

**Closed Session Agenda**

**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**Virginia Tech Academic Building One, Room 2110**

**3:30 p.m.**

**November 17, 2025**

<b><u>Agenda Item</u></b>	<b><u>Reporting Responsibility</u></b>
1. Motion for Closed Session	Ed Baine
* 2. Ratification of Personnel Changes Report	Simon Allen

**\* Requires full Board approval**

**# Discusses Enterprise Risk Management topic(s)**

**+ Discusses Strategic Investment Priorities topic(s)**

**Open Session Agenda**  
**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**  
**Virginia Tech Academic Building One, Room 2110**  
**To begin immediately following the Closed Session**  
**November 17, 2025**

<b><u>Agenda Item</u></b>	<b><u>Reporting Responsibility</u></b>
1. Motion to Reconvene in Open Session	Ryan McCarthy
2. Welcome and Opening Remarks	Jim Miller
3. Consent Agenda	Jim Miller
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the August 19, 2025 Meeting	
*      c. Ratification of Lease Activities Approved by the University	
*      d. Ratification of Subscription Based Information Technology Arrangements (SBITA) Approved by the University	
*      e. Approval of Resolution Regarding Dissolution of Virginia Tech Services, Inc. and Transfer of Assets	
*      f. Approval of Resolution to Debt Finance the Building Envelope Repairs Project	
*      g. Approval of Resolution for Adopting Procurement Policies and Procedures for the Acquisition of Information Technology Goods or Services	
h. Informational Annual Report on Write-Off of Delinquent Accounts	
4. Executive Summary	
#      a. Informational Update on Advancement	Tom Wamsley
+      b. Informational Annual Report on Treasury Investments and Quasi-Endowments	Simon Allen
#+     c. Informational Annual Report on Student Financial Aid Resources	Simon Allen
*      d. Approval of Resolution for Authority to Execute an Asset Exchange with VTT LLC, a Loan Agreement with the Virginia Tech Foundation, and a Long-Term Lease	Simon Allen
5. Full Presentation and Discussion	
a. Chief Operating Officer's Update	Amy Sebring
*      b. Approval of the 2026-2032 Six-Year Plan	Tim Hodge
*      c. Approval of Year-to-Date Financial Performance Report (July 1, 2025 – September 30, 2025)	Tim Hodge
#+     d. Acceptance of Annual Report on University Debt Ratio and Debt Capacity	Rob Mann
e. Informational Annual Report on Research Finances and Resources	Simon Allen
#      e. Informational Annual Report on Research Finances and Resources	Dan Sui
+ 6. Discussion of Corps of Cadets Funding	J. Pearson
7. Discussion of Future Agenda Topics and Closing Remarks	Jim Miller

\* Requires full Board approval

# Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

# Consent Agenda

- a. Approval of Items Discussed in Closed Session
- b. Approval of Minutes of the August 19, 2025 Meeting
- \* c. Ratification of Lease Activities Approved by the University
- \* d. Ratification of Subscription Based Information Technology Arrangements (SBITA) Approved by the University
- \* e. Approval of Resolution Regarding Dissolution of Virginia Tech Services, Inc. and Transfer of Assets
- \* f. Approval of Resolution to Debt Finance the Building Envelope Repairs Project
- \* g. Approval of Resolution for Adopting Procurement Policies and Procedures for the Acquisition of Information Technology Goods or Services
- h. Informational Annual Report on Write-Off of Delinquent Accounts

## Committee Minutes

### FINANCE AND RESOURCE MANAGEMENT COMMITTEE

**Latham Ballroom A/B, the Inn at Virginia Tech**

**August 19, 2025**

#### **Joint Open Session**

**Board members present:** Sandy Davis, Kate Drinkwater Gregg – Graduate Student Representative, Nancy Dye, Thomas Feely – Undergraduate Student Representative, Amber Hagan – Staff Representative, Theodore Hanson, William Holtzman, Starlette Johnson, Marlena Lester – Administrative and Professional Faculty Representative, Justin Lemkul – Faculty Representative, Ryan McCarthy, Jim Miller, Robert Moser, J. Pearson, John Rocovich – Rector, Margaret Ann Smith, Jeanne Stosser

**University personnel and guests:** Simon Allen, Janice Austin, Mac Babb, Callan Bartel, Kenneth Belcher, Lynsay Belshe, Cassidy Blackmore, Eric Brooks, Kristie Caddick, Kirk Cameron, Ann Cassell, Cyril Clarke, Al Cooper, Meaghan Davidson, Debbie Day, Heather Ducote, Corey Earles, Jeff Earley, Caroline Eaton, Alisha Ebert, Juan Espinoza, Ron Fricker, Michael Friedlander, Ian Friend, Rachel Gabriele, Saskia van de Gevel, Emily Gibson, Martha Glass, Rebekah Gunn, Chelsea Haines, Rebecca Halsey, Kay Heidbreder, Lawrence Hincker, Tim Hodge, Elizabeth Hooper, Travis Jessee, Anne Keeler, Frances Keene, Alex Kinnaman, Sharon Kurek, Rob Mann, Andrew Marinik, Meghan Marsh, Elizabeth McClanahan, Nancy Meacham, Laurel Miner, Liza Morris, Justin Noble, Shane Justin Nu’Uhiwa, Amy Orders, Jeffrey Orzolek, Stephanie Overton, Mark Owczarski, Kim O’Rourke, Charlie Phlegar, Sharon Pitt, Lauren Pollard, Jon Porter, Jonathan Porter, David Raymond, Paul Richter, Julie Ross, Abbey Rowe Erwin, Tim Sands, Amy Sebring, Brennan Shepard, Ken Smith, Jaida Smith, Joel Snodgrass, Michael Staples, Michael Stowe, Dan Sui, Aimée Surprenant, Monecia Taylor, Dwyn Taylor, Mollie Taylor, Jon Clark Teglas, Nick Tolar, Rob Viers, Mike Walsh, Tom Wamsley, Melinda West, Chris Wise, Andrew Woodall, Chris Yianilos

- \*#+ 1. Approval of the Nongeneral Fund Capital Outlay Plan 2026-2032:** The Committees reviewed for approval the Nongeneral projects for the 2026-2032 Capital Outlay Plan. The university prepares an updated Six-Year Capital Outlay Plan every two years as part of its normal planning and budgeting cycle. The Plan is a critical component of positioning the university for state support of major Educational and General projects and for advancing high priority projects that may be funded entirely with nongeneral fund resources. The Board of Visitors reviewed and approved the list of General Fund

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**# Discusses Enterprise Risk Management topic(s)**

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projects for inclusion in the 2026-2032 Capital Outlay Plan at the March 2025 meeting. The Nongeneral fund projects cover the auxiliary enterprise system projects and other projects requesting some combination of private support, returned overhead dollars, external construction grants, and/or nongeneral fund debt to fund the total costs, including long-term leases.

Under the university's Management Agreement with the state for Capital Projects, the Board of Visitors has the authority to approve and implement projects supported 100 percent by nongeneral funds. Each project follows a multi-step approval process by the Board: 1) inclusion in the approved Six-Year Capital Outlay Plan, 2) authorization for planning to produce design documents to validate the project's feasibility, 3) authorization for construction when funding is available and sufficient, and 4) approval of external debt required for any capital project prior to issuance if needed.

The Committees recommended the Nongeneral Fund Capital Outlay Plan for 2026-2032 to the full Board for approval.

- \* **2. Approval of Resolution for Planning the Academic Building One – Sixth Floor Upfit:** The Committees reviewed for approval a resolution to plan the Academic Building One – Sixth Floor Upfit capital project. The existing facility includes 390,000 gross square feet (GSF) over eleven floors with nine floors fully programmed, and the sixth and seventh floors were reserved for future needs. The approximately 34,000 GSF floor upfit will support the relocation and expansion of the Pamplin College of Business and other academic programs located in the building. This is a \$1.5 million planning authorization to complete designs through working drawings for this capital upfit project.

The Committees recommended the Resolution for Planning the Academic Building One – Sixth Floor Upfit to the full Board for approval.

- \* **3. Approval of Resolution for Planning the Campbell Hall Renovation:** The Committees reviewed for approval a resolution to plan the Campbell Hall renovation capital project. The project will renovate Campbell Hall, a historic 329 bed residence hall located on the Drillfield. The 67,000 GSF building is split into two wings. The main wing was built in 1930 and the east wing was built in 1940. The facility has received few improvements since its original construction, and renovating will address the mechanical, electrical, and plumbing systems as well as update the interior rooms and bathrooms. This is a \$4 million planning authorization to complete designs through working drawings for the Campbell Hall renovation capital project.

\* **Requires full Board approval**

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The Committees recommended the Resolution for Planning the Campbell Hall Renovation to the full Board for approval.

- \* **4. Approval of Resolution for Planning a New Residence Hall:** The Committees reviewed for approval a resolution to plan a new residence hall. The project envisions a new residential facility, targeting up to 600 modern beds which would increase residential capacity to allow for campus residential renovations to occur without significantly impacting the current residential and dining programs. The new residence hall will allow the university to continue to sustain moderate growth over time and to facilitate the renovation of existing residential assets. This is a \$10 million planning authorization to complete designs through working drawings for the new residence hall capital project.

The Committees recommended the Resolution for Planning a New Residence Hall to the full Board for approval.

- 5. Update on the University's Response to Prior Board Action Regarding On-Campus Housing:** The Committees were provided with a written update on the university's response to the Board's resolution regarding on-campus housing. The update included an Executive Summary, proposed August 2025 actions to meet the requirements of the March 2025 resolution; dual-path strategy to address critical near-term needs; comprehensive on-campus housing planning process; planning assumptions and strategic commitments; preliminary facilities assessment and immediate next steps; strategic and financial implications; integration with campus Master Planning; and timeline and key milestones.

## **Open Session**

**Board members present:** Sandy Davis, Kate Drinkwater Gregg – Graduate Student Representative, Nancy Dye, Thomas Feely – Undergraduate Student Representative, Amber Hagan – Staff Representative, Theodore Hanson, William Holtzman, Starlette Johnson, Marlena Lester – Administrative and Professional Faculty Representative, Justin Lemkul – Faculty Representative, Ryan McCarthy, Jim Miller, Robert Moser, J. Pearson, John Rocovich – Rector, Margaret Ann Smith, Jeanne Stosser

**University personnel and guests:** Simon Allen, Janice Austin, Mac Babb, Callan Bartel, Eric Brooks, Kristie Caddick, Kirk Cameron, Ann Cassell, Cyril Clarke, Al Cooper, Debbie Day, Heather Ducote, Corey Earles, Jeff Earley, Caroline Eaton, Alisha Ebert, Juan Espinoza, Ian Friend, Bryan Garey, Martha Glass, Rebecca Halsey, Kay Heidbreder, Tim Hodge, Elizabeth

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# **Discusses Enterprise Risk Management topic(s)**

+ **Discusses Strategic Investment Priorities topic(s)**

Hooper, Travis Jessee, Frances Keene, Alex Kinnaman, Sharon Kurek, Rob Mann, Andrew Marinik, Meghan Marsh, Elizabeth McClanahan, Nancy Meacham, Laurel Miner, Liza Morris, Justin Noble, Shane Justin Nu'Uhiwa, Jeff Orzolek, Mark Owczarski, Kim O'Rourke, Charlie Phlegar, Sharon Pitt, David Raymond, Paul Richter, Julie Ross, Lisa Royal, Tim Sands, Amy Sebring, Brennan Shepard, Dan Sui, Aimée Surprenant, Monecia Taylor, Dwyn Taylor, Nick Tolar, Rob Viers, Mike Walsh, Tom Wamsley, Melinda West, Lisa Wilkes, Chris Wise, Chris Yianilos

## 1. **Welcome and Opening Remarks**

## 2. **Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.

a. **Approval of Minutes of the June 3, 2025 Meeting:** The Committee reviewed and approved the minutes of the June 3 meeting.

# b. **Report on Gramm-Leach-Bliley Act Compliance and IT Security:** The Committee reviewed for acceptance a report on Gramm-Leach-Bliley Act (GLBA) compliance and associated IT security to meet the annual reporting requirement established by the Standards for Safeguarding Customer Information Rule 16 CFR Part 314 (Standards), effective June 9, 2023.

The GLBA, signed into law in 1999, set standards for handling nonpublic personal information, including student financial records. To achieve compliance with this act, the university modified existing information technology policies and standards with the program, policies, and training to ensure the security and confidentiality of customer nonpublic personal financial records, protect against anticipated threats or hazards, and protect against unauthorized access or use of such records.

The June 2023 Standards included a requirement to provide an annual report on the program to the Board of Visitors. This report includes an overview of the overall status of the information security program, the compliance status, and material matters related to the information security program.

The university's report for the August 2025 Board meeting included an overview of the GLBA Compliance Program, data compliance measures, and risk assessments. The university's GLBA working group has determined that the university is currently in compliance with the Standards. The GLBA working group will continue to monitor regulatory updates, conduct regular risk assessments,

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enhance security measures, provide training and awareness programs, and proactively address emerging threats.

- c. **Financial Summary of Faculty and Staff Merit Programs:** The Committee received a financial summary of the faculty and staff merit programs. Under the authority of Virginia's Restructured Higher Education Act of 2005 and a Management Agreement with the commonwealth, Virginia Tech manages its own human resources systems, including policies; classification; performance management; compensation; and benefits, for teaching and research faculty (T&R), administrative and professional faculty (AP) and university staff. The Board of Visitors has delegated authority for implementing compensation programs to the university administration; the university is sharing this summary with the Board for awareness.

The commonwealth's 2024-26 Appropriation Act included a three percent program for salaried employees, effective June 10, 2025. This state-authorized compensation program was incorporated into the Faculty Compensation Plan and the University Budget approved by the Board of Visitors at the June 2025 meeting. Consistent with these approvals, the university implemented a three-percent across-the-board increase with minimum performance requirement rating for classified staff and a merit program for faculty and university staff. Increases were effective June 10 for calendar year employees and August 10 for academic year employees

- \* d. **Approval of Subscription-Based IT Arrangement (SBITA) with Microsoft:** The Committee reviewed for approval a Subscription-Based IT Arrangement (SBITA) between the university and Microsoft. The Division of Information Technology is renewing the university's contract and A5 licenses with Microsoft. The cost of this contract will exceed three million dollars, making it a Subscription-Based Information Technology Arrangement (SBITA) requiring Board of Visitors' approval.

GASB Statement No. 96, issued in July 2022, requires Virginia Tech to recognize such agreements as an intangible right-to-use asset with a corresponding right-to-use liability, thereby increasing the university's debt service to operations ratio. Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of capital projects, including long-term leases and SBITAs. Prior to GASB Statement No. 96, SBITAs were approved by university administration through its internal budgeting and information technology procurement processes and reported as operating expenses in the year

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of payment. The Division of Information Technology annual operating budget includes an amount sufficient to cover the annual cash outlay for subscription payment

The Committee approved the items on the Consent Agenda and recommended the Subscription-Based IT Arrangement with Microsoft to the full Board for approval.

- #+ 3. Comprehensive Update on Advancement:** Charlie Phlegar, Senior Vice President for Advancement, provided a comprehensive update on the very impressive fiscal year 2025 giving results and giving trends since the launch of the Advancement Model. This report also included an update on the philanthropic participation rate and overviews of the Boundless Impact Campaign, Virginia Tech Advantage, and Global Distinction.

This update is provided for the Board of Visitors' awareness each August. It is intended to summarize University Advancement's activities in the prior year.

The Committee also recognized Charlie's excellent leadership and years of service and introduced Tom Wamsley, the new Senior Vice President for Advancement, who will take over this position after Charlie's retirement at the end of the month. The university owes Charlie a debt of gratitude for his work in Advancement.

- \* 4. Approval of Year-to-Date Financial Performance Report (July 1, 2024 – June 30, 2025):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2024 to June 30, 2025. Total operating revenues (cash basis) exceeded the annual budget by 0.4% and total expenditures were within the expenditure budget by 4.6%. The university successfully closed its fiscal year in accordance with guidance and requirements of the commonwealth. The Educational and General budgets were balanced at year-end, with no operating deficit incurred.

#### Capital Program

For year-ended June 30, 2025, \$121.2 million was expended for Educational and General capital projects, and \$30.2 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending June 30, 2025 totaled \$151.4 million against a budget of \$187 million. At the end of Fiscal Year 2025, there were 24 active capital projects: one equipment, eight in design, six in construction, and nine in closeout. All projects remained within their overall budget.

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

**\* Requires full Board approval**

**# Discusses Enterprise Risk Management topic(s)**

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- 5. Overview of University Finances and Affiliated Entities:** The Committee received an overview of university finances and affiliated entities, including information on restructuring authority, Finance and Resource Management Committee topics, the Finance organization at Virginia Tech, the university's affiliated entities, recent financial performance and other related matters.

The introduction provided a detailed look into the 2005 Restructured Higher Education Financial and Operations Act, which gave varying levels of operational autonomy to public higher education institutions. The Act covered authorities in Finance and Accounting, Human Resources, Capital Outlay and Construction, Information Technology, Procurement and Surplus Property, and Leasing and Real Estate Management. The 2006 Management Agreement formalized the relationship between the commonwealth and the university. As a Tier III institution, Virginia Tech has been granted the highest level of authority in Finance and Accounting, Procurement, and Capital Outlay and Construction. Tier III autonomy provides financial incentives including earned interest on tuition and fees and all other nongeneral fund educational and general revenues and automatic re-appropriation of year-end balances. Maintenance of this level of autonomy requires periodic assessment of institutional performance standards against benchmarks.

The FRM Committee topics covered included commonwealth financial planning timelines detailing the external operating budget timeline for the current biennium, the timing of FRM Committee agenda items throughout the annual Board meeting cycle, and an organizational chart showing key personnel supporting the FRM Committee.

Next, the overview focused on the university's financial performance, including a breakdown of general and nongeneral funds, summary of net position, details on working capital and days cash on hand, and the university's credit rating. The overview of the university's credit rating included a comparative analysis against AA-rated peers as outlined in Standard & Poor's Global U.S. Not-for-Profit Public College and University Fiscal Medians 2024 Report.

Finally, the overview provided a comprehensive review of the university's affiliated entities, included an organizational chart showing the relationship between affiliated entities and an in-depth review of current activities within Virginia Tech Applied Research Corporation and VTT, LLC. This included reviewing both entities' financial positions, challenges, and opportunities.

In past years, this information was provided at the Board of Visitors Retreat, but it was shared here instead due to time constraints. This presentation was intended for Board

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awareness to provide a framework for future Finance and Resource Management Committee approvals.

- # **6. Preparing for Financial Uncertainty:** The Committee received an update on financial risks and contingency planning for the financial uncertainty faced by higher education. Scenarios included quantifying key risks around federal funding changes, state appropriations, enrollment, and athletics funding. This agenda item was intended for the Board's awareness and to keep the Board informed about the university's preparations for managing current and future risks.

This update was a continuation of past discussions on the changing federal and state funding brought to prior Board Meetings. The presentation began by evaluating the university's financial position, which currently remains strong, before delving into funding impacts the university has already experienced. This included full and partial stop work orders and terminations for research, the one-time nature of state funding, and capital budget delays for the Virginia Tech Carilion School of Medicine and Fralin Biomedical Research Institute project.

The update also looked at financial uncertainties such as federal priorities and funding, state funding due to economic factors, enrollment, and intercollegiate athletics challenges. This section of the presentation showed the impact of direct and indirect federal reduction scenario risks, the declining trend in the number of research proposals, planning scenarios for shortfalls in Agency 229 relative to potential reductions in the USDA's National Institute of Food and Agriculture, and the vulnerable position General Funds are in should state revenues weaken or policy priorities shift – shown with three and nine percent reduction scenarios.

Additionally, the update focused on enrollment risks related to international uncertainty and the reliance on Spring transfers, along with the various intercollegiate athletic risks. These risks included increased costs due to national changes for revenue sharing and legal settlements, the potential reduction in ACC conference revenues due to the recent ACC settlement, and compliance with the commonwealth's strict rules.

Finally, the update focused on management strategies, including actions taken to mitigate reductions in governmental support, an overview of the "levers" remaining to manage these reductions, and strategies for managing enrollment and intercollegiate athletics risks.

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

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There being no further business, the meeting adjourned at 4:27 p.m.

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**# Discusses Enterprise Risk Management topic(s)**

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**Accounts Receivable and the Write-off of Delinquent Accounts  
For the Fiscal Year Ended June 30, 2025**

**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**September 25, 2025**

**Overview**

Current accounts receivable are generated by several components as part of the annual operating activities of the university. Student accounts receivable and the receivables generated through the sponsored research program represent the largest components of the total receivables. Current and noncurrent notes receivable are comprised of both federal and institutional student loans administered by the university. To properly account for and control these assets, the university uses a combination of centralized and decentralized systems.

The Bursar's Office is responsible for the centralized accounts receivable system operation and monitoring the activities of the decentralized operations through reviews of reports and discussions with personnel who have been delegated the responsibility for billing and collecting accounts. The Bursar's Office is also responsible for managing the collection process for all delinquent accounts.

The Controller's Office consolidates information from the receivable systems on a quarterly basis and reports to senior management and the State Comptroller. The quarterly report uses a combination of narratives, tables, and graphs to report receivables, analyze trends, and identify areas where emphasis or action is needed. The Controller's Office is responsible for the implementation of corrective action to ensure that receivables are properly managed.

**Composition and Aging of the Receivables**

Accounts Receivable: Attachment A provides the composition of the current gross receivables at June 30, 2025, with comparative data for the previous year. Attachment B provides a graph for the aging analysis of the gross receivables at June 30, 2025, with comparative data for the previous three years. In addition, the total current receivables write-offs for these four years are overlaid on this graph to demonstrate the small proportion of write-offs to total receivables.

Notes Receivable – from Students: Federal and Institutional Loans (issued by Virginia Tech from gifts and donated funds designated to be used for loans) to students require the execution of a promissory note. These loans receivable are repaid over 10 or more years after a student's last enrollment at the university and the amount due in the next 12 months is classified as a current notes receivable for the university's financial statements.

Attachment A also provides the composition of the total gross federal and institutional student loan receivables at June 30, 2025, with comparative data for the previous year.

## Collection Efforts and Write-Offs

Because of the nature of the accounts receivables, their impact on the university's operating budget, and the university's assertive policy for collecting delinquent accounts, the annual write-off of uncollectible accounts is relatively small. The average annual write-off for accounts receivable for the past three years is \$662,116. **The fiscal year 2025 write-off total of \$989,676 represents only 0.06 percent (less than one tenth of one percent) of the annual operating revenues<sup>1</sup> per the audited financial statements for fiscal year 2024.**

Various techniques are used for collecting delinquent accounts receivables depending on the customer and type of account. For example, students must pay past due amounts before they are allowed to enroll for the next school term. Other delinquent accounts are placed with commercial collection agencies and the State Attorney General's Office for collection. The State Comptroller provides guidance on collection policies and procedures, and the university generally complies with the State Comptroller's recommendations, except where improved practices have been implemented under the Restructuring Act.

### Accounts Receivable Written Off at June 30, 2025

As authorized by a resolution passed by the Board of Visitors on August 13, 1976, the Vice President for Finance and the Associate Vice President for Finance and University Controller periodically review the university's accounts and notes receivable to determine those delinquent accounts that are deemed uncollectible. Subsequently, the accounts are written off the university's records in accordance with generally accepted accounting practices. However, such accounts are not discharged or forgiven (with limited exceptions such as bankruptcies, death, etc.), and the university continues to track these accounts and sometimes collects portions of these accounts after being written off.

Normally, accounts are written off at the close of the fiscal year. For the fiscal year ended June 30, 2025, the accounts receivable written off totaled \$989,676. The increase in write-offs of \$347,014 over the prior year is primarily due to an increase of \$292,325 in Sponsored Program write-offs caused by three accounts being sent for write offs. There was also an increase of \$83,009 in Student Account write-offs caused by returned payments and students who enrolled in summer or winter courses and never paid. See Attachment C for a summary of the accounts receivables written off at June 30, 2025, with comparative data for the two previous fiscal years.

For each accounts receivable written off, appropriate collections procedures were utilized. Further collection efforts were not justified for various reasons such as bankruptcies, inability to locate the debtor, and cost versus benefit for small receivable amounts.

As shown in Attachment D, the \$989,676 write-off total consists of 804 customers with an average account value of \$1,231. Of the total number of accounts written off, 31.47 percent (250) were valued at less than \$100, and these low dollar accounts represent only 0.99 percent of the total dollar value of the write-offs.

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<sup>1</sup> Operating revenues for FY24 of \$1,537,883,000 was used for this calculation.

Notes Receivable – from Students Written Off at June 30, 2025

The total notes receivable written off at the close of fiscal year 2025 included \$12,552 in recoveries of the institutional student loan portfolio. Institutional student loans are subject to the same collection techniques as other university receivables. For each loan written off, appropriate collection procedures were utilized. The notes receivable write-off consists of twelve loans that we received payment for that were previously written off. Institutional student loans are most often awarded to students with financial need who have exhausted other avenues of financial aid. Since these are long-term loan programs issued to borrowers with limited resources, the university generally has allowed more time before deeming the loan uncollectible and subsequently writing these amounts off.

**State Management Standards**

The university's Management Agreement under the Restructured Higher Education Financial and Administrative Operations Act includes several financial and administrative performance standards. The university must achieve compliance with all these performance standards to retain the financial benefits provided under the Management Agreement. There are two management standards related to accounts receivable and both are calculated annually and reported to the state biennially. The two standards are:

- a. A four-quarter average past due rate of 10 percent or less on receivables 121 days or more past due as a percentage of all current receivables.
- b. An average past due rate of 10 percent or less on Federal Perkins student loans.

The university is currently in compliance with both standards. As of June 30, 2025, the average past due rate on current receivables 121 days or more past due is 1.76 percent for the applicable four quarters.

The university has assigned all Federal Perkins loans to the U.S. Department of Education.

## Attachment A

**Composition of Gross Accounts and Notes Receivable**  
**As of June 30, 2024 and 2025**  
(Dollars in Thousands)

	June 30, 2025		June 30, 2024	
	Receivable		Receivable	
	Balance	Percent	Balance	Percent
<b><u>Accounts Receivable:</u></b>				
Student Accounts	\$ 5,688	0.5%	\$ 5,591	4.8%
Sponsored Programs	1,077,715	95.7%	81,941	70.3%
Electric Service	1,312	0.1%	1,265	1.1%
Parking Service	232	0.0%	104	0.1%
Telecommunications (N&IS)	17	0.0%	3	0.0%
CPE and IVTSCC <sup>1</sup>	762	0.1%	539	0.5%
Veterinary Medicine	598	0.1%	877	0.8%
Equine Medical Center	506	0.0%	454	0.4%
Short Term Loans/Notes	3	0.0%	7	0.0%
Other Receivables <sup>2</sup>	39,156	3.5%	25,782	22.0%
<b>Total Accounts Receivables</b>	<b>\$ 1,125,989</b>	<b>100.0%</b>	<b>\$ 116,563</b>	<b>100.0%</b>
<b><u>Notes Receivable</u></b>				
Federal Loans - HPSL <sup>3</sup>	\$ 715	44.4%	\$ 674	40.2%
Institutional Loans	896	55.6%	1,002	59.8%
<b>Total Notes Receivable</b>	<b>\$ 1,611</b>	<b>100.0%</b>	<b>\$ 1,676</b>	<b>100.0%</b>

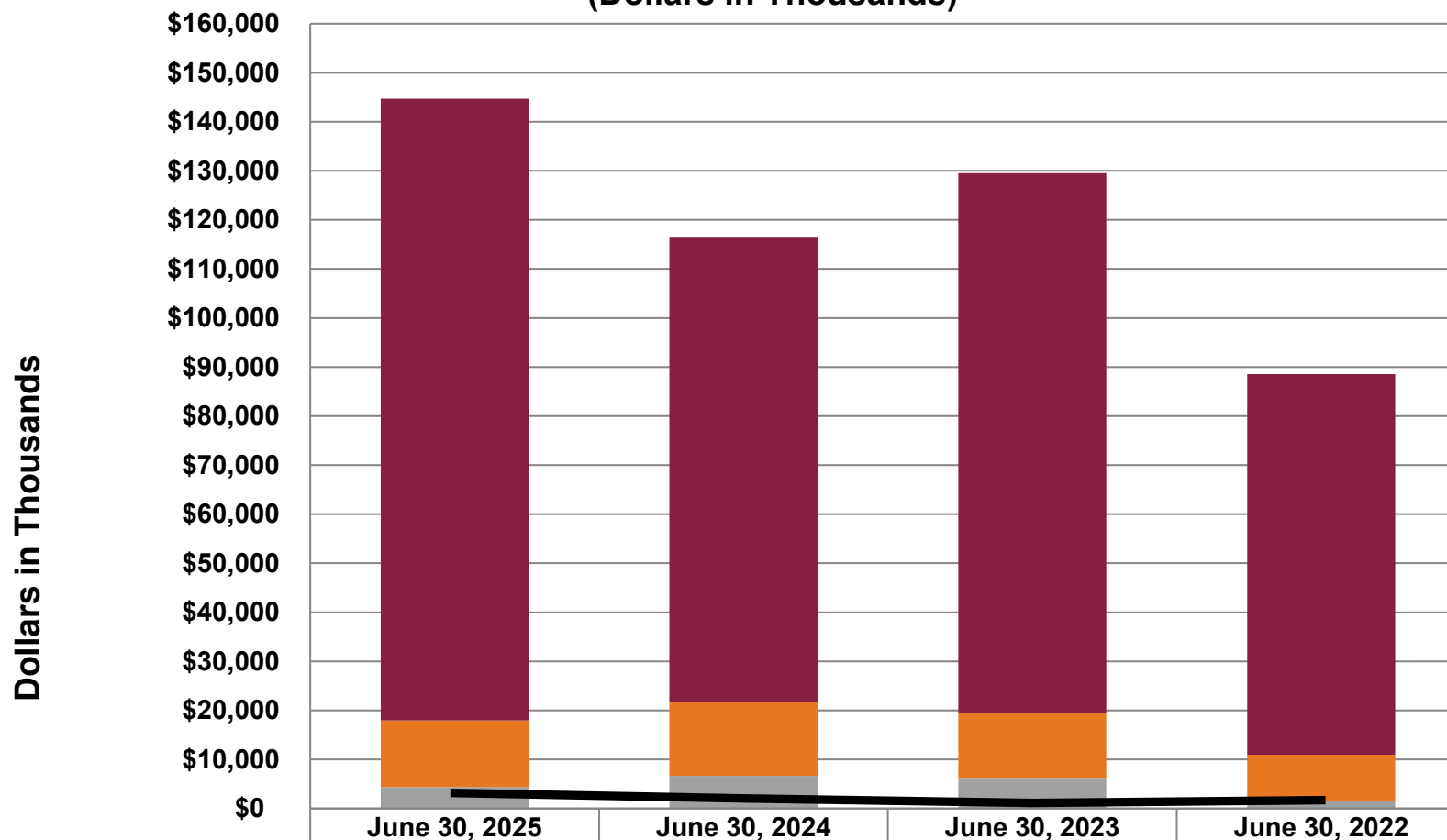
<sup>1</sup> Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

<sup>2</sup> One-time receivables are included in Other Receivables category

\$18,654 Athletics

<sup>3</sup> Health Professions Student Loan

**Aging of Current Gross Accounts Receivable**  
**From June 30, 2022 to June 30, 2025**  
**(Dollars in Thousands)**



Receivables Not Past Due	\$126,753	\$94,880	\$110,090	\$77,553
1 - 120 Days Past Due	\$13,567	\$15,044	\$13,218	\$9,346
121 to Over 1 Year Past Due	\$4,414	\$6,639	\$6,232	\$1,644
<b>Total Gross Receivables</b>	<b>\$144,734</b>	<b>\$116,563</b>	<b>\$129,540</b>	<b>\$88,543</b>
<b>Write-Offs</b>	<b>\$990</b>	<b>\$643</b>	<b>\$354</b>	<b>\$530</b>

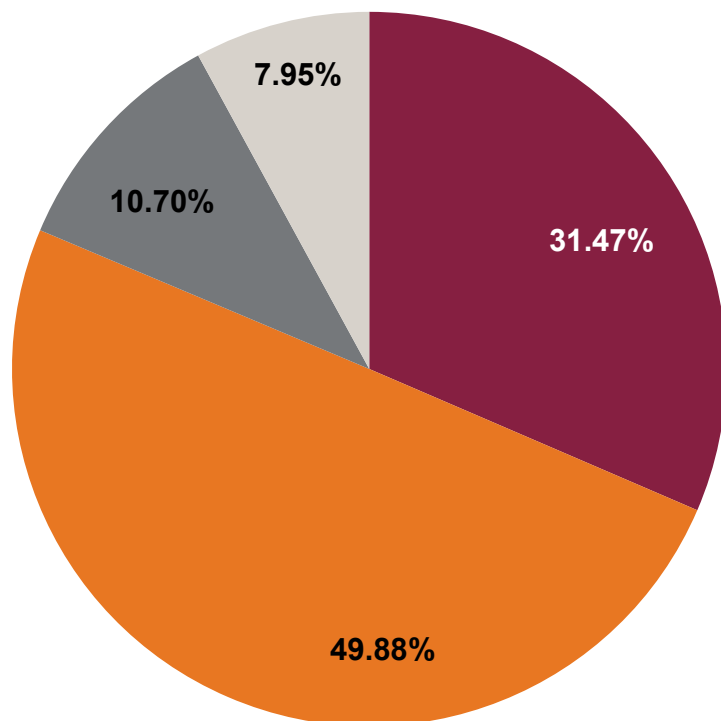
**Current Accounts Receivable Write-Offs for June 30, 2025 with Comparison to 2024 and 2023**  
(In whole dollars)

<u>Accounts Receivable</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Three Year Average</u>
Student Accounts	\$ 363,340	\$ 280,331	\$ 172,277	\$ 271,983
Sponsored Programs	292,325	-	3,688	98,671
Electric Service	31,508	16,757	35,096	27,787
Parking Services	1,988	46,820	20,286	23,031
CPE and IVTSCC <sup>1</sup>	453	56	5,000	1,836
Veterinary Medicine	161,894	118,716	49,636	110,082
Equine Medical Center	51,419	65,593	40,815	52,609
Short Term Loans/Notes	901	6	-	302
Other Receivables	85,848	114,383	27,214	75,815
<b>Total Write-Offs</b>	<b>\$ 989,676</b>	<b>\$ 642,662</b>	<b>\$ 354,012</b>	<b>\$ 662,116</b>

<sup>1</sup> Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

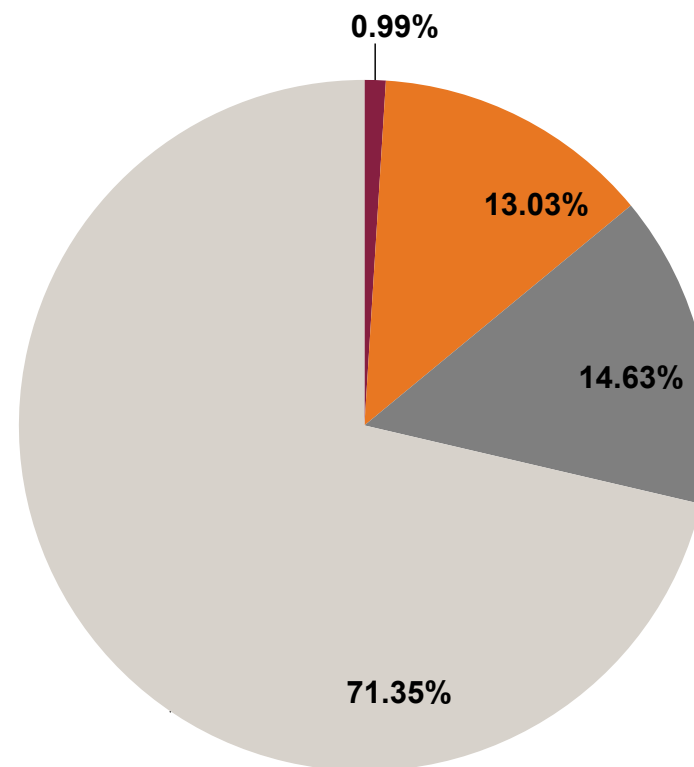
## Stratification of Write-Offs for Fiscal Year 2025

Total Number of Accounts = 804



■ \$0-\$99      ■ \$100-\$999  
■ \$1,000-\$2,999      ■ > \$3,000

Total Dollar Value = \$989,676  
Average Dollar Value = \$1,231



■ \$0-\$99      ■ \$100-\$999  
■ \$1,000-\$2,999      ■ > \$3,000

# Executive Summary

- # a. Informational Update on Advancement
- + b. Informational Annual Report on Treasury Investments and Quasi-Endowments
- #+ c. Informational Annual Report on Student Financial Aid Resources
- \* d. Approval of Resolution for Authority to Execute an Asset Exchange with VTT LLC, a Loan Agreement with the Virginia Tech Foundation, and a Long-Term Lease



# Advancement Update

Tom Wamsley, Senior Vice President for Advancement

November 17, 2025

# Advancement Update as of September 30, 2025

- New Gifts and Commitments: **\$35,545,931**
- Cash: **\$18,363,005**
- On pace to maintain 20-22% undergraduate alumni participation by fiscal year end
- Boundless Impact Campaign
  - **\$1.908 billion** raised toward the increased goal of \$1.872 billion
  - **118,458** engaged alumni toward 120,000 goal

# Additional Updates

## Presidential Priorities:

- Virginia Tech Advantage (10/09/25)
  - FY26 total: **\$7.2 million**
  - FY26 goal: \$38.4 million
  - **\$113 million** total raised toward our 10-year goal of \$500 million
- Global Distinction (08/31/25)
  - FY26 total: **\$3.5 million**
  - FY26 goal: \$35.7 million
  - **\$160 million** total raised
- Athletics
  - Chief Advancement Officer
  - Communications
  - Principal Giving, Major Giving, Advancement Operations
  - Ongoing Reporting

# Discussion

## Annual Report on Treasury Investments and Quasi-Endowments

### FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 21, 2025

#### Background

Since 2006, the university has had the authority to invest its resources in a wide array of financial securities. Consequently, the university has implemented an investment program (the “Program”) to ensure prudent levels of liquidity, maximize investment earnings, and comply with applicable state laws and university policies. The Program supports the university’s bond rating and promotes the attainment of goals, such as keeping down tuition and fees, growing financial statement unrestricted net assets by at least \$20 million a year, and resourcing strategic academic programs. The program is separate from the private gifts and endowments owned by the Virginia Tech Foundation.

