

Proposed 2021-22 Operating and Capital Budgets
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

May 17, 2021

Each June, the university provides the Board of Visitors with an overview of the operating and capital budgets for the upcoming fiscal year. Supplemental schedules approved by the Board of Visitors include Schedule 1, which displays the university's overall operating budget; Schedule 2, which displays the Auxiliary budgets; and Schedule 3, which displays the capital budgets.

State Appropriations

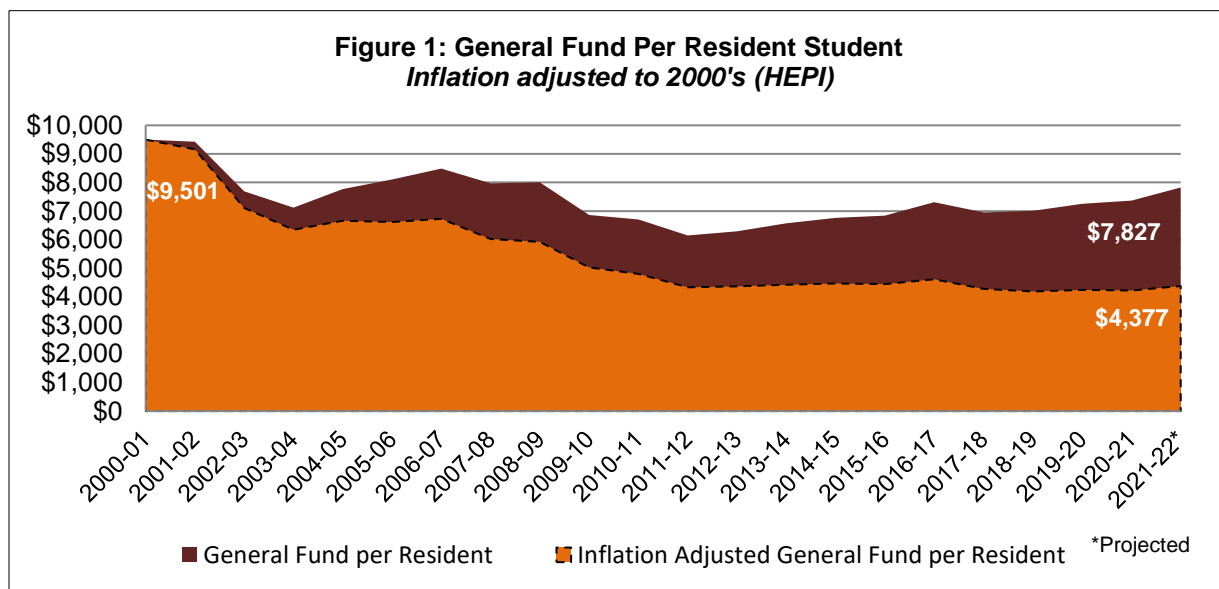
With the close of the General Assembly session, the university is able to develop its internal budgets for the upcoming fiscal year. Virginia Tech anticipates an initial state authorization of \$1.6 billion for fiscal year 2021-22 to carry out all of its programs, based on the forecast of direct appropriations to the university. However, the annual internal budget varies from this external expenditure authorization for several reasons, some of which increase the annual expenditure authority while others reduce the expenditure plans. For example, the university's expenditure authorization will be adjusted during 2021-22 when the state allocates the Central Appropriation funding for the state share of compensation and fringe benefit rate changes. Additionally, under the sum sufficient authority granted as part of restructuring, nongeneral fund appropriations may be established as needed by the institution. For these reasons, the total internal budget presented to the Board of Visitors in Schedule 1 totals \$1.74 billion.

Forecast of State Budget Revenue Changes

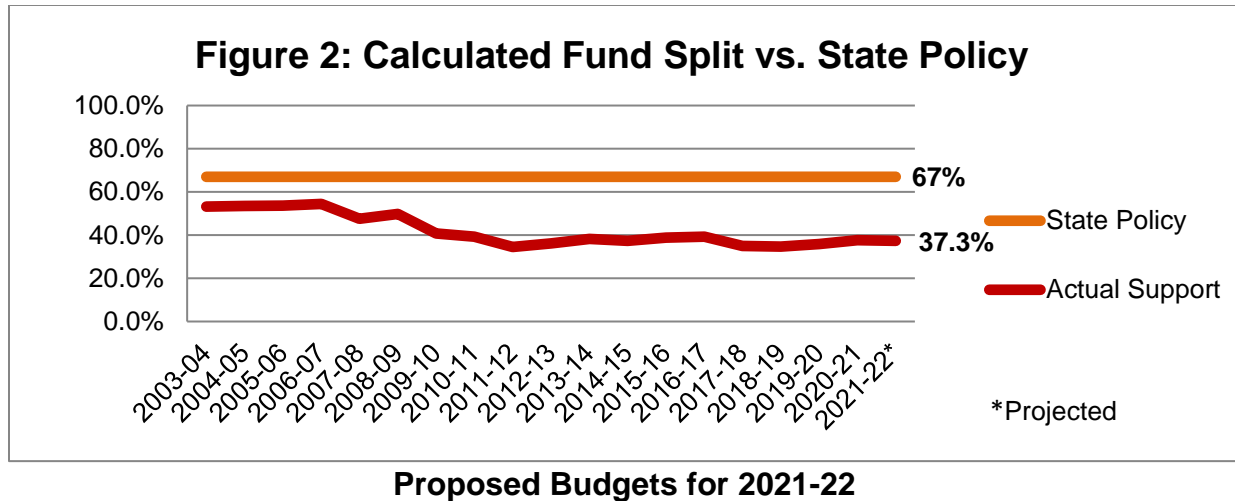
For 2021-22, the university forecasts an incremental increase in General Fund appropriation of \$24.4 million from the adjusted 2020-21 budget. This is comprised of an estimated General Fund increase of \$17.6 million for Educational and General (E&G) programs in the University Division (Agency 208), an estimated increase of \$4.8 million for the programs in the Cooperative Extension and Agricultural Experiment Station (Agency 229), an increase of \$0.2 million for Unique Military Activities, and an increase of \$1.8 million for Student Financial Aid.

As shown in Table 1 on page 4, the General Fund increase for the University Division includes changes in direct appropriations, the state's share of the 2021-22 faculty and staff salary compensation programs and fringe benefit rate increases, estimated funding for central appropriation transfers for interest earnings and credit card rebate, and one-time state support of \$4.9 million for affordability in 2021-22. The Commonwealth of Virginia allocated \$1.0 million in the Cooperative Extension and Agricultural Experiment Station (Agency 229) to support extension programs including internet connectivity and modernization of research equipment and critical personnel. The details of the state support are described further in each budget section.

With these state resources, the state support per Virginia student will grow in 2021-22. Total state support per Virginia student for 2021-22 is projected to be 18% below the funding provided in 2001; however, the growth in per-student funding is a positive signal of the state's continued support for Virginia Tech. The university enrolls over 5,400 additional Virginia undergraduates as compared to fall 2004. Inflation adjusted, the university will receive 54 percent less General Fund support per student than in fiscal year 2001, as seen in Figure 1. It is important to note that this analysis presents the state support in the most favorable light since it includes all General Fund resources allocated to E&G, including support for activities beyond instruction such as research and public service. Figure 1 below is presented in this manner because it is a commonly utilized perspective by external groups.

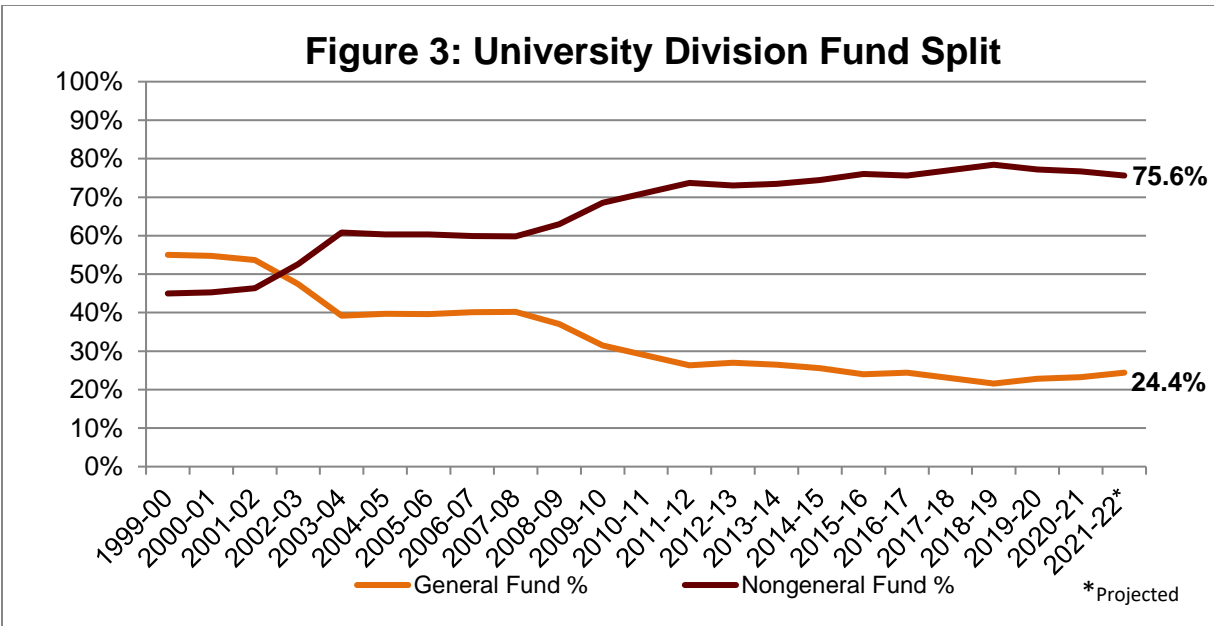


The state policy for funding higher education is to fund 67 percent of the cost of education of each Virginia resident at the institution. Figure 2 below displays the status of actual funding for instruction in relation to this policy over time. In 2021-22, the state will provide an estimated 37.3 percent of this cost. In response, the university has worked to reduce costs and streamline operations, but the shortfall in General Fund support has also created pressure to grow nongeneral fund resources.



