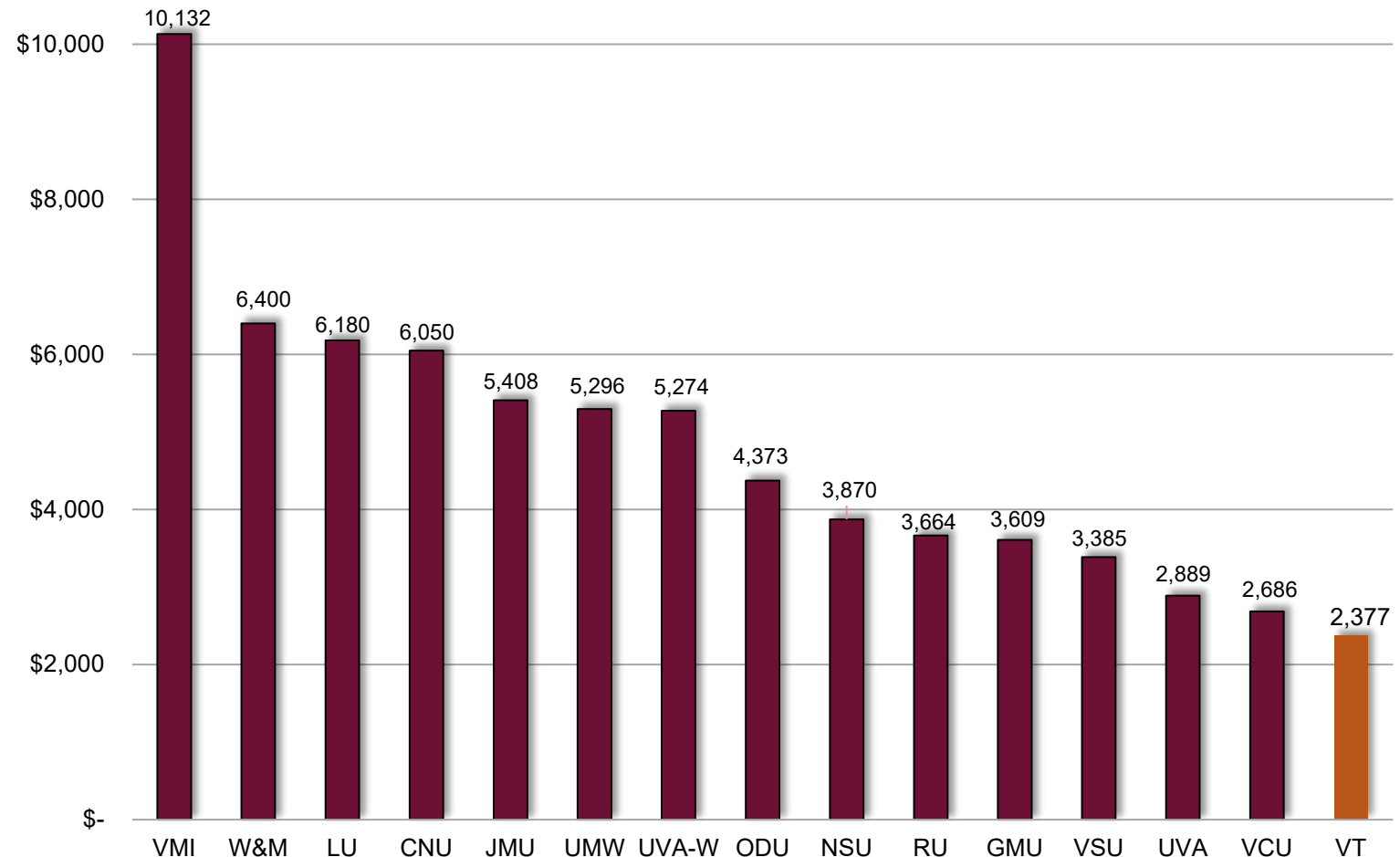
- Market position
- Projected costs
- Service needs



Virginia Tech has the lowest comp fee among state public institutions

The Comprehensive Fee supports:

