

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Torgersen Board Room

April 8, 2024

Open Session

Board members present: Janice Austin – Administrative and Professional Faculty Representative, Ed Baine, LaTawnya Burleson – Staff Representative, David Calhoun, Carrie Chenery, Sandy Davis, Nancy Dye, Greta Harris, Brad Hobbs, William Holtzman, Donald Horsley, Anna James, Tish Long, Joseph Merola – Faculty Representative, Chris Petersen, John Rocovich, William Storey – Undergraduate Representative, Emily Tirrell – Graduate and Professional Student Representative, Jeff Veatch

University personnel and guests: Beth Armstrong, Mac Babb, Callan Bartel, Lynsay Belshe, Eric Brooks, Brock Burroughs, Cyril Clarke, Al Cooper, Corey Earles, Jeff Earley, Juan Espinoza, Ron Fricker, Chelsea Haines, Brandon Hall, Kay Heidbreder, Clint Hill, Tim Hodge, Elizabeth Hooper, Anne Keeler, Frances Keene, Sharon Kurek, Lu Liu, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Bryanna Meredith, Ken Miller, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Sharon Pitt, Lori Rose, Lisa Royal, Tim Sands, Amy Sebring, Brennan Shepard, Mark Sikes, Aimée Surprenant, Rob Viers, Tracy Vosburgh, Mike Walsh, Melinda West, Lisa Wilkes, Payton Williams – Roanoke Times, Chris Wise, Chris Yianilos, and student guests

1. **Motion to Reconvene in Open Session**
2. **Welcome and Opening Remarks**
3. **Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.
 - a. **Approval of Items Discussed in Closed Session**
 - b. **Approval of Minutes of the November 6, 2023 Meeting**

The Committee approved the items on the Consent Agenda.

- #+ 4. Update from the Chief Operating Officer:** The Committee received an update from the Executive Vice President and Chief Operating Officer (EVP&COO). Amy

*** Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Sebring celebrated Ken Miller's upcoming retirement at the end of this month, having dedicated almost 36 years of service to Virginia Tech. She also reviewed several current issues including the potential for leveraging artificial intelligence in university operations and the reinvestment exercise that campus has been working on throughout the year as part of a multi-year planning process to maximize the use of current resources. Finally, the EVP&COO updated the Committee on the status of two vice-president searches: Simon Allen will begin on May 6 as the university's next Vice President for Finance and CFO, coming to us from a similar role at Cornell University. Final candidates for the Vice President of Campus Planning, Infrastructure, and Facilities search will be interviewing on campus later this month.

- # 5. **Update on Advancement:** University Advancement provided a report on their fundraising efforts including the most recent numbers for New Gifts and Commitments and Cash. This update also provided an overview of fundraising growth, participation rate, and advisory board alignment.
- 6. **University's Annual Financial Statements:** The Committee received an overview of the university's annual financial statements for the fiscal year ending June 30, 2023.

The financial statements were prepared in accordance with generally accepted accounting principles, and the Auditor of Public Accounts issued an unmodified, or "clean" opinion with no material weaknesses or written comments.

At June 30, 2023, the university had a total net position of approximately \$2.5 billion, an increase of 17.7 percent since fiscal year 2022. Total unrestricted net position increased to \$288.1 million, a \$127.5 million increase. A large portion of this was due to growth in the market value of investments. However, total unrestricted net position is still a small portion of the total net position.

- 7. **Intercollegiate Athletics Programs Report for Year Ended June 30, 2023:** Committee received a report on the Auditor of Public Accounts (APA) Intercollegiate Athletics Program review for fiscal year 2023.

The APA has not identified any matters requiring adjustments to the Schedule at the time of this report. In addition to the Schedule, the agreed-upon procedures address internal controls, affiliated and outside organizations, and separate procedures for specific revenues and expenses.

- *# 8. **Resolution for Approval of 2024-25 Tuition and Fee Rates:** The Committee reviewed for approval a resolution to approve the proposed 2024-25 tuition and fee

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

rates. The 2004 General Assembly authorized “Board of Visitors . . . of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates...” The Committee received an overview of the unavoidable cost drivers of tuition and fee rates, including faculty and staff compensation, state-mandated healthcare rate increases, and student financial aid support. For 2024-25, the university proposed a 2.9 percent increase in tuition and mandatory educational and general (E&G) fee rates for in-state and out-of-state undergraduate and graduate students.

Additionally, this package proposed to increase the tuition and mandatory E&G fees for in-state and out-of-state, non-Maryland, Virginia/Maryland Veterinary Medicine and Virginia Tech Carilion School of Medicine students by 2.5 percent.

The university recommended an increase of \$99 or 3.8 percent to total comprehensive fees for a total of \$2,684 for in-state and out-of-state undergraduate and graduate students. An average 5.2 percent increase in room and board on the Blacksburg campus was recommended.

The Committee recommended the Resolution for Approval of 2024-25 Tuition and Fee Rates to the full Board for approval.

- * 9. **Approval of Year-to-Date Financial Performance Report (July 1, 2023 – December 31, 2023):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2023 to December 31, 2023. For the second quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The report showed the actual revenues and expenses compared to the budgets and the overall status and expenditures of ongoing capital projects.

The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.

- 10. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee discussed possible topics for future meetings and other topics as needed.

There being no further business, the meeting adjourned at 5:24 p.m.

- * Requires full Board approval
- # Discusses Enterprise Risk Management topic(s)
- + Discusses Strategic Investment Priorities topic(s)

Closed Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Torgersen Hall
2:45 p.m.
April 8, 2024

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion for Closed Session	Committee Member
* 2. Ratification of Personnel Changes Report	Ken Miller

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Torgersen Hall
3:30 p.m.
April 8, 2024

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Committee Member
2. Welcome and Opening Remarks	Anna James
3. Consent Agenda	Anna James
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the November 6, 2023 Meeting	
4. Update from the Chief Operating Officer	Amy Sebring
# 5. Update on Advancement	Charlie Phlegar
6. University's Annual Financial Statements	Ken Miller Melinda West
7. Intercollegiate Athletics Programs Report for Year Ended June 30, 2023	Ken Miller Melinda West
*# 8. Resolution for Approval of 2024-25 Tuition and Fee Rates	Amy Sebring Tim Hodge
* 9. Approval of Year-to-Date Financial Performance Report (July 1, 2023 – December 31, 2023)	Tim Hodge Rob Mann
10. Discussion of Future Agenda Topics and Closing Remarks	Anna James

*** Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

UPDATE FROM THE CHIEF OPERATING OFFICER

AMY SEBRING, EXECUTIVE VICE PRESIDENT
AND CHIEF OPERATING OFFICER

April 8, 2024

UPDATE ON ADVANCEMENT

CHARLIE PHLEGAR, SENIOR VICE
PRESIDENT FOR ADVANCEMENT

April 8, 2024

Summary of the University's Annual Financial Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 23, 2024

Fiscal year 2023 represented another successful year in advancing Virginia Tech's strategic plan. The financial position of the university is strong as evidenced by its diversified portfolio of research funding, ranking, strong student demand from increasingly talented students, auxiliary enterprises with high customer satisfaction, growing contributions to endowments, increased assets, and quality debt ratings from Moody's Investors Service Inc. (Aa1) and S&P Global Ratings (AA).

The university published its Annual Financial Report (Attachment A) in January 2024 for the fiscal year ended June 30, 2023. The report contains the university's financial statements and required disclosures. It also includes the independent auditor's report on financial statements and report on internal control over financial reporting and on compliance and other matters. The Commonwealth of Virginia Auditor of Public Accounts conducted the audit beginning May 4, 2023 and concluded November 3, 2023, with the following results.

The university restated fiscal year 2022 to incorporate the accounting changes for subscription-based information technology arrangements (SBITAs, GASB 96).

Summary of Audit Results

- Unmodified audit opinion (*formerly called an unqualified audit opinion*)
- No material weaknesses in internal controls
- No new written comments

Assets, Liabilities, and Net Position at June 30, 2023 and 2022*(all dollars in millions)*

	2023	2022 (restated)	Change	
			Amount	Percent
Current assets	\$ 410.9	\$ 427.4	\$ (16.5)	(3.9)%
Capital assets, net*	2,636.5	2,292.4	344.1	15.0 %
Other assets	1,121.0	858.3	262.7	30.6 %
Total assets	4,168.4	3,578.1	590.3	16.5 %
Deferred outflow of resources	94.3	108.6	(14.3)	(13.2)%
Current liabilities	405.5	370.0	35.5	9.6 %
Noncurrent liabilities	1,224.7	929.3	295.4	31.8 %
Total liabilities	1,630.2	1,299.3	330.9	25.5 %
Deferred inflow of resources	130.6	262.1	(131.5)	(50.2)%
Invested in capital assets, net	1,891.2	1,705.6	185.6	10.9 %
Restricted	322.6	259.1	63.5	24.5 %
Unrestricted	288.1	160.6	127.5	79.4 %
Total net position	\$2,501.9	\$2,125.3	\$ 376.6	17.7 %

*Includes long-term leases and SBITAs.

The balance sheet shows positive results for fiscal year 2023 with the following key indicators:

Total assets increased by \$590.3 million, or 16.5 percent. Non-current assets grew by \$606.8 million while current assets decreased by \$16.5 million, largely due to decreases in cash and cash equivalents (\$43.3 million) and prepaid expenses (\$13.3 million) which were offset by increases in accounts and contributions receivable of \$41.1 million, predominately in the grants and contracts area. Depreciable capital assets, net, increased by \$119.9 million reflecting the ongoing construction of university research and instructional facilities, and the capitalization of completed facilities. Long-term investments rose by \$132.3 million largely due to rebounding market conditions. Nondepreciable capital assets rose by \$121.0 million due to capital projects currently underway. Long-term lease right-to-use assets increased by \$96.2 million primarily due to the new leases for Gilbert Street, Research Swing Space, and Glebe Road buildings. Non-current cash and cash equivalent increased \$78.5 million largely from an increase in bond proceeds for capital projects. There was also an increase of \$49.4 million associated with VCBA 21st century bonds and maintenance reserve funding.

Total liabilities increased by \$330.9 million, or 25.5 percent. Current liabilities increased by \$35.5 million largely due to an increase of \$57.2 million in accounts payable and accrued liabilities, mostly attributable to capital projects payables to contractors. This increase was offset by a decrease of \$39.6 million in commercial paper which was used to temporarily fund capital projects until long-term debt was issued. Noncurrent liabilities rose by \$295.4 million. The largest increases in the area were for long-term debt of \$169.4 million due to the issuance of debt for multiple capital projects; long-term lease payable of \$81.7 million for the new leases mentioned above; an increase of \$53.8 million in the actuarially determined pension liability; and a long-term subscription based information technology arrangement liabilities increase of \$5.7 million.

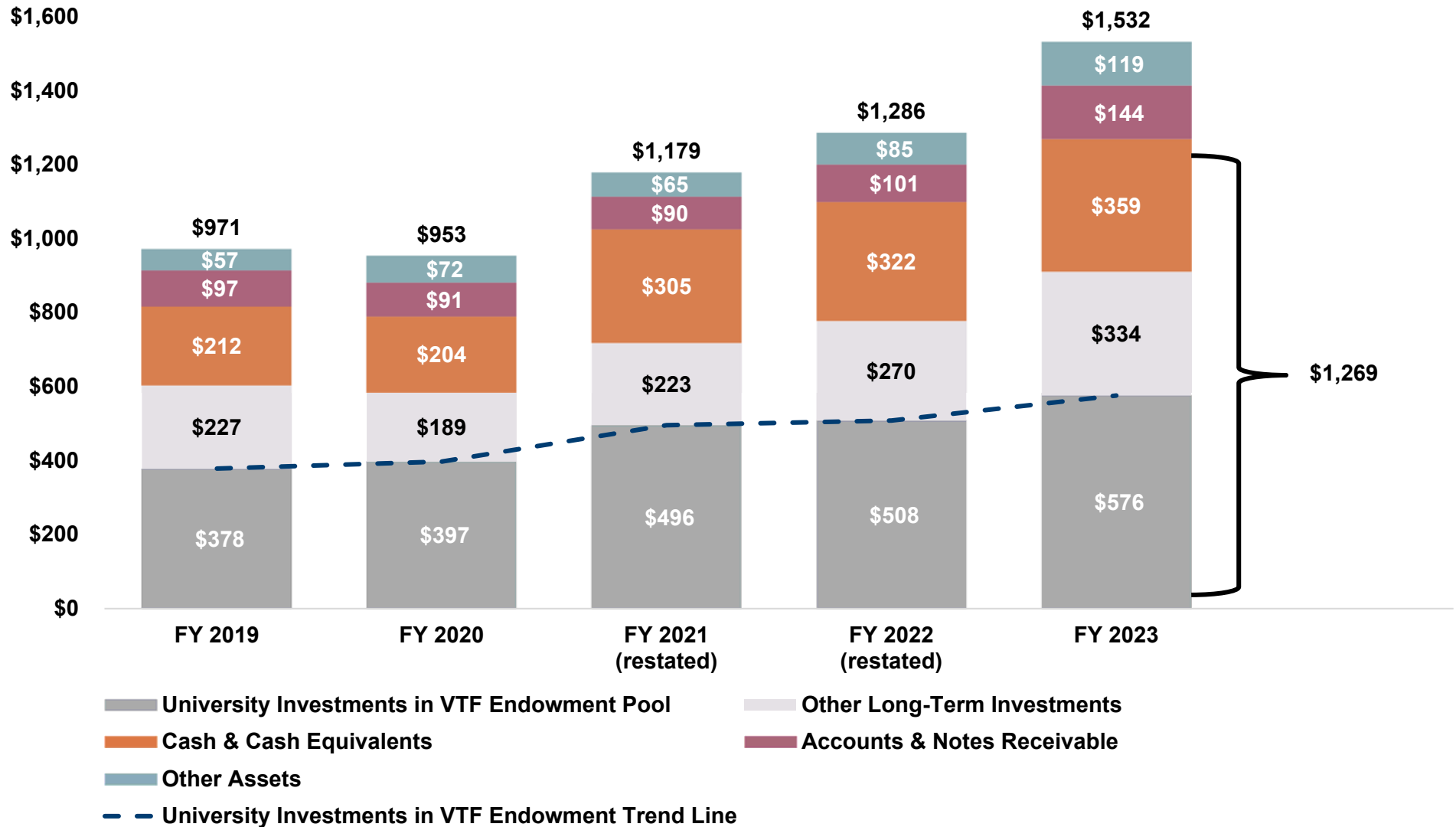
Total net position increased by \$376.6 million, or 17.7 percent. Net investment in capital assets increased by \$185.6 million, reflecting continued investments in new facilities and equipment to support the university's mission. Unrestricted net position increased by \$127.5 million (79.4 percent) due to the change in VRS pension and OPEB liabilities, and deferred inflows and outflows, as well as the prudent management of fiscal resources.

Composition of Current and Noncurrent Assets, Excluding Capital Assets

Showing the Strategy to Move Cash and Cash Equivalents to Long-Term Investments at VTF

For the years ended June 30, 2019 – 2023

(all dollars in millions)

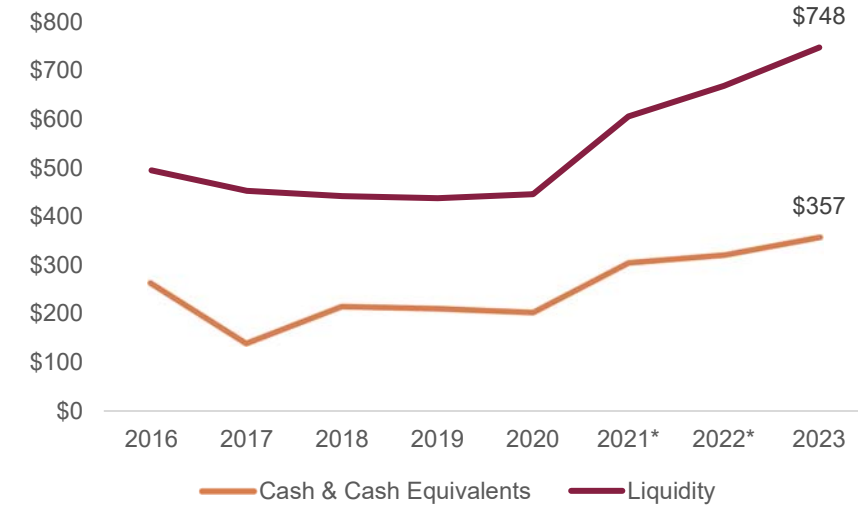


Analysis of Cash and Cash Equivalents

Showing the Analysis of Impact on Credit Ratings

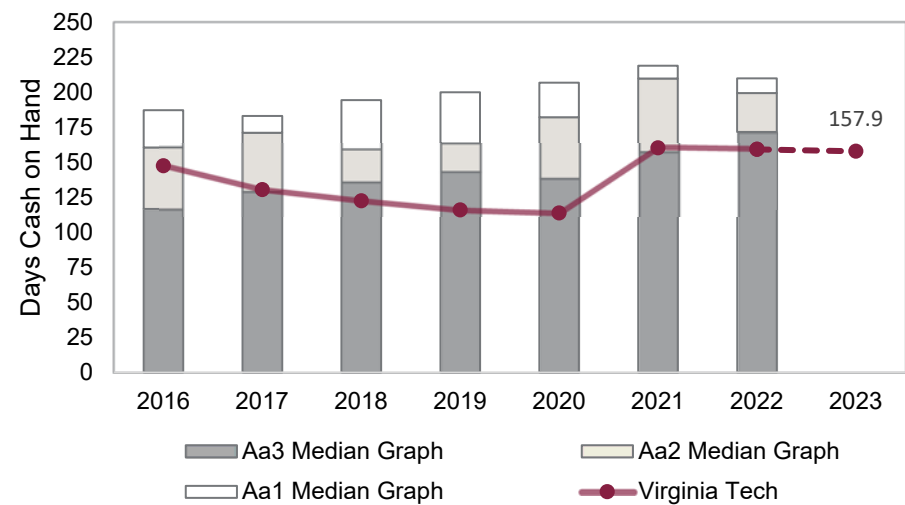
For the years ended June 30, 2016 – 2023

Virginia Tech
Cash v. Liquidity
(all dollars in millions)



*Restated

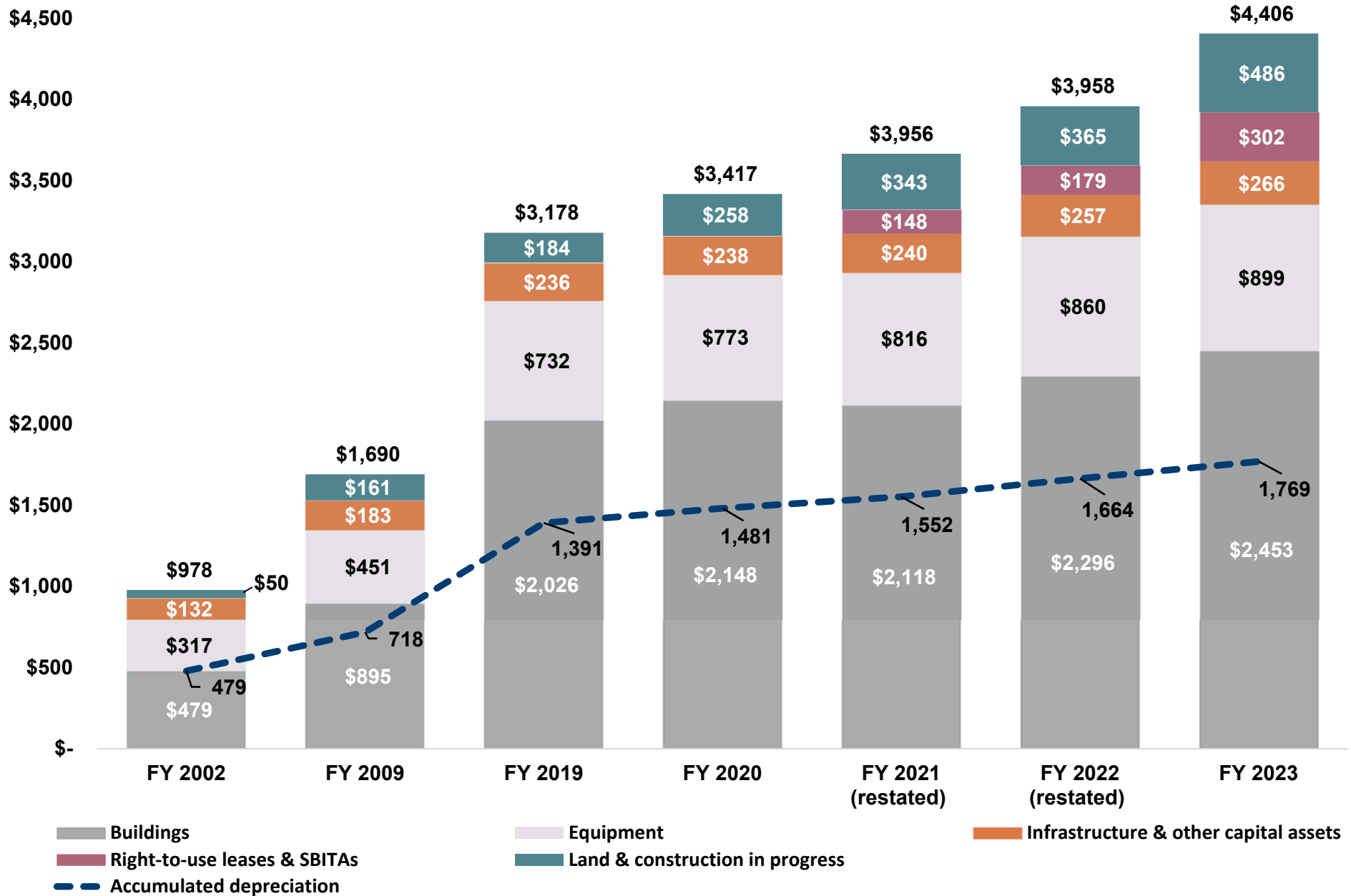
Moody's Credit Rating Comparison
Public Universities and Virginia Tech
Days Cash on Hand



The university finished fiscal year 2023 with a strong liquidity position due to the rebound of the investment markets and increased support from the commonwealth, offset by the decrease in Coronavirus relief funding. The university will continue to leverage its strong liquidity to bolster the university's credit rating for the impact of upcoming debt issuances.

Ongoing Investments in Capital Assets

Growth in Gross Capital Assets & Accumulated Depreciation from FY 2002 to FY 2023
(all dollars in millions)

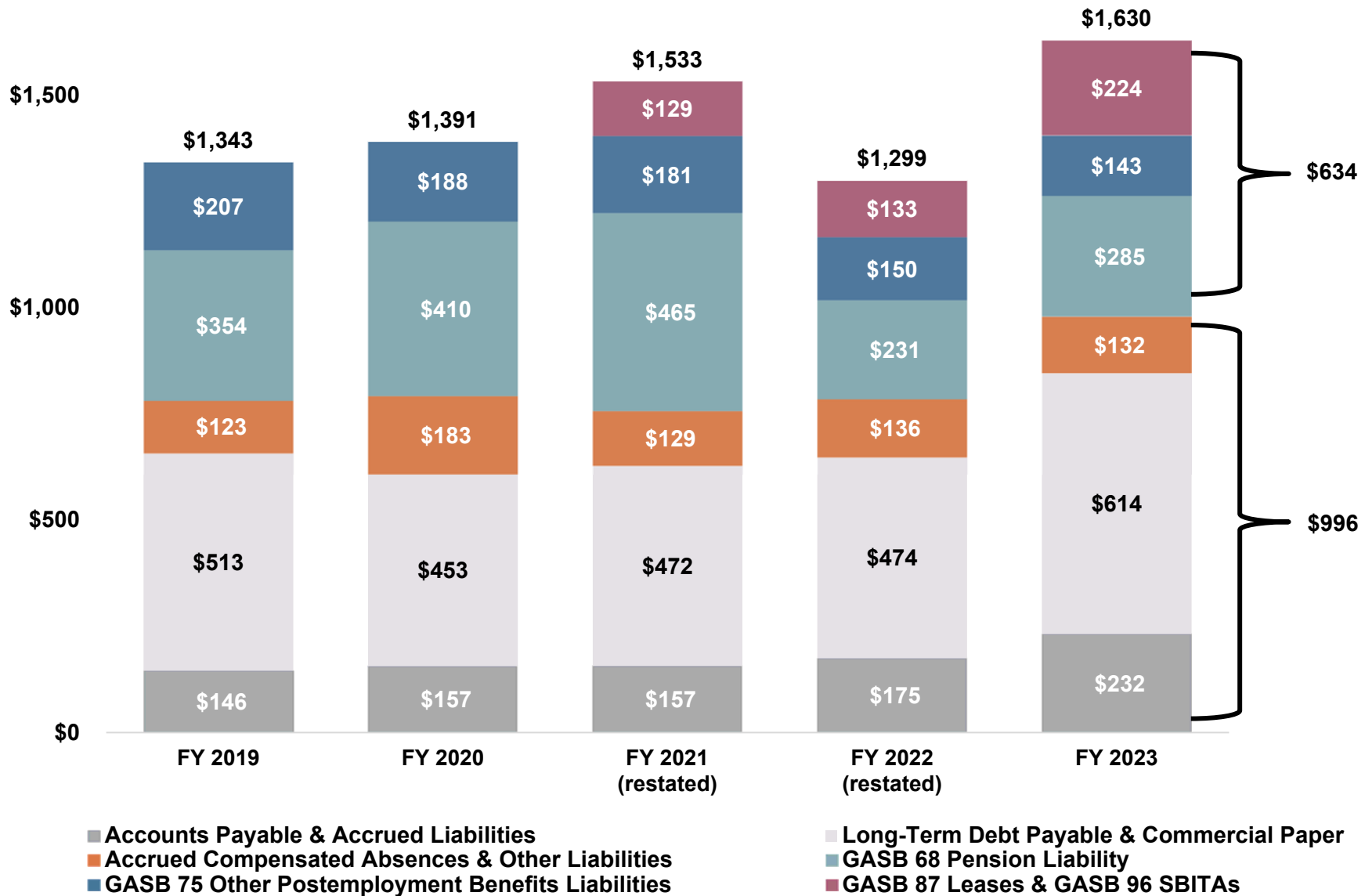


Composition of Current and Noncurrent Liabilities

Showing the Impact of GASB Statements 68, 75, 87, and 96 (Pension, OPEB, Leases, and SBITAs)

For the years ended June 30, 2019 - 2023

(all dollars in millions)



Trends in Net Position

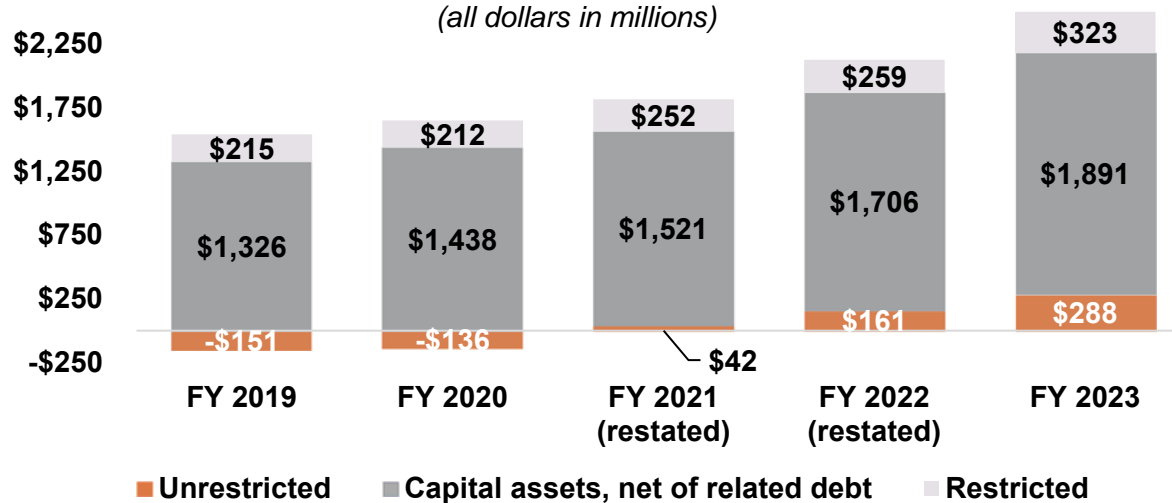
For the years ended June 30, 2019 – 2023
(all dollars in millions)

