

Budget Update Staff Senate

August 16, 2018

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PLANNING



Budget Process

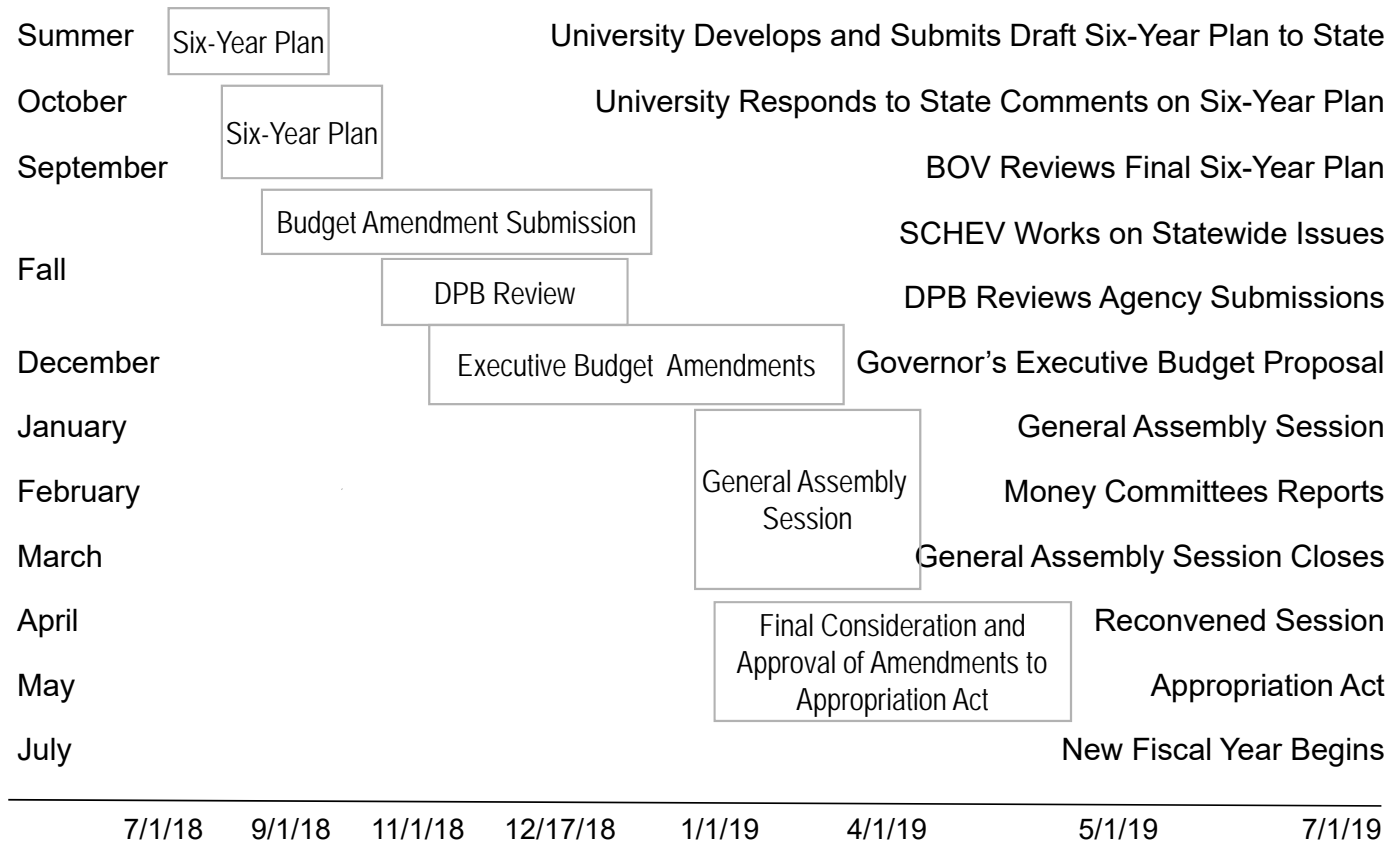
Two Parallel Budgets

- Internal budget
 - Pursues the development of the university's budget with a focus on the university's goals and critical needs
 - Seeks to generate sufficient resources through state support and nongeneral funds, such as tuition and fees, to allow the university to pursue those goals
- External budget
 - Addresses the development of the university's budget within the state government process
 - Focuses on the acquisition of additional resources

