

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

August 19, 2025

Joint Open Session

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

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

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

*** Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

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

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

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

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

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

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

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

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

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

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

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

Open Session

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

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

* **Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

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

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

1. **Welcome and Opening Remarks**

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

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

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

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

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

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

* **Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

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

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

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

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

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

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

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Discusses Enterprise Risk Management topic(s)

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

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

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

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

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

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

Capital Program

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

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

*** Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

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

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

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

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

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

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

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Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

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

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

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

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

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

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

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

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

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

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Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

3:00 p.m.

August 19, 2025

Agenda Item

Reporting Responsibility

- | | | |
|----|--|--------------------------------------|
| | 1. Welcome and Opening Remarks | Jim Miller |
| | 2. Consent Agenda | Jim Miller |
| # | a. Approval of Minutes of the June 3, 2025 Meeting | |
| | b. Report on Gramm-Leach-Bliley Act Compliance and IT Security | |
| * | c. Financial Summary of Faculty and Staff Merit Programs | |
| | d. Approval of Subscription-Based IT Arrangement (SBITA) with Microsoft | |
| #+ | 3. Comprehensive Update on Advancement | Charlie Phlegar |
| * | 4. Approval of Year-to-Date Financial Performance Report (July 1, 2024 – June 30, 2025) | Simon Allen Tim Hodge Rob Mann |
| | 5. Overview of University Finances and Affiliated Entities | Simon Allen |
| # | 6. Preparing for Financial Uncertainty | Simon Allen |
| | 7. Discussion of Future Agenda Topics and Closing Remarks | Jim Miller |

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Closed Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

To begin immediately following the end of the Finance and Resource
Management Committee Open Session

August 19, 2025

| <u>Agenda Item</u> | <u>Reporting Responsibility</u> |
|--|---------------------------------|
| 1. Motion for Closed Session | Ed Baine |
| * 2. Ratification of Personnel Changes Report | Simon Allen |
| 3. Motion to Reconvene in Open Session | Ryan McCarthy |
| 4. Approval of Items Discussed in Closed Session | Jim Miller |

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Consent Agenda

- a. Approval of Minutes of the June 3, 2025 Meeting
- # b. Report on Gramm-Leach-Bliley Act Compliance and IT Security
- c. Financial Summary of Faculty and Staff Merit Programs
- * d. Approval of Subscription-Based IT Arrangement (SBITA) with Microsoft

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Room 260, New Classroom Building June 2-3, 2025

Joint Open Session

June 3, 2025

Board members present: Janice Austin – Administrative and Professional Faculty Representative, Ed Baine (Rector), LaTawnya Burleson – Staff Representative, Dave Calhoun (Vice Rector), Sandy Davis, Nancy Dye, William Holtzman, Donald Horsley, Anna James, Starlette Johnson, Letitia Long, Ryan McCarthy, Rachel Miles – Faculty Representative, Jim Miller, Leslie Orellana – Undergraduate Student Representative, J. Pearson, William Poland – Graduate and Professional Student Representative, John Rocovich, Jeanne Stosser

University personnel and guests: Simon Allen, Susan Anderson, Mac Babb, Callan Bartel, Cassidy Blackmore, Andrew Bolling, Eric Brooks, Kristie Caddick, Ann Cassell, Cyril Clarke, Al Cooper, Catherine Cotrupi, Debbie Day, Katherine Drinkwater, Corey Earles, Jeff Earley, Caroline Eaton, Alisha Ebert, Juan Espinoza, Ron Fricker, Michael Friedlander, Ian Friend, Rachel Gabriele, Bryan Garey, Avery Gendell, Mark Gess, Emily Gibson, Nannette Gordon, Leslie Hager-Smith, Chelsea Haines, Kay Heidbreder, Tim Hodge, Elizabeth Hooper, Anne Keeler, Frances Keene, Sharon Kurek, Justin Lemkul, Jeff Loeffert, Kim Loeffert, Rob Mann, Meghan Marsh, Elizabeth McClanahan, Nancy Meacham, Laurel Miner, Liza Morris, Mike Mulhare, Justin Noble, Kim O'Rourke, Jeff Orzolek, Stephanie Overton, Mark Owczarski, Lauren Pollard, Paul Richter, Tanya Rogers, Tim Sands, Amy Sebring, Brennan Shepard, Oliver Shuey, Mark Sikes, Ken Smith, Michael Staples, Michael Stowe, Dan Sui, Aimée Surprenant, Dwyn Taylor, Monécia Taylor, Jon Clark Teglas, Marc Verniel, Rob Viers, Melinda West, Chris Wise, Andy Woodall, Christopher Yianilos

1. **Discussion of On-Campus Housing Framework and Planning Assumptions:**
The Committees discussed and affirmed on-campus housing framework and planning assumptions for specific student populations that will be used as key inputs for the proposal requested by the Board at the August Board meeting, likely including a combination of renovation projects and limited new construction.

*** Requires full Board approval**

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Open Session**June 3, 2025**

Board members present: Janice Austin – Administrative and Professional Faculty Representative, Ed Baine (Rector), LaTawnya Burleson – Staff Representative, Dave Calhoun (Vice Rector), Sandy Davis, Nancy Dye, William Holtzman, Donald Horsley, Anna James, Starlette Johnson, Letitia Long, Ryan McCarthy, Rachel Miles – Faculty Representative, Jim Miller, Leslie Orellana – Undergraduate Student Representative, J. Pearson, William Poland – Graduate and Professional Student Representative, John Rocovich, Jeanne Stosser

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1. Motion to Reconvene in Open Session

2. Welcome and Opening Remarks

3. Consent Agenda: The Committee considered for approval and acceptance the items listed on the Consent Agenda.

a. **Approval of Items Discussed in Joint Closed Session:** The Committee reviewed and approved the items discussed in joint closed session.

b. **Approval of Minutes of the March 24-25, 2025 Meeting:** The Committee reviewed and approved the minutes of the March 24-25 meeting.

* c. **Approval of 2025-26 Hotel Roanoke Conference Center Commission Budget:** The Hotel Roanoke Conference Center Commission was

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Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

established by resolutions adopted by Virginia Tech and the City of Roanoke, under Commonwealth of Virginia enabling legislation. The enabling legislation provided that the Commission shall annually prepare and submit to both the City of Roanoke and Virginia Tech a proposed operating budget showing its estimated revenues and expenses for the forthcoming fiscal year. If the estimated expenses exceed the estimated revenues, the portion of the unfunded balance is to be borne equally by each participating party for the operation of the conference center.

- * d. **Approval of 9(d) Debt Financing Resolution for the New Business Building:** The Committee reviewed for approval a debt financing resolution. This resolution identifies the Executive Vice President and Chief Operating Officer, the Vice President for Finance and Chief Financial Officer, and the Assistant Vice President for Finance and Associate Treasurer as Authorized Officers to execute and deliver all certificates and instruments and to take such further action as may be considered necessary or desirable in connection with the sale and issuance of debt for the New Business Building. The financing for this project is not to exceed \$37.5 million.
- * e. **Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies:** This is the university's annual notification to the Board of Visitors detailing the provisions of the Appropriation Act relating to indebtedness of state agencies, or unauthorized deficits.

The Committee approved the items on the Consent Agenda and recommended the 2025-26 Hotel Roanoke Conference Center Commission budget, the 9(d) Debt Financing Resolution for the New Business Building, and the Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies to the full Board for approval.

- # 4. **Update on Advancement:** Monecia Taylor, Vice President for Advancement, provided an update on new gifts and commitments and cash for the fiscal year.
- * 5. **Approval of Year-to-Date Financial Performance Report (July 1, 2024 – March 31, 2025):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2024 to March 31, 2025. For the third quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The report shows the actual revenues and expenses compared

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

to the budgets and the overall status and expenditures of ongoing capital projects. As of March 31, 2025, operating revenues and expenditures are on track.

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

#+ 6. Approval of 2025-26 University Operating and Capital Budgets: The Committee reviewed for approval the proposed university operating and capital budgets for 2025-26.

The Operating Budget for the 2025-26 fiscal year has a recommended internal budget for all operations of \$2.5 billion. This is an increase of \$174.2 million over the adjusted budget for last year. On a like-for-like basis, the budget is 2.9% larger, with the remaining growth driven by certain activity processing being relocated from the Foundation to the university. The university's total General Fund allocation is estimated to be approximately \$464.8 million, an increase of \$8.0 million over last year's adjusted budget. General Fund revenues will provide \$420.6 million in support for the instructional, research, and extension programs, \$40.6 million for student financial assistance, and \$3.7 million for the Unique Military Activities program. The increase in the General Fund will primarily be used to fund the salary increases included in the state budget.

The overall change in the budget includes an increase of \$36.0 million attributable to the Educational and General programs and \$30.5 million of projected growth in Auxiliary Enterprises. The Auxiliary Enterprise budget includes the budgets of four Auxiliary Systems; the Dormitory and Dining Hall System, the Electric Service Utility System, the University Services System, and, the Athletic Facilities System, in accordance with the resolutions authorizing and securing revenue bonds. The university's Educational and General budget will be \$1.2 billion and the Auxiliary Enterprise revenue budget is \$522.2 million for fiscal year 2025-26. The projected annual budget for Sponsored Programs is \$479.1 million, a decrease of \$4.7 million, or 1.0 percent lower than the adjusted budget for last year. The projected 2025-26 budget includes \$108.7 million of private funds which were previously paid directly by the Virginia Tech Foundation.

Understanding that strategic investments will not be realized solely through incremental new revenue, the university is planning for \$25 million of reinvestments over five years to support a portion of the multi-year initiative vision. For 2025-26, the university has identified \$10.7 million of university reinvestments and DEI Resolution savings. The reinvestments and savings will be aligned with

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Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

initiatives to advance Global Distinction, Virginia Tech Advantage, and Enabling Infrastructure.

The Capital Budget capital outlay program for 2025-26 is comprised of 16 Educational and General projects and three Auxiliary Enterprise projects for a total of 19 projects. The total multi-year capital program for 2025-26 includes approximately \$1.16 billion of authorizations with an annual expenditure budget of approximately \$147 million for 2025-26.

The Committee recommended the 2025-26 University Operating and Capital Budgets to the full Board for approval.

- #+ 7. **Update on the Development of the 2026-2032 Six-Year Plan:** The Committee received an update on the development of the 2026-2032 Six-Year Plan.
- #+ 8. **Discussion of Enrollment Demand:** The Vice Provost for Enrollment Management led a discussion of enrollment demand. Juan Espinoza, Vice Provost for Enrollment Management, shared key findings from the university's recent enrollment survey. Overall, the survey results indicate that Virginia Tech's brand is very strong, with major attributes including a vibrant campus life and school spirit, athletics, a strong alumni network, and opportunities to participate in undergraduate research projects. Additionally, prices and aid are well-optimized to market preferences, but with less flexibility in pricing for out-of-state students than in-state students.
- * 9. **Approval of 2025-26 Faculty Compensation Plan:** The Committee reviewed for approval the 2025-26 Faculty Compensation Plan. Based on the university's understanding of the state budget, a three percent faculty salary increase, effective on the July 1, 2025 paycheck, has been planned.

The university traditionally implements such state increases differentially on the basis of merit. In anticipation of this program, merit recommendations were developed during the spring of 2025, consistent with the proposed 2024-25 Faculty Compensation Plan. Implementation of this increase is subject to Board approval.

To maintain and improve upon the university's standing relative to the 50th percentile of the Top 20 Land Grant peers, the higher levels of competing offers received by key faculty, and to minimize the high cost of turnover, the university

* Requires full Board approval

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will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation.

The Committee recommended the 2025-26 Faculty Compensation Plan to the full Board for approval.

- * **10. Approval of 2025-26 Compensation for Graduate Assistants:** The Committee reviewed for approval the proposed 2025-26 schedule of stipends and support for the health insurance program for graduate students. The university proposed a 3.0 percent increase in the stipend scale, \$107 stipend supplement increase for graduate students, and the establishment of a minimum stipend of \$2,800 per month. The university also proposed streamlining the graduate assistant compensation to 11 pay range “steps” for 2025-26.

The Committee recommended the 2025-26 Compensation for Graduate Assistants to the full Board for approval.

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

There being no further business, the meeting adjourned at 11:04 a.m.