	FY 2019	FY 2020	FY 2021 (restated)	FY 2022 (restated)	FY 2023
Capital assets, net of related debt	\$ 1,326.1	\$ 1,437.6	\$ 1,521.3	\$ 1,705.5	\$ 1,891.2
Restricted, non-expendable	14.0	12.6	14.9	13.6	14.2
Restricted, expendable					
Capital projects	6.2	2.9	7.2	10.2	42.4
Other	194.7	196.4	229.6	235.4	266.0
Unrestricted*	(150.7)	(135.6)	42.1	160.6	288.1
Total Net Position	1,390.3	1,514.0	1,815.1	2,125.3	2,501.9
Adjusted Unrestricted Net Position Excluding the Impact of GASB Pronouncements Related to Pensions and OPEB	\$ 444.0	\$ 458.5	\$ 639.4	\$ 705.1	\$ 772.0

Exhibit 7

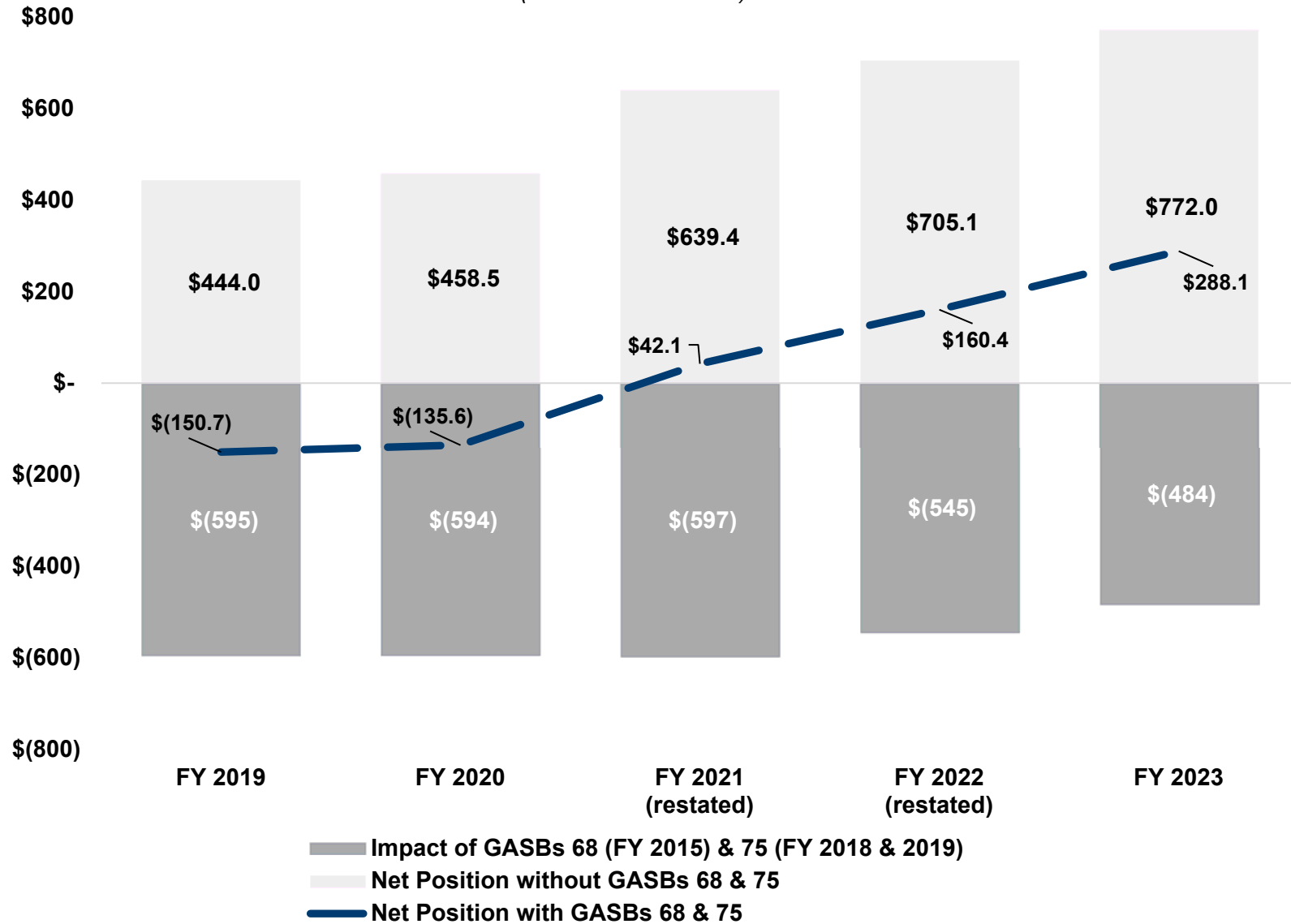
Components of Total Net Position

For the years ended June 30, 2019 - 2023
(all dollars in millions)



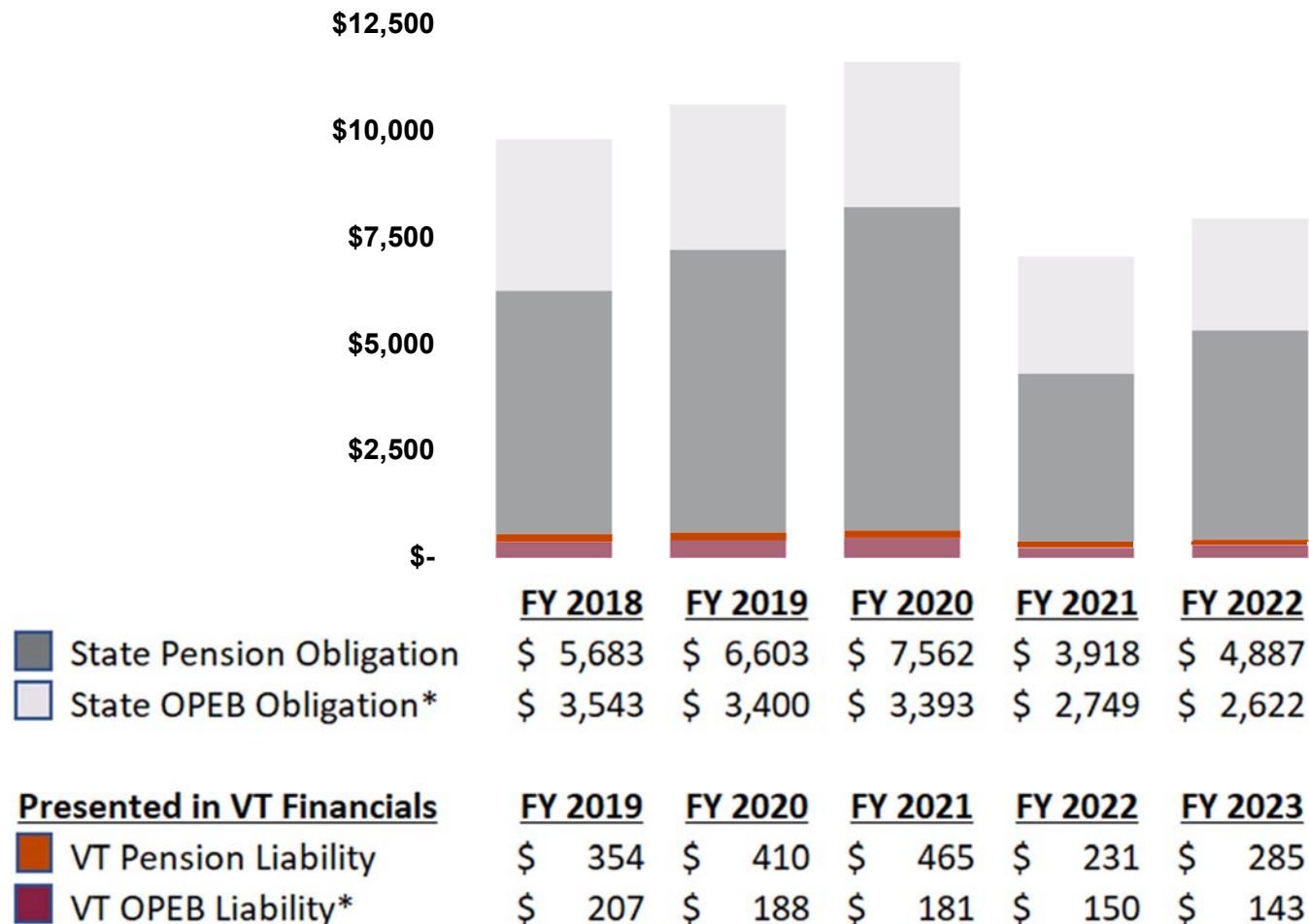
Unrestricted Net Position

Composition of Totals Reported in the Audited Financial Statements
For the years ended June 30, 2019 - June 30, 2023
(all dollars in millions)



Commonwealth Obligation for GASB 68 for Defined Benefit Pension Plans and GASB 75 for OPEB

For the years ended June 30, 2018 - 2022
(all dollars in millions)



*Percentages vary for each plan. The Pre-Medicare Retiree Healthcare program amount is imputed. Measurement dates for pension and OPEB amounts will always be one year in arrears from the financial statement dates. As shown above, there are large annual fluctuations in these obligations, and the university has no control over these movements. Most of the pension and OPEB's impact on expenses and net position is deferred to future periods.

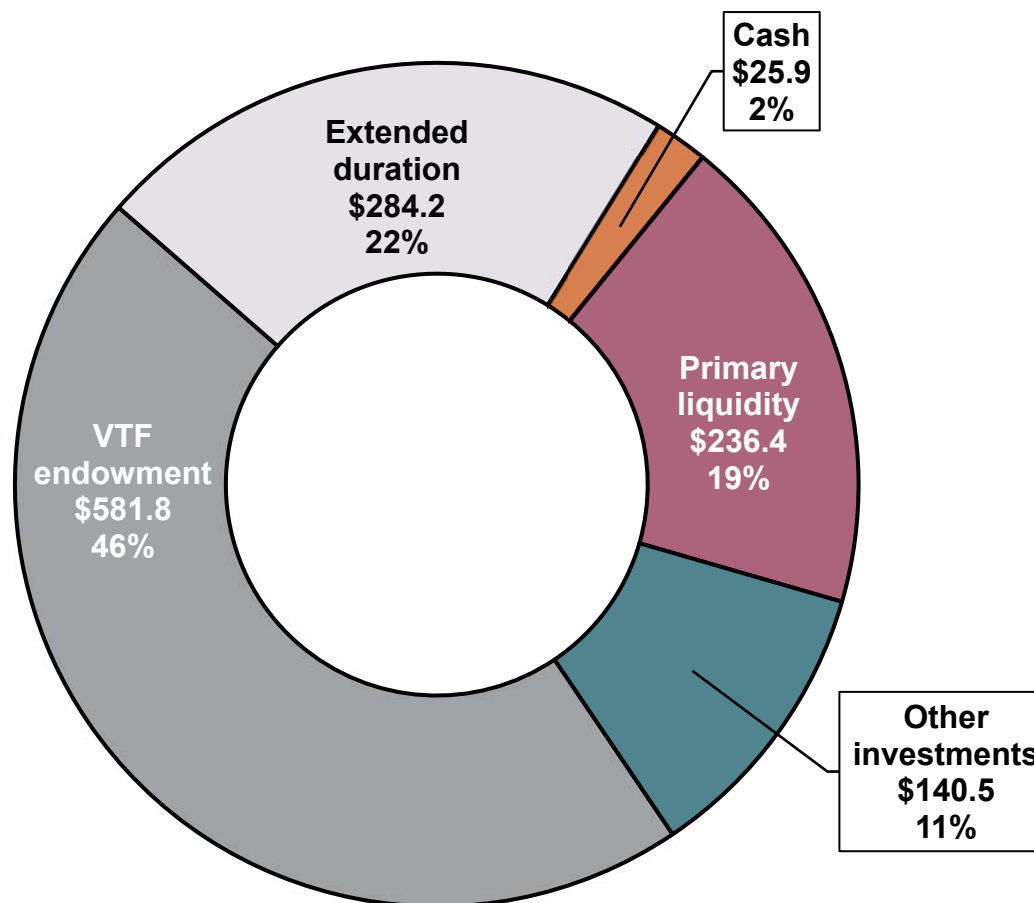
Summary Schedule of Cash and Investment Totals

Composition of Totals Reported in the Audited Financial Statements at June 30, 2023 and 2022
(all dollars in millions)

Financial Statement Totals	Totals at June 30, 2023			Totals at June 30, 2022	
	Current Assets	Noncurrent Assets	Total Cash and Investments	Total Cash and Investments	Change In Totals
Cash	\$ (1.1)	\$ 27.1	\$ 26.0	\$ 40.6	\$ (14.6)
Cash equivalents (<90 days)	238.0	92.5	330.5	280.7	49.8
Total cash and cash equivalents	<u>236.9</u>	<u>119.6</u>	<u>356.5</u>	<u>321.3</u>	<u>35.2</u>
Short-term investments (>90 days <= 1 year)	-	2.1	2.1	-	2.1
Long-term investments (>1 year)					
Invested in the VTF endowment pool	-	575.9	575.9	507.9	68.0
Invested with other investment managers	-	334.3	334.3	270.0	64.3
Total long-term investments	<u></u>	<u>910.2</u>	<u>910.2</u>	<u>777.9</u>	<u>132.3</u>
Grand totals cash and investments	<u><u>\$ 236.9</u></u>	<u><u>\$ 1,031.9</u></u>	<u><u>\$ 1,268.8</u></u>	<u><u>\$ 1,099.2</u></u>	<u><u>\$ 169.6</u></u>

Summary Schedule of Cash and Investments by Investment Pool - \$1,268.8 Million

From the Totals Reported in the Audited Financial Statements for FY 2023
(all dollars in millions)



■ VTF endowment ■ Extended duration ■ Cash ■ Primary liquidity ■ Other investments

Summary of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2023 and 2022

(all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Operating revenues	\$ 1,443.3	\$ 1,311.6	131.7	10.0 %
Operating expenses	1,824.8	1,637.2	187.6	11.5 %
Operating loss	(381.5)	(325.6)	(55.9)	17.2 %
State appropriations	365.3	326.4	38.9	11.9 %
Investment Income, net	60.2	(37.5)	97.7	260.5 %
Other non-operating revenues (expenses)	119.7	147.2	(27.5)	(18.7)%
Non-operating revenues (expenses)	545.2	436.1	109.1	25.0 %
Income before other revenues and expenses	163.7	110.5	53.2	48.1 %
Other revenues, expenses, gains, or losses	212.9	199.7	13.2	6.6 %
Increase in net position	376.6	310.2	66.4	21.4 %
Net position – beginning of year	2,125.3	1,815.1	310.2	17.1 %
Net position - end of year	\$ 2,501.9	\$ 2,125.3	\$ 376.6	17.7 %

Operating loss: Under GASB reporting, public universities will always show an operating loss because state appropriations, gifts, and investment income are all considered non-operating revenues.

Increase (Decrease) in Revenue

For the years ended June 30, 2023 and 2022
(all dollars in millions)

			<u>Change</u>	
	<u>2023</u>	<u>2022</u> <u>(restated)</u>	<u>Amount</u>	<u>Percent</u>
Operating revenues				
Student tuition and fees, net	\$ 647.0	\$ 611.0	\$ 36.0	5.9%
Grants and contracts	406.3	362.5	43.8	12.1%
Auxiliary enterprises	343.4	299.7	43.7	14.6%
Other operating revenues	46.6	38.4	8.2	21.4%
Total operating revenues	<u>1,443.3</u>	<u>1,311.6</u>	<u>131.7</u>	<u>10.0%</u>
Nonoperating revenues				
State appropriations	365.3	326.4	38.9	11.9%
Gifts	93.0	78.7	14.3	18.2%
Coronavirus relief funding	7.4	53.1	(45.7)	(86.1%)
Investment income, net	60.2	(37.5)	97.7	260.5%
Other nonoperating revenues	19.3	15.4	3.9	25.3%
Total nonoperating revenues	<u>545.2</u>	<u>436.1</u>	<u>109.1</u>	<u>25.0%</u>
Other revenues				
Capital appropriations	43.5	13.7	29.8	217.5%
Capital grants and gifts	169.2	180.7	(11.5)	(6.4%)
Gain on disposal of capital assets	0.2	5.3	(5.1)	(96.2%)
Total other revenue	<u>212.9</u>	<u>199.7</u>	<u>13.2</u>	<u>6.6%</u>
Total revenue	<u>\$ 2,201.4</u>	<u>\$ 1,947.4</u>	<u>\$ 254.0</u>	<u>13.0%</u>

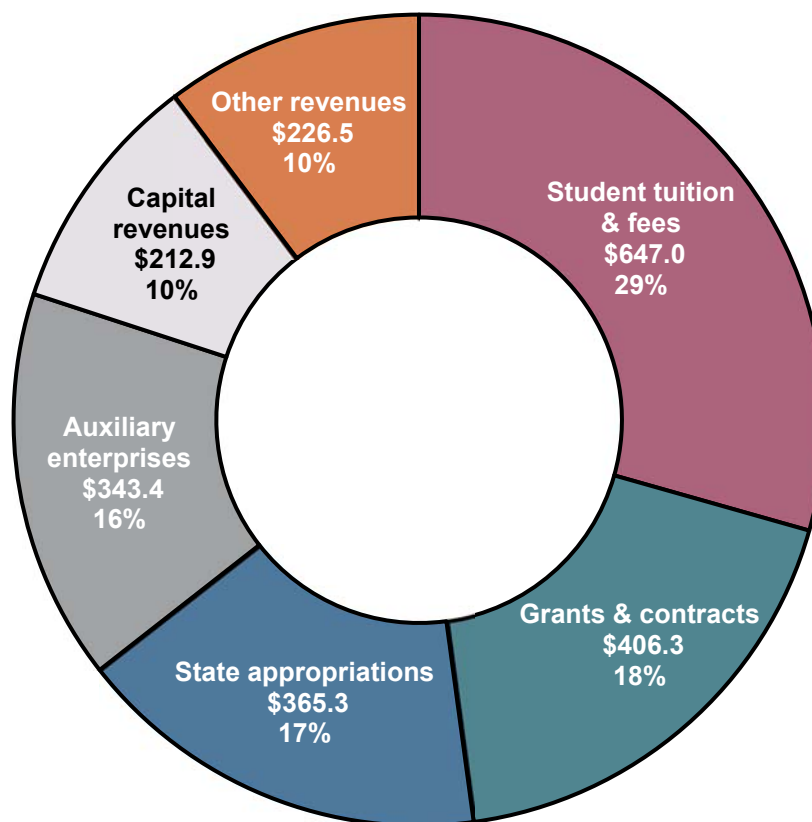
Operating revenue increased by \$131.7 million, or 10.0 percent. This increase came primarily from auxiliary revenues (\$43.7 million), student tuition and fees (\$36.0 million) reflecting small increases in tuition and fee rates as well as a continuing demand for a Virginia Tech education, and sponsored grants and contracts (\$43.8 million) with most of the growth from federal sponsors (\$39.2 million).

Nonoperating revenue increased by \$109.1 million, or 25.0 percent. Revenue increases were primarily from the rebound of the investment markets (\$97.7 million). There was growth in state appropriations (\$38.9 million), a rise in gift revenue transferred from the Virginia Tech Foundation (\$14.3 million), special contributions from the commonwealth for the VRS pension and OPEB programs (\$9.5 million), and federal financial aid (\$2.1 million).

Total other revenue and gains grew by \$13.2 million, or 6.6 percent. The university received an increase in capital appropriation funding of \$29.8 million for its maintenance reserve program and other capital projects. Capital grants and gifts declined \$11.5 million due to a decrease in capital projects being funded by private gifts. Additionally, there was a decrease of \$5.1 million in the gain on disposal of capital assets.

Total Revenue by Source

For the year ended June 30, 2023
(all dollars in millions)



* Other revenues include gifts, investment income, federal Pell grants, Coronavirus relief funding, and other non-operating revenue offset by interest expense on debt related to capital assets and long-term leases.

Changes in Expenses by Natural Classification

For the years ended June 30, 2023 and 2022

(all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Compensation and benefits	\$ 1,135.9	\$ 1,029.9	\$ 106.0	10.3%
Contractual services	148.3	134.2	14.1	10.5%
Supplies and materials	119.6	106.6	13.0	12.2%
Travel	51.5	33.7	17.8	52.8%
Other operating expenses	110.8	91.4	19.4	21.2%
Scholarships and fellowships*	60.3	68.7	(8.4)	-12.2%
Sponsored program subcontracts	47.4	36.9	10.5	28.7%
Depreciation and amortizaion	151.0	135.8	15.2	11.2%
Total operating expenses	<u>\$ 1,824.8</u>	<u>\$ 1,637.2</u>	<u>\$ 187.6</u>	11.5%

*Includes loan administrative fees and collection costs.

Compensation and benefits increased by \$106.0 million, or 10.3 percent. Total personnel expenses were \$1,135.9 million, or 62.2 percent, of the university's total operating expenses. Generally, changes to expenses in this category come from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trends in the costs of fringe benefits. The benefits section is also affected by the changes in the actuarially calculated expenses for the OPEB and pension programs.

Travel increased by \$17.8 million, or 52.8 percent. The travel category increased as the university returned to pre-pandemic levels.

Scholarships and fellowships (including loan administrative fees and collection costs) decreased by \$8.4 million, or 12.2 percent.

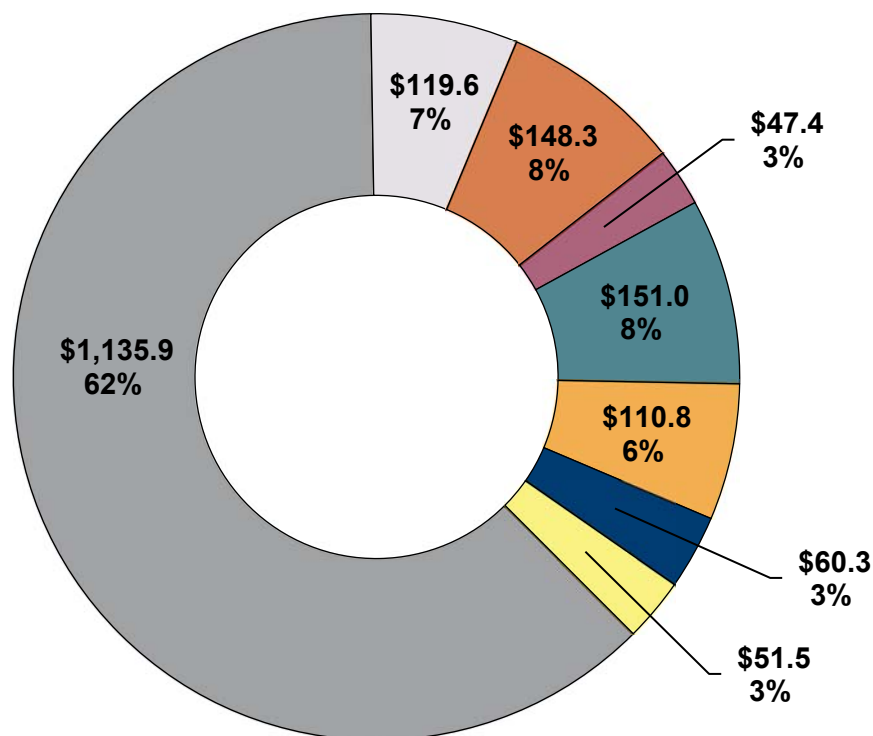
Coronavirus relief funding to provide financial aid grants to students decreased with final spend in 2023.

All other categories increased as the university faced the rising costs of goods and services across the board.

Total Expenses by Natural Classification

For the Year Ended June 30, 2023

(all dollars in millions)



- Compensation and benefits
- Contractual services
- Depreciation and amortization
- Scholarships and fellowships

- Supplies and materials
- Sponsored program subcontracts
- Other operating expenses
- Travel

Changes in Operating Expenses by Function

For the years ended June 30, 2023 and 2022

(all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Instruction	\$ 490.4	\$ 445.9	\$ 44.5	10.0%
Research	397.3	351.4	45.9	13.1%
Public service	102.7	93.2	9.5	10.2%
Auxiliary enterprises	278.8	257.5	21.3	8.3%
Depreciation and amortization	151.0	139.7	11.3	8.1%
Subtotal	1,420.2	1,287.7	132.5	10.3%
Support, maintenance, and other expenses				
Academic support	131.6	111.6	20.0	17.9%
Student services	33.5	29.5	4.0	13.6%
Institutional support	92.4	78.5	13.9	17.7%
Operations and maintenance of plant	110.9	84.6	26.3	31.1%
Student financial assistance*	36.2	45.3	(9.1)	(20.1%)
Subtotal	404.6	349.5	55.1	15.8%
Total operating expenses	\$ 1,824.8	\$ 1,637.2	\$ 187.6	11.5%

*Includes loan administrative fees and collection costs.

Research increased by \$45.9 million, or 13.1 percent. Research expenses had the largest growth reflecting the increase in sponsored program awards and the continued investment in the university research centers.

Instruction increased by \$44.5 million, or 10.0 percent. Instruction had the second-largest increase reflecting the continued investment in providing the highest quality education for the students of the university.

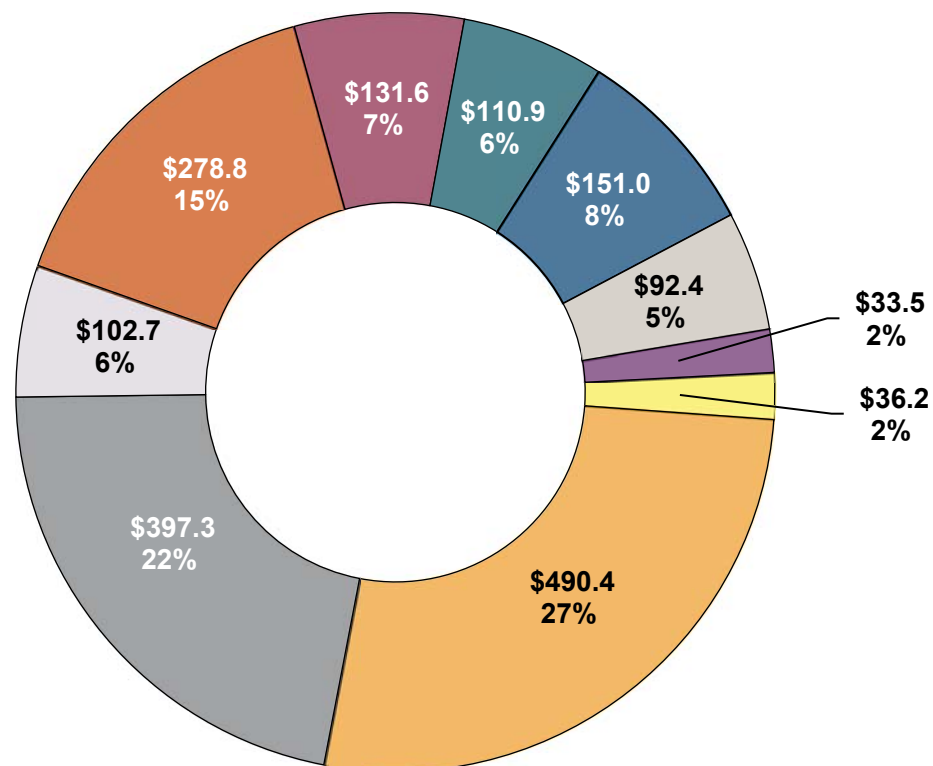
Operations of maintenance of plant increased by \$26.3 million or 31.1 percent. Increases in utilities as well as compensation and benefits impacted growth in operations and maintenance of plant expenses. Expenses increased in most areas of operations and maintenance of plant with utilities and compensation and benefits contributing the most.

All other categories increased as the university faced the rising costs of goods and services across the board.