The Investment Team is responsible for managing the program in accordance with the Investment Policy Statement (IPS). The updated IPS was approved by the board in November 2023 which expanded the two-investment pool approach by authorizing a three-tier structure with expanded investment options for working capital.

#### Summary of Investment Tiers

Tier	Funds	Target	Governing Statute
Education and General	State Appropriations and E&G Tuition and Fees	Liquidity, compliance	Investment of Public Funds Act (§ 2.2-4500)
Working Capital	Non-general Funds <sup>1</sup>	Liquidity, enhanced return	Uniform Prudent Management of Institutional Funds Act
Strategic Investments <sup>2</sup>		Enhanced return	

<sup>1</sup>Includes gifts, local funds, and non-general reserves.

<sup>2</sup>VTF Endowment.

#### Current Year Results

In fiscal year 2025, overall cash and investments increased \$116 million, bringing the total year-end balance to \$1.4 billion.

This increase is primarily comprised of a rise in cash restricted for capital projects, a rise in reserve deposits, timing of incomplete projects (carryover), and earnings on long-term

investments. The university has continued to increase internal liquidity and strategic investments, as mentioned above. The university aims to continue strengthening its cash and investment balances to improve its peer comparisons and support strategic initiatives.

## Liquidity Strategy

The *Virginia Tech Liquidity Management Procedures* prescribe maintaining a minimum balance of 90 days operating expenditures budget (annual budget divided by 365). The Investment Team manages internal and external sources of liquidity to ensure a minimum of 45 days of internal liquidity and 45 days of external liquidity

The university's internal liquidity is comprised of bank balances and fixed income investments

External liquidity is comprised of bank lines of credit. The current Board of Visitors approval authorizes external lines of credit up to the greater of \$200 million or 45 days of liquidity.

### Liquidity Snapshot at June 30, 2025

*per Annual Financial Statements*

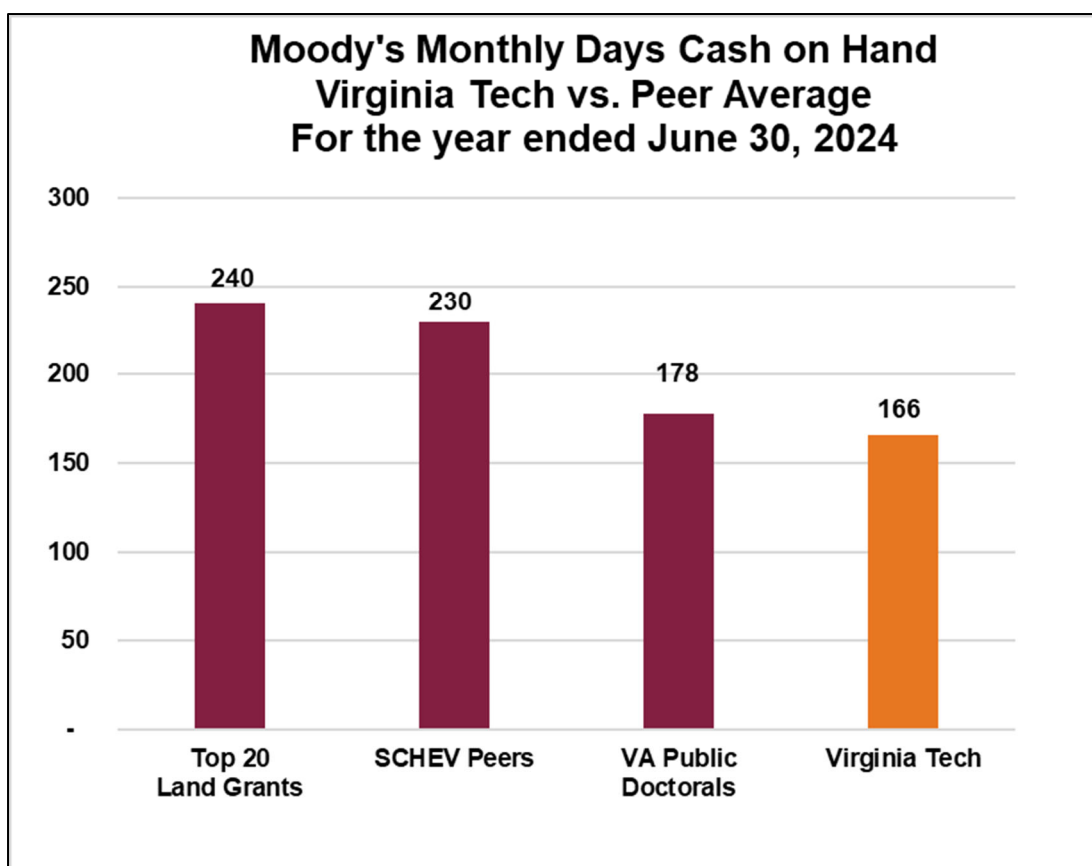
*all dollars in millions*

Source	Amount	Days <sup>1</sup>
Internal Liquidity	\$784.7	117
External Liquidity	\$198.0	29
Total Liquidity	\$982.7	146

<sup>1</sup>2025 one-day of cash ≈ \$6.7M

### Peer Comparison: Moody's Monthly Days Cash on Hand

Moody's rating agency calculates a different liquidity metric called the Monthly Days Cash on Hand based on financial statements data. This metric represents the number of days the university could cover operating expenses from all unrestricted cash and investments that could be liquidated within 30 days. Increasing unrestricted cash and investment asset allocation to more liquid, shorter-duration investments improves performance on this metric. The Investment Team considers the tradeoff between return and credit rating impacts when investing in higher-yield, less liquid investments, such as investments in the VTF endowment pool. The following chart provides comparisons of the university's Moody's Monthly Days Cash on Hand to select peer groups.



Source: Moody's Days Cash on Hand 6/30/2024 for reporting institutions.

### **Virginia Tech Foundation Endowment Pool**

The university began placing its long-term investment strategies in the VTF endowment pool in 2009. The university tracks and reports these funds separately from the private gifts and endowments typically received and invested by the VTF. The VTF invests these funds under an agency agreement approved by the Board of Visitors on August 31, 2009. This placement meets the requirements of the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100) and the university's investment policy.

As of June 30, 2025, the market value of university funds invested in the endowment pool was \$636.5 million. Funds invested in the endowment pool managed by VTF consist of true endowments quasi-endowments and the university's strategic investments.

### **Utilization of Investment Income**

The university has designed its investment program to generate recurring supplemental revenue streams to advance university goals. Accordingly, the university has developed two sets of principles regarding using these funds that are consistent with state guidance and accounting principles and maximize support for university programs.

The first set of overarching principles relates to the goal of supporting major university goals, such as reducing the need for increases in tuition and fees, building adequate operating reserves (including the strategic plan milestone of growing net assets by \$20 million per year), and investing in strategic academic programs and initiatives. This set of principles also emphasizes the preservation of capital and building capacity to preserve and enhance the university's purchasing power over time.

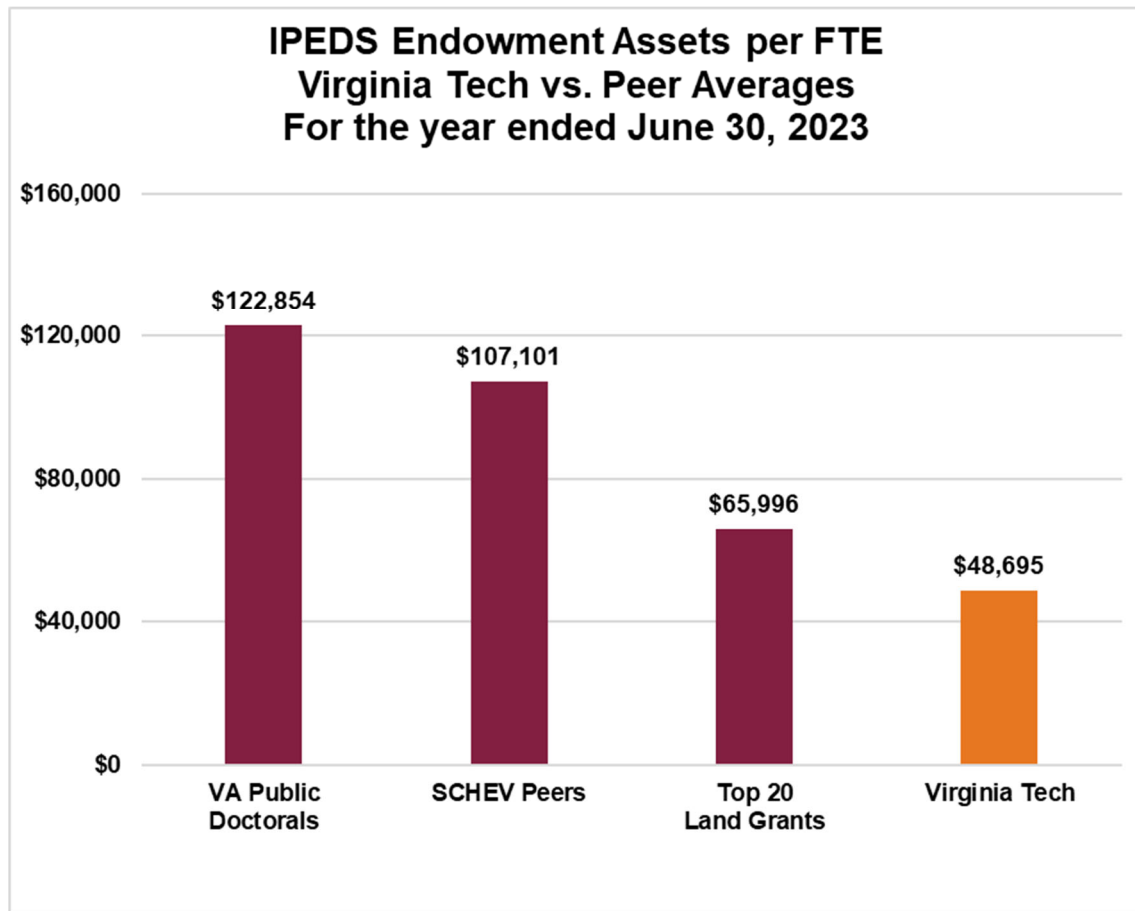
The second set of overarching principles relates to the appropriate allocation of investments based on the restricted or unrestricted nature of funds in the university's long-term investment strategies. In the case of restricted funds or funds associated with an operational activity clearly defined in the university's program structure, the university apportions the associated earnings to those purposes or programs. The case of the university's true endowments, quasi-endowments, and funds from specific programs such as auxiliary enterprises best demonstrate this practice.

Alternatively, in the case of non-auxiliary unrestricted funds, the university allocates earnings to a resource pool available for allocation to strategic institutional goals and initiatives. These allocations will be made primarily as one-time or limited recurring commitments and will rarely be used to provide ongoing support to a strategic activity. Currently, the earnings from the unrestricted university funds are fully committed to banking fees, Intercollegiate Athletics, scholarships, VTCSOM, and the Innovation Campus.

*Peer Comparison: IPEDS Endowment Assets per FTE Enrollment*

The university's endowment assets contribute to the International Postsecondary Education Data System (IPEDS) Average Endowment Assets per FTE Enrollment. This metric provides an enrollment-adjusted look at the university's endowment assets compared to peer institutions. Increasing the university's endowment assets strengthens the university's credit profile, provides annual resources for strategic priorities, and improves the university's peer comparison. The following chart provides comparisons of the university's IPEDS Endowment Assets per FTE Enrollment to select peer groups.





Source: Integrated Postsecondary Education Data System (IPEDS) Average Endowment Assets per FTE Enrollment 6/30/2023 for reporting institutions.

## Conclusion

The university has implemented an investment program designed to promote the attainment of the university's goals, such as keeping down tuition and fees, growing unrestricted net assets by in excess of \$20 million a year, and investing in strategic academic programs. The investment program helps achieve these goals through a liquidity strategy that incorporates external lines of credit and management of internal funds, and through the prudent deployment of investment earnings as one-time or limited recurring commitments to strategic goals and objectives. Additionally, the investment program aims to strengthen the university's cash and investment balance comparisons to peer groups. The IPS serves to further these goals and help build on a strong foundation that supports the university's spending power, financial stability, and bond rating

## **Attachments**

Attachment A shows the changes in cash and investments between fiscal years 2021 and 2025 and the growth of long-term investments in the VTF endowment.

Attachment B shows the components of the university's cash and investment balances as of June 30, 2025, and includes information related to the investment managers and the durations. It also identifies which pools contain auxiliary system funds and separates other types of investments with unique restricted purposes, such as unspent bond proceeds, deferred compensation, and the Land Grant endowment.

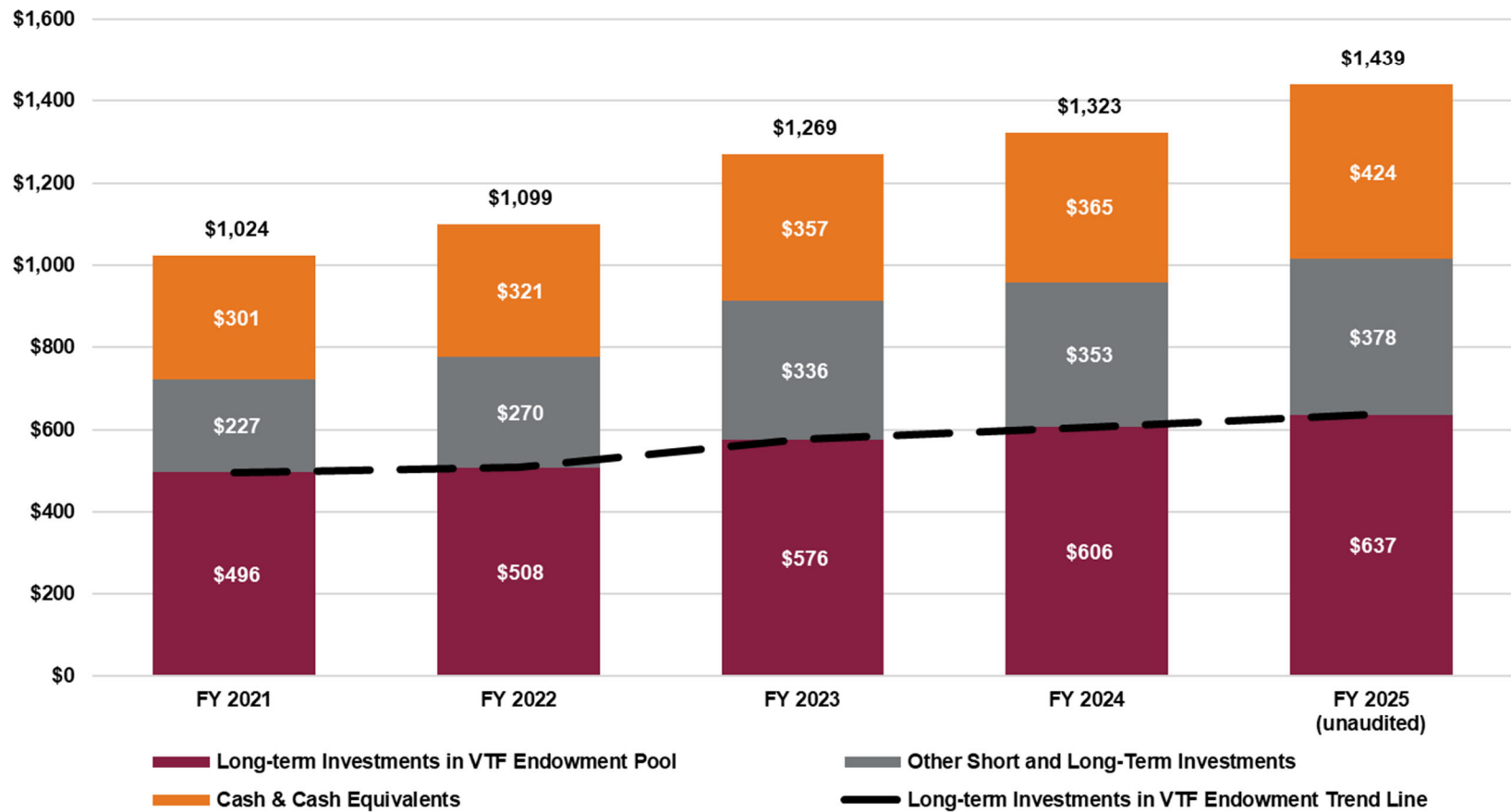
Attachment C for information for short-to-intermediate-term investment pools performance for the most recent fiscal year and longer-term periods. This attachment also includes the VTF endowment pool performance for the most recent fiscal year and longer-term periods

Attachment D for additional information on the purpose of these various true and quasi-endowments and the restrictions on these funds.

Attachment E for more information on the university's utilization of the earnings on the invested funds based on their restricted or unrestricted character. This schedule also shows the requirement from the Management Agreement negotiated with the commonwealth under the Restructuring Act that all interest earnings on Agency 208 E&G be escrowed with the commonwealth for possible appropriation in the following year. Even though the university has met the terms and conditions of the management agreement, the commonwealth has not consistently appropriated these funds in the following years. Funds not appropriated to the university are contributed to the commonwealth's General Fund.

Attachment F for information on the Investment Team composition.

**Total Cash and Investments**  
**For the years ended June 30, 2021-2025**  
*all dollars in millions*



**University Cash and Investment Balances**  
**at June 30, 2025**

*all dollars in millions*

		<b>Cash &amp; Cash Equivalents</b>	<b>Short-Term Investments</b>	<b>Long-Term Investments</b>	<b>Total Cash &amp; Investments</b>
Wells Fargo	Main Operating Bank	\$ 47.0	\$ -	\$ -	\$ 47.0
Standish Mellon <sup>1</sup>	90-Day Cash Manager	362.0	-	59.6	421.6
Merganser <sup>1</sup>	1-3 Year Credit Manager	3.1	-	313.0	316.1
VTF Endowment <sup>1</sup>	Long-Term Investment Pool	5.7	-	636.5	642.2
	<b>Operating and Long-Term Investments</b>	<b>417.8</b>	<b>-</b>	<b>1,009.1</b>	<b>1,426.9</b>
Unspent Bond Proceeds and Various Other Restricted		6.1	-	6.1	12.2
	<b>Total Investments<sup>2</sup></b>	<b>\$ 423.9</b>	<b>\$ -</b>	<b>\$ 1,015.2</b>	<b>\$ 1,439.1</b>

<sup>1</sup>Includes Auxiliary System Funds.

<sup>2</sup>Unaudited.

**Short, Intermediate and Long-Term Investment Strategies Performance Report  
at June 30, 2025**

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon General Account: <sup>1</sup>	4.76%	4.69%	2.80%	1.99%	1.36%
<i>FTSE 3-Month US T-Bill</i>	4.88%	4.75%	2.88%	2.01%	1.35%
Merganser General Account: <sup>1</sup>	6.13%	4.38%	2.05%	2.16%	2.38%
<i>BofAML 1-3 Yrs Gov/Corp</i>	5.93%	3.76%	1.60%	1.86%	2.10%
VTF Endowment: <sup>1</sup>	8.94%	9.00%	9.77%	6.50%	N/A
<i>CEF Benchmark</i> <sup>2</sup>	13.16%	11.79%	8.34%	6.97%	N/A

<sup>1</sup>Performance is net of investment manager fees.

<sup>2</sup>65% Global Equities, 20% U.S. Fixed Income, and 15% Global Real Estate.

## **True Endowments**

True endowments are funds received from a donor with the restriction that the principal is not expendable. This allows for the gift to have an impact over a longer period than if it were spent all at once. Endowments may also come with stipulations regarding usage. As a result, an endowment payout may be restricted to a specific purpose such as a scholarship, professorship, or program.

### **Rolls Royce Endowments**

The Rolls Royce Endowments are true endowments created by the commonwealth in 2010 as part of the incentive package to recruit the company to Virginia. The endowment is restricted to support chaired professorships and graduate students in Engineering. The total investment and cash endowment value of the Rolls Royce Endowments as of June 30, 2025 was \$14.3 million.

### **Pouring Rights Scholarship**

The Pouring Rights Scholarship is a true endowment established according to the terms of the 2012 Coca-Cola Pouring Rights contract. The funds are restricted for scholarships. The total investment and cash endowment value as of June 30, 2025 was \$0.6 million.

## **Quasi-Endowments**

Quasi-endowments represent university funds designated by the Board of Visitors rather than a donor. They carry the same intent to provide ongoing income from a long-term investment; however, the governing board retains the authority to repurpose such funds and to remove funds from the quasi-endowment asset category at any time.

### **Pratt Estate**

The \$11 million restricted gift from John Lee Pratt in 1977 supports Animal Nutrition and the College of Engineering. This fund was established as a quasi-endowment by the Board of Visitors in the 1970s and reaffirmed on June 4, 2018 for its restricted purpose. The total investment and cash endowment value of the Pratt Estate funds as of June 30, 2025 was \$48.9 million.

### **Donaldson Brown Scholarship**

During the 1940s, the late Mr. Donaldson Brown made gifts to the university designated for student loans or scholarship. In 1992, the funds were focused to provide scholarships. The Board of Visitors reaffirmed/designated the fund as a quasi-endowment on June 4, 2018 designated for scholarships consistent with the terms of the gift. The endowment value as of June 30, 2025 was \$1.0 million.

### Nationwide Scholarship

A 2014 settlement agreement with Nationwide Life Insurance Company related to student medical insurance premiums included the establishment of a scholarship fund in their name from any residual or unclaimed funds. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The total investment and cash value as of June 30, 2025 was \$10.3 million.

### Chinese Endowed Geosciences Scholarship

In 2002, the Department of Geological Sciences established a scholarship fund to support Chinese graduate students from funds provided by the People's Republic of China. The total investment and cash endowment value as of June 30, 2025 was \$0.1 million.

### Gloria Smith Professorship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for the Gloria Smith professorship. The professorship, named in honor of the late Gloria D. Smith, a counselor and advocate of minority students on campus before her retirement, is awarded for a period of two years to an outstanding faculty member who contributes significantly to the growth and development of minority students, student-athletes, and scholarly pursuits. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for the professorship. The total investment and cash endowment value as of June 30, 2025 was \$0.4 million.

### Licensing & Trademark Scholarship

Over the last two decades, the University's Licensing & Trademark agreements have created one-time resources that have been invested to create ongoing income for scholarships. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The endowment value as of June 30, 2025 was \$17.7 million.

### Multicultural Affairs Scholarship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for scholarships for Multicultural Affairs. The Board of Visitors authorized this fund as a quasi-endowment designated for scholarships on June 4, 2018. The value as of June 30, 2025 was \$0.1 million.

### Student Health Insurance Fund

In 1997, the university received a stock conversion settlement from Trigon when the company went public. The Board of Visitors authorized this fund as a quasi-endowment

on June 4, 2018 to support the health care insurance program, including the administration of student insurance programs. The value as of June 30, 2025 was \$0.4 million.

### **Unrestricted Investments**

Unrestricted investments consist of university nongeneral fund reserves, balances, and local funds. These investments are meant to create a revolving set of resources generating an annual, recurring revenue stream to make one-time or limited recurring commitments to pursue the university's strategic goals. The total investment and cash value of these other university funds as of June 30, 2025 was \$548.2 million



**2025-26 Utilization of Investment Income***all dollars in thousands***2025-26 Estimate**

<b>Description</b>	<b>Utilization</b>	<b>Internal Liquidity Investments</b>	<b>Strategic Investments</b>
<b>True Endowments</b>	Scholarships, Engineering Chaired Professorships & Grad Students	-	\$618
<b>Donor Restricted Quasi-Endowments</b>	Scholarships, Animal Nutrition & Engineering programs	-	2,506
<b>BOV Designated Quasi-Endowments</b>	Scholarships, Professorship support, Support student health insurance program	-	775
<b>Unrestricted Investments</b>			
State Escrow <sup>1</sup>	Support E&G Programs, subject to state appropriation	\$4,189	
Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	7,840	5,732
Other University Funds	Banking fees and investment management costs, Intercollegiate Athletics, Scholarships, VTCSOM, Innovation campus, and other operating costs	18,840	16,567
<b>Total University Investment Income</b>		<b>\$30,869</b>	<b>\$26,198</b>

<sup>1</sup>Reflects amount estimated to be returned to E&G Programs. Escrowed to the Commonwealth but has not been appropriated.

### **Investment Management Team**

The Investment Team, comprised of the Vice President for Finance and Chief Financial Officer, Assistant Vice President for Finance and Associate Treasurer, Associate Vice President for Finance and University Controller, and the Associate Vice President for Budget and Financial Planning, are responsible for developing recommendations regarding the university's overall investment strategies and providing ongoing monitoring, assessment, and adjustments to the investment program during the fiscal year to achieve the university's overall investment strategies. The Investment Team approves the annual allocation decisions to ensure a prudent level of liquidity to fund current operations. The Vice President for Finance and Chief Financial Officer coordinates these decisions with the Executive Vice President and Chief Operating Officer.

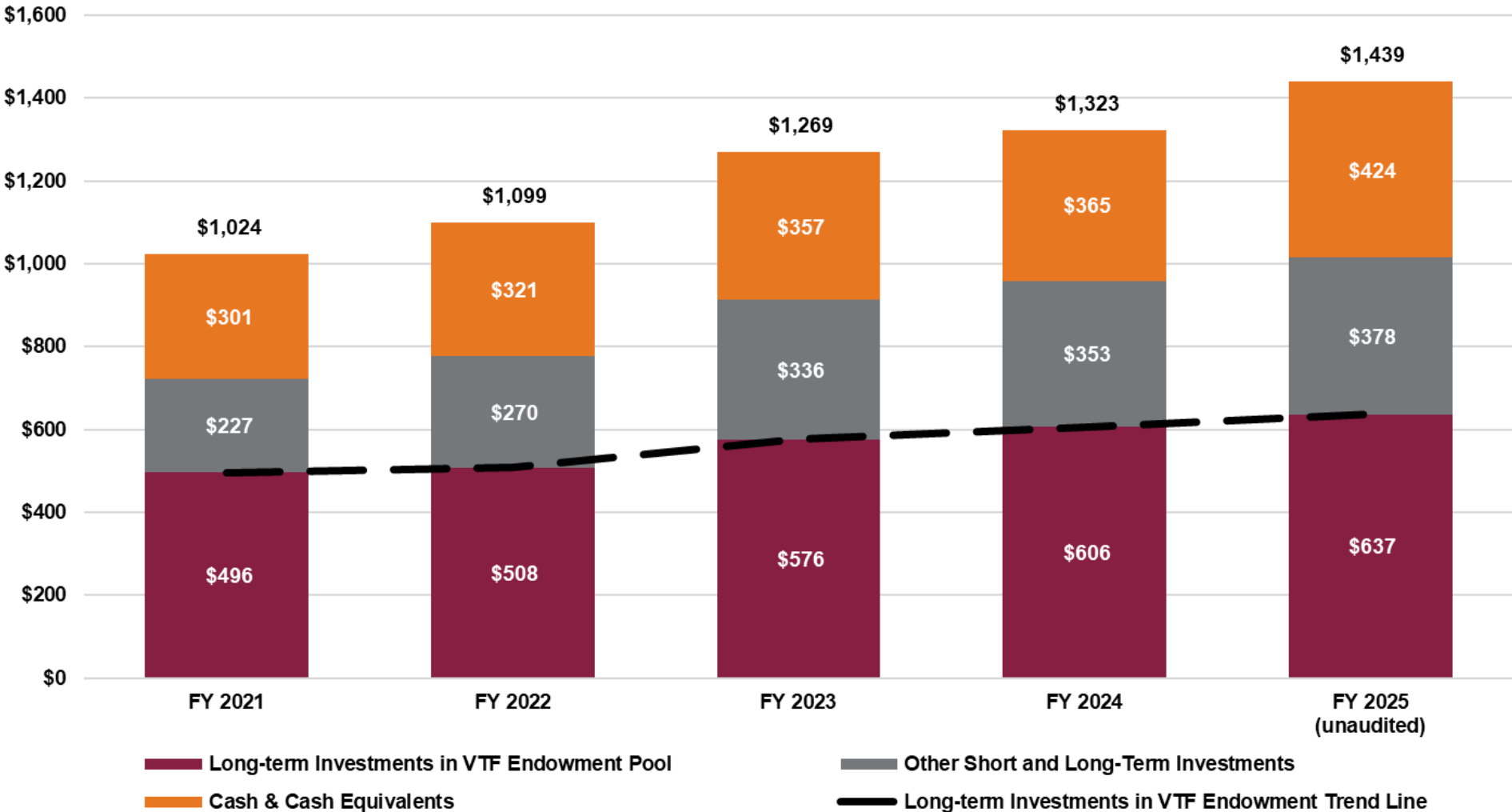
# Annual Report on Treasury Investments and Quasi-Endowments

Simon Allen, Vice President for Finance and Chief Financial Officer

November 17, 2025

# Cash and Investment Holdings

**Total Cash and Investments**  
**For the years ended June 30, 2021-2025**  
*all dollars in millions*



# Cash and Investment Allocations

## University Cash and Investment Balances at June 30, 2025 *all dollars in millions*

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	\$ 47.0	\$ -	\$ -	\$ 47.0
Standish Mellon <sup>1</sup>	90-Day Cash Manager	362.0	-	59.6	421.6
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<b>Total Investments<sup>2</sup></b>		<b>\$ 423.9</b>	<b>\$ -</b>	<b>\$ 1,015.2</b>	<b>\$ 1,439.1</b>

<sup>1</sup>Includes Auxiliary System Funds.

<sup>2</sup>Unaudited.

# Liquidity Snapshot

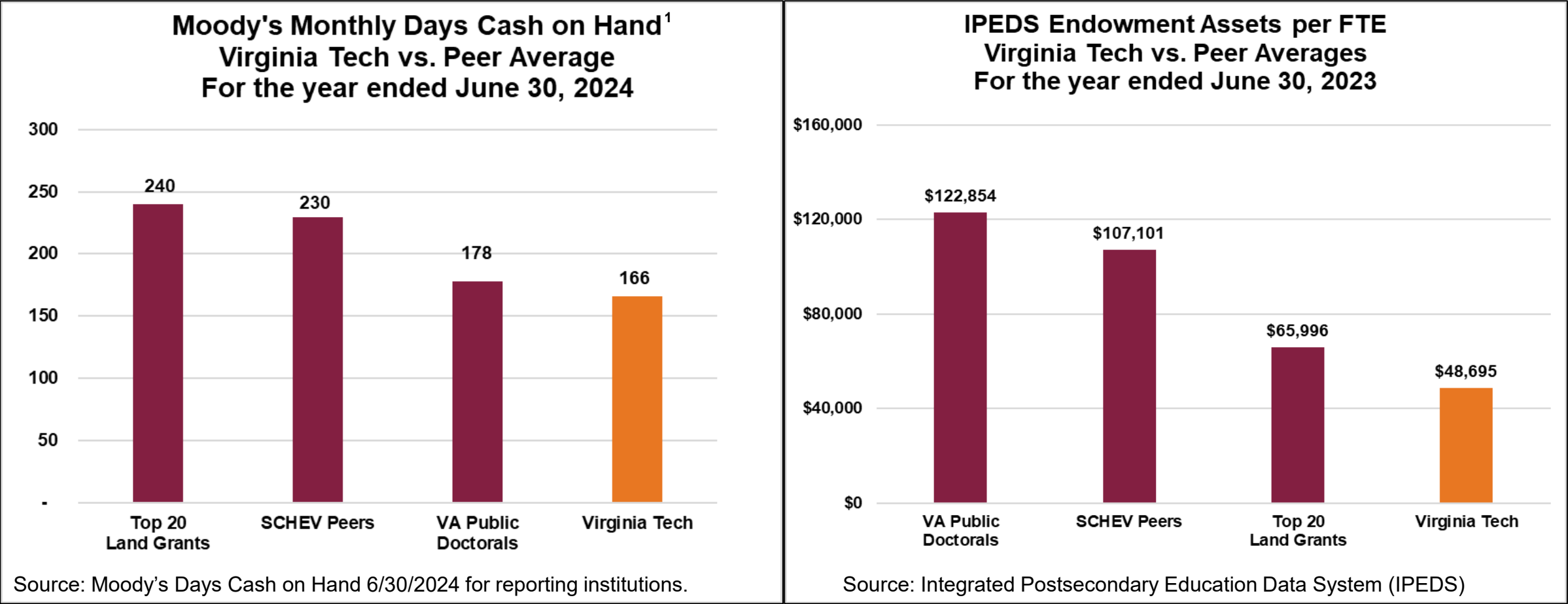
Per Annual Financial Statements as of 6/30/2025  
All dollars in millions

Source	Amount	Days <sup>1</sup>
Internal Liquidity	\$784.7	117
External Liquidity <sup>2</sup>	\$198.0	29
Total Liquidity	\$982.7	146

<sup>1</sup>2025 one-day of cash  $\approx$  \$6.7M, Peer Comparison: Moody's Monthly Days Cash on Hand

<sup>2</sup>External Liquidity was authorized in June 2018 by BOV at \$200M. The university is reviewing external liquidity level thresholds.