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Report on Gramm-Leach-Bliley Act Compliance and IT Security

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 7, 2025

Background

The *Gramm-Leach-Bliley Act* (GLBA), introduced as the Financial Services Modernization Act, was signed into law in late 1999. One objective of the act was to enhance consumer privacy and data security by imposing obligations on financial institutions that handle nonpublic personal information (NPI) in the offering of consumer financial products. GLBA mandates compliance with privacy and security rules related to student financial records because the university engages in the application, award and disbursement of student loans. The university agreed in the Program Participation Agreement for federal student financial aid programs to comply with the GLBA.

To achieve compliance, the university augmented existing information technology policies and standards with programs, policies, and training to accomplish the following:

- a. Ensure the security and confidentiality of customer nonpublic personal financial information records.
- b. Protect against any anticipated threats or hazards to the security or integrity of such records.
- c. Protect against the unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to customers.

Empowered by the GLBA, the Federal Trade Commission (FTC) issued *Part 314 – Standards for Safeguarding Customer Information* (Standards) to regulate the collection and disclosure of NPI by financial institutions. To formally comply with these regulations, the university implemented Policy 7025, Safeguarding Nonpublic Customer Information in 2004.

Effective June 9, 2023, updates to the Standards added elements that must be included in the university's written information security program. One of these elements requires the university's Qualified Individual to report in writing, regularly and at least annually, to the Board of Visitors on the overall status of the information security program, the compliance status, and material matters related to the information security program. The university will bring a report on the program at least annually, typically to the August board meeting, to meet this requirement. Management's 2025 report on GLBA compliance follows.

University GLBA Compliance Program

*Policy 7025, Safeguarding Nonpublic Customer Information*ⁱ details the university's compliance program. The policy is administered by the Information Technology Security Officer, therein named the university's Qualified Individual, and the departments that comprise the GLBA working group. The group includes the Information Technology Security Office (ITSO), the Office of the University Bursar, and University Scholarships and Financial Aid. This program addresses the privacy and security of nonpublic personal information subject to the GLBA and the revised safeguards rule.

Data Compliance Measures

The university has implemented the following measures to ensure compliance with the revised GLBA regulations:

- a. Privacy Policies and Notices: Each identified department adheres to *Policy 7030, Policy on Privacy Statements on Virginia Tech Web Sites*ⁱⁱ and students receive annual noticesⁱⁱⁱ including specific GLBA financial records information.
- b. Data Classification: ITSO has implemented a data classification^{iv} standard to categorize data based on sensitivity and to ensure appropriate safeguards are applied to protect nonpublic personal information.
- c. Data Security Safeguards: The university has implemented technical, physical, and administrative standards^v to protect nonpublic personal information from unauthorized access or disclosure. Safeguards for high-risk data^{vi} include encryption, access controls, intrusion detection systems, employee training, and regular security assessments.
- d. Vendor Management: During the procurement process, ITSO completes an initial security review of vendor services for financial solutions utilizing nonpublic personal data and student data covered in the related Family Educational Rights and Privacy Act (FERPA). Vendor contracts are assigned a contract manager at the department level, who by policy must ensure that vendors with access to nonpublic personal financial information are periodically assessed based on the risk they present and the continued adequacy of their safeguards. Assessment includes a review of related documents, such as the Service Organization Controls (SOC) report, and any identified compliance issues when deciding to renew or continue the vendor's financial services. When a third-party vendor is associated with an exposure of nonpublic personal financial data, it is the responsibility of the vendor to mitigate and report the exposure.

- e. Incident Response Plans: ITSO has developed an incident response plan^{vii} that outlines steps to take if a security incident or data breach occurs, which includes procedures for addressing a breach of nonpublic personal information.

Risk Assessment

As part of our commitment to data protection, the university conducted a comprehensive risk assessment, incorporating the data collected to identify potential threats and vulnerabilities associated with handling nonpublic personal information subject to the GLBA rules. The assessment included the following steps:

- a. Identification of Assets: Each department has identified the assets within its information systems that contain high-risk data, including nonpublic personal information.
- b. Threat Identification: The GLBA working group has reviewed potential threats that could compromise the confidentiality, integrity, or availability of nonpublic personal information, such as unauthorized access, pretexting, data breaches, malware attacks, or physical theft.
- c. Vulnerability Assessment: The GLBA working group has evaluated the existing security controls and safeguards in place to identify any weaknesses or vulnerabilities that malicious parties could exploit.
- d. Risk Analysis: ITSO has reviewed identified departmental risk assessments. The GLBA team has conducted an annual risk assessment for the university analyzing the likelihood and impact of potential risks to prioritize and determine the level of risk associated with each identified threat.
- e. Risk Mitigation: Based on the risk analysis, the identified departments and the GLBA working group reviewed risk mitigation for the areas identified.

Compliance Status

The GLBA working group, through completion of the above, has determined that the university is currently in compliance with the Standards.

Ongoing Efforts

Each department within the university's GLBA compliance program remains committed to continuously improving data protection practices and risk management strategies. The Information Technology Security Officer, with the support of ITSO, the Office of the University Bursar, and University Scholarships and Financial Aid, will continue to

monitor regulatory updates, conduct regular risk assessments, enhance security measures, provide training and awareness programs, and proactively address emerging threats to maintain the privacy and security of nonpublic personal information. The Information Technology Security Officer provides an update on IT Security to the Board annually.

RECOMMENDATION

That the Report on Gramm-Leach-Bliley Act (GLBA) Compliance and IT Security be accepted by the Finance and Resource Management Committee.

August 20, 2025

ⁱ <https://policies.vt.edu/assets/7025.pdf>

ⁱⁱ <https://policies.vt.edu/7030.pdf>

ⁱⁱⁱ https://www.registrar.vt.edu/content/dam/registrar_vt_edu/documents/Updates/2024-Annual-FERPA-Notification.pdf

^{iv} https://it.vt.edu/content/dam/it_vt_edu/policies/Virginia-Tech-Risk-Classifications.pdf

^v <https://securitystandards.iso.vt.edu/>

^{vi} https://it.vt.edu/content/dam/it_vt_edu/policies/Standard-for-High-Risk-Digital-Data-Protection.pdf

^{vii} https://security.vt.edu/docs/incident/incident_response.pdf

Financial Summary of Faculty and Staff Merit Programs

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 18, 2025

The document summarizes the recent implementation of the state authorized compensation programs for faculty and staff at Virginia Tech.

Background

Under the authority of Virginia's Restructured Higher Education Act of 2005 and a Management Agreement with the commonwealth, Virginia Tech manages its own human resources systems, including policies; classification; performance management; compensation; and benefits, for teaching and research faculty (T&R), administrative and professional faculty (AP), and university staff. The Board of Visitors has delegated authority for implementing compensation programs to the university administration.

Faculty policies are outlined in the Faculty Handbook and the annual Faculty Compensation Plan. Each faculty member completes a Faculty Activity Report and undergoes an annual performance evaluation, which informs merit pay recommendations reviewed at multiple levels.

Virginia Tech has two staff systems: classified staff (hired before July 1, 2006, under state policies) and university staff (hired after that date, under university policies). Since 2008, classified staff have had the option to convert to university staff. Currently, 87% of staff are university staff.

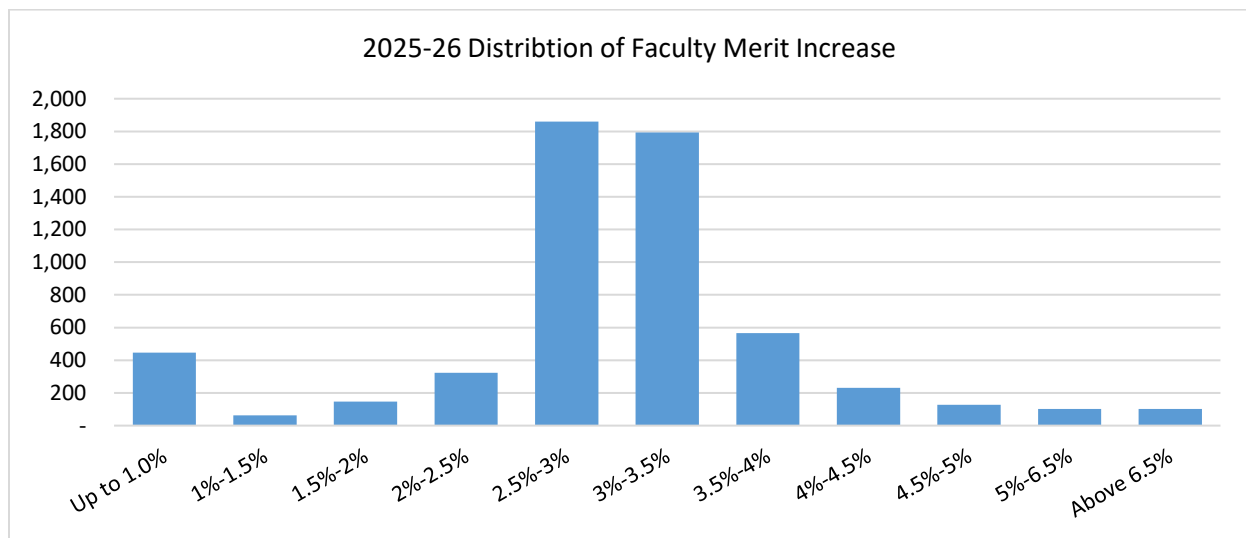
In 2008, the university adopted HR policies for university staff, retaining existing benefits and compensation while introducing a more flexible performance rating system. These policies, approved by the Board of Visitors, support annual merit pay based on performance evaluations conducted by managers.

2025-26 Merit Process

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

Faculty Merit Process Results

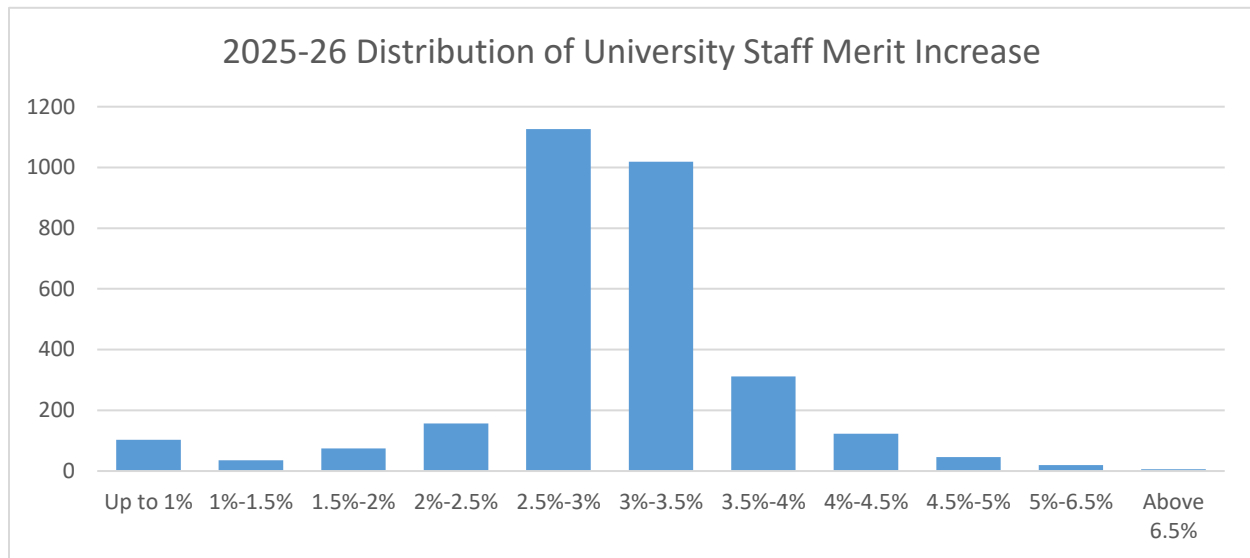
The merit process resulted in an average three percent merit increase for T&R and AP faculty, with salary increases differentiated based on performance. Eligibility was limited to T&R faculty hired on or prior to December 10, 2024, and AP faculty hired prior to March 10, 2025. The university implemented the results of the merit program in accordance with the parameters specified in the Appropriation Act and the university's Faculty Compensation Plan. While the overall faculty average adjustment is three percent, individual recommendations varied based upon employee performance and were distributed as follows:



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

University Staff Merit Process Results

This merit process resulted in an average three-percent staff increase for university staff, effective June 10, 2025. Only staff hired on or prior to March 10, 2025, were eligible for the increase. The university implemented the results of the merit program in accordance with the parameters specified in the Appropriation Act and the university's staff compensation policies. While the overall university staff average adjustment is three percent, individual recommendations varied based upon employee performance and were distributed as follows.