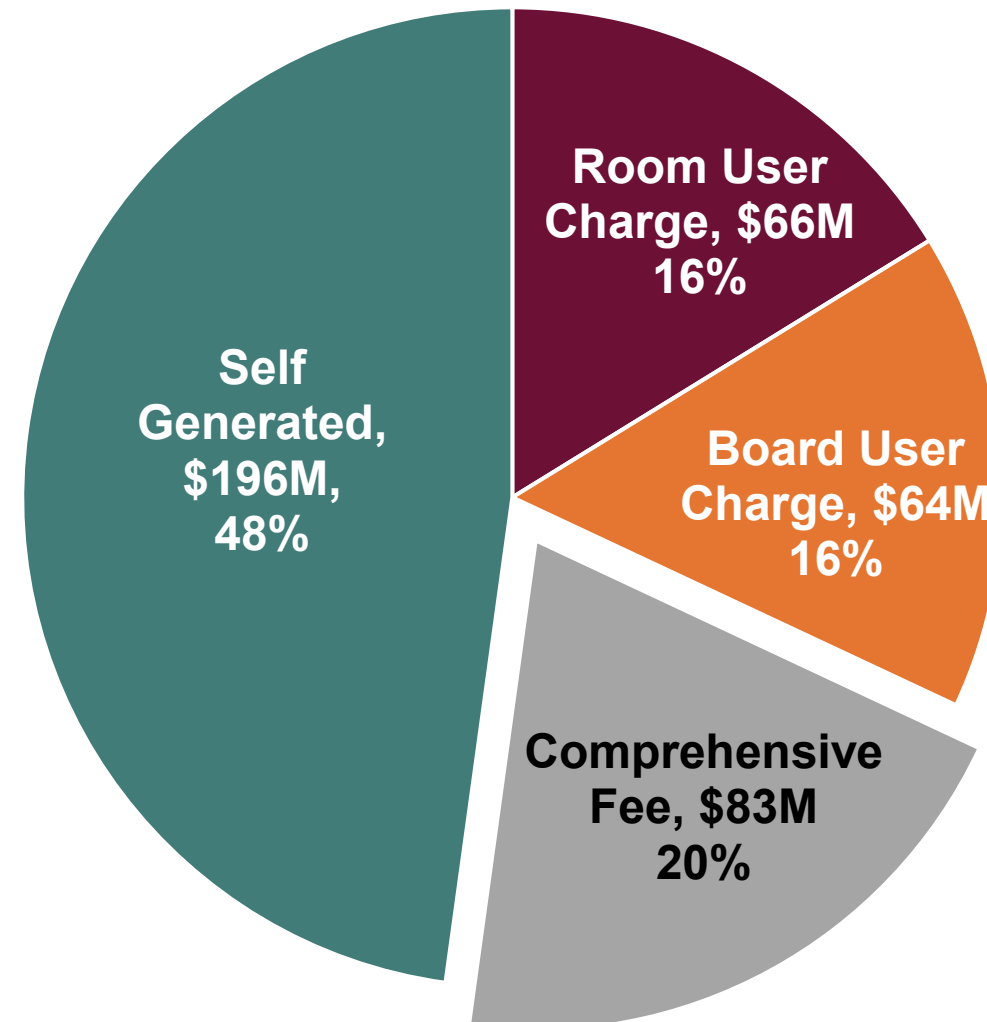
- Student Health
 - Health center, counseling, rescue squad
- Student Activities
 - Student programming, arts, student organizations
- Student Services
 - Transportation programs, career services, wireless access, Hokie Passport
- Athletics
 - Intercollegiate athletics operations
- Recreational Sports
 - Recreational programs, sports clubs



Current state: Comp fee provides 20% of auxiliary revenues

Auxiliary Enterprises:

- Receive no state support
- Are required to cover 100% of direct and indirect expenses including the state assigned compensation program
- Leverage self-generated revenues where possible to minimize comprehensive fee
- Student fees are increased only when necessary



