VIRGINIA TECH™

June 6th, 2025

MEMORANDUM

TO: Laura Belmonte (CLAHS)
                 Cyril Clarke (Provost)
                 Zachary Doerzaph (VTTI)
                 Stefan Duma (ICTAS)
                 Mario Ferruzzi (CALS)
                 Michael Friedlander (HS&T)
                 M. Daniel Givens (CVM)
                 Tsai Lu Liu (AAD)
                 Sharon Pitt (VPIT)
                 Kevin Pitts (COS)
                 Julie Ross (COE)
                 Soanee Sarker (PCOB)
                 Daniel Sui (OVPRI)
                 G. Don Taylor (Provost)
                 Saskia van de Gevel (CNRE)
                 Tyler Walters (Libraries)

FROM: Tim Hodge   *DocuSigned by:*
                               Tim Hodge
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SUBJECT: Equipment Trust Fund Phase 39 – Notice and Call for Requests

I am writing to let you know that the Equipment Trust Fund (ETF) program will continue for FY26. This is a critical element of the university's funding resources, and we are pleased to be working with you on the next phase of the ETF program. Consistent with last fiscal year, the university expects that SCHEV will request the ETF wishlist submission in July 2025. While SCHEV's wishlist submission deadline is earlier than prior fiscal years, this change is consistent with the goal of authorizing the ETF wishlists earlier in the fiscal year.

Virginia Tech was allocated $10.33 million of the $69.15 million funding approved by the 2024 General Assembly for Phase 39 of the ETF program and $9.24 million for research. The $9.24 million for research is comprised of the research allocation of $5.24 million and

$4.0 million earmarked for the VT Patient Research Center. The earmarked $4.0 million for the VT Patient Research Center will be held centrally pending final approval of the Patient Research Center funding plan. The $10.33 million is designated for equipment purchases in two areas: technological equipment and obsolescence or deficiency. The allocations may be used to purchase items for the following Education and General programs: Instruction, Research, Academic Support, Student Services, and Institutional Support. Consistent with prior years, allocations should not be used to purchase items for use in Public Service or Operation and Maintenance of Plant.

Please note that ETF is financed with tax-exempt bonds, which subjects all ETF-funded equipment to specific IRS rules that prohibit nongovernmental use. On an annual basis, the VT Office of Investments and Debt Management distributes surveys to verify that our tax-exempt bond financed buildings across campus remain in compliance with IRS rules. The purpose of this memo is to ensure that ETF-financed equipment remains in compliance with the IRS rules. Generally speaking, significant use of ETF equipment by non-state or non-local governmental entities (including federal government entities) could be considered "bad use". Although the use of ETF equipment traditionally falls within appropriate IRS guidelines, there may be certain areas which require further review. If you envision that 10 percent or more of the ETF equipment from your senior management area will be used by non-state or non-local governmental persons, please notify the Office of Investment and Debt Management so they can perform a more detailed analysis. For more information about private use, see "Private Business Use: A Primer" at https://trs.virginia.gov/Boards-Authorities/Virginia-College-Building-Authority.

In FY25, the university revised the Equipment Trust Fund allocation model to better align equipment allocations to support the Virginia Tech Global Distinction Initiative. The college allocation model utilizes four drivers to set the baseline allocation: filled faculty FTEs, lab weighted student credit hours delivered, Ph.D. awards, and equipment expenditures (less ETF). The model also includes a fifth variable, equipment inventory performance, as a bonus element. The performance target for the equipment inventory was set at 95.0% of the number of items and dollar value of equipment inventoried during the current fiscal year for Phase 39. The allocations developed from this model for FY26 are shown on Attachment A.

Until the final allocation amounts are distributed by SCHEV, we recommend that senior management areas use the 130 percent allocations (in Attachment B), which are based on the attached ETF model as a planning guide to develop equipment spending strategies for the year.