**Adjustments of 0% occur for various reasons including ineligibility due to hire date, change of position or separation from the university, recent promotion or retention action, performance, contractual agreement, and other employment-related factors.*

Comprehensive Update on Advancement

Charlie Phlegar,
Senior Vice President for Advancement

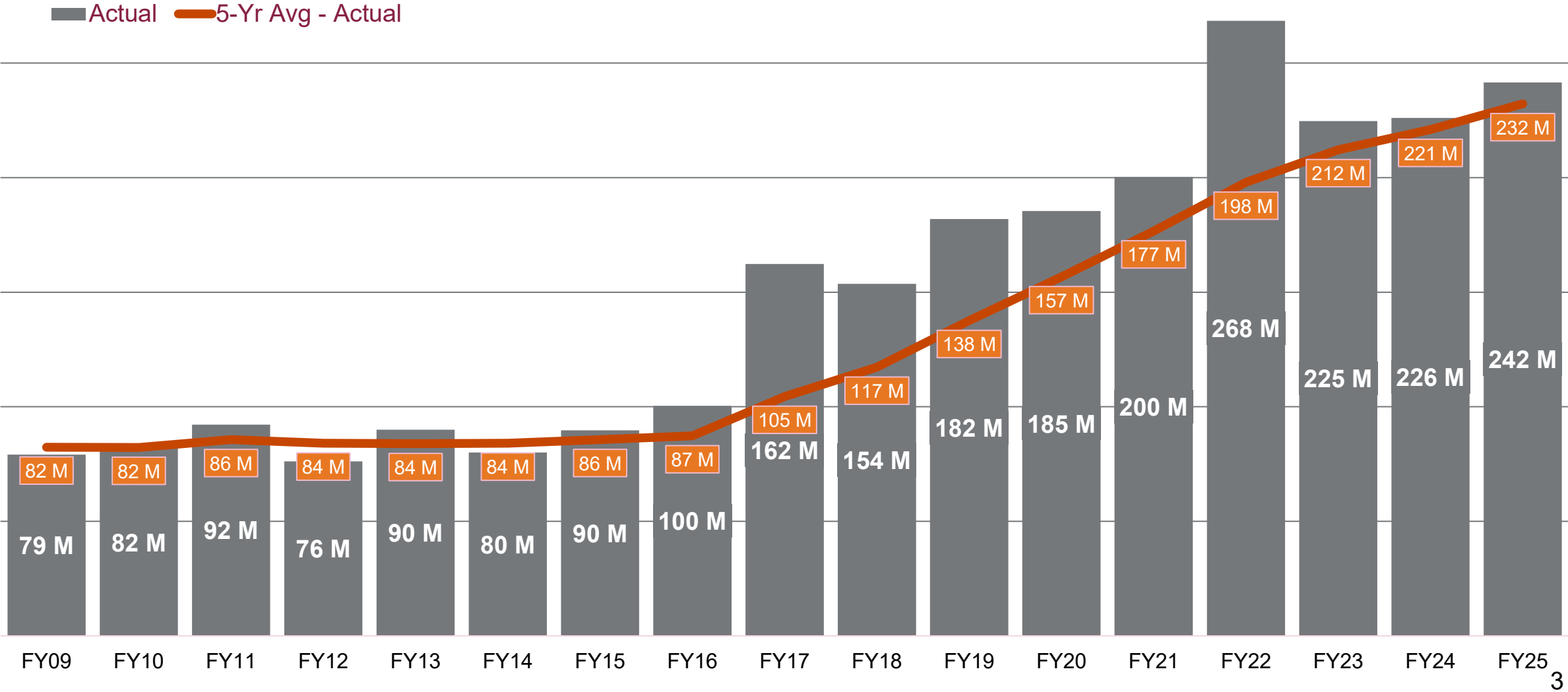
August 19, 2025

Year-End Giving Results

for the period July 1, 2024 – June 30, 2025

- New Gifts & Commitments
 - **\$241,576,055**
 - Increased from \$100,419,843 in 2016
- Cash
 - **\$183,496,762**
 - Increased from \$101,451,931 in 2016
- Five-year New Gifts & Commitments average of **\$232 million**

New Gifts and Commitments 5-Year Average Comparison



Note: Tracking of New Gifts and Commitments began in FY2016; prior years reflect cash amounts

Year-End Giving Results

for the period July 1, 2024 – June 30, 2025

- Boundless Impact Campaign
 - **\$1.876 billion** raised toward our *increased* goal of \$1.872 billion
 - 100.26% of goal vs. 76.17% campaign lapsed
 - 117,162 engaged alumni towards 120,000 goal
 - 97.64% of goal vs. 76.17% campaign lapsed
- Undergraduate Alumni Participation
 - Sustained participation of 22% for four years
 - Class of 2025: **50%** participation rate
- **74,641** total donors in FY25

Presidential Priorities

- Virginia Tech Advantage
 - FY25 total: **\$53.4 million**
 - FY25 goal: \$32,300,000
 - \$105.7 million raised through year two, toward 10-year goal of \$500 million
- Global Distinction
 - FY25 total: **\$71 million**
 - FY25 goal: \$33.3 million
 - \$156.5 million total raised through year two

Financial Performance Report

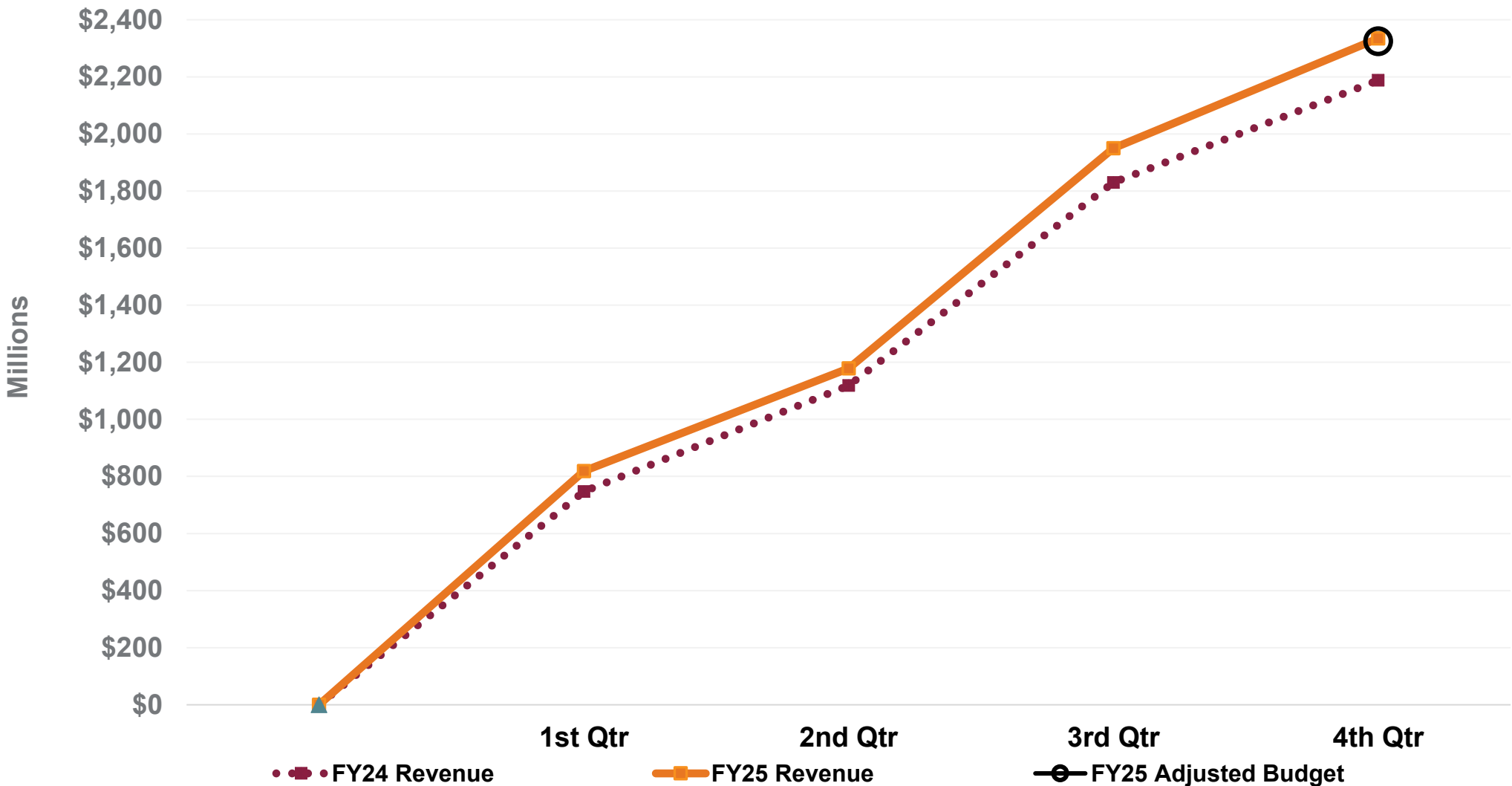
July 1, 2024 – June 30, 2025

Tim Hodge, Associate Vice President for Budget
and Financial Planning

Rob Mann, Assistant Vice President For Capital
Budgeting and Financing

August 19, 2025

Operating Revenue



Operating Sources & Uses | University Consolidated

Cash Basis - \$ in Thousands as of June 30, 2025

Robust 'Net from Operations' results due to:

- Prudent spending behavior.
- State provided \$8.9M of General Funds late in the fiscal year to be carried over to FY26.
- Items initiated in FY25 but incomplete (thus unpaid) will be carried over to FY26: \$20-30M.
- \$25M internally financed loan repayment within Net.

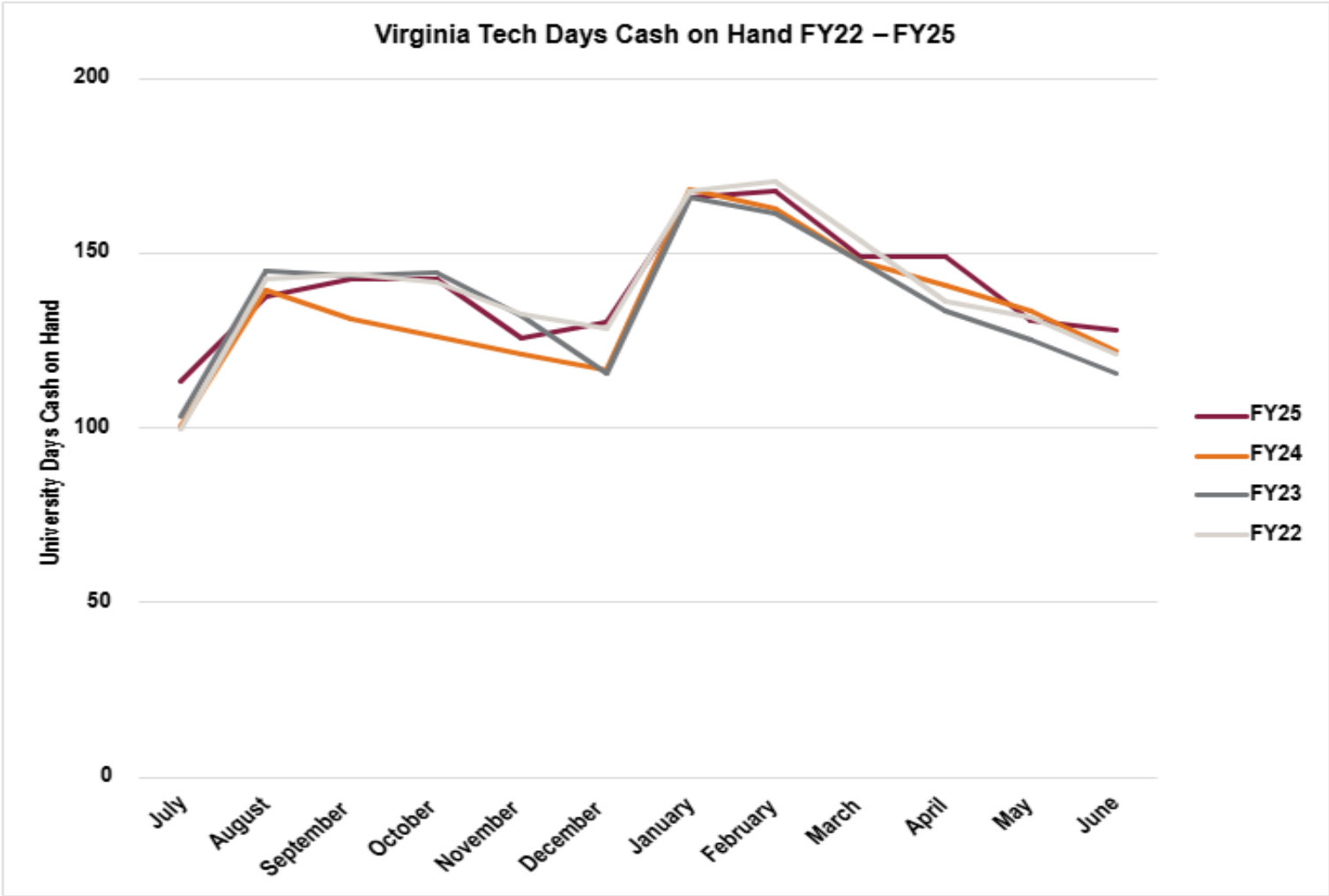
Positive net results support the BOV goal to strengthen liquidity.