Exhibit 18

Summary of Expenses by Function

For the year ended June 30, 2023
(all dollars in millions)



- | | |
|---------------------------------------|---------------------------------|
| ■ Student financial assistance | ■ Instruction |
| ■ Research | ■ Public service |
| ■ Auxiliary enterprises | ■ Academic support |
| ■ Operations and maintenance of plant | ■ Depreciation and amortization |
| ■ Institutional support | ■ Student services |

Measuring the Overall Level of Financial Health

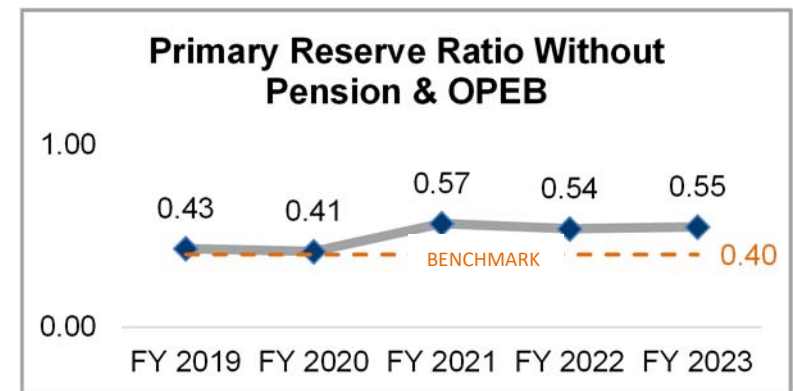
For the years ended June 30, 2019 – 2023

The overall health of the university can be measured by focusing on available resources and the returns generated from those resources. This analysis answers whether the institution has sufficient resources and whether they use those resources to support the mission and strategic direction of the institution.

The Composite Financial Index (CFI) combines four core ratios by assigning various weights to generate an aggregate score for financial strength and stability. These ratios: primary reserve ratio, viability ratio, net operating revenues ratio, and return on net position ratio provide for an understanding of the institutions available resources and results of current operations, which when applied to certain benchmark factors generates a score from one to ten indicating strength of the institution.

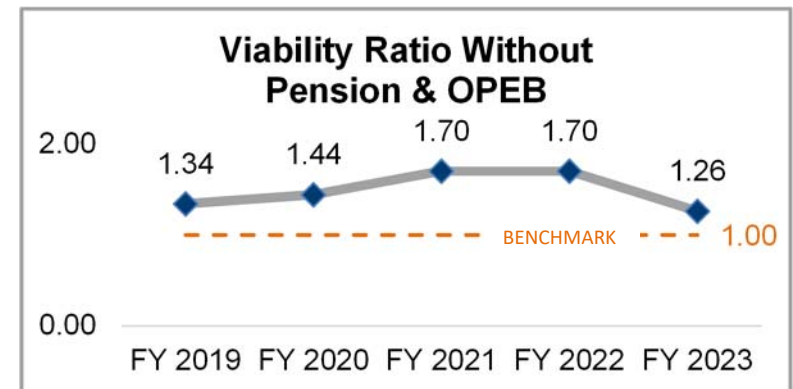
$$\text{Primary Reserve Ratio} = \frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$$

1. Primary reserve ratio provides a snapshot of the financial strength and flexibility of an institution.
2. The accepted benchmark for this ratio is 0.40ⁱ



$$\text{Viability Ratio} = \frac{\text{Expendable Net Assets}}{\text{Long - Term Debt}}$$

3. Viability ratio measures the availability of expendable net position to cover long-term debt and indicates whether an institution can assume new debt.
4. A benchmark ratio of 1.0 or greater indicates sufficient expendable resources to cover outstanding debt obligations.



$$\text{Net Operating Revenues Ratio} = \frac{(\text{Net income} - \text{Capital Revenues})}{\text{Noncapital Revenues}}$$

5. The net operating revenues ratio indicates whether an organization is living within its available resources.
6. The nature of investing activities can result in significant volatility in this ratio and contributes to the need to analyze the results of this ratio over several fiscal years.
7. The decrease in the FY20 ratio is a result of effects of the pandemic on auxiliary revenues and investment losses.
8. The increase in the FY21 ratio is a result of the rebound of the investment market.

$$\text{Return on Net Position Ratio} = \frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

9. Return on net position answers whether the university is achieving a positive economic return on its investment of resources.
10. There is generally not a fixed benchmark and a higher return on net position indicates a stronger year of financial performance.

Net Operating Revenue Ratio



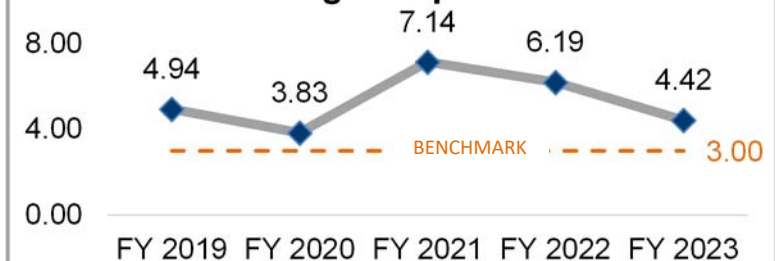
Return on Net Position Ratio



The four ratios above provide an understanding of the university's available resources and results of current operations, which when applied to certain benchmark factors generates the CFI.

11. A benchmark score of 3.0 generally indicates that an institution is financially healthy.
12. The consolidated CFI includes financial data at year-end for the Virginia Tech Foundation, a component unit in VT's financial statement.

**Composite Financial Index (CFI)
Including Component Units**



Long-Term Debt Payable Activity

as of June 30, 2023

(all dollars in millions)

	Beginning Balance (restated)	Additions	Retirements	Terminations	Ending Balance	Current Portion
Bonds payable						
Section 9(c) general obligation revenue bonds	\$ 176.4	\$ 100.4	\$ 14.4	\$ -	\$ 262.4	\$ 14.1
Section 9(d) revenue bonds	81.8	-	2.8	-	79.0	4.5
Notes payable	158.3	104.2	6.7	-	255.8	13.1
Finance purchase obligations	11.1	-	0.5	-	10.6	0.5
Long-term lease payable	121.6	112.3	22.0	6.0	205.9	19.8
Long-term SBITAs payable	11.5	12.6	6.0	-	18.2	5.4
Total long-term debt payable	\$ 560.7	\$ 329.6	\$ 52.4	\$ 6.0	\$ 831.9	\$ 57.5

Debt ratio for fiscal year 2023 was 4.10 percent with a long-term debt liability of \$831.9 million, in line with the board approved debt ratio of six percent of operating expenditures.

Changes Due to the Implementation of GASB 96 Subscription-Based Information Technology Arrangements (SBITAs)

The university adopted Statement 96 in fiscal year 2023 with an implementation date of July 1, 2022. The fiscal year ending June 30, 2022 has been restated for comparative purposes. This restatement resulted in the following changes in net position (all dollars in millions):

Depreciable capital assets, net	\$ 12.76
Accounts payable	0.22
Accrued interest	(0.05)
Long-term SBITAs payable, current	(4.47)
Long-term SBITAs payable, noncurrent	(7.07)
Total restatement of net position at June 30, 2022	<u>\$ 1.39</u>

Sponsored Programs

For the years ended June 30, 2019 – 2023
(all dollars in millions)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Number of awards received	2,364	2,391	2,328	2,097	2,311
Value of awards received	\$ 323.7	\$ 367.7	\$ 349.3	\$ 390.3	\$ 458.1
Research expenditures reported to NSF	\$ 542.0	\$ 556.3	\$ 542.0	\$ 592.0	\$ 598.3
Extramural research expenditures	\$ 320.2	\$ 325.1	\$ 321.4	\$ 366.2	\$ 418.5

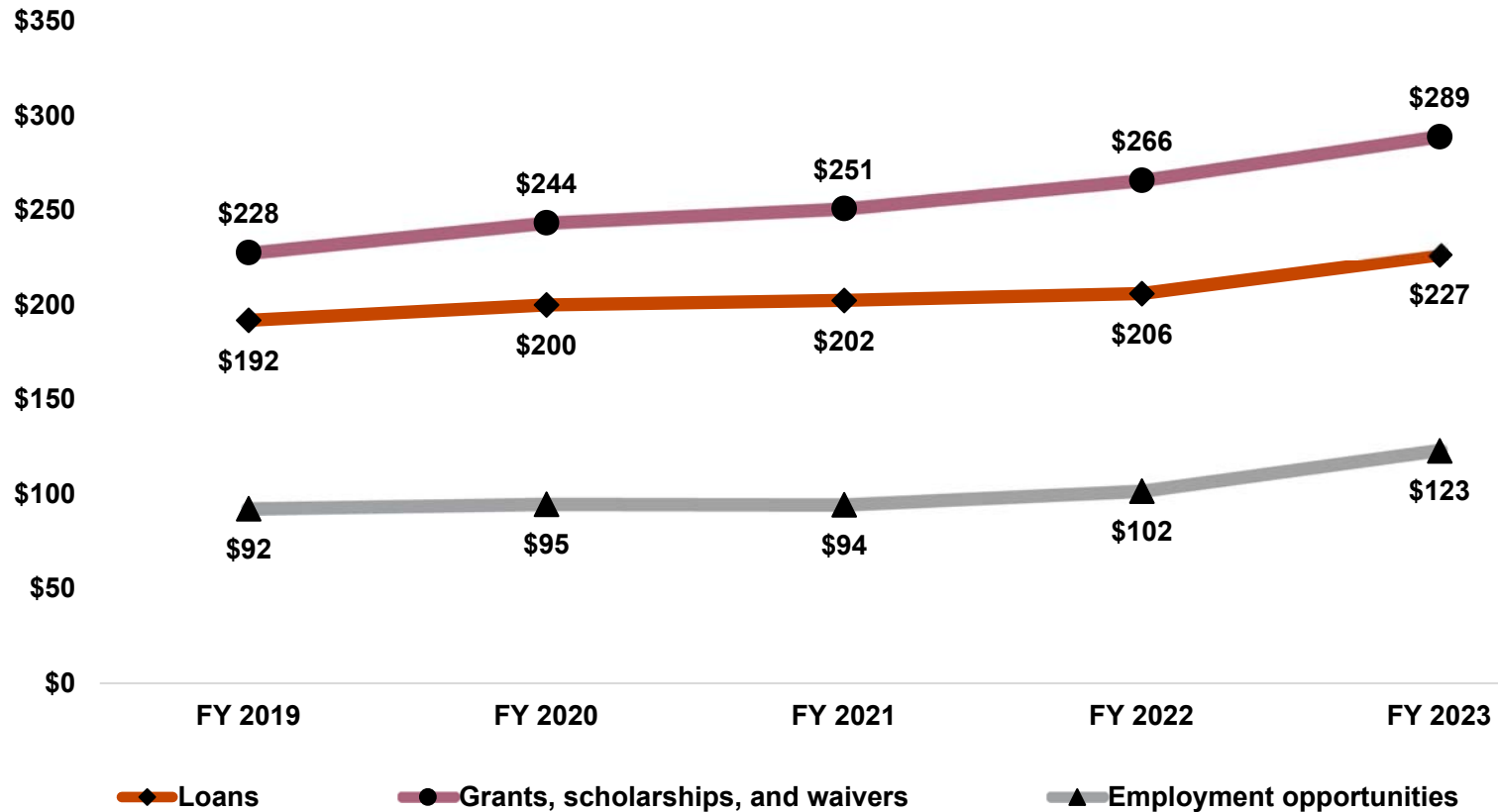
Student Financial Aid

For the years ended June 30, 2019 – 2023

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Number of students receiving selected types of financial aid					
Loans	13,075	13,267	13,140	12,894	13,195
Grants, scholarships, and waivers	19,484	20,548	20,606	20,179	23,478
Employment opportunities	12,717	12,430	9,747	11,693	12,390
 Total amounts by major category <i>(all dollars in millions)</i>					
Loans	\$ 191.9	\$ 200.2	\$ 202.4	\$ 206.5	\$ 226.5
Grants, scholarships, and waivers	227.7	243.5	251.0	265.9	289.0
Employment opportunities	92.3	94.7	94.4	101.6	122.9
Total financial aid	<u>\$ 511.9</u>	<u>\$ 538.4</u>	<u>\$ 547.8</u>	<u>\$ 574.0</u>	<u>\$ 638.4</u>

Student Financial Aid

For years ended June 30, 2019 – 2023
(all dollars in millions)



Virginia Tech Class of 2023: 47 percent of undergraduates carried an average student loan debt of \$32,376. This is comparable to the Top 20 Land Grant institutions, as ranked by the Times Higher Education global rankings. The university continues to strategically advance student financial aid programs to expand access and affordability and mitigate student loan debt.

Conclusion:

Despite a challenging financial landscape, the university continues to make progress on several fronts, including the following:

- Continued investment in facilities supporting the university's strategic plan with the prudent use of debt financing.
- Strong student demand – the university continues to have growth in applications and the successive improvements of overall quality and diversity of each entering class.
- The university continues to assess the lowest non-instructional mandatory charge of any public four-year institution in Virginia, directing 83 percent of a resident undergraduate's mandatory charges towards the instructional mission.
- Continued growth in unrestricted net position from operating and non-operating activities which partially offset the impact of GASB 68 in 2014-15 and GASB 75 in 2017-18 for pension liabilities and other postemployment benefits.

UNIVERSITY'S ANNUAL FINANCIAL STATEMENTS

KEN MILLER, VICE PRESIDENT FOR FINANCE AND
UNIVERSITY TREASURER

April 8, 2024

SUCCESSFUL AUDIT & STRONG FINANCIAL POSITION

Strong revenue sources



Aa1 and AA Credit Rating



4.10% Debt Ratio



Target AA– or Better

Target <= 6%



Unmodified audit opinion



**No material weakness involving
internal controls**



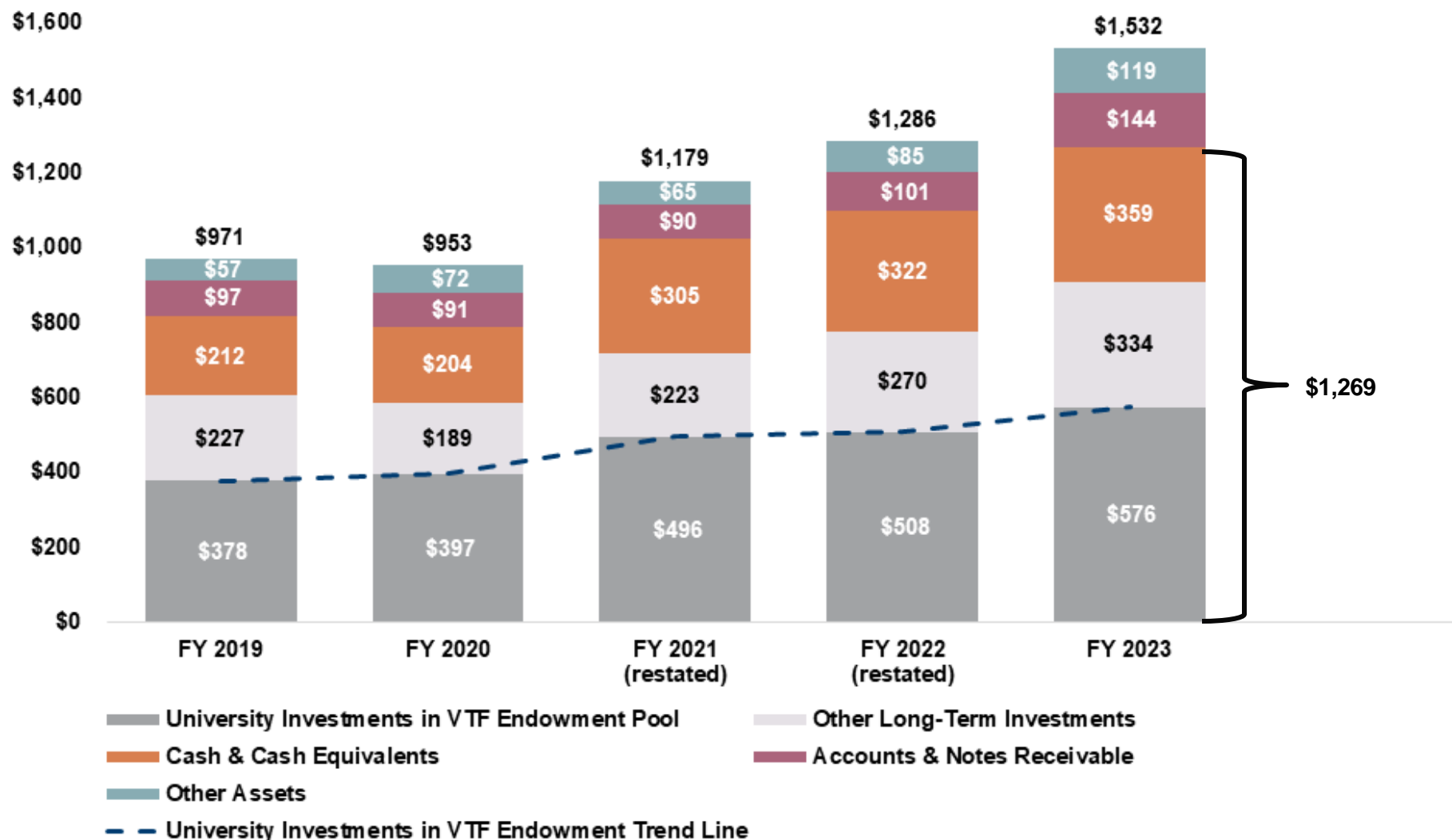
No new written comments

COMPOSITION OF CURRENT AND NONCURRENT ASSETS EXCLUDING CAPITAL ASSETS

Showing the Strategy to Move Cash and Cash Equivalents to Long-Term Investments at VTF

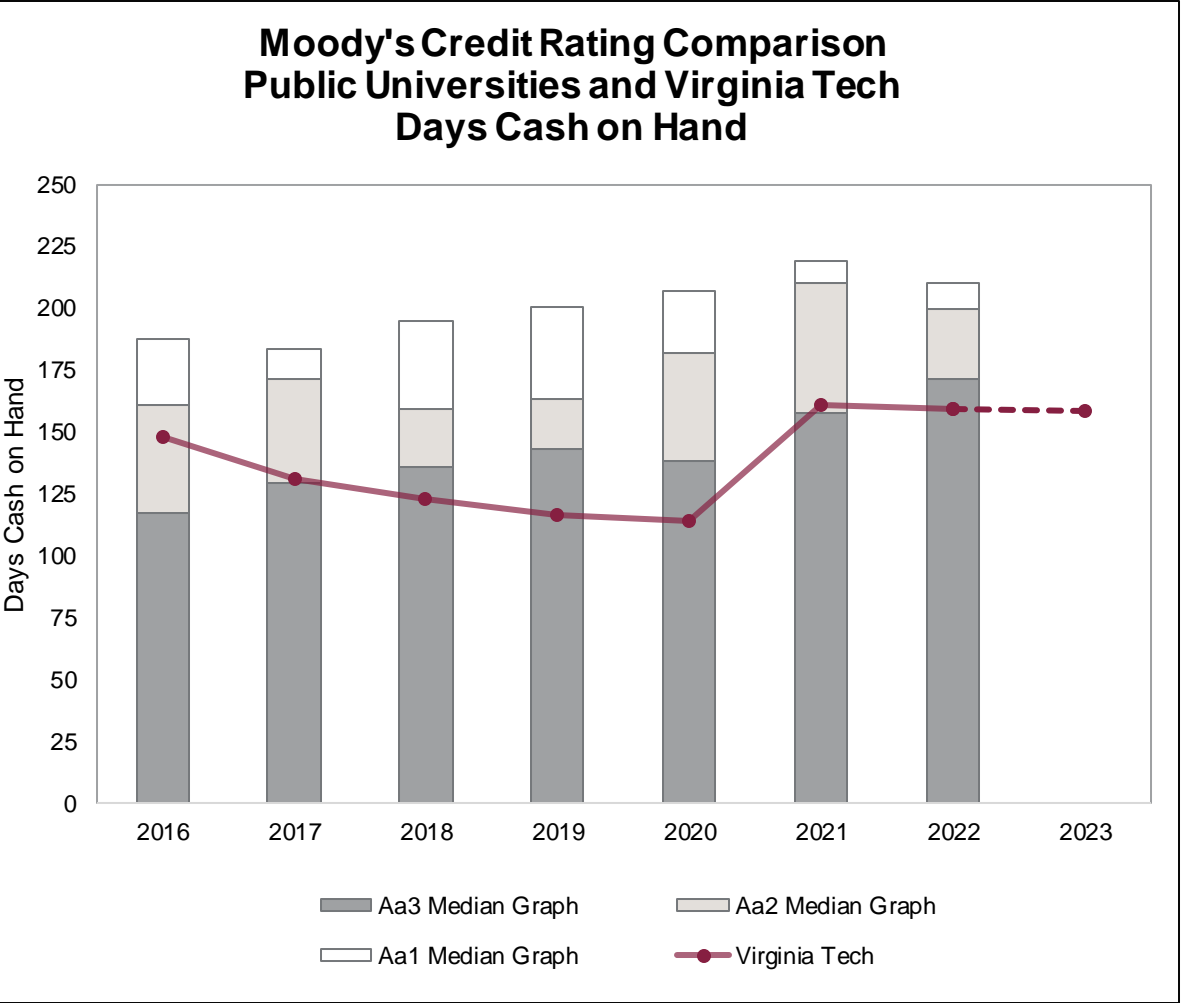
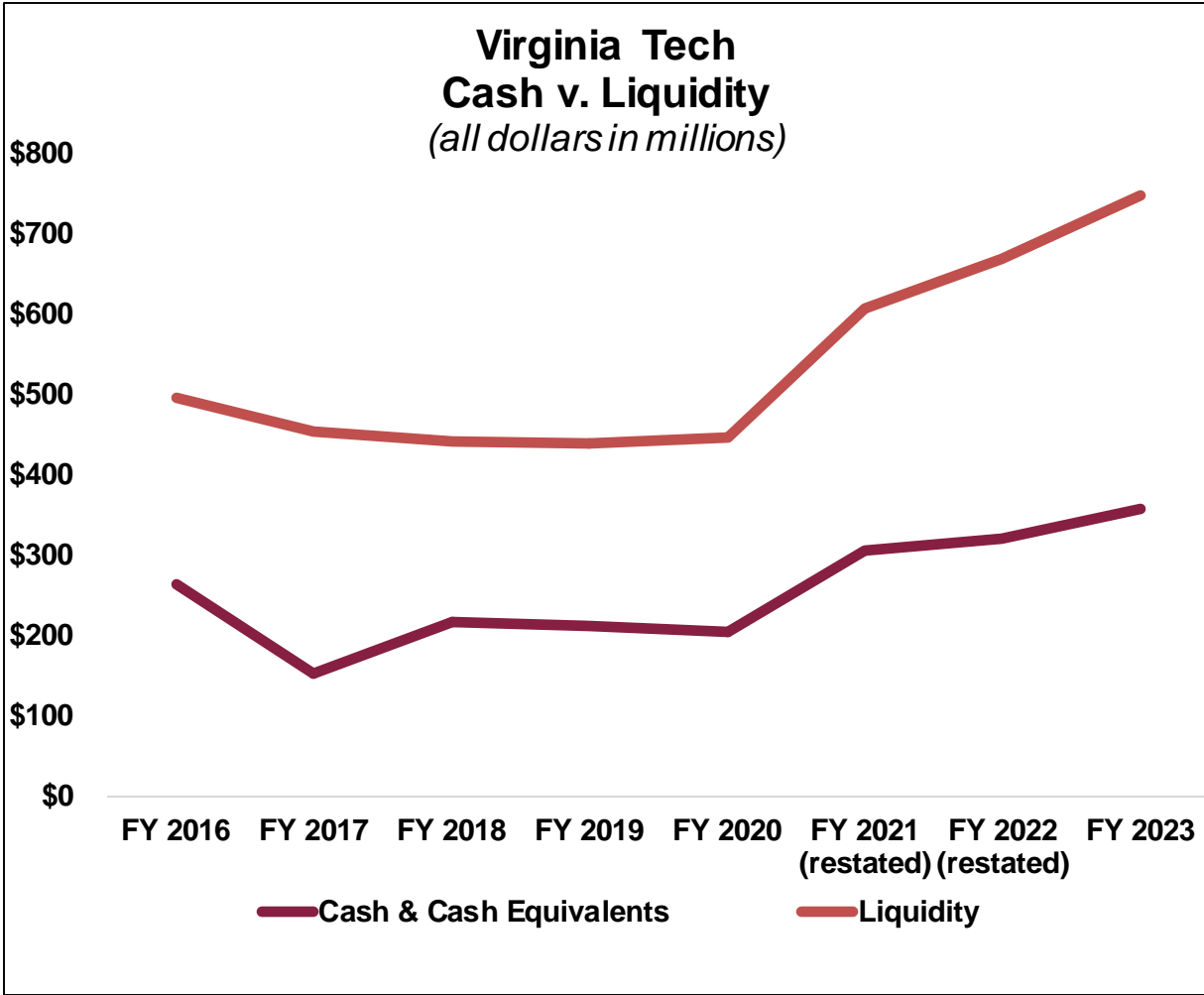
For the years ended June 30, 2019 – 2023

(all dollars in millions)



ANALYSIS OF CASH AND CASH EQUIVALENTS

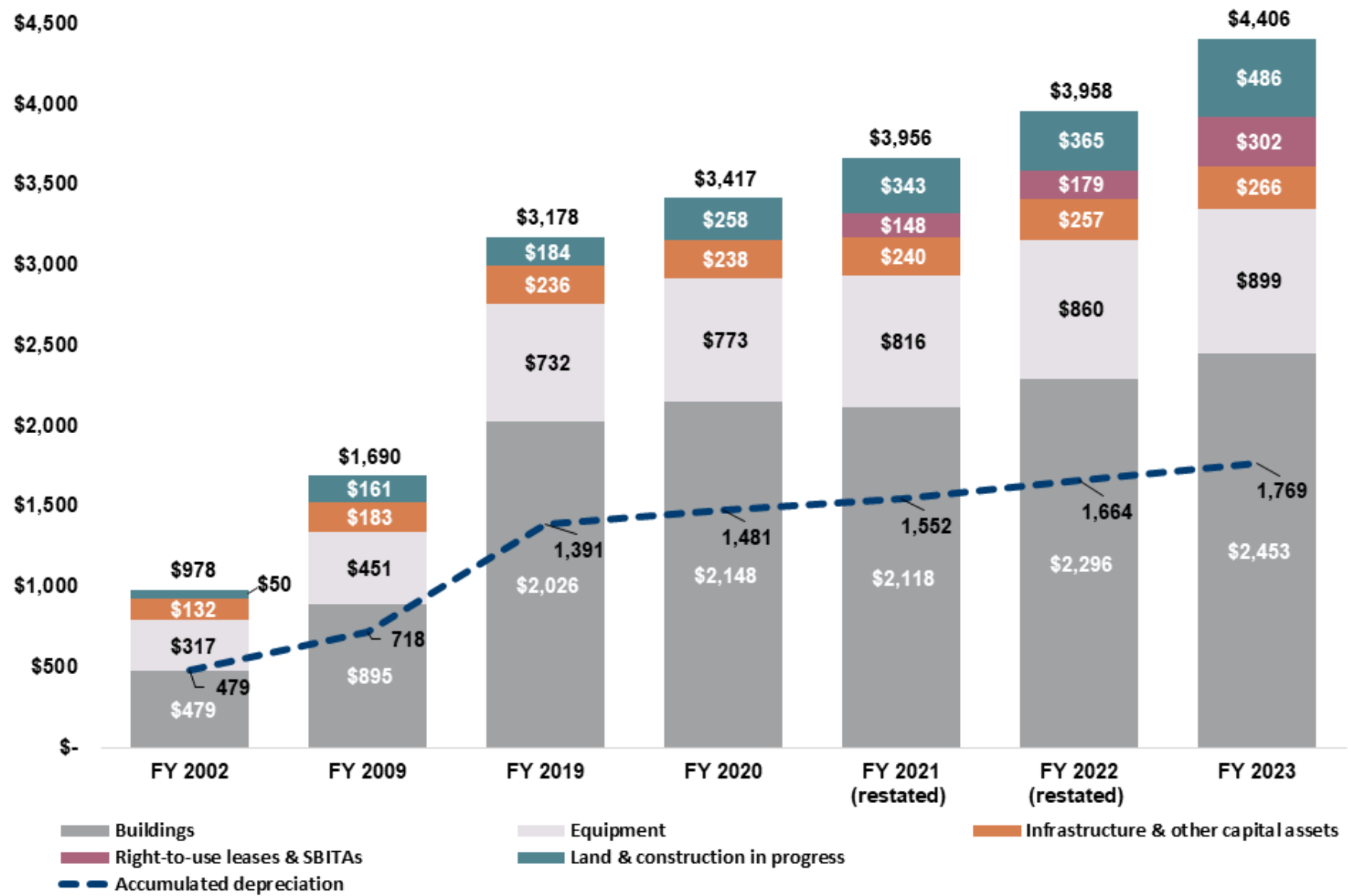
Showing the Analysis of Impact on Credit Ratings
For the years ended June 30, 2016 – 2023



The university finished fiscal year 2023 with a strong liquidity position due to increased support from the commonwealth and one-time support from the federal government. The return of travel and other operating expenses to pre-pandemic levels further helped preserve the university's liquidity levels. The university will continue to leverage its strong liquidity to bolster the university's credit rating for the impact of upcoming debt issuances.

