

Board of Visitors Meeting Schedule November 15-16, 2020

Sunday, November 15: Attire is business casual.

- 9:30-11:00 **Compliance, Audit, and Risk Committee** meets in Closed Session followed by Open Session in Latham Ballroom A/B
- 11:00-11:30 **Compliance, Audit and Risk Committee and Governance and Administration Committee** meet jointly in Open Session in Latham A/B
- 11:45-12:45 Brunch for full Board members and administrators (by invitation only), Preston's Dining Room
- 1:00-2:15 **Information Session for Full Board** in Latham A/B, audience in CDEF (open to A/B). Presentations on Innovation Campus and Strategic Plan progress, update on President's Committee on Governance/Task Force on Future of Student Governance, constituent reports
- 2:30-4:30 **Buildings and Grounds Committee** meets in Open Session in Latham A/B, audience in CDEF.
- 4:30-4:45 **Buildings and Grounds Committee and Finance and Resource Management Committee** meet jointly in Open Session in Latham Ballroom A/B.
- 4:45 p.m. **Buildings and Grounds Committee** assembles in lobby of The Inn to depart for tour of the Power Plant (All Board members are encouraged to participate.)
- 6:15 p.m. BOV members depart from the lobby of the Inn for dinner with invited administrators at The German Club

Monday, November 16: Attire is business casual. All meetings on Monday are at The Inn. Check out of room before lunch and leave luggage at the front desk. BOV members will have breakfast on their own at The Inn (**Preston's dining room will be open from 7:00 to 9:30 a.m. for BOV members only.**)

- 8:30-9:30 **Academic, Research and Student Affairs Committee and Finance and Resource Management Committee** meet jointly in Open Session in Latham Ballroom A/B.
- 9:30-10:00 **Finance and Resource Management Committee** meets in Closed Session in Latham Ballroom A/B
- 9:30-10:00 **Academic, Research and Student Affairs Committee** meets in Closed Session in Latham Ballroom CDEF
- 10:00-11:45 **Finance and Resource Management Committee** meets in Open Session in Latham Ballroom A/B
- 10:00-11:45 **Academic, Research, and Student Affairs Committee** meets in Open Session in Latham Ballroom CDEF
- 10:00-11:30 **Governance and Administration Committee** meets in Open Session in Assembly Hall in Holtzman Alumni Center
- 12:00 p.m. **Lunch** for Board Members in Preston's (invitation only)
- 1:15 p.m. **Full Board Meeting** in Latham A/B, audience in C/D/E/F (opened to A/B)
- 4:00 p.m. (time approximate) Meeting adjourns. Board members depart Blacksburg.

**BOARD OF VISITORS
MEETING**

November 15-16, 2020

Virginia Polytechnic Institute and State University

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 - Sabrina Sturgeon, Graduate Student Representative to the Board
 - Tamarah Smith, Staff Representative to the Board
 - Eric Kaufman, Faculty Representative to the Board
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- Litigation Report
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 - Personnel Matters Regarding Specific Individuals
- Tab S** **Motion to Return to Open Session**

****These items have been reviewed by the Academic, Research, and Student Affairs Committee and the Finance and Resource Management Committee of the Board of Visitors.***

*****These items have been reviewed by the Buildings and Grounds Committee and the Finance and Resource Management Committee of the Board of Visitors.***

There is no public comment period at this meeting.

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

CURRENT MEMBERS OF THE BOARD OF VISITORS:

Mr. Edward H. Baine
Ms. Shelley B. Barlow
Ms. Carrie H. Chenery
Ms. Greta J. Harris
Mr. Charles T. Hill
Ms. Anna L. James
Ms. Letitia A. Long, Vice-Rector
Ms. Sharon Brickhouse Martin
Dr. Melissa Nelson
Mr. L. Chris Petersen
Mr. Mehul P. Sanghani
Mr. Horacio A. Valeiras, Rector
Mr. Jeff E. Veatch
Mr. Preston M. White

Undergraduate Student Representative: Camellia Pastore
Graduate Student Representative: Sabrina Sturgeon
Staff Senate Representative: Tamarah Smith
Faculty Senate Representative: Eric Kaufman

ADMINISTRATIVE STAFF:

Dr. Timothy D. Sands: President
Dr. Cyril R. Clarke: Executive Vice President and Provost
Dr. Dwayne L. Pinkney: Senior Vice President and Chief Business Officer

Dr. Lance Collins: Vice President and Executive Director for the Innovation Campus
Dr. Karen DePauw: Vice President and Dean for Graduate Education
Dr. Michael J. Friedlander: Vice President for Health Sciences and Technology
Mr. Bryan Garey: Vice President for Human Resources
Dr. Guru Ghosh: Vice President for Outreach and International Affairs
Dr. Chris Kiwus: Vice President for Campus Planning, Infrastructure, and Facilities
Dr. Steven H. McKnight: Vice President for Strategic Alliances
Dr. Scott F. Midkiff: Vice President for Information Technology & Chief Information Officer
Mr. Ken Miller: Vice President for Finance
Ms. Kim O'Rourke: Vice President for Policy and Governance & Secretary to the Board
Mr. Charles D. Phlegar: Vice President for Advancement
Dr. Menah Pratt-Clarke: Vice President for Diversity, Inclusion, and Strategic Affairs
Dr. Frank Shushok: Vice President for Student Affairs
Dr. Daniel Sui: Vice President for Research and Innovation
Dr. Lisa J. Wilkes: Vice President for Business Affairs

Ms. Kay K. Heidbreder: University Legal Counsel
Ms. Sharon M. Kurek: Executive Director of Audit, Risk, and Compliance
Mr. Christopher J. Yianilos: Executive Director of Government Relations

BOARD OF VISITORS
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Committee Assignments for 2020-21

Academic, Research, and Student Affairs Committee

Greta Harris, *Committee Chair*
Carrie Chenery
Melissa Nelson
Jeff Veatch

Buildings and Grounds Committee

C.T. Hill, *Committee Chair*
Shelley Barlow
Tish Long, Vice Rector
Sharon Brickhouse Martin
Mehul Sanghani

Compliance, Audit, and Risk Committee

Tish Long, Vice Rector, *Committee Chair*
Chris Petersen (rep G&A)
Anna James (rep FRM)
Sharon Brickhouse Martin (rep B&G)
Jeff Veatch (rep ARSA)

Finance and Resource Management Committee

Ed Baine, *Committee Chair*
Anna James
Preston White

Governance and Administration Committee

Mehul Sanghani, *Committee Chair*
Tish Long, Vice Rector
Chris Petersen

Executive Committee (6 members)

Horacio Valeiras, Rector
Greta Harris, *Academic, Research, and Student Affairs Committee Chair*
C. T. Hill, *Buildings & Grounds Committee Chair*
Tish Long, Vice Rector, *Compliance, Audit, and Risk Committee Chair*
Ed Baine, *Finance and Resource Management Committee Chair*
Mehul Sanghani, *Governance and Administration Committee Chair*

[The Rector is an ex officio member of all standing committees.](#)

The constituent representatives will sit in on the committee meetings of their choice:

Faculty Senate President – Eric Kaufman
Staff Senate President – Tamarah Smith
Graduate Student Representative – Sabrina Sturgeon
Undergraduate Student Representative – Camellia Pastore

Virginia Tech Board of Visitors Meeting

Information Session

Sunday, November 15, 2020

1:00 – 2:20 p.m.

**The Inn – Latham Ballroom A/B
Virginia Tech Campus**

Innovation Campus Update

- Dr. Lance Collins, Vice President and Executive Director for the Innovation Campus

Strategic Plan Dashboard Update

- Dr. Menah Pratt-Clarke, Vice President for Diversity, Inclusion, and Strategic Affairs

President's Committee on Governance/Task Force on the Future of Student Governance

- Dr. Cyril Clarke, Executive Vice President and Provost
- Dr. Frank Shushok, Vice President for Student Affairs

Constituent Reports

- Camellia Pastore, Undergraduate Student Representative to the Board
- Sabrina Sturgeon, Graduate Student Representative to the Board
- Tamarah Smith, Staff Representative to the Board
- Eric Kaufman, Faculty Representative to the Board

MINUTES

August 25, 2020

The Board of Visitors of Virginia Polytechnic Institute and State University met on Tuesday, August 25, 2020, at 1:15 p.m. in the Moss Arts Center at Virginia Tech, Blacksburg, Virginia.

Present

Edward H. Baine
Shelley Butler Barlow
Carrie H. Chenery
Greta J. Harris
C. T. Hill
Anna L. James
Letitia A. Long (Vice Rector)
Sharon Brickhouse Martin
Melissa Byrne Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras (Rector)
Preston M. White

Absent

Jeff Veatch

Constituent Representatives:

Eric Kaufman, Faculty Representative
Tamarah Smith, Staff Representative
Sabrina Sturgeon, Graduate Student Representative
Camellia Pastore, Undergraduate Student Representative

Also present were the following: President Timothy Sands, Kim O'Rourke (Secretary to the Board), Mac Babb, Lori Buchanan, Cyril Clarke, Al Cooper, John Cusimano, Karen DePauw, Corey Earles, Kari Evans, Kevin Foust, Bryan Garey, Tony Haga, Dee Harris, Kay Heidbreder, Chris Kiwus, Nancy Meacham, Scott Midkiff, Ken Miller, Mike Mulhare, April Myers, Justin Noble, Mark Owczarski, Charles Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Jon Clark Teglas, Tracy Vosburgh, Ruth Waalkes, and a member of the media.

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There was no public comment period.

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Rector Valeiras convened the meeting and welcomed everyone. He introduced new Board member Carrie Chenery, and the new representatives, Sabrina Sturgeon, Camellia Pastore, and Eric Kaufman. He welcomed Tamarah Smith back for another year as the staff representative.

He noted that this is the first in-person meeting of the full Board since November 2019. Amid the COVID-19 pandemic, the fall semester started on time yesterday (August 24) with important safety protocols in place. He noted that the Board held a retreat (on August 23) preceding the Board meeting, which gave the Board the opportunity to think about the trends that are being accelerated by the pandemic, and the Board also had tours of the Fralin Biomedical Research Institute at VTC, the Virginia Tech Carilion School of Medicine, and Kentland Farm. The Board looks forward to a productive, healthy, and safe semester.

He thanked everyone for the work that has been done. In particular, he thanked the Moss Arts Center for enabling the Board to meet in the theatre and acknowledged the extensive work of Business and Management Systems, Classroom Audiovisual Services, and the Moss Arts Center staff to put in place the technology required and configure the space to enable the Board to meet safely in person in compliance with all of the special safety requirements necessitated by the pandemic.

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APPROVAL/ACCEPTANCE OF THE CONSENT AGENDA OPEN ITEMS*
(Refer to Attachments A through Q)

[*Note: Items on the consent agenda are matters of importance that have been reviewed carefully by members of the board in preparation for the meeting but have been determined not to require discussion by the board or its committees.]

Rector Valeiras asked for a motion to approve/accept the consent agenda open session items as listed. The motion was made by Ms. Harris, seconded by Ms. Long, and approved unanimously.

- **Minutes of the Public Comment Period held March 19, 2020**
- **Minutes of the Board of Visitors Meeting held June 2, 2020**
- **Minutes of the Executive Committee Meeting of August 13, 2020**
- **Minutes of the Executive Committee Meeting of August 23, 2020 - Attachment A**
- **Report of the Academic, Research, and Student Affairs Committee (8/24/20) - Attachment B**

- **Report of the Buildings and Grounds Committee (8/25/20)** - Attachment C
- **Report of the Compliance, Audit, and Risk Committee (8/24/20)** - Attachment D
- **Report of the Finance and Resource Management Committee (8/25/20)** - Attachment E
- **Report of Board of Visitors Retreat (8/23/20)** - Attachment F
- **Report of Board of Visitors Information Session (8/24/20)** - Attachment G

From the Academic, Research, and Student Affairs Committee Consent Agenda:

- **Resolution to Ratify 2020-2021 Faculty Handbook** - Attachment H
- **Resolution to Approve Exclusion of Certain Officers/Directors** - Attachment I

From the Buildings and Grounds Committee Consent Agenda:

- **Resolution to Approve Demolition of a University Greenhouse (Building No. 0433C)** - Attachment J
- **Resolution to Amend the Guidelines for Projects under the Public-Private Education Facilities and Infrastructure Act of 2002** - Attachment K
- **Resolution to Approve an Update to the Capital Construction Delivery Method Approval Process** - Attachment L
- **Resolution to Approve Appointment to the Virginia Tech Montgomery Regional Airport Authority** - Attachment M

From the Finance and Resource Management Committee Consent Agenda:

- **Resolution to Approve Creativity and Innovation District Living Learning Community 9(c) Debt Financing** - Attachment N
- **Resolution to Adjust VT-ARC Affiliation Agreement** - Attachment O

Consent agenda information items; no Board of Visitors action required:

- **Atlantic Coast Conference (ACC) Governing Board Annual Certification** - Attachment P
- **Report of Research and Development Disclosures** - Attachment Q

REPORT OF THE ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

Rector Valeiras called on Ms. Harris for the report of the Academic, Research, and Student Affairs Committee.

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Rector Valeiras called on Mr. Hill for the report of the Buildings and Grounds Committee.

As part of the Buildings and Grounds Committee report, approval of the following resolution was moved by Mr. Hill, seconded by Ms. Long, and approved unanimously.

Resolution to Approve the Partial Demolition of the Art and Design Learning Center (Building No. 0196)

That the resolution authorizing the demolition of Building No. 0196 be approved. (Copy filed with the permanent minutes and marked Attachment R.)

As part of the Buildings and Grounds Committee report, approval of the following resolution was moved by Mr. Hill, seconded by Ms. Long, and approved unanimously.

Resolution to Approve the Demolition of Femoyer Hall (Building No. 0013)

That the resolution authorizing the demolition of Femoyer Hall (Building No. 0013) be approved. (Copy filed with the permanent minutes and marked Attachment S.)

REPORT OF THE COMPLIANCE, AUDIT, AND RISK COMMITTEE

Rector Valeiras called on Ms. Long for the report of the Compliance, Audit, and Risk Committee.

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REPORT OF THE FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Rector Valeiras called on Mr. Baine for the report of the Finance and Resource Management Committee.

As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Mr. Sanghani, and approved unanimously.

Resolution to Approve Additional Lines of Credit

That the resolution identifying the authorized officers; approving the terms of the proposals and the form of the credit agreement and note; and authorizing the authorized officers to negotiate, execute and deliver all necessary documents to obtain up to \$210 million of additional lines of credit be approved. (Copy filed with the permanent minutes and marked Attachment T.)

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As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Mr. White, and approved unanimously.

**Resolution to Approve Year-to-Date Financial Performance Report
(July 1, 2019 – June 30, 2020)**

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, 2019, through June 30, 2020, and the Capital Outlay report be approved. (Copy filed with the permanent minutes and marked Attachment U.)

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As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Ms. James, and approved unanimously.

**Resolution Establishing University Policy 12111:
Acceptance of Terms and Conditions Associated with
Donations, Gifts, and Other Private Philanthropic Support**

That the resolution establishing University Policy 12111 on the acceptance of terms and conditions associated with donations, gifts, and other private philanthropic support be approved. (Copy filed with the permanent minutes and marked Attachment V.)

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As part of the Finance and Resource Management Committee report by Mr. Baine and with the endorsement of the Buildings and Grounds Committee, approval of the following resolution was moved by Mr. Baine, seconded by Mr. Hill, and approved unanimously.

Resolution to Authorize a Temporary Supplement for Planning the Undergraduate Science Laboratory Building Capital Project

That the resolution authorizing Virginia Tech to supplement the initial planning budget for the Undergraduate Science Laboratory project and to fund the budget with temporary nongeneral fund resources be approved. (Copy filed with the permanent minutes and marked Attachment W.)

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EXECUTIVE COMMITTEE

The Executive Committee is empowered to act on behalf of the Board between regular Board meetings. Rector Valeiras announced that the Executive Committee met on August 13, 2020, and considered and approved six resolutions.

Rector Valeiras asked for a motion by a member of the Executive Committee to ratify the action from the August 13, 2020, meeting. Approval of the following resolution was moved by Mr. Hill, seconded by Ms. Harris, and approved unanimously.

Resolution to Ratify Actions of the Executive Committee on August 13, 2020

That the resolution ratifying the actions taken by the Executive Committee of the Board of Visitors at a special meeting convened on August 13, 2020, be approved. (Copy filed with the permanent minutes and marked Attachment X.)

Rector Valeiras noted that the Executive Committee minutes were posted on the Board's website. The recommendations for the building namings were brought forward to the President by the Council on Virginia Tech History and the Commemorative

Tributes Committee. Plaques will be placed to explain historical context and provide information about those for whom the buildings were named, past and present.

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PRESIDENT'S REPORT

A copy of President Sands' remarks to the Board of Visitors is filed with the permanent minutes and marked Attachment Y.

As part of the report by President Sands, approval of the following resolution was moved by Ms. Long, seconded by Dr. Nelson, and approved unanimously.

Resolution of Appreciation Honoring Dennis Treacy

That the resolution recognizing Dennis H. Treacy for his service as a member and Rector of the Board of Visitors be approved. (Copy filed with the permanent minutes and marked Attachment Z.)

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Constituent Reports (no action required)

- Undergraduate Student Representative to the Board - Camellia Pastore
- Graduate Student Representative to the Board - Sabrina Sturgeon
- Staff Representative to the Board - Tamarah Smith
- Faculty Representative to the Board - Eric Kaufman

The reports by the student representatives were delivered orally at the Information Session on August 24, and the reports by the faculty and staff representatives were delivered orally at the full Board meeting on August 25, 2020. (Copies filed with the permanent minutes and marked Attachment AA.)

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Motion to Begin Closed Session

Ms. Long moved that the Board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Appointment of faculty to Emeritus status, the consideration of individual salaries of faculty, consideration of Endowed Professors, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes including appointments, resignations, tenure, and salary adjustments of specific employees and faculty leave approvals.

2. The status of current litigation and briefing on actual or probable litigation.
3. Fundraising activities.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, .7, and .9. The motion was seconded by Mr. White and passed unanimously.

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**CLOSED SESSION REPORTS
(No Board action required)**

1. Litigation report – Ms. Heidbreder
2. Fundraising report (no report)

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Motion to Return to Open Session

Following the closed session, members of the media, students, and the public were invited to return to the meeting. Rector Valeiras asked Ms. Long to make the motion to return to open session. Ms. Long made the following motion:

WHEREAS, the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that to the best of each member's knowledge: (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Board of Visitors.

The motion was seconded by Mr. Petersen and passed unanimously.

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Upon motion by Ms. Long and second by Mr. Baine, approval was given to the following group of three resolutions as considered in closed session.

- **Resolutions to Approve Emeritus/a Status (9)** - Attachment BB
- **Resolutions to Approve New Appointments of Endowed Chairs, Professorships, or Fellowships (5)** - Attachment CC
- **Resolutions to Approve Reappointments to Alumni Distinguished Professor (2)** - Attachment DD

(Copies are filed with the permanent minutes and marked as noted above.)

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Upon motion by Mr. Baine and second by Ms. Harris, unanimous approval was given to the resolution for ratification of the **Personnel Changes Report**, as considered in closed session. This item was reviewed by the Finance and Resource Management and the Academic, Research, and Student Affairs Committees. (Copy filed with the permanent minutes and marked Attachment EE.)

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On behalf of the Board, Rector Valeiras expressed excitement about being back on campus and the initiatives under way. Several Board members joined him in thanking the students, faculty, and staff for all of their efforts.

Dr. Nelson asked how the Board would receive communication should further actions be necessary in the event that the COVID-19 situation worsens significantly. President Sands responded that the university leadership is monitoring the situation continually and will keep the Board informed of the status; an emergency meeting of the Board could be convened if necessary. Rector Valeiras adjourned the meeting at 2:48 p.m.

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The date of the next regular meeting is November 15-16, 2020, in Blacksburg, Virginia.

Horacio A. Valeiras, Rector

Kim O'Rourke, Secretary

**RESOLUTION TO EDIT CONSTITUTION OF THE GRADUATE HONOR SYSTEM TO
ADD REVOKING GRADUATE DEGREE TO PENALTY OPTIONS**

Materials attached:

1. Resolution
2. List of revisions
3. Graduate Honor System Constitution with changes **in red font**

RESOLUTION TO APPROVE REVISIONS TO THE GRADUATE HONOR SYSTEM

WHEREAS, academic standards preserve the integrity of the degrees granted by Virginia Tech; and

WHEREAS, the Graduate Honor System “establishes a standard of academic integrity and demands a firm adherence to a set of values with respect to the intellectual efforts of oneself and others;” and

WHEREAS, compliance with the Graduate Honor System “requires that all graduate students exercise honesty and ethical behavior in all their academic pursuits, including but not limited to study, course work, research, extension, or teaching;” and

WHEREAS, incidents have been reported of graduate students fraudulently obtaining a degree through serious misconduct such as plagiarism, falsification, or academic sabotage while enrolled in a degree program; and

WHEREAS, these types of violations of the Graduate Honor System can be discovered after the graduate degree is conferred; and

WHEREAS, the revocation of a degree is considered best practice in cases where a degree was fraudulently obtained; and

WHEREAS, the ability to revoke a degree is absent from the options for penalties in the Constitution of the Graduate Honor System; and

WHEREAS, the Constitution of the Graduate Honor System provides a framework for adjudication of cases from reporting an alleged violation through appeal;

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors approves the attached revised Constitution of the Graduate Honor System effective spring semester 2021.

RECOMMENDATION:

That the above resolution be approved.

November 16, 2020

CONSTITUTION OF THE GRADUATE HONOR SYSTEM

Proposed Edits

Board of Visitors November 16, 2020

Article I: Purpose and Description	Section 1	Addition of the language “Anyone facing a charge of violating the Graduate Honor Code is presumed to be innocent.”
Article II: General Administration	Sections 3.4, 3.5	Commission name change to add “and professional” and update the acronym from the Commission on Graduate Students and Policies to the Commission on Graduate and Professional Studies and Policies.
	Section 7	Duties of associate chair(s) updated for clarity on the evidence gathering process. Language revised to mandate that associate chair(s) complete report summarizing evidence as promptly as possible with regard for due process. Bullet points renumbered to accommodate insertion of (new) Section 7.2.
Article III: Facilitated Discussion	No changes	
Article IV: Preliminary Review Panel	No changes	
Article V: Review Panel	No changes	
Article VI: University Action	No changes	
Article VII: Actions of the Graduate Honor System	Section 3.2	Commission name change to add “and professional”
Article VIII: Rights and Obligations of the Referred Student	No changes	
Article IX: Rights and Obligations of the Referrer	No changes	
Article X: Obligations of Parties Indirectly Involved in Cases	No changes	
Article XI: General (Reporting of Violations; Jurisdiction; Membership)	Section 6	The section on “Violations Involving Graduate Students Already Graduated” is deleted and replaced with the new “Article XII: Violations Involving Former Graduate Students Who Have Received Their Degrees” remaining sections are renumbered to 6 through 11
Article XII: Violations Involving Former Graduate Students Who Have Received Their Degrees	New Article XII	Includes the entire process of convening of the special committee to review and investigate allegations of fraudulently obtained degrees by former graduate students, including the composition, functions, operations, actions, and appeals.
Article XIII: Amendments	Renumbered	Renumbered to Article XIII from Article XII. Commission name change to add “and professional”. Also included a summary of the 2020 Revision.
Appendix: Plagiarism	No changes	



CONSTITUTION OF THE GRADUATE HONOR SYSTEM

Virginia Polytechnic Institute and State University

Effective ~~Fall-Spring 2018~~2021

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ARTICLE I: PURPOSE AND DESCRIPTION

Section 1 - Graduate Honor Code

The Graduate Honor Code establishes a standard of academic integrity. As such, this code demands a firm adherence to a set of values. In particular, the code is founded on the concept of honesty with respect to the intellectual efforts of oneself and others. Compliance with the Graduate Honor Code requires that *all* graduate students exercise honesty and ethical behavior in all their academic pursuits at Virginia Tech, whether these undertakings pertain to study, course work, research, extension, or teaching. **Anyone facing a charge of violating the Graduate Honor Code is presumed to be innocent.**

It is recognized that graduate students have very diverse cultural backgrounds. In light of this, the term *ethical behavior* is defined as conforming to accepted professional standards of conduct, such as codes of ethics used by professional societies in the United States to regulate the manner in which their professions are practiced. The knowledge and practice of ethical behavior shall be the full responsibility of the student. Graduate students may, however, consult with their major professors, department heads, International Graduate Student Services, or the Graduate School for further information on what is expected of them.

More specifically, all graduate students, while being affiliated with Virginia Tech, shall abide by the standards established by Virginia Tech, as described in this Constitution. Graduate students, in accepting admission, indicate their willingness to subscribe to and be governed by the Graduate Honor Code and acknowledge the right of the University to establish policies and procedures and to take disciplinary action (including suspension or expulsion) when such action is warranted. Ignorance shall be no excuse for actions which violate the integrity of the academic community.

The fundamental beliefs underlying and reflected in the Graduate Honor Code are that (1) to trust in a person is a positive force in making a person worthy of trust, (2) to study, perform research, and teach in an environment that is free from the inconveniences and injustices caused by any form of intellectual dishonesty is a right of every graduate student, and (3) to live by an Honor System, which places a positive emphasis on honesty as a means of protecting this right, is consistent with, and a contribution to, the University's quest for truth.

Section 2 - Implementation

The Graduate Honor System was established to implement the Graduate Honor Code, and its functions shall be:

1. To promote honesty and ethical behavior in all academic pursuits, including, but not limited to, study, research, teaching, and extension.
2. To disseminate information concerning the Graduate Honor System to all new graduate students, faculty, and other interested parties.
3. To consider and review all suspected violations of the Graduate Honor Code in an impartial, thorough, and unbiased manner.
4. To review all cases involving academic infractions of the Graduate Honor Code brought before the System.
5. To assure that the rights of all involved parties are protected and assure due process in all proceedings.

Section 3 - Violations

All forms of academic work including, but not limited to, course work, lab work, thesis or dissertation work, research, teaching, and extension performed by any graduate student enrolled on a part-time or full-time basis under any of the admission categories listed in the Virginia Tech Graduate Catalog shall be subject to the stipulations of the Graduate Honor Code. Violations of the Graduate Honor Code are categorized as follows: Cheating, Plagiarism, Falsification, and Academic Sabotage. Violations are defined as follows:

1. *Cheating*: Cheating is defined as the giving or receiving of any unauthorized aid, assistance, or unfair advantage in any form of academic work. Cheating applies to the products of all forms of academic work. These products include, but are not limited to, in-class tests, take-home tests, lab assignments, problem sets, term papers, research projects, theses, dissertations, preliminary and qualifying examinations given for the fulfillment of graduate degrees, or any other work assigned by an instructor or professor, graduate committee, or department that pertains to graduate work or degrees.

Any student giving or receiving unauthorized information concerning a test, quiz, or examination shall be responsible for an Honor Code violation. Submitting work that counts towards the student's grade or degree which is not the sole product of that student's individual effort shall be considered cheating, unless, for example, the professor explicitly allows group work, use of out-of-class materials, or other forms of collective or cooperative efforts. In general, all academic work shall be done in accordance with the requirements specified by the instructor or professor. In the absence of specific allowances or instructions by the professor, students shall assume that all work must be done individually.

Some uses of permanently returned, graded material ("koofers") are cheating violations of the Code. By permanently returning graded materials, a faculty member or instructor demonstrates the intent that these materials should be accessible to all students. Such materials may be used for study purposes, such as preparing for tests or other assignments, and other uses explicitly allowed by the professor or course instructor. Once test questions have been handed out, koofers may not be used. Other specific examples of the unauthorized use of koofers include, but are not limited to, using koofers during closed-book exams, handing in any type of copy (e.g., a photocopy or a transcribed copy) of someone else's work (partial or complete) from a previous term, and copying a current answer key or one that was handed out in a previous term. Students may not copy and hand in as their own work answers taken from any kind of koofer. When in doubt of what may or may not be used, students should consult with the course instructor. In the absence of specific instructions concerning koofers from the instructor, students shall assume that all submitted work must be the product of their own efforts without koofers or other unauthorized aid/ materials.

2. *Plagiarism:* Plagiarism is a specific form of cheating, and is defined as the copying of the language, structure, idea, and/or thoughts of another and claiming or attempting to imply that it is one's own original work. It also includes the omitting of quotation marks when references are copied directly, improper paraphrasing (see Plagiarism), or inadequate referencing of sources. Sources used in preparing assignments for classes, theses, dissertations, manuscripts for publication, and other academic work should be documented in the text and in a reference list, or as directed by the instructor or professor. Sources requiring referencing include, but are not limited to, information received from other persons that would not normally be considered common knowledge (Plagiarism), computer programs designed or written by another person, experimental data collected by someone else, graded permanently-returned materials such as term papers or other out-of-class assignments (koofers), as well as published sources. A more detailed discussion of plagiarism may be found in Plagiarism.
3. *Falsification:* Students who falsify, orally, in writing, or via electronic media, any circumstance relevant to their academic work shall be responsible for a violation of this Code. Included are such actions as forgery of official signatures, tampering with official records or documents, fraudulently adding or deleting information on academic documents, fraudulently changing an examination or

testing period or due date of an assignment, and the unauthorized accessing of someone else's computer account or files. Violations also include willfully giving an improper grade or neglecting to properly grade submitted material, improperly influencing the results of course evaluations, and knowingly including false data or results in any paper or report submitted for a grade, as a degree requirement, or for publication.

4. *Academic Sabotage:* Academic sabotage is purposeful vandalism directed against any academic endeavor or equipment. It includes, but is not limited to, the destruction or theft of written material, laboratory or field experiments, equipment used in teaching or research, or computer files or programs. Unauthorized tampering with computer programs or systems shall constitute a violation. Academic sabotage includes deliberately crashing or attempting to crash a computer system or the use of files intended to cause or actually causing computer systems to behave atypically, thereby impeding another person's or group's efforts. In particular, knowingly infecting any system with a virus, worm, time bomb, trap door, Trojan horse, or any other kind of invasive program shall be considered a serious violation. Note that violations under this category may also lead to University judicial action or to criminal suits charged by the University.

Misconduct and unethical behavior in research and teaching deserves special mention in the Code since it is an area of special interest to graduate students. It is not a separate violation category since it may involve cheating, plagiarism, falsification, and/or academic sabotage as discussed above. *Misconduct in research* does not include those factors intrinsic to the process of research, such as honest error, conflicting data, or differences in interpretation concerning data or experimental design. Likewise, *misconduct in teaching* does not include honest disagreement over the method of presentation of instructional material to a class or in the evaluation of the performance of a student. Research misconduct allegations may also be investigated by the [Virginia Tech Office of Research Integrity](#).

* For further information on *misconduct in research* and its definition, see the references listed under item 4 of *1991 Revision -- Reference Material Used*.

Section 4 - Composition

The Graduate Honor System shall consist of an Advisor, a Chair, one or more Associate Chair(s), GHS Facilitators, and Panelists for the Preliminary Review Panel and Review Panel. The Dean (or designee) of the Graduate School shall be responsible for the continued operation of the System.

Appointment of Graduate Honor System personnel shall be made in accordance with Article II and Article XI, Section 7.

ARTICLE II: GENERAL ADMINISTRATION

Section 1 - Appointment of the Graduate Honor System Advisor

A member of the staff of the Dean of the Graduate School shall be appointed by the President to serve as the Graduate Honor System Advisor. The Advisor shall serve in an advisory capacity to the Chair and shall be present (or represented) at all hearings of both the Preliminary Review Panel and the Review Panel.

Section 2 - Duties and Functions of the Advisor

The following duties and functions shall be performed by the Advisor:

1. The advisor shall have the responsibility to train the Chair, Associate Chair(s), Facilitators, and new panel members.
2. The advisor shall provide counsel to the Chair and Associate Chair(s) in the preparation of cases.
3. The advisor shall provide staff for handling training sessions, scheduling meetings, and other matters related to the administration of the Graduate Honor System.
4. The advisor shall counsel faculty or students referring cases as well as those students charged with offenses.
5. The advisor (or designee) shall attend all hearings.
6. The advisor, in consultation with the Chair, shall be responsible for appointing the Associate Chair(s).
7. The advisor, upon receiving the recommendation of the Chair, shall be responsible for approving the membership of the Preliminary Review Panel and Review Panel.

Section 3 - Appointment of the Chair

1. Nominations for the position of Chair shall be accepted from the Graduate Student Assembly, College Deans, and other members of the academic community, and applications by qualified persons shall be welcomed. Candidates for the position of Chair must be graduate students in good standing and must have been in residence for at least one (1) semester immediately preceding nomination. Preferably, the nominee will have served as an Associate Chair or as a graduate student panelist for at least one (1) semester prior to appointment.

2. The term of office shall be one (1) year, but if available and willing, the current Chair may be re-appointed by the President of the University to serve subsequent terms, up to four (4) years, upon the recommendation of the Graduate Honor System Advisor.
3. The Chair Nominating Committee shall be convened by the Dean upon the resignation of the current Chair, upon completion of term of office, or upon termination of office. This committee shall consist of the Graduate Honor System Advisor, up to three (3) graduate student members of the Graduate Honor System, and one (1) faculty member having previously served on a Review Panel and appointed by the Dean of the Graduate School. All members shall have equal voting privileges. The function of this committee shall be to nominate a candidate for appointment by the President. The nomination process shall be to: (1) invite nominations and accept applications, (2) review applications and conduct interviews with applicants, and (3) recommend to the President of the University, from among these applicants, a nominee for the position of Chair. The recommendation of this committee shall be by majority vote.
4. The recommendation of the nominating committee is voted on by the Graduate Student Assembly (GSA) and the Commission on Graduate and Professional Studies and Policies (EGSCGPS&P).
5. The Dean of the Graduate School will forward the nomination to the President conveying the vote of the GSA and EGSCGPS&P.
6. The President shall appoint the Chair.
7. In the absence of a timely appointment, the President, through the recommendation of the Dean, can appoint the nominee as an interim Chair until the conclusion of the appointment process.

Section 4 - Duties and Functions of the Chair

The Chair shall perform the following duties and functions:

1. The Chair shall receive reports of suspected violations and determine, in consultation with the GHS Advisor, if the referred student is eligible for a Facilitated Discussion.
2. The Chair shall assign to the Preliminary Review Panel all cases not eligible for Facilitated Discussion.
3. The Chair shall preside at all Review Panel hearings. The Chair may request a member of the Review Panel to preside in his or her place.
4. The Chair shall assure justice, fairness, and due process.
5. The Chair shall secure nominations and select graduate student and faculty members for the Facilitated Discussion Process, the Preliminary

- Review Panel, and Review Panel, subject to approval by the Graduate Honor System Advisor.
6. The Chair shall assume responsibility for the instruction and training of graduate student and faculty members in the operation, function, and responsibility of the Graduate Honor System.
 7. The Chair shall orient entering graduate students and new faculty to the values and obligations of the Graduate Honor Code.
 8. The Chair shall conduct information activities and coordinate activities of the Graduate Honor System.
 9. The Chair shall administer the operation of the Graduate Honor System throughout the entire calendar year.
 10. The Chair shall keep the graduate community apprised of relevant activities of the Graduate Honor System.
 11. The Chair shall consult with the Graduate Honor System Advisor in the appointment of the Associate Chair(s) and Facilitators.
 12. The Chair shall select the panelists to hear the cases.

Section 5 - Staff of the Chair

The Chair, with the approval of the Graduate Honor System Advisor, shall appoint sufficient staff to assist with the duties of the office.

Section 6 - Appointment of Associate Chair(s)

1. The Graduate Honor System Advisor, in consultation with the Chair, shall appoint one or more Associate Chair(s). Nominations for this position shall be accepted from the Graduate Student Assembly, College Deans, and other members of the academic community; and applications from qualified personnel shall be welcomed. Students being considered for Associate Chair positions must be graduate students in good standing and must have been in residence for at least one (1) semester immediately preceding appointment. Preferably, the nominee will have served as a graduate student panelist of the Graduate Honor System for at least one (1) semester prior to the appointment. Associate Chair(s) shall serve a one (1) year term but may be re-appointed to serve subsequent terms, up to four (4) years, if available and willing.
2. The appointment of the new Associate Chair(s) shall be made upon the resignation of the current Associate Chair(s), upon completion of term of office, or upon termination of office.

Section 7 - Duties of Associate Chair(s)

Associate Chair(s) shall perform the following duties:

1. Associate Chair(s) shall conduct a confidential gathering of evidence regarding the alleged violation by interviewing all individuals whom they believe may possess facts directly bearing upon the incident including referred student(s), and the referrer.
- 1.2. Associate Chair(s) shall examine any documents or records pertinent to the case.
- 2.3. Associate Chair(s) shall prepare a brief report summarizing the evidence.
- 3.4. Associate Chair(s) shall present the report summarizing the evidence as promptly as possible, having due regard for the right of the referred student(s) and the referrer to assemble and present any relevant evidence.
- 4.5. Associate Chair(s) shall convene and chair Preliminary Review Panel meetings.
- 5.6. Associate Chair(s) shall prepare a brief report for the Chair that summarizes the decision of the Preliminary Review Panel and shall brief the Chair on all the details of the case at hand.
- 6.7. Associate Chair(s) may attend and may present the evidence to the Review Panel.
- 7.8. Associate Chair(s) shall aid the Chair in convening and conducting training sessions for Preliminary Review Panel members.

Section 8—Appointment of Panelists

1. Panelists will include graduate students and faculty members from each College. Panelists will be recruited from all qualified graduate students and faculty (see Article XI Section 7).
2. Graduate student panelists shall be approved by the Graduate Honor System Advisor after training by the Chair and/or Associate Chair and following clearance of graduate student records (see Article XI Section 8). Graduate students may serve for up to four (4) years. After four years, graduate students will take a one-year break from all duties related to the Graduate Honor System.
3. Faculty member panelists shall be approved by the Graduate Honor System Advisor after training by the Chair and/or Associate Chair. Faculty panelists may serve for up to four (4) years. After four years, faculty will take a one-year break from all duties related to the Graduate Honor System.

Section 9—Duties of Panelists

1. Panelists shall serve on either the Preliminary Review Panel or the Review Panel.
2. Panelists shall evaluate the evidence and make recommendations regarding the case within a Preliminary Review Panel or Review Panel.
3. Panelists shall maintain the rights and confidentiality of the referred student(s) and referrer.

- Panelists may assist in conducting educational sessions on campus and/or training sessions for new panelists.

Section 10 – Appointment of Graduate Honor System Facilitators

- The Graduate Honor System Advisor, in consultation with the Chair, shall appoint one or more Graduate Honor System Facilitators. Applications for this position shall only be taken from current panelists. Graduate Honor System Facilitators must have significant experience with the Graduate Honor System as determined by the Graduate Honor System Advisor and Chair before appointment as Discussion Facilitators. Facilitators shall serve a one (1) year term but may be re-appointed to serve subsequent terms, up to four (4) years, if available and willing.
- The appointment of new Facilitators shall be made as necessary to meet the needs of the Honor System.

Section 11 – Duties of Graduate Honor System Facilitators

- Graduate Honor System Facilitators shall facilitate a discussion meeting between the referrer and the referred student(s).
- Graduate Honor System Facilitators shall ensure that all applicable GHS guidelines are observed and followed.
- Graduate Honor System Facilitators shall ensure that the rights of the referred and referrer are upheld.
- Graduate Honor System Facilitators shall, upon examination of the facts of the case, have the authority to refer cases to the Chair so that they may be assigned an Associate Chair for evidence gathering and interviews.
- Graduate Honor System Facilitators shall prepare a full report for the Chair, which summarizes the outcome of the facilitated discussion and shall brief the Chair on all the details of the case at hand.
- Graduate Honor System Facilitators shall aid the Chair in conducting the training session(s) for new Graduate Honor System Facilitators.

ARTICLE III: FACILITATED DISCUSSION

Section 1 - Composition

- The Facilitated Discussion shall be attended by the referrer(s) of the case, the referred student(s), and one Graduate Honor System Facilitator (as outlined in Article II, Sections 10 and 11).

Section 2 – Functions of the Facilitated Discussion

The Facilitated Discussion shall fulfill the following functions:

- It shall assure that the rights of the referred and the referrer are protected and assure due process.
- It shall facilitate a discussion between the referrer and referred student(s).
- It shall attempt to build a consensus resolution to a suspected Honor Code violation without convening a Preliminary Review Panel or a Review Panel.
- It shall create a record of an Honor Code violation if all parties conclude that a violation did occur. This record shall be kept in the Graduate Honor System case files.

Section 3 – Eligibility for the Facilitated Discussion

A suspected Honor Code violation will be eligible for a Facilitated Discussion if **ALL** of the following criteria are met:

- The referrer of the case is a Faculty member;
- The suspected violation involves an allegation of either 1) cheating or 2) plagiarism as outlined in Article I, Section 3 of the GHS Constitution;
- The referred student(s) is(are) not on Graduate Honor System Probation at the time the report of the suspected violation is received by the Graduate Honor System;
- And the violation is one for which a reasonable person who is familiar with the form and functions of the Graduate Honor System would not assign a penalty of more than the sanctions outlined in Article VII, Section 1, Item 1, Parts a-f of this Constitution.

Section 4 – Operation of the Facilitated Discussion

- The Chair, after determining a case eligible for a Facilitated Discussion, will notify the referrer and the referred of this determination.
- The referrer and referred will then have no more than ten (10) University business days to notify the Chair of their desire to participate in a Facilitated Discussion; otherwise the case will be sent for evidence gathering and panel review. Exceptions to the ten-day period will only be made under extenuating circumstances, as determined by the Chair or Graduate Honor System Advisor.
- If either the referrer or the referred student(s) does not agree to participate in the Facilitated Discussion, the case will be sent for evidence gathering and panel review.

4. During the Facilitated Discussion, the referrer of the alleged violation and the referred student will attempt to reach a resolution to the case, with the assistance of the Graduate Honor System Facilitator. The question that the referred student and the referrer must answer is “did the student commit a violation of the honor code?” A determination of a violation shall require both the referrer and the referred student to agree that the student is responsible for violating the honor code. A determination of no violation shall require both the referrer and the referred student to agree that the student did not violate the honor code. In the absence of such an agreement, the case shall be sent for evidence gathering and panel review.
5. If the referrer and student agree that the student has committed a violation of the honor code, the referrer and student may then decide upon an appropriate penalty. Sanctions for the Facilitated Discussion will be limited to those sanctions outlined in Article VII, Section 1, Item 1, Parts a-f of this Constitution. The referrer and referred must both come to an agreement on the appropriate penalty. In the absence of such an agreement, the case shall be sent for evidence gathering and panel review.
6. The GHS Facilitator shall prepare a record of the outcome of the Facilitated Discussion. This record, the original report of the alleged violation, and any relevant evidence shall be held in the Chair’s confidential file. The Chair shall inform the Dean of the Graduate School (or designee), in writing, of the outcome of all Facilitated Discussions.
7. For cases in which the referrer or the referred withdraws from the Facilitated Discussion, no record shall be kept that either the referrer or referred participated in a Facilitated Discussion and the fact that they did participate in such a proceeding shall not be deemed relevant in any future Honor System proceedings.

Section 5 – Withdrawal from the Decision of the Facilitated Discussion

1. The referred or referrer may withdraw from a decision reached during a Facilitated Discussion for any reason.
2. If the referred or referrer wishes to withdraw from the Facilitated Discussion decision, the Chair must be notified of the desire to withdraw from the decision within two (2) calendar days of the conclusion of the Facilitated Discussion.
3. If the referred or referrer withdraws from the Facilitated Discussion decision, the case shall be immediately sent for evidence gathering and panel review.
4. In these instances no record shall be kept that the Facilitated Discussion occurred and the fact that they did participate in such a proceeding shall not be

deemed relevant in any future Honor System proceedings.

ARTICLE IV: PRELIMINARY REVIEW PANEL

Section 1 – Preliminary Review Panel Waiver

1. The referred student(s) and referrer shall have the opportunity to review the report prepared by the Associate Chair, before it is presented to a Preliminary Review Panel.
2. If, after review of the materials presented in the report, the referred student(s) accepts that there is substantive evidence to support the charge and warrant a full hearing of the case by the Review Panel, the student may request a Preliminary Review Panel Waiver. This request must be submitted to the Chair within five (5) University business days of the student(s) receiving the Associate Chair’s report.
3. A request for a Preliminary Review Panel Waiver must be received before a Preliminary Review Panel is scheduled.
4. A request for a Preliminary Review Panel Waiver does not, in any way, imply responsibility on the part of the student(s).
5. In cases involving multiple referred students, if all referred students do not request a Preliminary Review Panel Waiver, the case will proceed to a Preliminary Review Panel.
6. Cases for which a Preliminary Review Panel waiver is granted shall proceed directly to a Review Panel for a hearing.

Section 2 - Composition

1. The Preliminary Review Panel shall consist of trained graduate student and faculty panelists. Graduate student members of the Preliminary Review Panel shall have full voting privileges, whereas the faculty members shall serve in an advisory capacity to the student members and shall not have voting privileges.
2. The Associate Chair(s) (or designees) shall chair Preliminary Review Panel meetings and shall not have voting privileges.
3. The Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Associate Chair and the Preliminary Review Panel.

Section 3 - Functions of the Preliminary Review Panel

The Preliminary Review Panel shall perform the following functions:

1. It shall evaluate the evidence provided for the case.
2. It shall decide whether a hearing before the Review Panel should be held.

Section 4 - Operation

1. For each case without a Preliminary Review Waiver, a hearing shall be conducted by a Preliminary Review Panel, consisting of a minimum of five (5) graduate students and at least two (2) faculty members, to be selected by the Chair. The Associate Chair managing the case shall serve as chair of the Preliminary Review Panel. In addition, the Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Associate Chair and the Preliminary Review Panel.
2. Evidence gathering shall adhere to the basic tenets of due process and to the rights and responsibilities for referrer and referred as outlined in Article VIII and Article IX.
3. A decision to send the case to the Review Panel should be based upon substantive evidence to support the charge. The lack of such evidence should lead the Preliminary Review Panel to vote against sending the case to the Review Panel and consequently lead to the termination of the proceedings. Otherwise, the Preliminary Review Panel should send the case forward for the further scrutiny of the Review Panel. The fact that the case is forwarded to the Review Panel shall in no way imply responsibility for the violation; the Preliminary Review Panel is simply stating that the case should be reviewed with the aid of personal testimonies.
4. The student members shall have full voting privileges while the faculty members serve in an advisory capacity. Recommendations of the Preliminary Review Panel must be by majority vote of the graduate student members present. In the event of a tie vote, the case will go forward.

ARTICLE V: REVIEW PANEL

Section 1 - Composition

1. The Review Panel shall consist of trained graduate student and faculty panelists. Both graduate student and faculty members of the Review Panel shall have full voting rights. The Chair (or designee) shall be a non-voting member and shall serve as the panel moderator.
2. The Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Chair and the Review Panel.

Section 2 - Functions of the Review Panel

The Review Panel shall perform the following functions:

1. It shall hear evidence gathered by the Associate Chair.
2. It shall hear testimony of the referrer, referred student, and witnesses.
3. It shall hear the remarks of the University community representative of the referred.
4. It shall assure that the rights of the referrer and referred student are protected and assure due process.
5. It shall determine whether a violation occurred.
6. It shall recommend the penalty when the referred is determined to have violated the honor code.

Section 3 - Operation

1. For each case, a hearing shall be conducted by a Review Panel. The Review Panel shall consist of the Chair, a minimum of four (4) graduate students, a minimum of three (3) faculty members, and the Graduate Honor System Advisor. The number of voting faculty shall not exceed the number of voting graduate students present. The graduate students and faculty members shall be selected by the Chair with the approval of the Graduate Honor System Advisor. Each graduate student and faculty member shall have full voting privileges, while the Chair (or designee) shall be a non-voting member and shall serve as the moderator of the hearing. In addition, the Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Chair and the Review Panel. The Associate Chair who gathered the evidence may attend the Review Panel as a non-voting member.
2. All Review Panel hearings shall adhere to the basic tenets of due process and rights and responsibilities of the referrer and referred student(s) as outlined in Article VIII and Article IX.
3. All persons involved with the hearing have the right to be treated with respect. Persons displaying disrespect for another person at the hearing or contempt for the proceedings shall be dismissed, and the hearing shall be concluded in their absence.
4. All evidence regarding cases should be submitted to the Associate Chair(s) during the evidence gathering and interviewing process (prior to the Preliminary Review Panel meeting). If additional information is submitted after the case is sent forward by the Preliminary Review Panel, the Review Panel will decide the relevancy of that information.
5. The referred must be adjudged to have violated the honor code before any consideration is given to the penalty, unless the referred acknowledges

responsibility, in which case the deliberations shall focus solely on the penalty.

6. In evaluating evidence and testimony regarding whether a violation of the honor code has occurred, each member of the Review Panel shall consider whether or not there exists substantive evidence of a violation. The decision whether a violation occurred shall be based solely on the facts regarding the charge, i.e., based on evidence collected and testimony presented at the Review Panel hearing.
7. At the conclusion of the deliberations on whether a violation occurred for each charge against the student, the Chair shall poll the members of the Panel on the question: "Has the student violated the honor code?" An affirmative vote represents "a violation," while a negative vote represents "no violation." A determination of a violation shall require a majority vote. In the absence of such a vote, the Panel shall find that no violation has occurred. An abstention shall not be counted as a vote. In the unlikely event that a majority of the Review Panel members do not vote, the current panel shall be dismissed and a new panel shall be convened to re-hear the case.
8. In determining the appropriate sanction, such factors as the referred student's past history of violations, attitude, intent, severity of the violation, and the degree of cooperation may be considered.
9. Recommendations of penalty shall be by majority vote. An abstention shall not be counted as a vote.
10. A recording of the proceedings, the confidential recommendations of the Review Panel, together with all submitted evidence and votes recorded, shall be held in the Chair's confidential file. The Chair shall inform the Dean of the Graduate School (or designee), in writing, of the findings and recommendations of the Review Panel.



ARTICLE VI: UNIVERSITY ACTION

Section 1 - Review and Decision

1. The recommendations (decision of violation, and penalty if required) of the Review Panel shall be submitted in writing by the Chair to the Dean of the Graduate School (or designee) for review and decision.
2. No penalty shall be announced until an official decision has been rendered by the Dean of the Graduate School (or designee).
3. The official decision of the Dean of the Graduate School (or designee) shall be transmitted in writing to the referred, the referrer, and the course instructor (or major professor for a research-related violation).

The referred shall also be notified of the right to appeal the decision.

4. When the Review Panel's recommendation is not accepted by the Dean (or designee), the Panel shall be notified of the final decision of the Dean (or designee).

Section 2 - Appeals

1. The referred may appeal the official decision to the Dean of the Graduate School on grounds of (1) failure of the Graduate Honor System to follow proper procedures, (2) introduction of new evidence, and/or (3) severity of the penalty. The imposition of the penalty shall be deferred until the termination of the appeals process.
2. The Dean of the Graduate School must receive the appeal within five (5) University business days after the referred receives written notification of the decision and penalty.
3. In the event of an appeal, the case will be forwarded to an appellate officer, who is well versed in the Graduate Honor System, graduate academic policies, and Virginia Tech standards of ethics, and has received training from the Graduate Honor System. Such officers include, but are not limited to, the Director of Undergraduate Academic Integrity, Associate Dean for Professional Programs in the College of Veterinary Medicine, or Associate Vice President for Research Compliance.
4. The appeal is not a retrial and must be focused solely upon one or more of the following: (1) failure of the Graduate Honor System to follow proper procedures, (2) introduction of new evidence, (3) severity of penalty. The appeal shall be limited to the consideration of the specific information pertaining to one or more of the above. The burden shall be placed on the appealing student to demonstrate why the original finding or sanction should be changed.
5. The decision of the appellate officer is limited to the grounds of the appeal. Judgments are made according to the following guidelines:
 - a. *Failure of the Graduate Honor System to Follow Proper Procedures*
Determine whether or not the Graduate Honor System followed proper procedures. If proper procedures were followed, then the official decision is enforced. If proper procedures were not followed, then the referred student is acquitted and the case is closed.
 - b. *Introduction of New Evidence*
Determine whether or not the new evidence is relevant to the official decision. In the event that the information is determined to be relevant, the appellate officer shall inform the Dean of the Graduate School or the Graduate Honor System Advisor that a new Review Panel is requested.

The new Review Panel shall have no members from a previous panel. If information is determined to be irrelevant or there is no new evidence, then the original decision is upheld.

c. *Severity of Penalty*

Determine if the penalty is too severe for the violation(s), for which the student was found responsible. The finding of a violation is not appealable and the case will not be reheard. The appellate officer has the option to consult GHS facilitators or experienced panelists who were not involved with the original case, as identified by the Chair or Advisor to the GHS, if perspective on the severity of the penalty is required. In the event that the penalty is found to be too severe, a lower penalty may be determined by the appellate officer from those specified under Article VII of this Constitution.

6. The final determination of an appeal shall be the sole responsibility of the appellate officer. The student shall be notified in writing of the disposition of the appeal.

ARTICLE VII: ACTIONS OF THE GRADUATE HONOR SYSTEM

Section 1 - Penalties

Where a violation is determined, the Review Panel or Facilitated Discussion shall also be responsible for determining an appropriate sanction. There are four major penalty levels (1-4) with increasing severity. These penalties are (1) Graduate Honor System Probation, (2) Suspension in Abeyance, (3) Suspension, and (4) Permanent Dismissal. For each charge of a Graduate Honor Code violation for which a student acknowledges responsibility or is found responsible, one of these four penalties must be given.

For cases resolved through Facilitated Discussion, only penalty 1 (Graduate Honor System Probation), subparts a-f may be applied.

For those cases where suspension or dismissal is not warranted, the subparts of penalty 1 (Graduate Honor System Probation) provide a further gradation in the penalty action. Whereas penalties 2, 3, and 4 must be given as a whole (i.e., no parts may be given without the others), penalty 1 may be given in part or in full. However, *if penalty 1 is selected, parts a and b are required*. Only parts c-i of penalty 1 shall be optional. The very minimum penalty given shall be penalty 1, parts a and b.

1. **Graduate Honor System Probation** (parts a and b mandatory, parts c-i optional)
 - a. The referred shall not be suspended from the University, but shall be placed on Graduate Honor System Probation until graduation or termination of enrollment. The sentence of Probation is a warning and is intended to serve as a deterrent against future misconduct. In the event of any other University or Graduate Honor Code violation, the appropriate parties shall be notified of the previous history of the referred. In the event of resignation and re-enrollment within a period of one (1) year, the referred shall be reinstated on Graduate Honor System Probation (penalty 1, part a only) subsequent to re-enrollment.
 - b. The referred shall also automatically receive a zero on the assignment on which the violation occurred. In cases other than those involving course work (or other similar work where a zero is applicable), action shall be taken to negate any advantages obtained by the violation.
 - c. A record of the action shall be kept in the referred student's folder (*not* the official transcript) in the Graduate School until graduation from the University or termination of enrollment.
 - d. The referred shall be required to attend a meeting or meetings with the Chair and the Dean of the Graduate School for the purpose of achieving a better understanding on the student's part of the requirements and purpose of the Graduate Honor System. Failure to participate in this meeting(s) shall constitute grounds for the *automatic* invocation of part "g" below.
 - e. The referred shall be required to write an essay on academic integrity, prevention of academic misconduct, and/or what they have learned regarding academic integrity. Additional essay topics may be requested by the Review Panel. The Chair or Associate Chair from the case will review and guide the writing of the essay. Failure to complete this assignment shall constitute grounds for the *automatic* invocation of part "g" below.
 - f. The referred shall be required to complete GRAD 5014: Academic Integrity and Plagiarism course. Failure to successfully complete this course shall constitute grounds for the *automatic* invocation of part "g" below.
 - g. The notation "placed on Graduate Honor System Probation" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
 - h. If substantial unfair academic advantage was gained, that is to say, if the violation, undetected, would have led to an advantage

over the other students (or if the referred thought it would), then a grade of "F" for the course in which the offense occurred shall also be a penalty action under this part. This grade shall appear on the student's grade report and permanent record (transcript) as an "F."

- i. If substantial unfair academic advantage was gained, that is to say, if the violation, undetected, would have led to a substantial grade advantage over the other students (or if the referred thought it would), then a grade of "F for violation of the Graduate Honor Code" for the course in which the offense occurred shall also be a penalty action under this part. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
2. **Suspension in Abeyance** (all parts mandatory)
- a. The referred shall be allowed to remain in the University to complete the semester in which the offense occurred or in which the hearing is held.
 - b. The penalty shall automatically include a grade of "F for violation of the Graduate Honor Code" for the course (or equivalent) in which the offense occurred. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
 - c. After the completion of the semester as specified in item (a) above, the referred shall be suspended for a period not to exceed two (2) successive semesters or one (1) full academic year as specified by the official notification of the University action (as specified under Article VI, Section 1, item 3 of this Constitution).
 - d. The notation "suspended for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
 - e. Upon the referred student's re-enrollment at Virginia Tech at the end of the period of suspension, the student shall be placed on Graduate Honor System Probation (penalty 1, part a only) until graduation or termination of enrollment.
3. **Suspension** (all parts mandatory)
- a. Suspension is immediate and the student shall not be allowed to complete the current semester. In addition, the referred shall be suspended for a period not to exceed two (2) successive academic semesters or one (1) full academic year following the current semester (as specified under Article VI, Section 1, item 3 of this Constitution).
 - b. All credits shall be lost for work done during the semester in which the student is currently enrolled. The penalty shall automatically

include a grade of "F for violation of the Graduate Honor Code" for the course (or equivalent) in which the offense occurred. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.

- c. The notation "suspended for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
- d. Upon the referred student's re-enrollment at Virginia Tech at the end of the period of suspension, the student shall be placed on Graduate Honor System Probation (penalty 1, part a only) until graduation or termination of enrollment.

4. **Permanent Dismissal** (all parts mandatory)

- a. The referred shall be permanently dismissed from the University without being allowed to complete the current semester.
- b. All credits shall be lost for work done during the semester in which the student is currently enrolled. In addition, if the offense did not occur during the semester in which the hearing is held, then a grade of "F for violation of the Graduate Honor Code" shall also be assigned for the course in which the offense was committed. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
- c. The referred may never re-enroll in the University.
- d. The notation "permanently dismissed for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.

Section 2 - Acquittal

In the event of acquittal by the Graduate Honor System, all records of any description in conjunction with the trial shall be completely destroyed, except the "charges" and the "Findings of the System," which shall be filed in the Chair's confidential file.

Section 3 - Announcement

1. In cases where students are found in (or claim responsibility for) violation of the honor code, the penalty and specifications may be published without names, when the case is resolved, in such media as the GHS annual report and reports to the Graduate

Student Assembly or Commission on Graduate and Professional Studies and Policies.

2. Exonerations may also be published (without names) if the referred so desires. A written release must be obtained from the referred prior to publication.

ARTICLE VIII: RIGHTS AND OBLIGATIONS OF THE REFERRED STUDENT

Section 1 - Rights of the Referred Student

A student referred for violating the Graduate Honor Code shall have certain procedural guarantees to ensure fair hearing of evidence. These rights under the Graduate Honor Code shall be as follows:

1. Students shall be considered innocent until judged guilty.
2. Students shall have the right to refrain from speaking for or against themselves.
3. Students shall have the right to speak in their own behalf.
4. Students may choose a member of the university community, such as a fellow student, faculty member, or staff member who is willing to assist them in preparing their defense. This person may attend a Facilitated Discussion, but may only participate in an advisory capacity to the student. During a Review Panel, the student's representative shall only be allowed to address the Review Panel; they may not question witnesses. Lawyers retained by referred students shall not be permitted in Review Panel hearings or at Facilitated Discussions.
5. Students may terminate a Facilitated Discussion at any time, without reason.
6. Students shall have the right to review the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel.
7. Students shall have the right to suggest corrections and/or additions to the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel. All suggestions will be considered at the discretion of the Chair and the Associate Chair for the case.
8. Students may at any time privately seek counsel with their university community representative. Statements made at this time shall be confidential.
9. Students may have any Graduate Honor System function that they are entitled to attend stopped at any time for a point of clarification.
10. Students may leave any Graduate Honor System function at any time; however, it is in their best interest to remain until they are made aware of all the details.
11. Students shall have the right to receive written notice of the charges, the "Order of Events for Review Panel Hearings," and any other pertinent information sufficiently in advance of the Review Panel hearing and in reasonable enough detail to allow them to prepare a case in their behalf. Likewise, students shall have the right to examine all evidence collected during evidence gathering prior to the Review Panel hearing. The students and their representatives shall have a copy of the evidence during the Review Panel hearing.
12. Students shall have the right to be aware of all testimony.
13. Students shall have the right to face the referrer, when such opportunity exists, at the Review Panel hearing and to present a defense against the charges, including presenting witnesses on their behalf. Consequently, students shall be consulted in the scheduling of the Review Panel hearing. However, students shall only be allowed to reschedule the Review Panel hearing once. Except under extenuating circumstances, Review Panel hearings shall not be rescheduled unless the Chair or the Graduate Honor System Advisor is notified of the requested change prior to three (3) days preceding the scheduled hearing date.
14. Failure of students to be present at Review Panel hearings, assuming reasonable effort has been made to ensure their presence, shall indicate that they are waiving their rights to face the referrer and to appear before the Review Panel.
15. Students may ask that a panel member be excused from the Review Panel hearing if they can give reasonable cause why that panel member may be biased or have some other conflict of interest. The Chair and the Graduate Honor System Advisor shall make a final ruling on any such request.
16. Students shall have the right to an appeal as specified under Article VI, Section 2.

Section 2 - Obligations of the Referred Student(s)

Students referred for suspected Graduate Honor Code violations shall have the responsibility of cooperating with Graduate Honor System personnel. Furthermore, when a case involves other students, these students' rights to privacy should be observed. Students should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE IX: RIGHTS AND OBLIGATIONS OF THE REFERRER

Section 1 - Rights of the Referrer

A person referring charges of a Graduate Honor Code violation against a graduate student shall be accorded the following rights:

1. Discussion of the charges between the referrer and referred prior to the Review Panel hearing shall be allowed, although the referrer shall have the right to decline to discuss the case with the referred. The referrer shall have the right, with the permission of the referred, to have one witness present when talking with the referred about the alleged violation.
2. The referrer shall have the right to choose one person (any member of the university community, such as a graduate student, a faculty or staff member, or department head) to assist them in preparation of the case. This person is not allowed to be present at the Review Panel hearing or during a Facilitated Discussion.
3. The referrer shall have the right to terminate a Facilitated Discussion at any time, without reason.
4. The referrer shall have the right to review the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel.
5. The referrer shall have the right to suggest corrections and/or additions to the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel. The referrer shall have the right to receive a copy of the evidence collected during the evidence gathering, the "Order of Events for Review Panel Hearings," and any other pertinent information, if the Preliminary Review Panel sends the case to the Review Panel.
6. The referrer shall have the right to receive written notification of the final disposition of the case.
7. The referrer shall have the right to be secure in person and property.
8. Professors referring charges of violations may opt to grade or refrain from grading any assignment referred to the Graduate Honor System. It is recommended that instructors, if they are able to do so, grade the assignment with the assumption that the student is innocent of the charge. However, an incomplete grade may be assigned to the referred student pending the decision of the Graduate Honor System. The incomplete grade will be removed when the case is resolved.

Section 2 - Obligations of the Referrer

A person referring a suspected of a Graduate Honor Code violation shall accept the following obligations:

1. The referrer shall cooperate with the Chair, the Graduate Honor System advisor, the Associate Chair, and any other personnel of the Graduate Honor System.
2. The referrer shall be expected to appear at the Review Panel hearing.
3. The referrer shall have the responsibility of maintaining confidentiality in all matters pertaining to the case. However, referrers may discuss the case with their counsel (see Article IX, Section 1, item 2). The referrer should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE X: OBLIGATIONS OF PARTIES INDIRECTLY INVOLVED IN HONOR SYSTEM CASES

1. Parties indirectly involved in Honor System cases include but are not limited to persons who witness alleged violations, witness discussions between referrers and referred students, and serve as members of the University community that help referrers and referred students prepare their case.
2. Parties indirectly involved in Honor System cases shall have the responsibility of maintaining confidentiality in all matters. Parties indirectly involved in Honor System Cases should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE XI: GENERAL

Section 1 - Reporting of Violations

It is the obligation of all members of the academic community to report alleged violations of the Graduate Honor Code. *Reporting the observance of a Graduate Honor Code violation shall not be optional; it shall be mandatory.* Reports should be submitted in writing to the Chair or the Graduate Honor System Advisor on forms provided for that purpose, which are available at the Graduate Honor System website. The report form also may be obtained at the Graduate School.

Alleged violations of the Graduate Honor Code must be reported within ten (10) University business days after the date of discovery. Only under very special circumstances shall exceptions to this policy be granted, and then only at

the discretion of the Chair and the Graduate Honor System Advisor. A possible reason for exception could include, but is not limited to, unavoidable delays in obtaining the evidence.

Section 2 - Violations at Extended Campuses

1. Students engaged in graduate studies at any of Virginia Tech's extended campuses shall be subject to all provisions of this Constitution.
2. Designated panelists may assist in gathering evidence if it is not possible for an Associate Chair to do so. The evidence obtained shall be presented to the Preliminary Review Panel and shall be evaluated in a manner prescribed in Article IV of this Constitution.
3. Unless otherwise designated by the Chair, with the approval of the Dean of the Graduate School, all hearings shall be conducted at the Virginia Tech main campus in Blacksburg.

Section 3 - Summer

Because of the decreased availability of graduate student and faculty panelists during the summer, delays in processing and hearing cases may result. Thus, reasonable delays of this sort shall not be considered as violating the student's rights or as grounds for an appeal.

Section 4 - Graduate Students Enrolled in Undergraduate Classes

Graduate students shall be subject to stipulations within this Constitution regardless of whether they are enrolled in undergraduate or graduate classes. In cases in which the graduate student is referred in conjunction with an undergraduate student, the Graduate Honor System will work with the Office of Undergraduate Academic Integrity.

Section 5 - Undergraduate Students Enrolled in Graduate Classes

The undergraduate honor system, commonly referred to as The Virginia Tech Honor System, shall have jurisdiction over cases involving undergraduate students in graduate classes unless the student is also enrolled in the Graduate School and taking graduate classes for graduate credit under the classification of "Dual Student" or "Combined Student," and "Bachelor/Master's Degree Student," in which case the Graduate Honor System shall have jurisdiction. In cases in which an undergraduate student is referred with a graduate student, the Graduate Honor

System will work with the Office of Undergraduate Academic Integrity.

~~Section 6 - Violations Involving Graduate Students Already Graduated~~

~~If the degree towards which the student was working at the time of the alleged violation has already been awarded, the case shall be referred to the Dean of the Graduate School who shall convene a committee to review and investigate the charge and make recommendations. The committee composition shall be determined by the Dean of the Graduate School. The Chair of the Graduate Honor System shall be an ex officio member of this committee and shall have the same voting privileges as the other members of this committee.~~

~~Section 7~~Section 6 - Recruitment of Graduate Honor System Members

Recognizing that it is strongest when it fosters and reflects the support of all graduate students and faculty at the University, the Graduate Honor System shall seek to be as broadly representative of the graduate student and faculty bodies at Virginia Tech as possible. To this end, all qualified graduate students and faculty shall be encouraged to participate in the Graduate Honor System. No otherwise qualified graduate student or faculty may be excluded from membership on the basis of race, sex, handicap, age, veteran status, national origin, religion, political affiliation, or sexual orientation.

Section ~~8~~7 - Clearance of Graduate Student Records

Graduate students volunteering or appointed to serve in the Graduate Honor System must receive clearance of their personal disciplinary records and their academic records through the Dean of the Graduate School. Such clearances shall be conducted consistent with the University's regulations on the confidentiality of records and shall assure a minimum academic quality credit average of 3.00 and no previous or current disciplinary action for each appointee.

Section ~~9~~8 - Confidentiality

All investigations, hearings, reviews, and other associated activities of the Graduate Honor System shall conform to the University's "Confidentiality of Student Records" and FERPA policies.

Section ~~10~~9 - Substitution of Graduate Honor System Personnel

The Chair or the Graduate Honor System Advisor shall be authorized, when circumstances dictate, to appoint

substitutes for any Graduate Honor System personnel in any case before the Graduate Honor System. However, faculty may not be substituted for graduate students and vice versa.

Section 1110 - University Policies

Where appropriate, the Graduate Honor System shall abide by all applicable policies, statements, and principles as contained in the *University Policies for Student Life*.

Section 1211 – Definition of a “University business day”

A “University business day,” as referred to in this constitution, shall be defined as any day on which the main Virginia Tech campus is open and the Graduate School offices are open.

ARTICLE XII: VIOLATIONS INVOLVING FORMER GRADUATE STUDENTS WHO HAVE RECEIVED THEIR DEGREES

Section 1 – Convening of Special Committee

If the degree towards which the student was working at the time of the alleged violation has been awarded, the case shall be referred to the Dean of the Graduate School. The Dean of Graduate School shall convene a special committee to review and investigate the allegation and make recommendations.

Section 2 – Composition of Special Committee

The Special Committee shall consist of an experienced Graduate Honor System faculty panelist appointed by the Dean of the Graduate School to serve as the Chair of the Special Committee (voting), the GHS Chair (ex officio, voting), the GHS Advisor (non-voting), a minimum of four (4) faculty and two (2) graduate students recruited from GHS panelists, and up to two (2) other faculty or student members appointed by the Dean of Graduate School. All members of the Special Committee (except the GHS Advisor) shall have full voting privileges. The number of voting graduate student members (including GHS Chair) shall not exceed the number of voting faculty members on the Special Committee.

Section 2 – Functions of the Special Committee

The Special Committee shall perform the following functions:

1. It shall review the allegation and any evidence submitted to the Dean of Graduate School, and may gather additional evidence.
2. It shall solicit testimony from the referrer, referred former student, the former student's advisor, committee members, and other applicable witnesses.
3. It shall assure that the rights of the referrer and referred former student are protected and assure due process.
4. It shall determine whether a violation occurred.
5. It shall recommend a penalty if the referred former student is determined to have violated the honor code.

Section 3 – Operation of Special Committee

1. Preliminary Review

- a. The special committee shall conduct a preliminary review of the allegation to determine if it warrants a full review.
- b. A decision to conduct a full review should be based upon substantive evidence to support the allegation. The lack of such evidence should lead the Special Committee to vote against moving to a full review and consequently lead to the dismissal of the case. Otherwise, the Special Committee should proceed to a full review of the case. The fact that the case is moved to a full review does not imply responsibility for the violation; it only denotes that the case should be reviewed with the aid of additional evidence and personal testimony.
- c. A majority vote is required to dismiss the case. Otherwise, the case proceeds to a full review.

2. Full Review

- a. The full review of the case shall be based on the gathering of relevant evidence and personal testimonies from the referrer, referred former student, former student's advisor, committee members, and other applicable witnesses.
- b. The referred former student must be adjudged to have violated the honor code before any consideration is given to a penalty, unless the referred acknowledges responsibility, in which case the deliberations shall focus solely on the penalty.
- c. In evaluating evidence and testimony regarding whether a violation of the honor code occurred, each member of the Special Committee shall consider whether or not there exists substantive evidence of a violation. The decision

- whether a violation occurred shall be based solely on the facts regarding the charge, i.e., based on evidence collected and testimony presented to the Special Committee.
- d. At the conclusion of the deliberations on whether a violation occurred, the Special Committee shall be polled by the Chair of the Special Committee on the question: "Has the former student violated the honor code?" An affirmative vote represents "a violation", while a negative vote represents "no violation". A determination of a violation shall require a majority vote. In the absence of such a vote, the Special Committee shall find that no violation occurred. An abstention shall not be counted as a vote. In the unlikely event that a majority of the Special Committee members do not vote, the current Special Committee shall be dismissed, and a new Special Committee shall be convened to review the case again.
 - e. In determining the appropriate sanction, factors such as the referred former student's intent and severity of violation may be considered.
 - f. Recommendations for corrective action shall be by majority vote. The recommendation of revoking the degree shall require 2/3rd majority vote. An abstention shall not be counted as a vote.
 - g. A recording of the proceedings, the confidential recommendations of the Special Committee, together with all submitted evidence and votes recorded, shall be held in the GHS confidential files. Documents and materials shall be retained for five years.
 - h. Upon completion of the full review of the case, the Chair of the Special Committee shall inform the Dean of the Graduate School (or designee), in writing, of the findings and recommendations of the Special Committee. The Dean of the Graduate School (or designee) shall review and communicate the final decision in writing to the referred former student and the referrer.

Section 4 – Actions of Special Committee

1. Penalties

- a. Corrective Action: The former student is required to take corrective action to meet Virginia Tech academic standards regarding the academic work under

review (whether it pertains to thesis, dissertation, or course work). Corrective action may include but is not limited to re-writing sections of thesis or dissertation or taking additional courses.

- b. Revocation of Degree: If it is determined that the degree awarded to the former student was fraudulently obtained due to significant misconduct, the Special Committee may recommend the revocation of the degree granted based on the violation. The recommendation of revoking the degree shall require 2/3rd majority vote. The former student may never re-enroll at the University.

2. **Acquittal:** In the event of acquittal of the former student by recommendation of the Special Committee, all records of any description in conjunction with the Special Committee proceedings shall be completely destroyed, except the "charges" and the "Findings of the Special Committee," which shall be held in the GHS confidential files for a period of five years.

Section 5 – Appeals

1. The referred former student may appeal the official decision to the Dean of Graduate School on grounds of (1) failure of the Special Committee to follow proper procedures, (2) introduction of new evidence, and/or (3) severity of penalty. The imposition of the penalty shall be deferred until the termination of the appeals process.
2. The Dean of the Graduate School must receive the appeal within five (5) University business days after the referred former student receives written notification of the decision and penalty.
3. In the event of an appeal, the case will be forwarded to an appellate officer, who is an Academic Dean (or designee) nominated from the Council of College Deans. The appellate officer cannot be from the College in which the degree was earned by the former student.
4. The appeal is not a retrial and must be focused solely upon one or more of the following: (1) failure of the Special Committee to follow proper procedures, (2) introduction of new evidence, (3) severity of penalty. The appeal shall be limited to the consideration of the specific information pertaining to one or more of the above. The burden shall be placed on the appealing former student to demonstrate why the original finding or sanction should be changed.
5. The decision of the appellate officer is limited to the grounds of the appeal. Judgments are made according to the following guidelines:
 - a. Failure of the Special Committee to

Follow Proper Procedures

Determine whether or not the Special Committee followed proper procedures. If proper procedures were followed, then the official decision is enforced. If proper procedures were not followed, then the referred former student is acquitted, and the case is closed.

b. Introduction of New Evidence
Determine whether or not the new evidence is relevant to the official decision. In the event that the information is determined to be relevant, the appellate officer shall inform the Dean of the Graduate School that the convening of a new Special Committee is requested. The new Special Committee shall have no members from the previous Special Committee except the GHS Advisor. The GHS Chair shall designate the GHS Associate Chair to serve as the voting member in the new Special Committee. If information is determined to be irrelevant or there is no new evidence, then the original decision is upheld.

c. Severity of Penalty
Determine if the penalty is too severe for the violation(s), for which the referred former student was found responsible. The Special Committee's determination that a violation occurred cannot be appealed, and the case will not be reheard. The appellate officer has the option to consult GHS facilitators or experienced panelists who were not involved with the original Special Committee, or other faculty from the Department or Program closely associated with the former student's degree, if perspective on the severity of the penalty is required. If the penalty is found to be too severe, a lower penalty may be determined by the appellate officer based on the consultations.

2. The final determination of an appeal shall be the sole responsibility of the appellate officer. The referred former student shall be notified in writing of the disposition of the appeal.

ARTICLE XIII: AMENDMENTS

Proposed amendments to the Constitution of the Graduate Honor System may be initiated through one of the following channels: (1) by a majority vote of the Graduate Student Assembly, (2) by a majority vote of the Commission on Graduate **and Professional** Studies and Policies, or (3) by direct submission to the Chair or the Dean of the Graduate School. Also, at the discretion of the Chair and the Graduate Honor System Advisor, amendments may be initiated through the Graduate Honor System. Upon receiving such proposals, the Dean of the

Graduate School shall convene the Constitution Revision Committee. With the approval of two-thirds of this committee, proposed amendments shall be forwarded for approval by the Commission on Graduate **and Professional** Studies and Policies and thereafter through the proper channels of the University governance structure (which at the time of the 2008-09 revision is described in Policies and Procedures No. 8011). Any substantive changes in proposed amendments as they proceed through subsequent levels of approval shall be resubmitted to the Constitution Revision Committee for its approval.

The Constitution Revision Committee shall consist of the Chair, the Graduate Honor System Advisor, a minimum of six (6) panelists (minimum of four (4) graduate students and two (2) faculty), and up to two (2) other representatives from the graduate student body to be nominated by the Graduate Student Assembly.

2020 Revision

At the request of the Dean of the Graduate School, a Constitution Revision Committee was convened in the summer of 2020 to revise the GHS Constitution based on the recommendations of the Commission on Graduate and Professional Studies and Policies in Resolution CGPS&P 2019-2020A titled "Resolution to Edit the Graduate Honor System Constitution to Add Revoking Graduate Degree to Penalty Options."

The Constitution Revision Committee added a new article to the constitution to describe the entire process of handling violations involving former graduate students who have received their degrees. The article describes in detail the composition, functions, and operation of the special committee, as well as the possible sanctions for violations and the appeal process. This new article (Article XII) replaces the previous description of the process (Article XI, Section 6) pertaining to violations involving graduate students already graduated. Because of the removal of a section and the introduction of a new article, subsequent sections and articles have been renumbered. Additionally, the Constitution Revision Committee also made changes to the duties of the Associate Chair(s) (Article II, Section 7) to expand on the process of evidence collection for GHS cases while assuring due process.

2018 Revision

The Vice President and Dean of the Graduate School convened a Constitution Review Committee in the Spring of 2018. This revision was conducted by a panel of graduate students and faculty members in accordance with the constitution.

The goals of the revision were to address concerns about the path of appeals, update language within the constitution to better fit the Honor System's values, and include penalties that fit the Honor System's values and mission which were not available at the time of the last revision.

2008-09 Revision

At the request of the Dean of the Graduate School, a Constitution Review Committee was convened in 2008 to perform a periodic review to bring the GHS Constitution up to date with current University policies and the climate of the time. This revision was conducted by a panel of graduate students and faculty in accordance with the constitution.

The goals of the current revision were two-fold: First, revisions were intended to address substantive issues that have arisen since the 1991 revision. Second, revisions were intended to improve the efficiency and effectiveness of the Honor System. The Review Committee considered a number of changes and ultimately rejected those that did not meet either of the above mentioned goals. The committee has worked very hard to ensure that the revisions to this constitution stand for at least another 15 years.

1991 Revision

Following the conclusion of the 1987 University Self-Study, a Constitution Revision Committee was convened to evaluate the Graduate Honor System. Since the Constitution had not received serious scrutiny in a decade or more, and since the Graduate Honor System has now matured to a level where the old Constitution is hardly serviceable, the ultimate goal of this committee from the outset was a revision of the Constitution. Much work has gone into ensuring that this revision will stand the test of time and will be instructive in guiding the operation of the Graduate Honor System in the years ahead.

2. *The University Judicial System's Manual for Hearing Officers, published by the Dean of Students Office, Virginia Tech (1989).*
3. *Several ideas and sentences from the following sources have been used with and without modification in the writing of the section "Purpose and Description of Graduate Honor Code" (Article I, Section 1):*
 - a. *Reference 1.*
 - b. *Cornell University Course of Study, "Code of Academic Integrity", (1989-1990), pp. 33-35.*
 - c. *Bulletin of Duke University Graduate School, "Standards of Conduct", (March 1990), pp. 56-58.*
 - d. *Record of the University of North Carolina at Chapel Hill, The Graduate School, "The Honor Code", (April 1990), pp. 70-72.*
 - e. *University of Virginia Graduate Record, "The Honor System", (1987-1988), p.20 and p. 30.*
4. *Information used in defining "Misconduct in Research" (Article I, Section 3):*
 - a. *Recommendations on "Research Misconduct and Graduate Students at VPI&SU" submitted to the Constitution Revision Committee by the Degree Requirements, Standards, Criteria and Academic Policies Committee (DRSCAPC) of the Commission on Graduate Studies, January 18, 1990.*
 - b. *"Narrower Definition of Misconduct Urged," Public Affairs Newsletter, Federation of American Societies for Experimental Biology, Vol. 21, No. 12 (December 1988) p. 1.*
 - c. *Federal Register, Vol. 54, No. 151, (August 8, 1989) 32449.*
 - d. *"New Rules on Misconduct," Science, (August 11, 1989) p. 593.*
5. *"Computer Science Department Policy on Koofers, Old Programs, Cheating, and Microcomputer Use," CS Bits & Bytes (CS Dept. VPI&SU), Wednesday, February 15, 1989, pp. 7-8. (Ideas and wording from this policy were used in Article I, Section 3.)*

Reference Material Used

Revision of this document was based on a variety of materials; these include:

1. *Constitution to the Virginia Tech [Undergraduate] Honor System, published in the Pylon (1988-89). (Article VII, Article VIII, several sections of Article IX, and Appendix A are used with and without modifications by permission of the Virginia Tech [Undergraduate] Honor System). Also, a report written by the Virginia Tech [Undergraduate] Honor System Self-Study Committee was used.*

APPENDIX: PLAGIARISM

The following text is reproduced with minor editorial changes, with permission, from the Constitution of the Virginia Tech [Undergraduate] Honor System.

DEFINITION

The Virginia Tech honor system constitution states that "Plagiarism includes the copying of the language, structure, ideas, and/or thoughts of another and passing off same as

one's own, original work." The violation, then, consists of both *copying* and *misrepresenting the material in question*.

Generally, when students place their name on any kind of work, they claim responsibility for the originality of the contents except for those parts that are specifically attributed to another or that are considered common knowledge. (The concept of common knowledge poses a problem of definition, and the student should consult their instructor when in doubt.) Thus, if students have reviewed any outside source, whether published or not, and have incorporated any of its "language, structure, ideas, and/or thoughts" into their work without acknowledging that source, they may be guilty of misrepresenting the work's originality. [Furthermore, in citing a reference, students must change both the sentence structure and the vocabulary (where possible) in expressing the original material in their own words.]

Copying includes a whole range of offenses. Everyone is familiar with stories involving a student who has "borrowed" or bought a term paper or laboratory report from a so-called research service, a fellow student, the Internet, or another similar source. Such wholesale copying is akin to the lifting of an assignment in its entirety from a book or journal article. In either case, the student in question submits work that is literally copied and transferred from one piece of paper to another; by claiming this work as their own, the student is clearly guilty of the most flagrant kind of plagiarism.

Another type of copying that is not as obvious, though equally serious, involves the translation of a part of a book, article, or other source into different words—paraphrasing. Although the language is not the same because the exact words of the source have been changed, the structure, ideas, and thoughts of the original author have been copied. Thus, the student who submits an assignment that simply paraphrases a source without identifying it may also be guilty of plagiarism.

Similarly, any combination of simple copying and paraphrasing, whether from one source or from many, is also a type of plagiarism, and the offender may be equally guilty as those students described above.

Because a person's ideas can be conveyed in many ways besides the written word, students should be aware that the copying of drawings, designs, photographs, graphs, illustrations, tables, primary data, derived equations,

computer programs, verbal communications of ideas, and other sources may also constitute plagiarism, unless the source is acknowledged and properly documented.

For the purposes of the Virginia Tech honor system, plagiarism can be broadly defined as the act of appropriating the literary composition, language, structure, ideas, and/or thoughts, drawings, laboratory reports, or computer programs of another or parts or passages thereof, and of passing them off as the original product of one's own mind. To be liable for plagiarism under the university's honor system, it is not necessary to duplicate another's literary work exactly; it being sufficient if unfair use of such work is made by lifting of substantial portions of it. Plagiarism is not confined to literal copying, but also includes any of the evasive variations and colorable alterations by which the plagiarist may disguise the source from which the material was copied. On the other hand, even an exact counterpart of another's work does not constitute plagiarism if such counterpart was arrived at independently.

EXAMPLES OF CORRECT AND INCORRECT USES OF SOURCES

The following four examples provide illustrations of three kinds of plagiarism, as well as the proper use and acknowledgement of sources. The excerpt from Niccolò Machiavelli's *The Prince* is quoted from W. K. Marriott's translation (New York: E. P. Dutton, 1908), p. 37. The excerpts from student papers have been written for the purposes of this document.

FLAGRANT PLAGIARISM

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

Whenever those *nations* which have been acquired have been accustomed to *living* under their own laws and in freedom, then there are three *options* for those who wish to *keep* them; the first is to ruin them, *second* is to reside there in person, and the *last* is to permit them to live under their own government, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the *ruler*, knows that it cannot stand without his friendship and interest, and does its utmost to gain his support, and therefore, he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Comments

This student paper is an example of the most obvious form of plagiarism. The writer has copied Machiavelli almost verbatim without any acknowledgment. There have been some minor changes. For example, the italicized words have been changed. "States" becomes "nations," "courses" becomes "options," etc.

PLAGIARISM THROUGH PARAPHRASING

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

There are basically three methods to maintain control over nations which formerly enjoyed their independence. First the nation can be completely destroyed. Second, the king can personally reside in the conquered territory. Finally, the king can permit them to live under their own rules; he would then levy a tax and establish a ruling clique which would be loyal to him. Since this government is created and maintained by the conquering power, the puppet government will do its utmost to support him in order to

keep his friendship. In addition, by establishing a puppet government in such a manner, he will gain the allegiance of its citizens.

Comments

By paraphrasing the paragraph taken from Machiavelli, the student attempted to disguise the source of material. Nevertheless, it is quite obvious that the sentences of this writer parallel those of the Machiavelli text and are identical in meaning.

PLAGIARISM OF AN IDEA

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

When the British established their empire in Asia and Africa during the eighteenth and nineteenth centuries, they were faced with the problem of how to govern and control effectively these areas which had formerly lived under their own government. There were essentially three methods of achieving this end: destroying the country; establishing direct rule through governors appointed by the king; and maintaining indirect control through the already established governing structure. The British chose indirect rule. Through indirect rule, the former officials realized that their position was now dependent upon the British. Consequently, their allegiance was assured, and through them the British obtained substantial economic benefits. In addition, the people, seeing their leaders still in power, obediently supported the indirect rule of the British.

Comments

The student has used the ideas of Machiavelli in describing a historical event. Machiavelli lists three methods of governing and controlling a state that had formerly been independent, and then shows the relative advantage of pursuing the last method. The student does not acknowledge the use of the description of the three methods of control nor the advantages of the last method when applying Machiavelli's idea to a specific example.

CORRECT USE OF PARAPHRASING AND DIRECT QUOTATIONS

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

When the British established their empire in Asia and Africa during the eighteenth and nineteenth centuries, they were faced with the problem of how to govern these formerly independent areas effectively. According to Niccolo Machiavelli, in *The Prince*, a ruler had three options. He could destroy them, "reside there in person," or "permit them to live under their own laws, drawing a tribute and establishing within it an oligarchy which will keep it friendly to you."¹ Machiavelli felt that through this third method the conqueror gained the support of the former leaders and their subjects.²

The British seemed to apply this third method through their indirect rule concept. In other words, the British maintained control using the former leaders as figureheads. The former leaders realized that their position was now dependent upon the British. Consequently, their allegiance was assured and through them substantial economic benefits were obtained. In addition, the people, seeing their leaders still in power, obediently supported the indirect rule of the British.

¹ Niccolo Machiavelli, *The Prince*, trans. and intro. W. K. Marriott (New York; E.P. Dutton, 1908), p.37.

² Machiavelli, p.37.

Comments

In this instance, the student has correctly footnoted the ideas of Machiavelli, which he has paraphrased and quoted. The writer has then applied Machiavelli's ideas to a more recent historical event.

THE PROBLEM OF COMMON KNOWLEDGE

The concept of common knowledge is one of the more difficult points to explain in any consideration of plagiarism. How can a student, often a novice in the subject, determine whether an idea or fact included in a paper is so widely known that it is considered common knowledge and requires no documentation? A few general guidelines for solving this dilemma can be suggested, but none is inviolate. Given the seriousness of plagiarism, the prudent writer cites a reference whenever he or she is uncertain.

1. Concepts and facts widely known outside of the specific area of study are generally considered common knowledge. These include undisputed dates (e.g. the adoption of the Declaration of Independence on July 4, 1776), scientific principles (e.g. Newton's Laws of Motion), and commonly accepted ideas (e.g., Hamlet's role as a tragic hero). Such data require no specific reference. Students should be aware, however, that the addition of minor informational embellishments might require documentation (e.g., that the Declaration of Independence was unanimously adopted by the American colonies on July 4, 1776, despite the abstention of New York).

2. The fact that material appears in a dictionary, encyclopedia, handbook, or other reference work or textbook does not guarantee that it is common knowledge. Such books are written by experts, and most of the information they contain is not widely known.

3. There is no simple test to determine whether information is common knowledge. In case of doubt, the student should consult his or her instructor.

DOCUMENTATION

To avoid plagiarism in writing, the student must be familiar with the concept of documentation. Terminology and methodology concerning proper ways to acknowledge sources are probably more confusing to students than any other aspect of research reporting. The purpose of documenting a source is first to give proper credit to others for their original words, thoughts, and ideas, and second to enable the interested reader to locate the original source in order to read or study further. Keeping this latter purpose in mind, one finds that the rules regarding documentation make more sense. Therefore, students should familiarize themselves with the proper methods of providing citations and bibliographies both to document their sources and to provide the reader with the necessary data to locate further information on the subject.

INDICATING QUOTATIONS

Whenever the exact wording of a source appears in a student paper, that fact must be made apparent to the reader. This goal can be accomplished in two ways. Brief quotations should be enclosed in quotation marks, whether complete sentences, phrases, or single significant words which have been incorporated into the student's own sentence or into a paraphrase or a longer excerpt of the source. The student should be careful to denote precisely where the source's exact wording begins and ends by the appropriate placing of opening and closing quotation marks.

Longer quotations (of more than three lines) should be indented ten spaces from the left-hand margin. Again, the beginning and ending of quoted material should be clearly indicated.

All direct quotations must be signified in one of these ways.

CITATIONS

Immediately following every piece of quoted or paraphrased material, some type of reference is required. The method used varies according to the field of study for which the paper is written; thus, students should ask instructors which style manual to use in preparing papers for their courses. Examples of two commonly used methods follow.

1. Footnotes or Endnotes: A small numeral in the text refers to a complete reference, similarly numbered, at the

foot of the page or at the end of the paper. Notes should be numbered sequentially, beginning with "1."

Example:

"Congruence...between the self concept and the ideal self is one of the most fundamental conditions for both general happiness and for satisfaction in specific life areas."¹

¹Alfred L. Brophy, "Self, Role, and Satisfaction," *Genetic Psychology Monographs*, 59 (May 1959), 300.

2. Author-Date Citation: Following a quotation or paraphrase, the author's name and the publication date of the work appear in parentheses and refer the reader to the bibliography at the end of the paper.

Example:

For a person to be truly happy, his or her self concept must more or less coincide with the ideal self he or she envisions (Brophy, 1959).

BIBLIOGRAPHY OR LIST OF CITED REFERENCES

A list of all sources used, arranged alphabetically by the authors' last names, should appear at the end of every paper. Each entry should contain all information necessary for a reader to retrieve the work. Book entries usually include author's name, book title, and publication data (city, publisher, and date). Entries for periodical articles generally include author's name, article title, periodical title, volume number, date of issue, and pages on which the article appears. Students should make whatever adjustments that are necessary to these general rules so that entries coincide with the format prescribed by an instructor or by a specific manual. (An example of one type of bibliography format can be found in the list of style manuals which follows.)

This appendix is not intended to suggest or endorse any specific method of documentation. Rather, its purpose is to remind students that acknowledgment of sources is necessary. The examples given above are provided as illustrations of some of many possibilities. The final authority regarding methods of documentation is the course instructor; students should choose a system of documentation and use it consistently throughout a paper. The following style manuals are commonly used.

American Psychological Association, *Publication Manual of the American Psychological Association*, 6th ed. Washington: APA, 2009.

Campbell, W.G., Ballou, S.V. and Slade, C. *Form and Style: Theses, Reports, Term Papers*. Boston: Houghton Mifflin Harcourt, 2007.

Huth, E.J. *Scientific Style and Format: The CBE Manual for Authors, Editors, and Publishers*. 6th ed. Council of Biology Editors, 1994.

Winkler, A.C. & McCuen-Metherell, J.R. *Writing the Research Paper: A Handbook, 2009 MLA Update Edition*. Wadsworth Publishing, 7th ed., 2009.

Modern Language Association. *MLA Handbook for Writers of Research Papers, Theses, and Dissertations*. New York: MLA. 7th ed., 2009.

Turabian, Kate L. *A Manual for Writers of Term Papers, Theses, and Dissertations*. 7th ed. Chicago: University of Chicago Press, 2007.

Pratt Funds Overview

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE AND FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 7, 2020

In 1975, the university received a significant bequest from the estate of Mr. John Lee Pratt of Stafford County, following his death on December 20, 1975. The bequest was divided equally into two distinct parts, one to support Animal Nutrition and one to support the College of Engineering. According to the will, the bequest for Animal Nutrition was to be used to promote the study of animal nutrition by supplementing salaries, providing equipment and materials to be used for experiments in feeding and in the preparation of feeds for livestock and poultry, and publishing and disseminating the research results of the studies. The will provided that the bequest for the College of Engineering should be used to support research and scholarships.

Distributions of the Pratt Estate were received in several installments: \$9,561,819 in 1975, \$1,330,000 in 1977, \$47,000 in 1979, and \$30,164 in 1981, for a total of \$10,968,983. Over the years, the Pratt Endowment investment pool has grown to \$41.16 million, as of June 30, 2020. The following paragraphs summarize some of the major accomplishments of the College of Engineering and the Animal Nutrition Programs that are directly tied to the funding provided by the Pratt Estate.

When the Pratt Endowment was originally established, the College of Engineering was in the early stages of becoming established as a nationally recognized leader in engineering education. The Pratt Endowment has played a significant role over the years in allowing the college to enrich its pool of students and to offer additional international study opportunities to students and faculty.

The expenditure of income funds from the Pratt Endowment provides an unusual opportunity to support an animal nutrition program of high quality. Use of these endowment earnings has concentrated on enhancing research and educational opportunities beyond what departments could do with state and federal funding. The main funding strategy remains with strong support for Ph.D. training, direct research support, scientific equipment, and visiting professors that stimulate and inspire the faculty and students engaged in nutrition research.

RECOMMENDATION:

That the 2019-20 Pratt Funds Activity Statements for Animal Nutrition and the College of Engineering be approved.

November 16, 2020

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ENGINEERING

Income

Balance, July 1, 2019	\$ 68,403	
Endowment Income for 2019-20	<u>999,333</u>	
 Total Available		 \$1,067,736

Expenditures*

Undergraduate Scholarships	\$492,465	
Graduate Research Fellowships	168,030	
Graduate Research Scholarships	122,101	
Graduate Recruitment for Research Programs	100,343	
Undergraduate International Scholarships	31,749	
Graduate Research Tuition Scholarships	13,841	
Graduate International Scholarships	<u>11,500</u>	
 Total Expenditures		 <u>\$940,029</u>
 Balance at June 30, 2020 to be carried to 2020-21		 <u>\$ 127,707</u>

**See Attachment A for Engineering programs supported by Pratt Funds.*

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ANIMAL NUTRITION

Income

Balance, July 1, 2019	\$ 311,056	
Endowment Income for 2019-20	<u>969,834</u>	
Total Available		\$1,280,890

Expenditures*

Graduate Student Scholars	\$ 544,913	
Scientific Equipment and Supplies	267,105	
Undergraduate Students	164,747	
Nutrition Technicians	146,438	
Visiting Scientists	32,836	
Research Publications	<u>993</u>	
Total Expenditures		<u>\$1,157,032</u>
Balance at June 30, 2020 to be carried to 2020-21		<u>\$ 123,858</u>

**See Attachment B for Animal Nutrition Programs supported by Pratt Funds.*

PRATT FUNDS: College of Engineering

The Pratt Endowment enriches the College of Engineering in many ways, adding to Virginia Tech's reputation. In fiscal year 2019-2020, Pratt Funds supported the following engineering programs: undergraduate scholarships, undergraduate and graduate international scholarships, graduate research assistantships, graduate fellowships and graduate tuition scholarships, and graduate recruitment for the college's research programs.

Undergraduate Scholarships**Spent: \$492,465**

Pratt Funds allow the college to offer Dean's Scholar scholarships to entering freshmen. These scholarships provide a four-year, \$1,500 to \$5,000 per academic year continuing commitment to each recipient, provided at least a 3.5 grade point average is maintained. In fiscal year 2019-20, Pratt Funds provided \$1,500 to \$5,000 to 180 students.

Undergraduate International Scholarships**Spent: \$31,749**

Pratt Funds provided scholarships to 27 undergraduate students participating in international experiences during the 2019-20 academic year. Travel scholarships were provided to students to travel to countries in Africa, Asia, Australia, Europe, and South America. Examples of activities include participation in senior design projects, service learning experiences, cultural exchange programs, and study abroad programs in various countries. Over 50 scholarships were canceled due to travel restrictions caused by the COVID-19 pandemic. Examples of these activities include participation in the Rising Sophomore Program, Civil Engineering's Bridges Program, and various cultural exchange and study abroad programs. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate International Scholarships**Spent: \$11,500**

Pratt Funds supported nine graduate students undertaking a variety of international experiences in Africa, Asia, Australia, and South America. Examples of the international experiences include participation in conferences, research, service learning, and study abroad programs. Travel restrictions caused by the COVID-19 pandemic interrupted international research and conference plans for about 10 graduate students. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate Research Scholarships**Spent: \$122,101**

The college used Pratt funding to support graduate research assistants in the Institute for Critical Technology and Applied Science's (ICTAS) Doctoral Scholars Program. This program is a multi-disciplinary research effort coordinated by ICTAS, with significant contributions from participating departments, colleges, and the Graduate School. Students receive a graduate research scholarship of \$32,000 per year for a maximum of four years. The program supported 10 students in fiscal year 2019-20.

Graduate Fellowships and Graduate Tuition Scholarships

Spent: \$181,871

Graduate Research Fellowships

Each engineering department receives a portion of Pratt Funds to use for graduate fellowships. In fiscal year 2019-20, 92 students received Pratt Fellowships ranging from \$55/month to \$1,126/month. These fellowships supplement existing assistantships, allowing the college to offer competitive compensation packages to graduate students being recruited by other top engineering colleges.

Spent: \$168,030

Graduate Research Tuition Scholarships

Engineering departments have the option of using Pratt Fellowship funding for tuition remission scholarships for graduate students. In fiscal year 2019-20, departments provided partial or complete tuition for seven graduate students from Pratt Funds.

Spent: \$13,841

Graduate Recruitment for Research Programs

Spent: \$100,343

The college's departments readily acknowledge that the use of Pratt Funds to support visiting prospective graduate students substantially increases our enrollment of top-quality graduate students and is critical to the college's research programs. In fiscal year 2019-20, this funding supported the travel expenditures for over 125 prospective graduate students. A majority of the graduate recruiting visits occurred prior to the COVID-19 pandemic travel restrictions.

