Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
The Inn at Virginia Tech
November 7-8, 2021

Joint Open Session with the Buildings and Grounds Committee
November 7, 2021

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Paolo Fermin – Undergraduate Student Representative, Greta Harris, C. T. Hill, Anna James, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Chris Petersen, Mehul Sanghani, Horacio Valeiras, Robert Weiss – Faculty Representative, Preston White, Serena Young – Staff Representative

Virginia Tech Personnel: Callan Bartel, Lynsay Belshe, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Al Cooper, David Crotts, John Cusimano, Jon Deskins, Corey Earles, Jeff Earley, Kari Evans, Ron Fricker, Kay Heidbreder, Chris Kiwus, Sharon Kurek, Jack Leff, Rob Mann, Nancy Meacham, Ken Miller, Liza Morris, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Don Taylor, Dwyn Taylor, Tim Sands, Jon Clark Teglas, Tracy Vosburgh

* 1. **Ratification of the 2022-2028 Capital Outlay Plan:** The Committees reviewed for ratification the 2022-2028 Capital Outlay Plan.

This is a proposed ratification of the 2022-2028 Capital Outlay Plan (Plan) approved at the March 2021 meeting, where the Committees approved the university's list of potential projects for inclusion in the Plan and authorized the university to develop and submit the final Plan in accordance with future guidance from the state.

In response to the instructions and guidance from the state, adjustments to the Plan included the insertion of a planning project for the Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute Expansion. This project was added to the General Fund priorities to provide opportunities to further explore discussions with Carilion Clinic, the City of Roanoke, and the commonwealth for this initiative. The other changes were technical in nature. As required by the instructions, only a portion of the projects were submitted in the funding request to the state.

The General Fund projects submitted may be used by the state to update its capital outlay plan and to make funding decisions in the 2022 budget session. Under the university's Management Agreement for Capital Projects, projects funded entirely with nongeneral funds may be approved by the Board on an as-needed basis.

The Committees recommended the 2022-2028 Capital Outlay Plan to the full Board for ratification.

* 2. **Approval of Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington (VTRC-A):** The Committees reviewed for approval a resolution to amend a long-term lease for the Virginia Tech Research Center – Arlington.

The VTRC-A building, located at 900 Glebe Road in Arlington, Virginia, was constructed by the Virginia Tech Foundation (Foundation) on behalf of the university to expand research and development in the Greater Washington D.C. Metro area. The university currently leases levels two through six of the building, approximately 104,800 square feet, from the Foundation. The Virginia Tech Applied Research Corporation (VT-ARC) is an affiliated university-related corporation that currently leases the entire seventh level of the building from the Foundation. The seventh level includes a mix of offices, meeting rooms, and other spaces for VT-ARC's research and robust technology portfolio.

In order to streamline and simplify the business agreements between the organizations the plan calls for the university to amend its existing lease to assume the lease of the seventh level of the VTRC-A, and for VT-ARC to lease space as needed from the university.

The university has developed an entirely nongeneral fund resource plan to support the $1.54 million annual lease for the seventh level and VT-ARC's outstanding loan balance due to the Foundation. The lease will reflect the standard break-even arrangement between the Foundation and the university. The terms for the lease would provide for up to ten years of occupancy, the present value of which would be approximately $11 million and would exceed the capital project threshold of $3 million.

This request is for authorization to amend the university's lease with the Foundation to include the seventh level space.

The Committees recommended the Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington to the full Board for approval.

There being no further business, the meeting adjourned at 5:48 p.m.

Open Session
November 8, 2021

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Paolo Fermin – Undergraduate Student Representative, Greta Harris, Tish Long, Phil Miskovic – Graduate Student Representative, Serena Young – Staff Representative

Virginia Tech Personnel: Beth Armstrong, Callan Bartel, Lisa Blackwell, James Bridgeforth, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Joseph Cooley, Al Cooper, John Cusimano, Jon Deskins, Holli Drewery, Kari Evans, Jeff Early, Bryan Garey, Luisa Havens Gerardo, Ellington Graves, Debbie Greer, Rebekah Gunn, Kay Heidbreder, Jim Hillman, Tim Hodge, Elizabeth Hooper, Byron Hughes, Chris Kiwus, Sharon Kurek, Jack Leff, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Laurel Miner, Terri Mitchell, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Julia Ross, Robin Queen, Tim Sands, Frank Shushok, Dan Sui, Don Taylor, Tracy Vosburgh, Melinda West

1. **Welcome and Opening Remarks:** The Committee Chair welcomed the attendees and gave 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 August 30-31, 2021 Meeting**

   b. **Annual Write-off of Delinquent Accounts:** As of June 30, 2021, the amount of write-offs of delinquent accounts totaled $341,139 which represents 0.03 percent of the 2020 annual operating revenues of $1.19 billion. The current year write-off is consistent with the total write-off amounts in recent years.

* c. **Approval of Pratt Fund Program and Expenditures Report:** The Pratt Fund provides funding for programs in both the College of Engineering and Department of Animal Nutrition in the College of Agriculture and Life Sciences. For fiscal year 2020-2021, the College of Engineering had total expenditures of $849,543 and the Department of Animal Nutrition had total expenditures of $710,671.

   d. **Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts:** The Committee received an update on the actions taken under the delegation of authority and policy 4240 and the corresponding financial and programmatic impacts. There have been no actions taken since the quarterly update provided at the March 2021 Finance and Resource Management open session meeting.

* e. **Approval of Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support:** The Committee reviewed for approval a resolution updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support.

The Committee approved the items on the Consent Agenda and recommended the Pratt Fund Program and Expenditure Report and the Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support to the full Board for approval.

3. **Update on Advancement:** University Advancement provided a report on their fundraising efforts including a campaign update and an overview of the progress made to reach the 22 percent participation rate by 2022 goal. Advancement also provided the most recent New Gifts and Commitments, cash totals, and participation rates as of October 31 which are significantly higher when compared to the same time last year.

♦ 4. **Annual Report on Research Finances and Resources:** The Committee received a comprehensive annual report on research finances and resources highlighting university research development and expenditures, proposal trends, and an overview of Link, License, and Launch. This report also included an overview of the Enterprise Risk landscape and mitigation strategies.

* 5. **Approval of Board Rates for Spring 2022:** The Committee reviewed for approval the proposed board rates for the Spring 2022 semester. The Board of Visitors set Board rates for the 2021-2022 academic year in March 2021. In September 2021, the university approved an increase to entry wage levels for Dining Services employees to $15 per hour for hourly wage employees and $15.25 per hour for salaried employees. These significant and unanticipated cost increases require revisions to menu prices in the university's dining halls. In order to maintain the purchasing power of student meal plans, a 9.1 percent increase is proposed for board fees, effective for the spring 2022 semester, to cover the market adjustment for compensation rates. Additional financial aid resources will be provided to students with the greatest need to offset the rate increase.

The Committee recommended the proposed board rates for Spring 2022 to the full Board for approval.

6. **Annual Report on the University's Student Financial Aid Resources:** The Committee received a comprehensive report on the university's scholarship and financial aid program. In its Management Agreement with the commonwealth, the university affirmed its commitment to increase the support for student financial aid. The university continues to work proactively to ensure access and affordability. The amount of total student financial aid awarded increased from $537.9 million to $541.4 million in fiscal year 2021.

7. **Report on Investments and Quasi-Endowments:** The Committee received a report on university investments and quasi-endowments, investment performance and related benchmarks, estimated payouts for fiscal year 2022, and planned use of such funds. The university has two investment pools: a short to intermediate-term pool managed within the university and a long-term pool managed by the Virginia Tech Foundation, Inc. The report shows the purposeful growth of funds invested in the endowment pool managed by the Foundation, which consists of true endowments, quasi-endowments and nongeneral fund reserves and balances, and local funds owned by the university.

   As of June 30, 2021, the market value of university funds invested in the short to intermediate-term pool was $501.8 million and in the Foundation was $500.8 million. The short-term university investment income for fiscal year 2022 is estimated to be approximately $2.4 million and the long-term investment income for fiscal year 2022 is estimated to be approximately $19.7 million. The university's investment income is budgeted for restricted and unrestricted purposes to support scholarships, professorships, graduate student assistantships, auxiliary enterprises, the Virginia Tech Carilion School of Medicine, one-time or limited recurring commitments for strategic institutional goals and initiatives, and building adequate operating reserves. This includes the strategic milestone of growing net assets by $20 million per year.

♦ 8. **Discussion on Resource Development:** The Committee received a presentation on resource development and had an opportunity for discussion. The presentation includes resource management strategies, cost drivers, tuition considerations, initiative planning, philanthropy, and enterprise risk.

* 9. **Review and Approval of the 2022-2028 Six-Year Plan:** The Committee reviewed for approval the 2022-2028 Six-Year Plan. The Higher Education Opportunity Act of 2011 established goals and objectives for higher education in Virginia, and outlined an annual planning process that requires submission of six-year academic, financial, and enrollment plans for the future three biennia. The focus of the plan, submitted each odd-year, is the first biennium of the planning period, and even-year submissions may revise these plans as necessary.

The university received instructions for the development of the 2022-2028 Six-Year Plan on April 30, 2021 and an initial submission was provided to the state on July 1, 2021. After a review and response period, the university and state finalized the plan on October 1, 2021. This report provides an overview of this process and key assumptions used in the development of the plans.

An element of the nongeneral fund revenue are placeholders for tuition and fee rates for 2022-2024. Currently, the plan includes tuition and fee increase placeholders for multiple scenarios based on various levels of General Fund support by the commonwealth and reflect the university's continued moderation of rate increases. While the plan includes these placeholders for planning purposes, it does not commit to a rate at this time; the Board retains the authority for approving the final tuition and fee rates. Tuition and fees are traditionally approved by the Board in the spring.

The Six-Year Plan submission begins a discussion with the commonwealth about the university's planned progress towards the goals of the Statewide Strategic Plan for Higher Education and how the university can partner with the state to advance shared outcomes. This process is also an important step in positioning the university to seek state support during the Executive Budget development process each fall.

The Committee recommended the 2022-2028 Six-Year Plan to the full Board for approval.

10. **Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity:** The Committee received for acceptance a report on the university's debt ratio and debt capacity. At the conclusion of fiscal year 2020-21, outstanding long-term debt of the university totaled $511.5 million with a debt ratio of 3.29 percent of operating expenditures. The university requested amended guidance to manage debt issuances at a level that ensures the debt ratio does not exceed six percent of operating expenditures.

* 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2021 – September 30, 2021):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2021 to September 30, 2021. For the first quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. To accomplish work that was delayed by the pandemic, the university authorized a one-time expenditure budget increase of $8.5 million for the University Division and $2.9 million for the Cooperative Extension and Agriculture Experiment Station. The annual expense budget for Auxiliary Enterprises was increased by $12.6 million for outstanding prior year

commitments and projects that were initiated but not completed before June 30, 2021.

Tuition and Fee revenues are ahead of projections due to higher than projected summer session enrollments and higher than projected nonresident graduate enrollment. Revenues in the Residential and Dining Hall Auxiliary Enterprise are lower than projected due to lower than anticipated residence hall occupancy; this was partially offset by higher than budgeted meal plan sales.

For the quarter ending September 30, 2021, $32.2 million was expended for Educational and General capital projects, and $12.8 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending September 30, 2021 totaled $45 million.

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

12. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee Chair requested input on future agenda topics.

    There being no further business, the meeting adjourned at 10:41 a.m.

*** Requires full Board approval.**
♦ Discusses Enterprise Risk Management topic(s).

Attachment E

Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham A/B, The Inn at Virginia Tech

8:00 a.m.

November 8, 2021

Agenda Item	**Reporting Responsibility**
1. Welcome and Opening Remarks	Ed Baine
2. Consent Agenda a. Approval of Minutes of the August 30-31, 2021 Meeting b. Annual Write-off of Delinquent Accounts * c. Approval of Pratt Fund Program and Expenditures Report d. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts * e. Approval of Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Philanthropic Support	Ed Baine
3. Update on Advancement	Charlie Phlegar
♦ 4. Annual Report on Research Finances and Resources	Dan Sui
* 5. Approval of Board Rates for Spring 2022	Dwayne Pinkney
6. Annual Report on the University's Student Financial Aid Resources	Tim Hodge Luisa Havens Gerardo
♦ 7. Discussion on Resource Development	Dwayne Pinkney
* 8. Review and Approval of the 2022-2028 Six-Year Plan	Dwayne Pinkney Ken Miller Tim Hodge
9. Annual Report on Investments and Quasi-Endowments	Ken Miller John Cusimano Tim Hodge
10. Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity	Ken Miller Bob Broyden John Cusimano
* 11. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – September 30, 2021)	Tim Hodge Bob Broyden
12. Discussion of Future Agenda Topics and Closing Remarks	Ed Baine

* **Requires full Board approval.**

♦ **Discusses Enterprise Risk Management topic(s).**

CONSENT AGENDA

Attachment E

a. Approval of Minutes of the August 30-31, 2021 Meeting

b. Annual Write-off of Delinquent Accounts

* c. Approval of Pratt Fund Program and Expenditures Report

d. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts

* e. Approval of Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Philanthropic Support

Accounts Receivable and the Write-off of Delinquent Accounts
For the Fiscal Year Ended June 30, 2021

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 14, 2021

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, 2021, with comparative data for the previous year. Attachment B provides a graph for the aging analysis of the gross receivables at June 30, 2021, 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, 2021, with comparative data for the previous year.

Federal loans receivable will continue to decrease in future years with the wind down of the Perkins loan program required by the federal government.

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 $370,161. **The fiscal year 2021 write-off total of $341,139 represents only 0.03 percent (less than one tenth of one percent) of the annual operating revenues[1] per the audited financial statements for fiscal year 2020**.

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, 2021

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, 2021, the accounts receivable written off totaled $341,139. The decrease in write-offs of $43,926 over the prior year is primarily due to a decrease of $55,981 in Student Account write-offs due to less failed payment plans and less students financially disenrolled who used their meal plans and/or housing. There was also a decrease of $13,307 in Vet Med write-offs. There was an off-setting increase of $18,765 in Equine write-offs. See Attachment C for a summary of the accounts receivables written off at June 30, 2021, 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.

[1] Operating revenues for FY20 of $1,188,833,000 was used for this calculation.

As shown in Attachment D, the $341,139 write-off total consists of 695 customers with an average account value of $491. In fact, of the total number of accounts written off, 62.01 percent (431) were valued at less than $100, and these low dollar accounts represent only 5.69 percent of the total dollar value of the write-offs.

Notes Receivable – From Students Written Off at June 30, 2021

The total notes receivable written off at the close of fiscal year 2021 included $3,565 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 two loans, past due 900 or more days, with an average loan balance of $1,783. 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.

Federal notes receivable are issued from funds received from the federal Departments of Education and Health and Human Services over many previous years for the Perkins and Health Professions Student Loan programs, and from required matching contributions from the university. Again, the same collection procedures are followed for these loans. When loans are deemed uncollectible, federal regulations require the Perkins loans to be assigned and returned to the Department of Education for additional collection efforts and final resolution. During the fiscal year, Virginia Tech assigned 180 Perkins Loans totaling $654,130 to the Department of Education as required for the wind down of the program.

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 of 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 student loans.

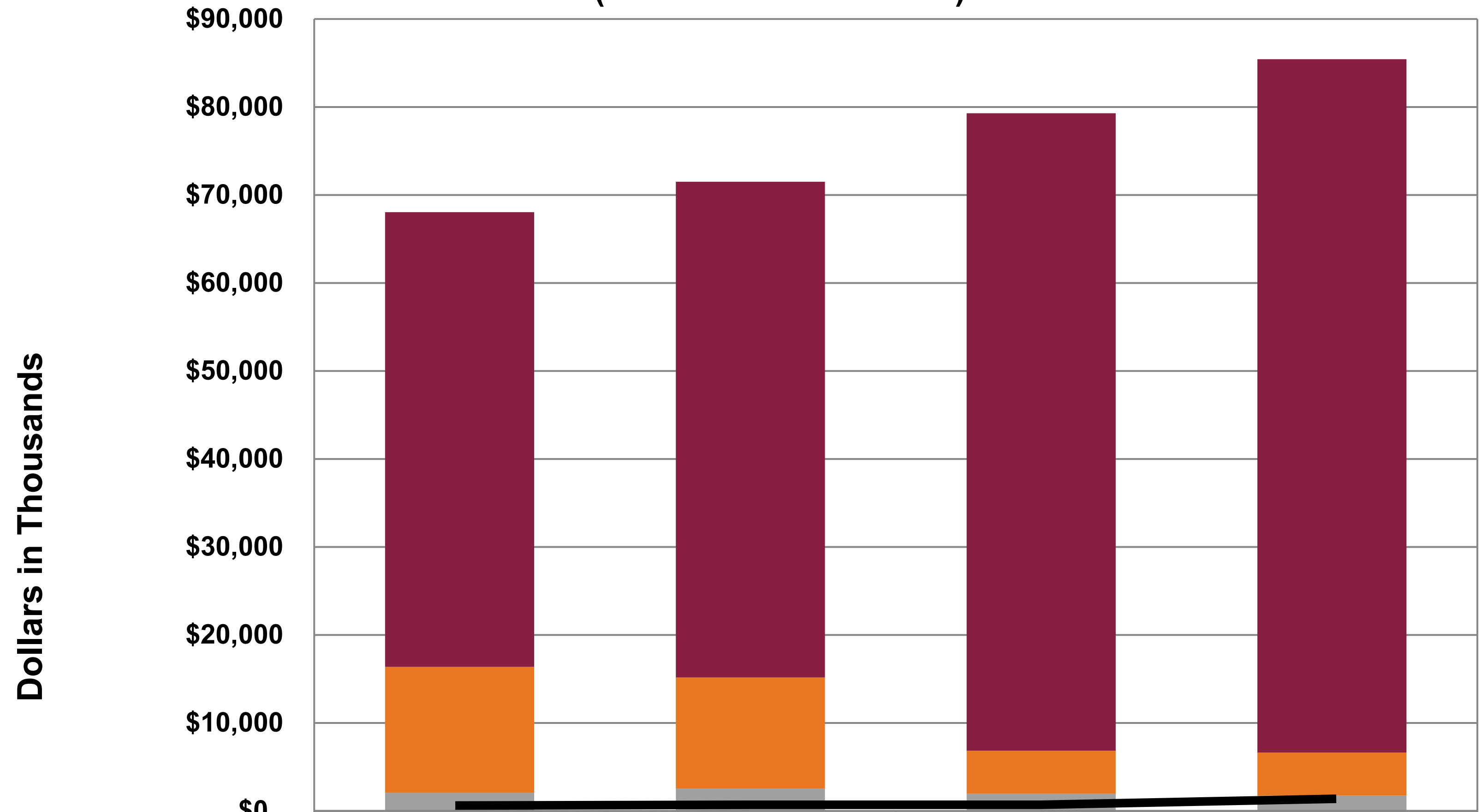
The university is currently in compliance with both standards. As of June 30, 2021, the average past due rate on current receivables 121 days or more past due is 1.31 percent for the applicable four quarters and the Federal Perkins Student Loan default rate is 0.77 percent.