| Sources | FY25 | | | | Variance Analysis | |
|---|--------------------|-------------|--------------------|--------------|---------------------------|------------|
| | Original Budget | Adjustments | Adjusted Budget | Actuals | Adjusted Budget v. Actual | |
| | | | | | Dollars | Percentage |
| Tuition & E&G Fees (net) | \$ 760,285 | \$ 2,868 | \$ 763,153 | \$ 764,467 | \$ 1,314 | 0.2% |
| State Appropriations | 420,683 | 26,271 | 446,954 | 446,805 | (149) | 0.0% |
| Federal (VCE/AES) | 15,647 | 2,114 | 17,761 | 16,887 | (874) | -4.9% |
| Sponsored Programs(Direct & Indirect) | 510,079 | 15,000 | 525,079 | 529,385 | 4,306 | 0.8% |
| Auxiliary Enterprise Revenue & Fees | 480,384 | 8,879 | 489,263 | 499,692 | 10,429 | 2.1% |
| Other | 79,487 | 2,795 | 82,282 | 78,883 | (3,399) | -4.1% |
| Total Operating Revenue | \$ 2,266,565 | \$ 57,927 | \$ 2,324,492 | \$ 2,336,120 | \$ 11,628 | 0.5% |
| Uses | | | | | | |
| Personnel Costs | | | | | | |
| Salaries (includes GAs & Wage) | \$ 1,106,385 | \$ 38,807 | \$ 1,145,192 | \$ 1,094,393 | \$ 50,799 | 4.4% |
| Fringe Benefits | 324,857 | 11,682 | 336,539 | 321,139 | 15,400 | 4.6% |
| Financial Aid, Appropriated (a) | 63,337 | 3,254 | 66,591 | 64,685 | 1,906 | 2.9% |
| General Expense & Services (Operating) | 525,176 | 27,026 | 552,202 | 519,738 | 32,464 | 5.9% |
| Continuous Charges (utilities, leases, insurance) | 172,262 | - | 172,262 | 165,424 | 6,838 | 4.0% |
| Debt Service | 54,147 | - | 54,147 | 55,001 | (854) | -1.6% |
| Total Operating Expenses | \$ 2,246,165 | \$ 80,769 | \$ 2,326,933 | \$ 2,220,379 | \$ 106,554 | 4.6% |
| Net from Operations | \$ 20,400 | \$ (22,842) | \$ (2,441) | \$ 115,741 | \$ 118,182 | |

Footnotes

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

Days Cash on Hand Improved Slightly



4th Quarter 2024-25 Annual Budget Changes

General Fund Allocations from 2025 State Budget Process

Educational and General Program

- June 2025 State Share of 1.5% Bonus:
\$3.2M University Division, \$1.0M VCE/AES Division
- Affordable Access Support \$6.4M
Utilized to fund the NGF share of the bonus
- VMSDEP Tuition Waiver Support \$0.8M
- VTC School of Medicine Expansion \$6.5M *
- VCE/AES Division Equipment Support \$0.8M *

Student Financial Aid \$1.3M for need-based residents *

Unique Military Activities \$0.3M *

* Late FY25 state appropriations, funds will be carried over to FY26 in accordance with state intent.

Auxiliary Enterprises

- Athletics: One-time revenue decrease of \$3.5M for timing of ACC expansion and success pools which will not be received until October and deferral of \$2.7M private support transfer from the VTF.
- Dining: \$0.5 million increase for business volume

Education and General

- Successfully closed fiscal year in both University Division E&G and Cooperative Extension/Agricultural Experiment Station Division,
- E&G cash balance is reflective of GF earmarked for VTCSOM from 2025 session (to be expended in FY26) and Continuing Education program funds.
- The E&G program closed the fiscal year without deficit in accordance with State rules.

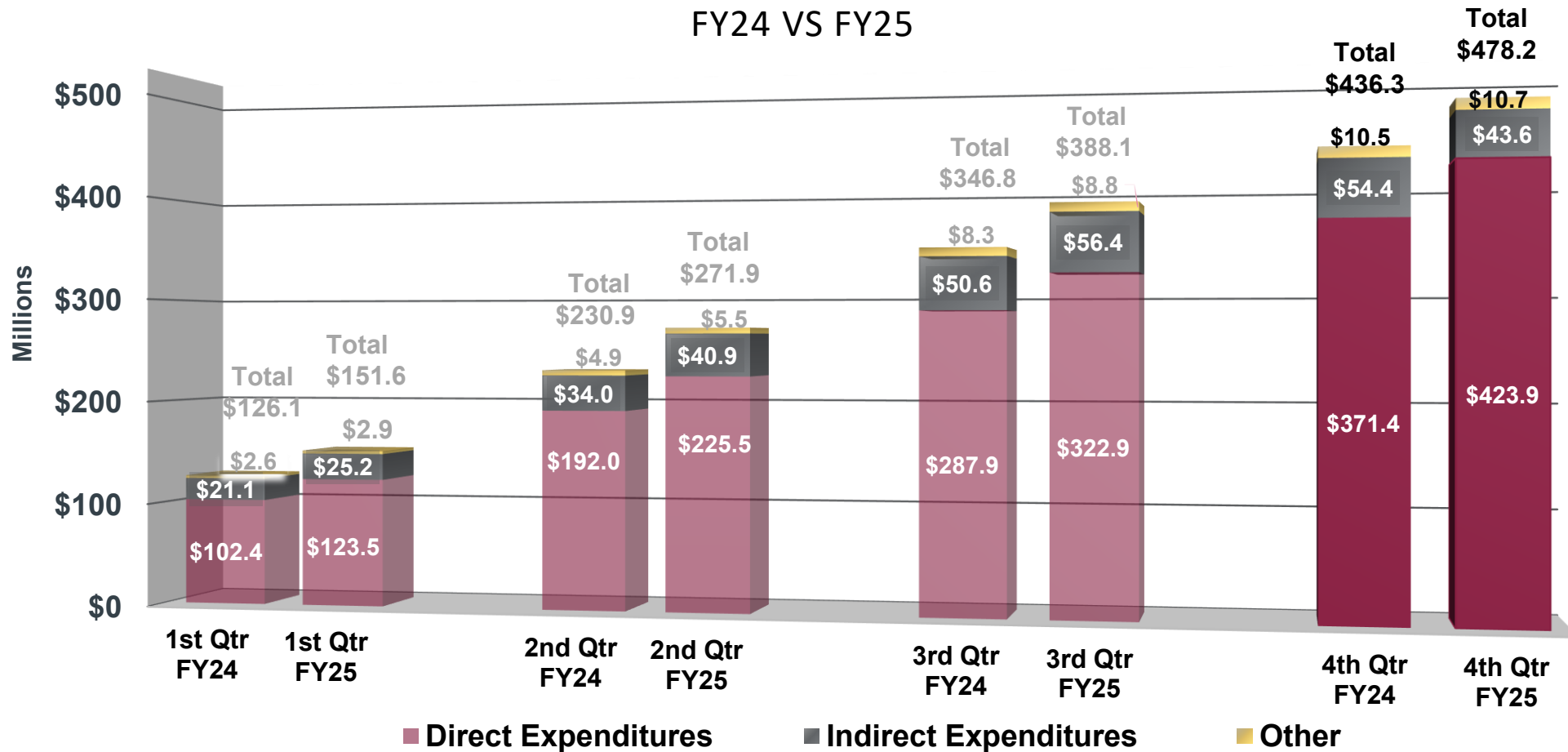
Auxiliary Enterprises

- Net includes:
 - Auxiliary loan repayments (previously underwritten by reserves)
 - Auxiliary temporary year end savings due to timing of incomplete projects (carryover)

Sponsored Programs

- Growth in both Federal and non-federal Grants & Contract expenditures in FY25.

Sponsored Program Expenditures



There is considerable uncertainty over current and future Federal program and grant activities due to changing Federal priorities

Capital Program

Key Program Updates

Mitchell Hall

- Construction underway

New Business Building

- GMP contract pricing underway





Projects Closed

- Fralin Biomedical Research Institute Equipment
- Corps Leadership and Military Science Building
- New Upper Quad Residence Hall
- Hitt Hall

Maintenance Reserve Program

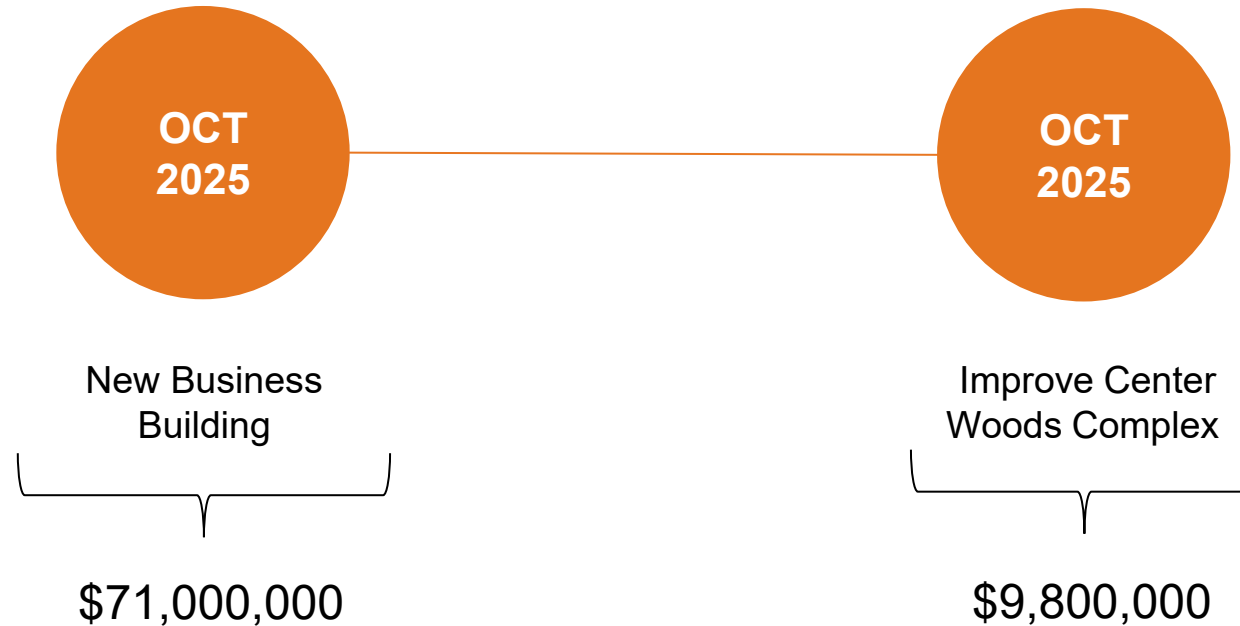
- Achieved the state 85% expenditure requirement for the first year of the 2024-26 Biennium

Capital Outlay Total Program

| | 1 st Quarter Ended | 2 nd Quarter Ended | 3 rd Quarter Ended | 4 th Quarter Ended |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  Design | 8 | 9 | 8 | 8 |
|  Construction | 7 | 7 | 6 | 6 |
|  Equipment | 2 | 2 | 2 | 1 |
|  Closeout | 6 | 6 | 8 | 9 |
| Total Projects | 23 | 24 | 24 | 24 |
| Total Budget* (\$ in Thousands) | \$1,189,823 | \$1,193,447 | \$1,193,447 | \$1,346,247 |
| Total Expenditures* (\$ in Thousands) | \$665,311 | \$697,223 | \$734,178 | \$764,806 |

*Total Budget and Total Expenditures are cumulative project totals

Timing for Construction Pricing



Cumulative design expenses through June 30, 2025 - \$8,000,000

Projects Coming Online

ADA & Code Compliance - Ph. III

Livestock Haybarns

September 2025

December 2025

Cumulative construction expenses through June 30, 2025 - \$112,596,000

Approval of Year-to-Date Financial Performance Report July 1, 2024 – June 30, 2025

Recommendation:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2024 through June 30, 2025 and the Capital Outlay report be approved.