PRATT FUNDS: Animal Nutrition

The John Lee Pratt Endowment has been instrumental in enhancing the quality of the university's animal nutrition programs at Virginia Tech. The Pratt Endowment objective as specified in John Lee Pratt's bequest is to "*promote the study of animal nutrition, provide equipment and materials for feeding experiments and the preparation of livestock and poultry feeds, and to publish and disseminate the practical results from this research.*" In an effort to better meet the original goals of the Endowment in enhancing Animal Nutrition programs and attract high quality graduate scholars, the College of Agriculture and Life Sciences Pratt Endowment Executive Council modified the process of awarding the Pratt Funds in 2011. The process seeks proposals that enhance faculty programs in Animal Nutrition by aiding in the establishment of new interdisciplinary and externally-funded research, augmenting established funded research, or bridging gaps in projects between periods of extramural funding. Graduate student and visiting scholar support is a major component of these projects. In 2020, the college funded 23 active projects. The programs of 24 faculty members located in eight different departments are supported through these 23 projects. A total of 11 graduate students are funded by these projects.

Direct support of stipends and operations and enhancement of graduate programs through equipment purchases and visiting scientists are the primary expenditures. The total net expenditure for fiscal year 2020 was \$1,157,031 for the continuing program. The main categories of expenditures were as follows:

Graduate Student Scholars (Ph.D. & M.S.)	47.1%
Nutrition Program Support Personnel	12.7%
Undergraduate Program Scholarships & Research	14.2%
Scientific Equipment and Supplies	23.2%
Visiting Scholars and Seminars	2.8%

Graduate Student Scholars

The Pratt program has now matured and currently 11 scholars are enrolled in the program. These students are from several states and countries and are selected based on excellence in their academic and research accomplishments. They receive a Ph.D. or M.S. stipend plus payment of all required tuition and fees. Additionally, each M.S. or Ph.D. candidate receives \$2,500, to be used for operational expenses of their research programs.

Nutritional Program Support Personnel

Research technicians in the field of animal nutrition are a key component of Pratt funding. The Pratt Funds provide partial support of three technicians in animal and dairy

sciences. These technicians are essential in assisting with the necessary sample preparation and data collection for research performed by the scientists engaged in animal nutrition projects in proteomics, ruminant nutrition, and nutrient management.

Undergraduate Program Scholarships and Research

Over 50 outstanding freshmen students were awarded \$1,000 merit scholarships, each, upon entering departments which offer programs in animal nutrition. In addition, 10 Pratt Senior Animal Nutrition Research Scholars received scholarships (\$1,500 each) and research support (\$1,000 each). This exciting program allows outstanding seniors to participate in undergraduate research programs working directly with a faculty researcher. They report their research results at a symposium each spring. Many of these students pursue graduate programs in animal nutrition.

Scientific Equipment and Supplies

Expenditures for equipment and research space renovations continued to emphasize the needs of programs focusing on animal nutrition at various units at the university. The small equipment (<\$10,000) needs were implemented based on the desire of the faculty to achieve the goals of the proposed projects. A request for proposals for large equipment was issued in fiscal year 2020, but some of this equipment was not received until the start of fiscal year 2021 because of delays related to the COVID-19 pandemic.

Visiting Scholars and Seminars

An important stimulus for research programs in animal nutrition is the presence of visiting scientists in seminars, in the classroom, and in the laboratory. A nutrition seminar is regularly supported by Pratt to bring in outstanding speakers from other institutions and industry. Other scientists visit for periods of time ranging from a few days to several months. Visitors supported by Pratt present seminars for the university community and interact with animal nutrition faculty and students in formal and informal instructional settings including laboratories. Visiting scientists/scholars expenditures are higher than the amounts used in recent years due to the new process of funding proposals as some of these proposals include visiting scientists as a part of their research plan.

Research Publications

The program still allows for paying the publication costs of research journal articles resulting from student dissertations. Very few faculty members, however, request the payment of their publication costs from Pratt Funds, mainly because either they include the publication costs in their external grants or many journals have discontinued their charging policy for publication of research articles. The Pratt funded faculty, are however, very productive and have published over 300 publications on animal nutrition over the past five years.

Summary

The Pratt Funds continue to have significant impacts on the Virginia Tech programs in animal nutrition. The process of awarding the Pratt Funds to faculty, including the peer review process established for selection of proposals based on their scientific merits and potential to enhance animal nutrition programs, has greatly enhanced the quality of the programs and is enabling the faculty to become more competitive for external funding at the national level.

This year's carryover is already committed to equipment that was unable to be received in fiscal year 2020 due to COVID-19 related delays. The cost of this encumbered equipment totaled \$101,275 plus an additional \$42,100 which has been held up in the ordering process.

**RESOLUTION FOR APPROVAL OF REAPPOINTMENTS TO THE
VIRGINIA COAL AND ENERGY RESEARCH AND DEVELOPMENT ADVISORY
BOARD**

WHEREAS, the Virginia Coal and Energy Research and Development Advisory Board was established in 1977 by the enabling legislation for the Virginia Center for Coal and Energy Research; and

WHEREAS, the legislation requires that the Virginia Tech Board of Visitors approve appointments, reappointments, and changes to the membership of the advisory board; and

WHEREAS, three proposed reappointments are Kevin Elkins, Victoria Sue Ratliff, and John Warren; and

WHEREAS, Mr. Elkins is a senior engineer at Coronado Global Resources/Buchanan Minerals who received an M.B.A. from King University, an M.S. in environmental engineering from Marshall University Graduate College, and a B.S. in mining engineering from Virginia Tech; and

WHEREAS, Dr. Ratliff is the vice president of academic affairs and workforce solutions and director of institutional effectiveness at Mountain Empire Community College who received an Ed.D. in education leadership from Liberty University, an M.B.A. from Morehead State University, a B.S. in business administration from Tusculum College, and an A.A.S. from Mountain Empire Community College; and

WHEREAS, Mr. Warren is the director of the Virginia Department of Mines, Minerals and Energy and received an M.S. in public administration from Virginia Commonwealth University and a B.S. in mechanical engineering from Virginia Tech;

NOW, THEREFORE, BE IT RESOLVED, that Kevin Elkins and John Warren be reappointed to the Virginia Coal and Energy Research and Development Advisory Board beginning January 1, 2021, and ending December 31, 2024, and that Victoria Sue Ratliff be reappointed to the Virginia Coal and Energy Research and Development Advisory Board beginning retroactively on March 27, 2020, and ending December 31, 2024.

RECOMMENDATION:

That the Board of Visitors approve the above resolution.

November 16, 2020

RESOLUTION FOR EXCLUSION OF CERTAIN OFFICERS/DIRECTORS

WHEREAS, Virginia Polytechnic Institute and State University (Virginia Tech) was determined by the U.S. Department of Defense (DoD) to be a facility authorized to be eligible for access to classified information or award of classified contracts in 1960, and years following, with the most recent authorization in 2015; and

WHEREAS, in accordance with the National Industry Security Program Operating Manual (NISPOM), Cognizant Security Agencies (CSAs) require that certain principal officers, directors, partners, regents, or trustees, and those occupying similar positions at institutions of higher education meet the personnel security clearance requirements established for the level of the institution's facility security clearance or be formally excluded; and

WHEREAS, the NISPOM permits the exclusion from the personnel clearance requirements of said principal officers et al. on the basis that these cited individuals shall not require, shall not have, and can be effectively excluded from access to all classified information disclosed to Virginia Tech, and do not occupy positions that would enable them to affect adversely corporate policies or practices in the performance of classified contracts, as determined by a CSA;

NOW, THEREFORE, BE IT DECLARED that the Virginia Tech Board of Visitors hereby formally appoints a managerial group with the authority and responsibility for the negotiation, execution, and administration of classified contracts (Key Management Personnel), consisting of the following principal officers within Virginia Tech: President, University Legal Counsel, Chief Contracting Officer, Vice President for Research and Innovation, Senior Contracts Officer, Facility Security Officer, and Insider Threat Program Senior Official (specified by name in Attachment A); and

BE IT RESOLVED that the President, and the said managerial group, at the present time do possess the required security clearance, with the exception of the Vice President for Research and Innovation, who is in the process of obtaining the required security clearance and is hereby excluded pursuant to this resolution until the time eligibility for access to classified information is granted by a cognizant security agency; and

BE IT RESOLVED FURTHER that in the future, when a CSA determines that additional Virginia Tech officials must be added to said managerial group and be granted personnel clearances or excluded from classified access pursuant to the NISPOM, such requirements shall be made and approved by the Key Management Personnel, and not the Board of Visitors, unless approval by the Board of Visitors is formally required by a CSA; and

LASTLY, BE IT RESOLVED, that the appended list of all members of the Board of Visitors and certain University Principal Officers (specified by name in Attachment B) shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Virginia Tech, and do not occupy a position that would enable them to affect adversely Virginia Tech policies or practices in the performance of classified contracts. A copy of this resolution shall be provided to CSAs as required by the NISPOM.

RECOMMENDATION:

That this resolution be adopted.

November 16, 2020

ATTACHMENT A:

Key Management Personnel who must be granted personnel clearances or excluded from classified access pursuant to the NISPOM per Board of Visitors Resolution, November 16, 2020.

President	Timothy D. Sands, Ph.D.
University Legal Counsel	Kay K. Heidbreder, Esq.
Chief Contracting Officer	Timothy D. Sands, Ph.D
Vice President for Research & Innovation	Daniel Sui, Ph.D.*
Senior Contracts Officer	Trudy Riley
Facility Security Officer and Insider Threat Program Senior Official	John J. Talerico, III

*an application has been made for Dr. Sui's clearance but has not been granted at the time of this report.

ATTACHMENT B:

Members of the Virginia Tech Board of Visitors to be excluded per Board of Visitors Resolution, November 16, 2020.

Edward H. Baine
Shelley S. Barlow
Carrie Chenery
Greta J. Harris
C. T. Hill
Anna L. James
Letitia A. Long (Vice Rector)
Sharon B. Martin
Melissa B. Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras (Rector)
Jeff E. Veatch
Preston M. White

List of Virginia Tech Principal Officers to be excluded per Board of Visitors Resolution, November 16, 2020

Executive Vice President and Provost

Dr. Cyril R. Clarke



Cristen Jandreau, Ph.D.
Director, Research Conflict of Interest Program

North End Center, Suite 4120
300 Turner Street NW
Blacksburg, Virginia 24061
P: (540) 231-4824 F: (540) 231-0959
Email: drj@vt.edu

Date: 10/09/2020

To: Board of Visitors

Subject: Report of open contracts entered into subject to the Code of Virginia “State and Local Government Conflict of Interests Act” (“the Act”) § 2.2-3106 C. 8.

There were three contracts entered into at the time of this report (from 7/16/2020 – 10/9/2020) subject to the Act’s exception for prohibited contracts involving research and development or commercialization of intellectual property. Details as per the Act § 2.2-3106 E. are included below.

Contract	#1	#2
Open contract number	PIEZXCJW	PXQCFQTH
Names of parties	Virginia Tech and Burton-Le Roy LLC	Virginia Tech and Acomhal Research Inc.
Date contract executed	7/14/20	7/28/20
Contract term	1/1/20-12/31/20	7/1/20-9/30/20
Subject of contract	"The Commonwealth Center of Innovation for Autonomous Systems (C2IAS)"	"Inhibition of breast cancer cell metastases using a connexin43 mimetic peptide"

<p>Nature of COI</p>	<p>Matthew Burton, Flight Operations Manager with the Mid-Atlantic Aviation Partnership, has reported an equity interest in Burton-Le Roy LLC. He serves as a co-founder, manager, and technical contributor for the company. Virginia Tech has received an award from the State Council of Higher Education for Virginia that includes a subcontract to Burton-Le Roy LLC. Matthew Burton will serve as a co-Investigator for Burton-Le Roy LLC and will not participate on the Virginia Tech side of the project. Matthew Burton has a financial conflict of interest with state law implications that requires management in order to promote research objectivity.</p>	<p>Robert Gourdie, Professor at the Fralin Biomedical Research Institute (FBRI), has reported an equity interest in Acomhal Research Inc. where he serves as Chief Science Officer. The company has subcontracted to Virginia Tech after receiving a Small Business Technology Transfer Phase I award from the National Institutes of Health. Robert Gourdie will serve as the Principal Investigator (PI) Virginia Tech. At his previous institution, the Medical University of South Carolina (MUSC), Robert Gourdie developed a novel peptide called JM2 (or connexin43 mimetic peptide juxtamembrane 2). Acomhal Research Inc. holds an option on the intellectual property and is negotiating for a license from MUSC. Samy Lamouille, Assistant Professor at FBRI, also has an equity interest in Acomhal Research Inc. and serves as Chief Executive Officer for the business. Samy Lamouille will serve as the PI for Acomhal Research Inc. and will not be participating on the Virginia Tech side of the project. Jamie Smyth, Assistant Professor at FBRI, is Samy Lamouille's spouse. Jamie Smyth holds the same equity interest described above but does not have an active role in the business. Jamie Smyth will serve as a co-Investigator for Virginia Tech on the project. Sherri Cook is Associate Vice President for Virginia Tech Health Sciences and Technology, Finance, and Operations at FBRI. As Robert Gourdie's spouse, Sherri Cook holds the same equity interest described above but is not involved</p>
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		in the research. Robert Gourdie, Samy Lamouille, Jamie Smyth and Sherri Cook have a financial conflict of interest with state law implications that requires management in order to promote research objectivity.
Institution employee responsible for administering contract	Trudy Riley, contract administration signatory Director, Virginia Tech Office of Sponsored Programs	Trudy Riley, contract administration signatory Director, Virginia Tech Office of Sponsored Programs
The institution's commitment of resources or finances for the contract	N/A	N/A
Details of how revenues are to be dispersed	N/A (no revenues will be generated)	N/A (no revenues will be generated)

Contract	#3
Open contract number	PWBAOD5Q
Names of parties	Virginia Tech and Prime Photonics LC
Date contract executed	10/6/20
Contract term	9/11/20-2/28/21
Subject of contract	“SBIR: TAP WADR: Temperature And Phase of Water via AI-based Detection using Raman scattering”
Nature of COI	Anbo Wang, Professor in the Department of Electrical and Computer Engineering, has disclosed an equity interest in Prime Photonics LC. The company has received an award from the National Aeronautics and Space Administration, which includes a subaward to Virginia Tech. Todd Lowe, Associate Professor in the Department of Aerospace and Ocean Engineering, will carry out the scope of work as the Principal Investigator for Virginia Tech. Anbo Wang will not be involved in this research. As defined by state law, Anbo Wang has a personal interest in a contract.
Institution employee responsible for administering contract	Trudy Riley, contract administration signatory Director, Virginia Tech Office of Sponsored Programs
The institution's commitment of resources or finances for the contract	N/A

Details of how revenues are to be dispersed	N/A (no revenues will be generated)
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Open Session Agenda

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

Inn at Virginia Tech and Skelton Conference Center

Latham Ballroom CDEF

November 16, 2020

10:00 a.m. – 11:45 a.m.

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Return to Open Session	G. Harris
2. Welcome and Acceptance of Agenda	G. Harris
3. Report of Closed Session Action Items	G. Harris
4. Consent Agenda	G. Harris
A. Approval of August 24 Meeting Minutes	
B. Report of Reappointments to Endowed Chairs, Professorships, and Fellowships	
*C. Resolution to Revise Graduate Honor System Constitution	
*D. Pratt Fund Overview (shared with Finance and Resource Management)	
*E. Resolution for Approval of Reappointments to the Virginia Coal and Energy Research and Development Advisory Board	
*F. Resolution for Exclusion of Certain Officers/Directors	
5. Update: College of Natural Resources and Environment	P. Winistorfer
6. Council of College Deans Update	L. Belmonte
7. Provost's Update	C. Clarke
8. Discussion: Transdisciplinary Learning and Discovery	C. Clarke
Matthew W. Hulver, College of Agriculture and Life Sciences Executive Director, Fralin Life Sciences Institute Professor, Department of Human Nutrition, Foods and Exercise College of Agriculture and Life Sciences	
X.J. Meng, Virginia-Maryland College of Veterinary Medicine Center for Emerging, Zoonotic, and Arthropod-borne Pathogens University Distinguished Professor, Department of Biomedical Sciences and Pathobiology Member, National Academy of Sciences	
9. Agenda Items for March 2021 Committee Meeting	G. Harris
10. Adjourn	G. Harris

* Requires Full Board Approval

Open Session Briefing Report

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Return to Open Session <i>The committee will vote to return to open session.</i>	G. Harris
2. Acceptance of Agenda <i>Greta Harris, chair of the committee will ask members to review and vote on acceptance of the meeting agenda including a vote on the Consent Agenda items.</i>	G. Harris
3. Report of Closed Session Action Items <i>G. Harris will report on the actions voted on during the committee's Closed Session. These items will be considered during the full board's Closed Session.</i>	G. Harris
*4. Consent Agenda <i>The committee will consider approval of the consent agenda, including minutes of the August 24, 2020 meeting, a report on reappointments to endowed chairs, professorships, or fellowships, a resolution to revise the graduate honor system constitution, a report from the College of Agriculture and Life Sciences and the College of Engineering for the expenditure of Pratt Funds during 2019-20 as required by the terms of the bequest (this report is also considered by the Finance and Resource Management committee), a resolution to approve reappointments to the Virginia Coal and Energy Research and Development Advisory Board, and a resolution for the exclusion of certain officers/directors.</i>	G. Harris
5. Update: College of Natural Resources and Environment <i>Paul Winistorfer, dean of the College of Natural Resources and Environment, will provide information on the college. The college is comprised of four departments, 141 faculty members, 1,000 undergraduate and 250 graduate students. The college is consistently ranked #1 in two programs and #1 college of its kind.</i>	P. Winistorfer
6. Council of College Deans Update	L. Belmonte

* Requires Full Board Approval

Laura Belmonte, dean of the College of Liberal Arts and Human Sciences serves as representative to the committee from the university's Council of College Deans. L. Belmonte will provide information on university-wide topics from the perspective of the college deans.

7. Provost's Update C. Clarke

Cyril Clarke, executive vice president and provost, will update the committee on academic matters.

8. Discussion: Transdisciplinary Learning and Discovery C. Clarke

C. Clarke will lead a discussion on the various ways in which transdisciplinary learning and discovery is being advanced in the university's institutes, curriculum, and with the engagement of undergraduate, graduate, and professional students.

*Matthew W. Hulver, College of Agriculture and Life Sciences
Executive Director, Fralin Life Sciences Institute
Professor, Department of Human Nutrition, Foods and Exercise
College of Agriculture and Life Sciences*

*X.J. Meng, Virginia-Maryland College of Veterinary Medicine
Center for Emerging, Zoonotic, and Arthropod-borne Pathogens
University Distinguished Professor, Department of Biomedical Sciences and Pathobiology
Member, National Academy of Sciences*

9. Agenda Items for March 2021 Committee Meeting G. Harris

Committee members identify agenda items for consideration for future committee meetings.

10. Adjourn G. Harris

Closed Session Agenda

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

Inn at Virginia Tech and Skelton Conference Center

November 16, 2020
9:30 a.m. – 10:00 a.m.

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Welcome and Motion to Begin Closed Session	G. Harris
* 2. Appointments to Emeritus/a Status (10)	C. Clarke
* 3. Appointments to Endowed Chairs, Professorships, or Fellowships (7)	C. Clarke
* 4. Appointments with Tenure (1)	C. Clarke
* 5. Approval of Personnel Changes Report <i>(also voted on by the Finance and Resource Management Committee)</i>	C. Clarke

* Requires Full Board Approval

Closed Session Briefing Report

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Welcome and Motion to Begin Closed Session <i>G. Harris, chair of the committee, will welcome committee members and request that a member of the committee make a motion to take the committee into closed session.</i>	G. Harris
* 2. Appointments to Emeritus/a Status (10) <i>The committee will consider 10 resolutions for appointments to emeritus/a status.</i>	C. Clarke
* 3. Appointments to Endowed Chairs, Professorships, or Fellowships (7) <i>The committee will consider seven resolutions for appointments to endowed chairs, professorships, or fellowships.</i>	C. Clarke
* 4. Appointments with Tenure <i>The committee will consider one appointment with tenure</i>	C. Clarke
* 5. Approval of Personnel Changes Report <i>(also voted on by the Finance and Resource Management Committee)</i> <i>The Faculty Personnel Changes Report is considered at each board meeting by the Academic, Research, and Student Affairs Committee and the Finance and Resource Management Committee. The report includes new faculty appointments and adjustments in salaries for faculty through the quarter ending September 30, 2020.</i>	C. Clarke

* Requires Full Board Approval

Open Joint Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

Latham A/B, The Inn at Virginia Tech

8:30 a.m.

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Annual Report on Research	Don Taylor Dan Sui
2. Critical Hiring and Compensation Exceptions First Quarter FY 2020-21	Jack Finney
* 3. Approval of Resolution Delegating Authority for the Personnel Changes Report	Ken Miller

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).

Briefing Report
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

Joint Open Session

- 1. Annual Report on Research:** The Committees will receive a comprehensive annual report on research highlighting university research expenditures and related trends and benchmarking information. This report will also include an introduction of the new Vice President for Research and Innovation, Dr. Daniel Sui.
- 2. Critical Hiring and Compensation Exceptions First Quarter FY 2020-21:** As a dimension of managing budget constraints, the university established a process for reviewing personnel actions. After review, only critical and essential hires and compensation actions are approved. Personnel actions and data for the first quarter will be reviewed by the Committees. While the commonwealth lifted restrictions on personnel actions in October 2020, the university maintains its review and approval processes.
- * 3. Approval of Resolution Delegating Authority for the Personnel Changes Report:** The Committees will review for approval the Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions. This resolution would allow the Board of Visitors to focus on high-level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

*** Requires full Board approval.**

◆ Discusses Enterprise Risk Management topic(s).

RESOLUTION TO AMEND DELEGATION OF AUTHORITY FOR SELECTED FACULTY PERSONNEL ACTIONS

WHEREAS, faculty employment and policies are under the purview of the Board of Visitors (the Board); and

WHEREAS, the Board holds the authority to approve all faculty appointments; and

WHEREAS, the Board, as the governing authority of the university, delegates authority to the president to oversee and to administer the policies of the board and manage the administrative, instructional, research, and public service programs of the university; and

WHEREAS, on June 1, 2009, the Board approved a resolution titled Delegation of Authority for Selected Faculty Personnel Actions; and

WHEREAS, a recent review of the delegation of authority for faculty personnel actions resulted in the identification of potential administrative and managerial efficiencies; and

WHEREAS, the rector and committee chairs have encouraged streamlining processes to make best use of technology and efficient use of personnel resources; and

WHEREAS, compilation of the report and preparation to discuss these routine actions entails significant staff time and effort; and

WHEREAS, amending the delegation of authority by the Board to the university's administration will reflect the university's current faculty employment processes and will ensure that the university's hiring, employment, and compensation practices are attractive and competitive for internal and external candidates for faculty positions; and

WHEREAS, the Board will continue to approve all executive and senior level hires including compensation and tenure actions.

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors delegates authority to the president or the president's designee for selected faculty appointment and compensation actions as described in the attachment, effective immediately; and

BE IT FURTHER RESOLVED, that the Personnel Changes Report presented quarterly to the Board for ratification contain the actions for the prior quarter, consistent with other financial and business reports prepared for the Board.

RECOMMENDATION:

That the Board of Visitors approve this Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions.

November 16, 2020

AMENDED DELEGATION OF AUTHORITY FOR SELECTED FACULTY APPOINTMENTS AND COMPENSATION ACTIONS

The amended delegation of authority to the president or the president's designee for routine and modest salary adjustments and selected new appointments allows the Board of Visitors (the Board) to focus on high level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

The Board would retain approval (or confirmation) of the following faculty-related personnel actions:

Appointment/Promotion Actions:

- Appointments of instructional and research faculty members on the tenure-track or continued appointment track confirmed in quarterly Personnel Changes Report
- Appointments with tenure considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Salaries of faculty appointments with tenure confirmed in the quarterly Personnel Changes Report based on their effective or start date
- Appointments of faculty-ranked athletic personnel above a threshold* salary level confirmed in quarterly Personnel Changes Report
- All bonuses of faculty-ranked athletic personnel confirmed in the quarterly Personnel Changes Report
- Appointments of administrative and professional faculty hired above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Appointments to distinguished or endowed professorships: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Appointments to emeritus/a status: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Award of tenure or continued appointment and/or promotions in rank as identified in the faculty compensation plan confirmed in the Promotion, Tenure and Continued Appointment Program Report approved at the June Board meeting

Compensation Actions:

- Overall faculty compensation plan approved at the June Board meeting
- Annual merit adjustments for all faculty members approved at appropriate Board meeting based on timing determined by state
- Compensation packages for athletic director and head coaches confirmed annually as an addendum to the quarterly Personnel Changes Report

- Off-cycle salary adjustments greater than or equal to 20% for all regular faculty members that result in a salary at or above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Deferred compensation
- Special payments for recruitment or separation
- Decrease in salary for disciplinary action

Through such delegation, the Board **does not receive** the following actions as part of the quarterly Personnel Changes Report:

- Changes in employment status that do NOT involve any salary action, such as “regular” to “restricted” or conversion from staff to faculty;
- Salary adjustments made in accordance with existing policies and standard formulas:
 - Academic-year to calendar-year conversions and the reverse
 - Research extended appointments
 - Change in percent employment
 - Addition or deletion of extension unit coordinator supplement
 - Overseas allowance
 - Increase for completing advanced degree
- Off-cycle salary adjustments less than 20%;
- Off-cycle salary adjustments for faculty below threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment;
- New appointments and salary adjustments for faculty members on *restricted contracts*, such as research faculty; and
- New appointments of non-tenure track instructional faculty, or administrative and professional faculty below threshold* salary level.

***Salary Threshold:**

The initial threshold for salary actions is \$125,000 for a 12-month appointment. The threshold will be evaluated over time and adjusted and approved by the Board of Visitors as needed.

Open Session Agenda

BUILDINGS AND GROUNDS COMMITTEE

Latham Ballroom, The Inn at Virginia Tech

2:30 p.m.

Sunday, November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Welcome	Mr. C.T. Hill, Chair
2. <u>Consent Agenda</u> <ol style="list-style-type: none">Approval of the Minutes from the August 25, 2020 MeetingAcceptance of the Sustainability Annual ReportAcceptance of the Capital Project Status Report	Mr. C.T. Hill, Chair
3. Virginia Tech 2020 Climate Action Commitment	Dr. Tim Sands Dr. Dwayne Pinkney Dr. John Randolph Dr. Todd Schenk
4. Update on Utilities and Energy Management Initiatives	Dr. Chris Kiwus Ms. Mary-Ann Ibeziako
*5. Resolution to Approve the Virginia Tech Crisis and Emergency Management Plan and Addendum	Mr. Kevin Foust Mr. Mike Mulhare
6. Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistic Act Report	Mr. Kevin Foust Mr. Mac Babb
7. Update on Agricultural Facilities Planning and Construction	Dr. Alan Grant Dr. Kristy Daniels Dr. Robin White
8. Design Review for the Corps Leadership and Military Science Building	Ms. Liza Morris
9. Future Agenda Items and Closing Remarks	Mr. C.T. Hill, Chair

Note: Following the Building and Grounds and Finance and Resource Management joint Committee meeting, the full Board is invited to tour the Power Plant with the Buildings and Grounds Committee. The group will meet in the lobby of the Inn at 4:45 p.m. to depart by bus for the tour.

* Requires full Board approval.

Briefing Report

BUILDINGS AND GROUNDS COMMITTEE

November 15, 2020

Open Session

1. **Welcome:** The Committee Chair will convene the meeting and provide welcoming remarks.
2. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda:
 - a. **Approval of the Minutes from the August 25, 2020 Meeting:** The Committee will review for approval the minutes from the August 25, 2020 meeting.
 - b. **Acceptance of the Sustainability Annual Report:** The Committee will review for acceptance the sustainability annual report. Virginia Tech serves as a model community for a sustainable society and is committed to advancing sustainability in academics (curriculum & research), engagement, operations, planning, and administration. The university maintains a gold rating from the Association for Advancement of Sustainability in Higher Education (AASHE) using the Sustainability Tracking, Assessment, and Rating System (STARS).
 - c. **Acceptance of the Capital Project Status Report:** The Committee will review for acceptance the quarterly capital project status report.
3. **Virginia Tech 2020 Climate Action Commitment:** The Committee will receive a presentation on the Virginia Tech 2020 Climate Action Commitment. Approved initially in 2009 by the Board of Visitors and revised in 2013, the Virginia Tech Climate Action Commitment serves as the university's guiding framework around sustainability and energy efficiency in campus operations, facilities, curriculum, and research. In late 2019, President Sands called for its renewal and revision to ensure the most stringent climate and sustainability standards are implemented as the university continues to grow and seeks to be a leader in environmental stewardship. The mission of the revised commitment is to achieve carbon neutrality by changing our physical infrastructure, collective and individual behaviors, and educational mission; to engage everyone in creating a culture of sustainability; and to achieve these objectives through just and equitable means. A working group of faculty experts, governance representatives, students, operations professionals, and community members led this charge and crafted the revision. Through participation in working group and subcommittee meetings,

brainstorming sessions, and community engagement events, students involved in the revision process had countless opportunities to gain practical sustainability experience. Senior vice president and chief business officer, Dwayne Pinkney, sponsored the initiative. The work group was chaired by John Randolph, professor emeritus of urban affairs and planning, and co-chaired by Todd Schenk, assistant professor of urban affairs and planning and member of the Commission on Faculty Affairs. On an aggressive timeline, the revision moved through university governance this fall, receiving approval from the Energy and Sustainability Committee, Commission on University Support, and the University Council. It was endorsed by the Faculty and Staff Senates, the Student Government Association, and the Graduate Student Assembly.

4. **Update on Utilities and Energy Management Initiatives:** The Committee will receive a presentation regarding campus utilities and energy management initiatives. Virginia Tech is committed to providing an effectively managed and operated infrastructure to support the institution's learning, discovery, and engagement missions. In support of this commitment, the Division of Campus Planning, Infrastructure, and Facilities is responsible for the production, delivery, and management of safe, reliable, and efficient utility and energy systems, while effectively stewarding university resources and the environment. In support of the Virginia Tech Climate Action Commitment, the university also strives to become a leader in environmental excellence. As a strategic driver, the university has proactively established programming to champion tangible reduction in energy consumption on campus.
- * 5. **Resolution to Approve the Virginia Tech Crisis and Emergency Management Plan and Addendum:** The university Crisis and Emergency Plan and addendum are presented for adoption in accordance with Code of Virginia. The Code of Virginia requires that every four years a public institution of higher education conduct a comprehensive review and revision of its Crisis and Emergency Management Plan to ensure that it remains current, and the plan shall be adopted formally by the Board of Visitors. The plan has been reviewed by the Safety and Security Policy Committee and was promulgated by President Sands in June 2019.
6. **Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistic Act Report:** The Committee will receive the annual campus security and fire safety report for Virginia Tech that is compiled and published by the Virginia Tech Police Department. This annual report is required by the Higher Education Opportunity Act and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crimes Statistics Act. The purpose of the report is to provide information about security on campus, to include: campus and community crime statistics, fire statistics and safety information, policy information, safety tips, resource phone numbers, and a brief overview of the many services the university provides.
7. **Update on Agricultural Facilities Planning and Construction:** The Committee will receive an update from Alan Grant, Dean of the College of Agriculture and Life

Sciences, on agricultural facilities planning and construction. Dr. Grant will be joined by associate professors Robin White and Kristy Daniels to discuss the Metabolic Research Laboratory and its impact on their work.

- 8. Design Review for the Corps Leadership and Military Science Building:** The Committee will receive the design review for the Corps Leadership and Military Science Building.
- 9. Future Agenda Items and Closing Remarks:** The Committee will discuss potential topics for inclusion on future meeting agendas.

Open Joint Session Agenda

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

Latham A/B, The Inn at Virginia Tech

4:30 p.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
* 1. Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property	Ken Miller Chris Kiwus
* 2. Approval of Resolution to Supplement the New Upper Quad Residence Hall	Ken Miller Chris Kiwus

*** Requires full Board approval.**

Briefing Report

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

November 15, 2020

Joint Open Session

- * 1. **Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property:** The Committees will review for approval a resolution for a capital lease for the 3200 Commerce Street property.

The university vision to expand research and development under the Virginia Tech Transportation Institute (VTTI) is a key strategic initiative for the future. The acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street is an essential asset for growth by housing VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlining access to research vehicles, and promoting the expedient staging of research props and fixtures. This space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

The Virginia Tech Foundation (Foundation) acquired the property on behalf of the university for \$1.52 million on May 29, 2020. The funding plan calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs from its returned overhead revenues. The University Controller's Officer has reviewed the lease and determined that the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. While the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs.

This request is for authorization to move forward with a capital lease for the 3200 Commerce Street property.

- * **Requires full Board approval.**

- * **2. Approval of Resolution to Supplement the New Upper Quad Residence Hall:** The Committees will review for approval a resolution to supplement the New Upper Quad Residence Hall project.

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. This approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, a necessary feature for the Corps of Cadets, including the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

This request is for authorization move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

* **Requires full Board approval.**

Resolution for a Capital Lease for the 3200 Commerce Street Property

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

September 1, 2020

The Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures. The university's vision to expand research and development under the Institute is a key strategic initiative for the future. Specifically, VTTI identified the acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street in Blacksburg, Virginia as an essential asset for growth.

This location provides a large space to house VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlines access to research vehicles, and promotes the expedient staging of research props and fixtures. The space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

On behalf of the university, the Virginia Tech Foundation (Foundation) acquired the property for \$1.52 million on May 29, 2020. The funding plan to cover the projects costs calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs for the property from its returned overhead revenues. The University Controller's Office has reviewed the lease and determined the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. Thus, while the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation for the 3200 Commerce Street property and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs. Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including capital leases. This request is for authorization to enter into a capital lease with the Foundation for the 3200 Commerce Street property.

**RESOLUTION FOR A CAPITAL LEASE FOR
THE 3200 COMMERCE STREET PROPERTY**

WHEREAS, the Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures; and,

WHEREAS, VTTI identified the acquisition of 3.29 acres of property at 3200 Commerce Street in Blacksburg, Virginia as essential to its operations and strategic growth; and,

WHEREAS, the Foundation has acquired the property inclusive of the 10,434 gross square foot facility containing additional office and garage space for \$1.52 million; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation at a rate sufficient to retire the acquisition costs, normal property carrying costs, and operating expenses; and,

WHEREAS, the lease rates will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired; and,

WHEREAS, Virginia Tech has developed a nongeneral fund resource plan utilizing VTTI operating revenues which are sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including capital leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property be approved.

November 15, 2020

Capital Project to Supplement the New Upper Quad Residence Hall

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

October 26, 2020

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. The approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, which is a necessary feature for the Corps of Cadets. Specifically, the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets. In consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a \$7 million supplement to adjust the total authorization for the New Upper Quad Residence Hall project to \$40 million.

RESOLUTION OF A CAPITAL PROJECT TO SUPPLEMENT THE NEW UPPER QUAD RESIDENCE HALL

WHEREAS, the Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting with a 300-bed capacity to ensure housing accommodations to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students; and,

WHEREAS, the approved project budget of \$33 million was based on a cost model of \$110,000 per residential bed to raze Femoyer Hall and to design, construct, and furnish the new residential facility; and,

WHEREAS, subcontractor market pricing at the completion of preliminary designs (September 15, 2020) show the project cost is \$40 million, or \$133,333 per bed; and,

WHEREAS, in consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model to \$133,333 per bed to ensure the project meets the programmatic requirements for the Corps of Cadets; and,

WHEREAS, the adjusted total project costs inclusive of razing Femoyer Hall and the design, construction, and furnishings for the new facility would be \$40 million; and,

WHEREAS, the university and residential program have developed a entirely nongeneral fund financing plan to cover a \$40 million total project cost to complete the necessary scope of work; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the university has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and,

WHEREAS, the Finance and Resource Management Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the New Upper Quad Residence Hall project be approved.

November 15, 2020

RESOLUTION TO APPROVE THE VIRGINIA TECH CRISIS AND EMERGENCY MANAGEMENT PLAN AND ADDENDUM

WHEREAS, Section 23.1-804, Code of Virginia as amended requires that each public institution of higher education develop, adopt, and keep current a written crisis and emergency management plan; and every four years, each institution shall conduct a comprehensive review and revision of its crisis and emergency management plan to ensure the plan remains current; and

WHEREAS, it is required that the plan be adopted by the institution's Board of Visitors; and

WHEREAS, the Virginia Tech Office of Emergency Management, in coordination with the Virginia Department of Emergency Management, has a crisis and emergency management plan (CEMP) which was reviewed and approved by the University Safety and Security Policy Committee and promulgated by President Timothy D. Sands on June 28, 2019; and

WHEREAS, the unprecedented response to the COVID-19 Pandemic resulted in an operational change requiring an Addendum to the plan; and

WHEREAS, the CEMP and the Addendum have been reviewed by this Board of Visitors;

NOW, THEREFORE, BE IT RESOLVED, that the Virginia Tech Board of Visitors, hereby adopts the Virginia Tech Crisis and Emergency Management Plan and Addendum, to include all-hazards plans and procedures for disasters. The Office of Emergency Management will update the CEMP, with the approval of the President of the University, as required during the interim between the Board of Visitors quadrennial review and adoption required by Section 23.1-804 of the Code of Virginia as amended.

RECOMMENDATION:

That the above resolution adopting the Virginia Tech Crisis and Emergency Management Plan and Addendum, to include all-hazards plans and procedures for disasters be approved.

November 15, 2020

Open Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
10:00 a.m. – 11:30 a.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Mr. Chris Petersen
2. Welcome and Introductory Remarks	Ms. Tish Long
3. Consent Agenda	Ms. Tish Long
a. Minutes from the August 24, 2020 Meeting	
b. Update of Responses to Open Internal Audit Comments	
c. Audit Plan Status Report	
d. Internal Audit Reports	
i. Center for the Arts	
e. ERM and ICP Program Updates	
4. Auditor of Public Accounts Financial Statement Audit and Management Letter	Ms. Meghan Finney Mr. James Quesenberry
5. Internal Audit Reports	Mr. Justin Noble
a. Athletics	
6. OARC Annual Report	Ms. Sharon Kurek
7. Review and Approval of OARC Charter	Ms. Sharon Kurek
8. Discussion of Future Topics	Ms. Tish Long

Open Session Briefing Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Compliance, Audit, and Risk Open Session

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **Welcome and Introductory Remarks:** The chair of the Compliance, Audit, and Risk Committee will provide opening remarks.
3. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda.
 - a. **Minutes for the August 24, 2020 Meeting:** The Committee will review and approve the minutes of the August 24, 2020 meeting.
 - b. **Update of Responses to Open Internal Audit Comments:** The Committee will review the university's update of responses to all previously issued internal audit reports. As of June 30, 2020, the university had eight open recommendations. Eight audit comments were issued during the fourth quarter of the fiscal year. As of September 30, 2020, the university had addressed five comments, leaving 11 open recommendations in progress.
 - c. **Audit Plan Status Report:** The committee will review the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) has completed 7 percent of its audit plan, and 23 percent is underway, in accordance with the fiscal year 2020-21 annual audit plan.
 - d. **Internal Audit Reports:** The following internal audit report was issued by the Office of Audit, Risk, and Compliance (OARC) since the August 24, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

- i. Center for the Arts: The audit received a rating of improvements are recommended. One observation was noted with respect to completion of safety training.
 - e. **ERM and ICP Program Updates:** The committee will receive an update on the Enterprise Risk Management (ERM) and Institutional Compliance (ICP) programs. A tabletop exercise concerning the university's plans for mitigating COVID-19 during the fall semester, conducted in conjunction with the Division of Student Affairs and the Division of Campus Planning, Infrastructure, and Facilities, will be shared with the committee, as will plans for updating the risk snapshots for the Top Ten enterprise risks. Updates on the completion of compliance risk assessments through the ICP will also be shared with the committee.
- 4. **Auditor of Public Accounts Financial Statement Audit and Management Letter:** The Committee will receive a report from Ms. Meghan Finney, Senior Auditor, Auditor of Public Accounts, on the status of the university's financial statement audit and management letter for the fiscal year ended June 30, 2020.
- 5. **Internal Audit Reports:** The following internal audit report was issued by the Office of Audit, Risk, and Compliance (OARC) since the August 24, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.
 - a. Athletics: The audit received a rating of improvements are recommended. Two observations were noted with respect to conflict of interest and commitment disclosures and reporting outside athletically related income.
- 6. **OARC Annual Report:** The Committee will review the Annual Report for OARC. Acceptance of this report documents the Committee's review of the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships as required by the Committee's Charter. In addition to conducting scheduled audits, policy compliance reviews, and advisory services, the department participated in annual audit activities, fraud investigations, and professional development activities. Twenty-two audit projects, or 88 percent of the audits on the fiscal year 2019-20 amended audit plan, have been completed. Three audit projects are underway and will carry forward into fiscal year 2020-21.

In addition to operating the audit function, OARC continued facilitating the university's enterprise risk management and institutional compliance programs. The enterprise risk landscape was updated including the creation of a 'top ten risks' model. Twenty-one presentations and discussions highlighting ERM risk areas took place across the five standing BOV committees since the program began. A university-wide compliance risk assessment process was deployed as part of the institutional compliance program with a 97.5% completion rate, as well as implementation of the new anonymous hotline.

7. **Review and Approval of OARC Charters:** The Committee will review the Charter for the Office of Audit, Risk, and Compliance in accordance with professional standards. After conducting a thorough review, OARC will recommend modifications to the department charter to clarify expectations on its responsibility for coordinating external audits and minor technical corrections.
8. **Discussion of Future Topics:** The Committee will discuss topics to be covered in future committee meetings.

Closed Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

**Latham Ballroom A/B, The Inn at Virginia Tech
9:30 a.m. – 10:00 a.m.**

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion for Closed Session	Ms. Sharon Brickhouse Martin
2. Update on Fraud, Waste, and Abuse Cases	Ms. Sharon Kurek Mr. Justin Noble
3. Discussion with the Executive Director of Audit, Risk, and Compliance	Ms. Sharon Kurek

Closed Session Briefing Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Compliance, Audit, and Risk Closed Session

1. **Motion for Closed Session:** Motion to begin closed session.
2. **Update on Fraud, Waste, and Abuse Cases:** The Committee will receive an update on outstanding fraud, waste, and abuse cases.
3. **Discussion with the Executive Director of Audit, Risk, and Compliance:** The Executive Director will discuss audits of specific departments and units where individual employees were identified.

Joint Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
11:00 a.m. – 11:30 a.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Briefing on Information Technology Security	Dr. Scott Midkiff Mr. Randy Marchany
◆ Discusses Enterprise Risk Management topic(s).	

Joint Open Session Briefing Report

JOINT COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

November 15, 2020

Joint Open Session

1. **Briefing on Information Technology Security:** Vice President for Information Technology and Chief Information Officer Dr. Scott Midkiff and Information Technology Security Officer Mr. Randy Marchany will provide a briefing to the joint committees on the university's information technology security posture.

Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Latham A/B, The Inn at Virginia Tech
10:00 a.m.
November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Anna James
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 August 25, 2020 Meeting	
c. Annual Write-off of Delinquent Accounts	
* d. Approval of Pratt Fund Program and Expenditures Report	
4. Update on Advancement	Charlie Phlegar
5. Annual Report on Investments and Quasi-Endowments	Ken Miller John Cusimano Tim Hodge
6. Annual Report on the University's Student Financial Aid Resources	Tim Hodge Luisa Havens Gerardo
7. Update on the Special Session of the General Assembly	Ken Miller Tim Hodge Bob Broyden
◆ * 8. Financial Update on COVID-19 and Approval of the 2020-21 Operating Budget Adjustment	Ken Miller Tim Hodge
* 9. Approval of 9(d) Debt Restructuring and Refunding Resolutions	Ken Miller John Cusimano
a. VCBA 9(d) Debt Restructuring Resolution	
b. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution	
10. Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity	Ken Miller Bob Broyden John Cusimano
* 11. Approval of Year-to-Date Financial Performance Report (July 1, 2020 – September 30, 2020)	Tim Hodge Bob Broyden
12. Discussion of Future Agenda Topics and Closing Remarks	Ed Baine

* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).

Briefing Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 16, 2020

Open Session

1. **Motion to Reconvene in Open Session**
 2. **Welcome and Opening Remarks**
 3. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda.
 - a. **Approval of Items Discussed in Closed Session:** The Committee will review and approve the items discussed in closed session.
 - b. **Approval of Minutes of the August 25, 2020 Meeting:** The Committee will review and approve the minutes of the August 25, 2020 meeting.
 - c. **Annual Write-off of Delinquent Accounts:** As of June 30, 2020, the amount of write-offs of delinquent accounts totaled \$385,065 which represents 0.03 percent of the 2019 annual operating revenues of \$1.16 billion. The current year write-off is consistent with the total write-off amounts in recent years.
 - * d. **Approval of Pratt Fund Program and Expenditures Report:** 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 fiscal year 2019-20, the College of Engineering had total expenditures of \$940,029 and the Animal Nutrition had total expenditures of \$1,157,032.
 4. **Update on Advancement:** University Advancement will provide a quarterly report on their fundraising efforts including an update on the first months of fundraising in fiscal year 2021, a campaign update, an overview of the strategies for meeting the 22 percent participation rate by 2022 goal, and the outlook for fundraising.
 5. **Annual Report on Investments and Quasi-Endowments:** The Committee will receive a report on university investments and quasi-endowments, investment performance and related benchmarks, estimated payouts for fiscal year 2021, and planned use of such funds. The university has two investment pools: a short to intermediate-term pool managed within the
- * **Requires full Board approval.**
◆ **Discusses Enterprise Risk Management topic(s).**

university and a long-term pool managed by the Virginia Tech Foundation, Inc. The report shows the purposeful growth of funds invested in the endowment pool managed by the foundation, which consists of true endowments, quasi-endowments and nongeneral fund reserves and balances, and local funds owned by the university.

As of June 30, 2020, the market value of university funds invested in the short to intermediate-term pool was \$376.5 million and in the foundation was \$401.8 million. The short-term university investment income for fiscal year 2021 is estimated to be approximately \$6 million and the long-term university investment income for fiscal year 2021 is estimated to be approximately \$18.8 million. The university's investment income is budgeted for restricted and unrestricted purposes to support scholarships, professorships, graduate student assistantships, auxiliary enterprises, and the Virginia Tech Carilion School of Medicine, one-time or limited recurring commitments for strategic institutional goals and initiatives, and building adequate operating reserves (including the strategic plan milestone of growing net assets by \$20 million per year).

6. **Annual Report on the University's Student Financial Aid Resources:** The Committee will receive a comprehensive report on the university's scholarship and financial aid program. In its Management Agreement with the commonwealth, the university affirmed its commitment to increase the support for student financial aid. The university continues to work proactively to ensure access and affordability. The amount of total student financial aid awarded increased from \$511.9 million in fiscal year 2019 to \$538.4 million in fiscal year 2020.
7. **Update on the Special Session of the General Assembly:** The Committee will receive an update on the Special Session of the General Assembly including a summary of major budget actions from the Reconvened Session and the Special Session and the next steps for finalizing the budget revisions.
- * ♦ 8. **Financial Update on COVID-19 and Approval of the 2020-21 Operating Budget Adjustment:** The Committee will receive an update on the financial impacts of the COVID-19 pandemic and review for approval the 2020-21 Operating Budget Adjustment.

The preliminary 2020-21 Operating Budget was approved by the full Board at the June 2, 2020 meeting; however, adjustments are needed due to the impact of the outcome of the special legislative session and the confirmation of Fall 2020 enrollment levels on the current operational model. These adjustments include a \$29 million increase in revenue and expenditure budgets for the Educational and General program, and a \$77.4 million decrease in revenue and a \$16.8 million decrease in expenses for a net decrease adjustment of \$60.6 million for Auxiliary Enterprises.

In addition to the proposed budget adjustments, this update includes an overview of the strategies that are being considered to manage the pandemic's impact on the university's finances.

* **Requires full Board approval.**

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

- * 9. **Approval of 9(d) Debt Restructuring and Refunding Resolutions:** The Committee will review for approval the proposed Virginia College Building Authority (VCBA) 9(d) Debt Restructuring Resolution and the Virginia Tech 9(d) Debt Restructuring and Refunding Resolution. As a result of the impact of COVID-19 on the university and its finances, the university is seeking approval to pursue the following restructuring and refunding initiatives.
- a. VCBA 9(d) Debt Restructuring Resolution: Under the commonwealth's initiative, the VCBA will restructure a portion of the university's pooled VCBA bonds for debt service relief. The restructuring will result in having no principal payments in fiscal years 2022 and 2023. These deferred principal payments will be added to the end of the existing amortization schedules, thereby extending the final maturities by two years. The proposed VCBA resolution authorizes the university to participate in the restructuring program and to pledge the general revenues of the university to secure the debt.
 - b. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution: Under the university's initiative, athletic VCBA bonds will be restructured, and other VCBA, 9(c) general obligation, and university Series 2015 bonds will be reviewed for additional restructuring and refunding opportunities. The 9(d) bonds will be issued directly by the university. The proposed resolution authorizes the issuance of the university's 9(d) bonds and pledges the general revenues of the university to secure the debt.
10. **Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity:** The Committee will receive for acceptance a report on the university's debt ratio and debt capacity. At the conclusion of fiscal year 2019-20, outstanding long-term debt of the university totaled \$452.8 million with a debt ratio of 3.51 percent. The university proposes the continuation of the five percent cap on the debt ratio for future years.
- * 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2020 – September 30, 2020):** The Committee will review for approval the Year-to-Date Financial Performance Report for July 1, 2020 – September 30, 2020. For the first quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The tuition and fee budget was increased by \$14.0 million for planned Fall 2020 enrollment growth and by \$8.1 million for higher than projected Summer 2020 enrollment. The University Division revenue budget was updated to remove the \$25 million revenue contingency established for potential impacts due to COVID-19. The corresponding expenditure budget increase includes the restoration of two percent of the preliminary expenditure budget reductions. A three percent budget reduction remains to manage cost escalation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19. An additional two percent budget remains in non-college areas for critical needs. For the Cooperative Extension/Agriculture Experiment Station the five percent budget reductions were completely eliminated. Additional adjustments are anticipated in the second quarter of fiscal year 2021 to further align the budget for additional financial impacts of the pandemic.

* **Requires full Board approval.**

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

For the quarter ending September 30, 2020, \$22.5 million was expended for Educational and General capital projects, and \$26.3 million was expended on Auxiliary Enterprises capital projects. Capital outlay expenditures for the quarter ending September 30, 2020 totaled \$48.8 million.

12. Discussion of Future Agenda Topics and Closing Remarks: The Committee will discuss possible topics for future meetings and other topics as needed.

* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).

Closed Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham A/B, The Inn at Virginia Tech

9:30 a.m.

November 16, 2020

Agenda Item

**Reporting
Responsibility**

1. Motion to Begin Closed Session

Preston White

* 2. Ratification of Personnel Changes Report

Ken Miller
Cyril Clarke

* **Requires full Board approval.**

Briefing Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 16, 2020

Closed Session

1. **Motion for Closed Session:** Motion to begin closed session.
 - * 2. **Ratification of Personnel Changes Report:** The Committee will review and ratify the quarterly Personnel Changes Report.
- * Requires full Board approval.

Open Joint Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

Latham A/B, The Inn at Virginia Tech

8:30 a.m.

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Annual Report on Research	Don Taylor Dan Sui
2. Critical Hiring and Compensation Exceptions First Quarter FY 2020-21	Jack Finney
* 3. Approval of Resolution Delegating Authority for the Personnel Changes Report	Ken Miller

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).

Briefing Report
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

Joint Open Session

1. **Annual Report on Research:** The Committees will receive a comprehensive annual report on research highlighting university research expenditures and related trends and benchmarking information. This report will also include an introduction of the new Vice President for Research and Innovation, Dr. Daniel Sui.
2. **Critical Hiring and Compensation Exceptions First Quarter FY 2020-21:** As a dimension of managing budget constraints, the university established a process for reviewing personnel actions. After review, only critical and essential hires and compensation actions are approved. Personnel actions and data for the first quarter will be reviewed by the Committees. While the commonwealth lifted restrictions on personnel actions in October 2020, the university maintains its review and approval processes.
- * 3. **Approval of Resolution Delegating Authority for the Personnel Changes Report:** The Committees will review for approval the Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions. This resolution would allow the Board of Visitors to focus on high-level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).

Open Joint Session Agenda

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

Latham A/B, The Inn at Virginia Tech

4:30 p.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
* 1. Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property	Ken Miller Chris Kiwus
* 2. Approval of Resolution to Supplement the New Upper Quad Residence Hall	Ken Miller Chris Kiwus

*** Requires full Board approval.**

Briefing Report

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

November 15, 2020

Joint Open Session

- * 1. **Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property:** The Committees will review for approval a resolution for a capital lease for the 3200 Commerce Street property.

The university vision to expand research and development under the Virginia Tech Transportation Institute (VTTI) is a key strategic initiative for the future. The acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street is an essential asset for growth by housing VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlining access to research vehicles, and promoting the expedient staging of research props and fixtures. This space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

The Virginia Tech Foundation (Foundation) acquired the property on behalf of the university for \$1.52 million on May 29, 2020. The funding plan calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs from its returned overhead revenues. The University Controller's Officer has reviewed the lease and determined that the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. While the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs.

This request is for authorization to move forward with a capital lease for the 3200 Commerce Street property.

- * **Requires full Board approval.**

- * **2. Approval of Resolution to Supplement the New Upper Quad Residence Hall:** The Committees will review for approval a resolution to supplement the New Upper Quad Residence Hall project.

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. This approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, a necessary feature for the Corps of Cadets, including the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

This request is for authorization move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

* **Requires full Board approval.**

RESOLUTION TO AMEND DELEGATION OF AUTHORITY FOR SELECTED FACULTY PERSONNEL ACTIONS

WHEREAS, faculty employment and policies are under the purview of the Board of Visitors (the Board); and

WHEREAS, the Board holds the authority to approve all faculty appointments; and

WHEREAS, the Board, as the governing authority of the university, delegates authority to the president to oversee and to administer the policies of the board and manage the administrative, instructional, research, and public service programs of the university; and

WHEREAS, on June 1, 2009, the Board approved a resolution titled Delegation of Authority for Selected Faculty Personnel Actions; and

WHEREAS, a recent review of the delegation of authority for faculty personnel actions resulted in the identification of potential administrative and managerial efficiencies; and

WHEREAS, the rector and committee chairs have encouraged streamlining processes to make best use of technology and efficient use of personnel resources; and

WHEREAS, compilation of the report and preparation to discuss these routine actions entails significant staff time and effort; and

WHEREAS, amending the delegation of authority by the Board to the university's administration will reflect the university's current faculty employment processes and will ensure that the university's hiring, employment, and compensation practices are attractive and competitive for internal and external candidates for faculty positions; and

WHEREAS, the Board will continue to approve all executive and senior level hires including compensation and tenure actions.

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors delegates authority to the president or the president's designee for selected faculty appointment and compensation actions as described in the attachment, effective immediately; and

BE IT FURTHER RESOLVED, that the Personnel Changes Report presented quarterly to the Board for ratification contain the actions for the prior quarter, consistent with other financial and business reports prepared for the Board.

RECOMMENDATION:

That the Board of Visitors approve this Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions.

November 16, 2020

AMENDED DELEGATION OF AUTHORITY FOR SELECTED FACULTY APPOINTMENTS AND COMPENSATION ACTIONS

The amended delegation of authority to the president or the president's designee for routine and modest salary adjustments and selected new appointments allows the Board of Visitors (the Board) to focus on high level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

The Board would retain approval (or confirmation) of the following faculty-related personnel actions:

Appointment/Promotion Actions:

- Appointments of instructional and research faculty members on the tenure-track or continued appointment track confirmed in quarterly Personnel Changes Report
- Appointments with tenure considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Salaries of faculty appointments with tenure confirmed in the quarterly Personnel Changes Report based on their effective or start date
- Appointments of faculty-ranked athletic personnel above a threshold* salary level confirmed in quarterly Personnel Changes Report
- All bonuses of faculty-ranked athletic personnel confirmed in the quarterly Personnel Changes Report
- Appointments of administrative and professional faculty hired above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Appointments to distinguished or endowed professorships: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Appointments to emeritus/a status: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Award of tenure or continued appointment and/or promotions in rank as identified in the faculty compensation plan confirmed in the Promotion, Tenure and Continued Appointment Program Report approved at the June Board meeting

Compensation Actions:

- Overall faculty compensation plan approved at the June Board meeting
- Annual merit adjustments for all faculty members approved at appropriate Board meeting based on timing determined by state
- Compensation packages for athletic director and head coaches confirmed annually as an addendum to the quarterly Personnel Changes Report

- Off-cycle salary adjustments greater than or equal to 20% for all regular faculty members that result in a salary at or above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Deferred compensation
- Special payments for recruitment or separation
- Decrease in salary for disciplinary action

Through such delegation, the Board **does not receive** the following actions as part of the quarterly Personnel Changes Report:

- Changes in employment status that do NOT involve any salary action, such as “regular” to “restricted” or conversion from staff to faculty;
- Salary adjustments made in accordance with existing policies and standard formulas:
 - Academic-year to calendar-year conversions and the reverse
 - Research extended appointments
 - Change in percent employment
 - Addition or deletion of extension unit coordinator supplement
 - Overseas allowance
 - Increase for completing advanced degree
- Off-cycle salary adjustments less than 20%;
- Off-cycle salary adjustments for faculty below threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment;
- New appointments and salary adjustments for faculty members on *restricted contracts*, such as research faculty; and
- New appointments of non-tenure track instructional faculty, or administrative and professional faculty below threshold* salary level.

***Salary Threshold:**

The initial threshold for salary actions is \$125,000 for a 12-month appointment. The threshold will be evaluated over time and adjusted and approved by the Board of Visitors as needed.

Resolution for a Capital Lease for the 3200 Commerce Street Property

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

September 1, 2020

The Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures. The university's vision to expand research and development under the Institute is a key strategic initiative for the future. Specifically, VTTI identified the acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street in Blacksburg, Virginia as an essential asset for growth.

This location provides a large space to house VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlines access to research vehicles, and promotes the expedient staging of research props and fixtures. The space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

On behalf of the university, the Virginia Tech Foundation (Foundation) acquired the property for \$1.52 million on May 29, 2020. The funding plan to cover the projects costs calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs for the property from its returned overhead revenues. The University Controller's Office has reviewed the lease and determined the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. Thus, while the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation for the 3200 Commerce Street property and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs. Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including capital leases. This request is for authorization to enter into a capital lease with the Foundation for the 3200 Commerce Street property.

**RESOLUTION FOR A CAPITAL LEASE FOR
THE 3200 COMMERCE STREET PROPERTY**

WHEREAS, the Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures; and,

WHEREAS, VTTI identified the acquisition of 3.29 acres of property at 3200 Commerce Street in Blacksburg, Virginia as essential to its operations and strategic growth; and,

WHEREAS, the Foundation has acquired the property inclusive of the 10,434 gross square foot facility containing additional office and garage space for \$1.52 million; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation at a rate sufficient to retire the acquisition costs, normal property carrying costs, and operating expenses; and,

WHEREAS, the lease rates will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired; and,

WHEREAS, Virginia Tech has developed a nongeneral fund resource plan utilizing VTTI operating revenues which are sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including capital leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property be approved.

November 15, 2020

Capital Project to Supplement the New Upper Quad Residence Hall

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

October 26, 2020

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. The approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, which is a necessary feature for the Corps of Cadets. Specifically, the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets. In consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a \$7 million supplement to adjust the total authorization for the New Upper Quad Residence Hall project to \$40 million.

RESOLUTION OF A CAPITAL PROJECT TO SUPPLEMENT THE NEW UPPER QUAD RESIDENCE HALL

WHEREAS, the Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting with a 300-bed capacity to ensure housing accommodations to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students; and,

WHEREAS, the approved project budget of \$33 million was based on a cost model of \$110,000 per residential bed to raze Femoyer Hall and to design, construct, and furnish the new residential facility; and,

WHEREAS, subcontractor market pricing at the completion of preliminary designs (September 15, 2020) show the project cost is \$40 million, or \$133,333 per bed; and,

WHEREAS, in consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model to \$133,333 per bed to ensure the project meets the programmatic requirements for the Corps of Cadets; and,

WHEREAS, the adjusted total project costs inclusive of razing Femoyer Hall and the design, construction, and furnishings for the new facility would be \$40 million; and,

WHEREAS, the university and residential program have developed a entirely nongeneral fund financing plan to cover a \$40 million total project cost to complete the necessary scope of work; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the university has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and,

WHEREAS, the Finance and Resource Management Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the New Upper Quad Residence Hall project be approved.

November 15, 2020

Approval of 2020-21 Operating Budget Adjustment for Impact of COVID-19

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 30, 2020

In June 2020, the Board of Visitors approved a preliminary operating budget in anticipation of subsequent adjustments after the financial impact of COVID-19 could be better understood and quantified. During the first quarter, the university gathered information so that the budget could be updated for the current understanding of the financial impacts of the pandemic. Further impacts and subsequent adjustments are expected as the university continues to learn how the pandemic impacts university operations.

In light of the dynamic environment resulting from the pandemic, the university established a preliminary operating budget for fiscal year 2020-21 to avoid premature assumptions while proactively addressing the likelihood of a resource constrained fiscal year. The preliminary budget approved by the BOV in June reflected revenue uncertainty around Fall 2020 enrollment, state General Fund support, self-generated revenues, and the Fall 2020 campus operating model.

In addition to many unknown revenue factors, there were also unknown expense impacts related to the university's pandemic response. These included the cost of physical distancing measures and health and safety efforts.

Given these uncertainties, the university envisioned the 2020-21 budget development occurring in phases. The preliminary budget was approved by the BOV in June 2020. With the outcome of the special legislative session, the confirmation of Fall 2020 enrollment levels, and a refined understanding of the university's current operational model more clear, the university is now able to adjust revenue and expenditure budgets. The legislative special session did not result in reductions to the levels of state support for the university in 2020-21. While the university undergraduate enrollments showed strength in freshman resident enrollments and continuing student enrollments, nonresident freshman enrollment and graduate enrollments were lower than projected.

The operating budget adjustments for COVID-19 span the Educational and General program (E&G) and auxiliary enterprise activities. In E&G, the revenue and expenditure budgets are being increased \$29 million to remove University Division (208 E&G) and Cooperative Extension/Agriculture Experiment Station Division (229 E&G) revenue contingencies. The restoration of the revenue contingencies provides capacity for the university to restore preliminary expenditure budget reductions by 2% in 208 E&G and 5% in 229 E&G. This results in lowering of budget reductions from an average of 5% to 3% for colleges and from an average of 7% to 5% for other areas in 208 E&G. A 3% reduction remains in both college and non-college areas to manage: cost escalations, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19. An additional 2% reduction also remains in non-college areas for critical needs. In Agency 229, the 5% budget reductions are completely eliminated.

In the auxiliary enterprises, the university recommends decreasing revenue (\$77.4) million and decreasing expenses \$16.8 million, resulting in a net impact of (\$60.6) million. The decrease in revenue and expenses is due to the reduction of business activities as a result of COVID-19. A portfolio of strategies is being considered for managing the impact of the pandemic on the university's finances including:

- cost savings
- state allocation of Federal CARES Act support (\$120 million pool statewide, but the use of these funds is restricted)
- a second federal stimulus program
- state General Fund support from the Special Session
- restructuring of existing debt
- institutional support (requires approval by the Board of Visitors and notification to the leadership of the General Assembly)
- other one-time resources/savings (e.g. health insurance holiday)

Depending on the extent of the impact, temporary reductions of reserve balances to be repaid in future years or internal loans may also need to be considered.

Moving forward, the university will continue to monitor and manage the financial impacts created by COVID-19 on university operations and bring updates back to the board as needed.

**RESOLUTION OPERATING BUDGET ADJUSTMENT FOR
FINANCIAL IMPACT OF COVID-19**

WHEREAS, the COVID-19 pandemic created financial uncertainty; and,

WHEREAS, in response to this uncertainty, the Board of Visitors approved a preliminary budget in June 2020; and,

WHEREAS, the university has worked to quantify the current understanding of the financial impact of the pandemic on university operations; and,

WHEREAS, the university is now able to recommend a budget adjustment based upon activities as currently understood; and,

WHEREAS, the business activity is significantly reduced in auxiliary enterprises; and,

WHEREAS, a portfolio of strategies is being considered for managing the impact including cost savings, state allocation of Federal CARES Act support (\$120 million pool statewide), a second federal stimulus program, state General Fund support from the Special Session, restructuring of existing debt, institutional support, and other one-time resources/savings; and,

WHEREAS, the university will continue to monitor and manage the financial impacts created by COVID-19 going forward and bring updated back to the Board as needed,

NOW THEREFORE BE IT RESOLVED, that the university be authorized to increase the E&G revenue and expense budget \$29 million and decrease the auxiliary enterprises revenue budget (\$77.4) million and expense budget (\$16.8) million to reflect the financial impact of COVID-19.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to adjust the operating budget to reflect the financial impact of COVID-19 be approved.

November 16, 2020

Approval of 9(d) Debt Restructuring and Refunding Resolutions

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 16, 2020

Virginia Tech, as well as all higher education institutions in the commonwealth, have been severely impacted by COVID-19, and there is significant uncertainty regarding the future impacts that COVID-19 will have on the university and its finances. As a result, the university is seeking approval to pursue the following restructuring and refunding initiatives.

Background:

The university has issued two categories of bonds pursuant to section 9 of Article X of the Constitution of Virginia. Section 9(d) bonds are revenue bonds payable from pledged general revenues, which are not legal or moral obligations of the Commonwealth of Virginia. While the university occasionally issues such debt directly on its own, it usually issues the debt by participating in the pooled bond program of the Virginia College Building Authority (VCBA). This method is much more convenient and has economies of scale as the issuance costs are spread amongst a larger group of institutions. When the pooled bond program is used the university enters into a note payable with the VCBA.

The second type of debt issued are section 9(c) bonds. These are general obligation bonds issued by the commonwealth on behalf of the university and are secured by the net revenues of the completed project as well as the full faith and credit of the commonwealth. These bonds are a direct obligation of the university and would only be paid by the commonwealth if the university were to default on its payments.

A summary of the outstanding bonds and notes payable at June 30, 2020 is as follows:

Debt Outstanding at June 30, 2020

(in millions)

	Principal	Premium	Total
9 (c) bonds payable	\$ 96.0	\$ 9.6	\$ 105.6
9(d) revenue bonds payable	\$ 49.5	\$ 2.7	\$ 52.2
9(d) VCBA Athletics notes payable	\$ 34.4	\$ 4.0	\$ 38.4
9(d) -VCBA all other notes payable	\$ 169.2	\$ 11.6	\$ 180.8
Total 9(d) bonds & notes payable	\$ 253.1	\$ 18.3	\$ 271.4
Grand total bonds & notes payable	\$ 349.1	\$ 27.9	\$ 377.0

Total principal payments scheduled for the current and future two years are as follows (before any restructuring or refinancing):

Total Principal Payments Due for Fiscal Years 2021 - 2023

(in millions)

	FY 2021	FY 2022	FY 2023
9 (c) bonds payable	\$ 8.4	\$ 8.8	\$ 9.2
9(d) revenue bonds payable	\$ 2.4	\$ 2.6	\$ 2.7
9(d) -VCBA notes payable	\$ 16.5	\$ 17.1	\$ 17.1
Total 9(d) bonds & notes payable	\$ 18.9	\$ 19.7	\$ 19.8
Grand total bonds & notes payable	\$ 27.3	\$ 28.5	\$ 29.0

The commonwealth will restructure VCBA 9(d) debt in fiscal year 2021 and, after approval is obtained, hopefully also restructure 9(c) debt in fiscal year 2021. Since principal is paid annually in September for the VCBA bonds, the proposed commonwealth restructuring will have limited impact on fiscal year 2021 debt service payments. However, since principal is paid in June for the 9(c) debt, if approvals go as planned, the fiscal year 2021 payments could be restructured. Although the restructured bonds will help improve cash flow for the current and next two fiscal years, they will actually cost more in interest expense over the revised term of the debt.

The university received permission to make modifications to the commonwealth's VCBA program and still participate in the transaction as follows:

- Exclude the Athletics Department debt to allow further flexibility in restructuring their debt

Therefore, the university is requesting authorization to participate in the commonwealth's initiative to restructure ~\$21.0 million of the university's VCBA 9(d) pooled bonds (except for the Athletic Department).

Further, the university is requesting authorization to initiate a university program to restructure all ~\$30.9 million of the Athletic Department's outstanding 9(d) debt, as well as to review all university 9(d), VCBA 9(d), and 9(c) outstanding bonds for additional restructuring and refunding opportunities.

1. Virginia College Building Authority (VCBA) 9(d) Debt Restructuring Resolution

Under the commonwealth's initiative, the VCBA will restructure approximately \$21.0 million of the university's pooled VCBA bonds for debt service relief. The restructuring will result in having no principal payments in fiscal years 2022 and 2023. The deferred principal payments of approximately \$10.6 million from fiscal year 2022 and \$10.4 million from fiscal year 2023 will then be added to the end of the existing amortization schedules, thereby extending the final maturities by two years.

The proposed VCBA resolution authorizes the university to participate in the restructuring program (Program) and to pledge the general revenues of the university to secure the debt. The resolution authorizes the Vice President for Finance and University Treasurer, in consultation with the Senior Vice President and Chief Business Officer, to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the Program.

2. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution

Under the university's initiative, approximately \$30.9 million of athletic VCBA bonds will be restructured, and other VCBA, 9(c) general obligation, and university Series 2015 bonds will be reviewed for additional restructuring and refunding opportunities. Under the athletic restructuring, four project-related issues will be restructured to defer \$0.6 million of interest payments in fiscal year 2021, \$4.8 million of both principal and interest payments in fiscal year 2022, and \$4.6 million of both principal and interest payments in fiscal year 2023. The combined deferred payments of approximately \$10 million, along with ~\$11.3 million of debt service being deferred from fiscal year 2024 through fiscal year 2029, will then be added throughout the term of the extended amortization schedules to achieve level debt service payments. The 9(d) bonds will be issued directly by the university.

The proposed resolution authorizes the issuance of the university's 9(d) bonds and pledges the general revenues of the university to secure the debt. The resolution authorizes the Vice President for Finance and University Treasurer, in consultation with the Senior Vice President and Chief Business Officer, to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the program provided that (1) the final maturity of the bonds shall not exceed 35 years from their date of issuance; (2) the maximum principal amount of the bonds shall not exceed \$350,000,000; (3) the bonds shall have a true interest cost that does not exceed five percent (5%) per annum; and (4) the bonds shall be issued on or before June 30, 2022.

VCBA 9(d) Debt Restructuring Resolution

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

WHEREAS, Virginia Polytechnic Institute and State University (the “Institution”), in furtherance of its educational purposes, has borrowed funds from the Virginia College Building Authority (the “Authority”) through the Authority’s Public Higher Education Financing Program; and

WHEREAS, the Governor of the Commonwealth of Virginia (the “Commonwealth”) has recognized that the COVID-19 pandemic has had, and continues to have, a tremendous adverse impact on higher education, including the fiscal health of the Commonwealth’s colleges and universities, and in response to financial conditions created by the pandemic, the Governor has proposed a debt restructuring plan for debt-funded capital projects of higher educational institutions which will defer debt service payments on certain indebtedness obtained through or with the assistance of the Commonwealth, including debt obtained through the Authority (the “Debt Restructuring Program”); and

WHEREAS, the Board of Visitors (the “Board”) of the Institution desires to participate in the Debt Restructuring Program to restructure all, or a portion, of its indebtedness to the Authority (the “Authority Debt”) and desires to delegate the authority (i) to select the Authority Debt to be restructured and to establish and agree to the terms of such restructuring; (ii) to approve the forms of, and execute and deliver, any and all documents, instruments, and agreements required by the Authority in connection therewith, including any modifications or amendments of loans or other documentation evidencing the Authority Debt (the “Restructuring Documents”); and (iii) to take any and all other action required to affect and implement such debt restructuring, including any post-issuance or post-closing monitoring or compliance requirements, to certain officers of the Institution.

NOW THEREFORE BE IT RESOLVED, that the Institution is authorized to participate in the Debt Restructuring Program and, accordingly, the Vice President for Finance and the University Treasurer, collectively known as the Authorized Officers, in consultation with the Senior Vice President and Chief Business Officer, are each hereby delegated and invested with full power and authority, subject to the provisions of Section 2 hereof (i) to select the Authority Debt to be restructured and to establish and agree to the terms of such restructuring, including extending the term of payment and the modification of other terms thereof; (ii) to pledge, as required by the Authority, the general revenues of the Institution as security to the extent not prohibited by law or otherwise restricted; (iii) to approve the forms of the Restructuring Documents required by the Authority and any subsequent amendments thereto; (iv) to execute and deliver, on behalf of the Institution, such Restructuring Documents, with approval of the terms thereof being evidenced conclusively by the execution and delivery thereof; (v) to do and perform such other acts, and execute and deliver such other documents and agreements as may be necessary or appropriate to carry out the intent of this resolution; and

BE IT FURTHER RESOLVED, that in connection with the authorization herein provided, the Authorized Officers may, in connection with any debt restructuring obligation, provide for (i) the funding of reserves if required, and (ii) the funding of issuance costs and other financing expenses related to such restructuring; provided (a) the principal amount of any such restructuring obligation shall not exceed the amount required to cover the principal of and interest on the indebtedness to be restructured plus amounts permitted by clauses (i) and (ii) above, (b) the interest rate on any such obligation shall be as determined by the Authority, and (c) the restructuring terms, including the rate of interest on any such obligation or method of determining such rate, shall be approved by the Treasury Board of the Commonwealth; and

BE IT FUTHER RESOLVED, that if it is determined by the Authority in connection with any Authority Debt restructuring that the Institution is subject to continuing disclosure obligations under Rule 15c2-12 of the Federal Securities and Exchange Commission, an Authorized Officer is hereby authorized and directed to enter into a continuing disclosure, undertaking in form and substance reasonably satisfactory to the Authority, and the Institution will comply with the provisions and disclosure obligations contained therein; and

BE IT FURTHER RESOLVED, that the Board designates the University Treasurer to be responsible for implementing procedures to monitor post-issuance compliance with covenants in any Restructuring Document and any amendments thereto, if required in connection with federal tax law or federal securities law requirements; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon its adoption.

RECOMMENDATION:

That the Board of Visitors of Virginia Polytechnic Institute and State University approve the resolution authorizing participation in the Virginia College Building Authority's Debt Restructuring Program; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents.

November 16, 2020

Virginia Tech 9(d) Restructuring and Refunding Resolution

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

WHEREAS, Chapter 26, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public institution of higher education under the name and style of Virginia Polytechnic Institution and State University (the "University") which is governed by a Board of Visitors (the "Board");

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia (the "Commonwealth") which was enacted as Chapters 933 and 943 of the 2006 Virginia Acts of Assembly, pursuant to which the University is empowered with the authority to issue bonds for any purposes that is consistent with its institutional mission; and

WHEREAS, the Act further authorizes the University to provide for the payment of the principal of and the interest on any bonds from, among other things, its general revenues or from the income and revenues derived from the operation, sale, or lease of a particular project or projects; and

WHEREAS, the University has previously issued general revenue pledge notes to the Virginia College Building Authority (the "VCBA") in connection with the financing and refinancing of the following projects that benefit the athletics department: South End Zone, Stadium West-Side Expansion, and Basketball Practice Facility (the "Athletics VCBA Notes"); and

WHEREAS, the University has previously issued its (1) Dormitory and Dining Hall System and General Revenue Pledge Bonds, Series 2015A, (2) Athletic Facilities System and General Revenue Pledge Bond, Series 2015B, (3) University Services System and General Revenue Pledge Bond, Series 2015C, and (4) Utility System and General Revenue Pledge Bond, Series 2015D (the "Series 2015 System Bonds"), which are secured by the pledge of system specific revenues and a general revenue pledge of the University; and

WHEREAS, the University has previously issued other obligations, including its General Revenue Pledge Refunding Bonds, Series 2015E, other general revenue pledge notes to the VCBA, and obligations in favor of the Commonwealth in connection with the Commonwealth's issuance of general obligation bonds under Section 9(c) of the Virginia Constitution (collectively, the "Other Prior Obligations" and together with the Athletics VCBA Notes and the Series 2015 System Bonds, the "Prior Obligations"); and

WHEREAS, the Board desires to authorize the issuance of general revenue pledge bonds, in one or more series and on more than one occasion (collectively, the "Bonds") for the purposes of (1) refinancing and/or restructuring the Prior Obligations, and (2)

financing, if and as needed, capitalized interest, working capital, and the issuance costs, all subject to the limitations and parameters set forth in this resolution; and

WHEREAS, the amount of Bonds (net of issuance and other costs) that would be issued to refinance and/or restructure athletics projects (including the Athletics VCBA Notes or the applicable Series 2015 System Bonds) is estimated not to exceed \$35.1 million (provided that the maximum amount of all Bonds issued under this Resolution shall not exceed the amount authorized below); and

WHEREAS, the issuance of the Bonds will not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and

WHEREAS, each series of Bonds will be issued under a bond resolution (each a "Bond Resolution"), the form of which will be determined in accordance with this Resolution.

NOW THEREFORE BE IT RESOLVED, that the Board hereby authorizes the issuance of the Bonds, in one or more series and on more than one occasion for the purposes set forth above; and

BE IT FURTHER RESOLVED, that the Bonds shall be secured by a pledge of the University's general revenues, and that any Bonds issued to refund any Series 2015 System Bonds may also be secured by a pledge of the revenues of the particular system; and

BE IT FURTHER RESOLVED, that the Vice President for Finance of the University and the University Treasurer (any of whom may act) (each an "Authorized Officer"), in consultation with the Senior Vice President and Chief Business Officer, are authorized and directed to determine the final form of each Bond Resolution, including whether it contains a pledge of a particular system's revenues, all subject to the parameters set forth below; and

BE IT FURTHER RESOLVED, that each Authorized Officer (any of whom may act) is authorized and directed to approve the final terms of each series of the Bonds, including, without limitation, their original principal amounts; their maturity dates and amounts; redemption provisions, prices, interest rates, and tax status of interest on each series of the Bonds; the specific obligations to be restructured or refinanced; and whether the Bonds are also secured by a pledge of specific revenues, provided that (1) the final maturity of any Bonds shall not exceed 35 years from their date of issuance; (2) the maximum principal amount of Bonds shall not exceed \$350,000,000; (3) the Bonds shall have a true interest cost that does not exceed five percent (5%) per annum; and (4) the Bonds shall be issued on or before June 30, 2022; and

BE IT FURTHER RESOLVED, that each Authorized Officer (any of whom may act) is authorized to negotiate, execute and deliver all documents related to the Bond Resolutions and the Bonds; and

BE IT FURTHER RESOLVED, that all officers of the University are authorized and directed to take all such further actions, including, without limitation, the designation of underwriters, paying agents, remarketing agents, trustees, and liquidity providers for the Bonds, and to execute all such instruments, agreements, documents, and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including, without limitation, any liquidity facilities, swap or other interest rate management agreements associated with the Bonds; and

BE IT FURTHER RESOLVED, that all acts of all officers of the University which are in conformity with the purposes and intent of this resolution and in carrying out the financing plans presented to this meeting are ratified, approved, and affirmed; and

BE IT FURTHER RESOLVED, that, upon approval, this action shall take effect immediately.

RECOMMENDATION:

That the Board of Visitors of Virginia Polytechnic Institute and State University approve the resolution authorizing the university 9(d) bond sale(s) for Athletics restructuring and other refinancing opportunities; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute and deliver all necessary documents.

November 16, 2020

Financial Performance Report – Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 1, 2020 to September 30, 2020

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and the annual budgets which are also recorded in the university accounting system. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and commitments to buy goods and services as encumbrances when obligated and as an expenditure when paid. The Original Budget was approved by the Board of Visitors at the June meeting. The Adjusted Budget reflects adjustments to incorporate actual experience or changes made during the fiscal year. These changes are presented for review and approval by the Finance and Resource Management Committee and the Board of Visitors through this report. Where adjustments impact appropriations at the state level, the university coordinates with the Department of Planning and Budget to ensure appropriations are reflected accurately.

The July to June 2019-20 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of budgetary performance.

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, 2020 through September 30, 2020 and the Capital Outlay report be approved.

November 16, 2020

OPERATING BUDGET

2020-21

Dollars in Thousands

	July 1, 2020 to September 30, 2020			Annual Budget for 2020-21		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$52,588	\$52,588	\$0	\$195,326	\$195,141	\$-185 (6)
Tuition and Fees	288,751	281,860	6,891 (1)	582,266	600,340	18,074 (7)
All Other Income	12,492	13,082	-590	46,900	44,849	-2,051 (8)
Revenue Contingency	0	0	0	-25,000	0	25,000 (9)
CARES Act Revenue	0	0	0	0	0	0
Total Revenues	\$353,831	\$347,530	\$6,301	\$799,492	840,330	\$40,838
<u>Expenses</u>						
Academic Programs	\$-124,871	\$-134,338	\$9,467	\$-505,125	\$-531,844	\$-26,719
Support Programs	-85,243	-86,245	1,002	-294,367	-309,880	-15,513
Reserve Drawdown			0		1,394	1,394 (10)
Total Expenses	\$-210,113	\$-220,583	\$10,469 (2)	\$-799,492	\$-840,330	\$-40,838 (6,7,8,9,10)
NET	\$143,718	\$126,947	\$16,770	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$21,824	\$21,824	\$0	\$75,100	\$75,040	\$-60 (11)
Federal Appropriation	3,536	3,912	-376	15,640	15,647	7 (12)
All Other Income	398	266	132	950	950	0
Revenue Contingency	0	0	0	-3,000		3,000 (13)
Total Revenues	\$25,758	\$26,002	\$-244	\$88,690	\$91,637	\$2,947
<u>Expenses</u>						
Academic Programs	\$-21,515	\$-23,578	\$2,063	\$-82,286	\$-85,233	\$-2,947
Support Programs	-811	-1,051	240	-6,404	-6,404	0
Total Expenses	\$-22,326	\$-24,629	\$2,303 (3)	\$-88,690	\$-91,637	\$-2,947 (11,12,13)
NET	\$3,432	\$1,373	\$2,059	\$0	\$0	\$-0
Auxiliary Enterprises						
Revenues	\$105,679	\$113,766	\$-8,087 (4)	\$350,059	\$266,999	\$-83,060 (4)
Expenses	-85,872	-94,795	8,923 (4)	-336,392	-315,345	21,047 (4)
Reserve Drawdown/(Deposit)	-19,807	-18,971	-836 (4)	-13,667	48,346	62,013 (4)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$77,843	\$90,536	\$-12,693 (5)	\$352,358	\$353,004	\$646 (14)
CARES ACT Revenue	794	0	794	0	794	794 (15)
Expenses	-95,951	-108,375	12,424 (5)	-352,358	-353,798	-1,440 (14,15)
Reserve Drawdown/(Deposit)	17,314	17,839	-525	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$16,535	\$17,318	\$-783	\$31,678	\$35,749	\$4,071 (16)
Expenses	-14,529	-15,193	664	-31,678	-35,749	-4,071 (16)
Reserve Drawdown/(Deposit)	0	0	0	0	0	0
NET	\$2,006	\$2,125	\$-119	\$0	\$0	\$0
All Other Programs *						
Revenue	\$5,446	\$5,651	\$-205	\$10,214	\$15,580	\$5,366 (17)
Expenses	-1,321	-3,292	1,971	-10,214	-13,693	-3,479 (17)
Reserve Drawdown/(Deposit)	-4,125	-2,359	-1,766	0	-1,887	-1,887 (17)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$585,886	\$600,803	\$-14,917	\$1,632,491	\$1,604,093	\$-28,398
Expenses	-430,112	-466,867	36,754	-1,618,824	-1,650,552	-31,728
Reserve Drawdown/(Deposit)	-6,618	-3,491	-3,127	-13,667	46,459	60,126
NET	\$149,156	\$130,445	\$18,710	\$0	\$0	\$0

* All Other Programs include federal work study, surplus property, local funds, and unique military activities.

OPERATING BUDGET

1. Tuition and Fee revenues are ahead of projections due to the timing of revenue collections.
2. Expenditures are lower than projected due to timing and the impact of the university's essential spending order in response to COVID-19 pandemic.
3. CE/AES expenditures are lower than projected as a result of the continuation of the university's essential spending order and timing of locality recover activity.
4. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
5. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues and expenditures are lower than projected. The sponsored research expenditures are 7.4% lower than September 30, 2019.
6. The annual budget for the University Division General Fund was decreased \$0.19 million for the state share of salary and fringe benefit rate changes.
7. In late June, the budget for Tuition and Fees was increased \$14.0 million for planned Fall 2020 enrollment growth. After summer census, the tuition and fee budget was increased by \$8.1 million for higher than projected summer 2020 enrollment. After fall census, the tuition and fee budget was decreased \$4 million for lower than projected nonresident freshman and graduate enrollments. The corresponding expenditure budgets have been adjusted accordingly.
8. The All Other Income revenue budget for the University Division was decreased \$0.9 million for lower than projected revenues in the College of Veterinary Medicine Teaching Hospital and the establishment of the Animal Cancer Care and Research Center in the College of Veterinary Medicine, \$1.7 million for decreased Continuing Education Program revenues, \$0.2 million for the temporary suspension of the Campus to Campus shuttle service, and increased \$0.7 million for other income adjustments. The corresponding expenditure budgets have been adjusted accordingly.
9. The University Division revenue budget was updated to remove the \$25 million revenue contingency established for potential financial impacts due to COVID-19. The corresponding expenditure budget increase includes restoration of 2% of the preliminary expenditure budget reductions in the University Division. A 3% budget reduction remains to manage cost escalation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19.
10. University Division E&G expenditure budget increased \$1.4 million to reflect the carryforward of unexpended Coronavirus Relief Funds received in 2019-20 due to timing of expenditures.
11. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was decreased \$0.06 million for the state share of salary and fringe benefit rate changes. The corresponding expenditure budgets have been adjusted accordingly.
12. The Cooperative Extension Federal Funds revenue budget was increased \$0.01 million to align with federal appropriations. The corresponding expenditure budgets have been adjusted accordingly.
13. The Cooperative Extension/Agriculture Experiment Station budget was increased \$3.0 million to restore the revenue contingency established in response to the uncertainty in state revenues. The corresponding expenditure budget increase will restore the 5.0% expenditure preliminary budget reduction in the Cooperative Extension/Agriculture Experiment Station.
14. The annual budget for the Sponsored Programs has been increased \$0.7 million to reflect the finalization of the enterprise fund budget.
15. The federal government allocated \$9.7 million of CARES Act support to provide emergency financial grants to students. \$8.9 million was awarded and reimbursed in 2019-20. The remaining \$0.8 million was awarded and reimbursed in early 2020-21.
16. The Student Financial Assistance revenue and expenditure budgets were increased \$4.1 million for finalization of the scholarship budget and technical accounting changes.
17. The projected annual budgets for All Other Programs were increased \$3.1 million to finalize budgets and \$2.3 million for federal FAA revenue earmarked for Kentland Farm capital lease. The projected annual expense budgets were increased \$3.1 million to finalize budgets and \$0.4 million for outstanding 2019-20 commitments that were initiated but not completed before June 30, 2020.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Dollars in Thousands

	July 1, 2020 to September 30, 2020			Annual Budget for 2020-21		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$39,099	\$39,323	\$-224	\$130,324	\$83,359	\$-46,965 (4,5)
Expenses	-26,750	-30,267	3,517 (1)	-125,550	-109,199	16,351 (4,5)
Reserve Drawdown/(Deposit)	-12,349	-9,056	-3,293 (1)	-4,774	25,840	30,614 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$6,574	\$6,461	\$113	\$15,615	\$12,933	\$-2,682 (4,5)
Expenses	-2,385	-2,181	-204	-14,628	-14,057	571 (4,5)
Reserve Drawdown/(Deposit)	-4,189	-4,280	91	-987	1,124	2,111 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$5,712	\$5,674	\$38	\$19,966	\$19,772	\$-194 (4)
Expenses	-4,766	-5,364	598	-20,349	-20,110	239 (4)
Reserve Drawdown/(Deposit)	-946	-310	-636	383	338	-45 (4)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$24,149	\$25,252	\$-1,103 (2)	\$52,883	\$51,358	\$-1,525 (4,5)
Expenses	-19,047	-21,162	2,115 (2)	-52,140	-51,974	166 (4,5)
Reserve Drawdown/(Deposit)	-5,102	-4,090	-1,012 (2)	-743	616	1,359 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$17,862	\$24,956	\$-7,094 (3)	\$74,740	\$56,073	\$-18,667 (4,5,6)
Expenses	-21,372	-23,361	1,989 (3)	-70,480	-72,490	-2,010 (4,5,6)
Reserve Drawdown/(Deposit)	3,510	-1,595	5,105 (3)	-4,260	16,417	20,677 (4,5,6)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$6,652	\$6,661	\$-9	\$33,653	\$30,462	\$-3,191 (4,5)
Expenses	-8,390	-8,611	221	-\$33,032	-31,419	1,613 (4,5)
Reserve Drawdown/(Deposit)	1,738	1,950	-212	-621	957	1,578 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at VT/Skelton Conf. Center						
Revenues	\$1,383	\$1,490	\$-107	\$11,471	\$3,321	\$-8,150 (5)
Expenses	-2,970	-3,249	279	-11,597	-8,013	3,584 (4,5)
Reserve Drawdown/(Deposit)	1,587	1,759	-172	126	4,692	4,566 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$4,248	\$3,949	\$299	\$11,407	\$9,721	\$-1,686 (4,5)
Expenses	-192	-600	408	-8,616	-8,083	533 (4,5)
Reserve Drawdown/(Deposit)	-4,056	-3,349	-707	-2,791	-1,638	1,153 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$105,679	\$113,766	\$-8,087	\$350,059	\$266,999	\$-83,060
Expenses	-85,872	-94,795	8,923	-336,392	-315,345	21,047
Reserve Drawdown/(Deposit)	-19,807	-18,971	-836	-13,667	48,346	62,013
Net	\$0	\$0	\$0	\$0	\$0	\$0

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career & Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement & Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Golf Course, Hokie Passport, Library Café, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Printing Services, Software Sales, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Expenses in Residence and Dining Halls are lower than projected due to holding back expenditures and timing of operating expenses.
2. Revenues for the University Services System are lower than projected due to timing of pouring rights contract payments and lower than projected recreational sports self-generated revenues. Expenses are lower than projected due to timing of operating expenses and decreased business volume.
3. Revenues for Intercollegiate Athletics are lower than projected due to football suite revenues, premium seat donations, basketball ticket sales, and timing of pouring rights contract payments. Expenses are lower than projected due to lower business volume and timing of operating expenses. A second quarter budget adjustment is anticipated to further align the budget for additional financial impacts of the pandemic.
4. In late June, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
5. The annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted to align budgets for the known financial impacts (through September 30, 2020) of the COVID-19 pandemic as summarized in the table below:

COVID-19 Budget Impact on Auxiliary Enterprises

	June 5% Hedge	1st Quarter Adjustment	Total COVID Impact
Residence and Dining Halls			
Revenue	-3,513,422	-43,892,516	-47,405,938
Expenses	<u>3,513,422</u>	<u>11,283,543</u>	<u>14,796,965</u>
Reserve Draw down/(Addition)	-	32,608,973	32,608,973
Parking and Transportation			
Revenue	-195,260	-3,127,875	-3,323,135
Expenses	<u>195,260</u>	<u>1,225,563</u>	<u>1,420,823</u>
Reserve Draw down/(Addition)	-	1,902,312	1,902,312
University Services System			
Revenue	-891,776	-430,302	-1,322,078
Expenses	<u>891,776</u>	<u>-941,709</u>	<u>-49,933</u>
Reserve Draw down/(Addition)	-	1,372,011	1,372,011
Intercollegiate Athletics			
Revenue	-2,759,703	-17,367,492	-20,127,195
Expenses	<u>2,759,703</u>	<u>-</u>	<u>2,759,703</u>
Reserve Draw down/(Addition)	-	17,367,492	17,367,492
Electric Service			
Revenue	-264,166	-3,170,848	-3,435,014
Expenses	<u>264,166</u>	<u>1,593,081</u>	<u>1,857,247</u>
Reserve Draw down/(Addition)	-	1,577,767	1,577,767
Inn at Virginia Tech & Skelton Conf Center			
Revenue	-439,666	-8,150,497	-8,590,163
Expenses	<u>439,666</u>	<u>3,600,143</u>	<u>4,039,809</u>
Reserve Draw down/(Addition)	-	4,550,354	4,550,354
Other Enterprise Functions			
Revenue	-132,488	-1,243,512	-1,376,000
Expenses	<u>132,488</u>	<u>-</u>	<u>132,488</u>
Reserve Draw down/(Addition)	-	1,243,512	1,243,512
TOTAL AUXILIARIES			
Revenue	-8,196,481	-77,383,042	-85,579,523
Expenses	<u>8,196,481</u>	<u>16,760,621</u>	<u>24,957,102</u>
Reserve Draw down/(Addition)	-	60,622,421	60,622,421

6. The annual revenue and reserve budgets for Intercollegiate Athletics were decreased \$1.7 million for lower pre-pandemic ACC conference distributions. Annual revenue, expense, and reserve budgets were increased \$0.3 million for private support of four football positions, \$1.1 million for Student Athlete Performance Center debt service, and \$0.7 million for operating scholarship support.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF SEPTEMBER 30, 2020
Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Agriculture Production Facilities	Oct 2016	\$ 9,500	\$ 97	\$ 25,274	\$ -	\$ -	\$ 25,274	\$ 1,272 (1)
Planning: Hitt Hall	Apr 2017	1,500	16	-	6,000	-	6,000	3,495 (2)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,110	241	-	5,516	-	5,516	4,559 (3)
Commonwealth Cyber Initiative	May 2019	667	90	1,500	-	-	1,500	923 (4)
Corps Leadership and Military Science Building	Jun 2019	4,500	698	-	20,650	31,350	52,000	2,312 (5)
Data and Decision Science	Jul 2019	10,500	1,847	69,000	10,000	-	79,000	4,239 (6)
Innovation Campus - Academic Building	Jul 2019	20,000	4,663	168,000	107,000	-	275,000	6,294 (7)
Planning: Randolph Replacement	Jul 2020	3,000	-	-	11,000	-	11,000	0 (8)
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	300	-	3,100	-	-	3,100	0 (9)
Fralin Biomedical Research Institute Equipment	Jul 2020	6,000	-	18,133	-	-	18,133	0 (10)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	11,600	3,944	16,099	-	-	16,099	3,944 (11)
Improve Kentland Facilities	Sep 2013	3,100	1,641	12,463	-	-	12,463	10,461 (12)
Chiller Plant Phase II	Oct 2016	16,000	3,085	32,655	10,312	-	42,968	26,515 (13)
Holden Hall Renovation	Oct 2016	36,000	4,581	57,215	212	17,500	74,927	15,671 (14)
Construct Virginia Seafood AREC	Jul 2018	2,500	-	2,500	-	-	2,500	0 (15)
<u>Close-Out</u>								
Health Sciences & Technology	Oct 2016	8,784	1,332	51,554	-	40,142	91,696	82,244 (17)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	1,600	321	-	8,200	-	8,200	6,806 (16)
Acquisition - Falls Church Property	Apr 2019	-	-	-	-	2,850	2,850	- (18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 136,661	\$ 22,554	\$ 457,493	\$ 178,890	\$ 91,842	\$ 728,225	\$ 168,733

CAPITAL OUTLAY BUDGET

Education and General Projects

1. Agriculture Production Facilities: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. The scope includes 126,000 gross square feet of facilities at the Blacksburg campus and three nearby university production and research farms. Working drawings are complete and pricing is expected October 2020.
2. Planning – Hitt Hall: This planning project is for Hitt Hall and houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. Procurement for A/E services is underway and the project is moving forward under the new delivery method.
3. Planning – Undergraduate Science Laboratory Building: This planning project is for an entirely state funded 102,000 gross square foot science laboratory building adjacent to the new classroom building. The university is temporarily funding the project and will be reimbursed by the state once construction funding is appropriated. Working drawings were completed September 25, 2020. The university will request construction funding for fiscal year 2022 as part of the next state budget call.
4. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment.
5. Corps Leadership and Military Science Building: The project consolidates the Corps of Cadets and ROTC programs in the northern portion of the Upper Quad project. Working drawings are underway. The design and construction contracts for this project were consolidated under the same A/E and Construction Manager as the New Upper Quad Residence Hall project.
6. Data and Decision Sciences: This project will design and construct a new 120,000 gross square foot instruction building. Working drawings are underway with construction anticipated December 2020.
7. Innovation Campus – Academic Building: This project is a new 300,000 gross square foot academic building as part of the Innovation Campus in Alexandria, Virginia. Preliminary design is underway.
8. Planning – Randolph Replacement: This planning project will design the replacement of Randolph Hall with a 284,000 gross square foot building to accommodate engineering instruction and research. A/E procurement is underway.
9. Life, Health, Safety, Accessibility, & Code Compliance: This project improves pedestrian connectors to ensure accessible service in the North Academic District. A/E procurement is underway.
10. Fralin Biomedical Research Institute Equipment: This funding supports the VT-Carilion Biomedical Research Institute Addition building located in Roanoke and will provide the equipment authorized by the 2020 Acts of Assembly.
11. Maintenance Reserve: The total project budget reflects \$2.73 million of carryforward from fiscal year 2020 and the State's fiscal year 2021 appropriation of \$13.73 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2021.
12. Improve Kentland Facilities: This project provides a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. The Applied Reproduction Facility and Bovine Extension Teaching & Research Faculty are complete. Substantial completion is December 2020 for the Metabolic Research Lab.
13. Chiller Plant Phase II: This project upgrades of campus utility systems and addresses several strategic needs for shifting the campus to a lower resource consuming cooling service with improved redundancies. Completion expected July 2021.
14. Holden Hall Renovation: This project will renovate 20,000 gross square feet, demolish 21,000 gross square feet, and construct an 80,000 gross square foot expansion of Holden Hall. Construction is underway with substantial completion expected December 2021.
15. Construct Virginia Seafood AREC: Through a collaborative effort between the University, the Foundation, and the City of Hampton, the existing facility will be replaced with this new 15,000 gross square foot facility. The Foundation received a successful construction bid and substantial completion is expected September 2021.
16. Health Sciences & Technology: The project is substantially complete and the total cost is expected to be \$89.7 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
17. Gas-Fired Boiler at the Central Steam Plant: This project is substantially complete and the total cost is expected to be \$8.2 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
18. Acquisition – Falls Church Property: This project was established to acquire the fee simple title to the 5.33 acres currently leased from and owned by the City of Falls Church for a net cost of \$2.85 million. The exercise date is fiscal year 2021, and the university is working with the City of Falls Church to accelerate the transaction timing.