Composition of Gross Accounts and Notes Receivable
As of June 30, 2020 and 2021
(Dollars in Thousands)

	June 30, 2021			June 30, 2020		
		Receivable Balance	Percent		Receivable Balance	Percent
Accounts Receivable:						
Student Accounts	$	4,918	7.2%	$	4,548	6.3%
Sponsored Programs		47,642	70.0%		47,584	66.5%
Electric Service		758	1.1%		871	1.2%
Parking Service		94	0.1%		83	0.1%
Telecommunications (CNS)		32	0.0%		56	0.1%
CPE and IVTSCC [1]		309	0.5%		258	0.4%
Veterinary Medicine		321	0.5%		354	0.5%
Equine Medical Center		712	1.0%		621	0.9%
Short Term Loans/Notes		9	0.0%		1	0.0%
Other Receivables [2]		13,252	19.6%		17,130	24.0%
Total Accounts Receivables	**$**	**68,047**	**100.0%**	**$**	**71,506**	**100.0%**
Notes Receivable						
Federal Loans - Perkins & HPSL [3]	$	7,663	84.9%	$	10,120	86.3%
Institutional Loans		1,360	15.1%		1,602	13.7%
Total Notes Receivable	**$**	**9,023**	100.0%	**$**	**11,722**	100.0%

[1] Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center
[2] One-time receivables are included in Other Receivables category
$8,267 Athletics
[3] Health Professions Student Loan

Aging of Current Gross Accounts Receivable
From June 30, 2018 to June 30, 2021
(Dollars in Thousands)



	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Receivables Not Past Due	$51,683	$56,334	$72,435	$78,797
1 - 120 Days Past Due	$14,285	$12,636	$4,888	$4,897
121 to Over 1 Year Past Due	$2,079	$2,536	$1,956	$1,743
Total Gross Receivables	$68,047	$71,506	$79,279	$85,437
Write-Offs	$341	$385	$384	$760

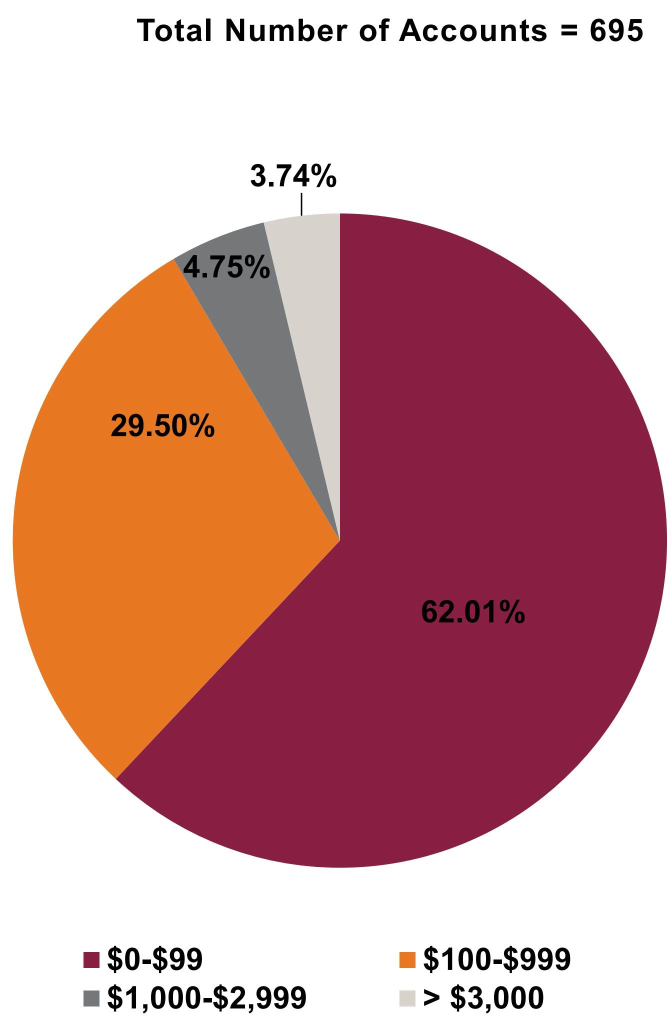
Presentation Date: November 8, 2021

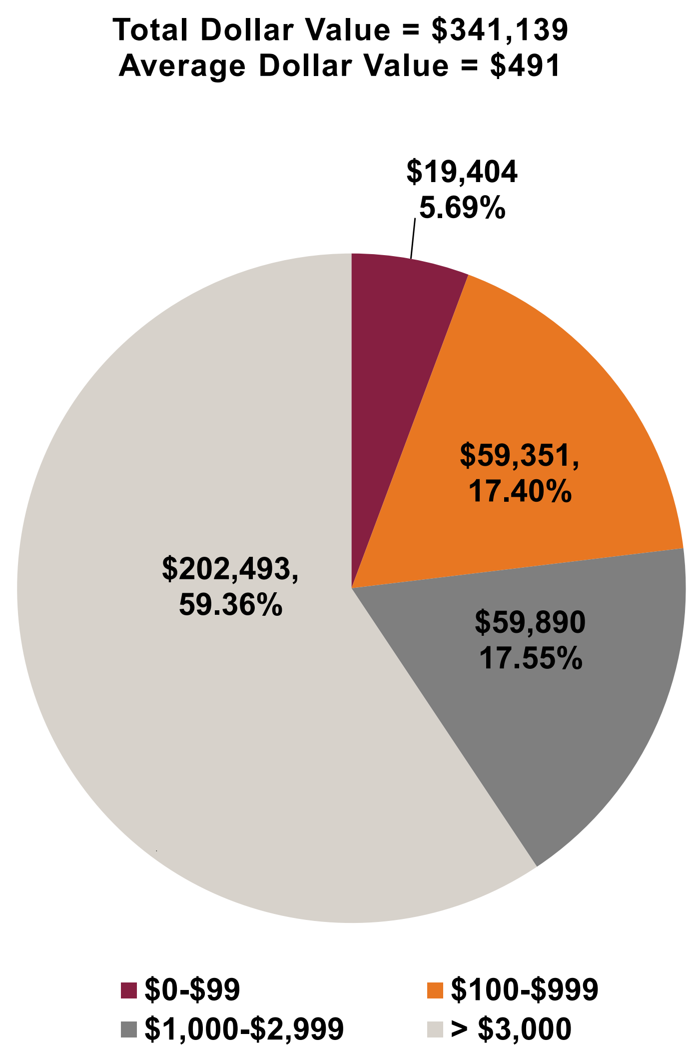
Current Accounts Receivable Write-Offs for June 30, 2021 with Comparison to 2020 and 2019
(In whole dollars)

Accounts Receivable	June 30, 2021	June 30, 2020	June 30, 2019	Three Year Average
Student Accounts	$ 147,328	$ 203,309	$ 140,364	$ 163,667
Sponsored Programs	-	19,495	66,311	28,602
Electric Service	16,320	15,673	16,170	16,054
Parking Services	22,605	27,874	17,545	22,675
CPE and IVTSCC [1]	-	708	-	236
Veterinary Medicine	39,419	52,726	80,021	57,389
Equine Medical Center	33,919	15,154	22,442	23,838
Short Term Loans/Notes	554	1,375	5	645
Other Receivables	80,994	48,751	41,421	57,055
Total Write-Offs	**$ 341,139**	**$ 385,065**	**$ 384,279**	**$ 370,161**

[1] Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

Stratification of Write-Offs for Fiscal Year 2021





Attachment E

REPORT ON ACTIONS TAKEN UNDER THE DELEGATION OF AUTHORITY AND POLICY 4240 AND THE CORRESPONDING FINANCIAL AND PROGRAMMATIC IMPACTS *

*There have been no actions taken since the update provided at the March 2021 Finance and Resource Management Committee open session meeting.

Attachment E

UPDATE ON ADVANCEMENT

CHARLES D. PHLEGAR, VICE PRESIDENT FOR ADVANCEMENT

NOVEMBER 8, 2021

GIVING RESULTS AS OF OCTOBER 31, 2021

Comparison of October FY2021 totals and current totals for FY2022

	October FY2021	October FY2022
Campaign Total	$691,659,553	$937,086,028
New Gifts & Commitments	$27,258,649	$87,731,358
Cash	$22,163,940	$74,251,069
Participation Rate	6.17%	11.32%

ADVANCEMENT UPDATES

Attachment E

- Increasing Campaign Goal (April '22)
- Sesquicentennial
- Cornerstone Alumni
- Culture of Philanthropy

DISCUSSION

Attachment E

OFFICE OF RESEARCH AND INNOVATION

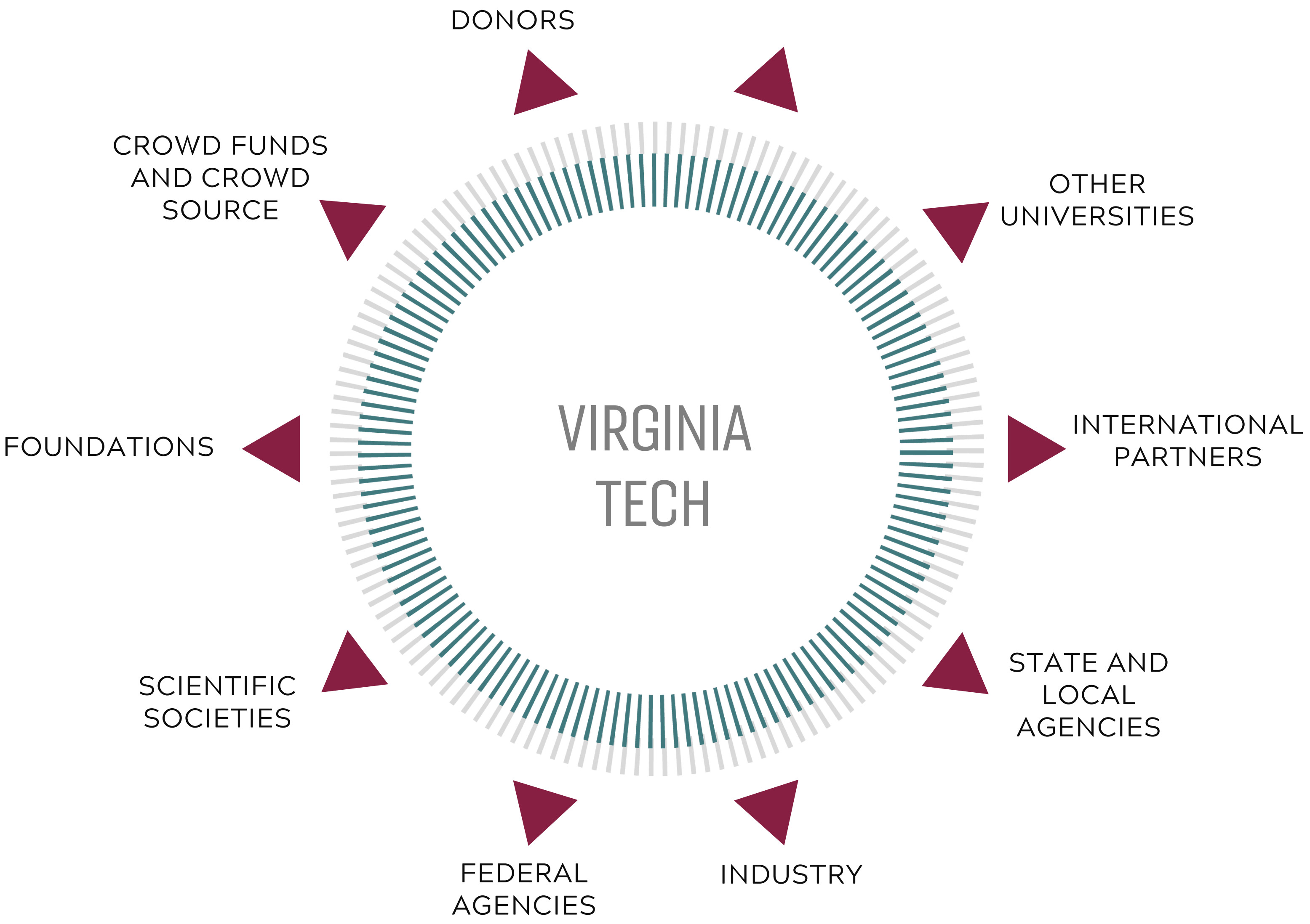
Finance and Resource Management Committee

November 8, 2021

RESEARCH AND INNOVATION
VIRGINIA TECH

Attachment E

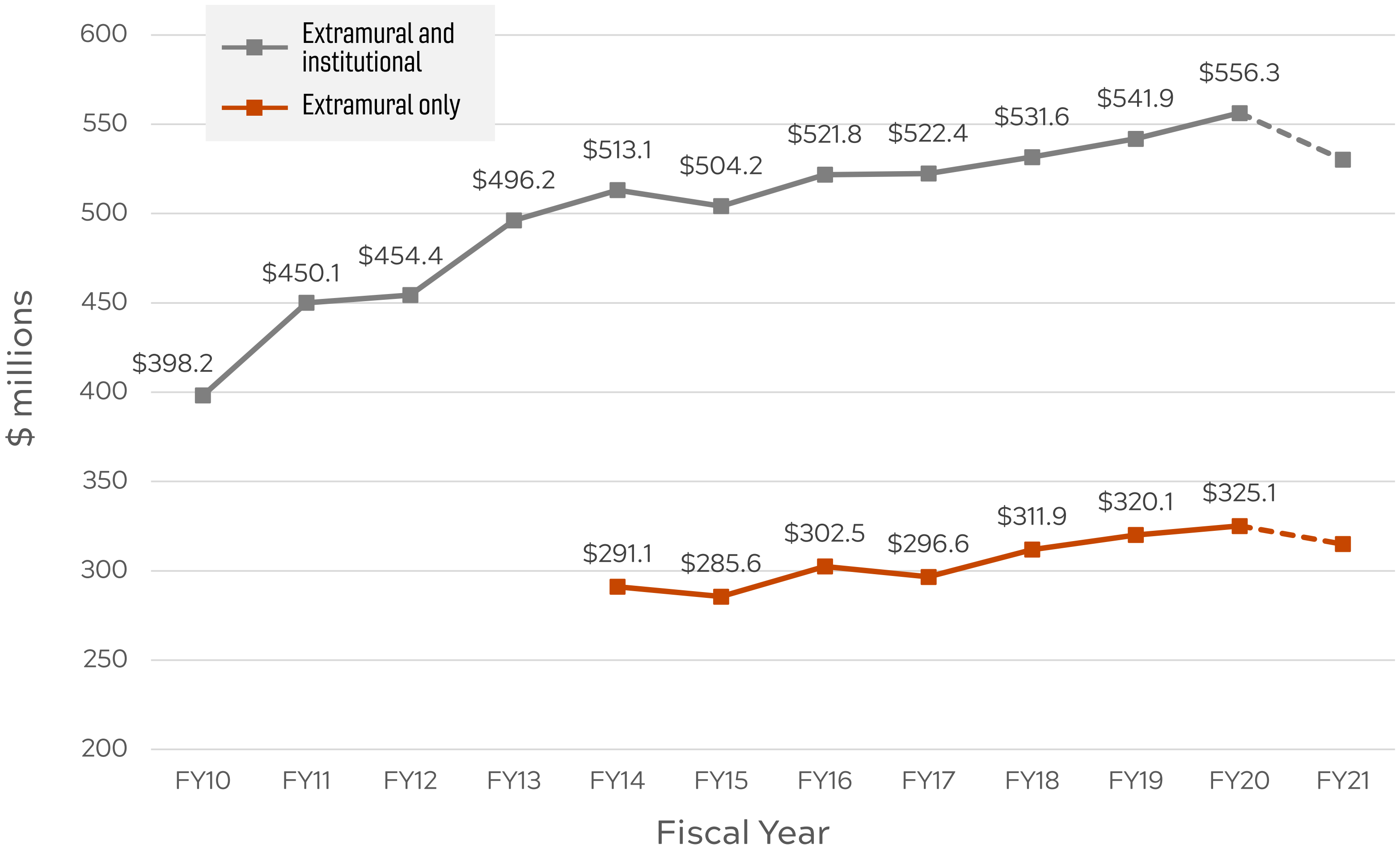
Research development: 360-degree partnerships



Attachment E

Research expenditures

Impact from COVID-19 pandemic clear in 2021



NSF HERD

The National Science Foundation's Higher Education Research and Development Survey is the annual benchmark for research funding across the country.

RESEARCH EXPENDITURES BY FUND SOURCE CATEGORY

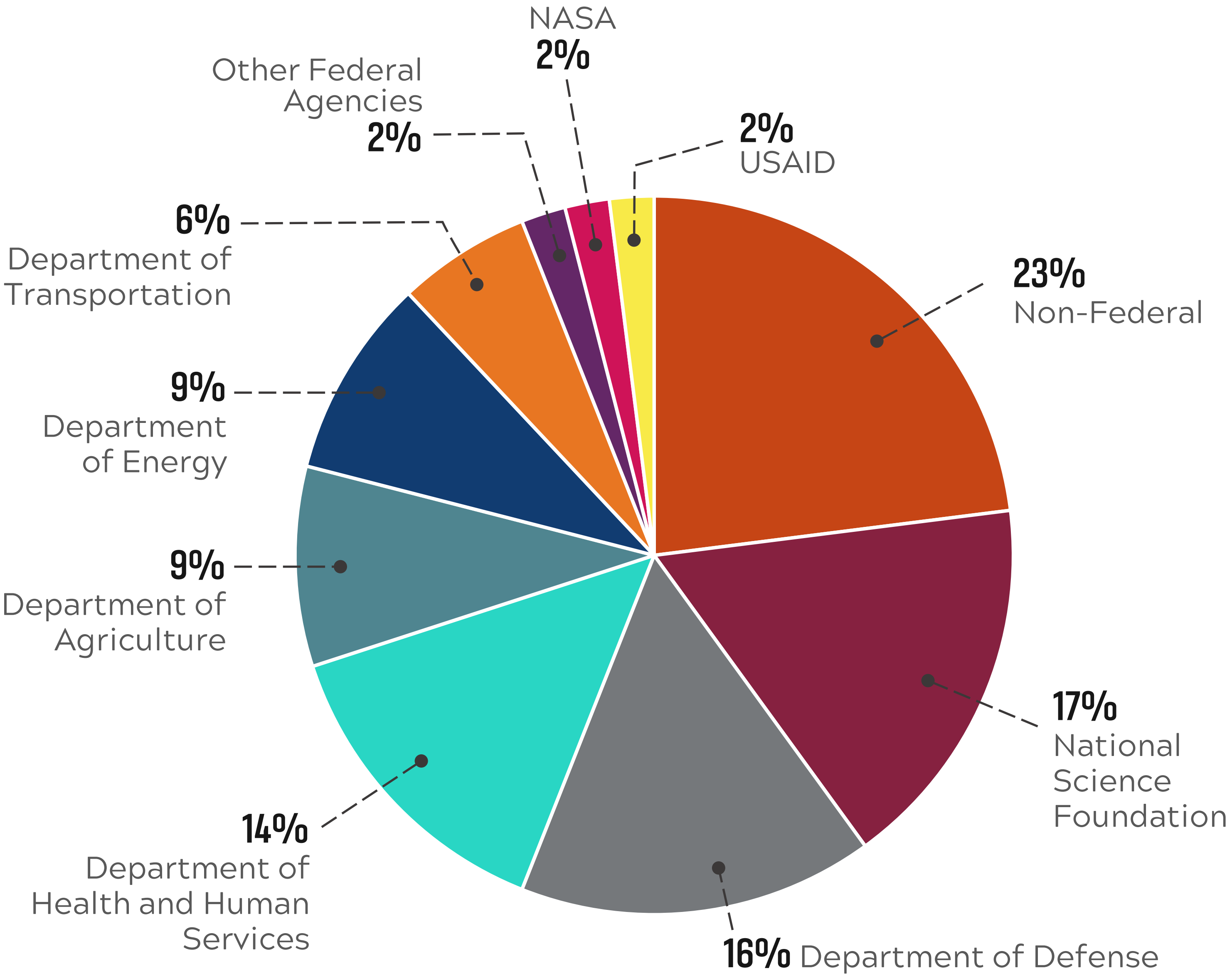
Analysis of Fiscal Years Ended June 30, 2020 and 2019

(amounts in thousands of dollars)

Attachment E

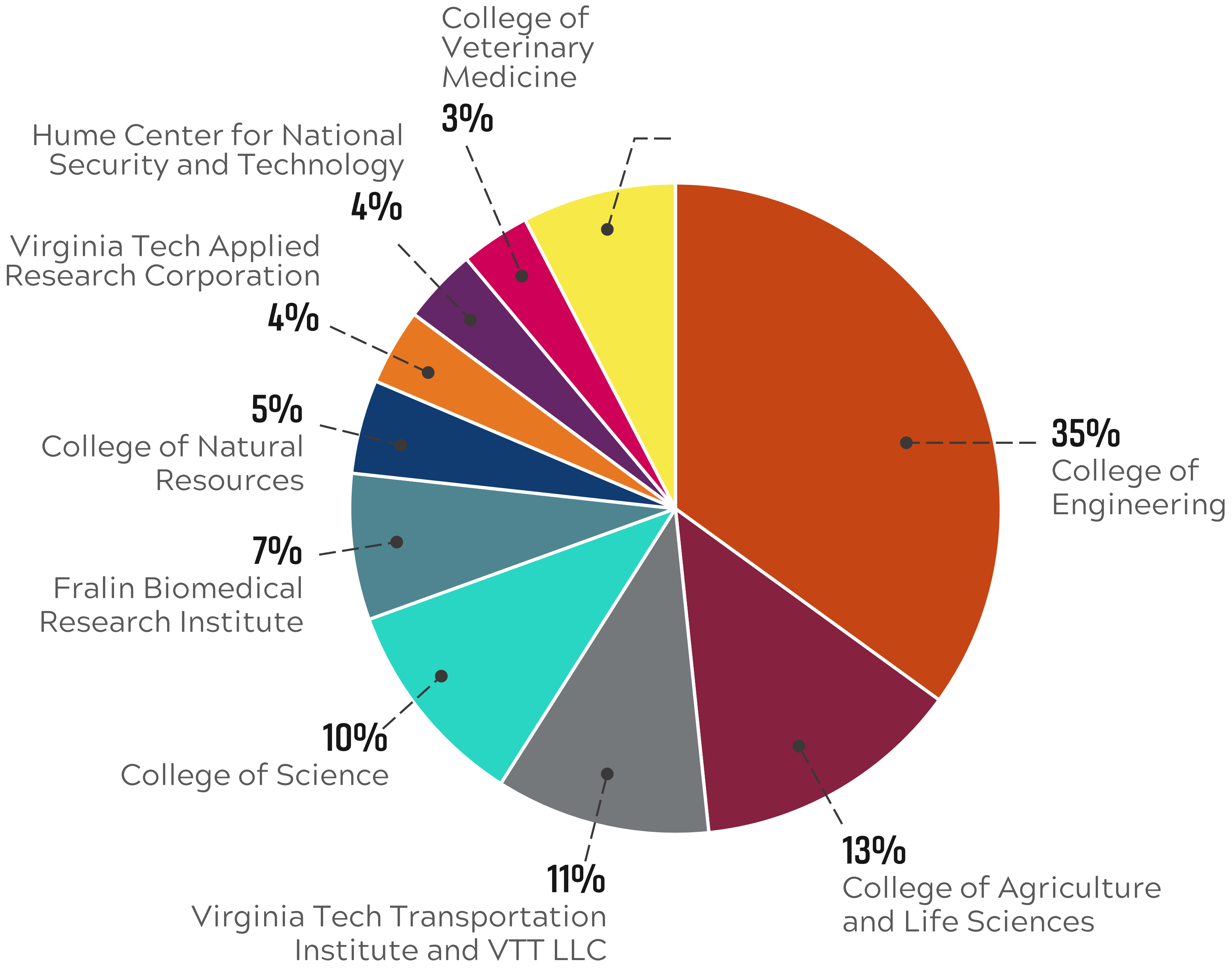
Balanced portfolio

Virginia Tech's sponsored research portfolio has support from a broad number of agencies.