For 2021-22, the recommended internal budget for all operations is \$1.74 billion. This is an increase of \$104.7 million, approximately 6.4 percent, over the adjusted 2020-21 budget. This increase reflects changes in nongeneral fund revenues for 2021-22 and the outcomes of the 2021 General Assembly session which impacted the 2021-22 General Fund appropriation. The overall change includes an increase of \$34.8 million attributable to the E&G program, \$74.6 million of projected growth in Auxiliary Enterprises (primarily due to removal of COVID-19 financial impacts), \$0.5 million in financial assistance for E&G programs, \$1.9 million in student financial aid. The overall change includes a decrease of \$7.1 million in all other programs due to one-time revenues and adjustments included in the current year which will not occur next fiscal year.

The total General Fund allocation is estimated to be approximately \$337.2 million, an increase of \$24.4 million from the 2020-21 adjusted budget. General Fund revenues will provide \$309.3 million in support for the instructional, research, and extension programs, \$25.0 million for student financial assistance, and \$2.9 million for the Unique Military Activities program. As shown in Figure 3 below, the General Fund appropriation represents 24.4 percent of the University Division's Educational and General budget (as compared to 53.6 percent in the 2001-02 budget) and 19.4 percent of the total budget. It is important to note that, while Figure 3 below shows an increase in the percentage of General Fund support in 2021-22, \$4.9 million of the support provided for affordability in 2021-22 is provided on a one-time basis.



Schedule 1 displays the proposed operating budgets for 2021-22, by major program and revenue and expense category. Schedule 2 is an expansion of the projected auxiliary operations budgets, categorized by major activity. These schedules also display the 2020-21 budget, as approved in June 2020, and the current adjusted 2020-21 budget for comparison purposes. This report provides a brief discussion of the changes in the operating budget for each of the major programs.

Educational and General

The university's E&G budget will be \$974.0 million in 2021-22. The E&G budgets for the University Division (Agency 208) and the Cooperative Extension/Agricultural Experiment Station Division (Agency 229) are displayed on Schedule 1.

The year-to-year comparison of the budget in Schedule 1 shows an overall revenue increase in the E&G program of \$34.8 million, or 3.7% percent, over the adjusted 2020-21 budget.

The 2021-22 E&G operating budgets have been developed utilizing the forecasted state funding support for the university in 2021-22:

<u>in Millions</u>	University Division	CE/AES Division	Total
State Share of Salary and Fringe Benefits Programs	\$ 12.7	\$ 3.8	\$ 16.5 *
Extension Program Support	-	1.0	1.0
Support for Affordability	4.9	-	4.9 **
E&G Program General Fund Change	\$ 17.6	\$ 4.8	\$ 22.4

*Estimate - These items are funded by the state at a later date
** \$4.9 million of Affordability support provided one-time in 2021-22

The percentage of the E&G budget for the University Division provided by the General Fund increased from 23.2 percent in the 2020-21 adjusted budget to 24.4 percent in 2021-22.

The 2021-22 tuition and fee budget increased by \$16.7 million, or 2.8 percent, over the adjusted 2020-21 budget. The difference in the tuition and fee budget reflects undergraduate enrollment growth and an increase in the tuition rates of resident and nonresident undergraduates, graduate students, and professional student categories (veterinary and human medicine programs) as approved by the Board of Visitors at the March 2021 meeting. The increase also includes unfunded and tuition-funded scholarships to student aid programs, and adjustments to the other E&G fee budgets. Unfunded scholarships support both undergraduate need-based aid and a portion of the graduate tuition remission program. Tuition and Fee funded scholarships are targeted to support the institution's strategic priorities, including enrollment growth and increased accessibility. Additionally, the revenue from the Facility and Equipment fee will be transferred to the commonwealth for debt service on new facilities and equipment; thus, it is not reflected in the net revenue total.

General Fund Affordability Support for FY2021-22

The 2021 General Assembly approved a one-time allocation of \$4.9 million to address unavoidable cost increases and required spending in FY2021-22. The university is currently in the process of finalizing the 2021-22 expenditure budget plans. The university initially proposed the use of the \$4.9 million to mitigate 0.8% of the 2021-22 tuition rate increase on a one-time basis, however this funding will be allocated following guidance from the March 2021 BOV meeting to support faculty recruitment, compliance, and accessibility for diversity and inclusion.

Virginia Tech/Wake Forest SBES Budgets

In August 2002, the Board of Visitors of Virginia Tech adopted a resolution that authorized the establishment of the Virginia Tech-Wake Forest University School of Biomedical Engineering and Sciences. The collaboration agreement outlines the relationship and responsibilities of each party and requires budget approval by the governing board. In

accordance with this requirement, the 2021-22 recommended budget includes \$5,088,404 for Virginia Tech's School of Biomedical Engineering and Science within the overall university budget as displayed within the 208 Educational and General budget on Schedule 1.

Auxiliary Enterprises

The University provides certain essential support services (e.g., Residence Halls and Dining Programs) through the operation of Auxiliary Enterprises. These enterprises are normally financially self-supporting and do not receive tuition revenue or general fund support. The Auxiliary Enterprises are supported by charging for all of the services provided to cover direct costs and reimburse the E&G program for all indirect costs.

Auxiliary Enterprise Systems

As self-supporting activities, Auxiliary Enterprises also fund the debt service on auxiliary facilities including four systems operated under master debt covenants (Dormitory and Dining System, Electric Service Utility System, University Services System and the Athletic Facilities System). In compliance with the resolution authorizing and securing the system revenue bonds, the rates and charges for the next fiscal year are sufficient for the operating, maintenance and repair, debt service, and reserve requirements. The university works to ensure that all Auxiliary Enterprises remain in good working order, are in compliance with the terms and conditions of the bond covenants, and effectively deliver essential support services.

The total 2021-22 auxiliary revenue budget is \$355.9 million, a growth of \$74.6 million or 26.5 percent over the adjusted 2021-22 budget, with a significant portion of the increase attributable to the removal of the 2020-21 negative financial impacts from the university's response to COVID-19. This increase includes resources to cover proposed changes in state authorized compensation programs and fringe benefit rate changes, enhancements to student health and counseling services, student programming, wireless network equipment renewal, enhanced transit services, maintenance of existing facilities, and the cost of new facilities.

Financial Assistance for Educational and General Programs

The projected annual budget for Financial Assistance for E&G Programs is \$355.7 million, an increase of \$0.5 million or 0.1 percent higher than the 2020-21 adjusted budget. The budget was increased \$0.5 million to align the 2021-22 budget with the projected sponsored program activity. The Financial Assistance for E&G Programs budget is comprised primarily of sponsored program activities but also includes the Eminent Scholars program, the Enterprise Fund for distance learning, General Fund support for the Commonwealth Cyber Initiative, and General Fund support for Brain Research and the Commonwealth Research Initiative. The most significant activity in this category is externally sponsored research.

Appropriated Student Financial Assistance

The projected annual 2021-22 budget for the Student Financial Assistance program is \$38.3 million, a growth of \$1.9 million over the adjusted 2020-21 budget primarily due to an increase in General Fund support for Undergraduate Scholarships.

The appropriated Student Financial Assistance budget includes \$25.0 million of state General Fund support for Undergraduate Scholarships, Graduate Fellowships, Soil Scientist Scholarships, Virginia Military Survivors and Dependents, Two-Year College Transfer Grant, and the Multicultural Academic Opportunity Program. This budget also includes \$13.3 million nongeneral fund Student Financial Assistance budget. The university plans to utilize the nongeneral fund Student Financial Assistance to advance strategic initiatives such as access and enrollment growth.

All Other Programs

The All Other Programs component is comprised of the Unique Military Activities appropriation, surplus property, federal work study program, and local funds. The annual budget for these funds is based on historic trends and projections of activity levels by program managers. These programs are funded by resources that are designated for specific purposes. The General Fund support for Unique Military Activities is forecasted to increase by \$0.2 million in 2021-22 to \$2.9 million. For All Other Programs, the recommended budget is \$13.9 million, and reflects a decrease of \$7.1 million over the adjusted budget for 2020-21 primarily due to one-time revenues and adjustments in the current year.

Planned Change in Reserves

Existing state requirements, along with the university's budgeting and financial management strategies, generally result in the establishment of breakeven budgets for the major budget components, with the exception of Auxiliary Enterprises. That is the case for 2021-22, where only the auxiliary budgets project an addition to the reserves as of June 30, 2022. The projected addition of \$5.1 million is the result of the intentional rebuilding of reserves in specific auxiliaries where expenditures in prior years created the need for restoring the reserves so that it may operate as a revolving fund. In other cases, the projected addition to reserves reflects the temporary positive impact of planning activities for new capital projects. The 2021-22 budget for Auxiliary Enterprises is also designed to ensure that the reserve levels remain in compliance with the tenets of bond covenants as well as SCHEV reserve targets.