August 20, 2025

Overview of University Finances & Affiliated Entities

Simon Allen,

Vice President for Finance and Chief Financial Officer

August 19, 2025

Virginia's Restructuring Act

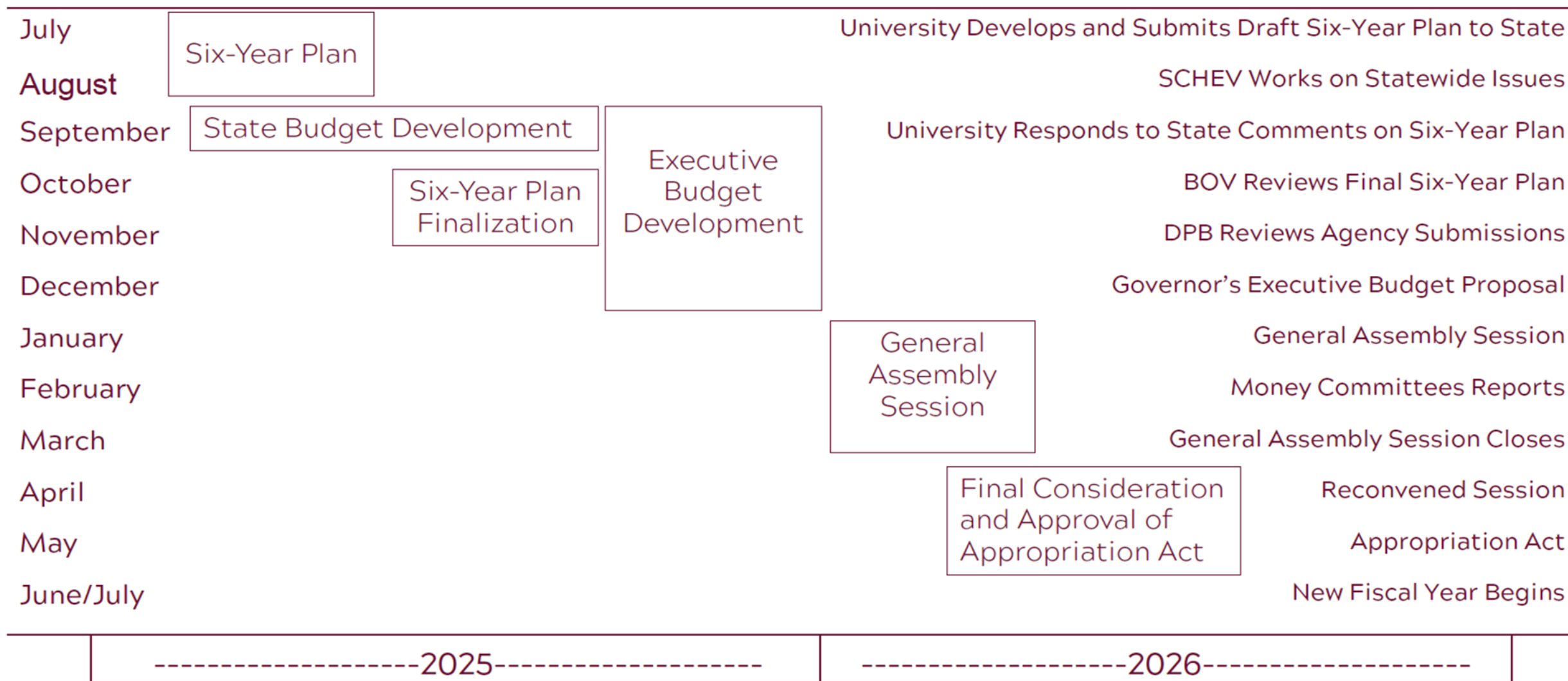
- **2005 General Assembly passed the Restructured Higher Education Financial and Operations Act**
- **Purpose:**
 - ❑ Provide varying levels of operational autonomy to public higher education institutions
 - ❑ Reaffirm that tuition and fee responsibility resides with the institutions' Board of Visitors, and
 - ❑ Require higher education institutions to commit to 12 state goals including:
 - ✓ Access for Virginia residents
 - ✓ Affordability
 - ✓ Academic programs that meet the commonwealth's workforce needs
 - ✓ Improved retention and timely completion
 - ✓ Regional economic development
 - ✓ Maintain financial and administrative standards
 - ✓ Campus safety and security
- **The 2005 Act Covered Authorities in these Operational Areas:**
 1. Finance and Accounting
 2. Human Resources
 3. Capital Outlay and Construction
 4. Information Technology
 5. Procurement and Surplus Property
 6. Leasing and Real Estate Management
- **2006 "Management Agreement" formalized relationship between VT and the Commonwealth**

Virginia's Restructuring Act

- Allows for varying levels of autonomy (Tier I - III) based on administrative expertise and management
 - **Virginia Tech is a Tier III institution**, the highest level of autonomy, with delegated authority in all six areas
- Authorities Granted in Key Areas:
 - ***Finance and Accounting***
 - Authority to implement own financial management policies and system
 - Operation of independent university accounting system
 - Ability to control and manage moneys generated by the university and to retain resulting interest earnings
 - ***Procurement***
 - Authority to implement procurement policies related to the purchase of goods, services, insurance and construction
 - ***Capital Outlay and Construction***
 - For general fund projects, use state process for pre-appropriation but institutional process for post-appropriation project management
 - Board of Visitors may establish and initiate nongeneral fund projects
 - May designate a Building Official and establish internal review unit
- Provides for financial incentives including earned interest on tuition and fees and all other nongeneral fund E&G revenues and automatic re-appropriation of year-end balances
- Requires periodic assessment of institutional performance standards against benchmarks

Commonwealth Financial Planning Timelines

EXTERNAL OPERATING BUDGET TIMELINE - BIENNIUM



Timing of FRM Committee Agenda Items

AUGUST / SEPTEMBER

NOVEMBER

MARCH / APRIL

JUNE

- Annual Comprehensive Report on Advancement #+
- Report on Higher Ed Institutional Performance Measures (even years)
- Report on Gramm-Leach-Bliley Act Compliance and IT Security°
- Financial Summary of Faculty and Staff Merit Programs
- Financial Performance Report *
- Ratification of Personnel Changes Report *^

- Six-Year Plan (odd years)*+
- Annual Report on Research Finances and Resources #
- Annual Report on University Debt Ratio & Debt Capacity #+°
- Annual Report on the University's Student Financial Aid Resources #+
- Annual Report on Write-off of Delinquent Accounts
- Annual Report on Investments and Quasi-Endowments +
- Update on Advancement #
- Financial Performance Report *
- Ratification of Personnel Changes Report *^

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

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

* Requires full Board approval

Discusses Enterprise Risk Management topic

+ Discusses Strategic Investment Priorities topic

° Acceptance item

^ Closed Session item

Vice President For Finance and Chief Financial Officer Organizational Chart

**Executive Vice
President & Chief
Operating Officer**
Amy Sebring



**Vice President for
Finance & Chief
Financial Officer**
Simon Allen



**Board of Visitors:
Finance and Resource
Management Committee**

**Budget and
Financial Planning**



Tim Hodge
*Assoc. Vice
President for Budget
& Financial Planning*

**University
Controller**



Melinda West
*Assoc. Vice President
for Finance & University
Controller*

**Capital Budgeting
and Financing**



Rob Mann
*Asst. Vice President for
Capital Budgeting
& Financing*

Procurement



Reed Nagel
*Asst. Vice President
& Director of
Procurement*

**Real Estate
Management**



Heidi Myers
*Executive Director,
Real Estate
Management*

**University
Treasury**



Mike Walsh
*Asst. Vice President
for Finance & Assoc.
Treasurer*

Chief of Staff



Nancy Meacham
*Interim Chief
of Staff, Office
of the VPFCFO*

**Financial Management &
Business Operations**



David Crofts
Director



**Finance Information
Technology & Innovation**



Charlie Lisanti
Director

**Administrative
Operations**

Funding Classifications

|  General Funds |  Nongeneral Funds |
|---|---|
| <ul style="list-style-type: none"> Represent state taxpayer funds | <ul style="list-style-type: none"> Revenues generated by state entities from operating activities |
| <ul style="list-style-type: none"> Appropriated to Virginia Tech for: <ul style="list-style-type: none"> Educational and General Programs Support for Resident Students Equipment Trust Fund Maintenance Reserve Capital Outlay Projects Student Financial Aid (Research Activities – limited) | <ul style="list-style-type: none"> Major Categories: <ul style="list-style-type: none"> Tuition and Fees Sponsored Programs – external support Sales and Services (AKA 'Auxiliary Enterprises') Private donations/support Miscellaneous charges and fees |
| <ul style="list-style-type: none"> Primary source of state support and subject to state budget amendment | <ul style="list-style-type: none"> All non-general fund sources except for private resources are considered “public funds” |
| <ul style="list-style-type: none"> FY25: \$0.44bn | <ul style="list-style-type: none"> FY25: \$1.8bn |

Educational & General Programs - all operations related to the institution's educational objectives including instruction, research, public service, academic support, student services, institutional support, and operations and maintenance of plant

State Funding Accounts for 18% of Operating Sources

FY26 Budget (\$ in millions)

| | General Funds* | In-State T&F | Out-of-State T&F | All Other E&G Income | Private | Total |
|-----------------------------------|----------------|----------------|------------------|----------------------|----------------|------------------|
| University Division (208) | \$304.5 | \$307.0 | \$456.6 | \$58.1 | - | \$1,126.2 |
| CE/AES (229) E&G | 95.7 | - | - | 17.3 | - | 113.0 |
| Student Financial Aid | 40.6 | - | - | 27.0 | - | 67.6 |
| Auxiliary Enterprises | - | - | - | 522.2 | - | 522.2 |
| Sponsored Programs | 20.4 | - | - | 458.7 | - | 479.1 |
| All Other Programs (UMA) | 3.6 | - | - | 14.9 | - | 18.5 |
| Subtotal Public Resources | 464.8 | 307.0 | 456.6 | 1,098.2 | - | 2,326.6 |
| Virginia Tech Foundation** | - | - | - | - | 257.3 | 257.3 |
| Other University-Related Entities | - | - | - | - | 2.7 | 2.7 |
| Total | \$464.8 | \$307.0 | \$456.6 | \$1,098.2 | \$260.0 | \$2,586.6 |
| <i>% of total</i> | <i>18%</i> | <i>12%</i> | <i>18%</i> | <i>42%</i> | <i>10%</i> | |

* State General Fund support is only 18% of the total university budget, but 27% of the University Division (208) budget
 ** \$150 million of Virginia Tech Foundation expenditures will be processed by the university as a result of procurement changes for FY26.

