

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

August 28, 2024

Open Session

Board members present: Janice Austin – Administrative and Professional Faculty Representative, LaTawnya Burleson – Staff Representative, David Calhoun, Nancy Dye, William Holtzman, Donald Horsley, Anna James, Starlette Johnson, Rachel Miles – Faculty Representative, Ryan McCarthy, Jim Miller, Leslie Orellana – Undergraduate Student Representative, J. Pearson, William Poland – Graduate and Professional Student Representative, John Rocovich, Jeanne Stosser

University personnel and guests: Simon Allen, Callan Bartel, Lynsay Belshe, Eric Brookes, Al Cooper, Debbie Day, Corey Earles, Jeff Earley, Juan Espinoza, Rachel Gabriele, Bryan Garey, Martha Glass, Suzanne Gooding, Ellington Graves, Suzanne Griffin, Rebecca Halsey, Kay Heidbreder, Tim Hodge, Anne Keeler, Frances Keene, Sharon Kurek, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Mike Mulhare, Kim O'Rourke, Charlie Phlegar, Sharon Pitt, Paul Richter, Brandy Salmon, Tim Sands, Amy Sebring, Brennan Shepard, Michael Stowe, Dan Sui, Aimée Surprenant, John Tarter, Monecia Taylor, Prescott Vayda, Rob Viers, Mike Walsh, Melinda West, Lisa Wilkes, Payton Williams – The Roanoke Times

1. **Motion to Reconvene in Open Session**
2. **Welcome and 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 June 11, 2024 Meeting**
 - c. **Report on Higher Education Restructuring Institutional Performance Measures:** The Committee reviewed a report on the Higher Education Restructuring Institutional Performance Standards (IPS), focusing on finance and administrative performance standards results for fiscal year 2023. In July 2024, the university reported on the performance of the finance and administrative measures for fiscal year 2023 to the Secretaries of Finance,

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Administration, and Education. The assessment of the academic measures is conducted by State Council for Higher Education of Virginia (SCHEV).

This report provided information on the 17 finance and administrative measures and the university's performance for each of those measures. The university is in full compliance with 15 of these measures, performing outside of the targeted range on two finance and administrative measures.

The report also provided information on SCHEV's assessment of the six academic measures, all of which the university met.

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- d. Report on Gramm-Leach-Bliley Act Compliance and IT Security:** The Committee reviewed for acceptance a report on Gramm-Leach-Bliley Act (GLBA) compliance and associated IT security to meet the annual reporting requirement established by the Standards for Safeguarding Customer Information Rule 16 CFR Part 314, effective June 9, 2023.

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- e. Approval of Revisions to and Renewal of Related Corporations Affiliation Agreements:** The Committee reviewed for approval revisions to and renewal of Related Corporations Affiliation Agreements. As approved by the Board of Visitors, the university has entered into affiliation agreements with the following university-related corporations for the purpose of defining the relationship and requirements of university-related corporations: Virginia Tech Alumni Association, Inc., Virginia Tech Applied Research Corporation, Virginia Tech Athletic Fund, Inc., Virginia Tech Corps of Cadets Alumni, Inc., Virginia Tech Foundation, Inc., Virginia Tech India Research & Education Forum, Virginia Tech Innovations Corporation (formerly Virginia Tech Technology Services and Operations Corporation), Virginia Tech Intellectual Properties, Inc., and Virginia Tech Services, Inc.

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- f. Approval of Subscription-Based IT Arrangement (SBITA):** The Committee reviewed for approval a Subscription-Based IT Arrangement (SBITA) between the university and Amazon Web Services.

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- g. Approval of Resolution to Revise the Board of Visitors Bylaws:** The Committee reviewed for approval a resolution to revise the Board of Visitors Bylaws. Action by the 2024 General Assembly necessitated revisions to the bylaws pertaining to the determination of a quorum when individual board members participate remotely by electronic means in a meeting.

The Committee approved the items on the Consent Agenda and recommended the Revisions to and Renewal of Related Corporations Affiliation Agreements,

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Subscription-Based IT Arrangement with Amazon Web Services, and Resolution to Revise the Board of Visitors Bylaws to the full Board for approval.

- # 4. **Comprehensive Update on Advancement:** Charlie Phlegar, Senior Vice President for Advancement, provided a comprehensive update on the fiscal year 2024 giving results and giving trends since the launch of the Advancement Model. This report also included an update on the philanthropic participation rate and overviews of the Boundless Impact Campaign, Virginia Tech Advantage, Global Distinction, and board alignment of the Alumni Association.

- * 5. **Approval of Year-to-Date Financial Performance Report (July 1, 2023 – June 30, 2024):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2023 to June 30, 2024. For the fourth quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The report shows the actual revenues and expenses compared to the budgets and the overall status and expenditures of ongoing capital projects.

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

6. **Financial Summary of Faculty and Staff Merit Programs:** The Committee received a financial summary of the faculty and staff merit programs. The commonwealth's 2024-26 Appropriation Act includes a three percent adjustment for all salaried employees, effective June 10, 2024. This state-authorized compensation program was incorporated into the Faculty Compensation Plan and the University Budget approved by the Board of Visitors at the June 2024 meeting. Consistent with these approvals, the university implemented a three-percent across-the-board increase with minimum performance requirement rating for classified staff, a three-percent merit-based increase for university staff and a three-percent merit-based increase for faculty. Increases were effective June 10 for calendar year employees and August 10 for academic year employees.

7. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee discussed possible topics for future meetings and other topics as needed.

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Joint Open Session

Board members present: Janice Austin – Administrative and Professional Faculty Representative, LaTawnya Burleson – Staff Representative, David Calhoun, Nancy Dye, William Holtzman, Donald Horsley, Anna James, Starlette Johnson, Rachel Miles – Faculty Representative, Ryan McCarthy, Jim Miller, Leslie Orellana – Undergraduate Student Representative, J. Pearson, William Poland – Graduate and Professional Student Representative, John Rocovich, Jeanne Stosser

Sandy Davis attended this meeting remotely.

University personnel and guests: Simon Allen, Callan Bartel, Lynsay Belshe, Eric Brookes, Al Cooper, Debbie Day, Corey Earles, Jeff Earley, Alisha Ebert, Juan Espinoza, Rachel Gabriele, Bryan Garey, Mark Gess, M. Daniel Givens, Martha Glass, Suzanne Gooding, Rebecca Gunn, Rebecca Halsey, Kay Heidbreder, Tim Hodge, Anne Keeler, Frances Keene, Paul Knox, Sharon Kurek, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Mike Mulhare, Kim O'Rourke, Eric Paterson, Charlie Phlegar, Sharon Pitt, Paul Richter, Lisa Rowan, Tim Sands, Amy Sebring, Brennan Shepard, Ken Smith, Dan Sui, Aimée Surprenant, John Tarter, Monecia Taylor, Jon Clark Teglas, Prescott Vayda, Rob Viers, Mike Walsh, Melinda West, Lisa Wilkes, Payton Williams – The Roanoke Times

1. **Update on Expanding the Research Vivarium Space Project:** The Committees received an update on expanding necessary research space through a Research Vivarium project. The university plans to partner with the Virginia Tech Foundation and the Corporate Research Center (CRC) to design and construct a new Research Vivarium. This project, located at the CRC, includes 68,000 gross square feet of research vivarium, laboratories, faculty and staff offices, and other support spaces. The \$45 million budget is to be funded with Nongeneral funds serviced by university overhead.

- * 2. **Approval of Resolution for a Capital Planning Project for the College on Veterinary Medicine Teaching Hospital Renovation and Expansion:** The Committees reviewed for approval a resolution to plan the Veterinary Teaching Hospital renovation and expansion capital project. This is a \$4.3 million planning authorization to complete designs through working drawings for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion project.

The Committees recommended the Resolution for a Capital Planning Project for the College on Veterinary Medicine Teaching Hospital Renovation and Expansion to the full Board for approval.

There being no further business, the meeting adjourned at 11:09 a.m.

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Closed Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

9:30 a.m.

August 28, 2024

Agenda Item

**Reporting
Responsibility**

1. Motion for Closed Session
- * 2. Ratification of Personnel Changes Report

Anna James

Simon Allen

Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

**To begin immediately following the Finance and Resource Management Committee
Closed Session**

August 28, 2024

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	John Rocovich
2. Welcome and Opening Remarks	Dave Calhoun
3. Consent Agenda	Dave Calhoun
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the June 11, 2024 Meeting	
c. Report on Higher Education Restructuring Institutional Performance Measures	
# d. Report on Gramm-Leach-Bliley Act Compliance and IT Security	
* e. Approval of Revisions to and Renewal of Related Corporations Affiliation Agreements	
* f. Approval of Subscription-Based IT Arrangement (SBITA) with Amazon Web Services	
* g. Approval of Resolution to Revise the Board of Visitors Bylaws	
#+ 4. Comprehensive Update on Advancement	Charlie Phlegar
* 5. Approval of Year-to-Date Financial Performance Report (July 1, 2023 – June 30, 2024)	Simon Allen Tim Hodge Rob Mann
6. Financial Summary of Faculty and Staff Merit Programs	Simon Allen Bryan Garey
7. Discussion of Future Agenda Topics and Closing Remarks	Dave Calhoun

Open Joint Session Agenda

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

Latham Ballroom A/B, the Inn at Virginia Tech

11:00 a.m.

August 28, 2024

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Update on Expanding the Research Vivarium Space Project	Simon Allen Dwyn Taylor Rob Mann
* 2. Approval of Resolution for a Capital Planning Project for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion	Simon Allen Dwyn Taylor Rob Mann

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Room 260, New Classroom Building

June 11, 2024

Open Session

Board members present: Ed Baine, LaTawnya Burleson – Staff Representative, David Calhoun, Sandy Davis, Nancy Dye, William Holtzman, Donald Horsley, John Rocovich, Emily Tirrell – Graduate and Professional Student Representative

University personnel and guests: Simon Allen, Callan Bartel, Lynsay Belshe, Leanne Bokinskie, Eric Brookes, Brock Burroughs, Corey Earles, Jeff Earley, Mike Friedlander, Bryan Garey, Martha Glass, Tim Hodge, Elizabeth Hooper, Anne Keeler, Christophe Larroque, Evan Lavender-Smith, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, William Poland, Paul Richter, Julie Ross, Tim Sands, Amy Sebring, Cliff Shaffer, Brennan Shepard, John Tarter, Rob Viers, Tracy Vosburgh, Mike Walsh, Melinda West, Chris Yianilos

- 1. Motion to Reconvene in Open Session**
- 2. Welcome and Opening Remarks**
- 3. Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.
 - a. Approval of Items Discussed in Closed Session**
 - b. Approval of Minutes of the April 8, 2024 Meeting**
 - c. Auditor of Public Accounts Intercollegiate Athletics Program Report for Year Ended June 30, 2023:** The Auditor of Public Accounts (APA) published its Intercollegiate Athletics Program review for fiscal year 2023. The APA performed certain agreed-upon procedures to evaluate whether the Schedule of Revenues and Expenses of the Intercollegiate Athletics Program for fiscal year ended June 30, 2023, was in compliance with the National Collegiate Athletic Association (NCAA) bylaws. The Schedules were found to be in material compliance.

