

## **Update on the Development of the 2024-2030 Six-Year Plan and Approval of Related Strategies**

### **FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**May 16, 2023**

The university expects to receive instructions for developing the 2024-2030 Six-Year Plan on May 17, 2023. This report provides an early update on this process and key assumptions underlying the development of the plan.

#### **Process**

The Higher Education Opportunity Act of 2011 codified a set of goals and objectives for higher education in Virginia, and outlined an annual planning process. This process requires submission of academic, financial, and enrollment plans for the next three biennia, with particular focus on the first biennium of the planning period. Plans are submitted each odd-year, with an opportunity to revise in each even-year. The Six-Year plan process facilitates a discussion with the commonwealth about the university's planned progress towards the goals of the state's Virginia Plan for Higher Education and how the university can partner with the state to advance shared outcomes, and is an important step in positioning the university to seek state support during the Executive Budget development process each fall.

Earlier this year, the commonwealth engaged a consulting firm to update the 6-year planning process to consider inclusion of standardized metrics and strategic focus areas such as workforce alignment. In order to gather substantive institutional feedback on potential changes, the traditional timeframe for the initial submission of the Six-Year Plan was delayed until July 17, 2023.

The State Council on Higher Education for Virginia (SCHEV) will review the plan with the state's review committee (Op-Six), which includes the Secretaries of Education and Finance, Directors of SCHEV, and the Department of Planning & Budget (DPB), and representatives from the House Appropriations Committee and the Senate Finance and Appropriations Committee. The Op-Six will provide feedback and questions to the university in the fall and the university will have the opportunity to respond before bringing back to the Board for final approval.

#### **Planning Assumptions**

##### **Academic and Support Service Strategies**

The Six-Year Plan focuses on the institutional priorities of the upcoming biennium (fiscal years 2025 and 2026). The primary goals of the Six-Year Plan are to:

- a) Summarize major strategies that impact academic, student support, research, and operations areas;
- b) Update projections on financial resources needed to support these initiatives in the first biennium, including the projection of tuition rates and student financial assistance; and

- c) Update enrollment projections to assist the SCHEV in its planning and reporting responsibilities.

As part of the development of the original Six-Year Plan, the university categorized a list of potential strategies which are aligned with the university's strategic plan. These strategies are designed to advance the mutual goals of the commonwealth and Virginia Tech.

A summary of strategies included in the university's Six-Year Plan submission is provided in Appendix 1.

### **Funding Assumptions**

The commonwealth's instructions for the Six-Year Plan indicate an assumption of no incremental General Fund support. The Six-Year Plan is to be balanced with tuition and fee revenue. Opportunities for the state to provide new General Fund support are requested separately, and SCHEV's instructions explicitly state that no new General Fund support should be assumed. This process is designed to focus on goals, costs, and nongeneral fund resources so that General Fund support may be determined later through the state budget process. This allows state officials to consider how to reduce tuition rates or enhance programs during the state budget process.

### **Cost Containment**

To ensure continued sensitivity to overall cost, the university projects an internal reallocations program to help advance top priorities while mitigating the pressure on tuition.

### **Tuition and E&G Fee Revenue**

A key part of the Six-Year Plan submission is a discussion with the commonwealth regarding resources for the university's instructional division. Many of the initiatives envisioned in the plan will require both state General Fund support and nongeneral fund revenue to be fully realized. Consistent with the instructions issued by SCHEV, the university's plan separates the progress possible through nongeneral fund support alone and the additional potential if the state were to partner with the university to fully realize these strategies.

It is important to recognize that the university is not recommending nor committing to a specific set of tuition rates through the Six-Year Plan submission. Establishment of tuition and fee rates remains under the purview of the Board of Visitors, and will be informed through an annual discussion of needs and the state budget process (which has not yet begun). However, the state's planning process and template require a projection of changes to tuition and fees assuming no incremental state support.