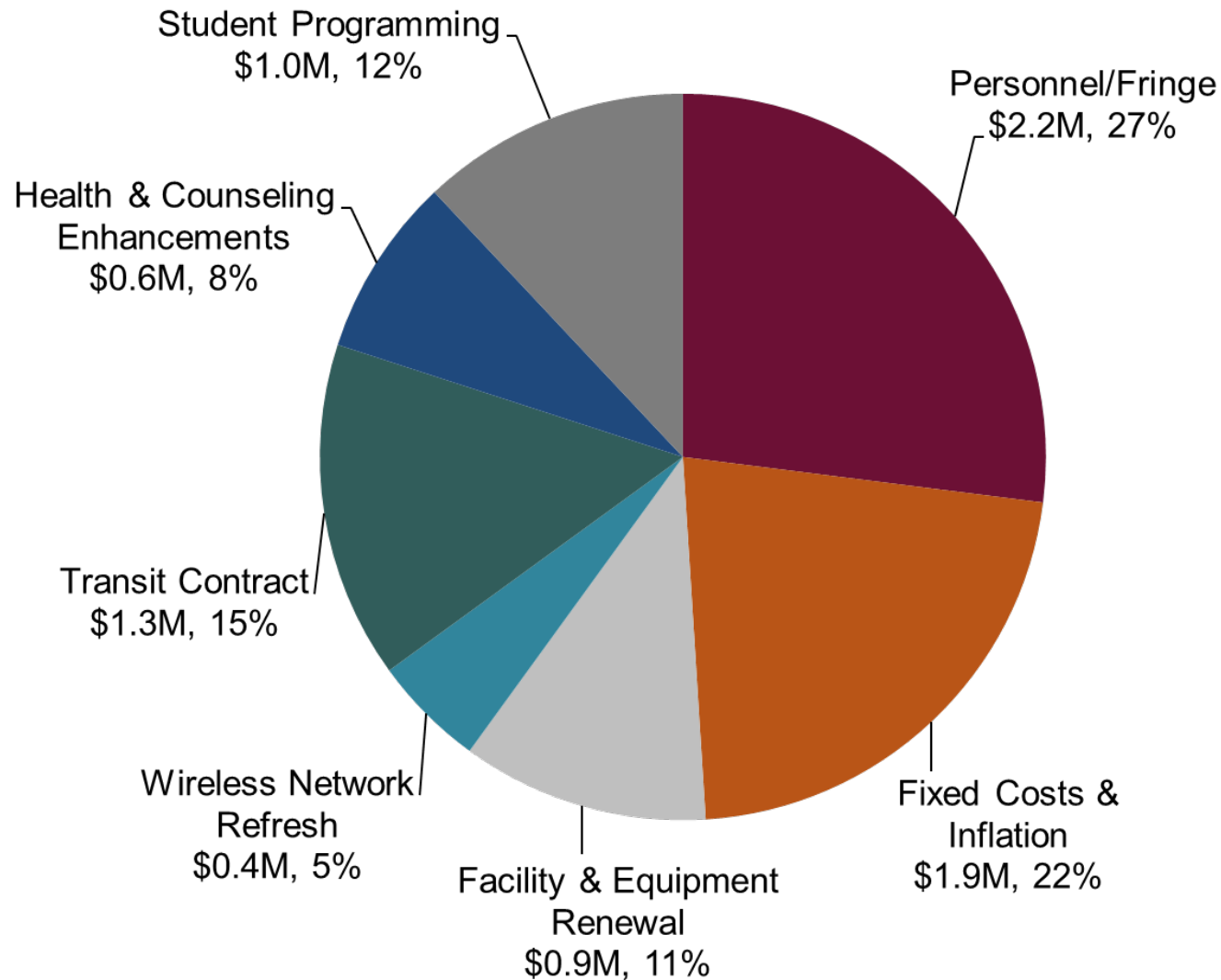
FY23 Total Revenue = \$ 409M

Fee increase driven by mandated and unavoidable cost increases

| | Skinny | | 7% | |
|-------------------------------|------------------|-------------|---------------|-------------|
| | Budget | Fee | Compensation | Fee |
| | (\$ in millions) | Equivalent | Scenario | Equivalent |
| Mandatory & Unavoidable Costs | \$ 8.1 | 9.4% | \$ 9.6 | 11.3% |
| Service Needs | 1.6 | 1.9% | 1.6 | 1.9% |
| (less) Self-Generated Support | (3.7) | -4.4% | (3.7) | -4.4% |
| Total | \$ 6.0 | 6.9% | \$ 7.5 | 8.8% |