# Cash and Investment Benchmarking



<sup>1</sup> Moody's Monthly Days Cash on Hand represents the number of days the university could cover operating expenses from all unrestricted cash and investments that could be liquidated within 30 days. Accordingly, the number of Days Cash on Hand is different to the calculation on the previous slide

5

# Cash and Investment Performance

## Short, Intermediate and Long-Term Investment Strategies Performance Report at June 30, 2025

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon General Account: <sup>1</sup>	4.76%	4.69%	2.80%	1.99%	1.36%
<i>FTSE 3-Month US T-Bill</i>	4.88%	4.75%	2.88%	2.01%	1.35%
Merganser General Account: <sup>1</sup>	6.13%	4.38%	2.05%	2.16%	2.38%
<i>BofAML 1-3 Yrs Gov/Corp</i>	5.93%	3.76%	1.60%	1.86%	2.10%
VTF Endowment: <sup>1</sup>	8.94%	9.00%	9.77%	6.50%	N/A
<i>CEF Benchmark</i> <sup>2</sup>	13.16%	11.79%	8.34%	6.97%	N/A

<sup>1</sup>Performance is net of investment manager fees.

<sup>2</sup>65% Global Equities, 20% U.S. Fixed Income, and 15% Global Real Estate.



- Total cash and investments are robust and continue to grow
- Virginia Tech lags peer institutions in liquidity / days cash on hand metric but is adequately funded versus operational needs
- The university seeks to invest its resources to generate income that supports achieving the university's strategic goals and initiatives, while appropriately managing investment risks

# Discussion

# Annual Report on Treasury Investments and Quasi-Endowments

- The Investment Policy aims to ensure prudent levels of liquidity and maximize investment earnings.
- The investment tiers include:
  - Educational & General and Working Capital tiers invested with Standish Mellon, Merganser and potentially other 3rd party managers.
  - Strategic investments with the VT Foundation endowment.
- *Current* liquidity minimums: 45 days internal liquidity and 45 days external liquidity.
  - Each day of liquidity equals the university's annual operating expenditures budget divided by 365.
- Two key principles for allocating earnings:
  - Return designated or restricted earnings to their respective programs to pursue current and future activities.
  - Deploy unrestricted earnings<sup>1</sup> for one-time or limited recurring commitments to pursue strategic initiatives, and to build capacity by growing unrestricted net assets by  $\geq$  \$20 million per year to achieve the strategic plan milestone.

<sup>1</sup>Earnings on E&G funds must be escrowed with the Commonwealth of Virginia in accordance with the management agreements of the Restructuring Act and are used to support the E&G budget once appropriated by the commonwealth in the following year.

**University Support for Student Financial Aid**  
**Finance & Resource Management Committee**  
**October 22, 2025**

Consistent with prior years, the university is providing the Finance and Resource Management Committee of the Board of Visitors with an update on the university's Student Financial Aid program. This annual report provides an overview of the types of student financial assistance programs available at the university, sources of funding for these programs, and a review of the institutional undergraduate aid programs that are controlled or influenced by the university.

This report is an integral part of the information flow to the Board of Visitors to assist in the assessment and approval of the university's tuition and fee rate proposals.

### **Funding Environment**

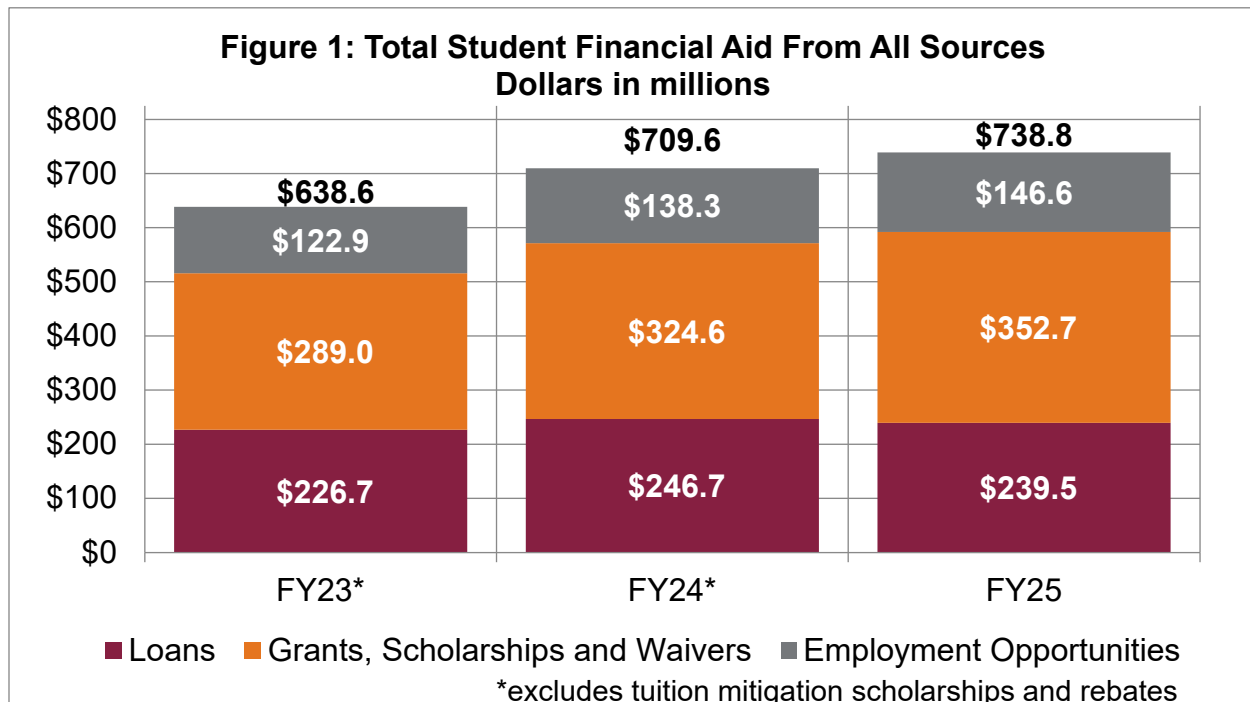
Over time, Virginia Tech has experienced a shift in the types of resources available to support the instructional program. This change was driven by a combination of increasing costs, the requirement to maintain the quality of programs, and the level of state financial support.

The state-funded share of support per student is impacted by the many cost-drivers competing for state resources. In this environment, the role of student financial assistance of all types has become a more central element of financial planning in the university's efforts to ensure access and affordability. Financial aid programs are critical to support those goals, as well as promoting the recruitment, retention, and graduation of students. The university's financial aid efforts seek to ensure that qualified students can access a Virginia Tech education and to help promote student success.

Understanding the shift in the cost of education from the state to the student over time, the university has proactively focused its efforts to increase support for student financial aid. These efforts are specifically designed to ensure access and affordability and meet the goals of the university as described in its Management Agreement with the commonwealth and support broader affordability goals.

### **Types of Student Financial Aid**

The university facilitates a multifaceted scholarship and financial aid program that provides assistance to undergraduate students through grants and scholarships, employment opportunities, loans, and payment strategies. Graduate students are supported through graduate assistantships, which provide tuition remission and a stipend in exchange for university service. Fund sources for this assistance are varied as are their accompanying eligibility protocols. For fiscal year 2024-25, total aid reached \$738.8 million, as seen in Figure 1 below.



Financial assistance to students is provided in the four main categories of grants and scholarships, employment, loans, and payment options:

1. **Grants and Scholarships** provide aid based on academic or extracurricular achievement, or financial need, and require no exchange of service. Some scholarships are need-based, some are merit-based, and others are a combination. For merit-based awards, no repayment is expected.

*Need-based awards* are offered to students who demonstrate financial need as determined by federal and institutional standards. Such standards involve the computation of the cost of attendance including estimated books and supplies, transportation, personal expenses, and room and board whether on or off campus, in addition to tuition and required fees. From this total cost of attendance, the university utilizes the Student Aid Index (standardized through the Free Application for Federal Student Aid, the FAFSA), and an analysis of any outside aid the student has obtained from sources other than the university to determine the student's financial need.

*Non-need-based awards* may be merit-based and offered to students who demonstrate exceptional aptitude and academic and/or extracurricular achievement.

2. **Employment** includes wage employment, student work-study opportunities at the undergraduate level, and graduate assistantships at the graduate level. In 2024-25, 34 percent (13,362) of Virginia Tech students participated in an employment opportunity.

*Federal Work-Study* – provides eligible students a financial aid allotment and a wage employment position. This program is subsidized by the federal government and is supported in part by the university. Federal Work Study (FWS) participants are employed both on and off-campus; gaining valuable work experience along with financial assistance. Award amounts, generally between \$5,000 and \$6,000, are based on a student's Free Application for Federal Student Aid (FAFSA) filing. In 2024-25, 819 students participated in FWS programs; 795 at the undergraduate level and 24 at the graduate/professional level.

*Wage employment opportunities* – provide university employment to students based upon individual qualifications subject to departmental needs and resources. The university employed 9,295 students in wage positions during 2024-25; 7,984 at the undergraduate level and 1,311 at the graduate/professional level.

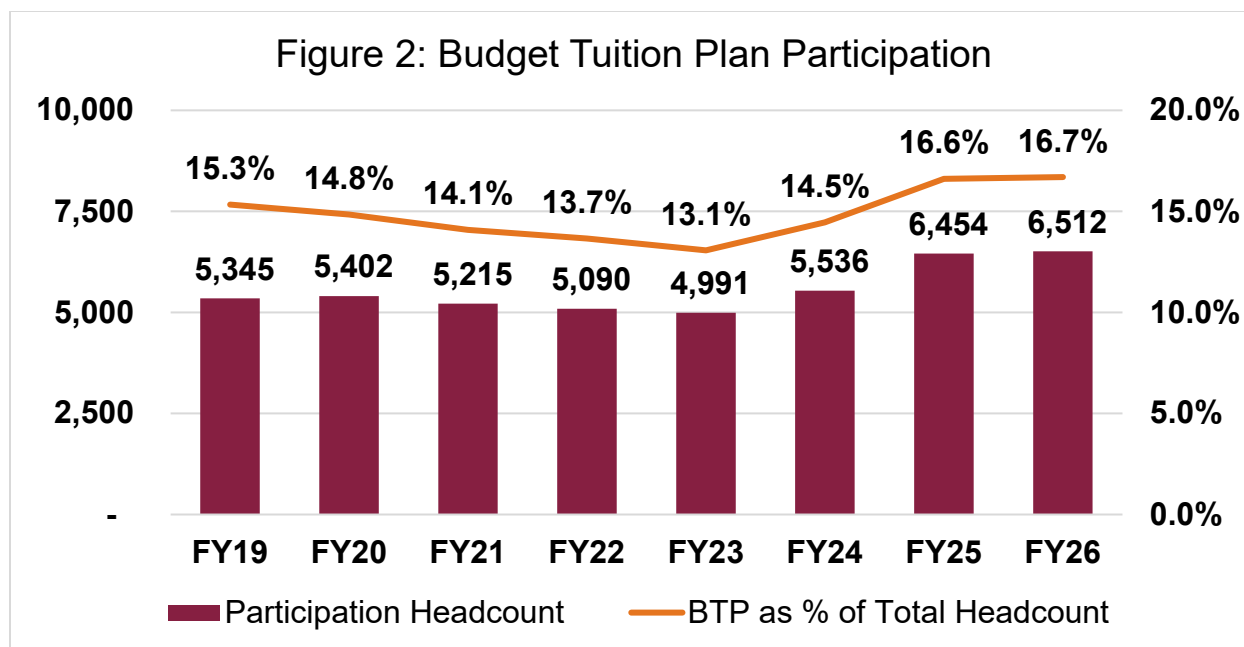
*Assistantships* – offer tuition remission, health insurance, and a stipend in return for the student's (typically graduate-level) effort through research, service, or teaching. This funding supports both the graduate student and the university's programs. The university employed 4,100 individual graduate students, or 3,661 full-time equivalent students, as graduate assistants in administrative, teaching, and research positions in 2024-25. This represents 70 percent of the full-time graduate student population.

3. **Loans** are offered through institutional, federal, and private lenders and provide financial assistance. These loans have repayment requirements. Loans may be subsidized or unsubsidized.

*Subsidized loans:* generally from the federal government, carry a lower interest rate, and do not accrue interest or require payment during qualifying enrollment and deferment periods.

*Unsubsidized loans:* generally accrue higher, market-based interest rates from the date the loan is disbursed, and repayment is not required during qualifying enrollment and deferment periods.

4. **Payment Options** include prepaid tuition plans offered by the Commonwealth of Virginia (such as tax-sheltered savings plans) and the Budget Tuition Plan operated by the university. The Budget Tuition Plan is an installment payment plan which provides students and families the opportunity to spread the cost of tuition and fees over the course of the semester. In the fall of 2025, there were 6,512 students who utilized the Budget Tuition Plan.



The university is involved in the administration and distribution of each of these types of financial aid. Many programs are administered outside of the university, and students arrive with financial aid arrangements (which are generally termed “outside aid” in this report) that the university facilitates on their behalf. Other programs are developed within the institution.

### Sources of Funding for Grants and Scholarships

A wide range of resources support grants and scholarships including federal, state, institutional, and outside aid. These sources are described below and a trend of annual expenditures of each category is detailed in Table 1.

Federal Support comes from the federal government and is provided through federal Pell Grants and Federal Supplemental Educational Opportunity (FSEOG) support. These programs are administered by, and flow to the student through, the university. The appropriations for these programs are often congressionally approved and, in the case of Pell Grants, follow the student to their university.

State Support is provided by the commonwealth from the state General Fund in several ways. The bulk of the commonwealth’s appropriation is directed to the university in support of Virginia resident undergraduate need-based grants. Funding is also appropriated to support tuition remission for graduate students on assistantship. Additionally, the commonwealth directs a small portion of funding to the university to fund students in the certain programs. Other state funding may flow to the university on behalf of students, and is not under the university’s control. The State Council of Higher Education in Virginia (SCHEV) also coordinates some statewide programs.

Institutional Support is the area of financial aid that the university can impact directly, providing financial assistance in the form of scholarships and grants at the undergraduate level and assistantships at the graduate level. Institutional support comes through six main categories: unfunded scholarships, Tuition & Fee Revenue Used for Financial Aid, internal resources, codified waivers, graduate tuition remission, and private funding. In 2024-25, institutional support provided \$111.0 million to 12,645 undergraduate students; an average of \$8,108 per student.

*Unfunded Scholarships:* Section §23-1-612 of the Code of Virginia authorizes institutions of higher education to create need-based scholarships through the remission of tuition and fees up to certain limits at both the student and institutional level. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.

*Tuition & Fee Revenue Used for Financial Aid:* the 2014 General Assembly session added language in Section §4-5.01 b.1.a of the Appropriation Act that authorizes institutions of higher education to create nongeneral fund appropriations for student financial assistance, as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions should make larger grant and scholarship awards to students taking the number of credit hours necessary to complete a degree in a timely manner. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.

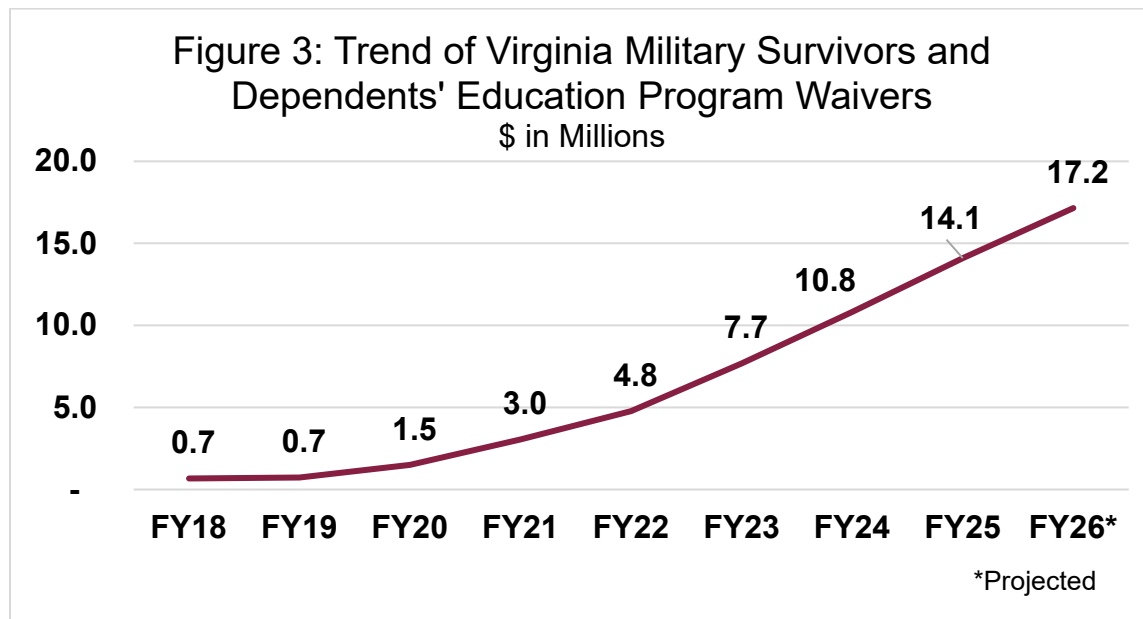
*Internal Resources:* some institutional support is available from specific resources. Given the public nature of much of the university's resources, the university is limited in its ability to generate flexible resources for scholarship support. Examples of this type of support are revenue from Virginia Tech license plate sales and net revenues from licensing and trademark activities.

*Codified Waivers:* while the university is generally unable to waive student charges, codified waivers are specific programs that are enacted in the Code of Virginia that authorize the waiver of charges to support specific groups targeted by the commonwealth. These waivers are mandated by the commonwealth while the cost is absorbed by the university. Given the state's expansion of program eligibility and increased utilization of the Virginia Military Survivors and Dependents Education Program (VMSDEP), the university has seen a significant increase in the waiver in recent fiscal years (Figure 3 below). The mandated waivers include:

- Dependents and spouses of military personnel such as members of the United States Armed Forces or Virginia National Guard who were killed or severely disabled in action,
- Surviving spouses and children of Virginia public safety personnel such as law-enforcement officers, campus police officers, and firefighters killed or disabled in the line of duty,



- Senior citizens with income less than \$23,850 per year, as long as tuition paying students are not displaced.



Because the costs of these programs fall to the institution, these programs are considered institutional support. The university also supports graduate students on assistantship through the waiver of the nonresident differential (the difference in the tuition rate between resident and nonresident graduate students) as authorized by the Appropriation Act for significantly employed graduate students.

**Graduate Tuition Remission:** the most common source of support for graduate students is the graduate assistantship. An assistantship is comprised of a stipend, health insurance, and graduate tuition remission. Assistantships support teaching, research, or other service within the university. The university funds a portion of the graduate tuition remission program, as do grants and contracts tied to specific externally sponsored activities, primarily research.

**Private Funding:** University Advancement supports the vision of Virginia Tech by raising private resources for student scholarships and endowments. These privately-funded scholarships resources are received, managed, and disbursed by the Virginia Tech Foundation on behalf of the institution. While some resources are managed by the university, the university's individual colleges and departments are responsible for awarding a significant portion of the private support and administering restricted scholarships to eligible students based upon donor intent. Utilization of these departmentally administered resources is detailed later in this report.

Outside Aid is aid which normally comes with a student from private external parties. This could include private organizations, nonprofit organizations, businesses, governmental entities, international organizations, and other special-interest groups. The university does not control this fund source but works to facilitate and coordinate the delivery of such support to the student's account. Often these awards are tied to academic progress eligibility which the university may monitor on behalf of the awarding entity.

**Table 1: Grants, Scholarships, & Waivers**  
(\$ in millions)

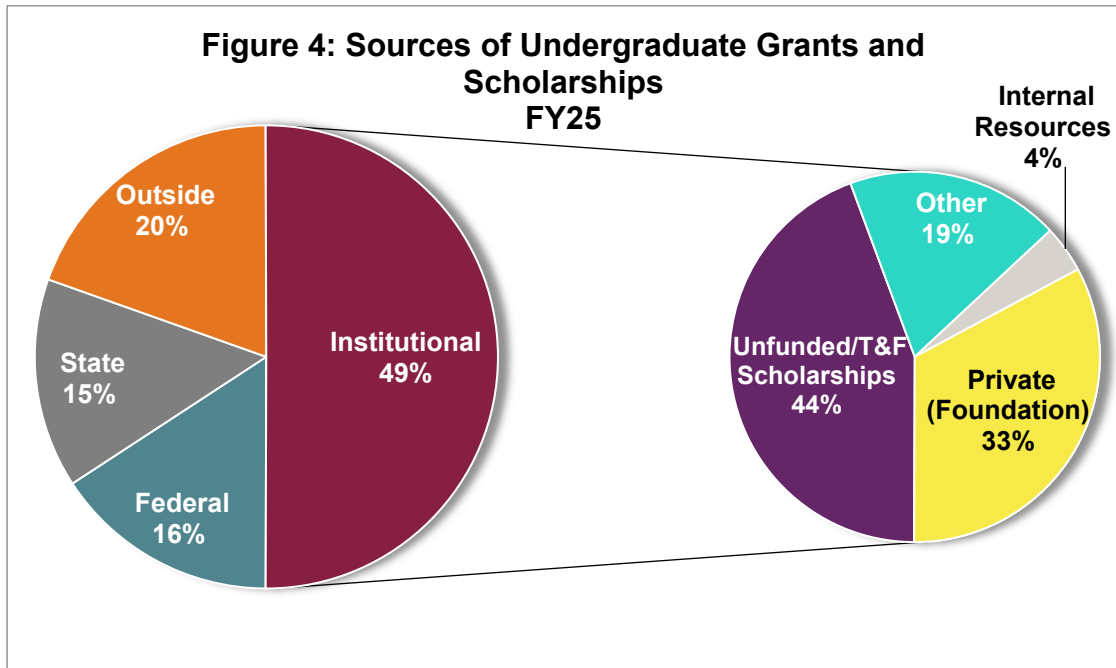
	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
<u>Undergraduate</u>			
<b>Federal</b>	\$26.6	\$28.7	\$34.9
<b>State</b>	21.0	29.8	32.4
<b>Institutional</b>			
Unfunded/T&F Scholarships	35.4	40.4	49.2
Internal Resources	1.7	2.0	4.6
Other <sup>(1,2)</sup>	13.2	17.4	20.7
Private (Foundation)	34.1	36.9	36.5
<i>        Subtotal Institutional</i>	84.4	96.8	111.0
<b>Outside</b>	37.0	41.1	43.2
<i>        Subtotal Undergraduate</i>	\$169.0	\$196.3	\$221.6
<u>Graduate</u>			
<b>Graduate Tuition Remission</b>			
Institutional	\$70.3	\$72.6	\$72.3
State	6.1	6.6	7.1
Sponsored Grants & Contracts	21.6	25.6	27.0
Private	0.7	0.7	0.8
<i>        Subtotal Graduate Tuition Remission</i>	98.7	105.4	107.2
<b>Graduate Aid</b>			
Professional Program Discounting	1.6	1.5	1.5
Other <sup>(1,2)</sup>	7.1	8.1	9.1
Private (Foundation)	4.5	4.6	4.5
Outside	8.0	8.7	8.8
<i>        Subtotal Graduate Aid</i>	21.2	22.9	23.8
<i>        Subtotal Graduate</i>	120.0	128.3	131.1
 Total Grants, Scholarships, & Waivers	 \$289.0	 \$324.6	 \$352.7

(1) Includes waivers codified in the Code of Virginia, and educational benefits for employees.

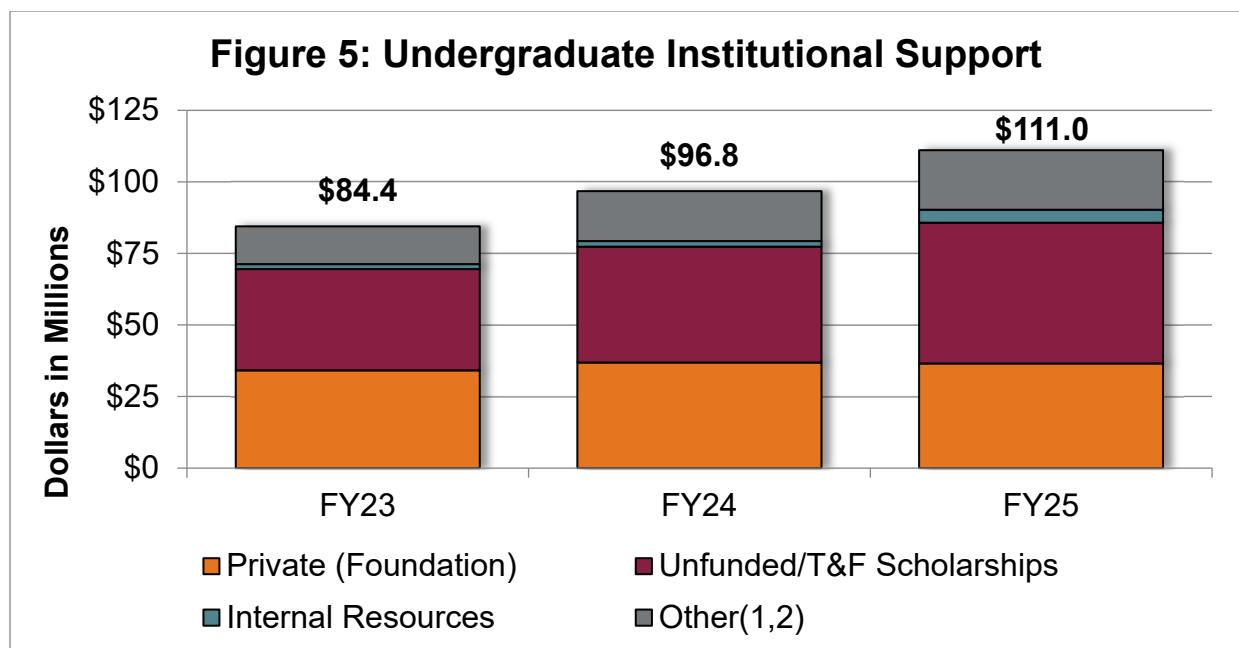
(2) Excludes tuition mitigation scholarships and rebates.

## Undergraduate Scholarships

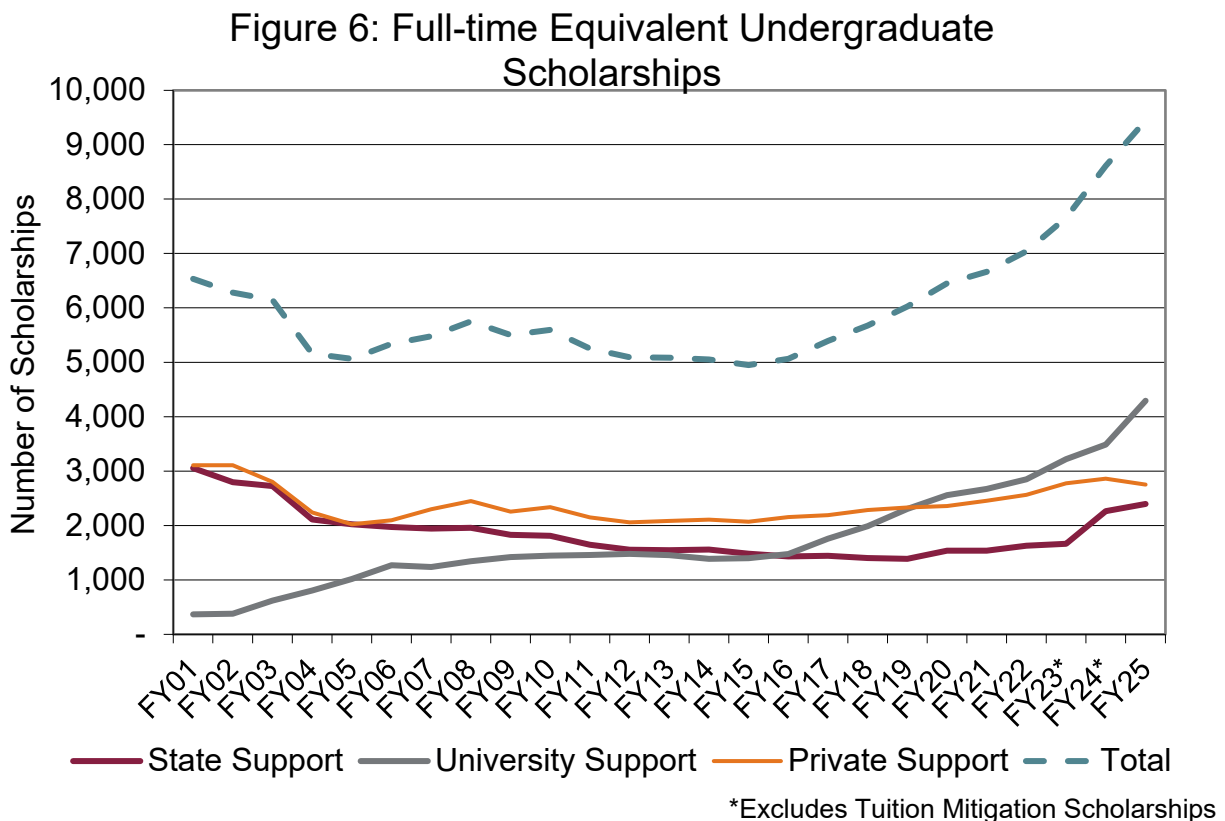
Of the sources of undergraduate scholarships and grants, 49 percent are derived from institutional sources, as seen in Figure 4.



Institutional resources to support undergraduate student financial aid awards have increased over time, as seen in Figure 5.



In recent years, the university has been able to make progress in the total purchasing power of the undergraduate financial aid program. Purchasing power is computed by the theoretical number of Full-Time Equivalent awards that could be supported with budgeted funding for undergraduates. Moving forward, the university intends to continue to exert additional emphasis on raising additional funds to further increase the university's capacity to help with student affordability. Figure 6 displays the trend of this scholarship analysis from these budgeted sources.



## Uses of Funds

The university leverages institutional support to advance access and affordability and has also created several innovative, very successful programs.

Virginia Tech Advantage - the newest and largest student financial aid program recently created by the university. The university has committed to offering a broad educational experience to undergraduate students from Virginia who have financial need. The goal of the program is to improve access and affordability for in-state undergraduate students with financial need and enhance student success. Virginia Tech Advantage will transform our ability to meet student needs, remove barriers, and envision a future full of opportunity for every Hokie graduate.

Two major undergraduate Grant and Scholarship programs, which the university committed to as part of the Higher Education Restructuring Act, are:

Funds for the Future –This is an important university undergraduate financial aid program, designed to assist returning students with financial need by mitigating increases in tuition and required fees for students within certain level of family income. For students from low to middle-income families, the Funds for the Future program provides pricing predictability by mitigation of annual tuition and fee increases for returning students. The program extends protection of 100 percent of tuition and fee increases to all families with financial need with less than \$115,000 of income. Table 2 shows the number of resident and nonresident students receiving this aid in 2024-25. Recognizing the impact of inflationary pressures on access and affordability, the Funds for the Future Program was expanded during the 2025-26 budget development process to provide protection to all families with financial need with less than \$115,000 of income (up from \$100,000).

**Table 2: FY25 Funds for the Future Award Recipients for Families with AGI \$100,000**

Residency	# of Awards	\$ of Awards
Residents	2,672	\$2,743,955
Nonresident	775	\$1,882,673
Total	3,447	\$4,626,628

Virginia Tech Scholarship – The university has been methodically working to expand its total aid program, with the goal of reducing unmet need. Additional funds have been allocated to this program annually with the goal of reducing unmet need at a measured pace over time.

Other programs that have been designed to offset the costs of attendance, achieve enrollment goals, and recognize academically talented students include:

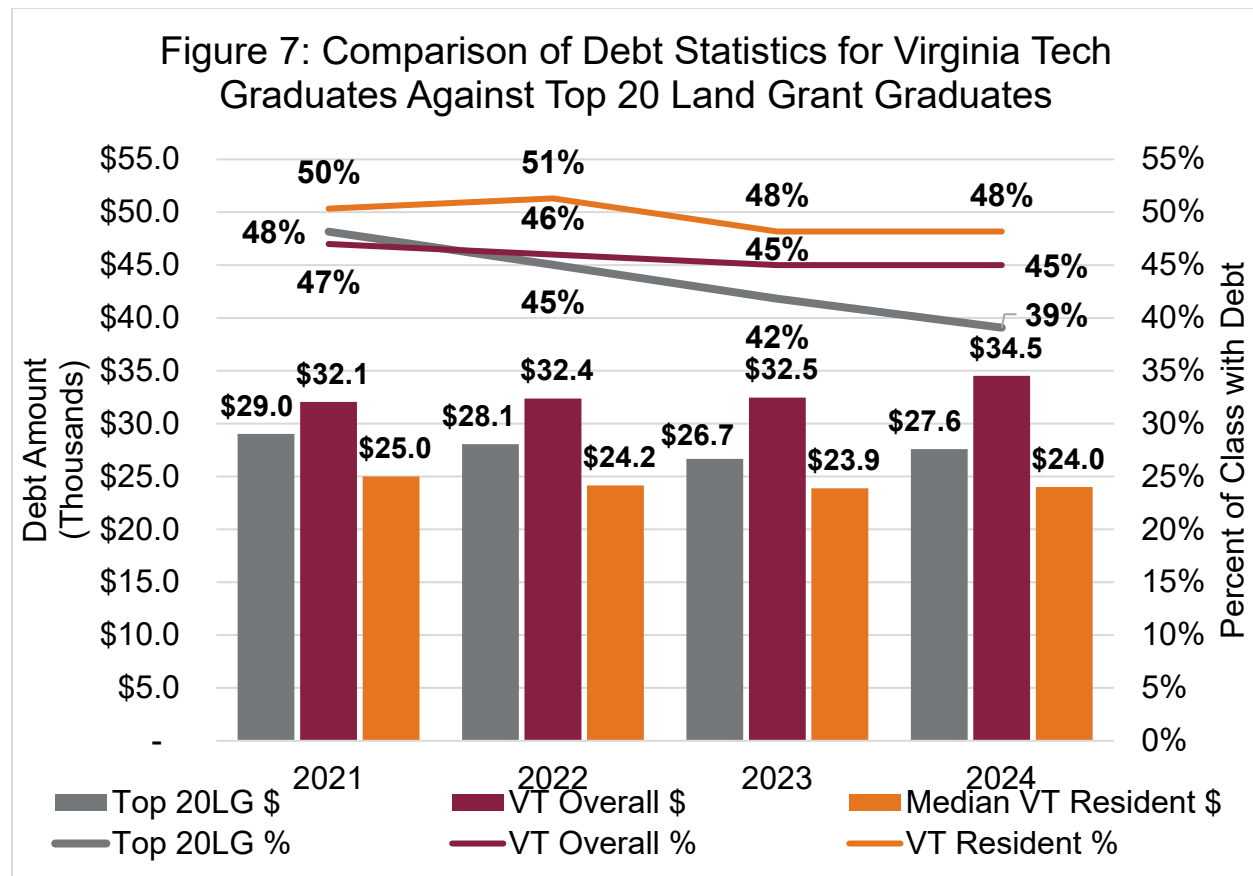
- Expand the current Presidential Scholarship Initiative (PSI) to assist low-income and first-generation Virginia students with significant financial need;
- Beyond Boundaries: matches private giving in support of high-achieving students;
- VT Scholars award to recruit academically talented students and advance university first generation enrollment goals;
- Emerging Leaders Scholarship for participants in the Corps of Cadets;
- Scholarships to defray a portion of a student's costs to study at the Steger Center for International Scholarship and other scholarships to help offset the higher cost of study abroad programs.

These programs help address the commitment to access and affordability that are part of the institution's land-grant mission. These programs have been well-received by students, families, and the Commonwealth and help to advance strategic goals.

