Part II:

A. Institutional Mission:

The Virginia Cooperative Extension and the Virginia Agricultural Experiment Station — the two organizations that make up Virginia Agency 229 — play integral roles in Virginia’s land-grant system.

The mission of the Virginia Agricultural Experiment Station is to perform basic and applied research on agricultural, environmental, natural, and community resource issues related to the future needs of Virginia, the region, the nation, and the world.

The Virginia Cooperative Extension helps lead the engagement mission of Virginia Tech and Virginia State University, the commonwealth’s land-grant universities. Building local relationships and collaborative partnerships, we help people put scientific knowledge to work through learning experiences that improve economic, environmental, and social well-being.

B. Strategies

229 Program Strategies:

1. **Advance Faculty Salary Competitiveness to the 60th Percentile:** Virginia Tech is regularly ranked among the best institutions in the world. We owe this success to our outstanding faculty who are committed to excellence in education, research, and outreach. We know that the highest quality employees in our organization are constantly being sought after by peer institutions, industry, and research centers around the world. Attracting and retaining the caliber of faculty needed to maintain and improve upon our successes is becoming increasingly difficult. While compensation is only one factor that contributes to the university’s ability to attract and retain the best faculty, it is a major consideration. In addition, the replacement of faculty is far more expensive than the costs to retain those persons for whom the university has already invested significant time and resources. Competition for faculty across top-tier institutions is accelerating, creating an environment in which faculty are rewarded for mobility in addition to performance. The university’s authorized faculty salary currently ranks at the 32nd percentile of the SCHEV peer group for Virginia Tech: 18th of 26 institutions in terms of salary competitiveness. Maintaining an annual merit process that rewards our top faculty for their efforts is fundamental to keeping up with the market and mitigating turnover. In the absence of a statewide compensation process, the university will make limited progress with nongeneral fund revenue alone.
2. **Increase Staff Salaries:** Much like faculty, the slow pace of growth of staff compensation has negatively impacted retention and recruitment efforts at the university. The need to competitively compensate the hard-working support staff at the university is a key factor in ensuring a highly productive and innovative organization.

3. **Advance the Commonwealth’s Capabilities for Growth in Translational Agricultural Biosciences:** Bioscience in Virginia is currently an $8 billion industry and an actively expanding economic sector. Agriculture and Forestry is Virginia’s largest industry and has a combined economic impact of $70 billion. The intersection of these two sectors is an area in which Virginia is uniquely positioned to lead. Cooperative Extension’s position as a partner in local communities at 107 locations throughout the commonwealth allows for the effective translation of cutting edge research into practical solutions for industry and for both rural and urban communities, while the Virginia Agricultural Experiment Station research infrastructure and faculty expertise, present both on campus and in the 11 off-campus Agricultural Research and Extension Centers (ARECs) around the state, will provide the basis for excellence in selected areas of the translational agricultural biosciences.

The VAES/VCE and the three colleges of Agriculture and Life Sciences, Natural Resources and Environment, and the Virginia-Maryland College of Veterinary Medicine are uniquely positioned to focus on enhancing their programs in translational agricultural biosciences to contribute to:

- Entrepreneurship and workforce development for preparing the next generation for job creation and placement in the expanding bio-economy.
- Leveraging current capacity to develop technologies involving human health and translational medicine and focusing on chronic diseases prevalent in Virginia, such as obesity and diabetes, to provide economic opportunities and address social and health issues important to urban and rural communities.
- Providing new business and job opportunities through sustainable plant and animal production while helping traditional agricultural and forest-based industries remain competitive. Areas of significant potential include animal vaccine development, biocontrol, precision agriculture and agricultural biotechnology.
- Utilization of both on-campus facilities such as the Human and Agricultural Biosciences Building 1 (HABB1) and the off-campus capabilities of the AREC and VCE systems to enhance food product development and safety including plant and animal products, seafood, and the development of wine and brewing industries.
- Enhancing production and utilization of non-food biomass, from novel fiber sources to bioengineering solutions for the production of specialty products from agricultural, forest and municipal waste streams as emerging opportunities within the bio-economy in the commonwealth.
- Utilization of bioinformatics and big data in the development of bio-based solutions for agriculture, forestry and animal production and health. As agriculture and natural resource management evolves, the role of big data in decision making and as a tool for the solution of increasing complex problems becomes increasingly important.
Applications range from improved disease and pest forecasting and control, to informed molecular design, to water management and model development for sustainable resource utilization.

4. **Utility and Fixed Cost Increases:** Rising costs of contracts, utility service, and other mandated or required operating costs must be addressed to maintain the delivery of institutional services.

5. **Fringe/Health Increases:** Increases in fringe benefit rates and health insurance expenses will impact the university’s expense budget.

6. **VRS Increases:** While the Commonwealth will reach the ninetieth percentile of actuarial rates for the Virginia Retirement System employer contribution in FY16 (one year earlier than projected), the university continues to plan for inflationary increases in its program costs.

