

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING
January 22, 2015

PRESENT: Virginia Buechner-Maxwell, Martin Daniel, Tim Hodge, Steve Kleiber, Herve Marand, Ginny Pannabaker (for Leslie O'Brien), Richard Rodrigues, Ken Smith, Jason Soileau, John Tedesco, Sue Teel

ABSENT: Carolyn Copenheaver, Kylie Gilbert, Susanna Rinehart (for Sarah Karpanty), William Knocke, Joseph Guthrie, Andrew McCoy, Mark McNamee, Quinton Nottingham Dwight Shelton

GUESTS: Steve Mouras, Director of Transportation Planning and Sustainability
Ruben Avagyan, Campus Energy Manager
Chris Kiwus, Associate Vice President and Chief Facilities Officer

1. CALL TO ORDER

Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE DECEMBER 4, 2014 MINUTES

Mr. Hodge announced that the minutes of the December 4, 2014 meeting have been approved and sent to University Council for posting on the web.

3. UPDATE ON EXECUTIVE BUDGET AMENDMENTS

Mr. Hodge provided an update on the Governor's executive budget amendments. Mr. Hodge noted that the executive budget affirmed the September budget cut of \$6.1 million in General Fund would stand for Agency 208, with Agency 229 being sheltered from the reductions. Mr. Hodge then reviewed highlights from the letter Mr. Dwight Shelton sent out to campus leadership that was copied to the council (attached). The executive amendments provided state support for \$100,000 of resident undergraduate financial aid, \$1.5 million of additional Higher Education Equipment Trust Fund (ETF) funding, and \$532,000 in additional Maintenance Reserve funding. Mr. Hodge added that there are currently several pieces of legislation being discussed in the General Assembly that involve authority, including legislation to cap certain fees (i.e. athletic fee, which VT would not be greatly affected by due to having the lowest athletic fee in the commonwealth), and limits on tuition setting authority. Mr. Hodge explained that with these pieces of legislation, the autonomy of boards of visitors is being limited, and that conversations need to continue to address the unintended consequences of some of these pieces of legislation. Overall, Mr. Hodge observed that the executive budget amendments represented a little bit of good news in an otherwise challenging economic environment.

4. SUSTAINABILITY AND ENERGY CONSERVATION ON CAMPUS

In response to the council's request, Mr. Mouras and Mr. Avagyan gave a presentation (attached) and engaged in discussion on energy conservation and sustainability. They provided a background of the Office of Energy and Sustainability (OES). The OES sets

their goals based on the VT Climate Action Commitment (CAC) signed in 2009 and updated in 2013. Mr. Mouras walked the group through these goals, as well as the role of the OES, and programs and events that they run on campus. Mr. Avagyan then discussed his role as an Energy Manger at VT, and what he is responsible for in that role. Mr. Avagyan described several completed energy savings projects on campus, ongoing projects, as well as future plans.

Mr. Mouras and Mr. Avagyan then answered questions from the group, including

- A question regarding the energy management of our off-campus leased buildings: Mr. Avagyan explained that we have in some instances (in the CRC) conducted energy audits of leased buildings.
- Questions concerning the budget for energy saving projects, versus improvements to infrastructure or existing building improvements:

Mr. Hodge noted that these are two separate budget processes. When energy savings projects are identified, and if the data shows that they will provide a significant cost savings, the Budget Office will work with the appropriate groups to identify a way to finance those projects outside of the standard budget cycle, to be repaid by realizable savings to create long term savings for the institution. Improvements to existing buildings that don't create a net savings would go through the standard budget process that would establish priorities for funding. Mr. Mouras added that with their strategic plan, they plan to make continued progress.

Mr. Mouras closed by saying that although energy is affordable now, it won't always be. There is a window of time to be proactive in dealing with energy savings projects, instead of having to be reactive in the future when costs rise. He also noted that changing behavior is difficult.

Dr. Kiwus indicated that they will be working with the Budget Office on future projects.

5. OTHER BUSINESS

No further business was discussed, and the meeting adjourned at 4:05 p.m.

Attachments (2)



December 19, 2014

MEMORANDUM

TO: Deans
Vice Presidents

FROM: M. Dwight Shelton, Jr. 