## Trends in Student Indebtedness

### Loans

The university continues to monitor students' borrowing behavior. Figure 7 below displays the average borrower debt of the graduating class at Virginia Tech and nationally for the past 4 years, as well as the percentage of each class who carried student loan debt upon graduation. Comparison data shows that approximately 39% graduates of the Top 20 Land Grants had student debt. Of those who did graduate with debt, the average was \$27,594. Though the use of student loans remains a personal decision, the university provides students and parents with information and counseling to understand the benefits and responsibilities of student loan resources. The university has enhanced aid and loan counseling programs in an effort to help reduce student debt. Notably, the median debt taken on by our resident students continues to be below the averages of our national peers.



### Default Rate

The Department of Education notes that FY2019 and future cohort default rates were significantly impacted by the pause on federal student loan payments that began March 13, 2020. During the pause, borrowers with ED-held student loans were not required to make any payments and no borrowers with ED-held loans entered default. The Department of Education's Student Loan forbearance program ended in October 2023. To provide historical perspective, Virginia Tech's 2019 cohort default rate for the Federal Direct Loan

(FDL) and Federal Family Education Loan (FFEL) programs was 0.5 percent, compared with a 0.9 percent average default rate among the university's peer group.

### Unmet Need

A student's need is determined using the federal Free Application for Federal Student Aid (FAFSA). This calculation begins with the cost of attendance (tuition, fees, room, board, books and travel), adjusts for the Student Aid Index along with any aid provided (including loans), and the remaining amount is considered "unmet need". While external factors such as student family income significantly effect this calculation, reducing the percentage of unmet need over time is a goal of the university's student financial aid program. Table 3 below displays the unmet need of resident and nonresident undergraduates over time.

**Table 3: Trend of Unmet Need**

	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
Virginia Undergraduate	\$7,989	\$9,207	\$9,133
% Average Unmet Need	36.2%	37.3%	33.3%
Nonresident Undergraduate	\$14,619	\$16,135	\$16,707
% Average Unmet Need	45.5%	45.9%	44.0%

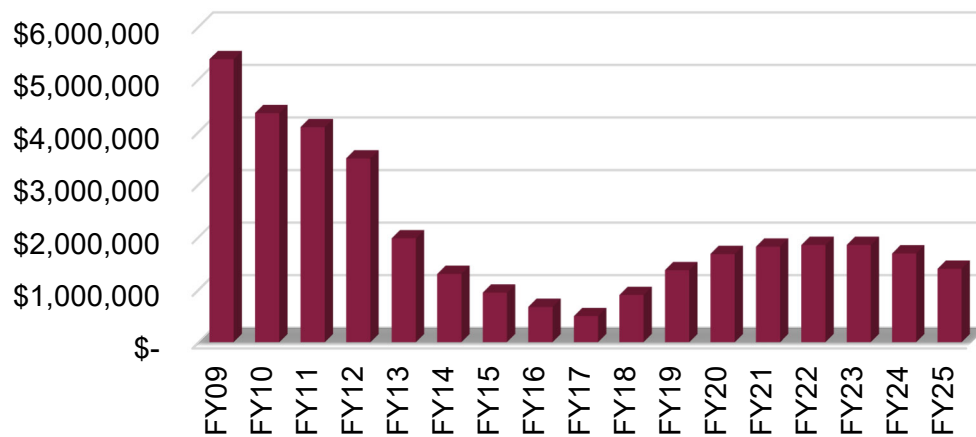
### **Utilization of Private Support**

University colleges and departments are responsible for awarding and administering much of the university's private support for student financial aid. The university provides an annual report to the Committee on endowment scholarship utilization to ensure maximum utilization of departmentally allocated private scholarships.

The Office of the Vice Provost for Enrollment and Degree Management provides guidance to scholarship-managing units through procedures, reports, and data analysis. Each college's annual expenditure plan of endowed scholarships is reviewed and approved to ensure that these resources are utilized effectively. Enrollment and Degree Managements efforts have resulted in enhanced utilization and significant reductions in unallocated cash balances. To continue this success, the Office of University Scholarships and Financial Aid provides an annual management report to the Vice President of Finance to affirm scholarship utilization and the status of funding.

Figure 8 below displays the trend of accumulated departmental private scholarship cash balances. The university believes that the year-end cash balances are at acceptable levels, and will continue to monitor performance in future years to ensure that the cash balances remain at acceptable levels and that resources are used to advance the strategic enrollment goals of each college.

Figure 8: Endowed Scholarship Cash Balance



### Current Events

The Virginia Tech Advantage program is in year three and is on its way to reaching steady state support in year four. The inaugural investment into the Virginia Tech Advantage initiative was planned in the university budget for FY24. Subsequently, the university has maintained its financial commitment in FY25 and FY26, and philanthropic efforts continue to find success. The university has complemented scholarship support with student success initiatives funded through the university's budget process.

As a result of the 2025 Legislative Session, the commonwealth provided support to address growth in the Virginia Military Survivors and Dependents' Education Program (VMSDEP); however, a significant portion of this funding was provided on a one-time basis and total allocated support only funded ~61% of Virginia Tech's cost. The Virginia Military Survivors and Dependents' Education Program requires ongoing state funding to ensure the long-term sustainability of this important program that supports members of the military and their families.

For the 2026 General Assembly session, the university made executive budget requests for continued need-based state support for student financial aid and to support growth in the Virginia Military Survivors & Dependents Education Program.

Changes resulting from H.R.1 (One Big Beautiful Bill Act) will significantly impact federal student financial aid. The university will continue to monitor its impacts, but anticipate the most significant impacts come from annual and aggregate limits on Parent PLUS; limits on the graduate/professional federal Direct Unsubsidized loans; and, the elimination of the Graduate PLUS loan. Below is a brief summary of key changes:

- Pell Grants and Full Scholarships:** Students with full cost-of-attendance scholarships will no longer receive Pell. While originally aimed at student-athletes, this will also affect other student populations who have scholarships that meet or exceed the student's Cost of Attendance, commonly known as "full rides."



- **Loan Limits:**
  - annual and aggregate limits on Parent PLUS loans
  - annual and aggregate caps on graduate and professional students (MD and DVM)
- **GradPLUS:** loan program eliminated (some may be honored through legacy provision)
- **Loan Proration:** Loans must be prorated for students enrolled less than full-time. Minimal fall/spring impact, but summer borrowing will be affected
- **Institutional Accountability:** Programs will be evaluated against new earnings-outcomes standards

The university has increased its institutional funding of student financial aid each year since expanding the program in FY02. The university continued to work to identify additional institutional funding for student financial aid in FY25, this included the potential use of reallocations.

Private philanthropy efforts are in motion. Initial success with fundraising for the Virginia Tech Advantage is occurring.

As a result of the enactment of the FAFSA Simplification Act, the 2024-25 admissions cycle was severely disrupted. The FAFSA portal did not come online until December 2023, much later than anticipated. Additionally, there were many issues with the updated form that inhibited the FAFSA process, such as glitches, issues with identification confirmation, connectivity, and lengthy customer service wait times. Subsequently during the 2025-26 FAFSA process, students were able to complete the FAFSA quickly and without technical issues. The smooth rollout allowed financial aid to be awarded to students earlier in the admissions process than in the prior cycle.



# Annual Report on Student Financial Aid Resources – Executive Summary

Simon Allen, Vice President for Finance and Chief Financial Officer

November 17, 2025



# Executive Summary

## Significant Financial Aid Investments

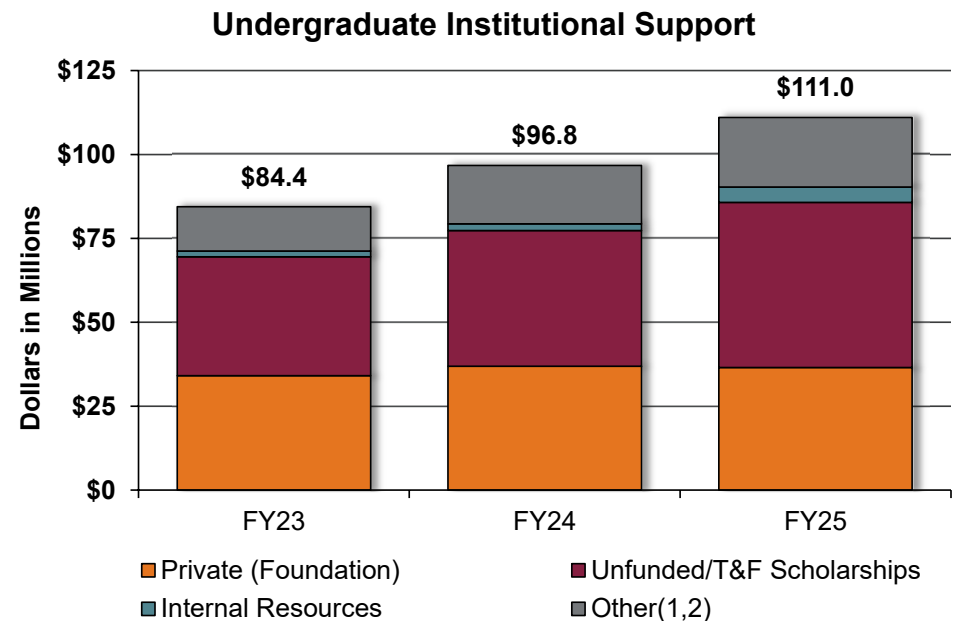
- Virginia Tech allocated \$111 million in institutional aid to undergraduate students in FY25, a 14.7% increase over the prior year.

## Affordability Initiatives Expansion

- Keystones programs, such as the **Virginia Tech Advantage** and **Funds for the Future**, continue to help reduce financial barriers.

## Impact of Federal Policy Changes

- New federal rule proposals will impact Pell Grant eligibility, loan programs (including caps on lifetime borrowing), and institutional accountability.



(1) Includes waivers codified in the Code of Virginia, and educational benefits for employees.

(2) Excludes tuition mitigation scholarships and rebates.



# Annual Report on Student Financial Aid Resources

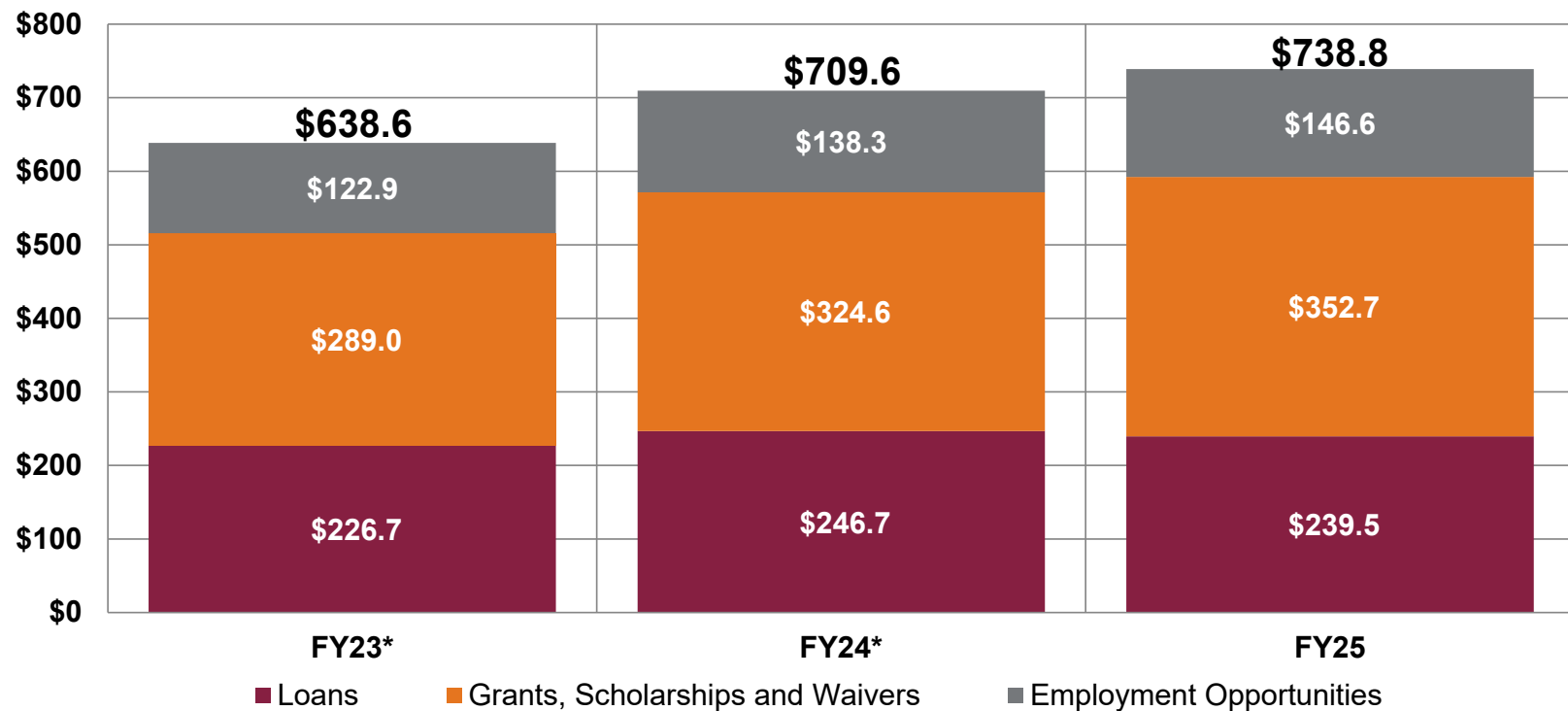
Simon Allen, Vice President for Finance and Chief Financial Officer

November 17, 2025



# Student Financial Aid at Virginia Tech

Dollars in Millions



\*excludes tuition mitigation scholarships and rebates



# Undergraduate Grants & Scholarships

Dollars in Millions

	FY23 <sup>(2)</sup>	FY24 <sup>(2)</sup>	FY25
<u>Undergraduate</u>			
<b>Federal</b>	\$26.6	\$28.6	\$34.9
<b>State</b>	21.0	29.8	32.5
<b>Institutional<sup>(1)</sup></b>	84.4	96.8	111.0
<b>Outside</b>	37.0	41.1	43.2
<i>Total Undergraduate</i>	\$169.0	\$196.3	\$221.6

- Undergraduate grants & scholarships have grown by 31% since FY23
- Institutional funds are the primary source of grants and scholarships
- Federal and State support has increased

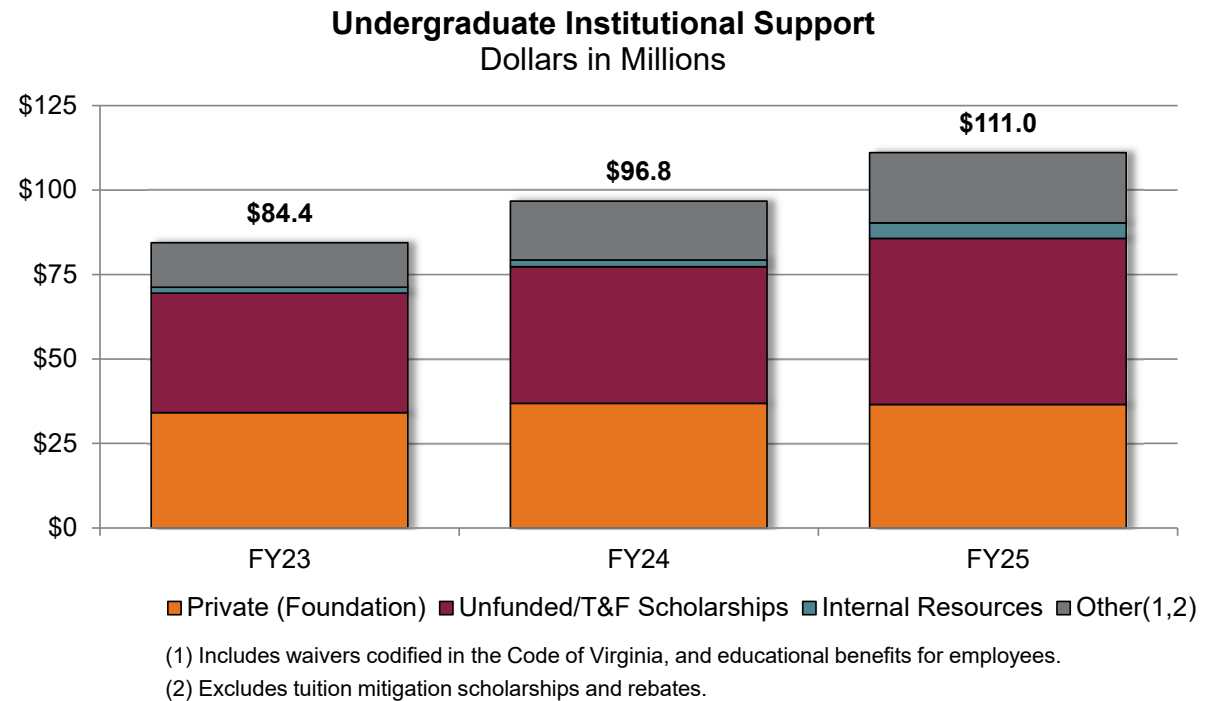
(1) Includes unfunded, tuition and fees utilized for financial aid, private support, waivers codified in the Code of Virginia, and educational benefits for employees.

(2) Excludes tuition mitigation scholarships and rebates



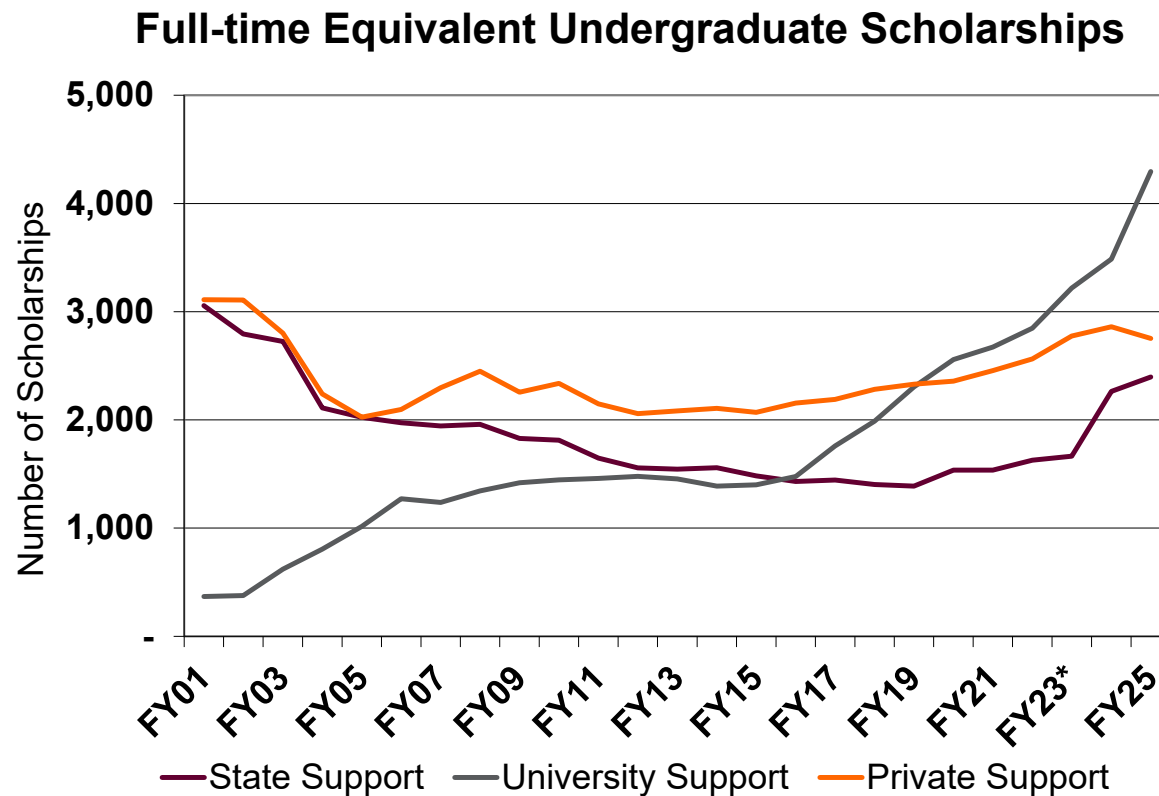
# FY25 Undergraduate Student Financial Aid

Virginia Tech's Institutional Financial Aid Program provided \$111.0 million to undergraduate students in FY25.





# Purchasing Power of Undergraduate Scholarship Fund Sources



\*Excludes Tuition Mitigation Scholarships and Rebates

- The analysis shows the imputed number of scholarships each source would fund, and how that number has trended over time in real terms
  - State and private fund sources are returning to previous levels, whereas university support has grown materially in the last 10 years





# Affordability

## Virginia Tech Advantage

- University continues to invest in the tripartite mission to **increase access and affordability** for resident undergraduates

## Funds for the Future

- Provided **tuition and fee rate protection** to 2,672 resident students in FY25, ensuring continued affordability
- Expanded in FY26 to provide protection to families with an adjusted gross **income of \$115k** or less (up from \$100k in FY25)





# The Virginia Tech Advantage

- Inspired by its land-grant mission, Virginia Tech strives to extend opportunities for a high-quality educational experience to all students regardless of financial circumstances.
- University-wide, multiyear commitment that will leverage institutional, state, and private funds, and a portion of university planned reallocations.

## Affordability

- Close net price gap
- Reduce financial precarity to maintain progress toward degree
- Remove financial barriers through scholarships and emergency funds.

## Student Success

- Provide a holistic approach to student success, including enhanced advising programs that bolster retention and reduce time-to-degree
- Enhanced student experience opportunities and degree-embedded experiential learning

### **Funding Update:**

Since FY24 the state has increased General Fund support by \$10.5M and the university has increased support by \$12.1M (\$5.3M more in FY26)



## Funds for the Future Program: Mitigating Tuition Increase

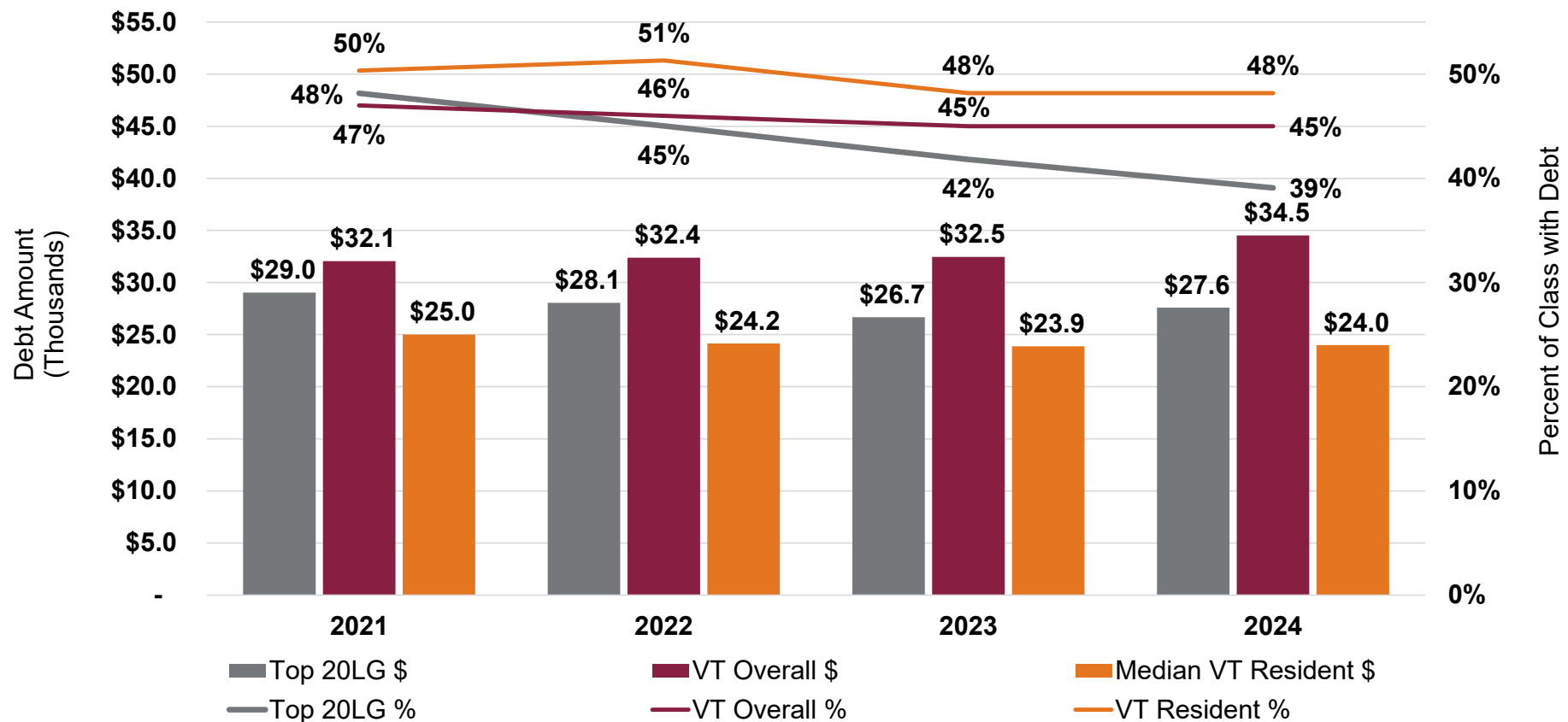
- For FY25, all families with need and income up to \$99,999 Adjusted Gross Income were eligible for 100% coverage of *increases* of tuition and fees
- Includes Virginia and non-resident undergraduates
- Effectively guarantees tuition and fee levels to first year of eligibility
- Beginning in FY26, the program was expanded to families with need and income up to \$115,000

Residency	Family Income of \$0-99,999	
	#	\$
<b>VA Residents</b>	2,672	2,743,955
<b>Non-Residents</b>	775	1,882,673
<b>Total</b>	3,447	4,626,628



# Debt Per Borrower and Percentage of Students Graduating with Debt

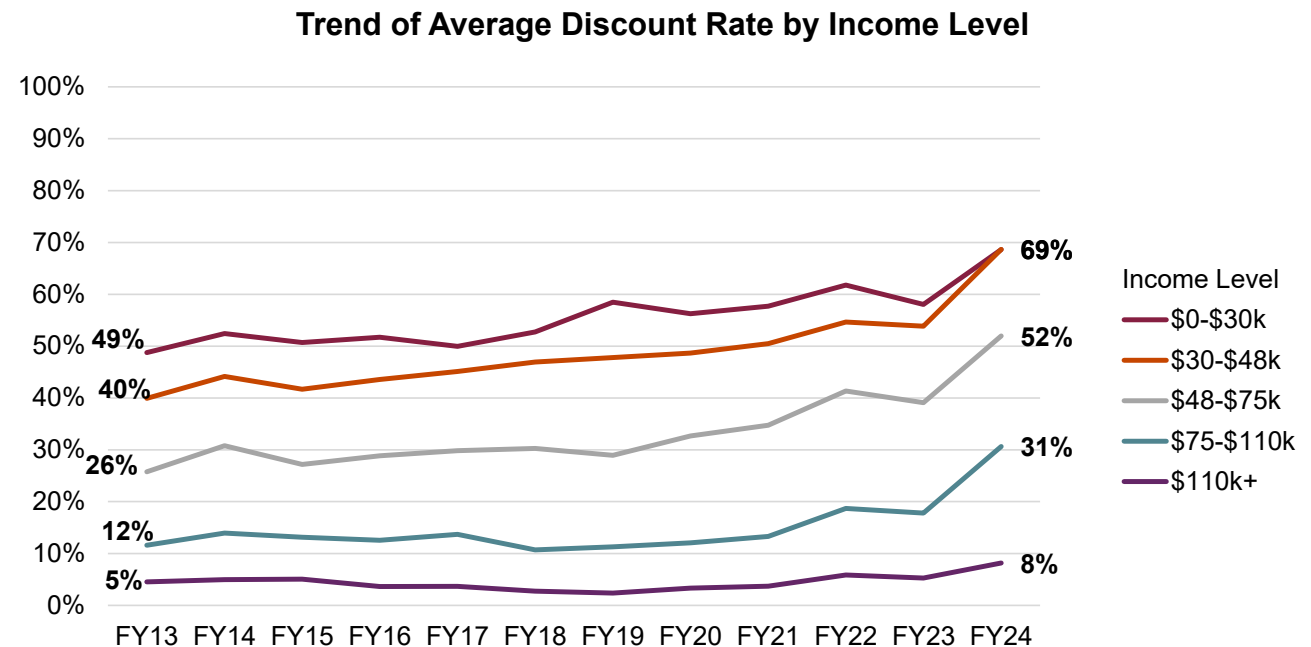
Comparison of Debt Statistics for Virginia Tech Graduates Against Top 20 Land Grant Graduates





# Trend of VT Resident Undergraduate by Income Level

- Trend of VT discount rate by income level for resident undergraduates as computed by net price/cost of attendance
- Over the last 10 years, VT has been able to materially increase discounts to lower income level families
- However, VT remains behind peers and Virginia Tech Advantage will continue to focus on improving





# Undergraduate Student Financial Aid

Dollars in Millions



- Both state and particularly institutional support has increased markedly, particularly in the last 10 years
- However, this was from a low base and Virginia Tech Advantage is focused on further improving this trajectory



# Impacts from 'One Big Beautiful Bill' (Federal Impacts)

- **Pell Grants and Full Scholarships:** Students with full cost-of-attendance scholarships will no longer receive Pell. While originally aimed at student-athletes, this will also affect other student populations who have scholarships that meet or exceed the student's Cost of Attendance, commonly known as "full rides."
- **Loan Limits:**
  - Annual and aggregate limits on Parent PLUS loans
  - Annual and aggregate caps on graduate and professional students (MD and DVM)
- **GradPLUS:** Loan program eliminated (some may be honored through legacy provision).
- **Loan Proration:** Loans must be prorated for students enrolled less than full-time. Minimal fall/spring impact, but summer borrowing will be affected. Both undergraduate and graduate students will be impacted.
- **Institutional Accountability:** Programs will be evaluated against new earnings-outcomes standards.



# Discussion



# Resolution for Authority to Execute an Asset Exchange with VTT LLC, a Loan Agreement with the Virginia Tech Foundation, Inc., and a Long-Term Lease

Simon Allen, Vice President for Finance and Chief Financial Officer

November 17, 2025

# Status, Proposal and Authorizations Needed

Integrating VTT LLC activities into the Virginia Tech Transportation Institute improves operational efficiency, preserves research infrastructure, and aligns with the University's transportation and research innovation goals.

Current Operational Status	Proposed Strategic Actions	Authorizations Needed
<ul style="list-style-type: none"><li>• VTT LLC provides advanced tire testing and modeling software generating \$4 million yearly.</li><li>• It holds \$5.1 million loans and \$2 million lease commitments.</li></ul>	<ul style="list-style-type: none"><li>• Transition operations and personnel to VTTI and exchange assets including FlatTrac LTRe for university loan relief</li><li>• Assume remaining LLC debt and long-term lease obligations.</li></ul>	<ul style="list-style-type: none"><li>• Requires asset exchange authorization to waive loans,</li><li>• University debt authorization to assume VTF loan, and</li><li>• Long-term lease approval for facility.</li></ul>

# VTT, LLC Operations, Assets, and Financing Activities

- **Established Tire Testing Services**

- Founded in 2012, VTT supports automotive tire testing with advanced equipment like the FlatTrac LTRe machine. The company serves top clients such as Formula 1, NASCAR, automakers and tire manufacturers generating approximately \$4 million annually.

- **Proprietary Tire Modeling Software**

- VTT strategic initiatives include development of an innovative tire modeling software with commercialization potential, enhancing its strategic assets and market competitiveness.

- **Strong Historical Financial Support**

- Initial funding included \$5M grant and \$5M loans from university and foundation, supporting growth and operations generating more than \$58 million in tire testing revenues and research activities.

- **Current Financial Obligations**

- As of mid-2025, \$5.1M loans and \$2M lease commitments reflect capital-intensive operations requiring strategic financial management.
- An improved cost base is required in order to better support future operations and activities

- **Strategic Operational Transition**

- VTT LLC operations and personnel will move to VTTI beginning December 2025 to improve efficiency and research focus.

- **Asset Exchange for Loan Relief**

- VTT LLC FlatTrac LTRe machinery and other assets exchanged for loan relief by University.

- **Debt and Lease Responsibility**

- VTTI takes on up to \$975,000 debt (owed to the Foundation and University) and \$2 million lease backed by \$500,000 projected annual net revenue from tire testing.

- **Benefits of Restructuring**

- Restructuring improves efficiency, preserves research infrastructure, and aligns with the University's transportation and research innovation goals.

# University Asset Exchange and Financial Commitments

- **Asset Exchange Authorization**

- Resolution authorizes FlatTrac LTRe machinery and other assets exchange to waive \$4.4 million university loan obligations.
- This presents a financially sustainable pathway to enhance research capacity, streamline operations, and resolve legacy liabilities.

- **Debt Authorization**

- Resolution authorizes debt of \$775,000 plus accrued interest backed by nongeneral fund projected tire testing revenues and the Institute's overhead funds as permitted under Section 23-38.101 of the Restructured Higher Education Financial and Administrative Operations Act of the Code of Virginia.

- **Long-Term Lease Authorization**

- Resolution authorizes a long-term lease for the tire testing facility with a Net Present Value of approximately \$2 million to ensure operational continuity and infrastructure stability as permitted under Section 23-38.101 of the Restructured Higher Education Financial and Administrative Operations Act of the Code of Virginia.

# Resolution for Authority to Execute an Asset Exchange with VTT, LLC, a Loan Agreement with the Virginia Tech Foundation, Inc., and a Long-Term Lease

## Recommendation:

That the resolution authorizing the university to execute an asset exchange with VTT, LLC, a loan agreement with the Virginia Tech Foundation, Inc., and long-term lease be approved.