Capital Outlay Projects Authorized as of September 30, 2020 (Continued)

Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 10,000	\$ 53	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 5,097 (1)
Planning: Athletic Facilities Improvements - Tennis	Aug 2016	584	20	-	809	0	809	245 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	2,000	5	-	5,000	3,300	8,300	905 (3)
Planning: Slusher Replacement	Jun 2018	10	9	-	3,500	-	3,500	1,264 (4)
Global Business & Analytics Complex Residence Halls	Jun 2019	1,100	-	-	-	84,000	84,000	1,269 (5)
New Upper Quad Residence Hall	Jun 2019	3,500	509	-	-	33,000	33,000	1,343 (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	15,000	5,737	-	15,000	-	15,000	5,737 (7)
Creativity & Innovation District Residence Hall	Oct 2016	44,000	15,005	-	15,880	89,620	105,500	61,706 (8)
Student-Athlete Performance Center	Mar 2018	8,400	3,342	-	20,417	-	20,417	14,440 (9)
<u>Close-Out</u>								
Lane Substation Expansion	Sept 2015	17	12	-	2,000	4,500	6,500	3,776 (10)
Athletics Weight Room Renovation & Expansion	Aug 2018	2,000	1,578	-	4,500	-	4,500	3,817 (11)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 86,611	\$ 26,272	\$ -	\$ 80,415	\$ 259,110	\$ 339,525	\$ 99,598
GRAND TOTAL		\$ 223,272	\$ 48,826	\$ 457,493	\$ 259,306	\$ 350,952	\$ 1,067,751	\$ 268,331

Auxiliary Enterprise Projects

1. **Student Wellness Improvements:** The project scope and budget includes refurbishments to War Memorial Hall and McComas Hall. Whiting-Turner is the construction manager and the Guaranteed Maximum Price received July 15, 2020 is 33% over budget. The university is reviewing alternatives.
2. **Planning: Athletic Facilities Improvements - Tennis:** Athletics is ready to move forward with planning for Tennis Improvements and design is underway. The university may request full project authorization once planning is complete and Athletics has raised the necessary funds to complete construction.
3. **Dietrick First Floor and Plaza Renovation:** This project refurbishes the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. The low bid received May 8, 2020 was 22% over budget and the university is reviewing alternatives.
4. **Planning – Slusher Replacement:** This planning project includes completing preliminary designs for the replacement of Slusher Hall. To ensure bed capacity sufficient for enrollment growth, the timing for construction is being coordinated with the anticipated completion date for the Global Business & Analytics Complex Residential Halls project, anticipated March 2024.
5. **Global Business & Analytics Complex Residence Halls:** This project provides two residence halls in the northwest corner of campus with a minimum of 700 beds. The acquisition strategy is shifting to Invitation for Bid from Design-Build. The university is reviewing alternatives.
6. **New Upper Quad Residence Hall:** This project will provide the Corps of Cadets an additional 300 beds while replacing Femoyer Hall. Preliminary design is underway. The design and construction contracts for this project were consolidated under the same A/E and Construction Manager as the Corps Leadership & Military Science project. Cost estimates received at the conclusion of Preliminary Design indicate the project is 25% over budget. The university is reviewing alternatives.
7. **Maintenance Reserve:** The auxiliary maintenance reserve program covers 106 assets with a total replacement value of \$1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on maintenance reserve work scheduled for fiscal year 2021.
8. **Creativity & Innovation District Residence Hall:** This project is a new residential community with approximately 596 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. Construction is underway with completion expected July 2021.
9. **Student-Athlete Performance Center:** This project renovates the fourth floor of the Jamerson Center, constructs a balcony cantilevered from the fourth floor, and a new elevator tower. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient, and the project remains within the authorized budget. Construction is underway with completion expected November 2020.
10. **Lane Substation Expansion:** The project is substantially complete. Electric Services received “cost to serve” credits from AEP and the total cost is expected to be \$3.8 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
11. **Athletics Weight Room Renovation & Expansion:** The project is substantially complete and the total cost is expected to be \$4.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid.

Open Session Agenda

GOVERNANCE AND ADMINISTRATION COMMITTEE

Assembly Hall, Holtzman Alumni Center
10:00 am – 11:30 am

November 16, 2020

OPEN SESSION

Agenda Item

Reporting Responsibility

- | | |
|---|---|
| 1. Welcome and Opening Remarks | Mr. Mehul Sanghani, Chair |
| 2. Approval of Minutes of May 27, 2020, Meeting | Mr. Mehul Sanghani |
| 3. Update on Student-Athlete Physical and Mental Health | Ms. Angie Littlejohn
Mr. Danny White |
| 4. Introduction of the Director of the University Ombuds Office | Dr. Reese Ramos |
| 5. HR Update: Impacts of COVID on the Workforce | Mr. Bryan Garey |
| ◆ 6. Inclusive VT Update | Dr. Menah Pratt-Clarke
Dr. Frank Shushok |
| 7. Future Agenda Items and Closing Remarks | Mr. Mehul Sanghani |

* Requires Full Board Approval

◆ Discusses Enterprise Risk Management Topic(s)

Briefing Report

GOVERNANCE AND ADMINISTRATION COMMITTEE

November 16, 2020

OPEN SESSION

- 1. Welcome and Opening Remarks.** Mr. Mehul Sanghani, Chair of the Governance and Administration Committee, will welcome committee members, guests, and invited participants.
- 2. Approval of Minutes of the May 27, 2020, Meeting.** The committee will consider for acceptance and approval the Minutes of the May 27, 2020, Meeting.
- 3. Update on Student-Athlete Physical and Mental Health.** Senior Associate Athletics Director for Internal Operations, Ms. Angie Littlejohn, and Senior Associate Athletics Director for Student Athlete Services and University Relations, Mr. Danny White, will update the committee on physical and mental health precautions and services available for student athletes.
- 4. Introduction of the Director of the University Ombuds Office.** Recently appointed Director of the University Ombuds Office, Dr. Mauricio “Reese” Ramos, will introduce himself to the committee and discuss his vision for the office.
- 5. HR Update: Impacts of COVID on the Workforce.** Vice President for Human Resources, Mr. Bryan Garey, will provide an update on the University workforce and how it has been impacted by the COVID-19 pandemic.
- 6. Inclusive VT Update.** Vice President for Diversity, Inclusion, and Strategic Affairs, Dr. Menah Pratt-Clarke, will update the committee on Inclusive VT initiatives. She will then introduce Vice President for Student Affairs, Dr. Frank Shushok, who will shared on Inclusive VT initiatives currently underway in his department.
- 7. Future Agenda Items and Closing Remarks.** Mr. Mehul Sanghani, will discuss future agenda items for the committee. He will then offer closing remarks and request a motion for adjournment.

Joint Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
11:00 a.m. – 11:30 a.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Briefing on Information Technology Security	Dr. Scott Midkiff Mr. Randy Marchany
◆ Discusses Enterprise Risk Management topic(s).	

Joint Open Session Briefing Report

JOINT COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

November 15, 2020

Joint Open Session

1. **Briefing on Information Technology Security:** Vice President for Information Technology and Chief Information Officer Dr. Scott Midkiff and Information Technology Security Officer Mr. Randy Marchany will provide a briefing to the joint committees on the university's information technology security posture.

**President Sands will provide
an update to the Board on
Monday, November 16, 2020.**

MOTION TO BEGIN CLOSED MEETING

November 16, 2020

I move that the Board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Appointment of faculty to Emeritus status, the consideration of individual salaries of faculty, consideration of Endowed Professors, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes including appointments, resignations, tenure, and salary adjustments of specific employees and faculty leave approvals.
2. The status of current litigation and briefing on actual or probable litigation.
3. Fundraising activities.
4. Special awards.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, .7, .9, and .11.

Open Joint Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

Latham A/B, The Inn at Virginia Tech

8:30 a.m.

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Annual Report on Research	Don Taylor Dan Sui
2. Critical Hiring and Compensation Exceptions First Quarter FY 2020-21	Jack Finney
* 3. Approval of Resolution Delegating Authority for the Personnel Changes Report	Ken Miller

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).

Briefing Report
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

Joint Open Session

1. **Annual Report on Research:** The Committees will receive a comprehensive annual report on research highlighting university research expenditures and related trends and benchmarking information. This report will also include an introduction of the new Vice President for Research and Innovation, Dr. Daniel Sui.
2. **Critical Hiring and Compensation Exceptions First Quarter FY 2020-21:** As a dimension of managing budget constraints, the university established a process for reviewing personnel actions. After review, only critical and essential hires and compensation actions are approved. Personnel actions and data for the first quarter will be reviewed by the Committees. While the commonwealth lifted restrictions on personnel actions in October 2020, the university maintains its review and approval processes.
- * 3. **Approval of Resolution Delegating Authority for the Personnel Changes Report:** The Committees will review for approval the Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions. This resolution would allow the Board of Visitors to focus on high-level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

* Requires full Board approval.

◆ Discusses Enterprise Risk Management topic(s).



RESEARCH & INNOVATION

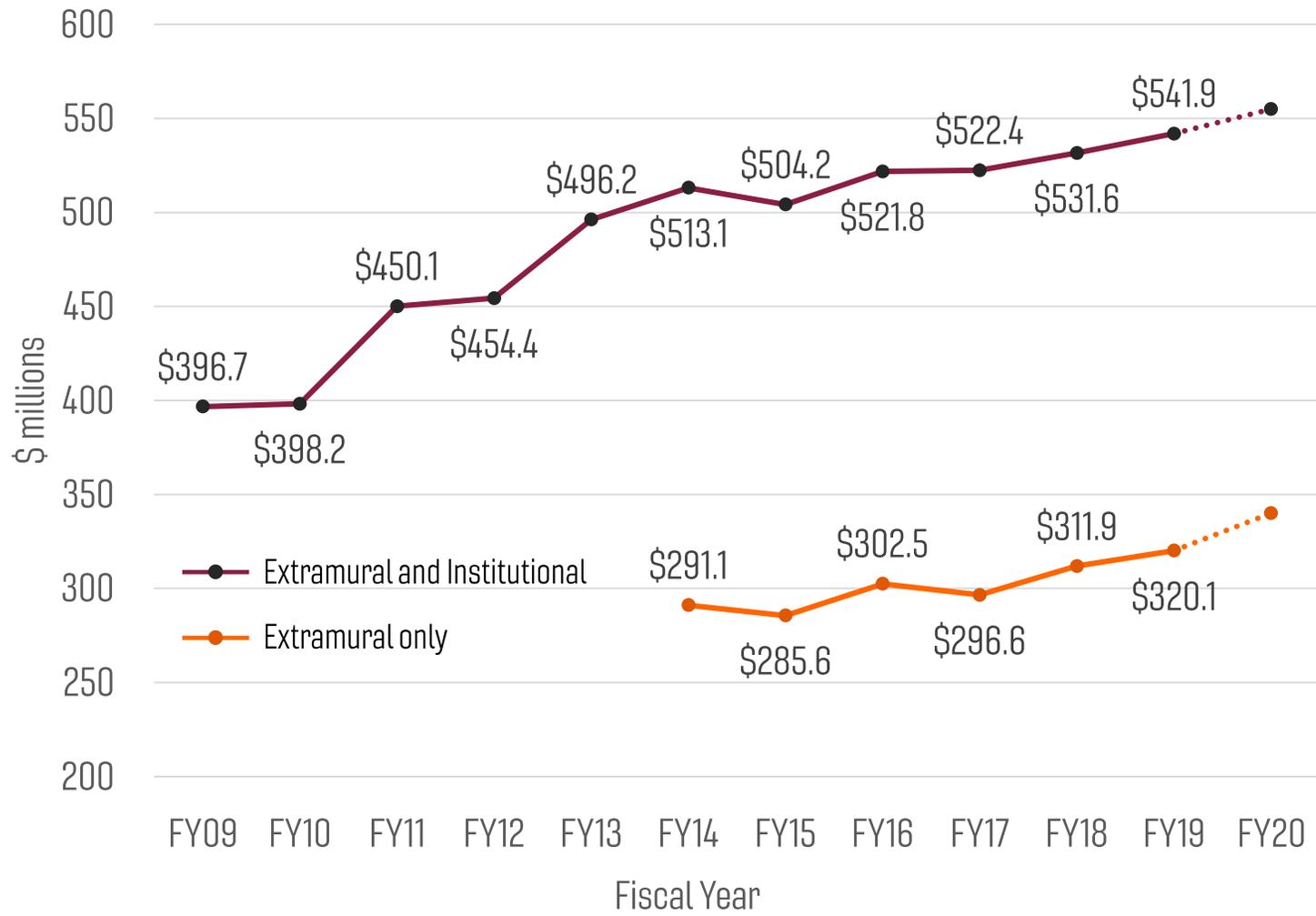
*FINANCE AND RESOURCE MANAGEMENT
COMMITTEE AND ACADEMIC, RESEARCH, AND
STUDENT AFFAIRS COMMITTEE*

NOVEMBER 16, 2020



RESEARCH IS SUPPORTED BY:

- Federal government agencies
- State and local government
- International countries and agencies
- Industry partners and consortia
- Foundations



RESEARCH EXPENDITURES

Research expenditures are up in FY20, despite the pandemic, and momentum is growing.

* 2020 values available in Jan. 2021

RESEARCH EXPENDITURES BY FUND SOURCE CATEGORY

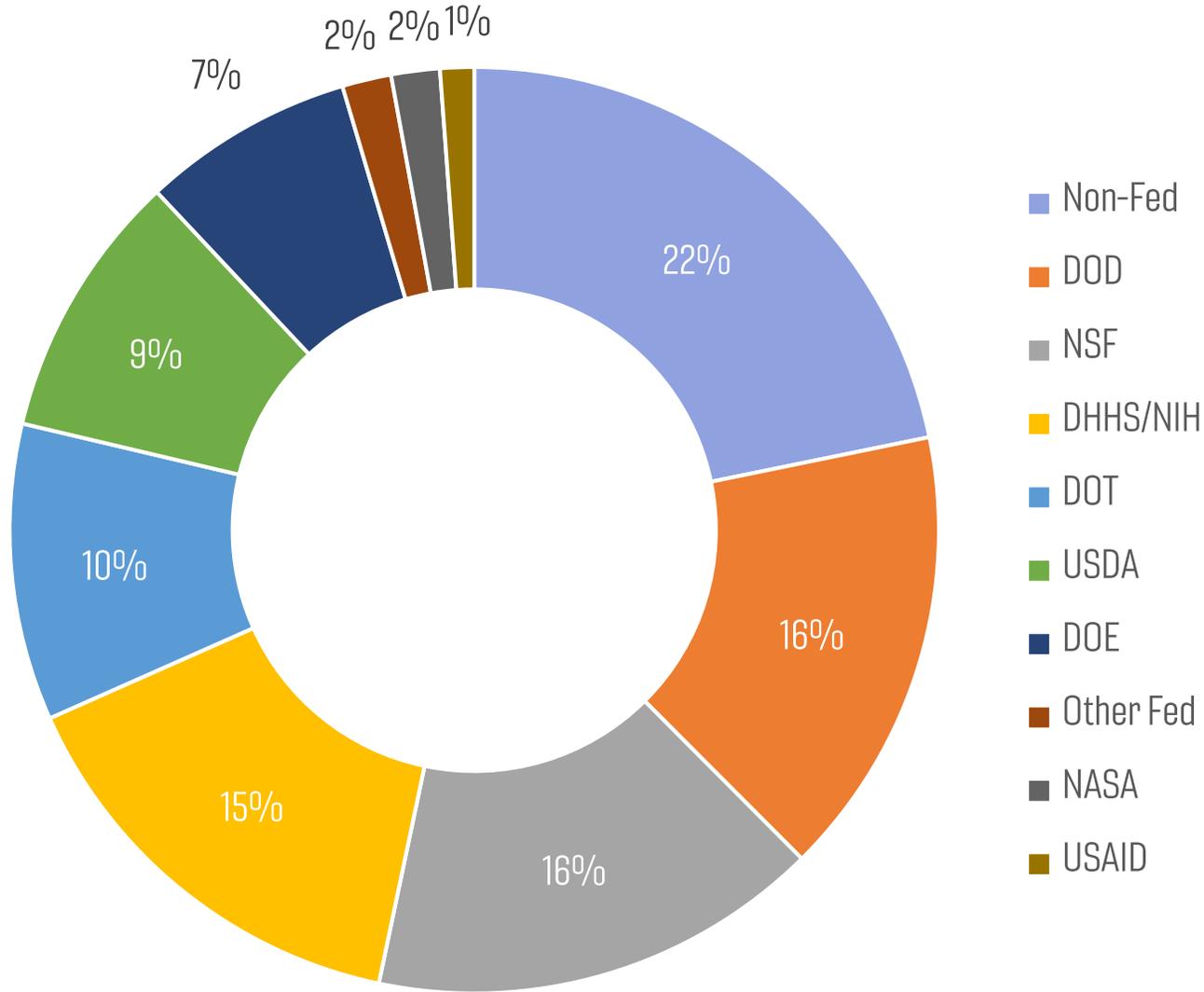
Analysis of Fiscal Years Ended June 30, 2019 and 2018

(amounts in thousands of dollars)

	Total 2019	Total 2018	Difference	
			Amount	Percent
Federal Government	\$209,607	\$199,897	\$9,710	4.86%
State & Local Government	\$54,131	\$56,479	-\$2,348	-4.16%
Business	\$43,433	\$43,569	-\$136	-0.31%
Nonprofit Organizations	\$7,097	\$7,529	-\$432	-5.74%
Institutional Funds	\$221,817	\$219,748	\$2,069	.94%
All Other Sources	\$5,884	\$4,414	\$1,470	33.3%
Total Research Expenditures	\$541,969	\$531,636	\$10,333	1.94%

NSF HERD

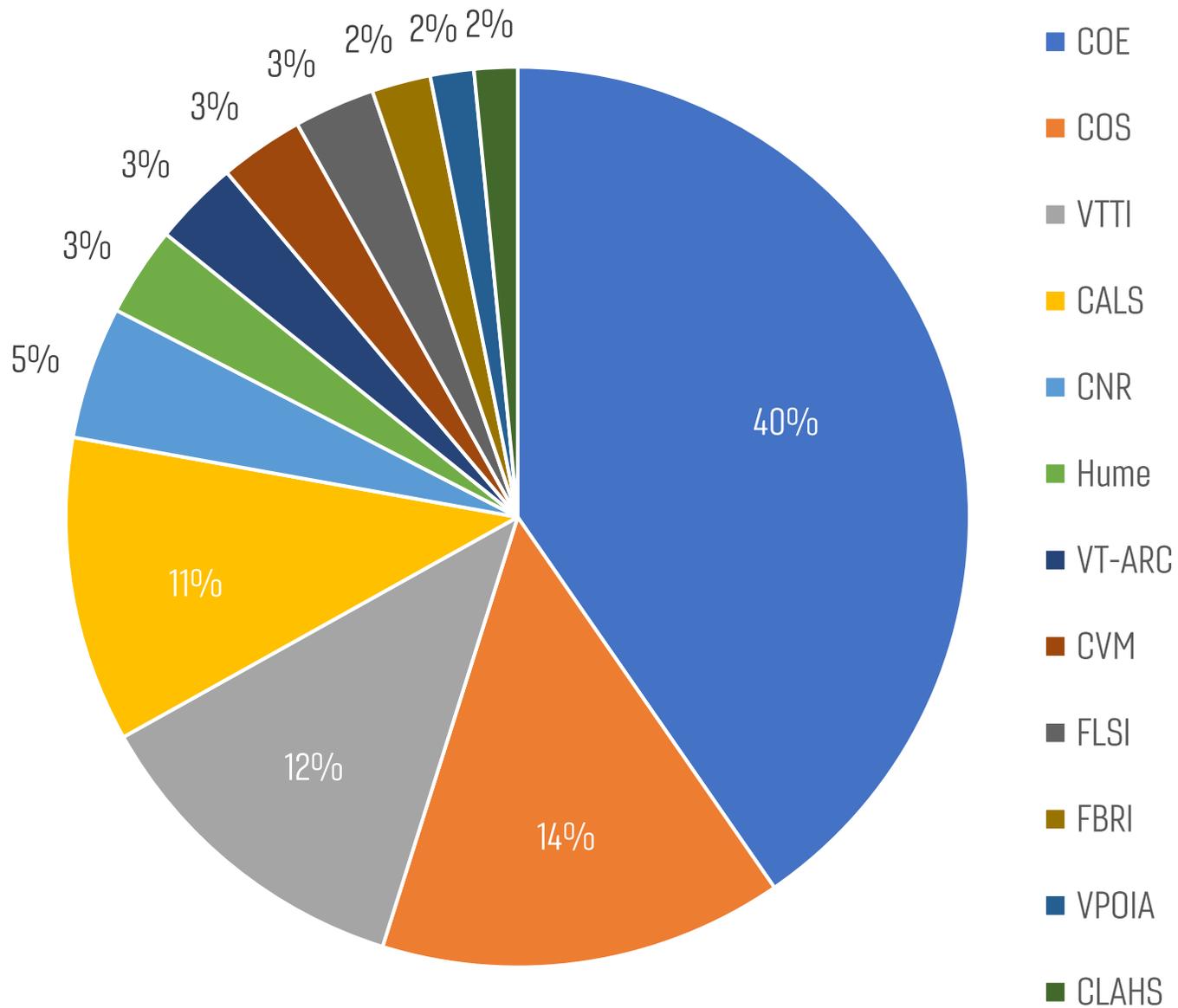
National Science Foundation's Higher Education Research and Development Survey is annual benchmark for research funding across the country.



BALANCED PORTFOLIO

In FY20, 75% of Virginia Tech's competitive extramural funding was supported by the federal government.

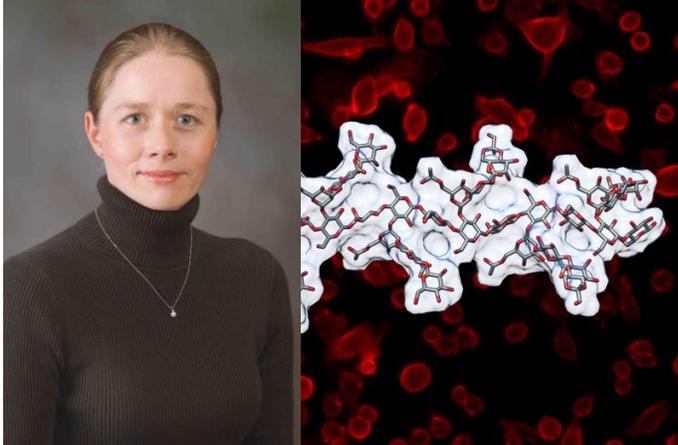
Includes VT-ARC, VTT LLC, and Formula Agency 229



EXTRAMURAL FUNDING ACROSS VIRGINIA TECH

Faculty and researchers in colleges and institutes are actively engaged in sponsored research programs.

*Includes VT-ARC and VTT LLC.
Excludes Agency 229 Formula Funds.*



MAJOR RESEARCH GRANTS

FY21 has started with grants in a variety of fields from a variety of sponsors :

- \$23 million from National Science Foundation for glycomaterials research
- \$10 million from U.S. Department of Agriculture's National Institute of Food and Agriculture to develop a new and sustainable economy of renewable agricultural crop and forest biomass products and materials
- \$3.5 million from National Institutes of Health to develop novel Lyme disease vaccine
- \$5.3 million five-year National Science Foundation grant to study the connections between the deep critical zone and ecosystem resilience, watershed hydrology, and erosion.

LINK + LICENSE + LAUNCH

- 20 License and Option Deals (20% increase year over year)
- Six Startup Deals (17% increase year over year)
- 127 Invention Disclosures received, processed, and assessed (a modest 9% decrease year over year, despite pandemic headwinds affecting faculty inventors in Spring semester)
- \$1,400,000+ in direct licensing revenue realized by VTIP, Inc.
- \$700,000 in licensing and membership revenue to CPES through IP assets developed with Intellectual Property Protection Fund support
- \$450,000+ in industry sponsored research commitments through LICENSE activities and engagements (Dive Technologies and Mayfair, LLC)





PLATFORMS FOR GROWTH

- Innovation Campus
- Commonwealth Cyber Initiative
- Fralin Life Sciences Institute
- Integrated Translational Health Research Institute
- National Security Institute
- Shared Research Facilities
- Tech Talent Investment Program
- Virginia Tech has provided \$930k for matching funds in FY 2021



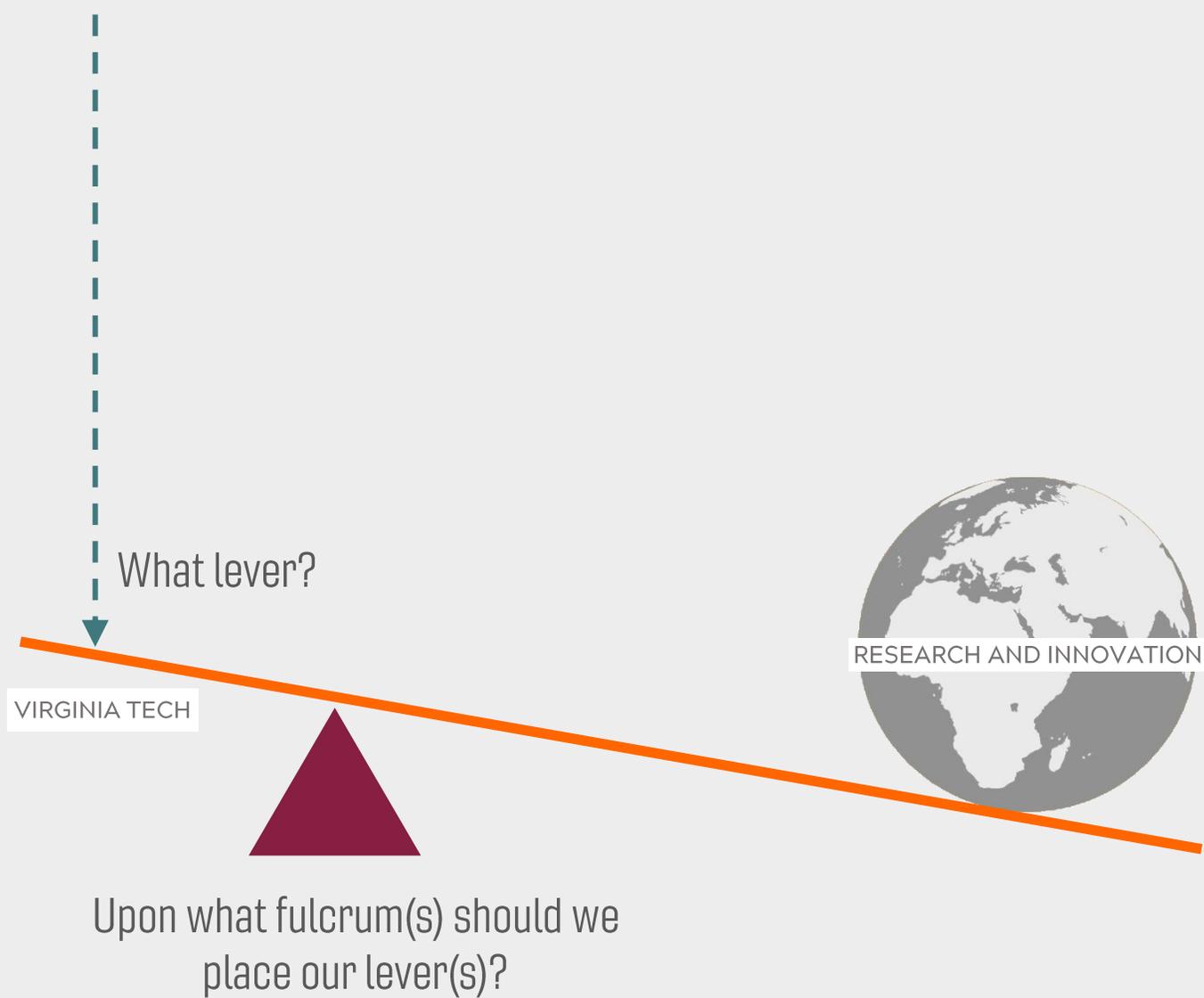
DAN SUI

VICE PRESIDENT FOR RESEARCH AND INNOVATION

- Previously, Vice Chancellor for Research and Innovation at University of Arkansas
 - Grew research expenditures to a new historical high of \$180 million, which directly contributed to the university's \$2.2 billion economic impact for the state of Arkansas.
- Division Director for Social and Economic Sciences, National Science Foundation (2016-18)
- Department Chair, Geography Department; Director, Center for Urban and Regional Analysis, Ohio State (2009-15)
- Assistant Vice President of Research, Texas A&M (2004-09)

ARCHIMEDES' LEVER:
“GIVE ME A LEVER LONG
ENOUGH AND A
FULCRUM ON WHICH TO
PLACE IT, AND I SHALL
MOVE THE EARTH.”

*THE VIRGINIA TECH
RESEARCH
ENTERPRISE IN THE
NEXT DECADE:
LEVER VS. FULCRUM*



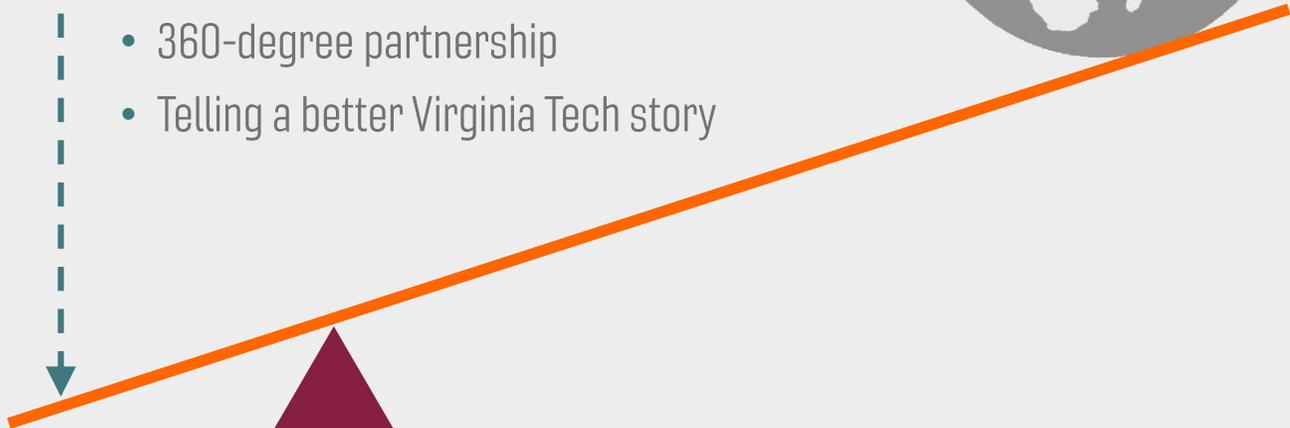
*THE VIRGINIA TECH
RESEARCH
ENTERPRISE IN THE
NEXT DECADE:
LEVER VS. FULCRUM*



RESEARCH AND INNOVATION

TOP LEVERAGES:

- Convergence research
- Research and education synergy
- 360-degree partnership
- Telling a better Virginia Tech story



VIRGINIA TECH

CORE FOUNDATIONS:

- Cutting-edge research and innovation
- Dedicated faculty, staff, and students
- Shared vision/goal
- Ut Prosim

*THE VIRGINIA TECH
RESEARCH
ENTERPRISE IN THE
NEXT DECADE:
LEVER VS. FULCRUM*



DISCUSSION



CRITICAL HIRING AND COMPENSATION EXCEPTIONS FIRST QUARTER FY 2020-21

Jack W. Finney
Vice Provost for Faculty Affairs

Academic, Research, and Student Affairs and Finance and Resource Management
Joint Open Meeting
November 16, 2020



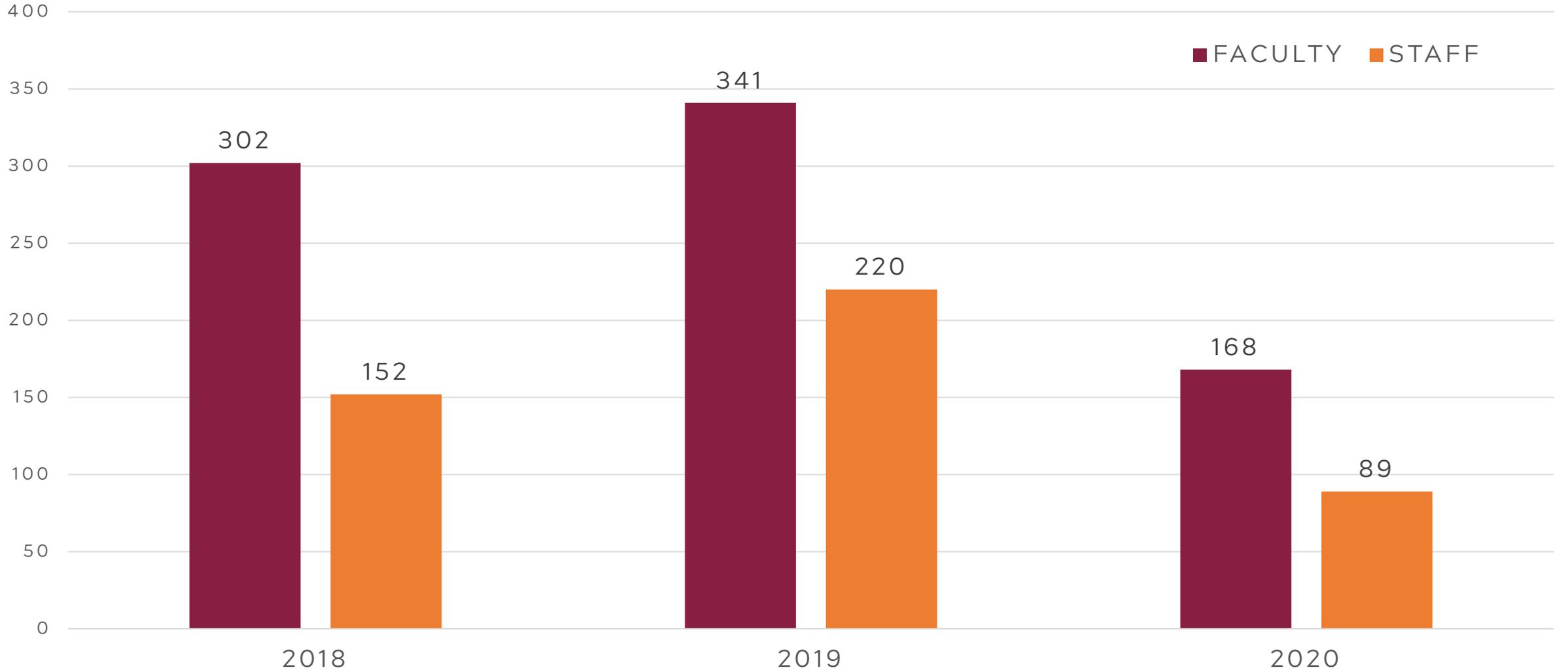
HIRING FOR ESSENTIAL POSITIONS

- > Virginia's 2005 Restructuring Act allows Virginia Tech independence from the Governor's hiring freeze for *classified* staff.
- > Drs. Sands, Clarke, and Pinkney directed university divisions to exercise **restraint** in hiring and compensation actions.
- > Positions and funding included in budget reduction plans were not approved.
- > Hiring and compensation requests were reviewed prior to approval.
- > Hiring and compensation requests were predicated on an up-to-10% budget reduction.

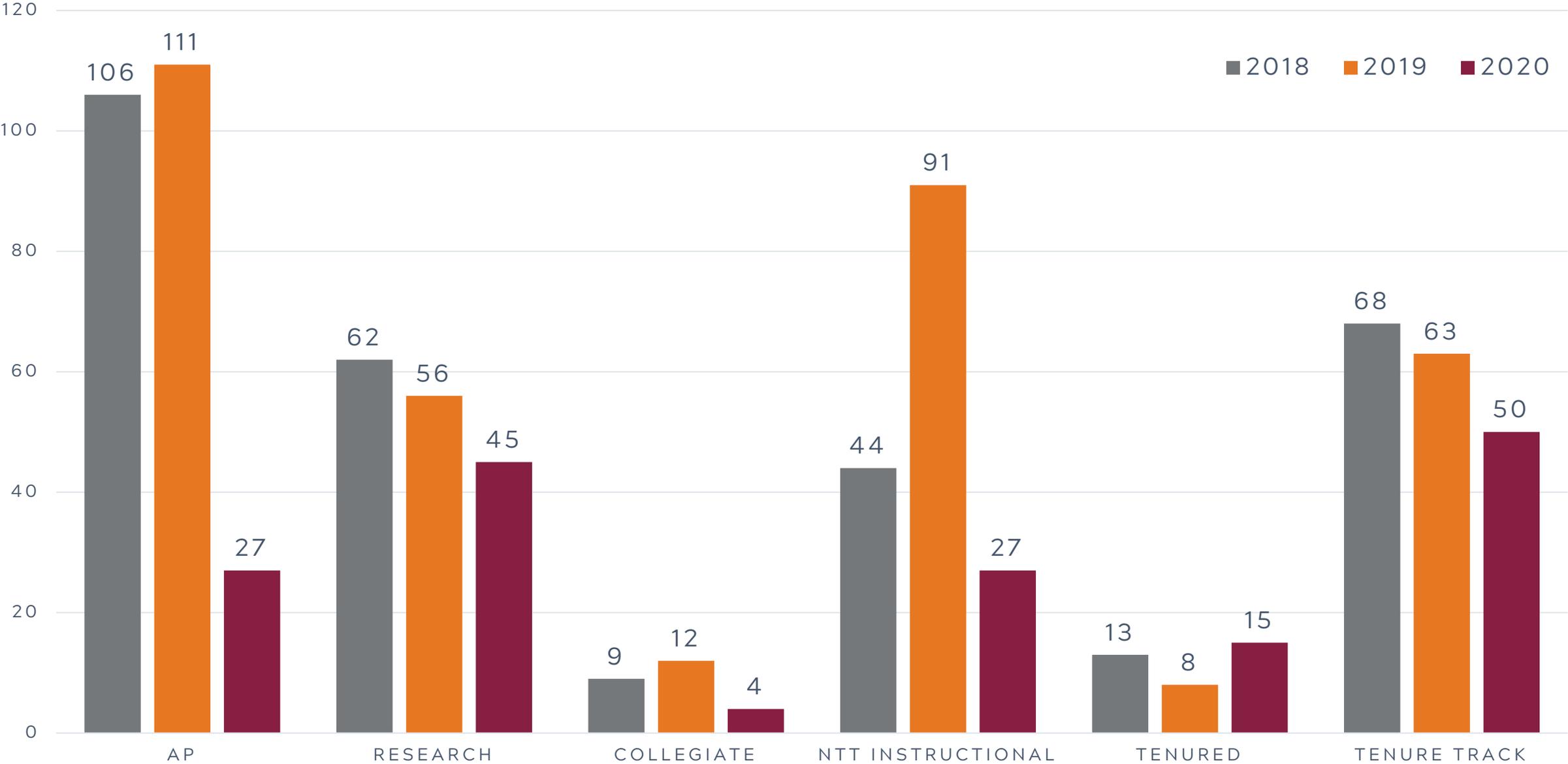
EXCEPTIONS FOR ESSENTIAL HIRES

- > Critical teaching needs
- > Leadership position (e.g., department head, vice president)
- > University staff positions in essential operations
- > Advancing diversity and inclusion
- > Securing key dual career positions
- > Honoring start-up commitments
- > Advancing a specific mission/goal of the strategic plan (e.g., Tech Talent Investment Pipeline, National Security Institute, Innovation Campus)
- > Positions funded by Sponsored Programs grants and contracts, managed by the Office of the Vice President for Research and Innovation

NEW HIRES FOR THE FIRST QUARTER FY2020-21



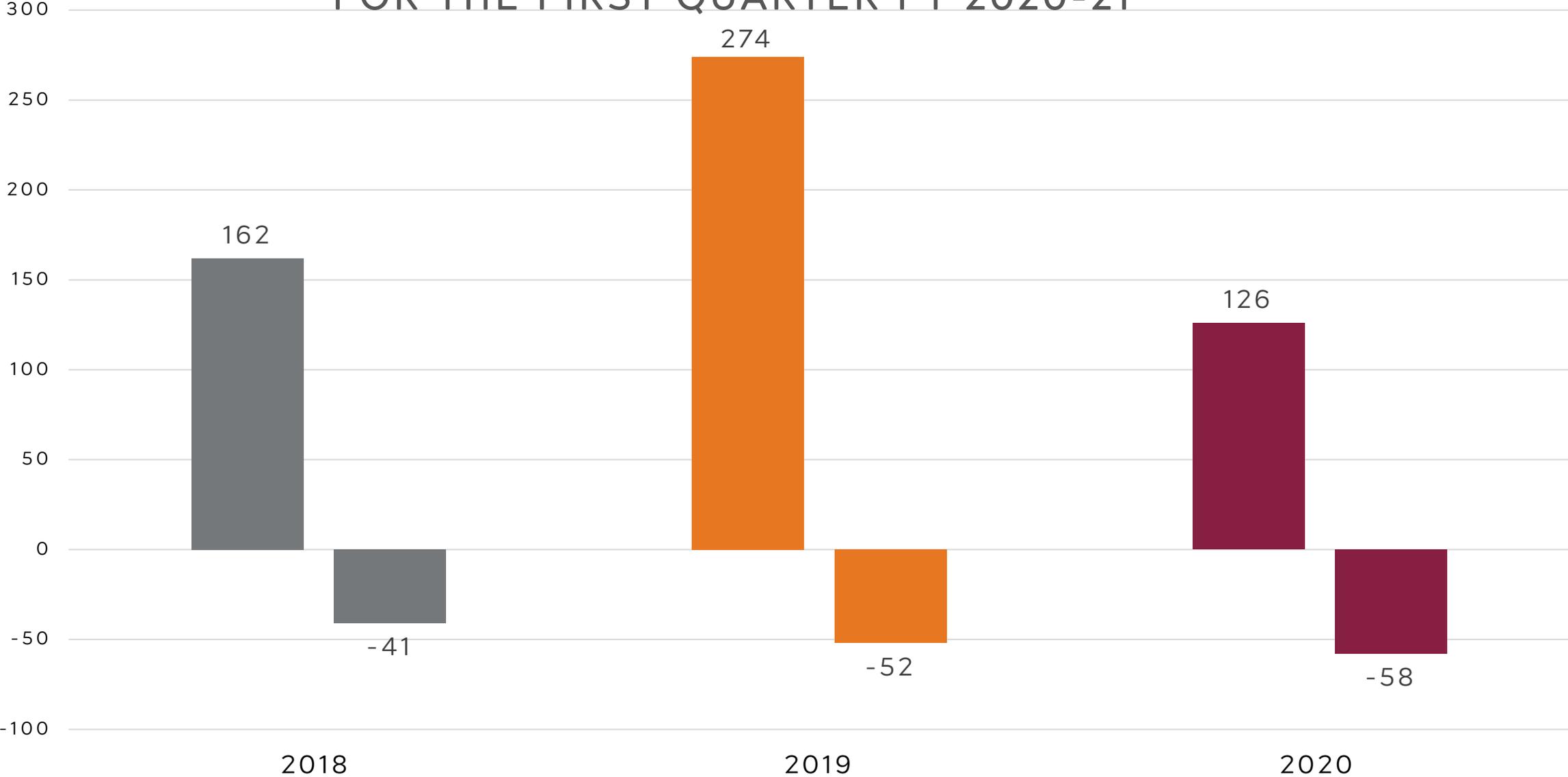
NEW HIRES FOR THE FIRST QUARTER FY 2020-21 BY FACULTY CATEGORY



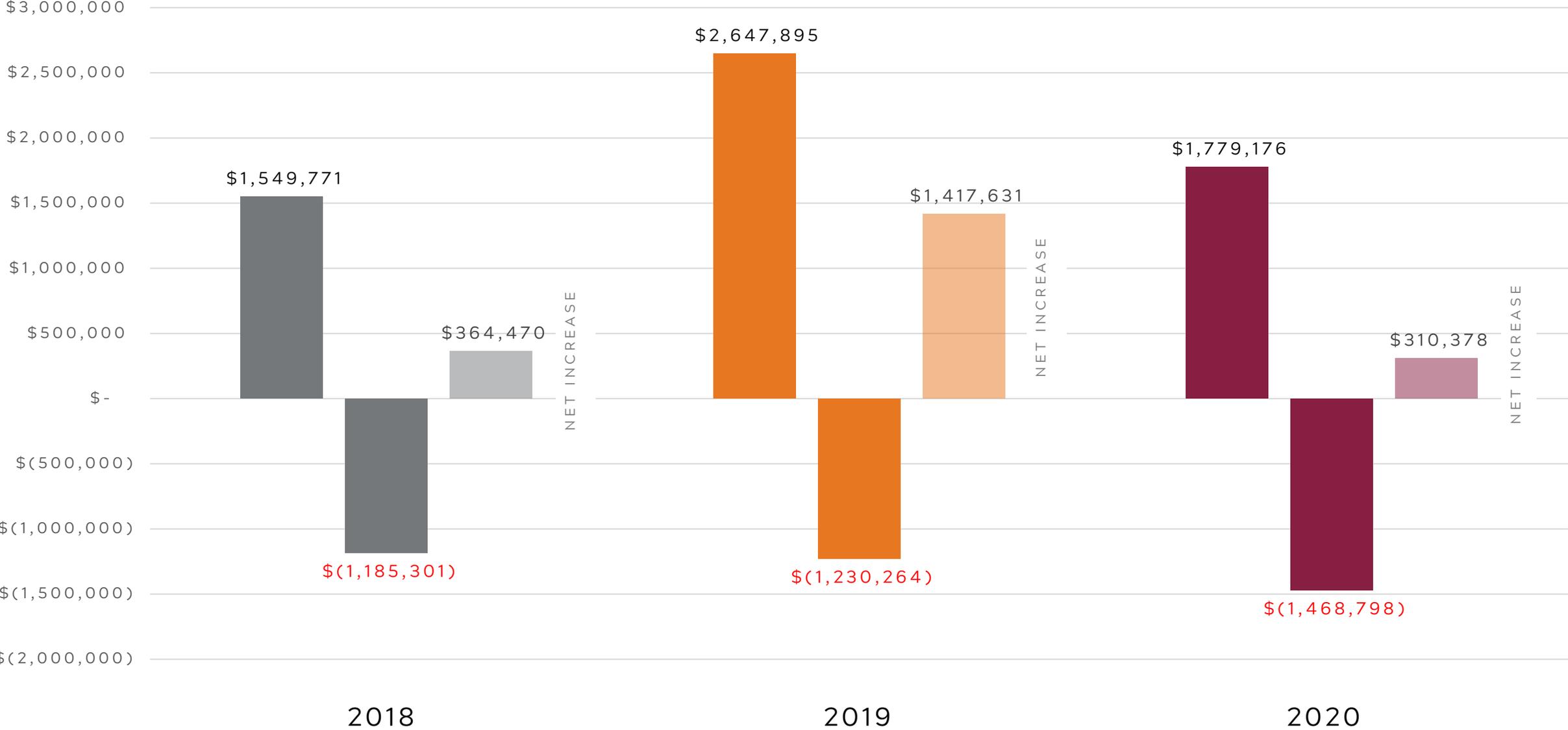
EXCEPTIONS FOR COMPENSATION ACTIONS

- > Increased instructional assignments for critical needs (overload payment)
- > Assuming a leadership role
- > Start-up commitments for upgrading existing positions
- > Significant increased responsibilities (e.g., merging duties of two positions into one, filling an essential position with an internal promotion, funding through Extension partners)

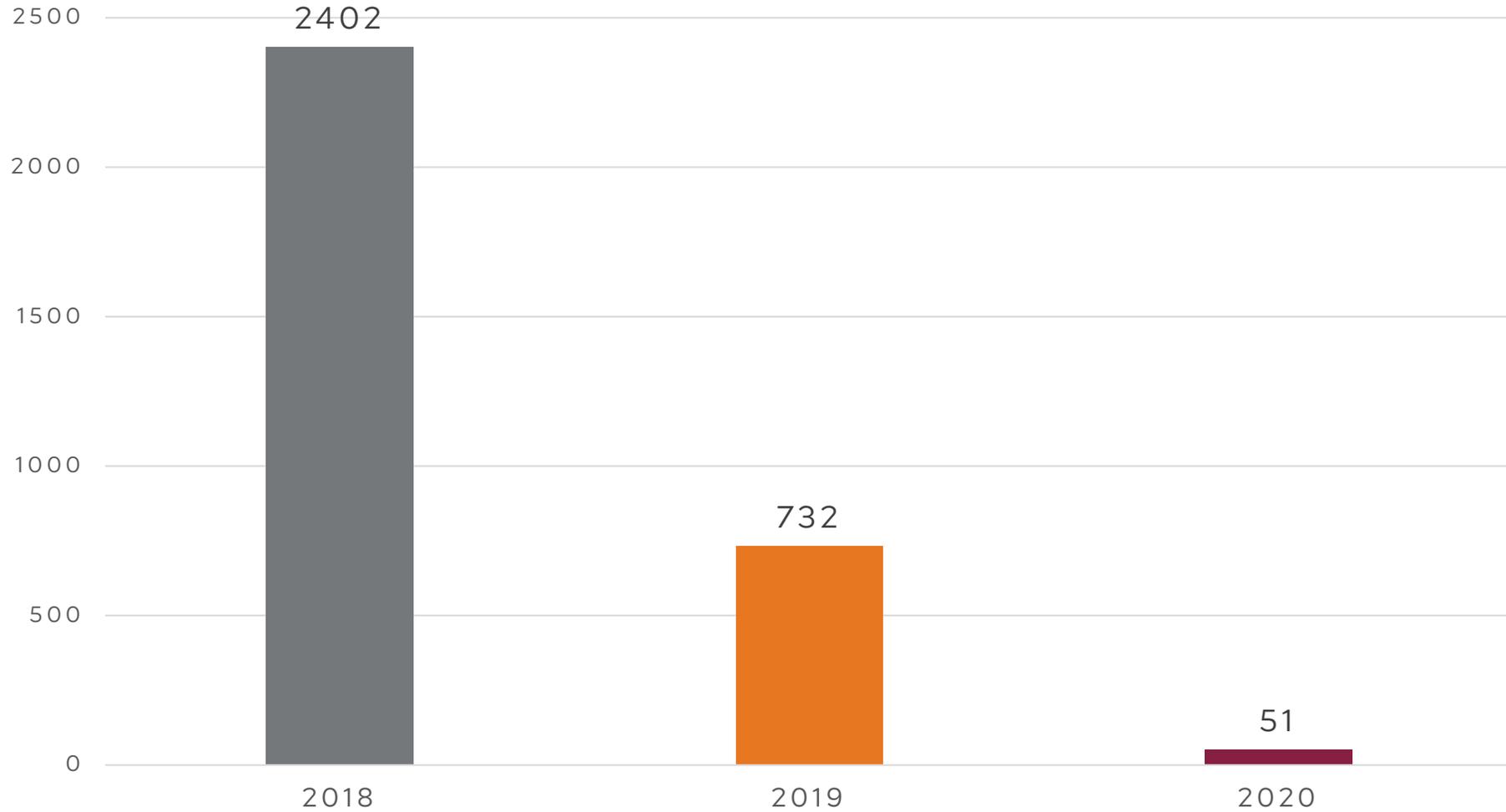
FACULTY WITH SALARY INCREASES AND DECREASES FOR THE FIRST QUARTER FY 2020-21



TOTAL DOLLAR INCREASES, DECREASES, AND NET RESULTS



STAFF SALARY INCREASES FIRST QUARTER FY 2020-21



HIRING AND COMPENSATION RESTRICTIONS LIFTED

Aubrey Lane, Virginia Secretary of Finance
October 26, 2020

“At this time, it appears that our revenue outlook has stabilized and that, for the moment, additional budget reductions will not be needed to balance the budget this year. Accordingly, and **in recognition of the need to retain our dedicated and qualified staff, I am lifting these restrictions.** Agencies should still be cautious in the personnel actions that they take and, as always, should consider the long-term impacts of decisions that increase ongoing costs. We are not “out of the woods” yet and the future could require a return to these restrictions, however, **it is important that we recruit and retain the best quality workforce possible. The Governor and I are fully aware that it is the strength of our employees that have sustained us to this point.**”

Aubrey Lane, Secretary of Finance
Commonwealth of Virginia

DISCUSSION

RESOLUTION TO AMEND DELEGATION OF AUTHORITY FOR SELECTED FACULTY PERSONNEL ACTIONS

WHEREAS, faculty employment and policies are under the purview of the Board of Visitors (the Board); and

WHEREAS, the Board holds the authority to approve all faculty appointments; and

WHEREAS, the Board, as the governing authority of the university, delegates authority to the president to oversee and to administer the policies of the board and manage the administrative, instructional, research, and public service programs of the university; and

WHEREAS, on June 1, 2009, the Board approved a resolution titled Delegation of Authority for Selected Faculty Personnel Actions; and

WHEREAS, a recent review of the delegation of authority for faculty personnel actions resulted in the identification of potential administrative and managerial efficiencies; and

WHEREAS, the rector and committee chairs have encouraged streamlining processes to make best use of technology and efficient use of personnel resources; and

WHEREAS, compilation of the report and preparation to discuss these routine actions entails significant staff time and effort; and

WHEREAS, amending the delegation of authority by the Board to the university's administration will reflect the university's current faculty employment processes and will ensure that the university's hiring, employment, and compensation practices are attractive and competitive for internal and external candidates for faculty positions; and

WHEREAS, the Board will continue to approve all executive and senior level hires including compensation and tenure actions.

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors delegates authority to the president or the president's designee for selected faculty appointment and compensation actions as described in the attachment, effective immediately; and

BE IT FURTHER RESOLVED, that the Personnel Changes Report presented quarterly to the Board for ratification contain the actions for the prior quarter, consistent with other financial and business reports prepared for the Board.

RECOMMENDATION:

That the Board of Visitors approve this Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions.

November 16, 2020

AMENDED DELEGATION OF AUTHORITY FOR SELECTED FACULTY APPOINTMENTS AND COMPENSATION ACTIONS

The amended delegation of authority to the president or the president's designee for routine and modest salary adjustments and selected new appointments allows the Board of Visitors (the Board) to focus on high level appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution; salary adjustments with more significant financial impact; deferred compensation; and appointment and compensation packages for athletic personnel.

The Board would retain approval (or confirmation) of the following faculty-related personnel actions:

Appointment/Promotion Actions:

- Appointments of instructional and research faculty members on the tenure-track or continued appointment track confirmed in quarterly Personnel Changes Report
- Appointments with tenure considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Salaries of faculty appointments with tenure confirmed in the quarterly Personnel Changes Report based on their effective or start date
- Appointments of faculty-ranked athletic personnel above a threshold* salary level confirmed in quarterly Personnel Changes Report
- All bonuses of faculty-ranked athletic personnel confirmed in the quarterly Personnel Changes Report
- Appointments of administrative and professional faculty hired above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Appointments to distinguished or endowed professorships: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Appointments to emeritus/a status: individual resolutions considered by the Academic, Research, and Student Affairs Committee and approved by the full Board
- Award of tenure or continued appointment and/or promotions in rank as identified in the faculty compensation plan confirmed in the Promotion, Tenure and Continued Appointment Program Report approved at the June Board meeting

Compensation Actions:

- Overall faculty compensation plan approved at the June Board meeting
- Annual merit adjustments for all faculty members approved at appropriate Board meeting based on timing determined by state
- Compensation packages for athletic director and head coaches confirmed annually as an addendum to the quarterly Personnel Changes Report

- Off-cycle salary adjustments greater than or equal to 20% for all regular faculty members that result in a salary at or above a threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment confirmed in the quarterly Personnel Changes Report
- Deferred compensation
- Special payments for recruitment or separation
- Decrease in salary for disciplinary action

Through such delegation, the Board **does not receive** the following actions as part of the quarterly Personnel Changes Report:

- Changes in employment status that do NOT involve any salary action, such as “regular” to “restricted” or conversion from staff to faculty;
- Salary adjustments made in accordance with existing policies and standard formulas:
 - Academic-year to calendar-year conversions and the reverse
 - Research extended appointments
 - Change in percent employment
 - Addition or deletion of extension unit coordinator supplement
 - Overseas allowance
 - Increase for completing advanced degree
- Off-cycle salary adjustments less than 20%;
- Off-cycle salary adjustments for faculty below threshold* salary level prorated for type of appointment (e.g. 9-, 10-, or 11- month) if not a 12-month appointment;
- New appointments and salary adjustments for faculty members on *restricted contracts*, such as research faculty; and
- New appointments of non-tenure track instructional faculty, or administrative and professional faculty below threshold* salary level.

***Salary Threshold:**

The initial threshold for salary actions is \$125,000 for a 12-month appointment. The threshold will be evaluated over time and adjusted and approved by the Board of Visitors as needed.



Resolution Delegating Authority for the Personnel Changes Report

KEN MILLER, VICE PRESIDENT FOR FINANCE

NOVEMBER 16, 2020



Background

- On June 1, 2009, the Board delegated authority to the president or designee selected faculty appointment and compensation actions to enable the Board to focus on:
 - appointments of senior-level administrative positions
 - appointments tenure-track (or continued appointment-track) faculty positions
 - appointments of faculty-ranked athletic personnel
 - bonuses of faculty-ranked athletic personnel and compensation packages for AD and head coaches
 - significant compensation changes
 - deferred compensation

Proposed Changes to Delegation of Authority

Appointment/Promotion Actions

2009 DELEGATION	New Format
Appointments of instructional and research faculty members on the tenure-track or continued appointment track	Appear in the report for the quarter of their effective date only; appointments with tenure are approved separately from their hire
Appointments of faculty-ranked athletic personnel	All faculty-ranked athletic personnel with starting salary of \$125,000 or greater
Appointments of senior administrators (those with "senior manager" designation such as deans and vice presidents) and their direct reports	This language will be removed, these appointments will instead be captured under the threshold described below, applying to all A/P faculty hires.
Appointments of administrative and professional (A/P) faculty members reporting directly to the president and their direct reports	All A/P Faculty with starting salary of \$125,000 or greater regardless of reporting lines
Appointments to distinguished or endowed professorships: individual resolutions considered by ARSA	No change
Appointments to emeritus/a status: individual resolutions considered by the ARSA	No change
Award of tenure or continued appointment and/or promotions in rank as identified in the faculty compensation plan: confirmed in the Promotion, Tenure and Continued Appointment Program Report at the June Board meeting	No change

Proposed Changes to Delegation of Authority Compensation Actions

2009 DELEGATION	New Format
Off-cycle salary adjustments greater than or equal to 10% for all regular faculty members	Off-cycle salary adjustments for all regular faculty members with ending base salary \geq to \$125,000 and increase of \geq to 20%; Salary threshold is adjusted to account for term of employment: <ul style="list-style-type: none"> > 12-month: \$125,000 > 11-month: \$114,583 > 10-month: \$104,166 > 9-month: \$ 93,750
Off-cycle salary adjustments of any amount for senior managers (deans/vice presidents) and their direct reports	Removed (captured in threshold noted above)
Off-cycle salary adjustments of any amount for administrative and professional faculty reporting directly to the president and their direct reports	Removed (captured in threshold noted above)
Deferred compensation	No change
Special payments for recruitment or separation	No change
Decrease in salary for disciplinary action	No change

Proposed Changes to Delegation of Authority

Actions currently NOT included in Personnel Changes Report

2009 DELEGATION	New Format
Staff Actions	No change
Faculty appointments or salary adjustments for faculty on restricted contracts	No change
Off-cycle Salary Adjustments less than 10%	Off-cycle Salary Adjustments less than 20%
New Appointments of non-tenure track instructional faculty, or A/P faculty below the level of senior administrator and their direct reports	New appointments of non-tenure track instructional faculty, or administrative and professional faculty below threshold income level.
Changes in employment status that do NOT involve any salary action, such as "regular" to "restricted" or conversion from staff to faculty	No change
Salary adjustments made in accordance with existing policies and standard formulas: <ul style="list-style-type: none"> > Academic-year to calendar-year conversions and the reverse > Research extended appointments > Change in percent employment > Addition or deletion of extension unit coordinator supplement > Overseas allowance > Increase for completing advanced degree 	No change

Comparison Counts Old vs. New

Quarter ending September 30, 2020

	Current Process	Salary >= \$125,000 AND 20%
Teaching and Research Faculty		
New Appointments with Tenure or Continued Appointment	6	6
New Appointments with Tenure to Title	0	N/A
New Appointments to Tenure-Track or Continued Appointment-Track	46	46
Adjustments in Salary	33	6
One-time payments	0	0
Administrative and Professional Faculty		
New Appointments	5	3
Adjustments in Salary	25	1
One-time payments	13	13
Research Faculty		
Adjustments in Salary	0	0

Additions to the Summary Page

The Faculty Personnel Changes Report includes new appointments and adjustments in salaries for select faculty as defined by the Resolution on Delegation of Authority for Selected Faculty Personnel Actions passed by the Board in June 2009. Included in this report are teaching and research faculty in the colleges, and administrative and professional faculty that support the university including the library, extension, academic support, athletics, and administration. The report is organized by senior management area (college or vice presidential area), and includes the following faculty personnel appointments and salary adjustments since the last Board meeting:

Teaching and Research Faculty	
New Appointments with Tenure or Continued Appointment	6
New Appointments to Tenure-Track or Continued Appointment-Track	46
Adjustments in Salary	
One-time payments	0
Administrative and Professional Faculty	
New Appointments	3
Adjustments in Salary	1
One-time payments	13
Research Faculty	
Adjustments in Salary	0

Faculty Adjustments not included in the report

	Number	Average Salary	Avg \$ Increase	Avg % Increase	Total \$
Teaching and Research Faculty	27	\$119,194	\$15,995	15.50%	\$431,860
Administrative and Professional Faculty	24	\$105,341	\$10,967	11.62%	\$263,197

Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors delegates authority to the president or the president's designee for selected faculty appointment and compensation actions as described in the attachment, effective immediately; and

BE IT FURTHER RESOLVED, that the Personnel Changes Report presented quarterly to the Board for ratification contain the actions for the prior quarter, consistent with other financial and business reports prepared for the Board.

RECOMMENDATION:

That the Board of Visitors approve this Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions.

NOVEMBER 16, 2020

Appointments with Tenure

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

BOV Date

A faculty appointment with tenure may be made with the review and approval of the department head or chair, the department promotion and tenure committee, a subcommittee of the college promotion and tenure committee appointed by the dean, the dean, a subcommittee of the university promotion and tenure committee, the provost, and the president. Ultimately, final approval rests with the Board of Visitors.

The following faculty members are recommended for approval of tenure at Virginia Tech, effective as of the start date indicated below.

Name	Title	Tenure Home (Academic Department)	Start Date
John Doe	Associate Professor	Psychology	8/10/20
Jane McName	Professor	School of Education	7/1/20

RECOMMENDATION:

That the above faculty are approved for a tenured appointment at Virginia Tech.

Date of BOV meeting

DELEGATION OF AUTHORITY FOR SELECTED FACULTY PERSONNEL ACTIONS

WHEREAS, members of the Board of Visitors have expressed interest in focusing the attention of the Board on strategic decisions where their review and approval can be most valuable to the university; and

WHEREAS, the rector and committee chairs have encouraged streamlining processes to make best use of technology and efficient use of scarce personnel resources; and

WHEREAS, the current format of the quarterly personnel actions report presented to the board at each meeting contains many routine, formulaic, and minor changes in salary and status that have been approved by university officials in accordance with standard guidelines; and

WHEREAS, compilation of the report and preparation to discuss these routine actions entails significant staff time and effort; and

WHEREAS, streamlining the process would allow the Board to focus on appointments to senior-level administrative positions and tenure-track (or continued appointment-track) faculty positions and significant compensation changes, thereby retaining authority and responsibility for approval of personnel actions with significant or strategic impact on the institution;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Visitors delegates authority to the president or his designee for selected faculty appointment and compensation actions as described in the attachment; and

BE IT FURTHER RESOLVED that the Personnel Action Report presented to the Board for ratification contain the actions for the prior quarter, consistent with other financial and business reports prepared for the Board, with the addition of appointments with tenure or to senior-level positions that necessitate advance confirmation.

RECOMMENDATION:

That the Board of Visitors delegates authority and responsibility to the president and/or his designee for selected faculty appointment and compensation actions as described in the attached summary.

June 1, 2009

PROPOSED DELEGATION OF AUTHORITY FOR SELECTED FACULTY APPOINTMENTS AND COMPENSATION ACTIONS

The proposed delegation of authority to the president or his designee for many routine and modest salary adjustments and selected new appointments allows the Board to focus on senior-level administrative appointments and compensation; appointment and promotion of tenure-track or continued appointment-track faculty members who have permanent status with the institution, salary adjustments with more significant financial impact, deferred compensation, and appointment and compensation packages for athletic personnel.

The Board would retain approval (or confirmation) of the following faculty-related personnel actions:

Appointment/Promotion Actions:

- Appointments of instructional and research faculty members on the tenure-track or continued appointment track, including those appointed with tenure (confirmed in quarterly Personnel Action Report)
- Appointments of faculty-ranked athletic personnel (confirmed in quarterly Personnel Action Report)
- Appointments of senior administrators (those with “senior manager” designation such as deans and vice presidents) and their direct reports (confirmed in quarterly Personnel Action Report)
- Appointments of administrative and professional faculty members reporting directly to the president and their direct reports (confirmed in the quarterly Personnel Action Report)
- Appointments to distinguished or endowed professorships (individual resolutions considered by Academic Affairs Committee)
- Appointments to emeritus status (individual resolutions considered by the Academic Affairs Committee)
- Award of tenure or continued appointment and/or promotions in rank as identified in the faculty compensation plan (approval at June BOV)

Compensation Actions:

- Overall compensation plan (approval at June BOV)
- Annual merit adjustments for all faculty members (approval at November BOV, or as determined by state)
- Compensation packages for athletic director and head coaches of revenue-producing sports (considered by the Finance and Audit Committee as needed)
- Off-cycle salary adjustments greater than or equal to 10% for all regular faculty members (confirmed in quarterly Personnel Action Report)
- Off-cycle salary adjustments of any amount for *senior managers* (deans/vice presidents) and *their direct reports* (confirmed in quarterly Personnel Action Report)

- Off-cycle salary adjustments of any amount for administrative and professional faculty reporting directly to the president and their direct reports (confirmed in the quarterly Personnel Action Report)
- Deferred compensation
- Special payments for recruitment or separation
- Decrease in salary for disciplinary action

Through such delegation, the Board would ***no longer*** receive the following actions as part of the quarterly Personnel Action Report:

- Changes in employment status that do NOT involve any salary action, such as “regular” to “restricted” or conversion from staff to faculty
- Salary adjustments made in accordance with existing policies and standard formulas:
 - Academic-year to calendar-year conversions and the reverse
 - Research extended appointments
 - Change in percent employment
 - Addition or deletion of extension unit coordinator supplement
 - Overseas allowance
 - Increase for completing advanced degree
- Off-cycle salary adjustments less than 10%
- New appointments and salary adjustments for faculty members on *restricted contracts*, such as special research faculty
- New appointments of non-tenure track instructional faculty, or administrative and professional faculty below the level of senior manager and their direct reports.

Open Session Agenda

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

Inn at Virginia Tech and Skelton Conference Center

Latham Ballroom CDEF

November 16, 2020

10:00 a.m. – 11:45 a.m.

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Return to Open Session	G. Harris
2. Welcome and Acceptance of Agenda	G. Harris
3. Report of Closed Session Action Items	G. Harris
4. Consent Agenda	G. Harris
A. Approval of August 24 Meeting Minutes	
B. Report of Reappointments to Endowed Chairs, Professorships, and Fellowships	
*C. Resolution to Revise Graduate Honor System Constitution	
*D. Pratt Fund Overview (shared with Finance and Resource Management)	
*E. Resolution for Approval of Reappointments to the Virginia Coal and Energy Research and Development Advisory Board	
*F. Resolution for Exclusion of Certain Officers/Directors	
5. Update: College of Natural Resources and Environment	P. Winistorfer
6. Council of College Deans Update	L. Belmonte
7. Provost's Update	C. Clarke
8. Discussion: Transdisciplinary Learning and Discovery	C. Clarke
Matthew W. Hulver, College of Agriculture and Life Sciences Executive Director, Fralin Life Sciences Institute Professor, Department of Human Nutrition, Foods and Exercise College of Agriculture and Life Sciences	
X.J. Meng, Virginia-Maryland College of Veterinary Medicine Center for Emerging, Zoonotic, and Arthropod-borne Pathogens University Distinguished Professor, Department of Biomedical Sciences and Pathobiology Member, National Academy of Sciences	
9. Agenda Items for March 2021 Committee Meeting	G. Harris
10. Adjourn	G. Harris

* Requires Full Board Approval

Open Session Briefing Report

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Return to Open Session <i>The committee will vote to return to open session.</i>	G. Harris
2. Acceptance of Agenda <i>Greta Harris, chair of the committee will ask members to review and vote on acceptance of the meeting agenda including a vote on the Consent Agenda items.</i>	G. Harris
3. Report of Closed Session Action Items <i>G. Harris will report on the actions voted on during the committee's Closed Session. These items will be considered during the full board's Closed Session.</i>	G. Harris
*4. Consent Agenda <i>The committee will consider approval of the consent agenda, including minutes of the August 24, 2020 meeting, a report on reappointments to endowed chairs, professorships, or fellowships, a resolution to revise the graduate honor system constitution, a report from the College of Agriculture and Life Sciences and the College of Engineering for the expenditure of Pratt Funds during 2019-20 as required by the terms of the bequest (this report is also considered by the Finance and Resource Management committee), a resolution to approve reappointments to the Virginia Coal and Energy Research and Development Advisory Board, and a resolution for the exclusion of certain officers/directors.</i>	G. Harris
5. Update: College of Natural Resources and Environment <i>Paul Winistorfer, dean of the College of Natural Resources and Environment, will provide information on the college. The college is comprised of four departments, 141 faculty members, 1,000 undergraduate and 250 graduate students. The college is consistently ranked #1 in two programs and #1 college of its kind.</i>	P. Winistorfer
6. Council of College Deans Update	L. Belmonte

* Requires Full Board Approval

Laura Belmonte, dean of the College of Liberal Arts and Human Sciences serves as representative to the committee from the university's Council of College Deans. L. Belmonte will provide information on university-wide topics from the perspective of the college deans.

7. Provost's Update C. Clarke

Cyril Clarke, executive vice president and provost, will update the committee on academic matters.

8. Discussion: Transdisciplinary Learning and Discovery C. Clarke

C. Clarke will lead a discussion on the various ways in which transdisciplinary learning and discovery is being advanced in the university's institutes, curriculum, and with the engagement of undergraduate, graduate, and professional students.

*Matthew W. Hulver, College of Agriculture and Life Sciences
Executive Director, Fralin Life Sciences Institute
Professor, Department of Human Nutrition, Foods and Exercise
College of Agriculture and Life Sciences*

*X.J. Meng, Virginia-Maryland College of Veterinary Medicine
Center for Emerging, Zoonotic, and Arthropod-borne Pathogens
University Distinguished Professor, Department of Biomedical Sciences and Pathobiology
Member, National Academy of Sciences*

9. Agenda Items for March 2021 Committee Meeting G. Harris

Committee members identify agenda items for consideration for future committee meetings.

10. Adjourn G. Harris

MOTION TO RETURN TO OPEN SESSION

WHEREAS, the Academic, Research, and Student Affairs of the Board of Visitors of Virginia Polytechnic Institute and State University has convened in closed session on this date pursuant to an affirmative recorded vote and in accordance with the provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Academic, Research, and Student Affairs Committee of the Board of Visitors that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE BE IT RESOLVED, that the Academic, Research, and Student Affairs Committee of the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge,

- (i) only public business matters lawfully exempted from open session requirements by Virginia law were discussed in the closed session to which this certification resolution applies, and
- (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Academic, Research, and Student Affairs Committee of the Board of Visitors.

Acceptance of Agenda

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

The chair of the committee will review and ask for acceptance of the Open Session Agenda and items as listed on the Open Session Consent Agenda.

Report of Closed Session Items
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
November 19, 2020

The Academic, Research, and Student Affairs Committee met in closed session and voted to approve:

- 10 appointments to emeritus/emerita status
- 7 appointments to endowed chairs, professorships, or fellowships
- 1 faculty appointment with tenure

And ratified the Faculty Personnel Changes Report for the quarter ending September 30, 2020.

These matters will be brought for a vote to the full board during its Closed Session.

Open Session Consent Agenda
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
November 16, 2020

- A. Approval of August 24 Meeting Minutes
- B. Report of Reappointments to Endowed Chairs, Professorships, and Fellowships
- *C. Resolution to Revise Graduate Honor System Constitution
- *D. Pratt Fund Overview (shared with Finance and Resource Management)
- *E. Resolution for Approval of Reappointments to the Virginia Coal and Energy Research and Development Advisory Board
- *F. Resolution for Exclusion of Certain Officers/Directors

Minutes
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
Room G101A/B
Fralin Biomedical Research Institute at VTC
Monday, August 24, 2020
10:00 – 11:15 a.m.

Committee Members Present:

Greta Harris (chair), Melissa Nelson, Carrie Chenery
Eric Kaufman, (faculty representative), Sabrina Sturgeon (graduate and professional student representative), Camellia Pastore (undergraduate student representative), Tamarah Smith (staff representative). **Committee Members Absent:** Jeff Veatch

Additional Board Members Present:

Horacio Valeiras, Letitia Long, Shelley Butler Barlow, C.T. Hill, Anna James, Sharon Brickhouse Martin, Melissa Nelson, Kim O'Rourke, Chris Petersen, Mehul Sanghani, Preston White. **Board Members Absent:** Ed Baine

Guests:

Heather Adams, Kathy Alexander, Tom Archibald, Laura Belmonte, Kim Blair, Eric Brooks, Cyril Clarke, Al Cooper, Karen DePauw, Corey Earles, Dawn Evans, Kari Evans, Jack Finney, Henri Gendreau, Guru Ghosh, Dan Givens, Sarah Glenn, Daniel Guilliams, Kay Heidbreder, Byron Hughes, Lee Learman, Justin Noble, Plummer, Mark Owczarski, Frank Shushok, John Tarter, Sridhar Venkataramana.

OPEN SESSION

1. Motion to Return to Open Session.

The committee voted unanimously to move into Open Session.

2. Welcome and Acceptance of Agenda. Greta Harris, chair of the committee, welcomed committee members and attendees to the Open Session. The morning tour of the Fralin Biomedical Research Institute at VTC was informative and highlighted exciting research areas.

The committee voted unanimously to accept the agenda as presented including all items on the Consent Agenda.

3. Report of Closed Session Action Items. G. Harris reported that the committee met in closed session and approved nine faculty appointments to emeritus/emerita status, five appointments to endowed chairs, professorships, or fellowships, and two reappointments to Alumni Distinguished Professor.

4. Consent Agenda. June 2, 2020 Electronic Meeting Minutes, Report of Reappointments to Endowed Chairs, Professorships, and Fellowships, Ratification of the 2020-2021 Faculty Handbook, and a Resolution for Exclusion of Certain

Officers/Directors.

5. **Overview of Academic Affairs:** Jack Finney, vice provost for faculty affairs reviewed the areas under the leadership of the provost including academic deans, vice provosts, and academic vice presidents. Under the approval purview of the ARSA committee are academic degrees, undergraduate, professional, and graduate student policies, and approval of policies for faculty employees of all types. Faculty employment actions approved by ARSA include promotion and tenure, research leaves, appointments to emeritus or emerita status, endowed professorships, and appointments to University Distinguished Professors and Alumni Distinguished Professors. Appropriate to the type of resolution, ARSA reviews and approves actions at each meeting in a Closed Session or in an Open Session.

6. **Report from the Council of College Deans.** Laura Belmonte, dean of the College of Liberal Arts and Human Sciences and representative to the committee from the Council of College Deans, reported to the committee on several items. The Council of College Deans meets regularly to discuss topics of mutual interest. The council provides an excellent platform for collegiate exchange and support across the academic enterprise. The last several months have been dedicated to addressing current circumstances such as budget reductions, the plans for which are due August 28th. In addition, deans have been managing their college within the constraints of the hiring freeze, COVID-19 planning for course scheduling, and classroom configurations. Faculty members continue to express concerns with being able to keep up properly with family caregiving including youth and elders. The schedule for the local schools presents a challenge as do the limited options for child care. The Virginia Maryland College of Veterinary Medicine has several highlights that include a substantial grant from the National Institutes of Health and a successful student enrollment in the newly accredited B.S. in Public Health.

7. **Discussion: Global Land Grant.** Guru Ghosh, vice president for outreach and international affairs, summarized the university's global plan for responding to the pandemic, including bringing more than 400 university students and faculty home from locations abroad, supporting international students and faculty who remained in the U.S., and communicating with numerous prospective students and faculty on issues related to travel. Panel members Kathleen Alexander, professor in the Department of Fish and Wildlife Conservation, in the College of Natural Resources and environment, Tom Archibald, associate professor in the Department of Agricultural Leadership and Community Education in the College of Agriculture and Life Sciences, and Venkataramana Sridhar, associate professor in the Department of Biological Systems Engineering in the College of Agriculture and Life Sciences, presented on their global research and outreach programs and the integration of their work in the domestic and international science and policy aspects of responding to COVID-19. Alexander works in Botswana, Archibald in Senegal, and Sridhar in Southeast Asia. Their work engages Virginia Tech, global partners, government agencies, and community partners. The global and local reach of their work, termed "glocal," demonstrates the impact and reach of Virginia Tech's faculty.

8. Provost's Update and Discussion. Cyril Clarke, executive vice president and provost, introduced Dan Givens who began his tenure June 1, 2020 as dean of the Virginia-Maryland College of Veterinary Medicine. Dean Givens holds DVM and Ph.D. degrees, is boarded in theriogenology and microbiology, and comes to the Virginia Tech from Auburn University. The university is grateful for the outstanding leadership and service of Greg Daniel, professor of small animal clinical sciences, who served as interim dean of the college. Don Taylor, the Charles O. Gordon Professor of Industrial and Systems Engineering, has been appointed executive vice provost effective July 1, 2020. His leadership roles include service as head in the Department of Industrial and Systems Engineering, interim dean of the College of Engineering, vice provost for learning systems innovation and effectiveness, and interim vice president for research and innovation. In this role, executive vice provost Taylor will support the day-to-day management of activities in academic enterprise and improve strategic capabilities of the office of the provost. The search for a new vice president for research and innovation continues.

The university's progress towards reaccreditation by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is meeting all deadlines. The university's self-study is the first step and is on target for submission by the September 9, 2020 deadline. Subsequent steps towards reaccreditation include a November 2020 off-site review, submission of any additional reports requested by the off-site review team due February 1, 2021, submission of the university's Quality Enhancement Plan (QEP) required by the SACSCOC, and an on-site review team visit in mid-March 2021. The QEP is a document that outlines the university's processes for identifying emerging issues from institutional assessment and focuses on learning outcomes aimed at accomplishing the mission of the university.

The final outcome of enrollments will be determined at census in September 2020. Given the circumstances, enrollment is satisfactory. As of August 22, 2020, the university's undergraduate enrollments include 6,632 freshmen (43 fewer than the 6,675 goal), 1,876 out-of-state freshmen (248 fewer than the 2,124 goal, and 28.3% of total), 109 international freshmen (328 fewer than the 437 goal), 1,257 transfer students (125 more than the 1,132 goal). Deferrals include 96 to spring 2021 (1 semester), 292 to fall 2021 (1 year), 39 beyond fall 2021, for a total of 427 deferrals. The academic profile of the freshman class: 3.97 average high school grade point average, and average score of 1271 on the SAT. The academic profile of transfer students is an average college GPA of 3.47. The diversity of the freshman class includes: 39% underserved (USS)/underrepresented (URM), 20% URM, 20% first generation, 18% Pell-eligible, and 3% international. The provost expressed appreciation for the university's Enrollment Management Team and the Enrollment Advisory Council.

Preparation for the fall semester was driven by a commitment to optimize three primary factors: public health, academic program quality, and resource capacity. In

addition, planning and implementation is guided by a commitment to shared responsibility by the office of the provost, the senior vice president and chief business officer, and the emergency management team. The cabinet of the Faculty Senate and the provost have kept in regular communication. In addition, communication between the university and the Town of Blacksburg has been important. The health-risk mitigation strategy includes: isolating infected individuals including a 14-day quarantine for students before arrival, reducing spread of infection through the use of masks and distancing, identifying and supporting infected individuals through testing, contact tracing and isolation/quarantine. Key partners are the local and state departments of health. Efforts continue to recognize and provide support for challenges such as student mental health, child and dependent care responsibilities, and the concerns of faculty on the impact of the pandemic on career progression.

9. Agenda Items for November 2020 meeting.

The chair of the committee will contact committee members for topics to include on agendas for subsequent ARSA committee meetings.

10. Adjourn. Having no further business, the committee adjourned at 11:15.

REPORT

Reappointments to Endowed Chairs, Professorships, or Fellowships (5)

November 16, 2020

The president and executive vice president and provost have confirmed the reappointment of the following faculty to endowed chair, professorship, or fellowship appointments with a salary and/or operating supplement provided by the endowment and, if available, with funds from the eminent scholars match program.

College of Engineering (5)

Yue Joseph Wang

Grant A. Dove Professorship of
Electrical and Computer Engineering

Saifur Rahman

Joseph R. Loring Professorship of
Electrical and Computer Engineering

Masoud Agah

Virginia Microelectronics Consortium Professorship of
Electrical and Computer Engineering

Jeffrey Reed

Willis G. Worcester Professorship of
Electrical and Computer Engineering

Hesham Rakha

Samuel Reynolds Pritchard Professorship

**RESOLUTION TO EDIT CONSTITUTION OF THE GRADUATE HONOR SYSTEM TO
ADD REVOKING GRADUATE DEGREE TO PENALTY OPTIONS**

Materials attached:

1. Resolution
2. List of revisions
3. Graduate Honor System Constitution with changes **in red font**

RESOLUTION TO APPROVE REVISIONS TO THE GRADUATE HONOR SYSTEM

WHEREAS, academic standards preserve the integrity of the degrees granted by Virginia Tech; and

WHEREAS, the Graduate Honor System “establishes a standard of academic integrity and demands a firm adherence to a set of values with respect to the intellectual efforts of oneself and others;” and

WHEREAS, compliance with the Graduate Honor System “requires that all graduate students exercise honesty and ethical behavior in all their academic pursuits, including but not limited to study, course work, research, extension, or teaching;” and

WHEREAS, incidents have been reported of graduate students fraudulently obtaining a degree through serious misconduct such as plagiarism, falsification, or academic sabotage while enrolled in a degree program; and

WHEREAS, these types of violations of the Graduate Honor System can be discovered after the graduate degree is conferred; and

WHEREAS, the revocation of a degree is considered best practice in cases where a degree was fraudulently obtained; and

WHEREAS, the ability to revoke a degree is absent from the options for penalties in the Constitution of the Graduate Honor System; and

WHEREAS, the Constitution of the Graduate Honor System provides a framework for adjudication of cases from reporting an alleged violation through appeal;

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors approves the attached revised Constitution of the Graduate Honor System effective spring semester 2021.

RECOMMENDATION:

That the above resolution be approved.

November 16, 2020

CONSTITUTION OF THE GRADUATE HONOR SYSTEM

Proposed Edits

Board of Visitors November 16, 2020

Article I: Purpose and Description	Section 1	Addition of the language “Anyone facing a charge of violating the Graduate Honor Code is presumed to be innocent.”
Article II: General Administration	Sections 3.4, 3.5	Commission name change to add “and professional” and update the acronym from the Commission on Graduate Students and Policies to the Commission on Graduate and Professional Studies and Policies.
	Section 7	Duties of associate chair(s) updated for clarity on the evidence gathering process. Language revised to mandate that associate chair(s) complete report summarizing evidence as promptly as possible with regard for due process. Bullet points renumbered to accommodate insertion of (new) Section 7.2.
Article III: Facilitated Discussion	No changes	
Article IV: Preliminary Review Panel	No changes	
Article V: Review Panel	No changes	
Article VI: University Action	No changes	
Article VII: Actions of the Graduate Honor System	Section 3.2	Commission name change to add “and professional”
Article VIII: Rights and Obligations of the Referred Student	No changes	
Article IX: Rights and Obligations of the Referrer	No changes	
Article X: Obligations of Parties Indirectly Involved in Cases	No changes	
Article XI: General (Reporting of Violations; Jurisdiction; Membership)	Section 6	The section on “Violations Involving Graduate Students Already Graduated” is deleted and replaced with the new “Article XII: Violations Involving Former Graduate Students Who Have Received Their Degrees” remaining sections are renumbered to 6 through 11
Article XII: Violations Involving Former Graduate Students Who Have Received Their Degrees	New Article XII	Includes the entire process of convening of the special committee to review and investigate allegations of fraudulently obtained degrees by former graduate students, including the composition, functions, operations, actions, and appeals.
Article XIII: Amendments	Renumbered	Renumbered to Article XIII from Article XII. Commission name change to add “and professional”. Also included a summary of the 2020 Revision.
Appendix: Plagiarism	No changes	



CONSTITUTION OF THE GRADUATE HONOR SYSTEM

Virginia Polytechnic Institute and State University

Effective ~~Fall-Spring 2018~~2021

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ARTICLE I: PURPOSE AND DESCRIPTION

Section 1 - Graduate Honor Code

The Graduate Honor Code establishes a standard of academic integrity. As such, this code demands a firm adherence to a set of values. In particular, the code is founded on the concept of honesty with respect to the intellectual efforts of oneself and others. Compliance with the Graduate Honor Code requires that *all* graduate students exercise honesty and ethical behavior in all their academic pursuits at Virginia Tech, whether these undertakings pertain to study, course work, research, extension, or teaching. **Anyone facing a charge of violating the Graduate Honor Code is presumed to be innocent.**

It is recognized that graduate students have very diverse cultural backgrounds. In light of this, the term *ethical behavior* is defined as conforming to accepted professional standards of conduct, such as codes of ethics used by professional societies in the United States to regulate the manner in which their professions are practiced. The knowledge and practice of ethical behavior shall be the full responsibility of the student. Graduate students may, however, consult with their major professors, department heads, International Graduate Student Services, or the Graduate School for further information on what is expected of them.

More specifically, all graduate students, while being affiliated with Virginia Tech, shall abide by the standards established by Virginia Tech, as described in this Constitution. Graduate students, in accepting admission, indicate their willingness to subscribe to and be governed by the Graduate Honor Code and acknowledge the right of the University to establish policies and procedures and to take disciplinary action (including suspension or expulsion) when such action is warranted. Ignorance shall be no excuse for actions which violate the integrity of the academic community.

The fundamental beliefs underlying and reflected in the Graduate Honor Code are that (1) to trust in a person is a positive force in making a person worthy of trust, (2) to study, perform research, and teach in an environment that is free from the inconveniences and injustices caused by any form of intellectual dishonesty is a right of every graduate student, and (3) to live by an Honor System, which places a positive emphasis on honesty as a means of protecting this right, is consistent with, and a contribution to, the University's quest for truth.

Section 2 - Implementation

The Graduate Honor System was established to implement the Graduate Honor Code, and its functions shall be:

1. To promote honesty and ethical behavior in all academic pursuits, including, but not limited to, study, research, teaching, and extension.
2. To disseminate information concerning the Graduate Honor System to all new graduate students, faculty, and other interested parties.
3. To consider and review all suspected violations of the Graduate Honor Code in an impartial, thorough, and unbiased manner.
4. To review all cases involving academic infractions of the Graduate Honor Code brought before the System.
5. To assure that the rights of all involved parties are protected and assure due process in all proceedings.

Section 3 - Violations

All forms of academic work including, but not limited to, course work, lab work, thesis or dissertation work, research, teaching, and extension performed by any graduate student enrolled on a part-time or full-time basis under any of the admission categories listed in the Virginia Tech Graduate Catalog shall be subject to the stipulations of the Graduate Honor Code. Violations of the Graduate Honor Code are categorized as follows: Cheating, Plagiarism, Falsification, and Academic Sabotage. Violations are defined as follows:

1. *Cheating*: Cheating is defined as the giving or receiving of any unauthorized aid, assistance, or unfair advantage in any form of academic work. Cheating applies to the products of all forms of academic work. These products include, but are not limited to, in-class tests, take-home tests, lab assignments, problem sets, term papers, research projects, theses, dissertations, preliminary and qualifying examinations given for the fulfillment of graduate degrees, or any other work assigned by an instructor or professor, graduate committee, or department that pertains to graduate work or degrees.

Any student giving or receiving unauthorized information concerning a test, quiz, or examination shall be responsible for an Honor Code violation. Submitting work that counts towards the student's grade or degree which is not the sole product of that student's individual effort shall be considered cheating, unless, for example, the professor explicitly allows group work, use of out-of-class materials, or other forms of collective or cooperative efforts. In general, all academic work shall be done in accordance with the requirements specified by the instructor or professor. In the absence of specific allowances or instructions by the professor, students shall assume that all work must be done individually.

Some uses of permanently returned, graded material ("koofers") are cheating violations of the Code. By permanently returning graded materials, a faculty member or instructor demonstrates the intent that these materials should be accessible to all students. Such materials may be used for study purposes, such as preparing for tests or other assignments, and other uses explicitly allowed by the professor or course instructor. Once test questions have been handed out, koofers may not be used. Other specific examples of the unauthorized use of koofers include, but are not limited to, using koofers during closed-book exams, handing in any type of copy (e.g., a photocopy or a transcribed copy) of someone else's work (partial or complete) from a previous term, and copying a current answer key or one that was handed out in a previous term. Students may not copy and hand in as their own work answers taken from any kind of koofer. When in doubt of what may or may not be used, students should consult with the course instructor. In the absence of specific instructions concerning koofers from the instructor, students shall assume that all submitted work must be the product of their own efforts without koofers or other unauthorized aid/ materials.

2. *Plagiarism:* Plagiarism is a specific form of cheating, and is defined as the copying of the language, structure, idea, and/or thoughts of another and claiming or attempting to imply that it is one's own original work. It also includes the omitting of quotation marks when references are copied directly, improper paraphrasing (see Plagiarism), or inadequate referencing of sources. Sources used in preparing assignments for classes, theses, dissertations, manuscripts for publication, and other academic work should be documented in the text and in a reference list, or as directed by the instructor or professor. Sources requiring referencing include, but are not limited to, information received from other persons that would not normally be considered common knowledge (Plagiarism), computer programs designed or written by another person, experimental data collected by someone else, graded permanently-returned materials such as term papers or other out-of-class assignments (koofers), as well as published sources. A more detailed discussion of plagiarism may be found in Plagiarism.
3. *Falsification:* Students who falsify, orally, in writing, or via electronic media, any circumstance relevant to their academic work shall be responsible for a violation of this Code. Included are such actions as forgery of official signatures, tampering with official records or documents, fraudulently adding or deleting information on academic documents, fraudulently changing an examination or

testing period or due date of an assignment, and the unauthorized accessing of someone else's computer account or files. Violations also include willfully giving an improper grade or neglecting to properly grade submitted material, improperly influencing the results of course evaluations, and knowingly including false data or results in any paper or report submitted for a grade, as a degree requirement, or for publication.

4. *Academic Sabotage:* Academic sabotage is purposeful vandalism directed against any academic endeavor or equipment. It includes, but is not limited to, the destruction or theft of written material, laboratory or field experiments, equipment used in teaching or research, or computer files or programs. Unauthorized tampering with computer programs or systems shall constitute a violation. Academic sabotage includes deliberately crashing or attempting to crash a computer system or the use of files intended to cause or actually causing computer systems to behave atypically, thereby impeding another person's or group's efforts. In particular, knowingly infecting any system with a virus, worm, time bomb, trap door, Trojan horse, or any other kind of invasive program shall be considered a serious violation. Note that violations under this category may also lead to University judicial action or to criminal suits charged by the University.

Misconduct and unethical behavior in research and teaching deserves special mention in the Code since it is an area of special interest to graduate students. It is not a separate violation category since it may involve cheating, plagiarism, falsification, and/or academic sabotage as discussed above. *Misconduct in research* does not include those factors intrinsic to the process of research, such as honest error, conflicting data, or differences in interpretation concerning data or experimental design. Likewise, *misconduct in teaching* does not include honest disagreement over the method of presentation of instructional material to a class or in the evaluation of the performance of a student. Research misconduct allegations may also be investigated by the [Virginia Tech Office of Research Integrity](#).

* For further information on *misconduct in research* and its definition, see the references listed under item 4 of *1991 Revision -- Reference Material Used*.

Section 4 - Composition

The Graduate Honor System shall consist of an Advisor, a Chair, one or more Associate Chair(s), GHS Facilitators, and Panelists for the Preliminary Review Panel and Review Panel. The Dean (or designee) of the Graduate School shall be responsible for the continued operation of the System.

Appointment of Graduate Honor System personnel shall be made in accordance with Article II and Article XI, Section 7.

ARTICLE II: GENERAL ADMINISTRATION

Section 1 - Appointment of the Graduate Honor System Advisor

A member of the staff of the Dean of the Graduate School shall be appointed by the President to serve as the Graduate Honor System Advisor. The Advisor shall serve in an advisory capacity to the Chair and shall be present (or represented) at all hearings of both the Preliminary Review Panel and the Review Panel.

Section 2 - Duties and Functions of the Advisor

The following duties and functions shall be performed by the Advisor:

1. The advisor shall have the responsibility to train the Chair, Associate Chair(s), Facilitators, and new panel members.
2. The advisor shall provide counsel to the Chair and Associate Chair(s) in the preparation of cases.
3. The advisor shall provide staff for handling training sessions, scheduling meetings, and other matters related to the administration of the Graduate Honor System.
4. The advisor shall counsel faculty or students referring cases as well as those students charged with offenses.
5. The advisor (or designee) shall attend all hearings.
6. The advisor, in consultation with the Chair, shall be responsible for appointing the Associate Chair(s).
7. The advisor, upon receiving the recommendation of the Chair, shall be responsible for approving the membership of the Preliminary Review Panel and Review Panel.

Section 3 - Appointment of the Chair

1. Nominations for the position of Chair shall be accepted from the Graduate Student Assembly, College Deans, and other members of the academic community, and applications by qualified persons shall be welcomed. Candidates for the position of Chair must be graduate students in good standing and must have been in residence for at least one (1) semester immediately preceding nomination. Preferably, the nominee will have served as an Associate Chair or as a graduate student panelist for at least one (1) semester prior to appointment.

2. The term of office shall be one (1) year, but if available and willing, the current Chair may be re-appointed by the President of the University to serve subsequent terms, up to four (4) years, upon the recommendation of the Graduate Honor System Advisor.
3. The Chair Nominating Committee shall be convened by the Dean upon the resignation of the current Chair, upon completion of term of office, or upon termination of office. This committee shall consist of the Graduate Honor System Advisor, up to three (3) graduate student members of the Graduate Honor System, and one (1) faculty member having previously served on a Review Panel and appointed by the Dean of the Graduate School. All members shall have equal voting privileges. The function of this committee shall be to nominate a candidate for appointment by the President. The nomination process shall be to: (1) invite nominations and accept applications, (2) review applications and conduct interviews with applicants, and (3) recommend to the President of the University, from among these applicants, a nominee for the position of Chair. The recommendation of this committee shall be by majority vote.
4. The recommendation of the nominating committee is voted on by the Graduate Student Assembly (GSA) and the Commission on Graduate and Professional Studies and Policies (EGSCGPS&P).
5. The Dean of the Graduate School will forward the nomination to the President conveying the vote of the GSA and EGSCGPS&P.
6. The President shall appoint the Chair.
7. In the absence of a timely appointment, the President, through the recommendation of the Dean, can appoint the nominee as an interim Chair until the conclusion of the appointment process.

Section 4 - Duties and Functions of the Chair

The Chair shall perform the following duties and functions:

1. The Chair shall receive reports of suspected violations and determine, in consultation with the GHS Advisor, if the referred student is eligible for a Facilitated Discussion.
2. The Chair shall assign to the Preliminary Review Panel all cases not eligible for Facilitated Discussion.
3. The Chair shall preside at all Review Panel hearings. The Chair may request a member of the Review Panel to preside in his or her place.
4. The Chair shall assure justice, fairness, and due process.
5. The Chair shall secure nominations and select graduate student and faculty members for the Facilitated Discussion Process, the Preliminary

- Review Panel, and Review Panel, subject to approval by the Graduate Honor System Advisor.
6. The Chair shall assume responsibility for the instruction and training of graduate student and faculty members in the operation, function, and responsibility of the Graduate Honor System.
 7. The Chair shall orient entering graduate students and new faculty to the values and obligations of the Graduate Honor Code.
 8. The Chair shall conduct information activities and coordinate activities of the Graduate Honor System.
 9. The Chair shall administer the operation of the Graduate Honor System throughout the entire calendar year.
 10. The Chair shall keep the graduate community apprised of relevant activities of the Graduate Honor System.
 11. The Chair shall consult with the Graduate Honor System Advisor in the appointment of the Associate Chair(s) and Facilitators.
 12. The Chair shall select the panelists to hear the cases.

Section 5 - Staff of the Chair

The Chair, with the approval of the Graduate Honor System Advisor, shall appoint sufficient staff to assist with the duties of the office.

Section 6 - Appointment of Associate Chair(s)

1. The Graduate Honor System Advisor, in consultation with the Chair, shall appoint one or more Associate Chair(s). Nominations for this position shall be accepted from the Graduate Student Assembly, College Deans, and other members of the academic community; and applications from qualified personnel shall be welcomed. Students being considered for Associate Chair positions must be graduate students in good standing and must have been in residence for at least one (1) semester immediately preceding appointment. Preferably, the nominee will have served as a graduate student panelist of the Graduate Honor System for at least one (1) semester prior to the appointment. Associate Chair(s) shall serve a one (1) year term but may be re-appointed to serve subsequent terms, up to four (4) years, if available and willing.
2. The appointment of the new Associate Chair(s) shall be made upon the resignation of the current Associate Chair(s), upon completion of term of office, or upon termination of office.

Section 7 - Duties of Associate Chair(s)

Associate Chair(s) shall perform the following duties:

1. Associate Chair(s) shall conduct a confidential gathering of evidence regarding the alleged violation by interviewing all individuals whom they believe may possess facts directly bearing upon the incident including referred student(s), and the referrer.
- 1.2. Associate Chair(s) shall examine any documents or records pertinent to the case.
- 2.3. Associate Chair(s) shall prepare a brief report summarizing the evidence.
- 3.4. Associate Chair(s) shall present the report summarizing the evidence as promptly as possible, having due regard for the right of the referred student(s) and the referrer to assemble and present any relevant evidence.
- 4.5. Associate Chair(s) shall convene and chair Preliminary Review Panel meetings.
- 5.6. Associate Chair(s) shall prepare a brief report for the Chair that summarizes the decision of the Preliminary Review Panel and shall brief the Chair on all the details of the case at hand.
- 6.7. Associate Chair(s) may attend and may present the evidence to the Review Panel.
- 7.8. Associate Chair(s) shall aid the Chair in convening and conducting training sessions for Preliminary Review Panel members.

Section 8—Appointment of Panelists

1. Panelists will include graduate students and faculty members from each College. Panelists will be recruited from all qualified graduate students and faculty (see Article XI Section 7).
2. Graduate student panelists shall be approved by the Graduate Honor System Advisor after training by the Chair and/or Associate Chair and following clearance of graduate student records (see Article XI Section 8). Graduate students may serve for up to four (4) years. After four years, graduate students will take a one-year break from all duties related to the Graduate Honor System.
3. Faculty member panelists shall be approved by the Graduate Honor System Advisor after training by the Chair and/or Associate Chair. Faculty panelists may serve for up to four (4) years. After four years, faculty will take a one-year break from all duties related to the Graduate Honor System.

