

**Virginia Cooperative Extension & Agricultural Experiment Station
Six-Year Plan Revision****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 out 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 actual faculty salary currently ranks at the 35th 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.

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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. **Reallocate Existing Resources to Address State Cost Assignment Funding Shortfall:** The Virginia Cooperative Extension & Agricultural Experimentation Station has little to no ability to self-generate revenue. As a result, the Agency is heavily dependent on state support for employee salaries and fringes, including health insurance and other benefits. However, recent changes in state funding methodology have reduced the traditional general fund support for new state-mandated costs. Due to this shortfall in state funding, mandatory costs increases such as health insurance and compensation adjustments will be addressed through reallocation. This results in reduced capacity to provide agency services to the citizens of the commonwealth.

4. **Advance the Commonwealth's Capabilities for Growth in Translational Biosciences by Investing in Growing Capabilities in Big Data, Precision Agriculture, and Smart Infrastructure Technology:** Agriculture and forestry is Virginia's largest industry with a combined economic impact of \$70 billion and provides nearly 415,000 jobs in the Commonwealth. Every job in agriculture and forestry supports 1.6 jobs elsewhere in Virginia's economy. It is the mission of the Virginia Cooperative Extension (VCE) And Virginia Agricultural Experimentation Station (VAES) to sustain, secure, and diversify these industries in Virginia. The VCE/VAES not only helps ensure a safe food supply but also fosters the innovation that catalyzes economic growth and diversification of the agriculture and forest industries. However, the Agency's capacity to research and disseminate the latest technological advancements is limited. Support to meet this emerging need and to leverage private investment will result in increased yield and productivity for Virginia's agricultural and bioscience industries. The agency is working directly with stakeholders in the agriculture industry to generate private investment to partner with state support to acquire and maintain expertise in the cutting-edge technology in the areas of Smart Infrastructure and Sensor Technology, Big Data and Precision Agriculture, and additional advanced analytical equipment that will significantly enhance the capability and the marketability of Virginia's agricultural economy. Investment in this initiative will provide the agency with the ability to successfully compete for large interdisciplinary external funding.

5. **Enhance the Compensation Competitiveness of Virginia's Cooperative Extension Agents:** The knowledge, experience, and relationships that Agents develop during their tenure are extremely valuable resources to the Commonwealth. Current compensation levels are creating issues. Ensuring competitive compensation for the hard-working Extension Agents across the Commonwealth will position the university to attract and

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retain the most qualified professionals to help lead the Commonwealth's agricultural community to success.

6. **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.
7. **Fringe/Health Increases:** Planning assumptions include escalation in fringe benefit rates and health insurance costs.
8. **VRS Increases:** The Commonwealth reached the ninetieth percentile of actuarial rates for the Virginia Retirement System employer contribution in FY16 (one year earlier than projected). This resulted in a projected savings to the university in the short term.

C. Financial Aid: N/A**D. Evaluation of Progress Towards Meeting the Goals of Current Six Year Plan:**

The university was able to make measured progress towards the goals in the 2015 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 state funding of state mandated costs as incremental nongeneral fund support is not available. This forced the agency to reallocate existing resources to manage the assignment of salary and fringe benefit cost increases.

Unavoidable cost drivers and fixed cost increases continue to stress the agency. Due to the inability 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 spite of these challenges, the agency was successful in helping attract industry to the Commonwealth, producing award winning research, and spinning off new discoveries. In addition to supporting research and industry, the VCE/AES and its 28,732 volunteers provided over 1,116,859 hours of service to communities in the commonwealth in 2014. Collectively, this agency provides a significant return on investment to the state as every \$1 of General Fund support generates an additional \$1.78 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.

For more info please see the VCE/VAES 2015 annual report at:
<http://www.pubs.ext.vt.edu/VCE/VCE-583/VCE-583.html>.

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Virginia Tech appreciates the significant support to advance enrollment growth, research and economic development by fully funding four high priority capital projects in the 2016 Session. Supporting enrollment growth and facilitating STEM-H instruction is a primary goal of the university. The current construction of a new Classroom Building facility (expected to be complete in summer 2016) is the first phase of supporting needed instructional space; the second phase is the construction of an Undergraduate Science Laboratory Building that (approved for planning in the 2016 session) will provide much needed STEM-H instructional capacity. As the campus begins to utilize previously undeveloped portions of campus, the construction of the second phase of the Central Chiller Plant will allow the university to support new facilities without the addition of several individual and less efficient chiller installations. In addition, renovating and replacing existing instructional space in Holden Hall will allow the university to offer greater square footage to support instruction and lab space for engineering students and faculty. After these projects that support the instructional needs of the university, additional research space at the Virginia Tech Carilion Research Institute will allow continued growth of the university's research program to enhance the economy in both the Roanoke and New River Valleys.

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 renewal of the Livestock and Poultry Research Facilities project 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.

Virginia Tech continues to grow in undergraduate students, particularly in STEM-H majors. Over the past decade STEM-H majors have grown by 2,600, or 31 percent. Thus, as the total number of students is expanding, the number of STEM-H majors is growing at faster rate. Most of this growth will be in engineering, traditional sciences, as well as in new degree programs such as neuroscience. Meanwhile, during this period of expansion, the university last constructed an undergraduate laboratory facility in 2004 for instruction in chemistry and physics. The university's existing inventory of science laboratory instruction is now too small and generally outdated to accommodate the current demand for instruction spaces by engineering and science majors. The Undergraduate Science Laboratory project that was approved for planning in the 2016 General Assembly session would construct a new undergraduate science laboratory facility of 102,000 gross square feet to accommodate the growing demand for STEM-H degrees at Virginia Tech. The timing of this project is critical for the university in order to continue to support enrollment growth, especially for STEM-H majors.

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In accordance with the state's traditional capital outlay process, the university has begun its internal work to develop the 2018–2024 Capital Outlay Plan. There are certain key focus areas that will be needed to continue to advance the instruction, research, economic development, and campus infrastructure at the university including: Data and Decision Sciences, Intelligent Infrastructure, Resilient Earth Systems, Integrated Security, and Global Business and Agriculture Systems.

Virginia Tech is sensitive to the total cost of education passed on to our students. We understand that resources are finite, and projects that impact the cost of attendance to our students undergo significant scrutiny and planning to ensure that students' value meets or exceeds the impact of any incremental costs. A project that may occur in the upcoming Six-Year Planning period envisions new student facilities to support enrollment growth; including but not limited to residential, dining, recreation, and student unions. Planning for these activities will be coordinated with actual growth and spending plans, while also balanced with the needs and impact on student costs. The university seeks to phase in projects over a multi-year planning period in an effort to control costs and minimize any potential impact on student fees.

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.

Given the resource constraints at the state level, the increasing dependency on cost containment and tuition and self-generated revenue, and the need to mitigate student costs and indebtedness, the university believes that a renewed focus on administrative and financial operational autonomy can yield additional opportunities to advance the strategic goals of both the university and the commonwealth.

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.

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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)

A thorough discussion of restructuring could yield enhancements that allow institutions to further streamline operations and mitigate the university's increasing dependence on tuition and fees. Further restructuring is important to remain competitive with private institutions and other states, such as Colorado and Oregon, which have also advanced restructuring processes for their state's flagship institutions to streamline their operations. As global competition increases, this will only become more important. We look forward to the opportunity to continue this discussion in the near future.