Compensation Plan

The university plans to implement faculty and staff compensation programs for fiscal year 2021-22 consistent with state authorizations. The attached operating budget includes funding, consistent with traditional funding principles, for the following proposed employee compensation actions:

- 5.00 percent faculty compensation program comprised of the following:
 - 4.25 percent faculty merit pool.
 - 0.75 percent pool for National Distinction and Outstanding Contributors. The university is committed to retaining faculty members who have achieved distinction in their disciplines and make outstanding contributions to the university. This process can be particularly helpful in the university's efforts to retain outstanding mid-career faculty. It is expected that the adjustments will be limited in the number of faculty included, but it will be meaningful in size.
 - In addition, the university will fund the Promotion and Tenure cost for those faculty approved for Promotion and Tenure increases.
 - 5.00 percent stipend increase for graduate assistants, as approved by the Board of Visitors in March 2021.
 - 5.00 percent Classified Staff salary increase. Classified Staff are defined as staff members hired before July 1, 2006 who have not subsequently converted to the University Staff system.
 - 5.00 percent University Staff compensation program. The University Staff compensation program for 2021-22 includes a 3.00% base increase for University Staff and an additional 2.00% merit pool for recognition of performance.
 - The university maintains a \$500 supplemental stipend for full-time University and Classified Staff making less than \$35,500, which became effective January 1, 2020.
- State minimum wage increase to \$11.00 per hour effective January 1, 2022

Budget Allocations

The process of finalizing the 2021-22 operating budget allocations for the colleges and major operating units is currently underway. This process will be completed during June 2021 and issued to the university community by the Senior Vice President and Chief Business Officer. The Office of Budget and Financial Planning will allocate these budgets to the colleges and vice presidential areas in time for the departments to open the new fiscal year with the allocations in place in the university accounting system. The university develops the annual budget as a one-year quantification of the university's strategic plan. The strategic plan is the framework for enacting the university's mission.

Capital Outlay Projects

Virginia Tech's capital outlay program includes projects for the University Division and the Cooperative Extension/Agricultural Experiment Station Division. Initiation of a capital project requires authorization of a budget and funding sources from the state or the Board of Visitors.

The state appropriates projects supported entirely or partially with General Fund revenues. The university requests General Fund appropriations for new projects as part of the state capital budget cycle. If appropriated, these projects normally become effective and are added to the program at the beginning of a fiscal year.

Under the restructuring legislation and the 2006 Management Agreement between the commonwealth and the university, the Board of Visitors has the authority to approve capital projects funded entirely with nongeneral fund resources. New projects approved by the Board of Visitors become effective upon approval of a university resolution and are reflected on the subsequent Financial Performance Report.

The university develops a financing plan to support the entire budget of each capital project prior to its initiation. Upon initiation, the whole project budget is entered in the accounting system. The revenues to support capital expenditure budgets are a mix of state support, university supported debt, and self-generated cash resources including private gifts. When projects have multiple sources of funding, the university generally utilizes the resources in the following order: state support, bond proceeds, and then cash. This order allows the most effective use of the university's nongeneral fund resources.

The typical project lifespan is two to four years. Cash flow models are used to predict the pace of spending by month for each project for its anticipated life. This analysis is then used to plan the timing to move each resource to a project budget on an as needed basis. Under this approach, project resources are held in their most productive location for as long as possible to maximize earnings. This analysis is further used to optimize the timing for external debt issuances to manage exposure to the cost of capital.

Each active capital project is included on the Financial Performance Report for its entire fiscal life and until all its funds in the accounting system are terminated. A project is removed from the Financial Performance Report at the end of the fiscal year in which it closes.

The portfolio of the capital outlay program for 2021-22 is comprised of 18 Educational and General projects and 8 Auxiliary Enterprise projects for a total of 26 projects. As part of the resource management process, each project has an annual budget. Schedule 3 lists the projects by major program and major phase of progress. Each project for fiscal year 2022 is listed with the total project authorization by revenue source, annual budget for fiscal year 2022, and estimated balance at the close fiscal year 2022. The accuracy of annual budgets, and the cash flows models on which they are based, are most sensitive to projected construction start dates. For example, a large project with an extended

design period that results in construction starting three months later than expected may underspend its annual budget by several million dollars for the fiscal year. The total capital program for 2021-22 includes approximately \$1.097 billion of authorizations with an estimated annual budget of approximately \$147 million.

RECOMMENDATION:

That the proposed fiscal year 2021-22 operating and capital budgets, as displayed on Schedules 1, 2, and 3, be approved.

June 8, 2021

TOTAL OPERATING BUDGET FOR VIRGINIA TECHFiscal Year 2021-22
(Dollars in Thousands)

	2020-21 Original Budget	2020-21 Adjusted Budget	2021-22 Recommended Budget
<u>Revenues</u>			
Educational and General			
University Division			
General Fund	\$195,326	\$197,114	\$214,721
Tuition and Fees	582,415	603,082	619,766
All Other Income	46,751	42,520	43,945
Revenue Contingency	(25,000)		0
CARES Act Revenue		5,258	0
Subtotal	<u>799,492</u>	<u>847,973</u>	<u>878,432</u>
CE/AES Division			
General Fund	\$75,100	\$74,386	\$79,216
Federal Funds	15,640	15,647	15,647
All Other Income	950	1,200	750
Revenue Contingency	(3,000)		0
CARES Act Revenue		2	0
Subtotal	<u>\$88,690</u>	<u>\$91,235</u>	<u>\$95,613</u>
Total Educational and General	<u>\$888,182</u>	<u>\$939,208</u>	<u>\$974,045</u>
Auxiliary Enterprises	\$350,059	\$281,270	\$355,918
Financial Assistance for E&G Programs (a)			
General Fund	\$15,389	\$15,389	\$15,389
Nongeneral Fund	336,969	339,865	340,316
Subtotal	<u>\$352,358</u>	<u>\$355,254</u>	<u>\$355,705</u>
Student Financial Assistance			
General Fund	\$23,458	\$23,186	\$25,009
Nongeneral Fund	8,220	13,275	13,331
Subtotal	<u>\$31,678</u>	<u>\$36,461</u>	<u>\$38,340</u>
All Other Programs (b)			
General Fund (UMA)	\$2,757	\$2,757	\$2,907
Nongeneral Fund	7,612	18,233	11,016
Revenue Contingency	(155)		0
Subtotal	<u>\$10,214</u>	<u>\$20,990</u>	<u>\$13,923</u>
Total	<u>\$1,632,491</u>	<u>\$1,633,184</u>	<u>\$1,737,931</u>
<u>Expenses</u>			
Educational and General			
University Division			
CE/AES Division	\$799,492	\$847,973	\$878,432
Subtotal	<u>888,182</u>	<u>939,208</u>	<u>974,045</u>
Auxiliary Enterprises	336,392	329,492	350,771
Financial Assistance for E&G Programs (a)	352,358	355,254	355,705
Student Financial Assistance	31,678	36,461	38,340
All Other Programs (b)	10,214	9,021	13,923
Total	<u>\$1,618,824</u>	<u>\$1,669,436</u>	<u>\$1,732,784</u>
<u>Cash Transfers</u>			
Auxiliary Enterprises	0	4,389	0
All Other Programs (b)	0	10,000	0
Total	<u>0</u>	<u>14,389</u>	<u>0</u>
<u>Planned Change in Reserve</u>			
Reserve Drawdown/(Deposit) (c)	(13,667)	50,642	(5,147)
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(a) Financial Assistance for E&G Programs includes Sponsored Programs, the Eminent Scholars Program, and General Fund Research Initiative.

(b) All Other Programs include Unique Military Activities, Surplus Property, Local Funds and Federal Work Study.

(c) Reserve contributions are based on the budget plans of Auxiliary Enterprise units.

Presentation Date: June 08, 2021

TOTAL OPERATING BUDGETS FOR AUXILIARY ENTERPRISES
Fiscal Year 2021-22
(Dollars in Thousands)

	2020-21 Original Budget	2020-21 Adjusted Budget	2021-22 Recommended Budget
Residence and Dining Hall System*			
Revenues	\$130,324	\$96,526	\$132,387
Expenses	-125,550	-111,940	-128,747
Reserve Drawdown/(Addition)	-4,774	15,414	-3,640
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Parking and Transportation			
Revenues	\$15,615	\$13,325	\$15,722
Expenses	-14,628	-13,219	-16,912
Cash Transfer	0	-4,389	0
Reserve Drawdown/(Addition)	-987	4,283	1,190
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Telecommunications Services			
Revenues	\$19,966	\$19,772	\$21,594
Expenses	-20,349	-20,942	-21,856
Reserve Drawdown/(Addition)	383	1,170	262
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
University Services System*			
Revenues	\$52,883	\$50,575	\$55,967
Expenses	-52,140	-55,197	-55,493
Reserve Drawdown/(Addition)	-743	4,622	-474
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Intercollegiate Athletics System*			
Revenues	\$74,740	\$50,417	\$78,327
Expenses	-70,480	-70,371	-77,596
Reserve Drawdown/(Addition)	-4,260	19,954	-731
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Electric Service System*			
Revenues	\$33,653	\$30,462	\$34,775
Expenses	-33,032	-31,740	-34,197
Reserve Drawdown/(Addition)	-621	1,278	-578
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Inn at Virginia Tech and Skelton Conference Center			
Revenues	\$11,471	\$3,321	\$9,056
Expenses	-11,597	-8,586	-10,354
Reserve Drawdown/(Addition)	126	5,265	1,298
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Other Enterprise Functions			
Revenues	\$11,407	\$16,872	\$8,090
Expenses	-8,616	-17,497	-5,616
Reserve Drawdown/(Addition)	-2,791	625	-2,474
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL			
Revenues	\$350,059	\$281,270	\$355,918
Expenses	-336,392	-329,492	-350,771
Cash Transfer	0	-4,389	0
Reserve Drawdown/(Addition)	-13,667	52,611	-5,147
Net	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

* University Systems include the Dormitory and Dining Hall System, Electric Service Utility System, University Services System, and Athletic Facilities System. The University Services System includes Health Services, Career & Professional Development, Student Engagement & Campus Life, Recreational Sports, Center for the Arts, Student Organizations and VT Rescue Squad.