The procedures for compiling the equipment lists to submit to State Council and eligibility criteria are the same as those used in the previous phase:
- a web-based collection system for your staff to enter equipment lists will open in June (date TBD) and will close July 11th, 2025.
- the university will submit its consolidated equipment list to State Council in July.
- the university is optimistic that it will receive approval to issue purchase orders in Summer 2025.

▪ the calendar of internal due dates has been set accordingly and is attached for your review (Attachment D).

Closure of Phase 39 is planned for June 2026. Ordering and receiving equipment purchases of $19.6 million during this limited time period will be a challenge. Please consider this when you develop equipment requests for your area. No item should be ordered that would require a delivery period in excess of eight months. This will allow sufficient time for processing the requisition, delivery of the equipment and payment of the invoice.

The procedures for compiling the lists to submit to State Council are the same as those used in previous phases. You will recall that State Council allows us to itemize equipment purchases that equal, in value, the allocation plus up to thirty percent to allow for quick substitutions during the ordering phase. Because the State Council and the Virginia College Building Authority have restricted purchases to those items on the approved list, alternative purchases should be identified on the listing in case one of the high priority items is not available. The thirty percent margin will allow for this exchange, but please remember that the sum of purchases cannot exceed the amount allocated to your area. For Phase 39, we encourage the purchase of equipment items with a minimum cost of at least $2,000.

Consistent with prior communications on the FY26 ETF allocations, the allocations by college or vice-presidential area are shown on Attachment B, with an additional column showing the thirty percent margin. Please provide departmental allocations for your units as soon as possible to allow each department to enter requests totaling 130 percent of the allocation. Please forward a copy of the departmental requests to Sylvia Conner (scconner@vt.edu) by July 11th, 2025.

To prepare the files that will be submitted to the State Council, we will again use a web-based collection process for obtaining the list of equipment items. To access the program, go to our ETF home page at https://www.obfp.vt.edu/budgetprocesses/etf.html. The list of items excluded from funding from ETF (Attachment C) and ETF Web User Guide (Attachment E) are attached to this memorandum and are posted on our website. SCHEV intends for the FY26 Equipment Trust Fund allocations to help achieve the following goals:

- Significantly reduce the amount of obsolete technology and equipment.
- Provide every student access to an appropriate level of information and technology.
- Establish a statewide network that supports and encourages sharing and cooperation.
- Provide every faculty member with appropriate equipment and training to use technology in support of teaching and learning.
- Support faculty in the introduction of new ways of instruction and learning, provide courses customized to student needs, and take advantage of distance-learning opportunities.

- Install high quality, easy-access, network-deliverable student support services, such as transcripts, grades, class scheduling, and account balance and payment information.
- Install management information systems that are flexible and directly accessible to users to help support administrative restructuring and cost-containment.

It is sometimes necessary for a department to request additional equipment items after SCHEV has approved the list. Similar to Phase 38, the process for requesting approval of additional equipment and assignment of new SCHEV reference numbers will be web-based for Phase 39. Additional information on this process will be forthcoming at the beginning of the ETF Phase 39 procurement stage.

Please submit your Phase 39 request list through the web-based system by July 11th, 2025. Questions about the Equipment Trust Fund program or compilation of the list should be directed to Sylvia Conner at scconner@vt.edu or 1-7450.

Attachments

CC: Simon Allen   Brad Martens
      Christine Absher   Tony Mastracci
      Candice Albert   Ken McCrery
      Lynne Caver   Reed Nagel
      Sylvia Conner   Ed Nelson
      Sherri Cook   Erin Poff
      Ashley Crawford   Kathy Rogers
      Cathy Duerbeck   Julie Rosenberger
      Jeff Earley   Amy Sebring
      Beth Ebel   Cindy Spangler
      Odie Fthenos   Rick Sparks
      Matthew Hammond   Barbara Starling
      Bruce Heath   Brad Sumpter
      April Hylton   Jenny Vincent
      Stacy King   Will Walton
      Stephen Kleiber   Melinda West
      Parker Mabe