External Budget

- Follows the State budget process
 - Requires significant interaction with the Department of Planning and Budget (DPB) and the Secretary of Finance
 - Also includes, SCHEV and the Secretary of Education
 - Leads to our annual work with the General Assembly members and legislative staff
 - Major focus is on the Educational and General budget, with emphasis on student financial aid and research
 - Goal is to generate funding for both operating and capital priorities
- Biennial Budget Format
 - Two-year budget starting in even years
 - Second year budget is an amendment to the biennial budget

External Budget Timeline



University Budget Development

- Multi-year planning strategy
 - accomplish strategic objectives
- Annual changes
 - Fringe rates, compensation programs
 - General Fund support
 - State authority/directives
 - Board of Visitors consider tuition & fees
 - Annual Budget Call to hear campus needs which can not be met with existing resources

Budget Development Timeline

- Fall/Spring - state budget process determines General Fund support, nongeneral fund assessments & cost assignments, guidance, and costs
- Spring - BOV establishes tuition & fee rates
- May-June - finalize budget to advance strategic plan and address critical needs
- July 1 - start of new fiscal year

Funding Models

- Incremental Budget Model
 - VP areas & auxiliary enterprises
 - Budget call to hear needs
 - Strategic plan frames decision making
- Partnership for Incentive-Based Budgeting (PIBB) Model
 - Colleges
 - Shift from incremental to performance based budgeting
 - Links budget to accomplishments of goals
 - Allows resources to more closely follow activity
 - Allocate resources for enrollment growth & shared goals (e.g. quality)

Sources of Funding

Public & Private Resources

2018-19 Budget (\$ in Millions)

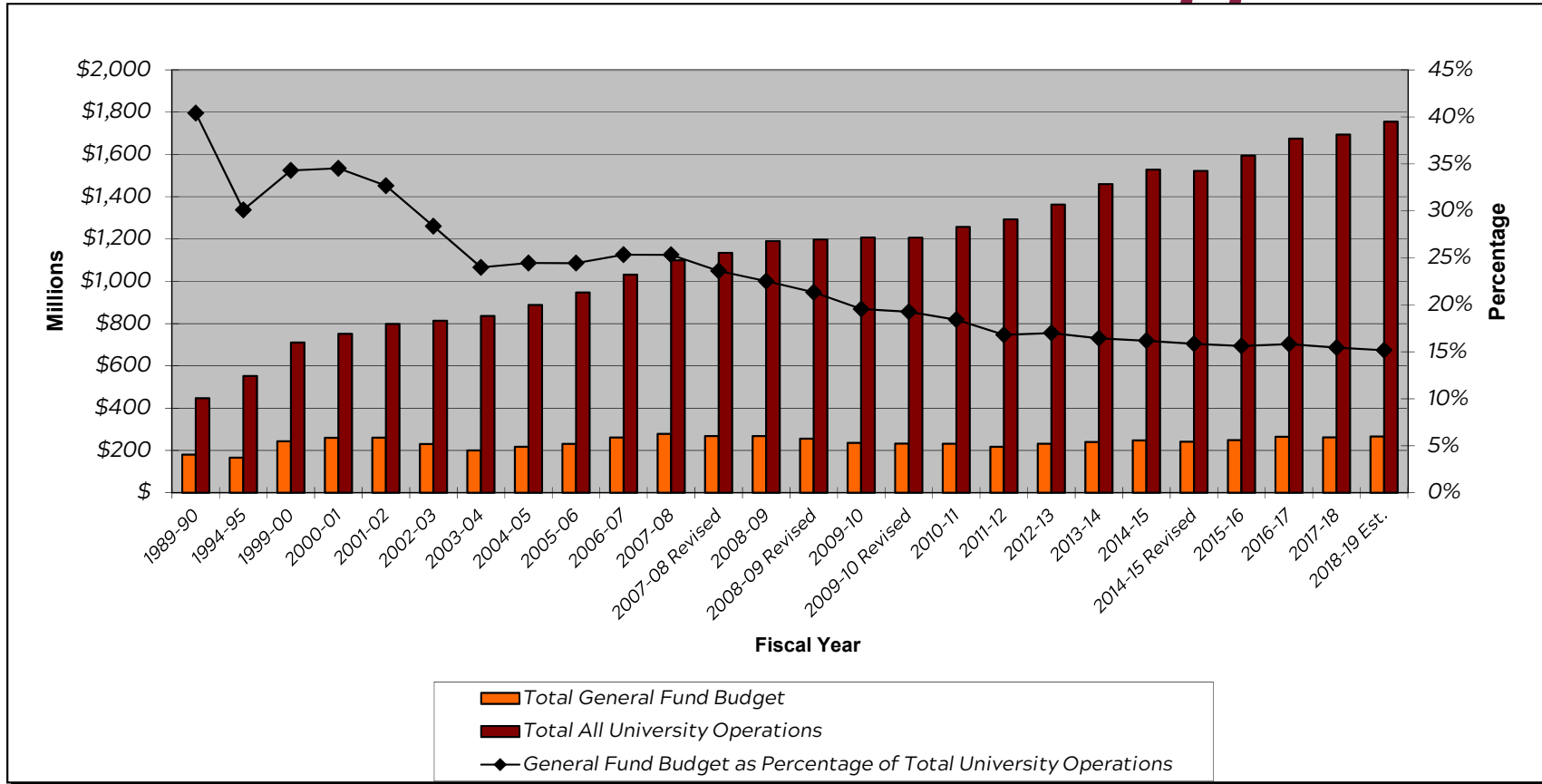
	State	In-State T&F	Out-of-State T&F	Self- Generated	Private	Total
208 E&G	\$164.4	\$264.3	\$288.1	\$45.1		\$762.0
229 E&G	72.3			16.5		88.8
Student Financial Aid	21.8			8.3		30.1
Auxiliary Enterprises		43.2	22.8	282.4		348.4
Sponsored Programs	5.4			316.7		322.1
All Other Programs (UMA)	2.3			5.2		7.5
Subtotal Public Resources	266.2	307.5	310.9	674.2	-	1,559.0
Virginia Tech Foundation					168.7	168.7
Other University-Related Entities					27.3	27.3
Total	\$266.1	\$307.5	\$310.9	\$674.2	\$196.0	\$1,755.0
<i>% of total</i>	<i>15%</i>	<i>18%</i>	<i>18%</i>	<i>38%</i>	<i>11%</i>	