November 18, 2025

# Full Presentation and Discussion

- a. Chief Operating Officer's Update
- \* b. Approval of the 2026-2032 Six-Year Plan
- \* c. Approval of Year-to-Date Financial Performance Report (July 1, 2025 – September 30, 2025)
- #+ d. Acceptance of Annual Report on University Debt Ratio and Debt Capacity
- # e. Informational Annual Report on Research Finances and Resources



# Chief Operating Officer's Update

Amy Sebring, Executive Vice President and Chief Operating Officer

November 17, 2025





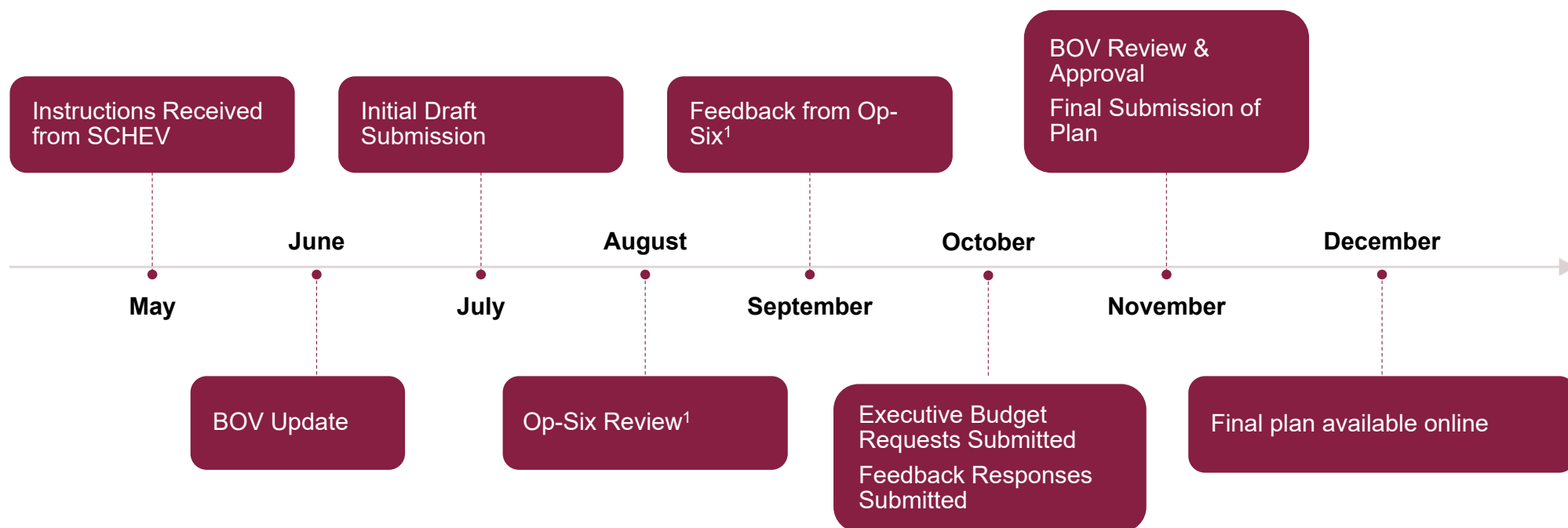
# Review and Approval of the Commonwealth's 2026-2032 Six-Year Plan

Tim Hodge, Associate Vice President of Budget and Financial Planning

November 17, 2025



# State Six-Year Planning Process

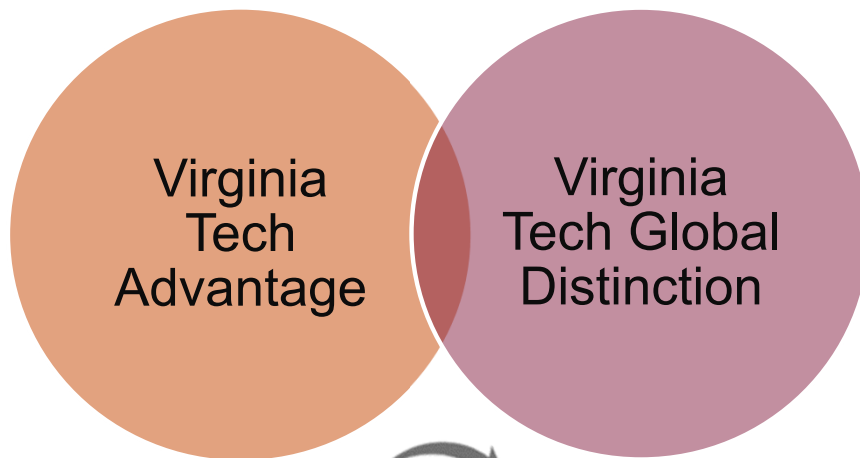


The Six Year Plan is a state plan as required by the Higher Education Opportunity act of 2011 and is an opportunity to share institutional academic, financial, and enrollment plans for the future three biennia.

<sup>1</sup> Op-Six members include: the Secretary of Education, Secretary of Finance, Director of Department of Planning and Budget, Director of SCHEV, Staff Directors of the House Appropriations Committee and Senate Finance and Appropriations Committee.



# University Strategic Priorities



## Enabling Infrastructure

The people, processes, and resources deployed in support of the strategic goals.

## Virginia Tech Advantage

Embodies our land-grant mission by bridging financial gaps for students, ensuring steady degree progress, and fostering holistic student success.

## Virginia Tech Global Distinction

A commitment to institutional excellence across research, teaching, and engagement that makes the university a destination for the best faculty, students, and partners from the commonwealth, the nation, and the world.



# Strategic Priorities

Funded by Enrollment Growth, Reinvestments, and State Support

		FY27		
		Nongeneral Fund	General Fund	Total
<b>Strategic Priorities</b>				
<b>Virginia Tech Advantage</b>	Continuation of Affordable Access Support [CH 725]	-	(6.4)	(6.4)
	Continuation of Resident Financial Aid Support [CH 725]	-	(1.3)	(1.3)
	Virginia Tech Advantage [Resident Student Financial Aid]	(1.5)	-	(1.5)
	Support Talent & Student Success	(1.6)	-	(1.6)
	Virginia Military Survivors and Dependents' Education Program	-	(18.1)	(18.1)
<b>Global Distinction</b>	Continuation of Medical Education Support [CH 725]	-	(6.5)	(6.5)
	Expand Medical Education	(0.8)	-	(0.8)
	Continuation of VT Patient Research Center Support [CH 725]	-	(20.5)	(20.5)
	Global Distinction - Strategic Research Priorities	(4.0)	-	(4.0)
	Maintain Academic Excellence & Undergraduate Enrollment	(5.1)	-	(5.1)
<b>Enabling Infrastructure</b>	Leverage Technology and Improve Security	(1.8)	-	(1.8)
	Compliance, Safety, Security, and Critical Needs	(0.8)	-	(0.8)
	Continuation of Unique Military Activities Support [CH 725]	-	(0.3)	(0.3)
	Incremental Unique Military Activities Support	-	(0.1)	(0.1)
	Initial Planning for ERP Replacement	(3.0)	(3.0)	(6.0)
<b>Total</b>		<b>(\$18.6)</b>	<b>(\$56.2)</b>	<b>(\$74.8)</b>
<b>Sources</b>				
<b>Enrollment Growth</b> (Gross - 2B Plan from May 2025)		\$13.6	-	\$13.6
<b>Reallocation Program</b> - VT plan to reallocate \$25M over 5 years.		5.0	-	5.0
<b>General Fund Request</b>		-	56.2	56.2
<b>Net</b>		<b>-</b>	<b>-</b>	<b>-</b>



## 2.9% Tuition Placeholder for Inflationary & Mandatory Cost Drivers

- 6-year planning process requires NGF revenue estimate for first biennium.
- Six-Year Plan does not recommend or commit to specific set of rates. Tuition and fee rates remain authority of Board of Visitors to be determined at a later date.
- Tuition and Fee figures are planning placeholders that begin a discussion about how the university and commonwealth can partner to advance goals.

	<b>FY27</b>
<b><u>Inflationary &amp; Mandatory Cost Drivers</u></b>	
Compensation [2.0% Placeholder]	(\$15.0)
Healthcare Premiums [5.0% Placeholder]	(4.8)
Inflationary non-personnel [IT Contract, Utilities, Fixed Costs, & Library]	(3.2)
	<u>(23.0)</u>
<b><u>Sources</u></b>	
General Fund: State Share of State Salary and Fringe Rate Change	\$5.8
<b>Tuition Placeholder [2.9% Resident/2.9% Nonresident]</b>	<u>17.2</u>
<b>Net</b>	<u>-</u>



# Strategic Reinvestments

Following the commitment to reinvest \$25M over five years, the university continues to utilize strategic reinvestment strategies to increase efficiency by:

- Reducing and eliminating activities
  - Redirecting funds from low-performing activities
  - Sunset equipment programs
  - Cancel subscriptions
  - Discontinuing leases and folding activities into campus owned space
- Changing business processes



## REINVESTMENT GOAL

\$25M over 5 years  
FY26 is year 2



# Extension/Agricultural Experiment Station Division (Agency 229)



## GENERAL FUND REQUESTS

	FY27	FY28
<b>Building Resiliency 3.0</b> – invest in innovation and development through a cohort of specialized agents and specialists.	\$0.8M	\$0.8M
<b>Advanced Equipment</b> – new technology and equipment is needed to ensure that the ARECs continue to be leaders of innovative agricultural processes.	\$0.7M	\$0.7M
<b>Maintain Level of Service</b> – support is needed to fund unavoidable cost escalation and mitigate unplanned budget reallocations.	\$1.0M	\$2.0M



## Next Steps

- The university received questions from the Op-Six Group on September 16<sup>th</sup> and responded on October 15<sup>th</sup>. Questions were centered around the following key areas:
  - Potential Enrollment Growth (relative to media reports, not the 6-year plan) – residency, modality, affordability, facility needs, and potential systemwide implications
  - Online Programming – trends in enrollment, completion, and retention
  - Trends in Virginia Military Survivors and Dependents' Education Program Waivers
  - Impacts of Federal Activity – how changes at the federal level have impacted operations
  - Reminder of State requirements for funding Intercollegiate Athletics
- State requires Board approval of the commonwealth's 6-year plan.
- After BOV approval, final submission will be posted online by December 1<sup>st</sup>.



# Review and Approval of the Commonwealth's 2026-2032 Six Year Plan



## Recommendation

That the Board of Visitors approve the 2026-2032 Six Year Plan.

November 18, 2025

# Financial Performance Report

## July 1, 2025 – September 30, 2025

Tim Hodge, Associate Vice President for Budget and Financial Planning

Rob Mann, Assistant Vice President for Capital Budgeting and Financing

November 17, 2025

# 1<sup>st</sup> Quarter 2025-26

## Key Annual Budget Changes

### Education & General

- \$5.4 million tuition revenue decrease for Graduate enrollment, due to lower-than-projected graduate international enrollments.
- Technical scholarship realignments to better awarding process to students
- Virginia Military Survivors Dependent Education Program
  - \$0.6 million higher-than-projected waivers (on top of the increase planned)
  - \$2.5 million General Fund increase (was a contingent appropriation)

### Sponsored Programs

- \$26.5 million increase for carryforward of General Fund Patient Research Center funding

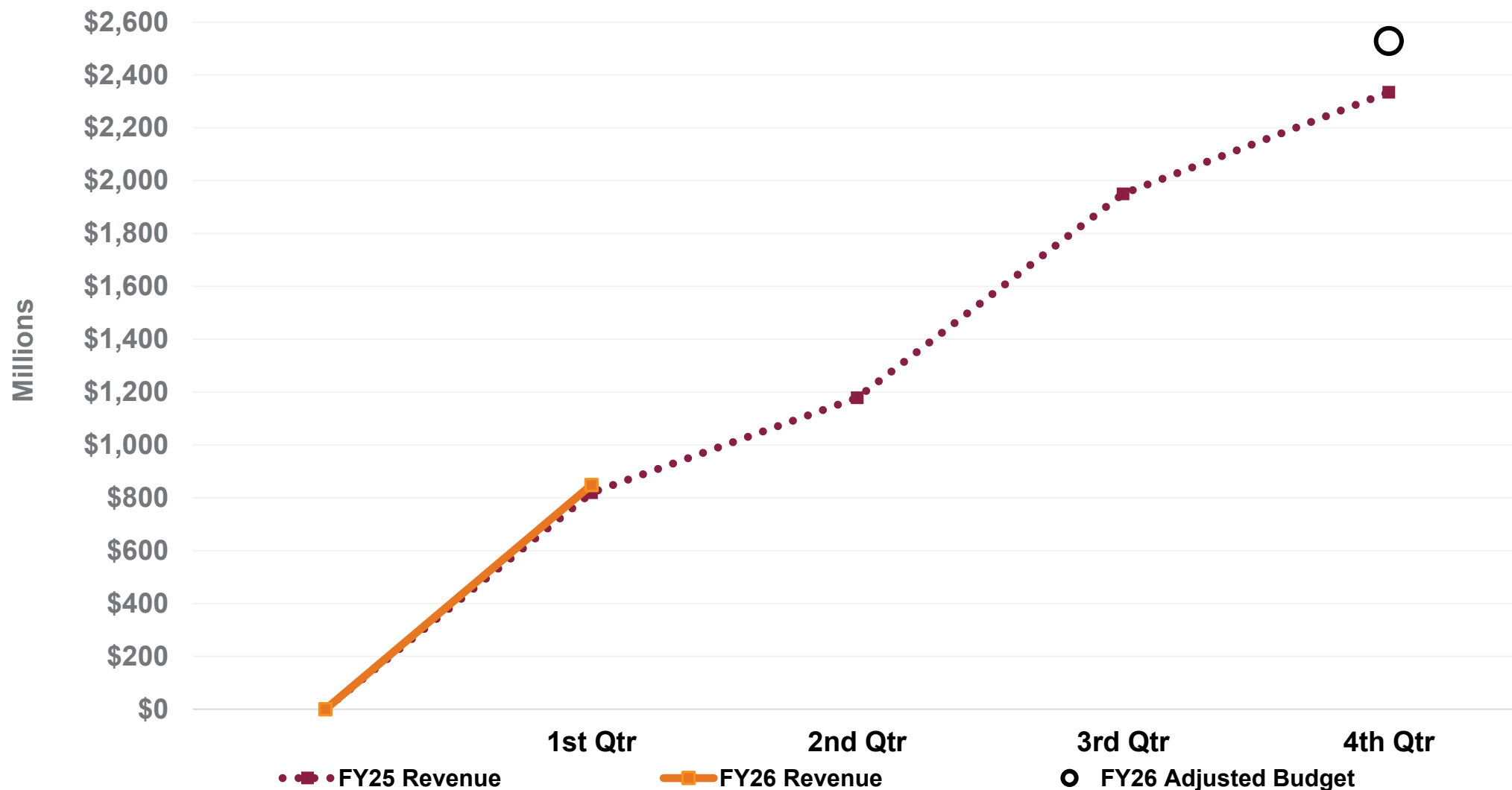
### Student Financial Aid

- \$3.0 million increase for SCHEV Pell initiative allocation

### Auxiliary Enterprises

- \$20.3 million carryover of outstanding FY25 projects and commitments that were initiated but not completed before June 30, 2025
- Intercollegiate Athletics
  - \$6 million decrease for ACC Revenue Sharing Change (resulting from Clemson/FSU lawsuit)
  - \$47.1 million budget increase for Investment to WIN
- \$1.5 million renovation at the Inn

# Operating Revenue



# Operating Sources & Uses | University Consolidated

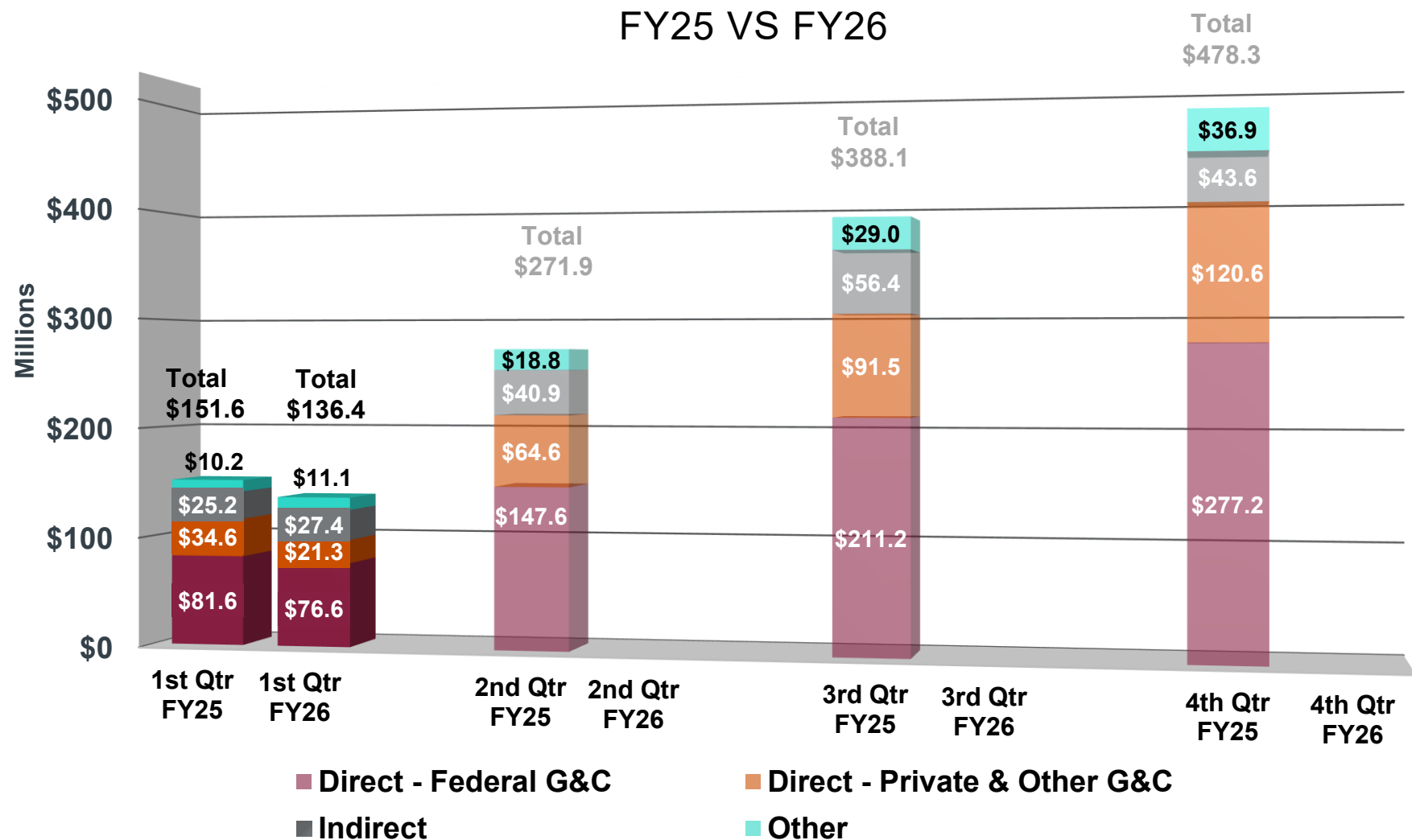
## Cash Basis - Dollars in Thousands

	FY26 Annual Budget			Q1 - FY26		Variance Analysis	
	<i>Original Budget</i>	<i>Adjustments</i>	<i>Adjusted Budget</i>	<i>Projected Budget</i>	<i>Actuals</i>	Projected Budget v. Actual	
Sources						<i>Dollars</i>	<i>Percentage</i>
Tuition & E&G Fees (net)	\$ 790,552	\$ (14,811)	\$ 775,740	\$ 360,621	\$ 351,466	\$ (9,156)	-2.5%
State Appropriations	440,838	5,456	446,294	106,921	106,908	(13)	0.0%
Federal (VCE/AES)	15,647	1,581	17,228	4,015	3,413	(602)	-15.0%
Sponsored Programs (Direct & Indirect)	479,138	26,500	505,638	116,037	113,864	(2,173)	-1.9%
Auxiliary Enterprise Revenue & Fees	522,206	32,213	554,419	220,161	220,338	177	0.1%
Private Funds	149,952	-	149,952	31,767	27,936	(3,831)	-12.1%
Other	78,260	315	78,575	22,595	24,604	2,009	8.9%
Total Operating Revenue	\$ 2,476,592	\$ 51,254	\$ 2,527,846	\$ 862,117	\$ 848,528	\$ (13,589)	-1.6%
Uses							
Personnel Costs	\$ 1,547,267	\$ 52,143	\$ 1,599,410	440,575	\$ 432,913	\$ 7,662	1.7%
Financial Aid, Appropriated (a)	67,583	1,373	68,956	29,478	27,529	1,949	6.6%
Private Scholarships	40,564	1,344	41,908	11,807	11,303	505	4.3%
General Expense & Services (Operating)	532,974	17,663	550,637	151,739	149,167	2,572	1.7%
Continuous Charges (utilities, leases, insurance)	186,529	8,991	195,520	60,505	65,873	(5,368)	-8.9%
Debt Service	84,781	-	84,781	21,868	22,686	(818)	-3.7%
Total Operating Expenses	\$ 2,459,698	\$ 81,514	\$ 2,541,212	\$ 715,973	\$ 709,471	\$ 6,502	0.9%
Net from Operations	\$ 16,895	\$ (30,260)	\$ (13,366)	\$ 146,144	\$ 139,057	\$ (7,087)	-4.8%

- 208 E&G revenues slightly behind due to timing of tuition collection.
- Accounting change for Private funds masks growth in Sponsored revenues.
- Athletics revenue lower than projected: football neutral site (\$2.2M).

(a) In the Commonwealth of Virginia, appropriated student financial aid is a subset of the entire student financial aid program.

# Sponsored Program Expenditures



## Private & Other Grants and Contracts (G&C)

- Private & Other G&C are lower than prior year due to the realignment and accounting of private funds in the university's budget. Private activities which were previously accounted for under Sponsored Programs are now reflected in the Private expenditures.

## Federal Grant and Contracts

- Federal uncertainty persists around future impacts on indirect cost recovery rates and overall levels of federal research pools
- Federal research expenditures are 7.1% lower than the same period last year.

# Capital Program

# Capital Outlay Total Program

**Total  
Budget**  
\$ in Thousands

**Total  
Expenditures**  
\$ in Thousands

**4<sup>th</sup> Quarter End**

**Total Projects = 23**

**\$1,346,247**

**\$764,806**

Adjustments for Closing Fiscal Year 2025

(211,633)

(202,609)

Adjustments for Start Fiscal Year 2026

E&G MR Appropriation

24,551

Auxiliary MR Authorization

14,500

Equipment for Workforce Development Appropriation

4,788

Academic Building One – Sixth Floor Upfit

1,500

Campbell Hall Renovation

4,000

New Residence Hall

10,000

Fiscal Year 2026 1<sup>st</sup> Qtr. Expenditures

37,423

**1st Quarter Ended**

**Total Projects = 22**

**\$1,193,953**

**\$599,620**



**10  
Design**



**6  
Construction**



**1  
Equipment**



**5  
Closeout**



# Timing for Construction Pricing



Cumulative design expenses through September 30, 2025 - \$9,677,000

# Projects Coming Online



Cumulative construction expenses through September 30, 2025 - \$ 122,317,000

# Approval of Year-to-Date Financial Performance Report July 1, 2025 – September 30, 2025

## Recommendation

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2025 through September 30, 2025 and the Capital Outlay report be approved.

November 18, 2025

## **University Debt Burden Ratio and Debt Capacity Report**

### **FINANCE AND RESOURCE MANAGEMENT COMMITTEE**

**October 21, 2025**

#### **Background:**

Since 2006, the university provides an annual report to the Board of Visitors on its debt capacity and its performance relative to two performance standards, maintaining: i) an unenhanced bond rating from Moody's, Standard and Poor's, or Fitch of at least AA- or its equivalent in accordance with university's management agreement with the commonwealth; and ii) a debt service to operations ratio of no greater than a six percent based on current Board of Visitor's guidelines. This review ensures continued alignment with the commonwealth's Management Agreement and transparency in the impact of the university's long-term capital financing strategy on the two performance standards while demonstrating to the rating agencies Virginia Tech's commitment to strong financial management as it monitors its debt burden.

Additionally, Virginia Tech has partnered with Public Resources Advisory Group (PRAG) since 2019 to conduct an annual debt capacity analysis to determine the overall level of debt that Virginia Tech could issue to maintain its credit ratings, considering debt of both the university and its affiliated Foundation. The capacity analysis expands upon the debt service to operations performance standard and applies the leverage ratios that Moody's and S&P use in their assessment of debt and contingent liabilities to analyze debt capacity. As with the university's debt ratio and debt capacity analysis, projected results for FY26 through FY31 are based on projected future issuance. Anticipated project timing, amounts, and other factors may not materialize as currently planned and metrics results are updated yearly to refine the forward-looking plan and its potential rating impact.

An established committee of representatives from the Office of the University Treasurer, Capital Budgeting and Financing, the Controller's Office, and the Office of Budget and Financial Planning meet regularly to review debt activities, the timing of debt issuances, and to evaluate potential impacts to the requirements. The Vice President for Finance and Chief Financial Officer provides oversight of these activities.

#### **Rating Agency Outlooks:**

In March 2025, Moody's revised its outlook of the higher education sector to negative, citing new federal policies that have made the operating environment more difficult for colleges and universities. In Moody's view, institutions with high federal dependency or international enrollment face elevated risk, and strong liquidity and diversified revenue are critical to manage these challenges. In December 2024, S&P maintained its bifurcated outlook of the higher education – with a stable outlook for institutions with broad geographic reach, steady demand, and sufficient liquidity and financial resources to navigate operating pressures but maintained a negative outlook for highly regional, less-selective institutions that lack financial flexibility.

In February 2025, Moody's affirmed Virginia Tech's Aa1 rating and kept a "stable" outlook, reflecting Virginia Tech's role as a comprehensive land-grant university, with excellent brand and strategic positioning, steady operating and capital support from the Commonwealth of Virginia, the sizable scope of operations, an established and growing sponsored research presence, strong donor support, growing enrollment and rising net student revenue. Moody's also cited certain credit challenges, including moderate liquidity and elevated financial leverage with considerable net pension liability relative to peers and exposure to federal funding for sponsored research.

In December 2024, S&P upgraded Virginia Tech's rating to AA+ from AA and assigned a "stable" outlook, reflecting improved enrollment, selectivity, operating results, and financial resources in recent years to a level consistent with that of higher-rated peers. S&P cited certain credit strengths, including solid demand with growing enrollment, history of significant fundraising and endowment levels and experienced and capable senior management team, while noting certain credit challenges, including additional debt and capital plans that may result in higher debt burden or weaker available resources relative to debt and exposure to evolving federal policies around funding for research.

### **Methodology and Rating Metrics:**

Credit rating agencies use a combination of quantitative and qualitative factors to determine a higher education institution's credit rating.

#### **A. Moody's Scorecard and Metrics:**

Moody's scorecard includes six factors: scale, market profile, operating performance, financial resources and liquidity, leverage and coverage, and financial policy. Debt leverage and coverage accounts for 20% of the overall score and outcome, and the quantitative assessment is based on two ratios:

*Total Cash & Investments to Adjusted Debt* provides an indication of a university's ability to pay annual fixed costs, including debt service obligations, while still fulfilling its mission. This metric is defined as Total Cash and Investments divided by Total Adjusted Debt. Cash and investments and debt of both the university and affiliated foundations are included, and unfunded pension liabilities are also included in total adjusted debt.

*Annual Debt Service Coverage* measures capacity to generate operating income to meet debt service. This metric is defined as Net Operating Income divided by Total Annual Debt Service. Moody's uses Earnings Before Interest, Depreciation, and Amortization (EBIDA) as the Net Operating Income value for this calculation.

#### **B. S&P's Scorecard and Metrics:**

Standard and Poor's scorecard applies assessment ratings from 1 (extremely strong) to 6 (highly vulnerable) for two profiles: the total enterprise profile and the financial risk profile for their score and outcome. Debt and contingent liabilities accounts for 35% of the university's financial risk profile score and outcome and the quantitative score is based on two ratios.

*Maximum Annual Debt Service Burden* measures affordability of the university's peak annual debt service. This metric is defined as Maximum Annual Debt Service divided by Operating Expenses.

*Cash and Investments to Total Debt* measures an institution's reserves that may affect its ability to pay off debt. This metric is also called the Liquid Assets to Debt Ratio and is defined as cash plus unrestricted and restricted investments divided by outstanding debt. Cash and investments and debt of both the university and affiliated foundations are included.

### **Outstanding Debt Summary:**

As of June 30, 2025, the combined university and Foundation outstanding debt was \$804.94 million. This includes \$171.02 million of university leases and \$23.10 million of university Subscription-Based Information Technology Arrangements (SBITAs) in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 87 regarding leases and GASB Statement No. 96 regarding SBITAs. The outstanding debt also nets out a total of \$147.39 million, consisting of \$137.87 million of university leases with the Foundation and the \$9.5 million Finance Purchase Obligation for Kentland Farm. A detailed breakdown is provided in Appendix A.

### **BOV and Commonwealth Debt Ratio and Debt Capacity Performance Standard:**

The university uses a long-range model to project future debt ratios and debt capacity based on:

<b>Assumption</b>	<b>Value</b>
Operating Expenditure Growth	2.91% (FY 2026) 3.25% (FY 2027 – FY 2031)
Cost of Capital	4.5%
Debt Ratio Limit (BOV Guidance)	6.0%
Term	20 years

Appendix B summarizes anticipated project timing and issuance amounts for authorized and planned projects in the university's Six-year Capital Outlay Plan, which totals \$411.2 million, and the Foundation's private placement of \$14.69 million in September 2025 for the Intuitive Surgical project. The university continues to monitor opportunities to reduce the debt term through cash contributions where feasible. Thus, allowing resources to return to the university for future strategic priorities in a timely manner.

Appendix C shows the projected Debt Service to Operations ratio including planned issuances and the remaining debt capacity under the 6.0% performance standard.

The implementation of a new ERP system, which will be treated as a SBITA for debt and liability purposes, is expected to increase long-term debt when implementation is complete.

The precise timing and amount is still uncertain, but for this report and evaluating debt capacity, the university has assumed implementation in FY 2027 with estimated annual payments of \$2.5 million over ten years, beginning in FY 2028. The university continues to monitor this closely and may reevaluate its internal debt benchmark as appropriate.

### **Status of Required Performance Standards:**

Virginia Tech is currently in full compliance with both performance standards:

#### **Credit Rating Requirement:**

Moody's: Aa1 (Two levels above AA-)

S&P: AA+ (Two levels above AA-)

#### **Debt Service-to-Operations Ratio:**

FY25: 4.92% (108 basis points below the 6.0% threshold)

### **Debt Capacity Analysis with Rating Agency Liability Ratios:**

For purposes of determining the university's debt capacity in the context of maintaining or managing to a certain rating target, PRAG developed a capacity planning model by applying the leverage ratios that Moody's and S&P use in their assessment of debt and contingent liabilities. The model considers the projected operating and financial resources results and assumes the maximum amount of debt the university could issue in each year without exceeding or dropping below specified thresholds for these four leverage ratios. The threshold ratio levels are based on each of the rating agencies' higher education criteria but also Virginia Tech's historical scores with these ratios and peer reviews and medians analysis. These thresholds are intended to provide reasonable flexibility while also ensuring the university's rating objectives are met and in consideration of the consistently strong performance of other university factors within the rating scorecard.

The four ratios and their thresholds are summarized below along with the actual, unaudited FY 2025 performance showing the university is within in these thresholds:

<b>Liability Ratio</b>	<b>Threshold for Aa1/AA+</b>	<b>FY 2025 Performance</b>
Total Cash and Investments to Total Adjusted Debt	≥ 1.25x	1.76x
Annual Debt Service Coverage	>2.75x	2.92x
Maximum Annual Debt Service Burden	<4.5%	4.1%
Cash and Investments to Total Debt	≥ 350%	387%

PRAG applied these thresholds to calculate the university's maximum debt capacity and to assess compliance with these limits throughout the projection period. The analysis incorporates Virginia Tech's planned debt issuances totaling \$411.2 million for the period FY 2026 through FY 2031, the Foundation's issuance of \$14.69 million in September 2025 and the assumed implementation of the ERP system in FY 2027. Assuming this planned issuance and projected operating performance, the university is projected to remain within the established thresholds, as summarized below. PRAG's analysis indicates that Virginia Tech is positioned to maintain its credit ratings throughout the planning period assuming operating and investment performance materialize as projected and that other non-leverage rating factors remain stable and are not adversely affected by changes in capital funding levels.

**Projected Performance with FY 2026 – FY 2031 Planned Issuance**

<b>Liability Ratio &amp; Threshold</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>
Total Cash & Investments to Total Adjusted Debt $\geq 1.25x$	1.77x	1.80x	1.74x	1.84x	1.86x	1.84x
Annual Debt Service Coverage $>2.75x$	3.64x	3.95x	4.32x	4.20x	5.03x	5.51x
Maximum Annual Debt Service (MADS) Burden $<4.5\%$	3.9%	3.6%	3.8%	3.3%	3.1%	3.2%
Cash & Investments to Total Debt $\geq 350\%$	391%	397%	364%	401%	406%	394%

When each ratio is evaluated independently, the results indicate additional debt capacity under all measures (see Column B in the table below). To derive a single projected capacity amount, PRAG established weights across the four measures, assigning the greatest weight to the full leverage metrics. The ratio that is most constraining is S&P's Cash and Investments to Total Debt, which is therefore, more likely to change the score for debt and contingent liabilities. This ratio is assigned a weight of 50%. Moody's Total Cash and Investments to Total Adjusted Debt is assigned a lower weight of 25% because the adjusted debt incorporates the Moody's calculated Adjusted Net Pension Liability (ANPL) which can materially influence the ratio. The two debt service coverage ratios can be managed through structuring and timing of future issuances and are therefore assigned lower weights with MADs at a slightly greater weight since it has greater impact on debt capacity.

The weights (Column C in the table below) are applied to the calculated annual debt capacity for each ratio and the weighted average represents a single projected capacity amount for each year during the projection period. The current overall capacity amount is set at the minimum annual weighted average capacity across the projection period, which occurs in FY 2028, as summarized in the following table.



(A)	(B)	(C)	(D)
<b>Liability Ratio (Aa1/AA+ Threshold)</b>	<b>Total Capacity based on Each Threshold (FY 2028)</b>	<b>Weight Applied</b>	<b>Additional Debt Capacity (Weighted)*</b>
Total Cash and Investments to Total Adjusted Debt	\$695,082	25%	\$173,771
Annual Debt Service Coverage	\$636,629	10%	\$63,663
Maximum Annual Debt Service Burden	\$209,508	15%	\$31,426
Cash and Investments to Total Debt	\$34,272	50%	\$17,136
<b>Total Capacity (Weighted)</b>			<b>\$285,996</b>

\* Each liability ratio evaluated independently  
Dollars in thousands.

Over the planning period, the weighted average additional capacity is estimated to be approximately \$286 million. Issuance of the full \$286 million during the period would cause certain liability ratios to exceed the recommended thresholds, potentially negatively impacting the rating score for debt and contingent liabilities.

The assumptions in this analysis reflect point-in-time estimates, and actual results will vary from projections, the university should continue to manage its planned issuance in line with actual financial performance and incorporate emerging factors into future assessments, including refining the timing and cost of the implementation of the new ERP system. Appendix D shows the detailed analysis of the liability ratios with the planned issuance and the additional debt capacity under each ratio if analyzed independently. Appendix E summarizes the assumptions used in PRAG's analysis.

**Conclusion:**

Current and projected financial ratios indicate that all authorized and planned debt issuances fall within the performance parameters established by the Board of Visitors and within the recommended thresholds for the two liability ratios used by Moody's and the two liability ratios used by S&P. Virginia Tech is estimated to have \$286 million of incremental capacity in excess of projects and initiatives approved as of November 1, 2025 . The university's Aa1/AA+ ratings reflect leadership's robust financial oversight, strong market demand and reputation, and effective strategic alignment with the commonwealth. The university continues to monitor liquidity, capital market conditions, and debt-related financial metrics to ensure the university's capital priorities and meet the performance parameters established by the commonwealth and the Board of Visitors.

**RECOMMENDATION:**

That the report on University Debt Ratio and Debt Capacity for fiscal year 2025 be accepted.