Summary of Net Position

Accrual Basis of Accounting
(\$ in Millions)

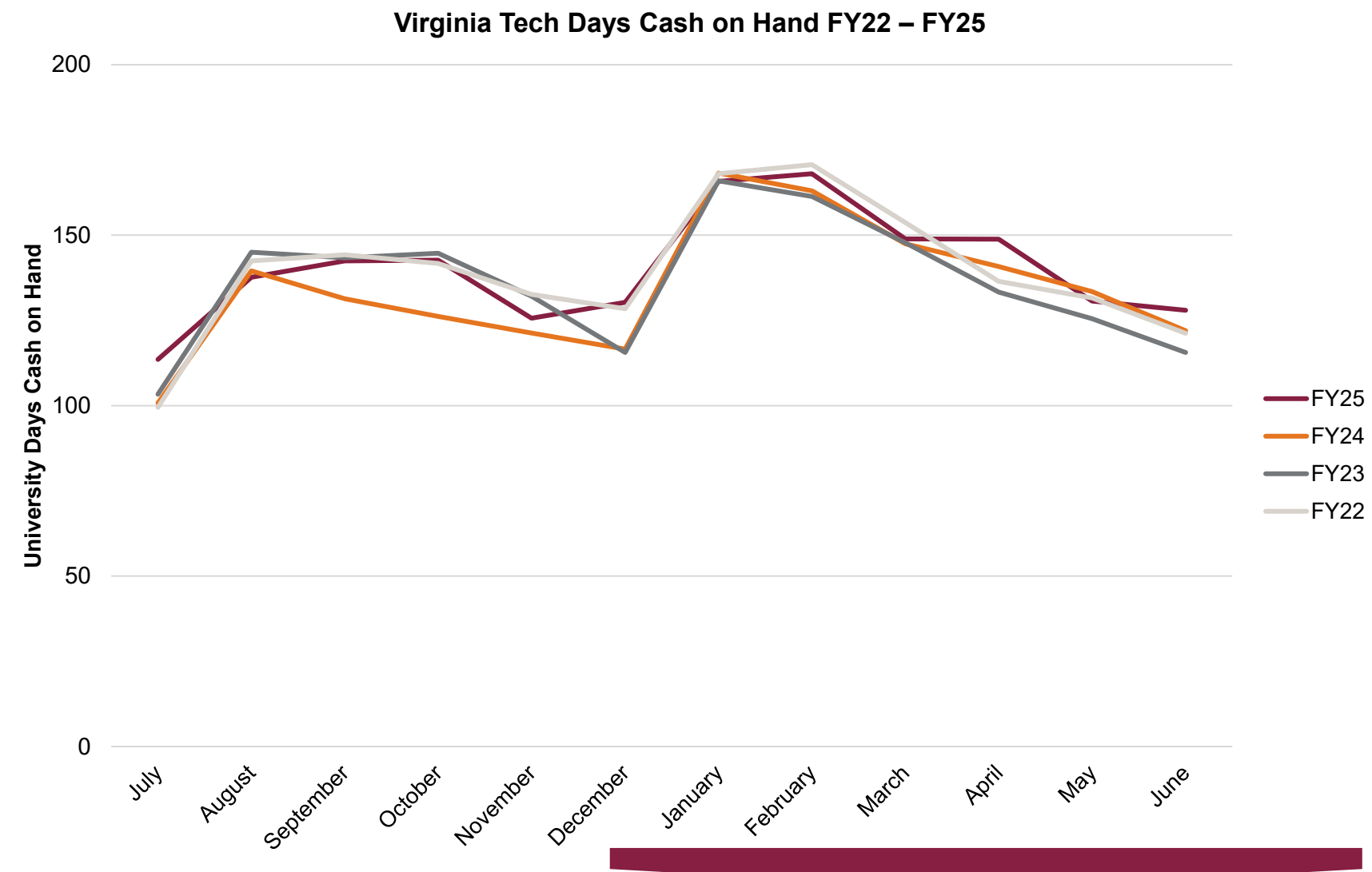
| | VIRGINIA TECH* | | | | VIRGINIA TECH FOUNDATION** | | | |
|--|-------------------|-------------------|-------------------|-------------------|----------------------------|-----------------|-------------------|-------------------|
| | 2021 | 2022 | 2023 | 2024 | 2021 | 2022 | 2023 | 2024 |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 301 | \$ 321 | \$ 359 | \$ 365 | \$ 253 | \$ 134 | \$ 113 | \$ 148 |
| Other Long-term Investments | 223 | 270 | 334 | 352 | 1,740 | 1,761 | 1,938 | 2,102 |
| University Investments in VTF Endowment Pool** | 496 | 508 | 576 | 606 | - | - | - | - |
| Accounts Receivable & Other Assets | 290 | 186 | 263 | 302 | 318 | 324 | 385 | 368 |
| Capital Assets - Net | 1,983 | 2,292 | 2,685 | 2,888 | 376 | 449 | 402 | 408 |
| Total Assets | \$ 3,292 | \$ 3,578 | \$ 4,217 | \$ 4,513 | \$ 2,688 | \$ 2,668 | \$ 2,838 | \$ 3,026 |
| Liabilities | | | | | | | | |
| Accrued Liabilities | (286) | (311) | (364) | (334) | (33) | (52) | (46) | (41) |
| Long-Term Debt, Leases, & Subscriptions | (601) | (607) | (834) | (787) | (328) | (302) | (286) | (276) |
| Pension and Other Postemployment Benefits | (647) | (381) | (428) | (459) | - | - | - | - |
| Custodial Deposits & Liabilities in Trust** | - | - | - | - | (596) | (598) | (669) | (714) |
| Total Liabilities | \$ (1,533) | \$ (1,299) | \$ (1,626) | \$ (1,580) | \$ (958) | \$ (953) | \$ (1,001) | \$ (1,030) |
| Deferred outflows (inflows) | 57 | (154) | (36) | 39 | - | - | - | - |
| Net Position | \$ 1,815 | \$ 2,125 | \$ 2,555 | \$ 2,972 | \$ 1,730 | \$ 1,715 | \$ 1,837 | \$ 1,996 |

*Fiscal years 2021, 2022, and 2023 have been restated due to implementations of new GASB standards and implementation guidance.

**Transactions between the university and the foundation have not been eliminated in the financial statements.

The Foundation's 'Balance Sheet' is a component unit in VT's audited financials

Deep Dive: Working Capital



| Fiscal Year Ending 6/30 | Days Cash on Hand |
|-------------------------|-------------------|
| 2025 | 128 |
| 2024 | 122 |
| 2023 | 116 |
| 2022 | 121 |

Working capital is highly seasonal, but remains robust and trending higher

Deep Dive: Credit Rating

Moody's Key Comments:

- February 2025– affirmed Aa1 and “stable” outlook
- Credit Strengths – excellent brand and strategic positioning and steady operating and capital support from the Commonwealth of Virginia.
- Credit Challenges – Inability to execute on strategic initiatives leading to higher than planned borrowing or use of reserves.

S&P Key Comments:

- February 2025- upgraded to AA+ and “stable” outlook
- Credit Strengths – experienced, capable, and long-tenured senior management team
- Credit Challenges – additional debt and capital plans in the future that may result in a higher debt burden or weaker financial resources relative to debt

Importance of Ratings

- Impacts borrowing costs
 - The difference between Aa1 and Aa2 is typically 10 bps
- Alumni and donors pay attention; viewed as a measurement of ability to manage university

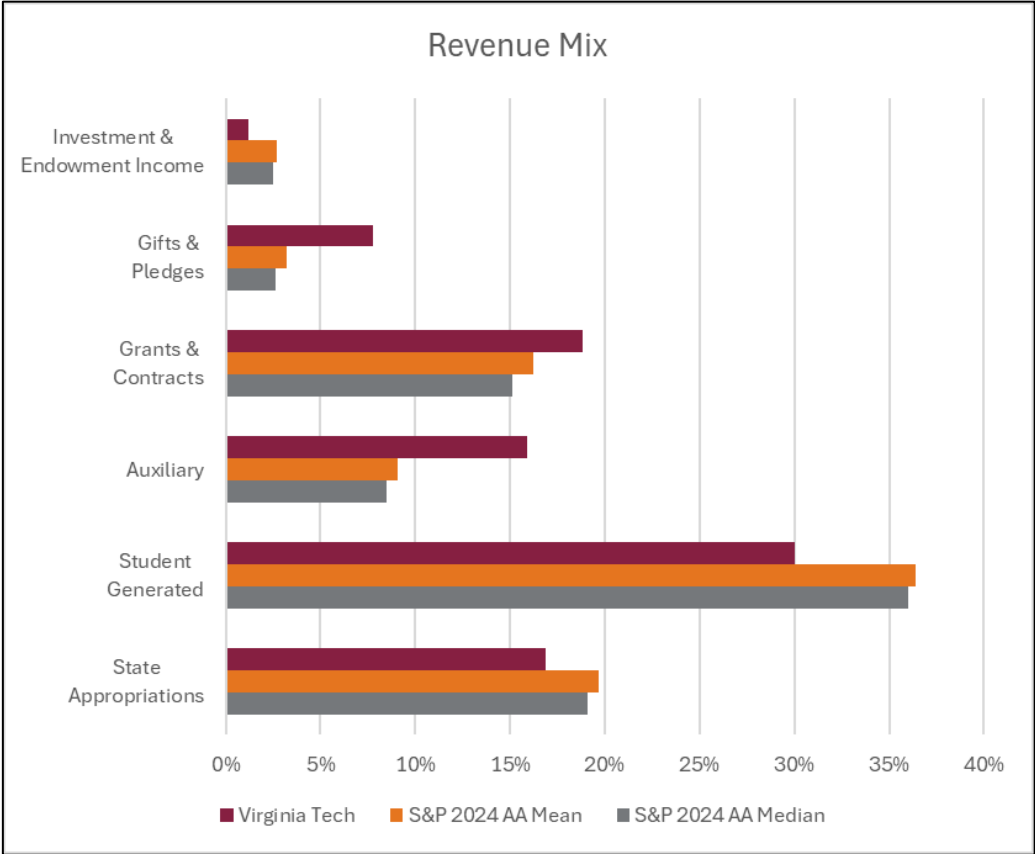
| <u>Moody's</u> | | <u>Standard and Poor's</u> |
|------------------------|--|----------------------------|
| Aaa | | AAA |
| Aa1 | | AA+ |
| Aa2 | | AA |
| Aa3 | | AA- |
| A1 | | A+ |
| A2 | | A |
| A3 | | A- |
| Baa1 | | BBB+ |
| Baa2 | | BBB |
| Baa3 | | BBB- |
| Below Investment Grade | | Below Investment Grade |