- **8.8%** fee increase would be needed to cover:
 - 7% state-mandated compensation program (if appropriated) and
 - \$1.6M in incremental costs related to additional staffing for health and counseling staffing, career advising, student life, and TimelyCare virtual health services
- Recommend reducing the fee increase to **6.9%** if no change to the "skinny budget" (i.e., average 5% salary increase)

Up to 80% of proposed fee increase driven by mandated and unavoidable costs



Market Position

Projected Costs

Service Needs

Impact of tuition and fee increases on graduate students



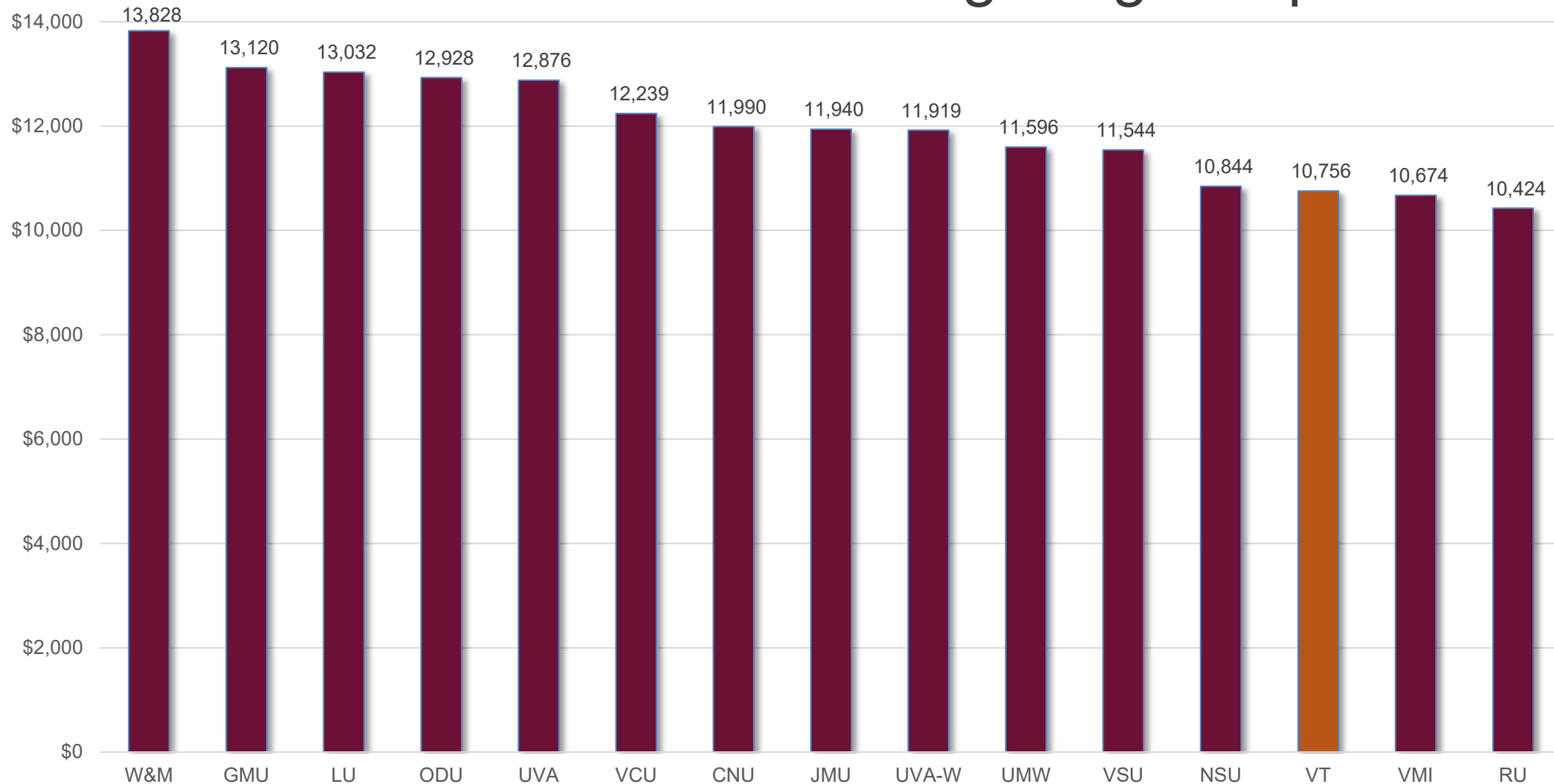
- 71% of full-time graduate students serve as a graduate assistant
 - Includes stipend, remission of tuition and E&G fees, and health insurance subsidy
- All graduate students, including those serving as graduate assistants, pay the comp fee and are eligible for services funded by that fee
- The statewide salary increase (5% minimum) will include graduate assistants, which will more than cover the proposed comprehensive fee increase
- In addition, the recent Task Force recommended increasing the minimum stipend level to address affordability concerns
 - This recommendation is among the top budget priorities for FY24 if resources are available
 - Specific minimum stipend will be set through university's budget process