ONGOING INVESTMENT IN CAPITAL ASSETS

Growth in Capital Assets from FY 2002 to FY 2023
(all dollars in millions)

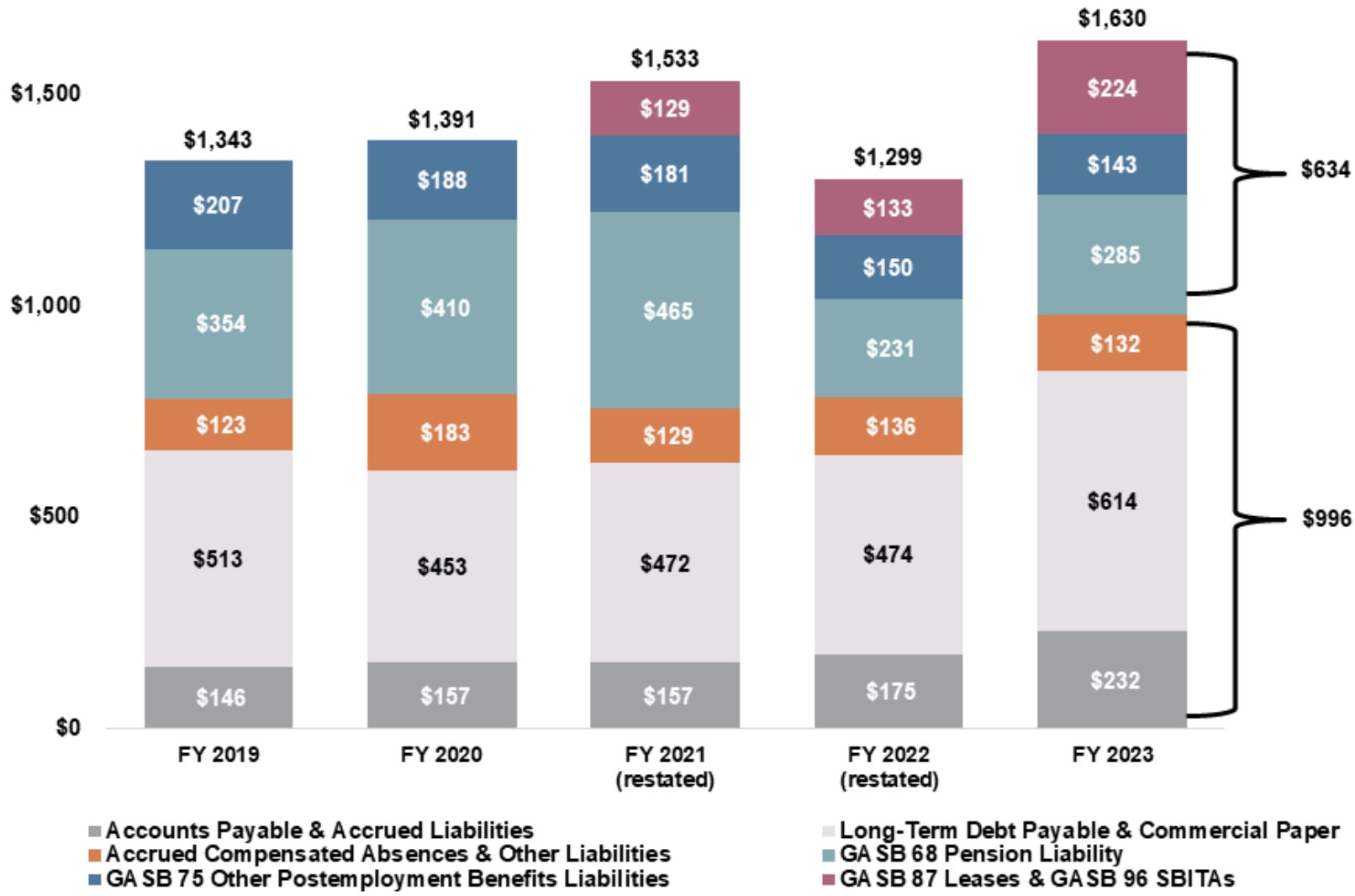


COMPOSITION OF CURRENT AND NONCURRENT LIABILITIES

Showing the Impact of GASB 68, 75, 87, and 96 (Pension, OPEB, Leases, and SBITAs)

For the years ended June 30, 2019 – 2023

(all dollars in millions)



TRENDS IN NET POSITION

For the years ended June 30, 2019 - 2023
(all dollars in millions)

	FY 2019	FY 2020	FY 2021 (restated)	FY 2022 (restated)	FY 2023
Capital assets, net of related debt	\$ 1,326.1	\$ 1,437.6	\$ 1,521.3	\$ 1,705.5	\$ 1,891.2
Restricted, non-expendable	14.0	12.6	14.9	13.6	14.2
Restricted, expendable					
Capital projects	6.2	2.9	7.2	10.2	42.4
Other	194.7	196.4	229.6	235.4	266.0
Unrestricted*	(150.7)	(135.6)	42.1	160.6	288.1
Total Net Position	1,390.3	1,514.0	1,815.1	2,125.3	2,501.9
Adjusted Unrestricted Net Position Excluding the Impact of GASB Pronouncements Related to Pensions and OPEB					
	\$ 444.0	\$ 458.5	\$ 639.4	\$ 705.1	\$ 772.0

*Unrestricted net position increase of \$127.5 million (79.3 percent) stems from prudent management of fiscal resources as well as \$60.6 million decrease in other postemployment benefit and pension net liability/expense.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30, 2023 and 2022
(all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Operating revenues	\$ 1,443.3	\$ 1,311.6	131.7	10.0 %
Operating expenses	1,824.8	1,637.2	187.6	11.5 %
Operating loss	(381.5)	(325.6)	(55.9)	17.2 %
State appropriations	365.3	326.4	38.9	11.9 %
Investment Income, net	60.2	(37.5)	97.7	260.5 %
Other non-operating revenues (expenses)	119.7	147.2	(27.5)	(18.7)%
Non-operating revenues (expenses)	545.2	436.1	109.1	25.0 %
Income before other revenues and expenses	163.7	110.5	53.2	48.1 %
Other revenues, expenses, gains, or losses	212.9	199.7	13.2	6.6 %
Increase in net position	376.6	310.2	66.4	21.4 %
Net position – beginning of year	2,125.3	1,815.1	310.2	17.1 %
Net position - end of year	\$ 2,501.9	\$ 2,125.3	\$ 376.6	17.7 %

Operating loss: Under GASB reporting, public universities will always show an operating loss because state appropriations, gifts, and investment income are all considered non-operating revenues.

TOTAL REVENUES BY SOURCE

For the years ended June 30, 2023 and 2022

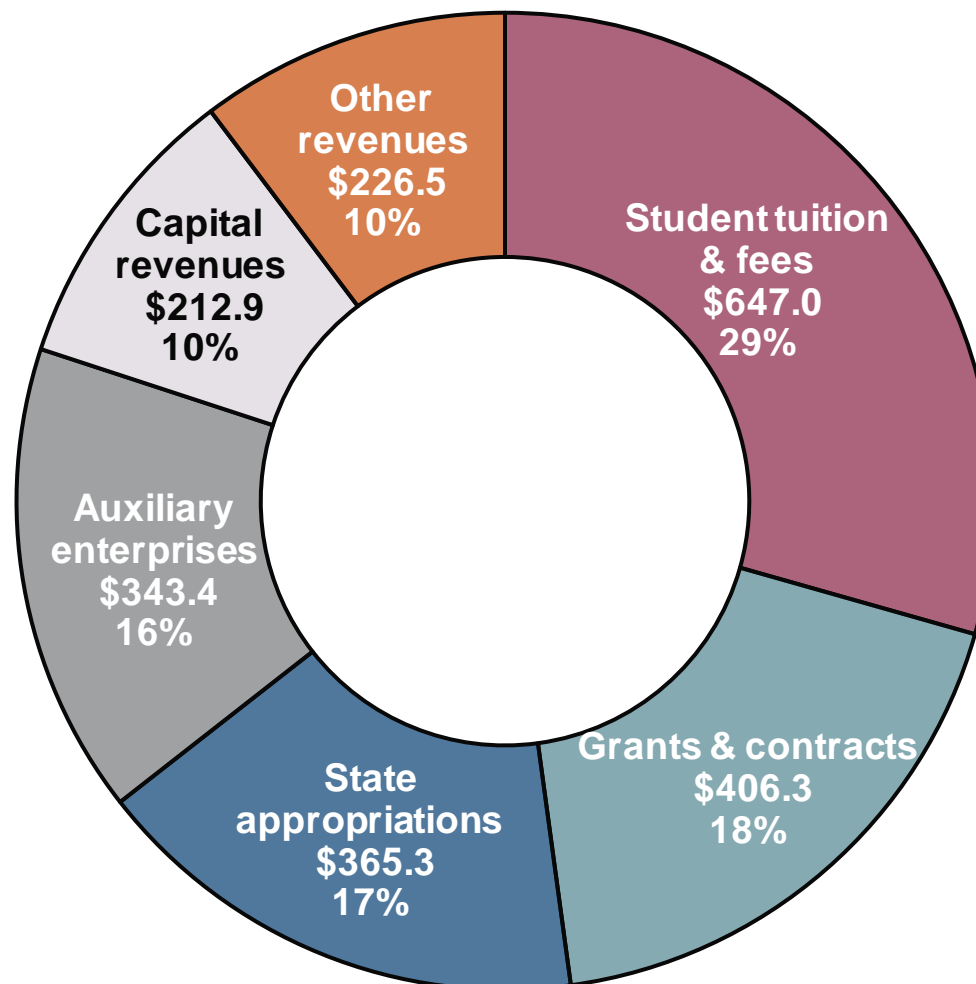
(all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Operating revenues				
Student tuition and fees, net	\$ 647.0	\$ 611.0	\$ 36.0	5.9%
Grants and contracts	406.3	362.5	43.8	12.1%
Auxiliary enterprises	343.4	299.7	43.7	14.6%
Other operating revenues	46.6	38.4	8.2	21.4%
Total operating revenues	1,443.3	1,311.6	131.7	10.0%
Nonoperating revenues				
State appropriations	365.3	326.4	38.9	11.9%
Gifts	93.0	78.7	14.3	18.2%
Coronavirus Relief Funding	7.4	53.1	(45.7)	(86.1%)
Investment income, net	60.2	(37.5)	97.7	260.5%
Other nonoperating revenues	19.3	15.4	3.9	25.3%
Total nonoperating revenues	545.2	436.1	109.1	25.0%
Other revenues				
Capital appropriations	43.5	13.7	29.8	217.5%
Capital grants and gifts	169.2	180.7	(11.5)	(6.4%)
Gain on disposal of capital assets	0.2	5.3	(5.1)	(96.2%)
Total other revenue	212.9	199.7	13.2	6.6%
Total revenue	\$ 2,201.4	\$ 1,947.4	\$ 254.0	13.0%

TOTAL REVENUES BY SOURCE \$2,201.4 Million

For the year ended June 30, 2023

(all dollars in millions)



* Other revenues include gifts, investment income, federal Pell grants, CARES Act stabilization revenue, and other non-operating revenue offset by interest expense on debt related to capital assets and long-term leases.

CHANGES IN OPERATING EXPENSES BY FUNCTION

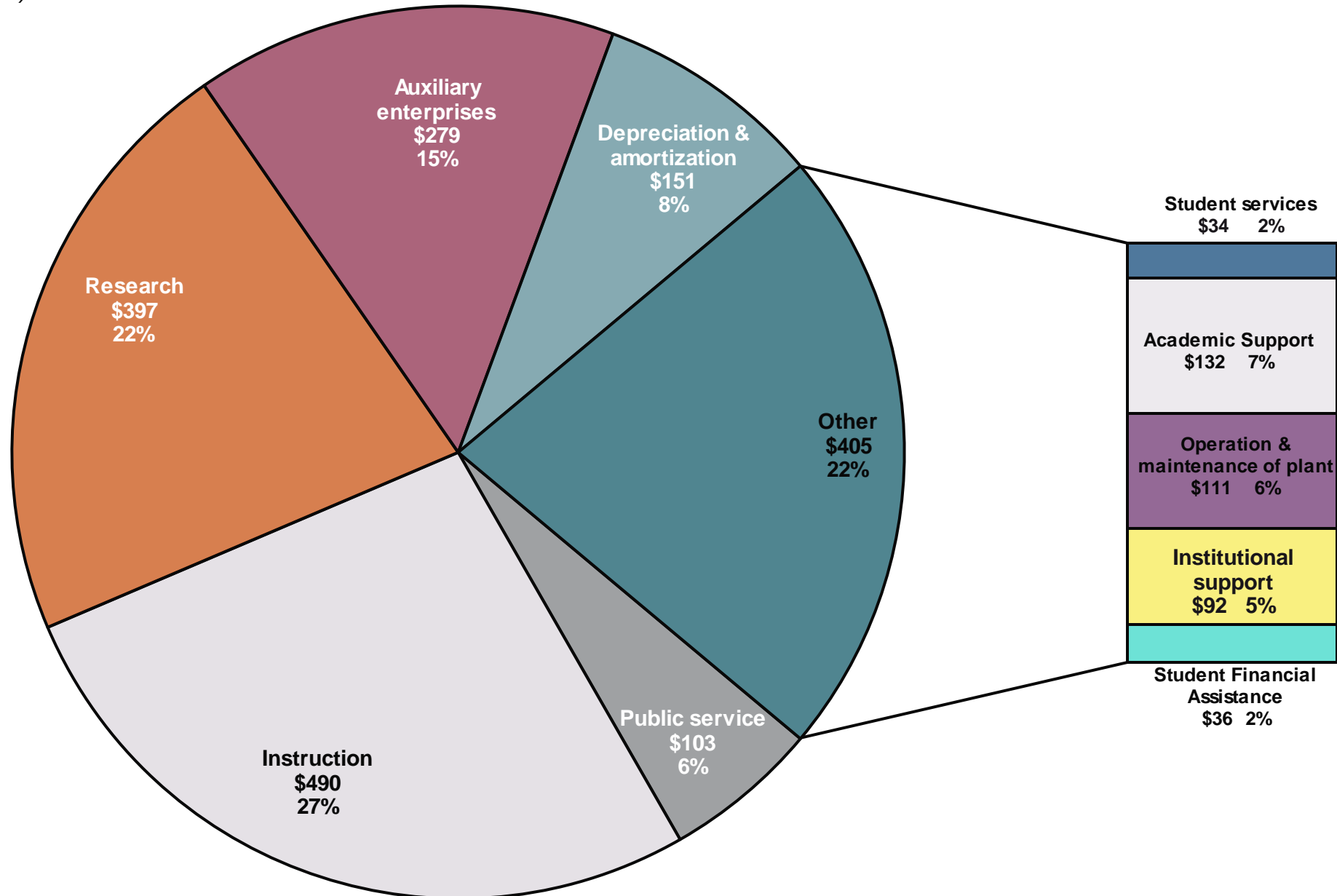
For the years ended June 30, 2023 and 2022
 (all dollars in millions)

	2023	2022 (restated)	Change	
			Amount	Percent
Instruction	\$ 490.4	\$ 445.9	\$ 44.5	10.0%
Research	397.3	351.4	45.9	13.1%
Public service	102.7	93.2	9.5	10.2%
Auxiliary enterprises	278.8	257.5	21.3	8.3%
Depreciation and amortization	151.0	139.7	11.3	8.1%
Subtotal	1,420.2	1,287.7	132.5	10.3%
Support, maintenance, and other expenses				
Academic support	131.6	111.6	20.0	17.9%
Student services	33.5	29.5	4.0	13.6%
Institutional support	92.4	78.5	13.9	17.7%
Operations and maintenance of plant	110.9	84.6	26.3	31.1%
Student financial assistance*	36.2	45.3	(9.1)	(20.1%)
Subtotal	404.6	349.5	55.1	15.8%
Total operating expenses	\$ 1,824.8	\$ 1,637.2	\$ 187.6	11.5%

*Includes loan administrative fees and collection costs.

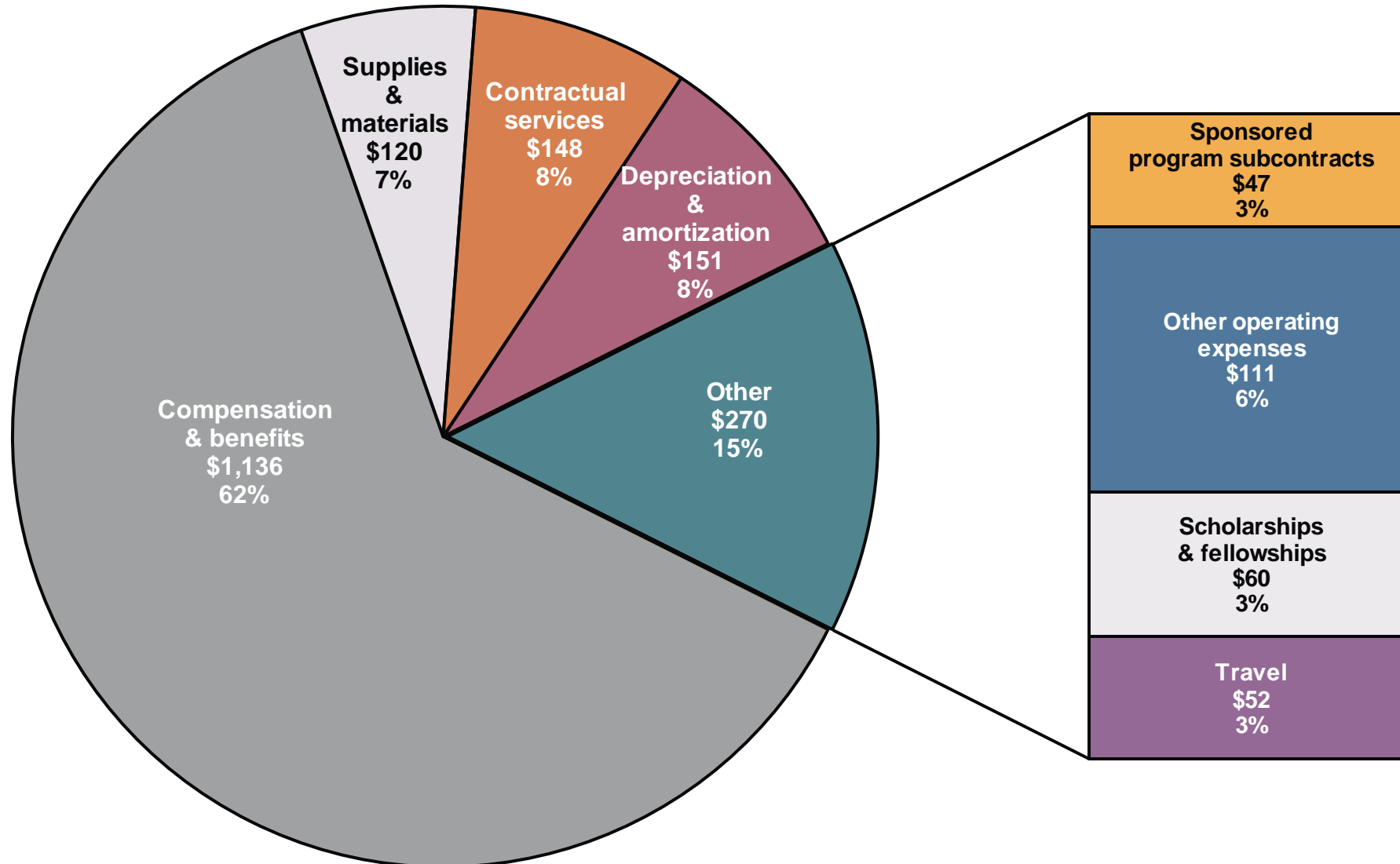
TOTAL OPERATING EXPENSES BY FUNCTION

For the year ended June 30, 2023
(all dollars in millions)



TOTAL OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended June 30, 2023
(all dollars in millions)

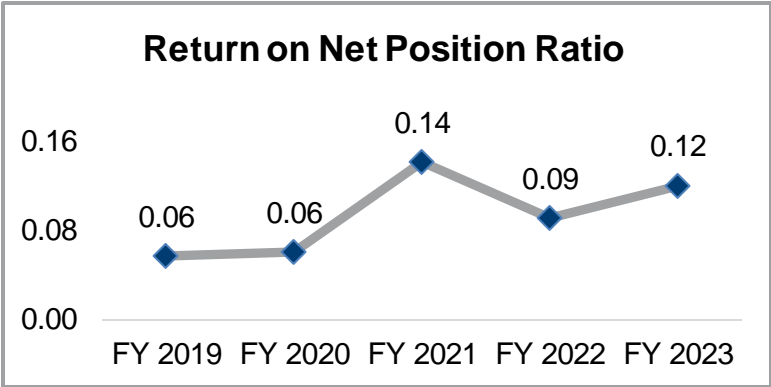
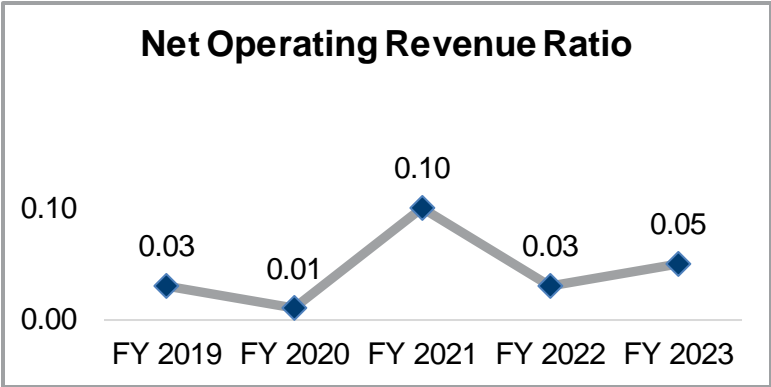
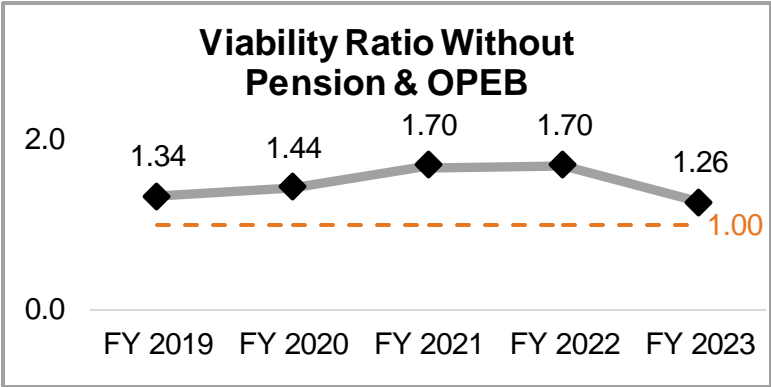
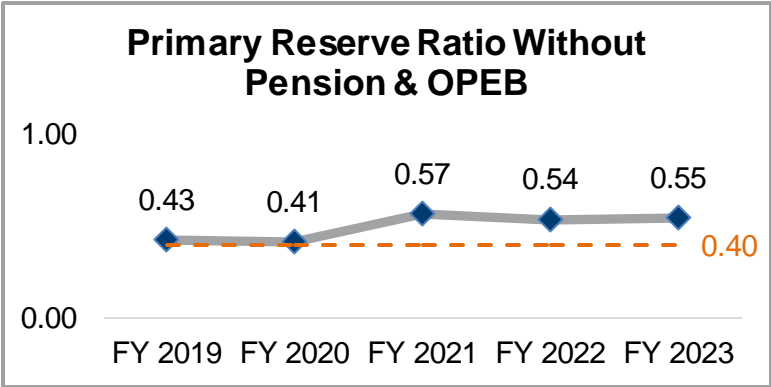


MEASURING THE OVERALL LEVEL OF FINANCIAL HEALTH

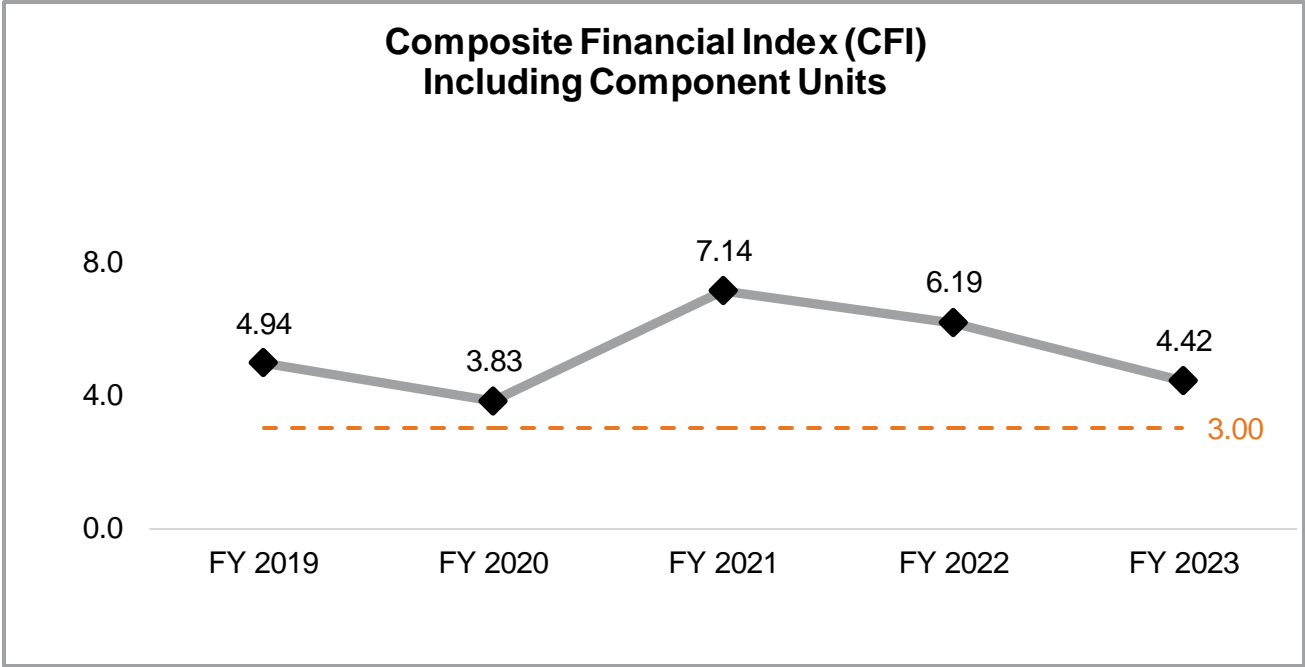
Ratio	Definition	FY23 Ratios
Primary Reserve	Snapshot of the financial strength and flexibility of an institution calculated by dividing expendable net assets by total expenses. The accepted benchmark for this ratio is 0.4 or greater.	0.55
Viability	Availability of expendable net position to cover long-term debt (including leases and SBITAs) and indicates whether an institution can assume new debt calculated by dividing expendable net assets by long-term debt. The accepted benchmark for this ratio is 1.0 or greater.	1.26
Net Operating Revenues	Indicates whether an organization is living within its available resources calculated by dividing net income less capital revenues by noncapital revenues. There is generally not a fixed benchmark and investing activities can result in significant volatility in this ratio.	0.05
Return on Net Position	Answers whether the university is achieving a positive economic return on its investment of resources calculated by dividing change in net assets by total net assets. There is generally not a fixed benchmark and a higher return on net position indicates a stronger year of financial performance.	0.12

Consistent with the Auditor of Public Accounts report, the impacts of Pension and Other Post Employment Benefits have been excluded.