SUBJECT: Analysis of Executive Budget Amendments for the 2014-16 Biennium

On Wednesday, December 17, 2014, Governor McAuliffe presented his Executive Budget amendments to the 2014-16 biennial budget to the General Assembly. We have now completed our initial review of the proposed budget and can share with you the more significant elements of the proposal that impact Virginia Tech and higher education.

As you know, the state experienced weak growth in General Fund revenues in 2013-14, and this slow growth is continuing during the 2014-16 biennium. This slower growth has resulted in a projected total shortfall of \$2.4 billion over the current two-year budget. After utilizing available reserve strategies, a shortfall of \$882 million over the two years remained. The Governor and General Assembly acted in September to address the shortfall in the current year; those actions included operating budget reductions to most state agencies. Virginia Tech was assigned a reduction of \$6.1 million in both the 2014-15 and 2015-16 fiscal years (this was previously communicated to campus).

To address the remaining shortfall, the Governor has utilized various savings and revenue strategies in the second year of the biennium. While the previously announced reduction remains, we are pleased to report that the proposed budget amendments announced this week do not include any additional reductions to higher education and Virginia Tech for 2015-16.

The Executive Budget amendments include some additional funding in a few strategic areas that will positively impact the university. We have developed a summary table that displays the net impact of these incremental adjustments, by fiscal year, on the amount of General Fund support available to the university in the proposed Executive Budget. This summary table is displayed as an attachment to this memorandum.

While it is important to understand the budget proposals included within the Executive Budget, please remember that these actions are subject to change during the General Assembly which will convene in January.

Invent the Future

The following is a brief summary of the items of particular interest to Virginia Tech:

Operating Budgets:

University Budget (Agency 208)

- **Operating Budget Support:** The Executive Budget affirms the previously approved General Fund reduction of \$6.1 million in each year of the biennium (previously announced in September of this year). No new General Fund operating support or reductions were recommended.
- **Student Financial Aid:** An additional \$100,000 of General Fund support for undergraduate student financial aid is recommended in 2015-16.
- **Equipment Trust Fund:** The Executive Budget amendments increase the base Higher Education Equipment Trust Fund appropriation to the university by approximately \$1.5 million in the second year of the biennium.

VCE/AES Budget (Agency 229)

- **Operating Budget Support:** No additional General Fund support was recommended for the Cooperative Extension and Agricultural Experiment Station division.
- **General Fund Share of State Assigned Fringe Benefit Rate Increases:** The state is in the process of implementing enterprise system enhancements that impact human resource and financial applications. Unfortunately, through that process the traditional fund split methodology for the VCE/AES budget was adjusted in a manner that produces a shortfall in the General Fund support for state assigned increases in retirement and health care costs for the agency. While we have been working with the state to correct this technical issue, the agency's allocation in the Executive Budget was not corrected. We will continue to work with the Executive Branch and the General Assembly to seek a solution to this shortfall.

Compensation

- **Faculty and Staff Salaries:** No statewide compensation support was recommended in the Executive Budget amendments.
- **Health Insurance:** The projected rate of health insurance increases has slowed from 6.9% to 2.9% in the Executive Budget proposal. No specific details on the impact of this cost to the university or employees are yet known.

Language

- **Tuition Authority:** The Executive Budget proposal maintains the Board of Visitors' authority over tuition and fee increases, with no prohibition or further regulation.
- **Land Transfer:** The Executive Budget includes authorization for the university to exchange 1.5 acres of publicly owned land for 22.9 acres of privately owned land to expand the university's agricultural programs. This transfer was proposed by the university.

Capital Budgets:

- **Maintenance Reserve:** \$8.55 million is proposed for the university for fiscal year 2016, which reflects a \$532 thousand increase over the current fiscal year. The system-wide maintenance reserve program is slated to increase by \$5 million, with all of the higher education institutions increasing by 6.6 percent respectively.
- **Capital Projects:** There are no new Higher Education capital projects in the budget bill.

December 19, 2014

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- **NGF and Debt Authorizations:** The university received authorizations to issue debt through the state's nongeneral fund pooled bond program which reduces the costs of capital compared to stand-alone debt. The items include debt and cash authorizations to permanently finance the Upper Quad Residential Facilities and the Unified Communications System and Network capital projects.