- * d. **Approval of 2024-25 Hotel Roanoke Conference Center Commission Budget:** The Committee reviewed for approval the 2024-25 Hotel Roanoke Conference Center Commission budget. The Hotel Roanoke Conference Center Commission was established by resolutions adopted by Virginia Tech and the City of Roanoke, under Commonwealth of Virginia enabling legislation. The enabling legislation provided that the Commission shall annually prepare and submit to both the City of Roanoke and Virginia Tech a proposed operating budget showing its estimated revenues and expenses for the forthcoming fiscal year. If the estimated expenses exceed the estimated revenues, the portion of the unfunded balance is to be borne equally by each participating party for the operation of the conference center.
- * e. **Approval of Revisions to Policy 12005, Policy on Commemorative Tributes:** The Committee reviewed for approval revisions to Policy 12005, Policy on Commemorative Tributes. The proposed revisions to Policy 12005, Policy on Commemorative Tributes include removing the 12-month separation rule, which stipulates that buildings, physical facilities, or major academic units are not to be named for individuals employed by the university during the year preceding the naming, from the policy; this proposed change eliminates the need to grant exceptions to this rule. Other adjustments to this policy include establishing tiers and standards for recognition signage for both corporate and individual donors and formalizing the coordination between the Division of Campus Planning, Infrastructure, and Facilities (CPIF) and University Advancement in reviewing and recommending individual and corporate donor recognition.
- * f. **Approval of Revision to the Resolution for Authority to Loan Funds to University-Related Corporation:** The Committee reviewed for approval a revision to the Resolution for Authority to Loan Funds to University-Related Corporation. The university desires to increase advance working capital to a university-related Swiss Corporation, VT Swiss SA, to cover three months of operations expenditures at the center. This proposed revision authorizes the university to increase loan working capital to a maximum of \$500,000.
- * g. **Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies:** The Committee reviewed for approval the notification of provisions of the Appropriation Act relating to indebtedness of state agencies. This is the university's annual notification to the Board of Visitors detailing the provisions of the Appropriation Act relating to indebtedness of state agencies, or unauthorized deficits.

The Committee approved the items on the Consent Agenda and recommended the 2024-25 Hotel Roanoke Conference Center Commission budget, the Revisions to Policy 12005, Policy on Commemorative Tributes, the Revision to the Resolution for Authority to Loan Funds to University-Related Corporation, and the Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies to the full Board for approval.

4. **Update from the Chief Operating Officer:** The Committee received an update from the Executive Vice President and Chief Operating Officer, Amy Sebring. Amy began by thanking the Division of Finance for their work to close out the prior fiscal year and begin the new one. She also provided an update on the university's unchanged bond rating, the university's Six-Year Plan submission to the state, and the Virginia Tech Foundation's plans for Hotel Roanoke improvements.

Additionally, Amy introduced the university's new Vice President for Finance and Chief Financial Officer, Simon Allen.

- # 5. **Update on Advancement:** Charlie Phlegar, Senior Vice President for Advancement, provided a report on University Advancement's work on volunteer boards and their fundraising efforts including current engagement numbers, giving totals, projections of future support through bequests, and communications and marketing efforts.

- *#+ 6. **Approval of 2024-25 University Operating and Capital Budgets:** The Committee reviewed for approval the proposed university operating and capital budgets for 2024-25.

The Operating Budget for the 2024-25 fiscal year has a recommended internal budget for all operations of \$2.3 billion. This is an increase of \$156.4 million, approximately 7.4 percent, over the adjusted budget for last year. The university's total General Fund allocation is estimated to be approximately \$450.7 million, an increase of \$37.5 million over last year's adjusted budget. General Fund revenues will provide \$407.8 million in support for the instructional, research, and extension programs, \$39.3 million for student financial assistance, and \$3.6 million for the Unique Military Activities program. The increase in the General Fund will primarily be used to fund the salary increases included in the state budget.

The overall change in the budget includes an increase of \$66.1 million attributable to the Educational and General programs and \$22.4 million of projected growth in Auxiliary Enterprises. The Auxiliary Enterprise budget includes the budgets of four Auxiliary Systems; the Dormitory and Dining Hall System, the Electric Service Utility

System, the University Services System, and, the Athletic Facilities System, in accordance with the resolutions authorizing and securing revenue bonds. The university's Educational and General budget will be \$1.2 billion and the Auxiliary Enterprise revenue budget is \$480.4 million for fiscal year 2024-25. The projected annual budget for Sponsored Programs is \$510.1 million, an increase of \$73.6 million, or 16.9 percent higher than the adjusted budget for last year.

Understanding that strategic investments will not be realized solely through incremental new revenue, the university is planning for \$25M of reinvestments over the next five years to support a portion of the multi-year initiative vision.

The Capital Budget capital outlay program for 2024-25 is comprised of 16 Educational and General projects and five Auxiliary Enterprise projects for a total of 21 projects. The total multi-year capital program for 2024-25 includes approximately \$1.17 billion of authorizations with an annual expenditure budget of approximately \$184 million for 2024-25.

The Committee recommended the 2024-25 University Operating and Capital Budgets to the full Board for approval.

- * 7. **Approval of Resolution to Amend Delegation of Authority for Selected Personnel:** The Committee reviewed for approval the Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions. This resolution proposes the amendment of the delegation of authority to delegate the implementation of Board-approved faculty compensation plans, to conform with the new Policy 4005, Exceptional Recruitment and Retention Incentive Options Policy, and to authorize the university to evaluate and adjust the threshold for salary actions based on merit or market changes.

The Committee recommended the Resolution to Amend Delegation of Authority for Selected Personnel to the full Board for approval.

- * 8. **Approval of 2024-25 Faculty Compensation Plan:** The Committee reviewed for approval the 2024-25 Faculty Compensation Plan. Based on the university's understanding of the state budget, a three percent faculty salary increase, effective on the July 1, 2024 paycheck, has been planned.

The university traditionally implements such state increases differentially on the basis of merit. In anticipation of this program, merit recommendations were developed during the spring of 2024, consistent with the proposed 2024-25 Faculty Compensation Plan. Implementation of this increase is subject to Board approval.

To maintain and improve upon the university's standing relative to the 50th percentile of the Top 20 Land Grant peers, the higher levels of competing offers received by key faculty, and to minimize the high cost of turnover, the university will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation.

The Committee recommended the 2024-25 Faculty Compensation Plan to the full Board for approval.

- * 9. **Approval of 2024-25 Compensation for Graduate Assistants:** The Committee reviewed for approval the proposed 2024-25 schedule of stipends and support for the health insurance program for graduate students. The university proposed a three percent increase in the stipend scale and the establishment of a minimum stipend of \$2,682 per month.

The Committee recommends the 2024-25 Compensation for Graduate Assistants to the full Board for approval.

- *#+ 10. **Approval of Graduate Candidacy Status Tuition Rate:** The Committee reviewed for approval the proposed Graduate Candidacy Status Tuition Rate.

In March 2021, the Board of Visitors approved a lower tuition rate for research and dissertation hours for doctoral students who have completed two years of course work, passed their preliminary exam, and are engaged in research and dissertation efforts. The reduced tuition rate for Candidacy Status is intended to incentivize time-to-degree for Ph.D. students, minimize the cost to research programs, and better position the university within the competitive market.

To further advance these goals and support the Virginia Tech Global Distinction initiative, the university proposes increasing the Candidacy Status discount from 10 percent to 15 percent, effective Fall semester 2024.

The Committee recommended the Graduate Candidacy Status Tuition Rate to the full Board for approval.

- * 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2023 – March 31, 2024):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2023 to March 31, 2024. For the third quarter, budget adjustments were made to reflect revisions to projected revenues and

expenditures. The report showed the actual revenues and expenses compared to the budgets and the overall status and expenditures of ongoing capital projects.

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

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

There being no further business, the meeting adjourned at 10:42 a.m.

Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Room 260, New Classroom Building

9:00 a.m.

June 11, 2023

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Session	John Rocovich
2. Welcome and Opening Remarks	Dave Calhoun
3. Consent Agenda	Dave Calhoun
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the April 8, 2024 Meeting	
c. Auditor of Public Accounts Intercollegiate Athletics Program Report for Year Ended June 30, 2023	
* d. Approval of 2024-25 Hotel Roanoke Conference Center Commission Budget	
* e. Approval of Revisions to Policy 12005, Policy on Commemorative Tributes	
* f. Approval of Revision to the Resolution for Authority to Loan Funds to University-Related Corporation	
* g. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies	
4. Update from the Chief Operating Officer	Amy Sebring
# 5. Update on Advancement	Charlie Phlegar
*# 6. Approval of 2024-25 University Operating and Capital Budgets	Amy Sebring Tim Hodge Rob Mann
* 7. Approval of Resolution to Amend Delegation of Authority for Selected Personnel Actions	Amy Sebring
* 8. Approval of 2024-25 Faculty Compensation Plan	Tim Hodge
* 9. Approval of 2024-25 Compensation for Graduate Assistants	Tim Hodge
*# 10. Approval of Graduate Candidacy Status Tuition Rate	Tim Hodge
* 11. Approval of Year-to-Date Financial Performance Report (July 1, 2023 – March 31, 2024)	Tim Hodge Rob Mann
12. Discussion of Future Agenda Topics and Closing Remarks	Dave Calhoun

Report on Higher Education Restructuring Institutional Performance Standards

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 31, 2024

Background

In 2005, the Virginia General Assembly passed the Restructured Higher Education Financial and Administrative Operations Act (Restructuring Act). This Act provided restructuring benefits and allowed all Virginia institutions of higher education to have more responsibility for their financial and operational activities.

For Virginia Tech, the Act also provided the opportunity to apply for additional “Level 3” authority and responsibilities. In 2005, Virginia Tech entered into a Management Agreement with the Commonwealth of Virginia under the Restructuring Act, offering increased management autonomy in exchange for high level accountability in several performance areas.

The Management Agreement became effective on July 1, 2006. It provides the university greater autonomy in the areas of capital outlay, leasing, procurement, information technology, finance, and human resources. This autonomy has enabled the institution to implement revised financial and administrative policies and business practices in specified areas to proactively address the needs of the institution. The Management Agreement was initially approved for a period of four years. Subsequently, legislation was approved granting the continuation of the Management Agreement. The 2014 General Assembly renewed the Level 3 restructured institutions’ Management Agreements for an indefinite period. Along with Virginia Tech, the University of Virginia and the College of William and Mary were also granted Level 3 restructured status. Since that time, Virginia Commonwealth University, James Madison University, and George Mason University have also been granted Level 3 restructured status.