November 18, 2025

**Appendix A:**

(Dollars in Millions)

	<b>FY 2025</b>
University Section 9(c) General Revenue Bonds	\$ 214.25
University Section 9(d) University Revenue Bonds	64.28
Virginia College Building Authority	210.98
Lease Obligation	171.02
Finance Purchase Obligation	9.52
Subscription Based Information Technology Arrangements	23.10
Commercial Paper	5.07
<b>University Total</b>	<b>\$ 698.22</b>
VTF Public Bond Sales	\$ 221.44
VTF Bank Loans	25.53
Leases	5.36
HRF Notes Payable	1.78
<b>Virginia Tech Foundation Total</b>	<b>\$ 254.11</b>
<b>University and Virginia Tech Foundation Subtotal</b>	<b>\$ 952.33</b>
Less: University Leases and FPO with Foundation	\$ (147.39)
<b>University and Virginia Tech Foundation Total</b>	<b>\$ 804.94</b>

**Appendix B: Forward Looking Debt Plan**

Planned Bond Issues for the University and Foundation (\$ in Thousands)								
Status		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
<b>University Planned Issuances</b>								
Building Envelope Repairs	Construction Authorized (2026) Planning Authorized (2027)	7,200	19,800					27,000
Pamplin College of Business	Construction Authorized	37,500						37,500
Rescue Squad	Construction Authorized		11,500					11,500
Veterinary Teaching Hospital Expansion	Planning Authorized		20,000					20,000
Dining Services Center	6-Year Plan			33,200				33,200
Campbell Hall Renovation	Planning Authorized			20,000				20,000
New Residence Hall	Planning Authorized			100,000				100,000
VTC-School of Medicine & FBRI Expansion	Planning Authorized					28,700		28,700
Hahn Hall South Renovation and Expansion	6-Year Plan					25,000		25,000
Campus Services: Mail, Surplus and Storage	6-Year Plan: Lease					11,000		11,000
Children's National Lease Expansion, Phase II (Lease)	Lease Authorized: On-Hold						11,300	11,300
Children's National Lease Expansion, Phase II (Upfits)	Lease Authorized: On-Hold						8,700	8,700
Expand Vivarium Spaces	Lease Authorized: On-Hold						45,000	45,000
Parking Structure at Blacksburg Campus	6-Year Plan						26,300	26,300
G. Burke Johnston Renovation	6-Year Plan						6,000	6,000
<b>Total University Planned Issuances</b>		<b>44,700</b>	<b>51,300</b>	<b>153,200</b>	<b>0</b>	<b>64,700</b>	<b>97,300</b>	<b>411,200</b>
<b>Foundation Planned Issuances</b>								
Intuitive Surgical	Issued September 2025	14,690						14,690
<b>University and Foundation Total Planned Issuances</b>		<b>59,390</b>	<b>51,300</b>	<b>153,200</b>	<b>0</b>	<b>64,700</b>	<b>97,300</b>	<b>425,890</b>

**Appendix C: Forward Looking Debt Ratio and Debt Capacity (University Only)**

<b>University Debt Capacity Model</b>									
<i>all dollars in millions</i>									
<b>Fiscal Year</b>	<b>Operating Expenses<sup>1</sup></b>	<b>Maximum Debt Capacity (6%)</b>	<b>Existing Annual Debt Service<sup>2</sup></b>	<b>Leases</b>	<b>SBITAs<sup>3</sup></b>	<b>Future Planned Debt Service<sup>4</sup></b>	<b>Total Debt Service</b>	<b>Debt Ratio</b>	<b>Projected Capacity<sup>5</sup></b>
2025	2,144.62	128.68	56.04	26.43	23.10	0.00	105.56	4.92%	23.11
2026	2,207.03	132.42	55.90	25.89	15.21	3.44	100.44	4.55%	31.98
2027	2,278.75	136.73	55.04	27.67	9.64	7.38	99.73	4.38%	36.99
2028	2,352.81	141.17	52.33	26.03	12.14	19.16	109.67	4.66%	31.50
2029	2,429.28	145.76	50.62	25.54	12.14	19.16	107.46	4.42%	38.29
2030	2,508.23	150.49	47.10	22.20	12.14	24.13	105.58	4.21%	44.92
2031	2,589.75	155.38	42.47	21.57	12.14	31.82	108.00	4.17%	47.38

1. University Operating Expenses in FY25 are based on the Financial Statements, a growth rate of 2.91% is assumed in fiscal year 2026, and a 3.25% growth rate is assumed in subsequent fiscal years.

2. Existing Annual Debt Service includes debt service for issuances currently outstanding.

3. Includes SBITA assumption for new ERP with annual payments starting in fiscal year 2028.

4. Future Planned Debt Service includes projected debt bearing projects on the 6 year capital plan. The interest cost is assumed to be 4.5% and 20 years is the assumed term.

5. Projected Capacity is the difference between maximum debt capacity and total debt service. Capacity does not reflect the institution's ability to pay ongoing debt service.

## Appendix D: Debt Capacity Analysis with Rating Agency Liability Ratios

VIRGINIA TECH - CAPACITY FOR Aa1/AA RATING WITH ALL PLANNED ISSUANCE (BASE CASE)									
(\$ in 000s)	2023	2024	2025	2026	2027	2028	2029	2030	2031
University Cash and Investments	1,268,794	1,323,178	1,438,988	1,456,347	1,526,347	1,596,347	1,666,347	1,736,347	1,806,347
Adjust: University Unspent Bond Proceeds <sup>1</sup>	(93,989)	(12,442)	(30,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Adjust: Restricted Expendable <sup>1</sup>	(97,074)	(101,481)	(97,368)	(100,201)	(103,117)	(106,118)	(109,206)	(112,384)	(115,654)
Foundation Cash and Investments	2,044,894	2,243,798	2,398,174	2,411,628	2,427,169	2,437,276	2,444,830	2,448,419	2,444,512
Adjust: University Funds held at VTF <sup>2</sup>	(648,613)	(694,421)	(722,198)	(751,086)	(781,129)	(812,374)	(844,869)	(878,664)	(913,811)
<b>Total Cash and Investments</b>	<b>2,474,012</b>	<b>2,758,632</b>	<b>2,987,596</b>	<b>2,991,688</b>	<b>3,044,269</b>	<b>3,090,131</b>	<b>3,132,102</b>	<b>3,168,718</b>	<b>3,196,394</b>
Operating Revenues <sup>3</sup>	1,942,763	2,090,991	2,273,091	2,393,124	2,472,132	2,552,838	2,635,857	2,722,347	2,812,229
Operating Expenses	1,880,139	2,027,382	2,229,094	2,294,683	2,365,943	2,439,860	2,516,561	2,595,821	2,678,351
Net Operating Income (Cash flow)	62,624	63,609	43,997	98,440	106,189	112,978	119,296	126,526	133,878
Adjust: Depreciation & Interest & Non-Cash Exp	173,238	200,343	216,314	231,122	243,390	257,514	273,808	292,289	313,980
<b>Operating Cash Flow</b>	<b>235,862</b>	<b>263,952</b>	<b>260,311</b>	<b>329,562</b>	<b>349,579</b>	<b>370,492</b>	<b>393,104</b>	<b>418,815</b>	<b>447,858</b>
University Debt Outstanding	621,682	594,144	552,830	500,663	472,638	426,280	382,274	343,600	309,863
University Commercial Paper/ST-Debt Outstanding	6,813	5,986	5,070	4,035	4,035	4,035	4,035	4,035	-
University Leases and Finance Purchase Obligation with VTF	169,323	153,961	140,307	126,845	113,356	101,540	90,113	81,825	73,845
<b>Total University Debt Outstanding (Existing)</b>	<b>797,818</b>	<b>754,091</b>	<b>698,207</b>	<b>631,543</b>	<b>590,028</b>	<b>531,854</b>	<b>476,422</b>	<b>429,459</b>	<b>383,708</b>
Foundation Debt Outstanding (Notes and Bonds)	282,113	269,261	247,031	233,064	213,773	195,625	177,550	159,866	142,544
<b>Total Combined Debt Outstanding (Existing)<sup>4</sup></b>	<b>910,608</b>	<b>869,391</b>	<b>804,931</b>	<b>737,761</b>	<b>690,446</b>	<b>625,940</b>	<b>563,859</b>	<b>507,500</b>	<b>452,407</b>
University Additional (Planned) Debt Outstanding			-	45,135	95,465	246,385	238,175	294,815	381,725
Foundation Additional (Planned) Debt Outstanding			-	14,552	14,181	13,760	13,284	12,750	12,155
<b>Total Projected Planned Additional Debt Outstanding<sup>5</sup></b>			<b>-</b>	<b>59,687</b>	<b>109,646</b>	<b>260,145</b>	<b>251,459</b>	<b>307,565</b>	<b>393,880</b>
<b>Total Existing and Projected Planned Debt Outstanding (University Only)<sup>5</sup></b>			<b>698,207</b>	<b>676,678</b>	<b>685,493</b>	<b>778,239</b>	<b>714,597</b>	<b>724,274</b>	<b>765,433</b>
<b>Total Existing and Projected Planned Debt Outstanding (University and Foundation)<sup>5</sup></b>			<b>804,931</b>	<b>797,448</b>	<b>800,092</b>	<b>886,085</b>	<b>815,318</b>	<b>815,065</b>	<b>846,287</b>
Average Net Pension Liability	1,121,739	890,938	890,938	890,938	890,938	890,938	890,938	890,938	890,938
<b>Total Adjusted Debt Outstanding<sup>5,6,7</sup></b>	<b>2,032,346</b>	<b>1,760,329</b>	<b>1,695,869</b>	<b>1,688,386</b>	<b>1,691,030</b>	<b>1,777,023</b>	<b>1,706,256</b>	<b>1,706,003</b>	<b>1,737,225</b>
Existing Annual Debt Service (excluding Foundation)			89,037	90,548	85,057	78,337	74,390	63,916	56,998
Planned Annual Debt Service (excluding Foundation)			-	-	3,466	7,446	19,297	19,293	24,302
<b>Total Annual Debt Service (excluding Foundation)<sup>7</sup></b>	<b>71,633</b>	<b>85,603</b>	<b>89,037</b>	<b>90,548</b>	<b>88,523</b>	<b>85,783</b>	<b>93,688</b>	<b>83,209</b>	<b>81,300</b>
Maximum Annual Debt Service (excluding Foundation) <sup>7</sup>	90,548	90,548	90,548	88,523	85,783	93,688	83,209	81,300	86,662
<b>ADJUSTMENTS / ANALYSIS</b>									
<b>Total Combined Projected Debt Outstanding (with Adjusted Planned and New Capacity)<sup>4</sup></b>			<b>804,931</b>	<b>797,448</b>	<b>800,092</b>	<b>886,085</b>	<b>815,318</b>	<b>815,065</b>	<b>846,287</b>
<b>Total Adjusted Projected Debt Outstanding (with Adjusted Planned and New Capacity)<sup>4</sup></b>			<b>1,695,869</b>	<b>1,688,386</b>	<b>1,691,030</b>	<b>1,777,023</b>	<b>1,706,256</b>	<b>1,706,003</b>	<b>1,737,225</b>
<b>Annual Debt Service with Impact of Adjustments</b>				<b>90,548</b>	<b>88,523</b>	<b>85,783</b>	<b>93,688</b>	<b>83,209</b>	<b>81,300</b>
<b>Revised Maximum Annual Debt Service</b>				<b>88,523</b>	<b>85,783</b>	<b>93,688</b>	<b>83,209</b>	<b>81,300</b>	<b>86,662</b>
1 Total Cash and Investments to Total Adjusted Debt ( <i>Target &gt;= 1.25x</i> )	1.22	1.57	1.76	1.77	1.80	1.74	1.84	1.86	1.84
2 Annual Debt Service Coverage ( <i>Target &gt; 2.75</i> )	3.29	3.08	2.92	3.64	3.95	4.32	4.20	5.03	5.51
3 MADS Burden ( <i>Target &lt; 4.5%</i> )	4.8%	4.5%	4.1%	3.9%	3.6%	3.8%	3.3%	3.1%	3.2%
4 Cash and Investments to Total Debt ( <i>Target &gt;= 350%</i> )	293%	330%	387%	391%	397%	364%	401%	406%	394%
<b>Capacity per Threshold and Year</b>									
	<b>MAX.</b>	<b>Issue</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	
1 Total Cash and Investments to Total Adjusted Debt ( <i>Target &gt;= 1.25x</i> )	<b>695,082</b>		704,964	744,386	695,082	799,425	828,972	819,890	
2 Annual Debt Service Coverage ( <i>Target &gt; 2.75</i> )	<b>381,032</b>		381,032	502,064	636,629	640,765	898,681	1,060,895	
3 MADS Burden ( <i>Target &lt; 4.5%</i> )	<b>191,709</b>		191,709	269,062	209,508	390,706	461,939	440,496	
4 Cash and Investments to Total Debt ( <i>Target &gt;= 350%</i> )	<b>34,272</b>		93,092	106,304	34,272	117,913	129,536	107,155	

(1) Historical figures from ACFR or Moody's Supplemental Form. FY 2025-2031 based on assumptions provided by VT between June and October 2025. Restricted Expendable Cash assumed to grow at 2.91% thereafter based on VT assumptions.

(2) FY 2025 - 2031 assumed to grow at 4% per growth assumption from the Foundation.

(3) Includes appropriations, gifts, etc.

(4) Total Combined Debt outstanding and debt service calculations assume all "Planned Debt" is issued as scheduled and is net of University Leases (which are included in Foundation Debt Outstanding).

(5) Planned debt based on information provided by VT/VTF. Amounts reflected equal cumulative principal amount outstanding (net of amortization). Amounts may not match project costs as costs of issuance are included. Planned debt issuance assumes a flat interest rate assumption of 4.5% for 20 year projects and 4.75% for 30 year projects.

(6) Average Net Pension Liability is based on Moody's calculation (applied only to Moody's leverage metrics) and after 2024 assumes the 3 year average of prior net pension liability.

(7) Debt Service Figures exclude direct Foundation debt and include University Leases.

**APPENDIX E – Assumptions for PRAG’s Analysis**

<b>Projection Factor</b>	<b>Assumption</b>
<b>1. Projected results prepared by the University for:</b>	
a. Operating Revenues	Increased by 2.91% in 2026 then assumes annual growth of 3.25% through 2031.
b. Operating Expenses	Increased by 2.91% in 2026 then assumes annual growth of 3.25% through 2031.
c. Non-Operating Revenues (Appropriations, gifts, etc.)	Increased by 2.91% in 2026 then assumes annual growth of 3.25% through 2031. Amounts are adjusted to reflect the rating agency treatment of investment income, scholarship expenses and interest expense.
d. Depreciation	Varies based on category but overall increasing at approximately 7.0% to 8.3% annually over projection period.
e. Cash and Investments	Cash assumed to increase \$50 million annually. Investments assumed to increase \$20 million annually
<b>2. Projected Results prepared by the Foundation for:</b>	
a. Cash and Investments	Aggregate Cash and Investments remaining at approximately \$2.4 billion during planning period.
b. University Funds held at Foundation	Increasing at 4% after 2025
<b>3. PRAG made the following additional assumptions</b>	
a. Historical debt service and MADs	University/Foundation Database and PRAG Models
b. Interest Rates for Planned and Additional Debt	Assumes interest rate of 4.50% for all planned issuance with 20-year amortization (in line with the annual University Debt Ratio and Debt Capacity Report)
<b>4. All other non-projected financial statistics or factors remain constant</b>	
<b>5. No adjustments to cash flows to account for interest expense adjustments related to planned or additional debt issuances (other than as reported by the University)</b>	

# Annual Report on University Debt Ratios and Debt Capacity

Simon Allen, Vice President for Finance and Chief  
Financial Officer

November 17, 2025



# Debt Capacity: Executive Summary

## Management Agreement Framework

- 2005 Restructuring Agreement with the commonwealth mandates a 7% debt ratio limit and maintaining a minimum AA- rating
  - Current rating AA+
  - Current ratio: 4.92%

## Board of Visitors Guideline

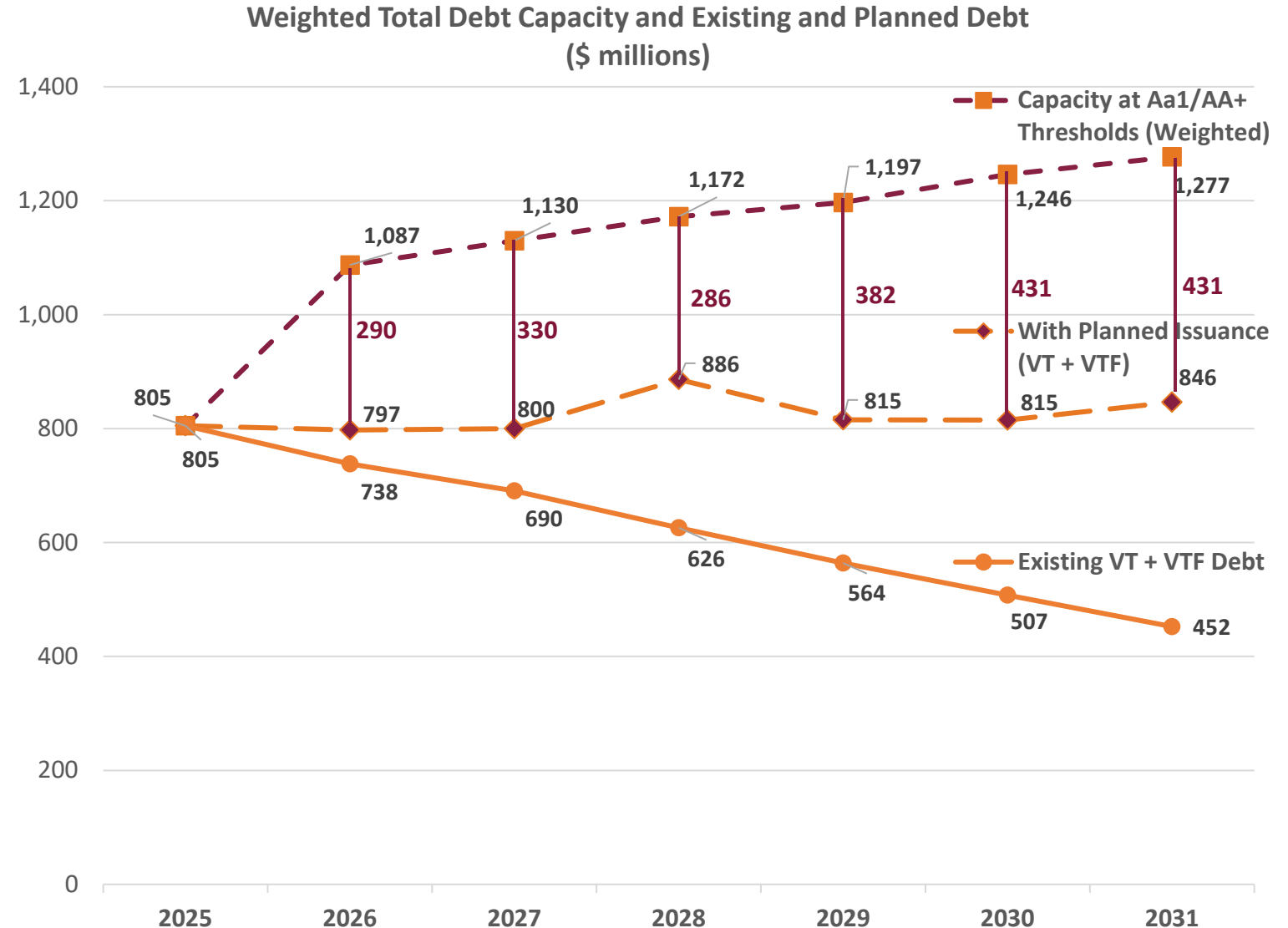
- Debt Burden Ratio:
 
$$\frac{\text{Annual Debt Service}}{\text{Total Operating Expenses}} = <6\%^*$$
  - Current Ratio: 4.92%

## Rating Agency Framework

- 4 Key Financial Ratios focused on debt affordability and asset : debt proportions
- **Virginia Tech estimated to have \$286 million of incremental capacity in excess of approved & planned projects & Initiatives**
- Expanded residential plans, both new beds and renovations resolutions, would need to fit within that capacity and be prioritized

# Debt Capacity with Rating Agency Framework

- When evaluated individually, each of the debt capacity ratios indicates additional capacity under all measures. To derive a single projected annual capacity amount, PRAG established weights across the four measures, assigning the greatest weight to the full leverage metrics.
- Over the planning period, the weighted average additional capacity is estimated to be approximately \$286 million.
- Issuance of the full \$286 million during the period would cause certain liability ratios to exceed the recommended thresholds, potentially negatively impacting the rating score for debt and contingent liabilities.



# Debt Portfolio – University & Foundation

(as of 6/30/25, all dollars in millions)

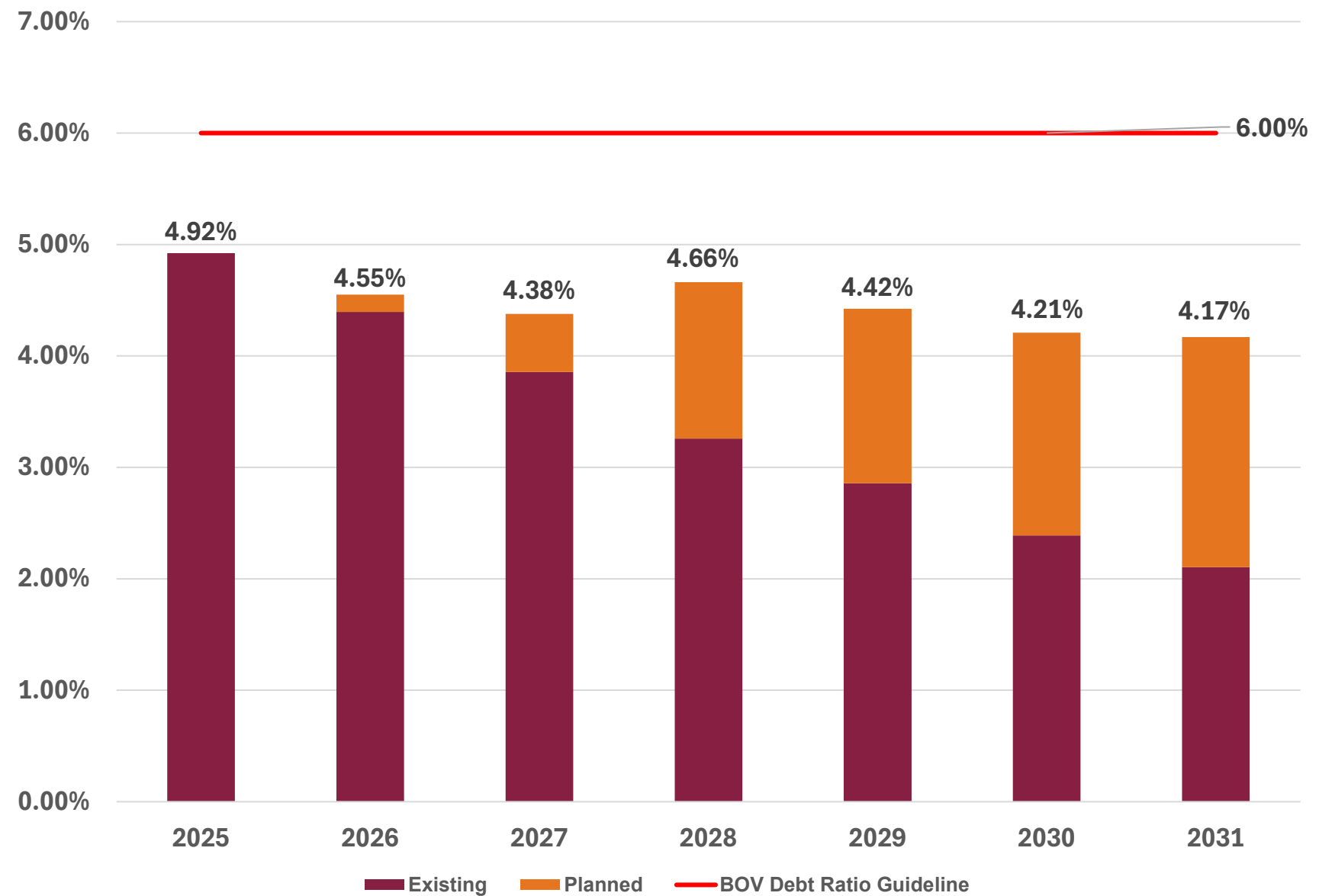
	FY25
University Section 9(c) General Revenue Bonds	\$ 214.25
University Section 9(d) University Revenue Bonds	64.28
Virginia College Building Authority	210.98
Lease Obligation	171.02
Finance Purchase Obligation	9.52
Subscription Based Information Technology Arrangements	23.10
Commercial Paper	5.07
<b>University Total</b>	<b>\$ 698.22</b>
VTF Public Bonds	\$ 221.44
VTF Bank Loans	25.53
Leases	5.36
HRF Notes Payable	1.78
<b>Virginia Tech Foundation Total</b>	<b>\$ 254.11</b>
<b>University and Virginia Tech Foundation Subtotal</b>	<b>\$ 952.33</b>
<b>Less: University Leases and FPO with Foundation</b>	<b>\$ (147.39)</b>
<b>University and Virginia Tech Foundation Total</b>	<b>\$ 804.94</b>

# Six Year Plan for Use of Debt Financing

Planned Bond Issues for the University and Foundation (\$ in Thousands)								
Status		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
<b>University Planned Issuances</b>								
Building Envelope Repairs	Construction Authorized	7,200	19,800					27,000
Pamplin College of Business	Construction Authorized	37,500						37,500
Rescue Squad	Construction Authorized		11,500					11,500
Veterinary Teaching Hospital Expansion	Planning Authorized		20,000					20,000
Dining Services Center	6-Year Plan			33,200				33,200
Campbell Hall Renovation	Planning Authorized			20,000				20,000
New Residence Hall	Planning Authorized			100,000				100,000
VTC-School of Medicine & FBRI Expansion	Planning					28,700		28,700
Hahn Hall South Renovation and Expansion	6-Year Plan					25,000		25,000
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Expand Vivarium Spaces	Lease Authorized: On-Hold						45,000	45,000
Parking Structure at Blacksburg Campus	6-Year Plan						26,300	26,300
G. Burke Johnston Renovation	6-Year Plan						6,000	6,000
<b>Total University Planned Issuances</b>		<b>44,700</b>	<b>51,300</b>	<b>153,200</b>	<b>0</b>	<b>64,700</b>	<b>97,300</b>	<b>411,200</b>
<b>Foundation Planned Issuances</b>								
Intuitive Surgical	Issued September 2025	14,690						14,690
<b>University and Foundation Total Planned Issuances</b>		<b>59,390</b>	<b>51,300</b>	<b>153,200</b>	<b>0</b>	<b>64,700</b>	<b>97,300</b>	<b>425,890</b>

Note: Debt issuances are subject to prioritization of capacity

# Debt Capacity Ratio Incorporating the 6 Year Capital Plan



# Debt Capacity Ratio Analysis

DEBT RATIO	PRAG THRESHOLD FOR Aa1/AA+	FY 2025 PERFORMANCE (PRELIMINARY, UNAUDITED)
<b>MOODY'S INVESTORS SERVICE</b>		
Total Cash & Investments to Total Adjusted Debt (Includes Foundation and Adjusted Net Pension Liability)	≥ 1.25x	1.76x
Annual Debt Service Coverage (Excludes Foundation)	>2.75x	2.92x
<b>STANDARD AND POOR'S</b>		
Maximum Annual Debt Service Burden ("MADS Burden") (Excludes Foundation)	<4.5%	4.1%
Cash and Investments to Total Debt (Includes Foundation)	≥ 350%	387%

# Projected Performance

- Based on the university and Foundation’s existing debt and current projections for planned issuance and financial performance, PRAG’s analysis projects the university can assume all planned issuances as scheduled and remain within the recommended thresholds for each of the ratios and is positioned to maintain its credit ratings throughout the planning period with the assumption that the other rating factors all materialize as projected.

Liability Ratio & Threshold	FY26	FY27	FY28	FY29	FY30	FY31
Total Cash & Investments to Total Adjusted Debt ≥ 1.25x	1.77x	1.80x	1.74x	1.84x	1.86x	1.84x
Annual Debt Service Coverage >2.75x	3.64x	3.95x	4.32x	4.20x	5.03x	5.51x
Maximum Annual Debt Service Burden <4.5%	3.9%	3.6%	3.8%	3.3%	3.1%	3.2%
Cash & Investments to Total Debt ≥ 350%	391%	397%	364%	401%	406%	394%

# Additional Debt Capacity

(all dollars in thousands)

- When evaluated individually, each of the debt capacity ratios indicates additional capacity under all measures. To derive a single projected annual capacity amount, PRAG established weights across the four measures, assigning the greatest weight to the full leverage metrics.
- The liability ratio that is most constraining is Cash and Investments to Total Debt and therefore, more likely to change the score for debt and contingent liabilities.
  - The Moody’s Total Cash and Investments to Total Adjusted Debt ratio incorporates the Adjusted Net Pension Liability (ANPL), which can materially influence the ratio.
  - Debt service coverage ratios can be managed through the structuring and timing of future issuances and are therefore assigned lower weight.

Liability Ratio (Aa1/AA+ Threshold)	Weight	Additional Debt Capacity (Weighted)*
Total Cash and Investments to Total Adjusted Debt	25%	\$173,771
Annual Debt Service Coverage	10%	\$63,663
Maximum Annual Debt Service Burden	15%	\$31,426
Cash and Investments to Total Debt	50%	\$17,136
<b>Total Capacity (Weighted)</b>		<b>\$285,996</b>

\* Each liability ratio evaluated independently

- Over the planning period, the weighted average additional capacity is estimated to be approximately \$286 million.**  
(Issuance of the full \$286 million during the period would cause certain liability ratios to exceed the recommended thresholds, potentially negatively impacting the rating score for debt and contingent liabilities.)



# Summary: Ratio Performance

Debt Ratio	Requirement		=<6%*	✓
	FY25 Performance		4.92%	
Credit Ratings	Requirement		AA- or Aa3	✓
	FY25 Performance		AA+ Aa1	
Ratings Agency View	Requirement		Meet recommended	✓
	FY25 Performance		debt ratio thresholds**	

\*The Board of Visitors guideline for management performance is debt service <= 6% of Operating Expenses (VT's 2005 Restructuring Management Agreement with the Commonwealth mandates a 7% limit)

\*\*See *Recommended Thresholds* slide

# Annual Report on University Debt Ratio and Debt Capacity

## Recommendation:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2025 be accepted.

November 18, 2025

# University Debt Capacity

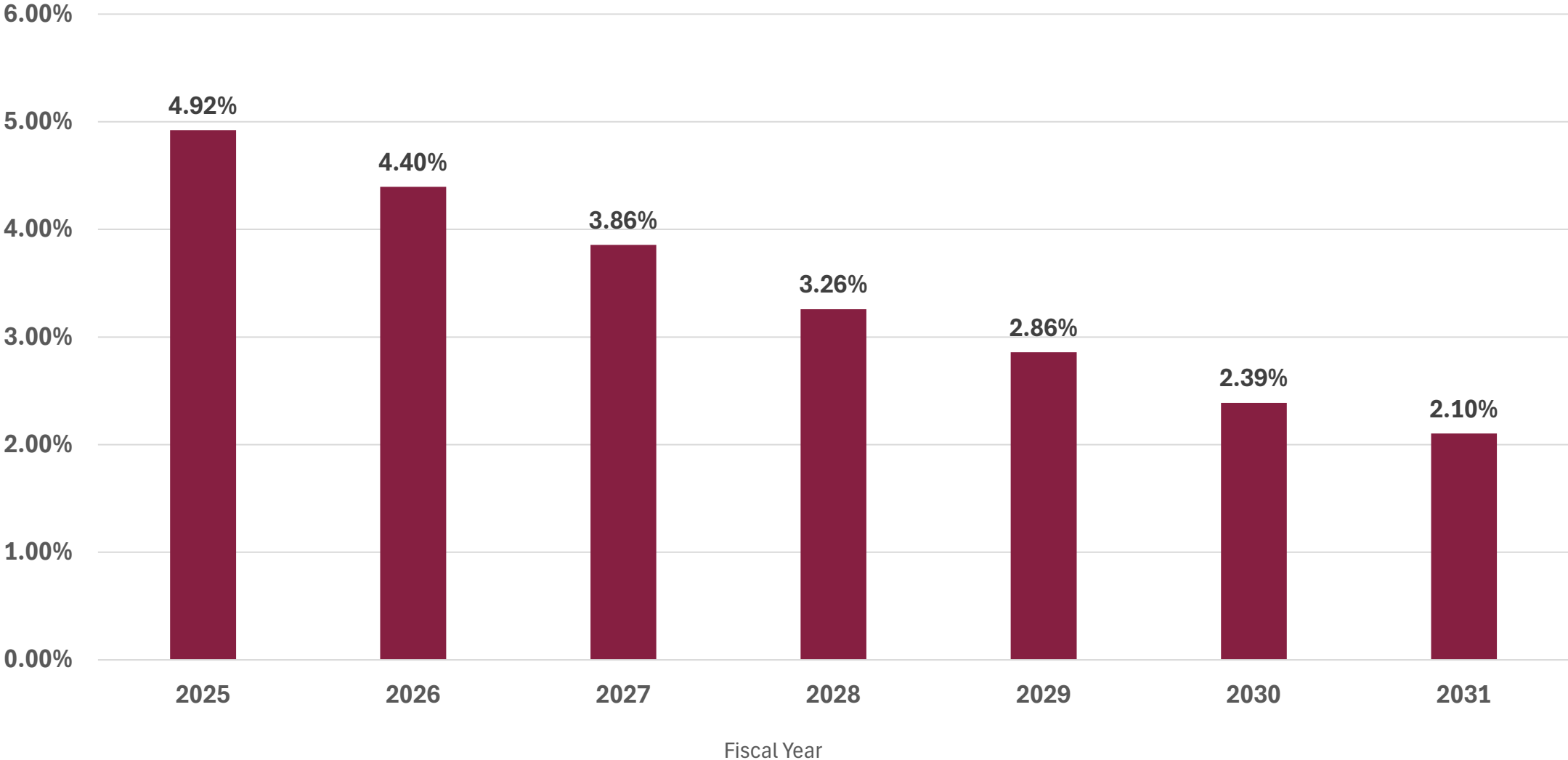
## University Debt Capacity Model

*all dollars in millions*

Fiscal Year	Operating Expenses <sup>1</sup>	Maximum Debt Capacity (6%)	Existing Annual Debt Service <sup>2</sup>	Leases	SBITAs <sup>3</sup>	Future Planned Debt Service <sup>4</sup>	Total Debt Service	Debt Ratio	Projected Capacity <sup>5</sup>
2025	2,144.62	128.68	56.04	26.43	23.10	0.00	105.56	4.92%	23.11
2026	2,207.03	132.42	55.90	25.89	15.21	3.44	100.44	4.55%	31.98
2027	2,278.75	136.73	55.04	27.67	9.64	7.38	99.73	4.38%	36.99
2028	2,352.81	141.17	52.33	26.03	12.14	19.16	109.67	4.66%	31.50
2029	2,429.28	145.76	50.62	25.54	12.14	19.16	107.46	4.42%	38.29
2030	2,508.23	150.49	47.10	22.20	12.14	24.13	105.58	4.21%	44.92
2031	2,589.75	155.38	42.47	21.57	12.14	31.82	108.00	4.17%	47.38

1. University Operating Expenses in FY25 are based on the Financial Statements, a growth rate of 2.91% is assumed in fiscal year 2026, and a 3.25% growth rate is assumed in subsequent fiscal years.
2. Existing Annual Debt Service includes debt service for issuances currently outstanding.
3. Includes SBITA assumption for new ERP with annual payments starting in fiscal year 2028.
4. Future Planned Debt Service includes projected debt bearing projects on the 6 year capital plan. The interest cost is assumed to be 4.5% and 20 years is the assumed term.
5. Projected Capacity is the difference between maximum debt capacity and total debt service. Capacity does not reflect the institution's ability to pay ongoing debt service.

# Existing Portfolio Debt Capacity



# Explanation of Four Key Ratios

DEBT RATIO	DESCRIPTION	PURPOSE
<b>MOODY'S INVESTORS SERVICE</b>		
<b>Total Cash &amp; Investments to Total Adjusted Debt (Includes Foundation)</b>	Cash and investments (at the university and affiliated foundations) plus funds held in trust by others divided by total adjusted debt which includes a university's and affiliated foundations' bonds, notes, commercial paper, capital leases, bank loans, guarantees, draws upon lines of credit, unfunded pension liabilities and operating leases.	Provides indication of a university's ability to pay annual fixed costs, including debt service obligations, while still fulfilling its mission.
<b>Annual Debt Service Coverage (Excludes Foundation)</b>	Operating income plus depreciation, amortization, interest, and other large non-cash expenses divided by annual debt service (interest expense and scheduled principal payments, excluding refundings).	Measures the ability of a university to generate sufficient cash flow to repay its debt.
<b>STANDARD AND POOR'S</b>		
<b>Maximum Annual Debt Service Burden ("MADS Burden") (Excludes Foundation)</b>	Maximum annual debt service (MADS) as a percent of operating expenses.	Measures the debt servicing capacity of the provider based on the greatest amount of debt service expected under its current or pro forma debt structure.
<b>Cash and Investments to Total Debt (Includes Foundation)</b>	All available resources divided by all outstanding debt.	Measures an education provider's reserves that may affect its ability to pay off debt.