Proposed room & board rates informed by:

- Market competitiveness
- Known or projected costs
- Service level needs



Current state: Virginia Tech's room & board third lowest among Virginia publics



Market Position

Projected Costs

Service Needs

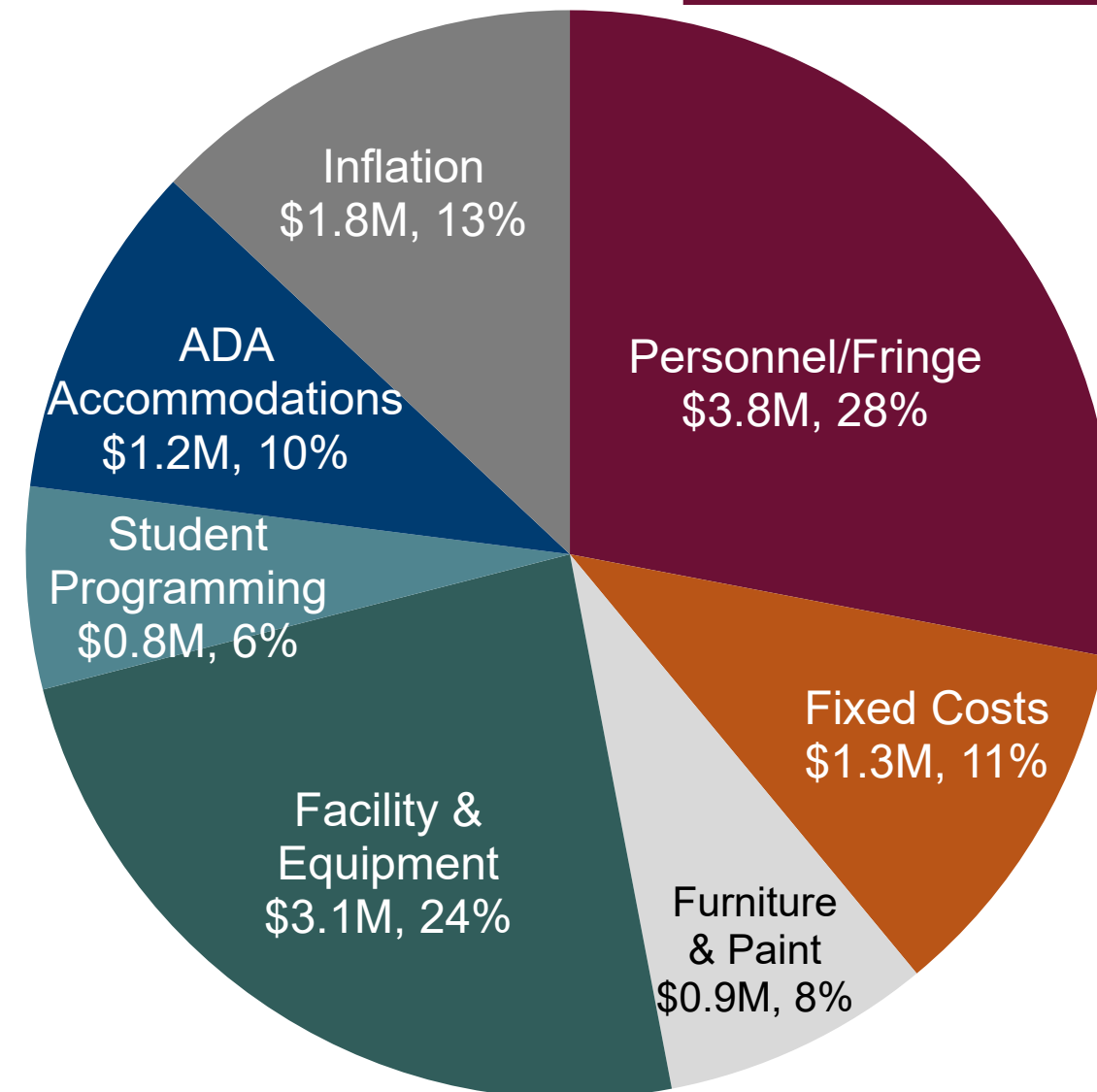
Room & Board increase driven by mandated and unavoidable cost increases