Accountability is an important part of the Restructuring Act, and all institutions of higher education have a common set of performance measures to achieve. The Institutional Performance Standards (IPS) are the primary performance metrics evaluated under the Restructuring Act. Until fiscal year 2010, the State Council of Higher Education of Virginia (SCHEV) annually assessed the degree to which individual public institutions of higher education met the financial and administrative management and education-related performance benchmarks set forth in the Appropriation Act in effect. The university provided an annual report to the committee on the status of compliance with these measures.

The Higher Education Opportunity Act passed in 2011 suspended the assessment of IPS measures until the Higher Education Advisory Council (HEAC) completed its review of the IPS measures and recommended a new set of reporting measures. In May, 2011 SCHEV certified all institutions as meeting the IPS measures for the 2011-12 to 2013-14 period. The 2013 General Assembly incorporated the recommended changes to the IPS measures proposed by HEAC in the Appropriation Act. The number of measures were reduced, and the assessment period changed from an annual reporting period to a biennial reporting period. The revised IPS measures continue to focus on two primary areas:

- **Academic Measures:** There are six education-related measures with a focus on enrollment. SCHEV monitors institutional compliance with these measures and has broad authority to certify institutions as having met these standards. In addition, SCHEV may develop, adopt, and publish standards for granting exemptions and ongoing modifications to the certification process.
- **Finance and Administrative measures:** There are 17 finance and administrative measures. HEAC retained all the finance and administrative measures from the previous reporting cycle. The Secretary of Finance through the Department of Planning and Budget (DPB) is responsible for monitoring institutional compliance with these measures.

Current Status of Performance Measures

- **Academic Measures:** SCHEV has performed the 2024 biennial assessment of the academic related measures. In June 2024, SCHEV reported that Virginia Tech has met all six academic standards. *Attachment A* details the six academic related measures and Virginia Tech's performance for the 2024 Biennial Assessment Results as reported by SCHEV.
- **Finance and Administrative Measures:** In July 2024, the university provided a report on the performance of the finance and administrative measures to the Secretaries of Finance, Administration, and Education. *Attachment B* provides a summary of the results reported to the state. Of the 17 measures, the university is in full compliance with 15 measures. There were two measures in which the university performed outside of the targeted performance range, and another that required additional explanation. Explanations for these were provided as detailed below.

Debt Management Standards

The debt management standard, *investment returns earned on operating cash balances over rolling three-year period*, (Item 2.b. on *Attachment B*) requires the institution to achieve a three-year average rate of return at least equal to the imoney.net money market index fund. The university's 0.76 percent performance slightly underperformed the benchmark, primarily due to approximately 50 percent of the operating cash balances being placed in a bond fund whose performance was impacted as interest rates rapidly increased during the period.

Human Resources Standards

The Human Resources standard, *number of internal employee transfers and promotions as a percentage of total number of new hires, transfers, and promotions*, (Item 5.a. on *Attachment B*) requires the institution to achieve a rate of internal progression within a range of 40-60 percent of the total salaried staff hires for the year. The university's 69 percent internal progression rate for FY23 exceeded this targeted range. This reflected Virginia Tech's investments to bolster the workforce, which include prioritization on retaining talent, career advancement opportunities, flexible work options, professional development activities, succession planning, and more.

Financial Standards

The Financial standard, *audit deficiencies*, (Item 1.b. on *Attachment B*) requires no significant audit deficiencies attested to by the Auditor of Public Accounts. No such deficiencies were identified for FY23, resulting in Virginia Tech's full compliance with the standard. However, Virginia Tech did continue two minor written audit comments from the prior year: one comment for improving the reporting timeliness of enrollment data to the National Student Loan Data System, and the other comment for improving compliance over enrollment reporting. The university is in the process of implementing corrective action plans to address these audit comments.

The university anticipates that SCHEV will perform an institutional assessment of the IPS measures by October 2024, in accordance with past assessment timelines.

**Academic Performance Standards
2024 Biennial Assessment Results***

Institution	PM 1		PM 2		PM 3		PM 4		PM 5	PM 6
	21-22	22-23	21-22	22-23	21-22	22-23	21-22	22-23	Biennium	Biennium
VT	97.9%	99.7%	99%	106.2%	112%	122%	101%	98.3%	99**	174***

**As reported to Virginia Tech by SCHEV in June, 2024*

Performance Measures:

PM 1 - Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

Projections compared to Fall Headcount file

PM 2 - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.

Projections compared to Degrees Conferred file

PM 3 - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H associate and bachelor degree awards.

Projections compared to Degrees Conferred file

PM 4 - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, full-time equivalent students.

Projections compared to Course Enrollment file

PM 5 - Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.

Actuals derived from the 2021-22 and 2022-23 Degrees Conferred Files and the last five years of financial aid data files prior to degree award.

Averages for the biennial period (2021-22 and 2022-23) under review were compared to averages of prior three-years (18-19, 19-20, and 20-21).

***The score of 99 indicates that during this review period, VT increased the number of conferred degrees to students from under-represented populations by an average of 99 more than the threshold target of the prior three-year period's averages.*

PM 6 - Maintain or increase the number of in-state two-year transfers to four-year institutions.

Actuals derived from the 2021-22 and 2022-23 Course Enrollment files (CE) and CE files from five years prior, Degree Conferred Files up to 10 years prior.

Averages for the biennial period (2021-22 and 2022-23) under review were compared with base year (2010-11) figures.

****The score of 174 indicates that during this review period, VT increased the number of transfer students by an average of 174 more than the threshold target of the 2010-11 academic year.*

Virginia Tech
Higher Education Restructuring Institutional Performance Standards
2022-23

	Measure	Metric Definition	Performance Goal	FY 2023 Performance	Result
1. Financial					
a.	Audit of Financial Statements	An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements.	Full Compliance	Full Compliance	●
b.	Audit Deficiencies	No significant audit deficiencies attested to by the Auditor of Public Accounts.	Full Compliance	Full Compliance ⁽¹⁾	●
c.	Financial Reporting Standards	Substantial compliance with all financial reporting standards approved by the State Comptroller.	Full Compliance	Full Compliance	●
d.	Accounts Receivable Standards	Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts.	Full Compliance	Full Compliance	●
e.	Accounts Payable Standards	Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.	Full Compliance	Full Compliance	●
2. Debt Management					
a.	Bond Rating	The institution shall maintain a bond rating of AA- or better	Aa3/AA-	Aa1 Rating - Moody's	●
b.	Investment Returns earned on operating cash balances over rolling three-year period	The institution achieves a three-year average rate of return at least equal to the imoney.net money market index fund	1.21%	0.76% ⁽²⁾	●
c.	Debt burden ratio	The institution maintains a debt burden ratio equal to or less than the level approved by the Board of Visitors in its debt management policy.	≤7%	4.10%	●
3. Human Resources					
a.	Turnover percent as an indicator of classified staff stability and satisfaction	The institution's voluntary turnover rate for classified plus university/college employees will meet the voluntary turnover rate for state classified employees within a variance of 15 percent	8.60%	9.10%	●
b.	Number of internal employee transfers and promotions as a percentage of total number of newly-hired, transferred and promoted	The institution achieves a rate of internal progression within a range of 40 to 60 percent of the total salaried staff hires for the fiscal year	40%-60%	69.3% ⁽²⁾	●
4. Procurement					
a.	SWAM Participation	The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) procurement plan as submitted to the Department of Minority Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable	≥85%	107.0%	●
b.	Procurement orders process through the Commonwealth's enterprise-wide internet procurement system (eVA)	The institution will make no less than 80 percent of purchase transactions through the Commonwealth's enterprise-wide internet procurement system (eVA) with no less than 75 percent of dollars to vendor locations in eVA	80% -Transactions 75% - Dollars	85.37% -Transactions 89.08% - Dollars	●
5. Capital Outlay					
a.	Capital projects within budget ⁽³⁾	The institution will complete capital projects (with an individual cost of over \$1,000,000) within the budget originally approved by the institution's governing board at the preliminary design state for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly which provides construction funding for the project at the preliminary design state. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun	100%	100%	●
b.	Owner requested change orders	The institution shall complete capital projects with the dollar amount of owner requested change orders not more than 2 percent of the guaranteed maximum price (GMP) or construction price	≤2%	≤2%	●
c.	Competitive rates for leased office space	The institution shall pay competitive rates for leased office space - the average cost per square foot for office space leased by the institution is within 5 percent of the average commercial business district lease rate for similar quality space within reasonable proximity to the institution's campus	5%	4.40% below market	●
6. Information Technology					
a.	Project Management	The institution will complete major information technology projects (with an individual cost of over \$1,000,000) on time and on budget against their managed project baseline.	100%	N/A ⁽⁴⁾	●
b.	Information Security	The institution will maintain compliance with institutional security standards as evaluated in internal and external audits. The institution will have no significant audit deficiencies unresolved beyond one year	Full Compliance	Full Compliance	●

NOTE

(1) The university received no significant audit deficiencies from the APA but continued two minor written comments from prior year. Additional information is provided in the Letter to the Secretary of Finance.
(2) Additional information about this performance standard is provided in the Letter to the Secretary of Finance.
(3) The university capital project threshold was revised from \$1 million to \$2 million in 2011 and to \$3 million in 2018. This change was pursuant to the State increasing its capital project threshold.
(4) There are no major information technology projects for the reporting period

Report on Gramm-Leach-Bliley Act Compliance and IT Security

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 10, 2024

Background

The *Gramm-Leach-Bliley Act* (GLBA), introduced as the Financial Services Modernization Act, was signed into law in late 1999. One objective of the act was to enhance consumer privacy and data security by imposing obligations on financial institutions that handle nonpublic personal information (NPI) in the offering of consumer financial products. GLBA mandates compliance with privacy and security rules related to student financial records because the university engages in the application, award and disbursement of student loans. The university agreed in the Program Participation Agreement for federal student financial aid programs to comply with the GLBA.

To achieve compliance, the university augmented existing information technology policies and standards with program, policies, and training to accomplish the following:

- a. Safeguard the security and confidentiality of customer nonpublic personal financial information records.
- b. Protect against any anticipated threats or hazards to the security or integrity of such records.
- c. Protect against the unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to customers.

Empowered by the GLBA, the Federal Trade Commission (FTC) issued *Part 314 – Standards for Safeguarding Customer Information* (Standards) to regulate the collection and disclosure of NPI by financial institutions. To formally comply with these regulations, the university implemented Policy 7025, Safeguarding Nonpublic Customer Information in 2004.

Effective June 9, 2023, updates to the Standards added elements that must be included in the university's written information security program. One of these elements requires the university's Qualified Individual to report in writing, regularly and at least annually, to the Board of Visitors on the overall status of the information security program, the compliance status, and material matters related information security program. The university will bring a report on the program at least annually, typically to the August board meeting, to meet this requirement. Management's 2024 report on GLBA compliance follows.