Extramural funding across Virginia Tech

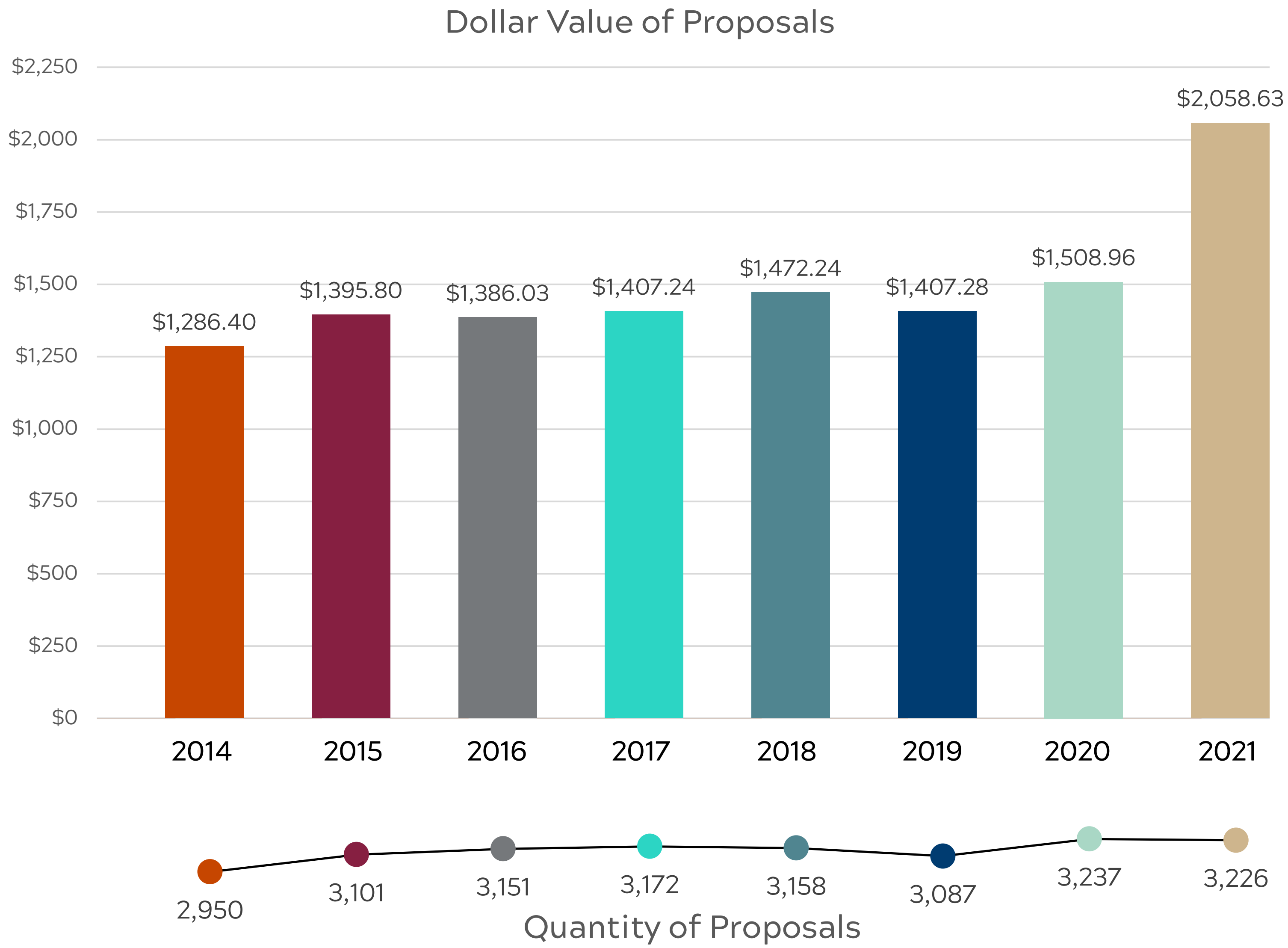
Faculty and researchers in colleges and institutes are actively engaged in sponsored research programs.



Attachment E

Proposal trends

Total proposal value is up in 2021, indicating larger proposals across the university.



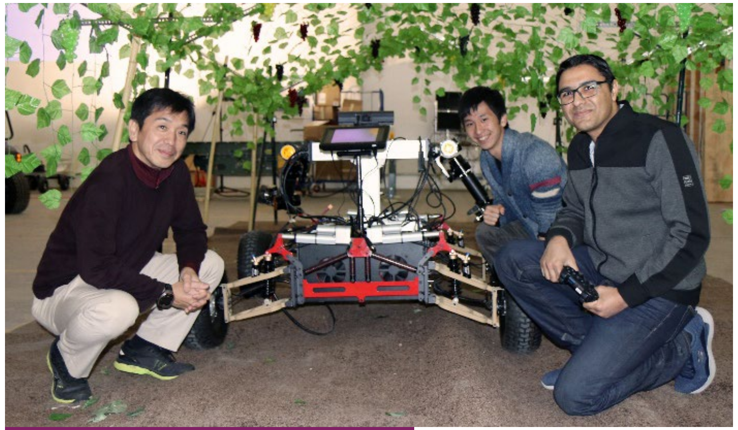
LINK + LICENSE + LAUNCH

- With support by **LINK**, for FY2021 the university received $80 million in philanthropic giving, including $69 million from corporations and $11 million in private foundations, accounting for 40% of giving for the year
- **LICENSE + LAUNCH** key metrics surpass annual targets:
  - 27 license deals (up 35%)
  - 7 startups (up 17%)
  - 141 invention disclosures (up 11%)

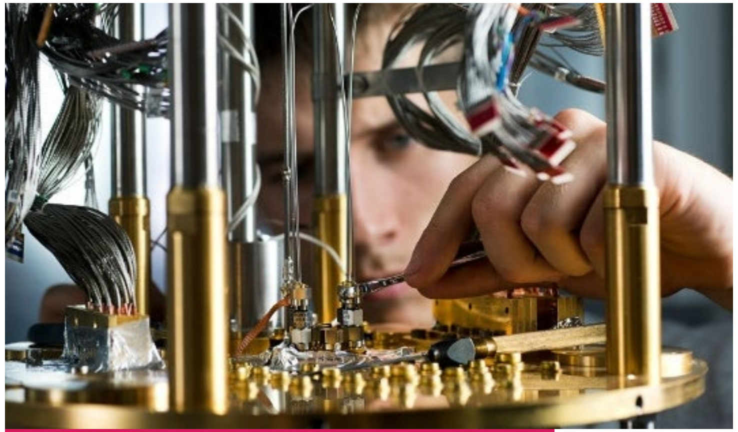
Enterprise Risk Management: Competitive Growth

Grow and diversify the research portfolio by prioritizing strengths and focusing on emerging areas for competitive growth.

THE HEALTH FRONTIER

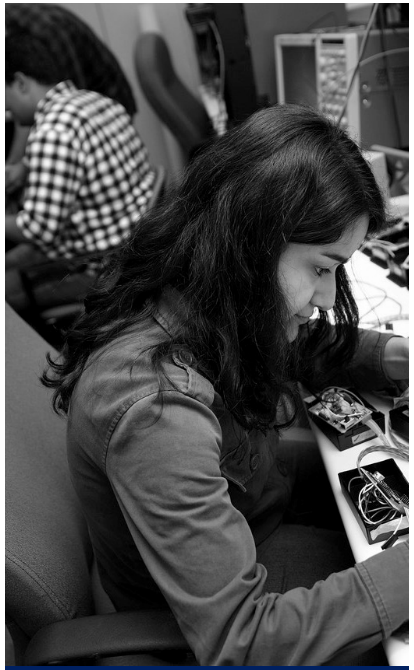


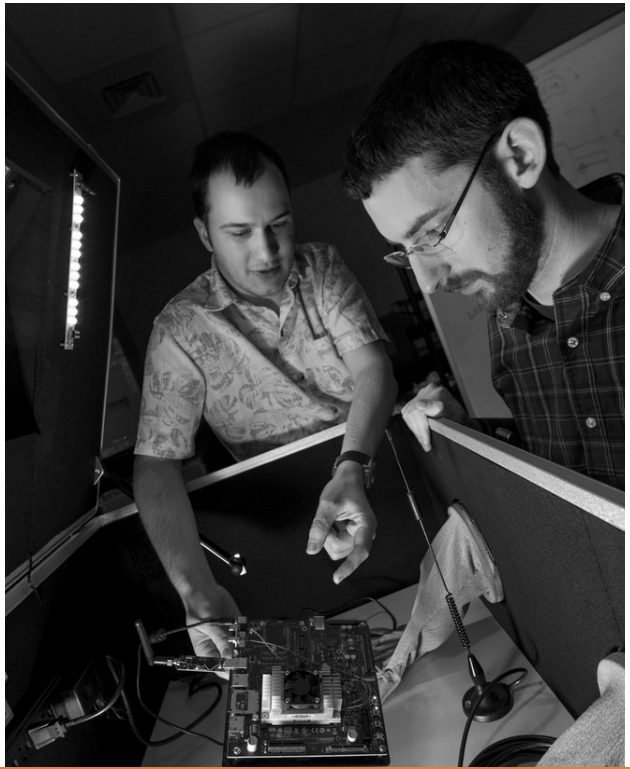
THE A.I. FRONTIER



THE QUANTUM FRONTIER

Attachment E





VIRGINIA TECH NATIONAL SECURITY INSTITUTE

ERIC PATERSON | EXECUTIVE DIRECTOR

NATIONAL SECURITY INSTITUTE
VIRGINIA TECH.

DISCUSSION

University Support for Student Financial Aid

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 6, 2021

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

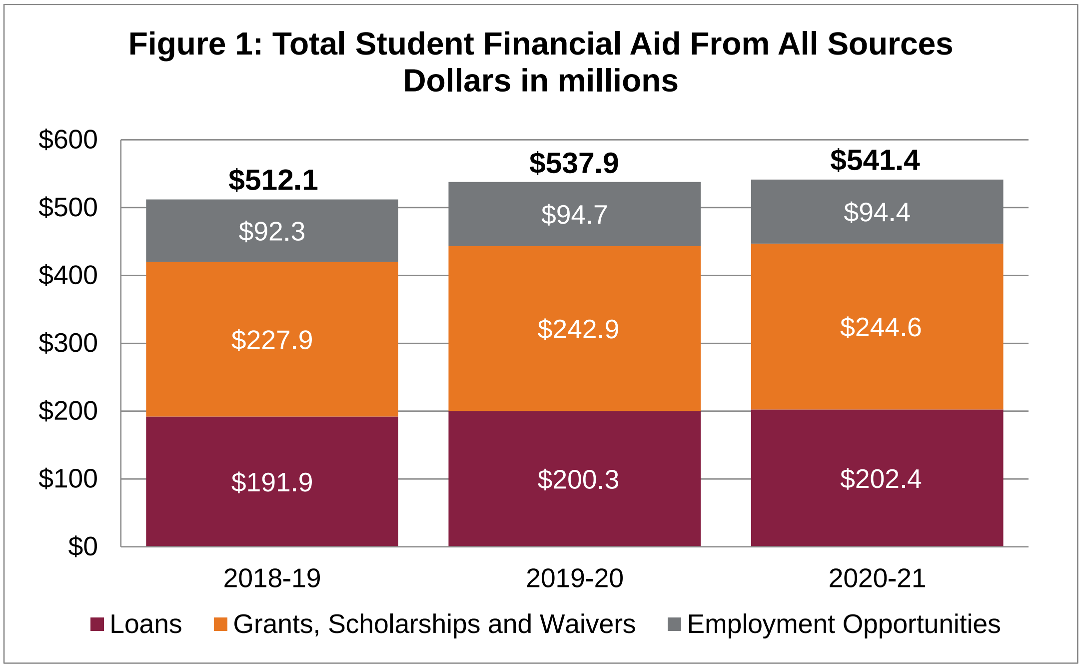
Virginia Tech is experiencing an ongoing shift in the types of resources available to support its instructional programs. These changes are driven by a combination of increasing costs, the requirement to maintain the quality and integrity of the instructional programs, enrollment growth to support additional students, increasing competitiveness for students in high demand, and the inconsistent levels of state financial support.

The state-funded share of support per student is impacted by limited General Fund resources at the state level, mandatory cost increases such as health care benefits, enrollment growth of Virginia resident students, and inflation; as a result, increases in tuition and fees were increasingly relied upon to support the university's instructional activities. 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 help to promote a diverse and inclusive community in support of the university's goals and objectives.

Understanding the shift in the cost of education from the state to the student, 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.

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 2020-21, total aid reached $541.4 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 of these are need-based, while others are merit-based. 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 subtracts the Expected Family Contribution (standardized through the Free Application for Federal Student Aid, the FAFSA), and 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 2020-21,

29 percent (11,214) 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 $1,500 and $2,500 are based on a student's Free Application for Federal Student Aid (FAFSA) filing. In 2020-21, 518 students participated in FWS programs; 509 at the undergraduate level and 9 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 6,146 students in wage positions during 2020-21; 5,237 at the undergraduate level and 909 at the graduate/professional level.

Assistantships – offer tuition remission 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 3,742 individual graduate students, or 3,222 full-time equivalent students, as graduate assistants in administrative, teaching, and research positions in 2020-21. This represents 75 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 may not require repayment 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.

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 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. In 2020-21 the university also received additional federal support through the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 in response to the COVID-19 pandemic; these one-time special resources are excluded from Table 1 and detailed in Table 7 later in this report.

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 scholarships. Funding is also appropriated to support graduate student assistantships. Additionally, the commonwealth directs a small portion of funding to the university to fund students in the Soil Sciences and students participating in the Multicultural Affairs and Opportunities Program. Other state funding may flow to the university on behalf of students, and is not under the university's control.

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 2020-21, institutional support provided $63.9 million to 11,835 undergraduate students; an average of $5,397 per student. This was an increase of $2.3 million over the prior and this additional funding increased the average per student by $459.

> *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 resources for flexible 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 groups 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 are managed by 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.

<u>Outside Aid</u> 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. Often these awards are tied to academic progress eligibility which the university may monitor on behalf of the awarding entity.

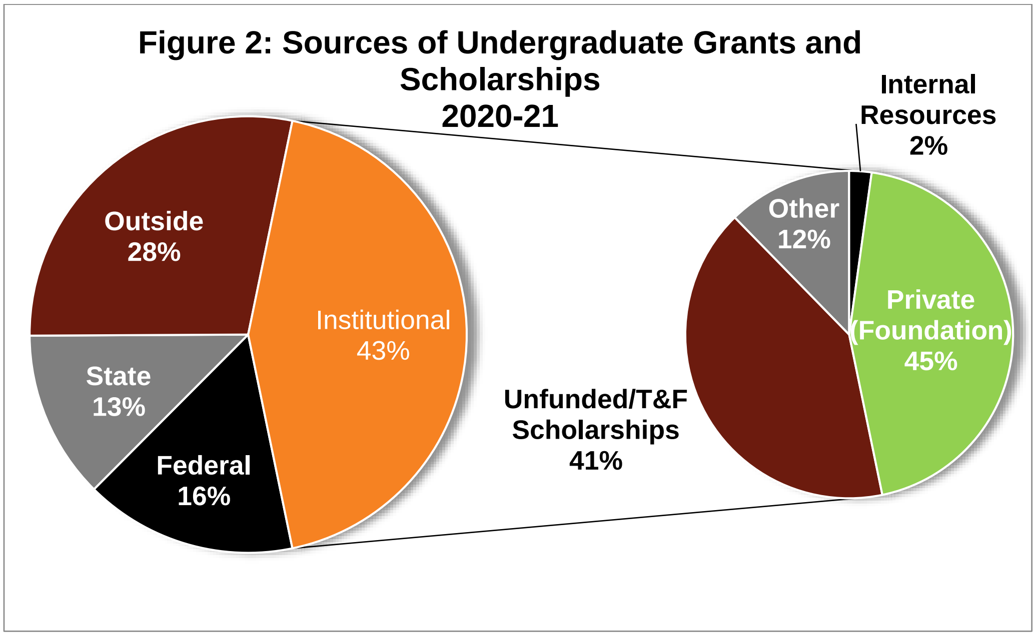
Table 1: Grants, Scholarships, & Waivers
(Dollars in Millions)

	2018-19	2019-20	2020-21
Undergraduate			
Federal	$20.9	$21.2	$23.1
State	16.4	17.9	18.3
Institutional			
Unfunded/T&F Scholarships	22.5	25.1	26.2
Internal Resources	1.1	1.4	1.3
Other (1)	6.2	7.3	7.9
Private (Foundation)	27.0	27.4	28.5
Subtotal Institutional	56.8	61.2	63.9
Outside	34.4	36.9	35.1
Subtotal Undergraduate	$128.5	$137.2	$140.4
Graduate			
Graduate Tuition Remission			
Institutional	$58.4	$62.2	$61.6
State	5.1	5.1	5.1
Sponsored Grants & Contracts	17.3	18.0	18.0
Private	0.6	0.8	0.4
Subtotal Tuition Remission	81.4	86.1	85.1
Graduate Aid			
Professional Program Discounting	1.4	1.5	1.7
Other (1)	5.8	5.9	5.9
Private	3.2	3.8	3.7
Outside	7.6	8.4	7.8
Subtotal Graduate Aid	18.0	19.6	19.1
Subtotal Graduate	99.4	105.7	104.2
Total Grants, Scholarships, & Waivers	$227.9	$242.9	$244.6

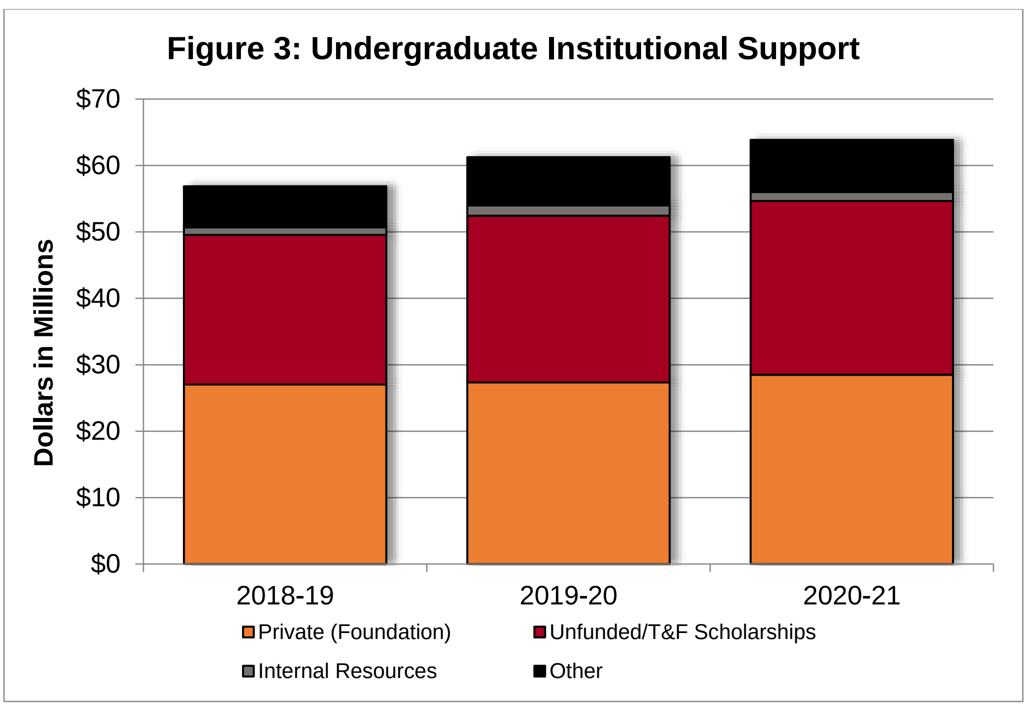
(1) Includes waivers codified in the Code of Virginia and educational benefits for employees.

Undergraduate Scholarships

Of the sources of undergraduate scholarships and grants, 43 percent are derived from institutional sources, as seen in Figure 2.

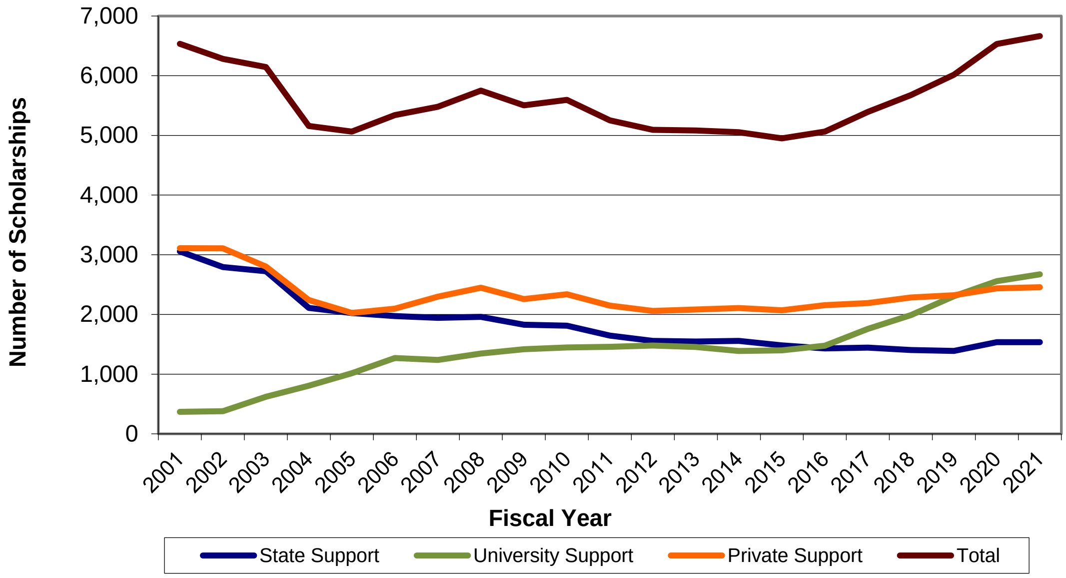


Institutional resources to support undergraduate student financial aid awards have increased over time, as seen in Figure 3.