The current economic environment has significantly constrained the commonwealth's ability to invest in various strategic program areas including higher education. We appreciate the Governor's recognition of the value that higher education brings to the new Virginia economy by educating the commonwealth's citizens and driving the discovery and development that will support Virginia moving forward. We very much appreciate the administration's decision to avoid additional reductions to higher education in fiscal year 2015-16; this is a positive step.

If you have any questions about the Executive Budget amendments or need additional information on the budget proposals for 2014-16, please feel free to contact me.

Attachment

cc: Timothy D. Sands, President
Mark G. McNamee, Senior Vice President and Provost
Lawrence Hincker, Associate Vice President University Relations
Elizabeth Lazor, President of the SGA
Greg Purdy, President of the GSA
Bernice Hausman, President of the Faculty Senate
Dan Cook, President of the Staff Senate
University Advisory Council on Strategic Budgeting and Planning
Research Institute Directors

SUMMARY OF INTRODUCED EXECUTIVE BUDGET AMENDMENTS FOR 2014-16
VIRGINIA TECH
 December 19, 2014
 (Dollar Amounts in Thousands)

OPERATING BUDGET

<u>University Division</u>	<u>General Fund</u>	
	<u>2014-15</u>	<u>2015-16</u>
Student Financial Aid		
Undergraduate	\$	\$100
Higher Education Equipment Trust Fund		<u>1,522</u>
Subtotal University Division	<u>\$</u>	<u>\$1,622</u>
 <u>Cooperative Extension/Agricultural Experiment Station Division</u>		
No changes		
TOTAL OPERATING SUPPORT CHANGES	<u><u>\$</u></u>	<u><u>\$1,622</u></u> (1)

CAPITAL BUDGET

<u>University Division</u>	<u>State Support</u>
Maintenance Reserve supplement, Fiscal Year 2016	<u>532</u>
TOTAL CAPITAL SUPPORT CHANGES	<u><u>\$ 532</u></u> (1)

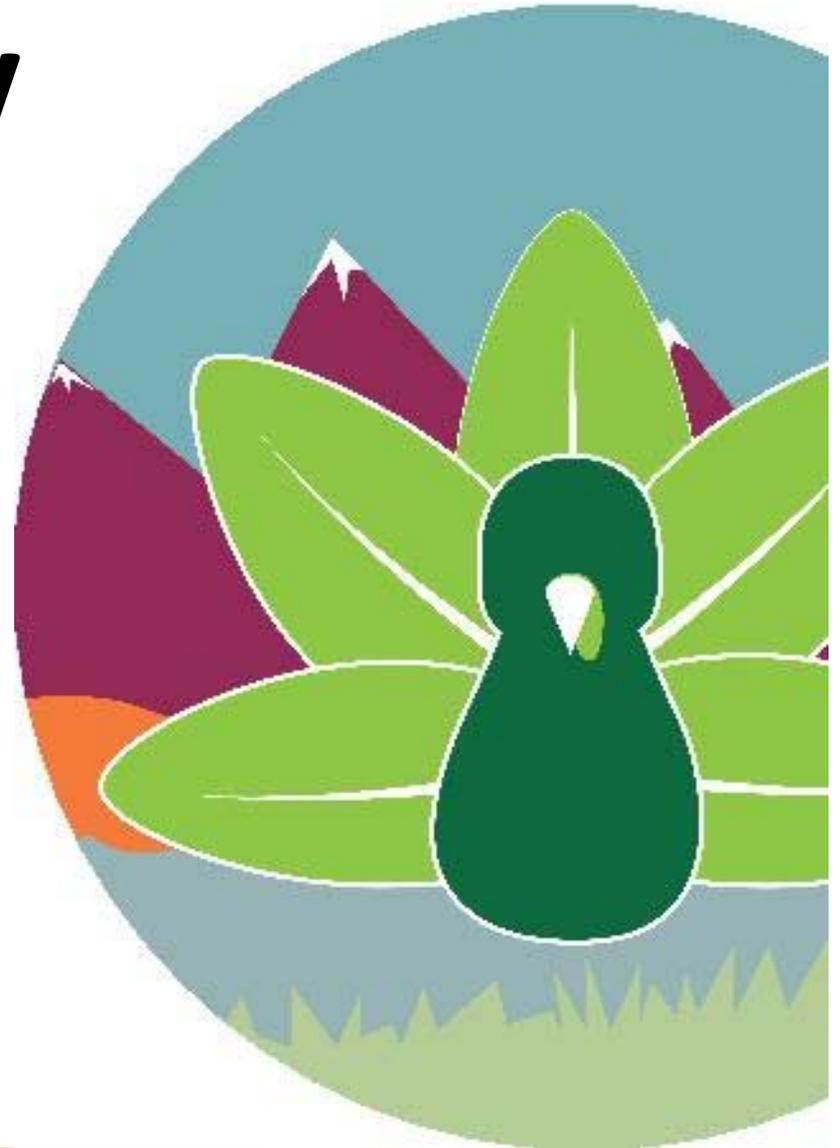
(1) These amounts reflect incremental changes to the existing 2015-16 budget previously approved by the General Assembly.