Presentation Date: June 8, 2021

EDUCATIONAL AND GENERAL CAPITAL PROJECT AUTHORIZATIONS FOR FISCAL YEAR 2022

(Dollars in Thousands)
as of April 30, 2021

	PROJECT INITIATED	TOTAL PROJECT AUTHORIZATION				ESTIMATED TOTAL EXPENSES June 30, 2021	ESTIMATED BALANCE AVAILABLE FOR FY2022	ESTIMATED ANNUAL BUDGET FY2022	ESTIMATED BALANCE AT CLOSE OF FY2022
		STATE SUPPORT	NONGENERAL FUND	AGENCY DEBT	TOTAL				
Design Phase									
Planning: Hitt Hall	Apr 2017	\$ -	\$ 6,000	\$ -	\$ 6,000	\$ 5,100	\$ 900	\$ 900	\$ -
Planning: Undergraduate Science Laboratory Building	Jul 2017	90,500	-	-	90,500	4,800	85,700	8,000	77,700
Innovation Campus - Academic Building	Jul 2019	168,000	-	134,136	302,136	12,500	289,636	22,000	267,636
Planning: Randolph Hall Replacement	Jul 2020	-	-	11,000	11,000	72	10,928	2,500	8,428
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	3,100	-	-	3,100	75	3,025	155	2,870
Construction Phase									
Maintenance Reserve	On-going	29,824	-	-	29,824	11,407	18,417	14,300	4,117
Chiller Plant, Phase II	Oct 2016	32,655	10,312	-	42,968	35,000	7,968	5,000	2,968
Holden Hall Renovation	Oct 2016	57,215	8,962	8,750	74,927	42,000	32,927	18,500	14,427
Livestock & Poultry Research Facilities, Phase I	Oct 2016	25,274	-	-	25,274	2,100	23,174	4,000	19,174
Construct Virginia Seafood AREC	Jul 2018	2,500	-	-	2,500	1,200	1,300	1,300	-
Corps Leadership and Military Science Building	Jun 2019	-	20,650	31,350	52,000	5,000	47,000	10,000	37,000
Data and Decision Science Building	Jul 2019	69,000	-	10,000	79,000	9,500	69,500	15,000	54,500
Close-Out									
Improve Kentland Facilities	Sep 2013	12,463	-	-	12,463	12,100	363	363	-
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	-	8,200	-	8,200	8,000	200	200	-
Acquisition: Falls Church Property	Apr 2019	-	-	2,850	2,850	-	2,850	2,850	-
Equipment and Special Initiatives									
Commonwealth Cyber Initiative	May 2019	1,500	-	-	1,500	1,250	250	250	-
Fralin Biomedical Research Institute Equipment	Jul 2020	18,133	-	-	18,133	9,500	8,633	8,633	-
Equipment for Workforce Development	May 2021	9,434	-	-	9,434	-	9,434	5,075	4,358
Total Educational and General Projects		\$ 519,598	\$ 54,124	\$ 198,086	\$ 771,809	\$ 159,604	\$ 612,205	\$ 119,027	\$ 493,178

AUXILIARY ENTERPRISE CAPITAL PROJECT AUTHORIZATIONS FOR FISCAL YEAR 2022

(Dollars in Thousands)
as of April 30, 2021

PROJECT INITIATED	TOTAL PROJECT AUTHORIZATION				ESTIMATED TOTAL EXPENSES June 30, 2021	ESTIMATED BALANCE AVAILABLE FOR FY2022	ESTIMATED ANNUAL BUDGET FY2022	ESTIMATED BALANCE AT CLOSE OF FY2022	
	STATE SUPPORT	NONGENERAL FUND	AGENCY DEBT	TOTAL					
Design Phase									
Student Wellness Improvements	Jun 2016	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 5,080	\$ 52,920	\$ 2,500	\$ 50,420
Planning: Tennis Center Improvements	Aug 2016	-	809	-	809	425	384	384	-
Dietrick First Floor and Plaza Renovation	Sept 2017	-	8,300	-	8,300	980	7,320	1,200	6,120
Global Business & Analytics Complex Residence Halls	Jun 2019	-	-	84,000	84,000	1,043	82,957	-	81,600
New Upper Quad Residence Hall	Jun 2019	-	-	40,000	40,000	2,480	37,520	6,500	31,020
Construction Phase									
Maintenance Reserve	On-going	-	8,000	-	8,000	-	8,000	8,000	-
Creativity & Innovation District LLC	Oct 2016	-	15,880	89,620	105,500	88,000	17,500	9,000	8,500
Close-Out									
Student-Athlete Performance Center	Mar 2018	-	20,417	-	20,417	20,000	417	417	(0)
Total Auxiliary Enterprise Projects		\$ -	\$ 66,715	\$ 258,310	\$ 325,025	\$ 118,008	\$ 207,017	\$ 28,001	\$ 177,660
GRAND TOTAL ALL CAPITAL PROJECTS		\$ 519,598	\$ 120,840	\$ 456,396	\$ 1,096,834	\$ 277,612	\$ 819,222	\$ 147,027	\$ 670,838

2021-22 OPERATING AND CAPITAL BUDGETS

DWAYNE PINKNEY, SENIOR VICE PRESIDENT AND CHIEF
BUSINESS OFFICER

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND
FINANCIAL PLANNING

BOB BROYDEN, ASSOCIATE VICE PRESIDENT FOR CAMPUS
PLANNING AND CAPITAL FINANCING

JUNE 8, 2021

OPERATING BUDGET

2021-22 Operating Budget

(Dollars in Millions)

	2020-21 Adjusted Budget	2021-22 Proposed Budget	Change	
			\$	%
<u>Educational and General</u>				
University Division	\$848.0	\$878.4	\$30.4	3.6%
CE/AES Division	91.2	95.6	4.4	4.8%
Subtotal	<u>\$939.2</u>	<u>\$974.0</u>	<u>\$34.8</u>	<u>3.7%</u>
Auxiliary Enterprises	\$281.3 (a)	\$355.9	\$74.6	26.5%
Financial Assistance for E&G Programs (Sponsored Programs)	355.2	355.7	0.5	0.1%
Student Financial Assistance	36.5	38.3	1.9	5.2%
All Other Programs (including UMA)	21.0	13.9	(7.1) (b)	(33.7%)
Total	<u>\$1,633.2</u>	<u>\$1,737.9</u>	<u>\$104.7 *</u>	<u>6.4%</u>

(a) FY21 Auxiliary Enterprise budget is net of COVID-19 impacts.

(b) Decreased due to one-time funds received in FY21.

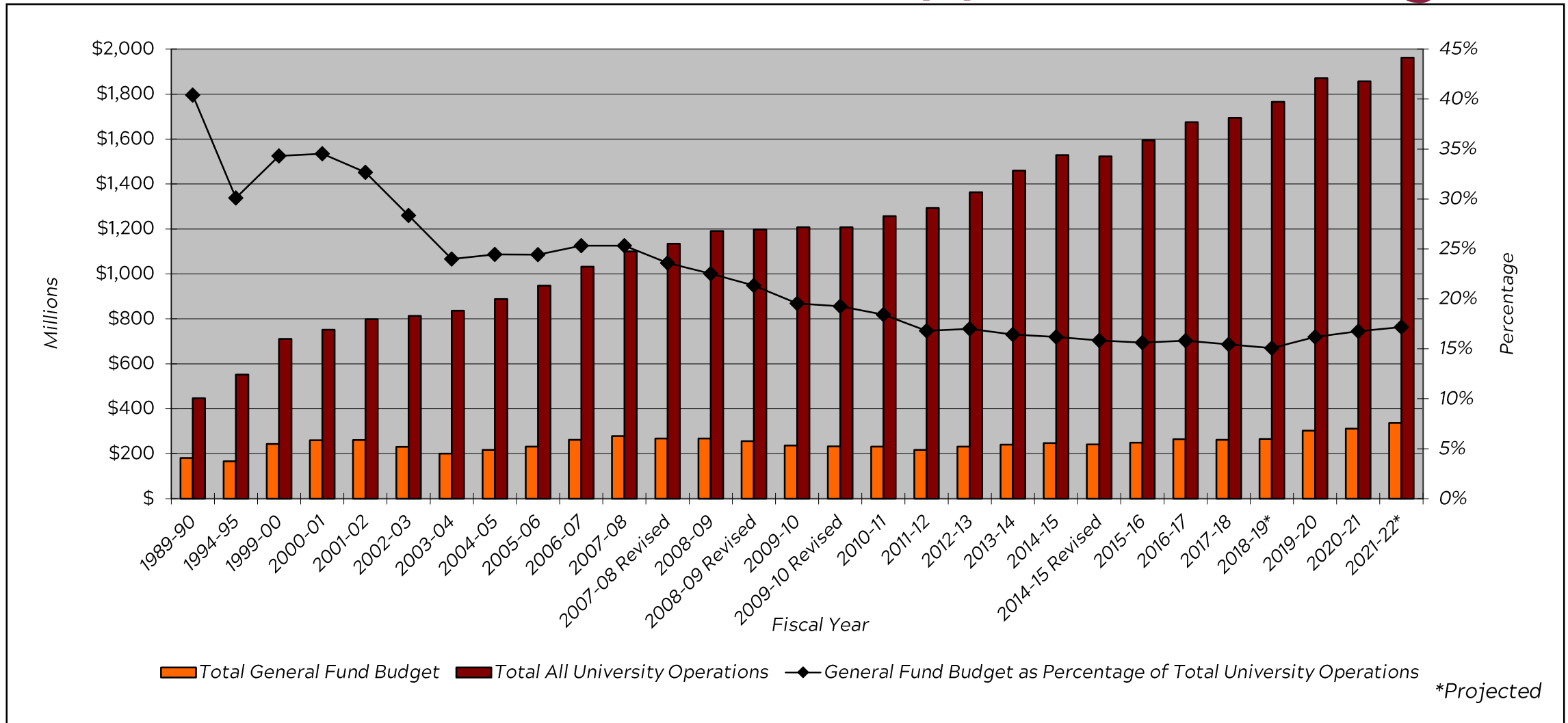
*numbers may vary slightly due to rounding