Section 9—Duties of Panelists

1. Panelists shall serve on either the Preliminary Review Panel or the Review Panel.
2. Panelists shall evaluate the evidence and make recommendations regarding the case within a Preliminary Review Panel or Review Panel.
3. Panelists shall maintain the rights and confidentiality of the referred student(s) and referrer.

- Panelists may assist in conducting educational sessions on campus and/or training sessions for new panelists.

Section 10 – Appointment of Graduate Honor System Facilitators

- The Graduate Honor System Advisor, in consultation with the Chair, shall appoint one or more Graduate Honor System Facilitators. Applications for this position shall only be taken from current panelists. Graduate Honor System Facilitators must have significant experience with the Graduate Honor System as determined by the Graduate Honor System Advisor and Chair before appointment as Discussion Facilitators. Facilitators shall serve a one (1) year term but may be re-appointed to serve subsequent terms, up to four (4) years, if available and willing.
- The appointment of new Facilitators shall be made as necessary to meet the needs of the Honor System.

Section 11 – Duties of Graduate Honor System Facilitators

- Graduate Honor System Facilitators shall facilitate a discussion meeting between the referrer and the referred student(s).
- Graduate Honor System Facilitators shall ensure that all applicable GHS guidelines are observed and followed.
- Graduate Honor System Facilitators shall ensure that the rights of the referred and referrer are upheld.
- Graduate Honor System Facilitators shall, upon examination of the facts of the case, have the authority to refer cases to the Chair so that they may be assigned an Associate Chair for evidence gathering and interviews.
- Graduate Honor System Facilitators shall prepare a full report for the Chair, which summarizes the outcome of the facilitated discussion and shall brief the Chair on all the details of the case at hand.
- Graduate Honor System Facilitators shall aid the Chair in conducting the training session(s) for new Graduate Honor System Facilitators.

ARTICLE III: FACILITATED DISCUSSION

Section 1 - Composition

- The Facilitated Discussion shall be attended by the referrer(s) of the case, the referred student(s), and one Graduate Honor System Facilitator (as outlined in Article II, Sections 10 and 11).

Section 2 – Functions of the Facilitated Discussion

The Facilitated Discussion shall fulfill the following functions:

- It shall assure that the rights of the referred and the referrer are protected and assure due process.
- It shall facilitate a discussion between the referrer and referred student(s).
- It shall attempt to build a consensus resolution to a suspected Honor Code violation without convening a Preliminary Review Panel or a Review Panel.
- It shall create a record of an Honor Code violation if all parties conclude that a violation did occur. This record shall be kept in the Graduate Honor System case files.

Section 3 – Eligibility for the Facilitated Discussion

A suspected Honor Code violation will be eligible for a Facilitated Discussion if **ALL** of the following criteria are met:

- The referrer of the case is a Faculty member;
- The suspected violation involves an allegation of either 1) cheating or 2) plagiarism as outlined in Article I, Section 3 of the GHS Constitution;
- The referred student(s) is(are) not on Graduate Honor System Probation at the time the report of the suspected violation is received by the Graduate Honor System;
- And the violation is one for which a reasonable person who is familiar with the form and functions of the Graduate Honor System would not assign a penalty of more than the sanctions outlined in Article VII, Section 1, Item 1, Parts a-f of this Constitution.

Section 4 – Operation of the Facilitated Discussion

- The Chair, after determining a case eligible for a Facilitated Discussion, will notify the referrer and the referred of this determination.
- The referrer and referred will then have no more than ten (10) University business days to notify the Chair of their desire to participate in a Facilitated Discussion; otherwise the case will be sent for evidence gathering and panel review. Exceptions to the ten-day period will only be made under extenuating circumstances, as determined by the Chair or Graduate Honor System Advisor.
- If either the referrer or the referred student(s) does not agree to participate in the Facilitated Discussion, the case will be sent for evidence gathering and panel review.

4. During the Facilitated Discussion, the referrer of the alleged violation and the referred student will attempt to reach a resolution to the case, with the assistance of the Graduate Honor System Facilitator. The question that the referred student and the referrer must answer is “did the student commit a violation of the honor code?” A determination of a violation shall require both the referrer and the referred student to agree that the student is responsible for violating the honor code. A determination of no violation shall require both the referrer and the referred student to agree that the student did not violate the honor code. In the absence of such an agreement, the case shall be sent for evidence gathering and panel review.
5. If the referrer and student agree that the student has committed a violation of the honor code, the referrer and student may then decide upon an appropriate penalty. Sanctions for the Facilitated Discussion will be limited to those sanctions outlined in Article VII, Section 1, Item 1, Parts a-f of this Constitution. The referrer and referred must both come to an agreement on the appropriate penalty. In the absence of such an agreement, the case shall be sent for evidence gathering and panel review.
6. The GHS Facilitator shall prepare a record of the outcome of the Facilitated Discussion. This record, the original report of the alleged violation, and any relevant evidence shall be held in the Chair’s confidential file. The Chair shall inform the Dean of the Graduate School (or designee), in writing, of the outcome of all Facilitated Discussions.
7. For cases in which the referrer or the referred withdraws from the Facilitated Discussion, no record shall be kept that either the referrer or referred participated in a Facilitated Discussion and the fact that they did participate in such a proceeding shall not be deemed relevant in any future Honor System proceedings.

Section 5 – Withdrawal from the Decision of the Facilitated Discussion

1. The referred or referrer may withdraw from a decision reached during a Facilitated Discussion for any reason.
2. If the referred or referrer wishes to withdraw from the Facilitated Discussion decision, the Chair must be notified of the desire to withdraw from the decision within two (2) calendar days of the conclusion of the Facilitated Discussion.
3. If the referred or referrer withdraws from the Facilitated Discussion decision, the case shall be immediately sent for evidence gathering and panel review.
4. In these instances no record shall be kept that the Facilitated Discussion occurred and the fact that they did participate in such a proceeding shall not be

deemed relevant in any future Honor System proceedings.

ARTICLE IV: PRELIMINARY REVIEW PANEL

Section 1 – Preliminary Review Panel Waiver

1. The referred student(s) and referrer shall have the opportunity to review the report prepared by the Associate Chair, before it is presented to a Preliminary Review Panel.
2. If, after review of the materials presented in the report, the referred student(s) accepts that there is substantive evidence to support the charge and warrant a full hearing of the case by the Review Panel, the student may request a Preliminary Review Panel Waiver. This request must be submitted to the Chair within five (5) University business days of the student(s) receiving the Associate Chair’s report.
3. A request for a Preliminary Review Panel Waiver must be received before a Preliminary Review Panel is scheduled.
4. A request for a Preliminary Review Panel Waiver does not, in any way, imply responsibility on the part of the student(s).
5. In cases involving multiple referred students, if all referred students do not request a Preliminary Review Panel Waiver, the case will proceed to a Preliminary Review Panel.
6. Cases for which a Preliminary Review Panel waiver is granted shall proceed directly to a Review Panel for a hearing.

Section 2 - Composition

1. The Preliminary Review Panel shall consist of trained graduate student and faculty panelists. Graduate student members of the Preliminary Review Panel shall have full voting privileges, whereas the faculty members shall serve in an advisory capacity to the student members and shall not have voting privileges.
2. The Associate Chair(s) (or designees) shall chair Preliminary Review Panel meetings and shall not have voting privileges.
3. The Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Associate Chair and the Preliminary Review Panel.

Section 3 - Functions of the Preliminary Review Panel

The Preliminary Review Panel shall perform the following functions:

1. It shall evaluate the evidence provided for the case.
2. It shall decide whether a hearing before the Review Panel should be held.

Section 4 - Operation

1. For each case without a Preliminary Review Waiver, a hearing shall be conducted by a Preliminary Review Panel, consisting of a minimum of five (5) graduate students and at least two (2) faculty members, to be selected by the Chair. The Associate Chair managing the case shall serve as chair of the Preliminary Review Panel. In addition, the Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Associate Chair and the Preliminary Review Panel.
2. Evidence gathering shall adhere to the basic tenets of due process and to the rights and responsibilities for referrer and referred as outlined in Article VIII and Article IX.
3. A decision to send the case to the Review Panel should be based upon substantive evidence to support the charge. The lack of such evidence should lead the Preliminary Review Panel to vote against sending the case to the Review Panel and consequently lead to the termination of the proceedings. Otherwise, the Preliminary Review Panel should send the case forward for the further scrutiny of the Review Panel. The fact that the case is forwarded to the Review Panel shall in no way imply responsibility for the violation; the Preliminary Review Panel is simply stating that the case should be reviewed with the aid of personal testimonies.
4. The student members shall have full voting privileges while the faculty members serve in an advisory capacity. Recommendations of the Preliminary Review Panel must be by majority vote of the graduate student members present. In the event of a tie vote, the case will go forward.

ARTICLE V: REVIEW PANEL

Section 1 - Composition

1. The Review Panel shall consist of trained graduate student and faculty panelists. Both graduate student and faculty members of the Review Panel shall have full voting rights. The Chair (or designee) shall be a non-voting member and shall serve as the panel moderator.
2. The Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Chair and the Review Panel.

Section 2 - Functions of the Review Panel

The Review Panel shall perform the following functions:

1. It shall hear evidence gathered by the Associate Chair.
2. It shall hear testimony of the referrer, referred student, and witnesses.
3. It shall hear the remarks of the University community representative of the referred.
4. It shall assure that the rights of the referrer and referred student are protected and assure due process.
5. It shall determine whether a violation occurred.
6. It shall recommend the penalty when the referred is determined to have violated the honor code.

Section 3 - Operation

1. For each case, a hearing shall be conducted by a Review Panel. The Review Panel shall consist of the Chair, a minimum of four (4) graduate students, a minimum of three (3) faculty members, and the Graduate Honor System Advisor. The number of voting faculty shall not exceed the number of voting graduate students present. The graduate students and faculty members shall be selected by the Chair with the approval of the Graduate Honor System Advisor. Each graduate student and faculty member shall have full voting privileges, while the Chair (or designee) shall be a non-voting member and shall serve as the moderator of the hearing. In addition, the Graduate Honor System Advisor shall be a non-voting member and shall serve in an advisory capacity to the Chair and the Review Panel. The Associate Chair who gathered the evidence may attend the Review Panel as a non-voting member.
2. All Review Panel hearings shall adhere to the basic tenets of due process and rights and responsibilities of the referrer and referred student(s) as outlined in Article VIII and Article IX.
3. All persons involved with the hearing have the right to be treated with respect. Persons displaying disrespect for another person at the hearing or contempt for the proceedings shall be dismissed, and the hearing shall be concluded in their absence.
4. All evidence regarding cases should be submitted to the Associate Chair(s) during the evidence gathering and interviewing process (prior to the Preliminary Review Panel meeting). If additional information is submitted after the case is sent forward by the Preliminary Review Panel, the Review Panel will decide the relevancy of that information.
5. The referred must be adjudged to have violated the honor code before any consideration is given to the penalty, unless the referred acknowledges

responsibility, in which case the deliberations shall focus solely on the penalty.

6. In evaluating evidence and testimony regarding whether a violation of the honor code has occurred, each member of the Review Panel shall consider whether or not there exists substantive evidence of a violation. The decision whether a violation occurred shall be based solely on the facts regarding the charge, i.e., based on evidence collected and testimony presented at the Review Panel hearing.
7. At the conclusion of the deliberations on whether a violation occurred for each charge against the student, the Chair shall poll the members of the Panel on the question: "Has the student violated the honor code?" An affirmative vote represents "a violation," while a negative vote represents "no violation." A determination of a violation shall require a majority vote. In the absence of such a vote, the Panel shall find that no violation has occurred. An abstention shall not be counted as a vote. In the unlikely event that a majority of the Review Panel members do not vote, the current panel shall be dismissed and a new panel shall be convened to re-hear the case.
8. In determining the appropriate sanction, such factors as the referred student's past history of violations, attitude, intent, severity of the violation, and the degree of cooperation may be considered.
9. Recommendations of penalty shall be by majority vote. An abstention shall not be counted as a vote.
10. A recording of the proceedings, the confidential recommendations of the Review Panel, together with all submitted evidence and votes recorded, shall be held in the Chair's confidential file. The Chair shall inform the Dean of the Graduate School (or designee), in writing, of the findings and recommendations of the Review Panel.



ARTICLE VI: UNIVERSITY ACTION

Section 1 - Review and Decision

1. The recommendations (decision of violation, and penalty if required) of the Review Panel shall be submitted in writing by the Chair to the Dean of the Graduate School (or designee) for review and decision.
2. No penalty shall be announced until an official decision has been rendered by the Dean of the Graduate School (or designee).
3. The official decision of the Dean of the Graduate School (or designee) shall be transmitted in writing to the referred, the referrer, and the course instructor (or major professor for a research-related violation).

The referred shall also be notified of the right to appeal the decision.

4. When the Review Panel's recommendation is not accepted by the Dean (or designee), the Panel shall be notified of the final decision of the Dean (or designee).

Section 2 - Appeals

1. The referred may appeal the official decision to the Dean of the Graduate School on grounds of (1) failure of the Graduate Honor System to follow proper procedures, (2) introduction of new evidence, and/or (3) severity of the penalty. The imposition of the penalty shall be deferred until the termination of the appeals process.
2. The Dean of the Graduate School must receive the appeal within five (5) University business days after the referred receives written notification of the decision and penalty.
3. In the event of an appeal, the case will be forwarded to an appellate officer, who is well versed in the Graduate Honor System, graduate academic policies, and Virginia Tech standards of ethics, and has received training from the Graduate Honor System. Such officers include, but are not limited to, the Director of Undergraduate Academic Integrity, Associate Dean for Professional Programs in the College of Veterinary Medicine, or Associate Vice President for Research Compliance.
4. The appeal is not a retrial and must be focused solely upon one or more of the following: (1) failure of the Graduate Honor System to follow proper procedures, (2) introduction of new evidence, (3) severity of penalty. The appeal shall be limited to the consideration of the specific information pertaining to one or more of the above. The burden shall be placed on the appealing student to demonstrate why the original finding or sanction should be changed.
5. The decision of the appellate officer is limited to the grounds of the appeal. Judgments are made according to the following guidelines:
 - a. *Failure of the Graduate Honor System to Follow Proper Procedures*
Determine whether or not the Graduate Honor System followed proper procedures. If proper procedures were followed, then the official decision is enforced. If proper procedures were not followed, then the referred student is acquitted and the case is closed.
 - b. *Introduction of New Evidence*
Determine whether or not the new evidence is relevant to the official decision. In the event that the information is determined to be relevant, the appellate officer shall inform the Dean of the Graduate School or the Graduate Honor System Advisor that a new Review Panel is requested.

The new Review Panel shall have no members from a previous panel. If information is determined to be irrelevant or there is no new evidence, then the original decision is upheld.

c. *Severity of Penalty*

Determine if the penalty is too severe for the violation(s), for which the student was found responsible. The finding of a violation is not appealable and the case will not be reheard. The appellate officer has the option to consult GHS facilitators or experienced panelists who were not involved with the original case, as identified by the Chair or Advisor to the GHS, if perspective on the severity of the penalty is required. In the event that the penalty is found to be too severe, a lower penalty may be determined by the appellate officer from those specified under Article VII of this Constitution.

6. The final determination of an appeal shall be the sole responsibility of the appellate officer. The student shall be notified in writing of the disposition of the appeal.

ARTICLE VII: ACTIONS OF THE GRADUATE HONOR SYSTEM

Section 1 - Penalties

Where a violation is determined, the Review Panel or Facilitated Discussion shall also be responsible for determining an appropriate sanction. There are four major penalty levels (1-4) with increasing severity. These penalties are (1) Graduate Honor System Probation, (2) Suspension in Abeyance, (3) Suspension, and (4) Permanent Dismissal. For each charge of a Graduate Honor Code violation for which a student acknowledges responsibility or is found responsible, one of these four penalties must be given.

For cases resolved through Facilitated Discussion, only penalty 1 (Graduate Honor System Probation), subparts a-f may be applied.

For those cases where suspension or dismissal is not warranted, the subparts of penalty 1 (Graduate Honor System Probation) provide a further gradation in the penalty action. Whereas penalties 2, 3, and 4 must be given as a whole (i.e., no parts may be given without the others), penalty 1 may be given in part or in full. However, *if penalty 1 is selected, parts a and b are required*. Only parts c-i of penalty 1 shall be optional. The very minimum penalty given shall be penalty 1, parts a and b.

1. **Graduate Honor System Probation** (parts a and b mandatory, parts c-i optional)
 - a. The referred shall not be suspended from the University, but shall be placed on Graduate Honor System Probation until graduation or termination of enrollment. The sentence of Probation is a warning and is intended to serve as a deterrent against future misconduct. In the event of any other University or Graduate Honor Code violation, the appropriate parties shall be notified of the previous history of the referred. In the event of resignation and re-enrollment within a period of one (1) year, the referred shall be reinstated on Graduate Honor System Probation (penalty 1, part a only) subsequent to re-enrollment.
 - b. The referred shall also automatically receive a zero on the assignment on which the violation occurred. In cases other than those involving course work (or other similar work where a zero is applicable), action shall be taken to negate any advantages obtained by the violation.
 - c. A record of the action shall be kept in the referred student's folder (*not* the official transcript) in the Graduate School until graduation from the University or termination of enrollment.
 - d. The referred shall be required to attend a meeting or meetings with the Chair and the Dean of the Graduate School for the purpose of achieving a better understanding on the student's part of the requirements and purpose of the Graduate Honor System. Failure to participate in this meeting(s) shall constitute grounds for the *automatic* invocation of part "g" below.
 - e. The referred shall be required to write an essay on academic integrity, prevention of academic misconduct, and/or what they have learned regarding academic integrity. Additional essay topics may be requested by the Review Panel. The Chair or Associate Chair from the case will review and guide the writing of the essay. Failure to complete this assignment shall constitute grounds for the *automatic* invocation of part "g" below.
 - f. The referred shall be required to complete GRAD 5014: Academic Integrity and Plagiarism course. Failure to successfully complete this course shall constitute grounds for the *automatic* invocation of part "g" below.
 - g. The notation "placed on Graduate Honor System Probation" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
 - h. If substantial unfair academic advantage was gained, that is to say, if the violation, undetected, would have led to an advantage

over the other students (or if the referred thought it would), then a grade of "F" for the course in which the offense occurred shall also be a penalty action under this part. This grade shall appear on the student's grade report and permanent record (transcript) as an "F."

- i. If substantial unfair academic advantage was gained, that is to say, if the violation, undetected, would have led to a substantial grade advantage over the other students (or if the referred thought it would), then a grade of "F for violation of the Graduate Honor Code" for the course in which the offense occurred shall also be a penalty action under this part. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
2. **Suspension in Abeyance** (all parts mandatory)
- a. The referred shall be allowed to remain in the University to complete the semester in which the offense occurred or in which the hearing is held.
 - b. The penalty shall automatically include a grade of "F for violation of the Graduate Honor Code" for the course (or equivalent) in which the offense occurred. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
 - c. After the completion of the semester as specified in item (a) above, the referred shall be suspended for a period not to exceed two (2) successive semesters or one (1) full academic year as specified by the official notification of the University action (as specified under Article VI, Section 1, item 3 of this Constitution).
 - d. The notation "suspended for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
 - e. Upon the referred student's re-enrollment at Virginia Tech at the end of the period of suspension, the student shall be placed on Graduate Honor System Probation (penalty 1, part a only) until graduation or termination of enrollment.
3. **Suspension** (all parts mandatory)
- a. Suspension is immediate and the student shall not be allowed to complete the current semester. In addition, the referred shall be suspended for a period not to exceed two (2) successive academic semesters or one (1) full academic year following the current semester (as specified under Article VI, Section 1, item 3 of this Constitution).
 - b. All credits shall be lost for work done during the semester in which the student is currently enrolled. The penalty shall automatically

include a grade of "F for violation of the Graduate Honor Code" for the course (or equivalent) in which the offense occurred. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.

- c. The notation "suspended for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.
- d. Upon the referred student's re-enrollment at Virginia Tech at the end of the period of suspension, the student shall be placed on Graduate Honor System Probation (penalty 1, part a only) until graduation or termination of enrollment.

4. **Permanent Dismissal** (all parts mandatory)

- a. The referred shall be permanently dismissed from the University without being allowed to complete the current semester.
- b. All credits shall be lost for work done during the semester in which the student is currently enrolled. In addition, if the offense did not occur during the semester in which the hearing is held, then a grade of "F for violation of the Graduate Honor Code" shall also be assigned for the course in which the offense was committed. This grade shall appear on the student's grade report and permanent record (transcript) as an "F*"; and it shall be a permanent notation.
- c. The referred may never re-enroll in the University.
- d. The notation "permanently dismissed for violation of the Graduate Honor Code" shall appear on the student's permanent record (transcript) under the semester in which the violation occurred.

Section 2 - Acquittal

In the event of acquittal by the Graduate Honor System, all records of any description in conjunction with the trial shall be completely destroyed, except the "charges" and the "Findings of the System," which shall be filed in the Chair's confidential file.

Section 3 - Announcement

1. In cases where students are found in (or claim responsibility for) violation of the honor code, the penalty and specifications may be published without names, when the case is resolved, in such media as the GHS annual report and reports to the Graduate

Student Assembly or Commission on Graduate and Professional Studies and Policies.

2. Exonerations may also be published (without names) if the referred so desires. A written release must be obtained from the referred prior to publication.

ARTICLE VIII: RIGHTS AND OBLIGATIONS OF THE REFERRED STUDENT

Section 1 - Rights of the Referred Student

A student referred for violating the Graduate Honor Code shall have certain procedural guarantees to ensure fair hearing of evidence. These rights under the Graduate Honor Code shall be as follows:

1. Students shall be considered innocent until judged guilty.
2. Students shall have the right to refrain from speaking for or against themselves.
3. Students shall have the right to speak in their own behalf.
4. Students may choose a member of the university community, such as a fellow student, faculty member, or staff member who is willing to assist them in preparing their defense. This person may attend a Facilitated Discussion, but may only participate in an advisory capacity to the student. During a Review Panel, the student's representative shall only be allowed to address the Review Panel; they may not question witnesses. Lawyers retained by referred students shall not be permitted in Review Panel hearings or at Facilitated Discussions.
5. Students may terminate a Facilitated Discussion at any time, without reason.
6. Students shall have the right to review the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel.
7. Students shall have the right to suggest corrections and/or additions to the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel. All suggestions will be considered at the discretion of the Chair and the Associate Chair for the case.
8. Students may at any time privately seek counsel with their university community representative. Statements made at this time shall be confidential.
9. Students may have any Graduate Honor System function that they are entitled to attend stopped at any time for a point of clarification.
10. Students may leave any Graduate Honor System function at any time; however, it is in their best interest to remain until they are made aware of all the details.
11. Students shall have the right to receive written notice of the charges, the "Order of Events for Review Panel Hearings," and any other pertinent information sufficiently in advance of the Review Panel hearing and in reasonable enough detail to allow them to prepare a case in their behalf. Likewise, students shall have the right to examine all evidence collected during evidence gathering prior to the Review Panel hearing. The students and their representatives shall have a copy of the evidence during the Review Panel hearing.
12. Students shall have the right to be aware of all testimony.
13. Students shall have the right to face the referrer, when such opportunity exists, at the Review Panel hearing and to present a defense against the charges, including presenting witnesses on their behalf. Consequently, students shall be consulted in the scheduling of the Review Panel hearing. However, students shall only be allowed to reschedule the Review Panel hearing once. Except under extenuating circumstances, Review Panel hearings shall not be rescheduled unless the Chair or the Graduate Honor System Advisor is notified of the requested change prior to three (3) days preceding the scheduled hearing date.
14. Failure of students to be present at Review Panel hearings, assuming reasonable effort has been made to ensure their presence, shall indicate that they are waiving their rights to face the referrer and to appear before the Review Panel.
15. Students may ask that a panel member be excused from the Review Panel hearing if they can give reasonable cause why that panel member may be biased or have some other conflict of interest. The Chair and the Graduate Honor System Advisor shall make a final ruling on any such request.
16. Students shall have the right to an appeal as specified under Article VI, Section 2.

Section 2 - Obligations of the Referred Student(s)

Students referred for suspected Graduate Honor Code violations shall have the responsibility of cooperating with Graduate Honor System personnel. Furthermore, when a case involves other students, these students' rights to privacy should be observed. Students should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE IX: RIGHTS AND OBLIGATIONS OF THE REFERRER

Section 1 - Rights of the Referrer

A person referring charges of a Graduate Honor Code violation against a graduate student shall be accorded the following rights:

1. Discussion of the charges between the referrer and referred prior to the Review Panel hearing shall be allowed, although the referrer shall have the right to decline to discuss the case with the referred. The referrer shall have the right, with the permission of the referred, to have one witness present when talking with the referred about the alleged violation.
2. The referrer shall have the right to choose one person (any member of the university community, such as a graduate student, a faculty or staff member, or department head) to assist them in preparation of the case. This person is not allowed to be present at the Review Panel hearing or during a Facilitated Discussion.
3. The referrer shall have the right to terminate a Facilitated Discussion at any time, without reason.
4. The referrer shall have the right to review the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel.
5. The referrer shall have the right to suggest corrections and/or additions to the report prepared by the Associate Chair, prior to the scheduling of a Preliminary Review Panel. The referrer shall have the right to receive a copy of the evidence collected during the evidence gathering, the "Order of Events for Review Panel Hearings," and any other pertinent information, if the Preliminary Review Panel sends the case to the Review Panel.
6. The referrer shall have the right to receive written notification of the final disposition of the case.
7. The referrer shall have the right to be secure in person and property.
8. Professors referring charges of violations may opt to grade or refrain from grading any assignment referred to the Graduate Honor System. It is recommended that instructors, if they are able to do so, grade the assignment with the assumption that the student is innocent of the charge. However, an incomplete grade may be assigned to the referred student pending the decision of the Graduate Honor System. The incomplete grade will be removed when the case is resolved.

Section 2 - Obligations of the Referrer

A person referring a suspected of a Graduate Honor Code violation shall accept the following obligations:

1. The referrer shall cooperate with the Chair, the Graduate Honor System advisor, the Associate Chair, and any other personnel of the Graduate Honor System.
2. The referrer shall be expected to appear at the Review Panel hearing.
3. The referrer shall have the responsibility of maintaining confidentiality in all matters pertaining to the case. However, referrers may discuss the case with their counsel (see Article IX, Section 1, item 2). The referrer should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE X: OBLIGATIONS OF PARTIES INDIRECTLY INVOLVED IN HONOR SYSTEM CASES

1. Parties indirectly involved in Honor System cases include but are not limited to persons who witness alleged violations, witness discussions between referrers and referred students, and serve as members of the University community that help referrers and referred students prepare their case.
2. Parties indirectly involved in Honor System cases shall have the responsibility of maintaining confidentiality in all matters. Parties indirectly involved in Honor System Cases should be aware that the confidentiality of Honor System proceedings may be covered under the Family Educational Rights and Privacy Act (FERPA) as outlined on the University Registrar's website.

ARTICLE XI: GENERAL

Section 1 - Reporting of Violations

It is the obligation of all members of the academic community to report alleged violations of the Graduate Honor Code. *Reporting the observance of a Graduate Honor Code violation shall not be optional; it shall be mandatory.* Reports should be submitted in writing to the Chair or the Graduate Honor System Advisor on forms provided for that purpose, which are available at the Graduate Honor System website. The report form also may be obtained at the Graduate School.

Alleged violations of the Graduate Honor Code must be reported within ten (10) University business days after the date of discovery. Only under very special circumstances shall exceptions to this policy be granted, and then only at

the discretion of the Chair and the Graduate Honor System Advisor. A possible reason for exception could include, but is not limited to, unavoidable delays in obtaining the evidence.

Section 2 - Violations at Extended Campuses

1. Students engaged in graduate studies at any of Virginia Tech's extended campuses shall be subject to all provisions of this Constitution.
2. Designated panelists may assist in gathering evidence if it is not possible for an Associate Chair to do so. The evidence obtained shall be presented to the Preliminary Review Panel and shall be evaluated in a manner prescribed in Article IV of this Constitution.
3. Unless otherwise designated by the Chair, with the approval of the Dean of the Graduate School, all hearings shall be conducted at the Virginia Tech main campus in Blacksburg.

Section 3 - Summer

Because of the decreased availability of graduate student and faculty panelists during the summer, delays in processing and hearing cases may result. Thus, reasonable delays of this sort shall not be considered as violating the student's rights or as grounds for an appeal.

Section 4 - Graduate Students Enrolled in Undergraduate Classes

Graduate students shall be subject to stipulations within this Constitution regardless of whether they are enrolled in undergraduate or graduate classes. In cases in which the graduate student is referred in conjunction with an undergraduate student, the Graduate Honor System will work with the Office of Undergraduate Academic Integrity.

Section 5 - Undergraduate Students Enrolled in Graduate Classes

The undergraduate honor system, commonly referred to as The Virginia Tech Honor System, shall have jurisdiction over cases involving undergraduate students in graduate classes unless the student is also enrolled in the Graduate School and taking graduate classes for graduate credit under the classification of "Dual Student" or "Combined Student," and "Bachelor/Master's Degree Student," in which case the Graduate Honor System shall have jurisdiction. In cases in which an undergraduate student is referred with a graduate student, the Graduate Honor

System will work with the Office of Undergraduate Academic Integrity.

~~Section 6 - Violations Involving Graduate Students Already Graduated~~

~~If the degree towards which the student was working at the time of the alleged violation has already been awarded, the case shall be referred to the Dean of the Graduate School who shall convene a committee to review and investigate the charge and make recommendations. The committee composition shall be determined by the Dean of the Graduate School. The Chair of the Graduate Honor System shall be an ex officio member of this committee and shall have the same voting privileges as the other members of this committee.~~

~~Section 7~~Section 6 - Recruitment of Graduate Honor System Members

Recognizing that it is strongest when it fosters and reflects the support of all graduate students and faculty at the University, the Graduate Honor System shall seek to be as broadly representative of the graduate student and faculty bodies at Virginia Tech as possible. To this end, all qualified graduate students and faculty shall be encouraged to participate in the Graduate Honor System. No otherwise qualified graduate student or faculty may be excluded from membership on the basis of race, sex, handicap, age, veteran status, national origin, religion, political affiliation, or sexual orientation.

Section ~~8~~7 - Clearance of Graduate Student Records

Graduate students volunteering or appointed to serve in the Graduate Honor System must receive clearance of their personal disciplinary records and their academic records through the Dean of the Graduate School. Such clearances shall be conducted consistent with the University's regulations on the confidentiality of records and shall assure a minimum academic quality credit average of 3.00 and no previous or current disciplinary action for each appointee.

Section ~~9~~8 - Confidentiality

All investigations, hearings, reviews, and other associated activities of the Graduate Honor System shall conform to the University's "Confidentiality of Student Records" and FERPA policies.

Section ~~10~~9 - Substitution of Graduate Honor System Personnel

The Chair or the Graduate Honor System Advisor shall be authorized, when circumstances dictate, to appoint

substitutes for any Graduate Honor System personnel in any case before the Graduate Honor System. However, faculty may not be substituted for graduate students and vice versa.

Section 1110 - University Policies

Where appropriate, the Graduate Honor System shall abide by all applicable policies, statements, and principles as contained in the *University Policies for Student Life*.

Section 1211 – Definition of a “University business day”

A “University business day,” as referred to in this constitution, shall be defined as any day on which the main Virginia Tech campus is open and the Graduate School offices are open.

ARTICLE XII: VIOLATIONS INVOLVING FORMER GRADUATE STUDENTS WHO HAVE RECEIVED THEIR DEGREES

Section 1 – Convening of Special Committee

If the degree towards which the student was working at the time of the alleged violation has been awarded, the case shall be referred to the Dean of the Graduate School. The Dean of Graduate School shall convene a special committee to review and investigate the allegation and make recommendations.

Section 2 – Composition of Special Committee

The Special Committee shall consist of an experienced Graduate Honor System faculty panelist appointed by the Dean of the Graduate School to serve as the Chair of the Special Committee (voting), the GHS Chair (ex officio, voting), the GHS Advisor (non-voting), a minimum of four (4) faculty and two (2) graduate students recruited from GHS panelists, and up to two (2) other faculty or student members appointed by the Dean of Graduate School. All members of the Special Committee (except the GHS Advisor) shall have full voting privileges. The number of voting graduate student members (including GHS Chair) shall not exceed the number of voting faculty members on the Special Committee.

Section 2 – Functions of the Special Committee

The Special Committee shall perform the following functions:

1. It shall review the allegation and any evidence submitted to the Dean of Graduate School, and may gather additional evidence.
2. It shall solicit testimony from the referrer, referred former student, the former student's advisor, committee members, and other applicable witnesses.
3. It shall assure that the rights of the referrer and referred former student are protected and assure due process.
4. It shall determine whether a violation occurred.
5. It shall recommend a penalty if the referred former student is determined to have violated the honor code.

Section 3 – Operation of Special Committee

1. Preliminary Review

- a. The special committee shall conduct a preliminary review of the allegation to determine if it warrants a full review.
- b. A decision to conduct a full review should be based upon substantive evidence to support the allegation. The lack of such evidence should lead the Special Committee to vote against moving to a full review and consequently lead to the dismissal of the case. Otherwise, the Special Committee should proceed to a full review of the case. The fact that the case is moved to a full review does not imply responsibility for the violation; it only denotes that the case should be reviewed with the aid of additional evidence and personal testimony.
- c. A majority vote is required to dismiss the case. Otherwise, the case proceeds to a full review.

2. Full Review

- a. The full review of the case shall be based on the gathering of relevant evidence and personal testimonies from the referrer, referred former student, former student's advisor, committee members, and other applicable witnesses.
- b. The referred former student must be adjudged to have violated the honor code before any consideration is given to a penalty, unless the referred acknowledges responsibility, in which case the deliberations shall focus solely on the penalty.
- c. In evaluating evidence and testimony regarding whether a violation of the honor code occurred, each member of the Special Committee shall consider whether or not there exists substantive evidence of a violation. The decision

- whether a violation occurred shall be based solely on the facts regarding the charge, i.e., based on evidence collected and testimony presented to the Special Committee.
- d. At the conclusion of the deliberations on whether a violation occurred, the Special Committee shall be polled by the Chair of the Special Committee on the question: "Has the former student violated the honor code?" An affirmative vote represents "a violation", while a negative vote represents "no violation". A determination of a violation shall require a majority vote. In the absence of such a vote, the Special Committee shall find that no violation occurred. An abstention shall not be counted as a vote. In the unlikely event that a majority of the Special Committee members do not vote, the current Special Committee shall be dismissed, and a new Special Committee shall be convened to review the case again.
 - e. In determining the appropriate sanction, factors such as the referred former student's intent and severity of violation may be considered.
 - f. Recommendations for corrective action shall be by majority vote. The recommendation of revoking the degree shall require 2/3rd majority vote. An abstention shall not be counted as a vote.
 - g. A recording of the proceedings, the confidential recommendations of the Special Committee, together with all submitted evidence and votes recorded, shall be held in the GHS confidential files. Documents and materials shall be retained for five years.
 - h. Upon completion of the full review of the case, the Chair of the Special Committee shall inform the Dean of the Graduate School (or designee), in writing, of the findings and recommendations of the Special Committee. The Dean of the Graduate School (or designee) shall review and communicate the final decision in writing to the referred former student and the referrer.

Section 4 – Actions of Special Committee

1. Penalties

- a. Corrective Action: The former student is required to take corrective action to meet Virginia Tech academic standards regarding the academic work under

review (whether it pertains to thesis, dissertation, or course work). Corrective action may include but is not limited to re-writing sections of thesis or dissertation or taking additional courses.

- b. Revocation of Degree: If it is determined that the degree awarded to the former student was fraudulently obtained due to significant misconduct, the Special Committee may recommend the revocation of the degree granted based on the violation. The recommendation of revoking the degree shall require 2/3rd majority vote. The former student may never re-enroll at the University.

2. Acquittal: In the event of acquittal of the former student by recommendation of the Special Committee, all records of any description in conjunction with the Special Committee proceedings shall be completely destroyed, except the "charges" and the "Findings of the Special Committee," which shall be held in the GHS confidential files for a period of five years.

Section 5 – Appeals

1. The referred former student may appeal the official decision to the Dean of Graduate School on grounds of (1) failure of the Special Committee to follow proper procedures, (2) introduction of new evidence, and/or (3) severity of penalty. The imposition of the penalty shall be deferred until the termination of the appeals process.
2. The Dean of the Graduate School must receive the appeal within five (5) University business days after the referred former student receives written notification of the decision and penalty.
3. In the event of an appeal, the case will be forwarded to an appellate officer, who is an Academic Dean (or designee) nominated from the Council of College Deans. The appellate officer cannot be from the College in which the degree was earned by the former student.
4. The appeal is not a retrial and must be focused solely upon one or more of the following: (1) failure of the Special Committee to follow proper procedures, (2) introduction of new evidence, (3) severity of penalty. The appeal shall be limited to the consideration of the specific information pertaining to one or more of the above. The burden shall be placed on the appealing former student to demonstrate why the original finding or sanction should be changed.
5. The decision of the appellate officer is limited to the grounds of the appeal. Judgments are made according to the following guidelines:
 - a. Failure of the Special Committee to

Follow Proper Procedures

Determine whether or not the Special Committee followed proper procedures. If proper procedures were followed, then the official decision is enforced. If proper procedures were not followed, then the referred former student is acquitted, and the case is closed.

b. Introduction of New Evidence
Determine whether or not the new evidence is relevant to the official decision. In the event that the information is determined to be relevant, the appellate officer shall inform the Dean of the Graduate School that the convening of a new Special Committee is requested. The new Special Committee shall have no members from the previous Special Committee except the GHS Advisor. The GHS Chair shall designate the GHS Associate Chair to serve as the voting member in the new Special Committee. If information is determined to be irrelevant or there is no new evidence, then the original decision is upheld.

c. Severity of Penalty
Determine if the penalty is too severe for the violation(s), for which the referred former student was found responsible. The Special Committee's determination that a violation occurred cannot be appealed, and the case will not be reheard. The appellate officer has the option to consult GHS facilitators or experienced panelists who were not involved with the original Special Committee, or other faculty from the Department or Program closely associated with the former student's degree, if perspective on the severity of the penalty is required. If the penalty is found to be too severe, a lower penalty may be determined by the appellate officer based on the consultations.

2. The final determination of an appeal shall be the sole responsibility of the appellate officer. The referred former student shall be notified in writing of the disposition of the appeal.

ARTICLE XIII: AMENDMENTS

Proposed amendments to the Constitution of the Graduate Honor System may be initiated through one of the following channels: (1) by a majority vote of the Graduate Student Assembly, (2) by a majority vote of the Commission on Graduate **and Professional** Studies and Policies, or (3) by direct submission to the Chair or the Dean of the Graduate School. Also, at the discretion of the Chair and the Graduate Honor System Advisor, amendments may be initiated through the Graduate Honor System. Upon receiving such proposals, the Dean of the

Graduate School shall convene the Constitution Revision Committee. With the approval of two-thirds of this committee, proposed amendments shall be forwarded for approval by the Commission on Graduate **and Professional** Studies and Policies and thereafter through the proper channels of the University governance structure (which at the time of the 2008-09 revision is described in Policies and Procedures No. 8011). Any substantive changes in proposed amendments as they proceed through subsequent levels of approval shall be resubmitted to the Constitution Revision Committee for its approval.

The Constitution Revision Committee shall consist of the Chair, the Graduate Honor System Advisor, a minimum of six (6) panelists (minimum of four (4) graduate students and two (2) faculty), and up to two (2) other representatives from the graduate student body to be nominated by the Graduate Student Assembly.

2020 Revision

At the request of the Dean of the Graduate School, a Constitution Revision Committee was convened in the summer of 2020 to revise the GHS Constitution based on the recommendations of the Commission on Graduate and Professional Studies and Policies in Resolution CGPS&P 2019-2020A titled "Resolution to Edit the Graduate Honor System Constitution to Add Revoking Graduate Degree to Penalty Options."

The Constitution Revision Committee added a new article to the constitution to describe the entire process of handling violations involving former graduate students who have received their degrees. The article describes in detail the composition, functions, and operation of the special committee, as well as the possible sanctions for violations and the appeal process. This new article (Article XII) replaces the previous description of the process (Article XI, Section 6) pertaining to violations involving graduate students already graduated. Because of the removal of a section and the introduction of a new article, subsequent sections and articles have been renumbered. Additionally, the Constitution Revision Committee also made changes to the duties of the Associate Chair(s) (Article II, Section 7) to expand on the process of evidence collection for GHS cases while assuring due process.

2018 Revision

The Vice President and Dean of the Graduate School convened a Constitution Review Committee in the Spring of 2018. This revision was conducted by a panel of graduate students and faculty members in accordance with the constitution.

The goals of the revision were to address concerns about the path of appeals, update language within the constitution to better fit the Honor System's values, and include penalties that fit the Honor System's values and mission which were not available at the time of the last revision.

2008-09 Revision

At the request of the Dean of the Graduate School, a Constitution Review Committee was convened in 2008 to perform a periodic review to bring the GHS Constitution up to date with current University policies and the climate of the time. This revision was conducted by a panel of graduate students and faculty in accordance with the constitution.

The goals of the current revision were two-fold: First, revisions were intended to address substantive issues that have arisen since the 1991 revision. Second, revisions were intended to improve the efficiency and effectiveness of the Honor System. The Review Committee considered a number of changes and ultimately rejected those that did not meet either of the above mentioned goals. The committee has worked very hard to ensure that the revisions to this constitution stand for at least another 15 years.

1991 Revision

Following the conclusion of the 1987 University Self-Study, a Constitution Revision Committee was convened to evaluate the Graduate Honor System. Since the Constitution had not received serious scrutiny in a decade or more, and since the Graduate Honor System has now matured to a level where the old Constitution is hardly serviceable, the ultimate goal of this committee from the outset was a revision of the Constitution. Much work has gone into ensuring that this revision will stand the test of time and will be instructive in guiding the operation of the Graduate Honor System in the years ahead.

2. *The University Judicial System's Manual for Hearing Officers, published by the Dean of Students Office, Virginia Tech (1989).*
3. *Several ideas and sentences from the following sources have been used with and without modification in the writing of the section "Purpose and Description of Graduate Honor Code" (Article I, Section 1):*
 - a. *Reference 1.*
 - b. *Cornell University Course of Study, "Code of Academic Integrity", (1989-1990), pp. 33-35.*
 - c. *Bulletin of Duke University Graduate School, "Standards of Conduct", (March 1990), pp. 56-58.*
 - d. *Record of the University of North Carolina at Chapel Hill, The Graduate School, "The Honor Code", (April 1990), pp. 70-72.*
 - e. *University of Virginia Graduate Record, "The Honor System", (1987-1988), p.20 and p. 30.*
4. *Information used in defining "Misconduct in Research" (Article I, Section 3):*
 - a. *Recommendations on "Research Misconduct and Graduate Students at VPI&SU" submitted to the Constitution Revision Committee by the Degree Requirements, Standards, Criteria and Academic Policies Committee (DRSCAPC) of the Commission on Graduate Studies, January 18, 1990.*
 - b. *"Narrower Definition of Misconduct Urged," Public Affairs Newsletter, Federation of American Societies for Experimental Biology, Vol. 21, No. 12 (December 1988) p. 1.*
 - c. *Federal Register, Vol. 54, No. 151, (August 8, 1989) 32449.*
 - d. *"New Rules on Misconduct," Science, (August 11, 1989) p. 593.*
5. *"Computer Science Department Policy on Koofers, Old Programs, Cheating, and Microcomputer Use," CS Bits & Bytes (CS Dept. VPI&SU), Wednesday, February 15, 1989, pp. 7-8. (Ideas and wording from this policy were used in Article I, Section 3.)*

Reference Material Used

Revision of this document was based on a variety of materials; these include:

1. *Constitution to the Virginia Tech [Undergraduate] Honor System, published in the Pylon (1988-89). (Article VII, Article VIII, several sections of Article IX, and Appendix A are used with and without modifications by permission of the Virginia Tech [Undergraduate] Honor System). Also, a report written by the Virginia Tech [Undergraduate] Honor System Self-Study Committee was used.*

APPENDIX: PLAGIARISM

The following text is reproduced with minor editorial changes, with permission, from the Constitution of the Virginia Tech [Undergraduate] Honor System.

DEFINITION

The Virginia Tech honor system constitution states that "Plagiarism includes the copying of the language, structure, ideas, and/or thoughts of another and passing off same as

one's own, original work." The violation, then, consists of both *copying* and *misrepresenting the material in question*.

Generally, when students place their name on any kind of work, they claim responsibility for the originality of the contents except for those parts that are specifically attributed to another or that are considered common knowledge. (The concept of common knowledge poses a problem of definition, and the student should consult their instructor when in doubt.) Thus, if students have reviewed any outside source, whether published or not, and have incorporated any of its "language, structure, ideas, and/or thoughts" into their work without acknowledging that source, they may be guilty of misrepresenting the work's originality. [Furthermore, in citing a reference, students must change both the sentence structure and the vocabulary (where possible) in expressing the original material in their own words.]

Copying includes a whole range of offenses. Everyone is familiar with stories involving a student who has "borrowed" or bought a term paper or laboratory report from a so-called research service, a fellow student, the Internet, or another similar source. Such wholesale copying is akin to the lifting of an assignment in its entirety from a book or journal article. In either case, the student in question submits work that is literally copied and transferred from one piece of paper to another; by claiming this work as their own, the student is clearly guilty of the most flagrant kind of plagiarism.

Another type of copying that is not as obvious, though equally serious, involves the translation of a part of a book, article, or other source into different words—paraphrasing. Although the language is not the same because the exact words of the source have been changed, the structure, ideas, and thoughts of the original author have been copied. Thus, the student who submits an assignment that simply paraphrases a source without identifying it may also be guilty of plagiarism.

Similarly, any combination of simple copying and paraphrasing, whether from one source or from many, is also a type of plagiarism, and the offender may be equally guilty as those students described above.

Because a person's ideas can be conveyed in many ways besides the written word, students should be aware that the copying of drawings, designs, photographs, graphs, illustrations, tables, primary data, derived equations,

computer programs, verbal communications of ideas, and other sources may also constitute plagiarism, unless the source is acknowledged and properly documented.

For the purposes of the Virginia Tech honor system, plagiarism can be broadly defined as the act of appropriating the literary composition, language, structure, ideas, and/or thoughts, drawings, laboratory reports, or computer programs of another or parts or passages thereof, and of passing them off as the original product of one's own mind. To be liable for plagiarism under the university's honor system, it is not necessary to duplicate another's literary work exactly; it being sufficient if unfair use of such work is made by lifting of substantial portions of it. Plagiarism is not confined to literal copying, but also includes any of the evasive variations and colorable alterations by which the plagiarist may disguise the source from which the material was copied. On the other hand, even an exact counterpart of another's work does not constitute plagiarism if such counterpart was arrived at independently.

EXAMPLES OF CORRECT AND INCORRECT USES OF SOURCES

The following four examples provide illustrations of three kinds of plagiarism, as well as the proper use and acknowledgement of sources. The excerpt from Niccolò Machiavelli's *The Prince* is quoted from W. K. Marriott's translation (New York: E. P. Dutton, 1908), p. 37. The excerpts from student papers have been written for the purposes of this document.

FLAGRANT PLAGIARISM

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

Whenever those *nations* which have been acquired have been accustomed to *living* under their own laws and in freedom, then there are three *options* for those who wish to *keep* them; the first is to ruin them, *second* is to reside there in person, and the *last* is to permit them to live under their own government, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the *ruler*, knows that it cannot stand without his friendship and interest, and does its utmost to gain his support, and therefore, he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Comments

This student paper is an example of the most obvious form of plagiarism. The writer has copied Machiavelli almost verbatim without any acknowledgment. There have been some minor changes. For example, the italicized words have been changed. "States" becomes "nations," "courses" becomes "options," etc.

PLAGIARISM THROUGH PARAPHRASING

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

There are basically three methods to maintain control over nations which formerly enjoyed their independence. First the nation can be completely destroyed. Second, the king can personally reside in the conquered territory. Finally, the king can permit them to live under their own rules; he would then levy a tax and establish a ruling clique which would be loyal to him. Since this government is created and maintained by the conquering power, the puppet government will do its utmost to support him in order to

keep his friendship. In addition, by establishing a puppet government in such a manner, he will gain the allegiance of its citizens.

Comments

By paraphrasing the paragraph taken from Machiavelli, the student attempted to disguise the source of material. Nevertheless, it is quite obvious that the sentences of this writer parallel those of the Machiavelli text and are identical in meaning.

PLAGIARISM OF AN IDEA

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

When the British established their empire in Asia and Africa during the eighteenth and nineteenth centuries, they were faced with the problem of how to govern and control effectively these areas which had formerly lived under their own government. There were essentially three methods of achieving this end: destroying the country; establishing direct rule through governors appointed by the king; and maintaining indirect control through the already established governing structure. The British chose indirect rule. Through indirect rule, the former officials realized that their position was now dependent upon the British. Consequently, their allegiance was assured, and through them the British obtained substantial economic benefits. In addition, the people, seeing their leaders still in power, obediently supported the indirect rule of the British.

Comments

The student has used the ideas of Machiavelli in describing a historical event. Machiavelli lists three methods of governing and controlling a state that had formerly been independent, and then shows the relative advantage of pursuing the last method. The student does not acknowledge the use of the description of the three methods of control nor the advantages of the last method when applying Machiavelli's idea to a specific example.

CORRECT USE OF PARAPHRASING AND DIRECT QUOTATIONS

Excerpt from The Prince

Whenever those states which have been acquired as stated have been accustomed to live under their own laws and in freedom, there are three courses for those who wish to hold them: the first is to ruin them, the next is to reside there in person, the third is to permit them to live under their own laws, drawing a tribute, and establishing within it an oligarchy which will keep it friendly to you. Because such a government, being created by the prince, knows that it cannot stand without his friendship and interest, and does its utmost to support him; and therefore he who would keep a city accustomed to freedom will hold it more easily by the means of its own citizens than in any other way.

Excerpt from a student paper

When the British established their empire in Asia and Africa during the eighteenth and nineteenth centuries, they were faced with the problem of how to govern these formerly independent areas effectively. According to Niccolo Machiavelli, in *The Prince*, a ruler had three options. He could destroy them, "reside there in person," or "permit them to live under their own laws, drawing a tribute and establishing within it an oligarchy which will keep it friendly to you."¹ Machiavelli felt that through this third method the conqueror gained the support of the former leaders and their subjects.²

The British seemed to apply this third method through their indirect rule concept. In other words, the British maintained control using the former leaders as figureheads. The former leaders realized that their position was now dependent upon the British. Consequently, their allegiance was assured and through them substantial economic benefits were obtained. In addition, the people, seeing their leaders still in power, obediently supported the indirect rule of the British.

¹ Niccolo Machiavelli, *The Prince*, trans. and intro. W. K. Marriott (New York; E.P. Dutton, 1908), p.37.

² Machiavelli, p.37.

Comments

In this instance, the student has correctly footnoted the ideas of Machiavelli, which he has paraphrased and quoted. The writer has then applied Machiavelli's ideas to a more recent historical event.

THE PROBLEM OF COMMON KNOWLEDGE

The concept of common knowledge is one of the more difficult points to explain in any consideration of plagiarism. How can a student, often a novice in the subject, determine whether an idea or fact included in a paper is so widely known that it is considered common knowledge and requires no documentation? A few general guidelines for solving this dilemma can be suggested, but none is inviolate. Given the seriousness of plagiarism, the prudent writer cites a reference whenever he or she is uncertain.

1. Concepts and facts widely known outside of the specific area of study are generally considered common knowledge. These include undisputed dates (e.g. the adoption of the Declaration of Independence on July 4, 1776), scientific principles (e.g. Newton's Laws of Motion), and commonly accepted ideas (e.g., Hamlet's role as a tragic hero). Such data require no specific reference. Students should be aware, however, that the addition of minor informational embellishments might require documentation (e.g., that the Declaration of Independence was unanimously adopted by the American colonies on July 4, 1776, despite the abstention of New York).

2. The fact that material appears in a dictionary, encyclopedia, handbook, or other reference work or textbook does not guarantee that it is common knowledge. Such books are written by experts, and most of the information they contain is not widely known.

3. There is no simple test to determine whether information is common knowledge. In case of doubt, the student should consult his or her instructor.

DOCUMENTATION

To avoid plagiarism in writing, the student must be familiar with the concept of documentation. Terminology and methodology concerning proper ways to acknowledge sources are probably more confusing to students than any other aspect of research reporting. The purpose of documenting a source is first to give proper credit to others for their original words, thoughts, and ideas, and second to enable the interested reader to locate the original source in order to read or study further. Keeping this latter purpose in mind, one finds that the rules regarding documentation make more sense. Therefore, students should familiarize themselves with the proper methods of providing citations and bibliographies both to document their sources and to provide the reader with the necessary data to locate further information on the subject.

INDICATING QUOTATIONS

Whenever the exact wording of a source appears in a student paper, that fact must be made apparent to the reader. This goal can be accomplished in two ways. Brief quotations should be enclosed in quotation marks, whether complete sentences, phrases, or single significant words which have been incorporated into the student's own sentence or into a paraphrase or a longer excerpt of the source. The student should be careful to denote precisely where the source's exact wording begins and ends by the appropriate placing of opening and closing quotation marks.

Longer quotations (of more than three lines) should be indented ten spaces from the left-hand margin. Again, the beginning and ending of quoted material should be clearly indicated.

All direct quotations must be signified in one of these ways.

CITATIONS

Immediately following every piece of quoted or paraphrased material, some type of reference is required. The method used varies according to the field of study for which the paper is written; thus, students should ask instructors which style manual to use in preparing papers for their courses. Examples of two commonly used methods follow.

1. Footnotes or Endnotes: A small numeral in the text refers to a complete reference, similarly numbered, at the

foot of the page or at the end of the paper. Notes should be numbered sequentially, beginning with "1."

Example:

"Congruence...between the self concept and the ideal self is one of the most fundamental conditions for both general happiness and for satisfaction in specific life areas."¹

¹Alfred L. Brophy, "Self, Role, and Satisfaction," *Genetic Psychology Monographs*, 59 (May 1959), 300.

2. Author-Date Citation: Following a quotation or paraphrase, the author's name and the publication date of the work appear in parentheses and refer the reader to the bibliography at the end of the paper.

Example:

For a person to be truly happy, his or her self concept must more or less coincide with the ideal self he or she envisions (Brophy, 1959).

BIBLIOGRAPHY OR LIST OF CITED REFERENCES

A list of all sources used, arranged alphabetically by the authors' last names, should appear at the end of every paper. Each entry should contain all information necessary for a reader to retrieve the work. Book entries usually include author's name, book title, and publication data (city, publisher, and date). Entries for periodical articles generally include author's name, article title, periodical title, volume number, date of issue, and pages on which the article appears. Students should make whatever adjustments that are necessary to these general rules so that entries coincide with the format prescribed by an instructor or by a specific manual. (An example of one type of bibliography format can be found in the list of style manuals which follows.)

This appendix is not intended to suggest or endorse any specific method of documentation. Rather, its purpose is to remind students that acknowledgment of sources is necessary. The examples given above are provided as illustrations of some of many possibilities. The final authority regarding methods of documentation is the course instructor; students should choose a system of documentation and use it consistently throughout a paper. The following style manuals are commonly used.

American Psychological Association, *Publication Manual of the American Psychological Association*, 6th ed. Washington: APA, 2009.

Campbell, W.G., Ballou, S.V. and Slade, C. *Form and Style: Theses, Reports, Term Papers*. Boston: Houghton Mifflin Harcourt, 2007.

Huth, E.J. *Scientific Style and Format: The CBE Manual for Authors, Editors, and Publishers*. 6th ed. Council of Biology Editors, 1994.

Winkler, A.C. & McCuen-Metherell, J.R. *Writing the Research Paper: A Handbook, 2009 MLA Update Edition*. Wadsworth Publishing, 7th ed., 2009.

Modern Language Association. *MLA Handbook for Writers of Research Papers, Theses, and Dissertations*. New York: MLA. 7th ed., 2009.

Turabian, Kate L. *A Manual for Writers of Term Papers, Theses, and Dissertations*. 7th ed. Chicago: University of Chicago Press, 2007.

Pratt Funds Overview

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE AND FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 7, 2020

In 1975, the university received a significant bequest from the estate of Mr. John Lee Pratt of Stafford County, following his death on December 20, 1975. The bequest was divided equally into two distinct parts, one to support Animal Nutrition and one to support the College of Engineering. According to the will, the bequest for Animal Nutrition was to be used to promote the study of animal nutrition by supplementing salaries, providing equipment and materials to be used for experiments in feeding and in the preparation of feeds for livestock and poultry, and publishing and disseminating the research results of the studies. The will provided that the bequest for the College of Engineering should be used to support research and scholarships.

Distributions of the Pratt Estate were received in several installments: \$9,561,819 in 1975, \$1,330,000 in 1977, \$47,000 in 1979, and \$30,164 in 1981, for a total of \$10,968,983. Over the years, the Pratt Endowment investment pool has grown to \$41.16 million, as of June 30, 2020. The following paragraphs summarize some of the major accomplishments of the College of Engineering and the Animal Nutrition Programs that are directly tied to the funding provided by the Pratt Estate.

When the Pratt Endowment was originally established, the College of Engineering was in the early stages of becoming established as a nationally recognized leader in engineering education. The Pratt Endowment has played a significant role over the years in allowing the college to enrich its pool of students and to offer additional international study opportunities to students and faculty.

The expenditure of income funds from the Pratt Endowment provides an unusual opportunity to support an animal nutrition program of high quality. Use of these endowment earnings has concentrated on enhancing research and educational opportunities beyond what departments could do with state and federal funding. The main funding strategy remains with strong support for Ph.D. training, direct research support, scientific equipment, and visiting professors that stimulate and inspire the faculty and students engaged in nutrition research.

RECOMMENDATION:

That the 2019-20 Pratt Funds Activity Statements for Animal Nutrition and the College of Engineering be approved.

November 16, 2020

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ENGINEERING

Income

Balance, July 1, 2019	\$ 68,403	
Endowment Income for 2019-20	<u>999,333</u>	
 Total Available		 \$1,067,736

Expenditures*

Undergraduate Scholarships	\$492,465	
Graduate Research Fellowships	168,030	
Graduate Research Scholarships	122,101	
Graduate Recruitment for Research Programs	100,343	
Undergraduate International Scholarships	31,749	
Graduate Research Tuition Scholarships	13,841	
Graduate International Scholarships	<u>11,500</u>	
 Total Expenditures		 <u>\$940,029</u>
 Balance at June 30, 2020 to be carried to 2020-21		 <u>\$ 127,707</u>

**See Attachment A for Engineering programs supported by Pratt Funds.*

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ANIMAL NUTRITION

Income

Balance, July 1, 2019	\$ 311,056	
Endowment Income for 2019-20	<u>969,834</u>	
 Total Available		 \$1,280,890

Expenditures*

Graduate Student Scholars	\$ 544,913	
Scientific Equipment and Supplies	267,105	
Undergraduate Students	164,747	
Nutrition Technicians	146,438	
Visiting Scientists	32,836	
Research Publications	<u>993</u>	
 Total Expenditures		 <u>\$1,157,032</u>
 Balance at June 30, 2020 to be carried to 2020-21		 <u>\$ 123,858</u>

**See Attachment B for Animal Nutrition Programs supported by Pratt Funds.*

PRATT FUNDS: College of Engineering

The Pratt Endowment enriches the College of Engineering in many ways, adding to Virginia Tech's reputation. In fiscal year 2019-2020, Pratt Funds supported the following engineering programs: undergraduate scholarships, undergraduate and graduate international scholarships, graduate research assistantships, graduate fellowships and graduate tuition scholarships, and graduate recruitment for the college's research programs.

Undergraduate Scholarships**Spent: \$492,465**

Pratt Funds allow the college to offer Dean's Scholar scholarships to entering freshmen. These scholarships provide a four-year, \$1,500 to \$5,000 per academic year continuing commitment to each recipient, provided at least a 3.5 grade point average is maintained. In fiscal year 2019-20, Pratt Funds provided \$1,500 to \$5,000 to 180 students.

Undergraduate International Scholarships**Spent: \$31,749**

Pratt Funds provided scholarships to 27 undergraduate students participating in international experiences during the 2019-20 academic year. Travel scholarships were provided to students to travel to countries in Africa, Asia, Australia, Europe, and South America. Examples of activities include participation in senior design projects, service learning experiences, cultural exchange programs, and study abroad programs in various countries. Over 50 scholarships were canceled due to travel restrictions caused by the COVID-19 pandemic. Examples of these activities include participation in the Rising Sophomore Program, Civil Engineering's Bridges Program, and various cultural exchange and study abroad programs. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate International Scholarships**Spent: \$11,500**

Pratt Funds supported nine graduate students undertaking a variety of international experiences in Africa, Asia, Australia, and South America. Examples of the international experiences include participation in conferences, research, service learning, and study abroad programs. Travel restrictions caused by the COVID-19 pandemic interrupted international research and conference plans for about 10 graduate students. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate Research Scholarships**Spent: \$122,101**

The college used Pratt funding to support graduate research assistants in the Institute for Critical Technology and Applied Science's (ICTAS) Doctoral Scholars Program. This program is a multi-disciplinary research effort coordinated by ICTAS, with significant contributions from participating departments, colleges, and the Graduate School. Students receive a graduate research scholarship of \$32,000 per year for a maximum of four years. The program supported 10 students in fiscal year 2019-20.

Graduate Fellowships and Graduate Tuition Scholarships

Spent: \$181,871

Graduate Research Fellowships

Each engineering department receives a portion of Pratt Funds to use for graduate fellowships. In fiscal year 2019-20, 92 students received Pratt Fellowships ranging from \$55/month to \$1,126/month. These fellowships supplement existing assistantships, allowing the college to offer competitive compensation packages to graduate students being recruited by other top engineering colleges.

Spent: \$168,030

Graduate Research Tuition Scholarships

Engineering departments have the option of using Pratt Fellowship funding for tuition remission scholarships for graduate students. In fiscal year 2019-20, departments provided partial or complete tuition for seven graduate students from Pratt Funds.

Spent: \$13,841

Graduate Recruitment for Research Programs

Spent: \$100,343

The college's departments readily acknowledge that the use of Pratt Funds to support visiting prospective graduate students substantially increases our enrollment of top-quality graduate students and is critical to the college's research programs. In fiscal year 2019-20, this funding supported the travel expenditures for over 125 prospective graduate students. A majority of the graduate recruiting visits occurred prior to the COVID-19 pandemic travel restrictions.

PRATT FUNDS: Animal Nutrition

The John Lee Pratt Endowment has been instrumental in enhancing the quality of the university's animal nutrition programs at Virginia Tech. The Pratt Endowment objective as specified in John Lee Pratt's bequest is to "*promote the study of animal nutrition, provide equipment and materials for feeding experiments and the preparation of livestock and poultry feeds, and to publish and disseminate the practical results from this research.*" In an effort to better meet the original goals of the Endowment in enhancing Animal Nutrition programs and attract high quality graduate scholars, the College of Agriculture and Life Sciences Pratt Endowment Executive Council modified the process of awarding the Pratt Funds in 2011. The process seeks proposals that enhance faculty programs in Animal Nutrition by aiding in the establishment of new interdisciplinary and externally-funded research, augmenting established funded research, or bridging gaps in projects between periods of extramural funding. Graduate student and visiting scholar support is a major component of these projects. In 2020, the college funded 23 active projects. The programs of 24 faculty members located in eight different departments are supported through these 23 projects. A total of 11 graduate students are funded by these projects.

Direct support of stipends and operations and enhancement of graduate programs through equipment purchases and visiting scientists are the primary expenditures. The total net expenditure for fiscal year 2020 was \$1,157,031 for the continuing program. The main categories of expenditures were as follows:

Graduate Student Scholars (Ph.D. & M.S.)	47.1%
Nutrition Program Support Personnel	12.7%
Undergraduate Program Scholarships & Research	14.2%
Scientific Equipment and Supplies	23.2%
Visiting Scholars and Seminars	2.8%

Graduate Student Scholars

The Pratt program has now matured and currently 11 scholars are enrolled in the program. These students are from several states and countries and are selected based on excellence in their academic and research accomplishments. They receive a Ph.D. or M.S. stipend plus payment of all required tuition and fees. Additionally, each M.S. or Ph.D. candidate receives \$2,500, to be used for operational expenses of their research programs.

Nutritional Program Support Personnel

Research technicians in the field of animal nutrition are a key component of Pratt funding. The Pratt Funds provide partial support of three technicians in animal and dairy

sciences. These technicians are essential in assisting with the necessary sample preparation and data collection for research performed by the scientists engaged in animal nutrition projects in proteomics, ruminant nutrition, and nutrient management.

Undergraduate Program Scholarships and Research

Over 50 outstanding freshmen students were awarded \$1,000 merit scholarships, each, upon entering departments which offer programs in animal nutrition. In addition, 10 Pratt Senior Animal Nutrition Research Scholars received scholarships (\$1,500 each) and research support (\$1,000 each). This exciting program allows outstanding seniors to participate in undergraduate research programs working directly with a faculty researcher. They report their research results at a symposium each spring. Many of these students pursue graduate programs in animal nutrition.

Scientific Equipment and Supplies

Expenditures for equipment and research space renovations continued to emphasize the needs of programs focusing on animal nutrition at various units at the university. The small equipment (<\$10,000) needs were implemented based on the desire of the faculty to achieve the goals of the proposed projects. A request for proposals for large equipment was issued in fiscal year 2020, but some of this equipment was not received until the start of fiscal year 2021 because of delays related to the COVID-19 pandemic.

Visiting Scholars and Seminars

An important stimulus for research programs in animal nutrition is the presence of visiting scientists in seminars, in the classroom, and in the laboratory. A nutrition seminar is regularly supported by Pratt to bring in outstanding speakers from other institutions and industry. Other scientists visit for periods of time ranging from a few days to several months. Visitors supported by Pratt present seminars for the university community and interact with animal nutrition faculty and students in formal and informal instructional settings including laboratories. Visiting scientists/scholars expenditures are higher than the amounts used in recent years due to the new process of funding proposals as some of these proposals include visiting scientists as a part of their research plan.

Research Publications

The program still allows for paying the publication costs of research journal articles resulting from student dissertations. Very few faculty members, however, request the payment of their publication costs from Pratt Funds, mainly because either they include the publication costs in their external grants or many journals have discontinued their charging policy for publication of research articles. The Pratt funded faculty, are however, very productive and have published over 300 publications on animal nutrition over the past five years.

Summary

The Pratt Funds continue to have significant impacts on the Virginia Tech programs in animal nutrition. The process of awarding the Pratt Funds to faculty, including the peer review process established for selection of proposals based on their scientific merits and potential to enhance animal nutrition programs, has greatly enhanced the quality of the programs and is enabling the faculty to become more competitive for external funding at the national level.

This year's carryover is already committed to equipment that was unable to be received in fiscal year 2020 due to COVID-19 related delays. The cost of this encumbered equipment totaled \$101,275 plus an additional \$42,100 which has been held up in the ordering process.

**RESOLUTION FOR APPROVAL OF REAPPOINTMENTS TO THE
VIRGINIA COAL AND ENERGY RESEARCH AND DEVELOPMENT ADVISORY
BOARD**

WHEREAS, the Virginia Coal and Energy Research and Development Advisory Board was established in 1977 by the enabling legislation for the Virginia Center for Coal and Energy Research; and

WHEREAS, the legislation requires that the Virginia Tech Board of Visitors approve appointments, reappointments, and changes to the membership of the advisory board; and

WHEREAS, three proposed reappointments are Kevin Elkins, Victoria Sue Ratliff, and John Warren; and

WHEREAS, Mr. Elkins is a senior engineer at Coronado Global Resources/Buchanan Minerals who received an M.B.A. from King University, an M.S. in environmental engineering from Marshall University Graduate College, and a B.S. in mining engineering from Virginia Tech; and

WHEREAS, Dr. Ratliff is the vice president of academic affairs and workforce solutions and director of institutional effectiveness at Mountain Empire Community College who received an Ed.D. in education leadership from Liberty University, an M.B.A. from Morehead State University, a B.S. in business administration from Tusculum College, and an A.A.S. from Mountain Empire Community College; and

WHEREAS, Mr. Warren is the director of the Virginia Department of Mines, Minerals and Energy and received an M.S. in public administration from Virginia Commonwealth University and a B.S. in mechanical engineering from Virginia Tech;

NOW, THEREFORE, BE IT RESOLVED, that Kevin Elkins and John Warren be reappointed to the Virginia Coal and Energy Research and Development Advisory Board beginning January 1, 2021, and ending December 31, 2024, and that Victoria Sue Ratliff be reappointed to the Virginia Coal and Energy Research and Development Advisory Board beginning retroactively on March 27, 2020, and ending December 31, 2024.

RECOMMENDATION:

That the Board of Visitors approve the above resolution.

November 16, 2020

RESOLUTION FOR EXCLUSION OF CERTAIN OFFICERS/DIRECTORS

WHEREAS, Virginia Polytechnic Institute and State University (Virginia Tech) was determined by the U.S. Department of Defense (DoD) to be a facility authorized to be eligible for access to classified information or award of classified contracts in 1960, and years following, with the most recent authorization in 2015; and

WHEREAS, in accordance with the National Industry Security Program Operating Manual (NISPOM), Cognizant Security Agencies (CSAs) require that certain principal officers, directors, partners, regents, or trustees, and those occupying similar positions at institutions of higher education meet the personnel security clearance requirements established for the level of the institution's facility security clearance or be formally excluded; and

WHEREAS, the NISPOM permits the exclusion from the personnel clearance requirements of said principal officers et al. on the basis that these cited individuals shall not require, shall not have, and can be effectively excluded from access to all classified information disclosed to Virginia Tech, and do not occupy positions that would enable them to affect adversely corporate policies or practices in the performance of classified contracts, as determined by a CSA;

NOW, THEREFORE, BE IT DECLARED that the Virginia Tech Board of Visitors hereby formally appoints a managerial group with the authority and responsibility for the negotiation, execution, and administration of classified contracts (Key Management Personnel), consisting of the following principal officers within Virginia Tech: President, University Legal Counsel, Chief Contracting Officer, Vice President for Research and Innovation, Senior Contracts Officer, Facility Security Officer, and Insider Threat Program Senior Official (specified by name in Attachment A); and

BE IT RESOLVED that the President, and the said managerial group, at the present time do possess the required security clearance, with the exception of the Vice President for Research and Innovation, who is in the process of obtaining the required security clearance and is hereby excluded pursuant to this resolution until the time eligibility for access to classified information is granted by a cognizant security agency; and

BE IT RESOLVED FURTHER that in the future, when a CSA determines that additional Virginia Tech officials must be added to said managerial group and be granted personnel clearances or excluded from classified access pursuant to the NISPOM, such requirements shall be made and approved by the Key Management Personnel, and not the Board of Visitors, unless approval by the Board of Visitors is formally required by a CSA; and

LASTLY, BE IT RESOLVED, that the appended list of all members of the Board of Visitors and certain University Principal Officers (specified by name in Attachment B) shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Virginia Tech, and do not occupy a position that would enable them to affect adversely Virginia Tech policies or practices in the performance of classified contracts. A copy of this resolution shall be provided to CSAs as required by the NISPOM.

RECOMMENDATION:

That this resolution be adopted.

November 16, 2020

ATTACHMENT A:

Key Management Personnel who must be granted personnel clearances or excluded from classified access pursuant to the NISPOM per Board of Visitors Resolution, November 16, 2020.

President	Timothy D. Sands, Ph.D.
University Legal Counsel	Kay K. Heidbreder, Esq.
Chief Contracting Officer	Timothy D. Sands, Ph.D
Vice President for Research & Innovation	Daniel Sui, Ph.D.*
Senior Contracts Officer	Trudy Riley
Facility Security Officer and Insider Threat Program Senior Official	John J. Talerico, III

*an application has been made for Dr. Sui's clearance but has not been granted at the time of this report.

ATTACHMENT B:

Members of the Virginia Tech Board of Visitors to be excluded per Board of Visitors Resolution, November 16, 2020.

Edward H. Baine
Shelley S. Barlow
Carrie Chenery
Greta J. Harris
C. T. Hill
Anna L. James
Letitia A. Long (Vice Rector)
Sharon B. Martin
Melissa B. Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras (Rector)
Jeff E. Veatch
Preston M. White

List of Virginia Tech Principal Officers to be excluded per Board of Visitors Resolution, November 16, 2020

Executive Vice President and Provost

Dr. Cyril R. Clarke

COLLEGE OF NATURAL RESOURCES AND ENVIRONMENT



Paul M. Winistorfer, Dean
Academic, Research, and Student Affairs Committee
Board of Visitors
November 16, 2020

Who We Are Today

We've been stewarding natural resources since 1925...

- **4 Academic Departments** in Blacksburg
 - Fish and Wildlife Conservation
 - Forest Resources and Environmental Conservation
 - Geography
 - Sustainable Biomaterials

Over 1,000 undergraduate students
Over 250 graduate students

77 Tenure Track Faculty - 7 Instructors - 57 Research Faculty

Research Expenditures Average \$15-16 million annually

Center for Leadership in Global Sustainability – Washington DC Metro Area

Funded: 60% Agency 208
40% Agency 229



Who We Are Today



We are the #1 ranked college
of our kind in the U.S. for the 4th consecutive year by College Factual

We are the #1 ranked forestry program
in the U.S. for the 4th consecutive year by College Factual

We are the #4 ranked packaging program
in the U.S. by Universities.com

Programs/Initiatives: Our Competitive Advantage with National Peers

Unique degree programs in the mid-Atlantic:

- packaging systems and design
- meteorology
- sustainable biomaterials
- environmental informatics
- water: resources, policy, and management

The Advising Center

- professional advisor for each academic department
- college recruiter

Director of Employer Relations

funded with a private gift

Director of Diversity and Inclusion

Graduate Education in Washington DC

*Your advisor:
your partner for
academic success*

From your first days on campus at orientation until you walk across the stage at graduation, your academic advisor will be there for you. Whether you need help choosing your classes, find yourself re-thinking a major or minor, or want to celebrate an academic milestone, stay in touch and get the most out of your partnership.



How Are We Thinking About the Future?



1. **Faculty Retirements** – 15-20 retirements in the next 5 years (diversity, refocus research?)
2. **Research expenditures have plateaued at \$15-16 million** – Why – what is the context?
3. **Undergraduate enrollment growth in the future** – we must scale the college as VT grows; we have demand and a goal to grow to 1,500 undergraduates by 2025
4. **Faculty Task-Force is examining a curriculum initiative to create a B.S. in urban natural Resources**
5. **Enhanced Presence in Washington DC area** (impact, reputation, engagement, revenue)
6. **Space-Facilities-Infrastructure**

How Are We Thinking About the Future?



Enhanced presence in Greater Washington DC metro area – demonstrated success with our current graduate degree program over past decade – 10th cohort (35 students annually) of Executive Master of Natural Resources degree. Also, online format enrolls 80-100 annually. A unique competitive advantage for VT/CNRE.

How does CNRE “face” the Innovation Campus and broader VT Initiatives in the greater DC metro area?

Establishment of the School of Environmental Security as a vehicle for further evolution of our college graduate degree footprint in the greater Washington DC metro area. Moving into governance with proposal.





Blacksburg Campus

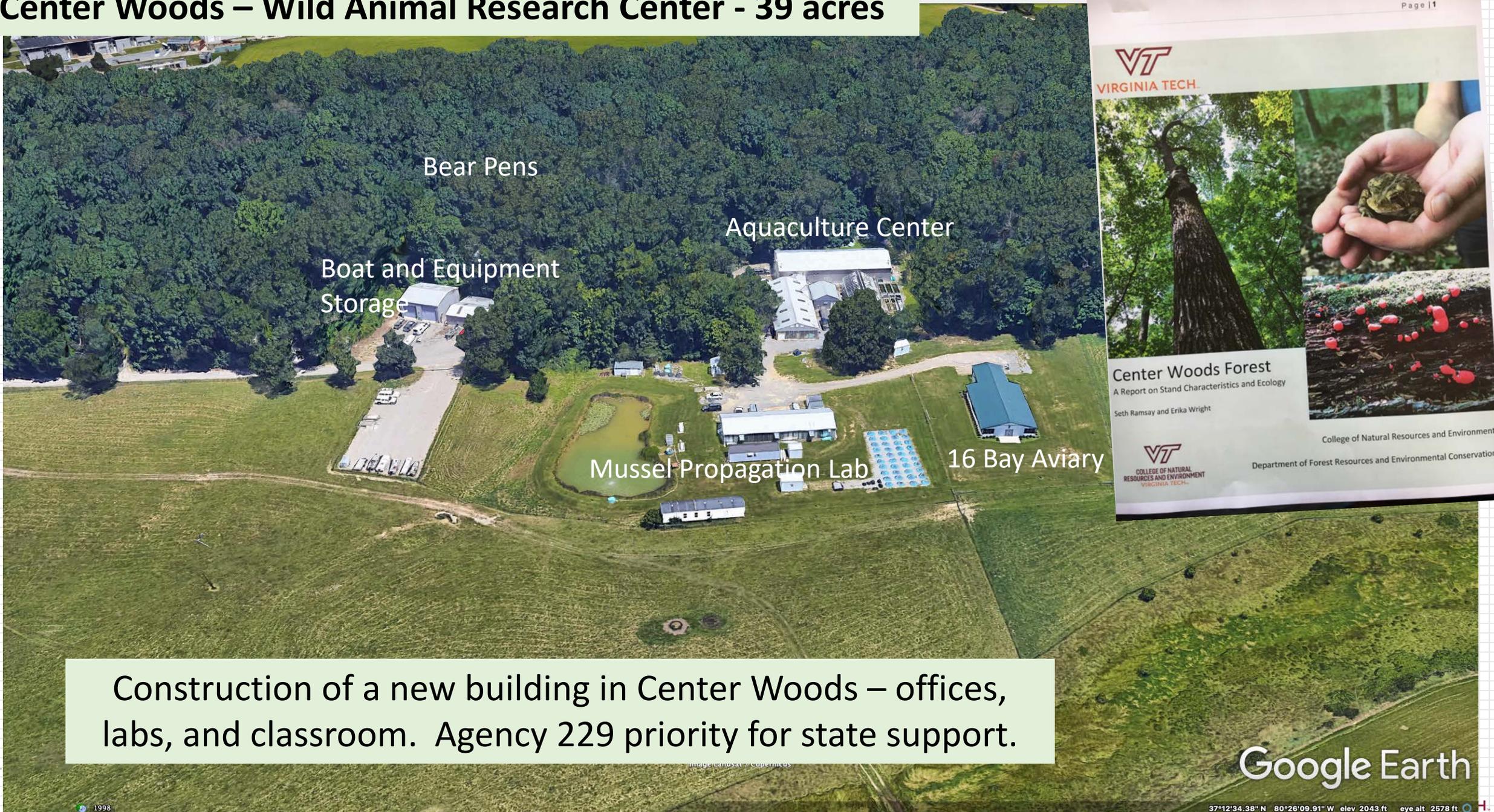
Wallace Hall

Cheatham Hall

Wild Animal Research Center

Brooks Forest Products Center

Center Woods – Wild Animal Research Center - 39 acres



Construction of a new building in Center Woods – offices, labs, and classroom. Agency 229 priority for state support.

Google Earth



THANK YOU!

Council of College Deans Update
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
November 16, 2020

Laura Belmonte, dean of the College of Liberal Arts and Human Sciences, serving as a liaison with the council of college deans will update the committee on behalf of the council.

Provost's Update

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

Cyril Clarke, executive vice president and provost, will provide an update.

Panel Discussion: Transdisciplinary Learning and Discovery
ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

November 16, 2020

C. Clarke will lead a discussion on the various ways in which transdisciplinary learning and discovery is being advanced in the university's institutes, curriculum, and with the engagement of undergraduate, graduate, and professional students.

- > *Matthew W. Hulver*
Center for Transformative Research on Health Behaviors
Professor, Department of Human Nutrition, Foods, and Exercise
College of Agriculture and Life Sciences

- > *X.J. Meng*
Center for Emerging, Zoonotic, and Arthropod-borne Diseases
University Distinguished Professor
Department of Biomedical Sciences and Pathobiology
Virginia-Maryland College of Veterinary Medicine

The Chair of the Academic, Research, and Student Affairs Committee will discuss possible agenda items for future meetings.

**The Chair of the Academic, Research, and Student
Affairs Committee will adjourn the committee
meeting.**

Open Joint Session Agenda

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

Latham A/B, The Inn at Virginia Tech

4:30 p.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
* 1. Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property	Ken Miller Chris Kiwus
* 2. Approval of Resolution to Supplement the New Upper Quad Residence Hall	Ken Miller Chris Kiwus

*** Requires full Board approval.**

Briefing Report

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

November 15, 2020

Joint Open Session

- * 1. **Approval of Resolution for a Capital Lease for the 3200 Commerce Street Property:** The Committees will review for approval a resolution for a capital lease for the 3200 Commerce Street property.

The university vision to expand research and development under the Virginia Tech Transportation Institute (VTTI) is a key strategic initiative for the future. The acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street is an essential asset for growth by housing VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlining access to research vehicles, and promoting the expedient staging of research props and fixtures. This space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

The Virginia Tech Foundation (Foundation) acquired the property on behalf of the university for \$1.52 million on May 29, 2020. The funding plan calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs from its returned overhead revenues. The University Controller's Officer has reviewed the lease and determined that the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. While the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs.

This request is for authorization to move forward with a capital lease for the 3200 Commerce Street property.

- * **Requires full Board approval.**

- * **2. Approval of Resolution to Supplement the New Upper Quad Residence Hall:** The Committees will review for approval a resolution to supplement the New Upper Quad Residence Hall project.

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. This approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, a necessary feature for the Corps of Cadets, including the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

This request is for authorization move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

* **Requires full Board approval.**

Resolution for a Capital Lease for the 3200 Commerce Street Property

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

September 1, 2020

The Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures. The university's vision to expand research and development under the Institute is a key strategic initiative for the future. Specifically, VTTI identified the acquisition of 3.29 acres of property with 10,434 square feet of additional office and garage space at 3200 Commerce Street in Blacksburg, Virginia as an essential asset for growth.

This location provides a large space to house VTTI's technical support operations and facilitate vehicle repairs and modifications, streamlines access to research vehicles, and promotes the expedient staging of research props and fixtures. The space also provides a conditioned area for sponsors and researchers to interact with vehicle systems and is a critical staging area for modified vehicles and equipment that are not fully weather rated.

On behalf of the university, the Virginia Tech Foundation (Foundation) acquired the property for \$1.52 million on May 29, 2020. The funding plan to cover the projects costs calls for the university to enter a lease with the Foundation at a rate sufficient to retire the acquisition costs, normal operating costs, and property carrying costs. VTTI will fund the lease costs for the property from its returned overhead revenues. The University Controller's Office has reviewed the lease and determined the terms and conditions meet the standard for a capital lease. Under the university's management agreement for capital projects with the commonwealth, capital leases are defined as capital projects that require a capital project authorization, irrespective of their total value. Thus, while the asset acquisition costs are below the commonwealth's \$3 million capital project threshold, the lease meets the Generally Accepted Accounting Principles (GAAP) for a capital lease.

The university and VTTI are ready to proceed with entering a lease with the Foundation for the 3200 Commerce Street property and have developed an entirely nongeneral fund resource plan sufficient to cover the \$1.52 million property acquisition costs, future property carrying, and maintenance costs. Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including capital leases. This request is for authorization to enter into a capital lease with the Foundation for the 3200 Commerce Street property.

**RESOLUTION FOR A CAPITAL LEASE FOR
THE 3200 COMMERCE STREET PROPERTY**

WHEREAS, the Virginia Tech Transportation Institute (VTTI) is a critical research engine for the university with over 300 active research projects and \$50 million of annual research expenditures; and,

WHEREAS, VTTI identified the acquisition of 3.29 acres of property at 3200 Commerce Street in Blacksburg, Virginia as essential to its operations and strategic growth; and,

WHEREAS, the Foundation has acquired the property inclusive of the 10,434 gross square foot facility containing additional office and garage space for \$1.52 million; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation at a rate sufficient to retire the acquisition costs, normal property carrying costs, and operating expenses; and,

WHEREAS, the lease rates will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired; and,

WHEREAS, Virginia Tech has developed a nongeneral fund resource plan utilizing VTTI operating revenues which are sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including capital leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property be approved.

November 15, 2020

┌
*Resolution for a Capital Lease for the
3200 Commerce Street Property*

BOB BROYDEN

Associate Vice President for Campus Planning and Capital Financing

NOVEMBER 15, 2020



Capital Lease for 3200 Commerce Street Property

- On behalf of the university, the Virginia Tech Foundation (Foundation) acquired 3.29 acres of land and a 10,434 gross square foot facility at 3200 Commerce Street in Blacksburg, Virginia for the Virginia Tech Transportation Institute (VTTI).
- The funding plan calls for the university to enter a long-term lease with the Foundation at a rate sufficient to retire the acquisition and property carrying costs and to cover normal operating expenses.



3200 Commerce Street

Capital Lease for 3200 Commerce Street Property

- The university has developed an entirely nongeneral fund plan to support the annual lease.
- The terms and conditions of the lease meet the definition of a capital lease.
- Capital leases require a capital project authorization.



3200 Commerce Street, Garage

Resolution for a Capital Lease for the 3200 Commerce Street Property

NOW, THEREFORE BE IT RESOLVED, that Virginia Tech be authorized to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a capital lease with the Virginia Tech Foundation for the 3200 Commerce Street property be approved.

NOVEMBER 15, 2020

Capital Project to Supplement the New Upper Quad Residence Hall

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

October 26, 2020

The Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting. The approved project includes a program of 300 beds and will be located on the corner of Stanger Street and Old Turner Street adjacent to the site for the New Corps Leadership and Military Sciences Building. The program bed count ensures housing capacity to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students. The original project authorization includes a \$33 million budget which is based on a university residential cost model of \$110,000 per bed. The project scope includes razing Femoyer Hall and the design, construction, and furnishings for the new residential facility.

Subcontractor pricing at the completion of preliminary designs (September 15, 2020) show the costs for the project are \$133,000 per bed, or \$40 million. The primary drivers that push the cost over \$110,000 per bed are associated with the site, which is a necessary feature for the Corps of Cadets. Specifically, the complexity and extensiveness of utility relocations, volume of contaminated soils remediation and hazardous materials handling for the demolition of Femoyer Hall, extensive grade changes to address ADA compliance, and market pricing. The costs above reflect the acceptance of value engineering alternatives.

The project includes the scope necessary to meet the needs of the Corps of Cadets, residential program, and campus requirements. The university reviewed the project scope and established that the acceptance of any additional value engineering would be detrimental to the program requirements for the Corps of Cadets. In consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model.

To ensure the project addresses its programmatic intent, the university is requesting a \$7 million supplement authorization for the New Upper Quad Residence Hall project. The university has developed a financing plan to support the additional \$7 million of costs necessary to complete the entire scope of work. The plan calls for the use of debt serviced from residential program auxiliary revenue. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a \$7 million supplement to adjust the total authorization for the New Upper Quad Residence Hall project to \$40 million.

RESOLUTION OF A CAPITAL PROJECT TO SUPPLEMENT THE NEW UPPER QUAD RESIDENCE HALL

WHEREAS, the Board of Visitors approved the New Upper Quad Residence Hall project at its June 3, 2019 meeting with a 300-bed capacity to ensure housing accommodations to support the enrollment growth plans for the Corps of Cadets to reach 1,400 students; and,

WHEREAS, the approved project budget of \$33 million was based on a cost model of \$110,000 per residential bed to raze Femoyer Hall and to design, construct, and furnish the new residential facility; and,

WHEREAS, subcontractor market pricing at the completion of preliminary designs (September 15, 2020) show the project cost is \$40 million, or \$133,333 per bed; and,

WHEREAS, in consideration of the location requirements for the Corps of Cadets, the university recommends increasing the budget above the \$110,000 per bed model to \$133,333 per bed to ensure the project meets the programmatic requirements for the Corps of Cadets; and,

WHEREAS, the adjusted total project costs inclusive of razing Femoyer Hall and the design, construction, and furnishings for the new facility would be \$40 million; and,

WHEREAS, the university and residential program have developed a entirely nongeneral fund financing plan to cover a \$40 million total project cost to complete the necessary scope of work; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the university has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and,

WHEREAS, the Finance and Resource Management Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the New Upper Quad Residence Hall project be approved.

November 15, 2020



Resolution to Supplement the New Upper Quad Residence Hall

BOB BROYDEN

Associate Vice President for Campus Planning and Capital Financing

NOVEMBER 15, 2020



└ New Upper Quad Residence Hall

- Approved for \$33 million in June 2019 with a 300-bed capacity to accommodate enrollment growth plans for the Corps of Cadets to reach 1,400 students
- The approved budget was based on a cost model of \$110,000 per bed to raze Femoyer Hall and to design, construct, and furnish the new facility
- Subcontractor market pricing at the completion of preliminary designs (September 2020) show the project cost is \$40 million, or \$133,333 per bed



Conceptual Rendering

└ New Upper Quad Residence Hall

- The university recommends increasing the budget to \$133,333 per bed to ensure the project meets the programmatic requirements for the Corps of Cadets
- Adjusted total project costs inclusive of razing Femoyer Hall and the design, construction, and furnishings for the new facility would be \$40 million
- Financing plan calls for the use of debt serviced from residential program auxiliary revenue



Conceptual Rendering

Resolution to Supplement the New Upper Quad Residence Hall

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$7 million supplement to adjust the total project authorization for the New Upper Quad Residence Hall project to \$40 million and to complete the project.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to supplement and complete the New Upper Quad Residence Hall project be approved.

NOVEMBER 15, 2020

Open Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
10:00 a.m. – 11:30 a.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Mr. Chris Petersen
2. Welcome and Introductory Remarks	Ms. Tish Long
3. Consent Agenda	Ms. Tish Long
a. Minutes from the August 24, 2020 Meeting	
b. Update of Responses to Open Internal Audit Comments	
c. Audit Plan Status Report	
d. Internal Audit Reports	
i. Center for the Arts	
e. ERM and ICP Program Updates	
4. Auditor of Public Accounts Financial Statement Audit and Management Letter	Ms. Meghan Finney Mr. James Quesenberry
5. Internal Audit Reports	Mr. Justin Noble
a. Athletics	
6. OARC Annual Report	Ms. Sharon Kurek
7. Review and Approval of OARC Charter	Ms. Sharon Kurek
8. Discussion of Future Topics	Ms. Tish Long

Open Session Briefing Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Compliance, Audit, and Risk Open Session

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **Welcome and Introductory Remarks:** The chair of the Compliance, Audit, and Risk Committee will provide opening remarks.
3. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda.
 - a. **Minutes for the August 24, 2020 Meeting:** The Committee will review and approve the minutes of the August 24, 2020 meeting.
 - b. **Update of Responses to Open Internal Audit Comments:** The Committee will review the university's update of responses to all previously issued internal audit reports. As of June 30, 2020, the university had eight open recommendations. Eight audit comments were issued during the fourth quarter of the fiscal year. As of September 30, 2020, the university had addressed five comments, leaving 11 open recommendations in progress.
 - c. **Audit Plan Status Report:** The committee will review the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) has completed 7 percent of its audit plan, and 23 percent is underway, in accordance with the fiscal year 2020-21 annual audit plan.
 - d. **Internal Audit Reports:** The following internal audit report was issued by the Office of Audit, Risk, and Compliance (OARC) since the August 24, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

- i. Center for the Arts: The audit received a rating of improvements are recommended. One observation was noted with respect to completion of safety training.
 - e. **ERM and ICP Program Updates:** The committee will receive an update on the Enterprise Risk Management (ERM) and Institutional Compliance (ICP) programs. A tabletop exercise concerning the university's plans for mitigating COVID-19 during the fall semester, conducted in conjunction with the Division of Student Affairs and the Division of Campus Planning, Infrastructure, and Facilities, will be shared with the committee, as will plans for updating the risk snapshots for the Top Ten enterprise risks. Updates on the completion of compliance risk assessments through the ICP will also be shared with the committee.
- 4. **Auditor of Public Accounts Financial Statement Audit and Management Letter:** The Committee will receive a report from Ms. Meghan Finney, Senior Auditor, Auditor of Public Accounts, on the status of the university's financial statement audit and management letter for the fiscal year ended June 30, 2020.
- 5. **Internal Audit Reports:** The following internal audit report was issued by the Office of Audit, Risk, and Compliance (OARC) since the August 24, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.
 - a. Athletics: The audit received a rating of improvements are recommended. Two observations were noted with respect to conflict of interest and commitment disclosures and reporting outside athletically related income.
- 6. **OARC Annual Report:** The Committee will review the Annual Report for OARC. Acceptance of this report documents the Committee's review of the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships as required by the Committee's Charter. In addition to conducting scheduled audits, policy compliance reviews, and advisory services, the department participated in annual audit activities, fraud investigations, and professional development activities. Twenty-two audit projects, or 88 percent of the audits on the fiscal year 2019-20 amended audit plan, have been completed. Three audit projects are underway and will carry forward into fiscal year 2020-21.

In addition to operating the audit function, OARC continued facilitating the university's enterprise risk management and institutional compliance programs. The enterprise risk landscape was updated including the creation of a 'top ten risks' model. Twenty-one presentations and discussions highlighting ERM risk areas took place across the five standing BOV committees since the program began. A university-wide compliance risk assessment process was deployed as part of the institutional compliance program with a 97.5% completion rate, as well as implementation of the new anonymous hotline.

7. **Review and Approval of OARC Charters:** The Committee will review the Charter for the Office of Audit, Risk, and Compliance in accordance with professional standards. After conducting a thorough review, OARC will recommend modifications to the department charter to clarify expectations on its responsibility for coordinating external audits and minor technical corrections.
8. **Discussion of Future Topics:** The Committee will discuss topics to be covered in future committee meetings.

Motion to Reconvene in Open Session
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

WHEREAS, the Compliance, Audit, and Risk Committee of the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, §2.2-3711 of the Code of Virginia requires a certification by the Compliance, Audit, and Risk Committee that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Compliance, Audit, and Risk Committee of the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Compliance, Audit, and Risk Committee.

Welcome and Introductory Remarks
COMPLIANCE, AUDIT, AND RISK COMMITTEE
November 15, 2020

The Chair of the Compliance, Audit, and Risk Committee
will offer welcoming remarks
and ask for approval of the agenda.

Consent Agenda
COMPLIANCE, AUDIT, AND RISK COMMITTEE
November 15, 2020

The Committee will consider for approval and acceptance the items listed on the Consent Agenda.

- a. Approval of Minutes of the August 24, 2020 Meeting
- b. Update of Responses to Open Internal Audit Comments
- c. Audit Plan Status Report
- d. Internal Audit Reports
 - i. Center for the Arts
- e. ERM and ICP Program Updates

Committee Minutes

COMPLIANCE, AUDIT, AND RISK COMMITTEE The Inn at Virginia Tech, Latham Ballroom 4:30 p.m.

August 24, 2020

Closed Session

Committee Members: Anna James, Letitia Long (Chair), Sharon Brickhouse Martin, Chris Petersen

Other Board Members: Edward Baine, Shelley Butler Barlow, Carrie Chenery, Greta Harris, Melissa Byrne Nelson, Horacio Valeiras (Rector), Preston White

VPI & SU Faculty and Staff: Charity Boyette, Cyril Clarke, Ryan Hamilton, Kay Heidbreder, Justin Noble, Kim O'Rourke, Dwayne Pinkney, Timothy Sands

Compliance, Audit, and Risk Closed Session

1. **Motion for Closed Session:** Motion to begin closed session.
2. **Internal Audit Reports:** The following confidential internal audit reports were issued by the Office of Audit, Risk, and Compliance (OARC) since the May 21, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.
 - a. **Physical Security:** The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvements were noted in the area of facilities contractor key authorization. A low-priority recommendation of a less significant nature was noted regarding access to server rooms.
 - b. **IT: Windows Server Security:** The audit indicated that management has designed controls that are effective at reducing the departmental Windows server security's exposure to business risks, but the controls are not consistently applied. Improvements are recommended to achieve a fully

effective system of internal controls. An audit recommendation was issued to management where opportunities to provide additional guidance to the decentralized users on the application of security standards. Additionally, recommendations were issued directly to departments for identified noncompliance with university security standards. During the discussion, the Committee Chair noted a request for a briefing by the university's Information Technology Security Officer at a future meeting.

3. **Update on Fraud, Waste, and Abuse Cases:** The Committee received an update on outstanding fraud, waste, and abuse cases.
4. **Discussion with the Executive Director of Audit, Risk, and Compliance:** As the Executive Director of Audit, Risk, and Compliance was not in attendance, the Committee dispensed with this agenda item.

Open Session

Committee Members: Anna James, Letitia Long (Chair), Sharon Brickhouse Martin, Chris Petersen

Other Board Members: Edward Baine, Shelley Butler Barlow, Carrie Chenery, Greta Harris, Melissa Byrne Nelson, Horacio Valeiras (Rector), Preston White

Representatives to the Board: Eric Kaufman

VPI & SU Faculty and Staff: Charity Boyette, Al Cooper, Corey Earles, Ryan Hamilton, Kay Heidbreder, Justin Noble, Kim O'Rourke, Dwayne Pinkney, Timothy Sands

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **Welcome and Introductory Remarks:** The chair of the Compliance, Audit, and Risk Committee provided opening remarks.
3. **Consent Agenda:** The Committee considered and approved the items listed on the Consent Agenda.
 - a. **Minutes for the May 21, 2020 Meeting:** The Committee reviewed and approved the minutes of the May 21, 2020 meeting.

- b. **Update of Responses to Open Internal Audit Comments:** The Committee reviewed the university's update of responses to all previously issued internal audit reports. As of March 31, 2020, the university had nine open recommendations. Five audit comments were issued during the fourth quarter of the fiscal year. As of June 30, 2020, the university has addressed six comments, leaving eight open recommendations in progress.
- c. **Audit Plan Status Report:** The Committee reviewed the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) had completed 88 percent of its audit plan in accordance with the fiscal year 2019-20 annual audit plan.
- d. **Internal Audit Reports:** The following internal audit reports were issued by OARC since the May 21, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.
 - i. **Center for International Research, Education, and Development:** Due to extenuating circumstances related to COVID-19, the engagement focused on the effectiveness and appropriateness of policies, procedures, and processes. The limited testing prevented OARC from expressing an overall opinion. However, no issues were noted warranting management's attention.
 - ii. **Facilities: Site and Infrastructure Development:** The audit received a rating of effective. A low-priority recommendation of a less significant nature was noted in relation to post-construction stormwater management facility inspection follow-up.
 - iii. **Research: Human Research Protection Program:** The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvement were noted in the protocol monitoring selection process. In addition, a low-priority recommendation of a less significant nature was noted regarding Protocol Management System reporting.
 - iv. **Undergraduate Admissions:** The audit received a rating of effective. A low-priority recommendation of a less significant nature was noted regarding the recording of admission fees and expenses.

- v. Virginia Tech Transportation Institute: The audit received a rating of improvements are recommended. Audit recommendations were issued to management were opportunities for further improvement were noted regarding enhancement of database access control and authentication, software support, audit log review, and data restoration testing.
 - e. **Status Update on the Audit of the University's Financial Statements:** This report provided the current status of the audit of the university's financial statements for fiscal year 2019-20.
4. **Discussion of Future Topics:** The Committee discussed topics to be covered in future committee meetings.

