

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING

September 2, 2010

PRESENT: Greg Boardman, Erik Ervin, Kim Avis (for Lynn Eichhorn), Mike Ellerbrock, Courtney Gleason, Tim Hodge, Bill Huckle, Lonnie Johnson, Patricia Lavender, Maxine Lyons, Andrew McCoy, Mark McNamee, Quinton Nottingham, Dwight Shelton, Ken Smith, Connie Stovall, Robert Tracy

ABSENT: Martin Daniel, Corbin DiMeglio, Steve McMullin

GUEST: Samantha Baker

1. CALL TO ORDER

Dr. Mark McNamee, Senior Vice President and Provost, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE MAY 27, 2010 MINUTES

Dr. McNamee announced that the minutes of the May 27, 2010 meeting have been approved and sent to University Council for posting on the web.

3. GENERAL DISCUSSION OF THE ACTIVITIES OF THE COUNCIL

The University Advisory Council on Strategic Budgeting and Planning serves a primary advisory role for the university budgeting and planning process. It reports jointly to the President and the University Council. Areas for consideration include: monitoring the University planning and budgeting processes; participating in and advising on the development of biennial budgets, the formulation of the university plan, and the development of university capital and facilities plans, and the reconciliation of the plan and the available resources; consulting on other budget and planning matters; and addressing matters of policy relative to budget and planning and appropriate for governance consideration and, in such instances, making recommendations to the University Council.

Complete information on the membership and responsibilities of the council can be found in Article VIII: University Advisory Councils of the *University Council Constitution and Bylaws* available on the university web site at http://www.governance.vt.edu/uc_constitution_and_by-laws.html .

4. UNIVERSITY STRATEGIC PLAN PROGRESS REPORT

Significant changes in the budget since 2005 have prompted adjustments to the University Strategic Plan. Dr. McNamee presented the full academic mid-term review of the Strategic Plan dated August 2010. The mid-term review identified ten areas within the plan and outlined priorities and action items to advance the realization of the University Strategic Plan. Dr. McNamee requested that the council members review the document and prepare feedback for the next meeting. There are three emerging ideas beyond the scope of the mid-term review – distance and distributed learning, summer sessions, and learning technologies; graduate education; and Virginia Tech Carilion School of Medicine and Research Institute.

5. UPDATE ON THE STATE'S FINANCIAL ENVIRONMENT AND POTENTIAL IMPACT FOR VIRGINIA TECH

Mr. Shelton stated that there have yet to be any new signals of other financial impacts for the University and there has been no additional weakening of the Virginia economy. One-time stimulus funding this fiscal year has already been factored into the University budget at \$24 million with a September 30, 2011 expiration date. The University will spend all of the funding this current year. Additionally, the 2.9% base reduction for 2010-11 to the University in the Authorized Budget Document was offset with a one-time 40% relief.

The Governor announced that the state surplus was larger than originally expected – approximately \$170 million in unspent balances. The 3% FY2010-11 bonus for state employees will be paid in a lump sum in December. There has been no additional information from the Governor regarding FY2011, thus no additional compensation decisions can be made at this time. Mr. Shelton emphasized the University's need for a compensation strategy.

Mr. Shelton discussed the issuance of debt for capital projects, Maintenance Reserve, and the Equipment Trust Fund program. The state funds the Maintenance Reserve program, Equipment Trust Fund program, and much of the capital project with debt. The Commonwealth has a debt ceiling and indicates that due to capacity limitations, future debt issues are a challenge. The 2010 General Assembly charged the Secretary of Finance to review the Commonwealth's debt capacity – this review is expected to be completed this fall. Until the Commonwealth finds a way to fund these programs, there is no funding. The University is following this situation very closely. Virginia currently has a AAA bond rating and is cautious about changing this. There is a reasonable chance that the state will find room in debt capacity to continue these programs.

6. STATUS OF THE GOVERNOR'S COMMISSION ON HIGHER EDUCATION REFORM, INNOVATION, AND INVESTMENT

Mr. Shelton addressed a handout regarding the Commission on Higher Education Reform, Innovation, and Investment.

The commission has several priorities including increased degree attainment, innovation and cost containment, regional and research development. The next full meeting of the commission will be on October 12, and the next interim report is expected to be released on November 30.

The University supports further higher education restructuring, and Mr. Shelton will present more information about restructuring initiatives at the next meeting.

There being no further business, the meeting adjourned at 4:02 p.m.