2021-22 Annual Change in University Division - Educational and General Budget

(Dollars in Millions)

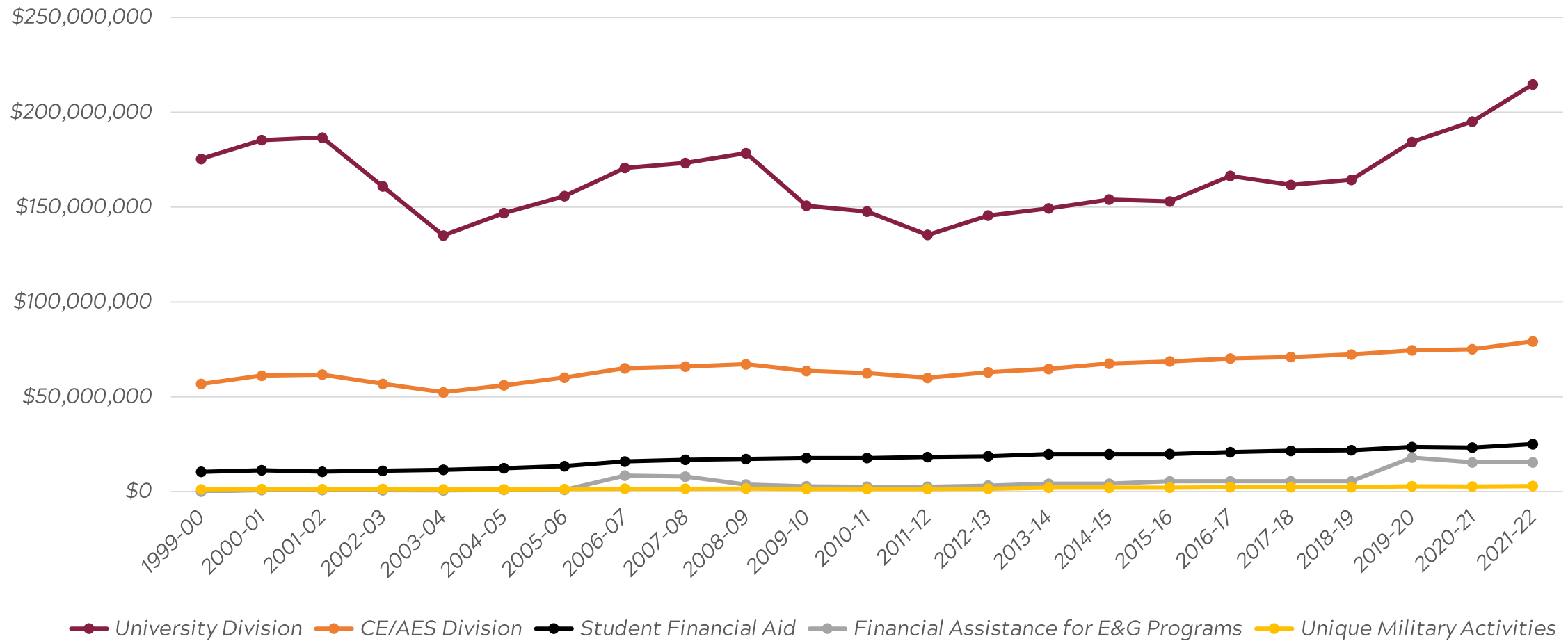
	Adjusted Budget	Proposed Budget		
			\$	%
<u>University Division (E&G)</u>				
General Fund	\$197.1	\$214.7	\$ 17.6	8.9%
Tuition and Fees	603.1	619.8	16.7	2.8%
All Other Income	42.5	43.9	1.4	3.3%
CARES Revenue	5.3	-	(5.3)	-100.0%
Subtotal	\$848.0	\$878.4	\$30.4	3.6%

Historical General Fund Support Percentages



*Projected

General Fund Support by Program



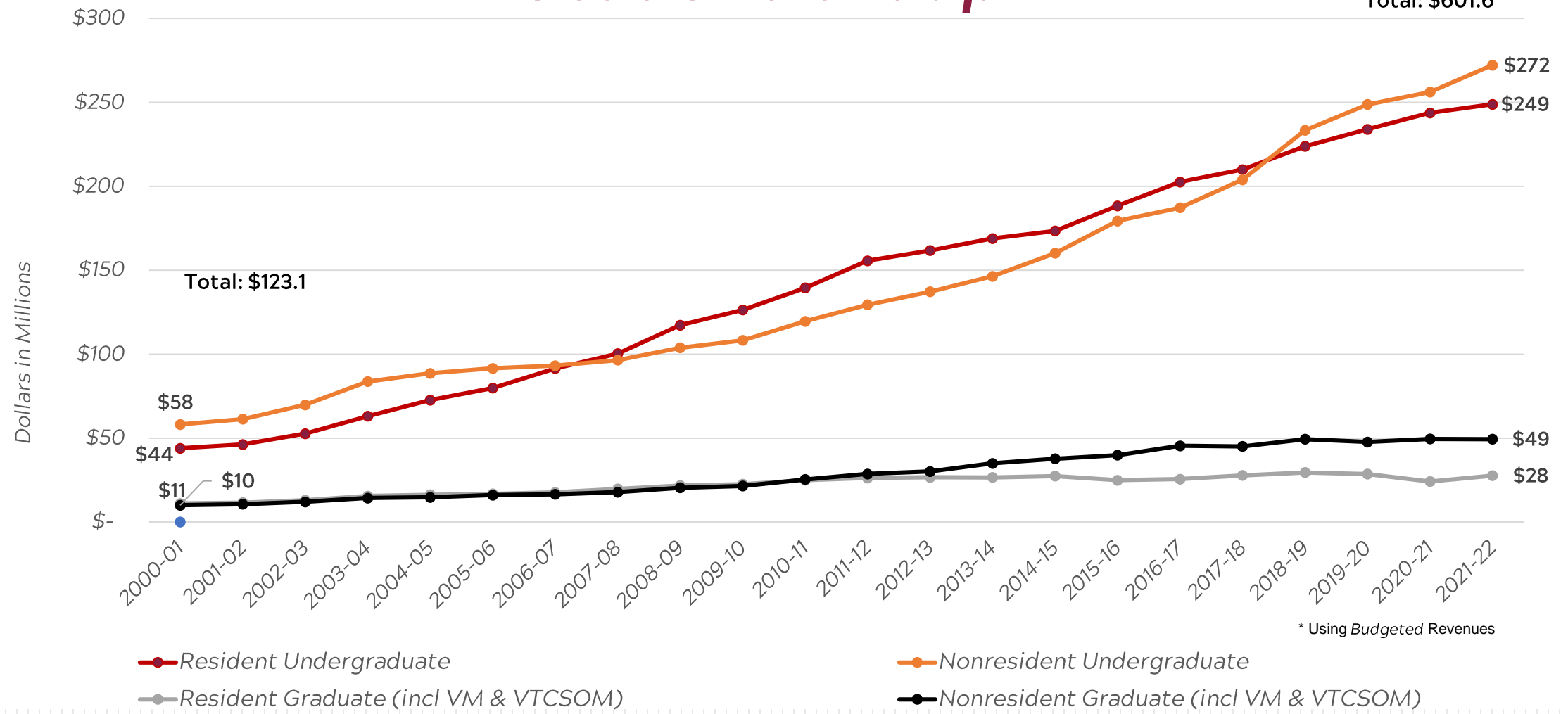
*Projected

2021-22 Educational and General Budget Components

(Dollars in Millions)

	University Division	CE/AES Division	Total
Educational and General Budget			
General Fund	\$214.7	\$79.2	\$293.9
Tuition and Fees	619.8	-	619.8
Federal Funds	-	15.6	15.6
Other	43.9	0.8	44.7
Total Educational and General	\$878.4	\$95.6	\$974.0
Percent of Total			
General Fund	24.4%	82.8%	30.2%
Tuition and Fees	70.6%	0.0%	63.6%
Federal Funds	0.0%	16.4%	1.6%
Other	5.0%	0.8%	4.6%
Total Percentage	100.0%	100.0%	100.0%

Net Tuition and E&G Fee Revenue Trend by Student Group



2021-22 Components of Financial Assistance for E&G Programs

(Dollars in Millions)

	2020-21 Adjusted Budget	2021-22 Proposed Budget	Change	
			\$	%
General Fund	\$5.4	\$5.4	-	0.0%
Commonwealth Cyber Initiative	10.0	10.0	-	0.0%
Nongeneral Fund				
Sponsored Grants and Contracts	254.1	254.1	-	0.0%
Other*	85.7	86.2	0.5	0.6%
Subtotal	\$355.2	\$355.7	\$0.5	0.1%