C. **Financial Aid:** N/A

D. **Evaluation of Previous Six Year Plan:**

The university was able to make measured progress towards the goals in the 2014 revised Six-Year plan submission. Incremental General Fund investment was helpful in supporting critical operations and maintenance issues. However, the Agency was negatively impacted by the recently reduced fund split of state mandated costs as incremental NGF support is not available. This forced the agency to reallocate existing resources to fund the state’s NGF cost assignment of salary increases and health care and fringe benefit cost increases.

General Fund support for the operation and maintenance of the Human and Agricultural Biosciences Building was provided which was much appreciated and allowed the university to open the new facility. It is already successfully functioning to expand the agency’s research portfolio and assist the Commonwealth’s agricultural and natural resources industries.

Unavoidable cost drivers and fixed cost increases continue to stress the agency. Due to the lack of ability to increase nongeneral fund resources, the ability of the agency to continue to serve the citizens of the Commonwealth and address emerging issues in the agricultural economy is almost entirely dependent upon General Fund support.

In light of these challenges, the agency was successful in helping attract industry to the Commonwealth, producing award winning research, and spinning off new discoveries. Indeed, 25% of all of the patents issued to Virginia Tech in 2014 were to researchers in the university’s College of Agriculture and Life Sciences. In addition to supporting research and
industry, the VCE/AES and its 29,559 volunteers provided over 966,000 hours of service to communities in the commonwealth in 2013. Collectively, this agency provides a significant return on investment to the state as every $1 of General Fund support generates an additional $1.69 in economic impact. Enhancing state support of the Virginia Cooperative Extension and Agricultural Experiment Station activities is critical to maintaining the critical competitive and cultural advantages provided by the agency. (http://news.cals.vt.edu/229-report/2014/11/06/by-the-numbers-2/)

E. Capital Outlay Significantly Impacting E&G and NGF costs:

The Virginia agriculture industry represents a significant portion of commerce for the commonwealth. Virginia Tech’s Cooperative Extension/Agriculture Experiment Station agency provides critical production and operation research to advance and protect these industries. The focus of the Renew Livestock and Poultry Research Facilities project request is five specific animal programs that are in need of improved facilities to sustain and advance the commonwealth’s industries. The specific sectors include sheep, poultry, swine, equine and beef/cattle. At present, there are 37 facilities that support these commercial industries in the commonwealth. The assets total approximately 250,000 gross square feet and are generally 40 to 50 years-old. The facilities are aging well past their useful life with deferred maintenance so extensive that maintenance and rehabilitation are no longer options to sustain asset serviceability. The proposed project will provide a combination of new replacement facilities and renovated facilities at the Blacksburg campus and three nearby university production and research farms. The full extent of new and renovated facilities needed in the five animal and livestock programs have been separated in two phases in order to efficiently plan, stage, and carry into operation the transition of animal research and production from existing facilities into new or renovated facilities. Temporary and permanent relocation of animals will be best managed in a two phase university project. The Phase One project includes approximately 126,000 gross square feet.

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<thead>
<tr>
<th>Agency 229</th>
<th>General Fund</th>
<th>Nongeneral Fund</th>
<th>Total</th>
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<tr>
<td>1 Renew Livestock and Poultry Research Facilities, Phase I</td>
<td>$ 22.5</td>
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F. Restructuring:

In the ten years since the General Assembly passed the Restructured Higher Education Financial and Administrative Operations Act of 2005 Virginia Tech has experienced significant benefits through the ability to locally manage university processes and resources. Particularly in a period of constrained resources and growing fixed costs, the flexibility
provided through Restructuring has allowed the university to continue to make progress in important strategic areas, and has become the standard operating environment at Virginia Tech. From the ability to manage capital outlay decisions on a more timely basis to streamlined purchasing and reporting requirements, the benefits of the state’s forward-thinking in the Restructuring Act permeate the operating culture of the university and facilitates decision-making at the ground level where the university can deploy efficient and specialized solutions to meet our management needs.

This is not a uniquely Virginia Tech issue but rather a shared vision for higher education operations across the commonwealth. To that end, the university supports a thorough conversation that includes our Level III colleagues to illuminate the possible advancements to restructuring.

Initial opportunities for additional flexibility and cost savings could include, but are not limited to, advancements in the following domains:
- The ability to develop and enact long-term plans.
- Assured continuity of operations
- Procurement flexibility
- Flexibility in the management of human resource programs.
- Assured retention of nongeneral funds and savings by institutions.
- Expanded management authority regarding enrollment management, including enrollment mix, to strengthen revenues without significant tuition rate increases while assuring the delivery of a high quality education to an increasing number of Virginia students.
- Additional flexibility in leasing, information technology management, capital budgeting.
- Reduced administrative requirements.
- Streamlined access to state programs (e.g. VCBA)

Moving forward, Virginia Tech strongly supports the maintenance of existing financial and administrative autonomy granted in the Restructuring Act, as well an exploration of potential future areas where the state and institutions can partner to advance higher education. The university operates in a competitive and complex environment, and the flexibility to approach issues with institutional authority results in faster and more effective solutions. A future meeting with our partner institutions and state leaders to discuss the current state and future of Restructuring would be appreciated. Our hope is that this discussion would lead potential enhancements that benefit the Commonwealth as a whole and provide our institutions with the optimal ability to compete globally.