| | Skinny Budget | | 7% Compensation Scenario | |
|-------------------------------|-------------------------|-----------------------|---------------------------------|-----------------------|
| | (\$ in millions) | Fee Equivalent | | Fee Equivalent |
| Mandatory & Unavoidable Costs | \$ 11.8 | 8.3% | \$ 12.1 | 8.6% |
| Service Needs | 0.8 | 0.6% | 0.8 | 0.6% |
| Total | \$ 12.6 | 8.9% | \$ 12.9 | 9.2% |

- A 9.2% increase is required to accommodate a 7% state compensation program (if appropriated)
- **The 9.2% will be reduced to 8.9% if the final state budget includes a 5% average salary increase**

FY24 cost drivers put pressure on room and board, mirroring trends in the market

- In 2022, food prices increased by 9.9% according to US Dept Agriculture
- Average cost of off-campus housing in Blacksburg has increased 8%
- A **9.2% increase** in Room and Board is needed to maintain current services, address 7% state compensation program with:
 - New Upper Quad opening Fall 2023
 - Perry Place dining opening Spring 2024
 - Allergen free dining venue in Dietrick Hall
 - Staffing and support for student programming
- A slightly lower increase (8.9%) is needed if the state's compensation program is 5%
- **The university would reduce the rate increase to 8.9% if the state compensation program is 5%**



Market Position

Projected Costs

Service Needs

Philosophy for managing state uncertainty

State budget process not yet finalized

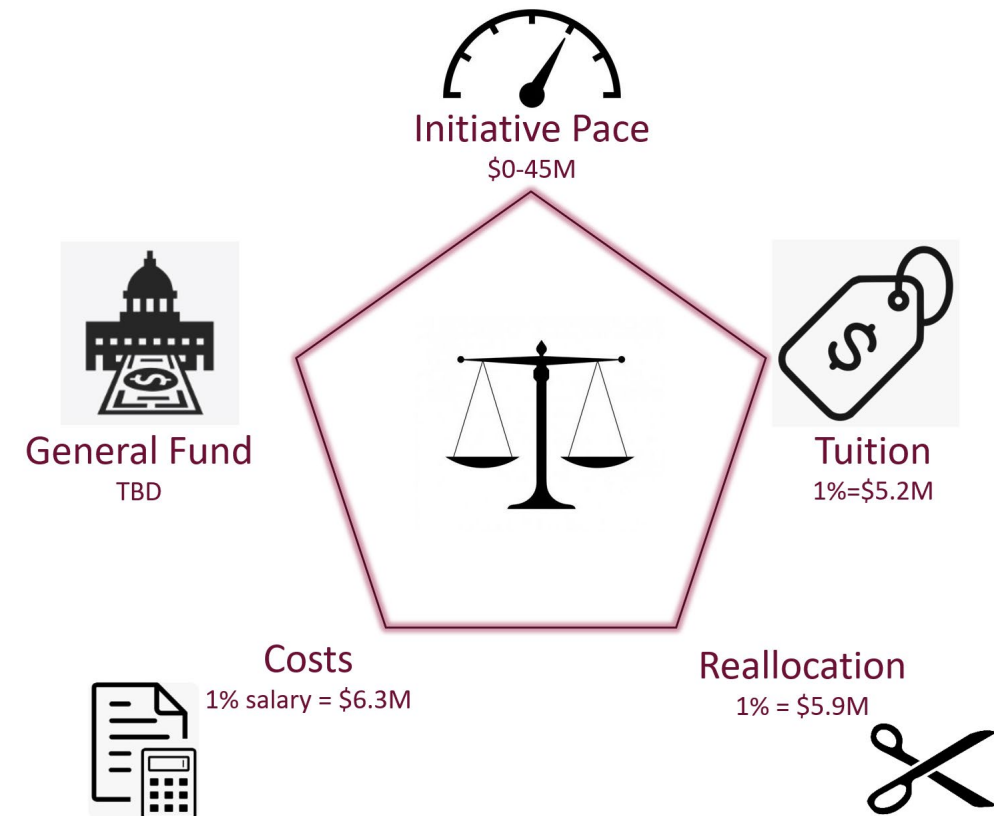
- New unrestricted General Fund support not known
- Compensation is a significant cost (includes graduate stipends)