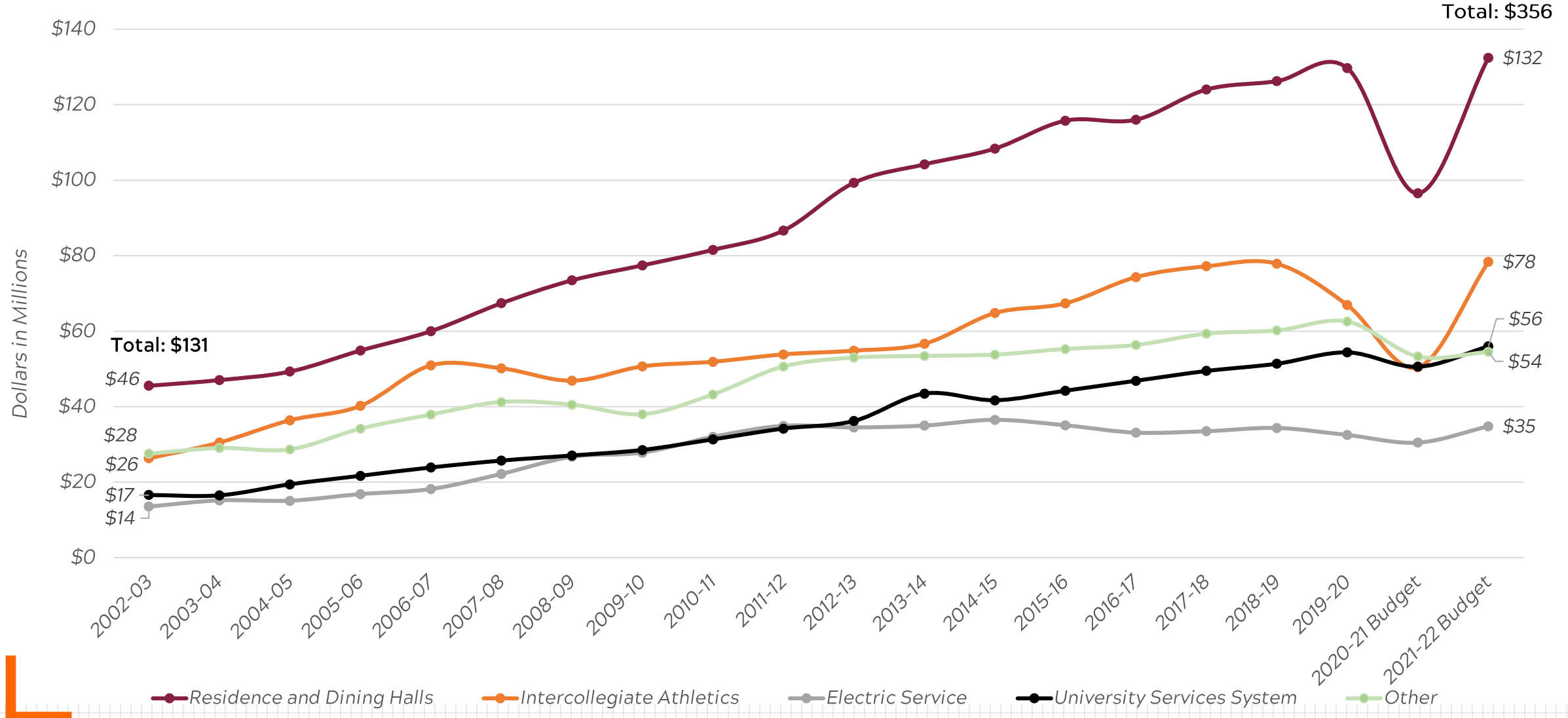
*Comprised primarily of Overhead, Eminent Scholars, and Enterprise Fund for distance learning

Undergraduate Student Financial Aid

State and Institutional Undergraduate Scholarship Support



Auxiliary Enterprise Revenue Trend by Unit



Other includes: Hotel & Conference Center, Software Sales, Parking, Photocopy, Printing, Tailor Shop, Licensing, Pouring Rights, Telecommunications, New Student Programs, Hokie Passport Office, Fleet Services.



2021-22 Key Auxiliary Enterprise Revenue Budget Changes

(Dollars in Millions)

	2020-21	2020-21	2021-22	Change	
	Original Budget	Adjusted Budget	Proposed Budget	(Adjusted to Proposed)	
				\$	%
<i>Residence and Dining Hall System</i>	\$ 130.3	\$ 96.5	\$ 132.4	\$ 35.9	37.2%
<i>Intercollegiate Athletics</i>	74.7	50.4	78.3	27.9	55.4%
Subtotal	\$ 205.0	\$ 146.9	\$ 210.7	\$ 63.8	43.4%

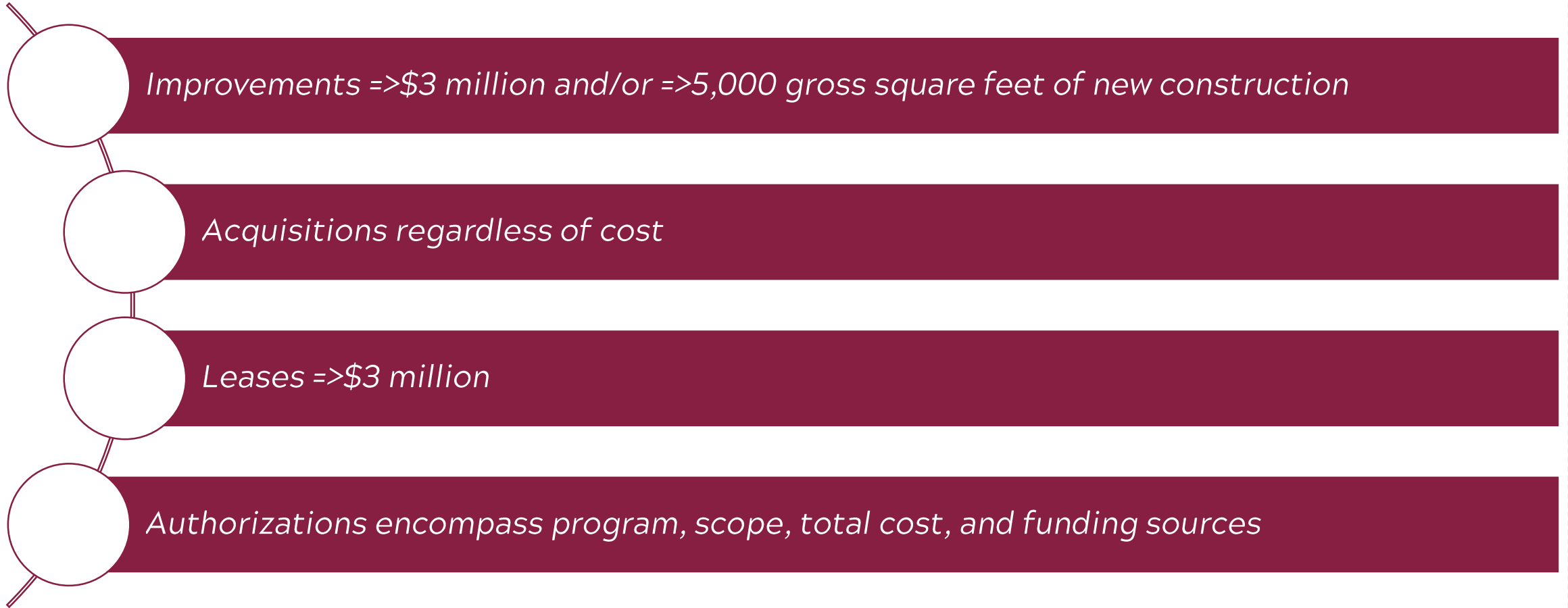
Compensation Plan

- The university is planning the following compensation programs to be effective on June 10, 2021 consistent with the state authorized compensation program:
 - 5.0% merit and distinction program for T&R and A/P Faculty
 - 5.0% University Staff program (3.0% base and 2.0% merit pool)
 - 5.0% Classified Staff program (across-the-board as mandated by the State).
 - 5.0% Stipend increase for graduate students (effective August 10, 2021)
 - Promotion and Tenure
- State minimum wage increase to \$11.00 per hour effective January 1, 2022