University GLBA Compliance Program

*Policy 7025, Safeguarding Nonpublic Customer Information*ⁱ details the university's compliance program. The policy is administered by the Information Technology Security Officer, therein named the university's Qualified Individual, and the departments that comprise the GLBA working group. The group includes the Information Technology Security Office (ITSO), the Office of the University Bursar, and University Scholarships and Financial Aid. This program addresses the privacy and security of nonpublic personal information subject to the GLBA and the revised safeguards rule.

Data Compliance Measures

The university has implemented the following measures to ensure compliance with the revised GLBA regulations:

- a. Privacy Policies and Notices: Each identified department adheres to *Policy 7030, Policy on Privacy Statements on Virginia Tech Web Sites*ⁱⁱ and students receive annual noticesⁱⁱⁱ including specific GLBA financial records information.
- b. Data Classification: ITSO has implemented a data classification^{iv} standard to categorize data based on sensitivity and to ensure appropriate safeguards are applied to protect nonpublic personal information.
- c. Data Security Safeguards: The university has implemented technical, physical, and administrative standards^v to protect nonpublic personal information from unauthorized access or disclosure. Safeguards for high-risk data^{vi} include encryption, access controls, intrusion detection systems, employee training, and regular security assessments.
- d. Vendor Management: During the procurement process, ITSO completes an initial security review of vendor services for financial solutions utilizing nonpublic personal data and student data covered in the related Family Educational Rights and Privacy Act (FERPA). Vendor contracts are assigned a contract manager at the department level, who by policy must ensure that vendors with access to nonpublic personal financial information are periodically assessed based on the risk they present and the continued adequacy of their safeguards. Assessment includes a review of related documents, such as the Service Organization Controls (SOC) report, and any identified compliance issues when deciding to renew or continue the vendor's financial services. When a third-party vendor is associated with an exposure of nonpublic personal financial data, it is the responsibility of the vendor to mitigate and report the exposure.

- e. Incident Response Plans: ITSO developed an incident response plan^{vii} that outlines steps to take if a security incident or data breach occurs, which includes procedures for addressing a breach of nonpublic personal information.

Risk Assessment

As part of our commitment to data protection, the university conducted a comprehensive risk assessment, incorporating the data collected to identify potential threats and vulnerabilities associated with handling nonpublic personal information subject to the GLBA rules. The assessment included the following steps:

- a. Identification of Assets: Each department has identified the assets within its information systems that contain high-risk data, including nonpublic personal information.
- b. Threat Identification: The GLBA working group has reviewed potential threats that could compromise the confidentiality, integrity, or availability of nonpublic personal information, such as unauthorized access, pretexting, data breaches, malware attacks, or physical theft.
- c. Vulnerability Assessment: The GLBA working group has evaluated the existing security controls and safeguards in place to identify any weaknesses or vulnerabilities that malicious parties could exploit.
- d. Risk Analysis: ITSO has reviewed identified departmental risk assessments. The GLBA team has conducted an annual risk assessment for the university analyzing the likelihood and impact of potential risks to prioritize and determine the level of risk associated with each identified threat. During the cycle year, one GLBA related vendor reported a data breach that involved one student record. Mitigation and reporting were promptly performed by the vendor. The university considers the vendor response to be adequate.
- e. Risk Mitigation: Based on the risk analysis, the identified departments and the GLBA working group reviewed risk mitigation for the areas identified. Based on this year's Internal Audit feedback, a new vendor has been identified for service provider monitoring and evaluation. Employee training has been updated to include the topics of suspicious activity reporting and vendor management.

Compliance Status

The GLBA working group, through completion of the above, has determined that the university is currently in compliance with the Standards. In spring 2024, The Office of Audit, Risk, and Compliance completed an internal audit of the university's program and presented recommendations to the Board's Compliance, Audit, and Risk Committee. The audit received a rating of improvements are recommended. An observation was noted regarding third-party service provider management for GLBA compliance. A low priority

recommendation of a less significant nature was noted regarding security awareness training. Both the observation and the recommendation have been addressed, with implementation of the IT Vendor Risk Assessment Standard anticipated in fall 2024.

Ongoing Efforts

Each department within the university's GLBA compliance program remains committed to continuously improving data protection practices and risk management strategies. The Information Technology Security Officer, with the support of ITSO, the Office of the University Bursar, and University Scholarships and Financial Aid, will continue to monitor regulatory updates, conduct regular risk assessments, enhance security measures, provide training and awareness programs, and proactively address emerging threats to maintain the privacy and security of nonpublic personal information. The Information Technology Security Officer provides an Update on IT Security to the Board annually.

RECOMMENDATION

That the Report on Gramm-Leach-Bliley Act (GLBA) Compliance and IT Security be accepted by the Finance and Resource Management Committee.

August 28, 2024

ⁱ <https://policies.vt.edu/assets/7025.pdf>

ⁱⁱ <https://policies.vt.edu/7030.pdf>

ⁱⁱⁱ https://www.registrar.vt.edu/content/dam/registrar_vt_edu/documents/Updates/Annual-FERPA-Notification.pdf

^{iv} https://it.vt.edu/content/dam/it_vt_edu/policies/Virginia-Tech-Risk-Classifications.pdf

^v https://it.vt.edu/content/dam/it_vt_edu/policies/Minimum-Security-Standards.pdf

^{vi} https://it.vt.edu/content/dam/it_vt_edu/policies/Standard-for-High-Risk-Digital-Data-Protection.pdf

^{vii} https://security.vt.edu/docs/incident/incident_response.pdf

Comprehensive Update on Advancement

Charlie Phlegar, Senior Vice President for Advancement

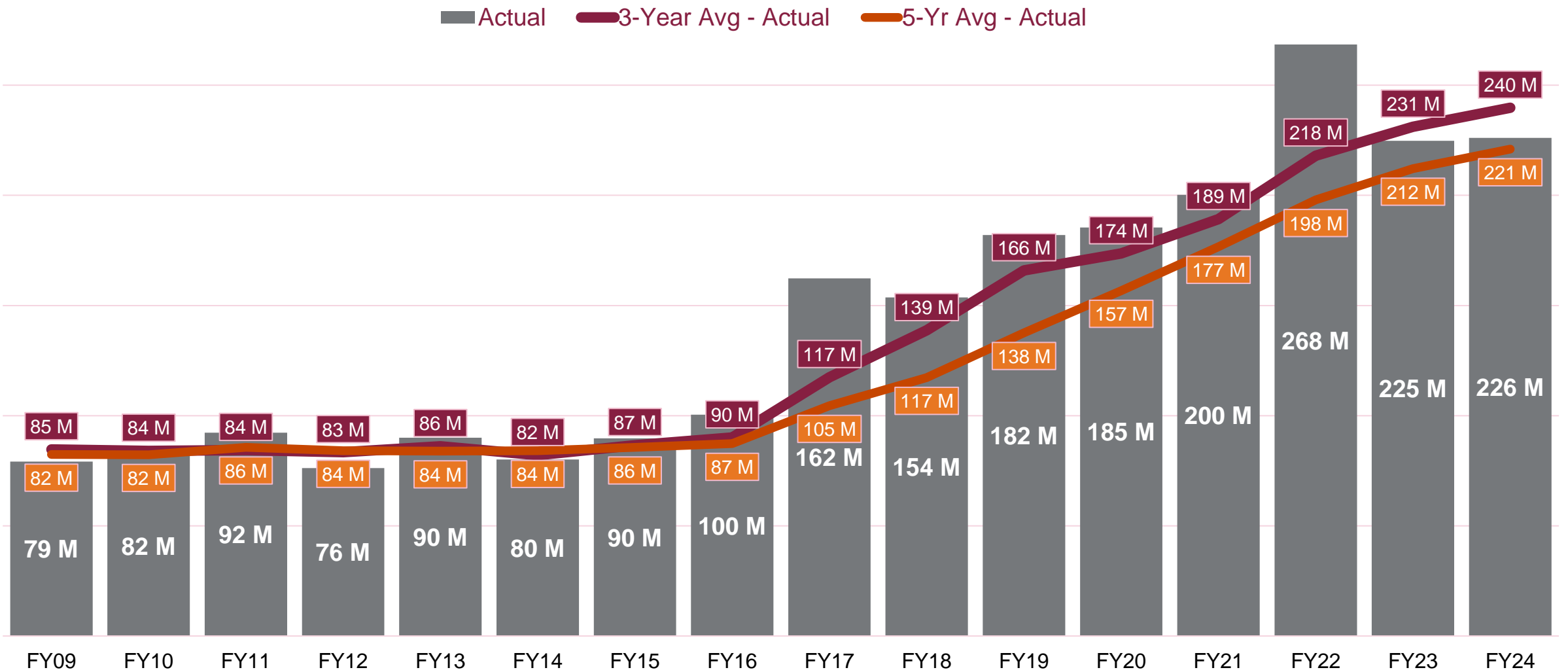
August 28, 2024

Year-End Giving Results

for the period July 1, 2023 – June 30, 2024

- New Gifts & Commitments
 - **\$226,071,439**
 - Increased from \$100,419,843 in FY16
- Cash
 - **\$197,425,002**
 - Increased from \$101,451,931 in FY16
- Three-year New Gifts & Commitments average of **\$240 million**
- Five-year New Gifts & Commitments average of **\$221 million**