MEASURING THE OVERALL LEVEL OF FINANCIAL HEALTH



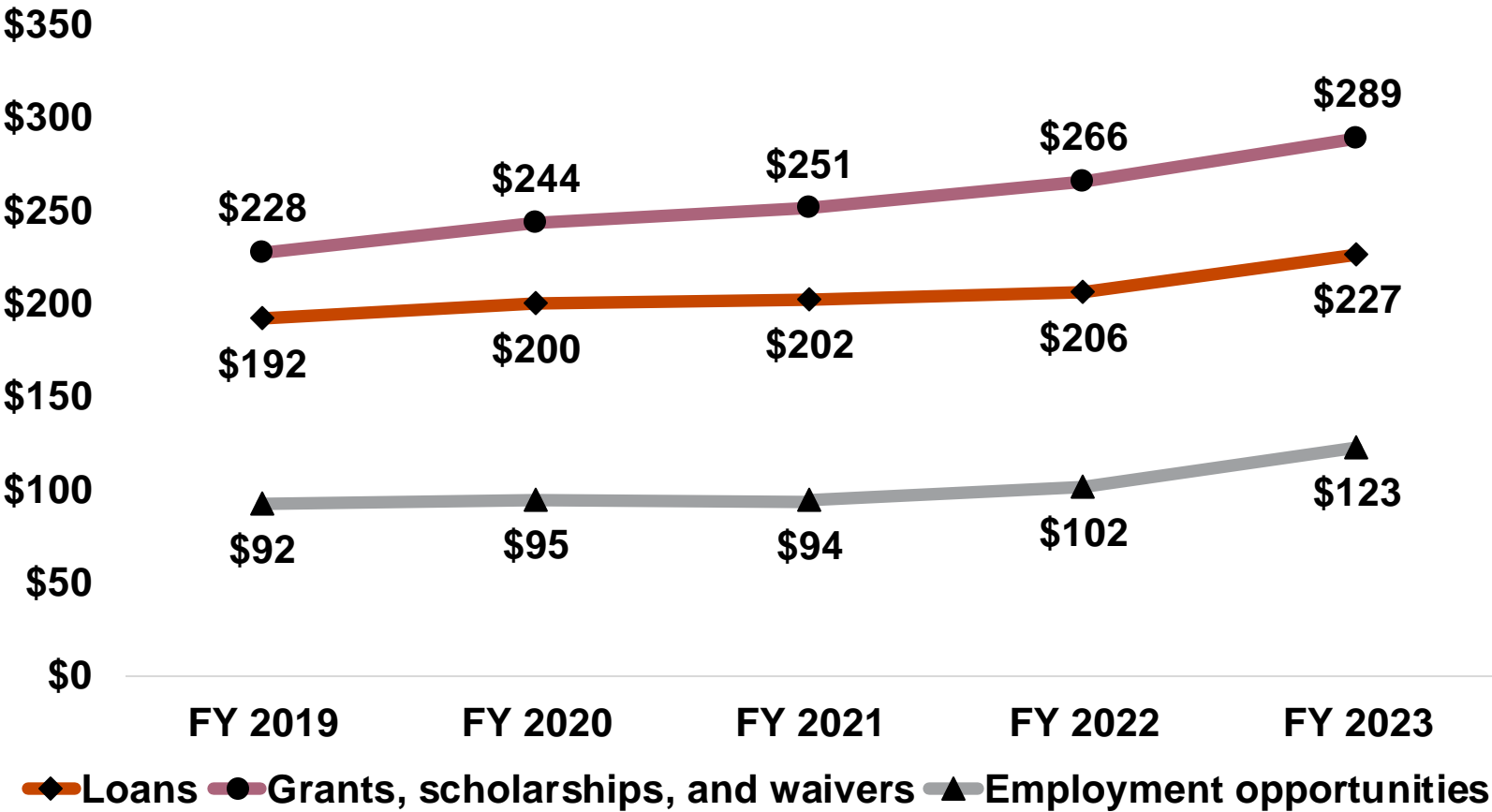
MEASURING THE OVERALL LEVEL OF FINANCIAL HEALTH



BENCHMARK

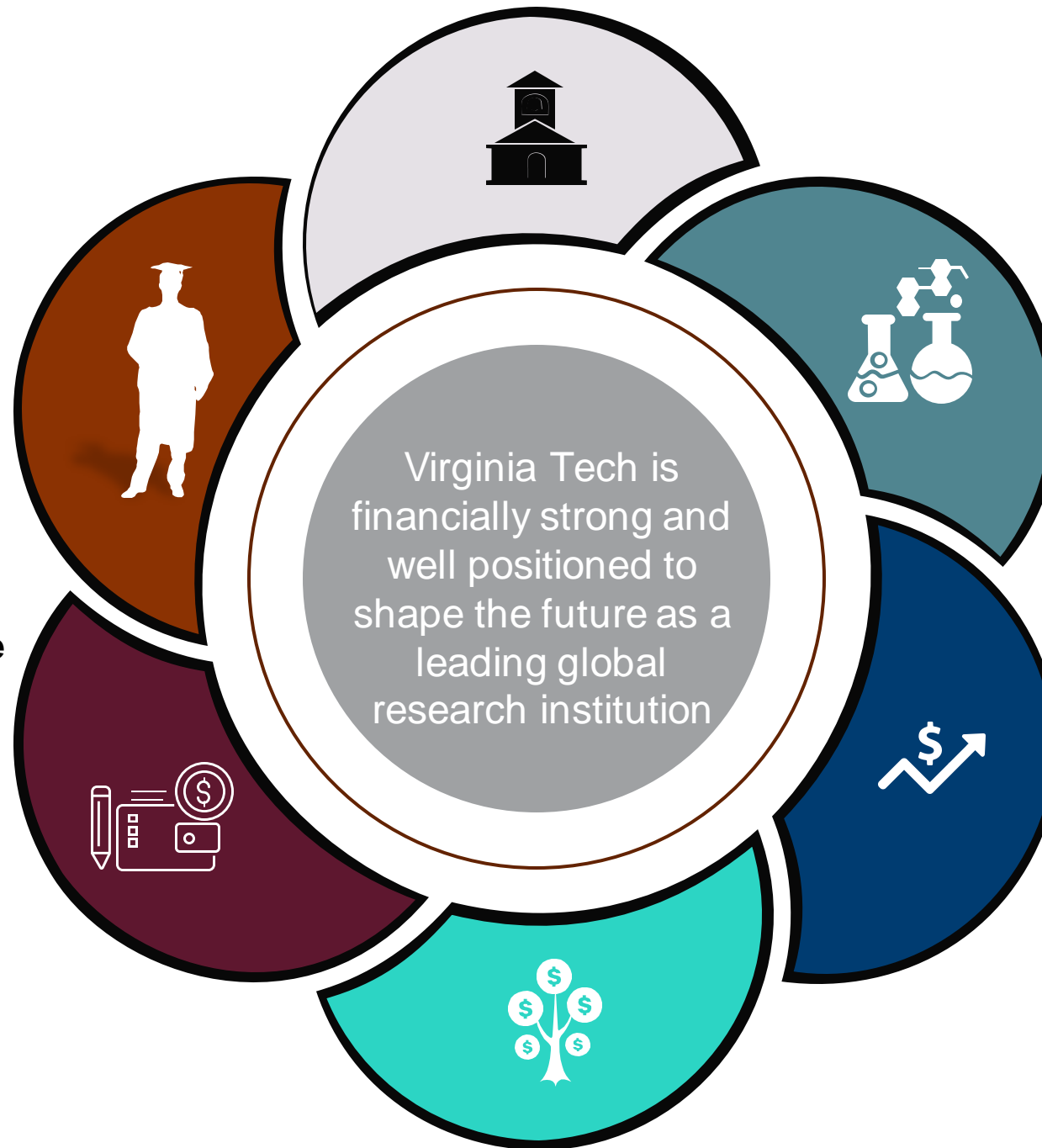
STUDENT FINANCIAL AID

For the years ended June 30, 2019 - 2023
(all dollars in millions)



CONCLUSION

- Continued investment in facilities
- Strong student demand
- Moderate undergraduate tuition and fees



- Growth in extramural Research
- Continued Growth in Net Position
- Continued success of philanthropy

**Update on Auditor of Public Accounts
Intercollegiate Athletics Programs
Report for Year Ended June 30, 2023**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

March 21, 2024

The Auditor of Public Accounts (APA) has performed certain agreed-upon procedures to evaluate whether the university's Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) complies with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15.1 for the year ended June 30, 2023. The APA has not identified any matters requiring adjustments to the Schedule at the time of this report. In addition to the Schedule, the agreed-upon procedures address internal controls, affiliated and outside organizations, and separate procedures for specific revenues and expenses. The APA is not auditing the financial statements of the Intercollegiate Athletics Programs and will not be issuing an opinion.

The Schedule's purpose is to present a summary of revenues and expenses for the university's intercollegiate athletics programs for the year ended June 30, 2023. Total revenues were \$129.5 million, with most of the revenue coming from football and non-program specific sources. Total expenses for the year were \$116.9 million, resulting in an operating surplus of \$12.6 million. The following attachments provide additional information regarding athletic finances:

- *Attachments A, B and C* displays trend analyses of athletic revenues, expenses and debt. The analysis indicates an upward slope in revenues and expenses.
- *Attachment D* shows the five-year trend for net income/deficit.
- *Attachment E* offers a breakout of fiscal year 2023 net operating income by athletic program, showing that the proceeds from football and men's basketball support other athletic programs.
- *Attachment F* is the unaudited Schedule of Revenues and Expenses and footnotes for the year ended June 30, 2023.
- *Attachment G* is the reconciliation of cash basis accounting to the NCAA report.

In FY 2021 the Schedule began reflecting the university's ongoing support of the academic success of student athletes. Student Athlete Academic Support Services (SAASS) is a student services office that exclusively provides student athletes with comprehensive academic support services such as tutoring, studying assistance, computing technology, and academic and individual skill development programs. University SAASS support appears on the Schedule as offsetting indirect institutional support revenue and expenditure amounts and is excess/(deficiency) neutral, however it is a use of E&G funds to support the academic programs for student athletes.

Additional Activities Related to NCAA Reporting

Subsidy Percentage

House Bill 1897 (HB1897) passed by the 2015 General Assembly prohibits the total of school funds and student fees used to support intercollegiate athletics programs from exceeding a certain percentage of athletics revenues. This calculation is called the subsidy percentage. For the subsidy percentage calculation, revenues supporting spirit groups, indirect cost charges, and debt service are removed from both the total revenue and the student fees. The bill requires any school that violates the subsidy percentage cap to submit a five-year plan for coming into compliance to the General Assembly. The subsidy percentages are larger for small institutions which do not have significant ticket sales or conference distributions. For Virginia Tech, the subsidy percentage must remain below 20 percent.

The university's athletic fees are the lowest in the commonwealth and have not been affected by the legislation's fixed percentage of fees ceiling. Virginia Tech has met the subsidy percentage requirement in fiscal years 2017–22.

Rolling Average

Per the requirements of Subsection D of § 23.1-1309 of the Code of Virginia, “any percentage increase in the subsidy at an institution that complies with Subsection C shall be matched by a like percentage increase in generated revenue, except that each institution shall utilize a rolling average of the change in generated revenues and student fees over the immediately preceding five years for the purposes of such calculation.” Fiscal year 2023 was the seventh reporting year following the effective date of the regulation. However, due to interruptions from the pandemic, the most recently available calculation from the APA is for the three-year averages from fiscal year 2017 through 2019.

The 2021 Virginia General Assembly amended the requirements of Subsection D of § 23.1-1309 of the Code of Virginia to provide additional operational relief to institutions of higher education. Pursuant to § 4-2.01.b.11 of this act, fiscal years 2020, 2021, and 2022 shall be excluded from the calculated five-year rolling average of the change in generated revenues and student fees for future required reporting on intercollegiate athletic revenues and expenses, specifically related to the share of athletic revenues from school funds and student fees, as set out in § 23.1-1309, Code of Virginia.

The average increase in the student fees revenues for the three-year period from fiscal year 2017 to 2019 was 7.5 percent, which was greater than the 5.2 percent average increase in generated revenues. The increase in student fees revenues resulted from a combination of enrollment growth and nominal rate increases. Significant increases in enrollments allow for large increases in student fee revenue without substantial increases in the per-student fee. From fiscal year 2017 to 2019, the average per-student athletic fee increase was 4.0 percent (which is less than the average increase in generated revenues), yet the average total student athletic fee revenue increase was 7.5 percent. This difference is due to increases in enrollment, which includes the increase of nearly 1,000 full-time students in fiscal year 2018. Year over year enrollment and rate changes are equally meaningful when evaluating the changes in student athletic fee revenues.

Table 1 below displays Virginia Tech's increases in enrollment and student athletic fees for the past five fiscal periods.

Table 1: Intercollegiate Athletics Non-E&G Mandatory
Intercollegiate Athletics Fees

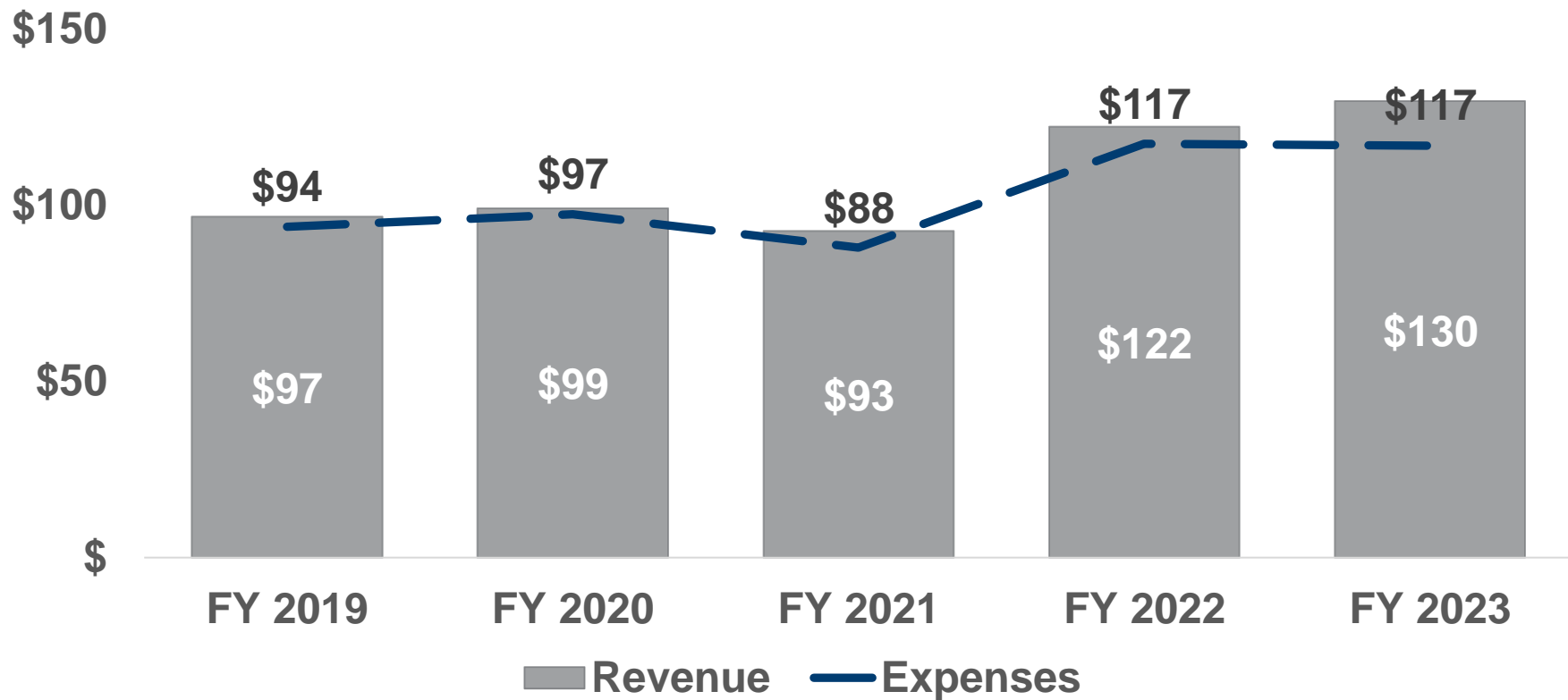
	FY 2018-19	FY 2019-20*	FY 2020-21*	FY 2021-22*	FY 2022-23
Fee per FTE student	\$317	\$326	\$326	\$362	\$384
\$ Increase	\$9	\$9	\$0	\$36	\$22
% Increase	2.9%	2.8%	0.0%	11%	6%
Student fee revenues	\$10,275,759	\$10,924,067	\$10,889,955	\$12,474,177	\$13,585,940

* Due to interruptions from the pandemic not included in the rolling average calculations.

Intercollegiate Athletic Programs Revenue & Expenses

For the years ended June 30, 2019 – 2023

(all dollars in millions)



Revenue and Expense Line Items with Significant Increase (Decrease)
For the years ended June 30, 2023 and 2022
(all dollars in thousands)

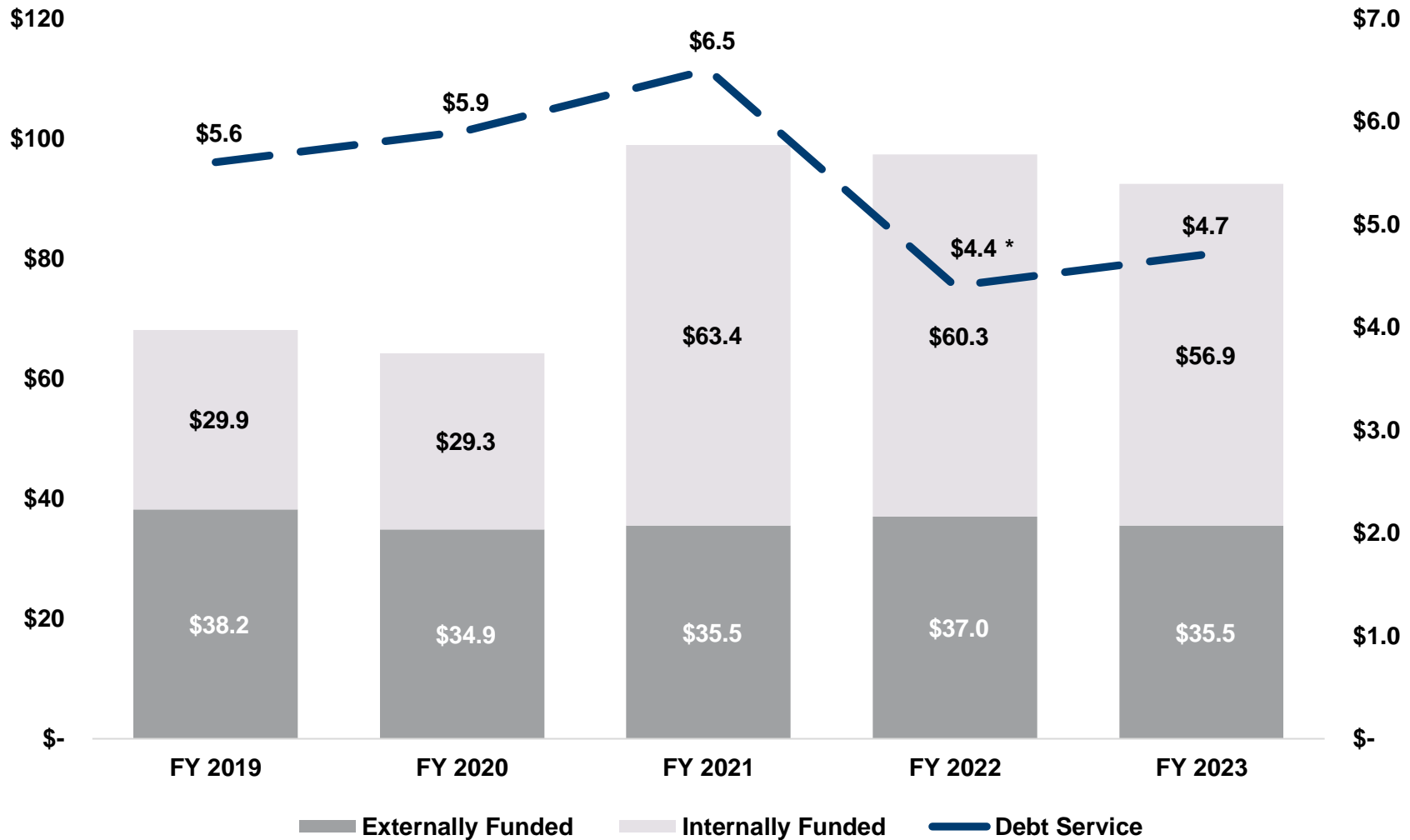
	FY 2023	FY 2022	Change	
			Amount	Percent
Operating Revenues:				
Ticket sales*	\$ 18,594.8	\$ 20,623.9	(2,029.1)	(10)%
Student fees	13,585.9	12,474.2	1,111.7	9%
Institutional support	2,149.0	1,719.0	430.0	25%
Contributions	27,327.7	25,837.0	1,490.7	6%
Media rights	41,867.8	37,687.2	4,180.6	11%
Conference distributions (non-media or non-bowl)	350.9	1,256.6	(905.7)	(72)%
Conference distributions (bowl)	7,871.5	5,339.9	2,531.6	47%
Program, novelty, parking, and concession sales	1,688.1	2,175.6	(487.5)	(22)%
Athletics restricted endowment and investment income	4,130.2	4,009.7	120.5	3%
Bowl revenue	-	1,831.9	(1,831.9)	(100)%
All other revenues	11,956.2	8,827.7	3,128.5	35%
Total Operating Revenues	\$ 129,522.1	\$ 121,782.7	\$ 7,739.4	6%
Operating Expenses:				
Athletic student aid	\$ 16,030.7	\$ 15,764.4	266.3	2%
Coaching salaries, benefits, and bonuses paid by the university and related entities	24,132.4	21,497.0	2,635.4	12%
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	20,836.3	18,795.2	2,041.1	11%
Severance payments	462.5	10,982.5	(10,520.0)	(96)%
Team travel	4,943.1	4,732.6	210.5	4%
Game expenses	5,168.4	4,358.3	810.1	19%
Athletic facilities debt service	4,114.1	4,114.1	0.0	0%
Direct overhead and administrative expenses	9,598.3	8,429.6	1,168.7	14%
Indirect cost paid to the institution by athletics	6,384.4	5,936.3	448.1	8%
Indirect institutional support	1,549.0	1,719.0	(170.0)	(10)%
Bowl expenses	-	1,726.7	(1,726.7)	(100)%
All other expenditures	23,728.1	18,868.8	4,859.3	26%
Total Operating Expenditures	\$ 116,947.3	\$ 116,924.5	\$ 22.8	0%

* Revenue and expense grossed up for university E&G support including student athlete academic support expenditures and waiver indirect costs as permitted by the

Intercollegiate Athletic Programs Long-Term Debt

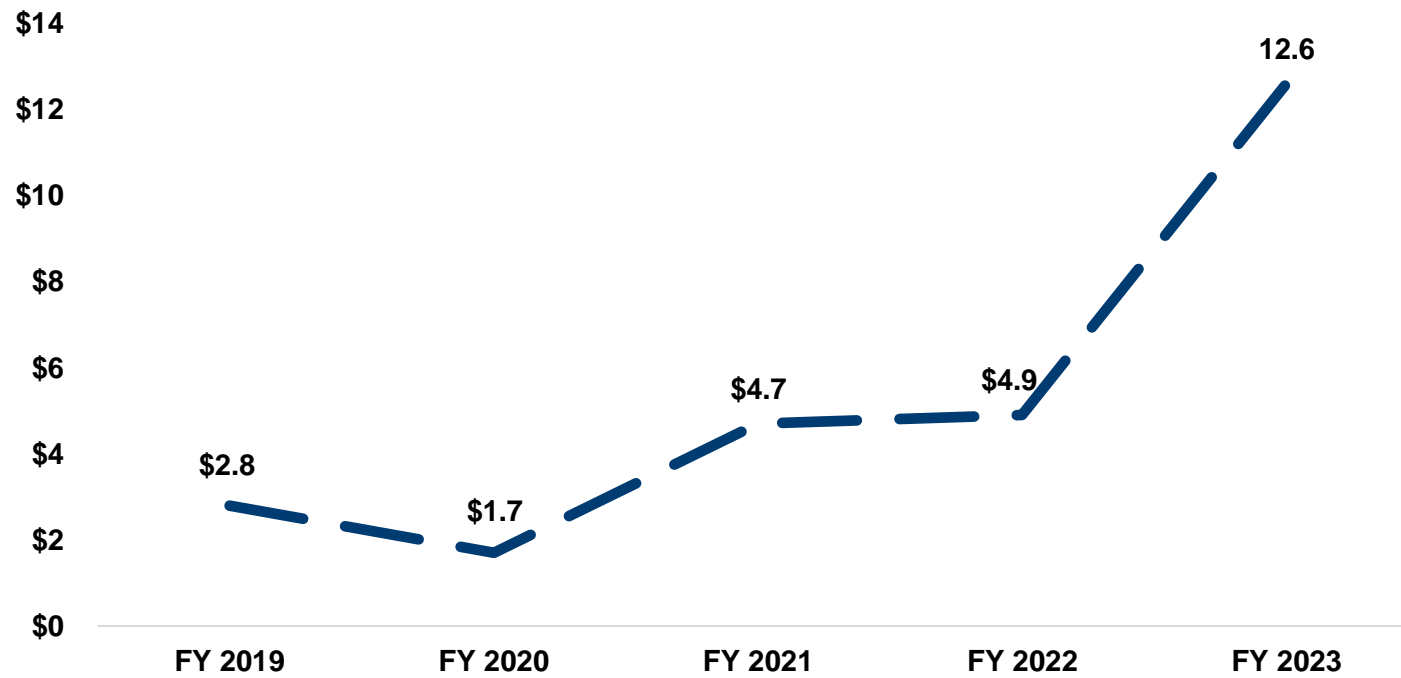
For the years ended June 30, 2019 - 2023

(all dollars in millions)



*Debt service decreased due to refunding of debt resulting in no payments on external debt until FY 2024.

Intercollegiate Athletic Programs Net Operating Income (Deficit)
For the years ended June 30, 2019 - 2023
(all dollars in millions)



Intercollegiate Athletic Programs Net Operating Income (Deficit)

For the year ended June 30, 2023
(all dollars in millions)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income/(Deficit)</u>
Football	\$69.0	\$32.4	\$36.6
Men's Basketball	15.2	9.5	5.7
Women's Basketball	1.5	5.3	(3.8)
Other Sports*	6.2	29.2	(23.0)
Non-Program Specific**	37.6	40.5	(2.9)
	<u>\$129.5</u>	<u>\$116.9</u>	<u>\$12.6</u>

*Other Sports is the total of Men's Other Sports and Women's Other Sports. There are 16 other sports programs such as baseball, softball, golf, tennis, track & field, etc.

** Non-Program Specific includes revenues and expenses that cannot be attributed to a specific sport and support the overall function of the Athletic program.