Estimated tuition and fee rates and revenue are outlined as part of the iterative planning process established by the Higher Education Opportunity Act of 2011, and are expected to provide a basis for discussion of potential investments, costs and fund split between institutions and the state. The Six-Year Plan solicits the university's "estimate of reasonable and necessary charges to students based on the mission, market capacity, and other factors with the *assumption of no new state General Fund support*." This estimate provides the opportunity for the university to partner with the commonwealth to develop strategies to reduce in-state undergraduate tuition increases via incremental General Fund support. Nonresident rates are market-based and do not vary based on state support. While increases in tuition and mandatory fees for fiscal year 2025 have not yet been set by the Board of Visitors, the university is currently proposing to use the following placeholder for the state's six-year planning purposes. The actual level of state support, inflationary increases, and mandatory cost drivers such as state employee compensation and benefits will be considered when proposing actual tuition recommendations for fiscal year 2025.

<b>FY25 Placeholder</b>	<b>Resident</b>	<b>Nonresident</b>
Assumption of No New General Fund	4.9%	3.9%

### **Timeline and Next Steps**

The university will submit the Six-Year Plan to the commonwealth on July 17, 2023, the beginning of an iterative review process that will culminate with feedback from the commonwealth by September 1 and a university response by October 1. The Six-Year Plan will be presented for approval at the November 2023 Board of Visitors meeting.

The Six-Year Plan will also serve as the basis of the university's budget submissions for the Executive Budget development process in the fall of 2023.

### **Recommendation**

That the Board of Visitors approve the university's strategies for the development of the 2024-30 Six-Year Plan proposal to advance shared goals.

June 6, 2023

**Appendix 1**

<b>Advancing Beyond Boundaries Strategic Plan</b>	<b>Six-Year Plan: 2024-26 Biennium Priorities</b>		<b>State Plan for Higher Education</b>
	<b>Nongeneral Fund Academic Strategies</b>	<b>General Fund Requests</b>	
<b>1) Advance Regional, National, and Global Impact</b>	<p>Leverage crosscutting strengths in high-impact research frontiers to facilitate recruitment of talented and diverse mid-career faculty and bolster retention of fast-rising early-career faculty. (Top 100 Global)</p> <p>Advance evidence-based, student-centered learning programming for undergraduates, with an emphasis on experiential learning opportunities. (Virginia Tech Advantage)</p> <p>Expand graduate enrollment in high-demand disciplines to support the commonwealth's workforce needs, including the Tech Talent Investment Program.</p>	<p>Research support for frontier areas (AI, health, security, quantum) or other strategic areas. (Top 100 Global)</p> <p>Increase affordable access to medical education at VTCSOM to facilitate training of graduates in Virginia residency programs and improve retention in Virginia practices.</p>	<b>Transformative</b>
<b>2) Elevate the UT Prosim Difference</b>	<p>Advance academic and administrative efficiencies, leading to reduced time-to-degree and a reduction in net student cost. (Virginia Tech Advantage)</p> <p>Increase student financial aid for low- and middle-income Virginians to reduce net price and expand access. (Virginia Tech Advantage)</p>	<p>Lower the need for a tuition increase for Virginia residents by providing the state share of escalating costs.</p> <p>Increase student financial aid support for need-based Virginia undergraduates (Virginia Tech Advantage)</p>	<b>Equitable, Affordable, Transformative</b>
<b>3) Be a Destination for Talent</b>	<p>Enhance competitive compensation for faculty, staff, graduate student assistantships, and wage employees to support diverse recruitment and the retention of talent, particularly among mid-career faculty.</p>	<p>Continue progress of equitable support for the Corps of Cadets.</p>	
<b>4) Ensure Institutional Excellence</b>	<p>Enhance institutional transformation and effectiveness through investments in technology and critical support services.</p> <p>Reimagine use of physical resources, renovate existing facilities, and support the operation and maintenance of new facilities.</p>	<p>Enhance technology and critical support services</p>	<b>Equitable, Transformative</b>