Relative Financial Comparison

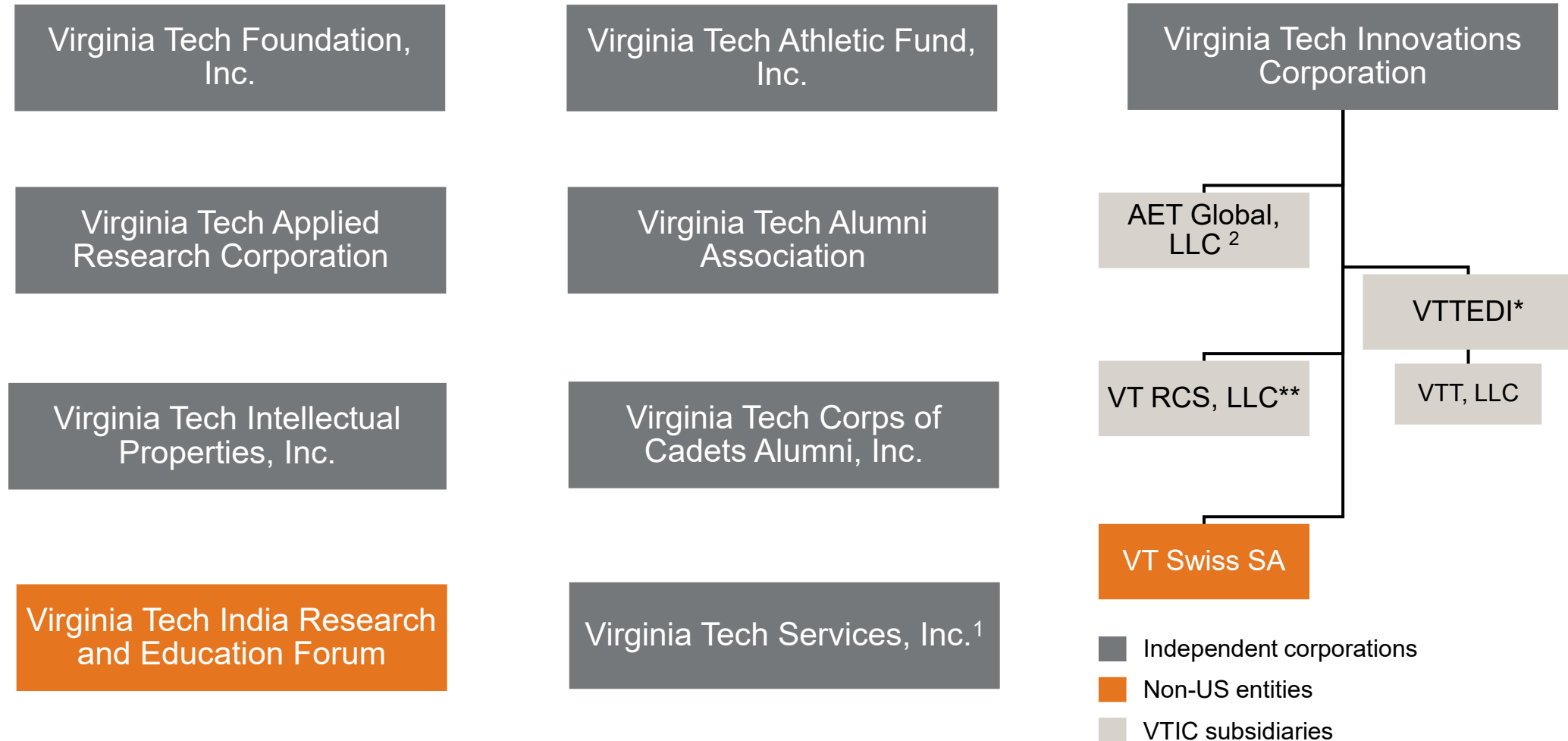
| Fiscal Year 2024 | Virginia Tech | S&P: AA Mean* |
|---|---------------|---------------|
| Full-Time Equivalent Enrollment (persons) | 38,398 | 55,290 |
| Net Adjusted Operating Margin (%) | 4.10 | 1.60 |
| Tuition Discount Rate | 23.9 | 29.0 |
| Endowment Market Value (\$000) | 1,950,220 | 2,242,349 |
| Cash and Investments (\$000) | 2,961,293 | 4,954,803 |
| Outstanding Debt (\$000) | 914,716 | 2,252,499 |

*S&P Global: U.S. Not-For-Profit Public College and University Fiscal Medians 2024 Report'



The financial position of the university is relatively strong, with diverse revenue sources

Virginia Tech - Affiliated Entities



* Virginia Tech Transportation Economic Development, Inc.

** VT Research Contracting Services, LLC

¹ In June 2024, the Board for Virginia Tech Services, Inc. approved dissolving the entity and transferring all assets and operations to the University by December 31, 2025.

² In May 2025, the Board of Virginia Tech Innovations Corporation approved dissolving AET Global, LLC upon completion of winding up their affairs and distributing all their assets.

VT-ARC

■ **Purpose:**

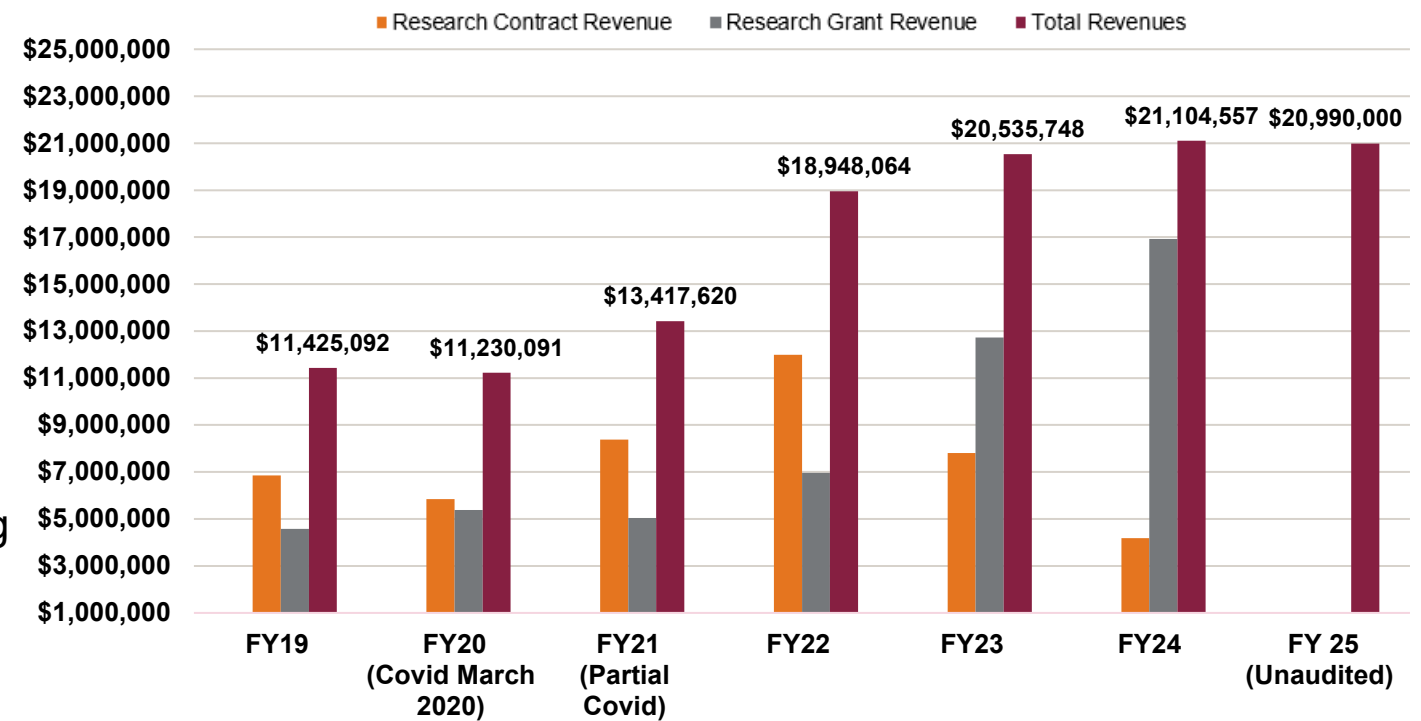
- To extend the impact of VT Research and Innovation enterprise, delivering analytical and technology solutions to government and non-government customers including applied R&D, translational R&D, technical services, and commercialization as an extension of VT's fundamental research

■ **Challenges:**

- Federal government changes to research funding
- Delays in collecting government receivables
- Potential future government contract changes to 'fee for service' versus 'cost reimbursable'
- Cash flow challenges due to slow payments from gov't contracts— no ability to access additional line of credit for temporary cash

■ **Opportunities:**

- Funding from big private foundations for research work
- Strong reputation of VT-ARC's quality of work



Financial Position

Projected change in net assets for FY25: **(\$23,000)**

Amount owed to Virginia Tech at 6.30.25: **\$2,561,160**

Amount owed to VT Foundation at 6.30.25: **\$480,000**

VTT, LLC.

■ Purpose:

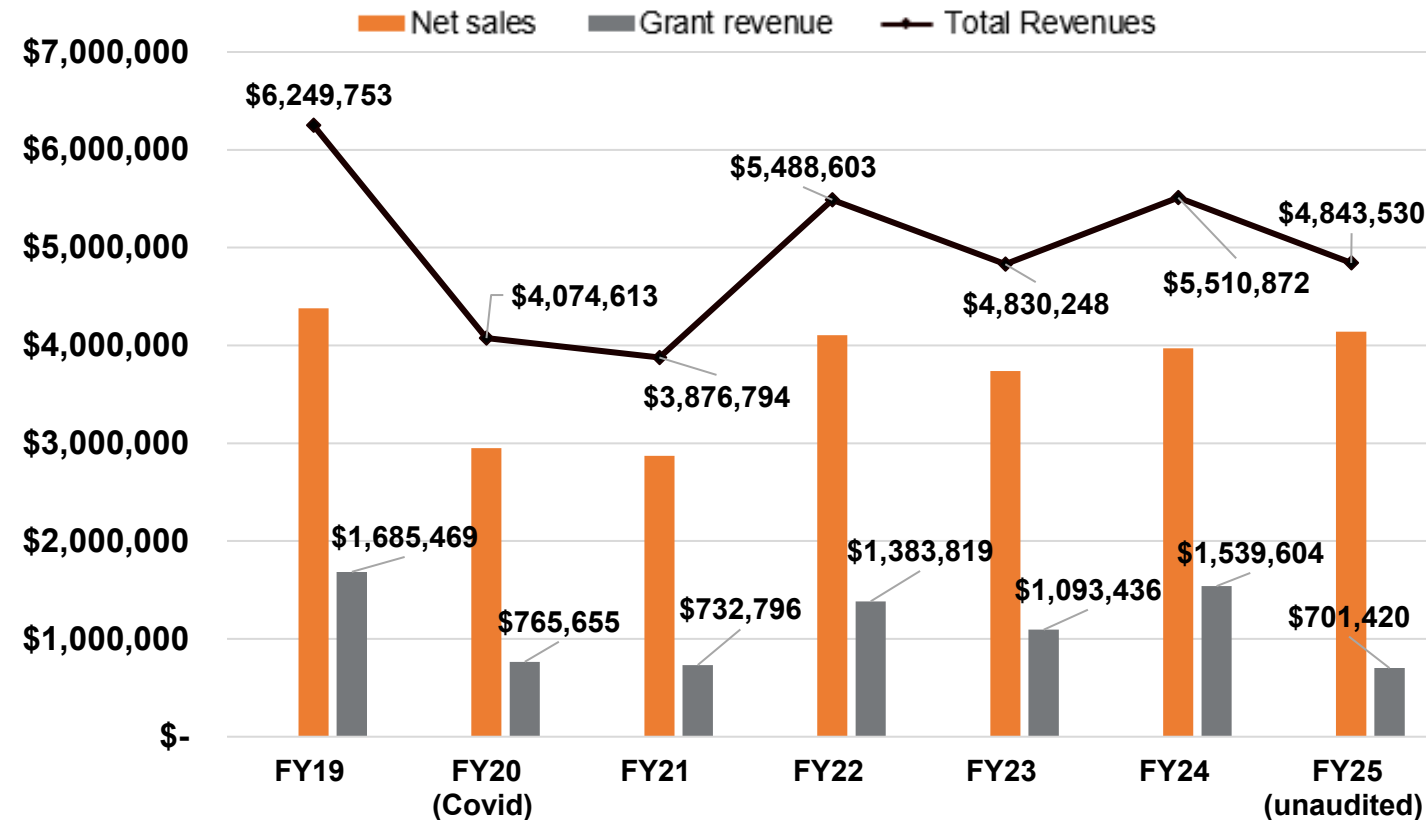
- Serves as an advanced tire research center and test facility in Alton, VA adjacent to the Virginia International Raceway, which offers specialization in independent testing, research, and assessments to complement and supplement activities performed by global tire and vehicle manufacturers

■ Challenges:

- Potential tariff impacts – decrease in tire testing revenue
- Federal government impacts – decrease in grant revenue
- Tire testing machine - \$15M historic cost – equipment reliability due to age
- Cash flow challenges projected through Jan. 2026
- Inability to pay back loan to VT (currently \$165,827 past due) and loan to VTF due by 6/30/26
- Ability to diversify & evolve revenue

■ Opportunities:

- Software licensing revenue with low-cost outlay
- Potential efficiencies gained by optimizing legal structure and set-up



