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MEMORANDUM

TO: Deans and Vice Presidents

FROM: Amy S. Sebring
Executive Vice President and Chief Operating Officer

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Amy Sebring
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Cyril R. Clarke
Executive Vice President and Provost

Signed by:
Cyril R. Clarke
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DATE: December 18, 2024

SUBJECT: 2025-26 (FY26) Critical Needs Requests

As we begin planning for Fiscal Year 2025-26 (FY26), we write to provide a brief description of the current fiscal environment – both at the state and university level – and to share essential information regarding the upcoming university budget development process and timeline.

Virginia’s Economic Outlook and Budget Process

On December 18, 2024, Governor Youngkin is scheduled to present his proposed FY26 executive budget to the House and Senate money committees. The General Assembly will deliberate on that proposal beginning in January and is scheduled to complete its work later this spring. Recent forecasts suggest that following several years of robust economic growth, the Commonwealth revenue growth may flatten, creating a more constrained fiscal environment over the next biennium. While the Commonwealth works through its biennial budget cycle, we will run the university’s budget development process in parallel. Recognizing that the state budget process informs the university’s budget, we will provide updates as we begin to understand the availability of state revenues and the impact of state-mandated programs and costs on the university’s budget.

Virginia Tech’s Financial Position

Importantly, Virginia Tech’s financial position remains strong. Operationally, the university continues to experience unprecedented undergraduate student demand and is making significant gains in scholarship and research. We remain ambitiously focused on excellence across all areas of our mission and recognize that we must make needed investments in our people, processes, and programs to meet our strategic objectives.

As we look ahead, the state's constrained resources, the need to minimize tuition and fee increases, and plans for very modest growth in undergraduate enrollment heighten the importance for all university resources be deployed to the highest institutional priorities (i.e., strengthening the Virginia Tech Advantage, advancing the pursuit of Global Distinction, and appropriately supporting university enabling infrastructure).

Reinvestment Process

As you know, year two of the university's strategic reinvestment process is underway. This process seeks to identify opportunities to reinvest existing resources - within units and across units – from lower priority activities to create capacity to expand higher priority outcomes. Unit plans were submitted in early December and are being reviewed. Our respective offices will reach out to you with any related clarifying questions as needed.

Critical Needs Requests (CNR)

Consistent with prior fiscal years, the university is providing the opportunity for senior management areas to submit CNRs. Those requests will provide university leadership an understanding of your unit's needs as you work to advance the university's strategic priorities. Requests for new resources should be compelling and highly focused, targeting mission-related initiatives tied directly to:

- Virginia Tech Global Distinction;
- Virginia Tech Advantage; and/or
- Enabling infrastructure.

Requests falling more generally under "enabling infrastructure" should be limited and focused on critical activities (e.g., campus safety, security, and accessibility; technology enhancements that improve workflow, compliance and the user experience; or necessary but unavoidable cost increases.)

Please do not resubmit critical needs requests that were proposed to be funded by Unit-Level Reinvestments.

As in prior years, the university will collect budget requests using an online application. System access, a user guide, and additional information about the process will be available on the Office of Budget & Financial Planning's website at <https://www.obfp.vt.edu/budgetprocesses.html>. Users will be notified when the system opens in December.

Timeline for Deliverables

As we head into winter break, we want to share the timeline of the upcoming process and provide time to plan for your submissions. The table below summarizes key dates for your reference.

December 18, 2024	Notify Campus of Critical Needs Process
December 18, 2024	Additional user information and a link to the CNR system will be posted on the Office of Budget & Financial Planning website. https://www.obfp.vt.edu/budgetprocesses.html Critical Needs System Opens
February 10, 2025	Critical Needs collection process closes
Feb. 10 –28, 2025	Critical Needs Hearings with Units

Please contact Bruce Heath (hbh@vt.edu) about questions related to the overall budget process. Debbie Greer (greervt@vt.edu) or Brad Sumpter (jsumpter@vt.edu) are also available to assist with the process for the administrative and academic areas, respectively, including any requests that cross functional areas/administrative boundaries. We look forward to reviewing your submissions.

- cc: Simon P.M. Allen
 Jeff Earley
 Debbie Greer
 Bruce Heath
 Tim Hodge
 Brennan Shepard
 Brad Sumpter