Virginia Tech
FY26 ETF Allocation Formula - Phase 39

Summary of ETF Allocation

Model-Driven Distribution to Colleges	$4,500,000
One-Time High Performance Computing	2,601,753
Library	360,000
Virginia Tech Transportation Institute	350,000
Fralin Biomedical Research Institute	357,609
Faculty Development Institute - TLOS	1,150,000
Academic Computing (AIS) - Banner Machines	600,000
Classroom Media Projects	100,000
HPC/Research Computing	1,621,735
Strategic Research Investments	2,931,000
Faculty Startup	1,000,000
Patient Research Center	4,000,000 (a)
Total Equipment Trust Fund Allocation	$19,572,097

Strategic Allocation			Agriculture	Architecture	Business	Engineering	Liberal Arts & Human Sciences	Sciences	Veterinary Medicine	Natural Resources & Environment	Contingent Allocation	Total
5%	= $ 225,000	**A. Departmental Computing Support**										
		Filled Faculty FTEs (Sept 2024)	279.43	175.44	167.21	448.10	412.11	462.03	151.38	89.04		2,185
		Proportion of FTEs	13%	8%	8%	21%	19%	21%	7%	4%		100%
		Total Faculty Support Funds	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000		
		Faculty Computing Support	**28,777**	**18,068**	**17,220**	**46,149**	**42,442**	**47,583**	**15,590**	**9,170**		**$225,000**
20%	= $ 900,000	**B. Instructional Support**										
		Lab WSCH (FY24)	7,281	22,600	1,697	36,132	3,480	25,144	9,693	3,214		109,241
		Proportion of WSCH	7%	21%	2%	33%	3%	23%	9%	3%		100%
		Total Instructional Support	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000		
		Undergraduate Instructional Support	**59,986**	**186,194**	**13,981**	**297,679**	**28,671**	**207,153**	**79,857**	**26,479**		**$900,000**
20%	= $ 900,000	**C. Graduate Instruction/Research Support**										
		PhD Awards (3 Year Avg)	51	6	13	216	60	77	11	11		445
		Proportion of Awards	12%	1%	3%	49%	13%	17%	3%	2%		100%
		Total Graduate Instructional Support	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000		
		Graduate Instructional Support	**103,743**	**12,799**	**25,599**	**436,527**	**120,584**	**155,614**	**22,904**	**22,231**		**$900,000**
40%	= $ 1,800,000	**D. Research Program Support**										
		Average Annual Equipment Expenses	5,024,874	247,332	226,677	12,952,080	316,557	3,945,178	2,399,115	770,995		25,882,809
		Proportion of Annual Expenses	19%	1%	1%	50%	1%	15%	9%	3%		100%
		Total Research Program Support	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000		
		Research Program Support	**349,451**	**17,201**	**15,764**	**900,742**	**22,015**	**274,364**	**166,845**	**53,618**		**$1,800,000**
		Baseline Allocation	**541,957**	**234,262**	**72,564**	**1,681,098**	**213,711**	**684,714**	**285,196**	**111,498**		**$3,825,000**
15%	= $ 675,000	**E. Equipment Inventory Performance Bonus**										
		Proportional Allocation	84,375	84,375	84,375	84,375	84,375	84,375	84,375	84,375		
		Performance Target for FY25	95%	95%	95%	95%	95%	95%	95%	95%		
		Meets Target	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		8
		Equipment Inventory Performance Support	**84,375**	**84,375**	**84,375**	**84,375**	**84,375**	**84,375**	**84,375**	**84,375**	**-**	**$675,000**
		F. Other									15,072,097	$15,072,097
100%	$ 4,500,000	**Total ETF Allocation**	**$626,332**	**$318,637**	**$156,939**	**$1,765,473**	**$298,086**	**$769,089**	**$369,571**	**$195,873**	**$15,072,097**	**$19,572,097**

Footnotes:
(a) VT Patient Research Center earmarked ETF Allocation of $4 million will be held centrally pending final approval of the VT Patient Research Center funding plan.

