Office of Budget and Financial Planning (0114)
800 Drillfield Drive
Burruss Hall, Suite 324, Virginia Tech
Blacksburg, VA 24061
P: (540) 231-6419
www.obfp.vt.edu

July 1, 2021

MEMORANDUM

TO: Laura Belmonte
             Richard Blythe
             Cyril Clarke
             Tom Dingus
             Stefan Duma
             Ronald Fricker
             Michael Friedlander
             Alan Grant
             M. Daniel Givens
             Scott Midkiff
             Julia Ross
             Daniel Sui
             Robert Sumichrast
             G. Don Taylor
             Tyler Walters
             Paul Winistorfer

FROM: Tim Hodge

SUBJECT: Equipment Trust Fund Phase 35 – Notice and Call for Requests

I am writing to let you know that the Equipment Trust Fund (ETF) program will continue for 2021-22. 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.

Virginia Tech was allocated $10.33 million of the $73.15 million funding approved by the 2021 General Assembly for Phase 35 of the ETF program, $5.24 million for research, and an additional $4.00 million for Agency 229 equipment and IT upgrades. 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 2004, the university began utilizing a new allocation model for the distribution of ETF resources. The university intends to continue this allocation method for Phase 35. The resulting allocations are displayed in Attachment A. The model utilizes four drivers to set the baseline allocation: filled faculty FTE, lab WSCH delivered, PhD awards, and equipment expenditures (not including ETF purchases). The model also includes a fifth variable, equipment inventory performance, as a bonus element. These allocation parameters and the assigned weights remain unchanged from last year. The performance target for the equipment inventory was set at 95 percent of the dollar value of equipment inventoried during the past fiscal year. Additionally, the model sets aside an amount for the library and a strategic equipment purchase to allow the university the opportunity to accomplish the purchase of major equipment systems needed for strategic needs.

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 in developing equipment spending strategies for the year.

Overall, the program will work much the same as prior phases. 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 July and will close August 27th, 2021.
- the university will submit its consolidated equipment list to State Council in September
- the university is optimistic that it will receive approval to issue purchase orders in late November or December
- the calendar of internal due dates has been set accordingly and is attached for your review (Attachment D).

Closure of Phase 35 is planned for June 2022. Ordering and receiving equipment purchases of $19.5 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. For Phase 35, we recommend that equipment items cost at least $2,000.

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 35, we encourage the purchase of equipment items with a minimum cost of at least $2,000.

Consistent with prior communications on the 2021-22 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 allocations to Skylar Mouris (sky13@vt.edu) by August 27th, 2021.

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 home page at http://www.obfp.vt.edu. 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 2021-22 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 34, the process for requesting approval of additional equipment and assignment of new SCHEV reference numbers will be web-based for Phase 35. Additional information on this process will be forthcoming at the beginning of the ETF Phase 35 procurement stage.

Please submit your Phase 35 request list through the web-based system by August 27th. Questions about the Equipment Trust Fund program or compilation of the list should be directed to Skylar Mouris at sky13@vt.edu or 1-3557.

Attachments

CC: Candice Albert
        Sherri Cook
        Feride Daku
        Cathy Duerbeck
        Jeff Earley
        Beth Ebel
        Odie Fthenos
        Pascha Gerni
        Matthew Hammond
        Bruce Heath

Mary Helmick
Kay Hunnings
April Hylton
Stacy King
Stephen Kleiber
Monika Lawless
Brad Martens
Heather Mayer
Ken McCrery
Ken Miller
Skylar Mouris
Ed Nelson
Beth Osborne
Erin Poff
Brenda Reed
Kathy Rogers
Julie Rosenberger
Brian Shabanowitz
Cindy Spangler
Barbara Starling
Rick Sparks
Will Walton
Melinda West