Though resources have increased over time, tuition increases and enrollment growth often have outpaced increases in state and private sources, and in most years resulted in a declining number of theoretical tuition and E&G fee scholarships that could be supported by these budgeted resources. In recent years, the university has been able to make measured progress in the total number of Full-Time Equivalent number of awards budgeted 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 4 displays the trend of this scholarship analysis from these budgeted sources.

Figure 4: Full-time Equivalent Undergraduate Scholarships



Uses of Funds

The university leverages institutional support to advance access and affordability and has also created several innovative, very successful programs. 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 based on level of family income. For students from low to middle-income families, the Funds for the Future program provides pricing predictability and the mitigation of annual increases while avoiding the institutional risk and potential for over-pricing inherent in "fixed-price" models. The program was enhanced in 2019-20 by extending protection of 100 percent of tuition and fee increases to all families with financial need with less than $100,000 of income. Table 2 shows the number of resident and nonresident students receiving this aid in 2020-21. Recent tuition freezes in 2019-20 and

2020-21 have reduced the need for the tuition increase protection provided by this aid program.

Table 2: 2020-21 Funds for the Future Award Recipients

Family Income (AGI)	VA Residents		Non-Residents		Total FFF Program	
	No. Awards	Dollar Amount	No. Awards	Dollar Amount	No. Awards	Dollar Amount
$0-99,999	3,104	542,311	547	445,674	3,651	987,985

Virginia Tech Grant – In addition to protecting students with financial need from tuition and required fee increases, the university has also 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:

- Presidential Scholarship Initiative to assist low-income and first-generation Virginia students with significant financial need;
- 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;
- Presidential Campus Enrichment Grants and Alumni Presidential Scholar Program that serve both students with need and students who demonstrate merit to achieve university enrollment goals;
- Yellow Ribbon program for military veterans and dependents (university support for federal matching program);
- Scholarships to defray a portion of a student's costs to study at the Steger Center for International Scholarship; and
- Scholarship support to help offset the higher costs of study abroad programs.

These programs help address the commitment to access and affordability that the university undertook as part of the Restructured Higher Education Financial and Administrative Operations Act initiative. Further, 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. Table 3 below displays the average borrower debt of the graduation class at Virginia Tech and nationally for the past 5 years, as well as the percentage of each class who carried student loan debt upon graduation. According to the latest available data from the Institute for College Access and Success, 62 percent of 2019 graduates of public and nonprofit four-year colleges had student debt averaging of $28,950 per borrower. At Virginia Tech, only 48 percent of the class of 2021 graduated with debt. Of those who did graduate with debt, the average was $31,220. For Virginia residents in the class of 2021, 50 percent graduated with debt; the average debt for this cohort was $27,801. 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. Moving forward, the university envisions making enhanced aid and loan counseling programs in an effort to help reduce student debt.

Table 3: Loan Statistics of Virginia Tech Graduates

Class Of:		**2017**	**2018**	**2019**	**2020**	**2021**
VT- All	$	$30,221	$30,741	$32,179	$31,121	$31,220
	%	49%	49%	49%	49%	48%
National Average	$	$28,650	$29,200	$28,950	Not Yet Known	Not Yet Known
	%	65%	65%	62%		
VT- Virginia Resident	$	$27,162	$26,890	$29,258	$27,812	$27,801
	%	50%	51%	52%	52%	50%

Default Rate

Virginia Tech's 2018 cohort default rate for the Federal Direct Loan (FDL) and Federal Family Education Loan (FFEL) programs was 1.6 percent, compared with a 2.5 percent average default rate among the university's peer group. While default rates are linked to the national economy, Virginia Tech has consistently had a default rate below the national average, as seen in Table 4 below.

Table 4: Cohort Default Statistics of Virginia Tech Borrowers

	2016	**2017**	**2018**
National Peer Average	2.5%	2.7%	2.1%
VT	1.6%	1.6%	1.2%

Net Price

When all available financial aid resources are applied to the overall Cost of Attendance (including tuition and fees, room and board, books, travel, and other costs), a "Net Price" can be derived to represent the remaining cost to the student. Due to various discounting strategies across institutions, the Net Price can be a helpful comparison point of the choice faced by students and their families. The National Center for Educational Statistics (NCES) compiles Net Price data across five student income categories. Table 5 below compares the university's net price with national and state peers for a first year full-time Virginia undergraduate (or resident student within another state). This analysis finds that while the university remains competitive in terms of the average Cost of Attendance (sticker price), the university has an opportunity to enhance the net price competitiveness for low and middle-income students. As a result, the university is working diligently to make progress.

Table 5: Comparison of Net Price for Undergraduate Residents

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2019-20 Data)				
		$0-30,000	$30,001-48,000	$48,001-75,000	$75,001-$110,000	$110,001+
Virginia Tech	$27,283	$11,934	$14,003	$18,372	$23,999	$26,368
National Peer Average	33,044	9,532	10,750	14,568	20,924	25,306
Advantage (Disadvantage)	5,761	(2,402)	(3,253)	(3,804)	(3,075)	(1,062)
Virginia Tech	27,283	11,934	14,003	18,372	23,999	26,368
Select VA Doctorals	36,845	9,224	8,785	13,507	20,747	32,758
Advantage (Disadvantage)	9,562	(2,710)	(5,218)	(4,865)	(3,252)	6,390

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), subtracts the expected family contribution (EFC) along with any aid provided (including loans), and the remaining amount is considered "unmet need". While external factors such as state budget reductions and 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 6 below displays the unmet need of resident and nonresident undergraduates over time.

Table 6: Trend of Unmet Need

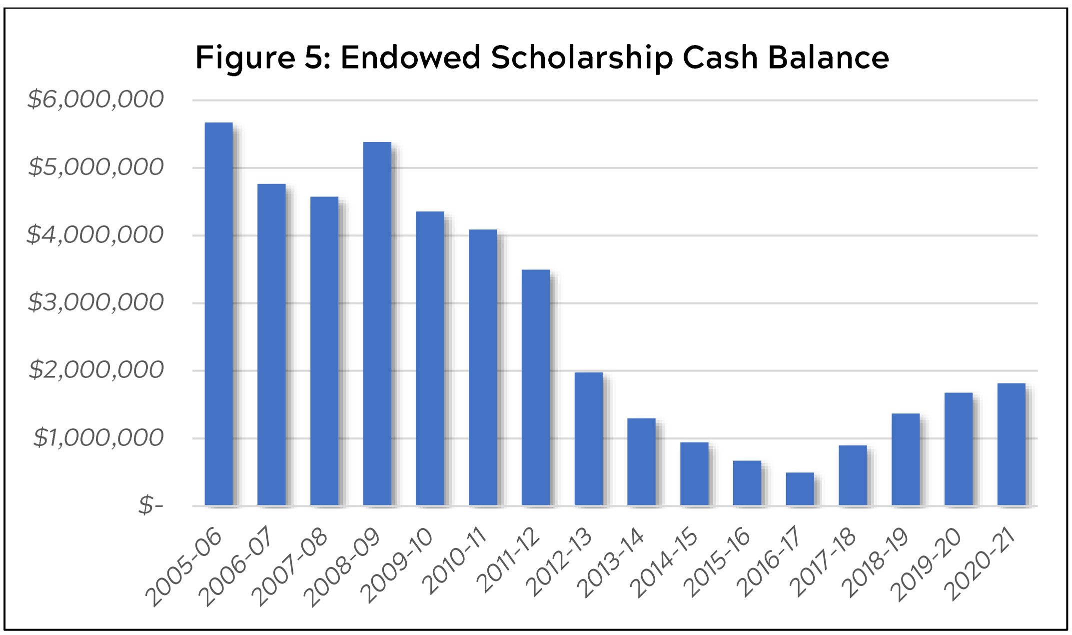
	2018-19	**2019-20**	**2020-21**
Virginia Undergraduate	$6,419	$6,332	$7,311
% Average Unmet Need	35.5%	33.3%	36.8%
Nonresident Undergraduate	$11,518	$11,884	$12,748
% Average Unmet Need	41.8%	41.6%	44.1%

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. In past years, the university provided an annual report to the Committee to outline endowment scholarship utilization and scholarship expenditure plans. Over the years, unspent endowment scholarship balances had accumulated due to lack of oversight of departmental allocations, leading to a remediation strategy to ensure maximum utilization of departmentally allocated private scholarships. Due the success of these actions, and the significant reduction in unspent balances, pertinent information from the prior report is now incorporated into this report to provide one comprehensive report on Student Financial Aid.

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 5 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.



2020-21 COVID-19 Pandemic Federal and State Support

In response to the ongoing COVID-19 pandemic, Congress negotiated a second relief package known as the Consolidated Appropriations Act, 2021 or CRRSAA. Enacted on December 27, 2020, the CRRSAA Act provided Virginia Tech a direct allocation of $27.8 million through the Higher Education Emergency Relief Fund II (HEERF II). Section 314 (a)(1) of the CRRSAA directed institutions to provide the same dollar amount of financial aid grants to students that was required under the university's CARES Act student aid allocation. The remaining resources were available to offset institutional expenses incurred as a result of the pandemic.

Virginia Tech automatically awarded grants to students who met the following criteria:

- Undergraduate, graduate, or professional student enrolled for the Spring 2021 semester for at least 1 credit hour;
- FAFSA was on file for the 2020-21 academic years with completed citizenship verifications; and
- Expected Family Contribution (EFC) from the FAFSA of less than $17,000.

Students were awarded the following amounts based on their EFC:

- EFC equal to or less than $5,711: grant of $1,200
- EFC between $5,712 and $16,999: grant of $800

Additionally, all students were allowed to apply for a HEERF II emergency grant through an online application process. Emergency grants were awarded based on the application.

Table 7: VT CRRSAA Financial Aid Utilization

Emergency Grant	Number of Students	Amount
Automatic Award	8,765	$9,089,713
Application Process Award	650	$609,781

Funds from the American Rescue Plan (HEERF III), enacted on March 11, 2020, are being allocated in FY22 and are thus outside the scope of this report.

In addition to this direct federal support for the institution, the Commonwealth of Virginia also provided Virginia Tech with pass-through support through the Governor's Emergency Education Relief (GEER) Fund. Virginia Tech's one-time allocation of $841,600 was allocated to 449 Virginia resident undergraduates with demonstrated financial need, resulting in an average award of $1,874.

Current Events

The university continues to explore opportunities with the state to provide student financial aid to meet the university and the commonwealth's goals of enrolling traditionally underserved and underrepresented students. The university will also need to continue to explore all possible opportunities to enhance access and affordability for Virginia undergraduates through increased institutional sources, with an emphasis on private fundraising.

The university is currently developing strategies to raise significant additional funding for scholarships and financial aid, specifically to reduce the net price for Virginia undergraduates in the lowest three income quintiles. Enhancing the resources available to these students through the university’s student financial aid program is an important goal to advance Virginia Tech.

In addition to supporting resident student financial need, the university’s scholarship program is integral to the achievement of enrollment targets, particularly of nonresident undergraduates. This enrollment strategy is designed to provide net resources to the institution to allocate towards support of resident students and university strategic initiatives. Aid to attract and retain students in targeted disciplines is a focus.

The university will continue to work to assist students and families with managing the cost of education in the future. For 2020-21, 12,011 full-time Virginia Tech undergraduate students (38 percent of the university’s undergraduate full-time population) were determined to have financial need. This plan ties into the university’s commitment in its Management Agreement to increase support for need-based student financial aid to help ensure access and affordability.

The university has increased its institutional funding of student financial aid each year since expanding the program in 2001-02, primarily through the use of unfunded scholarships. While the university has been leveraging the unfunded scholarship authority to expand need-based aid, the use of unfunded scholarships has legal and practical limits. As a result, it will be important for the university to continue to work to expand funding from other sources in the future, especially by increasing private fundraising and endowed scholarships, and work to create new innovative sources.

Attachment E

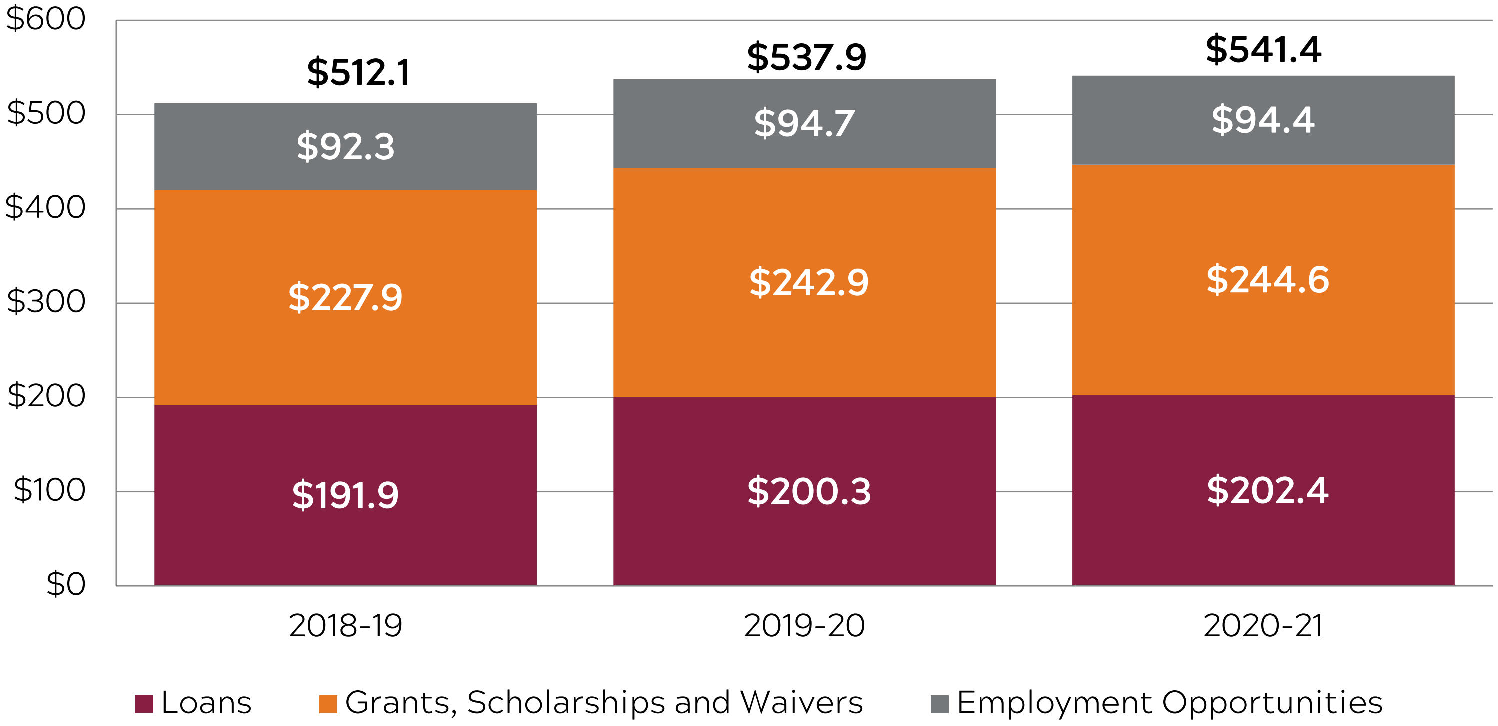
ANNUAL REPORT ON THE UNIVERSITY'S STUDENT FINANCIAL AID RESOURCES

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

NOVEMBER 8, 2021

Student Financial Aid at Virginia Tech

Figure 1: Total Student Financial Aid From All Sources
Dollars in millions



Undergraduate Grants and Scholarships

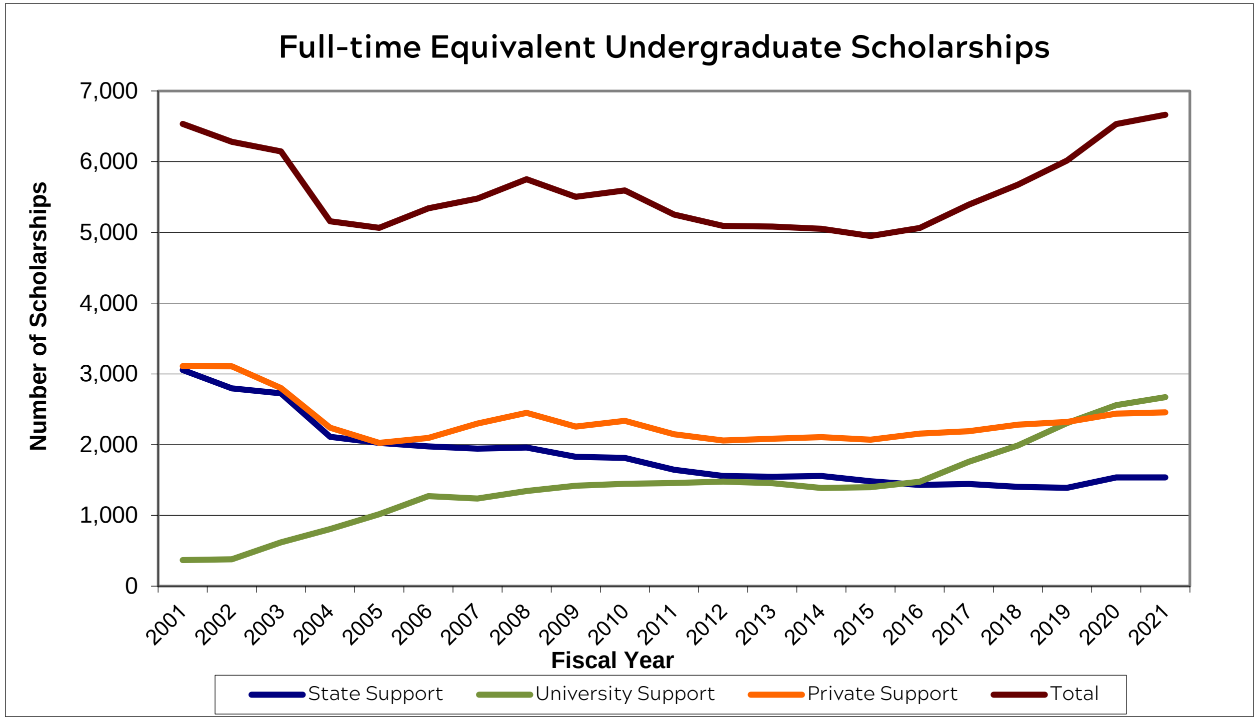
(Dollars in Millions)

	2018-19	2019-20	2020-21
Undergraduate			
Federal	$ 20.9	$ 21.2	$ 23.1
State	16.4	17.9	18.3
Institutional			
Unfunded Scholarships	22.5	25.1	26.2
Internal Resources	1.1	1.4	1.3
Other[1]	6.2	7.3	7.9
Private (Foundation)	27.0	27.4	28.5
Subtotal Institutional	56.8	61.2	63.9
Outside	34.4	36.9	35.1
Total Undergraduate	$ 128.5	$ 137.2	$ 140.4

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

Attachment E

Analysis of State & Institutional Support for Undergraduate Scholarships



Examples of university-funded scholarship priorities include:

Virginia Tech Grant: reduction of unmet need

Presidential Scholarship Initiative: "full-ride" with enhanced advising and support for underrepresented and first-generation Virginians

College Access Collaborative: for underrepresented Virginians in the K-12 pathway program

Beyond Boundaries: matches private giving in support of underrepresented and high-achieving students

Enrollment Management Scholarships: support strategic enrollment goals, including underrepresented and academically talented students

Funds for the Future: Mitigating Tuition Increases

- For 2020-21, all families with need and income up to $99,999 Adjusted Gross Income were eligible for 100% coverage of tuition and fee increases
- Includes Virginia and non-resident undergraduates
- Effectively guarantees tuition and fee levels to first year of eligibility

Family Income	VA Residents		Non-Residents		Total	
	#	$	#	$	#	$
$0-99,999	3,104	$542,311	547	$445,674	3,651	$987,985

- Recent tuition freezes in 2019-20 and 2020-21 have reduced the need for the tuition increase protection provided by this aid program.
- For 2021-22, the university budgeted $2.8 million for Funds for the Future.