Attachment F

Intercollegiate Athletic Programs

Schedule of Revenues

For the year ended June 30, 2023

	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Men's Other Sports</u>	<u>Women's Other Sports</u>	<u>Non-Program Specific</u>	<u>Total</u>
Operating Revenues:							
Ticket sales	\$ 15,031,058	\$ 3,116,891	\$ 323,009	\$ 123,742	\$ 77	\$ -	\$ 18,594,777
Student fees	-	-	-	-	2,689,151	10,896,789	13,585,940
Direct Institutional Support	-	-	-	-	-	600,000	600,000
Indirect institutional support	-	-	-	-	-	1,548,987	1,548,987
Guarantees	425,000	30,000	-	9,000	1,500	-	465,500
Contributions	8,363,411	353,053	486,831	1,625,263	647,401	15,851,775	27,327,734
In-kind	113,621	101,466	3,000	44,506	9,489	9,027	281,109
Media rights	31,549,857	9,289,839	581,616	182,000	264,500	-	41,867,812
NCAA distributions	-	1,947,680	-	-	-	2,316,435	4,264,115
Conference distributions (non-media or bowl)	167,054	183,847	-	-	-	-	350,901
Conference distributions (bowl)	7,871,466	-	-	-	-	-	7,871,466
Program, novelty, parking, and concession sales	1,449,418	91,687	43,546	56,507	17,233	29,686	1,688,077
Royalties, licensing, advertisement and sponsorships	1,218,064	60,000	60,000	309,053	208,250	1,444,173	3,299,540
Sports camp revenues	101,648	-	-	-	-	-	101,648
Athletics restricted endowment and investment income	-	-	-	-	-	4,130,176	4,130,176
Other Operating Revenue	2,695,573	-	-	2,744	12,646	833,334	3,544,297
Total Operating Revenues	<u>\$ 68,986,170</u>	<u>\$ 15,174,463</u>	<u>\$ 1,498,002</u>	<u>\$ 2,352,815</u>	<u>\$ 3,850,247</u>	<u>\$ 37,660,382</u>	<u>\$ 129,522,079</u>

Intercollegiate Athletic Programs

Schedule of Expenses

For the year ended June 30, 2023

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating Expenditures:							
Athletic student aid	\$ 4,209,834	\$ 794,810	\$ 716,399	\$ 3,431,188	\$ 5,100,637	\$ 1,777,872	\$ 16,030,740
Guarantees	550,000	253,443	105,000	220,981	18,218	-	1,147,642
Coaching salaries, benefits, & bonuses	11,310,966	3,771,676	1,634,453	3,950,721	3,464,617	-	24,132,433
Support Staff/Admin salaries, benefits, & bonuses	3,418,516	1,024,806	817,193	587,334	364,735	14,623,697	20,836,281
Severance payments	362,452	-	-	14,565	7,956	77,548	462,521
Recruiting	1,385,264	363,775	127,318	273,590	253,975	-	2,403,922
Team Travel	1,107,040	555,670	638,635	1,311,154	1,330,632	5	4,943,136
Sports equipment, uniforms, and supplies	786,892	79,185	89,634	827,546	723,771	51,125	2,558,153
Game expenses	2,318,917	745,318	654,818	471,223	327,454	650,718	5,168,448
Fundraising, marketing & promotions	254,664	78,061	33,267	67,076	52,656	1,516,040	2,001,764
Sports camp expenses	155,087	-	-	-	-	-	155,087
Spirit groups	-	12,156	44,348	12,500	12,500	269,967	351,471
Athletic facilities, leases, and rental fees	-	-	450	125,682	126,240	-	252,372
Athletic facilities debt service	-	-	-	589,649	589,649	2,934,788	4,114,086
Direct overhead and administrative expenses	1,267,779	1,171,326	135,404	1,525,436	323,184	5,175,138	9,598,267
Indirect cost paid to the Institution by athletics	66,301	-	-	-	-	6,318,080	6,384,381
Indirect Institutional support	-	-	-	-	-	1,548,987	1,548,987
Medical expenses and insurance	298,575	29,910	30,026	277,621	297,558	679,412	1,613,102
Memberships and dues	1,944	1,790	150	23,086	22,640	25,871	75,481
Student-Athlete meals	1,145,237	196,836	89,934	867,608	791,216	162,058	3,252,889
Other operating expenses	3,805,822	380,936	177,026	577,021	310,798	4,664,567	9,916,170
Total Operating Expenses	\$ 32,445,290	\$ 9,459,698	\$ 5,294,055	\$ 15,153,981	\$ 14,118,436	\$ 40,475,873	\$ 116,947,333

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the university for the year ended June 30, 2023. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the university's athletics programs by outside organizations not under the accounting control of the university. Because the Schedule presents only a selected portion of the activities of the university, it is not intended to and does not present either the financial position, changes in fund balances, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$31,081,246 from the Virginia Tech Foundation, Inc. Approximately \$16,030,740 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Schedule as follows: \$27,327,734 is included in the Contributions line item and 3,753,512 is included in the Athletics Restricted Endowment and Investment Income line item.

3. LONG-TERM DEBT

Externally-funded debt

The university, on behalf of the intercollegiate athletic program, has obtained debt financing for capital improvement projects as needed. These debts consist of Section 9(d) revenue bonds issued by the university, and will be repaid by the program using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

Project	Maturity	Principal
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	\$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		<u>\$ 35,505,000</u>

Attachment F (continued)

Internally-funded debt

The university has internally loaned the intercollegiate athletic program funds for capital improvement projects as needed. These debts will be repaid by the program using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

<u>Project</u>	<u>Maturity</u>	<u>Principal</u>
Student Athletic Performance Center	2029	\$ 2,839,000
ACC Media Studio	2031	8,397,000
Creativity & Innovation District	2041	19,358,000
Baseball Stadium and Rector Field House	2045	26,258,000
		<u>\$56,852,000</u>

Long-term lease payable

The university, on behalf of the intercollegiate athletic program, has entered into a long-term lease with the Town of Christiansburg for the use of the town's aquatic center. The lease will be paid by the program using operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

<u>Lease</u>	<u>Maturity</u>	<u>Principal</u>
Town of Christiansburg, aquatic center	2035	\$1,343,000

Subscription-based Information Technology Agreement (SBITAs)

The university, on behalf of the intercollegiate athletic program, has entered into a SBITA for the use of an electronic ticketing system. The SBITA will be paid by the department using the operating revenues and private fund-raising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

<u>Description</u>	<u>Maturity</u>	<u>Principal</u>
Electronic Ticketing System	2027	\$619,000

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2023 is presented as follows (all dollars):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,223,000	\$ 1,640,000	\$ 6,863,000
2025	5,542,000	1,572,000	7,114,000
2026	5,362,000	1,492,000	6,854,000
2027	5,443,000	1,414,000	6,857,000
2028	5,616,000	1,340,000	6,956,000
2029-2033	22,158,000	5,346,000	27,504,000
2034-2038	20,613,000	3,431,000	24,044,000
2039-2043	19,936,000	1,388,000	21,324,000
2044-2045	4,426,000	94,000	4,520,000
	<u>\$ 94,319,000</u>	<u>\$ 17,717,000</u>	<u>\$ 112,036,000</u>

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. During the fiscal year, the Athletic Department paid \$6,384,381 to the University. This amount

is included in the Indirect Cost Paid to the Institution by Athletics line item in the Non-Program Specific category.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at acquisition value as of the donation date.

Intangible right-to-use assets consisting of the right-to-use buildings and Subscription-based Information Technology Arrangements (SBITAs) are stated at the net present value of future minimum lease payments at the commencement of the lease or subscription term. Intangible right-to-use assets are recognized when the net present value of future minimum lease or subscription payments is \$50,000 or greater.

Equipment is capitalized when the unit acquisition cost is \$2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed \$100,000. Renovation costs are capitalized when expenses total more than \$100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, 10 to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The beginning balance has been restated for the implementation of GASB Statement 96, Subscription Based Information Technology Arrangements. A summary of changes in capital assets follows for the year ending June 30, 2023 (*all dollars in thousands*):

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	\$ 233,664	\$ 3,970	\$ -	\$ 237,634
Moveable equipment	15,978	702	533	16,147
Software	313	-	-	313
Fixed equipment	14,712	205	-	14,917
Infrastructure	22,896	184	-	23,080
Right to use leases - buildings	1,976	-	-	1,976
Right to use leases - SBITAs	1,248	299	110	1,437
Total depreciable capital assets, at cost	290,787	5,360	643	295,504
Less accumulated depreciation and amortization				
Buildings	73,268	5,221	-	78,489
Moveable equipment	8,941	1,380	510	9,811
Software	304	9	-	313
Fixed equipment	6,842	670	-	7,512
Infrastructure	18,676	648	-	19,324
Right to use leases - buildings	279	139	-	418
Right to use leases - SBITAs	259	343	110	492
Total accumulated depreciation	108,569	8,410	620	116,359
Total depreciable capital assets, net of accumulated depreciation and amortization	182,218	(3,050)	23	179,145
Non-depreciable capital assets				
Construction in progress	4,514	3,830	3,936	4,408
Total non-depreciable capital assets	4,514	3,830	3,936	4,408
Total capital assets, net of accumulated depreciation and amortization	\$ 186,732	\$ 780	\$ 3,959	\$ 183,553

Intercollegiate Athletic Programs Reconciliation of Cash to NCAA Report

For the year ended June 30, 2023
(all dollars in millions)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income/Deficit</u>
Cash basis per BOV Financial Performance Report	\$ 94.7	\$ 87.2	\$ 7.5
Accounts Receivable			
Reversal of FY2022 revenue accruals	(11.1)		(11.1)
FY2023 revenue received in FY2024	15.9		15.9
NCAA Adjustments FY2023			
Athletic scholarships	15.9	15.9	-
Foundation athletic expenses	3.0	3.0	-
Student academic advisors	1.5	1.5	-
Apparel/Equipment Contracts	2.3	2.3	-
Recoveries Reclassed to revenue	2.4	2.4	-
ACC Adjustments	3.4	3.4	-
Maintenance & Capital contributions		(2.3)	2.3
Other Accruals	1.5	3.5	(2.0)
NCAA Report	<u>\$ 129.5</u>	<u>\$ 116.9</u>	<u>\$ 12.6</u>

AUDITOR OF PUBLIC ACCOUNTS REPORT ON INTERCOLLEGIATE ATHLETICS

MELINDA WEST, ASSOCIATE VICE PRESIDENT FOR FINANCE,
UNIVERSITY CONTROLLER

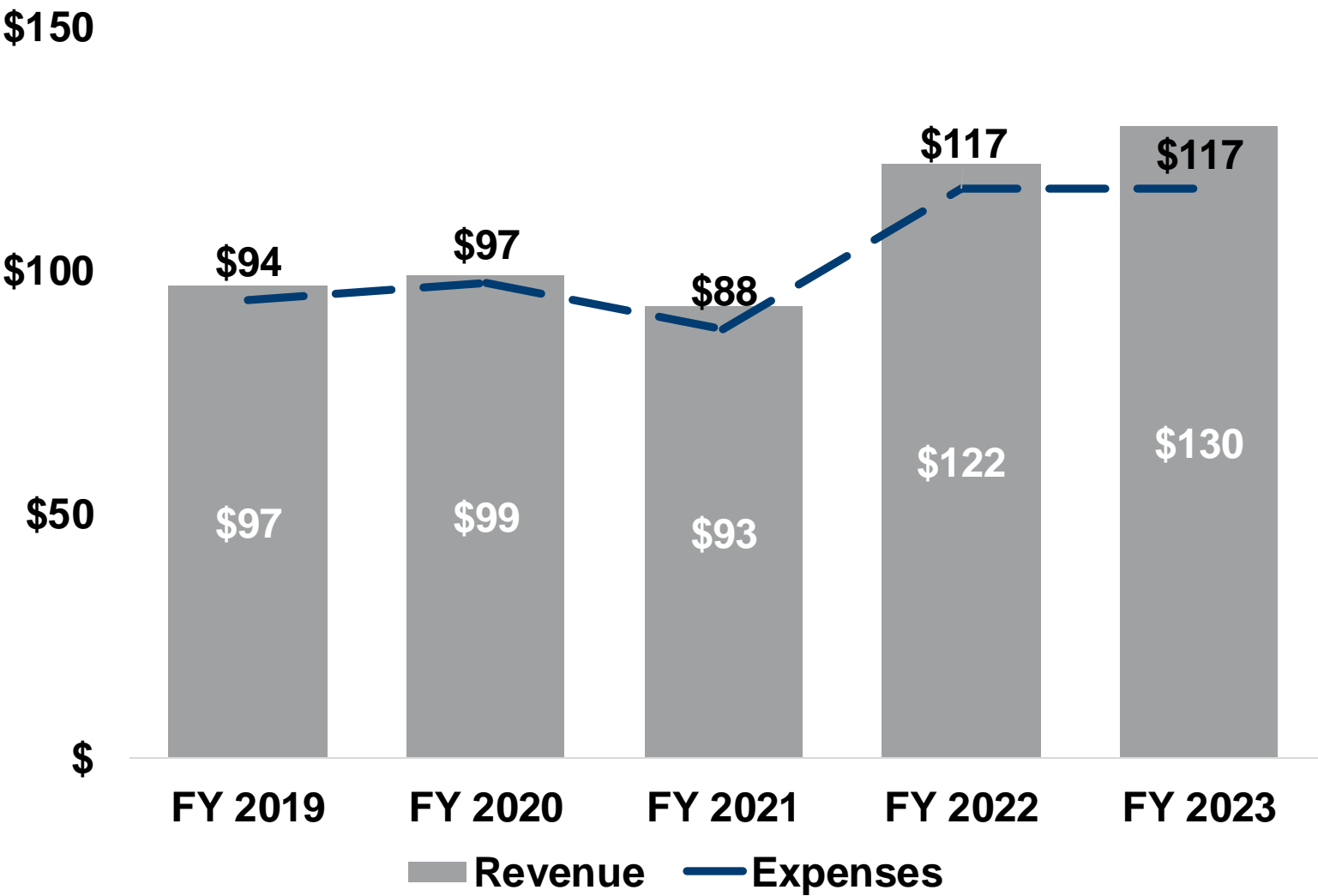
APRIL 8, 2024

NCAA ANNUAL REPORT OVERVIEW

- National Collegiate Athletic Association (NCAA) constitution requires an annual Schedule of Revenues and Expenses of Intercollegiate Athletics Program (Schedule)
- Auditor of Public Accounts (APA) performs certain agreed-upon procedures to evaluate whether the university's Schedule complies with NCAA rules
- The university is not aware of any matters identified by the APA requiring adjustments to the Schedule
- NCAA report differs from the cash basis quarterly financial performance report as it is accrual basis and includes revenues and expenditures for items paid by outside parties (e.g., Virginia Tech Foundation)

INTERCOLLEGIATE ATHLETIC PROGRAMS REVENUES & EXPENSES

For the years ended June 30, 2019 - 2023
(Dollars in Millions)



REVENUE LINE ITEMS WITH SIGNIFICANT INCREASE (DECREASE)

For the years ended June 30, 2023 and 2022
(Dollars in Thousands)

	FY 2023	FY 2022	Change	
			Amount	Percent
Operating Revenues:				
Ticket sales	\$ 18,594.8	\$ 20,623.9	(2,029.1)	(10)%
Student fees	13,585.9	12,474.2	1,111.7	9%
Institutional support	2,149.0	1,719.0	430.0	25%
Contributions	27,327.7	25,837.0	1,490.7	6%
Media rights	41,867.8	37,687.2	4,180.6	11%
Conference distributions (non-media or bowl)	350.9	1,256.6	(905.7)	(72)%
Conference distributions (bowl)	7,871.5	5,339.9	2,531.6	47%
Program, novelty, parking, and concession sales	1,688.1	2,175.6	(487.5)	(22)%
Athletics restricted endowment and investment income	4,130.2	4,009.7	120.5	3%
Bowl revenue	-	1,831.9	(1,831.9)	(100)%
All other revenues	11,956.2	8,827.7	3,128.5	35%
Total Operating Revenues	\$ 129,522.1	\$ 121,782.7	\$ 7,739.4	6%

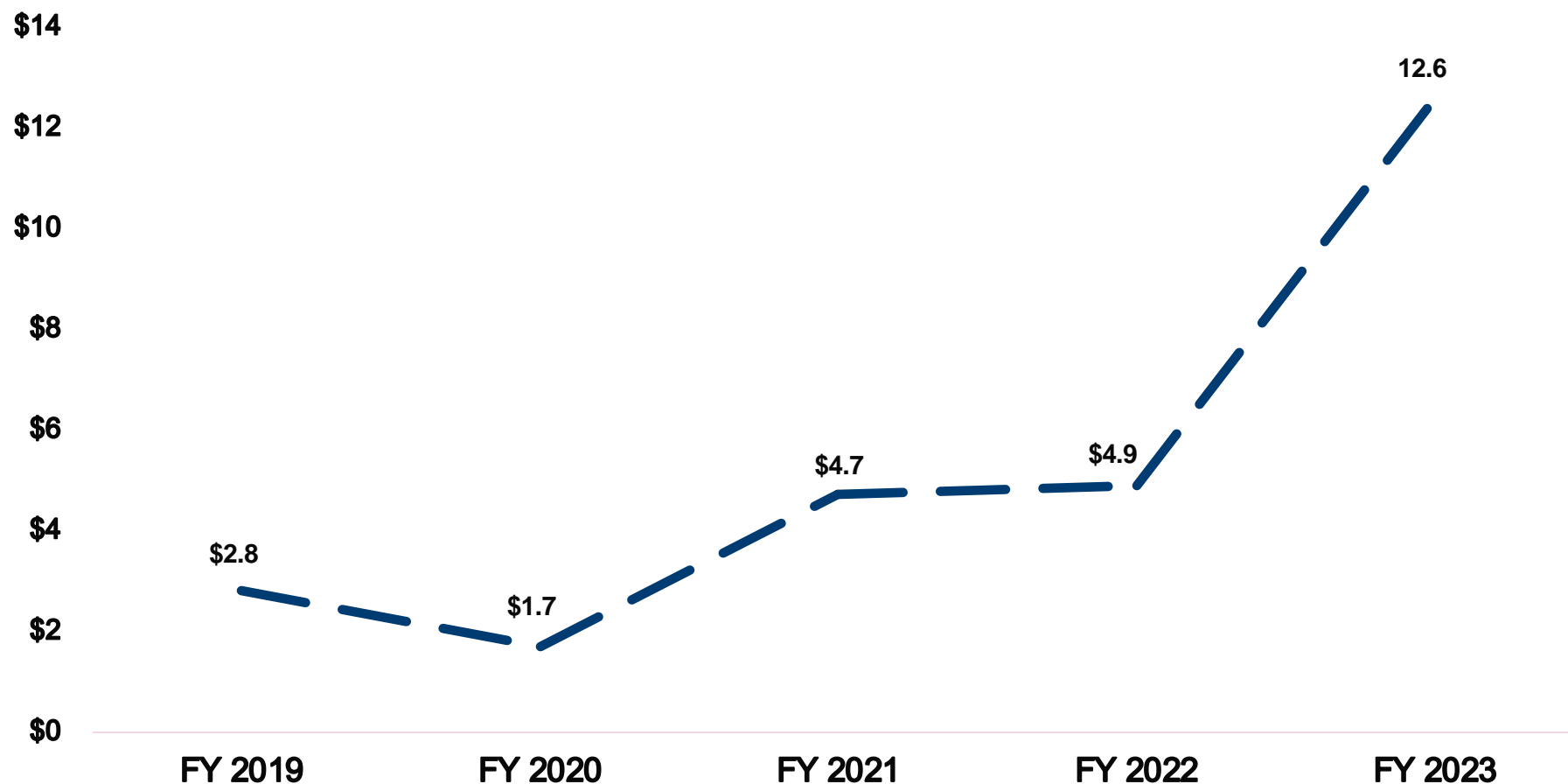
EXPENSE LINE ITEMS WITH SIGNIFICANT INCREASE (DECREASE)

For the years ended June 30, 2023 and 2022
(Dollars in Thousands)

	FY 2023	FY 2022	Change	
			Amount	Percent
Operating Expenditures:				
Athletic student aid	\$ 16,030.7	\$ 15,764.4	266.3	2%
Coaching salaries, benefits, and bonuses paid by the university and related entities	24,132.4	21,497.0	2,635.4	12%
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	20,836.3	18,795.2	2,041.1	11%
Severance payments	462.5	10,982.5	(10,520.0)	(96)%
Team travel	4,943.1	4,732.6	210.5	4%
Game expenses	5,168.4	4,358.3	810.1	19%
Athletic facilities debt service	4,114.1	4,114.1	0.0	0%
Direct overhead and administrative expenses	9,598.3	8,429.6	1,168.7	14%
Indirect cost paid to the institution by athletics	6,384.4	5,936.3	448.1	8%
Indirect institutional support	1,549.0	1,719.0	(170.0)	(10)%
Bowl expenses	-	1,726.7	(1,726.7)	(100)%
All other expenditures	23,728.1	18,868.8	4,859.3	26%
Total Operating Expenditures	\$ 116,947.3	\$ 116,924.5	\$ 22.8	0%

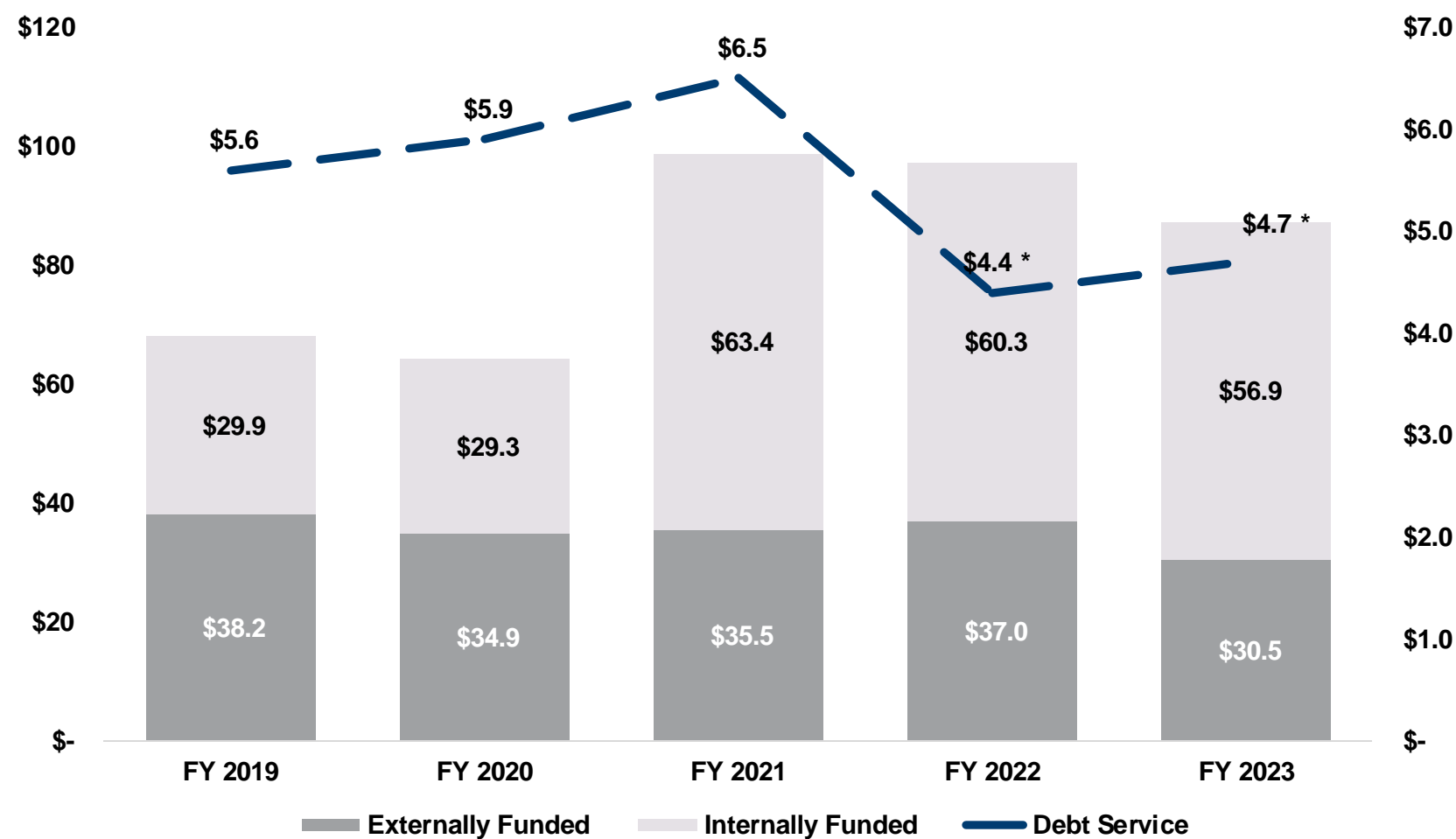
INTERCOLLEGIATE ATHLETIC PROGRAMS NET OPERATING INCOME (DEFICIT)

For the years ended June 30, 2019 – 2023
 (Dollars in Millions)



INTERCOLLEGIATE ATHLETIC PROGRAMS LONG-TERM DEBT

For the years ended June 30, 2019 – 2023
(Dollars in Millions)



*Debt service decreased due to refunding of debt resulting in no payments on external debt until FY 2024.

INTERCOLLEGIATE ATHLETIC PROGRAMS

NET OPERATING INCOME (DEFICIT)

For the years ended June 30, 2023
(Dollars in Millions)

	Revenues	Expenses	Net Income/(Deficit)
Football	\$69.0	\$32.4	\$36.6
Men's Basketball	15.2	9.5	5.7
Women's Basketball	1.5	5.3	(3.8)
Other Sports*	6.2	29.2	(23.0)
Non-Program Specific**	37.6	40.5	(2.9)
	\$129.5	\$116.9	\$12.6

*Other Sports is the total of Men's Other Sports and Women's Other Sports. There are 16 other sports programs such as baseball, softball, golf, tennis, track & field, etc.

**Non-Program Specific includes revenues and expenses that cannot be attributed to a specific sport and support the overall function of the Athletic program.