# Capacity Analysis – Aa1/AA+ Rating Target - Detail

VIRGINIA TECH - CAPACITY FOR Aa1/AA RATING WITH ALL PLANNED ISSUANCE (BASE CASE)									
(\$ in 000s)	2023	2024	2025	2026	2027	2028	2029	2030	2031
University Cash and Investments	1,268,794	1,323,178	1,438,988	1,456,347	1,526,347	1,596,347	1,666,347	1,736,347	1,806,347
Adjust: University Unspent Bond Proceeds <sup>1</sup>	(93,989)	(12,442)	(30,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Adjust: Restricted Expendable <sup>1</sup>	(97,074)	(101,481)	(97,368)	(100,201)	(103,117)	(106,118)	(109,206)	(112,384)	(115,654)
Foundation Cash and Investments	2,044,894	2,243,798	2,398,174	2,411,628	2,427,169	2,437,276	2,444,830	2,448,419	2,444,512
Adjust: University Funds held at VTF <sup>2</sup>	(648,613)	(694,421)	(722,198)	(751,086)	(781,129)	(812,374)	(844,869)	(878,664)	(913,811)
Total Cash and Investments	2,474,012	2,758,632	2,987,596	2,991,688	3,044,269	3,090,131	3,132,102	3,168,718	3,196,394
Operating Revenues <sup>3</sup>	1,942,763	2,090,991	2,273,091	2,393,124	2,472,132	2,552,838	2,635,857	2,722,347	2,812,229
Operating Expenses	1,880,139	2,027,382	2,229,094	2,294,683	2,365,943	2,439,860	2,516,561	2,595,821	2,678,351
Net Operating Income (Cash flow)	62,624	63,609	43,997	98,440	106,189	112,978	119,296	126,526	133,878
Adjust: Depreciation & Interest & Non-Cash Exp	173,238	200,343	216,314	231,122	243,390	257,514	273,808	292,289	313,980
Operating Cash Flow	235,862	263,952	260,311	329,562	349,579	370,492	393,104	418,815	447,858
University Debt Outstanding	621,682	594,144	552,830	500,663	472,638	426,280	382,274	343,600	309,863
University Commercial Paper/ST-Debt Outstanding	6,813	5,986	5,070	4,035	4,035	4,035	4,035	4,035	-
University Leases and Finance Purchase Obligation with VTF	169,323	153,961	140,307	126,845	113,356	101,540	90,113	81,825	73,845
Total University Debt Outstanding (Existing)	797,818	754,091	698,207	631,543	590,028	531,854	476,422	429,459	383,708
Foundation Debt Outstanding (Notes and Bonds)	282,113	269,261	247,031	233,064	213,773	195,625	177,550	159,866	142,544
Total Combined Debt Outstanding (Existing) <sup>4</sup>	910,608	869,391	804,931	737,761	690,446	625,940	563,859	507,500	452,407
University Additional (Planned) Debt Outstanding			-	45,135	95,465	246,385	238,175	294,815	381,725
Foundation Additional (Planned) Debt Outstanding			-	14,552	14,181	13,760	13,284	12,750	12,155
Total Projected Planned Additional Debt Outstanding <sup>5</sup>			-	59,687	109,646	260,145	251,459	307,565	393,880
Total Existing and Projected Planned Debt Outstanding (University Only) <sup>5</sup>			698,207	676,678	685,493	778,239	714,597	724,274	765,433
Total Existing and Projected Planned Debt Outstanding (University and Foundation) <sup>5</sup>			804,931	797,448	800,092	886,085	815,318	815,065	846,287
Average Net Pension Liability	1,121,739	890,938	890,938	890,938	890,938	890,938	890,938	890,938	890,938
Total Adjusted Debt Outstanding <sup>5,6,7</sup>	2,032,346	1,760,329	1,695,869	1,688,386	1,691,030	1,777,023	1,706,256	1,706,003	1,737,225
Existing Annual Debt Service (excluding Foundation)			89,037	90,548	85,057	78,337	74,390	63,916	56,998
Planned Annual Debt Service (excluding Foundation)			-	-	3,466	7,446	19,297	19,293	24,302
Total Annual Debt Service (excluding Foundation) <sup>7</sup>	71,633	85,603	89,037	90,548	88,523	85,783	93,688	83,209	81,300
Maximum Annual Debt Service (excluding Foundation) <sup>7</sup>	90,548	90,548	90,548	88,523	85,783	93,688	83,209	81,300	86,662
			ADJUSTMENTS / ANALYSIS						
Total Combined Projected Debt Outstanding (with Adjusted Planned and New Capacity) <sup>4</sup>			804,931	797,448	800,092	886,085	815,318	815,065	846,287
Total Adjusted Projected Debt Outstanding (with Adjusted Planned and New Capacity) <sup>4</sup>			1,695,869	1,688,386	1,691,030	1,777,023	1,706,256	1,706,003	1,737,225
Annual Debt Service with Impact of Adjustments				90,548	88,523	85,783	93,688	83,209	81,300
Revised Maximum Annual Debt Service				88,523	85,783	93,688	83,209	81,300	86,662
1	Total Cash and Investments to Total Adjusted Debt (Target >= 1.25x)	1.22	1.57	1.76	1.77	1.80	1.74	1.84	1.84
2	Annual Debt Service Coverage (Target > 2.75)	3.29	3.08	2.92	3.64	3.95	4.32	4.20	5.03
3	MADS Burden (Target < 4.5%)	4.8%	4.5%	4.1%	3.9%	3.6%	3.8%	3.3%	3.2%
4	Cash and Investments to Total Debt (Target >= 350%)	293%	330%	387%	391%	397%	364%	401%	394%
			Capacity per Threshold and Year						
			MAX. Issue	2026	2027	2028	2029	2030	2031
1	Total Cash and Investments to Total Adjusted Debt (Target >= 1.25x)		695,082	704,964	744,386	695,082	799,425	828,972	819,890
2	Annual Debt Service Coverage (Target > 2.75)		381,032	381,032	502,064	636,629	640,765	898,681	1,060,895
3	MADS Burden (Target < 4.5%)		191,709	191,709	269,062	209,508	390,706	461,939	440,496
4	Cash and Investments to Total Debt (Target >= 350%)		34,272	93,092	106,304	34,272	117,913	129,536	107,155
			Weighted Capacity per Threshold and Year						
			Weight	2026	2027	2028	2029	2030	2031
1	Total Cash and Investments to Total Adjusted Debt (Target >= 1.25x)	25%		176,241	186,096	173,771	199,856	207,243	204,973
2	Annual Debt Service Coverage (Target > 2.75)	10%		38,103	50,206	63,663	64,076	89,868	106,090
3	MADS Burden (Target < 4.5%)	15%		28,756	40,359	31,426	58,606	69,291	66,074
4	Cash and Investments to Total Debt (Target >= 350%)	50%		46,546	53,152	17,136	58,956	64,768	53,578
WEIGHTED ADDITIONAL CAPACITY				289,647	329,814	285,996	381,495	431,170	430,714



# Annual Report on Research Finances and Resources

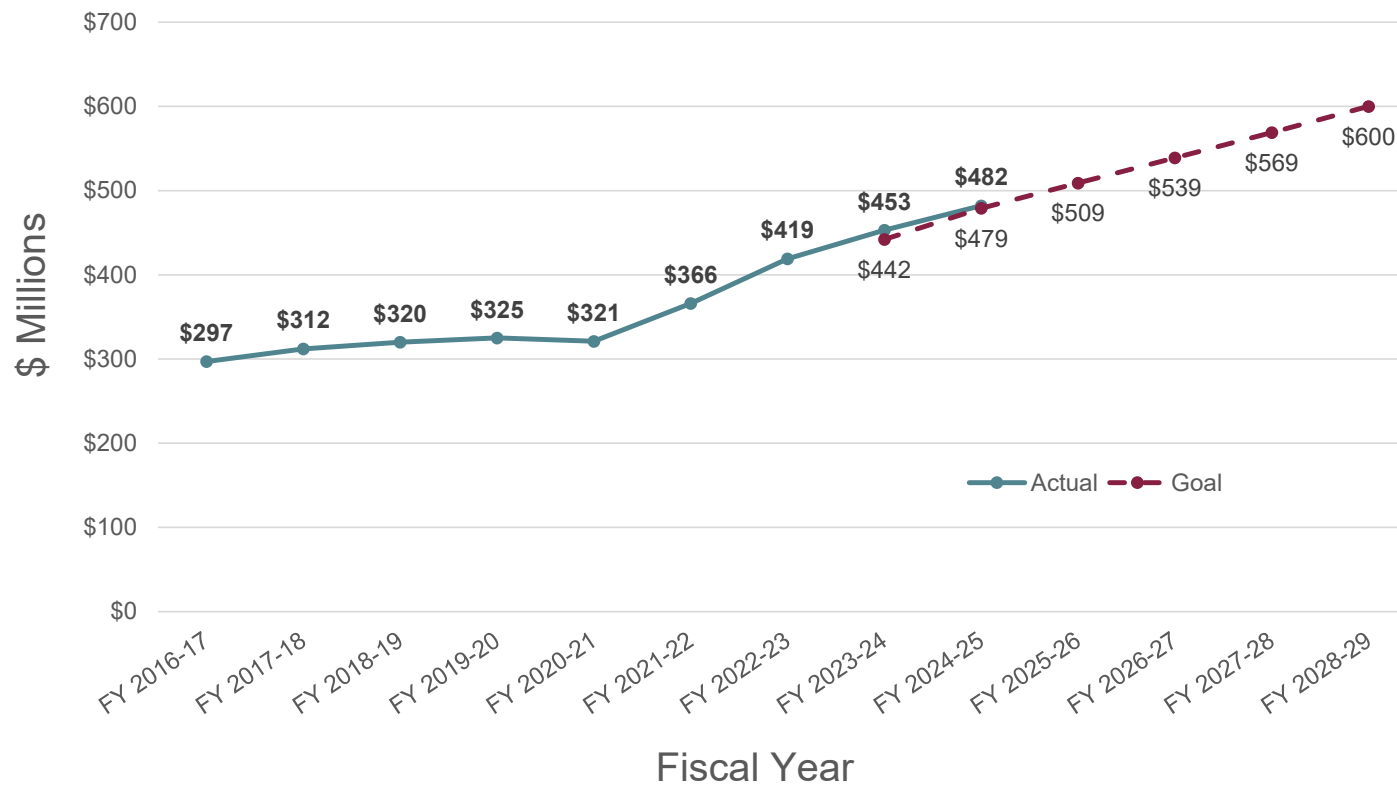
Daniel Sui, Senior Vice President for Research and Innovation

November 17, 2025



# Externally Sponsored Research Expenditures

## NSF Higher Education Research and Development Survey

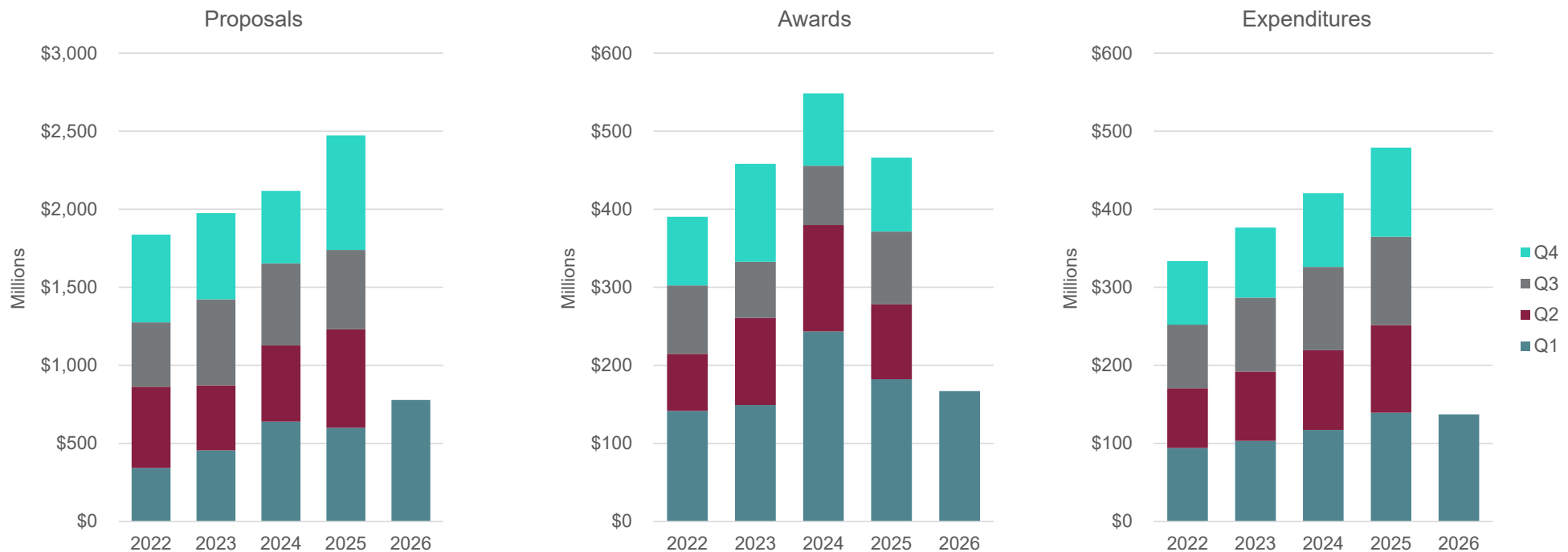


\*FY25 totals are estimates; final numbers available in January





# Sponsored Project Trends Show Declining Awards and Increased Proposals

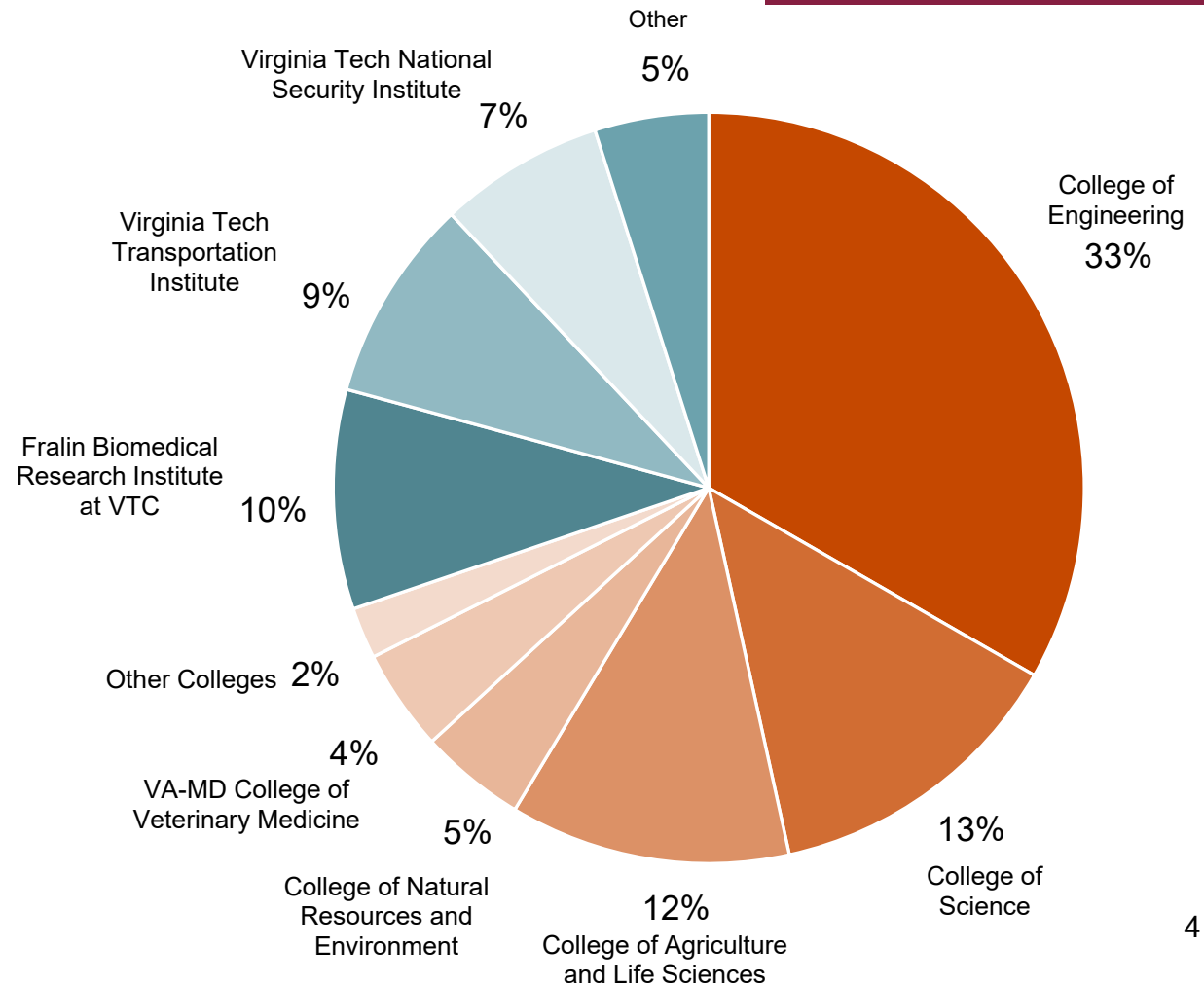


Plots show all sources of funds, all types of sponsored activity. 2024 Awards include one exceptionally large project, also reflected in 2025 expenditures.



# Extramural Funding Across Virginia Tech

Faculty and researchers across all colleges and institutes are actively engaged in sponsored research programs.





# Virginia Tech National Security Institute



## Virginia Tech National Security Institute

**Vision:** to become the nation's preeminent academic organization at the nexus of interdisciplinary research, technology, policy, and talent development to advance national security.



**Eric Paterson**  
Executive Director



**127** Full-Time Employees

**320** Graduate and Undergraduate Students Engaged in Research

**2** Locations – Blacksburg and Arlington



# Differentiators

## Technical Expertise

- Spectrum Dominance
  - Secure Communications
  - Quantum Sensing
  - Radio Frequency Machine Learning
- Mission Systems
  - Counter UAS
  - Resilient, autonomous missions
  - Marine autonomy
  - Hypersonics
  - Space situational awareness
- Intelligent Systems
  - Data science, ML, AI
  - Cyber security and complex systems
  - Validation and test and evaluation

## Workforce Development

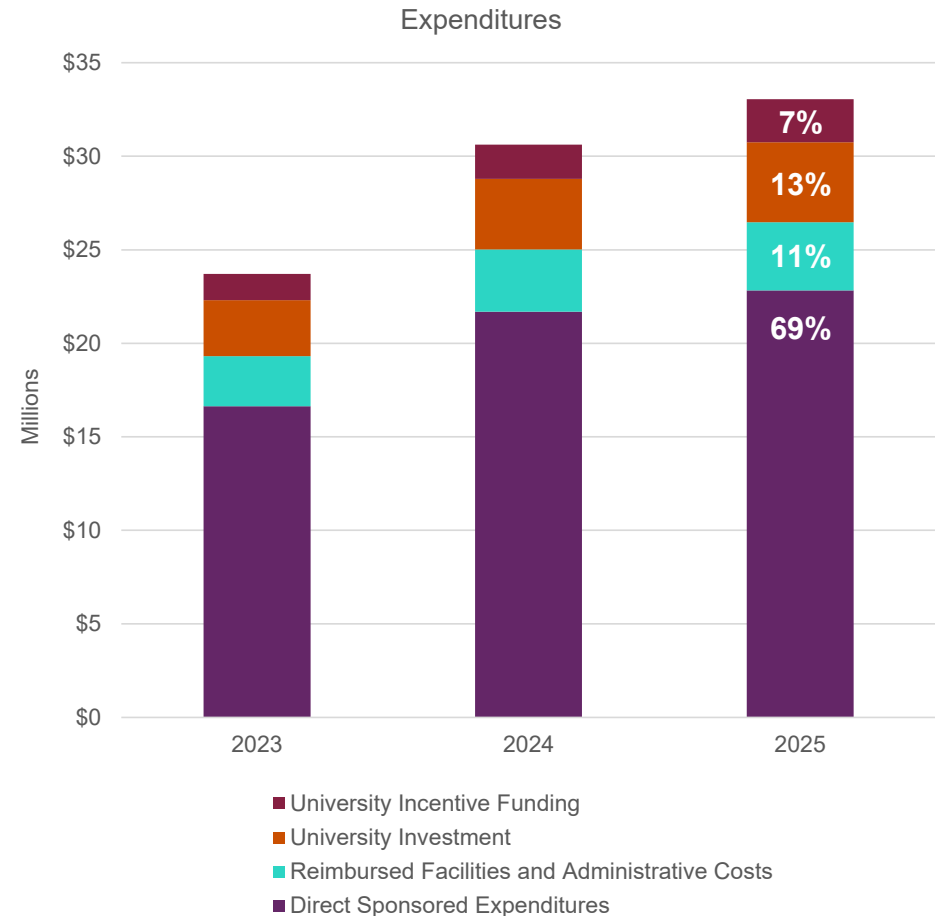
- Rooted in Ted and Karyn Hume Center for National Security and Technology
- 150 students in sponsored programs for the future cleared workforce
  - Defense Civilian Training Corps (OUSD A&S)
  - RTX Fellowship Program (Raytheon and Collins Aerospace)
  - Cyber Scholarship Academy (DoD CIO)
- 320 undergrad and grad students in research
- 600+ students in career development





# VTNSI Expenditures

- 80% of VTNSI funding comes from external sponsors.
- Not represented in this ROI:
  - F&A recovered by the university to support VTNSI's sponsored activities ~ \$5M
  - Funding distributed to other departments and colleges ~ \$10.4M
  - Workforce development and research training aligned with VT Advantage
  - Strengthened brand and sponsored relationships





# Impacts of the Federal Landscape

- Federal Shutdown
- Reduced R&D funding
- Lower F&A rates





# Key Takeaways

- After years of rapid growth, research expenditures have begun to decline.
- New awards aren't growing as fast; expenditures for some agencies has slowed more than others.
- Virginia Tech National Security Institute is rapidly growing, key source of student training.
- Significant uncertainties remain for financial impacts of new federal landscape.





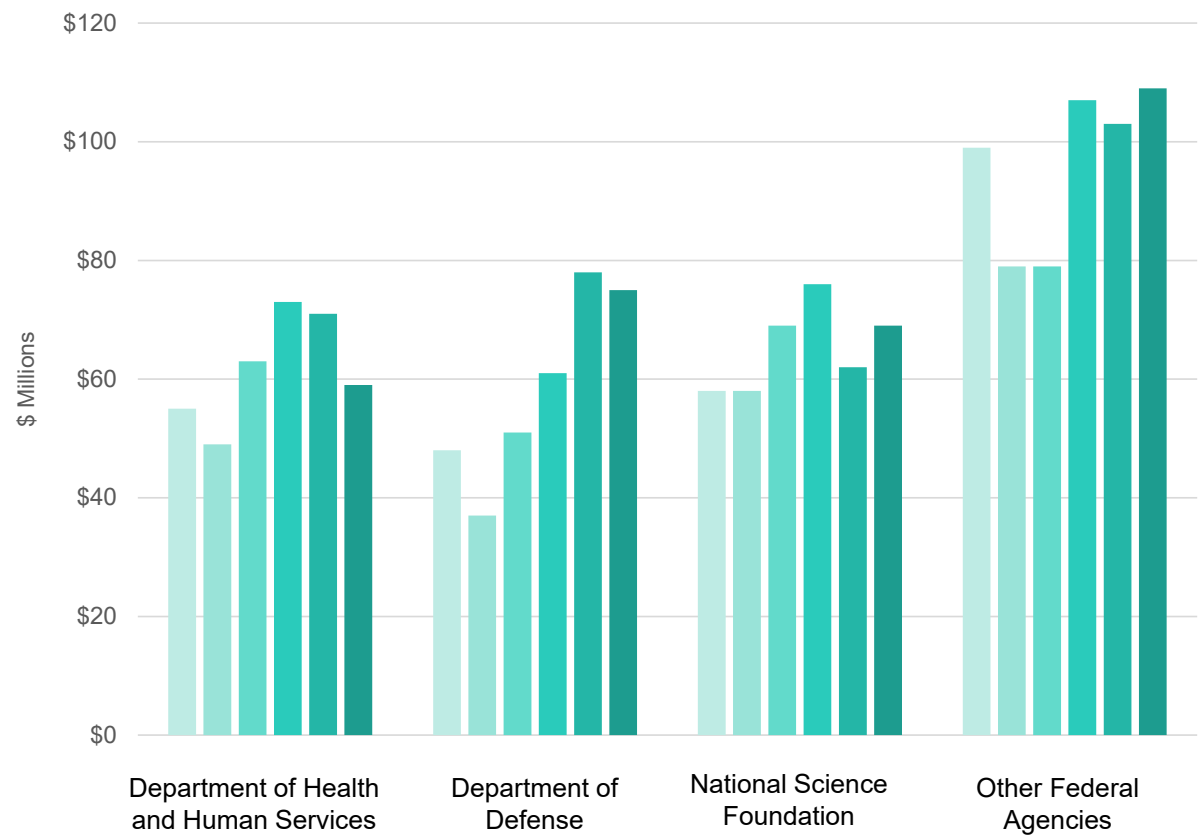
# Backup Slides



# Growth in Funding from Major Agencies

Awards by Federal Agency  
FY2020-2025

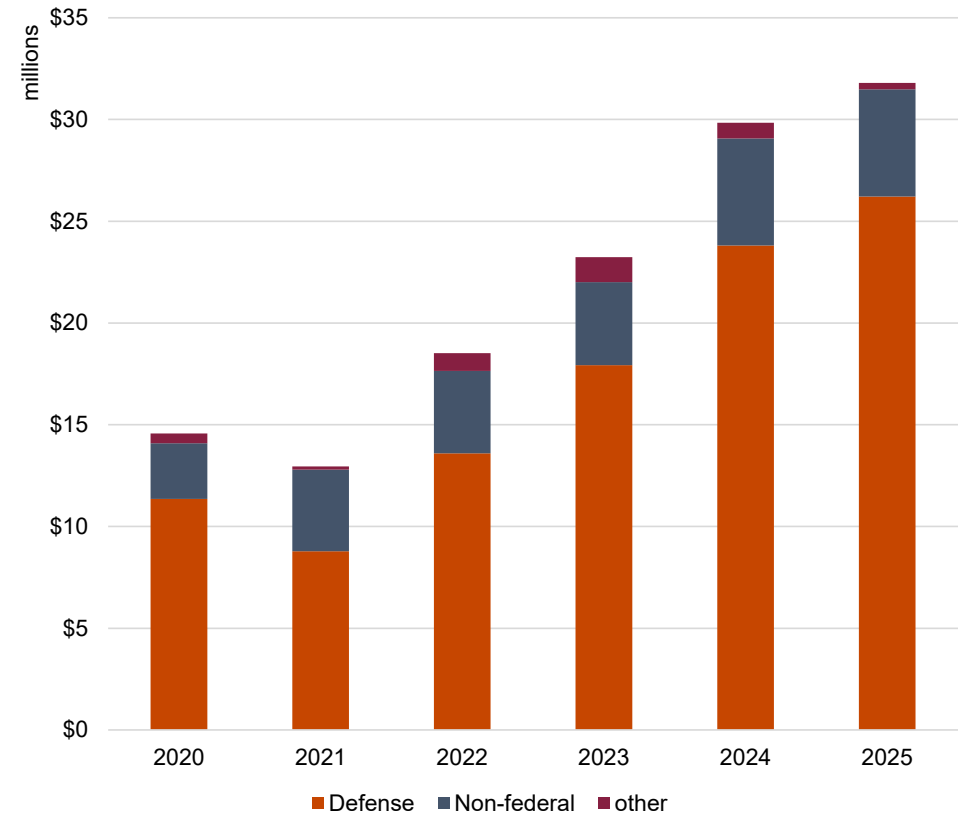
Awards from major sponsor agencies grew rapidly from 2021-25, slowed growth since.



# VTNSI has Rapidly Growing Sponsored Expenditures; Department of Defense is Primary Sponsor



Expenditures by Agency

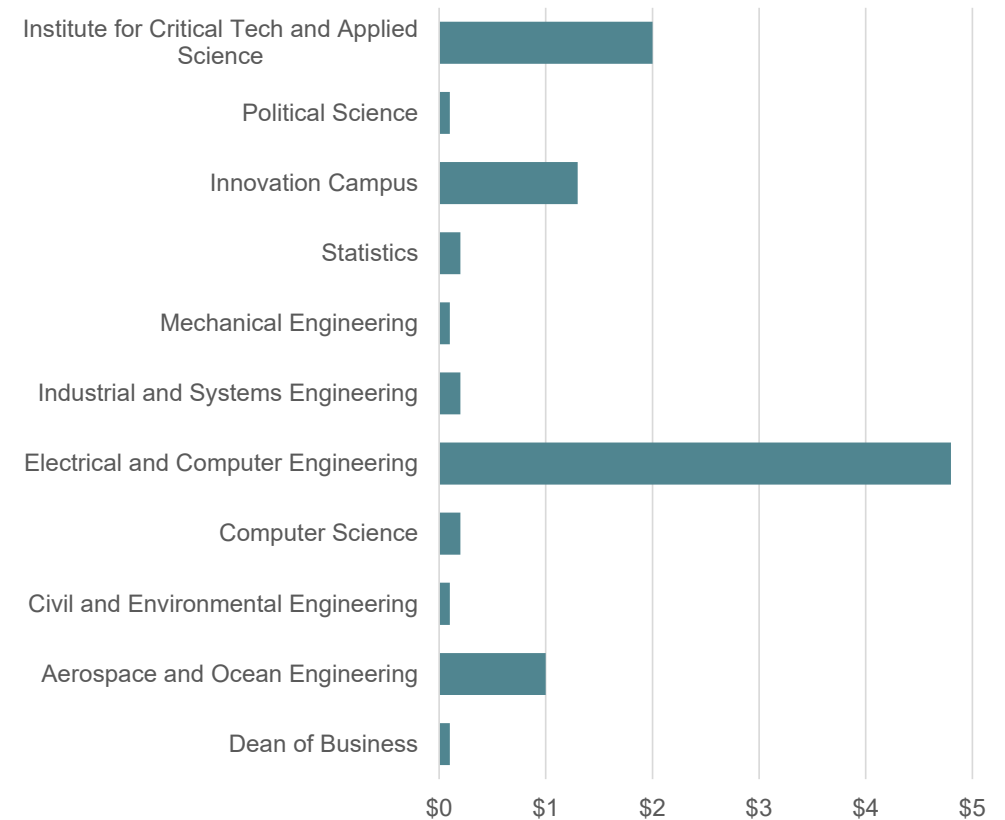




# VTNSI Supports Sponsored Activity Across Departments

FY25 budget in departments and institutes was \$10.4M.

NSI Project Budget in Other Departments (\$M)



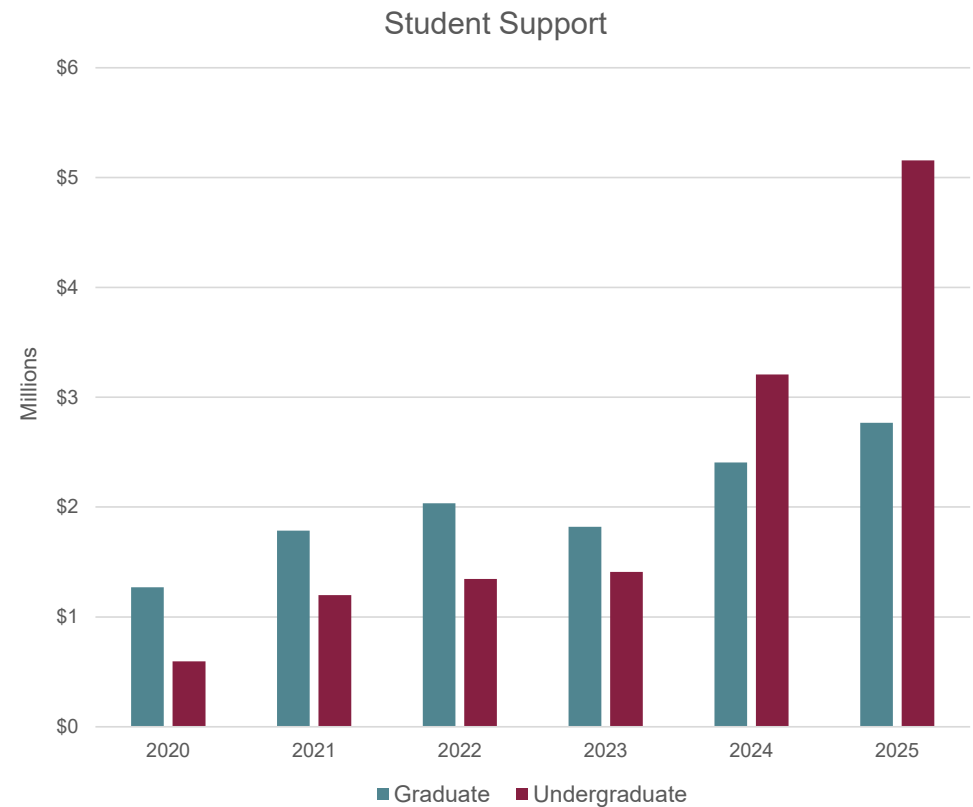
# VTNSI Supports Training, Virginia Tech Advantage



VTNSI is growing support for undergraduate and graduate training, including wages, tuition, and fellowships.

Engagement with students includes:

- Undergraduate Research: 250
- Workforce Development (Gov and Industry): 150
- Career Development, internships, and seminars: 600
- Graduate students: 70



# Discussion of Corps of Cadets Funding

J. Pearson, Board Member

November 17, 2025



# Discussion of Future Agenda Topics and Closing Remarks

Jim Miller, Committee Chair

Finance and Resource Management Committee



# Timing of FRM Committee Agenda Items

## AUGUST / SEPTEMBER

## NOVEMBER

## MARCH / APRIL

## JUNE

- Annual Comprehensive Report on Advancement <sup>#+</sup>
- Report on Higher Ed Institutional Performance Measures (even years)
- Report on Gramm-Leach-Bliley Act Compliance and IT Security <sup>°</sup>
- Financial Summary of Faculty and Staff Merit Programs
- Financial Performance Report <sup>\*</sup>
- Ratification of Personnel Changes Report <sup>\*^</sup>
- Revisions to and Renewal of Related Corporations Affiliation Agreements (every four years, next in 2028) <sup>\*</sup>

- Six-Year Plan (odd years) <sup>\*+</sup>
- Annual Report on Research Finances and Resources <sup>#</sup>
- Annual Report on University Debt Ratio & Debt Capacity <sup>#+°</sup>
- Annual Report on the University's Student Financial Aid Resources <sup>#+</sup>
- Annual Report on Write-off of Delinquent Accounts
- Annual Report on Treasury Investments and Quasi-Endowments <sup>+</sup>
- Update on Advancement <sup>#</sup>
- Financial Performance Report <sup>\*</sup>
- Ratification of Personnel Changes Report <sup>\*^</sup>
- Ratification of Lease Activities Approved by the University <sup>\*</sup>
- Ratification of Subscription-Based Information Technology Arrangements Approved by the University <sup>\*</sup>

- Tuition and Fee Rates <sup>\*#+</sup>
- University Operating & Capital Budgets <sup>\*#+</sup>
- Six-Year Capital Outlay Plan (odd years)
- University's Annual Financial Report
- Update on Athletics – Financial Aspects (NCAA Report)
- Update on Advancement <sup>#</sup>
- Financial Performance Report <sup>\*</sup>
- Ratification of Personnel Changes Report <sup>\*^</sup>

- Update on Development of Six-Year Plan <sup>+</sup>
- Faculty Compensation Plan <sup>\*</sup>
- Compensation for Graduate Assistants <sup>\*</sup>
- Hotel Roanoke Conference Center Commission Budget <sup>\*</sup>
- Promotion, Tenure, & Continued Appointment <sup>\*</sup>
- Update on Advancement <sup>#</sup>
- Financial Performance Report <sup>\*</sup>
- Ratification of Personnel Changes Report <sup>\*^</sup>

\* Requires full Board approval

# Discusses Enterprise Risk Management topic

+ Discusses Strategic Investment Priorities topic

° Acceptance item

^ Closed Session item



## Joint Open Session Agenda

### FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

Virginia Tech Academic Building One, Room 2110

2:45 p.m.