Average Debt Per Borrower and Percentage of Students Graduating with Debt

Class Of:		2017	2018	2019	2020	2021
VT - All	$	$30,221	$30,741	$32,179	$31,121	$31,220
	%	49%	49%	49%	49%	48%
National Average	$	$28,650	$29,200	$28,950	Not Yet Known	Not Yet Known
	%	65%	65%	62%		
VT-Virginia Resident	$	$27,162	$26,890	$29,258	$27,812	$27,801
	%	50%	51%	52%	52%	50%

National data from the Project on Student Loan Debt, an aggregator of Common Data Set submissions.
www.projectonstudentdebt.org

Net Price Comparisons

- Net price is the cost remaining after financial aid has been applied to the total cost of attendance (tuition, fees, room and board, and other expenses)

- The university remains competitive with "sticker" price, but has an opportunity to enhance the "net" price competitiveness for resident students from low- to middle-income families

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2019-20 Data)				
		$0-30,000	$30,001-48,000	$48,001-75,000	$75,001-$110,000	$110,001+
Virginia Tech	$27,283	$11,934	$14,003	$18,372	$23,999	$26,368
National Peer Average	33,044	9,532	10,750	14,568	20,924	25,306
Advantage (Disadvantage)	5,761	(2,402)	(3,253)	(3,804)	(3,075)	(1,062)
Virginia Tech	27,283	11,934	14,003	18,372	23,999	26,368
Select VA Doctorals	36,845	9,224	8,785	13,507	20,747	32,758
Advantage (Disadvantage)	9,562	(2,710)	(5,218)	(4,865)	(3,252)	6,390

Federal CRRSAA Support

Attachment E

- CRRSAA Act provided Virginia Tech $27.8 million through the Higher Education Emergency Relief Fund II (HEERF II)
  - Financial aid component required to be at least as much as the CARES Act ($9.7 million)
- Virginia Tech automatically awarded grants to students who met following criteria:
  - Undergraduate, graduate, or professional student enrolled for the Spring 2021 semester for at least 1 credit hour;
  - FAFSA on file for the 2020-21 academic years with completed citizenship verifications; and
  - Expected Family Contribution (EFC) from the FAFSA of less that $17,000
- Virginia Tech also awarded emergency grants through an application process

Emergency Grant	Number of Students	Amount
Automatic Award	8,765	$9,089,713
Application Process Award	650	$609,781

Current Events

- University continues to raise additional funding for student financial aid, specifically to reduce the net price for Virginia undergraduates in the lowest three income quintiles and enhance support for underrepresented student populations
- Financial aid is integral to achieving enrollment targets, particularly nonresident undergraduate, which provides overall resources to support resident students and university strategic initiatives
- In an era of modest and frozen tuition levels, institutional support for financial aid is significantly constrained and has practical limits
- The university must continue to support institutional financial aid programs, with an emphasis on expanding support through private philanthropy

DISCUSSION

Attachment E

DISCUSSION ON RESOURCE DEVELOPMENT

DWAYNE PINKNEY, SENIOR VICE PRESIDENT & CHIEF BUSINESS OFFICER

NOVEMBER 8, 2021

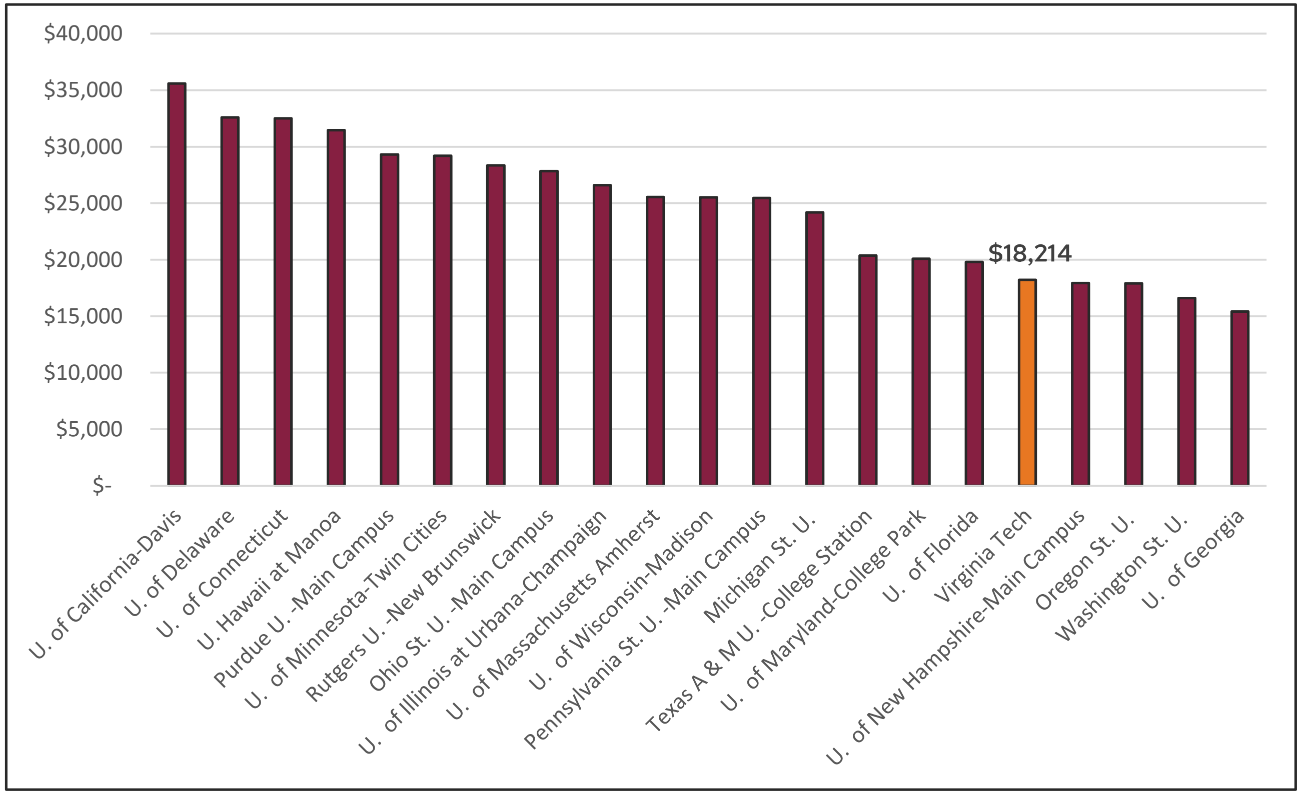
Attachment E

Virginia Tech Provides Strong Value

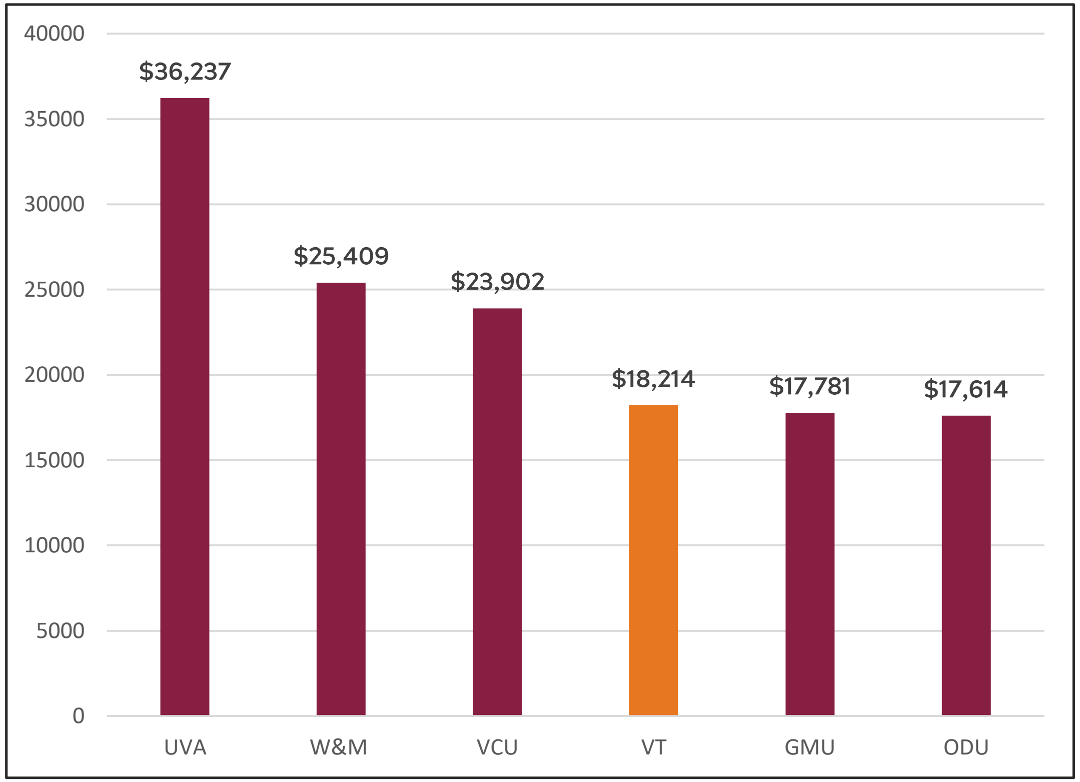
- *Among the top 20 Land Grant institutions in the nation, Virginia Tech's cost per degree year ranked among the lowest at $18,214.*

Cost Per Degree Year - 2019

Top 20 Land-Grants

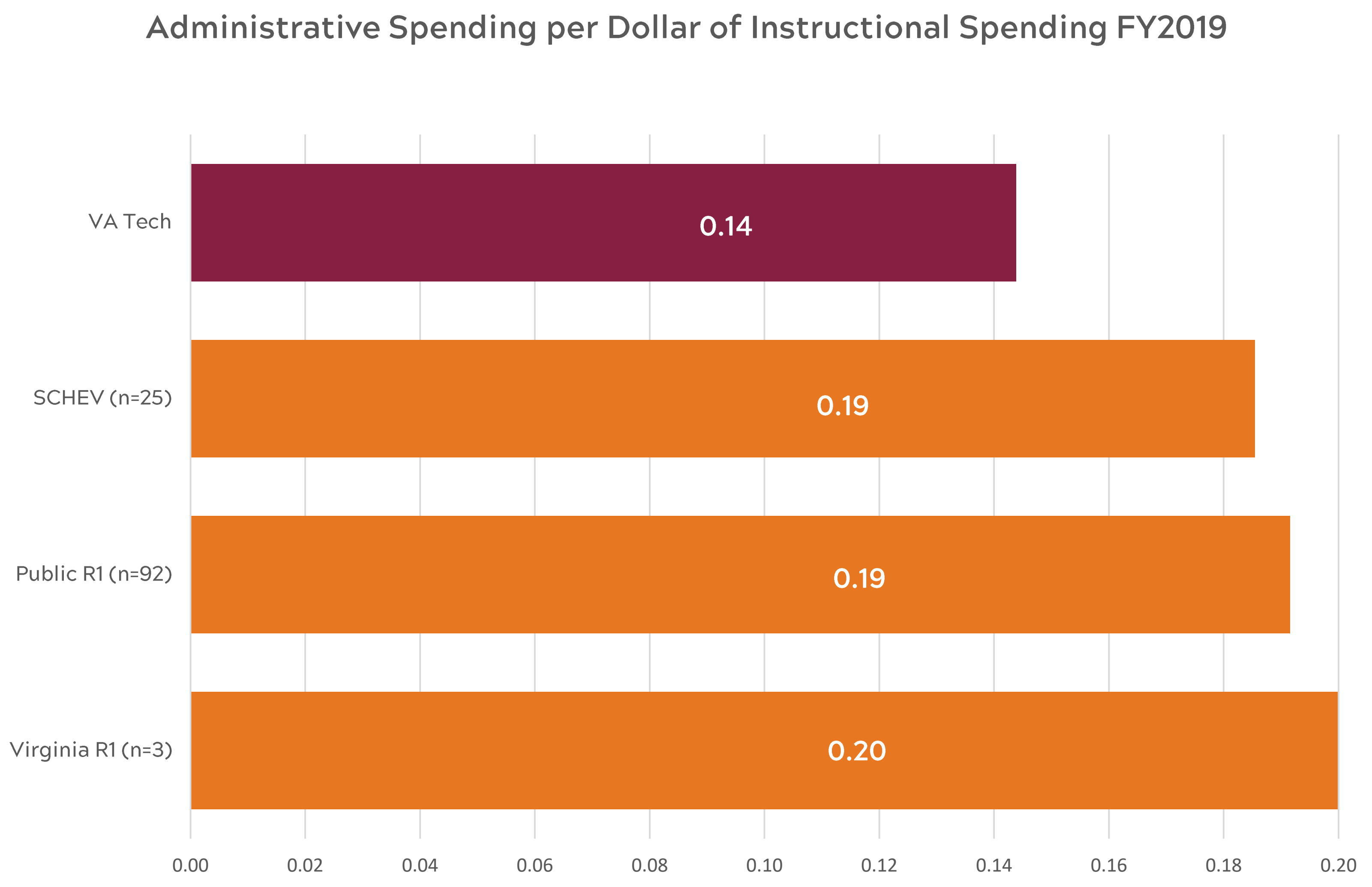


Virginia Doctoral



VT Administrative Efficiency

Attachment E



Resource Management Strategy

- *Goal is to maximize the achievement of the university's strategic plan*
  - *University has an ambitious plan*
  - *Resource level defines the rate of progress*

- *Based on understanding of cost drivers, university develops resource plan:*
  - *Maximize existing resources*
  - *Leverage other resources*
    - *State General Fund*
    - *Self-generated: grants, private, other*
    - *Enrollment management*
  - *<u>Last resort</u>: Tuition and Fee increase*

Planning Assumptions

- *Cost and resources are not yet defined for 2022-23*
  - *State budget development cycle has not yet begun*
  - *University has just begun its budget development cycle*
- *As a result, placeholder estimates are displayed at this time to quantify the conceptual framework*
- *Estimates are subject to change as better information becomes available*
- *No decisions being made at this time*

Cost Driver Pools

Inflation

- *Compensation and benefits*
- *Operating costs (utilities, leases, contracts)*
- *Purchasing power of Student Financial Aid*

Initiatives

- *Academic programs*
- *Expansion of access and reduction of student debt*
- *Attracting and retaining talented employees and students*
- *Enhancing quality and efficiency of operations*

FY23 Planning Scenario - Cost Placeholders

Inflationary	
Compensation	14.0
Fixed Costs	4.6
Maintain Purchasing Power of Student Aid Program	2.1
	20.7
Initiatives	
Advance National, Regional, Global Impact (research, mid-career faculty, internships)	4.0
Elevate the Ut Prosim Difference (enhance student aid, advising)	3.0
Be A Destination for Talent (HR, startup, diversity recruitment)	2.3
Ensure Institutional Excellence	0.5
	9.8
Total Estimated Needs	30.5

FY23 Planning Scenario - Funding Part 1

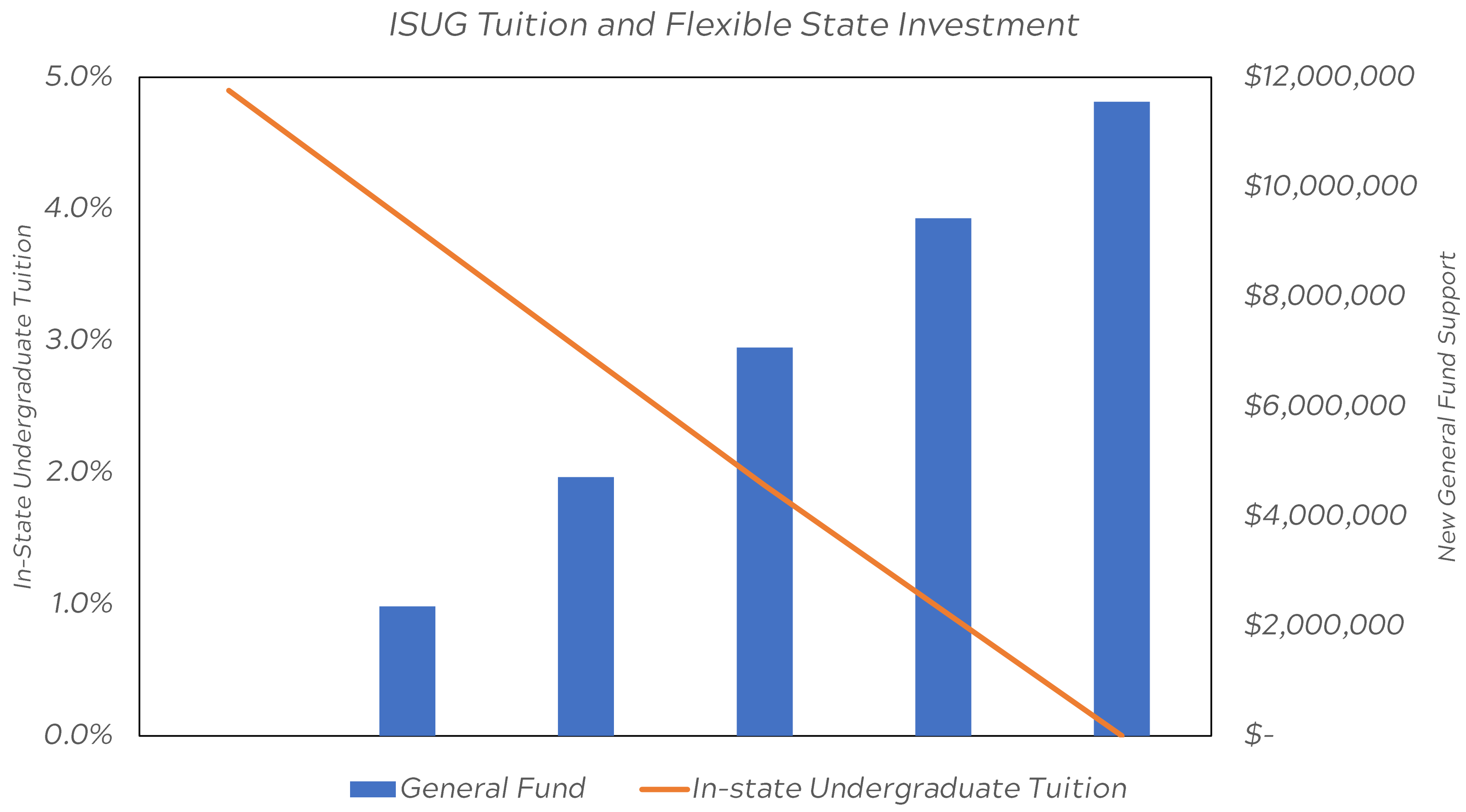
Attachment E

Total Estimated Funding Need	30.5
<u>Sources</u>	
Reallocation	(1.3)
(less) Enrollment Growth/Mix	(7.6)
Need for Tuition or General Fund Support	21.6

Attachment E

FY23 Planning Scenario - Funding Part 2

Assume other student categories increase relative to inflation and market (2.9% placeholder).



Tuition Considerations

- *Sensitive to Tuition increases: last resort*
- *Funding model takes into account new costs, new state support, and new self-generated revenue*
- *Access & affordability are incorporated to maintain and enhance purchasing power of student financial aid program*
- *Over prior 5 years, VT has increased ISUG tuition slower than inflation (Consumer Price Index)*
- *VT ISUG total cost ranks 10th of 15 public 4-year institutions in Virginia*

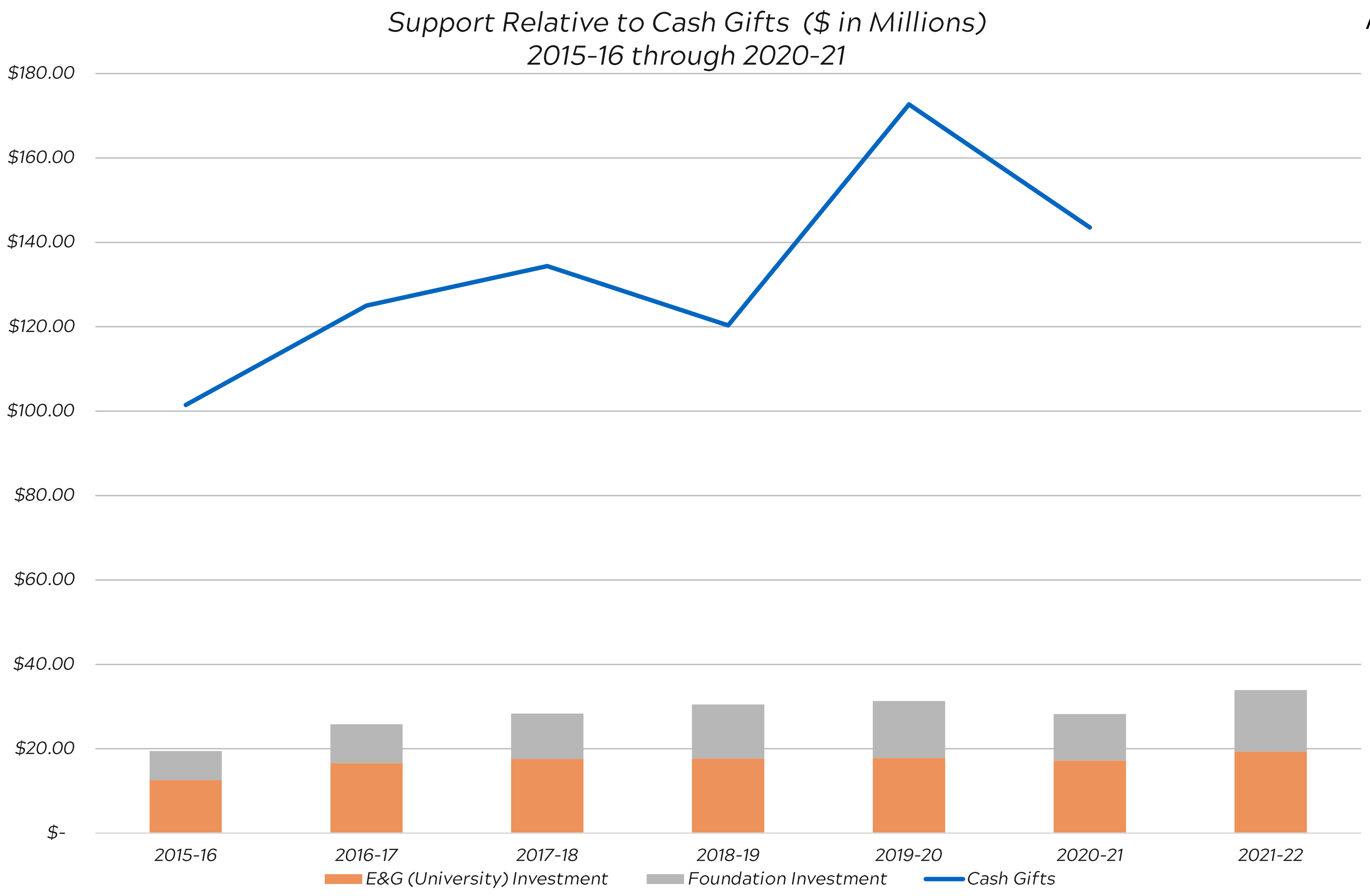
Initiative Planning

- *Goal is to maximize the achievement of the university's strategic plan*
- *Requests are likely to exceed resource capacity*
- *Leverage the most appropriate fund source first*
  - *Private funds (e.g. for quality enhancements, scholarships, and expanded private fund-raising)*
  - *Self-generated revenue and Enrollment growth*
  - *Federal*
  - *State*
- *Tuition rate increase is the fund source of last resort*
- *University budget process makes decisions about initiatives in the spring once resources and inflationary costs are understood*
- *All initiatives compete regardless of fund source*

Philanthropy

- *Philanthropic support is a growing component of the university's overall resource development process*
- *Private funds are critical, yet are often restricted in use thus not available for general operations of the institution*
- *The State has encouraged use of private funds to support fund-raising. In accordance with this, public funds are targeted to support program leadership and support activities.*
- *Consistent with all initiative planning, a multi-year plan needs to be developed to refine understanding of planning assumptions and expected outcomes.*
- *All institutional needs are considered holistically within the university's and VTF's budget development cycles*

Attachment E



Reflects the university and VTF support relative to cash gifts. Does not include support recorded in colleges or other programs.