INTERCOLLEGIATE ATHLETIC PROGRAMS RECONCILIATION OF CASH TO NCAA REPORT

For the years ended June 30, 2023
(Dollars in Millions)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income/Deficit</u>
Cash basis per BOV Financial Performance Report	\$ 94.7	\$ 87.2	\$ 7.5
Accounts Receivable			
Reversal of FY2022 revenue accruals	(11.1)		(11.1)
FY2023 revenue received in FY2024	15.9		15.9
NCAA Adjustments FY2023			
Athletic scholarships	15.9	15.9	-
Foundation athletic expenses	3.0	3.0	-
Student academic advisors	1.5	1.5	-
Apparel/Equipment Contracts	2.3	2.3	-
Recoveries Reclassed to revenue	2.4	2.4	-
ACC Adjustments	3.4	3.4	-
Maintenance & Capital contributions		(2.3)	2.3
Other Accruals	1.5	3.5	(2.0)
NCAA Report	<u>\$ 129.5</u>	<u>\$ 116.9</u>	<u>\$ 12.6</u>

FY25 Proposed Tuition and Fee Rates

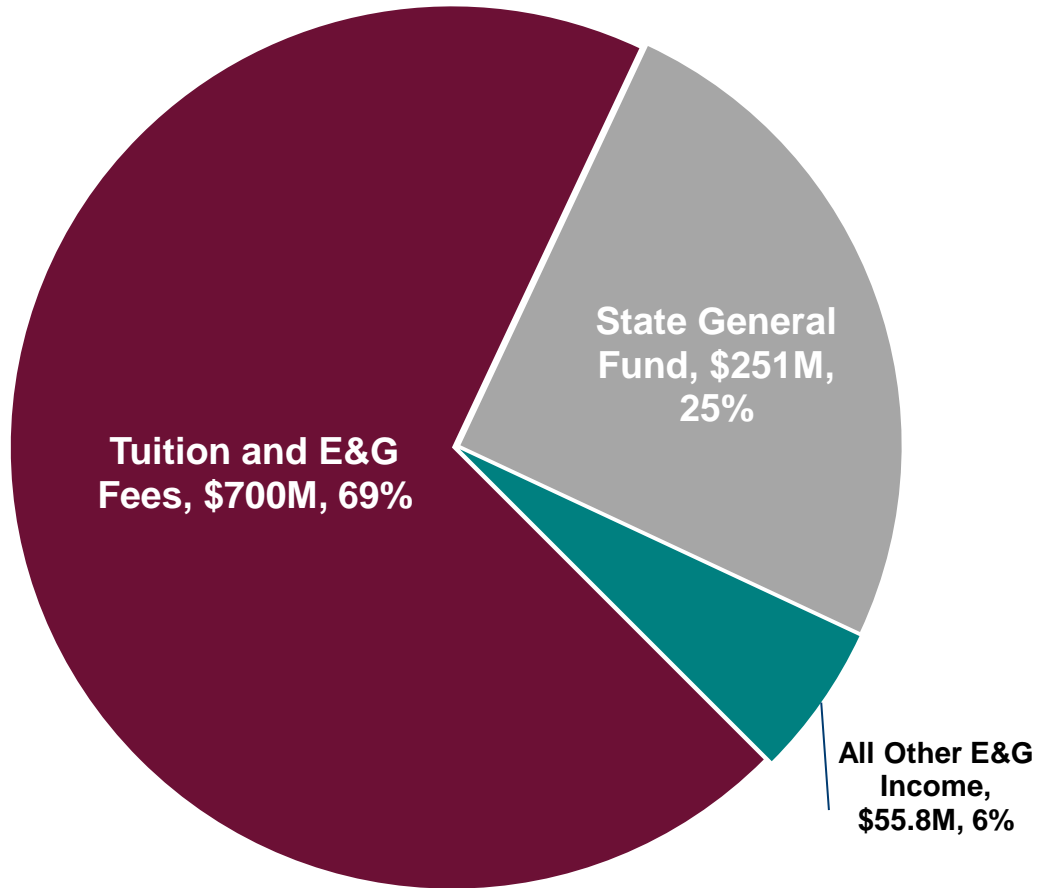
AMY SEBRING, EXECUTIVE VICE PRESIDENT AND CHIEF
OPERATING OFFICER

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET
AND FINANCIAL PLANNING

April 8, 2024

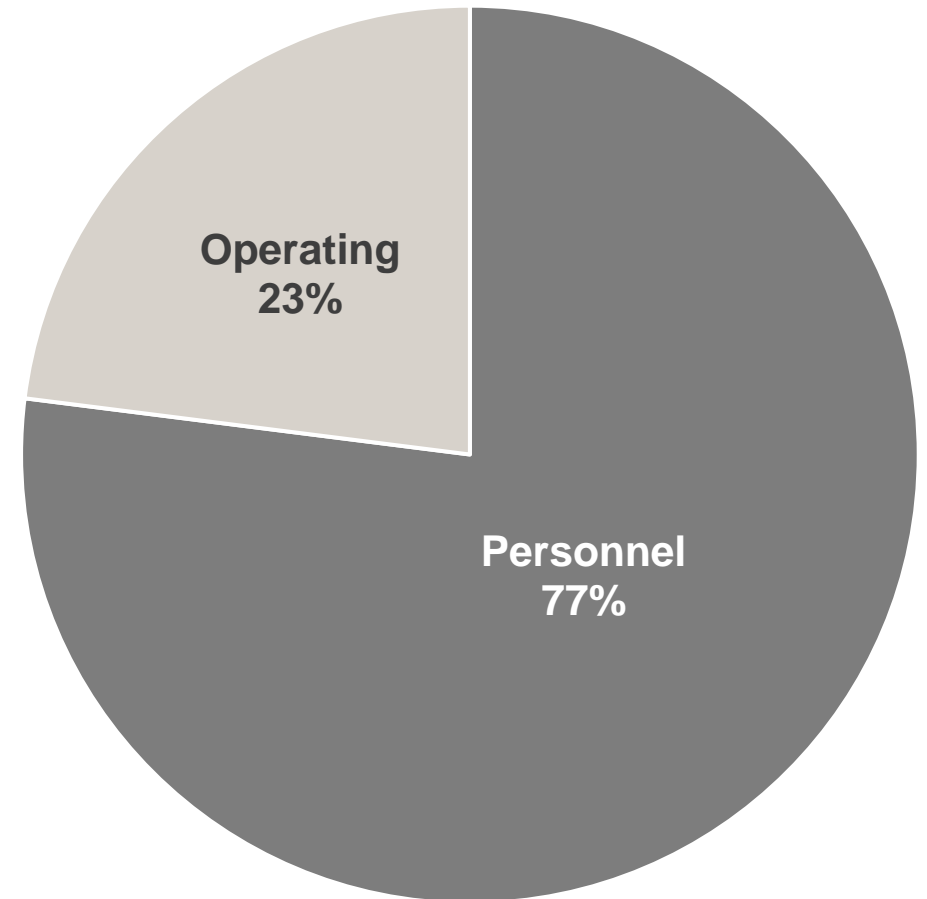
Tuition is the largest E&G revenue source

FY24 Educational and General
(E&G) Program Revenue



E&G fees include program for specific majors and targeted course fees

Higher Education is Personnel
Intensive at 77% of E&G Spend



FY24 \$1B E&G budget is structurally balanced

Tuition recommendations informed by:

- Level of state support
 - State general fund support per General Assembly that is pending Governor approval
- Known and expected costs
 - State mandated costs as per General Assembly that is pending Governor approval
- Maintenance of academic quality
- Market position
- Sensitivity to cost
 - Student and family impact



\$27 million projected in state-mandated and unavoidable costs

based on General Assembly budget

\$ in millions

	<u>FY25</u>
NGF Share of 3.0% Compensation Program	<u>\$(13.0)</u>
Promotion and Tenure	(1.0)
NGF Cost of Fringe Benefit Rate Changes (6.3% health care)	(2.3)
Virginia Military Survivors and Dependents Waiver Projection	(1.4)
Fixed Costs	(1.8)
State Mandates, Prior Commitments and Contract Escalations	(2.0)
O&M of New Facilities (Innovation Campus, Hitt Hall, Undergraduate Lab)	<u>(5.5)</u>
Funding Need	\$ (27.0)

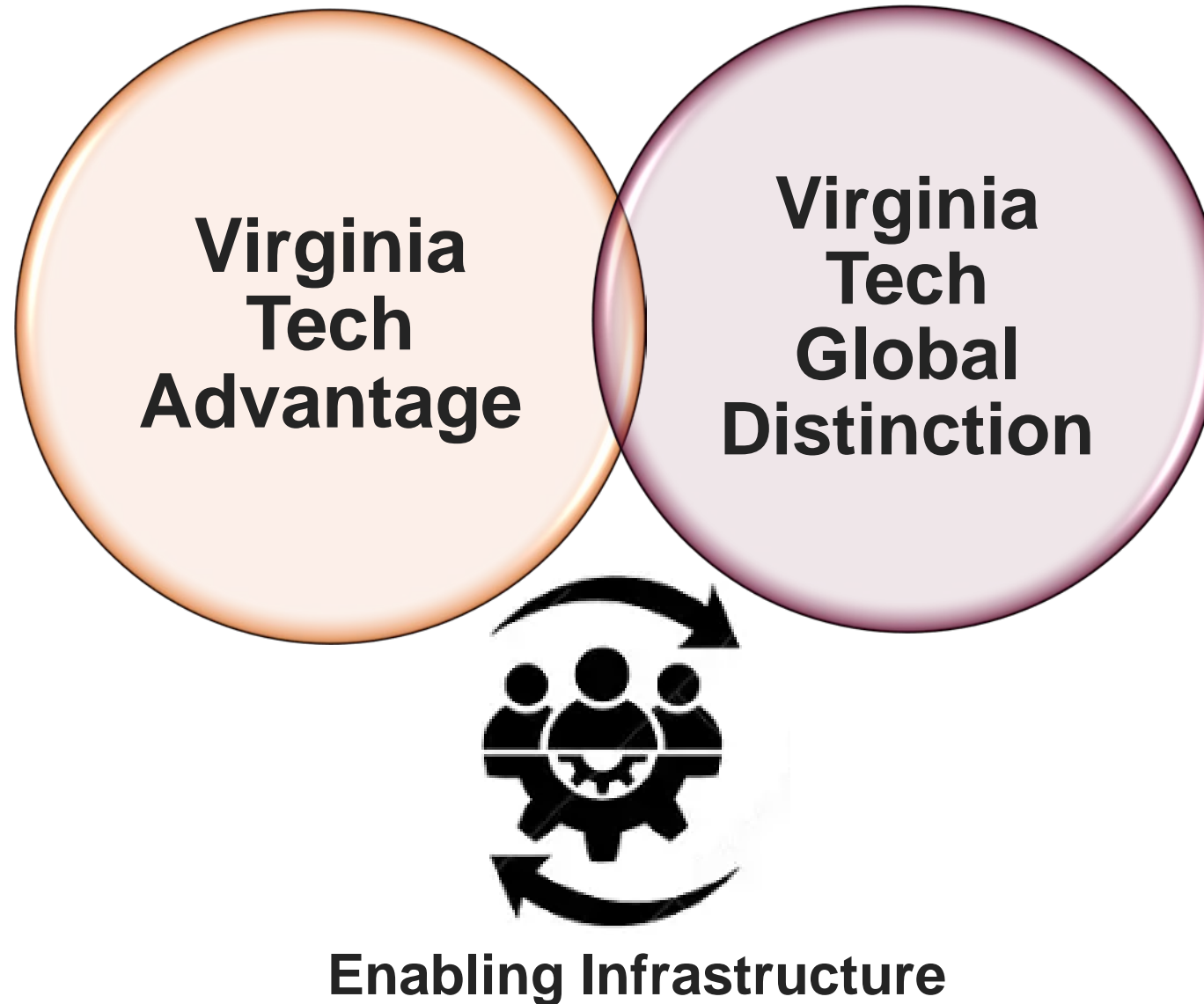
Proposed 2.9% increase driven by mandatory and unavoidable costs

\$ in millions



	<u>FY25</u>
Mandatory and Unavoidable Costs (from prior slide)	<u>\$(27.0)</u>
2023 Special Session: Net E&G General Fund (after annualizing 2% compensation)	1.0
2024 Session: General Fund For Affordable Access and Degree Production	9.0
2024 Session: General Fund for Graduate Tuition Remission	0.5
Phase-in of Tech Talent Investment Program Funding	<u>0.5</u>
	Funding Gap (16.0)
2.9% Tuition Rate Increase	<u>15.4</u>
Net cost remaining to be managed	\$ (0.6)

University strategic goals drive
 additional resource needs



Early estimates anticipate incremental investments year-over-year

	FY25	FY26	FY27	FY28	FY29
Virginia Tech Global Distinction	\$14.9	\$13.1	\$14.4	\$13.3	\$13.1
Virginia Tech Advantage (less) Governmental & Private Funding	8.1 (3.9)	7.6 (4.0)	8.0 (4.4)	8.1 (4.5)	8.2 (4.7)
Enabling Infrastructure	9.5	10.5	10.5	10.5	10.5
Strategic Vision	\$28.6	\$27.2	\$28.5	\$27.4	\$27.1

- Estimates based on FY25 critical needs requests. Long-range financial planning underway for VT Global Distinction and key infrastructure needs.

Setting priorities for funding strategic initiatives in FY25

\$ in millions

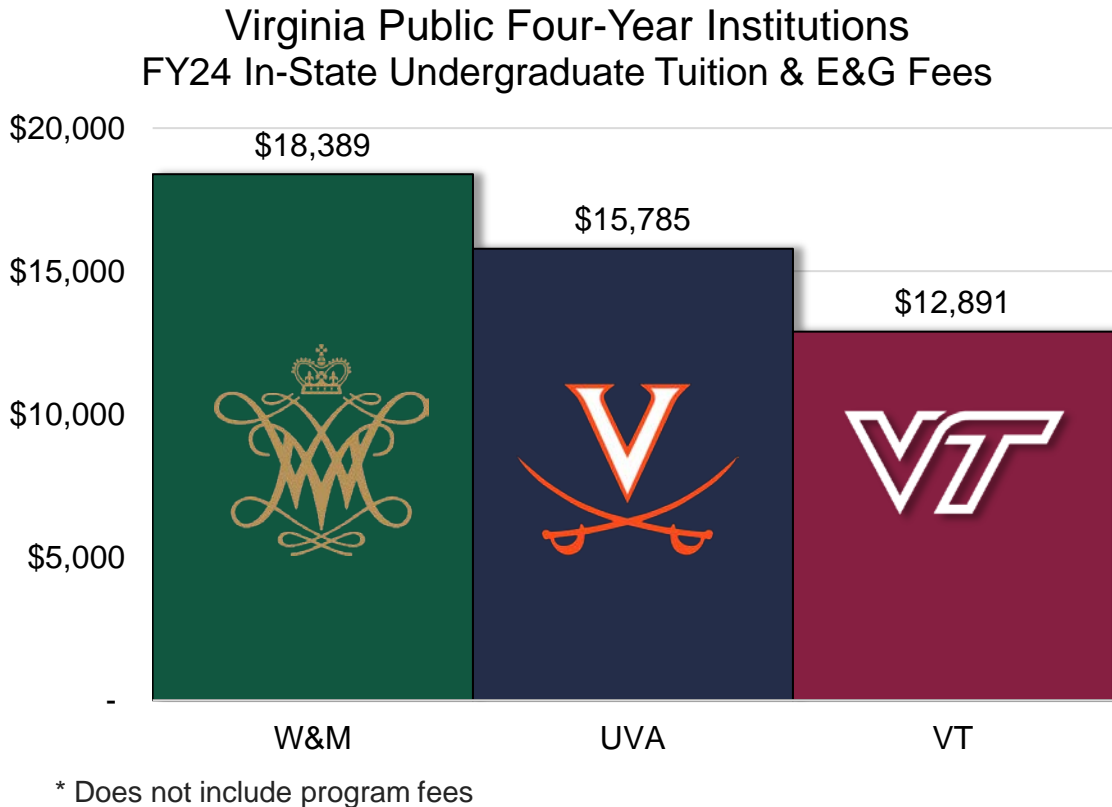
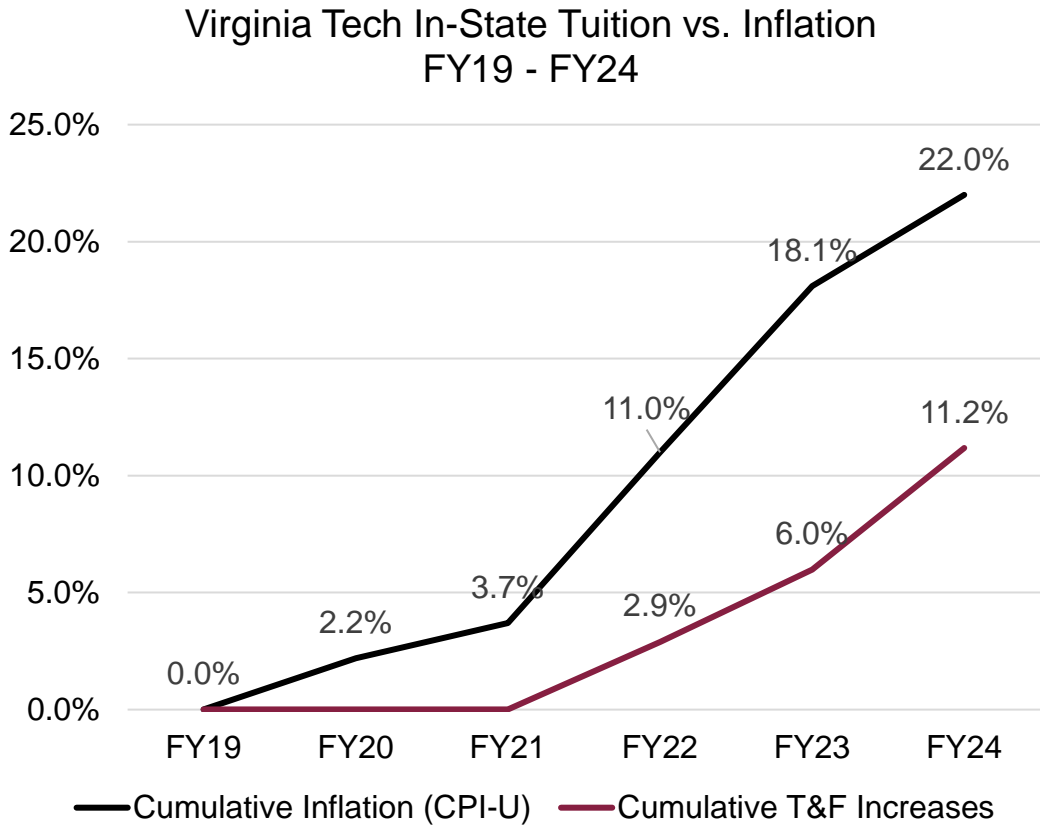
	<u>FY25</u>
Net remaining to be managed (from slide 5)	\$ (0.6)
Net strategic enrollment support (includes mix and professional masters)	14.1
FY25 reinvestment target	5.0
Estimated cost of strategic investments in FY25 (from prior slide)	<u>(28.6)</u>
	Gap <u><u>(10.1)</u></u>

- Continued work between now and June to refine FY25 priorities and proposed budget.

At 2.9%, proposed tuition increase remains below CPI and maintains a competitive position

Over the past five years:
Consumer Price Index (inflation) has increased **22%**
In-State undergraduate tuition has increased just **11%**

Virginia Tech's sticker price will remain competitive for in-state undergraduate students



Comprehensive fee (“Comp Fee”) recommendations informed by:

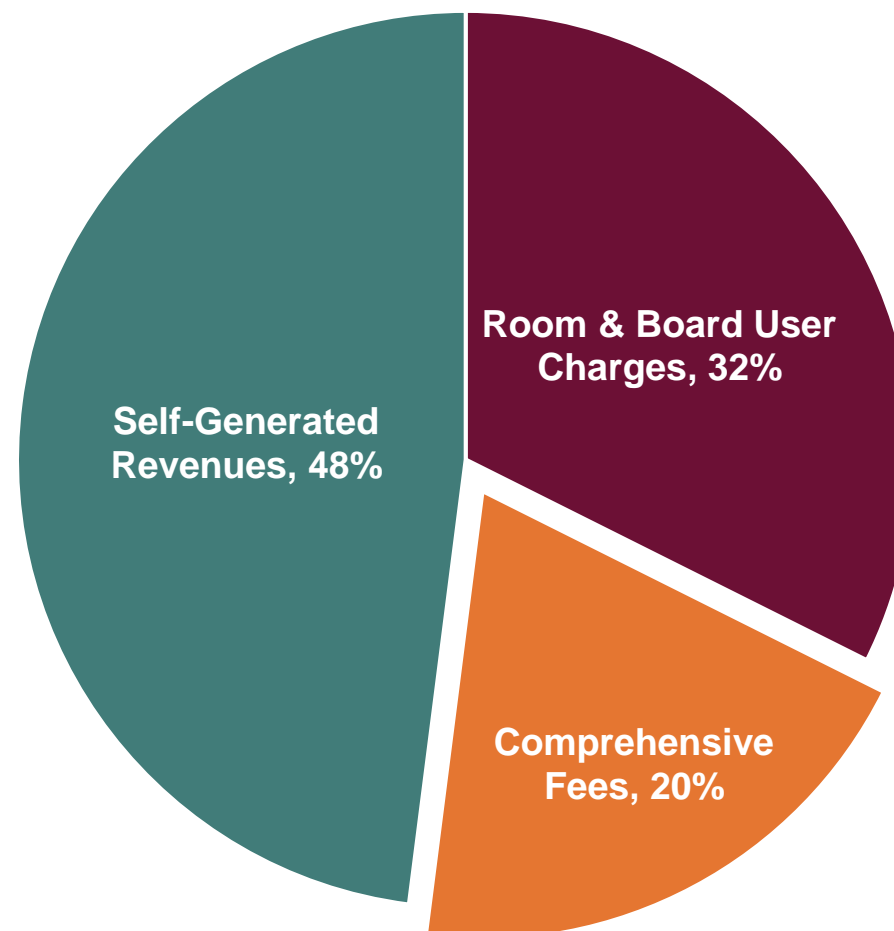
- Market position
- Projected costs
- Service needs



Comp fee provides 20% of auxiliary revenues; no funding provided by the state

Auxiliary Enterprises:

- Receive no state support
- Are required to cover 100% of direct and indirect expenses including the state assigned compensation program
- Leverage self-generated revenues where possible to minimize comprehensive fee
- Student fees are increased only when necessary



FY24 Total Revenue = \$ 453M

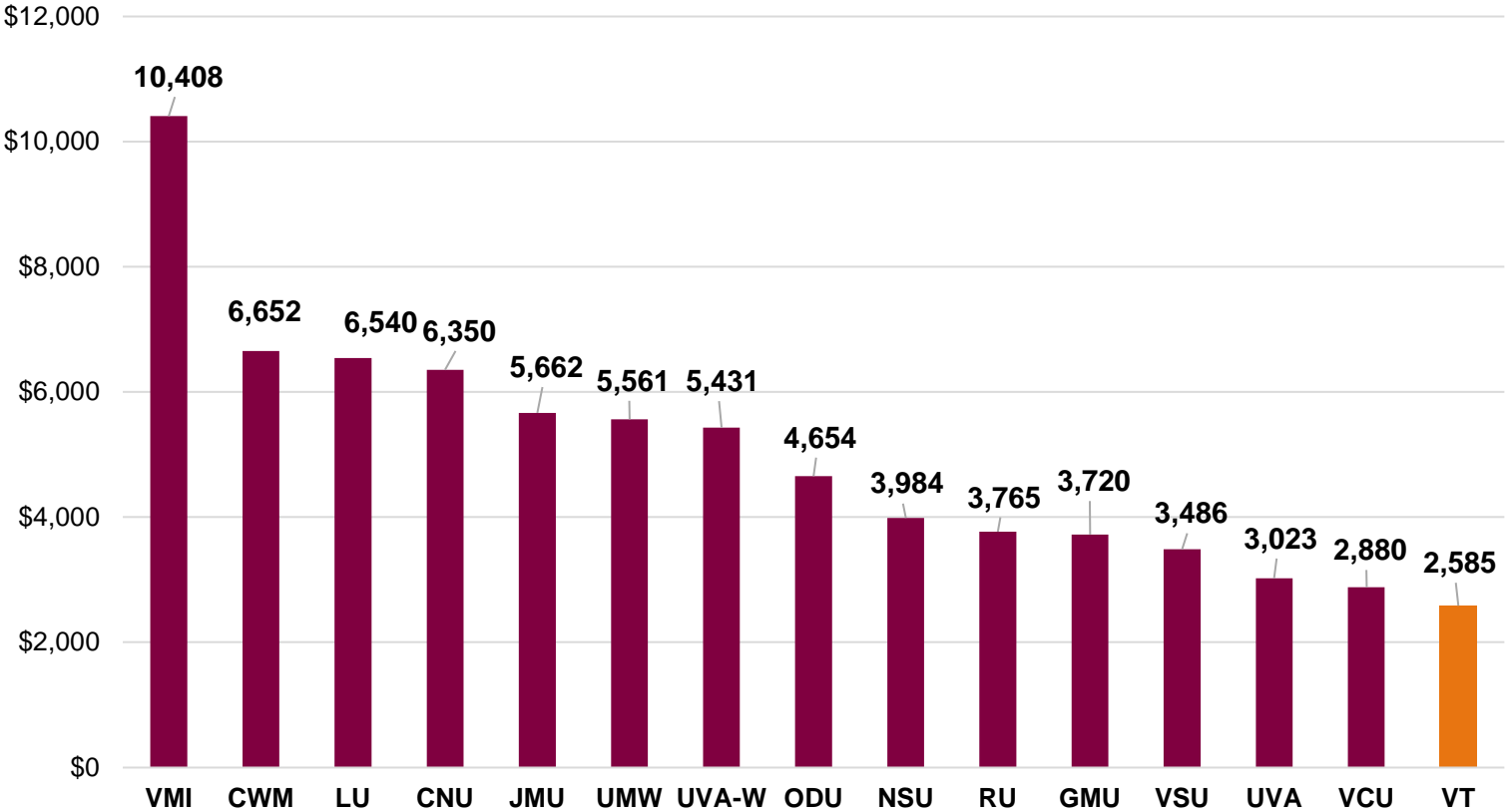
Self-generated revenues include: athletic ticket sales, athletic conference income, hotel & conference center sales, electric service sales, etc.

Current state: Virginia Tech has the lowest comp fee among state public institutions



The Comprehensive Fee supports:

- Student Health
 - Health center, counseling, rescue squad
- Student Activities
 - Student programming, arts, student organizations
- Student Services
 - Transportation services, career services, wireless access
- Athletics
 - Intercollegiate athletics operations
- Recreational Sports
 - Recreational programs, sports clubs



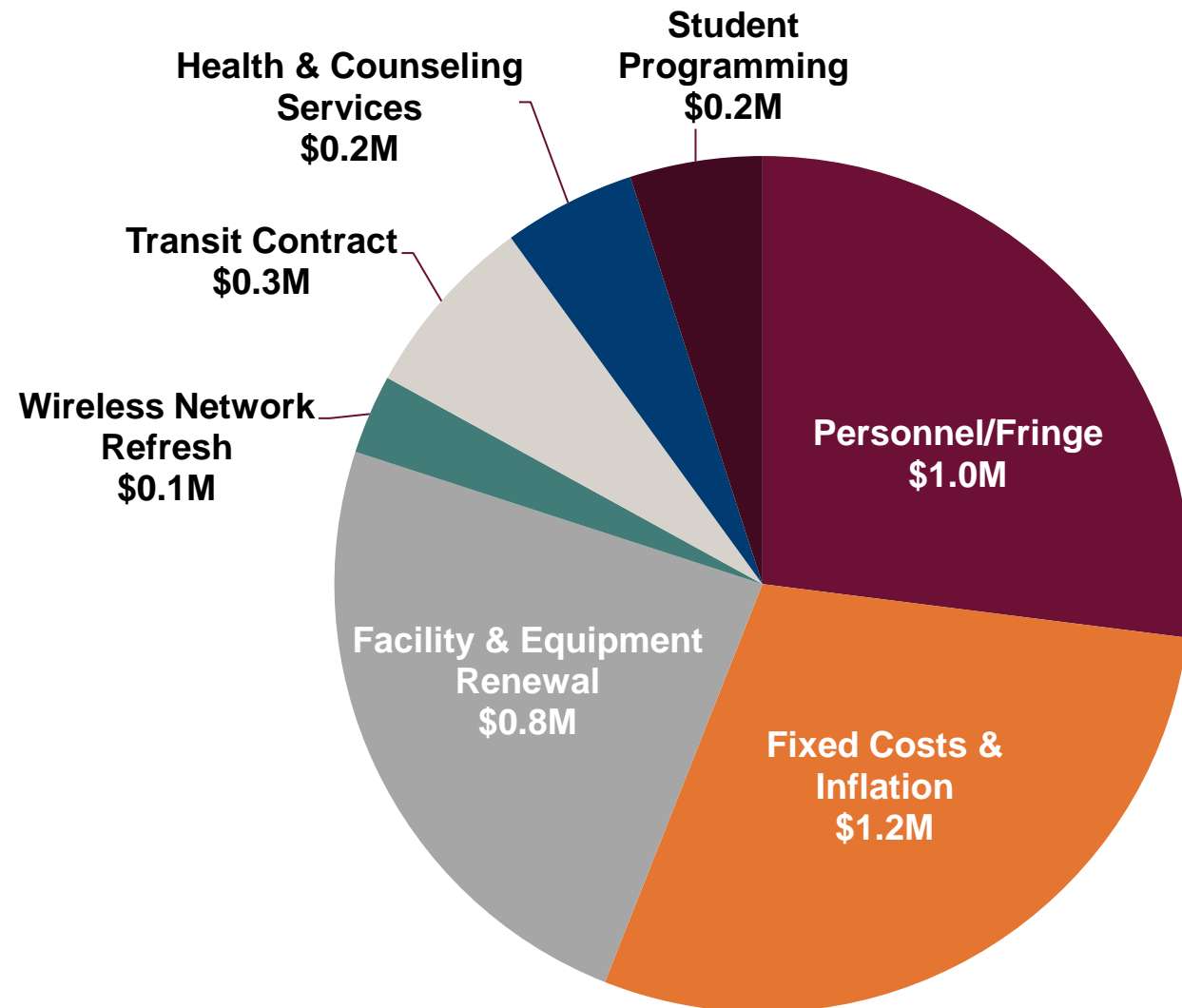
The Comprehensive Fee includes the university mandatory non-E&G fees listed on this slide. This does not include the Commonwealth Facility & Equipment fee assessed to nonresident students on behalf of the Commonwealth of Virginia.