Virginia Tech
2021-22 ETF Allocation Formula - Phase 35

Summary of ETF Allocation		
Total Equipment Trust Fund Allocation	$	19,572,097
Academic Computing (AIS)		600,000
Research Computing		621,735
Faculty Development Institute		1,213,241
Classroom Media Projects		100,000
Library		460,000
Virginia Tech Transportation Institute		500,000
Fralin Biomedical Research Institute		357,609
One-Time Allocations		11,343,057
Model-Driven Distribution to Colleges	$	4,376,455

One-Time Allocation		
Faculty Startup	$	862,057
High Performance Computing (HPC)		4,550,000
Strategic Research Investments		1,931,000
VCE & AES Information Technology Upgrades		1,550,000
VCE & AES Equipment		2,450,000
Total One-Time Allocation	$	11,343,057

Strategic Allocation			Agriculture	Architecture	Business	Engineering	Liberal Arts & Human Sciences	Sciences	Veterinary Medicine	Natural Resources & Environment	Contingent Allocation	Total	
10% = $ 437,646	**A. Departmental Computing Support**												
	Filled Faculty FTEs (Sept 2020)		256.84	143.48	142.24	415.68	455.58	393.45	134.64	90.77		2,033	
	Proportion of FTEs		13%	7%	7%	20%	22%	19%	7%	4%		100%	
	Total Faculty Support Funds		437,646	437,646	437,646	437,646	437,646	437,646	437,646	437,646			
	Faculty Computing Support		**55,298**	**30,892**	**30,624**	**89,499**	**98,088**	**84,711**	**28,989**	**19,543**		$	**437,645**
25% = $ 1,094,114	**B. Instructional Support**												
	Lab WSCH (2019-20)		8,582	16,233	1,579	31,752	6,032	27,192	11,671	3,533		106,574	
	Proportion of WSCH		8%	15%	1%	30%	6%	26%	11%	3%		100%	
	Total Instructional Support		1,094,114	1,094,114	1,094,114	1,094,114	1,094,114	1,094,114	1,094,114	1,094,114			
	Undergraduate Instructional Support		**88,105**	**166,652**	**16,210**	**325,974**	**61,926**	**279,159**	**119,817**	**36,271**		$	**1,094,114**
20% = $ 875,291	**C. Graduate Instruction/Research Support**												
	PhD Awards (3 Year Avg)		65	22	10	213	54	78	11	14		468	
	Proportion of Awards		14%	5%	2%	46%	12%	17%	2%	3%		100%	
	Total Graduate Instructional Support		875,291	875,291	875,291	875,291	875,291	875,291	875,291	875,291			
	Graduate Instructional Support		**120,945**	**41,146**	**19,326**	**398,370**	**101,619**	**145,882**	**21,197**	**26,807**		$	**875,291**
30% = $ 1,312,937	**D. Research Program Support**												
	Average Annual Equipment Expenses		1,900,432	152,586	9,805	8,550,877	501,043	1,906,203	777,936	255,510		14,054,392	
	Proportion of Annual Expenses		14%	1%	0%	61%	4%	14%	6%	2%		100%	
	Total Research Program Support		1,312,937	1,312,937	1,312,937	1,312,937	1,312,937	1,312,937	1,312,937	1,312,937			
	Research Program Support		**177,535**	**14,254**	**916**	**798,808**	**46,807**	**178,074**	**72,673**	**23,869**		$	**1,312,937**
	Baseline Allocation		**441,883**	**252,944**	**67,077**	**1,612,650**	**308,439**	**687,826**	**242,676**	**106,490**		$	**3,719,986**
15% = $ 656,468	**E. Equipment Inventory Performance Bonus**												
	Proportional Allocation		82,059	82,059	82,059	82,059	82,059	82,059	82,059	82,059			
	Performance Target for 2020-21		95%	95%	95%	95%	95%	95%	95%	95%			
	Meets Target		Yes	No	Yes	Yes	Yes	Yes	Yes	Yes		7	
	Equipment Inventory Performance Support		**82,059**	**-**	**82,059**	**82,059**	**82,059**	**82,059**	**82,059**	**82,059**	**82,059**	**656,468**	
	F. Other										15,195,642	$	15,195,642
100% $ 4,376,455	**Total ETF Allocation**		**523,941**	**252,944**	**149,135**	**1,694,708**	**390,498**	**769,885**	**324,735**	**188,549**	**$15,277,701**	$	**19,572,096**