Attachment E

Enterprise Risk Landscape

ACADEMIC	CAMPUS CULTURE AND CLIMATE	EXTERNAL ENVIRONMENT	FINANCIAL	RESEARCH	UNIVERSITY OPERATIONS
Faculty & Staff Recruitment & Retention	Leadership & Governance	Socio-Political Environment	Tuition & Fees Dependency	Competitive Growth	Infrastructure & Facilities
Enrollment Management	Athletics	Legal & Regulatory	Resource Management	Integrity & Conflicts of Interest	IT Security & Operations
Evolving Pedagogy & Delivery	Diversity, Equity, & Inclusion	Partners	Advancement	Research Compliance	Safety & Security
Global Engagement	Title IX	Accreditation	Federal & State Funds		Expanding Physical Footprint
	Student Wellness & Experience				

Next Steps

Attachment E

- *Approval of Six-Year Plan*
- *Advocacy of university needs in state budget process*
  - *Executive Budget published in December*
  - *2022 General Assembly convenes in January*
- *Tuition and Fee recommendation presented to Board in Spring with better understanding of costs and new state support*

DISCUSSION

Annual Report on Investments and Quasi-Endowments

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 8, 2021

Background

Since July 1, 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 to fully utilize its resources by maximizing investment earnings, maintaining prudent levels of liquidity, and ensuring compliance with applicable state laws and university policies.

As part of the university's investment program, the university manages two investment pools. The first pool is the short to intermediate-term investment pool, which is composed of university operating funds from generated cash flow and all investment activities for these funds are handled directly within the university. The investments in this pool are subject to the *Investment of Public Funds Act* (§ 2.2-4500). The second investment pool is the long-term investment strategies pool, which consists of the university's remaining resources. These remaining resources include endowment principal and income funds, gifts, all other nongeneral fund reserves and balances, and local funds held by the university. These funds are invested in a broader array of assets in the Virginia Tech Foundation Endowment in accordance with Section § 23.1-2604 of the Code of Virginia and the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100 et seq.).

This report will detail the university's investment activities which are authorized and guided by the enabling legislation and further guided by the university's *Policy Governing the Investment of University Funds*, approved by the Board of Visitors' Finance and Resource Committee on June 3, 2019. This report will also provide an overview of the university's approach to managing its allocation of short-term and long-term investments, its overall liquidity strategy, and its strategy for using long-term investments to achieve university strategic goals and milestones. These strategies, coupled with other financial planning and budget processes, have contributed towards a $407 million increase in total cash and investments since fiscal year 2015. Additionally, the composition of the cash and investments has changed – cash and cash-equivalents and other investments have decreased due to the university's purposeful growth of investments in the Virginia Tech Foundation's (VTF) endowment pool. Net investments in the VTF endowment pool have grown by $400 million during this period, and have grown from 15 percent of the total cash and investments in fiscal year 2015 to 48 percent of the total at June 30, 2021. This shift is a direct result of prudently managing the university's available funds to increase investments and build financial capacity for the future.

The university experienced a significant increase in its cash and investment balances of $234 million as a result of the recovered market prices for its investments in the VTF endowment pool at the end of fiscal year 2021 compared to fiscal year 2020 and disciplined savings throughout the university in response to the COVID-19 pandemic. The university's elevated cash balance will help it weather the remaining impacts of the pandemic and support a return to normal spending patterns. The additional liquidity also bolsters the university's financial position in support of the additional debt the university will be issuing in the next several years.

See Attachments A and B for additional information about the university's cash and investments. Attachment A shows the changes in cash and investments between fiscal years 2015 and 2021 and the growth of long-term investments in the VTF endowment. Attachment B shows the components of university's cash and investment balances as of June 30, 2021, and includes information related to the investment vehicles and the durations of the investments. It also identifies which pools contain auxiliary system funds and separates the other types of investments with unique restricted purposes, such as unspent bond proceeds, custodial funds, federal loan programs, and deferred compensation.

Liquidity Strategy and the Short to Intermediate-Term Investment Pool

As part of the university's investment program, the Investment Management Team (IMT) comprised of the University Treasurer, Assistant Vice President for Finance and University Controller, and the Associate Vice President for Budget and Financial Planning, are responsible for development of recommendations regarding the university's overall investment strategies and to provide ongoing monitoring, assessment, and adjustments to the investment program during the fiscal year to achieve the university's overall investment strategies. The recommendations are presented to the Vice President for Finance who approves the annual allocation decisions to ensure a prudent level of liquidity to fund current operations. The Vice President for Finance coordinates these decisions with the Senior Vice President and Chief Business Officer. The IMT manages the university's total liquidity position with a combination of internal and external liquidity. Currently, the IMT targets the level of total liquidity prescribed in the *Virginia Tech Liquidity Management Procedures* of 90 days. This target consists of 45 days of internal liquidity and 45 days of external liquidity, where each day of liquidity is equal to the university's annual budget divided by 365.

The university's short to intermediate-term investment pool represents the university's internal liquidity. The university holds these funds in bank balances in the primary Wells Fargo Demand Deposit Account (DDA) and liquid investment balances with external managers Standish Mellon and Merganser. The investment objectives of this pool are to yield the highest investment return while ensuring the safety of principal, availability to meet the university's daily cash flow needs, and compliance with the *Investment of Public Funds Act* (§ 2.2-4500).

Lines of Credit from Wells Fargo, Truist, Atlantic Union, and The First Bank & Trust are the external liquidity component of the university's total liquidity. These lines of credit allow the university to cost-effectively leverage limited resources, pursue its long-term investment strategy, and meet its operating obligations. Current Board of Visitors approval authorizes external lines of credit up to the greater of $200 million or 45 days of liquidity.

See Attachment C for information for short to intermediate-term investment pools performance for the most recent fiscal year and longer-term periods.

Virginia Tech Foundation and the Long-Term Investment Strategies Pool

The university places its long-term investments in the VTF endowment pool. These funds are tracked and reported separately from the private gifts and endowments normally received and invested by the VTF. The VTF invests these funds under an agency agreement that was 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.

Management of the VTF's endowment program includes a valuation-centric approach to investing through a combination of active managers, passive indices, and direct co-investments. See Attachment C for the VTF endowment pool performance for the most recent fiscal year and longer-term periods.

The Foundation began implementing its new strategic plan in the summer of 2020. One of the key goals of the strategic plan is to continue to deliver strong long-term relative and absolute performance with less risk than the benchmark. Other goals include reducing the number of active managers and enhancing the risk processes. The implementation of the strategic plan is approximately 90% complete, and the changes made to-date have already delivered early, positive results.

Utilization of Investment Income

Funds invested in the endowment pool managed by the VTF consist of true endowments, quasi-endowments, and unrestricted investments. As of June 30, 2021, the market value of university funds invested in the long-term investment strategies pool managed by the VTF was $500.8 million. See Attachment D for additional information on the purpose of these various true and quasi-endowments and the restrictions on these funds.

The university's investment program is designed to generate recurring supplemental revenue streams to advance university goals. Accordingly, the university has developed two sets of principles regarding the use of 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 that are clearly identified to an operating activity that operates separately in the university's program structure, the proportionate share of earnings will be returned to those purposes or programs. This practice is best demonstrated in the case of the university's true endowments, quasi-endowments, and funds that come from specific programs such as auxiliary enterprises.

Alternatively, in the case of non-auxiliary unrestricted funds, the earnings will be allocated 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.

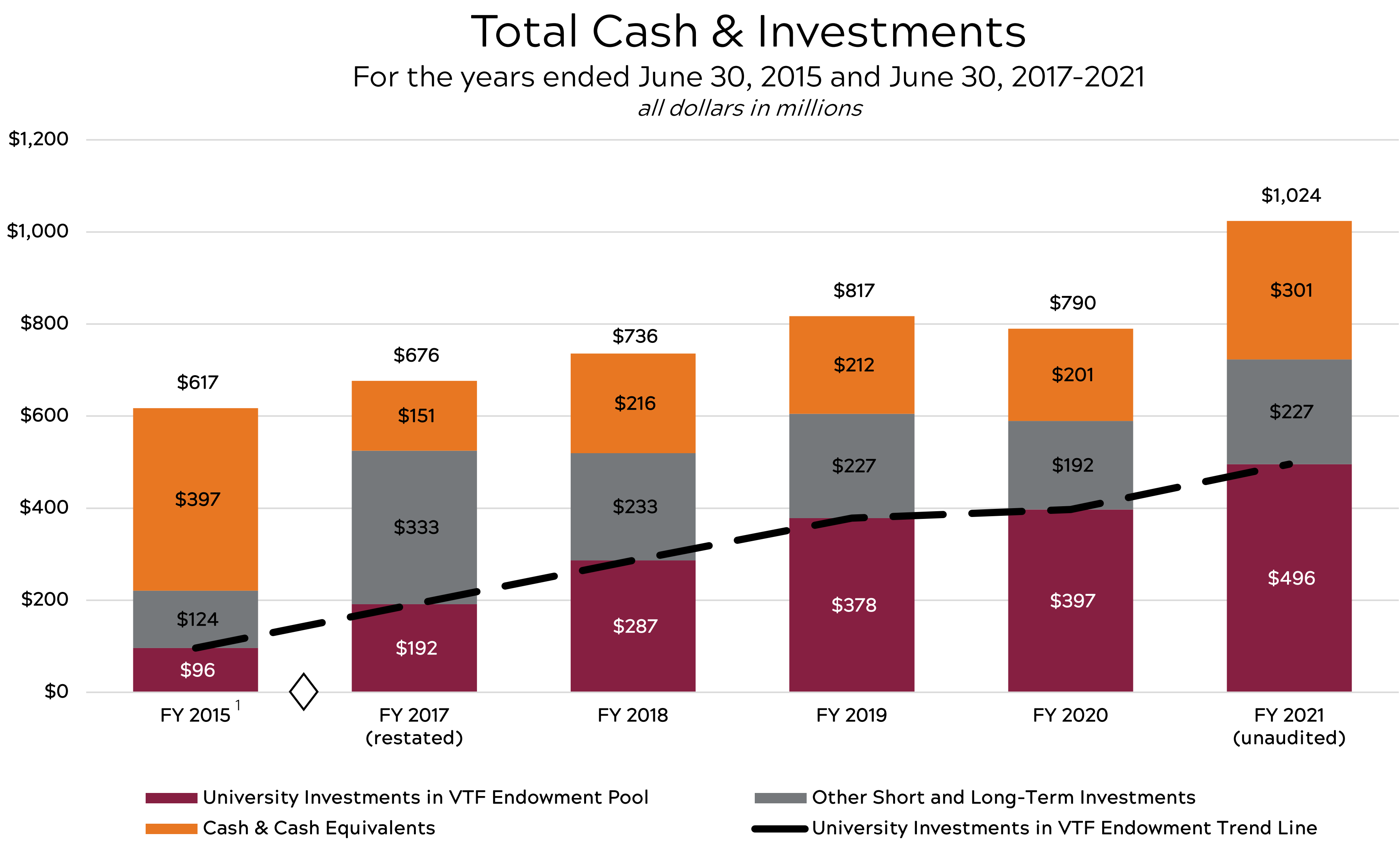
See Attachment E for more information on the university's utilization of the earnings on the invested funds based on their restricted or unrestricted character.

Finally, Attachment F is provided to put the university's liquidity in perspective with respect to several of its peers plus the University of Virginia. Peer bond ratings are included in the chart for enhanced comparability. This chart shows that Virginia Tech carries less cash than its peers and reflects the university's strategy to move excess cash balances into long-term investments at the VTF.

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 $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 expert management of internal funds, and through the prudent deployment of investment earnings as one-time or limited recurring commitments to strategic goals and objectives. Despite the challenges presented by the pandemic, this investment program helped the university add to its strong investment balances with earnings that will preserve and enhance the university's spending power, financial stability, and bond rating.

Attachment E



[1]FY 2015 represents the base year for the university's strategy to move cash and cash equivalents into long-term investments at the VTF.

University Cash and Investment Balances at June 30, 2021

all dollars in millions

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	$ 67.3	$ -	$ -	$ 67.3
Standish Mellon[1]	90-Day Cash Manager	214.5	-	5.2	219.7
Merganser[1]	1-3 Year Credit Manager	1.3	-	213.5	214.8
VTF Endowment[1]	Long-Term Pool	5.2	-	495.6	500.8
Operating & Long-Term Investment Strategies		**288.3**	**-**	**714.3**	**1,002.6**
Other[2]	Miscellaneous Restricted	12.7	3.7	4.8	21.2
Total Investments[3]		**$ 301.0**	**$ 3.7**	**$ 719.1**	**$ 1,023.8**

[1]Includes Auxiliary System Funds.

[2]Includes Unspent Bond Proceeds, Agency Funds, Deferred Compensation, etc.

[3]Unaudited.

Short, Intermediate & Long-Term Investment Performance Report at June 30, 2021

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon (General & System):	0.1%	1.3%	1.2%	0.7%	0.8%
FTSE 3-Month US T-BILL	0.1%	1.3%	1.1%	0.6%	0.7%
Merganser (General & System):	0.7%	3.2%	2.2%	1.8%	2.5%
BofAML 1-3 Yrs Gov/Corp	0.5%	3.0%	1.9%	1.5%	2.2%
VTF Endowment:	27.1%	7.3%	8.4%	7.8%	N/A
CEF Benchmark[1]	25.6%	11.0%	10.3%	7.9%	N/A

[1] 60% MSCI All Country World Equity Index; 30% Bloomberg Barclays Global Aggregate Bond Index; and 10% Global Financial Times Stock Exchange National Association of REITs Global Real Estate Index.

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, 2021 was $14.5 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, 2021 was $0.3 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, 2021 was $49.6 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, 2021 was $0.9 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, 2021 was $9.7 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, 2021 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, 2021 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, 2021 was $15.7 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, 2021 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, 2021 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, 2021 was $409.1 million.

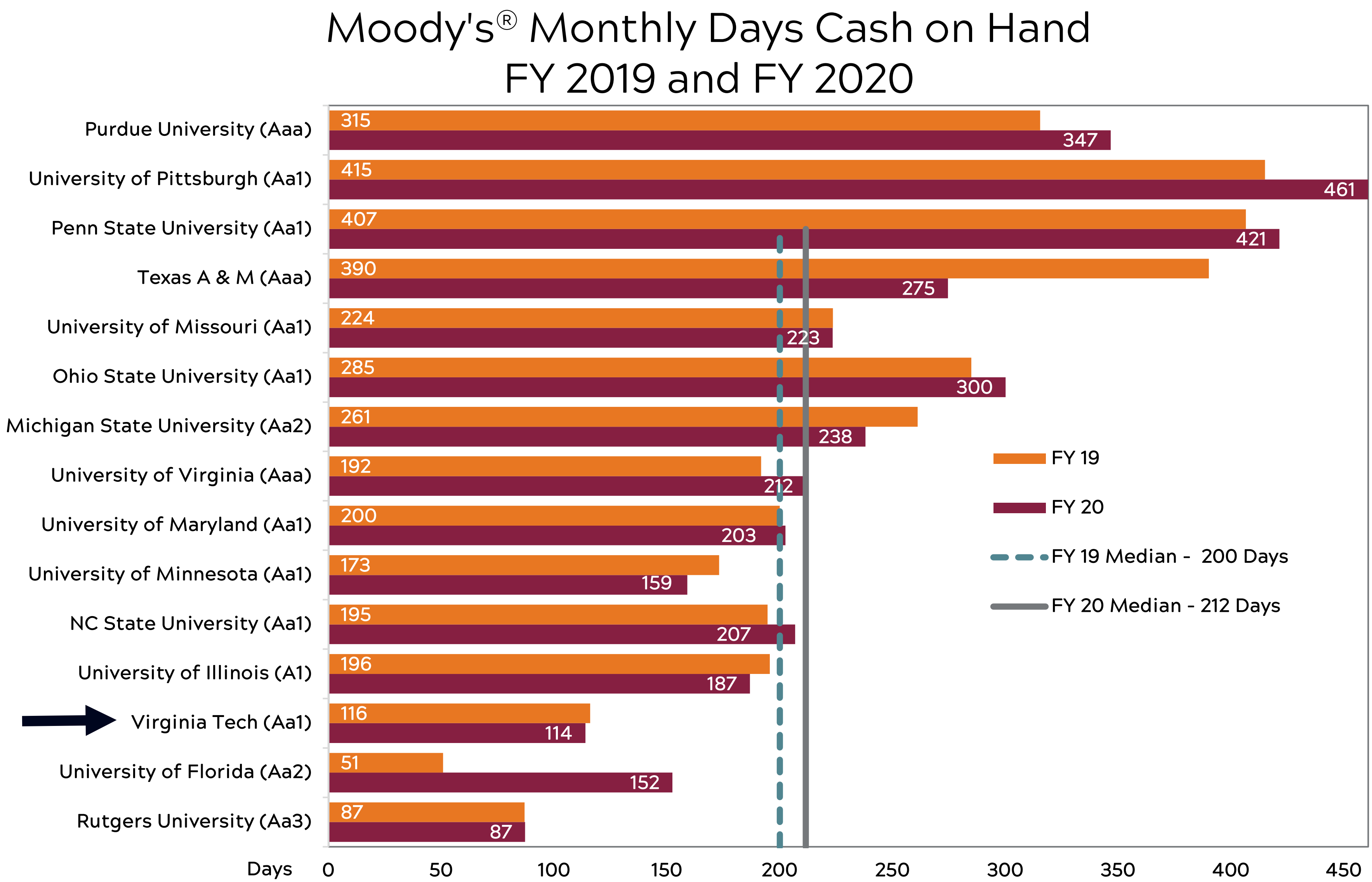
2021-22 Utilization of Investment Income

all dollars in thousands

Description	Utilization	2021-22 Estimate Short-Term Investments	2021-22 Estimate Long-Term Investments
True Endowments			
Rolls Royce Endowment	Engineering Chaired Professorships & Grad Students		$571
Pouring Rights Endowment	Scholarships		$13
Donor Restricted Quasi-Endowments			
Pratt Estate Funds	Animal Nutrition & Engineering programs		1,962
Donaldson Brown Endowment	Scholarships		37
Nationwide Scholarship Fund	Scholarships		384
BOV Designated Quasi-Endowments			
Chinese Endowed Geosciences Scholarship	Scholarships		4
Gloria Smith Professorship	Professorship support		14
Licensing & Trademark Scholarship	Scholarships		628
Multicultural Affairs Scholarship	Scholarships		4
Student Health Insurance Fund	Support student health insurance program		17
Unrestricted Investments			
State Escrow[1]	Support E&G Programs, subject to state	$13	
Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	753	3,726
Other University Funds	VTCSOM, banking fees, scholarships and university initiatives	1,617	12,367
Total University Investment Income		$2,383	$19,727

[1]Reflects amount estimated to be returned to E&G Programs. Escrowed to the Commonwealth but has not been appropriated.