CAPITAL BUDGET

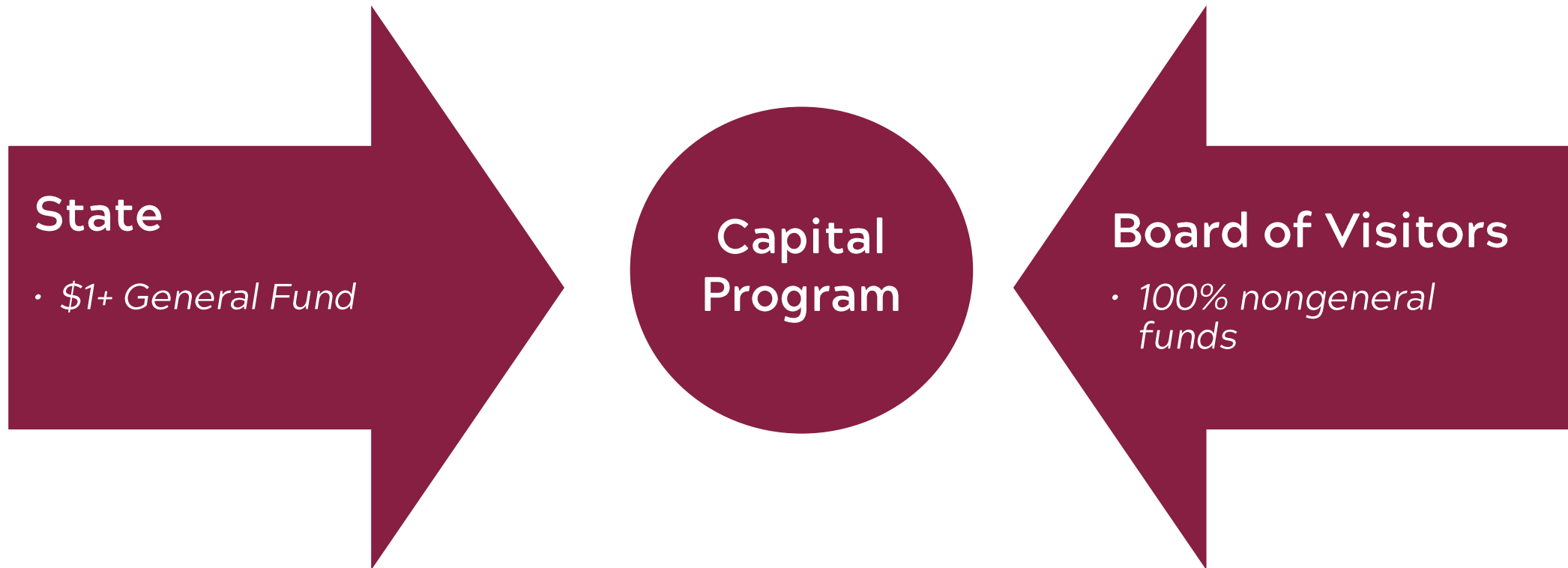
CAPITAL PROJECT AUTHORIZATION LEVELS

Attachment G



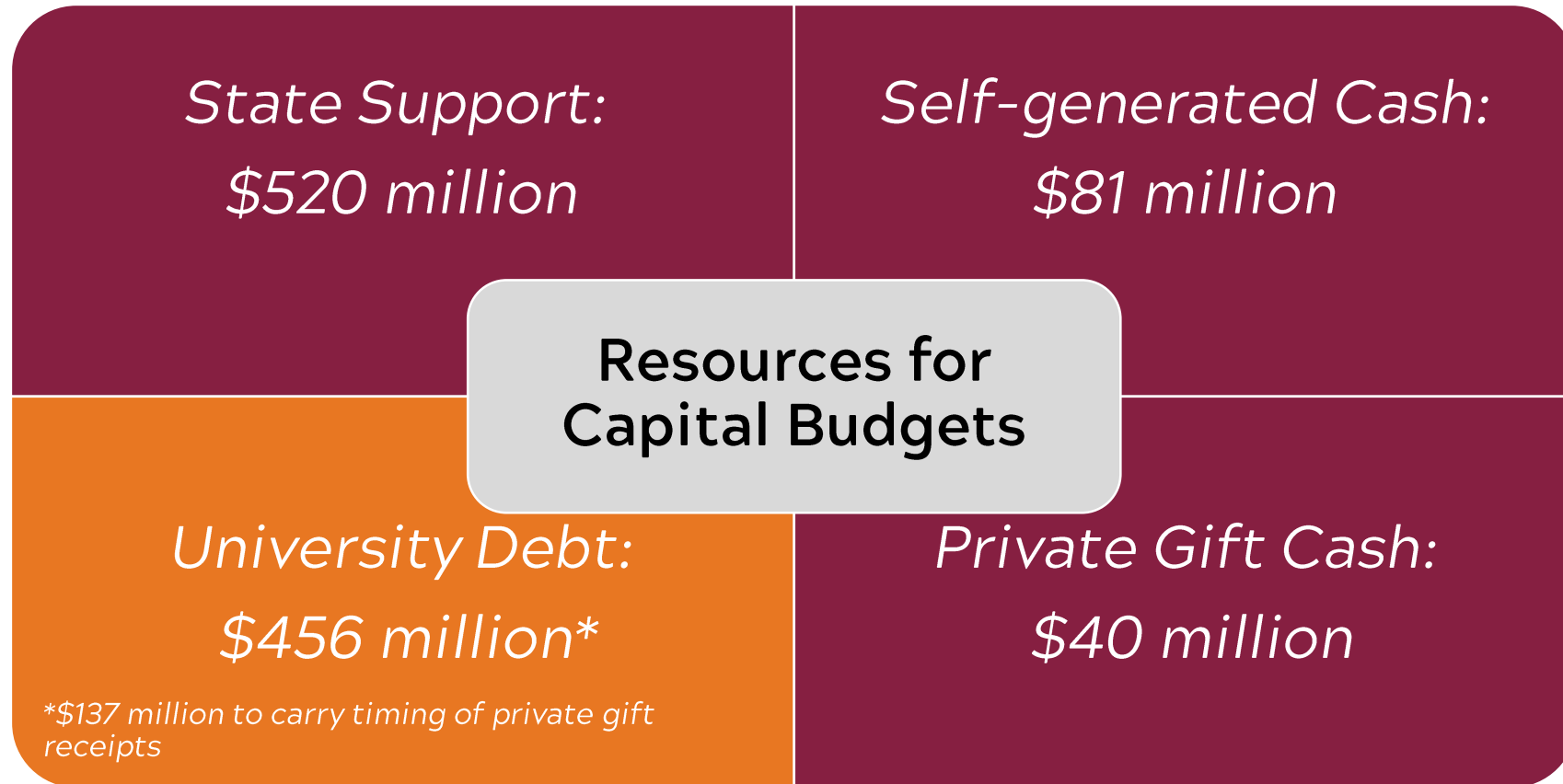
CAPITAL PROJECT AUTHORIZATION PROVIDERS

Attachment G



CAPITAL AUTHORIZATION FUND SOURCES

Attachment G



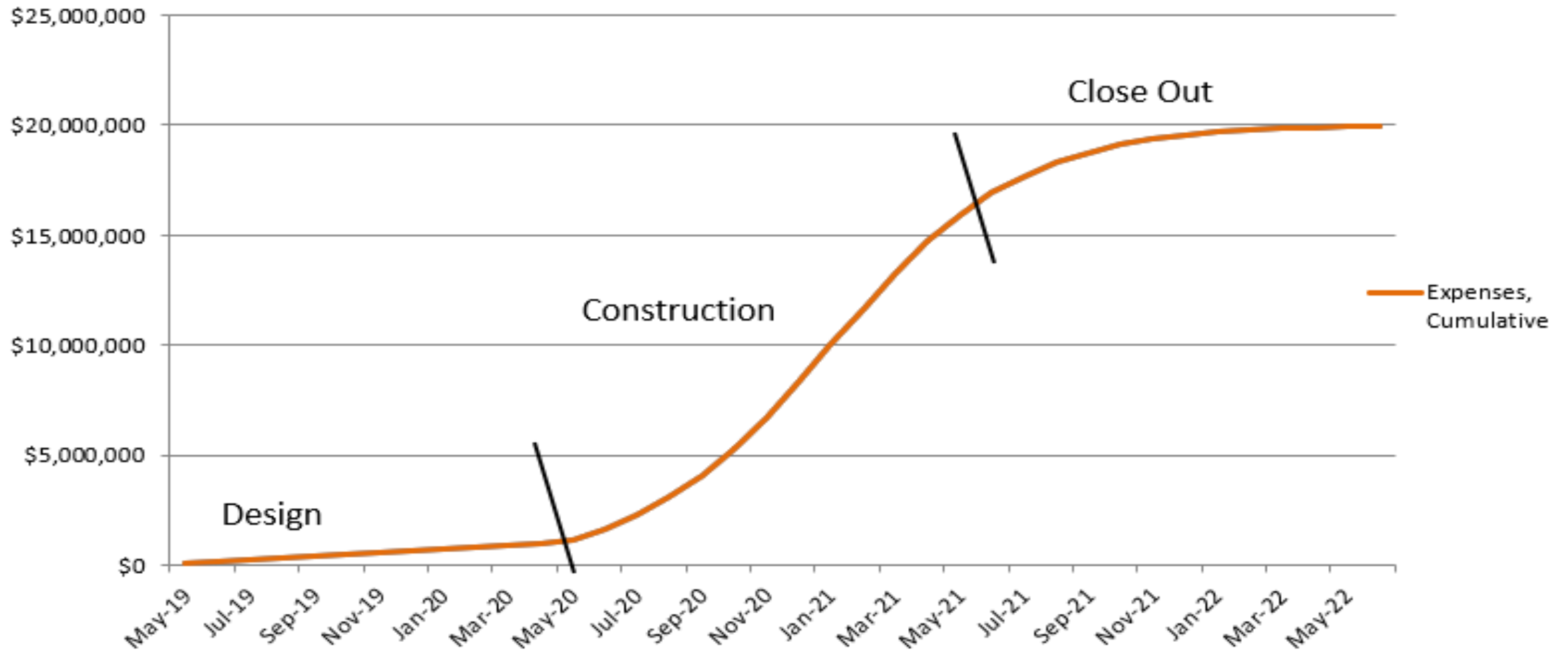
FISCAL YEAR 2022 CAPITAL PROJECTS

Attachment G

<i>End FY21</i>	<i>30</i>
<i>Projects closed June 30th</i>	<i>- 4</i>
<i>New projects effective July 1st</i>	<i>0</i>
<i>Start FY22</i>	<i>26</i>

- *10 in design*
- *9 in construction*
- *4 in close-out*
- *3 in equipment support*

ESTIMATING CAPITAL PROJECT SPEND RATE



Most sensitive to construction start dates

FISCAL YEAR 2022 CAPITAL BUDGET Attachment C

(Dollars in Millions)