FY26 Equipment Trust Fund Allocations
Phase 39

	FY26 Allocation	30% Margin	130% Allocation for Wishlist
Agriculture	$626,332	$187,899	$814,231
Architecture	318,637	95,591	414,228
Business	156,939	47,082	204,021
Engineering	1,765,473	529,642	2,295,114
Liberal Arts & Human Sciences	298,086	89,426	387,512
Sciences	769,089	230,727	999,816
Veterinary Medicine	369,571	110,871	480,443
Natural Resources & Environment	195,873	58,762	254,635
Library	360,000	108,000	468,000
Academic Computing (AIS) - Banner Machines	600,000	180,000	780,000
Faculty Development Institute - TLOS	1,150,000	345,000	1,495,000
HPC/Research Computing	1,621,735	486,521	2,108,256
Classroom Media Projects	100,000	30,000	130,000
Virginia Tech Transportation Institute	350,000	105,000	455,000
Fralin Biomedical Research Institute	357,609	107,283	464,892
Strategic Research Investments	2,931,000	879,300	3,810,300
One-Time ETF Allocation	2,601,753	780,526	3,382,279
Faculty Startup	1,000,000	300,000	1,300,000
Patient Research Center (a)	4,000,000	1,200,000	5,200,000
Total Distribution	**$19,572,097**	**$5,871,629**	**$25,443,726**

Footnotes:

(a) Patient Research Center earmarked allocation of $4 million will be held centrally pending approval of final Patient Research Center funding plan.

EXCLUDED FROM FUNDING THROUGH ETF
FOR FY26

The Following Items:	In the Following Programs:
a. Library Books, Films, Videotapes, DVDs, and Library Materials	All Programs
b. Microfilm Collection and Materials (Readers are allowed.)	All Programs
c. Library Shelving	All Programs
d. Office Appurtenances (Blinds, Carpets, File Cabinets and Similar Items)	All Programs
e. Office Furniture (Desks, Chairs, Tables, and Similar Items)	All Programs
f. Transportation Equipment	All Programs
g. Equipment Normally Affixed to a Building or Functional as a Part of an Operating System of a Building	All Programs
h. Climate Control and Security Systems	All Programs
i. General Telecommunications Equipment	Public Service and Physical Plant
j. Buildings	All Programs
k. Equipment with a Useful Life Less Than 3 years for shorter-lived and 7 years for all other equipment	All Programs
l. General Applications Software (Microsoft Excel, Word, Lotus, etc.)	All Programs
m. Items Costing Less than $500	All Programs
n. Used or Refurbished Equipment	All Programs
o. Copiers and Fax Machines	All Programs
p. Maintenance agreements, site licenses, warranties, training and consulting services	All Programs
q. Boats	All Programs
r. Fabrications (to build or construct customized equipment)	All Programs

Attachment D

PHASE 39 CALENDAR
FY26

<u>**2025**</u>

June (date TBD)   OBFP sends Phase 39 Equipment Trust Fund allocations and instructions to Deans/Vice Presidents.

June (date TBD)   <u>Web-based collection system opens for users to enter equipment request information.</u>

July 11   Last day to enter equipment request information; web-based collection system closes to users.

July 14-18*   OBFP aggregates and reviews the equipment requests; assigns reference numbers, and prepares the data for submission to SCHEV.

July 18*   OBFP submits equipment to SCHEV for approval.

August*   OBFP returns approved lists to departments after notification by SCHEV. Spending is authorized.

<u>**2026**</u>

March 31   Recommended final day for departments to enter ETF requisitions into HokieMart to ensure equipment can arrive before June deadline. <u>Orders can still be placed after this date, but be mindful of the timeline for receiving, paying, and tagging.</u>

June 12   Deadline for ETF invoices to be submitted to Controller's Office for payment. Please remember to work with Fixed Assets to ensure that all equipment is properly tagged and inventoried.