Energy & Sustainability

Virginia Tech

Steve Mouras, Dir of Transportation
Planning and Sustainability

Ruben Avagyan, Energy Manager



Agenda

- **Climate Action Commitment**
- **Sustainability Initiatives**
- **Energy Initiatives**
- **Additional Resources**



VT Climate Action Commitment (CAC)

Be a Leader in Campus Sustainability.



- Represent CAC in our Strategic Plan.
- Sets GHG emissions targets.
- Reduce energy, water, and waste.
- Pursue USGBC LEED Silver Certification or higher - new construction & major renovations.
- Create Sustainability Office.

Office of Energy and Sustainability:

What We Do

- Oversee **implementation** of CAC & SP.
 - Coordinate **outreach** programs and **communications** for campus sustainability.
 - Manage Student **Internship** Program.
 - **Coordinate** with other campus units on sustainability-related activities.
 - Membership on the Energy and Sustainability Committee (**University Governance**).
-



Programs and Events



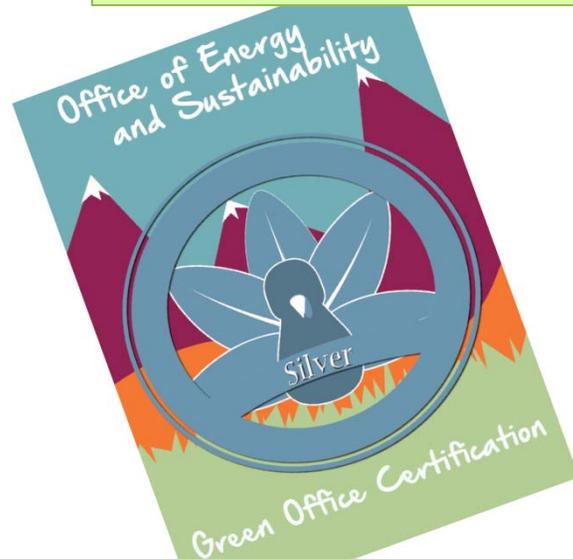
Sustainability Programs



Student Internships



Assessment



Green Office Certification



Green RFP

Sustainability Events

Sustainability Week



SUSTAINABILITY WEEK
September 13th to 21st, 2014

Blacksburg TOWN OF
a special place

VirginiaTech
Invent the Future®

Sustainable
Blacksburg

more info > SustainableBlacksburgVa.org

Celebrate • Educate • Motivate

The banner features a collage of images on the left: a person in a field, bicycles, and solar panels. The background is a large green leaf.

RecycleMania



RECYCLE MANIA
TOURNAMENT

**Get In The Game:
RECYCLE!**

Feb 2 - Mar 29, 2014

Sponsored By:

- Office of Energy and Sustainability
- SGA
- Division of Student Affairs
- Environmental Coalition

Visit:
www.facilities.vt.edu/sustainability

VirginiaTech
Invent the Future

The banner features a large recycling symbol and the text 'RECYCLE MANIA TOURNAMENT' in a stylized font.