Attachment E



Attachment E

Annual Report on Investments and Quasi-Endowments

KEN MILLER, VICE PRESIDENT FOR FINANCE

JOHN CUSIMANO, UNIVERSITY TREASURER

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

NOVEMBER 8, 2021

Annual Report on Investments and Quasi-Endowments

- The Investment Policy aims to maximize investment earnings and ensure prudent levels of liquidity.
- There are two investment pools:
  - Short to intermediate-term investment of university operating funds: must meet Public Funds Act requirements
  - Long-term investment strategies of endowments and non-general fund reserves: Virginia Tech Foundation Endowment

Annual Report on Investments and Quasi-Endowments

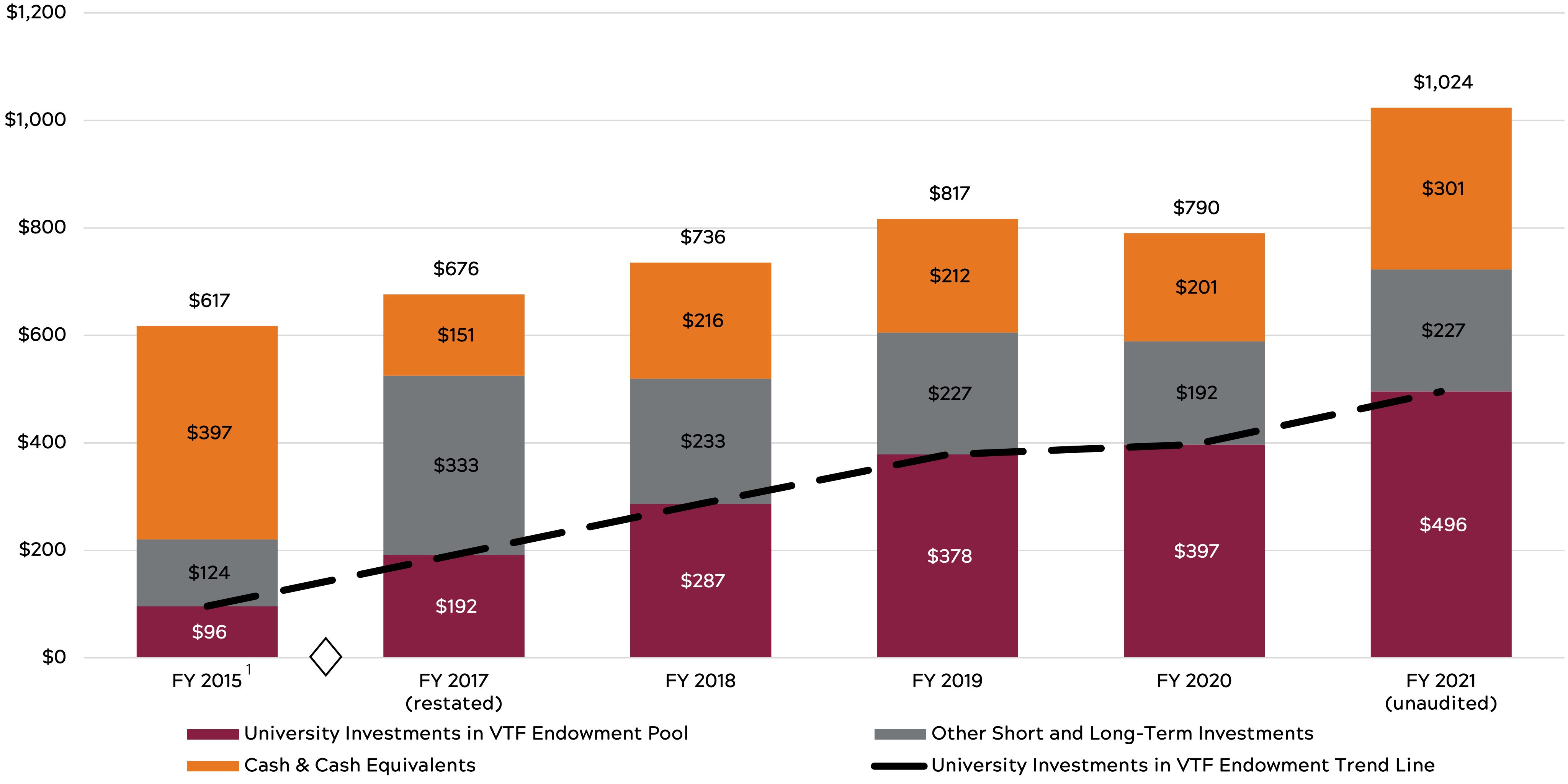
- Current liquidity targets:
  - Ongoing 45 days of internal liquidity through operating cash reserves (excluding funds in VTF endowment)
  - Ongoing 45 days of external liquidity through operating lines of credit
- Two key principles for the allocation of earnings:
  - Return designated or restricted earnings to their respective programs to pursue current and future activities
  - Deploy unrestricted earnings[1] for one-time or limited recurring commitments to pursue strategic initiatives, and to build capacity by growing unrestricted net assets by $20 million per year to achieve the strategic plan milestone

[1]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.

Total Cash & Investments

For the years ended June 30, 2015 and June 30, 2017-2021

all dollars in millions



[1]FY 2015 represents the base year for the university's strategy to move cash and cash equivalents into long-term investments at the VTF.

University Cash and Investment Balances at June 30, 2021

all dollars in millions

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	$ 67.3	$ -	$ -	$ 67.3
Standish Mellon[1]	90-Day Cash Manager	214.5	-	5.2	219.7
Merganser[1]	1-3 Year Credit Manager	1.3	-	213.5	214.8
VTF Endowment[1]	Long-Term Pool	5.2	-	495.6	500.8
Operating & Long-Term Investment Strategies		**288.3**	**-**	**714.3**	**1,002.6**
Other[2]	Miscellaneous Restricted	12.7	3.7	4.8	21.2
	Total Investments[3]	**$ 301.0**	**$ 3.7**	**$ 719.1**	**$ 1,023.8**

[1]Includes Auxiliary System Funds.

[2]Includes Unspent Bond Proceeds, Agency Funds, Deferred Compensation, etc.

[3]Unaudited.

Short, Intermediate & Long-Term Investment Performance Report at June 30, 2021

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon (General & System):	0.1%	1.3%	1.2%	0.7%	0.8%
FTSE 3-Month US T-BILL	0.1%	1.3%	1.1%	0.6%	0.7%
Merganser (General & System):	0.7%	3.2%	2.2%	1.8%	2.5%
BofAML 1-3 Yrs Gov/Corp	0.5%	3.0%	1.9%	1.5%	2.2%
VTF Endowment:	27.1%	7.3%	8.4%	7.8%	N/A
CEF Benchmark[1]	25.6%	11.0%	10.3%	7.9%	N/A

[1] 60% MSCI All Country World Equity Index; 30% Bloomberg Barclays Global Aggregate Bond Index; and 10% Global Financial Times Stock Exchange National Association of REITs Global Real Estate Index.

Endowment Update

Attachment E

- Significant changes were made during the year to enhance the long-term performance of the fund:
  - Reduced the number of active managers,
  - Developed a risk management process to review sector and geographic weightings versus the benchmark,
  - Enhanced the due diligence process for the underwriting of investments, and
  - Created a better balance between value and growth investments

Endowment Update

Attachment E

- The endowment's policy benchmark will be changed at the end of the year from 60% Equity (MSCI ACWI), 10% Real Assets (Global NAREIT), and 30% Fixed Income (Barclays Global Agg.) to:
  - 65% MSCI ACWI (Long-Term Growth)
  - 15% NAREIT (Inflation Protection)
  - 10% Barclays U.S. Long Treasury (Deflation Protection)
  - 10% Barclays U.S. Intermediate Credit (Liquidity)

Endowment Update

Attachment E

- A key goal has been to double the endowment to $1.6 billion by 2022.
- Due to the favorable market conditions and a record-breaking fundraising year, the $1.69B total accomplished that goal!

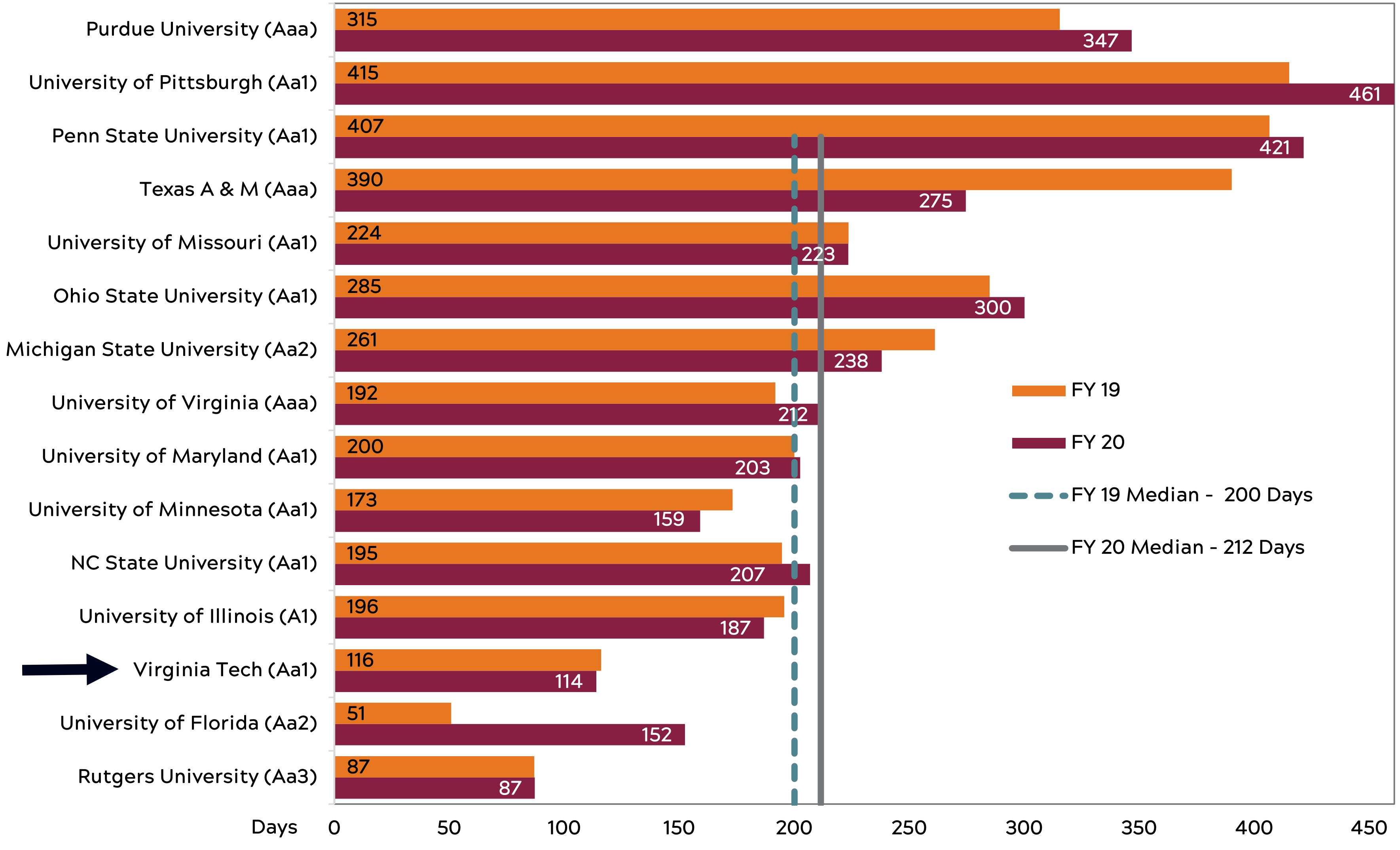
2021-22 Utilization of Investment Income

all dollars in thousands

Description	Utilization	2021-22 Estimate Short-Term Investments	2021-22 Estimate Long-Term Investments
True Endowments			
Rolls Royce Endowment	Engineering Chaired Professorships & Grad Students		$571
Pouring Rights Endowment	Scholarships		$13
Donor Restricted Quasi-Endowments			
Pratt Estate Funds	Animal Nutrition & Engineering programs		1,962
Donaldson Brown Endowment	Scholarships		37
Nationwide Scholarship Fund	Scholarships		384
BOV Designated Quasi-Endowments			
Chinese Endowed Geosciences Scholarship	Scholarships		4
Gloria Smith Professorship	Professorship support		14
Licensing & Trademark Scholarship	Scholarships		628
Multicultural Affairs Scholarship	Scholarships		4
Student Health Insurance Fund	Support student health insurance program		17
Unrestricted Investments			
State Escrow[1]	Support E&G Programs, subject to state	$13	
Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	753	3,726
Other University Funds	VTCSOM, banking fees, scholarships and university initiatives	1,617	12,367
Total University Investment Income		$2,383	$19,727

[1]Reflects amount estimated to be returned to E&G Programs. Escrowed to the Commonwealth but has not been appropriated.

Moody's® Monthly Days Cash on Hand FY 2019 and FY 2020



Summary

- Investment program designed to maximize investment earnings and ensure liquidity.

- Investment strategies contribute towards:
  - Advancing university goals
  - Preserving and enhancing university’s spending power
  - Providing financial stability

DISCUSSION

University Debt Ratio and Debt Capacity

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 20, 2021

Background:

The university has provided an annual debt capacity report to the Board of Visitors since 2006. The Restructuring Act and the university's debt policy require that the university maintain a debt service to operations ratio of no greater than seven percent. In addition to the seven percent limitation, and based on historical guidelines provided by the Board of Visitors, management internally targets a five percent benchmark for planning purposes and subsequent recommendations to the Board.

Management of debt is critical to the success of the university's capital program and to meeting one of the conditions of eligibility for restructured operational authority with the commonwealth. The required condition is that the university maintain an unenhanced bond rating from Moody's, Standard and Poor's, or Fitch of at least AA- or its equivalent and a debt service to operations ratio no greater than seven percent.

An established committee including representatives from Capital Budgeting and Financing, Investments and Debt Management, the Controller's Office, and the Budget Office meets regularly to review debt activities and the timing of debt issuances to ensure compliance with the five percent debt ratio and potential impacts to credit ratings. The Vice President for Finance provides oversight of these activities.

Status:

The university currently has a Aa1 rating from Moody's and a AA rating from S&P. At the conclusion of fiscal year 2021, the university had outstanding long-term debt of $511.5 million with a debt ratio of 3.29 percent.

Projections:

A projection of university debt ratio and debt capacity based on expected debt issuances for capital projects and long-term leases in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87 (GASB 87) are shown in Attachment A. These projections show the debt ratio exceeding five percent in FY2025 and peaking at 5.86 percent in FY2028. The capital project issuances and long-term leases are discussed in the following sections.

Planning for Capital Project Debt Issuances:

As part of the university's capital outlay planning and debt management program, the university maintains a six-year forward-looking plan of debt issuances for projects. This planning supports the development of capital outlay plans that advance projects within the debt policy and restructuring conditions. Each project is carefully reviewed in consideration of the university's debt capacity before submitting project authorizations for debt to the Board.

A listing of the projects, debt amounts, and timing are shown in Attachment B. The list includes major capital projects and long-term leases with a present value that would exceed $3 million, the current capital project threshold. Based on the current placeholders and projections shown in Attachment B, debt for future projects and long-term leases above $3 million would result in a maximum debt ratio of 4.94 percent in FY2028. This does not include the impact of layering long-term leases below the capital project threshold, or not recorded as capital leases in the past.

Projecting the Impact of Long-Term Leases under Governmental Accounting Standards Board Statement No. 87:

All leases that exceed 12 months and have a present value of at least $50,000 are considered long-term leases and recorded as intangible right-to-use assets with corresponding long-term liabilities on the balance sheet per the Governmental Accounting Standards Board (GASB) Statement No. 87. The Board of Visitors approved university recommendations at the June 8, 2021 meeting that continues appropriate review and approval for entering into lease agreements as follows:

i) new and renewal leases with a present value equal to or greater than the dollar value threshold for capital projects in the Management Agreement are approved by the Board of Visitors prior to execution;

ii) new and renewal leases that include property ownership transfer to the lessee, including bargain purchase options are approved by the Board of Visitors prior to execution;

iii) all other new and renewal leases will continue to be administered by the university; and

iv) new and renewal leases administered by the university with a present value equal to or greater than $50,000 are ratified by the Board of Visitors annually.

At the start of fiscal year 2022, the university recognized approximately $79 million of intangible right-to-use assets and corresponding long-term debt liabilities formerly classified as operating leases. This results in an additional $18 million of annual debt service included in the debt ratio calculation compared to prior years. The impact of layering these long-term leases raises the debt ratio to 5.86 percent from 4.94 percent. The impact is shown at the bottom of the schedule in Attachment B and the graph in Attachment C. A report detailing administratively approved long-term leases will be presented annually beginning November 2022.

Pension Liability:

Effective August 4, 2021, Moody's adjusts public institutions financial statement amounts and related quantitative credit metrics for defined-benefit pension plan assets and liabilities. This adjustment affects the Total Cash and Investments to Total Adjusted Debt ratio under the Leverage and Coverage factor of their scorecard. That ratio is total cash and investments over total adjusted debt, net of externally held mandatory sinking funds. The institution's debt is adjusted for unfunded pension liabilities, operating leases, and guaranteed debt obligations. The adjustment for pension liabilities is not anticipated to affect the debt ratio but could impact the university's credit rating. In August, Moody's affirmed the Aa1 rating for the university with a stable outlook. The university will continue to monitor the pension liability implementation and is actively consulting the rating agencies regarding any potential impact on credit ratings.

Debt Restructuring by the Commonwealth of Virginia:

As a mitigation response to expected financial impacts the COVID-19 pandemic, the Commonwealth restructured outstanding debt issued since 2011 through the Virginia College Building Authority (VCBA) program. The debt restructuring provided debt service relief by deferring principal payments in fiscal years 2022 and 2023. The deferred payments were added to the end of the existing amortization schedule, thereby extending the final maturities by two years. Interest payments continue to be made during those fiscal years. The university conducted a similar restructuring for debt related to Athletics. The effect of this restructuring is shown in Attachment C by the drop of the ratio for those years followed by the abrupt rise as the principal payments return. This allowed the university to conserve liquidity.

Debt Ratio Guidance:

The Board of Visitors' long standing guidance has been to manage debt at a level that ensures the debt ratio does not exceed five percent of operating expenditures. In fiscal year 2025, the university forecasts exceeding the five percent of operating expenditures as a result of the projected additional $18 million of annual debt service from leases, but remaining below six percent of operating expenditures. The university requests amended guidance to manage debt issuances at a level that ensures the debt ratio does not exceed six percent of operating expenditures.

Attachments:

Attachment A includes the outstanding long-term debt and debt ratio calculation for the current fiscal year and a summary of estimated potential issuances through fiscal year 2027, along with future debt ratios and related capacity for each year. The schedule includes a three-year trailing period through fiscal year 2030 to show the full impact of loading principal and interest payments.

Attachment B shows an illustration of the estimated timing of potential debt issuances for certain projects.

Attachment C shows a trend line of the university's debt ratio from fiscal year 2002 to 2030 and the debt ratio trend line adjusted to reflect the implementation of GASB 87. The debt ratio is calculated as debt service over operating expenditures. Traditionally, management routinely examined, prioritized, and adjusted the allocation plan to ensure the debt ratio remains within five percent, and going forward will manage within the proposed six percent guidelines.

Attachment D shows a trend of the university's long-term debt outstanding and debt service, from fiscal year 2016 to 2030.

Attachment E shows a benchmark comparison of fiscal year 2020 debt ratios from Moody's for Virginia Tech and 23 other peer institutions and systems, which are calculated as debt service over operating expenditures.

RECOMMENDATION:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2021 be accepted.

Further, that the guidance to manage debt issuances at a level that ensures the debt ratio does not exceed six percent of operating expenditures, be accepted.

November 8, 2021

Attachment E

University Debt Ratio and Debt Capacity Based on Expected Debt Issuances and Implementation of Governmental Accounting Standards Board Statement No. 87

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

As of October 20, 2021

(Dollars in Thousands)

		Estimated Issuances						Trailing Period		
Fiscal Year	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Long-Term Debt Outstanding, Start of Year	$ 452,804	$ 511,547	$ 577,572	$ 899,515	$ 939,411	$ 949,696	$ 1,088,428	$ 1,045,264	$ 975,565	$ 906,936
Net New Long-Term Debt Issuance	85,820	90,100 (2)	351,021	90,990	67,700	200,000	27,100	-	-	-
Estimated Management Leases		15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400
Current Year Bond Premium	10,243									
Current Year Refunding Bonds	111,371									
Current Year Refunded / Defeased Bonds	-									
Net Long-Term Debt Repayment	(148,692)	(39,476)	(44,478)	(66,494)	(72,816)	(76,668)	(85,665)	(85,099)	(84,030)	(82,268)
Total Long-Term Debt Outstanding, End of Year	**$ 511,547** (1)	**$ 577,572**	**$ 899,515**	**$ 939,411**	**$ 949,696**	**$ 1,088,428**	**$ 1,045,264**	**$ 975,565**	**$ 906,936**	**$ 840,068**
Total Debt Service	$ 49,705 (1)	$ 58,682	$ 68,675	$ 83,424	$ 97,253	$ 103,316	$ 108,180	$ 113,602	$ 111,562	$ 107,758
Total Operating Expenditures	1,509,569 (1)	1,646,000	1,691,265	1,737,775	1,785,564	1,834,667	1,885,120	1,936,961	1,990,227	2,044,958
Debt Ratio (2)	**3.29%**	**3.57%** (2)	**4.06%**	**4.80%**	**5.45%**	**5.63%**	**5.74%**	**5.86%**	**5.61%**	**5.27%**
5% of Operating Expenditures	$ 75,478	$ 82,300	$ 84,563	$ 86,889	$ 89,278	$ 91,733	$ 94,256	$ 96,848	$ 99,511	$ 102,248
Additional Allowable Debt Service	25,773	23,618	15,888	3,465	(7,975)	(11,583)	(13,924)	(16,754)	(12,051)	(5,510)
Additional Debt Capacity (at 5%)	**$428,429**	**$377,026**	**$250,034**	**$54,009**	**$ (123,150)**	**$ (178,034)**	**$ (213,020)**	**$ (256,319)**	**$ (184,366)**	**$ (84,301)**
6% of Operating Expenditures	$ 90,574	$ 98,760	$ 101,476	$ 104,266	$ 107,134	$ 110,080	$ 113,107	$ 116,218	$ 119,414	$ 122,698
Additional Allowable Debt Service	40,869	40,078	32,801	20,842	9,881	6,764	4,927	2,615	7,851	14,939
Additional Debt Capacity (at 6%)	**$679,363**	**$639,789**	**$516,196**	**$324,914**	**$152,593**	**$103,964**	**$75,378**	**$40,010**	**$120,112**	**$228,550**

Assumptions:

* Total Operating Expenditures for FY22 are based on the Authorized Budget Document. Future Operating Expenditures for FY23 through FY30 are estimated based on an annual growth rate of 2.75%.

* Estimated Cost of Capital includes: 2.25% for FY22, 2.40% for FY23, 2.50% for FY24, 2.60% for FY25, 2.65 for FY26, and 2.70% thereafter.

Notes:

(1) Unaudited actual.

(2) Debt ratio projections for fiscal years 2022 and beyond includes the estimated impact of the one-time revision to GASB 87 on governmental lease accounting of $79 million.