There being no further business, the meeting adjourned at 5:14 p.m.

Update of Responses to Open Audit Comments

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2020

As part of the internal audit process, university management participates in the opening and closing conferences and receives copies of all final audit reports. The audited units are responsible for implementing action plans by the agreed upon implementation dates, and management is responsible for ongoing oversight and monitoring of progress to ensure solutions are implemented without unnecessary delays. Management supports units as necessary when assistance is needed to complete an action plan. As units progress toward completion of an action plan, the Office of Audit, Risk, and Compliance (OARC) performs a follow-up visit within two weeks after the target implementation date. OARC is responsible for conducting independent follow up testing to verify mitigation of the risks identified in the recommendation and formally close the recommendation. As part of management's oversight and monitoring responsibility, this report is provided to update the Compliance, Audit, and Risk Committee on the status of outstanding recommendations. Management reviews and assesses recommendations with university-wide implications and shares the recommendations with responsible administrative departments for process improvements, additions or clarification of university policy, and inclusion in training programs and campus communications. Management continues to emphasize the prompt completion of action plans.

The report includes outstanding recommendations from compliance reviews and audit reports. Consistent with the report presented at the August Board meeting, the report of open recommendations includes three attachments:

- Attachment A summarizes each audit in order of final report date with extended and on-schedule open recommendations.
- Attachment B details all open medium and high priority recommendations for each audit in order of the original target completion date, and with an explanation for those having revised target dates or revised priority levels.
- Attachment C charts performance in implementing recommendations on schedule over the last seven years. The 100 percent on-schedule rate for fiscal year 2021 reflects closing 5 of 5 recommendations by the original target date.

The report presented at the August 24, 2020 meeting covered audit reports reviewed and accepted through June 30, 2020 and included eight open medium and high priority recommendations. Activity for the quarter ending September 30, 2020 resulted in the following:

Open recommendations as of June 30, 2020	8
Add: medium and high priority recommendations accepted August 24, 2020	8
Subtract: recommendations addressed since June 30, 2020	5
Remaining open recommendations as of September 30, 2020	<u>11</u>

While this report is prepared as of the end of the quarter, management continues to receive updates from OARC regarding auditee progress on action plans. Through October 28, 2020, OARC has closed one of the eleven outstanding medium and high priority recommendations. The remaining open recommendations are progressing as expected and are on track to meet their respective target due dates. Management continues to work conjointly with all units and provides assistance as needed to ensure action plans are completed timely.

ATTACHMENT A

Open Recommendations by Priority Level

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2020

Report Date	Audit Name	Audit Number	Total Recommendations						
			ISSUED	COMPLETED	OPEN				
					Extended		On-schedule		Total
					High	Medium	High	Medium	Open
29-Jul-19	College of Liberal Arts & Human Sciences	18-1387	3	2			1		1
06-Mar-20	IT: Log Management	20-1478	1					1	1
08-May-20	Parking & Transportation	20-1480	2	1			1		1
11-May-20	College of Science	20-1491	3				1	2	3
29-Jun-20	Research: Human Research Protection Program	20-1483	1					1	1
30-Jun-20	Virginia Tech Transportation Institute	20-1488	1					1	1
07-Aug-20	IT Windows Security Server	20-1479	5	2				3	3
Totals:			16	5	0	0	3	8	11

ATTACHMENT B

Internal Audit Open Recommendations

FINANCE AND AUDIT COMMITTEE

September 30, 2020

Report Date	Item	Audit Number	Audit Name	Recommendation Name	Priority		Target Date		Follow Up Status	Status of Recommendations with Revised Priority / Target Dates
					Original	Revised	Original	Revised		
07-Aug-20	1	20-1479	IT Windows Security Server (Appendix G)	Unsupported Operating System	Medium		01-Oct-20		1	Recommendation completed, however closed after 9/30/2020 report date.
30-Jun-20	2	20-1488	Virginia Tech Transportation Institute	Database Controls	Medium		15-Dec-20		1	
11-May-20	3	20-1491	College of Science	Leave Reporting	Medium		15-Dec-20		1	
07-Aug-20	4	20-1479	IT Windows Security Server	Windows Server Control Environment	Medium		15-Dec-20		1	
25-Aug-19	5	18-1387	College of Liberal Arts & Human Sciences	Information Technology	High		31-Dec-20		1	
07-Aug-20	6	20-1479	IT Windows Security Server (Appendix F)	Unsupported Operating System	Medium		01-Mar-21		2	
08-May-20	7	20-1480	Parking & Transportation	Funds Handling	High		31-Mar-21		2	
11-May-20	8	20-1491	College of Science	Fiscal Responsibility	High		31-Mar-21		2	
06-Mar-20	9	20-1478	IT: Log Management	Log Management	Medium		01-Apr-21		2	
11-May-20	10	20-1491	College of Science	Information Technology	Medium		01-Dec-21		2	
29-Jun-20	11	20-1483	Research: Human Research Protection Program	Post Approval Monitoring	Medium		30-Sep-22		2	

Follow Up Status

- 1 As of October 28, 2020, management confirmed during follow up discussions with the Office of Audit, Risk, and Compliance (OARC) that actions are occurring and the target date will be met. OARC will conduct testing after the due date to confirm that the Management Action Plan is implemented in accordance with the recommendations.
- 2 Target date is beyond current calendar quarter. Management has follow-up discussions with the auditor to monitor progress, to assist with actions that may be needed to meet target dates, and to assess the feasibility of the target date.

For Open Detail Report: "current calendar quarter" is used to refer to the current working quarter instead of the quarter being reported on.

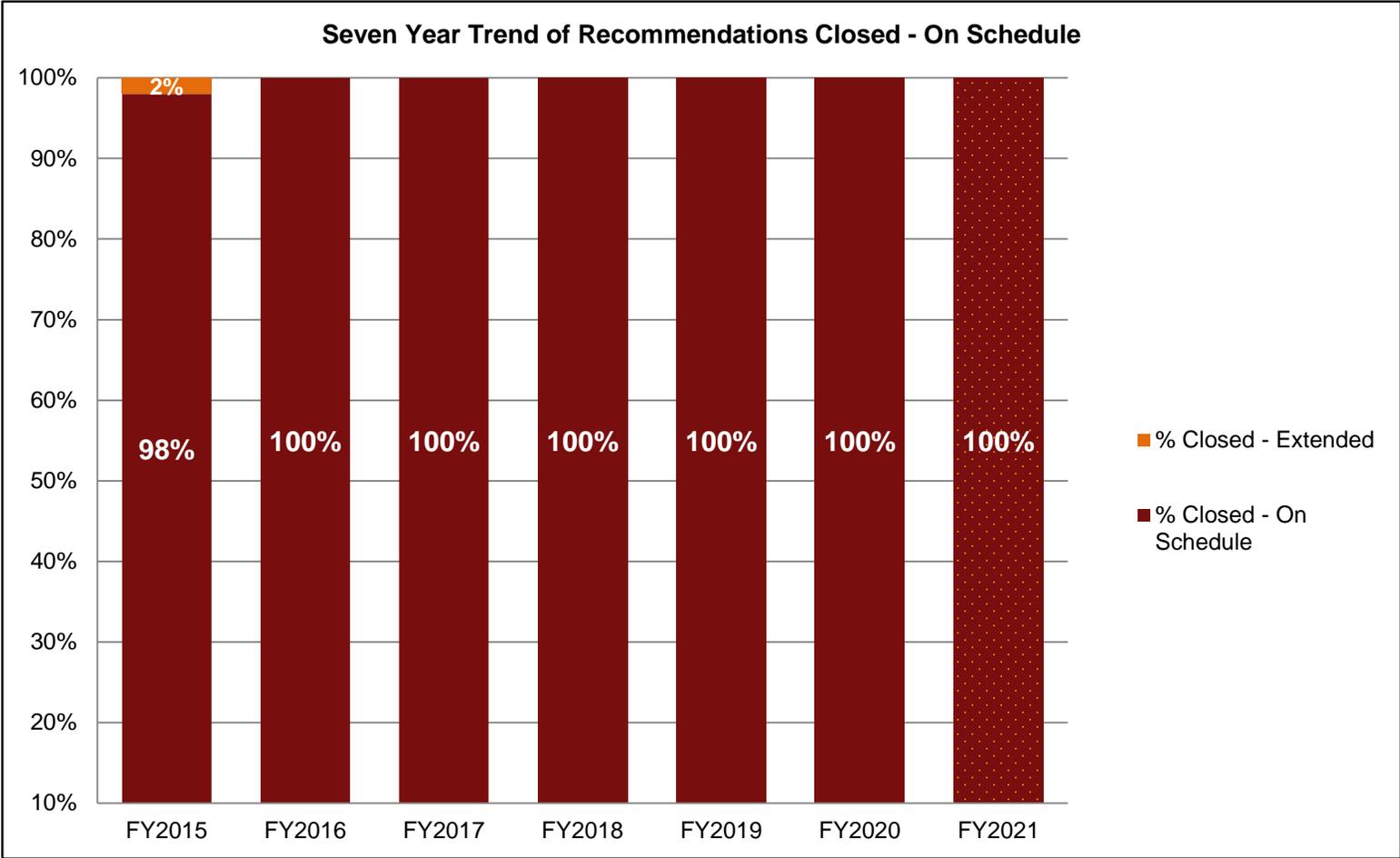
Presentation Date: November 15, 2020

ATTACHMENT C

Management Performance and Trends Regarding Office of Audit, Risk, and Compliance Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2020



Audit Plan Status Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Audit Plan Update

Audits were performed in accordance with the fiscal year 2020-21 annual audit plan at a level consistent with the resources of the Office of Audit, Risk, and Compliance (OARC). Two risk-based audits have been completed since the August board meeting, both of which were carried forward from the fiscal year 2019-20 annual audit plan.

The following seven audit projects are underway: IT: Linux Server Security; Principal Investigator Research Management; Scholarships; Student Engagement and Campus Life; and a policy compliance review of the Pamplin College of Business. Additionally, advisory service projects related to the Honors College and Construction Project Management are ongoing.

In fiscal year 2020-21, OARC completed seven percent of its audit plan as depicted in Exhibit 1.

Exhibit 1 FY 2019-20 Completion of Audit Plan

Audits	
Total # of Audits Planned	27
Total # of Supplemental Audits	0
Total # of Carry Forwards	3
Total # of Planned Audits Canceled and/or Deferred	0
Total Audits in Plan as Amended	30
Total Audits Completed	2
Audits - Percentage Complete	7%
Audits - Percentage Complete or Underway	30%
Note: Includes Policy Compliance Reviews and Advisory Services	

Internal Audit Reports
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Background

This report provides a summary of audit ratings issued this period and the full rating system definitions. The following reviews have been completed during this reporting period. The Office of Audit, Risk, and Compliance has made a concerted effort to ensure progress on the annual audit plan.

Consent Agenda Reports	Rating
Center for the Arts	Improvements are Recommended
Reports for Discussion	Rating
Athletics	Improvements are Recommended

Summary of Audit Ratings

The Office of Audit, Risk, and Compliance’s rating system has four tiers from which to assess the controls designed by management to reduce exposures to risk in the area being audited. The auditor can use professional judgment in constructing the exact wording of the assessment in order to capture varying degrees of deficiency or significance.

Definitions of each assessment option

Effective – The audit identified opportunities for improvement in the internal control structure, but business risks are adequately controlled in most cases.

Improvements are Recommended – The audit identified occasional or isolated business risks that were not adequately or consistently controlled.

Significant or Immediate Improvements are Needed – The audit identified several control weaknesses that have caused, or are likely to cause, material errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management should undertake immediate corrective actions to mitigate the associated business risk and possible damages to the organization.

Unreliable – The audit identified numerous significant business risks for which management has not designed or consistently applied controls prior to the audit. Persistent and pervasive control weaknesses have caused or could cause significant errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management must undertake immediate corrective actions to bring the situation under control and avoid (additional) damages to the organization.

RECOMMENDATION:

That the internal audit reports listed above be accepted by the Compliance, Audit, and Risk Committee.

November 15, 2020

November 15, 2020

ERM & ICP Program Updates

Sharon M. Kurek, CPA, CFE, MBA
Executive Director of Audit, Risk, and Compliance



ERM SUMMARY

Updates since June

- Collaborated with the Vice President for Student Affairs and the Assistant Vice President for Emergency Management to conduct a tabletop exercise focused on COVID-related planning for the Fall 2020 semester

Going Forward

- *Focus on "Top Ten ERM Risks"*
- Update risk snapshots with risk owners
- Periodic tabletop exercises
- Risk owners brief BOV through associated committees

ICP SUMMARY

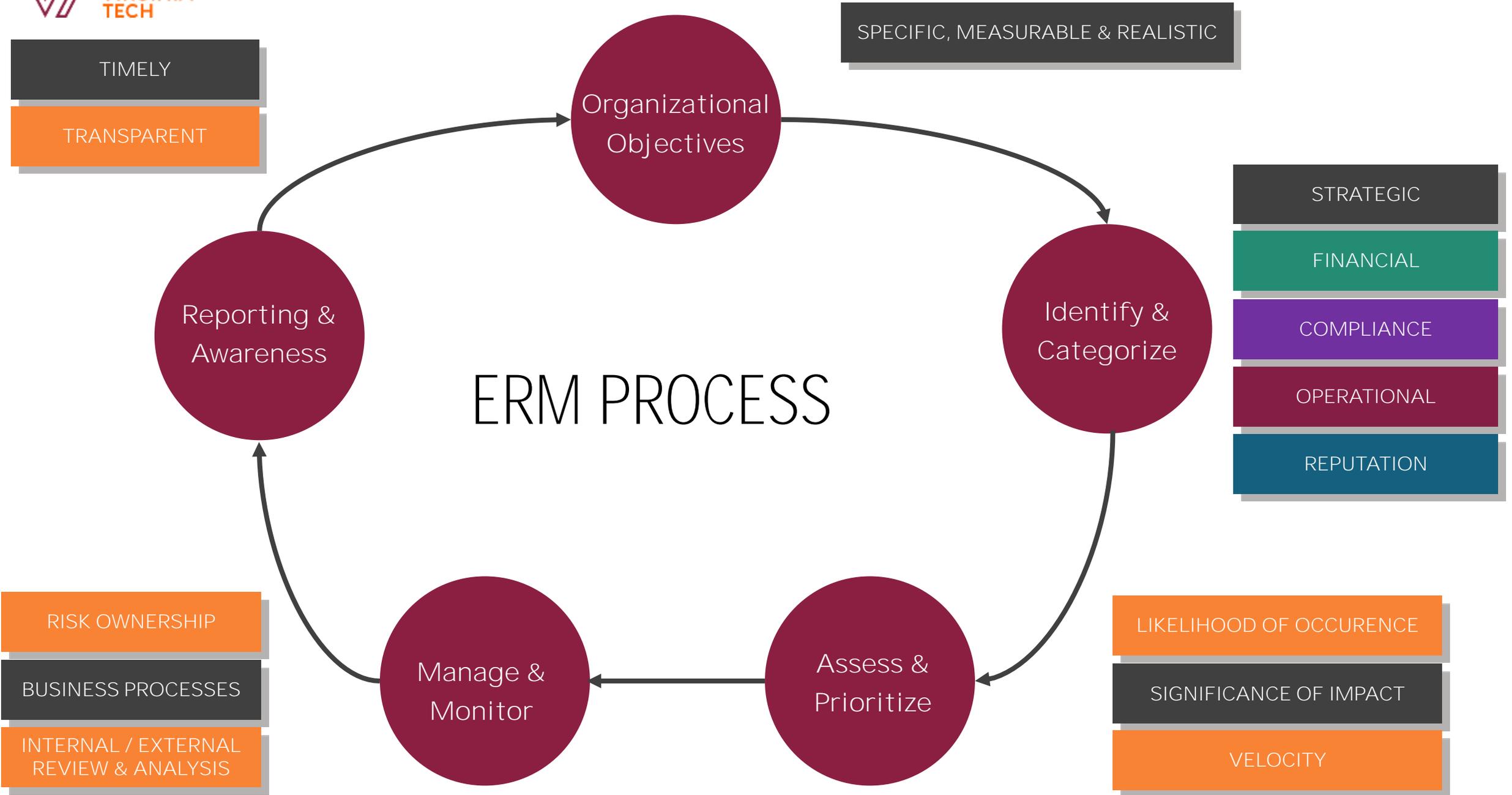
Updates since June

- 98% of distributed university-wide compliance owners completed the compliance risk-assessment process and analysis of risk assessment results underway
- The Compliance Advisory Committee (CAC) held quarterly meetings July 14 and October 29 to review initial risk assessment data and discuss next steps in evaluating critical compliance risk areas
- In conjunction with University Relations, developed communications campaign to highlight the importance of compliance and ethics in conjunction with the 15th annual national Corporate Compliance & Ethics Week (November 1-7, 2020)

In Progress and Going Forward

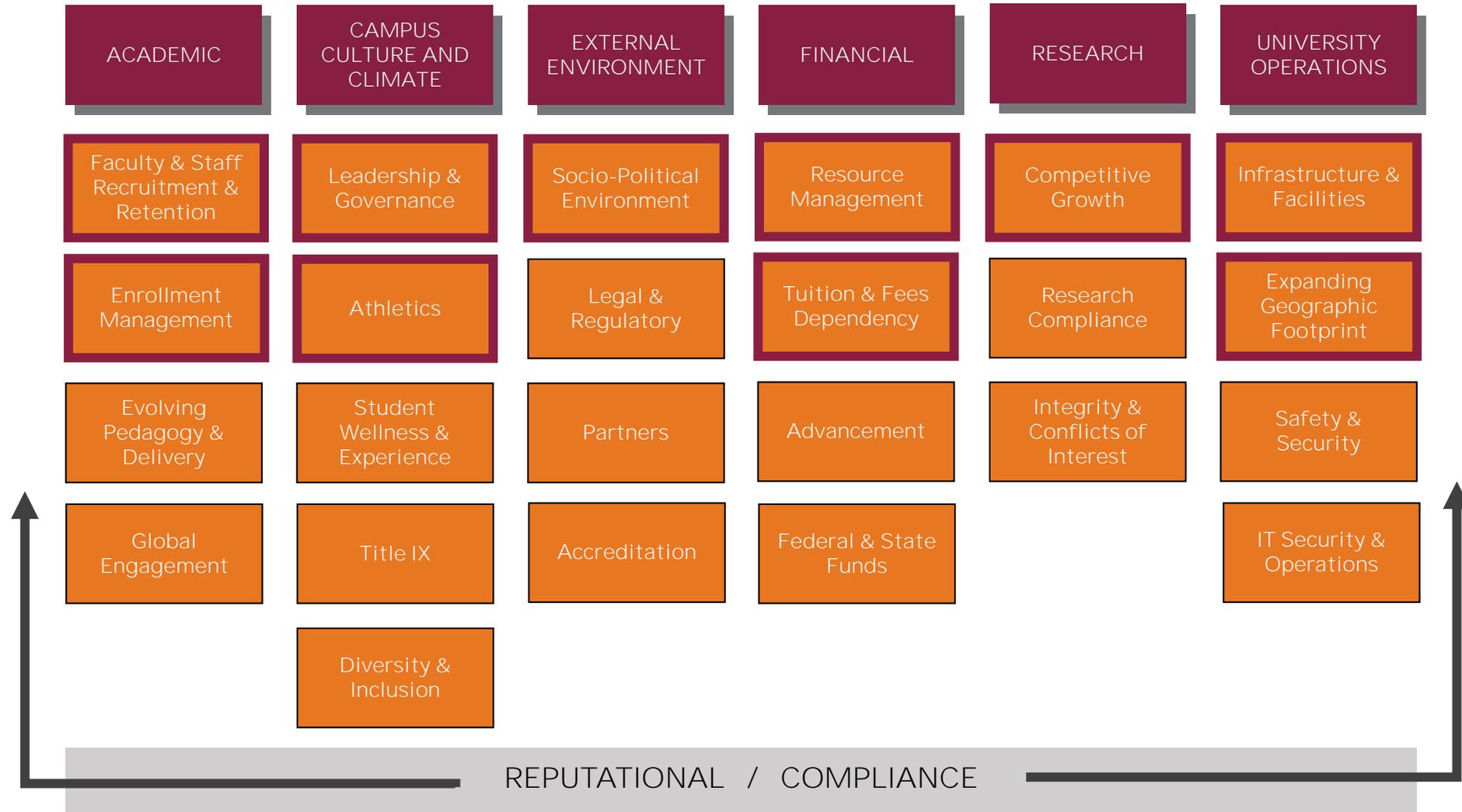
- CAC meetings will continue quarterly as members focus on oversight of the ICP
- OARC and CAC will continue to explore outreach opportunities

ERM and ICP Reference Materials



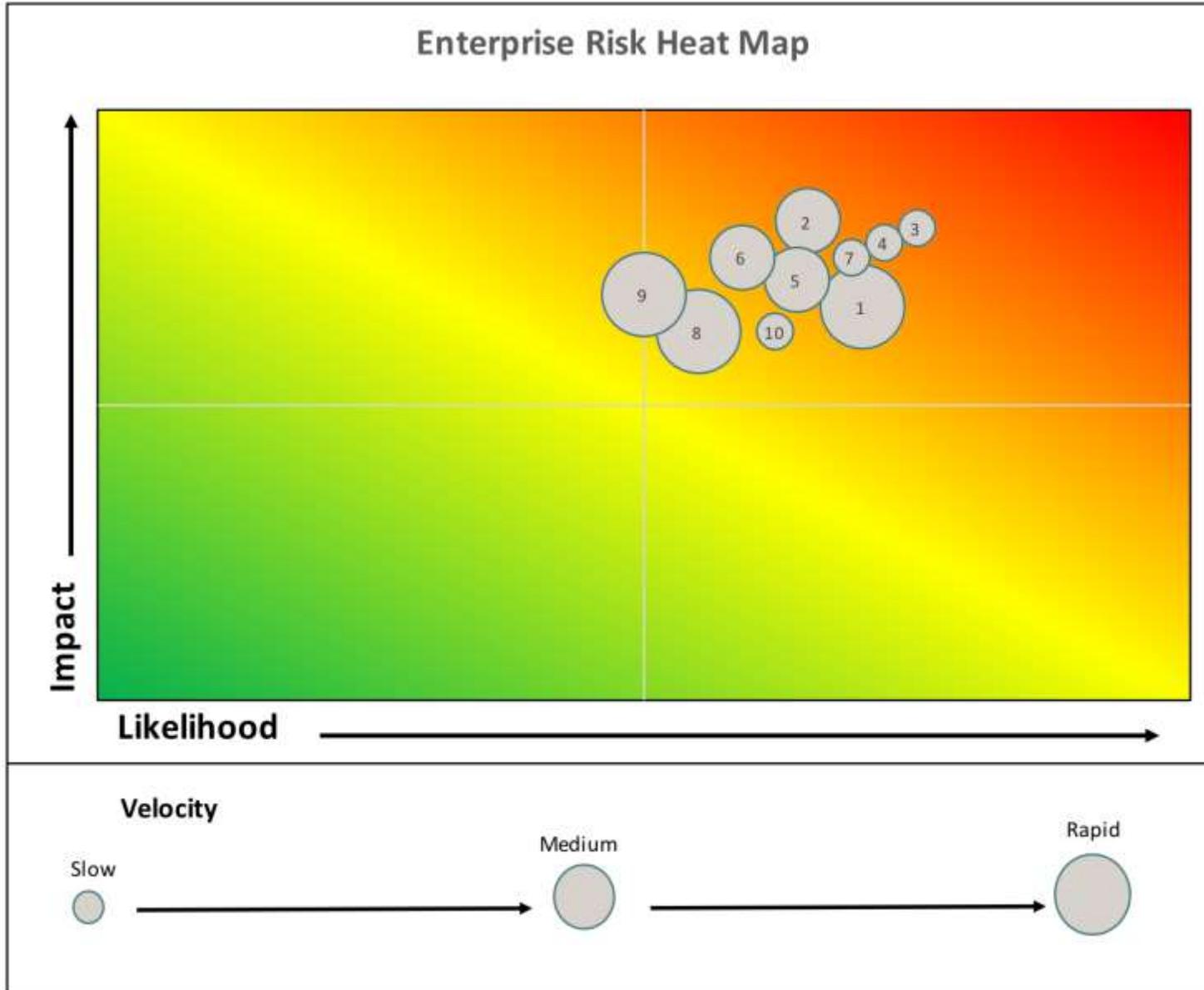
Enterprise Risk Landscape

March 2020



Top Ten ERM Risks

March 2020



Graph Legend

Number	Risk
1	Socio-Political Environment
2	Leadership & Governance
3	Resource Management
4	Infrastructure & Facilities
5	Tuition & Fees Dependency
6	Faculty & Staff Recruitment & Retention
7	Research: Competitive Growth
8	Enrollment Management
9	Athletics
10	Expanding Geographic Footprint

ERM Top 10 Risks – Owners & BOV Alignment

Risk Area	Risk Statement	
	Owner(s)	BOV Committee(s)
1 - Socio-Political Environment	Guide the university's response to external and global factors impacting its mission	
	Sands; Yianilos	Compliance, Audit, and Risk
2 - Leadership & Governance	Plan, communicate, and implement informed decisions to meet stated goals and priorities within our resource capacity	
	Sands	Board Level
3 - Resource Management	Allocate university personnel, finances, and space in alignment with strategic goals and priorities	
	Pinkney; Miller; Clarke	Finance and Resource Management
4 - Infrastructure & Facilities	Expand, improve, and maintain processes, technology, equipment, physical infrastructure, and facilities	
	Pinkney; Kiwus; Midkiff	Governance and Administration + Buildings and Grounds
5 - Tuition & Fees Dependency	Diversify revenue streams to ensure ongoing resource availability and support educational access and affordability	
	Pinkney; Miller; Clarke	Finance and Resource Management

ERM Top 10 Risks – Owners & BOV Alignment

Risk Area	Risk Statement	
	Owner(s)	BOV Committee(s)
6 - Faculty & Staff Recruitment & Retention	Recruit, develop, and retain high-performing and diverse talent in support of strategic goals and priorities	
	Garey; Clarke; Finney	Academic, Research, and Student Affairs + Governance and Administration
7 - Research: Competitive Growth	Grow and diversify the research portfolio by prioritizing strengths and focusing on emerging areas	
	Taylor; Clarke	Academic, Research, and Student Affairs
8 - Enrollment Management	Develop student recruitment, retention, academic support, and financial aid strategies to achieve growth and diversity goals	
	Clarke; Havens Gerardo	Academic, Research, and Student Affairs
9 - Athletics	Navigate the highly visible and complex environment of intercollegiate athletics	
	Babcock	Governance and Administration
10 - Expanding Geographic Footprint	Address complexities and leverage opportunities arising from institutional growth in multiple locations	
	Clarke; Pinkney	Board Level

8 Elements of an Effective Compliance Program

**High-level personnel
exercising oversight**

**Written policies and
procedures**

**Training and
Education**

**Lines of
Communication**

**Well publicized
disciplinary
guidelines**

**Internal compliance
monitoring**

**Response to detected
offenses**

**Perform periodic
compliance risk
assessments**

Auditor of Public Accounts Financial Statement Audit and Management Letter

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

The Committee will receive an update on the status of
the Auditor of Public Accounts financial statement audit
and Management Letter
for the fiscal year ended June 30, 2020.

Internal Audit Reports
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 15, 2020

Background

This report provides a summary of audit ratings issued this period and the full rating system definitions. The following reviews have been completed during this reporting period. The Office of Audit, Risk, and Compliance has made a concerted effort to ensure progress on the annual audit plan.

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RECOMMENDATION:

That the internal audit reports listed above be accepted by the Compliance, Audit, and Risk Committee.

November 15, 2020



Enabling

Informed

Decisions



OFFICE OF AUDIT, RISK,
AND COMPLIANCE
VIRGINIA TECH™

Annual Report

For the Fiscal Year Ended June 30, 2020

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Mission Statement

The Office of Audit, Risk, and Compliance (OARC) performs independent internal audits, plans and oversees the university risk management process, and oversees the institutional compliance program. OARC's mission is to **enhance and protect organizational value** by providing risk-based and objective **assurance, advice, and insight** as follows:

Assurance
Advice
Insight

1. **Audit:** Provide **independent, objective** assurance and advisory activity designed to **add value** and **improve university operations**. Audits help the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. **Enterprise Risk Management:** Provide **oversight** of the enterprise risk management program by **creating and maintaining the framework** to effectively identify, assess, and manage risk.
3. **Compliance:** Provide **oversight** of the institutional compliance program and the distributed processes that **support compliance** across the university.



Protected & Connected

OARC **protects** the university by independently and objectively identifying business risks and **connects** with key leaders and stakeholders to evaluate risk-mitigation strategies.

State of Control Environment

The university's internal audit function within OARC continues to be a significant element of the university's overall control structure and a positive influence on the control environment. During fiscal year 2020, OARC examined and tested the operations and systems of internal control within a number of university departments to assist management and the Board of Visitors in the discharge of their fiduciary responsibilities.

As a result of the audit, advisory, and investigative work performed during fiscal year 2020, **no deficiencies representing material control weaknesses were identified**; however, a number of areas requiring improvement were noted. The scope of audit work was not limited in any way by management or others, nor were there any instances where OARC considered its independence or objectivity to have been impaired. Management and others were found to be conscientious, cognizant, and accepting of their responsibility for internal control, as well as open, cooperative, and supportive of audit efforts.

Management has generally accepted audit issues and responded by developing action plans to address the concerns noted. These statements are made with the understanding that no system of internal control provides absolute assurance that controls are functioning effectively. These statements are also not meant to imply that fraud and other irregularities do not exist or, if they do exist, are certain to be detected. Decisions as to the level of risk that is tolerable and should be accepted by the university are the responsibility of management. That said, based on the audit, advisory, and investigative work performed, OARC did not identify any areas where management decided to accept a level of risk that we believed to be unacceptable.

OARC did not identify any areas where management decided to accept a level of risk that we believed to be unacceptable.



FY 2019-20 Highlights

Internal Audit

- 88% of audit plan completed
- 22 completed engagements
- 23 fraud, waste, or abuse cases initiated
- 4.5 out of 5 on client satisfaction surveys
- 100% on-time completion of high and medium action plans
- 62 management action plans were verified complete
- New Director of Internal Audit hired

88%

audit plan
completion

Enterprise Risk Management (ERM)

- Update of university's enterprise risk landscape and heat map
- Establishment of "top ten" focus areas
- ERM principles framed COVID response planning and discussion
- Facilitation of cross-functional tabletop exercise
- Expansion of ERM engagement to all Board of Visitor committees

Whole-of-
leadership
engagement

Institutional Compliance Program (ICP)

- 75+ distributed university-wide risk owners completed 160+ compliance risk assessments
- Development begun of a university-wide awareness ethics and compliance awareness campaign
- Launch of anonymous compliance concern reporting hotline

98%

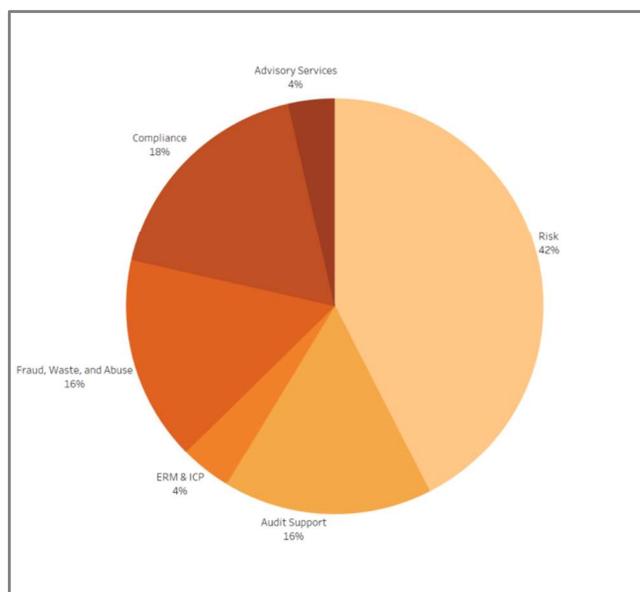
risk
assessments
completed

Internal Audit

Internal Audit continued its role as the assurance and advisory arm within the university. Value-added engagements through traditional audits, a limited number of advisory activities, and providing insight through formal and informal means were hallmarks throughout the year. As depicted below, fiscal year 2020 began with 31 proposed engagements. A combination of changing risks, including the effects of COVID-19, led to the cancelation or deferment of nine audits. Coupled with three carry forward engagements, we ended the year with 25 planned audits, of which we completed 22 as of the fiscal year. This results in an 88% completion rate for fiscal year 2020. Appendix A shows the status of each audit in the fiscal year 2019-20 audit plan.

Audits	
Total # of Audits Planned	31
Total # of Supplemental Audits	0
Total # of Carry Forwards	3
Total # of Planned Audits Deferred and/or Canceled	9
Total Audits in Plan as Amended	25
Total Audits Completed	22
Audits – Percentage Complete	88%
Audits – Percentage Complete or Underway	100%
Note: Includes Policy Compliance Reviews and Advisory Services	

Effort



Of the 25,900 hours logged by OARC last year, 74% was charged directly to executing our core mission. The remaining 26% were spent on office administration, computer support, training, and compensated absences.

This chart depicts how 19,200 of core-mission hours were spent.

- 64% on Risk, Advisory, and Compliance engagements
- 16% of fraud, waste, and abuse investigations
- 4% on ERM and compliance
- 16% on audit support (annual audit planning, supervision)

Follow Up Activities and Management Corrective Actions

OARC conducts follow-up on management’s implementation of agreed upon improvements for previously issued audit recommendations. Each audit recommendation – and its associated management corrective action – is given a rating of high, medium, or low priority by the auditors. This judgment is made in a local context, and items identified as high do not necessarily convey material deficiencies or risks beyond the operating environment in which they were found. A primary objective of this classification is to drive a greater sense of urgency in completing the corrective action and completion of audit follow-up. The Compliance, Audit, and Risk (CAR) Committee receives the higher priority recommendations and associated management corrective actions. However, OARC and management closely monitor all outstanding recommendations to ensure they are adequately addressed by the responsible parties.

62
management
corrective
actions were
closed

Of the 84 management corrective actions generated during fiscal year 2019-20 engagements, OARC categorized three as high priority (4%). High-priority management corrective actions would include those that are systemic or have a broad impact; have contributed to a significant investigation finding; are reportable conditions under professional literature; create health or safety concerns; involve senior officials; create exposures to fines, penalties, or refunds; or are otherwise judged as significant control issues. Open management corrective action plans at fiscal year-end have been outstanding an average of 235 days. Audits for fiscal year 2019-20 resulted in recommendations with ratings of high, medium, or low management corrective actions as follows:

Beginning # of management corrective actions	34
Management corrective actions added	84
Management corrective actions closed	62
Current # of open management corrective actions	56

Results of Surveys for Evaluating OARC Services

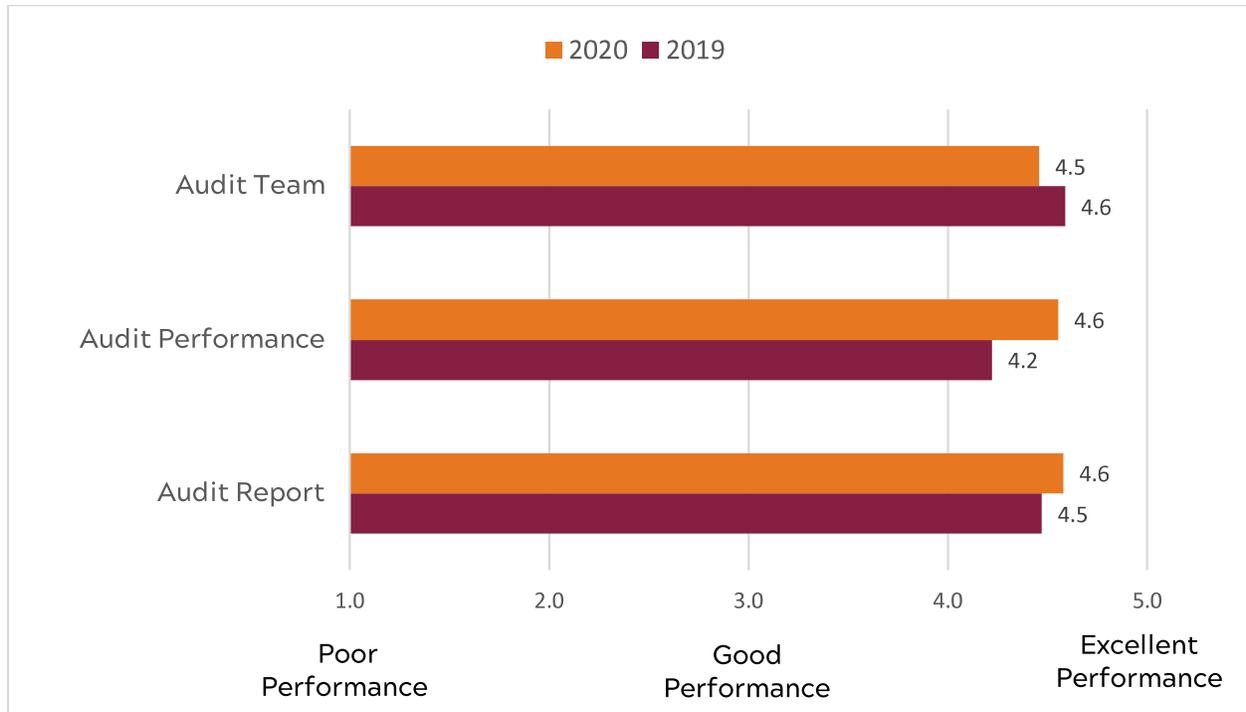
After the completion of each engagement, the primary contacts within the area under review are provided a survey requesting their evaluation of the quality of audit services. Feedback from the surveys is used to **enhance the overall quality** of the engagements and **ensure we are meeting our customer service focus**. The survey responses are grouped into three categories focused on the following areas:

- Audit Team Demonstrated technical proficiency, approached audit in an objective and professional manner, and conclusions and opinions were logical.
- Audit Performance Discussed the preliminary audit objectives, scope, and timing of the audit, management concerns and suggestions were solicited and considered in the audit, and disruption of daily activities was minimized as much as possible during the audit.

Audit Report

Written clearly and contained adequate explanations for the observations, and recommendations improved or added value to the department's operation.

FY 2019-20 Survey Results



Overall, **customer ratings were highly favorable** as results ranged from good to excellent. Attaining a cumulative average score of 4.5 on a 5-point scale exceeded OARC's goal of a 4.0 rating on survey feedback. Comments provided by clients showed appreciation of the audit process and the courtesy, professionalism, flexibility, and thoroughness demonstrated by the audit team. Two respondents from the same engagement commented on their disagreement with language used in the report to frame the issue and the lack of quantification. The respondents felt the auditors lacked necessary understanding of their processes and that the engagement was cumbersome. Most respondents who left comments expressed how auditors worked diligently, asked the appropriate questions along the way, and took the feedback provided seriously to draw reasonable conclusions based on evidence collected.

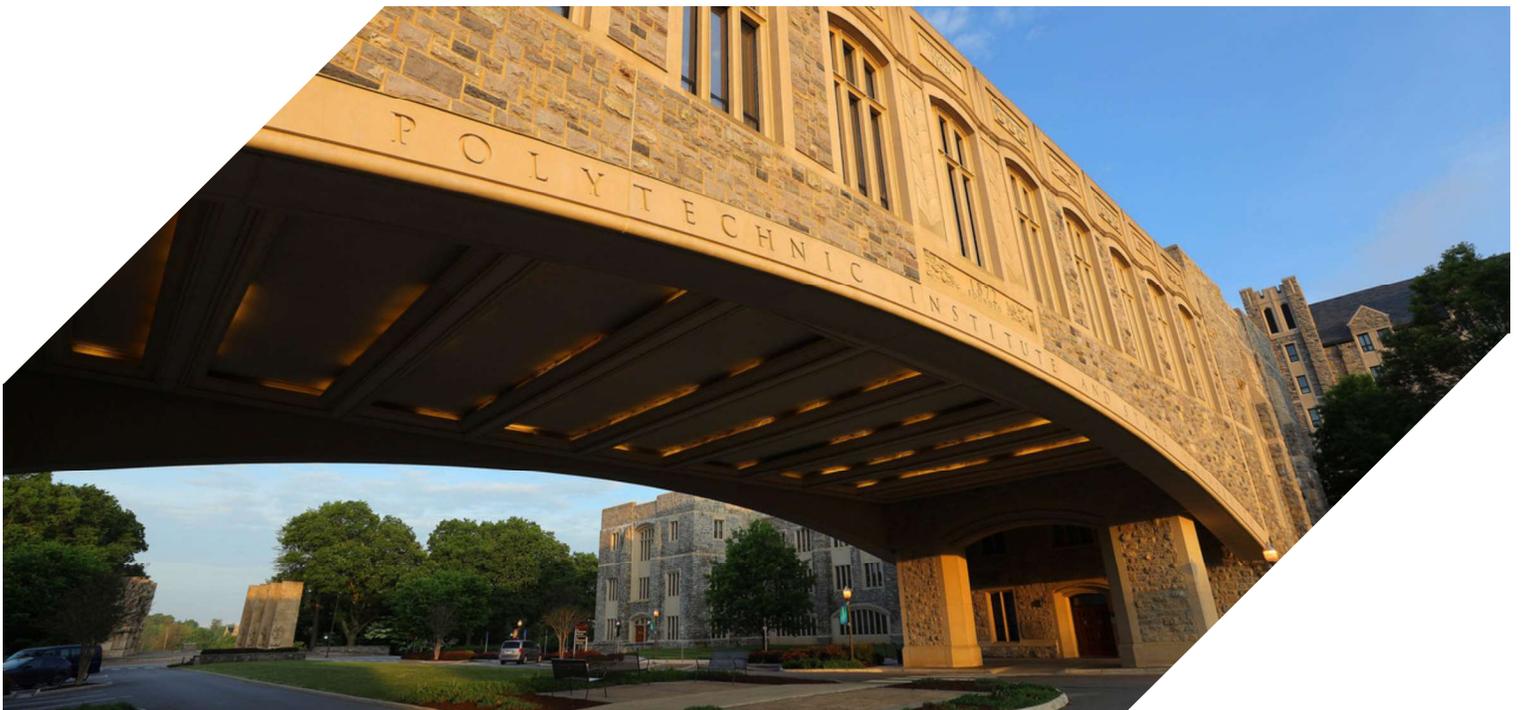
4.5
Excellent overall rating

"The audit team was exceptional both in skill and approach. We appreciate the collegiality and interest in making recommendations that are helpful to the program."
- University Associate Vice President

Quality Assurance and Improvement Program

In accordance with requirements set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Internal Audit maintains a comprehensive Quality Assurance and Improvement Program. This program includes ongoing monitoring, periodic self-assessments, and an independent external assessment that should be conducted at a minimum of every five years.

An external assessment was last completed during fiscal year 2015-16, when the internal audit function received the highest rating possible of "generally conforms." The next independent external assessment will be due in 2021. In anticipation of the external review, a self-assessment was completed in fiscal year 2019-20 with recommendations currently being completed.



Fraud, Waste, and Abuse

OARC conducts reviews of all state and local Hokie Hotline reports and internal complaints alleging fraud, waste, and abuse. During fiscal year 2019-20 OARC:

- Initiated 23 cases, including 17 internal and 6 state hotline complaints.
- Closed 7 cases from prior fiscal years and 13 for current fiscal year.

For the 20 cases completed:

- 1 of 7 (14%) state hotline cases were substantiated
- 7 of 13 (54%) internally reported cases were substantiated.

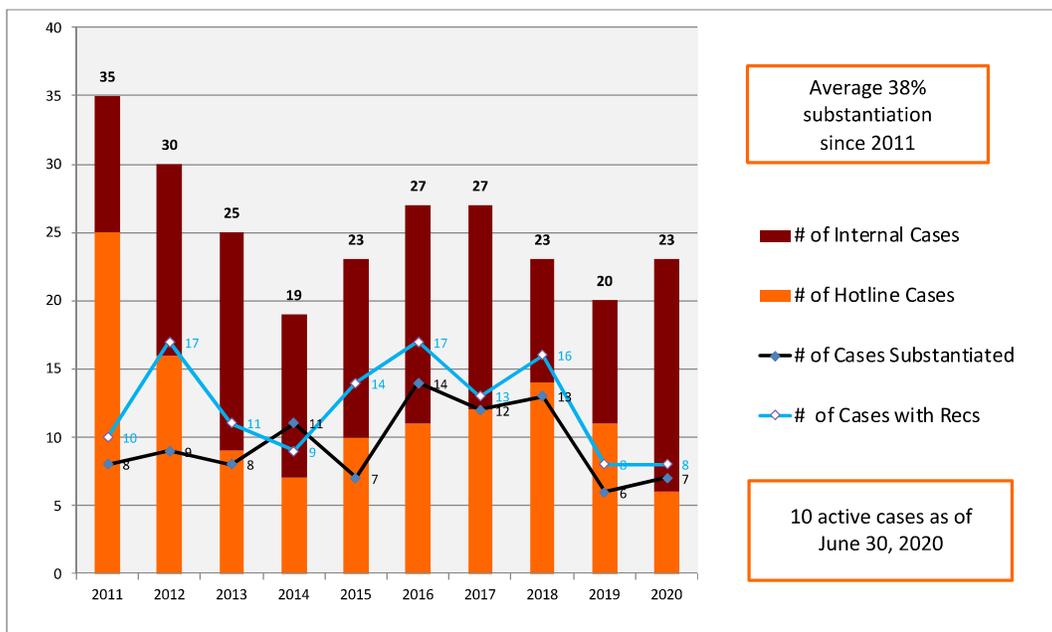
Since 2010-11, approximately 55 percent of internally reported allegations have been substantiated, and 19 percent of state hotline cases have historically been substantiated, for a combined weighted average of 38 percent.

OARC completed implementation of a fraud, waste, and abuse hotline service (“Hokie Hotline”) that offers an easy, safe, secure, and anonymous platform to accept tips and complaints from all sources about potential fraud, waste, abuse, and noncompliance at the university. Six of the 23 complaints mentioned above were received via the Hokie Hotline, which went live on July 19, 2019.



Since fiscal year 2010-11, approximately 74 percent of the allegations investigated by OARC have fallen within five general categories: improper use of university resources; leave or time abuse; abuse of authority; misfeasance and waste; and conflict of interest.

Historical Case Volume by Fiscal Year

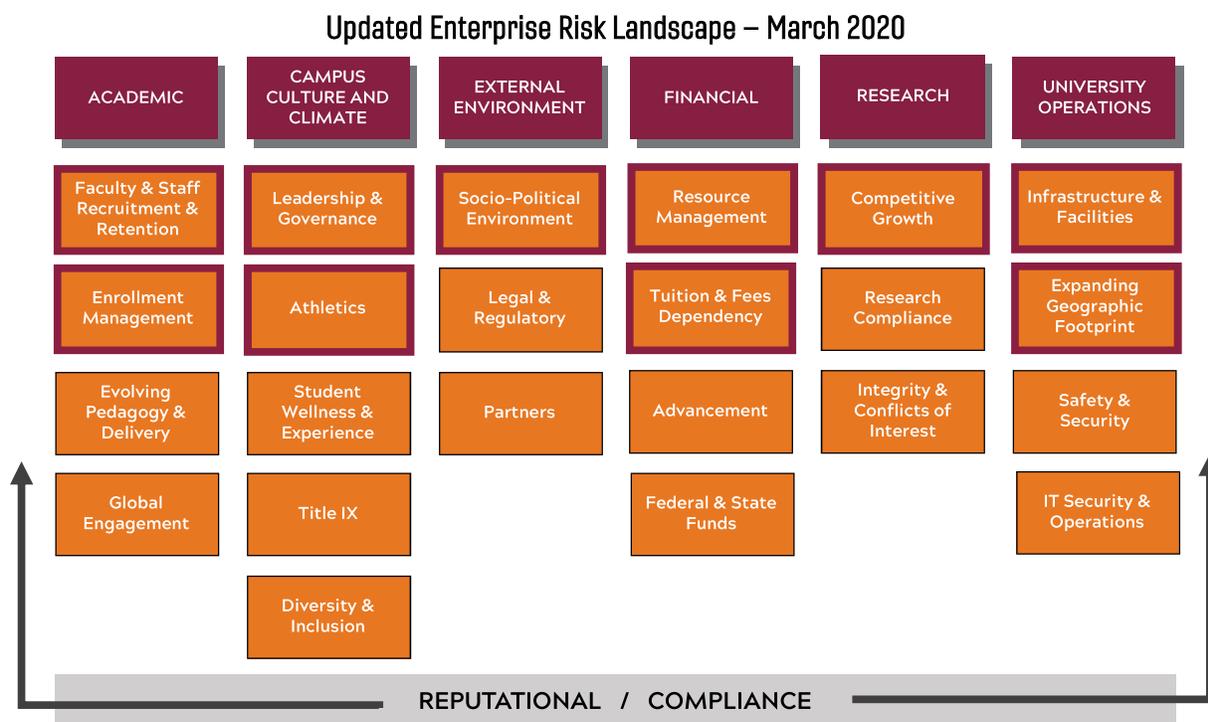


Enterprise Risk Management Program

OARC has coordinated Virginia Tech's ERM Program since its inception at the request of the Board of Visitors CAR Committee in 2017. The ERM process, a key tool in setting strategic goals across the enterprise, is designed to **identify potential events** that may affect the university, **manage those risks** within the university's risk tolerance, and **support the achievement of Virginia Tech's mission and objectives**. The ERM program strengthens the university's ability to achieve its mission and strategic objectives through effective management of key risks and seizure of opportunities related to the achievement of strategic objectives. In this context, risk encompasses both negative events ("downside risk") and opportunities ("upside risk").

Many ERM-related activities took place in fiscal year 2019-20, both planned and *ad hoc*, including:

- Deploying an updated risk landscape including the creation of a 'top ten risks' model
- In addition to existing quarterly updates to the CAR Committee, ERM-related themes were highlighted in presentations across Board of Visitors committees
- Engaging with executive and senior leadership on risks related to the university's response to the COVID-19 pandemic
- Partnering with the Division of Student Affairs and Environmental Health & Safety to facilitate a tabletop exercise examining root causes and testing mitigation strategies for the university's Fall 2020 return-to-campus plans



We are pleased to see **continued engagement** with the identified enterprise risks across the Board of Visitors committees and the executive leadership team. On multiple occasions during the past year, executive and senior leadership mentioned how the issues facing the institution were contemplated through the ERM process. Additionally, we are encouraged by the continued **broadening of coverage** in presentations to the Board of Visitors on ERM risks. Since the formation of the formal ERM program and introduction of the university's Enterprise Risk Landscape, 21 presentations and discussions highlighting ERM risk areas took place across the five standing Board of Visitors committees. The 24 enterprise risks are depicted in the following graphic with the size corresponding to number of discussions.

20 of 24
enterprise risks
discussed with the
board



Institutional Compliance Program

Virginia Tech is committed to *integrity*, a *culture of compliance*, and promoting the *highest ethical standards* for all employees. Since 2017, OARC has led the university's Institutional Compliance Program (ICP) in promoting and supporting a working environment reflecting our commitment to compliance with all relevant legal and regulatory requirements. The ICP is a resource to support the Virginia Tech community in proactively meeting its compliance obligations and managing compliance risks.

“Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees.”

- President Tim Sands

In fiscal year 2019-20 ICP activities included:

- Deploying the inaugural risk assessment process utilizing custom-built assessment tool and risk owner training resources
- Achieving a 97.5% completion rate (157 of 161) by 78 university-wide risk owners for initial risk assessments and initial analysis of resulting data
- Launching an anonymous reporting hotline for compliance-related concerns
- Pivoting focus of the Compliance Advisory Committee to compliance outreach and education
- Ongoing quarterly presentations to the CAR Committee on program progress

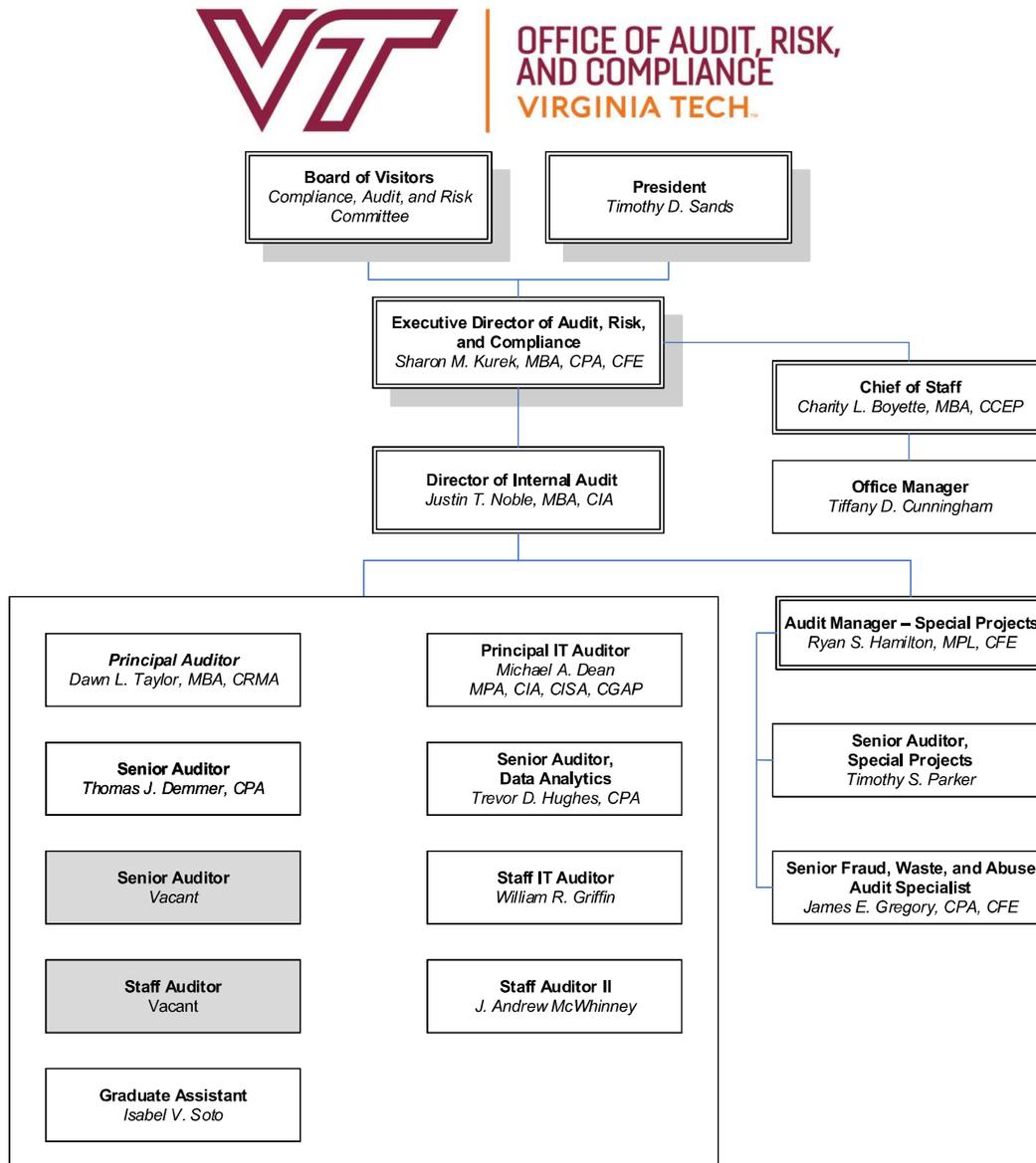
8 ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM



Staffing and Resources

Staffing continues to be a strategic focus. During the year we successfully onboarded a new Director of Internal Audit. COVID-19, and the result effects of university budget restrictions, limited our ability to fill two vacant auditor positions. Additionally, we have been cautious with filling our student and graduate assistant positions. The result is an overall reduction in audit capacity for fiscal year 2020-21.

OARC Organizational Chart



Professional Service

OARC continues its longstanding tradition of professional engagement and service. Activities this year included:

- Association of College and University Auditors (ACUA)
 - Sharon M. Kurek served on the Ambassador Committee, Nominating Committee, is a member of the ACUA Faculty program, and was a speaker at both The AVE and AuditCon.
 - Justin T. Noble served as Immediate Past President, Chairman of the Ambassador Committee and Nominating Committee, and was a speaker at both Audit Interactive and AuditCon.
 - Trevor D. Hughes was a speaker at Audit Interactive and volunteered on ACUA's data analytic ad-hoc group.
- Institute for Internal Auditors Southwest Virginia Chapter
 - Dawnetta L. Taylor served on the board and was the Academic chair
 - Sharon M. Kurek and Thomas J. Demmer served on the Audit Committee.

Professional Qualifications

We are proud of our staff and the depth of experience in the team. OARC staff has more than 175 years of combined professional experience in accounting, auditing, compliance, and IT, and over 55 years of service to Virginia Tech. The staff maintains an extensive background with expertise in such areas as:

- Information technology;
- Fraud and forensics;
- NCAA bylaws;
- Healthcare;
- Financial aid;
- Research; and
- General financial, compliance, and operational auditing.

178
years of
professional
audit, risk, and
compliance
experience

Certification and Advanced Degrees

Professional Certifications			
4	Certified Public Accountants (CPA)	1	Certified Government Auditing Professional (CGAP)
3	Certified Fraud Examiners (CFE)	1	Certified Compliance and Ethics Professional (CCEP)
2	Certified Internal Auditor (CIA)	1	Certification in Risk Management Assurance (CRMA)
1	Certified Information Systems Auditor (CISA)	1	Project Management Professional (PMP)
Advanced Degrees			
4	Master of Business Administration (MBA)	1	Master of Public Administration (MPA)
1	Master of Architecture (MArch)	4	Master of Science (Business Analytics, Environmental Natural Resources, Sociology, Sports Administration)
1	Master of Policy Leadership (MPL)		

Resourcing

The table below compares OARC's expenditures from fiscal year 2019-20 to fiscal year 2018-19. The expenditures for salaries and benefits increased as the office filled vacancies among staff members, including the addition of a new Director of Internal Audit. Due to travel restrictions and other impacts of the COVID-19 pandemic, training expenses decreased by 56 percent as in-person training shifted to virtual models. In addition, due to the prior year's decision to engage an external audit firm to complete two planned audit projects, we incurred a significant increase in this expense category. Costs continue to rise for software necessary to carry out OARC responsibilities in an effective and efficient manner, including electronic workpapers, data analysis tools, and the new Hokie Hotline.

Analysis of Expenditures

	FY 2018-19	FY 2019-20
Salaries and Benefits	\$ 1,568,657	\$ 1,782,251
Equipment	3,235	5,135
External Audit Firm Engagement	22,130	74,174
Operating Expenses	40,447	40,940
Training	50,825	22,379
Personnel Expenses & Recruitment	22,663	22,769
Audit Software	28,592	33,643
Total	\$ 1,736,549	\$ 1,981,282

Appendix A: FY 2019-20 Audit Plan Status

The chart below outlines the status of the fiscal year 2019-20 audit plan, as amended. As noted previously, three projects remain in progress and will be carried forward to the fiscal year 2020-21 audit plan.

FY 2019-20 Audit Plan Status

Audit Project	Risk Ranking	BOV Mtg
Risk-Based Audit		
Admissions	High	Aug 2020
Athletics*	High	<i>Carry-Forward</i>
Americans with Disabilities Act (ADA) Compliance	High	<i>Deferred</i>
Center for International Research, Education, & Development	High	Aug 2020
Center for the Arts	Medium	<i>Carry-Forward</i>
Chemical Engineering	Medium	Mar 2020
Facilities: Site and Infrastructure Development	Medium	Aug 2020
Graduate Education	High	Mar 2020
Human Resources: Payroll*	High	Mar 2020
IT: Banner Applications	High	Jun 2020
IT: Data Privacy	High	<i>Deferred</i>
IT: Log Management	High	Mar 2020
IT: Windows Server Security	High	Aug 2020
Parking and Transportation	High	Jun 2020
Physical Security	High	Aug 2020
Research: Continuity of Operations *	High	<i>Canceled</i>
Research: Grant Management* (<i>Carry Forward</i>)	Medium	Nov 2019
Research: Human Research Protections Program*	High	Aug 2020
School of Public and International Affairs (<i>Carry Forward</i>)	Medium	Nov 2019
Title IX Compliance	High	<i>Deferred</i>
University Scholarships and Financial Aid	High	Mar 2020
VCE – Northern District	Medium	Mar 2020
Veterinary Teaching Hospital and Equine Medical Center	High	<i>Deferred</i>
Virginia Tech Transportation Institute (VTI)	High	Aug 2020
Policy Compliance Reviews		
College of Natural Resources and Environment		Jun 2020
College of Science		Jun 2020
Vice President for Diversity, Inclusion, and Strategic Affairs		<i>Canceled</i>
Vice President for Information Technology		Mar 2020

Audit Project	Risk Ranking	BOV Mtg
Policy Compliance Reviews (continued)		
Vice President for Operations		<i>Canceled</i>
Vice President for Student Affairs		Nov 2019
Virginia Tech Carilion School of Medicine		<i>Deferred</i>
<i>* Annual Audit on Different Components</i>		

Additionally, OARC responded to management’s requests for advisory services and consultative guidance in the following areas:

- Research Institutes – Operational Alignment – The Office of the Vice President for Research and Innovation bolsters the research enterprise at Virginia Tech through services and support that help faculty, staff, and students plan, perform, and commercialize groundbreaking research. The research institutes of Virginia Tech enhance the university’s ability to address large-scale research opportunities by crossing traditional disciplinary and college lines. This review assessed the organizational structure, personnel reporting, and budget authority for Virginia Tech’s university-level research institutes and university/institute-level centers in an effort to minimize risk.
- International Dependencies – Virginia Tech’s mission is to be a leading global university; one that has a worldwide perspective, empowers graduates to solve world challenges, and is a top destination for global talent and innovation. Among the tremendous benefits, this global viewpoint introduces an element of risk in the form of dependency on international populations, governments, and infrastructure. This on-going review is in follow-up to an Enterprise Risk Management tabletop exercise focused on potential impacts of reduced international student enrollment and will focus on specific and general takeaways regarding the identification of opportunities in this space. This project was halted during the COVID pandemic and will be carried forward onto next year’s audit plan.
- Honors College – The mission of the Virginia Tech Honors College is to inspire and facilitate an extraordinary undergraduate education for students of exceptional motivation with a variety of life experiences. Honors students seek to be active learners and strive to apply their knowledge and skills to tackling critical real-world problems. Academic and professional requirements maximize the disciplinary depth, transdisciplinary capabilities, inclusive perspectives, and purpose-driven engagement that are the hallmarks of the VT-Shaped student experience. This review is intended to assist management of this relatively new college in assessing its operational practices. This project was not started by the end of the fiscal year and will be deferred onto next year’s audit plan.

Appendix B: IIA Standards Disclosures



Per Charter:

The internal audit function will conduct its activities in accordance with the Institute of Internal Auditors' International Professional Practices Framework including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and *International Standards for the Professional Practice of Internal Auditing*.

MANDATORY GUIDANCE	
Core Principles	<ul style="list-style-type: none"> • Demonstrates integrity. • Demonstrates competence and due professional care. • Is objective and free from undue influence (independent). • Aligns with the strategies, objectives, and risks of the organization. • Is appropriately positioned and adequately resourced. • Demonstrates quality and continuous improvement. • Communicates effectively. • Provides risk-based assurance. • Is insightful, proactive, and future-focused. • Promotes organizational improvement.
Definition of Internal Auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Code of Ethics	<p>Internal auditors are expected to apply and uphold the following principles:</p> <ul style="list-style-type: none"> • Integrity – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment. • Objectivity – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. • Confidentiality – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. • Competency – Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.
International Standards for the Professional Practice of Internal Auditing	<p>Attribute Standards (1000 through 1300)</p> <p>1000 Purpose, Authority, and Responsibility</p> <p>1100 Independence and Objectivity</p> <p>1200 Proficiency and Due Professional Care</p> <p>1300 Quality Assurance and Improvement Program</p> <p>Performance Standards (2000 through 2600)</p> <p>2000 Managing the Internal Audit Activity</p> <p>2100 Nature of Work</p> <p>2200 Engagement Planning</p> <p>2300 Performing the Engagement</p> <p>2400 Communicating Results</p> <p>2500 Monitoring Progress</p> <p>2600 Communicating the Acceptance of Risks</p>



OFFICE OF AUDIT, RISK,
AND COMPLIANCE
VIRGINIA TECH.

ANNUAL REPORT

Sharon M. Kurek, CPA, CFE, MBA
Executive Director of Audit, Risk, and Compliance

November 15, 2020



IIA REQUIREMENTS



International Professional
Practices Framework



The chief audit executive's reporting and communication to senior management and the board must include information about:

- The audit charter, including internal audit activity's purpose, authority, and responsibility.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues (Quality Assurance & Improvement Program).
- Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organization.

MISSION STATEMENT

The Office of Audit, Risk, and Compliance (OARC) performs independent internal audits, plans and oversees the university risk management process, and oversees the institutional compliance program. OARC's mission is to **enhance and protect organizational value** by providing risk-based and objective **assurance, advice, and insight** as follows:

- Audit: Provide **independent, objective** assurance and advisory activity designed to **add value** and **improve university operations**. Audits help the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Enterprise Risk Management: Provide **oversight** of the enterprise risk management program by **creating and maintaining the framework** to effectively identify, assess, and manage risk.
- Compliance: Provide **oversight** of the institutional compliance program and the distributed processes that support compliance across the university.

STATE OF CONTROL ENVIRONMENT

OARC did not identify areas where management decided to accept a level of risk that we believed to be unacceptable.

No material control weaknesses were identified; however, a number of areas requiring improvement were noted.

Overall, management:

- accepts their responsibility for internal control and is supportive of audit efforts;
- generally accepts audit recommendations and responds by developing action plans to address concerns; and
- did not limit the work performed and independence/objectivity was not impaired.

FY 2019-20 HIGHLIGHTS

Internal Audit:

- 88% of audit plan completed
- 22 completed engagements
- 23 fraud, waste, or abuse cases initiated
- 100% on-time completion of high and medium action plans

88%

audit plan
completion

ERM

“top ten”
established

98%

compliance
risk
assessments
completed

Enterprises Risk Management

- Update of university's enterprise risk landscape and heat map
- Establishment of "top ten" focus areas
- ERM principles framed COVID response planning and discussion

Institutional Compliance Program:

- 75+ distributed university-wide risk owners completed 160+ compliance risk assessments
- 98% of compliance risk assessments completed

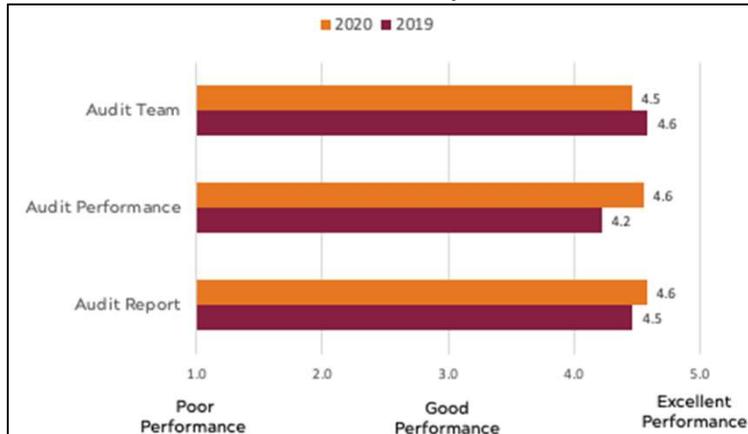
FY 2019-20 AUDIT PLAN METRICS

Audit Plan Status

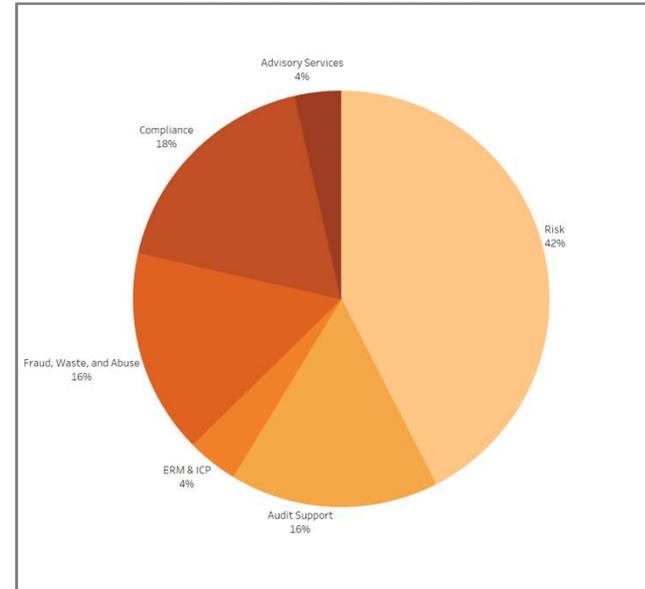
Audits	
Total # of Audits Planned	31
Total # of Supplemental Audits	0
Total # of Carry Forwards	3
Total # of Planned Audits Deferred and/or Canceled	9
Total Audits in Plan as Amended	25
Total Audits Completed	22
Audits – Percentage Complete	88%
Audits – Percentage Complete or Underway	100%

Note: Includes Policy Compliance Reviews and Advisory Services

Client Satisfaction Survey Results



Distribution of Direct Audit Hours



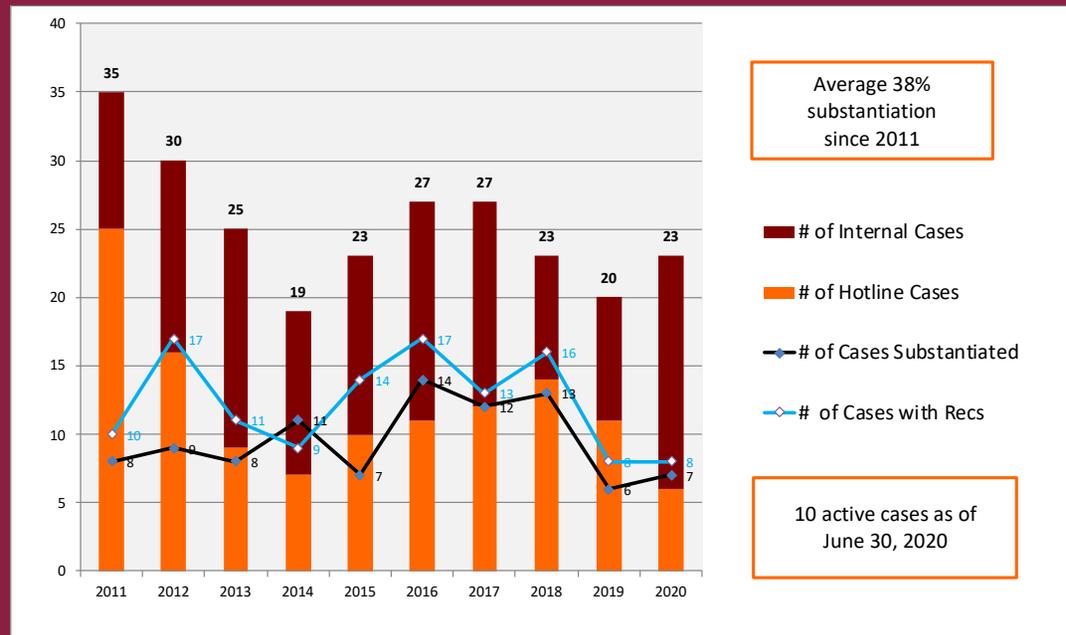
Management Corrective Action Summary

Beginning # of management corrective actions	34
Management corrective actions added	84
Management corrective actions closed	62
Current # of open management corrective actions	56

FRAUD, WASTE, AND ABUSE

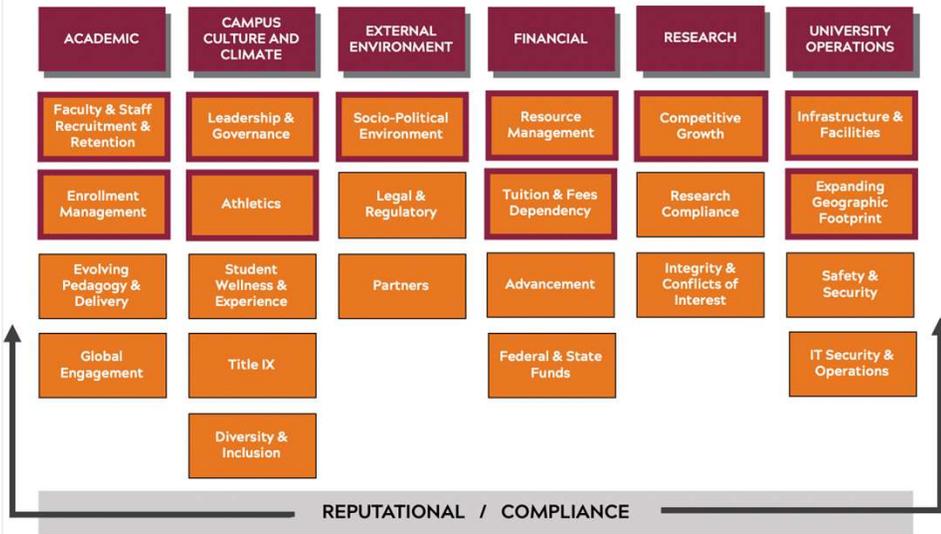


HOKIEHOTLINE



ENTERPRISE RISK MANAGEMENT

Updated Enterprise Risk Landscape – March 2020



updated risk landscape including the creation of a 'top ten risks' model

continued broadening of coverage in presentations to the Board of Visitors on ERM risks



INSTITUTIONAL COMPLIANCE PROGRAM

Highlights include:

- Achieving a 97.5% completion rate (157 of 161) by 78 university-wide risk owners for initial risk assessments
- Launching an anonymous reporting hotline for compliance-related concerns
- Pivoting focus of the Compliance Advisory Committee to compliance outreach and education

“Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees.”

- President Tim Sands

8 ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM

High-level personnel exercising oversight

Written policies and procedures

Training and Education

Lines of Communication

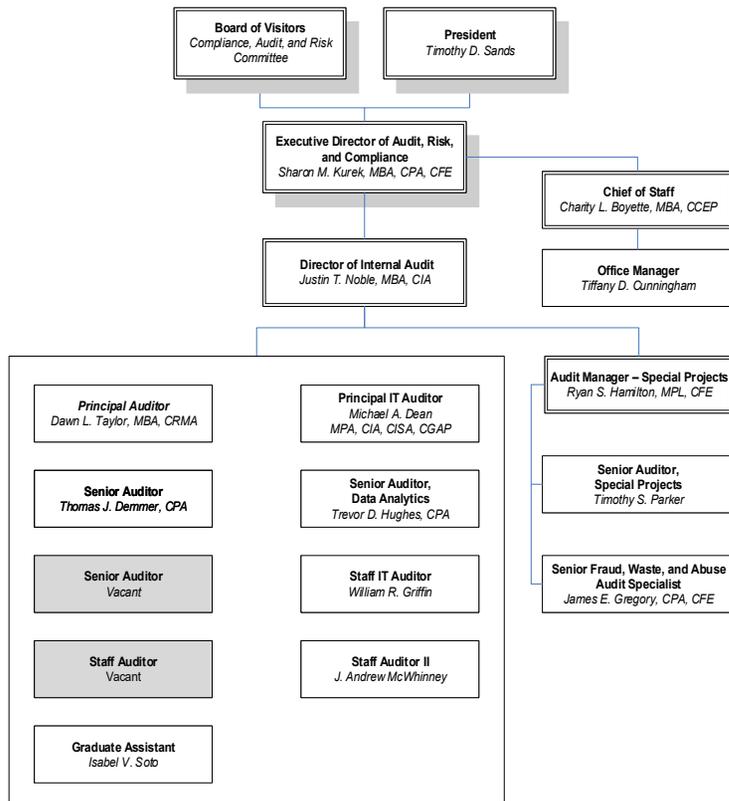
Well publicized disciplinary guidelines

Internal compliance monitoring

Response to detected offenses

Perform periodic compliance risk assessments

STAFFING



Certification and Advanced Degrees

Professional Certifications			
4	Certified Public Accountants (CPA)	1	Certified Government Auditing Professional (CGAP)
3	Certified Fraud Examiners (CFE)	1	Certified Compliance and Ethics Professional (CCEP)
2	Certified Internal Auditor (CIA)	1	Certification in Risk Management Assurance (CRMA)
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1	Master of Policy Leadership (MPL)		

178
years of
professional
audit experience

>55
years of
Virginia Tech
experience

RESOURCING

Analysis of Expenditures

	FY 2018-19	FY 2019-20
Salaries and Benefits	\$ 1,568,657	\$ 1,782,251
Equipment	3,235	5,135
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Total	\$ 1,736,549	\$ 1,981,282



QUESTIONS?

**VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
COMPLIANCE, AUDIT, AND RISK COMMITTEE OF THE BOARD OF VISITORS**

COMPLIANCE, AUDIT, AND RISK CHARTER

I. PURPOSE

The primary purpose of the Compliance, Audit, and Risk (CAR) Committee is to assist the Board of Visitors in fulfilling its fiduciary responsibilities related to oversight of:

- The university's enterprise risk management program, as an essential part of a strong control environment, to ensure that risk appetite aligns with management's decisions and strategy;
- Adherence to this charter, including reviewing audits conducted by the Office of Audit, Risk, and Compliance and external bodies and providing guidance on auditing concerns to the full Board;
- The university's compliance with all federal, state, and local laws and executive orders and policies promulgated by academic and athletic accrediting bodies, regulatory agencies, funding agencies, and the State Council of Higher Education for Virginia;
- The maintenance of effective systems of internal control, including the integrity of the university's financial accounting and reporting practices; and
- The performance of the university's internal and independent audit functions.

The function of the Committee is oversight. University management is responsible for the preparation, presentation, and integrity of the university's financial statements, fiscal plans, and other financial reporting. University management is also responsible for maintaining appropriate financial accounting and reporting policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations. The Office of Audit, Risk, and Compliance examines and evaluates the adequacy and effectiveness of the university's internal control systems. The university's external auditor, the state Auditor of Public Accounts, is responsible for planning and conducting the financial statement examination in accordance with generally accepted government auditing standards.

This document and the related meeting planner are intended to identify and document the Committee's oversight responsibilities in order that such sound practices will continue despite the turnover of Committee members. It also outlines the regularly scheduled review activities that will ensure that the university continues to have an independent and objective internal audit function and obtains the greatest possible benefit from its external audits.

II. MEETINGS

By statute, the Board of Visitors, including the CAR Committee, must meet once a year, but traditionally holds four meetings a year. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should discuss the agenda with the

Executive Director of Audit, Risk, and Compliance prior to each Committee meeting to finalize the meeting agenda and review the items to be discussed.

III. RESPONSIBILITIES

In performing its audit oversight responsibilities, the CAR Committee shall:

A. General

1. Adopt a formal written charter that specifies the Committee's responsibilities and practices. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Authorize audits within the Committee's scope of responsibilities.
4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
5. Meet in closed session, consistent with state law, (without members of senior management present, when appropriate) with the external auditors and/or the Executive Director of Audit, Risk, and Compliance to discuss matters that the Committee or the auditors believe should be discussed privately. The Executive Director of Audit, Risk, and Compliance shall have a regularly scheduled opportunity to meet privately with the Committee at each of its four annual meetings.

B. Risk Management and Internal Control

1. Review the university's enterprise risk management (ERM) efforts including the program structure and the processes for assessing significant risk exposures and the steps management has taken to monitor and control such exposures, as well as the university's risk assessment and risk management policies.
2. Consider the effectiveness of the university's internal control systems, including those over information technology and financial reporting.
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management's responses.
4. Review management's written responses to significant potential issues and recommendations of the auditors, including the timetable to correct the identified weaknesses in the internal control system.
5. Advise management that they are expected to provide a timely analysis of significant reporting issues and practices.

C. External Auditors

1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year.
2. As necessary, discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.

3. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks.
4. Meet with external auditors at the completion of the financial statements audit to receive and discuss the audit report(s), and determine whether external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.
5. Review the results and organizational response stemming from significant reviews by regulatory agencies or other external entities (non-financial statement audits).

D. Internal Auditors

1. Approve the charter for the Office of Audit, Risk, and Compliance. The charter should be reviewed annually and updated as necessary.
2. Review and approve the annual audit plan and any significant changes to the plan.
3. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity and reporting relationships.
4. Review completed audit reports and progress reports on executing the approved annual audit plan.
5. Review the results of the Office of Audit, Risk, and Compliance's Quality Assurance and Improvement Program (QAIP), including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the university.
6. Inquire of the Executive Director of Audit, Risk, and Compliance regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information.
7. Review and concur in the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit, Risk, and Compliance.
8. Evaluate the Executive Director of Audit, Risk, and Compliance's annual performance and make decisions regarding compensation.

E. Compliance, Ethics, and Business Conduct

1. Support leadership by promoting and supporting a university-wide culture of ethical and lawful conduct.
2. Require management to periodically report on procedures that provide assurance that the university's mission, values, and codes of conduct are properly communicated to all employees.
3. Review the programs and policies of the university designed by management to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.
4. Monitor the university's conflict of interest policies and related procedures.

The “CAR Agenda Meeting Planner” is an integral part of this document. If the Board of Visitors meets less frequently than anticipated, the Planner will be adjusted accordingly.

**Virginia Polytechnic Institute and State University
Compliance, Audit, and Risk Committee of the Board of Visitors
CAR Agenda Meeting Planner**

A=Annually; S=Scheduled BOV Meeting; AN=As Necessary	Frequency			Planned Timing			
	A	S	AN	Aug	Nov	Mar	Jun
A. General							
1. Review and update CAR Committee charter	X				X		
2. Approve and maintain minutes of previous meeting		X		X	X	X	X
3. Authorize audits within the Committee’s scope of responsibilities			X				
4. Report Committee actions to the Board of Visitors with recommendations deemed appropriate		X			X	X	X
5. Meet in closed session with Executive Director of Audit, Risk, and Compliance, and with external auditors, as needed		X		X	X	X	X
B. Risk Management and Internal Control							
1. Review the university’s ERM efforts including the program structure, processes, risk assessment, and risk management policies		X			X	X	X
2. Consider the effectiveness of the university’s internal control systems			X				
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management’s responses		X			X	X	X
4. Review management’s written responses to significant potential issues and recommendations of the auditors, including the timetable to correct identified weaknesses in the internal control system		X			X	X	X
5. Advise management that they are expected to provide a timely analysis of significant current reporting issues and practices	X				X		
C. External Auditors							
1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year	X						X
2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks			X		X		
3. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university’s risks			X				

A=Annually; S=Scheduled BOV Meeting; AN=As Necessary	Frequency			Planned Timing			
	A	S	AN	Aug	Nov	Mar	Jun
4. Meet with external auditors at the completion of the financial statements audit to receive and discuss the audit report(s)	X				X		
5. Review results of other significant reviews from regulatory agencies or other external entities			X				
D. Internal Auditors							
1. Review and approve the charter for the Office of Audit, Risk, and Compliance, if changes are needed	X				X		
2. Approve the annual audit plan	X						X
3. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships	X				X		
4. Review the results of the QAIP, including internal and external assessments			X				
5. Review completed audit reports and progress reports on executing the approved annual audit plan		X			X	X	X
6. Inquire of the Executive Director of Audit, Risk, and Compliance regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
7. Review and concur in the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit, Risk, and Compliance			X				
8. Evaluate the Executive Director of Audit, Risk, and Compliance's annual performance and make decisions regarding compensation	X						X
E. Compliance, Ethics, and Business Conduct							
1. Convey commitment to ethical conduct through periodic receipt of management reports on how the university's mission, values, and codes of conduct are properly communicated to all employees			X				
2. Review the programs and policies of the university designed to assure and monitor compliance		X			X	X	X
3. Monitor the university's conflict of interest policies and related procedures		X		X	X	X	X



Charter for the Office of Audit, Risk, and Compliance

No. 3350

Policy Effective Date:
2/9/1989

Last Revision Date:
11/17/2019

Policy Owner:
President Sands

Policy Author:
(Contact Person)
Sharon Kurek

- 1.0 Purpose
- 2.0 Policy
- 3.0 Procedures
- 4.0 Definitions
- 5.0 References
- 6.0 Approval and Revisions

1.0 Purpose

This policy outlines the policies and procedures covering the Office of Audit, Risk, and Compliance (OARC) at Virginia Polytechnic Institute and State University and serves as a charter for the department.

2.0 Policy

It is the policy of the Compliance, Audit, and Risk (CAR) Committee of the Board of Visitors and the management of Virginia Polytechnic Institute and State University to support the maintenance of an internal audit function to assist in the effective discharge of their fiduciary responsibilities in assessing the effectiveness of the internal control environment.

The Office of Audit, Risk and Compliance (OARC) performs independent internal audits, plans and oversees the university risk management process, and oversees the institutional compliance program. OARC's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight as follows:

1. *Audit*: Provide independent, objective assurance and advisory activities designed to add value and improve university operations. It helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. *Risk Management*: Provide oversight of the enterprise risk management (ERM) program by creating and maintaining the framework to identify, assess, and manage risk.
3. *Compliance*: Provide oversight of the institutional compliance program and the distributed processes that support compliance across the university.

2.1 Scope of the Office of Audit, Risk, and Compliance

The scope of OARC's work is to determine whether Virginia Tech's risk management, internal controls, compliance activities and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Programs, plans, and strategic objectives are achieved.
- Risks are appropriately identified, managed, and considered in institutional decision making.
- Significant financial, managerial and operating information is accurate, reliable, and timely.
- Compliance with policies, procedures, standards, laws, and regulations.
- Measures are taken to foster continuous improvement in control processes.
- Resources are acquired, managed, and protected in an economical, efficient, and effective manner.



2.2 Independence and Objectivity

Independence is essential to enable the internal audit function to accomplish its purpose. Accordingly, the Executive Director of Audit, Risk, and Compliance reports functionally to the CAR committee and also serves in a staff role to the committee. For day-to-day operations, the Executive Director of Audit, Risk, and Compliance reports administratively to the President. These reporting relationships allow for direct and unrestricted access to the President and the CAR Committee of the Board of Visitors.

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating evidence and in reporting results. Independence in fact and appearance enables unbiased judgments essential to the proper conduct of the department's scope of work. OARC staff have the responsibility to maintain high standards of conduct, professionalism, independence, and character to carry out proper and meaningful internal auditing within the university.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that would normally be audited. Therefore, internal audit review and appraisal procedures do not in any way substitute for the responsibilities assigned to other persons in the organization.

2.3 Authority

OARC has unrestricted access to all university departments, records, reports, activities, property, and personnel that they deem necessary to discharge their audit responsibilities. OARC will exercise discretion in their review to assure the necessary confidentiality of matters that come to its attention.

OARC will allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports. OARC will also obtain assistance for specialized services from within or outside the university in order to complete engagements.

2.4 Auditing Standards

The internal audit function will conduct its activities in accordance with the Institute of Internal Auditors' International Professional Practices Framework including the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

2.5 Systems Planning and Development

Management will consult OARC during the planning, development, and modification of major financial or operating systems and procedures (manual and automated) to ensure that:

- Reasonable and adequate internal controls exist.
- Systems or procedural documentation is complete and appropriate.
- An adequate audit trail exists.

OARC's participation will be designed to help ensure safeguarding of information assets and compliance with appropriate procedures and aid management efficiency by avoiding costly systems or procedural changes at later dates.



2.6 Responsibilities of the Executive Director of Audit, Risk, and Compliance

The Executive Director of Audit, Risk, and Compliance has primary responsibility for the proper maintenance and management of OARC to ensure that the work fulfills the purposes and responsibilities established in this policy statement. The Executive Director of Audit, Risk, and Compliance is specifically charged with the following responsibilities:

- Coordinating all auditing activities to provide a central source of information for management and the CAR Committee regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- Facilitating the university's efforts regarding enterprise risk management (ERM) on behalf of senior management and the CAR Committee.
- Coordinating the university's institutional compliance program to be a resource and serve as a catalyst for the achievement of university best practices in compliance-related subject matter areas.
- Establishing written policies and procedures for OARC and directing its technical and administrative functions.
- Developing, submitting for approval, and executing comprehensive risk-based annual audit plan to carry out departmental responsibilities.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter, and provide information on the sufficiency of department resources.
- Recommending improvements in controls designed to increase efficiency, safeguard university resources, and ensure compliance with government laws and regulations.
- Issuing an annual summary report of activities to the CAR Committee.
- Appraising the adequacy of the action taken by management to correct significant reported internal control weaknesses and deficient conditions, and reporting this information to the CAR Committee and responsible senior manager as appropriate.
- Establishing and maintaining a Quality Assurance and Improvement Program to evaluate the operations of the department, including periodic internal self-assessments and external peer reviews at least once every five years by qualified persons who are independent of the university, the results of which will be presented to senior management and the CAR Committee.
- Communicating directly with the CAR Committee any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.
- Performing sufficient tests and examinations to determine and report to management, the CAR Committee, and the appropriate authorities the extent of any fraud, waste, and abuse and to identify the weaknesses in control procedures that may have allowed the fraudulent activity to occur. The investigation of the specific event with the objective of recovery and/or prosecution is the responsibility of the appropriate law enforcement agency and Commonwealth's Attorney, based on jurisdiction.



2.7 Audit Reports

OARC will issue audit reports and/or memoranda in all audit activities performed. The format and style of the report will be determined by the Executive Director of Audit, Risk, and Compliance, depending upon the nature and conditions surrounding the audit. Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. The formulation of overall opinions requires consideration of the engagement results and their significance. All reports on engagements scheduled in the annual audit plan will be issued to the members of the CAR Committee; the President; appropriate senior management; and other appropriate personnel as deemed necessary by the Executive Director of Audit, Risk, and Compliance. In addition, reports approved at open meetings of the committee shall be made available to the public in accordance with state statutes. In certain circumstances, the Executive Director of Audit, Risk, and Compliance may decide, with the approval of the Chair of the CAR Committee, to restrict the issuance of an audit report to certain members of management and/or the committee.

2.8 Responsibility for Corrective Action

Senior management to whom the audited department, activity, or agency reports organizationally is responsible for the issuance of a written response to recommendations made or deficient conditions reported. The responses should be submitted to the Executive Director of Audit, Risk, and Compliance for inclusion in the issued audit report. At each meeting, the CAR Committee will receive status updates of recommendations in the process of implementation.

2.9 Coordination with External Auditing Agencies

To ensure appropriate coordination and completeness of the CAR Committee reporting responsibilities, senior managers should promptly notify the Executive Director of Audit, Risk, and Compliance of any external audits or reviews. OARC will coordinate its audit efforts with those of the Auditor of Public Accounts or other external auditing agencies by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary, and their combined efforts provide comprehensive, cost-effective audit coverage for the university. The Executive Director of Audit, Risk, and Compliance will work with the appropriate members of management to determine the level of involvement of OARC, if any, in the performance of each external audit. Duplication of work will be avoided as much as possible.

2.10 Special Projects

The Executive Director of Audit, Risk, and Compliance is empowered to conduct special audit projects, reviews, advisory services, or investigations at the request of the President, Vice Presidents or their designee, and the CAR Committee. Special projects assist management in meeting its objectives; promoting economy and efficiency in the administration of its programs and operations; or preventing and detecting fraud, waste, and abuse, examples of which may include facilitation of risk and control evaluation, training, and advisory services.

3.0 Procedures

Principal guidance and direction on how OARC accomplishes its mission and responsibilities is provided to the audit staff through an office procedures manual. The manual promotes adherence to the International Professional Practice Framework developed by the Institute of Internal Auditors.



4.0 Definitions

Abuse

The excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of university resources, as well as the extravagant or excessive use of one's position or authority. Abuse can occur in financial or nonfinancial settings.

Advisory Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Assurance

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Charter

The charter is a formal document that defines OARC's purpose, authority, and responsibility. The charter establishes the office's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors are principles relevant to the profession and practice of internal auditing, and rules of conduct that describe behavior expected of internal auditors. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest could prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control (e.g. integrity and ethical values; management's philosophy and operating style; organizational structure; and the assignment of authority and responsibility).



Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

Executive Director of Audit, Risk, and Compliance

The individual who serves as the chief audit executive and is responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Institute of Internal Auditors' International Professional Practices Framework.

Engagement

A specific assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Enterprise Risk Management

A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk tolerance, and support the achievement of entity objectives.

Fraud

The intentional misrepresentation or concealment of information in order to deceive, mislead, or acquire something of value. Fraud is an intentional deception perpetrated to secure an unfair advantage or personal benefit.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. The governance process includes: promoting appropriate ethics and values within the organization; ensuring effective organizational performance management and accountability; communicating risk and control information to appropriate areas of the organization; and coordinating the activities of and communicating information among the board, external and internal auditors, and management.

Independence

The freedom from conditions that threaten the ability of a function to carry out its responsibilities in an unbiased manner.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by the Institute of Internal Auditors. Authoritative guidance is comprised of two categories including mandatory guidance (Core Principles, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing) and strongly recommended guidance (implementation and supplemental guidance).

Objectivity

An unbiased mental attitude that allows internal auditors to make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.



Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact, likelihood, and velocity.

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Scope

A statement that specifies the focus, extent, and boundary of a particular audit. The scope can be specified by defining the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and/or the time period that will be covered.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Waste

The careless expenditure, consumption, mismanagement, use, or squandering of university resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

5.0 References

Section 2.1-155.3 of the *Code of Virginia*, enacted in 1984.

State Fraud, Waste, and Abuse Hotline Policies and Procedures Manual, Office of the State Inspector General, Commonwealth of Virginia, 2020 edition.

The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing, revised in 2016 and effective 2017.

6.0 Approval and Revisions

- Revision 0
Approved February 9, 1989, by the Director of Internal Audit, David C. Goodyear.
- Revision 1
Annual review. Section 2.8 - changed so that reports "approved" by the Finance and Audit Committee of the Board of Visitors shall be available to the public.
Approved March 29, 1990, by the Director of Internal Audit, David C. Goodyear.



Virginia Polytechnic Institute and State University

- **Revision 2**
Changes were made to eliminate minor discrepancies between the audit manual and the policy statement as presented to the Board of Visitors.
Approved November 3, 1995, by the Director of Internal Audit, David C. Goodyear.
Annual review, November 5, 1998, by Office of the Executive Vice President. No revisions.
- **Revision 3**
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors. Policy serves as a charter for the Internal Audit Department.
Approved March 29, 2004 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.
Approved March 29, 2004 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 4**
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors, in conjunction with the Internal Audit Department's quality assurance review.
Approved March 14, 2005 by the Executive Vice President and Chief Operating Officer, James A. Hyatt.
Approved March 14, 2005 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 5 April 1, 2008:**
Updates to position titles and/or responsibilities due to university reorganization.
- **Revision 6**
 - Policy title changed from "Internal Audit Department" to "Internal Audit Charter."
 - Section 2.2 revised to reflect change in Director of Internal Audit reporting relationship.
 - Sections 2.5 and 2.7 revised to clarify the role of Internal Audit and the standards under which it conducts its activities.
 - Section 2.9 revised to clarify the process for senior management areas submitting corrective action plans.Approved November 7, 2011 by the university President, Charles W. Steger.
Approved November 7, 2011 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 7**
 - Full technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies. The charter was also revised to incorporate the concept of objectivity, and to include applicable procedures and definitions.
 - Policy title changed from "Internal Audit Charter" to "Charter for the University's Internal Audit Function."Approved November 9, 2015 by the Finance and Audit Committee of the Board of Visitors and President, Timothy D. Sands.



Virginia Polytechnic Institute and State University

- **Revision 8**
Revised to address the reorganization of the Board of Visitors' committee structure and additional responsibilities with regard to risk management and compliance. Additional revisions were made to reflect revised guidance from the Institute of Internal Auditors.
Approved November 5, 2017 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.
- **Revision 9**
Revisions from technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies.
Approved November 18, 2019 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.
- **Revision 10**
Revisions from technical review correcting grammatical, punctuation, and minor format inconsistencies. Additionally, section 2.9 was revised to clarify expectations on OARC's responsibility for coordinating external audits and reviews.
Approved **November XX, 20XX** by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.



Charter for the Office of Audit, Risk, and Compliance

No. 3350

Policy Effective Date:
2/9/1989

Last Revision Date:
11/17/2019

Policy Owner:
President Sands

Policy Author:
(Contact Person)
Sharon Kurek

1.0 Purpose
2.0 Policy
3.0 Procedures
4.0 Definitions
5.0 References
6.0 Approval and Revisions

1.0 Purpose

This policy outlines the policies and procedures covering the Office of Audit, Risk, and Compliance (OARC) at Virginia Polytechnic Institute and State University and serves as a charter for the department.

2.0 Policy

It is the policy of the Compliance, Audit, and Risk (CAR) Committee of the Board of Visitors and the management of Virginia Polytechnic Institute and State University to support the maintenance of an internal audit function to assist in the effective discharge of their fiduciary responsibilities in assessing the effectiveness of the internal control environment.

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1. *Audit*: Provide independent, objective assurance and advisory activities designed to add value and improve university operations. It helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. *Risk Management*: Provide oversight of the enterprise risk management (ERM) program by creating and maintaining the framework to identify, assess, and manage risk.
3. *Compliance*: Provide oversight of the institutional compliance program ~~(ICP)~~ and the distributed processes that support compliance across the university.

2.1 Scope of the Office of Audit, Risk, and Compliance

The scope of OARC's work is to determine whether Virginia Tech's risk management, internal controls, compliance activities and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Programs, plans, and strategic objectives are achieved.
- Risks are appropriately identified, managed, and considered in institutional decision making.
- Significant financial, managerial and operating information is accurate, reliable, and timely.
- Compliance with policies, procedures, standards, laws, and regulations.
- Measures are taken to foster continuous improvement in control processes.
- Resources are acquired, managed, and protected in an economical, efficient, and effective manner.



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Independence is essential to enable the internal audit function to accomplish its purpose. Accordingly, the Executive Director of Audit, Risk, and Compliance reports functionally to the CAR committee and also serves in a staff role to the committee. For day-to-day operations, the Executive Director of Audit, Risk, and Compliance reports administratively to the President. These reporting relationships allow for direct and unrestricted access to the President and the CAR Committee of the Board of Visitors.

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating evidence and in reporting results. Independence in fact and appearance enables unbiased judgments essential to the proper conduct of the department's scope of work. OARC staff have the responsibility to maintain high standards of conduct, professionalism, independence, and character to carry out proper and meaningful internal auditing within the university.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that would normally be audited. Therefore, internal audit review and appraisal procedures do not in any way substitute for the responsibilities assigned to other persons in the organization.

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OARC will allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports. OARC will also obtain assistance for specialized services from within or outside the university in order to complete engagements.

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Management will consult OARC during the planning, development, and modification of major financial or operating systems and procedures (manual and automated) to ensure that:

- Reasonable and adequate internal controls exist.
- Systems or procedural documentation is complete and appropriate.
- An adequate audit trail exists.

OARC's participation will be designed to ~~:(a)~~ help ensure safeguarding of information assets and compliance with appropriate procedures; and ~~:(b)~~ aid management efficiency by avoiding costly systems or procedural changes at later dates.