With additional state support, priority will focus on:

- Addressing additional state costs (e.g. compensation)
- Any other state requirements for use of funds

Beyond that, incremental state funding would:

- Accelerate access and affordability
- Support strategic investments towards goal of becoming a Top 100 Global Research Institution
- Address critical needs requests consistent with strategic investment priorities
- Plan strategically for reallocations



Proposal Highlights

| | <u>2022-23</u> | <u>2023-24</u> | <u>Increase</u> |
|-----------------------------------|----------------|----------------|-----------------|
| <u>Tuition and Mandatory Fees</u> | | | |
| Resident Undergraduate | \$ 14,666 | \$ 15,476 | \$ 810 |
| Nonresident Undergraduate | 34,920 | 36,693 | 1,773 |
| Resident Graduate | 17,083 | 18,012 | 929 |
| Nonresident Graduate | 32,433 | 34,084 | 1,651 |
| <u>Room and Board</u> | 10,756 | 11,746 | 990 |

Full details of proposed tuition and fee rates for 2023-24 are included in Schedules 1-7.

RECOMMENDATIONS:

- The board approves tuition, fee, room and board rates as recommended effective Fall semester 2023.
- Pending final action by the General Assembly, the board authorizes the president to reduce increases to the comprehensive fee and room and board to 6.9% and 8.9% respectively.

April 21, 2023

DETAILED TUITION AND FEE RATE RECOMMENDATIONS

RESIDENT UNDERGRADUATE

| | 2022-23 | Proposed | Increase | |
|--------------------------------------------|-----------------|-----------------|-----------------|-------------|
| | Charge | 2023-24 | \$ | % |
| Tuition | \$12,104 | \$12,697 | \$593 | 4.9% |
| E&G Fees | 185 | 194 | 9 | 4.9% |
| <i>Tuition & E&G Fees</i> | 12,289 | 12,891 | 602 | 4.9% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| <i>Tuition & Mandatory Fees</i> | 14,666 | 15,476 | 810 | 5.5% |
| Room and Board | 10,756 | 11,746 | 990 | 9.2% |
| <i>Total Cost</i> | \$25,422 | \$27,222 | \$1,800 | 7.1% |

NONRESIDENT UNDERGRADUATE

| | 2022-23 | Proposed | Increase | |
|--------------------------------------------|-----------------|-----------------|-----------------|-------------|
| | Charge | 2023-24 | \$ | % |
| Tuition | \$31,754 | \$33,310 | \$1,556 | 4.9% |
| E&G Fees | 789 | 798 | 9 | 1.1% |
| <i>Tuition & E&G Fees</i> | 32,543 | 34,108 | 1,565 | 4.8% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| <i>Tuition & Mandatory Fees</i> | 34,920 | 36,693 | 1,773 | 5.1% |
| Room and Board | 10,756 | 11,746 | 990 | 9.2% |
| <i>Total Cost</i> | \$45,676 | \$48,439 | \$2,763 | 6.0% |

GRADUATE

| | 2022-23 Charge | Proposed 2023-24 | Increase | |
|------------------------------------------|---------------------------|-----------------------------|-----------------|-------------|
| | | | \$ | % |
| <u>Resident Tuition</u> | \$14,521 | \$15,233 | \$712 | 4.9% |
| E&G Fees | 185 | 194 | 9 | 4.9% |
| <i>Tuition & E&G Fees</i> | 14,706 | 15,427 | 721 | 4.9% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| <i>Total Resident Graduate</i> | \$17,083 | \$18,012 | 929 | 5.4% |
| | | | | |
| <u>Nonresident Tuition</u> | \$29,267 | \$30,701 | \$1,434 | 4.9% |
| E&G Fees | 789 | 798 | 9 | 1.1% |
| <i>Tuition & E&G Fees</i> | 30,056 | 31,499 | 1,443 | 4.8% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| <i>Total Nonresident Graduate</i> | \$32,433 | \$34,084 | \$1,651 | 5.1% |