2018-19 Operating Budget

(\$ in Millions)

	2017-18 Adjusted Budget	2018-19 Proposed Budget	Change	
			\$	%
<u>Educational and General</u>				
University Division	\$715.6	\$762.0	\$46.4	6.5%
Coop Ext/Ag Experiment	87.9	88.8	0.9	1.0%
Subtotal	<u>\$803.4</u>	<u>\$850.8</u>	<u>\$47.3</u>	<u>5.9%</u>
Auxiliary Enterprises	\$341.3	\$348.4	\$7.1	2.1%
Sponsored Programs	344.9	322.1	(22.8)	-6.6%
Financial Aid (Appropriated)	26.6	30.2	3.6	13.5%
UMA and Other Activities	9.6	7.5	(2.1)	-21.9%
Total	<u>\$1,525.8</u>	<u>\$1,559.0</u>	<u>\$33.2</u>	<u>2.2%</u>

Historical General Fund Support



Summary of Budget Changes

2018-20 State Budget Highlights

Incremental General Fund - \$s in Millions

	2018-19	2019-20
<u>University Division</u>		
Degree Growth	\$-	\$5.2
Undergraduate Student Financial Aid	0.3	1.0
Unique Military Activities	-	0.3
<u>Cooperative Extension & Agricultural Experiment Station Division</u>		
Soil Scientist Assistance Program	0.2	0.2
Operations & Maintenance of New Facilities	0.5	0.5
<u>Statewide Actions</u>		
Cyber Initiative - Capital Improvements	5.0	-
Cyber Initiative - Hub (VT) Operations	-	10.0
Cyber Initiative - Hub & Spoke Initiatives	-	10.0

Budget Highlights

- Fringe benefit rate increases (health insurance +6.1%)
- Fixed costs, utilities, O&M new facilities, etc.
- Enrollment Growth
- Student Financial Aid
- Strategic Initiatives
 - Faculty startup, Destination Areas, Inclusive VT, Business Engagement
 - School of Medicine
- Critical needs identified in budget call
- Compensation

University Compensation Plan

- The state of Virginia did not authorize a compensation program for 2018-19 (state did for 2019-20, contingent on state revenue)
- The university is planning the following compensation programs to be effective on September 10, 2018:
 - 2.0% merit program for T&R and A/P Faculty
 - 2.0% merit program for University Staff
 - Classified Staff (compensation is regulated by the State) have the opportunity to convert to University Staff, if desired
- Enhance the competitiveness of entering salaries in pay bands 1-3 in the staff structure by \$0.50 per hour, effective May 25th, 2018.

Questions