New Gifts and Commitments 3-Year and 5-Year Average Comparison



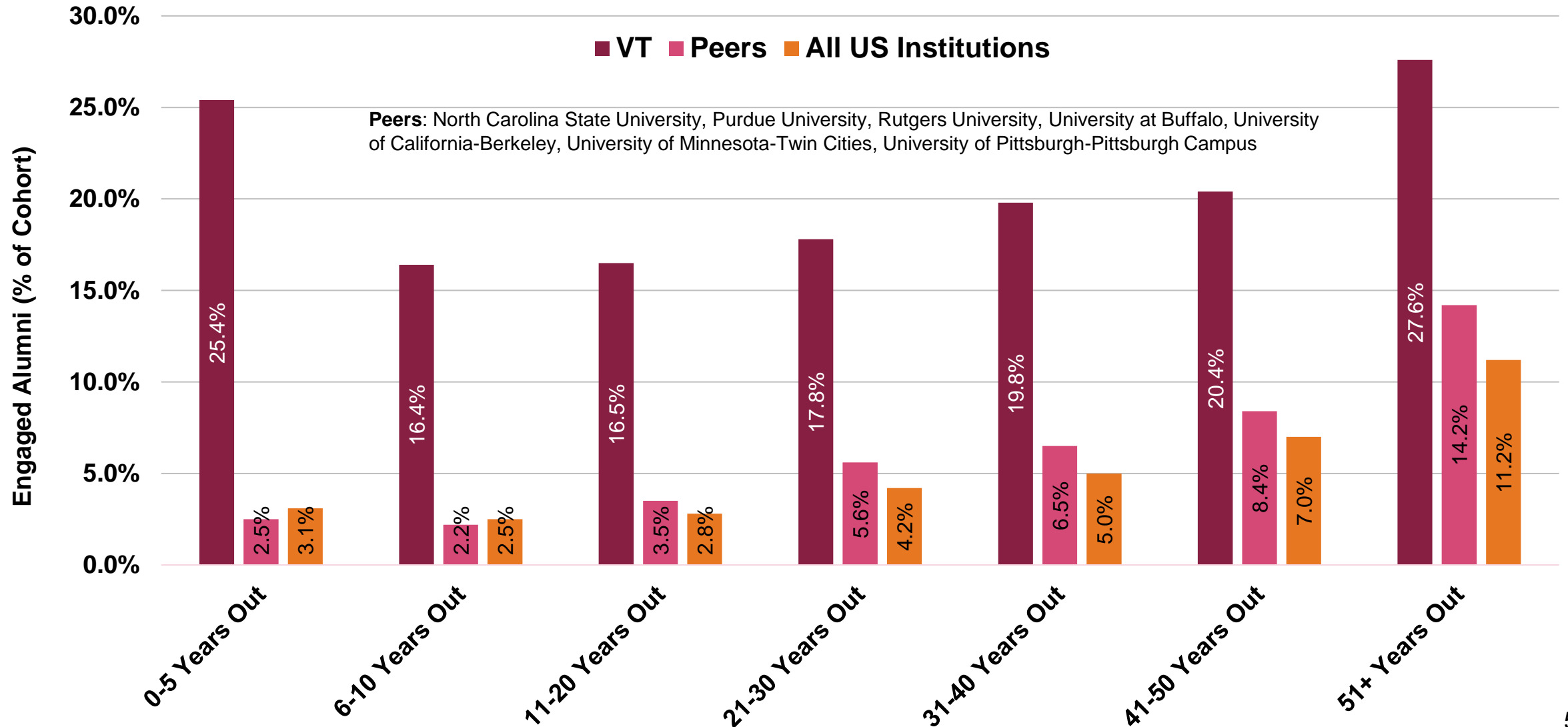
Note: Tracking of New Gifts and Commitments began in FY2016; prior years reflect cash amounts

Year-End Giving Results

for the period July 1, 2023 – June 30, 2024

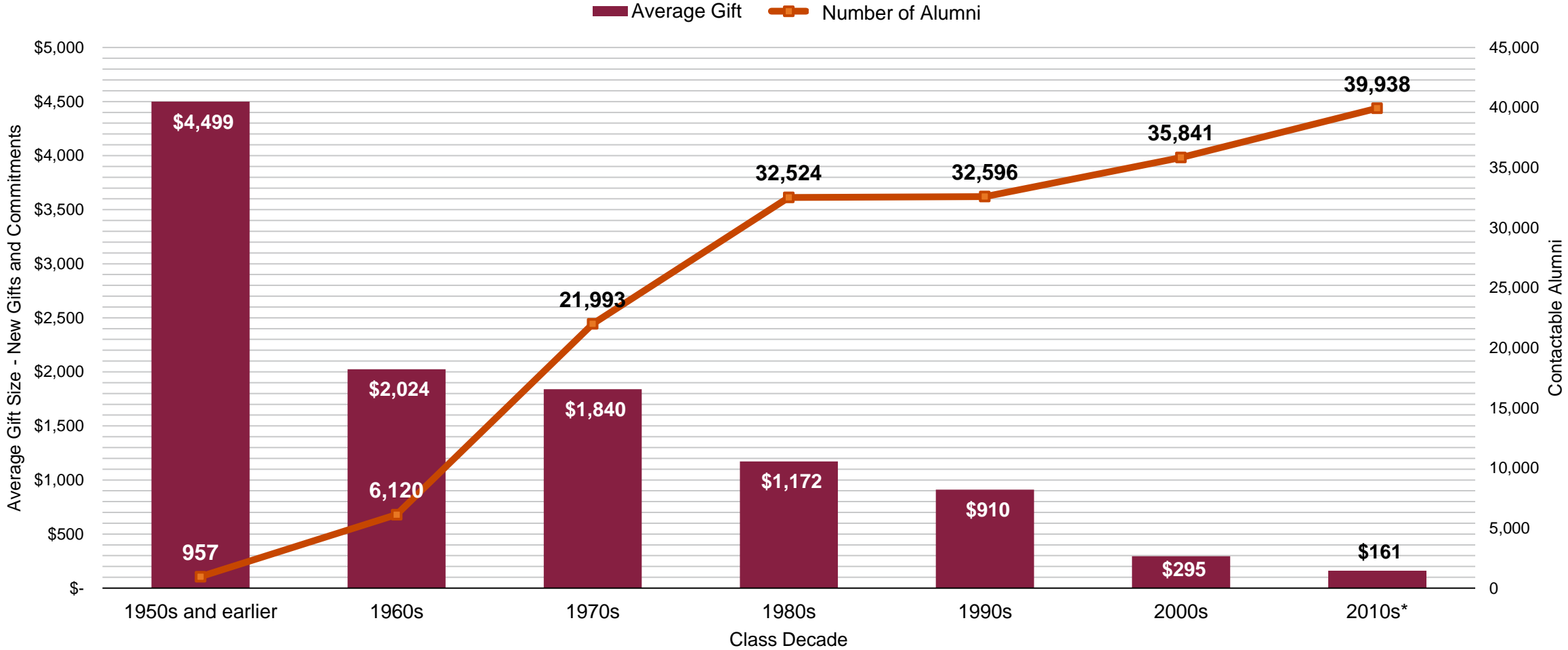
- Boundless Impact Campaign
 - **\$1.644 billion** raised toward a \$1.872 billion goal
- Undergraduate Alumni Participation
 - Sustained participation from FY22
 - Class of 2024: **49%** participation rate
 - Additional \$1 billion over the next 20-years due to alumni base growth
- More than **67,784** total donors

Philanthropically Engaged Alumni (by years out from graduation) FY23



Source: CASE Insights Strategic Benchmarking Report on Philanthropy (US) and Alumni Engagement, 2023

Average Gift Size & Alumni by Class Year Decade



Presidential Priorities

- Virginia Tech Advantage
 - FY24 total: **\$49,467,127**
 - FY24 goal: \$25,875,000
 - \$500 million over the next 10 years
- Global Distinction
 - FY24 total: **\$85,590,635**
 - Areas include: Faculty, Staff, Post Doctorates, Graduate Students, Research, Capital Facilities

Near-Term Focus Areas

- Alumni Association
 - Committees focused on strategic work in support of university priorities
 - Strategic Issues Committee focused on supporting and advocating university strategic priorities
- Board alignment across the university
 - Leadership Council of Boards
- The university's future success

Financial Performance Report

July 1, 2023 – June 30, 2024

Simon Allen, Vice President for Finance and Chief Financial Officer

Tim Hodge, Associate Vice President for Budget and Financial Planning

Rob Mann, Assistant Vice President for Capital Budgeting and Financing

August 28, 2024

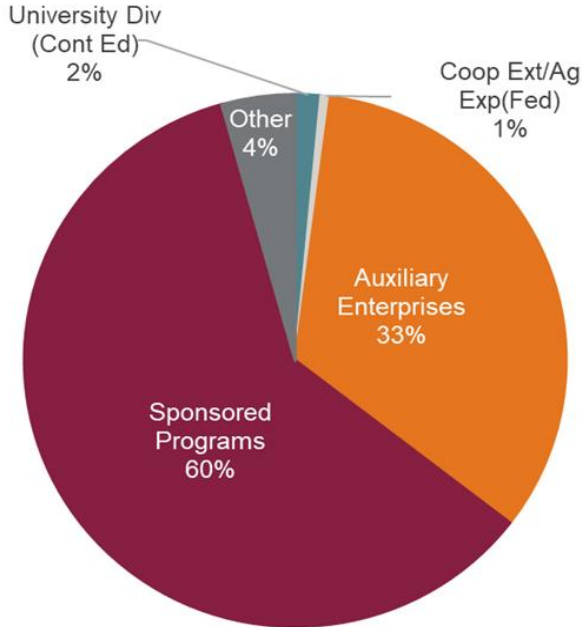
Operating Sources & Uses | University Consolidated

Cash Basis - \$ in Thousands

Sources	FY22	FY23	FY24	
	Actual	Actual	FY24 Budget	FY24 Actual
Tuition & E&G Fees (net)	644,217	682,647	723,334	724,391
State Appropriations	317,986	351,646	392,310	392,299
Federal (VCE/AES)	15,912	13,605	17,261	17,258
Federal, not sponsored(pandemic)	61,385	-	-	-
Sponsored Programs(Direct & Indirect)	360,908	412,866	436,453	500,208
Auxiliary Enterprise Revenue & Fees	388,506	430,535	461,541	471,049
Other	65,632	66,204	84,762	82,783
Total Operating Revenue	1,854,546	1,957,503	2,115,661	2,187,988
Uses				
Personnel Costs				
Salaries, Stipends & Wages	860,380	933,668	1,024,129	1,023,248
Fringe Benefits	259,910	274,582	313,540	301,066
Financial Aid, Appropriated (a)	36,295	49,749	61,695	60,809
General Expense & Services (Operating)	441,193	482,028	516,972	494,003
Continuous Charges (utilities, leases, insurance)	119,322	136,612	160,585	154,105
Debt Service	31,816	34,611	48,456	48,436
Total Operating Expenses	1,748,915	1,911,250	2,125,376	2,081,667
Net from Operations	105,630	46,254	(9,715)	106,321

- Rating agencies expect 3-5% net
- VT's FY24 net is generated by several different business activities / timing:

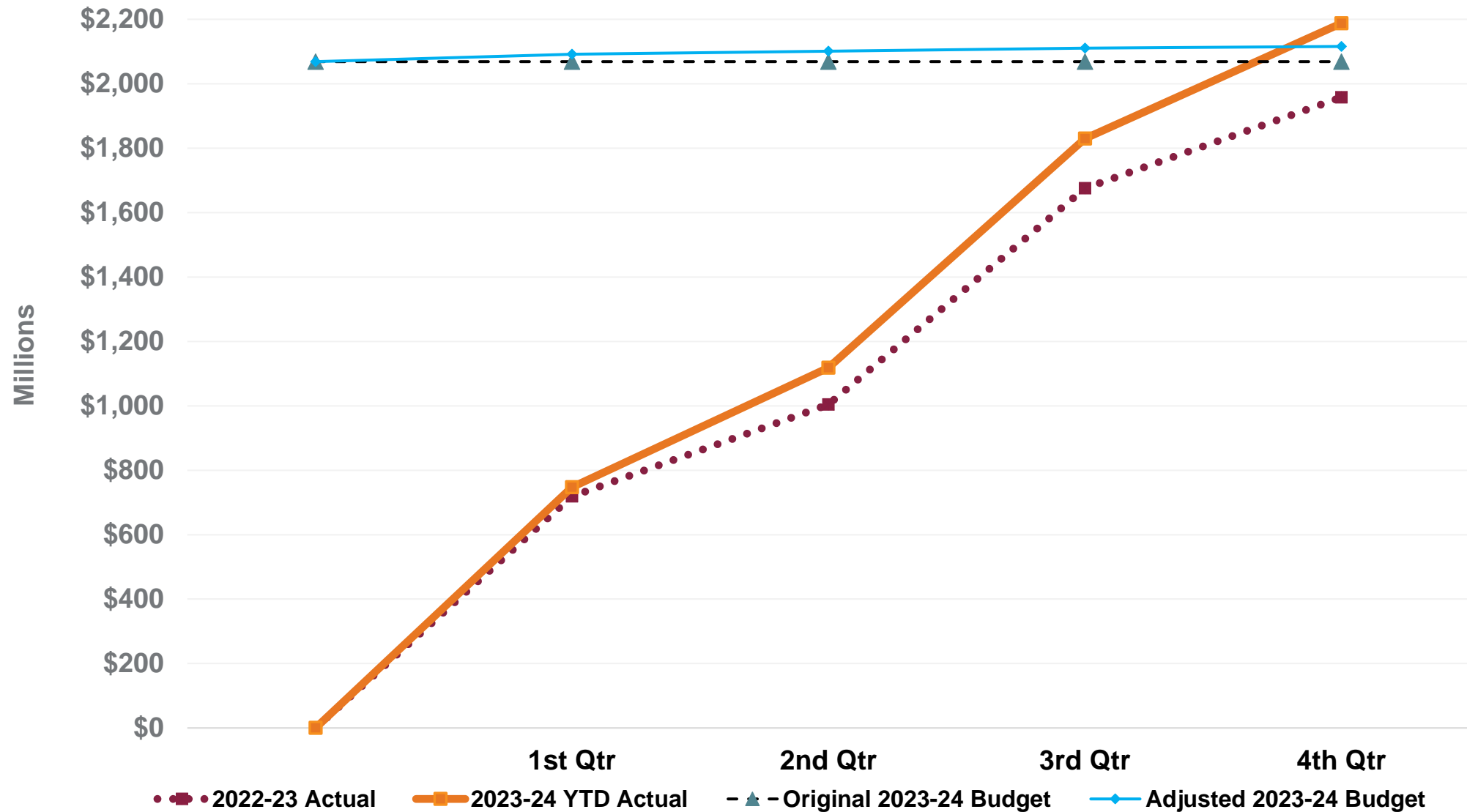
Millions	
\$ 20.7	Auxiliary Enterprise Carryover (estimate)
15.0	Repayment of Loans & Bond Covenant Requirements
2.1	Continuing Education & 229 Federal Timing
4.6	Committed Yet Unexpended Capital Funding
63.9	External Grants & Contracts Revenue
\$ 106.3	Total



(a) In the Commonwealth of Virginia, appropriated student financial aid is a subset of the entire student financial aid program.

(b) While the University Division and Cooperative Extension/Agricultural Experiment Station Division E&G programs are balanced in accordance with state requirements, net from operations are possible with auxiliary enterprises (due to commitments, loan repayments), timing of external grant and contract activities, and certain capital activities. Obligations will be carried over and completed in the next fiscal year.

Operating Revenues



Financial Performance

Education and General

- Successfully closed fiscal year in both University Division E&G and Cooperative Extension/Agricultural Experiment Station Division, E&G cash fully utilized without deficit in accordance with State rules.

Sponsored Programs

- Growth in both Federal and non-federal Grants & Contract expenditures in FY24.

Auxiliary Enterprises

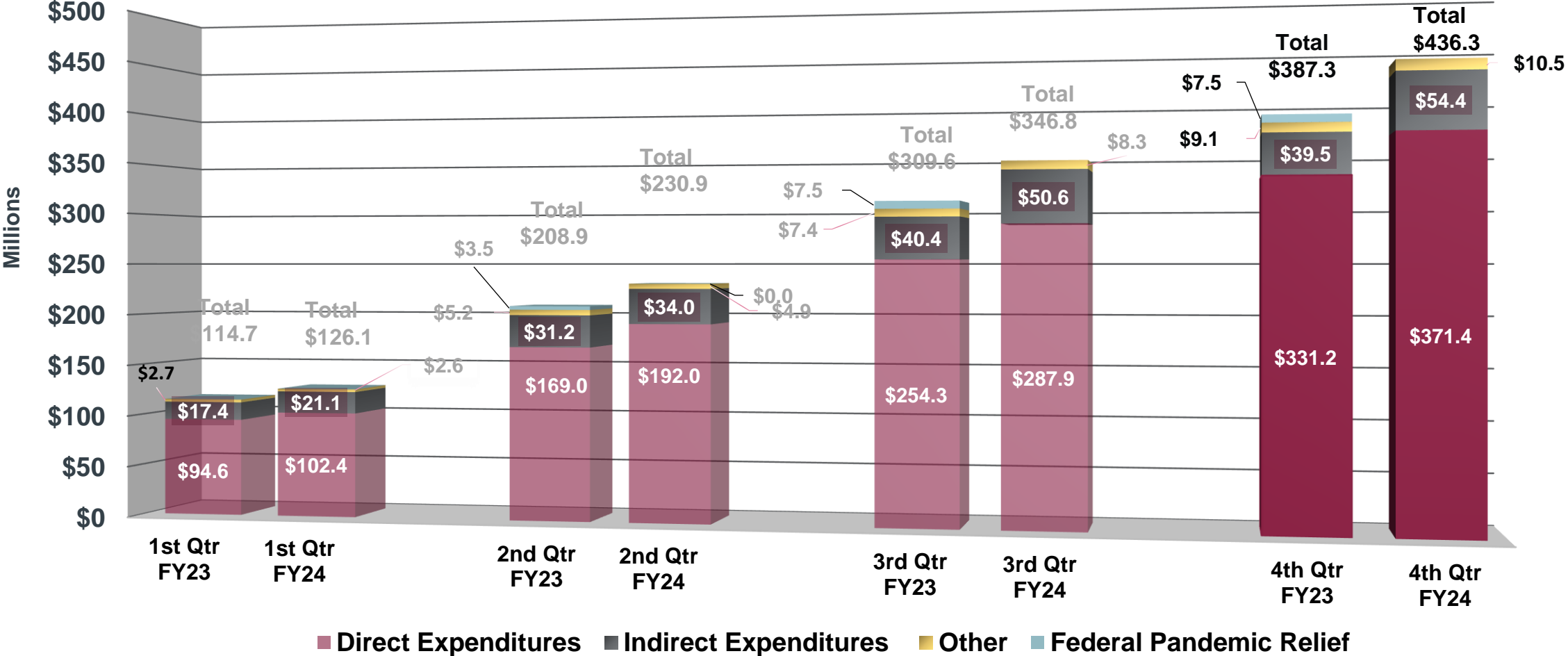
- Auxiliary loan repayments (underwritten by reserves) & expenses lower than projected due to product availability, long lead times, and staffing challenges
- Auxiliary temporary year end savings due to timing of incomplete projects (carryover)

Annual Budget Changes During the Quarter

- Athletics: \$1.8 million revenue increase for self-generated and contract revenues as well as a \$6.5 million expense increase for sports operating, facility projects, contracts, and team travel which reduced budgeted surplus.

Sponsored Program Expenditures

FY23 VS FY24



Capital Program

Key Program Updates

Mitchell Hall

- *Demolition and sitework underway*

Projects Effective July 1, 2024

- *Improve Campus Accessibility*
- *Planning for Eastern Shore AREC Improvements*
- *Planning for Renovate Derring Hall Exterior*





Projects Closed

- *Data and Decision Science Building*
- *Commerce Street Property Acquisition*
- *Dietrick Renovation*
- *Slusher Hall Renovation*