VIRGINIA-MARYLAND COLLEGE OF VETERINARY MEDICINE

| | 2022-23 Charge | Proposed 2023-24 | Increase | |
|--------------------------------------------------|---------------------------|-----------------------------|-----------------------|--------------------|
| | | | \$ | % |
| Virginia/Maryland Students | | | | |
| Tuition | \$23,136 | \$24,177 | \$1,041 | 4.5% |
| Educational and General Fee | 185 | 194 | 9 | 4.9% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| Vet Med Facility Fee | 1,200 | 1,200 | 0 | 0.0% |
| Total Cost for Virginia/Maryland Students | <u>\$26,898</u> | <u>\$28,156</u> | <u>\$1,258</u> | <u>4.7%</u> |
| Out-of-State Students | | | | |
| Tuition | \$53,003 | \$55,388 | \$2,385 | 4.5% |
| Educational and General Fee | 789 | 798 | 9 | 1.1% |
| Comprehensive Fee | 2,377 | 2,585 | 208 | 8.8% |
| Vet Med Facility Fee | 1,200 | 1,200 | 0 | 0.0% |
| Total Cost for Out-of-State Students | <u>\$57,369</u> | <u>59,971</u> | <u>\$2,602</u> | <u>4.5%</u> |

VIRGINIA TECH CARILION SCHOOL OF MEDICINE

| | <u>2022-23 Charge</u> | <u>Proposed 2023-24</u> | <u>Increase</u> | |
|----------------------------------|---------------------------|-----------------------------|-----------------------|--------------------|
| | | | <u>\$</u> | <u>%</u> |
| Tuition | \$56,293 | \$58,826 | \$2,533 | 4.5% |
| Educational and General Fee | 185 | 194 | 9 | 4.9% |
| VTCSOM Student Services Fees (a) | 1,243 | 1,335 | 92 | 7.4% |
| Total Cost | <u><u>\$57,721</u></u> | <u><u>\$60,355</u></u> | <u><u>\$2,634</u></u> | <u><u>4.6%</u></u> |

(a) Includes VTCSOM Student Services, Health Services, Student Government/Activities, and Recreational Sports (M1, M2, M3, M4) fees.

COMPREHENSIVE FEE COMPONENTS FOR 2023-24

| | 2022-23 | Proposed | Increase | |
|-------------------------------------|----------------|-----------------|-----------------|-------------|
| | Charge | 2023-24 | \$ | % |
| <u>Comprehensive Fee</u> | | | | |
| Student Activity Fee | \$511 | \$548 | \$37 | 7.2% |
| Health Service Fee | 585 | 629 | 44 | 7.5% |
| Athletic Fee | 384 | 421 | 37 | 9.6% |
| Recreational Sports Fee | 351 | 374 | 23 | 6.6% |
| Student Services Fee ^(a) | 546 | 613 | 67 | 12.3% |
| Total Comprehensive Fee | \$2,377 | \$2,585 | \$208 | 8.8% |

^(a) Beginning 2023-24, the Transportation Services Fee will be consolidated into the Student Services Fee. The 2022-23 fee and proposed 2023-24 fee reflect this consolidation.

OTHER RATES AND CHANGES FOR 2023-24

- Pamplin College of Business Undergraduate Supplemental Fee
 - Phased-in *conversion* of university's only per-credit program fee to an annual program fee, consistent with annual program fees in COE, AAD, and CALS
 - \$105 credit hour replaced with \$2,550 for incoming students
- Corps of Cadet Fee \$480
- Northern Virginia Region Transportation Services Fee
 - Partnership with Washington Metropolitan Area Transit Authority to provide unlimited access to metro rail and bus services (U-Pass) \$329
- Online Programs
 - New Master of Professional Studies in Climate Leadership \$925 per credit hour
- Executive Degree Programs
 - Executive Ph.D. in Business Research (BXBR): transition away from 3-year fixed price to per-credit pricing to enhance flexibility and support enrollment growth.