*estimated dates, subject to change per SCHEV timeline

ETF Request System User Guide

The ETF Request system is a web-based application designed for collection of equipment request data for submission and approval by the State Council of Higher Education for Virginia. This system is administered by the Office of Budget and Financial Planning.

HOW TO

The following set of instructions will instruct the user on how to use the ETF Request System to create, modify, and delete equipment requests.   Also how to use the batch upload for multiple requests, the reporting features, and the admin tools for administrators.

Accessing the System

The ETF Request system can be accessed by clicking the Equipment Trust Fund link on the Office of Budget and Financial Reporting website or by using the following URL: https://etfrequest.vpfin.vt.edu/ . To access the system the user must have a current Virginia Tech PID and password and be a designated ETF Request System user.

Steps to access the system:
1. Navigate to the ETF Request System authentication page via Login by one of the methods described above
2. Enter your Virginia Tech PID and password and press the Login button
3. The New Request screen is displayed.

Add New Request

Steps to add a new request:
1. Click the New Request link from the navigation bar.

2. Complete the following fields appropriately

   a. Department Name – The department that is requesting the item. Must be within same senior management and only departments you have access to will show up in drop-down

   b. Model – Provide a current model number for the requested equipment. This information may change at time of purchase; however, it is required for the approval process.

   c. Description – Provide a brief description of the equipment. Please remember that this description should be singular in nature (i.e. Computer, Autoclave, etc.)

   d. Manufacturer – Provide the name of the manufacturer (not the vendor)

   e. Unit Price – Provide an estimate of the cost for the requested equipment.

   f. Quantity – Number of requested equipment.

3. Press the Add Request button.

4. User will be notified that the request has been successfully saved.

User may also add request by using the modify table. At bottom of table you fill out fields just like the new request page. When all the information is entered, click the add button. User should see request loaded into table if valid request.

Batch Upload

To upload multiple requests, you can use the batch upload function to import them at one time. To do this:

1. Download the ETF Batch Request Template from the ETF Home Site.

2. Save the template to your computer and enter the requests that are to be made.

3. In the application, click the Batch Upload link from the navigation Bar.

4. Click the browse/choose file button and select the desired file to upload

5. Click the upload and view button. The requests will show on page in table. Review the requests and make sure the information is correct. Un-check the requests with errors.

6. Once ready, click save requests. User will be redirected to the Modify table where you can see the requests that were just saved.

Modify Previous Request

Steps to modify a previously entered request:

1. Click the Modify/Delete link from the navigation bar.

2. A list of equipment requests that you have access to will be displayed in a tabular format.

3. Find the equipment request that you would like to modify and press the edit link.

4. That equipment request edit text-boxes will be displayed with the requested information. Modify this information as needed.

5. Press the Update button when finished.

6. User should see the changes made in the table if so the request has been successfully modified.

Delete Previous Request

Steps to delete a previously entered request:

1. Click the Modify/Delete link from the navigation bar.

2. A list of equipment requests that you have access to will be displayed in a tabular format.

3. Find the equipment request that you would like to delete and press the Delete link.

4. Press OK on the confirmation popup to delete the request.

5. User should not see the request in the table now, if so that verifies that the deleted equipment is no longer present.

Create Report

To view a detailed report of the requested equipment for a department or senior management perform the following steps:

1. Click the Create Report link from the navigation bar.

2. On the Report Creation screen, select the type of report you would like to create.

3. Select the department or senior management that you would like the report to use.

4. Press the Download Report button. The report will be generated on screen.

5. User may print the report or save it as an Excel, PDF, or Word document.

Contact Information

The ETF Request System is administered by Finance Information Technology. Please refer to the following contact list when assistance is needed:

- For general policy related questions related to the current ETF phase contact **Sylvia Conner** at scconner@vt.edu or 540-231-7450.
- For help with technical problems contact email supportvpf@vt.edu.