Illustration of Debt Allocations Within a Five Percent Ratio

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Attachment E

As of October 20, 2021

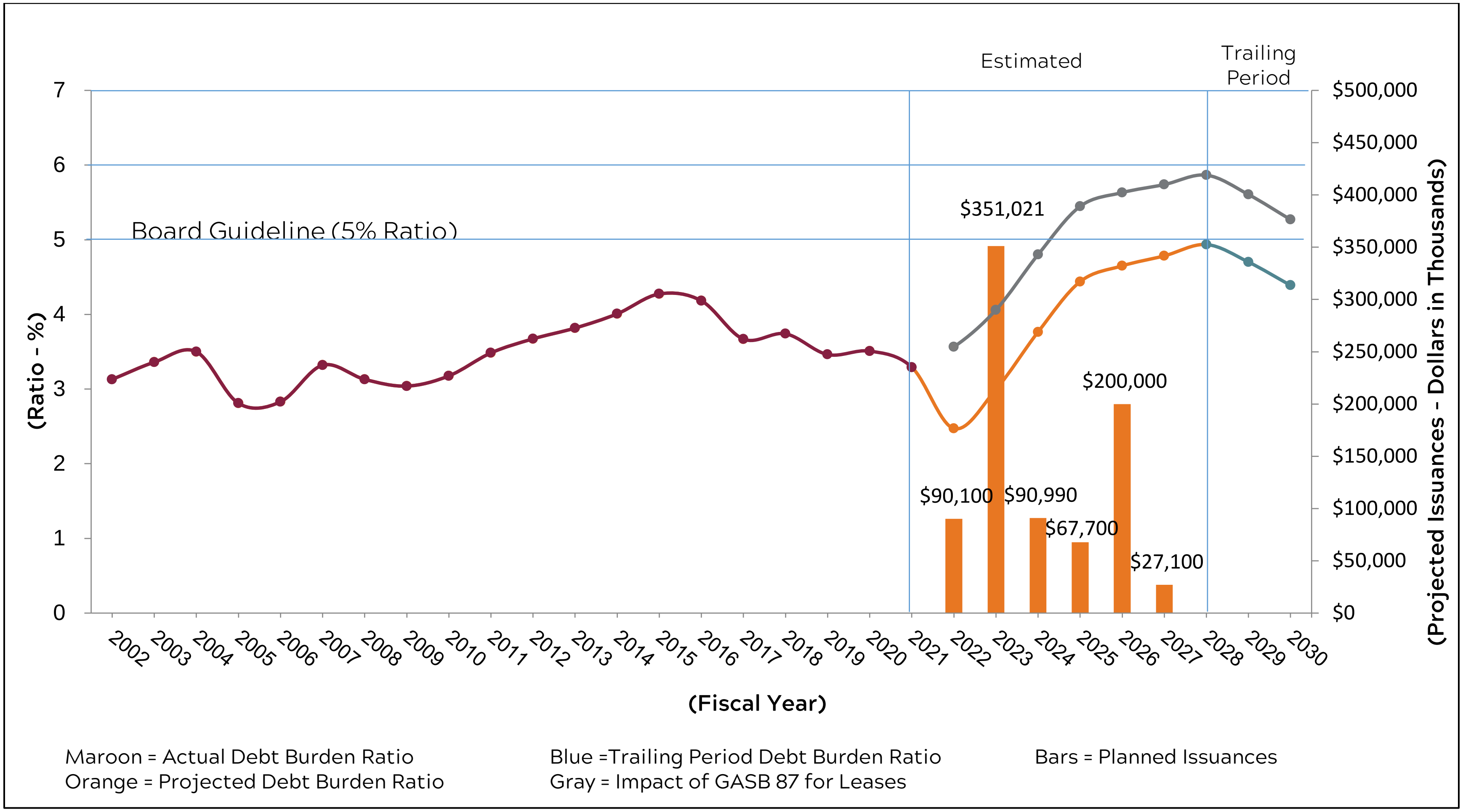
(Dollars in Thousands)

	Actual	Planning Projections						Trailing Period			
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Authorized Projects											
Scheduled Issuances											
Creativity & Innovation District Residential Community	$ 84,305										$ 84,305
Falls Church Property Acquisition		$ 11,100									11,100
Data and Decision Sciences			$ 10,000								10,000
Corps Leadership & Military Science			31,350								31,350
New Upper Quad Residence Hall			33,000								33,000
Innovation Campus - Academic Building I			87,000								87,000
Parking Structure at Innovation Campus			27,136								27,136
Hitt Hall			6,250								6,250
New Dining Hall			66,750								66,750
Student Wellness Services				$ 47,800							47,800
BOV Approved Leases											
Commerce Street Acquisition	$1,515										1,515
	85,820	11,100	261,486	47,800	-	-	-	-	-	-	406,206
Placeholder Allocations for Planning Projects											
Projects											
Building Envelope Repairs					$ 15,000		$ 15,000				$ 30,000
Engineering Renewal - Randolph Hall				23,190							23,190
Parking Structure at Blacksburg Campus				20,000							20,000
Business School					52,700						52,700
Student Life Village, Phase I						$ 200,000					200,000
Veterinary Teaching Hospital Expansion							12,100				12,100
BOV Approved Leases											
One-time GASB 87 Long Term Lease Adjustment		$ 79,000									79,000
Research Swing Space			20,000								20,000
Gilbert Street Project			69,535								69,535
	-	79,000	89,535	43,190	67,700	200,000	27,100	-	-	-	506,525
Total Authorized and Placeholder Issuances	$ 85,820	$ 90,100	$ 351,021	$ 90,990	$ 67,700	$ 200,000	$ 27,100	$ -	$ -	$ -	$ 912,731
Net Capacity at five percent ratio Projects Only	$428,429	$664,373	$533,308	$334,614	$154,823	$98,635	$62,356	$19,057	$91,010	$191,074	
Net Capacity at five percent ratio Projects and Long Term Leases	$428,429	$377,026	$250,034	$54,009	$ (123,150)	$ (178,034)	$ (213,020)	$ (256,319)	$ (184,366)	$ (84,301)	
Net Capacity at six percent ratio Projects and Long Term Leases	$679,363	$639,789	$516,196	$324,914	$152,593	$103,964	$75,378	$40,010	$120,112	$228,550	

University Debt Ratio Trend

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

As of October 20, 2021

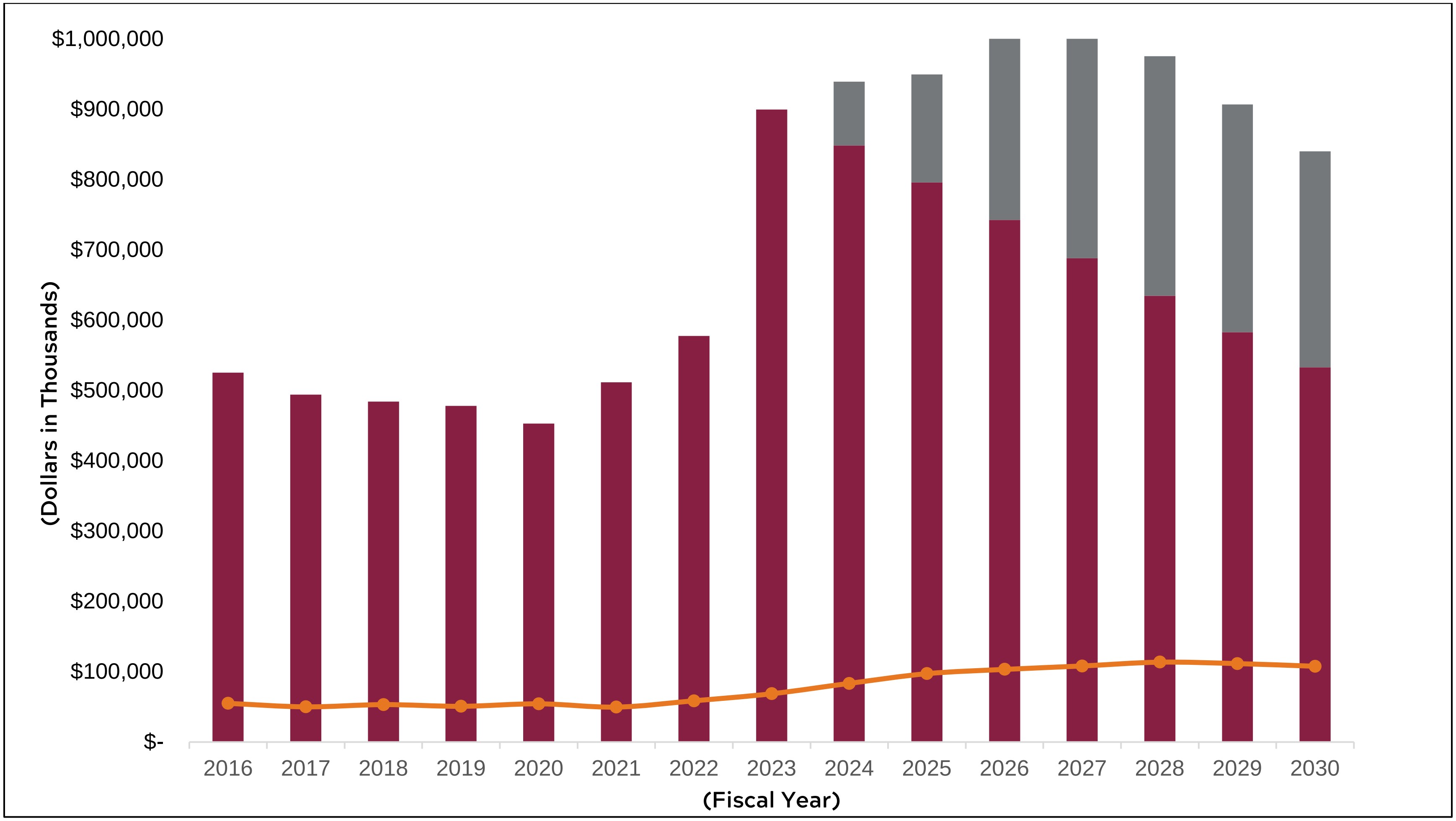


Source: Restructuring Management Performance Metrics; 2021 Data.

University Long-Term Debt Outstanding and Debt Service

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

As of October 20, 2021



Orange = Debt Service
Maroon = Long Term Debt Outstanding, Projects Complete or Construction Committed
Gray = Long Term Debt Outstanding, Planning Projects

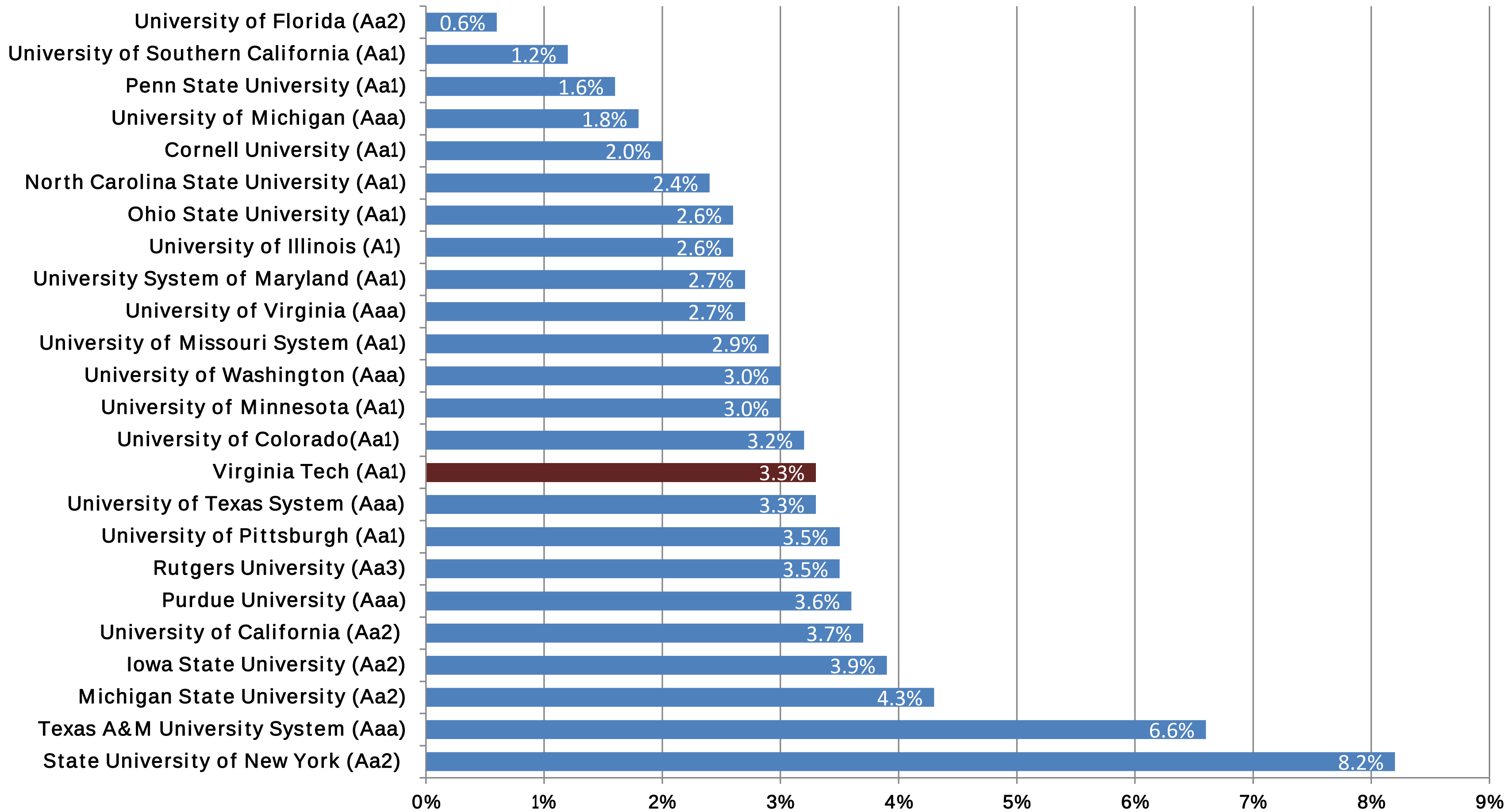
Source: Restructuring Management Performance Metrics; 2021 Data.

Attachment E

Fiscal Year 2020 Debt Ratio Benchmarking of Peers

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 20, 2021



Based on SCHEV Peer Group and UVA

Source: Moody's Performance Metrics, Moody's Investors Service, August 6, 2021 ; 2020 Data.

Attachment E

ANNUAL REPORT ON UNIVERSITY DEBT RATIO AND DEBT CAPACITY

KEN MILLER, VICE PRESIDENT FOR FINANCE

BOB BROYDEN, ASSOCIATE VICE PRESIDENT FOR CAMPUS PLANNING AND CAPITAL FINANCING

JOHN CUSIMANO, UNIVERSITY TREASURER AND ASSOCIATE VICE PRESIDENT FOR FINANCE-VT FOUNDATION

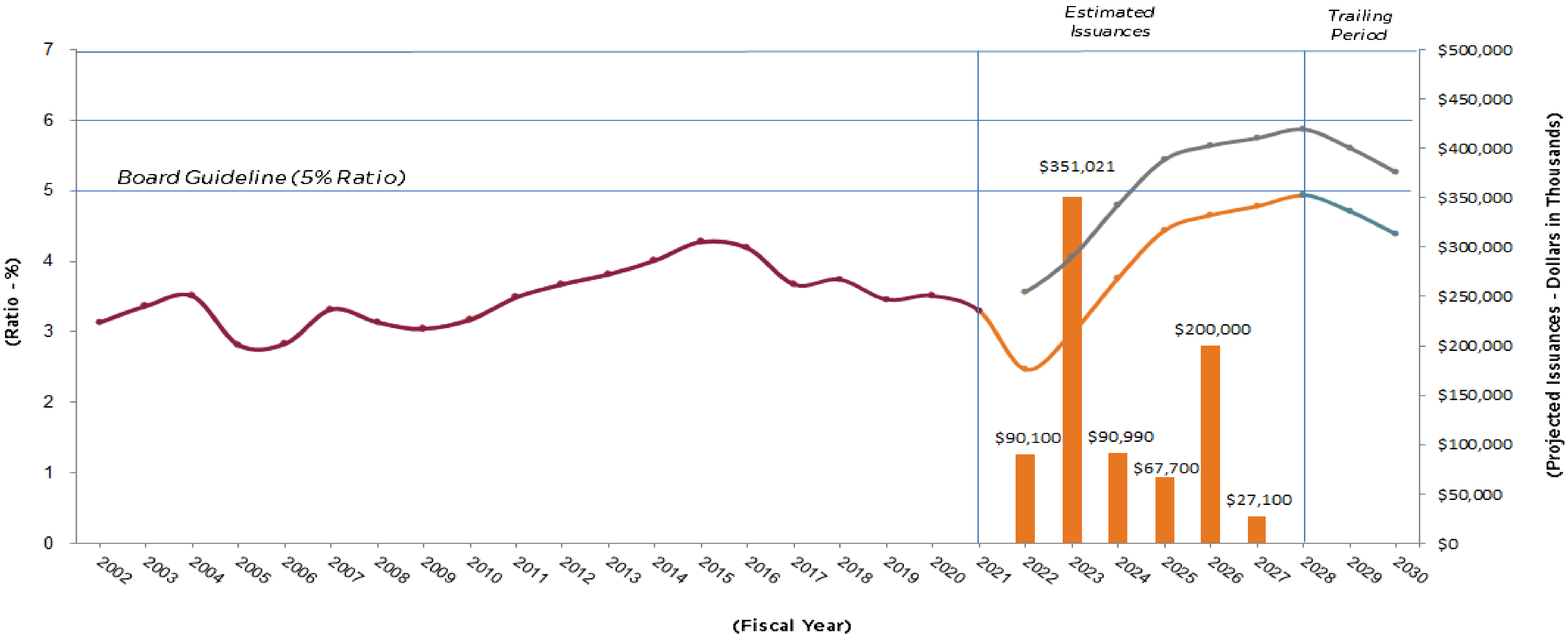
NOVEMBER 8, 2021

Debt Ratio & Credit Ratings

	Requirement	Performance: FY21	
Debt Ratio	=< 5%	3.29%	✓
Credit Ratings	AA- S&P Aa3 Moody's	AA S&P Aa1 Moody's	✓

University Debt Ratio Trend

Attachment E



Maroon = Actual Debt Burden Ratio
Orange = Projected Debt Burden Ratio

Blue =Trailing Period Debt Burden Ratio
Gray = Impact of GASB 87 for Leases

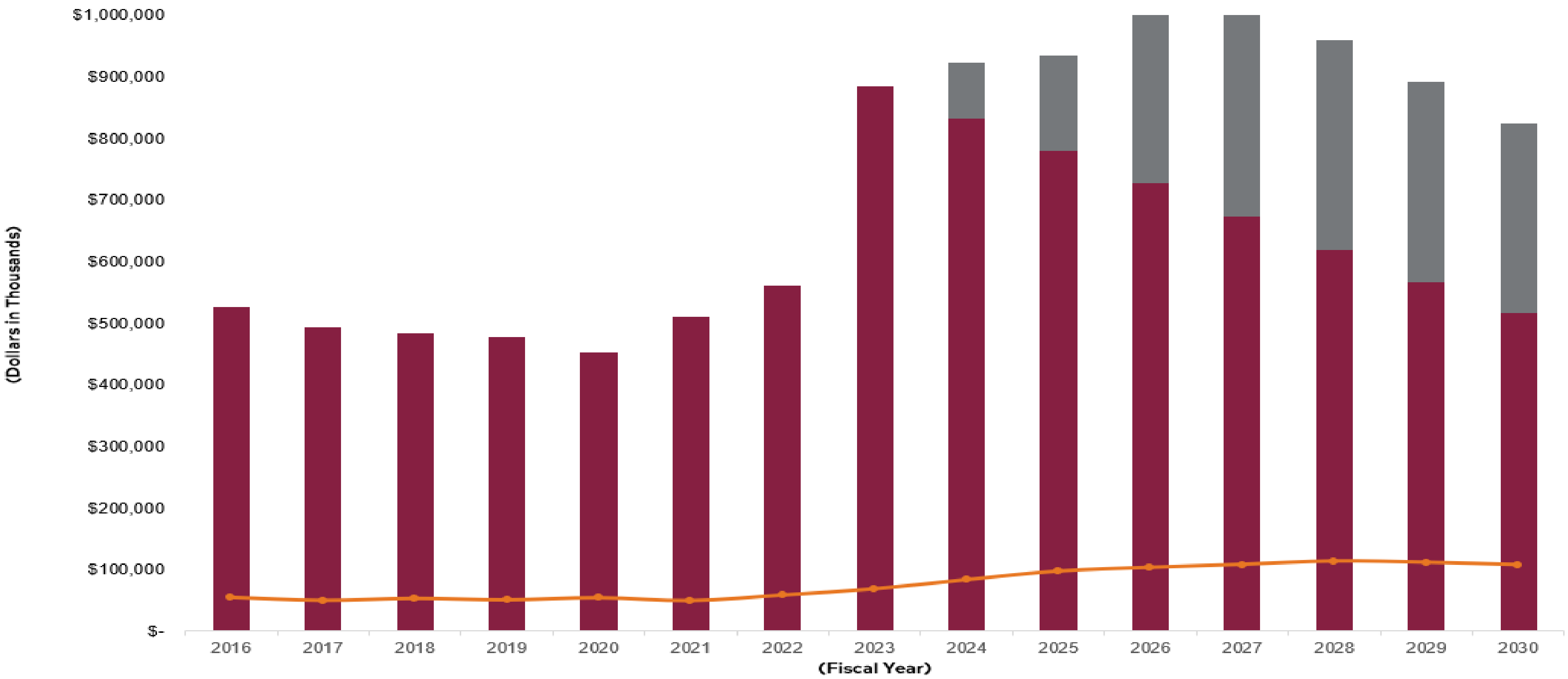
Bars = Planned Issuances

Source: Restructuring Management Performance Metrics; 2021 Data.

VIRGINIA TECH

Attachment E

University Outstanding Debt and Debt Service Trend



Orange = Debt Service Maroon = Long Term Debt Outstanding, Projects Complete or Construction Committed Gray = Long Term Debt Outstanding , Planning Projects

Source: Restructuring Management Performance Metrics; 2021 Data.

Annual Report on University Debt Ratio and Debt Capacity

RECOMMENDATION:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2021, including the guidance to manage debt issuances at a level that ensures that the debt ratio does not exceed six percent of operating expenditures, be accepted.

November 8, 2021

QUESTIONS?