2.6 Responsibilities of the Executive Director of Audit, Risk, and Compliance

The Executive Director of Audit, Risk, and Compliance has primary responsibility for the proper maintenance and management of OARC to ensure that the work fulfills the purposes and responsibilities established in this policy statement. The Executive Director of Audit, Risk, and Compliance is specifically charged with the following responsibilities:

- Coordinating all auditing activities to provide a central source of information for management and the CAR Committee ~~of the Board of Visitors~~ regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- Facilitating the university's efforts regarding enterprise risk management (ERM) on behalf of senior management and the CAR Committee ~~of the Board of Visitors~~.
- Coordinating the university's ~~Institutional~~ ~~institutional~~ ~~Compliance~~ ~~compliance~~ ~~Program~~ ~~program~~ (ICP) to be a resource and serve as a catalyst for the achievement of university best practices in compliance-related subject matter areas.
- Establishing written policies and procedures for OARC and directing its technical and administrative functions.
- Developing, submitting for approval, and executing comprehensive risk-based annual audit plans to carry out departmental responsibilities.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter, and provide information on the sufficiency of department resources.
- Recommending improvements in controls designed to increase efficiency, safeguard university resources, and ensure compliance with government laws and regulations.
- Issuing an annual summary report of activities to the CAR Committee ~~of the Board of Visitors~~.
- Appraising the adequacy of the action taken by management to correct significant reported internal control weaknesses and deficient conditions, and reporting this information ~~to the CAR Committee and responsible senior manager as appropriate~~ at least quarterly to the responsible Vice Presidents and the university's Chief Business Officer, or their designees.
- Establishing and maintaining a Quality Assurance and Improvement Program to evaluate the operations of the department, including periodic internal self-assessments and external peer reviews at least once every five years by qualified persons who are independent of the university, the results of which will be presented to senior management and the ~~Board of Visitors~~ CAR Committee.
- Communicating directly with the CAR Committee ~~of the Board of Visitors~~ any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.
- Performing sufficient tests and examinations to determine and report to management, the CAR Committee ~~of the Board of Visitors~~, and the appropriate authorities the extent of any fraud, waste, and abuse ~~detected by audit or otherwise~~ and to identify the weaknesses in control procedures that may have allowed the fraudulent activity to occur. The investigation of the specific event with the objective ~~or of~~ recovery and/or prosecution is the responsibility of the appropriate law enforcement agency and Commonwealth's Attorney, based on jurisdiction.



2.7 Audit Reports

OARC will issue audit reports and/or memoranda in all audit activities performed. The format and style of the report will be determined by the Executive Director of Audit, Risk, and Compliance, depending upon the nature and conditions surrounding the audit. Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. The formulation of overall opinions requires consideration of the engagement results and their significance. All reports on engagements scheduled in the annual audit plan will be issued to the members of the CAR Committee ~~of the Board of Visitors~~; the President; appropriate senior management; and other appropriate personnel as deemed necessary by the Executive Director of Audit, Risk, and Compliance. In addition, reports approved at open meetings of the committee shall be made available to the public in accordance with state statutes. In certain circumstances, the Executive Director of Audit, Risk, and Compliance may decide, with the approval of the Chair of the CAR Committee ~~of the Board of Visitors~~, to restrict the issuance of an audit report to certain members of management and/or the committee.

2.8 Responsibility for Corrective Action

Senior management to whom the audited department, activity, or agency reports organizationally is responsible for the issuance of a written response to recommendations made or deficient conditions reported ~~by the internal audit function~~. The responses should be submitted to the Executive Director of Audit, Risk, and Compliance for inclusion in the issued audit report. At each meeting, the CAR Committee will receive status updates of recommendations in the process of implementation.

2.9 Coordination with External Auditing Agencies

To ensure appropriate coordination and completeness of the CAR Committee reporting responsibilities, senior managers should promptly notify the Executive Director of Audit, Risk, and Compliance of any external audits or reviews. ~~The Executive Director of Audit, Risk, and Compliance~~ OARC will coordinate ~~the department's~~ audit efforts with those of the Auditor of Public Accounts or other external auditing agencies by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary, and their combined efforts provide comprehensive, cost-effective audit coverage for the university. The Executive Director of Audit, Risk, and Compliance will work with the appropriate members of management to determine the level of involvement of OARC, if any, in the performance of each external audit. Duplication of work will be avoided as much as possible. ~~To ensure appropriate coordination and ensure completeness of the CAR Committee reporting responsibilities, senior managers should promptly notify the Executive Director of Audit, Risk, and Compliance of any external reviews by any external auditing agencies.~~

2.10 Special Projects

The Executive Director of Audit, Risk, and Compliance is empowered to conduct special audit projects, reviews, advisory services, or investigations at the request of the President, Vice Presidents or their designee, and the CAR Committee. ~~of the Board of Visitors to~~ Special projects assist management in meeting its objectives; ~~;~~ promoting economy and efficiency in the administration of its programs and operations; ~~;~~ or preventing and detecting fraud, waste, and abuse ~~in its programs and operations~~, examples of which may include facilitation of risk and control evaluation, training, and advisory services.



3.0 Procedures

Principal guidance and direction on how OARC accomplishes its mission and responsibilities is provided to the audit staff through an office procedures manual. The manual promotes adherence to the International Professional Practice Framework developed by the Institute of Internal Auditors.

4.0 Definitions

Abuse

The excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of university resources, as well as the e-xtravagant or excessive use of one's position or authority. Abuse can occur in financial or nonfinancial settings.

Add Value

~~The internal audit function adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.~~

Advisory Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Assurance

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Charter

The charter is a formal document that defines OARC's purpose, authority, and responsibility. The charter establishes the office's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors (~~IIA~~) are principles relevant to the profession and practice of internal auditing, and rules of conduct that describe behavior expected of internal auditors. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest could prejudice an individual's ability to perform his or her duties and responsibilities objectively.



Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control (e.g. integrity and ethical values; management's philosophy and operating style; organizational structure; and the assignment of authority and responsibility).

Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

Executive Director of Audit, Risk, and Compliance

The individual who serves as the chief audit executive and is responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the [Institute of Internal Auditors' International Professional Practices Framework](#), [IIA's Definition of Internal Auditing](#), [the Core Principles](#), [the Code of Ethics](#), and [the Standards](#).

Engagement

A specific [internal audit](#) assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Enterprise Risk Management

A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk tolerance, and support the achievement of entity objectives.

Fraud

The intentional misrepresentation or concealment of information in order to deceive, mislead, or acquires something of value. Fraud is an intentional deception perpetrated to secure an unfair advantage [or personal benefit](#).

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. The governance process includes: promoting appropriate ethics and values within the organization; ensuring effective organizational performance management and accountability; communicating risk and control information to appropriate areas of the organization; and coordinating the activities of and communicating information among the board, external and internal auditors, and management.

Independence

The freedom from conditions that threaten the ability of ~~the a internal audit~~ function to carry out [internal audits](#) responsibilities in an unbiased manner.



Internal Audit Function

~~The department, division, team of advisors, or other practitioner(s) that provides independent, objective assurance and advisory services designed to add value and improve an organization's operations.~~

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by the Institute of Internal Auditors. Authoritative guidance is comprised of two categories including: (1)-mandatory [guidance \(Core Principles, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing\)](#) and (2)-strongly recommended [guidance \(implementation and supplemental guidance\)](#).

Objectivity

An unbiased mental attitude that allows internal auditors to [make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments](#)~~perform engagements in such a manner that they believe in their work product and that no quality compromises are made.~~ Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact, ~~and~~ [likelihood, and velocity](#).

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Scope

A statement that specifies the focus, extent, and boundary of a particular audit. The scope can be specified by defining the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and or the time period that will be covered.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standards

~~A professional pronouncement that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.~~

Waste

The careless expenditure, consumption, mismanagement, use, or squandering of university resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.



5.0 References

Section 2.1-155.3 of the *Code of Virginia*, enacted in 1984.

State Fraud, Waste, and Abuse Hotline Policies and Procedures Manual, Office of the State Inspector General, Commonwealth of Virginia, [2018-2020](#) edition.

The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing, revised in 2016 and effective 2017.

6.0 Approval and Revisions

- Revision 0
Approved February 9, 1989, by the Director of Internal Audit, David C. Goodyear.
- Revision 1
Annual review. Section 2.8 - changed so that reports "approved" by the Finance and Audit Committee of the Board of Visitors shall be available to the public.
Approved March 29, 1990, by the Director of Internal Audit, David C. Goodyear.
- Revision 2
Changes were made to eliminate minor discrepancies between the audit manual and the policy statement as presented to the Board of Visitors.
Approved November 3, 1995, by the Director of Internal Audit, David C. Goodyear.

Annual review, November 5, 1998, by Office of the Executive Vice President. No revisions.
- Revision 3
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors. Policy serves as a charter for the Internal Audit Department.
Approved March 29, 2004 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.
Approved March 29, 2004 by the Finance and Audit Committee of the Board of Visitors.
- Revision 4
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors, in conjunction with the Internal Audit Department's quality assurance review.
Approved March 14, 2005 by the Executive Vice President and Chief Operating Officer, James A. Hyatt.
Approved March 14, 2005 by the Finance and Audit Committee of the Board of Visitors.
- Revision 5 April 1, 2008:
Updates to position titles and/or responsibilities due to university reorganization.
- Revision 6
 - Policy title changed from "Internal Audit Department" to "Internal Audit Charter."



Virginia Polytechnic Institute and State University

- Section 2.2 revised to reflect change in Director of Internal Audit reporting relationship.
- Sections 2.5 and 2.7 revised to clarify the role of Internal Audit and the standards under which it conducts its activities.
- Section 2.9 revised to clarify the process for senior management areas submitting corrective action plans.

Approved November 7, 2011 by the university President, Charles W. Steger.

Approved November 7, 2011 by the Finance and Audit Committee of the Board of Visitors.

- Revision 7
 - Full technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies. The charter was also revised to incorporate the concept of objectivity, and to include applicable procedures and definitions.
 - Policy title changed from “Internal Audit Charter” to “Charter for the University’s Internal Audit Function.”

Approved November 9, 2015 by the Finance and Audit Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 8
Revised to address the reorganization of the Board of Visitors’ committee structure and additional responsibilities with regard to risk management and compliance. Additional revisions were made to reflect revised guidance from the Institute of Internal Auditors.

Approved November 5, 2017 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 9
Revisions from technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies.

Approved November 18, 2019 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 10
Revisions from technical review correcting grammatical, punctuation, and minor format inconsistencies. Additionally, section 2.9 was revised to clarify expectations on OARC’s responsibility for coordinating external audits and reviews.
Approved November 18XX, 2019XX by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

Discussion of Future Topics
COMPLIANCE, AUDIT, AND RISK COMMITTEE
November 15, 2020

The Chair of the Compliance, Audit, and Risk Committee will discuss agenda items for future meetings and adjourn the committee meeting.

Joint Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
11:00 a.m. – 11:30 a.m.

November 15, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
◆ 1. Briefing on Information Technology Security	Dr. Scott Midkiff Mr. Randy Marchany
◆ Discusses Enterprise Risk Management topic(s).	

Joint Open Session Briefing Report

JOINT COMPLIANCE, AUDIT, AND RISK COMMITTEE AND GOVERNANCE AND ADMINISTRATION COMMITTEE

November 15, 2020

Joint Open Session

1. **Briefing on Information Technology Security:** Vice President for Information Technology and Chief Information Officer Dr. Scott Midkiff and Information Technology Security Officer Mr. Randy Marchany will provide a briefing to the joint committees on the university's information technology security posture.



VIRGINIA TECH™



IT SECURITY AND RISK UPDATE

Board of Visitors
Governance and Administration Committee
Compliance, Audit, and Risk Committee

RANDY MARCHANY
UNIVERSITY INFORMATION TECHNOLOGY SECURITY
OFFICER
NOVEMBER 15, 2020



VIRGINIA TECH BUSINESS PROCESS IT SECURITY MODELS



Administrative

- Process that runs the university
- Security: **CORPORATE**



Academic / Instructional

- Process that supports teaching/learning
- Security: **ISP***

*Internet Service Provider



Research

- Process that supports VT Research
- Security: **HYBRID**

Challenge: create an overall security architecture that blends these 3 business process IT security requirements

SHARED RESPONSIBILITY MODEL



Responsibility is bottom-up.

Enforcement is top-down.

All security is local.

- All VT policies for IT security apply to the individual regardless whether they're faculty, staff, student, alumni, guest, etc.
- Individuals are responsible for all actions from their user IDs or devices they own or manage on behalf of the university
- Departments/colleges work with ITSO, OARC to ensure policy compliance
- Enforcement of IT security policies delegated to the VPIT/CIO; further delegated to the ITSO

COMPLIANT



SECURE



ENTERPRISE RISK MANAGEMENT



RISK OVERVIEW

Attacker goals over the past 30 years fall into three basic categories:

- **Data Theft and/or Disclosure**
- **Data Destruction**
- **Attacking other sites using organization's assets**

The university faces significant risk exposure in areas of IT security and operations from both internal and external threats. Increasing regulatory and compliance requirements require significant resources and expertise to manage and mitigate.

RISK EXAMPLES

- **Cyber attacks originating from University assets**
- **Cyber attacks leading to deliberate exposure or loss of high or medium risk data**
- **Accidental exposure of high or medium risk data**

Increased compliance and regulatory requirements and heightened regulatory scrutiny for data and IT systems

Loss of institutional reputation and trust

MITIGATION EXAMPLES

- **Continuous network monitoring**
- **IT security reviews; vulnerability scans; internal penetration testing; digital forensic services**
- **Security awareness training**
- **Computing enclaves to ensure compliance**
- **Minimum security standards, Center for Internet Security "20 Critical Controls"**
- **Enhanced authentication (MFA) Central Logging Service (CLS)**
- **Embedding IT security practices in University business processes**

THE UNIVERSITY IT SECURITY MODEL IS SIMILAR TO A MUSEUM



Photo by Pueri Jason Scott, https://commons.wikimedia.org/wiki/File:Mona_lisa_crowd.jpg. Licensed under the [Creative Commons Attribution-Share Alike 3.0 Unported](https://creativecommons.org/licenses/by-sa/3.0/) license.

- **Control Access:** we have limited but **free-flowing** access points with additional protection around high-risk assets.
- **Pervasive Outbound Monitoring:** We invest in monitoring and quick response to threats to protect users, data, and systems. We assume hostiles are inside already.
- **Active Response:** rapid isolation of compromised machines, data
- **Recovery Measures:** backups, cybersecurity insurance, data trackers

We have long followed what is now called the “zero-trust network” model. Each computer should be appropriately secured. We focus on protecting data, regardless of where they physically reside.

AUDIT ISSUES & MITIGATIONS

ISSUES

- Not scanning for high risk data such as SSN, Driver's License numbers, passport numbers, bank and debit account numbers on a regular basis
- Lack of consistent software patching
- Lack of whole disk encryption
- Inconsistent logging practices
- No IT risk assessments in the past 3 years
- Unapproved software on endpoints
- Endpoint administrative privileges not restricted

MITIGATIONS

- MINIMUM security standards for endpoint, servers and applications
- Departments running high risk scanning tools on a regular basis
- DoIT central endpoint management tools coming online
- Department action plans to address OARC findings
- Training and awareness programs for general users and for users who need endpoint administrative privileges
- ITSO Risk Assessment team working with departments to complete their IT risk assessment using a new tool
- Improving efficiency of software procurement security reviews

INCIDENT STATISTICS 2018-2020

- **68** POTENTIAL PII EXPOSURES
 - **2** “NEAR MISS” INCIDENTS
 - Verified PII did **NOT** leave VT
 - **1** ACTUAL PII EXPOSURE INCIDENT
 - **36** records with PII exposed and notifications sent
- **20** RANSOMWARE INCIDENTS
 - **0** successful ransomware attacks involving institutional data. Local security software blocked the attack.
 - **2** successful ransomware attacks involving individual data. Data restored from backups.

INCIDENT MITIGATIONS



- DNS “Firewall” intercepts and blocks callbacks to known bad sites
- Streamlined IT Risk Assessment process for departments
- Track 20 Critical Security Controls progress
- Interactive Phishing Awareness Training available to all departments
- Increased security awareness campaigns
- Policies, standards, skills training
 - VT IT Policies & Standards: <https://it.vt.edu/resources/policies.html>
- Emphasis on data analytics

TOP 3 CHALLENGES



- In-house, vendor, distributed computing risks
 - Risk of data exposure
 - Vendor questionnaires allow risk assessment
 - Staff shortages to evaluate these issues



- User cybersecurity awareness
 - User training and awareness
 - Technical training for IT staff
 - Need to “see something, say something”



- Software patching
 - Unified Endpoint Management program

ITSO, OARC, DISTRIBUTED IT UNITS

- The IT Security Office and the Office of Audit, Risk, and Compliance working together to assess risks and identify noncompliance
- The IT Security Office and distributed IT units working together to ensure risks are addressed
- We will report our progress to the Board of Visitors in 6 months

Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Latham A/B, The Inn at Virginia Tech
10:00 a.m.
November 16, 2020

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Anna James
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 August 25, 2020 Meeting	
c. Annual Write-off of Delinquent Accounts	
* d. Approval of Pratt Fund Program and Expenditures Report	
4. Update on Advancement	Charlie Phlegar
5. Annual Report on Investments and Quasi-Endowments	Ken Miller John Cusimano Tim Hodge
6. Annual Report on the University's Student Financial Aid Resources	Tim Hodge Luisa Havens Gerardo
7. Update on the Special Session of the General Assembly	Ken Miller Tim Hodge Bob Broyden
◆ * 8. Financial Update on COVID-19 and Approval of the 2020-21 Operating Budget Adjustment	Ken Miller Tim Hodge
* 9. Approval of 9(d) Debt Restructuring and Refunding Resolutions	Ken Miller John Cusimano
a. VCBA 9(d) Debt Restructuring Resolution	
b. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution	
10. Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity	Ken Miller Bob Broyden John Cusimano
* 11. Approval of Year-to-Date Financial Performance Report (July 1, 2020 – September 30, 2020)	Tim Hodge Bob Broyden
12. Discussion of Future Agenda Topics and Closing Remarks	Ed Baine

* **Requires full Board approval.**

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

Briefing Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 16, 2020

Open Session

1. **Motion to Reconvene in Open Session**
 2. **Welcome and Opening Remarks**
 3. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda.
 - a. **Approval of Items Discussed in Closed Session:** The Committee will review and approve the items discussed in closed session.
 - b. **Approval of Minutes of the August 25, 2020 Meeting:** The Committee will review and approve the minutes of the August 25, 2020 meeting.
 - c. **Annual Write-off of Delinquent Accounts:** As of June 30, 2020, the amount of write-offs of delinquent accounts totaled \$385,065 which represents 0.03 percent of the 2019 annual operating revenues of \$1.16 billion. The current year write-off is consistent with the total write-off amounts in recent years.
 - * d. **Approval of Pratt Fund Program and Expenditures Report:** 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 fiscal year 2019-20, the College of Engineering had total expenditures of \$940,029 and the Animal Nutrition had total expenditures of \$1,157,032.
 4. **Update on Advancement:** University Advancement will provide a quarterly report on their fundraising efforts including an update on the first months of fundraising in fiscal year 2021, a campaign update, an overview of the strategies for meeting the 22 percent participation rate by 2022 goal, and the outlook for fundraising.
 5. **Annual Report on Investments and Quasi-Endowments:** The Committee will receive a report on university investments and quasi-endowments, investment performance and related benchmarks, estimated payouts for fiscal year 2021, and planned use of such funds. The university has two investment pools: a short to intermediate-term pool managed within the
- * **Requires full Board approval.**
◆ **Discusses Enterprise Risk Management topic(s).**

university and a long-term pool managed by the Virginia Tech Foundation, Inc. The report shows the purposeful growth of funds invested in the endowment pool managed by the foundation, which consists of true endowments, quasi-endowments and nongeneral fund reserves and balances, and local funds owned by the university.

As of June 30, 2020, the market value of university funds invested in the short to intermediate-term pool was \$376.5 million and in the foundation was \$401.8 million. The short-term university investment income for fiscal year 2021 is estimated to be approximately \$6 million and the long-term university investment income for fiscal year 2021 is estimated to be approximately \$18.8 million. The university's investment income is budgeted for restricted and unrestricted purposes to support scholarships, professorships, graduate student assistantships, auxiliary enterprises, and the Virginia Tech Carilion School of Medicine, one-time or limited recurring commitments for strategic institutional goals and initiatives, and building adequate operating reserves (including the strategic plan milestone of growing net assets by \$20 million per year).

6. **Annual Report on the University's Student Financial Aid Resources:** The Committee will receive a comprehensive report on the university's scholarship and financial aid program. In its Management Agreement with the commonwealth, the university affirmed its commitment to increase the support for student financial aid. The university continues to work proactively to ensure access and affordability. The amount of total student financial aid awarded increased from \$511.9 million in fiscal year 2019 to \$538.4 million in fiscal year 2020.
7. **Update on the Special Session of the General Assembly:** The Committee will receive an update on the Special Session of the General Assembly including a summary of major budget actions from the Reconvened Session and the Special Session and the next steps for finalizing the budget revisions.
- * ♦ 8. **Financial Update on COVID-19 and Approval of the 2020-21 Operating Budget Adjustment:** The Committee will receive an update on the financial impacts of the COVID-19 pandemic and review for approval the 2020-21 Operating Budget Adjustment.

The preliminary 2020-21 Operating Budget was approved by the full Board at the June 2, 2020 meeting; however, adjustments are needed due to the impact of the outcome of the special legislative session and the confirmation of Fall 2020 enrollment levels on the current operational model. These adjustments include a \$29 million increase in revenue and expenditure budgets for the Educational and General program, and a \$77.4 million decrease in revenue and a \$16.8 million decrease in expenses for a net decrease adjustment of \$60.6 million for Auxiliary Enterprises.

In addition to the proposed budget adjustments, this update includes an overview of the strategies that are being considered to manage the pandemic's impact on the university's finances.

* **Requires full Board approval.**

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

- * 9. **Approval of 9(d) Debt Restructuring and Refunding Resolutions:** The Committee will review for approval the proposed Virginia College Building Authority (VCBA) 9(d) Debt Restructuring Resolution and the Virginia Tech 9(d) Debt Restructuring and Refunding Resolution. As a result of the impact of COVID-19 on the university and its finances, the university is seeking approval to pursue the following restructuring and refunding initiatives.
- a. VCBA 9(d) Debt Restructuring Resolution: Under the commonwealth's initiative, the VCBA will restructure a portion of the university's pooled VCBA bonds for debt service relief. The restructuring will result in having no principal payments in fiscal years 2022 and 2023. These deferred principal payments will be added to the end of the existing amortization schedules, thereby extending the final maturities by two years. The proposed VCBA resolution authorizes the university to participate in the restructuring program and to pledge the general revenues of the university to secure the debt.
 - b. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution: Under the university's initiative, athletic VCBA bonds will be restructured, and other VCBA, 9(c) general obligation, and university Series 2015 bonds will be reviewed for additional restructuring and refunding opportunities. The 9(d) bonds will be issued directly by the university. The proposed resolution authorizes the issuance of the university's 9(d) bonds and pledges the general revenues of the university to secure the debt.
10. **Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity:** The Committee will receive for acceptance a report on the university's debt ratio and debt capacity. At the conclusion of fiscal year 2019-20, outstanding long-term debt of the university totaled \$452.8 million with a debt ratio of 3.51 percent. The university proposes the continuation of the five percent cap on the debt ratio for future years.
- * 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2020 – September 30, 2020):** The Committee will review for approval the Year-to-Date Financial Performance Report for July 1, 2020 – September 30, 2020. For the first quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The tuition and fee budget was increased by \$14.0 million for planned Fall 2020 enrollment growth and by \$8.1 million for higher than projected Summer 2020 enrollment. The University Division revenue budget was updated to remove the \$25 million revenue contingency established for potential impacts due to COVID-19. The corresponding expenditure budget increase includes the restoration of two percent of the preliminary expenditure budget reductions. A three percent budget reduction remains to manage cost escalation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19. An additional two percent budget remains in non-college areas for critical needs. For the Cooperative Extension/Agriculture Experiment Station the five percent budget reductions were completely eliminated. Additional adjustments are anticipated in the second quarter of fiscal year 2021 to further align the budget for additional financial impacts of the pandemic.

* **Requires full Board approval.**

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

For the quarter ending September 30, 2020, \$22.5 million was expended for Educational and General capital projects, and \$26.3 million was expended on Auxiliary Enterprises capital projects. Capital outlay expenditures for the quarter ending September 30, 2020 totaled \$48.8 million.

12. Discussion of Future Agenda Topics and Closing Remarks: The Committee will discuss possible topics for future meetings and other topics as needed.

*** Requires full Board approval.**

◆ Discusses Enterprise Risk Management topic(s).

Motion to Reconvene in Open Session

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 16, 2020

WHEREAS, the Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, §2.2-3711 of the Code of Virginia requires a certification by the Finance and Resource Management Committee that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia Law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Finance and Resource Management Committee.

Welcome and Opening Remarks

ED BAINE

CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Consent Agenda

- a. Approval of Items Discussed in Closed Session
- b. Approval of Minutes of the August 25, 2020 Meeting
- c. Annual Write-off of Delinquent Accounts
- * d. Approval of Pratt Fund Program and Expenditures Report

**Requires full Board approval*

Items Discussed in Closed Session

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 16, 2020

Ratification of Personnel Changes Report

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

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham A/B, The Inn at Virginia Tech

August 25, 2020

Joint Closed Session with the Academic, Research, and Student Affairs Committee

Board Members Present: Ed Baine, Carrie Chenery, Greta Harris, Anna James, Tish Long, Melissa Nelson, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Cyril Clarke, Jack Finney, Rachel Gabriele, Bryan Garey, Kay Heidbreder, Nancy Meacham, Ken Miller, Kim O'Rourke, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Tim Sands

1. **Motion for Closed Session:** Motion to begin closed session.
2. **Discussion of Changes to and Ratification of Personnel Changes Report:** The Committees met in closed session to discuss proposed changes to the Personnel Changes Report and to review and ratify the quarterly Personnel Changes Report.

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

Open Session

Board Members Present: Ed Baine, Shelley Barlow, Sharon Brickhouse Martin, Carrie Chenery, Greta Harris, C. T. Hill, Anna James, Eric Kaufman – Faculty Representative, Tish Long, Melissa Nelson, Camellia Pastore – Undergraduate Student Representative, Mehul Sanghani, Tamarah Smith – Staff Representative, Sabrina Sturgeon – Graduate Student Representative, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Kari Evans, Corey Earles, Bryan Garey, Kay Heidbreder, Tim Hodge, Lisa Lee, Nancy Meacham, Ken Miller, Justin Noble, Kim O'Rourke, Charlie Phlegar, Dwayne Pinkney, Menah Pratt-Clarke, Trudy Riley, Brandy Salmon, Tim Sands, Don Taylor, Tracy Vosburgh

Guests: Henri Gendreau

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **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 May 29, 2020 Meeting
 - c. Report on Higher Education Restructuring Performance Measures: This report focused on finance and administrative performance standards results for fiscal year 2019. In July 2020, the university reported on the performance of the finance and administrative measures for fiscal year 2019 to the Secretaries of Finance, Administration, and Education. The assessment of the academic measures is conducted by State Council for Higher Education of Virginia (SCHEV).

- * d. Approval of Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution: The Committee reviewed for approval a debt financing resolution for the Creativity and Innovation District Living Learning Community through the state's 9(c) pooled bond program.

The Creativity and Innovation District Living Learning Community has been authorized by the state to be financed for up to \$89.62 million plus amounts needed to fund issuance costs, reserve funds, and other financing expenses. The university has used commercial paper as short-term financing to date and will reimburse itself from the 9(c) bond proceeds.

- * e. Approval of Resolution to Adjust VT-ARC Affiliation Agreement: The Committee reviewed for approval a Resolution to add language to the Virginia Tech Applied Research Corporation (VT-ARC) Affiliation Agreement approved at the June 2, 2020 full board meeting allowing VT-ARC to request an exception to the requirement to provide a benefits and compensation plan for its employees that, as nearly as practical, matches that of the university. Such exceptions may be authorized by the Senior Vice President and Chief Business Officer of the university.

The Committee approved the items on the Consent Agenda and recommended the Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution and the Resolution to Adjust VT-ARC Affiliation Agreement to the full Board for approval.

4. **Comprehensive Update on Advancement:** The Committee received a comprehensive presentation from University Advancement providing an update on the fiscal year 2020 giving results and giving trends since the launch of the Advancement Model. This report also included an update on the philanthropic participation rate; the impact of COVID-19 on fundraising and advancement; the work of University Relations in response to the pandemic; and a summary of near-term focus areas for fundraising priorities, athletics, and participation goals.

The Rector requested that all Board members consider making donations to University Advancement, if they are able, so the 100% Board member philanthropic participation continues in fiscal year 2021.

5. **Update on Research:** The Committee received an update on research including an update on goals from fiscal year 2020 and notable achievements and results, a summary of the impact of COVID-19 on research, and leadership testimonials.
- ◆ 6. **Financial Update on COVID-19:** The Committee received an update on the financial impacts of the COVID-19 pandemic. The presentation included an overview of the university's response to the pandemic; the allocation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds; and the remaining unknown impacts related to the pandemic for Fall semester of fiscal year 2021.
- * 7. **Approval of Resolution for Additional Lines of Credit:** The Committee reviewed for approval a resolution identifying authorized officers; approving the terms of proposals and the form of a credit agreement and promissory note; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents to obtain up to \$210 million of additional lines of credit.

The Committee recommended the Resolution for Additional Lines of Credit to the full Board for approval.

- * 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2019 – June 30, 2020):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2019 – June 30, 2020. The university successfully closed its fiscal year in accordance with guidance and requirements of the commonwealth. The Education and General budgets were balanced at year-end, with no operating deficit incurred. The Auxiliary Enterprises revenues were higher than projected due to interest earnings, orientation participation, student fees from higher than budgeted enrollments, and software sales. Auxiliary Enterprises expenditures were lower than projected due to the university holding back

expenses in response to the COVID-19 pandemic and the timing of incomplete projects.

For year-ended June 30, 2020, \$117.7 million has been expended for Educational and General capital projects, and \$66.6 million has been expended for Auxiliary Enterprises capital projects. Total capital outlay expenditures for year-ended June 30, 2020 was \$184.3 million against an annual budget of \$173.9 million.

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

- * 9. **Approval of Resolution Establishing University Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Support:** The Committee reviewed for approval a resolution establishing University Policy, 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support. This policy was developed in response to the new provisions of Code of Virginia §23.1-1304.1 that requires boards of visitors to establish a policy for the acceptance of terms and conditions and implement administrative processes for specific types of philanthropic support.

The Committee recommended the Resolution Establishing University Policy, 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support to the full Board for approval.

- 10. **Update on the Implementation of the JLARC Recommendations:** The Committee received an update on the implementation of JLARC recommendations for broader spans of control. This update also provided an overview of the human resources milestones reached in 2019 and outlined human resources goals and objectives for 2020.
- 11. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee discussed possible topics for future meetings and other topics as needed.

Joint Open Session with the Buildings and Grounds Committee

Board Members Present: Ed Baine, Shelley Barlow, Sharon Brickhouse Martin, Carrie Chenery, Greta Harris, C.T. Hill, Anna James, Eric Kaufman – Faculty Representative, Tish Long, Melissa Nelson, Camellia Pastore – Undergraduate Student Representative, Mehul Sanghani, Tamarah Smith – Staff Representative, Sabrina Sturgeon – Graduate Student Representative, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Corey Earles, Kevin Foust, Kay Heidbreder, Tim Hodge, Chris Kiwus, Nancy Meacham, Ken Miller, Liza Morris, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Menah Pratt-Clarke, Tim Sands, Dwyn Taylor, Jon Clark Teglas, Tracy Vosburgh

Guests: Henri Gendreau

1. **Approval of Resolution for Temporary Supplement for Planning the Undergraduate Science Laboratory Building:** The Committees reviewed for approval a resolution for a temporary supplement for planning the Undergraduate Science Laboratory Building. The university infused \$3.084 million of temporary nongeneral funds to complete preliminary designs in September 2017; these designs were completed and the funds were exhausted by January 2020. During fiscal year 2020, the university infused \$2.432 million of additional temporary funds to ensure continuity of the A/E design team and to complete working drawings, bringing the adjusted total budget to complete planning to \$5.516 million. The state has requested that Virginia Tech hold the \$2.432 million supplement authorization locally using its restructuring authority.

The entire \$5.516 million of temporary resources will be reimbursed by General Fund resources when the state appropriates construction funding for this project.

This request is for a capital planning authorization to hold a \$2.432 million supplement to adjust the temporary budget and funding for the Undergraduate Science Laboratory Building project to \$5.516 million.

The Committees recommended the Resolution for Temporary Supplement for Planning the Undergraduate Science Laboratory Building to the full Board for approval.

There being no further business, the meeting adjourned at 11:24 a.m.

*** Requires full Board approval.**

**Accounts Receivable and the Write-off of Delinquent Accounts
For the Fiscal Year Ended June 30, 2020**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 25, 2020

Overview

Current accounts receivable are generated by several components as part of the annual operating activities of the university. Student accounts receivable and the receivables generated through the sponsored research program represent the largest components of the total receivables. Current and noncurrent notes receivable are comprised of both federal and institutional student loans administered by the university. To properly account for and control these assets, the university uses a combination of centralized and decentralized systems.

The Bursar's Office is responsible for the centralized accounts receivable system operation and monitoring the activities of the decentralized operations through reviews of reports and discussions with personnel who have been delegated the responsibility for billing and collecting accounts. The Bursar's Office is also responsible for managing the collection process for all delinquent accounts.

The Controller's Office consolidates information from the receivable systems on a quarterly basis and reports to senior management and the State Comptroller. The quarterly report uses a combination of narratives, tables, and graphs to report receivables, analyze trends, and identify areas where emphasis or action is needed. The Controller's Office is responsible for the implementation of corrective action to ensure that receivables are properly managed.

Composition and Aging of the Receivables

Accounts receivable: Attachment A provides the composition of the current gross receivables at June 30, 2020, with comparative data for the previous year. Attachment B provides a graph for the aging analysis of the gross receivables at June 30, 2020, with comparative data for the previous three years. In addition, the total current receivables write-offs for these four years are overlaid on this graph to demonstrate the small proportion of write-offs to total receivables.

Notes receivable – from students: Federal and Institutional Loans (issued by Virginia Tech from gifts and donated funds designated to be used for loans) to students require the execution of a promissory note. These loans receivable are repaid over 10 or more years after a student's last enrollment at the university and the amount due in the next 12 months is classified as a current notes receivable for the university's financial statements.

Attachment A also provides the composition of the total gross federal and institutional student loans receivable at June 30, 2020, with comparative data for the previous year.

Federal loans receivable will continue to decrease in future years with the wind down of the Perkins loan program required by the federal government.

Collection Efforts and Write-offs

Because of the nature of the accounts receivable, their impact on the university's operating budget, and the university's assertive policy for collecting delinquent accounts, the annual write-off of uncollectible accounts is relatively small. The average annual write-off for accounts receivable for the past three years is \$509,875. **The fiscal year 2020 write-off total of \$385,065 represents only 0.03 percent (less than one tenth of one percent) of the annual operating revenues¹ per the audited financial statements for fiscal year 2019.**

Various techniques are used for collecting delinquent accounts receivable depending on the customer and type of account. For example, students must pay past due amounts before they are allowed to enroll for the next school term. Other delinquent accounts are placed with commercial collection agencies and the State Attorney General's Office for collection. The State Comptroller provides guidance on collection policies and procedures, and the university generally complies with the State Comptroller's recommendations, except where improved practices have been implemented under the Restructuring Act.

Accounts Receivable Written Off at June 30, 2020

As authorized by a resolution passed by the Board of Visitors on August 13, 1976, the Vice President for Finance and the Assistant Vice President for Finance and University Controller periodically review the university's accounts and notes receivable to determine those delinquent accounts that are deemed uncollectible. Subsequently, the accounts are written off the university's records in accordance with generally accepted accounting practices. However, such accounts are not discharged or forgiven (with limited exceptions such as bankruptcies, death, etc.), and the university continues to track these accounts and sometimes collects portions of these accounts after being written off.

Normally, accounts are written off at the close of the fiscal year. For the fiscal year ended June 30, 2020, the accounts receivable written off totaled \$385,065. The increase in write-offs of \$786 over the prior year is primarily due to increases of \$62,945 in Student Account write-offs due to failed payment plans, and third-party sponsors retracting their payment agreement. There was an increase of \$10,329 in Parking Services write-offs due to the delay in billing and collections caused by a temporary disruption in the ability to identify vehicle owner and registration information. There was an off-setting decrease of \$46,816 in Sponsored Program write-offs and a decrease of \$27,295 in Veterinary Medicine. See Attachment C for a summary of the accounts receivable written off at June 30, 2020, with comparative data for the two previous fiscal years.

For each accounts receivable written off, appropriate collection procedures were utilized. Further collection efforts were not justified for various reasons such as bankruptcies, inability to locate the debtor, and cost versus benefit for small receivable amounts.

¹ Operating revenues for FY19 of \$1,160,443,000 was used for this calculation.

As shown in Attachment D, the \$385,065 write-off total consists of 992 customers with an average account value of \$388. In fact, of the total number of accounts written off, 65.32 percent (648) were valued at less than \$100, and these low dollar accounts represent only 7.72 percent of the total dollar value of the write-offs.

Notes Receivable – From Students Written Off at June 30, 2020

The total notes receivable written off at the close of fiscal year 2020 included \$94,443 of the institutional student loan portfolio. Institutional student loans are subject to the same collection techniques as other university receivables. For each loan written off, appropriate collection procedures were utilized. The notes receivable write-off consists of 33 loans, past due 900 or more days, with an average loan balance of \$2,862. Institutional student loans are most often awarded to students with financial need who have exhausted other avenues of financial aid. Since these are long-term loan programs issued to borrowers with limited resources, the university generally has allowed more time before deeming the loan uncollectible and subsequently writing these amounts off.

Federal notes receivable are issued from funds received from the federal Departments of Education and Health and Human Services over many previous years for the Perkins and Health Professions Student Loan programs, and from required matching contributions from the university. Again, the same collection procedures are followed for these loans. When loans are deemed uncollectible, federal regulations allow the Perkins loans to be assigned and returned to the Department of Education for additional collection efforts and final resolution.

State Management Standards

The university's Management Agreement under the Restructured Higher Education Financial and Administrative Operations Act includes several financial and administrative performance standards. The university must achieve compliance with all of these performance standards to retain the financial benefits provided under the Management Agreement. There are two management standards related to accounts receivable and both are calculated annually and reported to the state biennially. The two standards are:

- a. A four quarter average past due rate of 10 percent or less on receivables 121 days or more past due as a percentage of all current receivables.
- b. An average past due rate of 10 percent or less on Federal student loans.

The university is currently in compliance with both standards. As of June 30, 2020, the average past due rate on current receivables 121 days or more past due is 1.42 percent for the applicable four quarters and the Federal Perkins Student Loan default rate is 1.69 percent.

**Composition of Gross Accounts and Notes Receivable
As of June 30, 2019 and 2020
(Dollars in Thousands)**

	June 30, 2020		June 30, 2019	
	Receivable Balance	Percent	Receivable Balance	Percent
<u>Accounts Receivable:</u>				
Student Accounts	\$ 4,548	6.3%	\$ 2,663	3.4%
Sponsored Programs	47,584	66.5%	52,047	65.6%
Electric Service	871	1.2%	915	1.2%
Parking Service	83	0.1%	121	0.1%
Telecommunications (NIS)	56	0.1%	11	0.0%
CPE and IVTSCC ¹	258	0.4%	465	0.6%
Veterinary Medicine	354	0.5%	375	0.5%
Equine Medical Center	621	0.9%	515	0.6%
Short Term Loans/Notes	1	0.0%	5	0.0%
Other Receivables ²	17,130	24.0%	22,162	28.0%
Total Accounts Receivable	\$ 71,506	100.0%	\$ 79,279	100.0%
<u>Notes Receivable:</u>				
Federal Loans - Perkins & HPSL ³	\$ 10,120	86.3%	\$ 12,379	87.6%
Institutional Loans	1,602	13.7%	1,751	12.4%
Total Notes Receivable	\$ 11,722	100.0%	\$ 14,130	100.0%

¹ Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

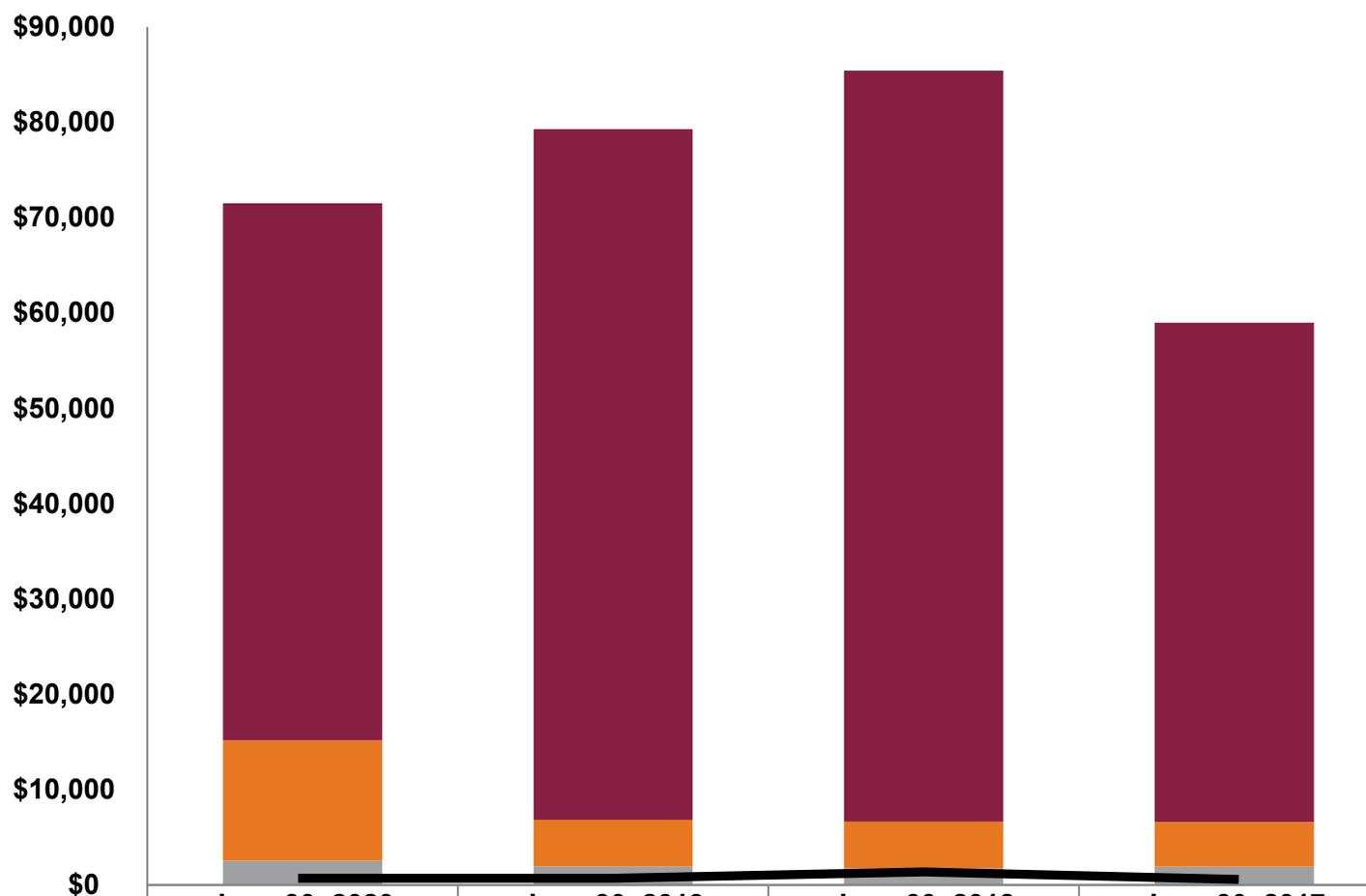
² One-time receivables are included in Other Receivables category

\$8,763 Athletics

\$5,267 Carilion commitment toward the construction of second Fralin Biomedical Research Institute at VTC building

³ Health Professions Student Loan

**Aging of Current Gross Accounts Receivable
From June 30, 2017 to June 30, 2020
(Dollars in Thousands)**



	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Receivables Not Past Due	\$56,334	\$72,435	\$78,797	\$52,353
1 - 120 Days Past Due	\$12,636	\$4,888	\$4,897	\$4,694
121 to Over 1 Year Past Due	\$2,536	\$1,956	\$1,743	\$1,929
Total Gross Receivables	\$71,506	\$79,279	\$85,437	\$58,976
Write-Offs	\$385	\$384	\$760	\$327

Presentation Date: November 16, 2020

Current Accounts Receivable Write-Offs for June 30, 2020 with Comparison to 2019 and 2018
(In whole dollars)

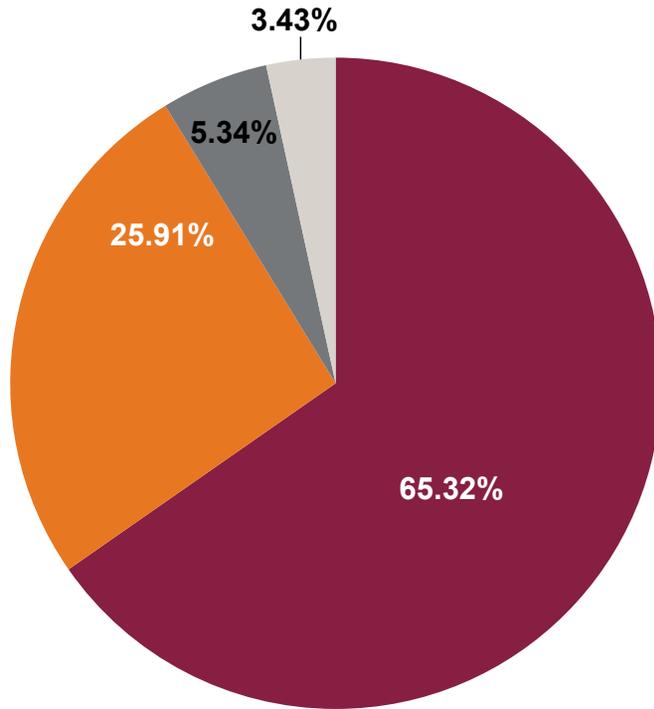
<u>Accounts Receivable</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Three Year Average</u>
Student Accounts	\$ 203,309	\$ 140,364	\$ 388,787	\$ 244,153
Sponsored Programs	19,495	66,311	64,201	50,002
Electric Service	15,673	16,170	12,553	14,799
Parking Services	27,874	17,545	19,007	21,475
CPE and IVTSCC ¹	708	-	13,312	4,673
Veterinary Medicine	52,726	80,021	93,765	75,504
Equine Medical Center	15,154	22,442	78,880	38,825
Short Term Loans/Notes	1,375	5	-	460
Other Receivables	48,751	41,421	89,779	59,984
Total Write-Offs	\$ 385,065	\$ 384,279	\$ 760,284	\$ 509,875

¹ Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

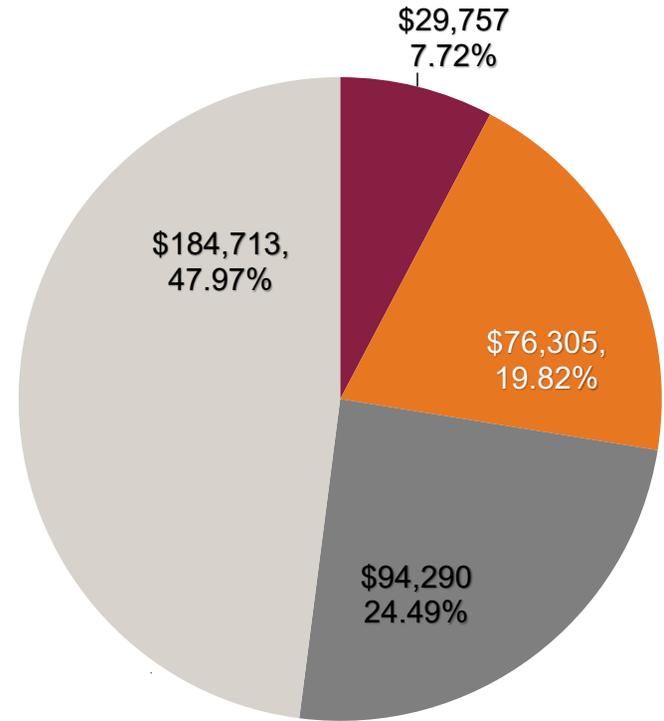
Stratification of Write-Offs for Fiscal Year 2020

Total Number of Accounts = 992

Total Dollar Value = \$385,065
Average Dollar Value = \$388



■ \$0-\$99 ■ \$100-\$999
■ \$1,000-\$2,999 ■ > \$3,000



■ \$0-\$99 ■ \$100-\$999
■ \$1,000-\$2,999 ■ > \$3,000

Pratt Funds Overview

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE AND FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 7, 2020

In 1975, the university received a significant bequest from the estate of Mr. John Lee Pratt of Stafford County, following his death on December 20, 1975. The bequest was divided equally into two distinct parts, one to support Animal Nutrition and one to support the College of Engineering. According to the will, the bequest for Animal Nutrition was to be used to promote the study of animal nutrition by supplementing salaries, providing equipment and materials to be used for experiments in feeding and in the preparation of feeds for livestock and poultry, and publishing and disseminating the research results of the studies. The will provided that the bequest for the College of Engineering should be used to support research and scholarships.

Distributions of the Pratt Estate were received in several installments: \$9,561,819 in 1975, \$1,330,000 in 1977, \$47,000 in 1979, and \$30,164 in 1981, for a total of \$10,968,983. Over the years, the Pratt Endowment investment pool has grown to \$41.16 million, as of June 30, 2020. The following paragraphs summarize some of the major accomplishments of the College of Engineering and the Animal Nutrition Programs that are directly tied to the funding provided by the Pratt Estate.

When the Pratt Endowment was originally established, the College of Engineering was in the early stages of becoming established as a nationally recognized leader in engineering education. The Pratt Endowment has played a significant role over the years in allowing the college to enrich its pool of students and to offer additional international study opportunities to students and faculty.

The expenditure of income funds from the Pratt Endowment provides an unusual opportunity to support an animal nutrition program of high quality. Use of these endowment earnings has concentrated on enhancing research and educational opportunities beyond what departments could do with state and federal funding. The main funding strategy remains with strong support for Ph.D. training, direct research support, scientific equipment, and visiting professors that stimulate and inspire the faculty and students engaged in nutrition research.

RECOMMENDATION:

That the 2019-20 Pratt Funds Activity Statements for Animal Nutrition and the College of Engineering be approved.

November 16, 2020

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ENGINEERING

Income

Balance, July 1, 2019	\$ 68,403	
Endowment Income for 2019-20	<u>999,333</u>	
 Total Available		 \$1,067,736

Expenditures*

Undergraduate Scholarships	\$492,465	
Graduate Research Fellowships	168,030	
Graduate Research Scholarships	122,101	
Graduate Recruitment for Research Programs	100,343	
Undergraduate International Scholarships	31,749	
Graduate Research Tuition Scholarships	13,841	
Graduate International Scholarships	<u>11,500</u>	
 Total Expenditures		 <u>\$940,029</u>
 Balance at June 30, 2020 to be carried to 2020-21		 <u>\$ 127,707</u>

**See Attachment A for Engineering programs supported by Pratt Funds.*

PRATT FUNDS ACTIVITY STATEMENT
For the Year Ended June 30, 2020
ANIMAL NUTRITION

Income

Balance, July 1, 2019	\$ 311,056	
Endowment Income for 2019-20	<u>969,834</u>	
Total Available		\$1,280,890

Expenditures*

Graduate Student Scholars	\$ 544,913	
Scientific Equipment and Supplies	267,105	
Undergraduate Students	164,747	
Nutrition Technicians	146,438	
Visiting Scientists	32,836	
Research Publications	<u>993</u>	
Total Expenditures		<u>\$1,157,032</u>
Balance at June 30, 2020 to be carried to 2020-21		<u>\$ 123,858</u>

**See Attachment B for Animal Nutrition Programs supported by Pratt Funds.*

PRATT FUNDS: College of Engineering

The Pratt Endowment enriches the College of Engineering in many ways, adding to Virginia Tech's reputation. In fiscal year 2019-2020, Pratt Funds supported the following engineering programs: undergraduate scholarships, undergraduate and graduate international scholarships, graduate research assistantships, graduate fellowships and graduate tuition scholarships, and graduate recruitment for the college's research programs.

Undergraduate Scholarships**Spent: \$492,465**

Pratt Funds allow the college to offer Dean's Scholar scholarships to entering freshmen. These scholarships provide a four-year, \$1,500 to \$5,000 per academic year continuing commitment to each recipient, provided at least a 3.5 grade point average is maintained. In fiscal year 2019-20, Pratt Funds provided \$1,500 to \$5,000 to 180 students.

Undergraduate International Scholarships**Spent: \$31,749**

Pratt Funds provided scholarships to 27 undergraduate students participating in international experiences during the 2019-20 academic year. Travel scholarships were provided to students to travel to countries in Africa, Asia, Australia, Europe, and South America. Examples of activities include participation in senior design projects, service learning experiences, cultural exchange programs, and study abroad programs in various countries. Over 50 scholarships were canceled due to travel restrictions caused by the COVID-19 pandemic. Examples of these activities include participation in the Rising Sophomore Program, Civil Engineering's Bridges Program, and various cultural exchange and study abroad programs. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate International Scholarships**Spent: \$11,500**

Pratt Funds supported nine graduate students undertaking a variety of international experiences in Africa, Asia, Australia, and South America. Examples of the international experiences include participation in conferences, research, service learning, and study abroad programs. Travel restrictions caused by the COVID-19 pandemic interrupted international research and conference plans for about 10 graduate students. The unspent funding will be carried forward and likely used to pay down program deficits incurred by departments that granted full scholarship refunds to students but were unable to recover the costs.

Graduate Research Scholarships**Spent: \$122,101**

The college used Pratt funding to support graduate research assistants in the Institute for Critical Technology and Applied Science's (ICTAS) Doctoral Scholars Program. This program is a multi-disciplinary research effort coordinated by ICTAS, with significant contributions from participating departments, colleges, and the Graduate School. Students receive a graduate research scholarship of \$32,000 per year for a maximum of four years. The program supported 10 students in fiscal year 2019-20.

Graduate Fellowships and Graduate Tuition Scholarships

Spent: \$181,871

Graduate Research Fellowships

Each engineering department receives a portion of Pratt Funds to use for graduate fellowships. In fiscal year 2019-20, 92 students received Pratt Fellowships ranging from \$55/month to \$1,126/month. These fellowships supplement existing assistantships, allowing the college to offer competitive compensation packages to graduate students being recruited by other top engineering colleges.

Spent: \$168,030

Graduate Research Tuition Scholarships

Engineering departments have the option of using Pratt Fellowship funding for tuition remission scholarships for graduate students. In fiscal year 2019-20, departments provided partial or complete tuition for seven graduate students from Pratt Funds.

Spent: \$13,841

Graduate Recruitment for Research Programs

Spent: \$100,343

The college's departments readily acknowledge that the use of Pratt Funds to support visiting prospective graduate students substantially increases our enrollment of top-quality graduate students and is critical to the college's research programs. In fiscal year 2019-20, this funding supported the travel expenditures for over 125 prospective graduate students. A majority of the graduate recruiting visits occurred prior to the COVID-19 pandemic travel restrictions.

PRATT FUNDS: Animal Nutrition

The John Lee Pratt Endowment has been instrumental in enhancing the quality of the university's animal nutrition programs at Virginia Tech. The Pratt Endowment objective as specified in John Lee Pratt's bequest is to "*promote the study of animal nutrition, provide equipment and materials for feeding experiments and the preparation of livestock and poultry feeds, and to publish and disseminate the practical results from this research.*" In an effort to better meet the original goals of the Endowment in enhancing Animal Nutrition programs and attract high quality graduate scholars, the College of Agriculture and Life Sciences Pratt Endowment Executive Council modified the process of awarding the Pratt Funds in 2011. The process seeks proposals that enhance faculty programs in Animal Nutrition by aiding in the establishment of new interdisciplinary and externally-funded research, augmenting established funded research, or bridging gaps in projects between periods of extramural funding. Graduate student and visiting scholar support is a major component of these projects. In 2020, the college funded 23 active projects. The programs of 24 faculty members located in eight different departments are supported through these 23 projects. A total of 11 graduate students are funded by these projects.

Direct support of stipends and operations and enhancement of graduate programs through equipment purchases and visiting scientists are the primary expenditures. The total net expenditure for fiscal year 2020 was \$1,157,031 for the continuing program. The main categories of expenditures were as follows:

Graduate Student Scholars (Ph.D. & M.S.)	47.1%
Nutrition Program Support Personnel	12.7%
Undergraduate Program Scholarships & Research	14.2%
Scientific Equipment and Supplies	23.2%
Visiting Scholars and Seminars	2.8%

Graduate Student Scholars

The Pratt program has now matured and currently 11 scholars are enrolled in the program. These students are from several states and countries and are selected based on excellence in their academic and research accomplishments. They receive a Ph.D. or M.S. stipend plus payment of all required tuition and fees. Additionally, each M.S. or Ph.D. candidate receives \$2,500, to be used for operational expenses of their research programs.

Nutritional Program Support Personnel

Research technicians in the field of animal nutrition are a key component of Pratt funding. The Pratt Funds provide partial support of three technicians in animal and dairy

sciences. These technicians are essential in assisting with the necessary sample preparation and data collection for research performed by the scientists engaged in animal nutrition projects in proteomics, ruminant nutrition, and nutrient management.

Undergraduate Program Scholarships and Research

Over 50 outstanding freshmen students were awarded \$1,000 merit scholarships, each, upon entering departments which offer programs in animal nutrition. In addition, 10 Pratt Senior Animal Nutrition Research Scholars received scholarships (\$1,500 each) and research support (\$1,000 each). This exciting program allows outstanding seniors to participate in undergraduate research programs working directly with a faculty researcher. They report their research results at a symposium each spring. Many of these students pursue graduate programs in animal nutrition.

Scientific Equipment and Supplies

Expenditures for equipment and research space renovations continued to emphasize the needs of programs focusing on animal nutrition at various units at the university. The small equipment (<\$10,000) needs were implemented based on the desire of the faculty to achieve the goals of the proposed projects. A request for proposals for large equipment was issued in fiscal year 2020, but some of this equipment was not received until the start of fiscal year 2021 because of delays related to the COVID-19 pandemic.

Visiting Scholars and Seminars

An important stimulus for research programs in animal nutrition is the presence of visiting scientists in seminars, in the classroom, and in the laboratory. A nutrition seminar is regularly supported by Pratt to bring in outstanding speakers from other institutions and industry. Other scientists visit for periods of time ranging from a few days to several months. Visitors supported by Pratt present seminars for the university community and interact with animal nutrition faculty and students in formal and informal instructional settings including laboratories. Visiting scientists/scholars expenditures are higher than the amounts used in recent years due to the new process of funding proposals as some of these proposals include visiting scientists as a part of their research plan.

Research Publications

The program still allows for paying the publication costs of research journal articles resulting from student dissertations. Very few faculty members, however, request the payment of their publication costs from Pratt Funds, mainly because either they include the publication costs in their external grants or many journals have discontinued their charging policy for publication of research articles. The Pratt funded faculty, are however, very productive and have published over 300 publications on animal nutrition over the past five years.

Summary

The Pratt Funds continue to have significant impacts on the Virginia Tech programs in animal nutrition. The process of awarding the Pratt Funds to faculty, including the peer review process established for selection of proposals based on their scientific merits and potential to enhance animal nutrition programs, has greatly enhanced the quality of the programs and is enabling the faculty to become more competitive for external funding at the national level.

This year's carryover is already committed to equipment that was unable to be received in fiscal year 2020 due to COVID-19 related delays. The cost of this encumbered equipment totaled \$101,275 plus an additional \$42,100 which has been held up in the ordering process.

UPDATE ON ADVANCEMENT

Finance & Resource Management
Committee - Board of Visitors

NOVEMBER 16, 2020

CHARLES D. PHLEGAR
VICE PRESIDENT FOR ADVANCEMENT



Annual Report on Investments and Quasi-Endowments

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 14, 2020

Background

Since July 1, 2006, the university has had the authority to invest its resources in a wide array of financial securities. Consequently, the university has implemented an investment program to fully utilize its resources by maximizing investment earnings, maintaining prudent levels of liquidity, and ensuring compliance with applicable state laws and university policies.

As part of the university's investment program, the university manages two investment pools. The first pool is the short to intermediate-term investment pool, which is composed of university operating funds from generated cash flow and all investment activities for these funds are handled directly within the university. The investments in this pool are subject to the *Investment of Public Funds Act* (§ 2.2-4500). The second investment pool is the long-term investment strategies pool, which consists of the university's remaining resources. These remaining resources include endowment principal and income funds, gifts, all other nongeneral fund reserves and balances, and local funds held by the university. These funds are invested in a broader array of assets in the Virginia Tech Foundation Endowment in accordance with Section § 23.1-2604 of the Code of Virginia and the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100 et seq.).

This report will detail the university's investment activities which are authorized and guided by the enabling legislation and further guided by the university's *Policy Governing the Investment of University Funds*, approved by the Board of Visitors' Finance and Resource Committee on June 3, 2019. This report will also provide an overview of the university's approach to managing its allocation of short-term and long-term investments, its overall liquidity strategy, and its strategy for using long-term investments to achieve university strategic goals and milestones. These strategies coupled with other financial planning and budget processes have contributed towards a \$173 million increase in total cash and investments since fiscal year 2015. Additionally, the composition of the cash and investments has changed – cash and cash-equivalents and other investments have decreased due to the university's purposeful growth of investments in the Virginia Tech Foundation's (VTF) endowment pool. Net investments in the VTF endowment pool have grown by \$301 million during this period, and have grown from 15 percent of the total cash and investments in fiscal year 2015 to 50 percent of the total at June 30, 2020. This shift is a direct result of prudently managing the university's available funds to increase investments and build financial capacity for the future.

See Attachments A and B for additional information about the university's cash and investments. Attachment A shows the changes in cash and investments between fiscal years 2015 and 2020 and the growth of long-term investments in the VTF endowment.

Attachment B shows the components of university's cash and investment balances as of June 30, 2020, and includes information related to the investment vehicles and the durations of the investments. It also identifies which pools contain auxiliary system funds and separates the other types of investments with unique restricted purposes, such as unspent bond proceeds, custodial funds, federal loan programs, and deferred compensation.

Liquidity Strategy and the Short to Intermediate-Term Investment Pool

As part of the university's investment program, the Investment Management Team (IMT) comprised of the University Treasurer, Assistant Vice President for Finance and University Controller, and the Associate Vice President for Budget and Financial Planning, are responsible for development of recommendations regarding the university's overall investment strategies and to provide ongoing monitoring, assessment, and adjustments to the investment program during the fiscal year to achieve the university's overall investment strategies. The recommendations are presented to the Vice President for Finance who approves the annual allocation decisions to ensure a prudent level of liquidity to fund current operations. The Vice President for Finance coordinates these decisions with the Senior Vice President and Chief Business Officer. The IMT manages the university's total liquidity position with a combination of internal and external liquidity. Currently, the IMT targets the level of total liquidity prescribed in the *Virginia Tech Liquidity Management Procedures* of 90 days. This target consists of 45 days of internal liquidity and 45 days of external liquidity, where each day of liquidity is equal to the university's annual budget divided by 365.

The university's short to intermediate-term investment pool represents the university's internal liquidity. The university holds these funds in bank balances in the primary Wells Fargo Demand Deposit Account (DDA) and liquid investment balances with external managers Standish Mellon and Merganser. The investment objectives of this pool are to yield the highest investment return while ensuring the safety of principal, availability to meet the university's daily cash flow needs, and compliance with the *Investment of Public Funds Act* (§ 2.2-4500).

Lines of Credit from Wells Fargo, Truist, and The First Bank & Trust are the external liquidity component of the university's total liquidity. These lines of credit allow the university to cost-effectively leverage limited resources, pursue its long-term investment strategy, and meet its operating obligations. Current Board of Visitors approval authorizes external lines of credit up to the greater of \$200 million or 45 days of liquidity. The Board of Visitors also authorized additional temporary external lines of credit of up to \$210 million for the possibility of a major demand on cash due to the rapidly changing nature of the COVID-19 pandemic at the August 25, 2020 full board meeting.

See Attachment C for information for short to intermediate-term investment pools performance for the most recent fiscal year and longer-term periods.

Virginia Tech Foundation and the Long-Term Investment Strategies Pool

The university places its long-term investments in the VTF endowment pool. These funds are tracked and reported separately from the private gifts and endowments normally received and invested by the VTF. The VTF invests these funds under an agency agreement that was approved by the Board of Visitors on August 31, 2009. This placement meets the requirements of the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100) and the university's investment policy.

Management of the VTF's endowment program includes a value approach to investing, as value investing has enjoyed a historical dominance over growth-style investing. Over the past two years, however, the exuberance of the technology sector has severely challenged value investing, and the pandemic has further heightened the outperformance of many growth stocks. See Attachment C for the VTF endowment pool performance for the most recent fiscal year and longer-term periods.

In response to this changing investment environment and to enhance investment performance, the VTF endowment management team began developing and implementing a ten-year strategic plan with the concurrence of the VTF Investment Committee. To-date, approximately 60% of the plan has been implemented.

Key aspects of the plan include increasing passive index funds to ~40% of the endowment, concentrating active management relationships to less than 15 managers, and enhancing risk management monitoring of sector, geographic, and other factor differences relative to the benchmark. The goal of the strategic plan is to achieve a better balance within the portfolio, more capacity for the team to focus efforts on the initiatives where it excels, and improved performance relative to the benchmark.

Utilization of Investment Income

Funds invested in the endowment pool managed by the VTF consist of true endowments, quasi-endowments, and unrestricted investments. As of June 30, 2020, the market value of university funds invested in the long-term investment strategies pool managed by the VTF was \$401.8 million. See Attachment D for additional information on the purpose of these various true and quasi-endowments and the restrictions on these funds.

The university's investment program is designed to generate recurring supplemental revenue streams to advance university goals. Accordingly, the university has developed two sets of principles regarding the use of these funds that are consistent with state guidance and accounting principles and maximize support for university programs.

The first set of overarching principles relates to the goal of supporting major university goals, such as reducing the need for increases in tuition and fees, building adequate operating reserves (including the strategic plan milestone of growing net assets by \$20 million per year), and investing in strategic academic programs and initiatives. This set of

principles also emphasizes the preservation of capital and building capacity to preserve and enhance the university's purchasing power over time.

The second set of overarching principles relates to the appropriate allocation of investments based on the restricted or unrestricted nature of funds in the university's long-term investment strategies. In the case of restricted funds or funds that are clearly identified to an operating activity that operates separately in the university's program structure, the proportionate share of earnings will be returned to those purposes or programs. This practice is best demonstrated in the case of the university's true endowments, quasi-endowments, and funds that come from specific programs such as auxiliary enterprises.

Alternatively, in the case of non-auxiliary unrestricted funds, the earnings will be allocated to a resource pool available for allocation to strategic institutional goals and initiatives. These allocations will be made primarily as one-time or limited recurring commitments, and will rarely be used to provide ongoing support to a strategic activity.

See Attachment E for more information on the university's utilization of the earnings on the invested funds based on their restricted or unrestricted character.

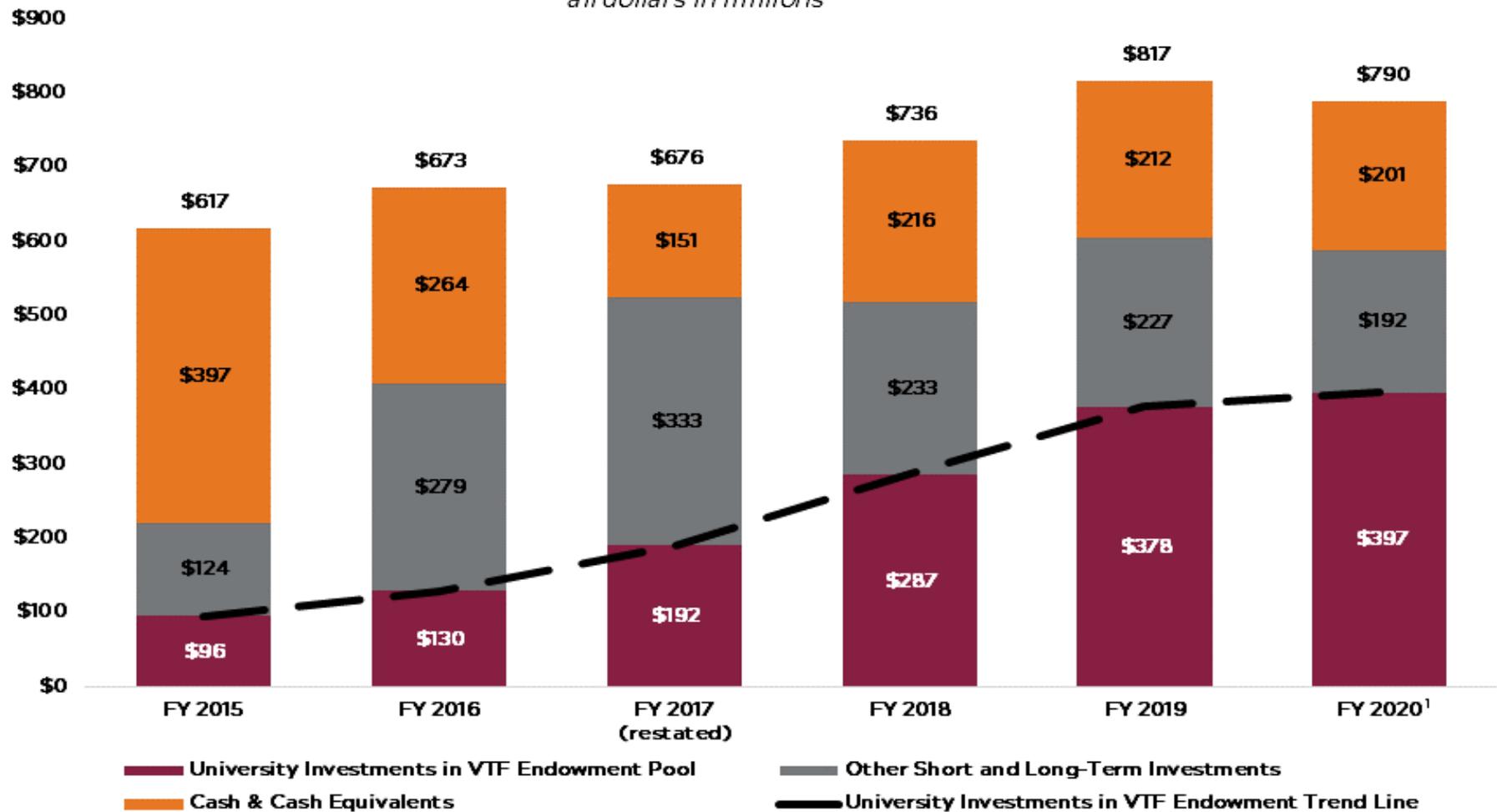
Finally, Attachment F is provided to put the university's liquidity in perspective with respect to several of its peers plus the University of Virginia. Peer bond ratings are included in the chart for enhanced comparability. The cash on hand calculation presented in Attachment F is provided by Moody's® and shows the number of days of budget that can be supported by liquid cash on hand. This chart shows Virginia Tech ranking low among its peers and demonstrates the university's need to continue improving its financial position and to manage its external liquidity proactively to navigate the pandemic.

Conclusion

The university has implemented an investment program designed to promote the attainment of the university's goals, such as keeping down tuition and fees, growing unrestricted net assets by \$20 million a year, and investment in strategic academic programs. The investment program helps achieve these goals through a liquidity strategy that incorporates external lines of credit and expert management of internal funds, and through the prudent deployment of investment earnings as one-time or limited recurring commitments to strategic goals and objectives. Despite the challenges presented by the pandemic, this investment program, along with the temporary authorization for additional external liquidity, will help the university maintain strong investment balances with earnings that will preserve and enhance the university's spending power, financial stability, and bond rating.

Total Cash & Investments

For the years ended June 30, 2016 - 2020
all dollars in millions



¹In FY2020 Cash and Cash Equivalents and other investments decreased primarily due to additional investments in the VTF endowment pool. This increased investment was partially offset by losses in the market value at June 30, 2020.

University Cash and Investment Balances at June 30, 2020

all dollars in millions

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	\$ 55.5	\$ -	\$ -	\$ 55.5
Standish Mellon ¹	90-Day Cash Manager	135.4	-	13.1	148.5
Merganser ¹	1-3 Year Credit Manager	0.4	-	172.1	172.5
VTF Endowment ¹	Long-Term Pool	4.8	-	397.0	401.8
Operating & Long-Term Investment Strategies		196.1	-	582.2	778.3
Other ²	Miscellaneous Restricted	4.6	3.7	3.5	11.8
	Total Investments	\$ 200.7	\$ 3.7	\$ 585.7	\$ 790.1

¹Includes Auxiliary System Funds

²Includes Unspent Bond Proceeds, Agency Funds, Deferred Compensation, etc.

Short, Intermediate, & Long-Term Investment Performance Report at June 30, 2020

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon (General & System):	1.5%	1.7%	1.2%	0.6%	0.8%
<i>FTSE 3-Month US T-BILL</i>	1.6%	1.7%	1.2%	0.6%	0.8%
Merganser (General & System):	4.2%	3.0%	2.3%	1.8%	2.5%
<i>BofAML 1-3 Yrs Gov/Corp</i>	4.2%	2.9%	2.1%	1.7%	2.3%
VTF Endowment:	-5.0%	1.7%	3.6%	7.3%	N/A
<i>CEF Benchmark</i> ¹	1.8%	5.4%	5.6%	7.6%	N/A

¹ 60% MSCI All Country World Equity Index; 30% Bloomberg Barclays Global Aggregate Bond Index; and 10% Global Financial Times Stock Exchange National Association of REITs Global Real Estate Index.

True Endowments

True endowments are funds received from a donor with the restriction that the principal is not expendable. This allows for the gift to have an impact over a longer period than if it were spent all at once. Endowments may also come with stipulations regarding usage. As a result, an endowment payout may be restricted to a specific purpose such as a scholarship, professorship, or program.

Rolls Royce Endowments

The Rolls Royce Endowments are true endowments created by the Commonwealth in 2010 as part of the incentive package to recruit the company to Virginia. The endowment is restricted to support chaired professorships and graduate students in Engineering. The endowment value of the Rolls Royce Endowments as of June 30, 2020 was \$12.2 million.

Pouring Rights Scholarship

The Pouring Rights Scholarship is a true endowment established according to the terms of the 2012 Coca-Cola Pouring Rights contract. The funds are restricted for scholarships. The endowment value as of June 30, 2020 was \$0.3 million.

Quasi-Endowments

Quasi-endowments represent university funds designated by the Board of Visitors rather than a donor. They carry the same intent to provide ongoing income from a long-term investment; however, the governing board retains the authority to repurpose such funds and to remove funds from the quasi-endowment asset category at any time.

Pratt Estate

The \$11 million restricted gift from John Lee Pratt in 1977 supports Animal Nutrition and the College of Engineering. This fund was established as a quasi-endowment by the Board of Visitors in the 1970s and reaffirmed on June 4, 2018 for its restricted purpose. The total investment and cash endowment value of the Pratt Estate funds as of June 30, 2020 was \$41.6 million.

Donaldson Brown Scholarship

During the 1940s, the late Mr. Donaldson Brown made gifts to the university designated for student loans or scholarship. In 1992, the funds were focused to provide scholarships. The Board of Visitors reaffirmed/designated the fund as a quasi-endowment on June 4, 2018 designated for scholarships consistent with the terms of the gift. The endowment value as of June 30, 2020 was \$0.8 million.

Nationwide Scholarship

A 2014 settlement agreement with Nationwide Life Insurance Company related to student medical insurance premiums included the establishment of a scholarship fund in their name from any residual or unclaimed funds. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The value as of June 30, 2020 was \$8.1 million.

Chinese Endowed Geosciences Scholarship

In 2002, the Department of Geological Sciences established a scholarship fund to support Chinese graduate students from funds provided by the People's Republic of China. The endowment value as of June 30, 2020 was \$0.1 million.

Gloria Smith Professorship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for the Gloria Smith professorship. The professorship, named in honor of the late Gloria D. Smith, a counselor and advocate of minority students on campus before her retirement, is awarded for a period of two years to an outstanding faculty member who contributes significantly to the growth and development of minority students, student-athletes, and scholarly pursuits. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for the professorship. The endowment value as of June 30, 2020 was \$0.3 million.

Licensing & Trademark Scholarship

Over the last two decades, the University's Licensing & Trademark agreements have created one-time resources that have been invested to create ongoing income for scholarships. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The endowment value as of June 30, 2020 was \$13.2 million.

Multicultural Affairs Scholarship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for scholarships for Multicultural Affairs. The Board of Visitors authorized this fund as a quasi-endowment designated for scholarships on June 4, 2018. The value as of June 30, 2020 was \$0.1 million.

Student Health Insurance Fund

In 1997, the university received a stock conversion settlement from Trigon when the company went public. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 to support the health care insurance program, including the administration of student insurance programs. The value as of June 30, 2020 was \$0.4 million.

Unrestricted Investments

Unrestricted investments consist of university nongeneral fund reserves, balances, and local funds. These investments are meant to create a revolving set of resources generating an annual, recurring revenue stream to make one-time or limited recurring commitments to pursue the university's strategic goals. The value of these other university funds as of June 30, 2020 was \$324.7 million.

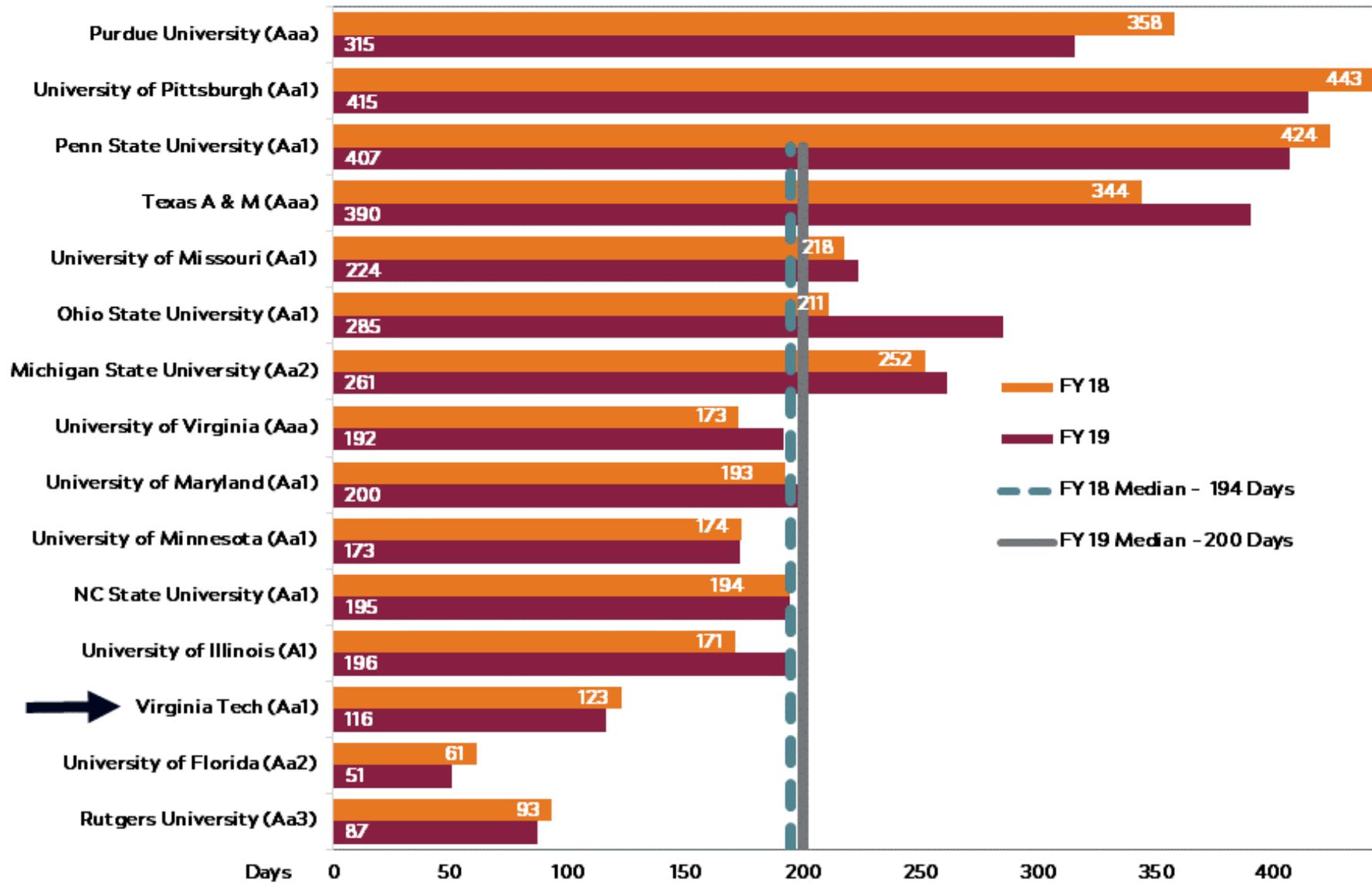
2020-21 Utilization of Investment Income
all dollars in thousands

Description	Utilization	2020-21 Estimate ¹	
		Short-Term Investments	Long-Term Investments
True Endowments			
Rolls Royce Endowment	Engineering Chaired Professorships & Grad Students		\$571
Pouring Rights Endowment	Scholarships		\$13
Donor Restricted Quasi-Endowments			
Pratt Estate Funds	Animal Nutrition & Engineering programs		1,969
Donaldson Brown Endowment	Scholarships		37
Nationwide Scholarship Fund	Scholarships		385
BOV Designated Quasi-Endowments			
Chinese Endowed Geosciences Scholarship	Scholarships		4
Gloria Smith Professorship	Professorship support		14
Licensing & Trademark Scholarship	Scholarships		630
Multicultural Affairs Scholarship	Scholarships		4
Student Health Insurance Fund	Support student health insurance program		17
Unrestricted Investments			
State Escrow ²	Support E&G Programs, subject to state appropriation	\$1,087	
Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	1,809	4,154
Other University Funds	VTCSOM, banking fees, scholarships and university initiatives	3,141	11,018
Total University Investment Income		\$6,037	\$18,816

¹Estimates are prior to impact of COVID-19 and decisions for managing the impact.

²Reflects amount estimated to be returned to E&G Programs. \$1.5M was escrowed to the Commonwealth but has not been appropriated.

FY 2018 and FY 2019 Monthly Days Cash on Hand



Annual Report on Investments and Quasi-Endowments

KEN MILLER, VICE PRESIDENT FOR FINANCE

JOHN CUSIMANO, UNIVERSITY TREASURER

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET
AND FINANCIAL PLANNING

NOVEMBER 16, 2020



VIRGINIA TECH™

Annual Report on Investments and Quasi-Endowments

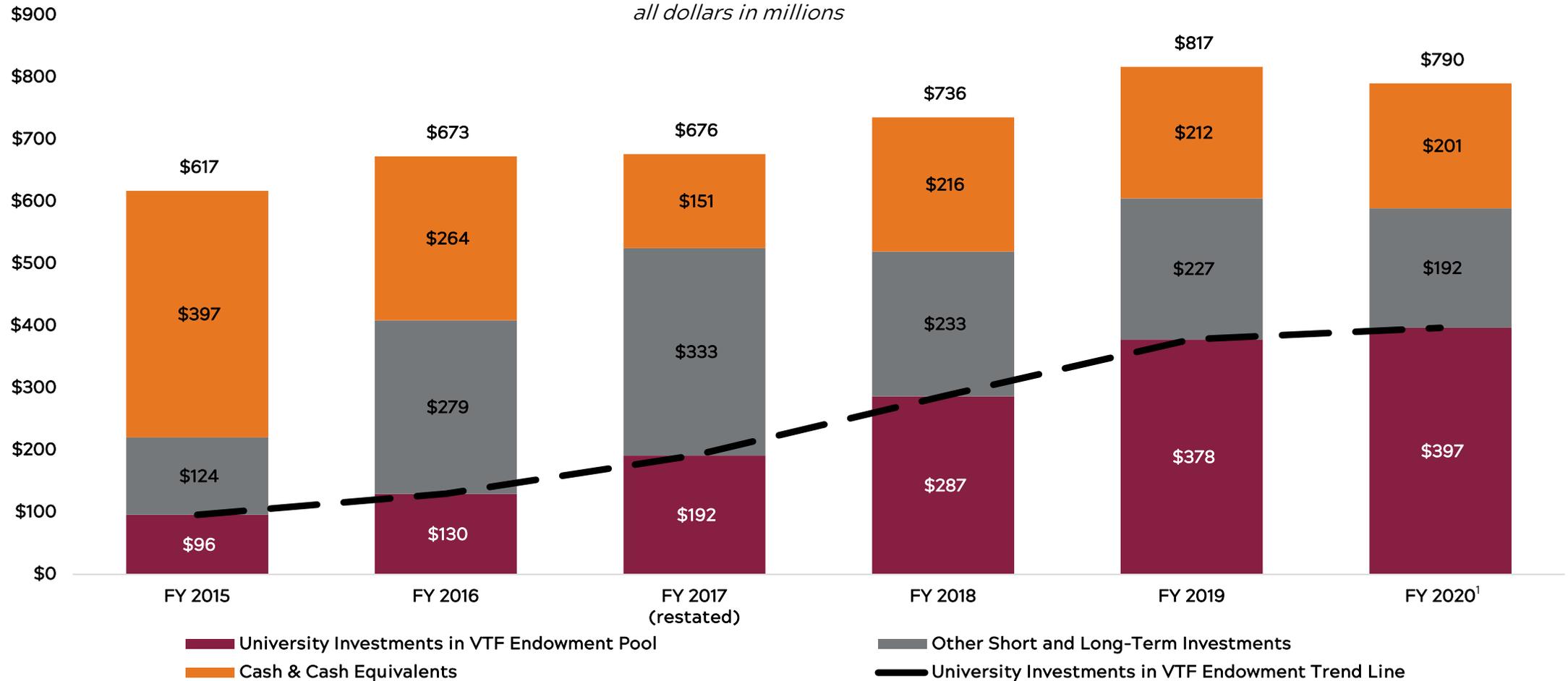
- The Investment Policy aims to maximize investment earnings and ensure prudent levels of liquidity
- There are two investment pools:
 - Short to intermediate-term investment of university operating funds: must meet Public Funds Act requirements
 - Long-term investment strategies of endowments and non-general fund reserves: Virginia Tech Foundation Endowment
- Current liquidity targets:
 - Ongoing 45 days of internal liquidity through operating cash reserves (excluding funds in VTF endowment)
 - Ongoing 45 days of external liquidity through operating lines of credit
 - One-time additional \$210 million of external lines of credit until operations return to normal
- Two key principles for the allocation of earnings:
 - Return designated or restricted earnings to their respective programs to pursue current and future activities
 - Deploy unrestricted earnings¹ for one-time or limited recurring commitments to pursue strategic initiatives, and to build capacity by growing unrestricted net assets by \$20 million per year to achieve the strategic plan milestone

¹Earnings on E&G funds must be escrowed with the Commonwealth of Virginia in accordance with the management agreements of the Restructuring Act and are used to support the E&G budget once appropriated by the Commonwealth in the following year.

Total Cash & Investments

For the years ended June 30, 2016 - 2020

all dollars in millions



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Endowment Update and Ten-Year Strategic Plan

- Virginia Tech Foundation's (VTF) endowment investment philosophy:
 - Value investors
 - Contrarian
 - Believe in reversion to the mean
 - Biased to small-cap stocks
- To outperform your peers you must look different than your peers:
 - Top decile ranking against peers for FY17 and FY18
 - Prior to the pandemic the endowment was positioned:
 - Overweight in energy
 - Underweight in technology
 - Underweight in U.S. Treasury securities
 - Then came a black swan event

Endowment Update and Ten-Year Strategic Plan

- About 18 months ago, the endowment team, in conjunction with the VTF Investment Committee, developed a ten-year strategic plan to enhance the long-term performance of the fund. Changes include:
 - Reducing the number of active managers from mid-20s to mid-teens
 - Increasing the percentage allocated to policy benchmark index funds
 - Developing a risk management process to review sector weighting variances versus the benchmark
 - Enhancing the due diligence process for the underwriting of investments
- The plan is about 60% complete. Once fully implemented the overall fund allocation will be:
 - 40% allocated to active managers
 - 40% allocated to index funds, and
 - 20% allocated to co-investments with the endowment's top-tier managers

2020-21 Utilization of Investment Income

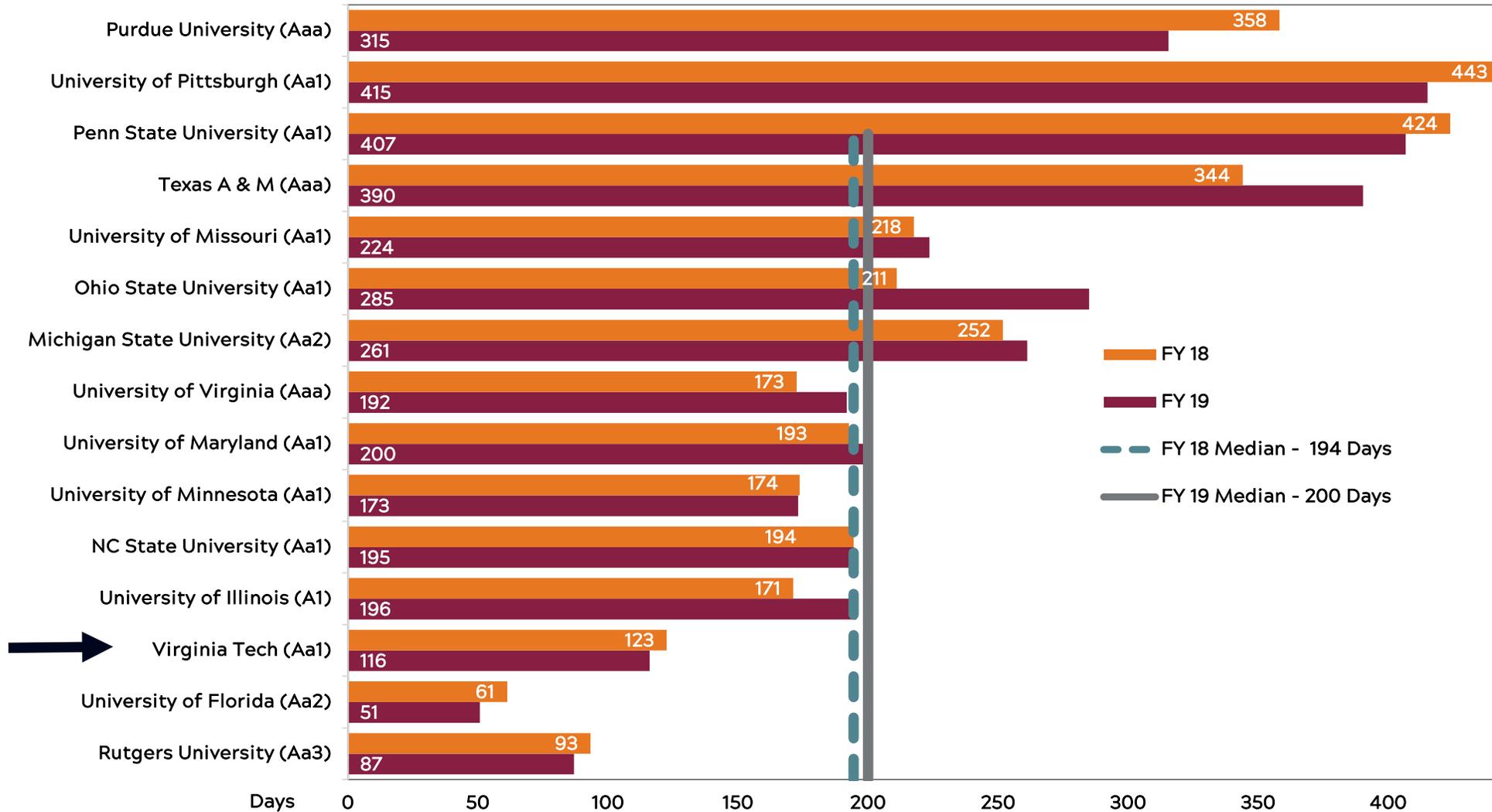
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FY 2018 and FY 2019 Monthly Days Cash on Hand



Summary

- Investment program designed to maximize investment earnings and ensure liquidity
- Investment strategies contribute towards:
 - Advancing university goals
 - Preserving and enhancing university's spending power
 - Providing financial stability

Discussion



University Support for Student Financial Aid
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 20, 2020

Consistent with prior years, the university is providing the Finance and Resource Management Committee of the Board of Visitors with an update on the university's Student Financial Aid program. This annual report provides an overview of the types of student financial assistance programs available at the university, sources of funding for these programs, and a review of the institutional undergraduate aid programs that are controlled or influenced by the university.

This report is an integral part of the information flow to the Board of Visitors to assist in the assessment and approval of the university's tuition and fee rate proposals.

Funding Environment

Virginia Tech is experiencing an ongoing shift in the types of resources available to support its instructional programs. These changes are driven by a combination of increasing costs, the requirement to maintain the quality and integrity of the instructional programs, enrollment growth to support additional Virginia students, increasing competitiveness for students in high demand both in Virginia and nationally, and the inability of the state to maintain its historic level of financial support.

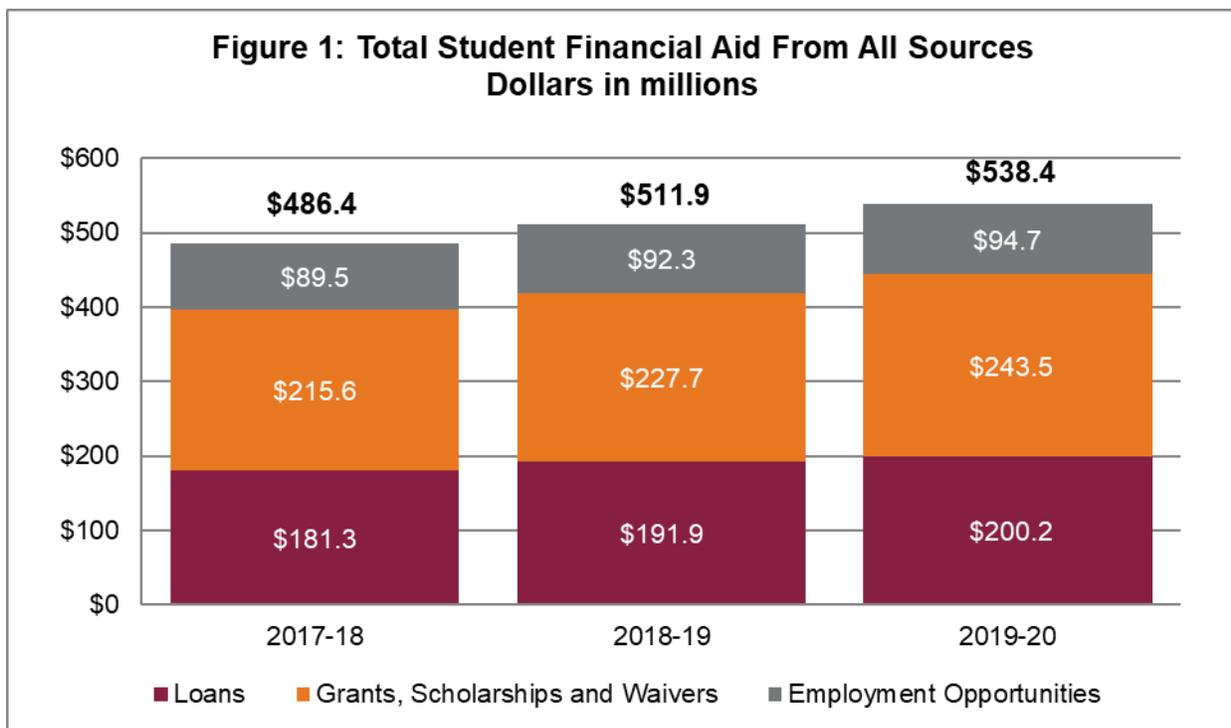
The state-funded share of support per student is impacted by limited General Fund resources at the state level, mandatory cost increases such as health care benefits, enrollment growth of Virginia resident students, and inflation; as a result, increases in tuition and fees were increasingly relied upon to support the university's instructional activities. In this environment, the role of student financial assistance of all types has become a more critical element of financial planning in the university's efforts to ensure access and affordability. Financial aid programs are critical to support those goals, as well as promoting the recruitment, retention, and graduation of students. The university's financial aid efforts seek to ensure that qualified students can access a Virginia Tech education and help to promote a diverse and inclusive community in support of the university's goals and objectives.

The funding mix of higher education continues to evolve. As the state share of a student's cost has fallen significantly over time, the student's share of their cost of education has grown. Understanding this shift, the university has proactively focused its efforts to increase support for student financial aid. These efforts are specifically designed to ensure access and affordability and meet the goals of the university as described in its Management Agreement with the commonwealth.

Types of Student Financial Aid

The university facilitates a multifaceted scholarship and financial aid program that provides assistance to undergraduate students through grants and scholarships,

employment opportunities, loans, and payment strategies. Graduate students are supported through graduate assistantships, which provide tuition remission and a stipend in exchange for university service. Fund sources for this assistance are varied as are their accompanying eligibility protocols. For fiscal year 2019-20, total aid reached \$538.4 million, as seen in Figure 1 below.



Financial assistance to students is provided in the four main categories of grants and scholarships, employment, loans, and payment options:

1. **Grants and Scholarships** provide aid based on academic or extracurricular achievement, or financial need, and require no exchange of service. Some of these are need-based, while others are merit-based. No repayment is expected.

Need-based awards are offered to students who demonstrate financial need as determined by federal and institutional standards. Such standards involve the computation of the cost of attendance including estimated books and supplies, transportation, personal expenses, and room and board whether on or off campus, in addition to tuition and required fees. From this total cost of attendance, the university subtracts the Expected Family Contribution (standardized through the Free Application for Federal Student Aid, the FAFSA), and any outside aid the student has obtained from sources other than the university to determine the student’s financial need.

Non-need-based awards may be merit-based and offered to students who demonstrate exceptional aptitude and academic and/or extracurricular achievement.

2. **Employment** includes wage employment, student work-study opportunities at the undergraduate level, and graduate assistantships at the graduate level. In 2019-20, 36 percent (12,430) of Virginia Tech students participated in an employment opportunity.

Federal Work-Study – provides eligible students a financial aid allotment and a wage employment position. This program is subsidized by the federal government and is supported in part by the university. Federal Work Study (FWS) participants are employed both on and off-campus; gaining valuable work experience along with financial assistance. Award amounts, generally between \$1,500 and \$2,500 are based on a student's Free Application for Federal Student Aid (FAFSA) filing. In 2019-20, 624 students participated in FWS programs; 614 at the undergraduate level and 10 at the graduate/professional level.