Res. Hall Energy Competition



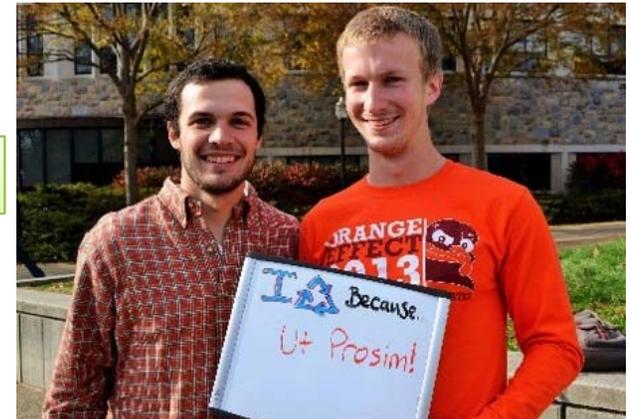
TURN DOWN FOR WATT

RESIDENCE HALL ENERGY CONSERVATION COMPETITION!

OCT. 20 - NOV. 14

The banner features a light switch, four light bulbs (two blue, two pink), and a green cartoon character wearing a crown and sunglasses.

America Recycles Day



Ytoss

Earth Week

Green Graduation Pledge & Cord



Energy at Virginia Tech



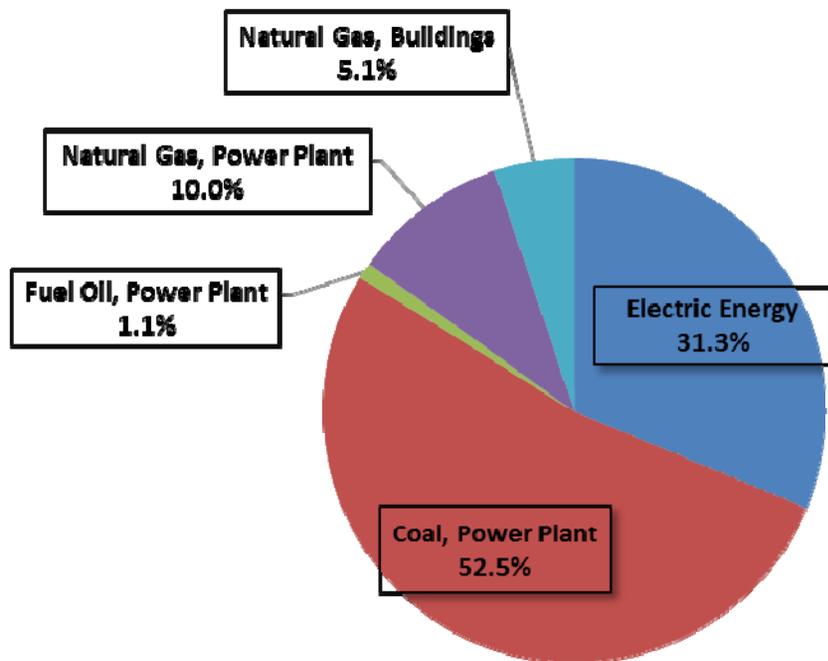
Energy Manager:

What I Do

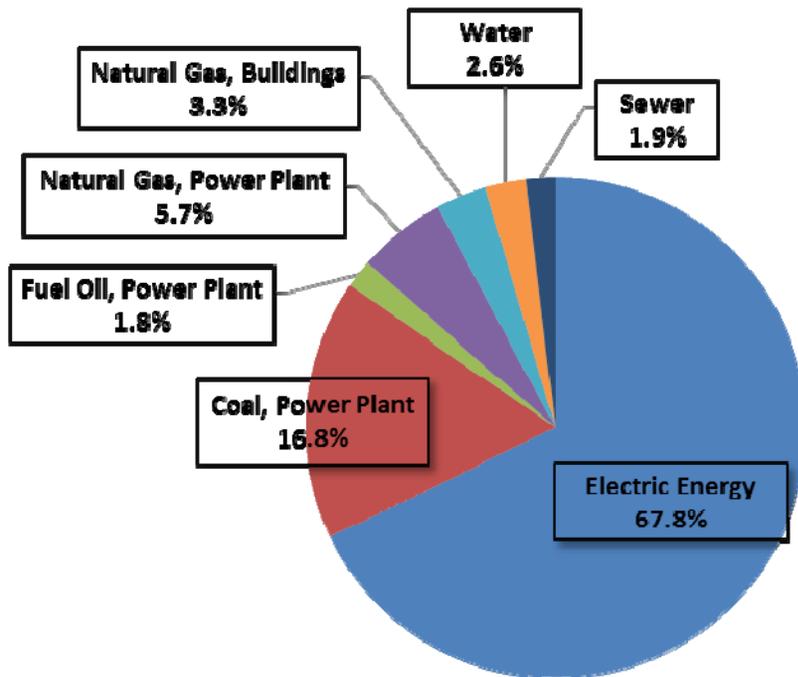
- Monitor and report energy **consumption** on campus.
 - Develop energy-reduction **goals and targets**.
 - Provide energy **data analysis** for OES.
 - Oversee implementation of **energy retrofit** projects.
 - **Verify** energy savings.
 - Coordinate **energy reduction** activities with different campus units.
-

Energy Management: Consumption and Utility Cost

BTU Breakout by Utility
(FY 2014)



Cost Breakout by Utility
(FY 2014)



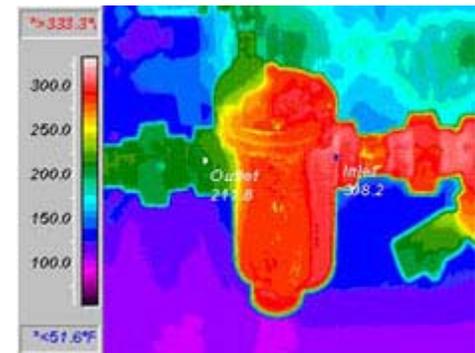
FY 14 Total Utility Cost ~ \$27,000,000

Energy Management: Completed Projects

- Energy Performance Contract with Pepco (2012-2013):
 - **\$5.3** million with **\$711k+** in annual energy cost savings.
 - 18 ECM's (energy conservation measure) in 5 buildings (Dietrick, Hahn South, McBryde, Cassel Coliseum, Steam Plant)
 - Energy projects with Siemens (2013-2014):
 - **\$316K** with **\$152k+** in annual energy cost savings
 - 6 ECM's in 2 buildings (Kelly and ICTAS II)
 - NCP Chiller Optimization with Trane (2013):
 - **\$151K** with **\$76k+** in annual energy cost savings
 - Complete overhaul of the cooling tower and chiller programming optimization
-

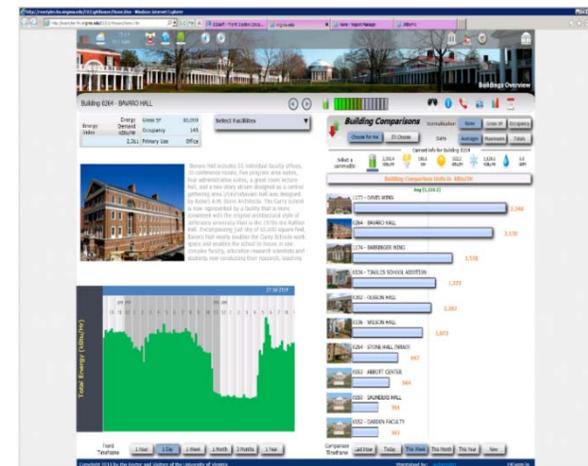
Energy Management: Ongoing Projects

- On-going Lighting Upgrades
- Automation and Controls
- Steam Utility Improvements
- Chilled Water Utility Improvements



Energy Management: Future Plans

- Strategic Energy Plan
- Steam and Chilled Water Metering
- Energy Analytics Platform
- Energy Audit Program
- Energy Retrofit Projects
- Energy Education and Training





Other Sustainability Resources

Other Sustainability Resources



Kitty Zeringue
Bike Planner
Alternative Transportation



Rial Carver
Sustainability Coordinator
Dining Services



Rob Lowe
Env. Engineer
Env. Health & Safety

Energy & Sustainability

Questions?