3.8% recommended increase driven by mandated and unavoidable costs

	Budget (\$ in millions)	Fee Equivalent
Mandatory & Unavoidable Costs	\$ 3.4	3.5%
Service Needs	0.4	0.3%
Total	\$ 3.8	3.8%

3.8% fee increase supports:

- 3.0% state-mandated compensation program and 6% health care
- \$0.4M in incremental costs related to additional staffing and support for health and counseling, career advising, student life, and TimelyCare virtual health services
- War Memorial Hall reopening
- Majority of proposed fee increase driven by mandated and unavoidable costs

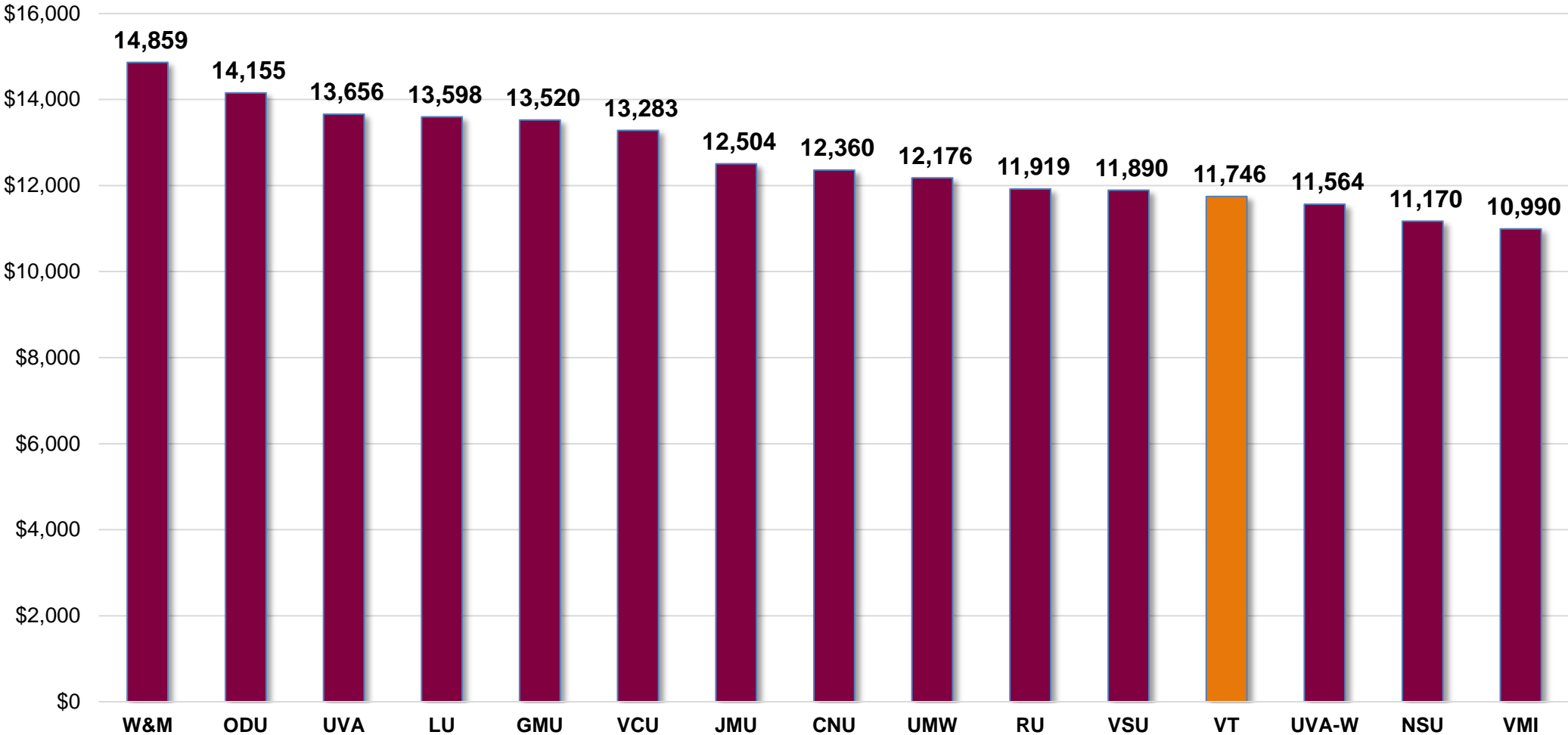


Proposed room and board rates informed by:

- Market competitiveness
- Known or projected costs
- Service level needs



Current state: Virginia Tech's room and board among the lowest in the state

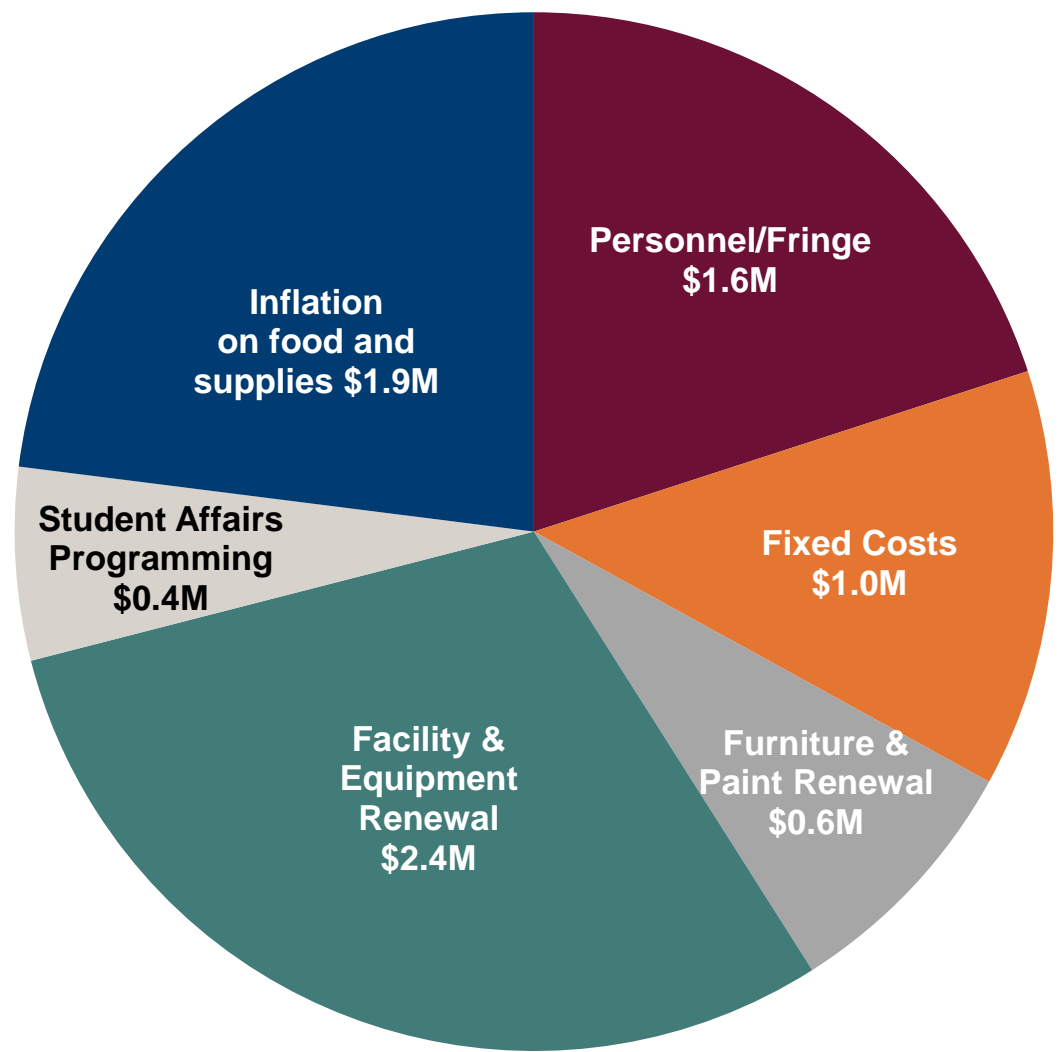


5.2% room and board increase driven by mandated and unavoidable cost increases

	Budget (\$ in millions)	Fee Equivalent
Mandatory & Unavoidable Costs	\$ 7.5	4.9%
Service Needs	0.4	0.3%
Total	\$ 7.9	5.2%

5.2% room & board increase supports:

- 3.0% state-mandated compensation program and 6% health care increase
- \$0.4M in costs related to student life staffing and support
- Inflationary pressures mirror trends in the market
 - In 2023, food prices increased by 5.8% per USDA
 - Inflationary impacts on supplies
- Facility and equipment renewal
- Perry Place dining venue opening summer 2024



TUITION AND FEE RATE RECOMMENDATIONS

UNDERGRADUATE

	2023-24	Proposed	Increase	
<u>Resident</u>	Charge	2024-25	\$	%
Tuition (a)	\$12,781	\$13,153	\$372	2.9%
E&G Fee	110	113	3	2.7%
<i>Tuition & E&G Fees</i>	12,891	13,266	375	2.9%
Comprehensive Fee	2,585	2,684	99	3.8%
<i>Tuition & Mandatory Fees</i>	<u>15,476</u>	<u>15,950</u>	<u>474</u>	<u>3.1%</u>
<u>Nonresident</u>				
Tuition(a)	\$33,394	\$34,376	\$982	2.9%
E&G Fees	714	717	3	0.4%
<i>Tuition & E&G Fees</i>	34,108	35,093	985	2.9%
Comprehensive Fee	2,585	2,684	99	3.8%
<i>Tuition & Mandatory Fees</i>	<u>36,693</u>	<u>37,777</u>	<u>1,084</u>	<u>3.0%</u>
Room and Board	11,746	12,358	612	5.2%

GRADUATE

	2023-24	Proposed	Increase	
<u>Resident</u>	Charge	2024-25	\$	%
Tuition	\$15,317	\$15,768	\$451	2.9%
E&G Fee	110	113	3	2.7%
<i>Tuition & E&G Fees</i>	15,427	15,881	454	2.9%
Comprehensive Fee	2,585	2,684	99	3.8%
<i>Total Resident Graduate</i>	<i>\$18,012</i>	<i>\$18,565</i>	<i>553</i>	<i>3.1%</i>
<u>Nonresident</u>				
Tuition	\$30,785	\$31,690	\$905	2.9%
E&G Fees	714	717	3	0.4%
<i>Tuition & E&G Fees</i>	31,499	32,407	908	2.9%
Comprehensive Fee	2,585	2,684	99	3.8%
<i>Total Nonresident Graduate</i>	<i>\$34,084</i>	<i>\$35,091</i>	<i>\$1,007</i>	<i>3.0%</i>

VIRGINIA-MARYLAND COLLEGE OF VETERINARY MEDICINE

	2023-24 Charge	Proposed 2024-25	Increase	
			\$	%
Virginia/Maryland Students				
Tuition	\$24,261	\$24,877	\$616	2.5%
Educational and General Fee	110	113	3	2.7%
Comprehensive Fee	2,585	2,684	99	3.8%
Vet Med Facility Fee	1,200	1,200	0	0.0%
Total Cost for Virginia/Maryland Students	<u>\$28,156</u>	<u>\$28,874</u>	<u>\$718</u>	<u>2.6%</u>
Out-of-State Students				
Tuition	\$55,472	\$56,881	\$1,409	2.5%
Educational and General Fee	714	717	3	0.4%
Comprehensive Fee	2,585	2,684	99	3.8%
Vet Med Facility Fee	1,200	1,200	0	0.0%
Total Cost for Out-of-State Students	<u>\$59,971</u>	<u>\$61,482</u>	<u>\$1,511</u>	<u>2.5%</u>

VIRGINIA TECH CARILION SCHOOL OF MEDICINE

	2023-24	Proposed	Increase	
	<u>Charge</u>	<u>2024-25</u>	<u>\$</u>	<u>%</u>
Tuition	\$58,910	\$60,406	\$1,496	2.5%
Educational and General Fee	110	113	3	2.7%
VTCSOM Student Services Fees (a)	1,335	1,390	55	4.1%
Total Cost	<u>\$60,355</u>	<u>\$61,909</u>	<u>\$1,554</u>	<u>2.6%</u>

(a) Includes VTCSOM Student Services, Health Services, Student Government/Activities, and Recreational Sports (M1, M2, M3, M4) fees

COMPREHENSIVE FEE COMPONENTS FOR 2024-25

	2023-24	Proposed	Increase	
	Charge	2024-25	\$	%
<u>Comprehensive Fee</u>				
Student Activity Fee	\$548	\$559	\$11	2.0%
Health Service Fee	629	646	17	2.7%
Athletic Fee	421	437	16	3.8%
Recreational Sports Fee	374	400	26	7.0%
Student Services Fee	613	642	29	4.7%
Total Comprehensive Fee	\$2,585	\$2,684	\$99	3.8%

OTHER RATES AND CHANGES FOR 2024-25

- Resource-neutral simplification of Room Rates to simplify the room rate structure to six rates from 29.
- Technology fee consolidated into tuition rates effective Fall 2024 consistent with state guidance.

RESOLUTION FOR APPROVAL OF 2024-25 TUITION AND FEE RATES

RECOMMENDATION

The board approves tuition, fee, room and board rates as recommended effective Fall semester 2024.

April 9, 2024

FINANCIAL PERFORMANCE REPORT

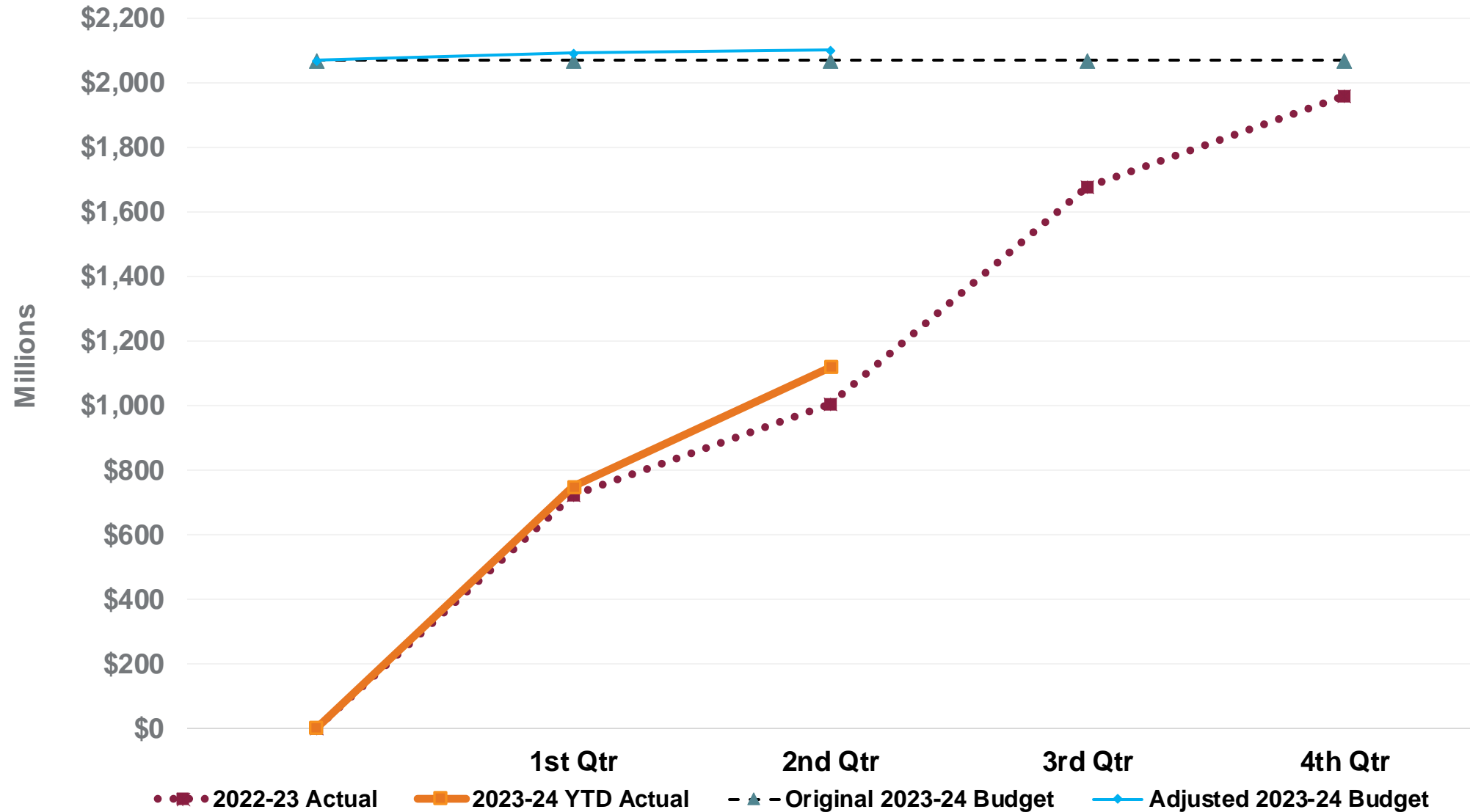
July 1, 2023 – December 31, 2023

TIM HODGE, ASSOCIATE VICE PRESIDENT OF
BUDGET AND FINANCIAL PLANNING

ROB MANN, ASSISTANT VICE PRESIDENT FOR
CAPITAL BUDGETING AND FINANCING

April 8, 2024

OPERATING REVENUES



Annual Budget Changes

208 E&G

- \$1.3 million increase for actual enrollments, primarily graduate, and FY24 summer session activity.
- \$1.1 million expected adjustment in TTIP General Fund support.
- \$0.6 million increase for increased Equine Medical Center activity.

229 E&G

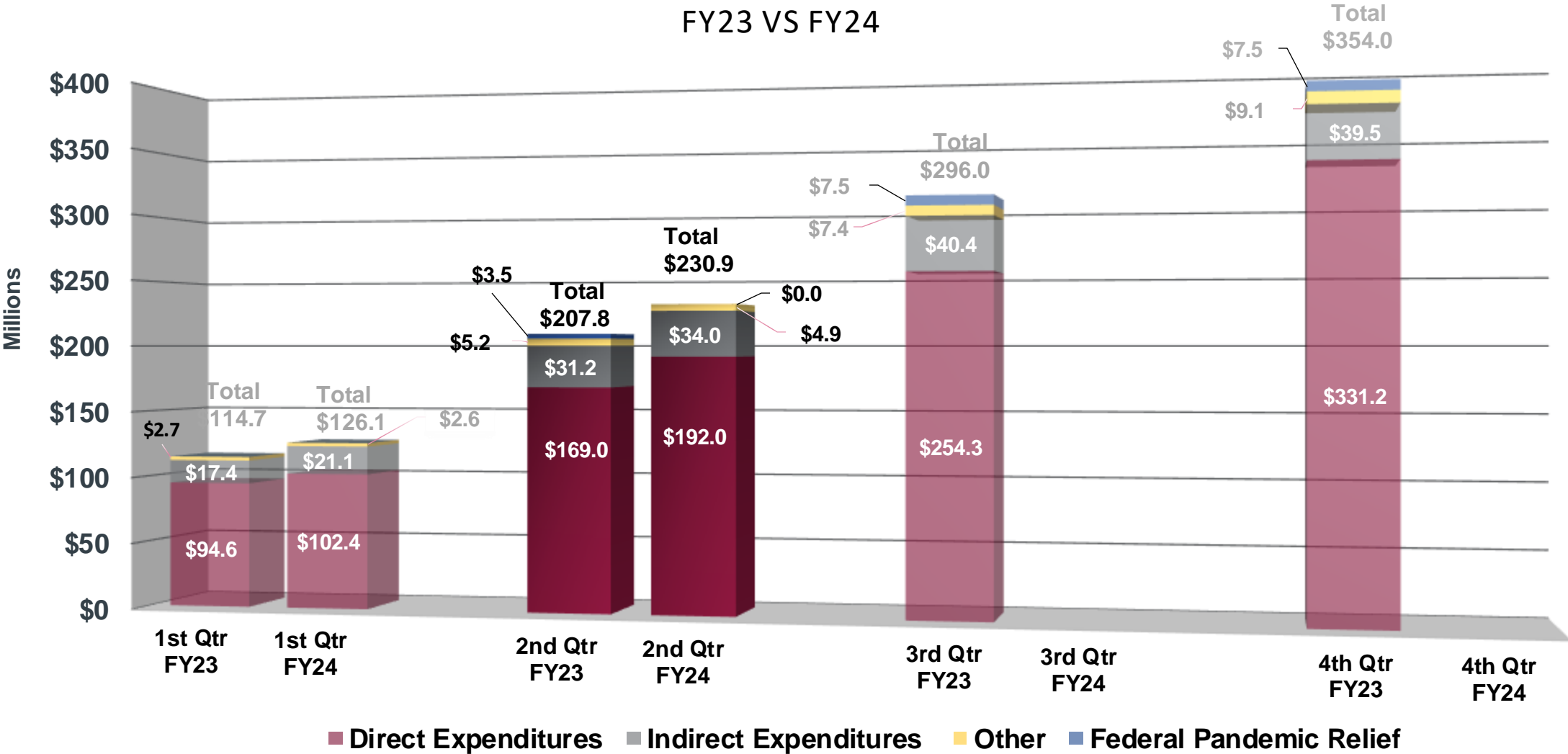
- \$1.6 million increase in federal to align federal fiscal year with state fiscal year.

Auxiliary Enterprises

- Dining \$5.5 million decrease for business volume alignment
- Athletics \$1.1 million increase for military bowl and \$2.7 million increase for prior year football game cancelation insurance payment





SPONSORED PROGRAM EXPENDITURES

FY23 VS FY24

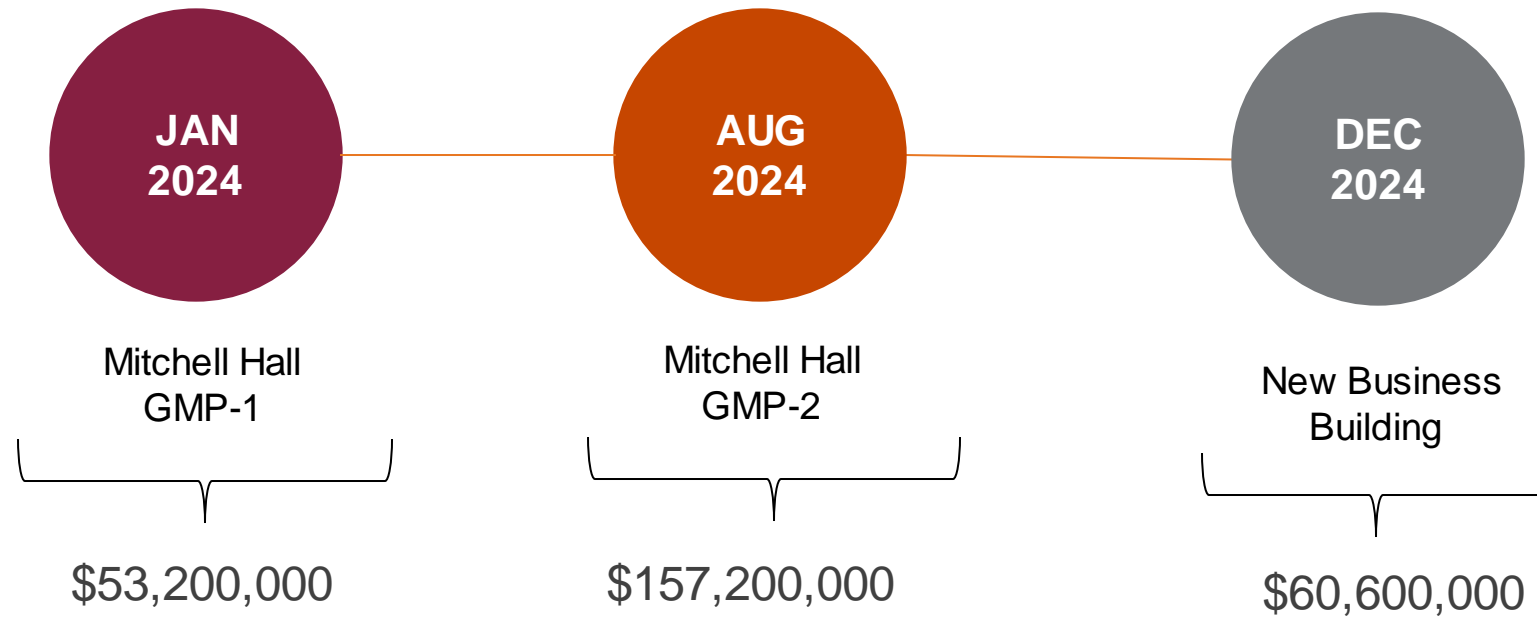


CAPITAL PROGRAM

CAPITAL OUTLAY TOTAL PROGRAM

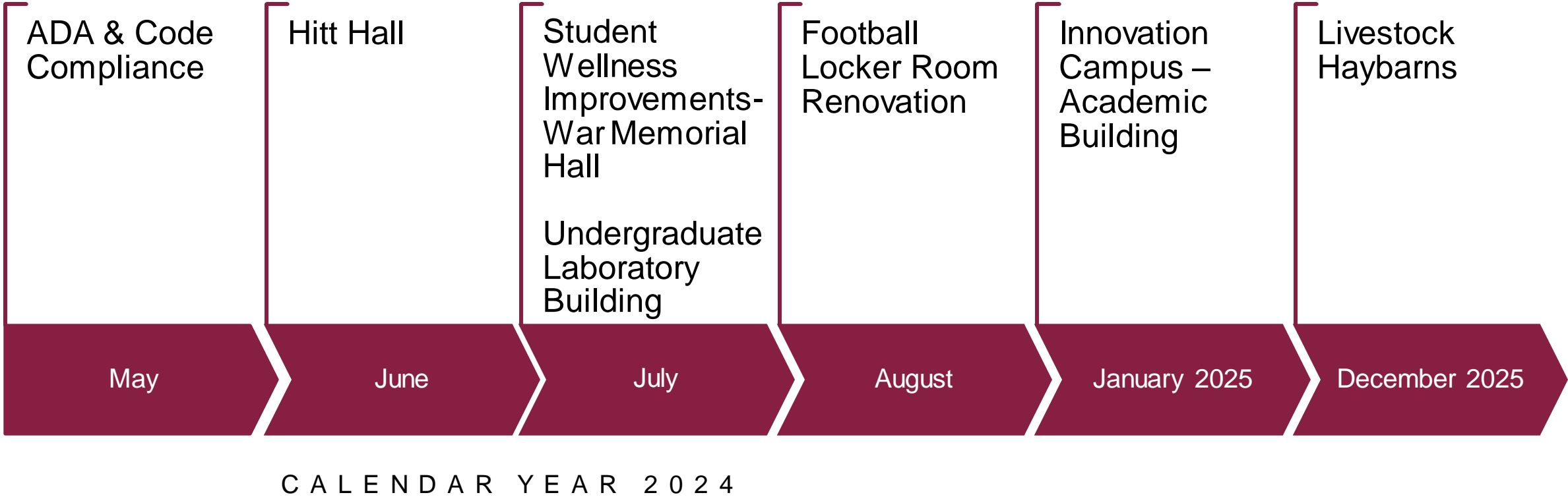
	1 st Quarter Ended	2 nd Quarter Ended	3 rd Quarter	4 th Quarter
 Design	5	5		
 Construction	9	10		
 Equipment	2	2		
 Closeout	6	6		
Total Projects	22	23		
Total Budget (\$ in Thousands)	\$1,259,024	\$1,259,885		
Total Expenditures (\$ in Thousands)	\$558,989	\$620,829		

TIMING FOR CONSTRUCTION PRICING



Cumulative design expenses through December 31, 2023- \$12,353,000

PROJECTS COMING ONLINE



Cumulative construction expenses through December 31, 2023- \$399,805,000

APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

July 1, 2023 – December 31, 2023

RECOMMENDATION

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2023 through December 31, 2023 and the Capital Outlay report be approved.

April 9, 2024