Wage employment opportunities – provide university employment to students based upon individual qualifications subject to departmental needs and resources. The university employed 7,323 students in wage positions during 2019-20; 6,371 at the undergraduate level and 952 at the graduate/professional level.

Assistantships – offer tuition remission and a stipend in return for the student's (typically graduate-level) effort through research, service, or teaching. This funding supports both the graduate student and the university's programs. The university employed 3,782 individual graduate students, or 3,318 full-time equivalent students, as graduate assistants in administrative, teaching, and research positions in 2019-20. This represents 78 percent of the full-time graduate student population.

3. **Loans** are offered through institutional, federal, and private lenders and provide financial assistance. These loans have repayment requirements. Loans may be subsidized or unsubsidized.

Subsidized loans: generally from the federal government, carry a lower interest rate, and do not accrue interest or require payment during qualifying enrollment and deferment periods.

Unsubsidized loans: generally accrue higher, market-based interest rates from the date the loan is disbursed, and may not require repayment during qualifying enrollment and deferment periods.

4. **Payment Options** include prepaid tuition plans offered by the Commonwealth of Virginia (such as tax-sheltered savings plans) and the Budget Tuition Plan operated by the university. The Budget Tuition Plan is an installment payment plan which provides students and families the opportunity to spread the cost of tuition and fees over the course of the semester.

The university is involved in the administration and distribution of each of these types of financial aid. Many programs are administered outside of the university, and students arrive with financial aid arrangements (which are generally termed "outside aid" in this

report) that the university facilitates on their behalf. Other programs are developed within the institution.

Sources of Funding for Grants and Scholarships

A wide range of resources support grants and scholarships including federal, state, institutional, and outside aid. These sources are described below and a trend of annual expenditures of each category is detailed in Table 1.

Federal Support comes from the federal government and is provided through Pell Grants and Federal Supplemental Educational Opportunity (FSEOG) support. These programs are administered by, and flow to the student through, the university. The appropriations for these programs are often congressionally approved and, in the case of Pell Grants, follow the student to their university. In 2019-20 the university also received federal support through the CARES Act in response to the COVID-19 pandemic; these one-time special resources are excluded from Table 1 and detailed in Table 7 later in this report.

State Support is provided by the commonwealth from the state General Fund in several ways. The bulk of the commonwealth's appropriation is directed to the university in support of Virginia resident undergraduate need-based scholarships. Funding is also appropriated to support graduate student assistantships. Additionally, the commonwealth directs a small portion of funding to the university to fund students in the Soil Sciences and students participating in the Multicultural Affairs and Opportunities Program. Other state funding may flow to the university on behalf of students, and is not under the university's control.

Institutional Support is the area of financial aid that the university can impact directly, providing financial assistance in the form of scholarships and grants at the undergraduate level and assistantships at the graduate level. Institutional support comes through six main categories: unfunded scholarships, Tuition & Fee Revenue Used for Financial Aid, internal resources, codified waivers, graduate tuition remission, and private funding. In 2019-20, institutional support provided \$61.6 million to 12,484 undergraduate students; an average of \$4,938 per student.

Unfunded Scholarships: Section §23-1-612 of the Code of Virginia authorizes institutions of higher education to create need-based scholarships through the remission of tuition and fees up to certain limits at both the student and institutional level. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.

Tuition & Fee Revenue Used for Financial Aid: the 2014 General Assembly session added language in Section §4-5.01 b.1.a of the Appropriation Act that authorizes institutions of higher education to create nongeneral fund appropriations for student financial assistance, as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions

should make larger grant and scholarship awards to students taking the number of credit hours necessary to complete a degree in a timely manner. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.

Internal Resources: some institutional support is available from specific resources. Given the public nature of much of the university's resources, the university is limited in its ability to generate resources for flexible scholarship support. Examples of this type of support are revenue from Virginia Tech license plate sales and net revenues from licensing and trademark activities.

Codified Waivers: while the university is generally unable to waive student charges, codified waivers are specific programs that are enacted in the Code of Virginia that authorize the waiver of charges to support specific groups targeted by the commonwealth. These groups include:

- Dependents and spouses of military personnel such as members of the United States Armed Forces or Virginia National Guard who were killed or severely disabled in action,
- Surviving spouses and children of Virginia public safety personnel such as law-enforcement officers, campus police officers, and firefighters killed or disabled in the line of duty,
- Senior citizens with income less than \$23,850 per year, as long as tuition paying students are not displaced.

Because the costs of these programs are managed by the institution, these programs are considered institutional support. The university also supports graduate students on assistantship through the waiver of the nonresident differential (the difference in the tuition rate between resident and nonresident graduate students) as authorized by the Appropriation Act for significantly employed graduate students.

Graduate Tuition Remission: the most common source of support for graduate students is the graduate assistantship. An assistantship is comprised of a stipend, health insurance, and graduate tuition remission. Assistantships support teaching, research, or other service within the university. The university funds a portion of the graduate tuition remission program, as do grants and contracts tied to specific externally sponsored activities, primarily research.

Private Funding: University Advancement supports the vision of Virginia Tech by raising private resources for student scholarships and endowments. These privately-funded scholarships resources are received, managed, and disbursed by the Virginia Tech Foundation on behalf of the institution. While some resources are managed by the university, the university's individual colleges and departments are responsible for awarding a significant portion of the private support and administering restricted scholarships to eligible students based upon

donor intent. Utilization of these departmentally administered resources is detailed later in this report.

Outside Aid is aid which normally comes with a student from private external parties. This could include private organizations, nonprofit organizations, businesses, governmental entities, international organizations, and other special-interest groups. The university does not control this fund source but works to facilitate and coordinate the delivery of such support. Often these awards are tied to academic progress eligibility which the university may monitor on behalf of the awarding entity.

Table 1: Grants, Scholarships, & Waivers
(Dollars in Millions)

	2017-18	2018-19	2019-20
<u>Undergraduate</u>			
Federal ⁽¹⁾	\$ 20.5	\$20.8	\$21.2
State	16.0	16.4	17.9
Institutional			
Unfunded Scholarships	16.7	17.4	18.8
Tuition/Fee Funded Aid	5.4	5.1	6.3
Internal Resources	0.8	1.2	1.7
Other Undergraduate ⁽²⁾	6.2	6.8	8.1
Private (Foundation)	25.7	26.9	26.8
<i>Subtotal Institutional</i>	54.8	57.4	61.7
Outside	30.8	34.2	37.1
<i>Subtotal Undergraduate</i>	122.1	128.8	137.9
<u>Graduate</u>			
Graduate Tuition Remission ⁽³⁾	79.3	83.4	88.5
Institutional Aid			
Tuition/Fee Funded Aid	0.1	1.4	1.5
Other Graduate ⁽⁴⁾	3.1	3.9	4.1
Private (Foundation)	3.2	3.5	4.3
<i>Subtotal Institutional Aid</i>	6.4	8.8	9.9
Outside	7.8	6.7	7.2
<i>Subtotal Graduate</i>	93.5	98.9	105.6
Total Grants, Scholarships, & Waivers	\$215.6	\$227.7	\$243.5

(1) One-time federal stimulus (CARES Act) support is excluded from this table. The university's utilization of CARES Act funding is detailed in Table 7 of this report.

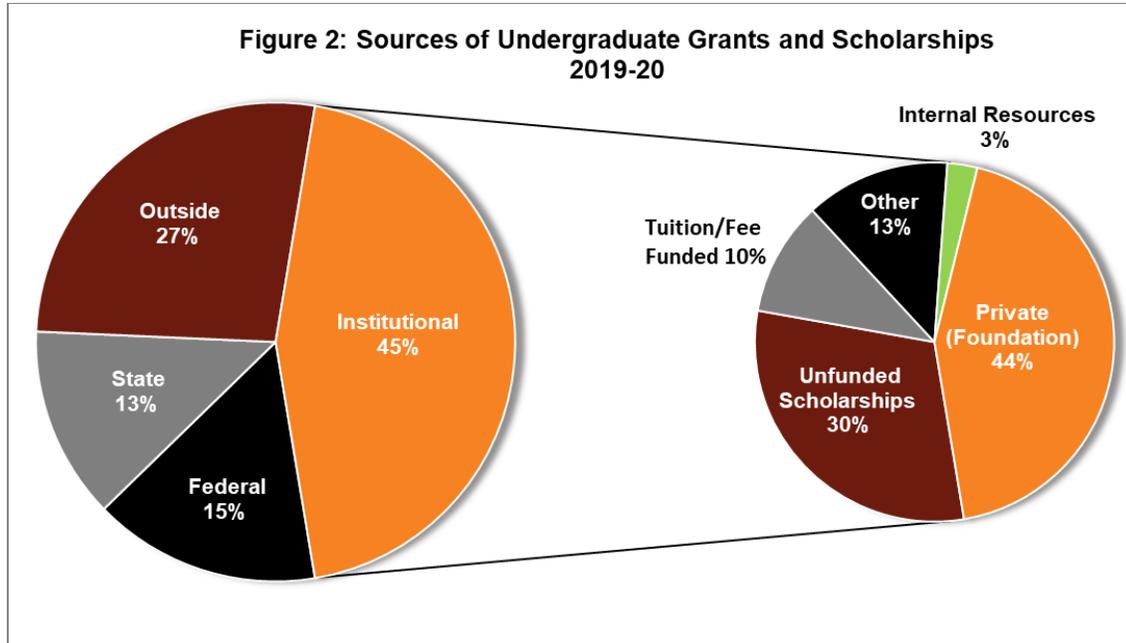
(2) Other Undergraduate includes resident advisor housing benefits, Virginia Military Survivor and Dependent Educational Program and other waivers codified in the Code of Virginia, and educational benefits for employees.

(3) Graduate tuition remission is funded by several sources based on the nature of the work including institutional, state, and externally sponsored contracts.

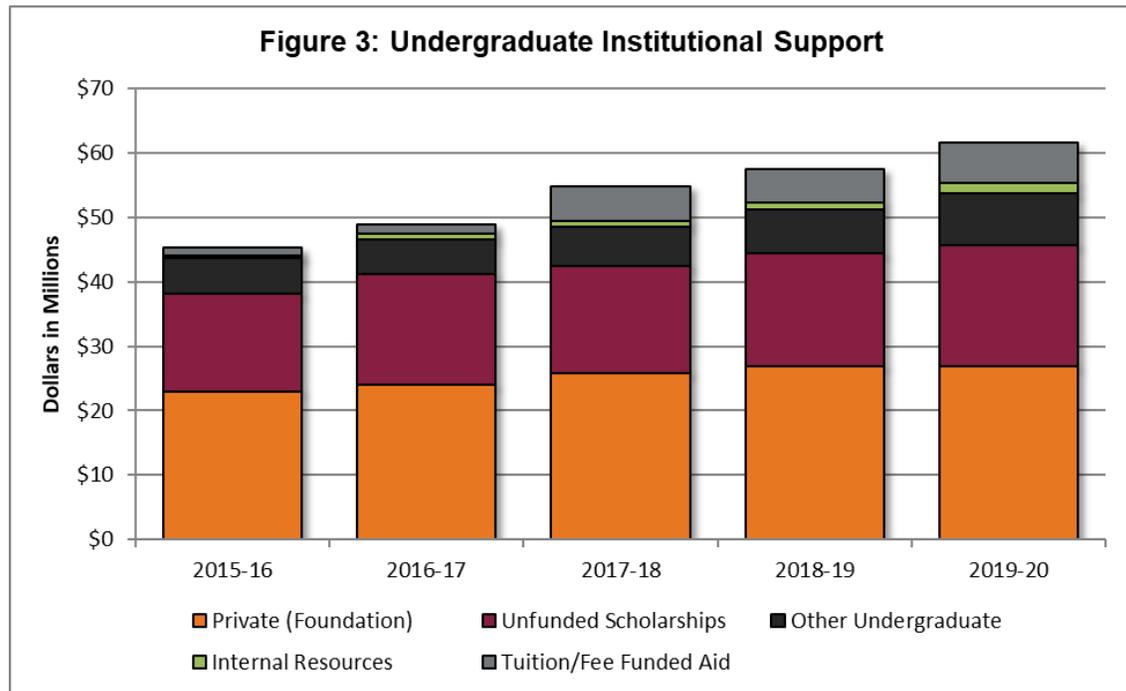
(4) Other Graduate includes waivers codified in the Code of Virginia, educational benefits for employees, and internal resources used to support graduate students.

Undergraduate Scholarships

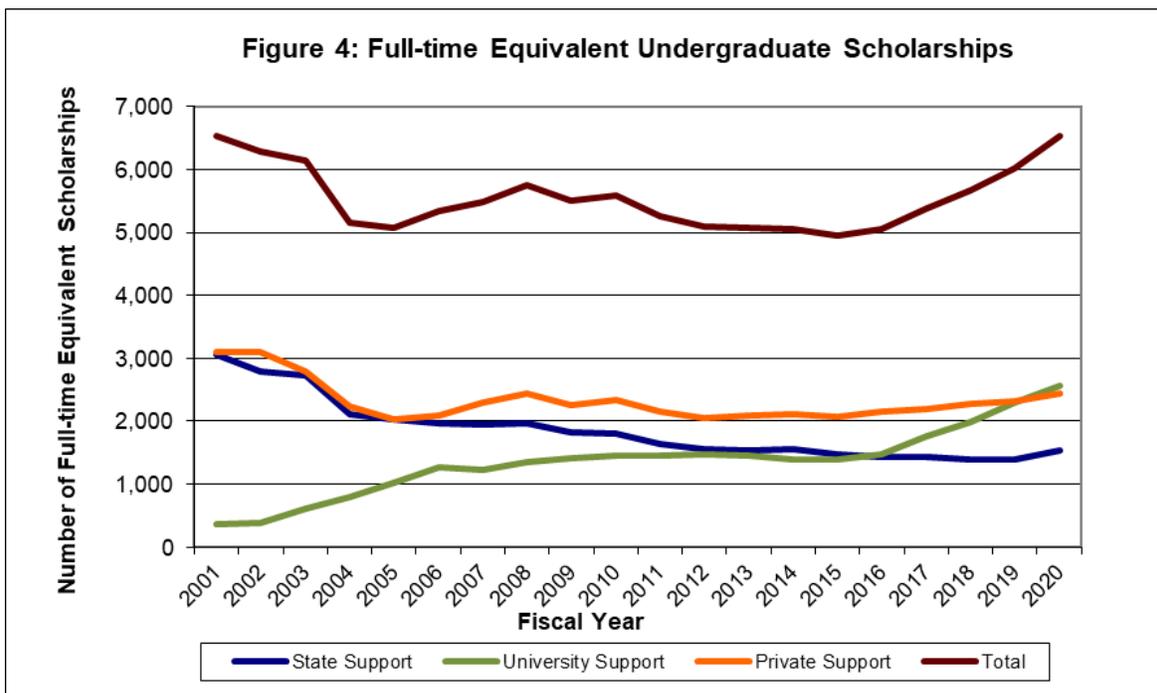
Of the sources of undergraduate scholarships and grants, 45 percent are derived from institutional sources, as seen in Figure 2.



Institutional resources to support undergraduate student financial aid awards have increased over time, as seen in Figure 3.



Though resources have increased over time, tuition increases and enrollment growth often have outpaced increases in state and private sources, and in most years resulted in a declining number of theoretical tuition and E&G fee scholarships that could be supported by these budgeted resources. In recent years, the university has been able to make measured progress in the total number of Full-Time Equivalent number of awards budgeted for undergraduates. Moving forward, the university intends to continue to exert additional emphasis on raising additional funds to further increase the university’s capacity to help with student affordability. Figure 4 displays the trend of this scholarship analysis from these budgeted sources.



Uses of Funds

The university leverages institutional support to advance access and affordability and has also created several innovative, very successful programs. Two major undergraduate Grant and Scholarship programs, which the university committed to as part of the Higher Education Restructuring Act, are:

Funds for the Future –This is an important university undergraduate financial aid program, designed to assist returning students with financial need by mitigating increases in tuition and required fees based on level of family income. For students from low to middle-income families, the Funds for the Future program provides pricing predictability and the mitigation of annual increases while avoiding the institutional risk and potential for overpricing inherent in “fixed-price” models. The program was enhanced in 2019-20 by extending protection of 100 percent of tuition and fee increases to all families with financial

need up to \$99,999 of income. Table 2 shows the number of resident and nonresident students receiving this aid in 2019-20.

Table 2: 2019-20 Funds for the Future Award Recipients

Family Income (AGI)	VA Residents		Non-Residents		Total FFF Program	
	No. Awards	Dollar Amount	No. Awards	Dollar Amount	No. Awards	Dollar Amount
\$0-99,999	2,973	1,691,427	497	779,766	3,470	2,471,193

Virginia Tech Grant – In addition to protecting students with financial need from tuition and required fee increases, the university has also been methodically working to expand its total aid program, with the goal of reducing unmet need. Additional funds have been allocated to this program annually with the goal of reducing unmet need at a measured pace over time.

Other programs that have been designed to offset the costs of attendance, achieve enrollment goals, and recognize academically talented students include:

- Presidential Scholarship Initiative to assist low-income and first-generation Virginia students with significant financial need;
- VT Scholars award to recruit academically talented students and advance university first generation enrollment goals;
- Emerging Leaders Scholarship for participants in the Corps of Cadets;
- Presidential Campus Enrichment Grants and Alumni Presidential Scholar Program that serve both students with need and students who demonstrate merit to achieve university enrollment goals;
- Yellow Ribbon program for military veterans and dependents (university support for federal matching program);
- Scholarships to defray a portion of a student’s costs to study at the Steger Center for International Scholarship; and
- Scholarship support to help offset the higher costs of study abroad programs.

These programs help address the commitment to access and affordability that the university undertook as part of the Restructured Higher Education Financial and Administrative Operations Act initiative. Further, these programs have been well-received by students, families, and the commonwealth and help to advance strategic goals.

Trends in Student Indebtedness

Loans

The university continues to monitor students’ borrowing behavior. Table 3 below displays the average borrower debt of the graduation class at Virginia Tech and nationally for the past 5 years, as well as the percentage of each class who carried student loan debt upon graduation. According to the Institute for College Access and Success, 62 percent of 2019

graduates of public and nonprofit four-year colleges had student debt averaging of \$28,950 per borrower. At Virginia Tech, only 48 percent of the class of 2019 graduated with debt. Of those who did graduate with debt, the average was \$32,386. For Virginia residents in the class of 2020, 52 percent graduated with debt; the average debt for this cohort was \$27,812. Though the use of student loans remains a personal decision, the university provides students and parents with information and counseling to understand the benefits and responsibilities of student loan resources. Moving forward, the university envisions making enhanced aid and loan counseling programs in an effort to help reduce student debt.

Table 3: Loan Statistics of Virginia Tech Graduates

Class Of:		2016	2017	2018	2019	2020
VT- All	\$	\$28,884	\$30,221	\$30,741	\$32,386	31,121
	%	51%	49%	49%	48%	49%
National Average	\$	\$28,350	\$28,650	\$29,200	\$28,950	Not Yet Known
	%	66%	65%	65%	62%	
VT- Virginia Resident	\$	\$26,273	\$27,162	\$26,890	\$29,258	27,812
	%	53%	50%	51%	52%	52%

Default Rate

Virginia Tech’s 2016 cohort default rate for the Federal Direct Loan (FDL) and Federal Family Education Loan (FFEL) programs was 1.6 percent, compared with a 2.5 percent average default rate among the university’s peer group. While default rates are linked to the national economy, Virginia Tech has consistently had a default rate below the national average, as seen in Table 4 below.

Table 4: Cohort Default Statistics of Virginia Tech Borrowers

	2015	2016	2017
National Peer Average	2.7%	2.5%	2.7%
VT	1.8%	1.6%	1.6%

Net Price

When all available financial aid resources are applied to the overall Cost of Attendance (including tuition and fees, room and board, books, travel, and other costs), a “Net Price” can be derived to represent the remaining cost to the student. Due to various discounting strategies across institutions, the Net Price can be a helpful comparison point of the choice faced by students and their families. The National Center for Educational Statistics (NCES) compiles Net Price data across five student income categories. Table 5 below compares the university’s net price with national and state peers for a first year full-time Virginia undergraduate (or resident student within another state). This analysis finds that while the university remains competitive in terms of the average Cost of Attendance (sticker price), the university has an opportunity to enhance the net price competitiveness

for low and middle-income students. As a result, the university is working diligently to make progress.

Table 5: Comparison of Net Price for Undergraduate Residents

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2018-19 Data)				
		\$0-30,000	\$30,001-48,000	\$48,001-75,000	\$75,001-110,000	\$110,001+
Virginia Tech	\$26,240	\$12,401	\$13,925	\$18,296	\$23,429	\$25,516
National Peer Average	31,296	9,820	11,513	15,957	21,547	27,147
Advantage (Disadvantage)	5,056	(2,581)	(2,412)	(2,339)	(1,882)	1,631
Virginia Tech	26,240	12,401	13,925	18,296	23,429	25,516
Select VA Doctorals	34,800	4,510	7,100	12,788	20,600	30,010
Advantage (Disadvantage)	8,560	(7,891)	(6,825)	(5,508)	(2,829)	4,494

Unmet Need

A student’s need is determined using the federal Free Application for Federal Student Aid (FAFSA). This calculation begins with the cost of attendance (tuition, fees, room, board, books and travel), subtracts the expected family contribution (EFC) along with any aid provided (including loans), and the remaining amount is considered “unmet need”. While external factors such as state budget reductions and student family income significantly effect this calculation, reducing the percentage of unmet need over time is a goal of the university’s student financial aid program. Table 6 below displays the unmet need of resident and nonresident undergraduates over time.

Table 6: Trend of Unmet Need

	2017-18	2018-19	2019-20
Virginia Undergraduate	\$6,264	\$6,561	\$6,332
% Average Unmet Need	35.3%	35.9%	33.3%
Nonresident Undergraduate	\$11,445	\$12,026	\$11,882
% Average Unmet Need	43.2%	43.2%	41.6%

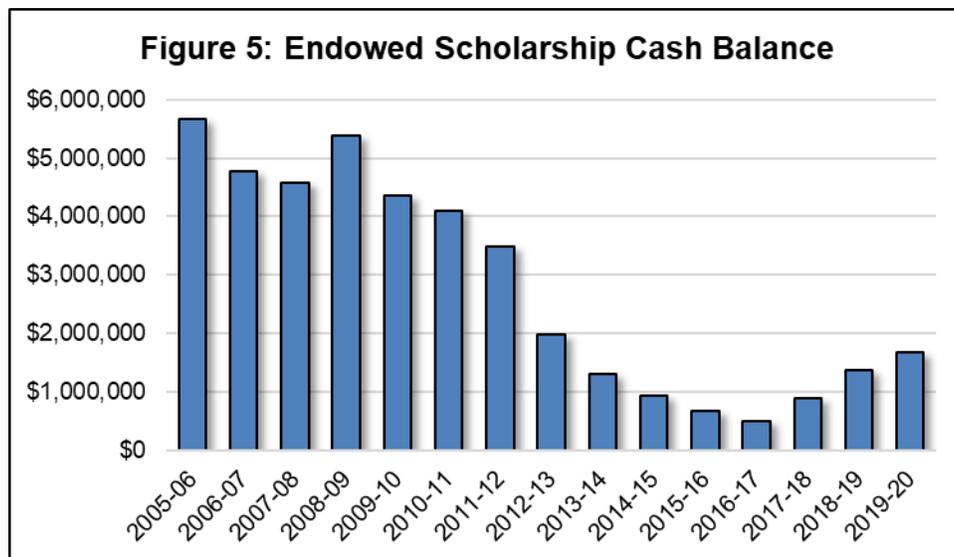
Utilization of Private Support

University colleges and departments are responsible for awarding and administering much of the university’s private support for student financial aid. In past years, the university provided an annual report to the Committee to outline endowment scholarship utilization and scholarship expenditure plans. Over the years, unspent endowment

scholarship balances had accumulated due to lack of oversight of departmental allocations, leading to a remediation strategy to ensure maximum utilization of departmentally allocated private scholarships. Due the success of these actions, and the significant reduction in unspent balances, pertinent information from the prior report is now incorporated into this report to provide one comprehensive report on Student Financial Aid.

The Office of the Vice Provost for Enrollment and Degree Management provides guidance to scholarship-managing units through procedures, reports, and data analysis. Each college’s annual expenditure plan of endowed scholarships is reviewed and approved to ensure that these resources are utilized effectively. Enrollment and Degree Managements efforts have resulted in enhanced utilization and significant reductions in unallocated cash balances. To continue this success, the Office of University Scholarships and Financial Aid provides an annual management report to the Vice President of Finance to affirm scholarship utilization and the status of funding.

Figure 5 below displays the trend of accumulated departmental private scholarship cash balances. The university believes that the year-end cash balances are at acceptable levels, and will continue to monitor performance in future years to ensure that the cash balances remain at acceptable levels and that resources are used to advance the strategic enrollment goals of each college.



2019-20 COVID-19 Pandemic and Federal CARES ACT

In response to the COVID-19 pandemic, Congress negotiated a relief package known as the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act. Enacted on March 27, 2020, the CARES Act provided Virginia Tech a direct allocation of \$19.4 million through the Higher Education Emergency Relief Fund (HEERF). Section 18004 of the CARES Act directed institutions to use no less than 50 percent of its allocation to provide

emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. The remaining resources were available to offset institutional expenses incurred as a result of the pandemic. Virginia Tech implemented a multi-dimensional approach to award emergency financial aid grants as outlined in Table 7 below.

Table 7: VT CARES Act Utilization

<u>Use of University Allocation of CARES Funding</u>	<u>Amount (Dollars in Millions)</u>
Emergency Grants to Students	
Off-Campus Students impacted by pandemic	\$ 0.9
Pell Grant Recipients with subsidized or alternative loans	2.7
Pell Grant Recipients without loans	0.7
Non-Pell Undergraduates with subsidized loans	2.1
Graduate/Professional students with unsubsidized/alternative loans	0.5
Other graduate students with unsubsidized/alternative loans	0.4
Direct Aid for individual emergency needs	2.4
Subtotal Emergency Grants	9.7
Institutional Support	
Backstop 41% of housing and dining refunds to students for interrupted spring and summer	9.7
Total CARES Act (18004) Direct Allocation	\$ 19.4

Current Events

The university continues to explore opportunities with the state to provide student financial aid to meet the university and the commonwealth’s goals of enrolling traditionally underserved and underrepresented students. The university will also need to continue to explore all possible opportunities to enhance access and affordability for Virginia undergraduates through increased institutional sources, with an emphasis on private fundraising.

The university is currently developing strategies to raise significant additional funding for scholarships and financial aid, specifically to reduce the net price for Virginia undergraduates in the lowest three income quintiles. Enhancing the resources available to these students through the university’s student financial aid program is an important goal to advance Virginia Tech.

In addition to supporting resident student financial need, the university’s scholarship program is integral to the achievement of enrollment targets, particularly of nonresident undergraduates. This enrollment strategy is designed to provide net resources to the

institution to allocate towards support of resident students and university strategic initiatives. Aid to attract and retain students in targeted disciplines is a focus.

The university will continue to work to assist students and families with managing the cost of education in the future. For 2019-20, 11,710 full-time Virginia Tech undergraduate students (41 percent of the university's undergraduate full-time population) were determined to have financial need. The university also froze in-state undergraduate tuition while increasing the allocation of unfunded scholarship support for undergraduates. This plan ties into the university's commitment in its Management Agreement to increase support for need-based student financial aid to help ensure access and affordability.

The university has increased its institutional funding of student financial aid each year since expanding the program in 2001-02, primarily through the use of unfunded scholarships. While the university has been leveraging the unfunded scholarship authority to expand need-based aid, the use of unfunded scholarships has legal and practical limits. As a result, it will be important for the university to continue to work to expand funding from other sources in the future, especially by increasing private fundraising and endowed scholarships, and work to create new innovative sources.

University Support for Student Financial Aid

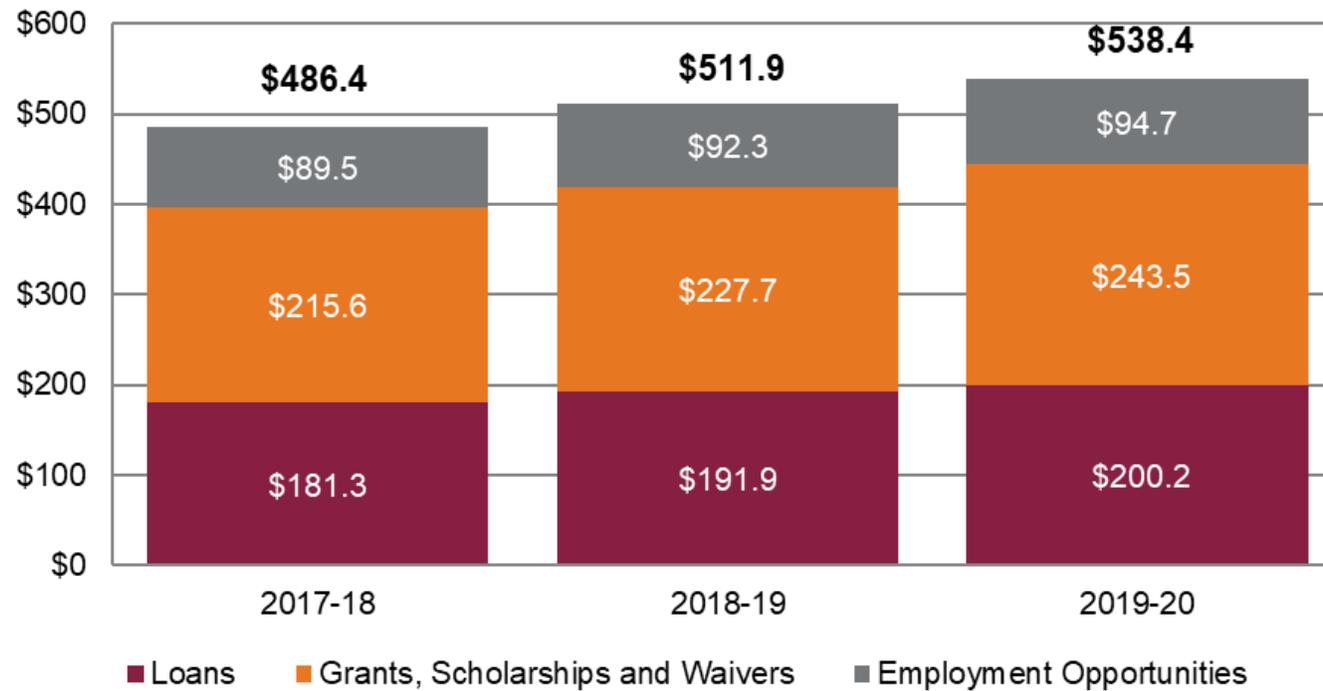
TIM HODGE, ASSOCIATE VICE PRESIDENT FOR
BUDGET AND FINANCIAL PLANNING

NOVEMBER 16, 2020



Student Financial Aid at Virginia Tech

Figure 1: Total Student Financial Aid From All Sources
Dollars in millions



Undergraduate Grants and Scholarships

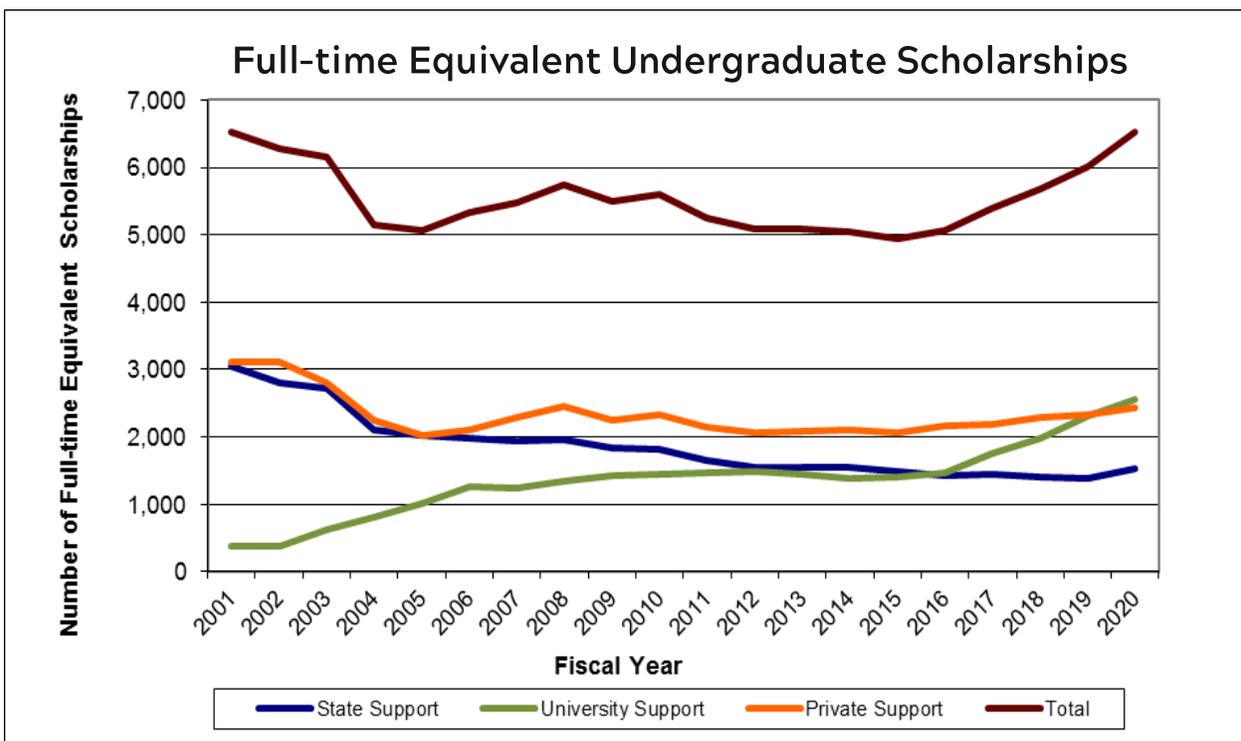
(Dollars in Millions)

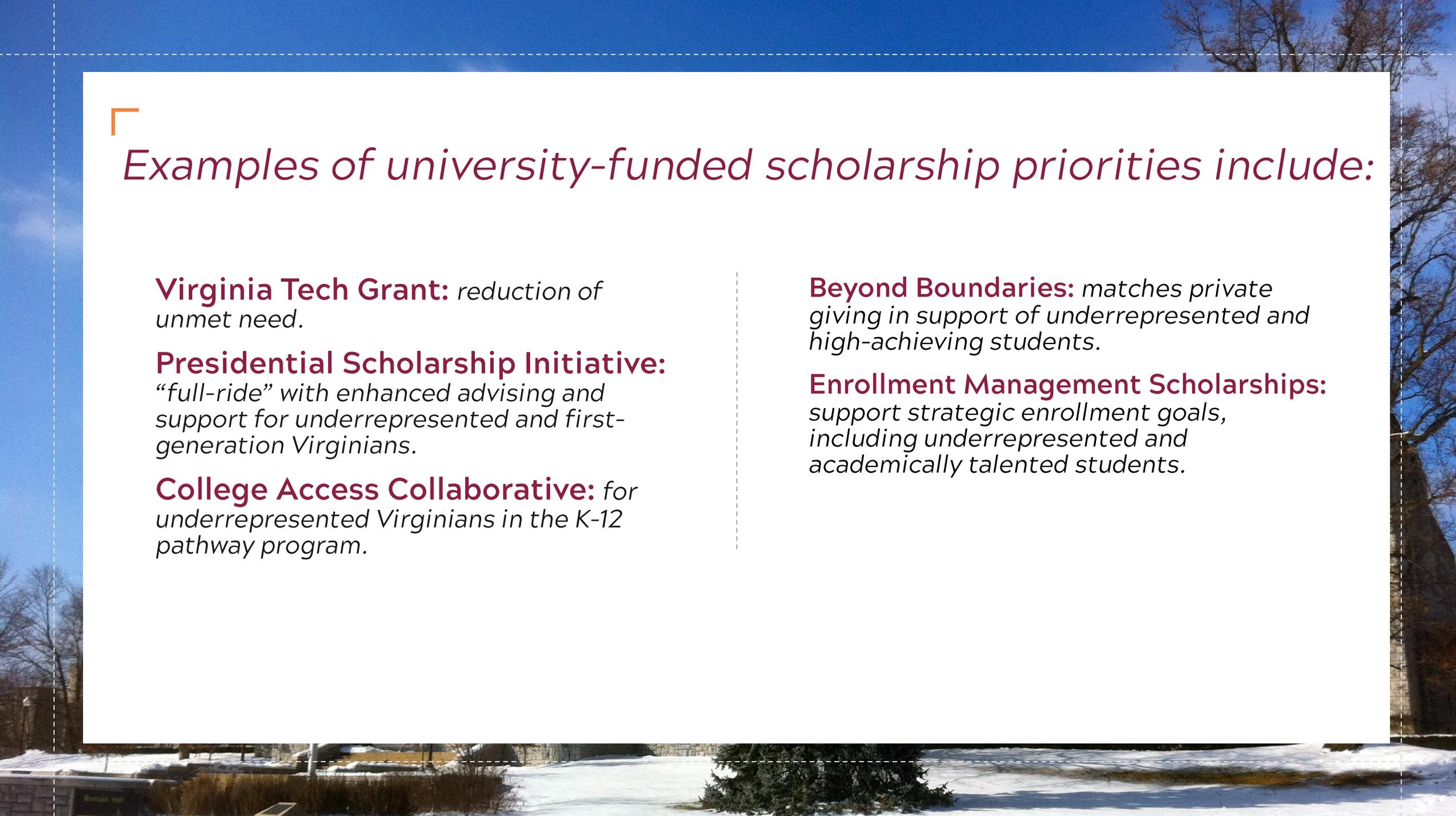
	2017-18	2018-19	2019-20
<u>Undergraduate</u>			
Federal ⁽¹⁾	\$ 20.5	\$ 20.8	\$ 21.2
State	16.0	16.4	17.9
Institutional			
Unfunded Scholarships	16.7	17.4	18.8
Tuition/Fee Funded Aid	5.4	5.1	6.3
Internal Resources	0.8	1.2	1.7
Other Undergraduate ⁽²⁾	6.2	6.8	8.1
Private (Foundation)	25.7	26.9	26.8
<i>Subtotal Institutional</i>	54.8	57.4	61.7
Outside	30.8	34.2	37.1
<i>Total Undergraduate</i>	\$ 122.1	\$ 128.8	\$ 137.9

(1) One-time federal stimulus (CARES Act) support is excluded from this table. The university's utilization of CARES Act funding is detailed in Table 7 of this report.

(2) Other Undergraduate includes resident advisor housing benefits, Virginia Military Survivor and Dependent Educational Program and other waivers codified in the Code of Virginia, and educational benefits for employees.

Analysis of State & Institutional Support for Undergraduate Scholarships





Examples of university-funded scholarship priorities include:

Virginia Tech Grant: *reduction of unmet need.*

Presidential Scholarship Initiative: *“full-ride” with enhanced advising and support for underrepresented and first-generation Virginians.*

College Access Collaborative: *for underrepresented Virginians in the K-12 pathway program.*

Beyond Boundaries: *matches private giving in support of underrepresented and high-achieving students.*

Enrollment Management Scholarships: *support strategic enrollment goals, including underrepresented and academically talented students.*

Funds for the Future: Mitigating Tuition Increases

- *For 2019-20, all families with need and income up to \$99,999 Adjusted Gross Income were eligible for 100% coverage of tuition and fee increases.*
- *Includes Virginia and non-resident undergraduates.*
- *Effectively guarantees tuition and fee levels to first year of eligibility*

Family Income	VA Residents		Non-Residents		Total	
	#	\$	#	\$	#	\$
\$0-99,999	2,973	\$1,691,427	497	\$ 779,766	3,470	\$2,471,193

Average Debt Per Borrower and Percentage of Students Graduating with Debt

Class Of:		2016	2017	2018	2019	2020
VT - All	\$	\$28,884	\$30,221	\$30,741	\$32,386	31,121
	%	51%	49%	49%	48%	49%
National Average	\$	\$28,350	\$28,650	\$29,200	\$28,950	Not Yet Known
	%	66%	65%	65%	62%	
VT- Virginia Resident	\$	\$26,273	\$27,162	\$26,890	\$29,258	27,812
	%	53%	50%	51%	52%	52%

National data from the Project on Student Loan Debt, an aggregator of Common Data Set submissions.
www.projectonstudentdebt.org

Net Price Comparisons

- *Net price is the cost remaining after financial aid has been applied to the total cost of attendance (tuition, fees, room and board, and other expenses).*
- *The university remains competitive with “sticker” price, but has an opportunity to enhance the “net” price competitiveness for resident students from low- to middle-income families.*

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2018-19 Data)				
		\$0-30,000	\$30,001-48,000	\$48,001-75,000	\$75,001-110,000	\$110,001+
Virginia Tech	\$ 26,240	\$ 12,401	\$ 13,925	\$ 18,296	\$ 23,429	\$ 25,516
National Peer Average	31,296	9,820	11,513	15,957	21,547	27,147
Advantage (Disadvantage)	5,056	(2,581)	(2,412)	(2,339)	(1,882)	1,631
Virginia Tech	26,240	12,401	13,925	18,296	23,429	25,516
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Advantage (Disadvantage)	8,560	(7,891)	(6,825)	(5,508)	(2,829)	4,494



Federal CARES Act Support

- In response to COVID-19, Congress provided Virginia Tech with \$19.4 million in one-time aid.

<u>Use of University Allocation of CARES Funding</u>	<u>Amount (Dollars in Millions)</u>
Emergency Grants to Students	
<i>Off-Campus Students impacted by pandemic</i>	\$ 0.9
<i>Pell Grant Recipients with subsidized or alternative loans</i>	2.7
<i>Pell Grant Recipients without loans</i>	0.7
<i>Non-Pell Undergraduates with subsidized loans</i>	2.1
<i>Graduate/Professional students with unsubsidized/alternative loans</i>	0.5
<i>Other graduate students with unsubsidized/alternative loans</i>	0.4
<i>Direct Aid for individual emergency needs</i>	2.4
Subtotal Emergency Grants	<hr/> 9.7
Institutional Support	
<i>Backstop 41% of housing and dining refunds to students for interrupted spring and summer</i>	9.7
Total CARES Act (18004) Direct Allocation	<hr/> \$ 19.4 <hr/>

Current Events

- *University continues to raise additional funding for student financial aid, specifically to reduce the net price for Virginia undergraduates in the lowest three income quintiles and enhance support for underrepresented student populations.*
- *Financial aid is integral to achieving enrollment targets, particularly nonresident undergraduate, which provides overall resources to support resident students and university strategic initiatives.*
- *In an era of modest and frozen tuition levels, institutional support for financial aid is significantly constrained and has practical limits.*
- *The university must continue to support institutional financial aid programs, with an emphasis on expanding support through private philanthropy.*

Discussion

**2020 Special Legislative Session
Review of 2020-22 Budget Actions**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 16, 2020

2020 Special Session

Due to the state revenue and expenditure impacts of the ongoing COVID-19 pandemic, Governor Northam called the General Assembly into Special Session on August 18, 2020. In addition to considering policing and criminal justice reform, the focus of the Special Session was to review the Governor's proposed adjustments to the 2020-22 biennial budget.

During the reconvened session in April, the Governor worked with legislators to unallot or suspend approximately \$2.2 billion in new spending contained in the 2020-22 biennial budget. Anticipating the need for future adjustments, the approved budget from the spring also included language stipulating that the General Assembly could make final decisions regarding these unallotted appropriations following adoption of a revised revenue forecast for the biennium. On August 18, 2020, the Northam Administration presented a reforecast of revenues which projected a \$2.7 billion revenue shortfall for the biennium, and introduced a revised biennial budget proposal that permanently eliminated most of the previously suspended spending.

Each chamber of the General Assembly reviewed the Executive Budget proposal and offered its own amendments. These amendments were reconciled by a Conference Committee consisting of members from each legislative body. Once approved by the legislature, this "Conference Budget" will be sent to Governor Northam for final approval.

A summary of actions included in the final Conference Budget of the 2020 Special Session that impact Virginia Tech and the higher education operating environment can be found in Attachment 1. Direct financial impacts of the Conference Budget to Virginia Tech are detailed in Attachment 2.

2020-22 BUDGETS AS OF SPECIAL SESSION
As of Friday, October 16, 2020
 Analysis based on Half Sheets

The Reconvened Session column reflects incremental adjustments to the 2020-22 biennial budget (Chapt.1289) approved by the General Assembly in April 2020.
 The Special Session columns reflects changes to the 2020-22 biennial budget proposed by the Governor and the final Conference Budget.

	Reconvened Session – Spring 2020	Special Session – Fall 2020	
	Approved Budget	Executive Proposal	Conference Proposal
Operating Budget			
Unallotment/Reduction of Previously Funded Items	Reconvened Session “unallotted”, or suspended funding for the following approved items for VT: <ul style="list-style-type: none"> • Student Financial Aid <ul style="list-style-type: none"> • Undergraduate: <ul style="list-style-type: none"> • \$811,000 in 1st year • \$1.6 million in 2nd year • Graduate: <ul style="list-style-type: none"> • \$285,000 in 1st year • \$427,000 in 2nd year • Tuition Moderation Support <ul style="list-style-type: none"> • \$2.7 million in 1st year to freeze in-state undergraduate tuition rates • Agency 229: <ul style="list-style-type: none"> • \$250,000 in first year for infrastructure upgrades at the Holiday Lake 4-H Center. (Amendment 12) • \$50,000 in both years for Richmond County Extension Agent 	New funding (unallotted in the spring) is eliminated.	

<p>“Maintain Affordable Access” Funding</p>	<p>N/A</p>	<p>N/A</p>	<p>Statewide: Proposes \$60 million in General Funds (GF) in the first year as flexible funding which institutions may utilize for operations, financial aid, or other COVID-19 costs;</p> <ul style="list-style-type: none"> • VT Allocation: \$4 million
<p>Coronavirus Relief Funds (CRF)</p>	<p>N/A</p>	<p>N/A</p>	<p>Statewide: Language authorizes the Governor to allocate up to \$120 million of Coronavirus Relief Funds to higher education institutions for reimbursement of identified eligible expenses.</p> <ul style="list-style-type: none"> • VT Allocation: \$13.3 million
<p>Auxiliary Support Flexibility</p>	<p>N/A</p>	<p>N/A</p>	<p>"a. Institutions of higher education shall have the authority to use available fund balances from other fund sources, to include educational and general program reserves, to support operations, increased costs or revenue reductions, for auxiliary enterprise programs for the 2020-2022 biennium. However, with the exception of transfer payments, educational and general program reserves may not be used to directly support intercollegiate athletics.</p> <p>b. Any use of available fund balances pursuant to these temporary provisions shall be subject to approval by the Board of Visitors of the institution, provided that the Board has also reviewed the measures of financial status included in the most recent Auditor of Public Account Higher Education Comparative Report. Prior to any transfer, the institution shall provide the approval resolution to the Chairs the House Appropriations and Senate Finance and Appropriations Committees."</p>

Financial Sustainability Review	N/A	N/A	“During the 2020-2022 biennium, the Council shall coordinate (i) the dissemination to the institutions the measures of financial status included in the most recent Auditor of Public Accounts Higher Education Comparative Report, and (ii) collection of institutions' resulting financial sustainability reviews and possible action plans, to include if warranted discussion of a full range of potential structural options to improve long-term financial health. The six-year plan review group identified under § <u>23.1-306</u> shall review such submissions.”
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Employee Compensation & Benefits			
<p>Faculty and Staff Compensation</p>	<p><u>Unallotment</u></p> <p><u>2020-21:</u></p> <p><u>Contingent upon the lack of a downward revenue revision for FY21/FY22:</u></p> <ul style="list-style-type: none"> ● Bonus: <ul style="list-style-type: none"> ● Effective December 1, 2020: ● 3% for all full-time employees employed on April 1, 2020 and remaining through November 24, 2020. <p><u>2021-22</u></p> <ul style="list-style-type: none"> ● Salary Increase: <ul style="list-style-type: none"> ● <u>All full-time employees:</u> 3% increase effective June 10, 2021. ● Bonus and salary increases may be based on performance as long as increases do <u>not exceed</u> 3% on average. 	<p>New funding (unallotted in the spring) is eliminated.</p>	<p><u>2021-22:</u></p> <p><u>Contingent upon the achievement of FY21 revenue projections:</u></p> <ul style="list-style-type: none"> ● One-time bonus <ul style="list-style-type: none"> ● \$1,500 for all full-time state employees ● \$750 for adjunct faculty ● Effective September 1, 2021 ● Must have been employed on April 1, 2021 and remain employed until at least August 24, 2021.
<p>Law Enforcement Officers Bonus</p>	<p>N/A</p>	<p>N/A</p>	<p>Proposes a one-time \$500 bonus on December 1, 2020 for state law enforcement officers who were employed as of November 24, 2020.</p>
<p>Health Insurance</p>	<p>FY21: Eliminated proposed increase for due to cash balance in the Health Insurance Fund.</p> <p>FY22: 6.7% increase in health insurance premiums.</p>	<p>No change from Reconvened Session.</p>	<p>FY21: In addition to avoiding an increase, further proposes one-month health insurance premium holiday (two pay periods in December 2020).</p> <p>FY22: Proposes a reduction in the health insurance premium increase to 3.35%</p>

<p>Health Insurance, <i>continued</i></p>			<p>(from 6.7%) due to excess reserve balance.</p> <p>Language amendment requires Department of Human Resources Management to contract with an actuarial firm to review the actuarial process and assumptions used to calculate the employee health insurance premiums and provide a recommendation regarding the appropriate target level of cash reserves in the fund; report due by October 15, 2021.</p>
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Statewide Initiatives & Adjustments			
Virginia Innovation Partnership Authority	Reduction of \$11.2 million in the first year and \$2.4 million in the second year.	No change from Reconvened Session.	Language amendment provides authority to the President and CEO to approve funds provided to Centers of Excellence including Virginia Center for Unmanned Systems, Virginia Biosciences Health Research Corporation, Commonwealth Center for Advanced Manufacturing, and Commonwealth Cyber Initiative.
SCHEV Studies	<p>Requires SCHEV to develop a plan for implementing a statewide survey on institutional expenditures by program and academic discipline with a report and recommendations by November 1, 2020</p> <p>Authorizes SCHEV to continue a review of Financial Aid, including institutional award policies.</p> <p><u>Unallotment</u></p> <p>\$150,000 in each year for review of higher education costs, funding needs, appropriations, and efficiencies.</p>	New funding (unallotted in the spring) is eliminated.	New funding (unallotted in the spring) is eliminated.
Innovative Internship Fund and Program	<p><u>Unallotment</u></p> <p>Increase of \$300,000 in the first year and \$1.3 million in the second year to support the Innovative Internship Fund and Program, including access and affordability of internship opportunities.</p>	New funding (unallotted in the spring) is eliminated.	New funding (unallotted in the spring) is eliminated.

BOV Virtual Meeting Authority	Provides authority for public bodies to conduct electronic meetings during a declared state of emergency.	No change from Reconvened Session.	Provides additional authority to include joint meetings of public bodies.
Virtual Library of Virginia (SCHEV)	<u>Unallotment</u> \$400,000 GF in each year to support the Virginia Library of Virginia	New funding (unallotted in the spring) is eliminated.	Restores \$400,000 in first year only.
Virginia Biosciences Health Research Corporation	Retains elimination of proposed increase of \$1.25 million in the second year.	No change from Reconvened Session.	Authorizes \$5 million the first year to be allocated to the Virginia Biosciences Health Research Cooperation from the sale of the CIT building to administer a one-time grant program designed to support the acceleration of clinical testing of a therapeutic drug that treats clinical symptoms caused by COVID-19.
Title IX Training (SCHEV)	<u>Unallotment</u> \$100,000 GF in each year to support statewide training and professional development for institutional staff in the area of Title IX compliance.	New funding (unallotted in the spring) is eliminated.	New funding (unallotted in the spring) is eliminated.
State Employee Contact Information	N/A	N/A	Proposes requiring DHRM to communicate to all executive branch agencies the requirement that all employee with state email addresses and/or state cell phones to include contact information in their email signature which shall include, at a minimum, an office phone number and state cell phone number.

Items Unchanged from Spring Reconvened Session				
Enhanced Enrollment Flexibility	Language allowing enrollment of additional nonresident undergraduates beyond existing caps, as long as they support workforce development goals and in-state undergraduate enrollment does not fall below fall 2018 levels. Also requires that any such increase shall be limited to no more than one percentage point increase over the prior year.		No change from Reconvened Session.	
Auxiliary Indirect Cost Recoveries Flexibility	Includes language allowing flexibility from recovering 100% of the full indirect cost of auxiliary enterprise programs to the E&G program for 2020-22.		No change from Reconvened Session.	
Fringe Rate Increase		Prior Rate	2020-22 Rate	No change from Reconvened Session. See health insurance proposal above.
	VRS	13.52%	14.46%	
	VaLORS	21.61%	21.88%	
	Group Life	1.31%	1.34%	
	VSDP	0.62%	0.61%	
	Retiree Health	1.17%	1.12%	
Institutional Reserve Amount	Provides authority to increase the percentage of E&G unexpended balances that may carry over as a reserve from 3% to 6%.		No change from Reconvened Session.	

<p>Tech Talent Investment Fund</p>	<ul style="list-style-type: none"> • Operating Support: Provides total funding of \$31.8 million in each year of the biennium to support final MOUs within the Tech Talent Investment Fund; an increase of \$15.2 million per year over the 2019-20 funding level. • Faculty Startup / Equipment: \$13.6 million Virginia College Building Authority (VCBA) bond pool to be allocated according to the finalized MOUs. 	<p>No change from Reconvened Session.</p>
<p>Minimum Wage Adjustment</p>	<p>Delayed enactment of minimum wage increase from January 1, 2021 to May 1, 2021.</p> <p>Provides \$1.4 million in the first year and \$4.6 million in the second year statewide to support the state's share of SB7, which would increase the state minimum wage as follows:</p> <p>FY21: \$9.50/hour FY22: \$11.00/hour FY23: \$12.00/hour</p> <p>FY25: State to study impact of further increases to the minimum wage and the potential for regional differentiation.</p>	<p>No change from Reconvened Session.</p>
<p>Procurement</p>	<p>Expands access to the Virginia Association of State College and University Purchasing Professionals (VASCUPP) contracts to non-VASCUPP institutions regardless of the level</p>	<p>No change from Reconvened Session.</p>

	<p>of purchasing delegated authority. (Item 4-5.04 #1c)</p>	
<p>Commonwealth Cyber Initiative</p>	<p><u>2020-21:</u> Hub: Partially restores Executive Budget reduction, providing funding of \$7.5 million (\$2.5 million base and \$5 million one-time from sale of CIT building). Nodes: Fully restores funding to \$10 million (\$5 million base, \$5 million one-time from sale of CIT building). <u>2021-22:</u> Hub: Partially restores Executive Budget reduction, providing funding of \$7.5 million base in year 2. Nodes: Fully restores funding to \$10 million base in year 2.</p>	<p>No change from Reconvened Session.</p>
<p>BOV Training (SCHEV)</p>	<p>Allows SCHEV to use on-line training modules to expand training beyond the initial orientation for Boards of Visitors members.</p>	<p>No change from Reconvened Session.</p>

<p>Virginia Center for Unmanned Systems</p>	<p>Reduces proposed funding by \$0.5 million in the second year.</p> <p>Executive Budget had proposed Proposes a \$0.5 million increase in the first year and \$1.0 million increase in the second year to establish collaboration between businesses, investors, universities, entrepreneurs, and government organizations to increase the commonwealth's position as a leader of the Autonomous Systems Community.</p>	<p>No change from Reconvened Session.</p>
<p>Virginia Management Fellows Program</p>	<p>Program is moved from Central Appropriations to a new agency within the Department of Human Resource Management titled Virginia Management Fellows Program (VMFP) Administration Agency. Current funding of \$1.2 million annually is increased to \$1.5 million.</p> <p>Proposed funding for an internship program is eliminated.</p> <p>Virginia Tech currently delivers the instructional component of the VMFP program on behalf of the commonwealth.</p>	<p>No change from Reconvened Session.</p>

Capital Budget		
Maintenance Reserve	<p>Provided \$13.725 million in each year of the biennium to support E&G facilities; an increase of \$151,357 per year over the 2019-20 funding level.</p> <p>This is a 1.1% increase over the current budget from the previous 2018-20 biennium.</p> <p>The Higher Education Maintenance Reserve (MR) funding for 2020-22 is \$260 million total, with Virginia Tech taking the largest allocation at \$27.5 million for the biennium; a \$303,000 increase from the previous biennium.</p> <p>Budgetary Technical adjustment: Shifted funding within the biennium to \$65 million of GF to Bond proceeds for year 1 of biennium (has no effect on Virginia Tech MR funding level).</p>	No change from Reconvened Session.
Capital Equipment Pool	<p>Provided additional \$93 million of VCBA authorization for FF&E Pool for 13 previously authorized capital projects, three of which are Higher Education projects, including \$23.76 million the following Virginia Tech projects:</p> <ul style="list-style-type: none"> • \$5.1 million for Renovate Holden Hall (18267) • \$18.1 million for Fralin Biomedical Research Institute 	No change from Reconvened Session.

<p>Capital Equipment Pool, <i>continued</i></p>	<ul style="list-style-type: none"> • \$.5 million for Livestock and Poultry Research Facilities Phase I (229-18277) <p>The Equipment Pool was increased by \$15.5 million to \$108.5 million of VCBA authorization for FF&E for 16 previously authorized projects.</p>	
<p>Capital Detailed Planning Pool</p>	<p>Proposed \$11 million nongeneral fund (NGF) Authorization to plan Randolph Hall Replacement project.</p> <p>No planning documents shall be submitted to the Governor or the General Assembly prior to July 1, 2022.</p> <p>Language: GF amounts were unallotted until re-enacted.</p>	<p>No change from Reconvened Session.</p>
<p>Capital Construction Pool</p>	<p>Provided \$701 million of state funding for 20 Higher Education Projects. The Undergraduate Lab Building was NOT included in this funding pool.</p> <ul style="list-style-type: none"> • Projects in the Capital Planning Pool from Chapter 759 of the 2016 Act were advanced. This pool includes the Undergraduate Laboratory Building that is currently in design (not yet funded for construction). <p>Defers three VCCS projects from the funding pool -- worth \$79.2 million.</p>	<p>No change from Reconvened Session.</p>

<p>Capital Infrastructure / Umbrella Project Pool</p>	<p>Provides \$62 million of state funding for eight Higher Education Projects including the following for Virginia Tech:</p> <ul style="list-style-type: none"> • \$3.1 million for the Life, Health, Safety, Accessibility and Code Compliance project (18478) • Deferred \$10 million General Fund for the System-wide AREC project (229-18477). 	<p>No change from Reconvened Session.</p>
<p>9(c) Debt Authorization</p>	<p>Provided authorization to issue debt through the state's NGF pooled bond program which reduces the costs of capital compared to stand-alone debt.</p> <ul style="list-style-type: none"> • \$89.62 million of 9(c) Debt Authority for the Construct Creativity and Innovation District LLC project (18412) • \$84 million of 9(c) Debt Authority for the Construct GBAC Residence Halls project (18458) • \$33 million of 9(c) Debt Authority for the Construct New Upper Quad Residence Hall project (18459) <p>Technical correction to 9(c) bond table to show the correct amount of 9(c) debt appropriated for construction of the Creativity and Innovation District Living Learning Community.</p>	<p>No change from Reconvened Session.</p>

<p>9(d) Debt Authorization</p>	<p>Provided authorization to issue debt through the state’s NGF pooled bond program which reduces the costs of capital compared to stand-alone debt.</p> <ul style="list-style-type: none"> • \$107 million of 9(d) Debt Authority for the Innovation Campus Academic Facility project 18412. • \$10 million of 9(d) Debt Authority for the Data and Decision Sciences Building project 18427. • \$31.35 million of 9(d) Debt Authority for the Construct Corps Leadership and Military Sciences Building project 18460. • \$11.08 million of 9(d) Debt Authority for the Acquire Falls Church Property project 18461. • Adds \$9.5 million of 9(d) debt authority to supplement the Student Wellness Improvements project 18357 	<p>No change from Reconvened Session.</p>
<p>Debt Capacity Advisory Committee</p>	<p>Directs the Secretary of Finance to convene stakeholders to examine process by which various state component units authorizes to issue state tax-supported debt must report to the Debt Capacity Advisory Committee (DCAC) prior to the issuance of any such debt. The working group’s recommendations should be delivered to both DCAC and General Assembly committees by November 1, 2020.</p>	<p>No change from Reconvened Session.</p>

2020-2022 Biennial Budget
PROPOSED APPROPRIATIONS FROM THE EXECUTIVE BUDGET AND EACH HOUSE OF THE GENERAL ASSEMBLY

	Spring 2020 Legislative Session		Fall 2020 Special Session			
	Approved Budget		Executive Budget		Conference Budget	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Operating Budget						
General Fund						
University Division E&G						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	12,822,747	12,822,747	12,822,747	12,822,747	12,822,747	12,822,747
Maintain Affordable Access (One-Time Coronavirus support)	-	-	-	-	4,000,000	-
Employee Compensation (estimated state share)						
Contingent \$1,500 Employee Bonus in FY22	-	-	-	-	-	2,907,945
State Police Officer \$500 Bonus in FY21	-	-	-	-	11,200	-
<i>Subtotal E&G Budget</i>	12,822,747	12,822,747	12,822,747	12,822,747	16,833,947	15,730,692
Tech Talent Investment Program						
Virginia Tech State Operating Funding	12,957,304	12,957,304	12,957,304	12,957,304	12,957,304	12,957,304
Virginia Tech Startup & Equipment Funding (state debt funding)	8,237,000	7,540,800	8,237,000	7,540,800	8,237,000	7,540,800
<i>Subtotal Tech Talent Investment Program</i>	21,194,304	20,498,104	21,194,304	20,498,104	21,194,304	20,498,104
Commonwealth Cyber Initiative (CCI)						
Hub Leasing, Operations, Faculty, & Internships	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000) (a)
Scale Initiative at Hub & 4 statewide Node Sites	-	-	-	-	-	-
<i>Subtotal CCI</i>	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000) (b)
Higher Education Equipment Trust Fund						
Traditional Allocation	10,331,639	10,331,639	10,331,639	10,331,639	10,331,639	10,331,639
Research Allocation	5,240,458	5,240,458	5,240,458	5,240,458	5,240,458	5,240,458
<i>Subtotal Equipment Trust Fund</i>	15,572,097	15,572,097	15,572,097	15,572,097	15,572,097	15,572,097
Subtotal - University Division	47,089,148	46,392,948	47,089,148	46,392,948	51,100,348	49,300,893
Cooperative Extension/AES Division (CE/AES)						
Technical Adjustments (fringe rate changes, annualization of prior year costs, etc.)	1,862,864	1,862,864	1,862,864	1,862,864	1,862,864	1,862,864
Employee Compensation (estimated state share)						
Contingent \$1,500 Employee Bonus in FY22	-	-	-	-	-	1,028,063
Subtotal CE/AES	1,862,864	1,862,864	1,862,864	1,862,864	1,862,864	2,890,927
Total Operating Budget State Support	\$ 48,952,012	\$ 48,255,812	\$ 48,952,012	\$ 48,255,812	\$ 52,963,212	\$ 52,191,820
Allocation of One-time Federal Stimulus (from Virginia share of CARES Act)						
Governor's Direct Allocation	\$ -	\$ -	\$ 3,465,283	\$ -	\$ 3,465,283	\$ -
Governor's Student Financial Aid Support	-	-	-	-	841,600	-
Legislative Allocation	-	-	-	-	13,296,727	-
	\$ -	\$ -	\$ 3,465,283	\$ -	\$ 17,603,610	\$ -

(a) Resultant proposed funding for CCI Hub Operations is \$7.5 million in each year. 2020-21 comprised of \$2.5 million base and \$5 million one-time from the sale of the CIT facility. 2021-22 base funding of \$7.5 million.
(b) Resultant proposed funding for scaling CCI Hub and Nodes is \$10 million in each year. 2020-21 comprised of \$5 million base and \$5 million one-time from the sale of the CIT facility. 2021-22 base funding of \$10 million.
(c) Governor Northam distributed \$3,465,283 to VT in June 2020, which was utilized by VT primarily in 2019-20.



Update on the Special Session of the General Assembly

TIM HODGE,
ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

NOVEMBER 16, 2020



General Assembly Timeline

Jan 8 - Mar 12

Revenues ahead of
forecast

\$284 million for
higher education

Regular Session

April 22

Revenue shortfall
concern

\$2.2 billion of new
spending
unallotted

Reconvened

Aug 18- Current

Forecast \$2.7 billion
biennial shortfall

Revision of 2020-22
Budget

Special Session

Special Session Update

- The focus of the Special Session of the General Assembly was policing and criminal justice reform and updating the biennial budget for the impact of pandemic.
- The Northam Administration presented a reforecast of revenues which projected a \$2.7 billion revenue shortfall for the biennium.
- The Governor introduced a revised biennial budget proposal that permanently eliminated most of the spending previously suspended at the April reconvened session.
- Both chambers considered amendments to the Governor's revised budget proposal.

Summary of Major Budget Actions

Budget Item	Reconvened Session	Special Session	
		Executive Budget	Conference
Unallot New Allocations	Unallotted: financial aid and tuition moderation	Permanently eliminate previously unallotted items.	
Budget Reduction	No reduction in state support proposed		
“Maintain Affordable Access” Funding	N/A	N/A	Statewide pool of \$60 million; VT share: \$4 million
Federal Coronavirus Relief Funds	N/A	N/A	Statewide pool of \$120 million; VT share: \$13.3 million
Auxiliary Support Flexibility	N/A	N/A	Additional flexibility to use funds, with limits on athletics, to respond to pandemic
Faculty & Staff Compensation	Unallotted Dec. 2020 bonus and 3% salary increase in June 2021 for all full-time employees	Eliminated	\$500 Police Officer bonus, Dec. 2020 <u>Revenue contingent</u> \$1,500 bonus for full-time state employees and \$750 for adjunct faculty, Sept. 2021
Health Insurance	FY21: no increase FY22: 6.7% increase	No change	FY21: December premium holiday FY22: 3.5% premium increase (52% of previously planned increase)

Next Steps

- Conference Budget will be reported to Governor Northam for approval or veto.
- 2021 General Assembly Session begins on January 13, 2021.
 - Governor will present revised revenue estimate and Executive Budget Amendments in December 2020.

Discussion



Approval of 2020-21 Operating Budget Adjustment for Impact of COVID-19

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 30, 2020

In June 2020, the Board of Visitors approved a preliminary operating budget in anticipation of subsequent adjustments after the financial impact of COVID-19 could be better understood and quantified. During the first quarter, the university gathered information so that the budget could be updated for the current understanding of the financial impacts of the pandemic. Further impacts and subsequent adjustments are expected as the university continues to learn how the pandemic impacts university operations.

In light of the dynamic environment resulting from the pandemic, the university established a preliminary operating budget for fiscal year 2020-21 to avoid premature assumptions while proactively addressing the likelihood of a resource constrained fiscal year. The preliminary budget approved by the BOV in June reflected revenue uncertainty around Fall 2020 enrollment, state General Fund support, self-generated revenues, and the Fall 2020 campus operating model.

In addition to many unknown revenue factors, there were also unknown expense impacts related to the university's pandemic response. These included the cost of physical distancing measures and health and safety efforts.

Given these uncertainties, the university envisioned the 2020-21 budget development occurring in phases. The preliminary budget was approved by the BOV in June 2020. With the outcome of the special legislative session, the confirmation of Fall 2020 enrollment levels, and a refined understanding of the university's current operational model more clear, the university is now able to adjust revenue and expenditure budgets. The legislative special session did not result in reductions to the levels of state support for the university in 2020-21. While the university undergraduate enrollments showed strength in freshman resident enrollments and continuing student enrollments, nonresident freshman enrollment and graduate enrollments were lower than projected.

The operating budget adjustments for COVID-19 span the Educational and General program (E&G) and auxiliary enterprise activities. In E&G, the revenue and expenditure budgets are being increased \$29 million to remove University Division (208 E&G) and Cooperative Extension/Agriculture Experiment Station Division (229 E&G) revenue contingencies. The restoration of the revenue contingencies provides capacity for the university to restore preliminary expenditure budget reductions by 2% in 208 E&G and 5% in 229 E&G. This results in lowering of budget reductions from an average of 5% to 3% for colleges and from an average of 7% to 5% for other areas in 208 E&G. A 3% reduction remains in both college and non-college areas to manage: cost escalations, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19. An additional 2% reduction also remains in non-college areas for critical needs. In Agency 229, the 5% budget reductions are completely eliminated.

In the auxiliary enterprises, the university recommends decreasing revenue (\$77.4) million and decreasing expenses \$16.8 million, resulting in a net impact of (\$60.6) million. The decrease in revenue and expenses is due to the reduction of business activities as a result of COVID-19. A portfolio of strategies is being considered for managing the impact of the pandemic on the university's finances including:

- cost savings
- state allocation of Federal CARES Act support (\$120 million pool statewide, but the use of these funds is restricted)
- a second federal stimulus program
- state General Fund support from the Special Session
- restructuring of existing debt
- institutional support (requires approval by the Board of Visitors and notification to the leadership of the General Assembly)
- other one-time resources/savings (e.g. health insurance holiday)

Depending on the extent of the impact, temporary reductions of reserve balances to be repaid in future years or internal loans may also need to be considered.

Moving forward, the university will continue to monitor and manage the financial impacts created by COVID-19 on university operations and bring updates back to the board as needed.

**RESOLUTION OPERATING BUDGET ADJUSTMENT FOR
FINANCIAL IMPACT OF COVID-19**

WHEREAS, the COVID-19 pandemic created financial uncertainty; and,

WHEREAS, in response to this uncertainty, the Board of Visitors approved a preliminary budget in June 2020; and,

WHEREAS, the university has worked to quantify the current understanding of the financial impact of the pandemic on university operations; and,

WHEREAS, the university is now able to recommend a budget adjustment based upon activities as currently understood; and,

WHEREAS, the business activity is significantly reduced in auxiliary enterprises; and,

WHEREAS, a portfolio of strategies is being considered for managing the impact including cost savings, state allocation of Federal CARES Act support (\$120 million pool statewide), a second federal stimulus program, state General Fund support from the Special Session, restructuring of existing debt, institutional support, and other one-time resources/savings; and,

WHEREAS, the university will continue to monitor and manage the financial impacts created by COVID-19 going forward and bring updated back to the Board as needed,

NOW THEREFORE BE IT RESOLVED, that the university be authorized to increase the E&G revenue and expense budget \$29 million and decrease the auxiliary enterprises revenue budget (\$77.4) million and expense budget (\$16.8) million to reflect the financial impact of COVID-19.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to adjust the operating budget to reflect the financial impact of COVID-19 be approved.

November 16, 2020



Financial Update on COVID-19 and Adjustment of the 2020-21 Operating Budget

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

NOVEMBER 16, 2020



Financial Impact of COVID-19 on 2020-21



- Uneven across campus
- Revenue
 - State budget
 - Enrollment
 - Auxiliary Enterprise
 - Ancillary operations
- Expense
 - Savings
 - Additional costs
- Operating model



State Budget - Special Session

- No reduction
- \$4 million to support operations, financial aid, or other COVID-19 costs
- Federal Coronavirus Relief Funds:
 - \$120 million statewide pool for higher education: \$13.3 million one-time for Virginia Tech
- Language: financial flexibility for supporting pandemic impacts during 2020-22 with BOV approval
- Proposed: “Healthcare Holiday” for December 2020 which would provide cost savings for one month of healthcare premiums
- Incremental support will be reflected in the second quarter budget

Enrollment Update

Fall 2020 Enrollment Variance from Budgeted Enrollment (Headcount)			
	<u>Resident</u>	<u>Nonresident</u>	<u>Total</u>
Associates/Unclassified	-34	42	8
Freshman	245	-351	-106
Continuing UG	172	78	250
Transfers	27	53	80
Undergraduate	410	-178	232
Graduate	-8	-74	-82
MD - VTCSOM	-13	12	-1
DVM - Veterinary Medicine	2	3	5
Total	391	-237	154

The preliminary budget included enrollment hedge of \$7.8 million:

- Strength in undergraduate enrollment; though nonresident freshman were lower than projected and graduate enrollment was lower than projected
- As a result, able to increase the tuition revenue budget \$3.84 million to *partially* restore the revenue hedge while recognizing a **\$4 million shortfall**

Auxiliary Enterprise Update

- Dining: no off campus sales in fall, no cash sales
- Athletics: no football ticket sales, financial impact still unfolding
- Residential: held 513 beds for isolation/quarantine, end semester early 10% refunds, room occupancy lower than projected (approximately 93% occupancy in non-quarantine locations), Steger Center closed
- Inn at VT: lower hotel, restaurant, and conference business
- Electric, Parking, Fleet, and Printing Services: lower business volume
- Health: increased protective equipment, testing supplies and staffing

Auxiliary Enterprise COVID-19 Impact

(Including June placeholders)

Auxiliary Enterprise	Revenue	Expense (Savings) /Cost	Net
Dining	-36.7M	-13.5M	-23.2M
Athletics*	-20.1M	-2.8M	-17.3M
Residential	-9.9M	-1.0M	-8.9M
Inn at VT: Hotel & Conference Center	-8.6M	-4.0M	-4.6M
Electric Service	-3.4M	-1.8M	-1.6M
Parking & Fleet Services	-3.3M	-1.5M	-1.8M
Health Services	-0.6M	+0.7M	-1.3M
Other (Steger Center, Printing, Center for Arts)	-3.0M	-1.1M	-1.9M
Total	-\$85.6M	-\$25.0M	-\$60.6M

* Athletics financial impact from pandemic still unfolding

** Revenue Impact: (\$8.2M) hedge + (\$77.4M) 1st qtr. adjustment = (\$85.6M) Total

*** Expense Impact: (\$8.2M) hedge + (\$16.8M) 1st qtr. Adjustment = (\$25.0M) Total

Educational and General COVID-19 Impact

Description of E&G COVID-specific adjustments	University Division	CE/AES Division
Restore Revenue Contingency	25.0M	3.0M
Tuition and Fees		
Restore Enrollment Contingency	7.8M	-
Fall 20 Enrollment Variance from Budget	-4.0M	-
Capacity to Restore Enrollment Contingency	3.8M*	-
Other Adjustments	-2.8M	-
Total	\$26.0M	\$3.0M

*One-time budget capacity in 2020-21

2020-21 Revenue Adjustment for COVID19

(Dollars in Millions)

	2020-21 Preliminary Budget	2020-21 Budget Adjusted for COVID impact	Change	
			\$	%
<u>Educational and General</u>				
University Division	\$799.5	\$825.6	\$26.0	3.3%
CE/AES Division	88.7	91.7	3.0	3.4%
Subtotal	<u>\$888.2</u>	<u>\$917.3</u>	<u>\$29.0</u>	<u>3.3%</u>
Auxiliary Enterprises *	\$350.1	\$272.7	(77.4)	-22.1%

*Aux: (\$77.4 million) first quarter adjustment is in addition to \$8.2 million preliminary budget revenue hedge

Strategy for Management of E&G Budget

- Partial mitigation of 5% college / 7% non-college budget reductions:
 - 208 E&G reduction: lower 2% to 3% / 5%
 - 3% reduction remains for: cost escalations, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19
 - 2% (non-college) for critical needs
 - 229 E&G reduction: lower 5% to 0%
- Finalizing critical need allocations
- Seek to avoid personnel impacts
- Working to preserve workforce and academic quality and to avoid personnel impacts

Strategies for Managing Auxiliary/Ancillary Units *Under Development*

└ Continue to monitor (impacts will vary by unit)

- Additional impacts (e.g. athletics)
- Expenditure savings/cost control (beyond 5% reductions)

Potential strategies

- Federal support
 - \$13.3 million state allocation CARES Act
 - Stimulus 2 ?
- \$4 million state support from Special Session for COVID-19
- Restructuring existing debt
- Institutional support
- One-time resources/savings (e.g. health insurance holiday)



Next Steps

- Monitor federal activities for a second stimulus program
- Continue to monitor, manage, and report back on additional financial impacts of COVID-19
- Continue to work with the commonwealth on the state budget
- Refine strategies to manage the fiscal year 2021 impact and bring a plan back to the Board of Visitors
- Remember:
 - Duration of the financial impact of COVID-19 remains uncertain
 - Resources are likely to be constrained in 2021-22

2020-21 Budget Adjustment for COVID-19 *Resolution*

Recommendation:

That the COVID-19 specific budget adjustments to the Preliminary Operating Budget, as displayed below, be approved.

	<u>COVID Adjustments</u>
Educational and General	
Revenue	\$29.0
Expense	29.0
Net	<u>\$0.0</u>
Auxiliary Enterprises *	
Revenue	(\$77.4)
Expense	(16.8)
Net	<u>(\$60.6)</u>

*Athletics financial impact from pandemic still unfolding

Approval of 9(d) Debt Restructuring and Refunding Resolutions

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 16, 2020

Virginia Tech, as well as all higher education institutions in the commonwealth, have been severely impacted by COVID-19, and there is significant uncertainty regarding the future impacts that COVID-19 will have on the university and its finances. As a result, the university is seeking approval to pursue the following restructuring and refunding initiatives.

Background:

The university has issued two categories of bonds pursuant to section 9 of Article X of the Constitution of Virginia. Section 9(d) bonds are revenue bonds payable from pledged general revenues, which are not legal or moral obligations of the Commonwealth of Virginia. While the university occasionally issues such debt directly on its own, it usually issues the debt by participating in the pooled bond program of the Virginia College Building Authority (VCBA). This method is much more convenient and has economies of scale as the issuance costs are spread amongst a larger group of institutions. When the pooled bond program is used the university enters into a note payable with the VCBA.

The second type of debt issued are section 9(c) bonds. These are general obligation bonds issued by the commonwealth on behalf of the university and are secured by the net revenues of the completed project as well as the full faith and credit of the commonwealth. These bonds are a direct obligation of the university and would only be paid by the commonwealth if the university were to default on its payments.

A summary of the outstanding bonds and notes payable at June 30, 2020 is as follows:

Debt Outstanding at June 30, 2020

(in millions)

	Principal	Premium	Total
9 (c) bonds payable	\$ 96.0	\$ 9.6	\$ 105.6
9(d) revenue bonds payable	\$ 49.5	\$ 2.7	\$ 52.2
9(d) VCBA Athletics notes payable	\$ 34.4	\$ 4.0	\$ 38.4
9(d) -VCBA all other notes payable	\$ 169.2	\$ 11.6	\$ 180.8
Total 9(d) bonds & notes payable	\$ 253.1	\$ 18.3	\$ 271.4
Grand total bonds & notes payable	\$ 349.1	\$ 27.9	\$ 377.0

Total principal payments scheduled for the current and future two years are as follows (before any restructuring or refinancing):

Total Principal Payments Due for Fiscal Years 2021 - 2023

(in millions)

	FY 2021	FY 2022	FY 2023
9 (c) bonds payable	\$ 8.4	\$ 8.8	\$ 9.2
9(d) revenue bonds payable	\$ 2.4	\$ 2.6	\$ 2.7
9(d) -VCBA notes payable	\$ 16.5	\$ 17.1	\$ 17.1
Total 9(d) bonds & notes payable	\$ 18.9	\$ 19.7	\$ 19.8
Grand total bonds & notes payable	\$ 27.3	\$ 28.5	\$ 29.0

The commonwealth will restructure VCBA 9(d) debt in fiscal year 2021 and, after approval is obtained, hopefully also restructure 9(c) debt in fiscal year 2021. Since principal is paid annually in September for the VCBA bonds, the proposed commonwealth restructuring will have limited impact on fiscal year 2021 debt service payments. However, since principal is paid in June for the 9(c) debt, if approvals go as planned, the fiscal year 2021 payments could be restructured. Although the restructured bonds will help improve cash flow for the current and next two fiscal years, they will actually cost more in interest expense over the revised term of the debt.

The university received permission to make modifications to the commonwealth's VCBA program and still participate in the transaction as follows:

- Exclude the Athletics Department debt to allow further flexibility in restructuring their debt

Therefore, the university is requesting authorization to participate in the commonwealth's initiative to restructure ~\$21.0 million of the university's VCBA 9(d) pooled bonds (except for the Athletic Department).

Further, the university is requesting authorization to initiate a university program to restructure all ~\$30.9 million of the Athletic Department's outstanding 9(d) debt, as well as to review all university 9(d), VCBA 9(d), and 9(c) outstanding bonds for additional restructuring and refunding opportunities.

1. Virginia College Building Authority (VCBA) 9(d) Debt Restructuring Resolution

Under the commonwealth's initiative, the VCBA will restructure approximately \$21.0 million of the university's pooled VCBA bonds for debt service relief. The restructuring will result in having no principal payments in fiscal years 2022 and 2023. The deferred principal payments of approximately \$10.6 million from fiscal year 2022 and \$10.4 million from fiscal year 2023 will then be added to the end of the existing amortization schedules, thereby extending the final maturities by two years.

The proposed VCBA resolution authorizes the university to participate in the restructuring program (Program) and to pledge the general revenues of the university to secure the debt. The resolution authorizes the Vice President for Finance and University Treasurer, in consultation with the Senior Vice President and Chief Business Officer, to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the Program.

2. Virginia Tech 9(d) Debt Restructuring and Refunding Resolution

Under the university's initiative, approximately \$30.9 million of athletic VCBA bonds will be restructured, and other VCBA, 9(c) general obligation, and university Series 2015 bonds will be reviewed for additional restructuring and refunding opportunities. Under the athletic restructuring, four project-related issues will be restructured to defer \$0.6 million of interest payments in fiscal year 2021, \$4.8 million of both principal and interest payments in fiscal year 2022, and \$4.6 million of both principal and interest payments in fiscal year 2023. The combined deferred payments of approximately \$10 million, along with ~\$11.3 million of debt service being deferred from fiscal year 2024 through fiscal year 2029, will then be added throughout the term of the extended amortization schedules to achieve level debt service payments. The 9(d) bonds will be issued directly by the university.

The proposed resolution authorizes the issuance of the university's 9(d) bonds and pledges the general revenues of the university to secure the debt. The resolution authorizes the Vice President for Finance and University Treasurer, in consultation with the Senior Vice President and Chief Business Officer, to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the program provided that (1) the final maturity of the bonds shall not exceed 35 years from their date of issuance; (2) the maximum principal amount of the bonds shall not exceed \$350,000,000; (3) the bonds shall have a true interest cost that does not exceed five percent (5%) per annum; and (4) the bonds shall be issued on or before June 30, 2022.

VCBA 9(d) Debt Restructuring Resolution

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

WHEREAS, Virginia Polytechnic Institute and State University (the “Institution”), in furtherance of its educational purposes, has borrowed funds from the Virginia College Building Authority (the “Authority”) through the Authority’s Public Higher Education Financing Program; and

WHEREAS, the Governor of the Commonwealth of Virginia (the “Commonwealth”) has recognized that the COVID-19 pandemic has had, and continues to have, a tremendous adverse impact on higher education, including the fiscal health of the Commonwealth’s colleges and universities, and in response to financial conditions created by the pandemic, the Governor has proposed a debt restructuring plan for debt-funded capital projects of higher educational institutions which will defer debt service payments on certain indebtedness obtained through or with the assistance of the Commonwealth, including debt obtained through the Authority (the “Debt Restructuring Program”); and

WHEREAS, the Board of Visitors (the “Board”) of the Institution desires to participate in the Debt Restructuring Program to restructure all, or a portion, of its indebtedness to the Authority (the “Authority Debt”) and desires to delegate the authority (i) to select the Authority Debt to be restructured and to establish and agree to the terms of such restructuring; (ii) to approve the forms of, and execute and deliver, any and all documents, instruments, and agreements required by the Authority in connection therewith, including any modifications or amendments of loans or other documentation evidencing the Authority Debt (the “Restructuring Documents”); and (iii) to take any and all other action required to affect and implement such debt restructuring, including any post-issuance or post-closing monitoring or compliance requirements, to certain officers of the Institution.

NOW THEREFORE BE IT RESOLVED, that the Institution is authorized to participate in the Debt Restructuring Program and, accordingly, the Vice President for Finance and the University Treasurer, collectively known as the Authorized Officers, in consultation with the Senior Vice President and Chief Business Officer, are each hereby delegated and invested with full power and authority, subject to the provisions of Section 2 hereof (i) to select the Authority Debt to be restructured and to establish and agree to the terms of such restructuring, including extending the term of payment and the modification of other terms thereof; (ii) to pledge, as required by the Authority, the general revenues of the Institution as security to the extent not prohibited by law or otherwise restricted; (iii) to approve the forms of the Restructuring Documents required by the Authority and any subsequent amendments thereto; (iv) to execute and deliver, on behalf of the Institution, such Restructuring Documents, with approval of the terms thereof being evidenced conclusively by the execution and delivery thereof; (v) to do and perform such other acts, and execute and deliver such other documents and agreements as may be necessary or appropriate to carry out the intent of this resolution; and

BE IT FURTHER RESOLVED, that in connection with the authorization herein provided, the Authorized Officers may, in connection with any debt restructuring obligation, provide for (i) the funding of reserves if required, and (ii) the funding of issuance costs and other financing expenses related to such restructuring; provided (a) the principal amount of any such restructuring obligation shall not exceed the amount required to cover the principal of and interest on the indebtedness to be restructured plus amounts permitted by clauses (i) and (ii) above, (b) the interest rate on any such obligation shall be as determined by the Authority, and (c) the restructuring terms, including the rate of interest on any such obligation or method of determining such rate, shall be approved by the Treasury Board of the Commonwealth; and

BE IT FUTHER RESOLVED, that if it is determined by the Authority in connection with any Authority Debt restructuring that the Institution is subject to continuing disclosure obligations under Rule 15c2-12 of the Federal Securities and Exchange Commission, an Authorized Officer is hereby authorized and directed to enter into a continuing disclosure, undertaking in form and substance reasonably satisfactory to the Authority, and the Institution will comply with the provisions and disclosure obligations contained therein; and

BE IT FURTHER RESOLVED, that the Board designates the University Treasurer to be responsible for implementing procedures to monitor post-issuance compliance with covenants in any Restructuring Document and any amendments thereto, if required in connection with federal tax law or federal securities law requirements; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon its adoption.

RECOMMENDATION:

That the Board of Visitors of Virginia Polytechnic Institute and State University approve the resolution authorizing participation in the Virginia College Building Authority's Debt Restructuring Program; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents.

November 16, 2020

Virginia Tech 9(d) Restructuring and Refunding Resolution

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

WHEREAS, Chapter 26, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public institution of higher education under the name and style of Virginia Polytechnic Institution and State University (the "University") which is governed by a Board of Visitors (the "Board");

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia (the "Commonwealth") which was enacted as Chapters 933 and 943 of the 2006 Virginia Acts of Assembly, pursuant to which the University is empowered with the authority to issue bonds for any purposes that is consistent with its institutional mission; and

WHEREAS, the Act further authorizes the University to provide for the payment of the principal of and the interest on any bonds from, among other things, its general revenues or from the income and revenues derived from the operation, sale, or lease of a particular project or projects; and

WHEREAS, the University has previously issued general revenue pledge notes to the Virginia College Building Authority (the "VCBA") in connection with the financing and refinancing of the following projects that benefit the athletics department: South End Zone, Stadium West-Side Expansion, and Basketball Practice Facility (the "Athletics VCBA Notes"); and

WHEREAS, the University has previously issued its (1) Dormitory and Dining Hall System and General Revenue Pledge Bonds, Series 2015A, (2) Athletic Facilities System and General Revenue Pledge Bond, Series 2015B, (3) University Services System and General Revenue Pledge Bond, Series 2015C, and (4) Utility System and General Revenue Pledge Bond, Series 2015D (the "Series 2015 System Bonds"), which are secured by the pledge of system specific revenues and a general revenue pledge of the University; and

WHEREAS, the University has previously issued other obligations, including its General Revenue Pledge Refunding Bonds, Series 2015E, other general revenue pledge notes to the VCBA, and obligations in favor of the Commonwealth in connection with the Commonwealth's issuance of general obligation bonds under Section 9(c) of the Virginia Constitution (collectively, the "Other Prior Obligations" and together with the Athletics VCBA Notes and the Series 2015 System Bonds, the "Prior Obligations"); and

WHEREAS, the Board desires to authorize the issuance of general revenue pledge bonds, in one or more series and on more than one occasion (collectively, the "Bonds") for the purposes of (1) refinancing and/or restructuring the Prior Obligations, and (2)

financing, if and as needed, capitalized interest, working capital, and the issuance costs, all subject to the limitations and parameters set forth in this resolution; and

WHEREAS, the amount of Bonds (net of issuance and other costs) that would be issued to refinance and/or restructure athletics projects (including the Athletics VCBA Notes or the applicable Series 2015 System Bonds) is estimated not to exceed \$35.1 million (provided that the maximum amount of all Bonds issued under this Resolution shall not exceed the amount authorized below); and

WHEREAS, the issuance of the Bonds will not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and

WHEREAS, each series of Bonds will be issued under a bond resolution (each a "Bond Resolution"), the form of which will be determined in accordance with this Resolution.

NOW THEREFORE BE IT RESOLVED, that the Board hereby authorizes the issuance of the Bonds, in one or more series and on more than one occasion for the purposes set forth above; and

BE IT FURTHER RESOLVED, that the Bonds shall be secured by a pledge of the University's general revenues, and that any Bonds issued to refund any Series 2015 System Bonds may also be secured by a pledge of the revenues of the particular system; and

BE IT FURTHER RESOLVED, that the Vice President for Finance of the University and the University Treasurer (any of whom may act) (each an "Authorized Officer"), in consultation with the Senior Vice President and Chief Business Officer, are authorized and directed to determine the final form of each Bond Resolution, including whether it contains a pledge of a particular system's revenues, all subject to the parameters set forth below; and

BE IT FURTHER RESOLVED, that each Authorized Officer (any of whom may act) is authorized and directed to approve the final terms of each series of the Bonds, including, without limitation, their original principal amounts; their maturity dates and amounts; redemption provisions, prices, interest rates, and tax status of interest on each series of the Bonds; the specific obligations to be restructured or refinanced; and whether the Bonds are also secured by a pledge of specific revenues, provided that (1) the final maturity of any Bonds shall not exceed 35 years from their date of issuance; (2) the maximum principal amount of Bonds shall not exceed \$350,000,000; (3) the Bonds shall have a true interest cost that does not exceed five percent (5%) per annum; and (4) the Bonds shall be issued on or before June 30, 2022; and

BE IT FURTHER RESOLVED, that each Authorized Officer (any of whom may act) is authorized to negotiate, execute and deliver all documents related to the Bond Resolutions and the Bonds; and

BE IT FURTHER RESOLVED, that all officers of the University are authorized and directed to take all such further actions, including, without limitation, the designation of underwriters, paying agents, remarketing agents, trustees, and liquidity providers for the Bonds, and to execute all such instruments, agreements, documents, and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including, without limitation, any liquidity facilities, swap or other interest rate management agreements associated with the Bonds; and

BE IT FURTHER RESOLVED, that all acts of all officers of the University which are in conformity with the purposes and intent of this resolution and in carrying out the financing plans presented to this meeting are ratified, approved, and affirmed; and

BE IT FURTHER RESOLVED, that, upon approval, this action shall take effect immediately.

RECOMMENDATION:

That the Board of Visitors of Virginia Polytechnic Institute and State University approve the resolution authorizing the university 9(d) bond sale(s) for Athletics restructuring and other refinancing opportunities; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute and deliver all necessary documents.

November 16, 2020

Approval of 9(d) Debt Restructuring and Refunding Resolutions

KEN MILLER, VICE PRESIDENT FOR FINANCE

JOHN CUSIMANO, UNIVERSITY TREASURER

NOVEMBER 16, 2020



Debt Resolutions

- *Due to the financial impact of COVID-19 on higher education, both the commonwealth and the university have developed restructuring and refunding initiatives to improve the university's short-term cash flow.*
- *The commonwealth will restructure Virginia College Building Authority (VCBA) 9(d) debt in fiscal year 2021 and, after approval by the General Assembly and the Governor, will restructure 9(c) debt in fiscal year 2021. Although they will help improve cash flows for the next two fiscal years, they will actually cost more in interest expense over the revised term of the debt.*

Debt Resolutions

- The university received permission to make modifications to the commonwealth's VCBA program and still participate in the program as follows:
 - Exclude the Athletics Department debt to allow further flexibility in restructuring their debt
- Therefore the university is requesting authorization to participate in the commonwealth's initiative to restructure ~\$21.0 million of the university's Virginia College Building Authority (VCBA) 9(d) pooled bonds (except for the Athletic Department).
- Further, the university is requesting authorization to initiate a university program to restructure all ~\$30.9 million of the Athletic Department's outstanding 9(d) debt, as well as to review all university issued 9(d), VCBA 9(d), and 9(c) outstanding bonds for additional restructuring and refunding opportunities.

VCBA 9(d) Debt Restructuring Resolution

- Highlights of the VCBA 9(d) restructuring given current estimates:
 - The principal portion of the VCBA debt service will be deferred for two years.
 - ~\$10.6 million will be deferred in fiscal year 2022 and ~\$10.4 million deferred in fiscal year 2023 freeing up ~\$21 million of cash over those two years.
 - The deferred principal payments will then be paid over two additional years added to the end of the respective issues. The new debt will be taxable.
 - Authorized officers are the Vice President for Finance and the University Treasurer, in consultation with the Senior Vice President and Chief Business Officer.
 - The additional debt service as a result of the restructuring is ~\$5 million (present value of ~\$400,000).
 - The rating agencies consider the restructuring ...“a credit positive considering the circumstances.”

Virginia Tech 9(d) Debt Restructuring and Refunding Resolution

- Highlights of the university's 9(d) estimated restructuring and refunding for the Athletic Auxiliary:
 - Fiscal year 2021 interest payments will be deferred and both principal and interest payments in fiscal year 2022 and fiscal year 2023 will be deferred. The combined cash freed up through fiscal year 2023 is ~\$10 million.
 - An additional \$11.3 million will be deferred for debt service from fiscal year 2024 through fiscal year 2029.
 - Debt totaling ~\$35 million will be issued to achieve level debt service payments over 20 years with payments beginning in fiscal year 2024.
 - Authorized officers are the Vice President for Finance and the University Treasurer, in consultation with the Senior Vice President and Chief Business Officer.
 - The additional debt service as a result of the restructuring is ~\$6.5 million (present value of ~\$500,000).

Virginia Tech 9(d) Debt Restructuring and Refunding Resolution

- Highlights of the university's 9(d) restructuring and refunding initiative, continued - All other debt:
- All remaining university debt will be reviewed for restructuring and refunding opportunities, as well.
 - Parameters of the university 9(d) bond sale(s) include:
 - The final maturity of any bonds shall not exceed 35 years from their date of issuance.
 - The maximum principal amount of bonds shall not exceed \$350,000,000.
 - The bonds shall have a true interest cost that does not exceed 5% per annum.
 - The bonds shall be issued on or before June 30, 2022.

Approval of 9(d) Debt Restructuring and Refunding Resolutions

RECOMMENDATIONS:

- 1) That the resolution authorizing participation in the Virginia College Building Authority Debt Restructuring Program; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents, be approved.
- 2) That the resolution authorizing the university 9(d) bond sale(s) for Athletics restructuring and other refinancing opportunities; identifying the authorized officers; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents, be approved.

November 16, 2020

University Debt Ratio and Debt Capacity

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 26, 2020

Background:

The university has provided an annual debt capacity report to the Board of Visitors since 2006. The Restructuring Act and the university's debt policy require that the university maintain a debt service to operations ratio of no greater than seven percent. In addition to the seven percent limitation, and based on guidelines provided by the Board of Visitors, management internally targets a five percent benchmark for planning purposes and subsequent recommendations to the Board.

The management of debt is critical to the success of the university's capital program and to meeting one of the conditions of eligibility for restructured operational authority with the commonwealth. The required condition is that the university maintain an unenhanced bond rating from Moody's, Standard and Poor's, or Fitch of at least AA- or its equivalent.

An established committee including representatives from Capital Assets and Financial Management, Investments and Debt Management, the Controller's Office, and the Budget Office meets regularly to review debt activities and the timing of debt issuances to ensure compliance with the five percent debt ratio and potential impacts to credit ratings. The Vice President for Finance provides oversight of these activities.

Status:

The university currently has a Aa1 rating from Moody's and a AA rating from S&P. At the conclusion of fiscal year 2020, the university had outstanding long-term debt of \$452.8 million with a debt ratio of 3.51 percent.

Planning for Capital Projects:

As part of the university's capital outlay planning and debt management program, the university maintains a six-year forward-looking plan of debt issuances for projects. The projected university debt ratio and debt capacity based on expected debt issuances are shown in Attachment A. This planning supports the development of capital outlay plans that advance projects within the debt policy and restructuring conditions. Each project is carefully reviewed in consideration of the university's debt capacity before submitting project authorizations for debt to the Board. Based on the current placeholders and projections, shown in Attachment B, debt consumption pushes the university's debt ratio to 5.12 percent in fiscal year 2027. As part of management's ongoing activities, the university will monitor each project and work to refine its funding plan and timing as necessary for the overall program to remain within performance requirements.

Planning for Governmental Accounting Standards Board Statement No. 87:

The Governmental Accounting Standards Board (GASB) issued Statement No. 87 on June 28, 2017 which revises governmental lease accounting effective fiscal year 2022. Operating lease

payments are currently recognized as operating expenses and not included on the balance sheet as long-term liabilities. The revision eliminates the distinction between operating and capital leases resulting in the recognition of operating lease commitments as long-term liabilities and is expected to result in higher debt ratios. The standard will apply to all leases with a term limit that exceeds 12 months. The university will continue to monitor GASB 87 implementation and actively consult with rating agencies regarding potential impact on credit ratings.

Debt Restructuring by the Commonwealth of Virginia:

The commonwealth is restructuring outstanding debt issued since 2011 through the Virginia College Building Authority (VCBA) and the Commonwealth General Obligation Bond programs. The debt restructuring removes principal payments in fiscal years 2021, 2022 and 2023 and places those payments at the end of the respective issuance term thereby extending the applicable term by two years. Interest payments continue to be made during those fiscal years. Debt related to Athletics is not included in the state restructuring programs, but will be handled separately through a university general revenue pledge restructuring issuance. This will allow the university to conserve liquidity during the COVID-19 pandemic.

Attachments:

Attachment A includes the outstanding long-term debt and debt ratio calculation for the current fiscal year and a summary of estimated potential issuances through fiscal year 2026, along with future debt ratios and related capacity for each year. The schedule includes a three-year trailing period through fiscal year 2029 to show the full impact of loading principal and interest payments.

Attachment B shows an illustration of the estimated timing of potential debt issuances for certain projects.

Attachment C shows a trend line of the university's debt ratio from fiscal year 2002 to 2029. The debt ratio is calculated as debt service over operating expenditures. Management routinely examines, prioritizes, and adjusts the allocation plan to ensure the debt ratio remains within five percent.

Attachment D shows a trend line of the university's debt ratio adjusted to reflect the impact of the debt restructuring implemented by the commonwealth and the university.

Attachment E shows a benchmark comparison of fiscal year 2019 debt ratios from Moody's for Virginia Tech and 23 other peer institutions and systems, which are calculated as debt service over operating expenditures.