November 17, 2025

	<u><b>Agenda Item</b></u>	<u><b>Reporting Responsibility</b></u>
*	1. Approval of Resolution for a Capital Planning Project for the Dining Services Center	Simon Allen Dwyn Taylor Rob Mann
	2. Overview of Capital Project Improvements	Simon Allen Dwyn Taylor
*	3. Approval of Resolution for a Capital Planning Project for Residential Facilities Improvements	Amy Sebring
*	4. Approval of Resolution for a Capital Planning Project for a New Residence Hall	Simon Allen Dwyn Taylor Rob Mann
*	5. Approval of Resolution on the Acceleration of the Renovation of On-Campus Existing Residential Facilities and the Construction of New On-Campus Residential Facilities <a href="#">[This resolution was withdrawn during the meeting.]</a>	Jeanne Stosser

\* Requires full Board approval

# Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)



# Approval of a Resolution for a Capital Planning Project for the Dining Services Center

Rob Mann, Assistant Vice President for Capital Budgeting & Financing

November 17, 2025

# Resolution for a Capital Planning Project for the Dining Services Center



The 2026-2032 Six-Year Capital Plan and University Debt Report include a capital project to construct a new Dining Services Center.



*Image: Current Southgate Dining Services Center at Sterrett Drive*



# Resolution for a Capital Planning Project for the Dining Services Center

## Project Summary

- Project Scope: Approximately 60,000 gross square foot, food processing and warehouse facility serving the on-campus dining program
- Location: Virginia Tech property on Research Center Drive near the Virginia Tech Montgomery Executive Airport
- Planning Project Budget: \$4.4 million\*
- Funding: Dining auxiliary revenues (nongeneral funds)



*Image: Aerial of proposed location*

*\*complete designs through working drawings*

# Resolution for a Capital Planning Project for the Dining Services Center



NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$4.4 million planning authorization to complete designs through working drawings for the Dining Services Center project.

## Recommendation:

That the resolution authorizing Virginia Tech to plan the Dining Services Center project be approved.

November 18, 2025

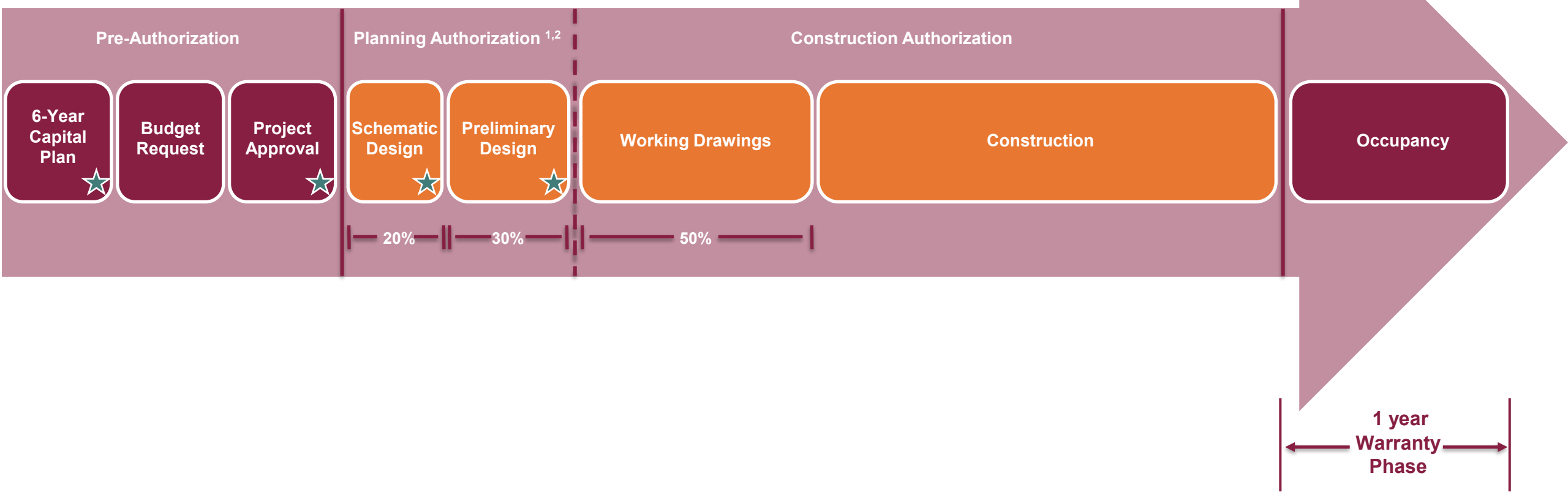
# Overview of Capital Project Improvements

Simon Allen, Vice President for Finance and Chief Financial Officer

Dwyn Taylor, Vice President for Facilities and Chief Facilities Officer

November 17, 2025

# Overall Process

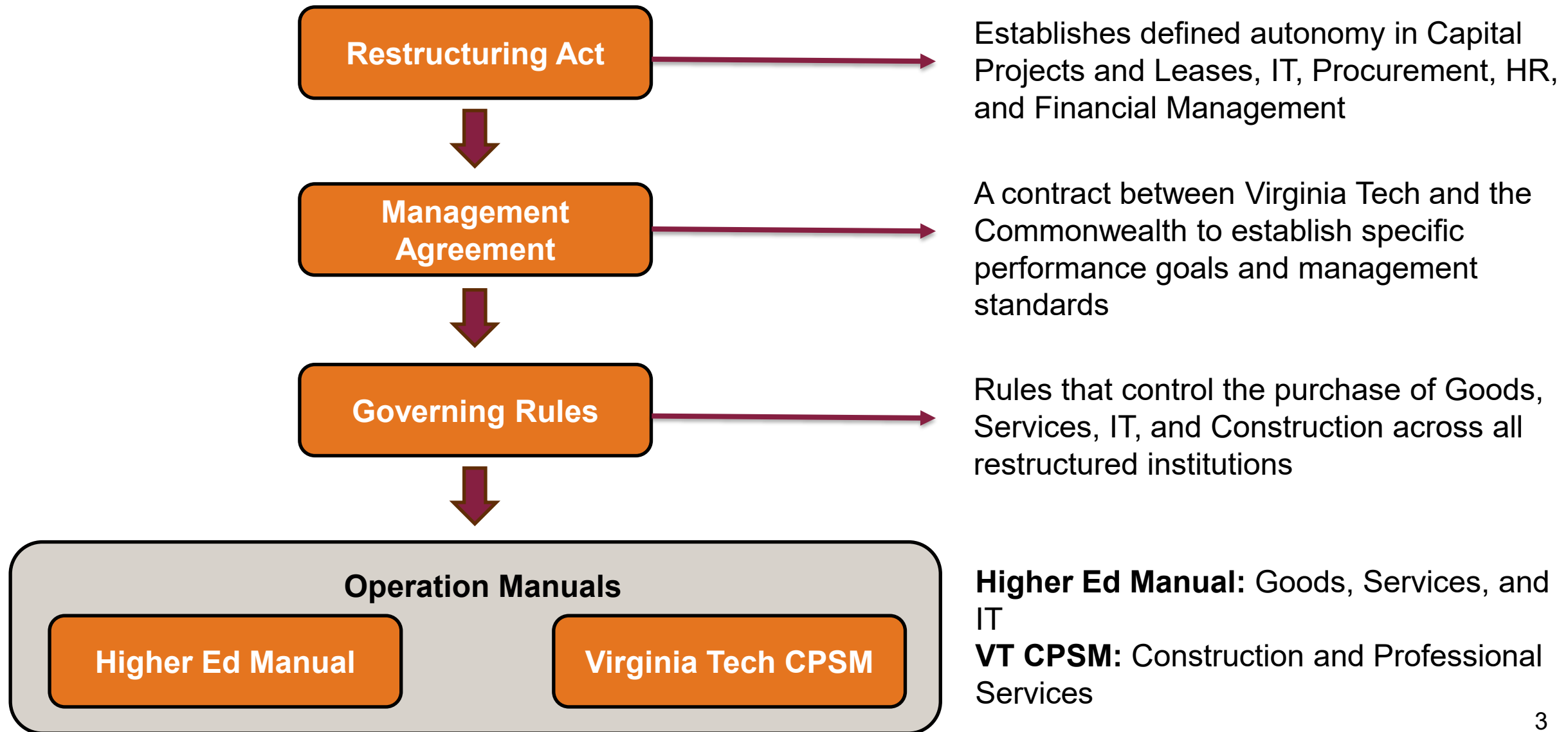


★ Board of Visitors' review & approval

<sup>1</sup> Planning Authorization covers full A/E design costs for Schematic Design, Preliminary Design, site investigation/analysis and project management.

<sup>2</sup> State (General Fund) process limits Planning Authorization to the end of Preliminary Design; VT (Non-General Fund) frequently includes Working Drawings in Planning Authorization.

# Rules of the Road





# What Drives Procurement



Fairness and  
Transparency



Collaboration with  
Subject Matter  
Experts



Cost-Conscious  
without  
Compromising  
Quality

# Implemented Enhancements

01

**Procurement  
Enhancements**

02

**Procurement  
Prioritization**

03

**Commitment to  
Excellence**

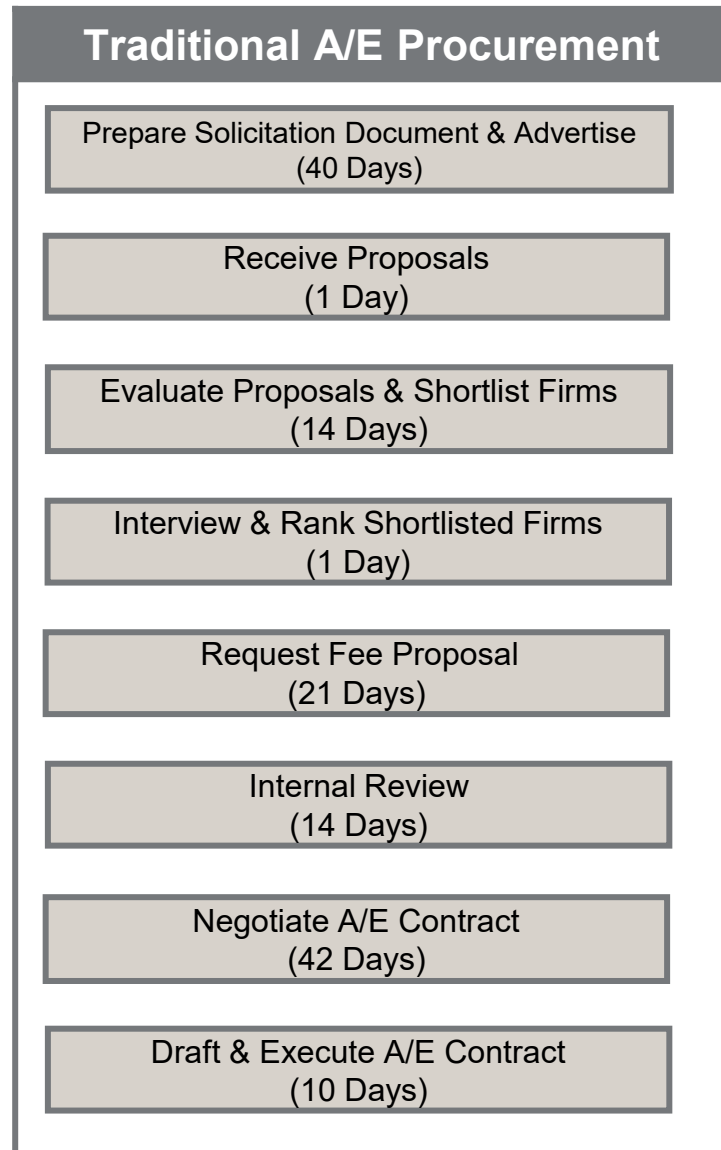


A/E Term Contracts for  
Capital Projects



Evaluate a Capital  
Construction Pre-Qualify  
Process

# A/E Procurement Process

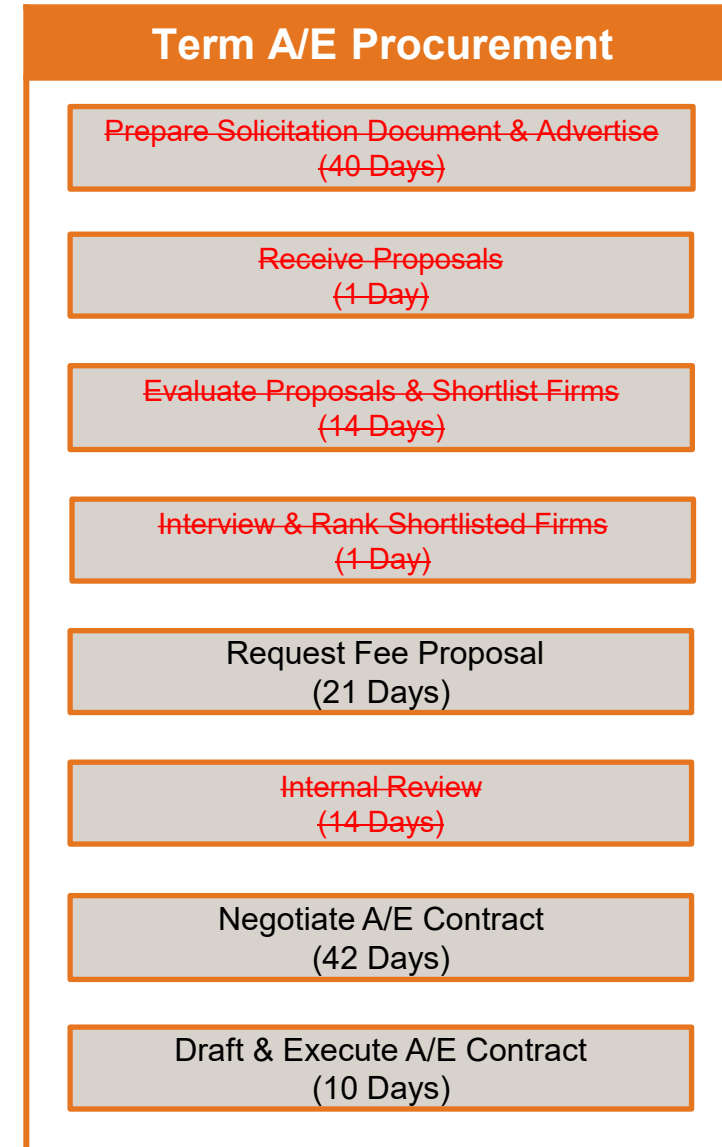


**Original Timeline:  
143 Days**



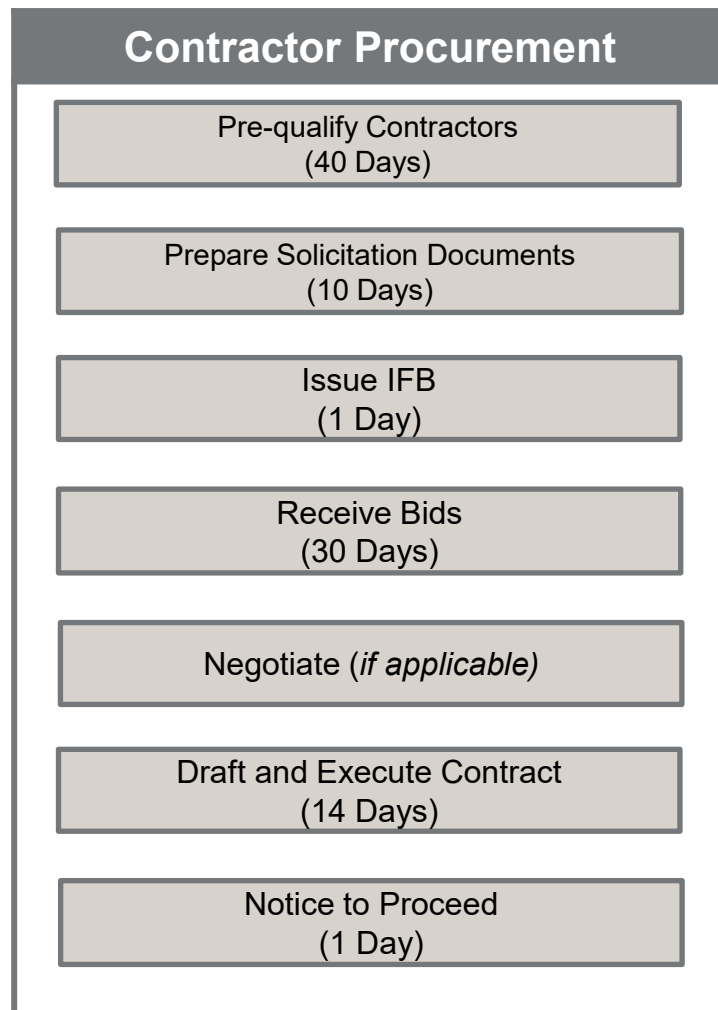
**Revised Timeline:  
73 Days**

**Total Days Saved:  
70 Days**



*\*Provided timeframes are estimates for each activity based on prior project durations.*

# Construction Procurement Process

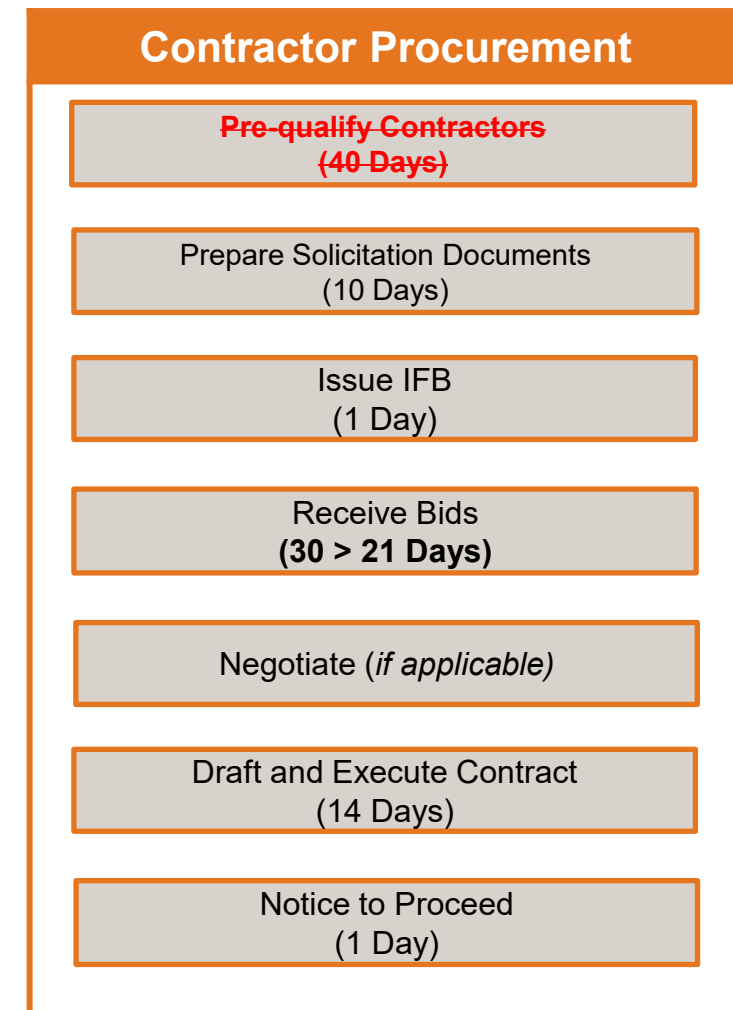


**Original Timeline:  
96 Days**



**Revised Timeline:  
47 Days**

**Total Days Saved:  
49 Days**



**ESTIMATED IMPACT:  
49.8% Reduction in Time to Procure**

# Commitment to Excellence



Empowered Contracting  
and Selection



Process Excellence  
and Efficiency



Leadership and  
Communication

# Ensuring Design Excellence



**Control Measures  
 at Each  
 Phase of Design**



**Broad  
 Stakeholder Input**



**Emphasize  
 Partnership**

Schematic Design - Preliminary Design - Working Drawings - Market Analysis - Construction Contract Awarded



# Design Improvements



- Site adapt previously constructed designs to the extent possible

## Design Reuse



- Perform survey, geotechnical, hazardous material, building systems, and building envelope assessments in parallel with A/E Procurement

## Existing Conditions Analysis



- Optimize Design Leadership Team (Stakeholder Groups)
- Revise Planning Authorization to allow design to proceed through Working Drawings Phase

## Process Optimization

# Discussion

# Proposed Planning Authorization for Residential Facilities Improvements

Amy Sebring, Executive Vice President and Chief Operating Officer

November 17, 2025

# Planning Assumptions from June BOV

- **Ensure that on-campus housing provides sufficient capacity to:**

- Guarantee opportunity for all First-Time-In-College (FTIC) students to live on campus
- House up to 1,400 Corps of Cadet students (Freshmen through Seniors)
- House up to 700 Fraternity and Sorority members
- Provide sufficient residential well-being housing staff (1:50 ratio)
- Meet ADA (single room) accommodations
- Grow incoming undergraduate class (FTIC and transfer) by 1.5% per year on average through fall 2029
- House up to 10% of all other upper-class students

- **Align proposed renovation and construction plan in support of enrollment plan**

- *Implement a long term (>10-year) renovation plan for existing inventory*
  - ✓ Prioritize buildings with significant deferred maintenance and poor Facility Condition Indices
  - ✓ Meet updated life, health, safety; environmental quality; building code; and heating, ventilation, and air conditioning requirements
  - ✓ Address modern configuration and programmatic shortfalls
  - ✓ Minimize impacts to on-campus enrollment and existing revenue streams that support annual maintenance targets
  - ✓ Perform an economic/cost benefit of alternatives to evaluate conditions where buildings should be replaced rather than renovated
- *Construct new beds to support enrollment plan*
  - ✓ Create capacity for consistent and limited enrollment growth and/or swing space to manage year-to-year fluctuations
  - ✓ Revisit options to fulfill commitment to create housing in proximity to the Global Business Analytics Complex
  - ✓ Provide swing space for a continuous and long-term renovation and modernization program required to address existing inventory conditions
  - ✓ Determine best site options that would allow new beds to rely on existing facilities for co-curricular programming, dining, and student activities
  - ✓ Identify design and construction specifications which enable acceptable student occupancy costs

- **Evaluate opportunities to repurpose existing facilities**

- ✓ Example: Inn at Virginia Tech
- ✓ Identify and analyze conditions required to reprogram facilities

## Next Steps...

### APPROACH

- Using these planning assumptions, the university will develop a long-range housing framework to inform the Campus Master Plan to include:
  - A renovation program to address current inventory concerns
  - Options to construct new facility to meet enrollment growth and renovation displacement needs
  - Financial implications of overall program

### TIMELINE

#### August BOV meeting

- Present immediate priority on-campus housing project(s)
- Revise NGF component of Six-Year Capital Plan to include estimated debt impact\*

#### November BOV meeting

- Annual debt capacity report\*

#### December

- Complete long-range planning assessment

#### Spring 2026 BOV meeting

- Provide update on long-range plan

# Additional Summer 2025 Requests

- July 17 – Rector requested extensive information on residential housing including 10 years of data related to housing inspections, qualifications of personnel, planned routine maintenance, renovation projections and capital projects
  - Data delivered in two weeks, vetted in detail with BOV members Davis and Stosser as charged by the rector
  - Details provided to the full Board in advance of the August meeting
- August 20 – Rector assigned BOV members Davis and Stosser, working with an administrative workgroup, to develop a near term strategy for on-campus housing

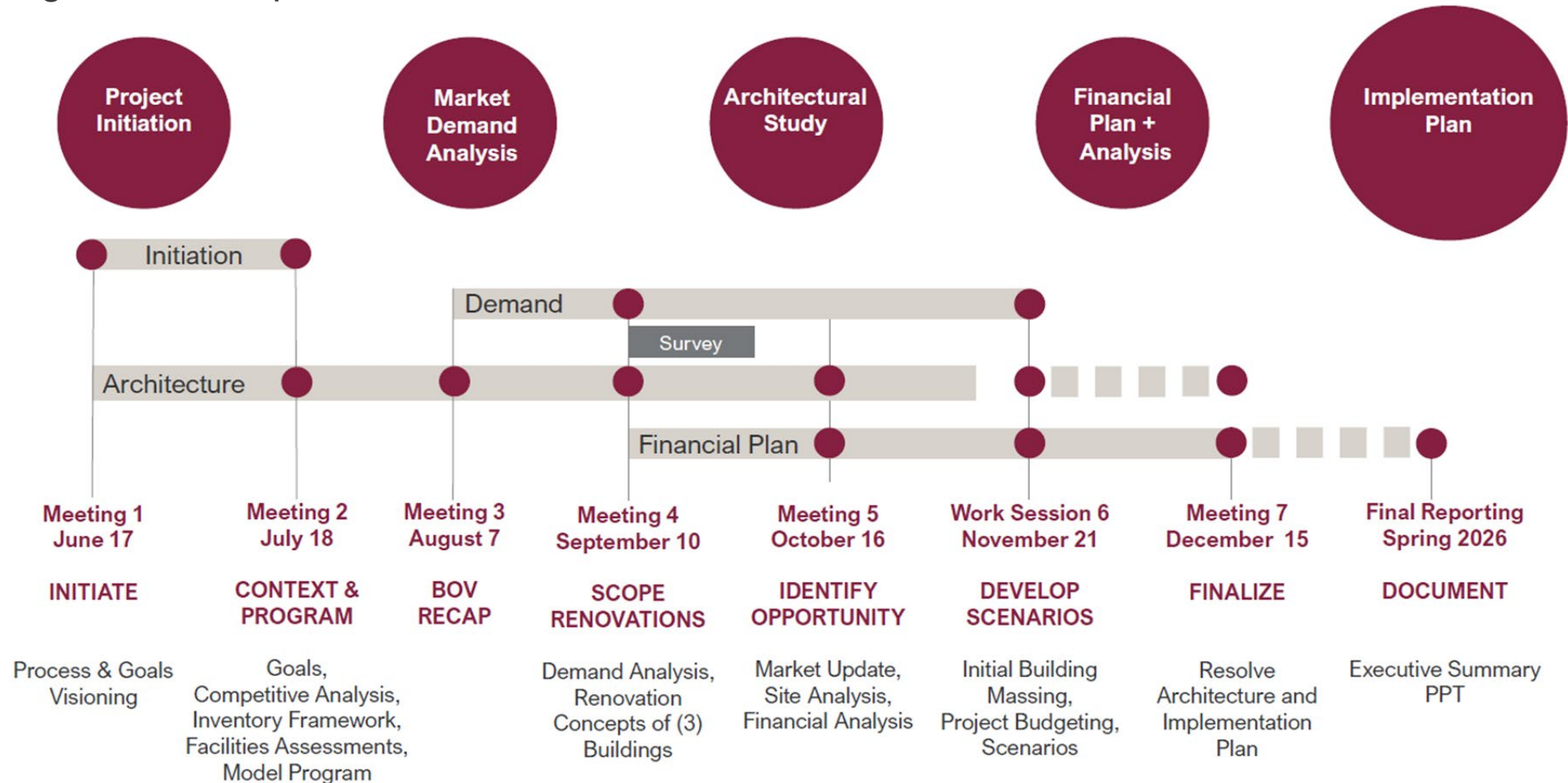
# Accomplishments to Date: Workgroup has Accelerated our Efforts

- Identified **Campbell Hall** as the top priority renovation. BOV approved planning authorization in August. *Contract pending.*
- Evaluated minimum level of new construction needed to support renovation program. In August, BOV approved authorization to plan for the construction of a **600-bed project**.
  - By using existing project designs (Upper Quad North Residential Hall), we will be able to deliver the new beds approximately **one year earlier** than the traditional project timeline. *Under design.*
- Based on the workgroup's scenario planning, requesting **an additional 600-bed planning authorization** at the November BOV meeting to further support the renovation program and future enrollment growth.
- In October, we established a **pre-qualified pool** of capital architectural and engineering (A&E) firms to increase the speed with which we can deploy new projects as authorized, shaving approximately 4 months off the overall renovation process for future projects. *VT is the first in the commonwealth to do this.*
  - Evaluating the potential for a pre-qualified pool of construction firms, which will add additional time savings.
- Refining the prioritization of facilities for renovation as part of the **On Campus Housing Plan** scheduled to be finalized in December and completed by April.
  - Assessing the implementation plan impacts over a 5-year period, a 10-year period and beyond
- Developing budget recommendations to **increase annual maintenance** spend on existing buildings.



# Ongoing Planning Assessment

- Contracted with Brailsford & Dunleavy in May 2025 to deliver a strategic Housing Framework
- The Executive Committee includes Vice Rector Sandy Davis and meets monthly to discuss progress, assumptions, and direction





# Request for Additional Planning Authorization Continues to Push the Pace

- If approved, today's proposed planning resolution would enable planning work to begin immediately on the second priority residential facility pending conclusion of the Housing Planning Assessment Framework
  - ✓ Allows the university to maintain momentum between December and the next BOV meeting
  - ✓ Authorizes the president to identify the next project within the limits set out in the resolution
  - ✓ Future BOV action will be required to move to working drawings and construction.
- This approach is unconventional, but consistent with the chair's expectation that we move quickly



# Resolution for a Capital Planning Project for Residential Facilities Improvements

## Project Summary

- Project Scope: renovation of a high priority residential facility
- Purpose: The ability to move forward with residential renovation projects in an expedited manner
- Location: On-Campus residential facility
- Planning project budget: up to \$5 million\*
- Funding: Residential auxiliary revenues (nongeneral funds)
- No construction will begin until a subsequent construction authorization is approved by the Board of Visitors

*\* complete designs through preliminary design*



# Resolution for a Capital Planning Project for Residential Facilities Improvements

**NOW, THEREFORE, BE IT RESOLVED**, that the university be authorized to move forward with a planning authorization not to exceed \$5 million to complete preliminary designs for the Residential Facilities Improvements project.

**THEREFORE, BE IT FURTHER RESOLVED**, that the Board of Visitors delegates authority to the President to prioritize the specific residential facility to be planned for renovation under this authorization upon completion of a long-range housing plan expected to be completed in December 2025, the financial impact of the planned renovation, and the institution's programmatic needs.

## Recommendation:

That the resolution authorizing Virginia Tech to plan the Residential Facilities Improvements project be approved.

November 18, 2025

# Approval of Resolution for a Capital Planning Project for a New Residence Hall

Rob Mann, Assistant Vice President for Capital Budgeting and Financing

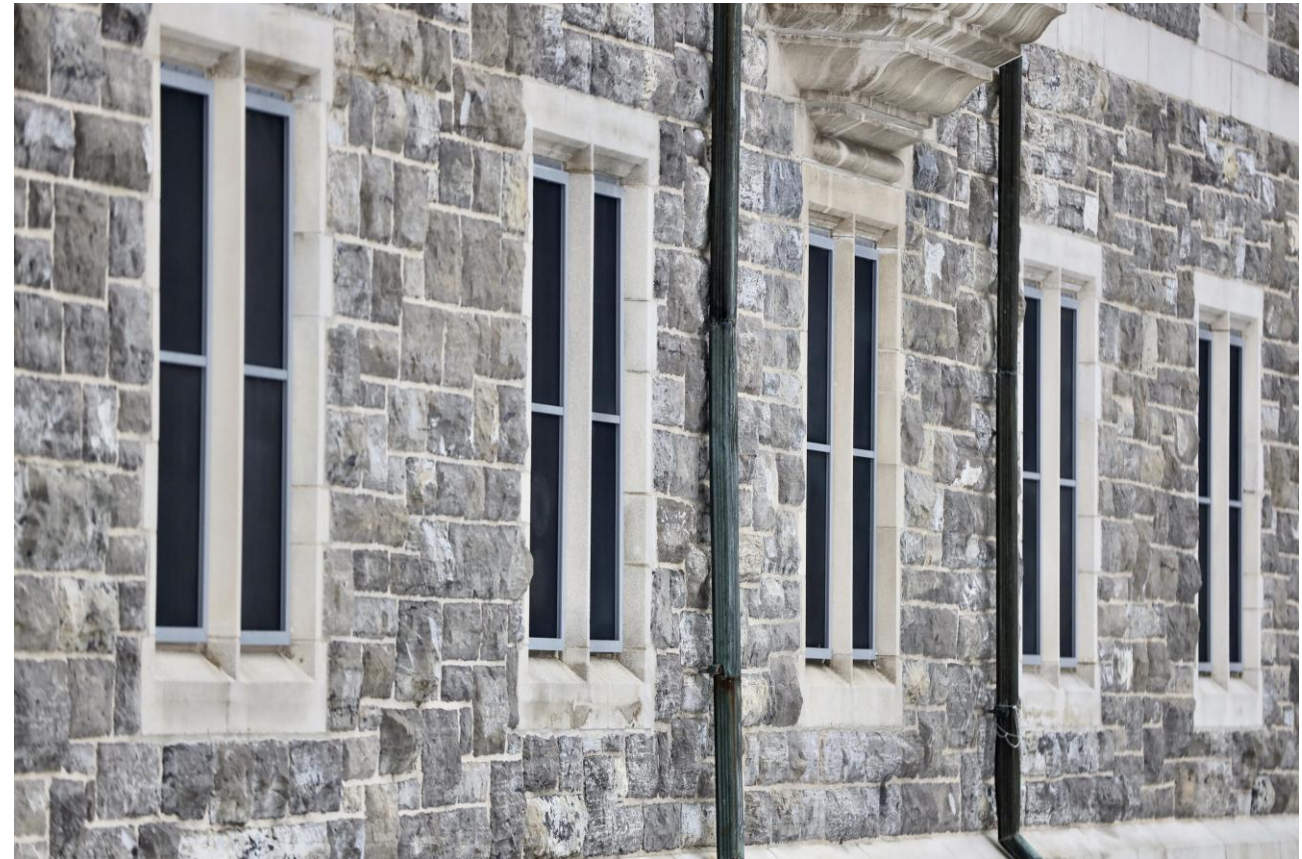
November 17, 2025



# Resolution for a Capital Planning Project for a New Residence Hall

## Project Summary

- Project Scope: new residence hall(s) to house up to 600 students for increased residential capacity
- Combined with Residence Hall planning project approved in August 2025, this would take new on-campus beds to 1,200
- Location: On-campus near the Inn and Conference Center
- Planning Project Budget: \$9.5 million\*
- Funding: Residential auxiliary revenues (nongeneral funds)



*Image: A Campus Building*

*\*complete designs through working drawings*

# Resolution for a Capital Planning Project for a New Residence Hall

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$9.5 million planning authorization to complete designs through working drawings for the New Residence Hall project.

## Recommendation:

That the resolution authorizing Virginia Tech to plan the New Residence Hall project be approved.

November 18, 2025

**Joint Closed Session Agenda**

**FINANCE AND RESOURCE MANAGEMENT COMMITTEE  
AND  
BUILDINGS AND GROUNDS COMMITTEE**

**Virginia Tech Academic Building One, Room 2110**

**To begin immediately following the Joint Open Session**

**November 17, 2025**

**Agenda Item**

**Reporting  
Responsibility**

- |  |                            |
|--|----------------------------|
| 1. Motion for Joint Closed Session                     | Committee Member           |
| * 2. Approval of Resolution to Transfer Property       | Simon Allen<br>Dwyn Taylor |
| 3. Motion to Reconvene in Joint Open Session           | Committee Member           |
| 4. Approval of Items Discussed in Joint Closed Session | Jim Miller                 |

\* Requires Full Board Approval

# Discusses Enterprise Risk Management Topic(s)

+ Discusses Strategic Investment Priorities Topic(s)