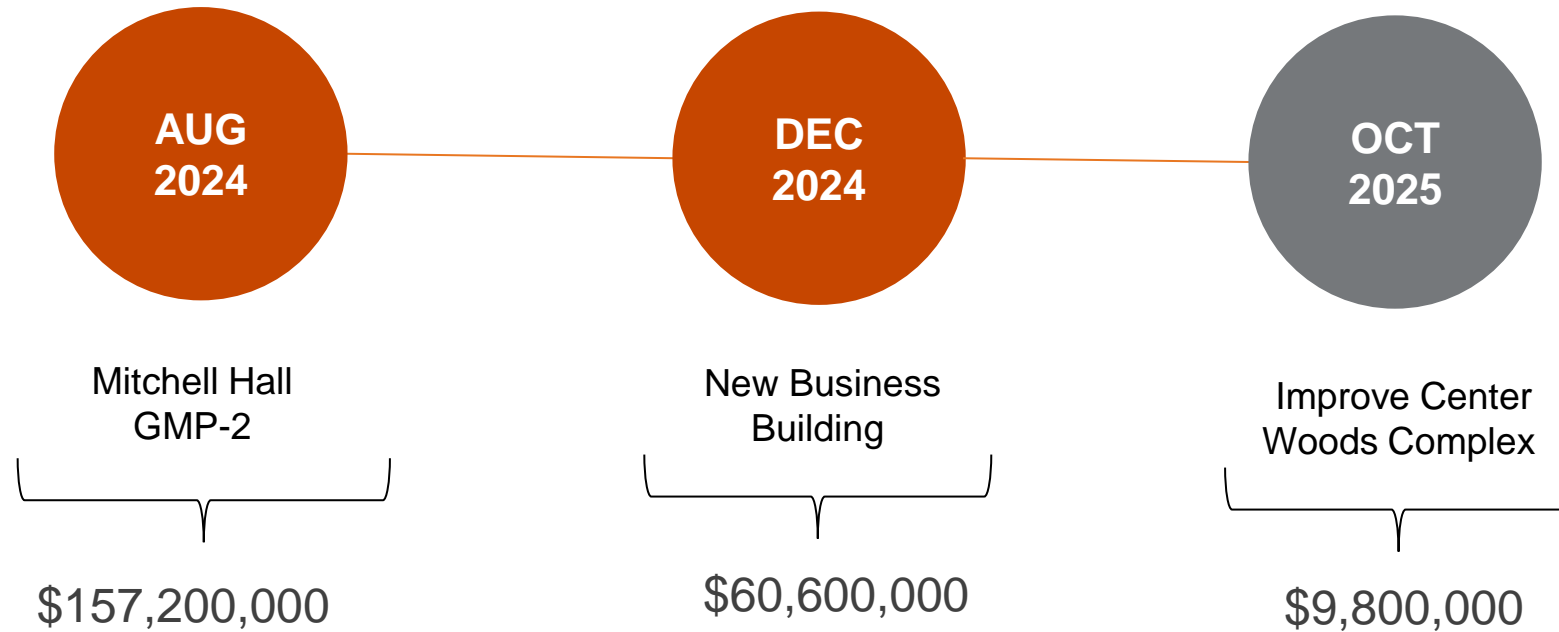
Maintenance Reserve Program

- *Achieved the state 85% expenditure requirement*

Capital Outlay Total Program

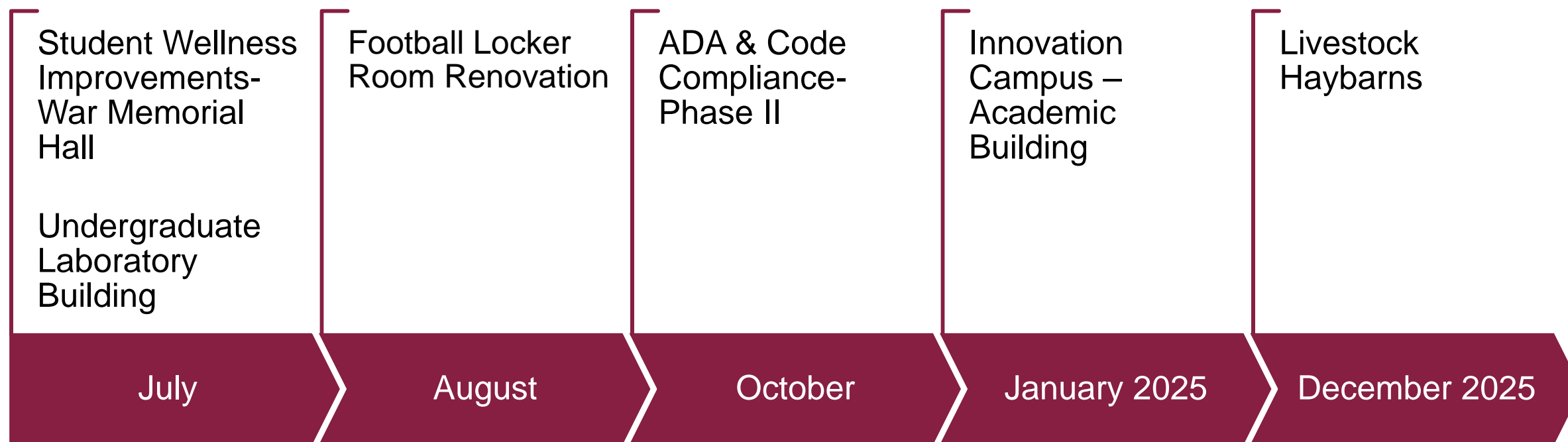
	1 st Quarter Ended	2 nd Quarter Ended	3 rd Quarter Ended	4 th Quarter
 Design	5	5	5	4
 Construction	9	10	10	10
 Equipment	2	2	2	2
 Closeout	6	6	6	7
Total Projects	22	23	23	23
Total Budget (\$ in Thousands)	\$1,259,024	\$1,259,885	\$1,266,374	\$1,268,621
Total Expenditures (\$ in Thousands)	\$558,989	\$620,829	\$694,278	\$759,545

Timing for Construction Pricing



Cumulative design expenses through June 30, 2024- \$1,523,000

Projects Coming Online



C A L E N D A R Y E A R 2 0 2 4

Cumulative construction expenses through June 30, 2024 - \$471,003,000

Approval of Year-to-Date Financial Performance Report

July 1, 2023 – June 30, 2024

Recommendation:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2023 through June 30, 2024 and the Capital Outlay report be approved.

August 28, 2024

Financial Summary of Faculty and Staff Merit Programs

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 9, 2024

Background

Through the authority of the Commonwealth of Virginia's *Restructured Higher Education Act of 2005* and subsequent Management Agreement between the Commonwealth and Virginia Tech, the university is empowered to adopt and implement human resources systems for university employees. Such systems include policies, classification, performance management, compensation, benefits, and other human resources procedures. This authority applies to teaching and research faculty (T&R), administrative and professional faculty (AP), and university staff. The Board of Visitors has subsequently delegated authority to implement compensation programs for these employees to the university administration.

Policies affecting faculty employees are governed by the university's Faculty Handbook and described in the annual Faculty Compensation Plan approved by the board each June. Consistent with the Faculty Handbook, each faculty member undergoes an annual performance evaluation informed by a Faculty Activity Report submitted by the faculty member and discussed with their supervisor. Those evaluations serve as the basis for the recommended faculty merit adjustment, and recommendations are reviewed as appropriate by multiple levels of the university.

The university operates two staff employee systems: university staff and classified staff. Classified staff are those hired prior to July 1, 2006, and remain subject to the Commonwealth's Virginia Personnel Act with policies established by the Virginia Department of Human Resources Management (DHRM). Salary programs for classified staff are normally appropriated by the state. Individuals hired in non-faculty positions on or after July 1, 2006, are designated as "university staff". Since 2008, classified staff have been provided the opportunity to convert to university staff. Conversions, natural attrition of classified staff, and new hires of university staff have resulted in a current workforce of 523 (15%) classified staff and 2,857 (85%) university staff.

In August 2008, following significant collaborative engagement with staff employees and managers, the university presented a package of human resources policies for university staff to the Board of Visitors. Under this program, the existing benefits and compensation programs were retained for university staff. In addition, the university adopted a more flexible performance management rating system for university staff based on the existing compensation principles for classified staff that was submitted to the state's DHRM in 2000. This modified system includes a more flexible process for differentiation between levels of performance and would become the basis for an annual merit pay program for university staff. The board subsequently approved the policies governing university staff with an effective date of October 2008, and delegated authority for approval of personnel

decisions affecting university staff in accordance with these policies to the president or designee.

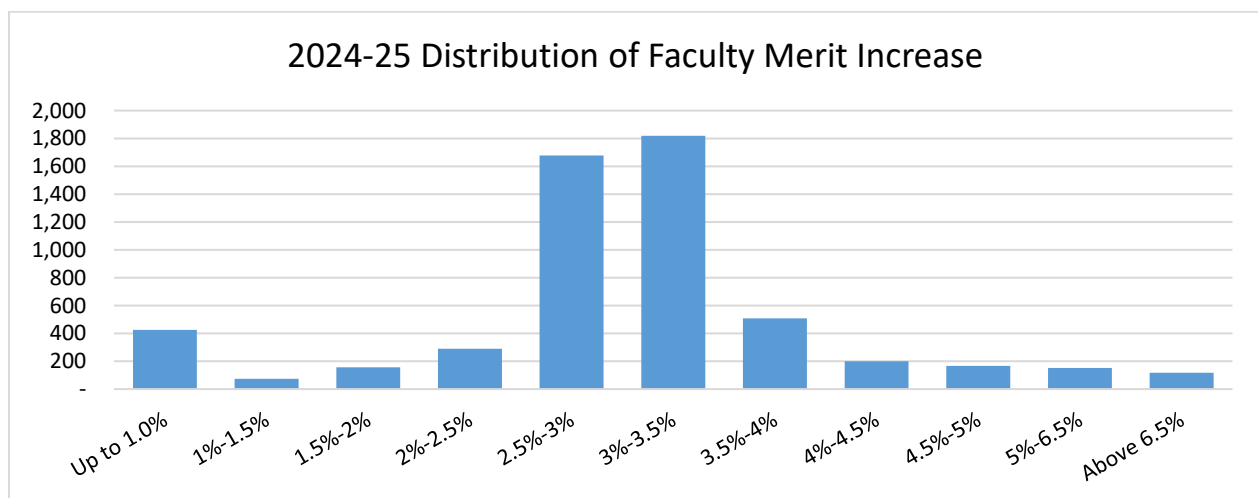
To assess performance, staff employees undergo an annual evaluation by their manager. Those evaluations and the employees' subsequent observed performance serve as the basis for the recommended merit adjustment.

2024-25 Merit Process

The commonwealth's 2024-26 Appropriation Act includes a three percent adjustment for all salaried employees, effective June 10, 2024. This state-authorized compensation program was incorporated into the Faculty Compensation Plan and the University Budget approved by the Board of Visitors at the June meeting. Consistent with these approvals, the university implemented a three percent merit program for faculty and university staff, and a three percent across-the-board increase with minimum performance requirement rating for classified staff. Increases were effective June 10 for calendar year (CY) employees and August 10 for academic year (AY) employees.

Faculty Merit Process Results

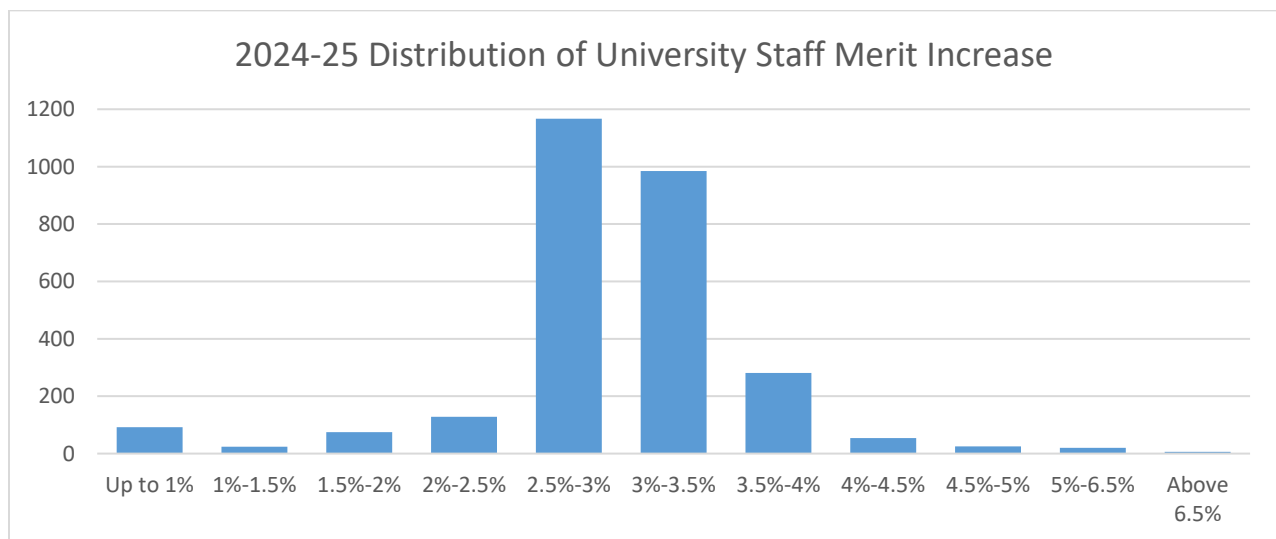
The merit process resulted in an average three percent merit increase for T&R and AP faculty, with salary increases differentiated based on performance. Eligibility was limited to T&R faculty hired on or prior to December 10, 2023, and AP faculty hired prior to March 10, 2024. The university implemented the results of the merit program in accordance with the parameters specified in the Appropriation Act and the university's Faculty Compensation Plan. While the overall faculty average adjustment is three percent, individual recommendations varied based upon employee performance and were distributed as follows:



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

University Staff Merit Process Results

This merit process resulted in an average three-percent staff increase for university staff, effective June 10, 2024. Only staff hired on or prior to March 10, 2024, were eligible for the increase. The university implemented the results of the merit program in accordance with the parameters specified in the Appropriation Act and the university's staff compensation policies. While the overall university staff average adjustment is three percent, individual recommendations varied based upon employee performance and were distributed as follows.