RECOMMENDATION:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2020, including the ongoing guidance to manage debt issuances at a level that ensures that the debt ratio does not exceed five percent of operating expenditures, be accepted.

November 16, 2020

University Debt Ratio and Debt Capacity Based on Expected Debt Issuances
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
As of October 26, 2020
(Dollars in Thousands)

Fiscal Year	Actual	Estimated Issuances						Trailing Period		
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Long-Term Debt Outstanding, Start of Year	\$ 478,260	\$ 452,804	\$ 515,809	\$ 630,695	\$ 844,481	\$ 932,777	\$1,003,533	\$ 953,774	\$ 887,168	\$ 822,205
Net New Long-Term Debt Issuance	11,462	79,075	149,989	255,200	139,435	128,737	15,000	-	-	-
Current Year Bond Premium	928	16,024								
Current Year Refunding Bonds	1,010									
Current Year Refunded / Defeased Bonds										
Net Long-Term Debt Repayment	(38,856)	(32,095)	(35,104)	(41,414)	(51,139)	(57,982)	(64,759)	(66,607)	(64,964)	(62,711)
Total Long-Term Debt Outstanding, End of Year	\$ 452,804 ⁽¹⁾	\$ 515,809	\$ 630,695	\$ 844,481	\$ 932,777	\$ 1,003,533	\$ 953,774	\$ 887,168	\$ 822,205	\$ 759,493
Total Debt Service	\$ 54,374 ⁽¹⁾	\$ 51,567	\$ 60,673	\$ 64,461	\$ 71,308	\$ 82,827	\$ 90,132	\$ 94,069	\$ 90,535	\$ 86,043
Total Operating Expenditures	1,550,000 ⁽¹⁾	1,550,000	1,600,375	1,652,387	1,706,090	1,748,742	1,792,461	1,837,272	1,883,204	1,930,284
Debt Ratio ⁽²⁾	3.51% ⁽²⁾	3.33%	3.79%	3.90%	4.18%	4.74%	5.03%	5.12%	4.81%	4.46%
5% of Operating Expenditures	\$ 77,500	\$ 77,500	\$ 80,019	\$ 82,619	\$ 85,304	\$ 87,437	\$ 89,623	\$ 91,864	\$ 94,160	\$ 96,514
Additional Allowable Debt Service	23,126	25,933	19,346	18,158	13,997	4,610	(508)	(2,205)	3,626	10,471
Additional Debt Capacity (at 5%)	\$362,224	\$431,079	\$293,213	\$272,664	\$208,237	\$67,952	(\$7,461)	(\$32,361)	\$53,200	\$153,645

Assumptions:

* Total Operating Expenditures for FY20 through FY28 are estimated based on the following growth rate: 5.83% for FY20, 0% for FY21, 3.25% for FY22-FY24, and 2.5% for FY25 and thereafter.

* Estimated Cost of Capital includes: 2.45% for FY20; 1.83% for FY21, 2.80% for FY22, 2.90% for FY23, 3.00% for FY24, and 3.15% thereafter.

Notes:

(1) Unaudited actual.

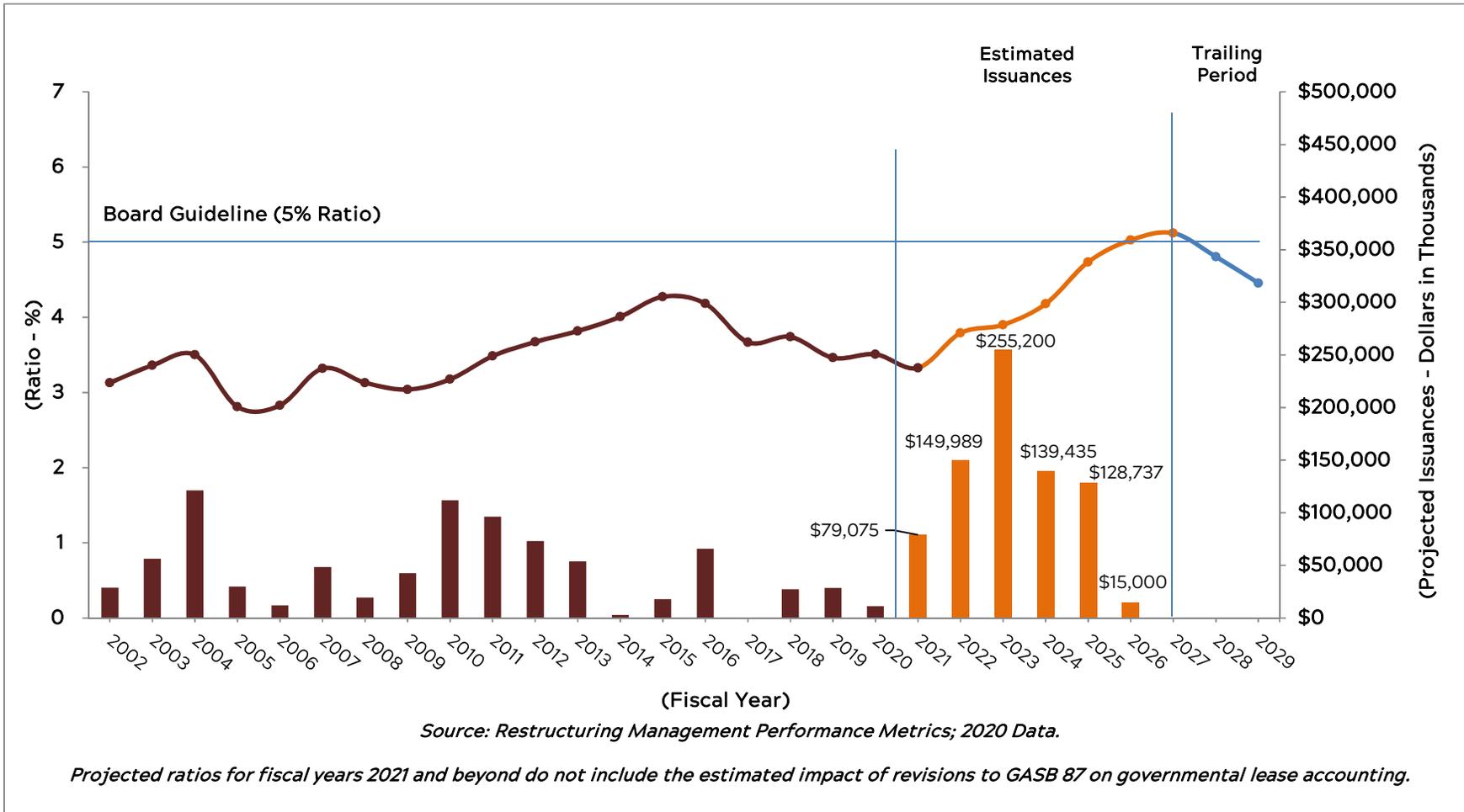
(2) Debt ratio projections for fiscal years 2021 and beyond do not include the estimated impact of revisions to GASB 87 on governmental lease accounting.

Illustration of Debt Allocations Within a Five Percent Ratio
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
As of October 26, 2020
(Dollars in Thousands)

	Actual	Planning Projections						Trailing Period			Total
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	
Authorized Projects											
<u>Scheduled Issuances</u>											
Holden Hall Renovation	\$ 7,920										\$ 7,920
Creativity & Innovation District Residential Community		\$ 77,525									77,525
Dietrick First Floor & Plaza Renovation			\$3,300								3,300
Falls Church Property Acquisition			11,100								11,100
Student Wellness Services			42,589								42,589
Data and Decision Sciences				\$ 10,000							10,000
New Upper Quad Residence Hall				33,000							33,000
Corps Leadership & Military Science				31,350							31,350
Innovation Campus - Academic Building I				87,000							87,000
Global Business and Analytics Residence Halls					\$ 69,145						69,145
<u>Capital Leases</u>											
Ardmore Property	\$3,542										3,542
Commerce Street Acquisition		\$1,550									1,550
	11,462	79,075	56,989	161,350	69,145	-	-	-	-	-	378,021
Placeholder Issuances for High Priority Planning Items											
<u>Projects</u>											
Building Envelope Repairs					\$ 15,000		\$ 15,000				30,000
Falls Church Redevelopment			\$ 11,000								11,000
Food Processing Center & Warehouse				\$ 10,000							10,000
Hitt Hall				6,250							6,250
New Dining Hall				52,000							52,000
Parking Structure at Innovation Campus				25,600							25,600
Veterinary Teaching Hospital Expansion					12,100						12,100
Parking Structure at Blacksburg Campus					20,000						20,000
Engineering Renewal - Randolph Hall					23,190						23,190
Business School						\$ 51,737					51,737
Residential Renewal - Slusher Hall						77,000					77,000
<u>Capital Leases</u>											
Research Swing Space			\$ 20,000								20,000
Seafood AREC			2,000								2,000
Gilbert Street Project			60,000								60,000
	-	-	93,000	93,850	70,290	128,737	15,000	-	-	-	400,877
Total Authorized and Placeholder Issuances	\$ 11,462	\$ 79,075	\$ 149,989	\$ 255,200	\$ 139,435	\$ 128,737	\$ 15,000	\$ -	\$ -	\$ -	\$ 778,898
Net Capacity at five percent ratio	\$362,224	\$431,079	\$293,213	\$272,664	\$208,237	\$67,952	(\$7,461)	(\$32,361)	\$53,200	\$153,645	

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

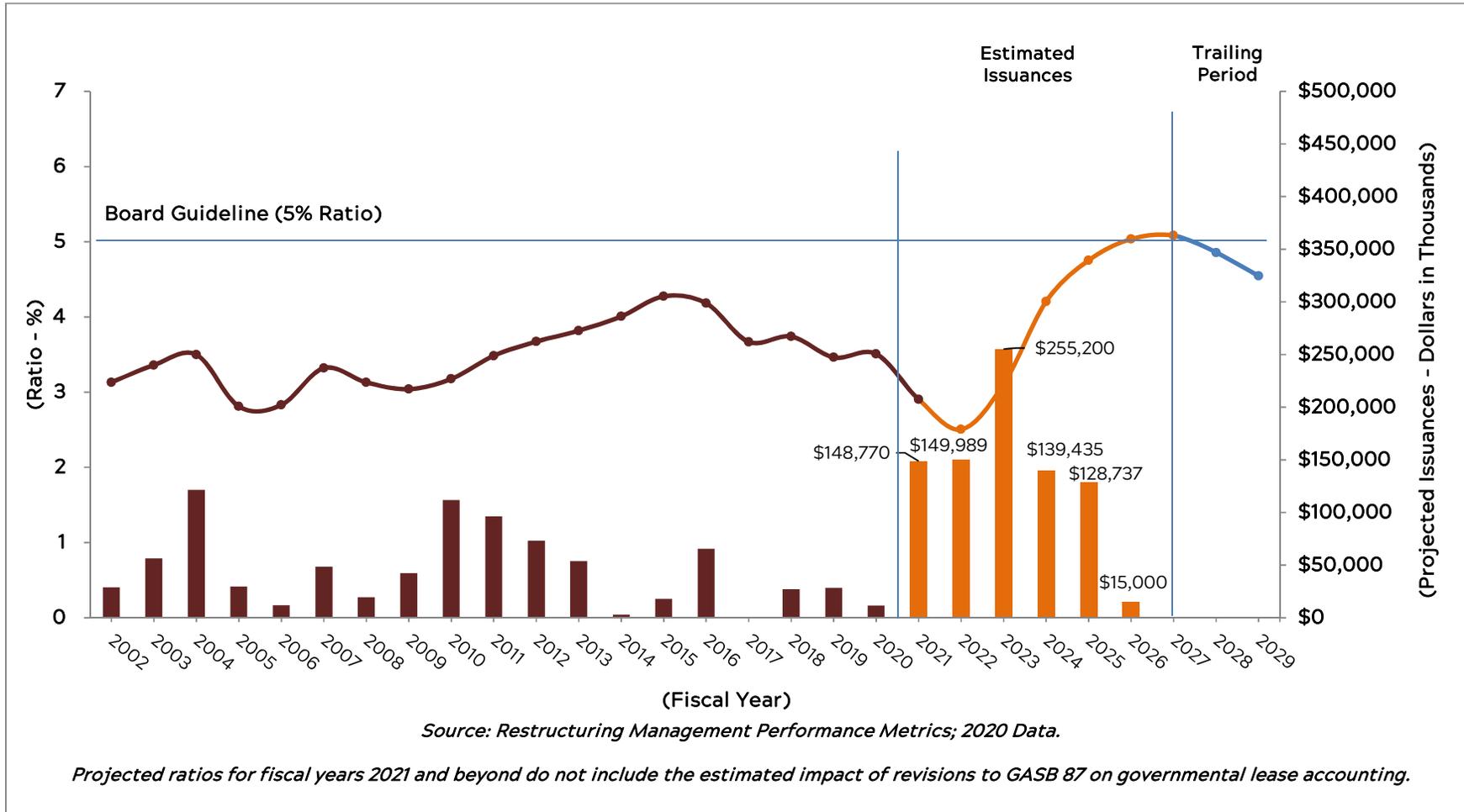
As of October 26, 2020



Maroon = Actual Debt Burden Ratio
 Orange = Projected Debt Burden Ratio
 Blue = Trailing Period Debt Burden Ratio
 Bar = Actual and Planned Issuances

**University Debt Ratio Trend
Projected Impact of Commonwealth Debt Restructuring
FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

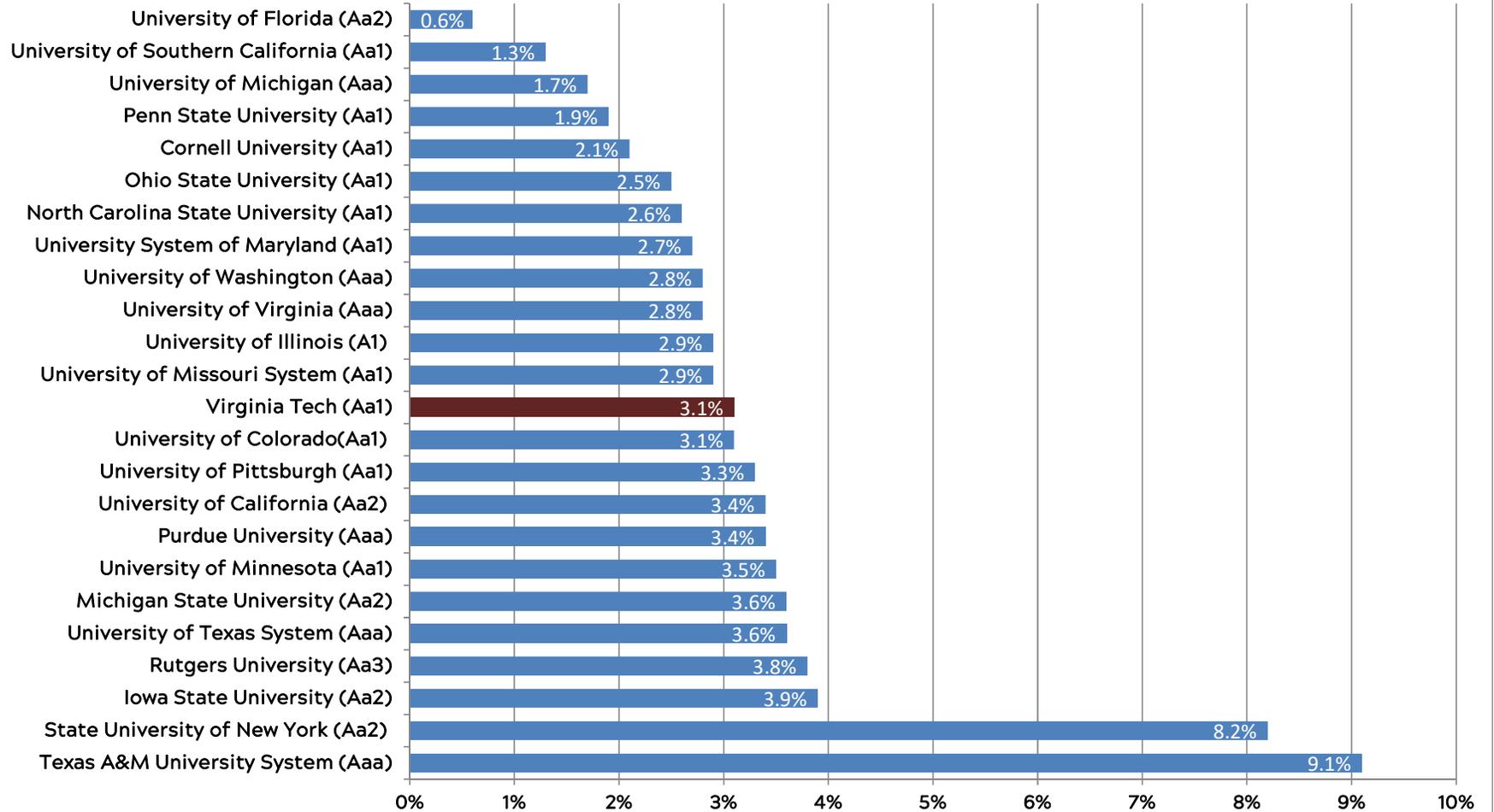
As of October 26, 2020



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 Bar = Actual and Planned Issuances

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 26, 2020



Based on SCHEV Peer Group and UVA

Source: Moody's Performance Metrics, Moody's Investors Service, August 30, 2020 ; 2019 Data.



Annual Report on
University Debt Ratio
and Debt Capacity

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

JOHN CUSIMANO, UNIVERSITY TREASURER AND
ASSOCIATE VICE PRESIDENT FOR FINANCE-VT
FOUNDATION

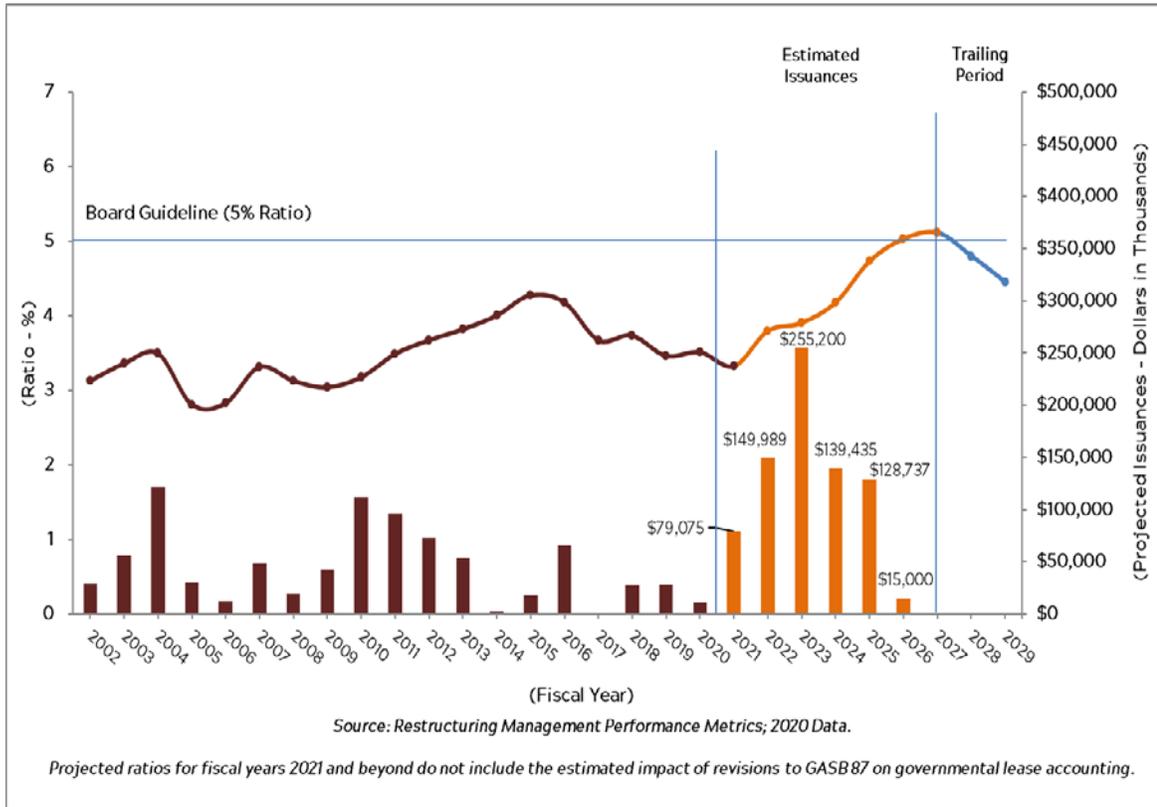
NOVEMBER 16, 2020



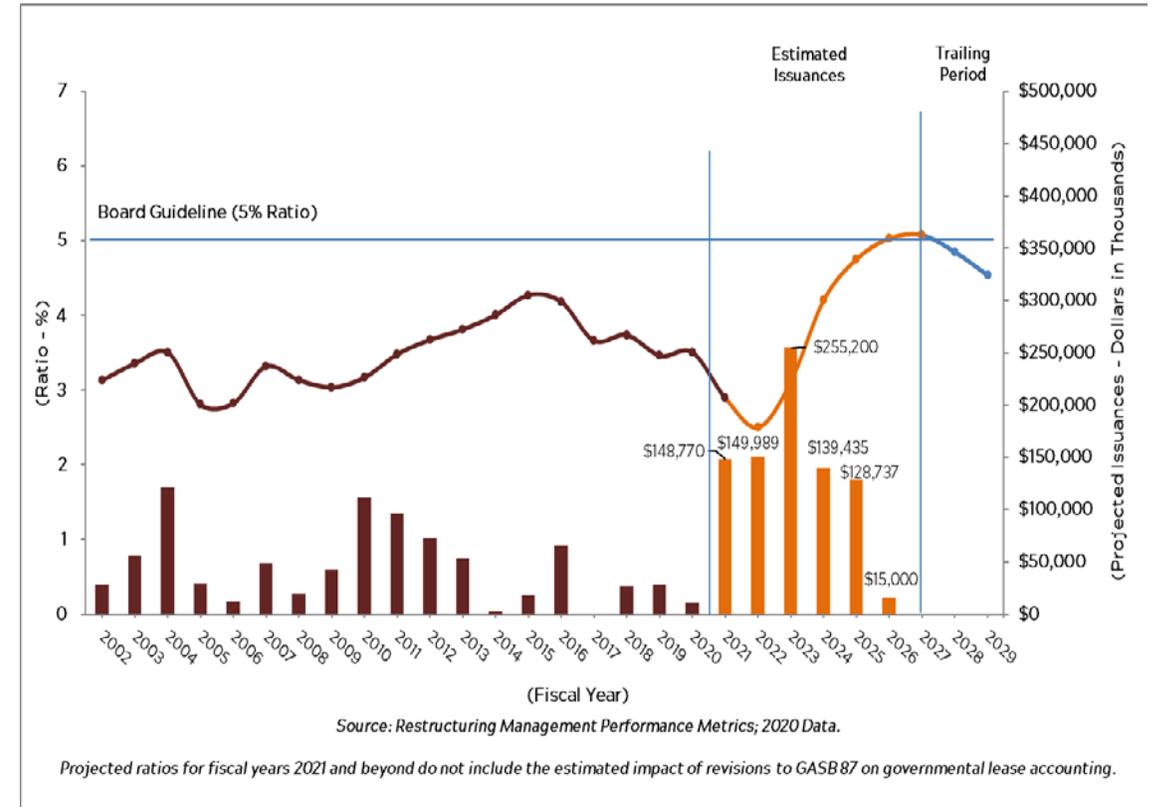
Debt Ratio & Credit Ratings

	<u>Requirement</u>	<u>Performance: FY20</u>	
■ Debt Ratio	=< 5%	3.51%	✓
■ Credit Ratings	AA- S&P Aa3 Moody's	AA S&P Aa1 Moody's	✓

University Debt Ratio Trend Original



University Debt Ratio Trend With Restructuring



Maroon = Actual Debt Burden Ratio
Orange = Projected Debt Burden Ratio

Blue = Trailing Period Debt Burden Ratio
Bars = Planned Issuances

Illustration of Debt Restructuring Impact

Original Debt Ratio Projections:

Fiscal Year	Actual	Estimated Issuances						Trailing Period		
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Total Debt Service	\$ 54,374	\$ 51,567	\$ 60,673	\$ 64,461	\$ 71,308	\$ 82,827	\$ 90,132	\$ 94,069	\$ 90,535	\$ 86,043
Total Operating Expenditures	1,550,000	1,550,000	1,600,375	1,652,387	1,706,090	1,748,742	1,792,461	1,837,272	1,883,204	1,930,284
Debt Ratio	3.51%	3.33%	3.79%	3.90%	4.18%	4.74%	5.03%	5.12%	4.81%	4.46%

Debt Ratio Projections with Restructurings

Fiscal Year	Actual	Estimated Issuances						Trailing Period		
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Total Debt Service	\$ 54,374	\$ 44,832	\$ 39,661	\$ 50,875	\$ 71,771	\$ 83,137	\$ 90,263	\$ 93,346	\$ 91,527	\$ 87,855
Total Operating Expenditures	1,550,000	1,543,665	1,583,438	1,638,801	1,706,553	1,749,052	1,792,593	1,836,549	1,884,196	1,932,096
Debt Ratio	3.51%	2.90%	2.50%	3.10%	4.21%	4.75%	5.04%	5.08%	4.86%	4.55%

Annual Report on University Debt Ratio and Debt Capacity

RECOMMENDATION:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2020, including the ongoing guidance to manage debt issuances at a level that ensures that the debt ratio does not exceed five percent of operating expenditures, be accepted.

November 16, 2020



QUESTIONS?

Financial Performance Report – Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 1, 2020 to September 30, 2020

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and the annual budgets which are also recorded in the university accounting system. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and commitments to buy goods and services as encumbrances when obligated and as an expenditure when paid. The Original Budget was approved by the Board of Visitors at the June meeting. The Adjusted Budget reflects adjustments to incorporate actual experience or changes made during the fiscal year. These changes are presented for review and approval by the Finance and Resource Management Committee and the Board of Visitors through this report. Where adjustments impact appropriations at the state level, the university coordinates with the Department of Planning and Budget to ensure appropriations are reflected accurately.

The July to June 2019-20 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of budgetary performance.

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, 2020 through September 30, 2020 and the Capital Outlay report be approved.

November 16, 2020

OPERATING BUDGET

2020-21

Dollars in Thousands

	July 1, 2020 to September 30, 2020			Annual Budget for 2020-21		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$52,588	\$52,588	\$0	\$195,326	\$195,141	\$-185 (6)
Tuition and Fees	288,751	281,860	6,891 (1)	582,266	600,340	18,074 (7)
All Other Income	12,492	13,082	-590	46,900	44,849	-2,051 (8)
Revenue Contingency	0	0	0	-25,000	0	25,000 (9)
CARES Act Revenue	0	0	0	0	0	0
Total Revenues	\$353,831	\$347,530	\$6,301	\$799,492	840,330	\$40,838
<u>Expenses</u>						
Academic Programs	\$-124,871	\$-134,338	\$9,467	\$-505,125	\$-531,844	\$-26,719
Support Programs	-85,243	-86,245	1,002	-294,367	-309,880	-15,513
Reserve Drawdown			0		1,394	1,394 (10)
Total Expenses	\$-210,113	\$-220,583	\$10,469 (2)	\$-799,492	\$-840,330	\$-40,838 (6,7,8,9,10)
NET	\$143,718	\$126,947	\$16,770	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$21,824	\$21,824	\$0	\$75,100	\$75,040	\$-60 (11)
Federal Appropriation	3,536	3,912	-376	15,640	15,647	7 (12)
All Other Income	398	266	132	950	950	0
Revenue Contingency	0	0	0	-3,000		3,000 (13)
Total Revenues	\$25,758	\$26,002	\$-244	\$88,690	\$91,637	\$2,947
<u>Expenses</u>						
Academic Programs	\$-21,515	\$-23,578	\$2,063	\$-82,286	\$-85,233	\$-2,947
Support Programs	-811	-1,051	240	-6,404	-6,404	0
Total Expenses	\$-22,326	\$-24,629	\$2,303 (3)	\$-88,690	\$-91,637	\$-2,947 (11,12,13)
NET	\$3,432	\$1,373	\$2,059	\$0	\$0	\$-0
Auxiliary Enterprises						
Revenues	\$105,679	\$113,766	\$-8,087 (4)	\$350,059	\$266,999	\$-83,060 (4)
Expenses	-85,872	-94,795	8,923 (4)	-336,392	-315,345	21,047 (4)
Reserve Drawdown/(Deposit)	-19,807	-18,971	-836 (4)	-13,667	48,346	62,013 (4)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$77,843	\$90,536	\$-12,693 (5)	\$352,358	\$353,004	\$646 (14)
CARES ACT Revenue	794	0	794	0	794	794 (15)
Expenses	-95,951	-108,375	12,424 (5)	-352,358	-353,798	-1,440 (14,15)
Reserve Drawdown/(Deposit)	17,314	17,839	-525	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$16,535	\$17,318	\$-783	\$31,678	\$35,749	\$4,071 (16)
Expenses	-14,529	-15,193	664	-31,678	-35,749	-4,071 (16)
Reserve Drawdown/(Deposit)	0	0	0	0	0	0
NET	\$2,006	\$2,125	\$-119	\$0	\$0	\$0
All Other Programs *						
Revenue	\$5,446	\$5,651	\$-205	\$10,214	\$15,580	\$5,366 (17)
Expenses	-1,321	-3,292	1,971	-10,214	-13,693	-3,479 (17)
Reserve Drawdown/(Deposit)	-4,125	-2,359	-1,766	0	-1,887	-1,887 (17)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$585,886	\$600,803	\$-14,917	\$1,632,491	\$1,604,093	\$-28,398
Expenses	-430,112	-466,867	36,754	-1,618,824	-1,650,552	-31,728
Reserve Drawdown/(Deposit)	-6,618	-3,491	-3,127	-13,667	46,459	60,126
NET	\$149,156	\$130,445	\$18,710	\$0	\$0	\$0

* All Other Programs include federal work study, surplus property, local funds, and unique military activities.

OPERATING BUDGET

1. Tuition and Fee revenues are ahead of projections due to the timing of revenue collections.
2. Expenditures are lower than projected due to timing and the impact of the university's essential spending order in response to COVID-19 pandemic.
3. CE/AES expenditures are lower than projected as a result of the continuation of the university's essential spending order and timing of locality recover activity.
4. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
5. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues and expenditures are lower than projected. The sponsored research expenditures are 7.4% lower than September 30, 2019.
6. The annual budget for the University Division General Fund was decreased \$0.19 million for the state share of salary and fringe benefit rate changes.
7. In late June, the budget for Tuition and Fees was increased \$14.0 million for planned Fall 2020 enrollment growth. After summer census, the tuition and fee budget was increased by \$8.1 million for higher than projected summer 2020 enrollment. After fall census, the tuition and fee budget was decreased \$4 million for lower than projected nonresident freshman and graduate enrollments. The corresponding expenditure budgets have been adjusted accordingly.
8. The All Other Income revenue budget for the University Division was decreased \$0.9 million for lower than projected revenues in the College of Veterinary Medicine Teaching Hospital and the establishment of the Animal Cancer Care and Research Center in the College of Veterinary Medicine, \$1.7 million for decreased Continuing Education Program revenues, \$0.2 million for the temporary suspension of the Campus to Campus shuttle service, and increased \$0.7 million for other income adjustments. The corresponding expenditure budgets have been adjusted accordingly.
9. The University Division revenue budget was updated to remove the \$25 million revenue contingency established for potential financial impacts due to COVID-19. The corresponding expenditure budget increase includes restoration of 2% of the preliminary expenditure budget reductions in the University Division. A 3% budget reduction remains to manage cost escalation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19.
10. University Division E&G expenditure budget increased \$1.4 million to reflect the carryforward of unexpended Coronavirus Relief Funds received in 2019-20 due to timing of expenditures.
11. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was decreased \$0.06 million for the state share of salary and fringe benefit rate changes. The corresponding expenditure budgets have been adjusted accordingly.
12. The Cooperative Extension Federal Funds revenue budget was increased \$0.01 million to align with federal appropriations. The corresponding expenditure budgets have been adjusted accordingly.
13. The Cooperative Extension/Agriculture Experiment Station budget was increased \$3.0 million to restore the revenue contingency established in response to the uncertainty in state revenues. The corresponding expenditure budget increase will restore the 5.0% expenditure preliminary budget reduction in the Cooperative Extension/Agriculture Experiment Station.
14. The annual budget for the Sponsored Programs has been increased \$0.7 million to reflect the finalization of the enterprise fund budget.
15. The federal government allocated \$9.7 million of CARES Act support to provide emergency financial grants to students. \$8.9 million was awarded and reimbursed in 2019-20. The remaining \$0.8 million was awarded and reimbursed in early 2020-21.
16. The Student Financial Assistance revenue and expenditure budgets were increased \$4.1 million for finalization of the scholarship budget and technical accounting changes.
17. The projected annual budgets for All Other Programs were increased \$3.1 million to finalize budgets and \$2.3 million for federal FAA revenue earmarked for Kentland Farm capital lease. The projected annual expense budgets were increased \$3.1 million to finalize budgets and \$0.4 million for outstanding 2019-20 commitments that were initiated but not completed before June 30, 2020.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Dollars in Thousands

	July 1, 2020 to September 30, 2020			Annual Budget for 2020-21		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$39,099	\$39,323	\$-224	\$130,324	\$83,359	\$-46,965 (4,5)
Expenses	-26,750	-30,267	3,517 (1)	-125,550	-109,199	16,351 (4,5)
Reserve Drawdown/(Deposit)	-12,349	-9,056	-3,293 (1)	-4,774	25,840	30,614 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$6,574	\$6,461	\$113	\$15,615	\$12,933	\$-2,682 (4,5)
Expenses	-2,385	-2,181	-204	-14,628	-14,057	571 (4,5)
Reserve Drawdown/(Deposit)	-4,189	-4,280	91	-987	1,124	2,111 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$5,712	\$5,674	\$38	\$19,966	\$19,772	\$-194 (4)
Expenses	-4,766	-5,364	598	-20,349	-20,110	239 (4)
Reserve Drawdown/(Deposit)	-946	-310	-636	383	338	-45 (4)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$24,149	\$25,252	\$-1,103 (2)	\$52,883	\$51,358	\$-1,525 (4,5)
Expenses	-19,047	-21,162	2,115 (2)	-52,140	-51,974	166 (4,5)
Reserve Drawdown/(Deposit)	-5,102	-4,090	-1,012 (2)	-743	616	1,359 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$17,862	\$24,956	\$-7,094 (3)	\$74,740	\$56,073	\$-18,667 (4,5,6)
Expenses	-21,372	-23,361	1,989 (3)	-70,480	-72,490	-2,010 (4,5,6)
Reserve Drawdown/(Deposit)	3,510	-1,595	5,105 (3)	-4,260	16,417	20,677 (4,5,6)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$6,652	\$6,661	\$-9	\$33,653	\$30,462	\$-3,191 (4,5)
Expenses	-8,390	-8,611	221	-\$33,032	-31,419	1,613 (4,5)
Reserve Drawdown/(Deposit)	1,738	1,950	-212	-621	957	1,578 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at VT/Skelton Conf. Center						
Revenues	\$1,383	\$1,490	\$-107	\$11,471	\$3,321	\$-8,150 (5)
Expenses	-2,970	-3,249	279	-11,597	-8,013	3,584 (4,5)
Reserve Drawdown/(Deposit)	1,587	1,759	-172	126	4,692	4,566 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$4,248	\$3,949	\$299	\$11,407	\$9,721	\$-1,686 (4,5)
Expenses	-192	-600	408	-8,616	-8,083	533 (4,5)
Reserve Drawdown/(Deposit)	-4,056	-3,349	-707	-2,791	-1,638	1,153 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$105,679	\$113,766	\$-8,087	\$350,059	\$266,999	\$-83,060
Expenses	-85,872	-94,795	8,923	-336,392	-315,345	21,047
Reserve Drawdown/(Deposit)	-19,807	-18,971	-836	-13,667	48,346	62,013
Net	\$0	\$0	\$0	\$0	\$0	\$0

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career & Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement & Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Golf Course, Hokie Passport, Library Café, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Printing Services, Software Sales, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Expenses in Residence and Dining Halls are lower than projected due to holding back expenditures and timing of operating expenses.
2. Revenues for the University Services System are lower than projected due to timing of pouring rights contract payments and lower than projected recreational sports self-generated revenues. Expenses are lower than projected due to timing of operating expenses and decreased business volume.
3. Revenues for Intercollegiate Athletics are lower than projected due to football suite revenues, premium seat donations, basketball ticket sales, and timing of pouring rights contract payments. Expenses are lower than projected due to lower business volume and timing of operating expenses. A second quarter budget adjustment is anticipated to further align the budget for additional financial impacts of the pandemic.
4. In late June, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
5. The annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted to align budgets for the known financial impacts (through September 30, 2020) of the COVID-19 pandemic as summarized in the table below:

COVID-19 Budget Impact on Auxiliary Enterprises

	June 5% Hedge	1st Quarter Adjustment	Total COVID Impact
Residence and Dining Halls			
Revenue	-3,513,422	-43,892,516	-47,405,938
Expenses	<u>3,513,422</u>	<u>11,283,543</u>	<u>14,796,965</u>
Reserve Draw down/(Addition)	-	32,608,973	32,608,973
Parking and Transportation			
Revenue	-195,260	-3,127,875	-3,323,135
Expenses	<u>195,260</u>	<u>1,225,563</u>	<u>1,420,823</u>
Reserve Draw down/(Addition)	-	1,902,312	1,902,312
University Services System			
Revenue	-891,776	-430,302	-1,322,078
Expenses	<u>891,776</u>	<u>-941,709</u>	<u>-49,933</u>
Reserve Draw down/(Addition)	-	1,372,011	1,372,011
Intercollegiate Athletics			
Revenue	-2,759,703	-17,367,492	-20,127,195
Expenses	<u>2,759,703</u>	<u>-</u>	<u>2,759,703</u>
Reserve Draw down/(Addition)	-	17,367,492	17,367,492
Electric Service			
Revenue	-264,166	-3,170,848	-3,435,014
Expenses	<u>264,166</u>	<u>1,593,081</u>	<u>1,857,247</u>
Reserve Draw down/(Addition)	-	1,577,767	1,577,767
Inn at Virginia Tech & Skelton Conf Center			
Revenue	-439,666	-8,150,497	-8,590,163
Expenses	<u>439,666</u>	<u>3,600,143</u>	<u>4,039,809</u>
Reserve Draw down/(Addition)	-	4,550,354	4,550,354
Other Enterprise Functions			
Revenue	-132,488	-1,243,512	-1,376,000
Expenses	<u>132,488</u>	<u>-</u>	<u>132,488</u>
Reserve Draw down/(Addition)	-	1,243,512	1,243,512
TOTAL AUXILIARIES			
Revenue	-8,196,481	-77,383,042	-85,579,523
Expenses	<u>8,196,481</u>	<u>16,760,621</u>	<u>24,957,102</u>
Reserve Draw down/(Addition)	-	60,622,421	60,622,421

6. The annual revenue and reserve budgets for Intercollegiate Athletics were decreased \$1.7 million for lower pre-pandemic ACC conference distributions. Annual revenue, expense, and reserve budgets were increased \$0.3 million for private support of four football positions, \$1.1 million for Student Athlete Performance Center debt service, and \$0.7 million for operating scholarship support.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF SEPTEMBER 30, 2020
Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					CUMULATIVE EXPENDITURES
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET		
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Agriculture Production Facilities	Oct 2016	\$ 9,500	\$ 97	\$ 25,274	\$ -	\$ -	\$ 25,274	\$ 1,272 (1)
Planning: Hitt Hall	Apr 2017	1,500	16	-	6,000	-	6,000	3,495 (2)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,110	241	-	5,516	-	5,516	4,559 (3)
Commonwealth Cyber Initiative	May 2019	667	90	1,500	-	-	1,500	923 (4)
Corps Leadership and Military Science Building	Jun 2019	4,500	698	-	20,650	31,350	52,000	2,312 (5)
Data and Decision Science	Jul 2019	10,500	1,847	69,000	10,000	-	79,000	4,239 (6)
Innovation Campus - Academic Building	Jul 2019	20,000	4,663	168,000	107,000	-	275,000	6,294 (7)
Planning: Randolph Replacement	Jul 2020	3,000	-	-	11,000	-	11,000	0 (8)
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	300	-	3,100	-	-	3,100	0 (9)
Fralin Biomedical Research Institute Equipment	Jul 2020	6,000	-	18,133	-	-	18,133	0 (10)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	11,600	3,944	16,099	-	-	16,099	3,944 (11)
Improve Kentland Facilities	Sep 2013	3,100	1,641	12,463	-	-	12,463	10,461 (12)
Chiller Plant Phase II	Oct 2016	16,000	3,085	32,655	10,312	-	42,968	26,515 (13)
Holden Hall Renovation	Oct 2016	36,000	4,581	57,215	212	17,500	74,927	15,671 (14)
Construct Virginia Seafood AREC	Jul 2018	2,500	-	2,500	-	-	2,500	0 (15)
<u>Close-Out</u>								
Health Sciences & Technology	Oct 2016	8,784	1,332	51,554	-	40,142	91,696	82,244 (17)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	1,600	321	-	8,200	-	8,200	6,806 (16)
Acquisition - Falls Church Property	Apr 2019	-	-	-	-	2,850	2,850	- (18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 136,661	\$ 22,554	\$ 457,493	\$ 178,890	\$ 91,842	\$ 728,225	\$ 168,733

CAPITAL OUTLAY BUDGET

Education and General Projects

1. Agriculture Production Facilities: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. The scope includes 126,000 gross square feet of facilities at the Blacksburg campus and three nearby university production and research farms. Working drawings are complete and pricing is expected October 2020.
2. Planning – Hitt Hall: This planning project is for Hitt Hall and houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. Procurement for A/E services is underway and the project is moving forward under the new delivery method.
3. Planning – Undergraduate Science Laboratory Building: This planning project is for an entirely state funded 102,000 gross square foot science laboratory building adjacent to the new classroom building. The university is temporarily funding the project and will be reimbursed by the state once construction funding is appropriated. Working drawings were completed September 25, 2020. The university will request construction funding for fiscal year 2022 as part of the next state budget call.
4. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment.
5. Corps Leadership and Military Science Building: The project consolidates the Corps of Cadets and ROTC programs in the northern portion of the Upper Quad project. Working drawings are underway. The design and construction contracts for this project were consolidated under the same A/E and Construction Manager as the New Upper Quad Residence Hall project.
6. Data and Decision Sciences: This project will design and construct a new 120,000 gross square foot instruction building. Working drawings are underway with construction anticipated December 2020.
7. Innovation Campus – Academic Building: This project is a new 300,000 gross square foot academic building as part of the Innovation Campus in Alexandria, Virginia. Preliminary design is underway.
8. Planning – Randolph Replacement: This planning project will design the replacement of Randolph Hall with a 284,000 gross square foot building to accommodate engineering instruction and research. A/E procurement is underway.
9. Life, Health, Safety, Accessibility, & Code Compliance: This project improves pedestrian connectors to ensure accessible service in the North Academic District. A/E procurement is underway.
10. Fralin Biomedical Research Institute Equipment: This funding supports the VT-Carilion Biomedical Research Institute Addition building located in Roanoke and will provide the equipment authorized by the 2020 Acts of Assembly.
11. Maintenance Reserve: The total project budget reflects \$2.73 million of carryforward from fiscal year 2020 and the State's fiscal year 2021 appropriation of \$13.73 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2021.
12. Improve Kentland Facilities: This project provides a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. The Applied Reproduction Facility and Bovine Extension Teaching & Research Faculty are complete. Substantial completion is December 2020 for the Metabolic Research Lab.
13. Chiller Plant Phase II: This project upgrades of campus utility systems and addresses several strategic needs for shifting the campus to a lower resource consuming cooling service with improved redundancies. Completion expected July 2021.
14. Holden Hall Renovation: This project will renovate 20,000 gross square feet, demolish 21,000 gross square feet, and construct an 80,000 gross square foot expansion of Holden Hall. Construction is underway with substantial completion expected December 2021.
15. Construct Virginia Seafood AREC: Through a collaborative effort between the University, the Foundation, and the City of Hampton, the existing facility will be replaced with this new 15,000 gross square foot facility. The Foundation received a successful construction bid and substantial completion is expected September 2021.
16. Health Sciences & Technology: The project is substantially complete and the total cost is expected to be \$89.7 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
17. Gas-Fired Boiler at the Central Steam Plant: This project is substantially complete and the total cost is expected to be \$8.2 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
18. Acquisition – Falls Church Property: This project was established to acquire the fee simple title to the 5.33 acres currently leased from and owned by the City of Falls Church for a net cost of \$2.85 million. The exercise date is fiscal year 2021, and the university is working with the City of Falls Church to accelerate the transaction timing.

Capital Outlay Projects Authorized as of September 30, 2020 (Continued)

Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 10,000	\$ 53	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 5,097 (1)
Planning: Athletic Facilities Improvements - Tennis	Aug 2016	584	20	-	809	0	809	245 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	2,000	5	-	5,000	3,300	8,300	905 (3)
Planning: Slusher Replacement	Jun 2018	10	9	-	3,500	-	3,500	1,264 (4)
Global Business & Analytics Complex Residence Halls	Jun 2019	1,100	-	-	-	84,000	84,000	1,269 (5)
New Upper Quad Residence Hall	Jun 2019	3,500	509	-	-	33,000	33,000	1,343 (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	15,000	5,737	-	15,000	-	15,000	5,737 (7)
Creativity & Innovation District Residence Hall	Oct 2016	44,000	15,005	-	15,880	89,620	105,500	61,706 (8)
Student-Athlete Performance Center	Mar 2018	8,400	3,342	-	20,417	-	20,417	14,440 (9)
<u>Close-Out</u>								
Lane Substation Expansion	Sept 2015	17	12	-	2,000	4,500	6,500	3,776 (10)
Athletics Weight Room Renovation & Expansion	Aug 2018	2,000	1,578	-	4,500	-	4,500	3,817 (11)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 86,611	\$ 26,272	\$ -	\$ 80,415	\$ 259,110	\$ 339,525	\$ 99,598
GRAND TOTAL		\$ 223,272	\$ 48,826	\$ 457,493	\$ 259,306	\$ 350,952	\$ 1,067,751	\$ 268,331

Auxiliary Enterprise Projects

1. Student Wellness Improvements: The project scope and budget includes refurbishments to War Memorial Hall and McComas Hall. Whiting-Turner is the construction manager and the Guaranteed Maximum Price received July 15, 2020 is 33% over budget. The university is reviewing alternatives.
2. Planning: Athletic Facilities Improvements - Tennis: Athletics is ready to move forward with planning for Tennis Improvements and design is underway. The university may request full project authorization once planning is complete and Athletics has raised the necessary funds to complete construction.
3. Dietrick First Floor and Plaza Renovation: This project refurbishes the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. The low bid received May 8, 2020 was 22% over budget and the university is reviewing alternatives.
4. Planning – Slusher Replacement: This planning project includes completing preliminary designs for the replacement of Slusher Hall. To ensure bed capacity sufficient for enrollment growth, the timing for construction is being coordinated with the anticipated completion date for the Global Business & Analytics Complex Residential Halls project, anticipated March 2024.
5. Global Business & Analytics Complex Residence Halls: This project provides two residence halls in the northwest corner of campus with a minimum of 700 beds. The acquisition strategy is shifting to Invitation for Bid from Design-Build. The university is reviewing alternatives.
6. New Upper Quad Residence Hall: This project will provide the Corps of Cadets an additional 300 beds while replacing Femoyer Hall. Preliminary design is underway. The design and construction contracts for this project were consolidated under the same A/E and Construction Manager as the Corps Leadership & Military Science project. Cost estimates received at the conclusion of Preliminary Design indicate the project is 25% over budget. The university is reviewing alternatives.
7. Maintenance Reserve: The auxiliary maintenance reserve program covers 106 assets with a total replacement value of \$1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on maintenance reserve work scheduled for fiscal year 2021.
8. Creativity & Innovation District Residence Hall: This project is a new residential community with approximately 596 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. Construction is underway with completion expected July 2021.
9. Student-Athlete Performance Center: This project renovates the fourth floor of the Jamerson Center, constructs a balcony cantilevered from the fourth floor, and a new elevator tower. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient, and the project remains within the authorized budget. Construction is underway with completion expected November 2020.
10. Lane Substation Expansion: The project is substantially complete. Electric Services received “cost to serve” credits from AEP and the total cost is expected to be \$3.8 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
11. Athletics Weight Room Renovation & Expansion: The project is substantially complete and the total cost is expected to be \$4.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid.



Financial
Performance Report
July 1, 2020 - September 30, 2020

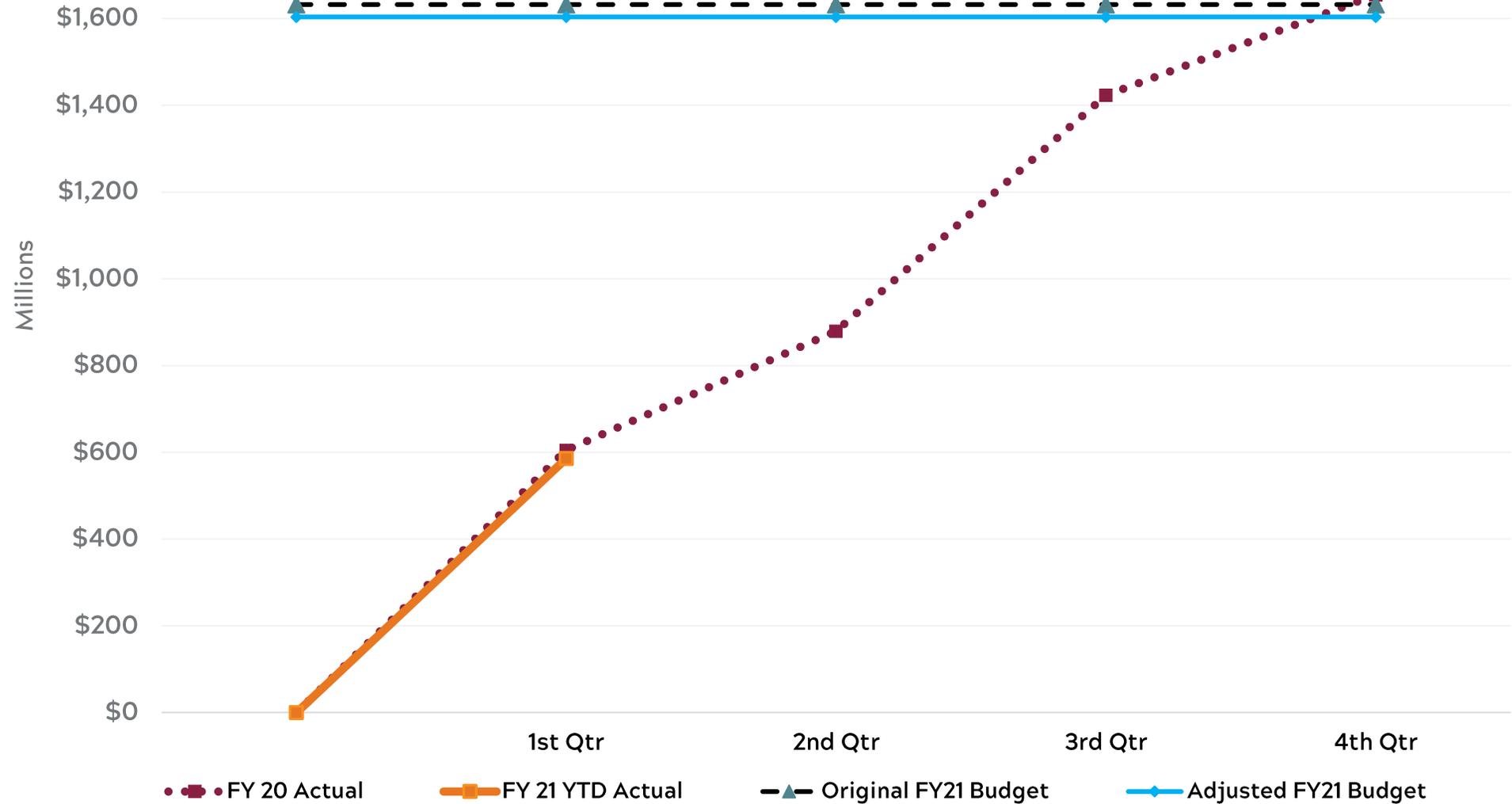
*TIM HODGE, ASSOCIATE VICE PRESIDENT FOR
BUDGET AND FINANCIAL PLANNING*

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

NOVEMBER 16, 2020



Operating Revenue



▮ Educational & General Program

1st Quarter - 2020-21

Annual Budget Changes

- Summer 2020 Enrollment: increase \$8.1 million (70% allocated to colleges)
- Late June: budget increased \$14 million for fall enrollment estimate and miscellaneous adjustments (use: PIBB, DAs, & prior commitments)
- Census: \$4 million fall enrollment shortfall (nonresident & graduate)
- September: COVID-19 Related Budget Changes
 - University Division
 - Remove \$25 million revenue contingency
 - Restore 2% of expenditure budget reductions
 - Colleges: average 5% reduction lowered to 3%
 - Non-college: average 7% reduction lowered to 5%
 - 3% reduction remains for inflation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19
 - 2% for critical needs process (non-college)
 - CE/AES Division
 - \$3 million to restore revenue contingency; eliminates 5% college expenditure reduction in Agency 229

Financial Performance

- University Division: beyond minor timing variances, revenues appear on track with revised budget
- Expenditures lower than projected due to timing and the impact of the essential spending order in response to the COVID-19 pandemic

Auxiliary Enterprises

1st Quarter - 2020-21

Annual Budget Changes

- **COVID-19: lower revenue (\$85.6 million), lower expenses \$25 million, net of (\$60.6 million):**
 - *Residence and Dining Halls (\$32.6 million)*
 - *Intercollegiate Athletics (\$17.4 million)*
 - *Inn at Virginia Tech (\$4.5 million)*
 - *Parking and Transportation (\$1.9 million)*
 - *University Services System (\$1.4 million)*
 - *Electric Service (\$1.6 million)*
 - *Other Enterprise Functions (\$1.2 million)*

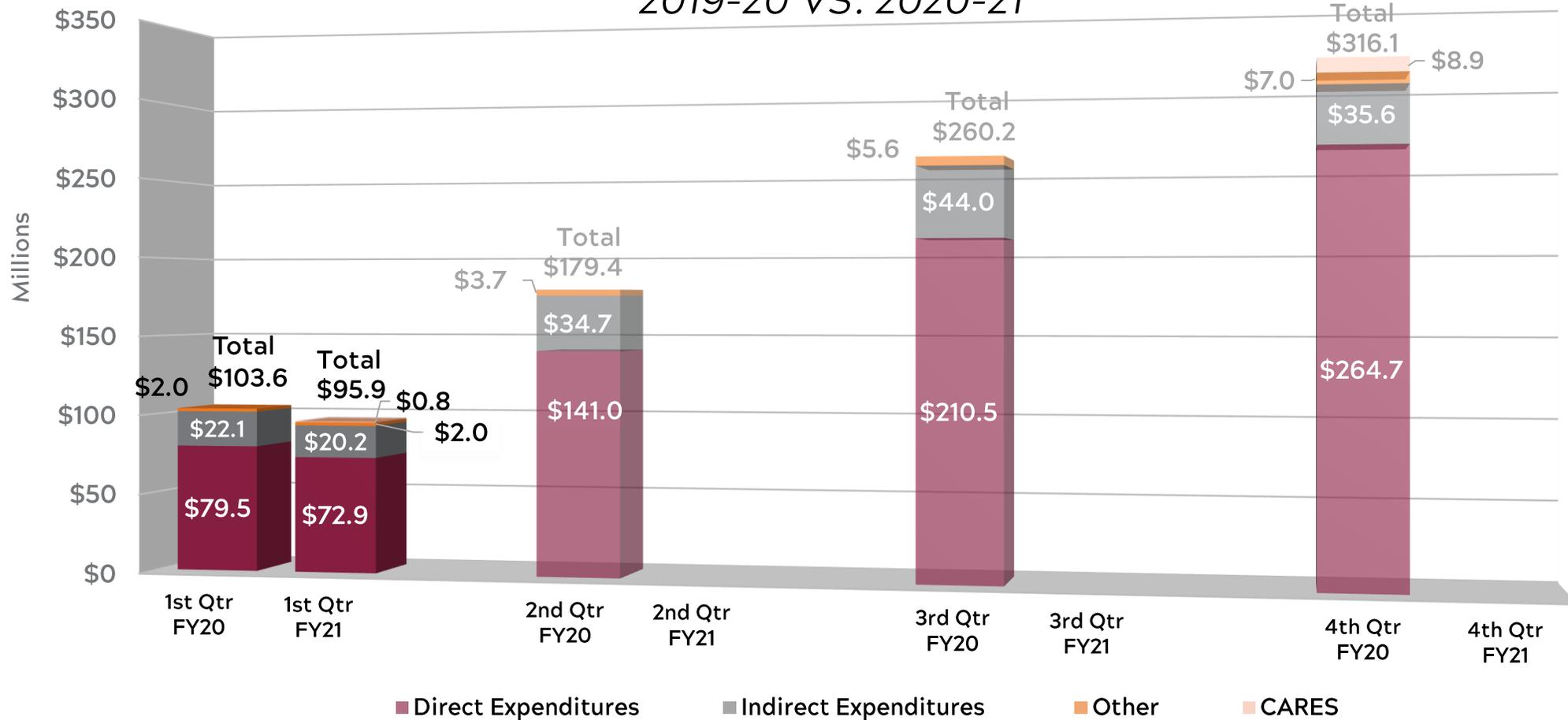
\$85.6 million lower revenue is comprised of \$8.2 million preliminary budget hedge planned in June and \$77.4 million first quarter adjustment

Financial Performance

- *Held back expenditures in response to COVID-19*
- *Continue to closely monitor financial performance with Auxiliary units*
- *Athletics (\$7.1 million) revenue lower than projected. A second quarter budget adjustment is anticipated to further align the budget for additional financial impacts of the pandemic.*

Sponsored Program Expenditures

2019-20 VS. 2020-21



*Other includes Enterprise Funds, Royalty, and Research Ancillary Activity

Capital Outlay Total Program

Total Budget
\$ in Thousands

Total Expenditures
\$ in Thousands

4 th Quarter End	Total Projects = 33	\$1,167,099	\$378,151
	Closed Projects	(162,680)	(158,646)
	Fiscal Year 2021 1 st Qtr. Expenditures		48,826
State & University Action	MR Fiscal Year 2021	31,099	
State Action	Life, Health, Safety, Accessibility, & Code	3,100	
State Action	Planning: Replace Randolph	11,000	
State Action	Fralin Biomedical Research Institute Equipment	18,133	
1 th Quarter Ended	Total Projects = 29	\$1,067,751	\$268,331



16
Design

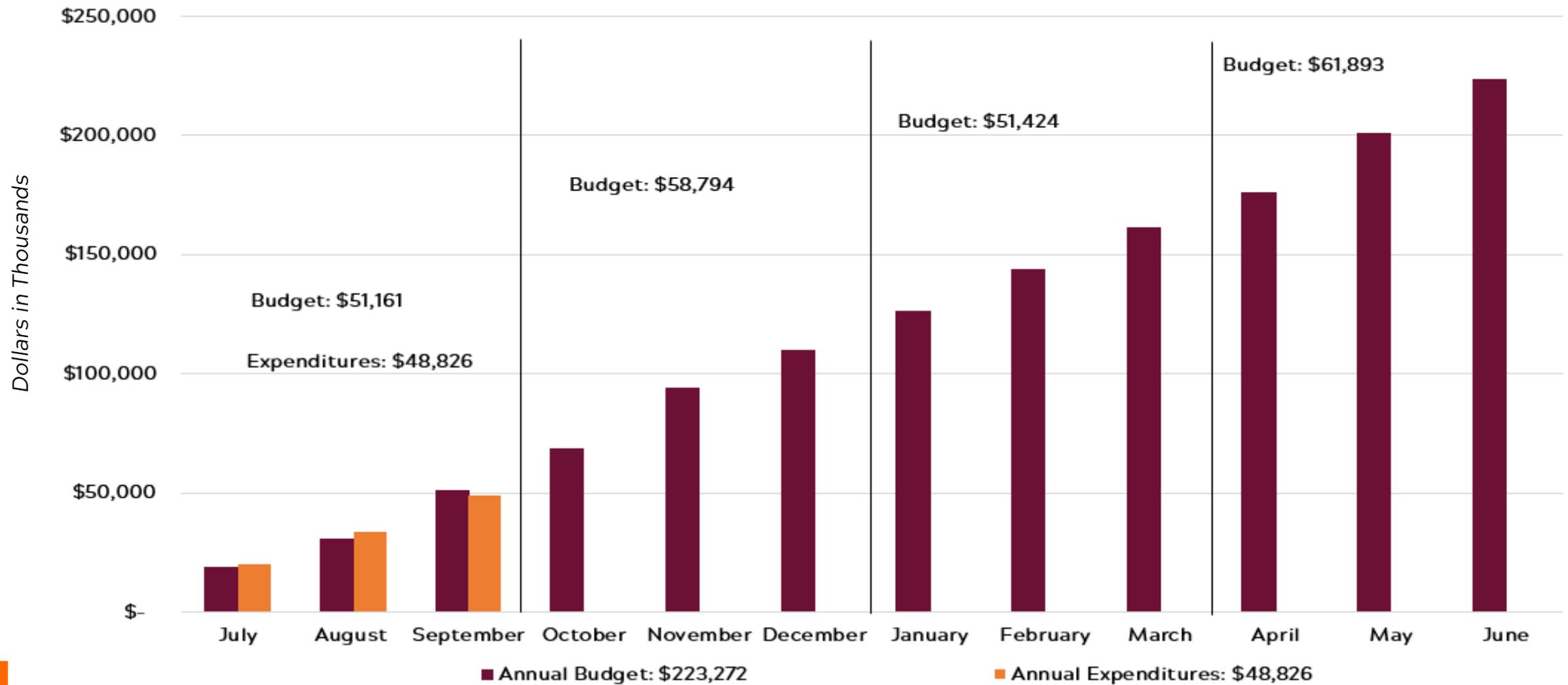


8
Construction



5
Closeout

Activity through September 30, 2020



Timing for Construction Pricing

▪ Agriculture Production Facilities	October 2020	} \$189,274,000
▪ Data and Decision Science	October 2020	
▪ Corps Leadership & Military Science Building	December 2020	
▪ New Upper Quad Residence Hall	December 2020	
▪ Innovation Campus - Academic Building	May 2021	
▪ Undergraduate Science Laboratory Building	July 2021	
▪ Hitt Hall	October 2021	
▪ Life, Health, Safety, Accessibility & Code Compliance	June 2021	
▪ Randolph Replacement	June 2023	
▪ Student Wellness	Hold	
▪ Dietrick First Floor and Plaza Renovation	Hold	
▪ Global Business & Analytics Complex Residence Halls	Hold	
▪ Slusher Replacement	Hold	

Construction Spending through September 30, 2020

	Expected Occupancy	Expenditures Dollars in Thousands
▪ Maintenance Reserve	On-going	\$ 9,681
▪ Student Athlete Performance Center	November 2020	3,342
▪ Improve Kentland Facilities	December 2020	1,641
▪ Chiller Plant, Phase II	July 2021	3,085
▪ Creativity and Innovation Residence Hall	July 2021	15,005
▪ Holden Hall Renovation	December 2021	4,581
▪ Gas Fired Boiler	February 2021	321
▪ Construct Seafood AREC	September 2021	-
<hr/>		
Construction Expenditures through Sept. 30, 2020		\$37,656

Key Program Updates

Hitt Hall

- A/E contract executed
- CM@R firm selected

Projects with the Foundation

- Seafood AREC
- Gilbert Street
- Research Swing Space
- Innovation Building Lease

Agriculture Production Facilities

- 1st and 2nd bid packages under review
- 3rd and 4th bids being received through December 17

Falls Church Redevelopment

- P3 with Converge West Falls
- Comprehensive Agreement underway with partner

Recommendation

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, 2020 through September 30, 2020 and the Capital Outlay report be approved.

November 16, 2020



Discussion of Future Agenda Topics and Closing Remarks

ED BAINE

CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE



Open Session Agenda

GOVERNANCE AND ADMINISTRATION COMMITTEE

Assembly Hall, Holtzman Alumni Center
10:00 am – 11:30 am

November 16, 2020

OPEN SESSION

Agenda Item

Reporting Responsibility

- | | |
|---|---|
| 1. Welcome and Opening Remarks | Mr. Mehul Sanghani, Chair |
| 2. Approval of Minutes of May 27, 2020, Meeting | Mr. Mehul Sanghani |
| 3. Update on Student-Athlete Physical and Mental Health | Ms. Angie Littlejohn
Mr. Danny White |
| 4. Introduction of the Director of the University Ombuds Office | Dr. Reese Ramos |
| 5. HR Update: Impacts of COVID on the Workforce | Mr. Bryan Garey |
| ◆ 6. Inclusive VT Update | Dr. Menah Pratt-Clarke
Dr. Frank Shushok |
| 7. Future Agenda Items and Closing Remarks | Mr. Mehul Sanghani |

* Requires Full Board Approval

◆ Discusses Enterprise Risk Management Topic(s)

Briefing Report

GOVERNANCE AND ADMINISTRATION COMMITTEE

November 16, 2020

OPEN SESSION

- 1. Welcome and Opening Remarks.** Mr. Mehul Sanghani, Chair of the Governance and Administration Committee, will welcome committee members, guests, and invited participants.
- 2. Approval of Minutes of the May 27, 2020, Meeting.** The committee will consider for acceptance and approval the Minutes of the May 27, 2020, Meeting.
- 3. Update on Student-Athlete Physical and Mental Health.** Senior Associate Athletics Director for Internal Operations, Ms. Angie Littlejohn, and Senior Associate Athletics Director for Student Athlete Services and University Relations, Mr. Danny White, will update the committee on physical and mental health precautions and services available for student athletes.
- 4. Introduction of the Director of the University Ombuds Office.** Recently appointed Director of the University Ombuds Office, Dr. Mauricio “Reese” Ramos, will introduce himself to the committee and discuss his vision for the office.
- 5. HR Update: Impacts of COVID on the Workforce.** Vice President for Human Resources, Mr. Bryan Garey, will provide an update on the University workforce and how it has been impacted by the COVID-19 pandemic.
- 6. Inclusive VT Update.** Vice President for Diversity, Inclusion, and Strategic Affairs, Dr. Menah Pratt-Clarke, will update the committee on Inclusive VT initiatives. She will then introduce Vice President for Student Affairs, Dr. Frank Shushok, who will shared on Inclusive VT initiatives currently underway in his department.
- 7. Future Agenda Items and Closing Remarks.** Mr. Mehul Sanghani, will discuss future agenda items for the committee. He will then offer closing remarks and request a motion for adjournment.

**Welcome and Opening Remarks
by: Mr. Mehul Sanghani**

Minutes

GOVERNANCE AND ADMINISTRATION COMMITTEE

May 27, 2020

The Governance and Administration Committee of the Board of Visitors of Virginia Polytechnic Institute and State University met on Wednesday, May 27, 2020, at 2:30 p.m. On this date, the Commonwealth of Virginia was operating under a state of emergency as declared by Governor Northam due to the COVID-19 pandemic. This was an entirely electronic meeting held via Zoom videoconference to conduct regular business as permitted by legislation passed by the General Assembly on April 22, 2020, and signed into law by Governor Northam. A quorum of the Governance and Administration Committee was present on the videoconference.

Committee Members Present: Mehul Sanghani (Chair), Dennis Treacy, Jeff Veatch, Horacio Valeiras (Rector)

Other Board Members Present: Ed Baine, Shelley Butler Barlow, Greta Harris, C.T. Hill, Letitia Long, Chris Petersen, Preston White

Also present on Zoom: Whit Babcock, Lori Buchanan, Al Cooper, Karen DePauw, Corey Earles, Kari Evans, John Ferris, Michael Friedlander, Bryan Garey, Rebekah Gunn, Kay Heidbreder, Chris Kiwus, Sharon Kurek, Angie Littlejohn, Scott Midkiff, Kenneth Miller, Kim O'Rourke (Secretary to the Board), Charlie Phlegar, Dwayne Pinkney, Menah Pratt-Clarke, President Timothy Sands, Lenore Schatz (Captioner), Tamarah Smith, Brad Sumpter, Don Taylor, Jon Clark Teglas, Tracy Vosburgh, Melinda West, Brad Wurthman, Chris Yianilos

In addition, 36 members of the university community and public viewed a live stream of the videoconference on YouTube Live.

OPEN SESSION

1. **Welcome and Opening Remarks.** Mr. Mehul Sanghani, Chair of the Governance and Administration Committee, welcomed committee members, guests, and invited participants.
2. **Consent Agenda.** The committee accepted and approved the items on the consent agenda.
 - a. Minutes of the November 18, 2019, Meeting

b. Resolution for Approval of Appointment to the Roanoke Valley Broadband Authority Board

3. **Update on Administration and Operations Transformation Initiative.** Senior Vice President and Chief Business Officer Dwyane Pinkney provided a brief update on the Institutional Excellence Roadmap and the progress of the initiative since the last briefing at the November meeting. The first phase, Organizational Design, has by and large concluded, and implementation of identified projects are currently under way. Despite changes that have had to occur in response to COVID-19, the university has been able to respond quickly and effectively, while also maintaining operations and continuing transformation efforts. In some ways, these responses have actually provided excellent opportunities to accelerate some projects identified in the first phase.

Dr. Pinkney then introduced Vice President for Finance Ken Miller, Vice President for Information Technology and Chief Information Officer Scott Midkiff, and Associate Vice President and Chief Facilities Officer Chris Kiwus to discuss specific initiatives occurring in their respective areas as a result of the ongoing transformation.

- a. **Robotic Process Automation Project.** Ken Miller discussed the Robotic Process Automation Project.

The Finance areas have been working over the course of the past several years to make process improvements to reduce the amount of time necessary to complete certain tasks. To date, they have implemented electronic bill pay in the Bursar's office, as well as implemented Hokiemarket for supply purchasing, which allows departments to buy products online from 57 percent of vendors utilized by the university. However, 43 percent of vendors are still issuing paper invoices, and, as the majority of those vendors are small, locally-owned businesses, it is not plausible to ask them to move to automated invoice processing. Therefore, there was still a need to manually process paper invoices. In 2018, the Finance Department hired Ernst & Young to benchmark key processes and make recommendations for improvement, the results of which were presented to the Board in August of that year. Findings concluded that the university was functioning as best in practice in many areas, except for Accounts Payable which was still highly paper-based. Since these findings were released, the department has been working on implementing a Robotic Process Automation (RPA) program to make the invoicing process more efficient. Project leaders, Director of Finance IT Brad Sumpter and University Bursar Melinda West worked closely with the Division of IT to develop these programs. As a result, A.P. Bot and A.R. Bot are the first of six total robotic process automations to be launched in the university's Finance Department. A.P. Bot will digitize the current paper invoicing process and A.R. Bot will handle automated identification, reconciliation, and posting of bank deposits. It is anticipated that the two bots will save 2,000 business hours once

they are launched in the spring. The automation of these processes is not meant to replace current employees, but instead to lift the burden of mundane tasks in order to provide more job enrichment and satisfaction. In addition, moving to an automated system will also increase the capacity for reporting and analytics. However, a governance process still needs to be put in place and security structures need to be developed to insure data remains secure. It is also projected that once processes are established in the Finance areas, RPA will then be utilized in other departments. Additionally, the software utilized is UiPath, which has a partnership with William and Mary to allow students to utilize the technology for educational purposes, meaning there could be a future academic impact as well.

- b. **IT Strategic Plan and COVID-19 Response.** Scott Midkiff discussed COVID response efforts of the Division of IT, as well as the continued progress of the IT Strategic Plan.

In response to the COVID-19 pandemic, the university had to quickly shift to all online courses, and move 80 percent of its workforce, including the Division of IT, to work-from-home status, all while understanding that health and safety were of the utmost importance. As a result, Technology-enhanced Learning and Online Strategies (TLOS) created self-paced video tutorials, support videos, and instructional sites to aid faculty during the transition, bringing in over 1,200 workshop participants, with 2,199 self-paced tutorial users, 5,009 support videos watched, and 3,640 faculty members using the “Move Your Course Online” site. From March 11 to May 1, the university saw the creation of 1,004 new Canvas courses, over 46,000 instructional videos uploaded, and an average of over 3,000 daily Zoom meetings, not including those on the Zoom account that had to be created specifically for maintaining compliance with HIPAA regulations for personally identifying information (PII). As employees and students moved off campus, there was a need for increased Virtual Private Network (VPN) capacity, as well as loaner computers, and continued user support. Wi-Fi was provided in certain parking lots for those who did not have Wi-Fi access from their homes. In addition, the division also had to assist in adapting paper-based processes to digital versions, along with other enterprise system changes. The Division could not have successfully accomplished this shift so quickly if not for its employees, partnerships with IT personnel within other departments, and the technology and systems that were already in place prior to the pandemic. Working to accomplish these tasks was not without cost, as investments had to be made in VPNs, the accessibility checking tool, CALM, domain-specific tools such as those related to virtual labs, and the hours it took to make the shift a possibility. Response efforts also provided insight into how to look at more virtual learning opportunities for faculty while building expertise internally among faculty members and those who support them. Throughout all these efforts, the division still continued its work as outlined in the IT Strategic Plan. For example, the division is actively working to enhance data management through the modernization of the existing Data

Warehouse to Data Lake, which will provide a flexible and secure way to provide data and predictive analytics. The division is also moving forward in the creation of the Data Governance Council, although efforts have been slowed due to COVID, in order to move the Division into a more strategic position rather than simply transactional. They are also working collaboratively with the Senior Vice President and other areas to identify and prioritize existing and upcoming projects.

- c. **Procurement Center of Excellence.** Chris Kiwus discussed the Procurement Center of Excellence.

The university currently designates about \$100 million a year to capital construction contracts. For the past 15 years, these contracts have been delegated to a team within Facilities consisting of three full-time employees and one half-time employee. Upon assessment by the Deloitte team as part of the transformation initiative, the Procurement Center of Excellence was introduced to model best practices, increase efficiencies, and allow a strategic approach to procurement, as well as enhance customer service. In response, the Associate Vice President and Chief Facilities Officer met with the Director of Procurement to discuss options. As a result, Facilities transferred contracting personnel to the Procurement department in January of 2020, along with oversight of the Construction and Professional Services Manual, and all active and future capital procurement projects. This change not only increases efficiencies and improves stewardship by providing more checks and balances, but also allows for cross-training and career development for both the contracting personnel and the 23 individuals within Procurement.

4. **InclusiveVT Update.** Menah Pratt-Clarke, Vice President for Inclusion, Diversity, and Strategic Affairs, provided an update on InclusiveVT initiatives.

Dr. Pratt-Clarke reviewed the goals of the Strategic Plan and InclusiveVT, which include increasing representational diversity and cultural competency, as well as addressing critical societal issues impacting humanity and equity. The university is continuing its efforts toward diversity integration in departmental strategic plans, working with diversity directors, who are now present in all colleges across campus. Diversity integration efforts will be considered this year in the PIBB budgeting model employed in the academic areas. There are several resources and programs to promote diversity and inclusion for students, such as the Student Opportunities and Achievement Resources (SOAR) program, the Black College Institute, Cultural and Community Centers, and financial support. These programs continue to grow, as the Black College Institute received 755 applications in 2020, and had 450 rising high school juniors and seniors in total attend virtually. The Office for Inclusion and Diversity hosted the Faculty Women of Color in the Academy Conference this past spring. Despite having to do so virtually due to COVID-19, 350 women attended. Other initiatives related to faculty include the Future Faculty Development Program and the

Target of Talent Program. In terms of outreach, InclusiveVT began hosting the Making the Chair Fit InclusiveVT Conversations, continued offering scholarships, and received gifts to SOAR and OID. Scholarship applications have increased, as this year the department received 500 applications for the five that are available, making it a goal to raise funds in order to offer more in the future. Inclusion and Diversity education around campus has also increased, having yielded 17 micro-learning videos with 16 presenters, 14 downloadable discussion guides and 1,210 views since July 2019.

5. **Briefing on Families First Coronavirus Response Act.** Vice President for Human Resources, Bryan Garey, briefed the committee on the Families First Coronavirus Response Act.

The Families First Coronavirus Response Act (FFCRA) was passed by Congress, to provide emergency paid sick leave or expanded family medical leave for university employees from April 1 through December 31, 2020. The act gives the university the option to exempt health care providers and emergency responders under their employ. Peer institutions such as UVA, VCU, and William and Mary have already implemented said exemptions. The Division of Human Resources recommends implementing the exemptions at Virginia Tech, with the caveat that paid sick leave under FFCRA will be available for exempted employees in the case that they should contract the virus or require quarantine in order to stop the spread of the virus. To date, Human Resources has utilized the FFCRA benefit for 51 requests, two-thirds of which were under the paid expanded and medical leave benefit for childcare. Enacting the exemptions will ensure the continuity of operations necessary to protect the public at this time.

6. **NCAA Regulations and Wi-Fi in Lane Stadium.** Athletics Director Whit Babcock introduced Senior Associate Athletic Director for Internal Operations Angie Littlejohn and Senior Associate Athletic Director for External Operations Brad Wurthman, who provided an update regarding the NCAA name, image, and likeness regulations, as well as discussed Wi-Fi in Lane Stadium.

Currently, the university is permitted to utilize the name, image, and likeness of its student-athletes for commercial purposes, such as on tickets, posters, social media, etc. Other charitable, educational, and/or nonprofit organizations can use them as well under specific circumstances. However, non-student-athletes have the ability to promote brands and other merchandise with their name, image, and likeness for profit if they so choose, while student-athletes are prohibited from doing so. On April 29, 2020, the NCAA approved rules and guidelines that would allow student-athletes to receive similar opportunities to that of their peers. Such guidelines include maintaining an emphasis on education, creating a clear distinction between collegiate and professional athletics, and ensuring that students are not employees of the university, and that compensation for play and recruiting enticements are prohibited. The NCAA, along with the ACC, is currently communicating with Congress to create a federal law

that would supersede state laws related to name, image, and likeness, and that would also provide protection against legal proceedings while also adhering to the rules established. The anticipated results of this NCAA change include increased compliance monitoring and reporting, as it is not likely that students will receive a deal related to name, image, and likeness until they arrive at Virginia Tech. However, recruitment issues that could arise remain a large concern.

Connectivity in Lane Stadium is currently limited, despite the increased expectation of fans to have network access regardless of location. As a result, fans are unable to utilize their smart phones or devices as they would like, and the university cannot offer mobile ticketing options. Therefore, the integration of wi-fi into the stadium would not only increase the mobile experience for patrons, but also create the opportunity for seamless logistics for games, graduation, and other events. Installation of wi-fi would require approximately \$5 million to complete, and the investment still needs to be found. However, adding wi-fi would result in additional revenue from users and sponsors, as well as reduce printing prices with mobile ticketing. Additionally, it also helps maintain safety, as it will decrease person-to-person interaction and ensure connectivity should an emergency arise.

7. **Board Self-Assessment Results.** Mr. Mehul Sanghani called on Kim O'Rourke to discuss the results of the 2019-20 Board Self-Assessment.

This is the second year that the Association of Governing Boards has assisted in the Board Self-Assessment. There was 100 percent participation of the Board members, the constituent representatives and the eight administrators that work most closely with the Board. The survey consisted of both numerical and open ended questions. In general, the Board continues to function well, and has seen a number of improvements since its last assessment. Areas related to ensuring that the university maintain high quality talent should remain a focus for the upcoming year, as well as the university funding model, affordability, diversity, and the overall educational value of Virginia Tech. The Board also plans to maintain its stance on hearing all sides for critical issues before making decisions. Issues that have been addressed are those related to succession planning, having relevant data and relying on dashboards and metrics to help inform decisions, as well as the administration being held accountable for risk management. New goals for this year include recovering from the impacts of COVID-19 and adapting plans based on lessons learned.

8. **Future Agenda Items and Closing Remarks.** Mr. Mehul Sanghani discussed future agenda items, including an update on the Operations and Administration Transformation Initiative, and wi-fi in Lane Stadium. He then offered closing remarks and request a motion for adjournment.

There being no further business, the meeting adjourned at 4:31 pm.



VIRGINIA TECH[®]
ATHLETICS

Student-Athlete Physical & Mental Health

Intercollegiate Athletics report to the Governance &
Administration Committee of the Board of Visitors

November 16, 2020

VIRGINIA TECH

SPORTS SCIENCE TEAM

SPORT PSYCHOLOGY ▪ STRENGTH & CONDITIONING
NUTRITION ▪ SPORTS MEDICINE

Our unique & diverse population

Teams: 22

Roster total: 569

Gender: W 234 (41%) M 335 (59%)

Race: Non-white 243 (43%) White 326 (57%)

Residency: In-state 236 (41%) Out-of-state 333 (59%)

Majors: 79

Internationals: 49 (9%)



[Click HERE to view video](#)



A STUDY OF NCAA STUDENT-ATHLETES

UNDERGRADUATE EXPERIENCES AND POST-COLLEGE OUTCOMES

FINDINGS FROM THE 2020  x GALLUP STUDY



A Gallup survey of former NCAA student-athletes from 1975 to present (N=4,889) shows they fare better on several important outcomes in both their **lives after college** and formative **undergraduate experiences** compared to college graduates from the same period who did not compete in NCAA athletics (N=69,012). Here are key findings:

Use the filter below to select an NCAA division:

All NCAA Divisions

Well-being Outcomes

Well-being outcomes were categorized by respondents as “thriving,” “struggling” or “suffering” in each element of well-being. How do former **NCAA student-athletes** and nonathletes compare on these measures?

All NCAA Divisions: Percent Responding “Thriving”



Former NCAA student-athletes thrive at greater rates in

4 of 5 areas

of well-being: **Purpose, Social, Physical and Community.**

These patterns persist across division, graduation cohort, gender, and race and ethnicity.

Sports Medicine

Dr. Mark Rogers - cmo

Mike Goforth- Associate AD, Sports Medicine





ACC Medical Advisory Group

Membership

Mission (minimum standards, etc)

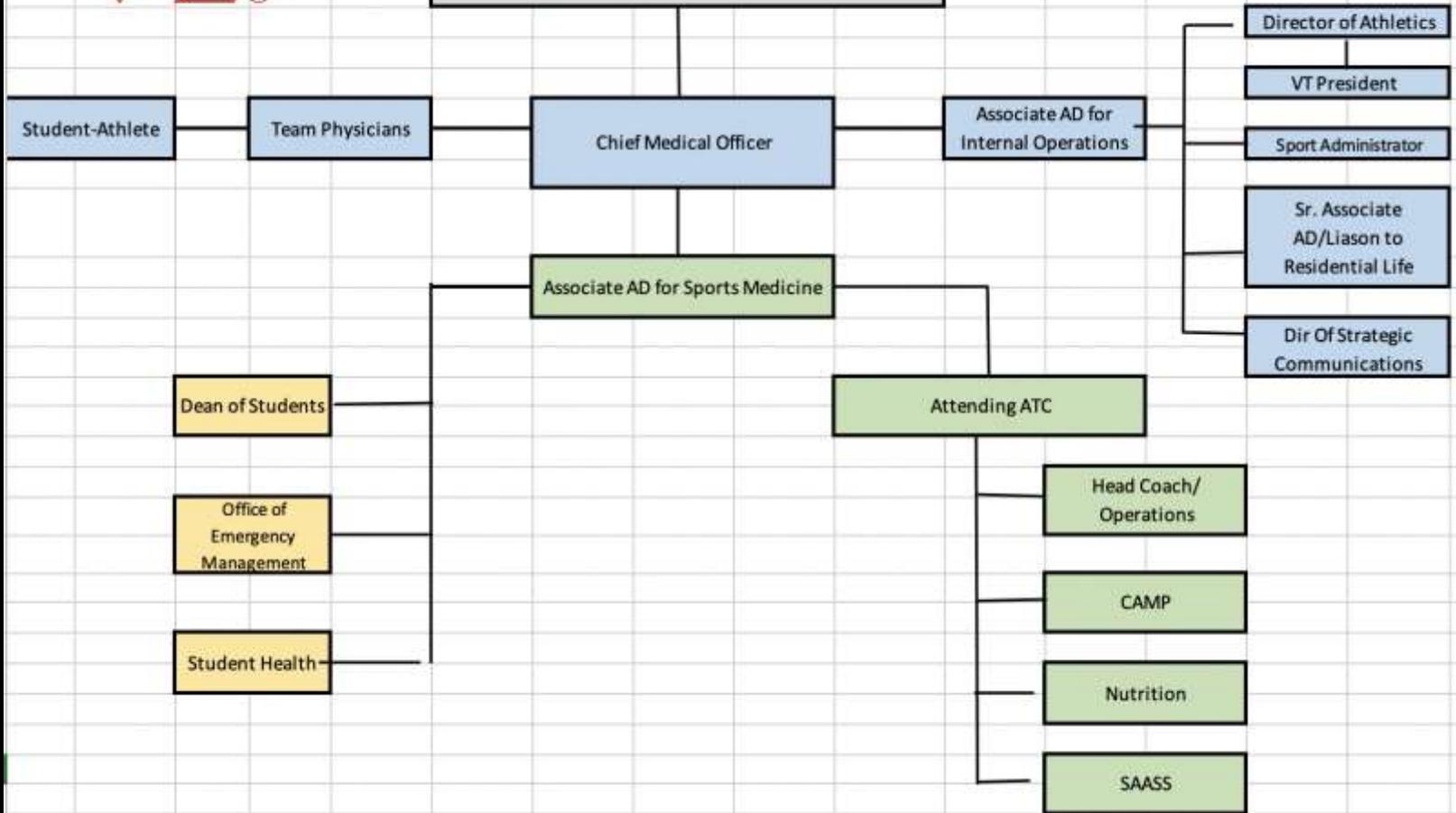
CMO's institutional role &
communication





MAROON AND ORANGE COMMUNICATION

Health Department, ARC Point Labs or MAKO Labs



R.T.P. (Return To Play)

Cardiac Workup

EKG, Echo, Labs

Advanced Cardiac Studies

Re-Acclimatization

Game Ready

Technology

GPS

HR Monitor



C.A.M.P.

Clinical and Athletic Mental Performance



Dr. Gary Bennett
Associate A.D.



**Paul
Knackstedt**
Psy. D.



Lauren Naldo
M.A., NCC,
LPC



Mental Health: Visitation trends

	<u># of students seen</u>	<u># of sessions</u>	<u># of teams represented</u>
<u>2015-16</u>	244	1,425	22/22
<u>2016-17</u>	282	1,785	22/22
<u>2017-18</u>	284	1,855	22/22
<u>2018-19</u>	272	2,251	22/22
<u>2019-20</u>	319	1,971	22/22



Mental Health: Programming

HOKIES
THRIVE *presents...*

STILL WE THRIVE

A VIRTUAL WORKSHOP DESIGNED TO SUPPORT THE MENTAL WELL-BEING OF FEMALE STUDENT-ATHLETES THROUGH TRANSITION AND ISOLATION



MONDAY OCTOBER 5TH
FEMALE STUDENT-ATHLETES
7:00PM-8:00PM
FIRST 75 TO REGISTER GET A FREE GIFT

REGISTER HERE



<https://bit.ly/3Z2DYx8>

WIRGINIA TECH
CAMP

TALK TO SAASS FOR STUDY HALL HOURS/TUTORING

VT STUDENT-ATHLETE
DEVELOPMENT

Hokies Helping Hokies



Mental Health: Treatment trends

Performance

Depression

Anxiety

ADHD

Disordered Eating

Substance Abuse

Personal/Other



Mental Health: Technology





VIRGINIA TECH[®]
ATHLETICS

Student-Athlete Physical & Mental Health

Q&A

November 16, 2020

**Introduction of the Director of the University Ombuds Office
by: Dr. Reese Ramos**

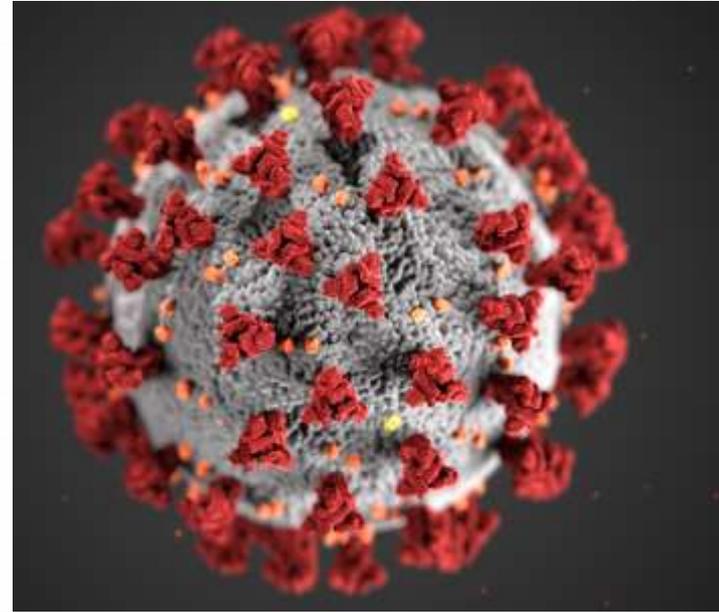
Virginia Tech Workforce and COVID-19

November Board of Visitors meeting:
Governance and Administration Committee

- Bryan Garey, Vice President for Human Resources
November 2020

■ March/April: Uncertainty, urgency, and the need to act

- Quick shift to telework
- Commitment to employment
- Embraced flexibility
- Ramped up resources (wellness, training, communications)
- Leveraged state and federal leave
- Communicated often and in different ways
- Compensation/Hiring by exception only



■ May: Results from early crisis support

- 80 percent of employees moved to remote work
 - “Other” category, paid through May
 - Redeployed workers, where possible
- Reduced staffing to essential only, shift to fall
- Employee concerns emerged
- Balanced safety with maintaining operations
- Budgetary uncertainties and responsive workforce scenarios; strategic options for review and consideration
- Testing guidance and availability

■ Workforce Data: Spring 2020

Senior Management Area	on-leave	on-site	teleworking	on-call	separated	Total
College of Agriculture and Life Sciences	21	187	1086			1294
College of Architecture and Urban Studies	4	11	199	2		216
College of Engineering	11	168	1616	23		1818
College of Liberal Arts and Human Sciences	2	62	891			955
College of Natural Resources	26	50	348	25		449
College of Science		157	1052	2		1211
College of Veterinary Medicine	8	401	160	107		676
EVP/Provost	1	15	292	34		342
FBRI	1	6	181			188
Honors College			1			1
OIA	11	28	21			60
OVPRI		120	511	6		637
Pamplin College of Business	4	15	242			261
President	3	35	449			487
SVPCBO			19	1		20
University Development			8			8
University Libraries			165	9		174
VP Advancement	1		285			286
VP Business Affairs	1	25	40	23		89
VP Finance	2	46	161	12		221
VP Operations	1	453	120			574
VP Student Affairs	57	157	312	605	9	1140
VPHR			73	1		74
VPIT&CIO	2	27	415	11		455
VPPG			5			5
VTSCOM		8	68			76
Total	156	1971	8720	861	9	11717

■ June/July: Return planning

- Individual resources
- Managerial tools and support
- Telework practices and outreach
- Zooms and consulting sessions
- Space prep
- Child/adult care resources and outreach



■ August/Present: Current state

- Workforce shift – 43 percent return to campus
- Resources
 - Wellness
 - Virtual Learning Center
 - Communications resources
 - Support from Employee Relations, Wellness, Service Center
- Telework agreement
- Red/Yellow/Green operations assessment
- Testing (high-contact, mandatory, at-will, other)



Workforce Data: Fall 2020

Senior Management Area	Mostly telecommute with some on-site	Telecommute		On-site	Mostly on-site with some telecommute		In-active	Total
Agriculture & Life Sciences	367	265		479	210		19	1340
Architecture & Urban Studies	174	9		7	21		12	223
College of Business	160	59		8	18		31	276
College of Engineering	418	169		154	145		18	904
College of Science	250	95		116	174		13	648
College of Veterinary Medicine	30	85		336	13		5	469
Dean of Libraries	90	48		2	33		8	181
Executive VP & Provost	177	70		76	32		4	359
Fralin Biomedical Res. Institute	54	32		19	47		2	154
Graduate School	13	2		6	23			44
Liberal Arts and Human Sciences	356	124		52	113		21	666
Natural Resources	154	67		25	25		1	272
President	58	144		154	21		6	383
Vice Pres Advancement	137	72		27	20		4	260
Vice Pres-Outreach & Intrntl Affrs	62	67		33	15		22	199
Vice President for Business Affairs	25	32		69	5		2	133
Vice President for Research	213	130		79	70		30	522
Vice President for Student Affairs	66	98		610	110		40	924
Vice President-Info Technology		353		36				389
VP Campus Planning and Facilities	59	7		369	6		2	443
VP for Finance and CFO	28	15		134	17		7	201
VP for Policy & Governance				4	1			5
VP Health Sciences and Technology	7	1		7				15
VP of Human Resources	47	17			9		2	75
VP Safety and Security	20	4		75	12		3	114
VP Strategic Alliances		3						3
VT Carillon School of Medicine	29	63		13	14			119
Grand Total	2994	2031	5025	2890	1154	4044	252	9321
			54%			43%		

■ Lessons for the future

- Telework is here to stay
- Flexibility is an expectation (scheduling, childcare, hybrid work environments)
- Space needs will be different
- Role of the manager will be even more complex, requiring new and different skills
- How can Virginia Tech policies and practices on pay, leave, rewards, etc. be updated to align with the post-COVID-19 workplace?
- Agility to align with the “new normal” in higher education



Human Resources Update

Human Resources at Virginia Tech - Progress!

- HR Division Director model – continues, but slowed based on budget cuts
- LMS launched in September
 - following ATS, onboarding in July 2019
 - Performance Management in 2021
- Process improvements continue (form elimination/automation, new technology tools, increased levels of services, new services)
- HR data (workforce plans, data through the crisis, analytics very helpful part of our analysis and strategic perspective)
 - Climate survey in 2021?
- Risk – change fatigue in multi-year initiative; funding cuts and lack of new investments



Virginia Tech Workforce and COVID-19

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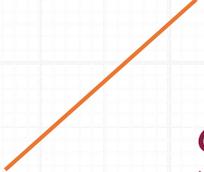
STUDENT AFFAIRS

INCLUSION AND DIVERSITY

Frank Shushok, Jr.
Vice President for Student Affairs

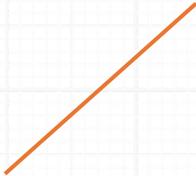


STUDENT AFFAIRS
VIRGINIA TECH.



Student Affairs Inclusion and Diversity Goals:

- Promote the success and well-being of all students.
 - Increase multicultural competence among all students—an imperative of educational excellence and preparing students for a diverse workforce.
 - Create “gracious spaces” for all community members to learn about inclusion through conversations, programs, forums, and experiences.
 - Foster authentic friendships among students from diverse backgrounds, worldviews, and demographic variables.
-



Broaden the concept of Inclusion and Diversity to include:

- First-Generation Student Support
 - Interfaith Programs
 - Services for Students with Disabilities
 - International Students
 - Food Security Issues
-

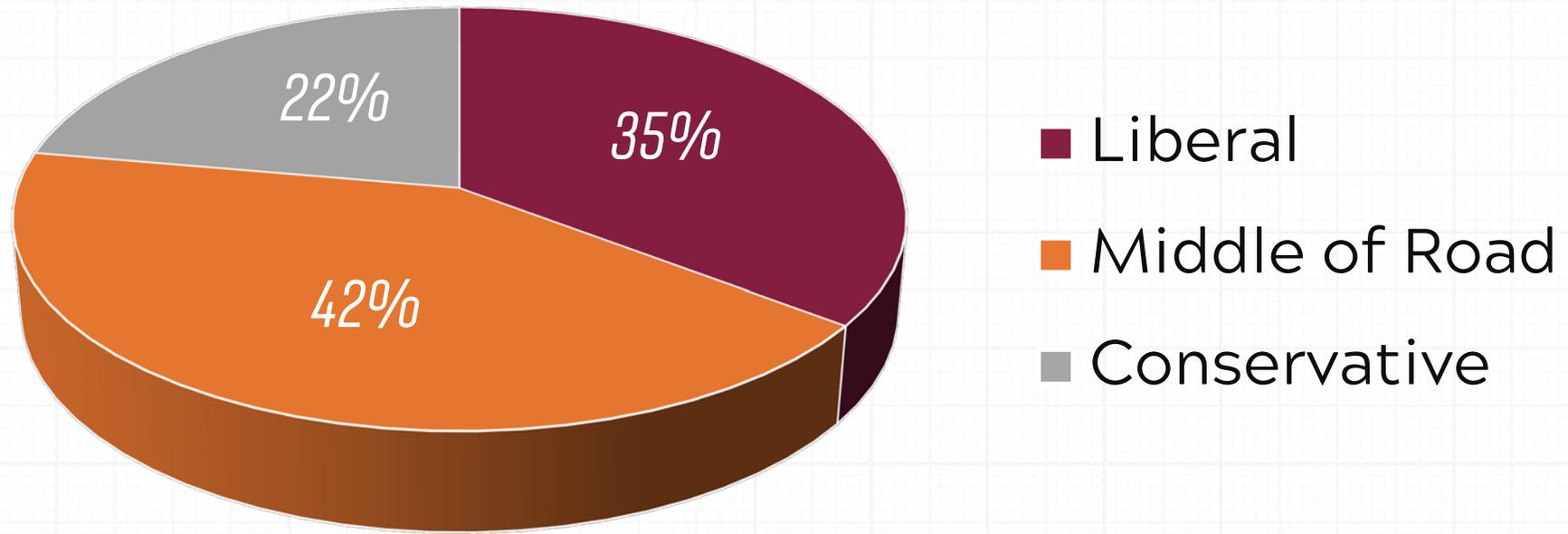
Pluralism



- Pluralism is not diversity alone, but the energetic engagement with diversity
- Pluralism is not just tolerance, but the active seeking of understanding across lines of difference
- Pluralism is not relativism, but the encounter of commitments
- Pluralism is based on dialogue



VASTLY DIFFERENT PERSPECTIVES



UCLA Higher Education Research Institute, 2017



VASTLY DIFFERENT PERSPECTIVES

What's more important to students?

- DIVERSITY AND INCLUSION: 53%
- FREE SPEECH: 46%

Gallup/Knight Foundation, 2018

Anthony Scott

Senior Associate Dean of Students and
Director for Student Affairs Inclusion and Diversity



- Position established June, 2020.
- Will develop a divisional strategy for strengthening efforts to engage students in programs, conversations, and experiences that develop cultural competence, foster inclusion, build bridges of understanding, and teach effective advocacy.
- Will serve Virginia Tech students and his colleagues in Student Affairs to promote success, wellbeing, learning, and inclusion through programs, and opportunities for collaboration throughout the university



“Inclusion is a never-ending pursuit and we recognize that diversity of perspective, experience, and identity is essential. Student Affairs is dedicated to ensuring students have the tools that will equip them to be an effective part of social change. This will allow better understanding and a culture **where all students feel welcome** and encouraged to succeed.”

- Anthony Scott



Future Agenda Items and Closing Remarks
By: Mr. Mehul Sanghani