2021-22 Equipment Trust Fund Allocations
Phase 35

	2021-22 Authorized Budget	30% Margin	130% Allocation
College Allocations			
Agriculture	523,941	157,182	681,123
Architecture	252,944	75,883	328,827
Business	149,135	44,741	193,876
Engineering	1,694,708	508,412	2,203,120
Liberal Arts & Human Sciences	390,498	117,149	507,647
Sciences	769,885	230,966	1,000,851
Veterinary Medicine	324,735	97,421	422,156
Natural Resources & Environment	188,549	56,565	245,114
Contingent Allocation	82,059	24,618	106,676
Library	460,000	138,000	598,000
Academic Computing (AIS)	600,000	180,000	780,000
Faculty Development Institute	1,213,241	363,972	1,577,213
Research Computing	621,735	186,521	808,256
Classroom Media Projects	100,000	30,000	130,000
Virginia Tech Transportation Institute	500,000	150,000	650,000
Fralin Biomedical Research Institute	357,609	107,283	464,892
Faculty Startup	862,057	258,617	1,120,674
Strategic Research Investments	1,931,000	579,300	2,510,300
High Performance Computing (HPC)	4,550,000	1,365,000	5,915,000
VCE & AES Information Technology Upgrades	1,550,000	465,000	2,015,000
VCE & AES Equipment	2,450,000	735,000	3,185,000
Phase 35 Authorized Budget	**$ 19,572,096**	**$ 4,558,693**	**$ 19,754,335**

EXCLUDED FROM FUNDING FROM ETF
FOR 2021-22

<u>The Following Items:</u>   <u>In the Following Programs:</u>

a. Library Books, Films, Videotapes, DVDs,   All Programs
    and Library Materials

b. Microfilm Collection and Materials   All Programs
    (Readers are allowed.)

c. Library Shelving   All Programs

d. Office Appurtenances   All Programs
    (Blinds, Carpets, File Cabinets and Similar Items)

e. Office Furniture   All Programs
    (Desks, Chairs, Tables, and Similar Items)

f. Transportation Equipment   All Programs

g. Equipment Normally Affixed to a Building   All Programs
    or Functional as a Part of an Operating
    System of a Building

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   All Programs
    Less Than 3 years for shorter-lived
    and 7 years for all other equipment

l. General Applications Software   All Programs
    (Microsoft Excel, Word, Lotus, etc.)

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,   All Programs
    training and consulting services

q. Boats   All Programs

r. Fabrications (to build or construct customized   All Programs
    equipment)

PHASE 35 CALENDAR
2021-22

2021

July 1	Office of Budget and Financial Planning (OBFP) sends Phase 35 Equipment Trust Fund allocations and instructions to Deans/Vice Presidents.
July 1	Web-based collection system opens for users to enter equipment request information.
August 27	Last day to enter equipment request information; web-based collection system closes to users.
August 30 - September 3	OBFP aggregates the equipment requests; reviews the requests for ineligible items, assigns reference numbers, and prepares the data for submission to SCHEV.
September	OBFP submits equipment list to SCHEV for review and approval.
November-December	OBFP returns approved lists to departments after notification by SCHEV.

2022

March 31	Final day for departments to enter ETF requisitions into HokieMart.
June 17	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.

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 here: **http://www.obfp.vt.edu/ETF/ETFRequestBatchTemplate.xlsx**.

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 **Skylar Mouris** at sky13@vt.edu or 540-231-3557.
- For help with technical problems contact email fitdev@vt.edu.