FY22 starting total capital budget

\$1,097

Less project to-date expenditures as of June 30th

- 278

Budget available for FY22

\$819

Estimated capital expenditures for FY22

\$147

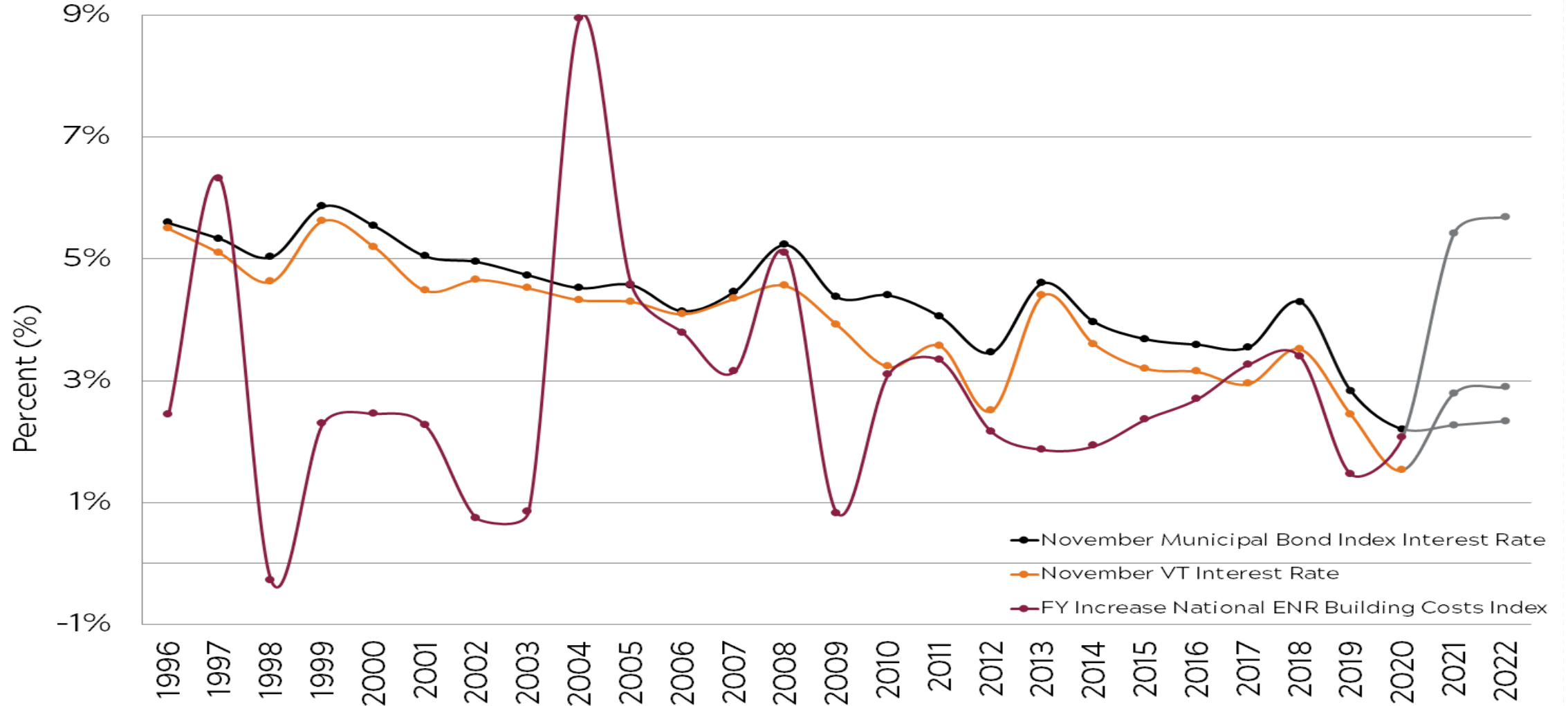
FISCAL YEAR 2022 BUDGET SENSITIVITY

Attachment G

- *Innovation Campus-Academic Building, Foundations Package* August 2021
- *Undergraduate Science Laboratory Building* September 2021
- *Hitt Hall & New Dining Center* October 2021
- *Dietrick First Floor and Plaza Renovation* October 2021
- *Innovation Campus-Academic Building, Building Package* February 2022
- *Student Wellness Improvements* March 2022

ESCALATION AND INTEREST RATES Attachment G

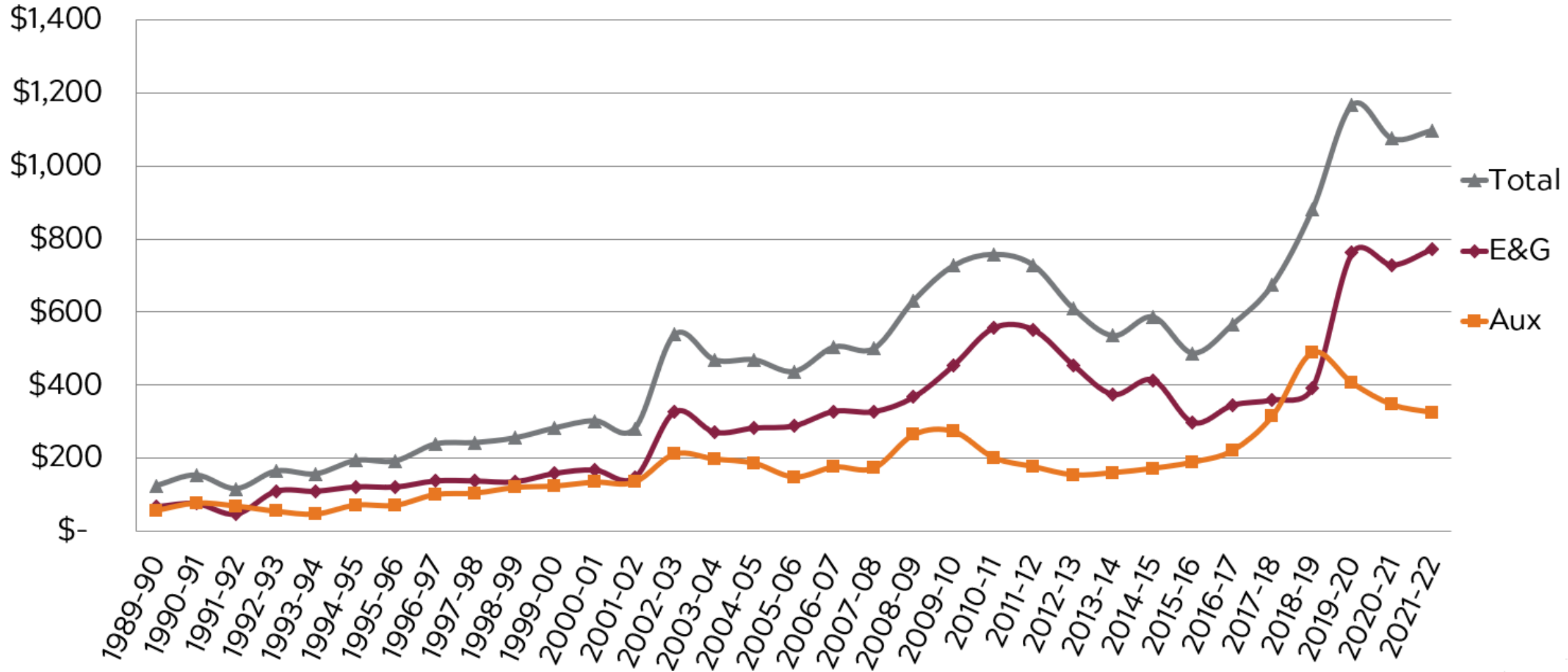
Each project budget escalated to the mid-point of construction during development



TREND OF TOTAL CAPITAL PROGRAM

Attachment G

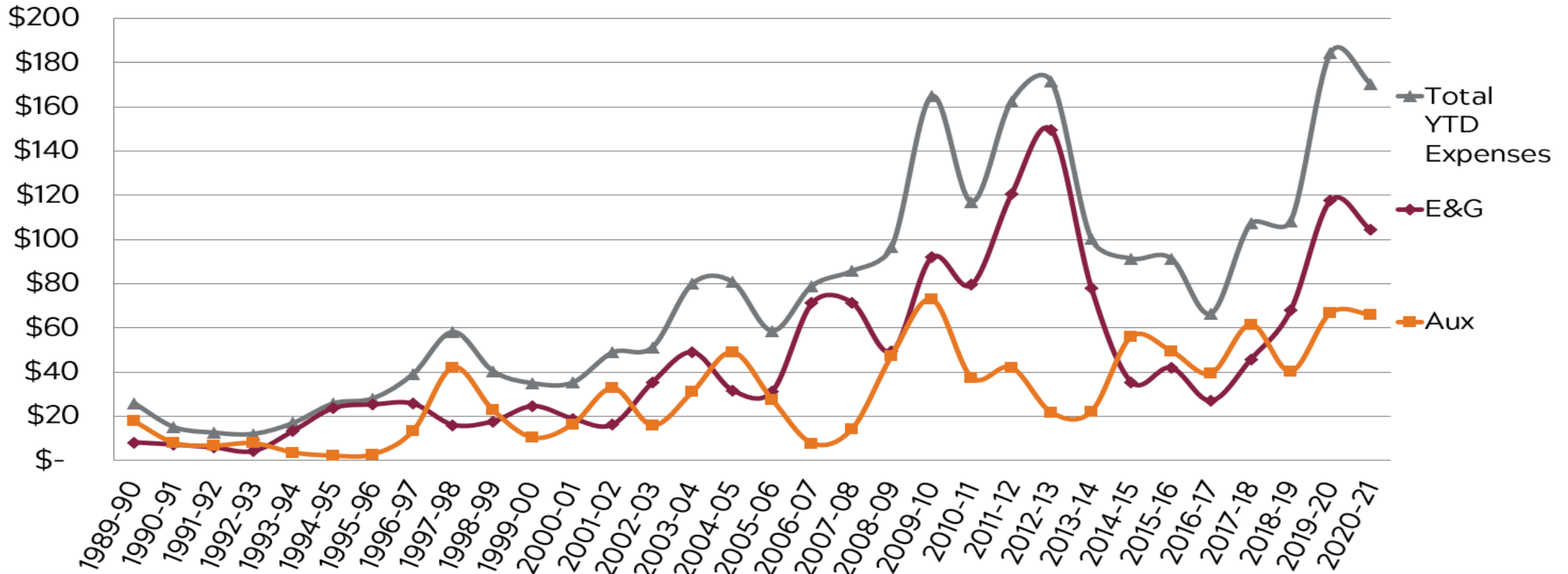
Fiscal Year 1990 - Fiscal Year 2021



TREND OF TOTAL CAPITAL PROGRAM EXPENDITURES

Attachment G

Fiscal Year 1990 - Fiscal Year 2021



APPROVAL OF 2021-22 UNIVERSITY OPERATING AND CAPITAL BUDGETS Attachment G

RECOMMENDATION

That the proposed 2021-22 Operating and Capital Budgets, as displayed on Schedules 1, 2, and 3 be approved.

JUNE 8, 2021