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

Financial Summary of Faculty and Staff Merit Programs

Simon Allen, Vice President for Finance & Chief Financial Officer

Bryan Garey, Vice President for Human Resources

August 28, 2024

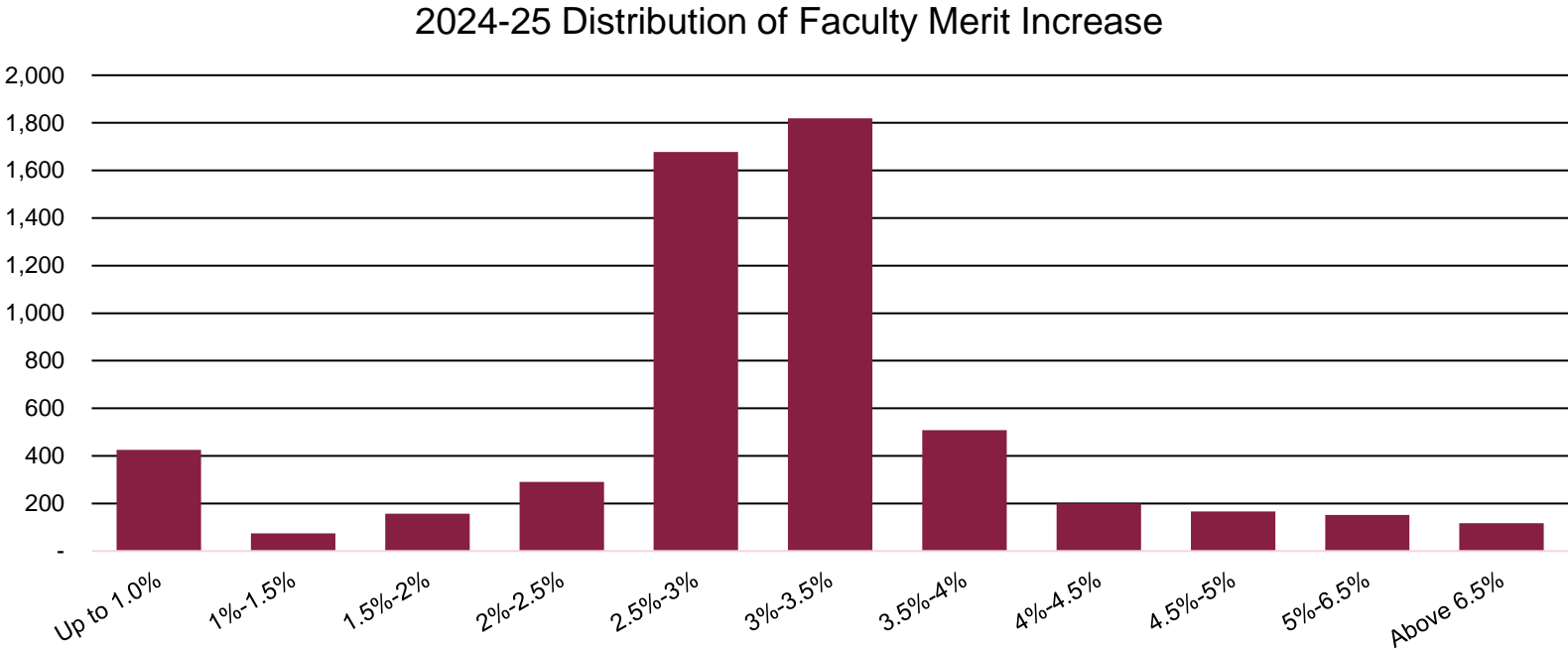
Background

- The Governor and General Assembly included a three-percent faculty and staff compensation program in the approved biennial budget.
- At the June meeting, the Board of Visitors approved the Faculty Compensation Plan and University Budget.
- University facilitated the merit process to differentiate and recognize performance, resulting in an average three-percent increase for faculty and university staff.
- Merit programs were implemented within the parameters specified in the Appropriation Act and the university's Faculty Compensation Plan and university staff policies
- The university is now summarizing the results of the process

2024-25 Faculty Merit Program Results

Average
Increase

3%



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

T&R faculty hired on or prior to December 10, 2023, are eligible for the merit increase
Effective June 10 for calendar year (CY) faculty and August 10 for academic year (AY) faculty

2024-25 Staff Compensation Update

- Since 2006, the university has operated two staff personnel systems:

Classified Staff	University Staff
Governed by Virginia Personnel Act and policies developed by Virginia Department of Human Resources	Governed by human resources policies adopted by the Board of Visitors in August 2008
Compensation programs are initiated by the commonwealth	Compensation programs are consistent with state approved programs
University may not supplement or implement additional programs	University may supplement or implement additional programs
Hired prior to July 1, 2006	Hired on July 1, 2006, and after, or have converted from Classified Staff
15% of staff workforce	85% of staff workforce

2024-25 Staff Compensation Update

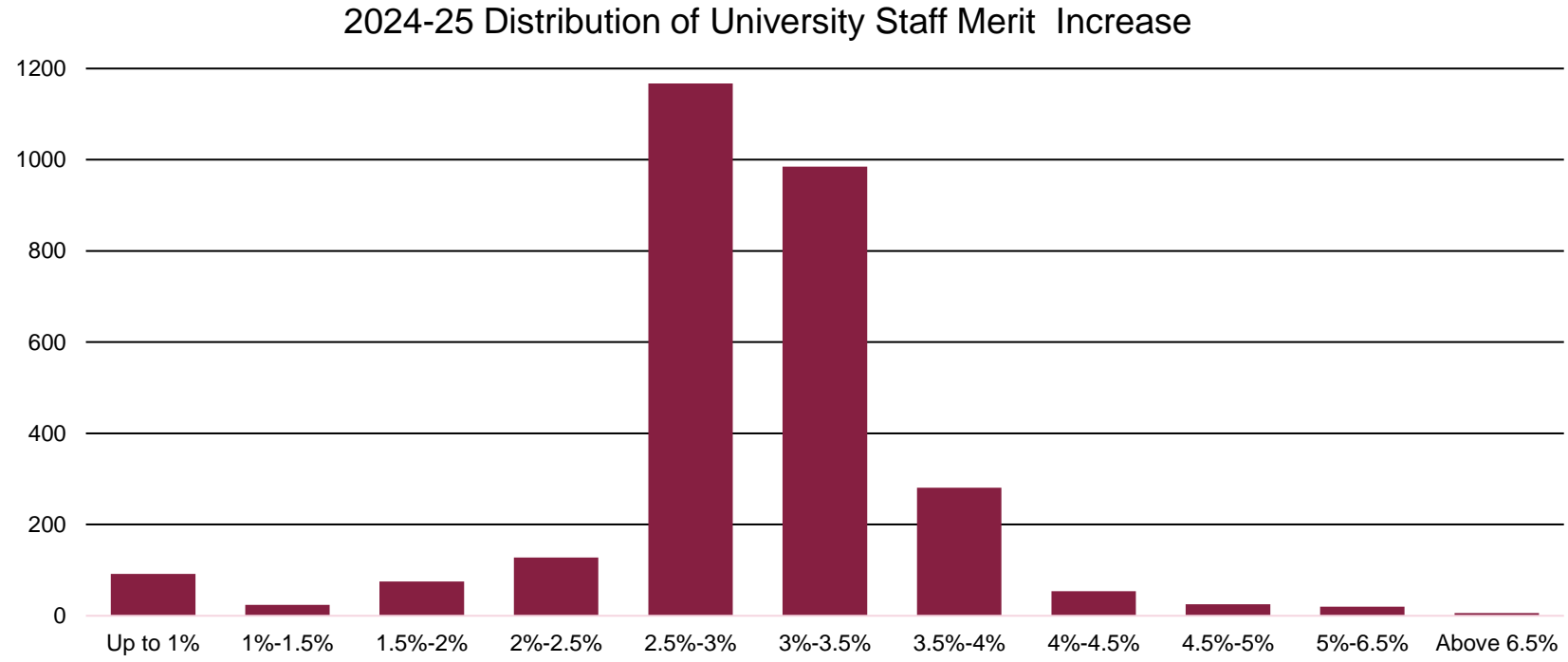
- The 2024 General Assembly approved a biennial budget with the following compensation actions:

	State Increase	Basis of Increase
Classified Staff	3.0%	Across-the-board
University Staff	3.0%	Merit

2024-25 University Staff Merit Program

Average
Increase

3%



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

*Increases are effective June 10, 2024, and appeared in employee paychecks on July 1, 2024.
The average university staff salary increased from \$52,388 to \$53,959.*

Update on Expanding the Research Vivarium Space Project

ROB MANN

Assistant Vice President for Capital Budgeting and Financing

AUGUST 28, 2024

Update on Expanding the Research Vivarium Space Project

The university plans to partner with the Virginia Tech Foundation and Corporate Research Center to design and construct a new Research Vivarium



Included in the Six-year Capital Outlay Plan



Aligns with the university's Global Distinction priority on the Strategic Plan



And provides the most cost-efficient and timely solution for the research program

Update on Expanding the Research Vivarium Space Project

Location:

- Corporate Research Center

Scope: 68,000 GSF

- Primarily research vivarium and laboratories,
- Also includes faculty and staff offices and other support spaces

Budget: \$45 million

- Funding Plan: Nongeneral funds serviced by university overhead
- Break-even long-term lease arrangement with the VT Foundation



Corporate Research Center (CRC)

Resolution for a Capital Planning Project for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion

ROB MANN

Assistant Vice President for Capital Budgeting and Financing

AUGUST 28, 2024



Resolution for a Capital Planning Project for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion

The Campus Master Plan, Six-Year Capital Outlay Plan, and University Debt Report include a capital project to renovate and expand the College of Veterinary Medicine Teaching Hospital.



Veterinary Teaching Hospital Expansion Rendering (from Feasibility Study)

Resolution for a Capital Planning Project for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion

- Scope: envisioned as an approximately 57,000 GSF total project
 - 25,000 GSF renovation of existing spaces
 - 32,000 GSF addition to CVM Hospital
- Target total project budget: \$43 million
- Requesting a \$4.3 million planning authorization to complete designs through working drawings for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion project.
- Nongeneral funds including CVM hospital revenues, university overhead, private gifts, and debt serviced by these resources.



Resolution for a Capital Planning Project for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$4.3 million planning authorization to complete designs through working drawings for the College of Veterinary Medicine Teaching Hospital Renovation and Expansion project.

Recommendation

That the resolution authorizing Virginia Tech to plan the College of Veterinary Medicine Teaching Hospital Renovation and Expansion project be approved.

August 28, 2024