Financial Position

Projected change in net assets for FY25: **(\$284,300)**

Amount owed to Virginia Tech at 6.30.25: **\$4,337,248**

Amount owed to VT Foundation at 6.30.25: **\$775,000**

Questions / Discussion

Preparing for Financial Uncertainty

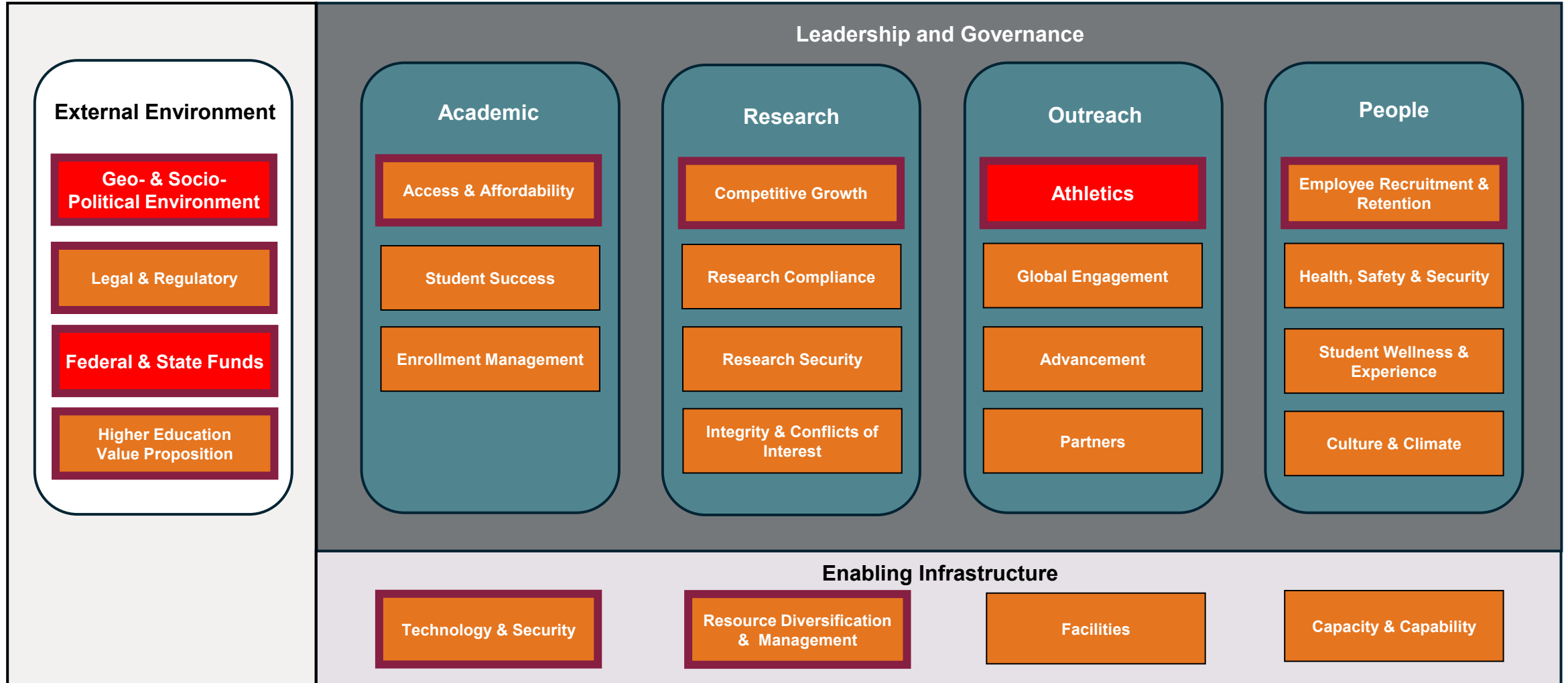
Simon Allen,

Vice President for Finance and Chief Financial Officer

August 19, 2025

Enterprise Risk Landscape

June 2025



Maroon border = Top 10 Risk

Background – VT Starts From a Robust Position

- VT has a structurally balanced budget
- VT has strong student demand
- VT has sufficient working capital and lines of credit
- VT is growing philanthropy
- Our credit rating was recently (re)affirmed at AA+/Aa1
- State of Virginia outperformed FY25 revenue budget

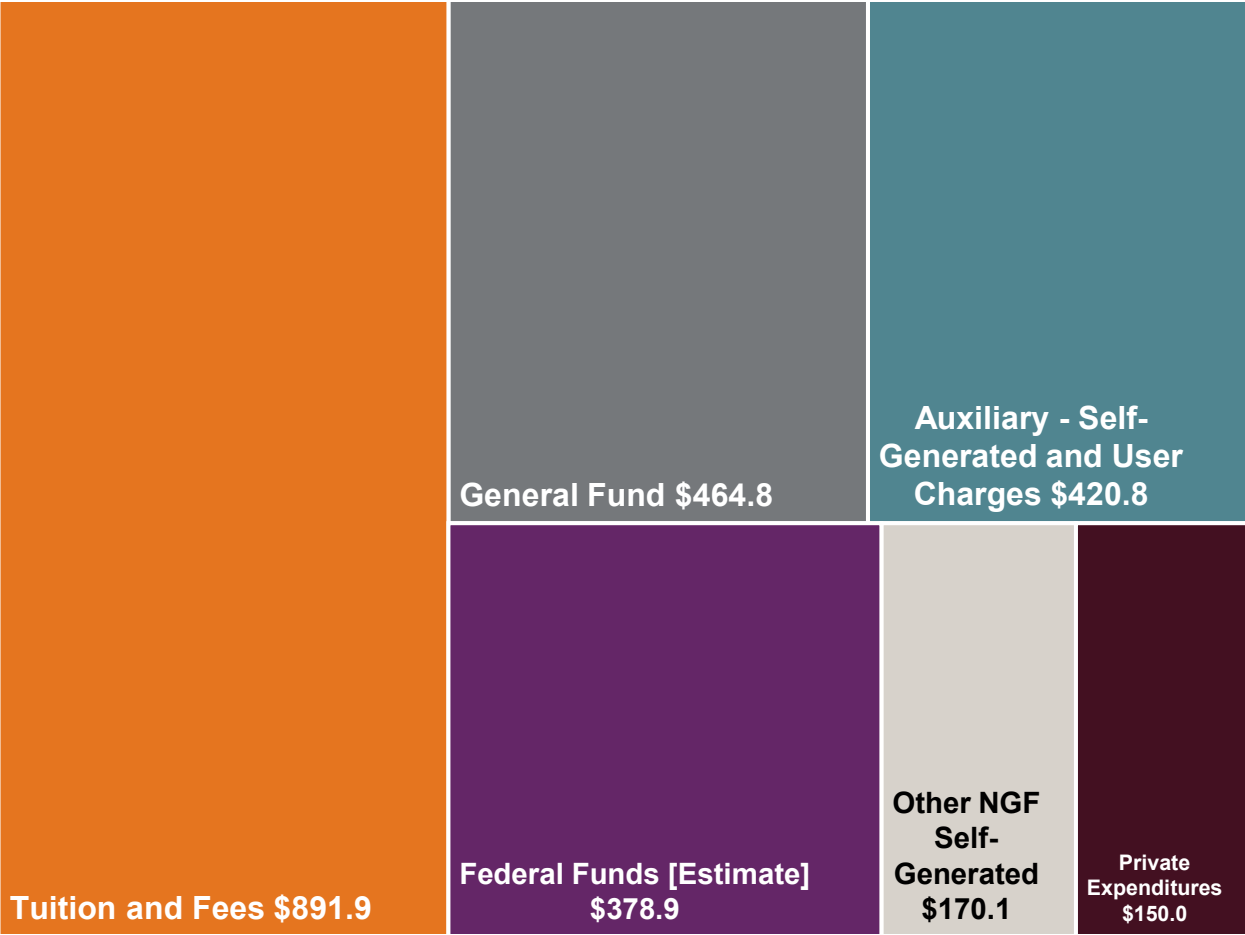
Context – VT Sources and Uses

Dollars in Millions



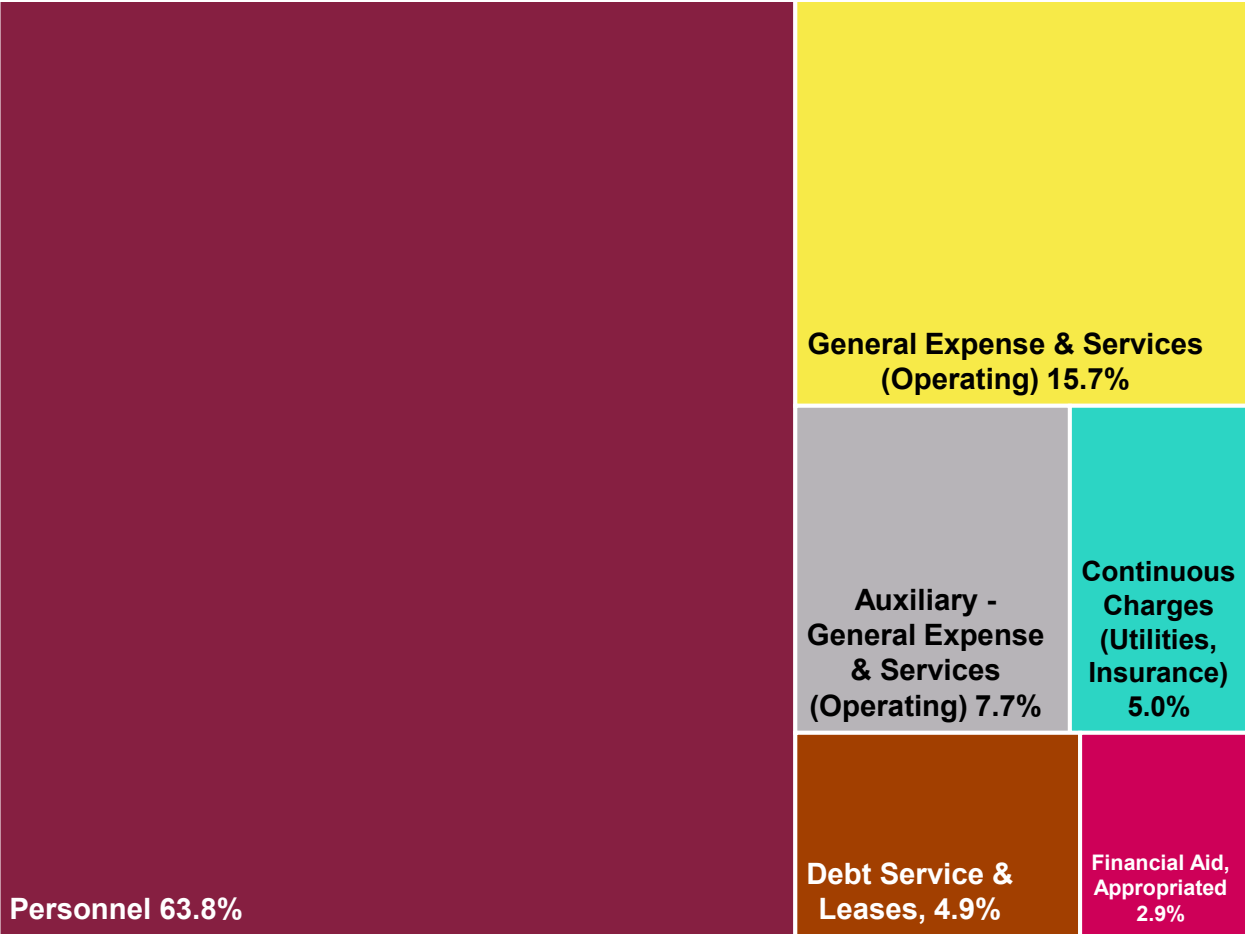
Sources

FY26 BOV Approved Revenue Budget (\$2.5B Budget)



Uses

Expenditures by Category



Impacts Already Experienced by VT

Federal

Research: Full stop work, partial stop work, & terminations as of 7/7/25

| | Number | Maximum Value | Already Expended |
|-------------------|--------|---------------|------------------|
| Full stop work | 8 | \$8.0M | \$3.0M |
| Partial stop work | 2 | \$1.2M | \$0.9M |
| Terminated | 65 | \$54.6M | \$20.4M |

State

Operating budget: Provided as one-time support, not ongoing
\$15M Affordable access, VTCSOM, SFA, UMA, Agency 229
\$26M Patient Research Center did not receive ongoing support

Capital budget: Delayed the VTCSOM & FBRI Project -\$138M

Key Financial Uncertainties Faced by VT

Federal
Priorities &
Funding

Economic
(State
Funding)

Enrollment

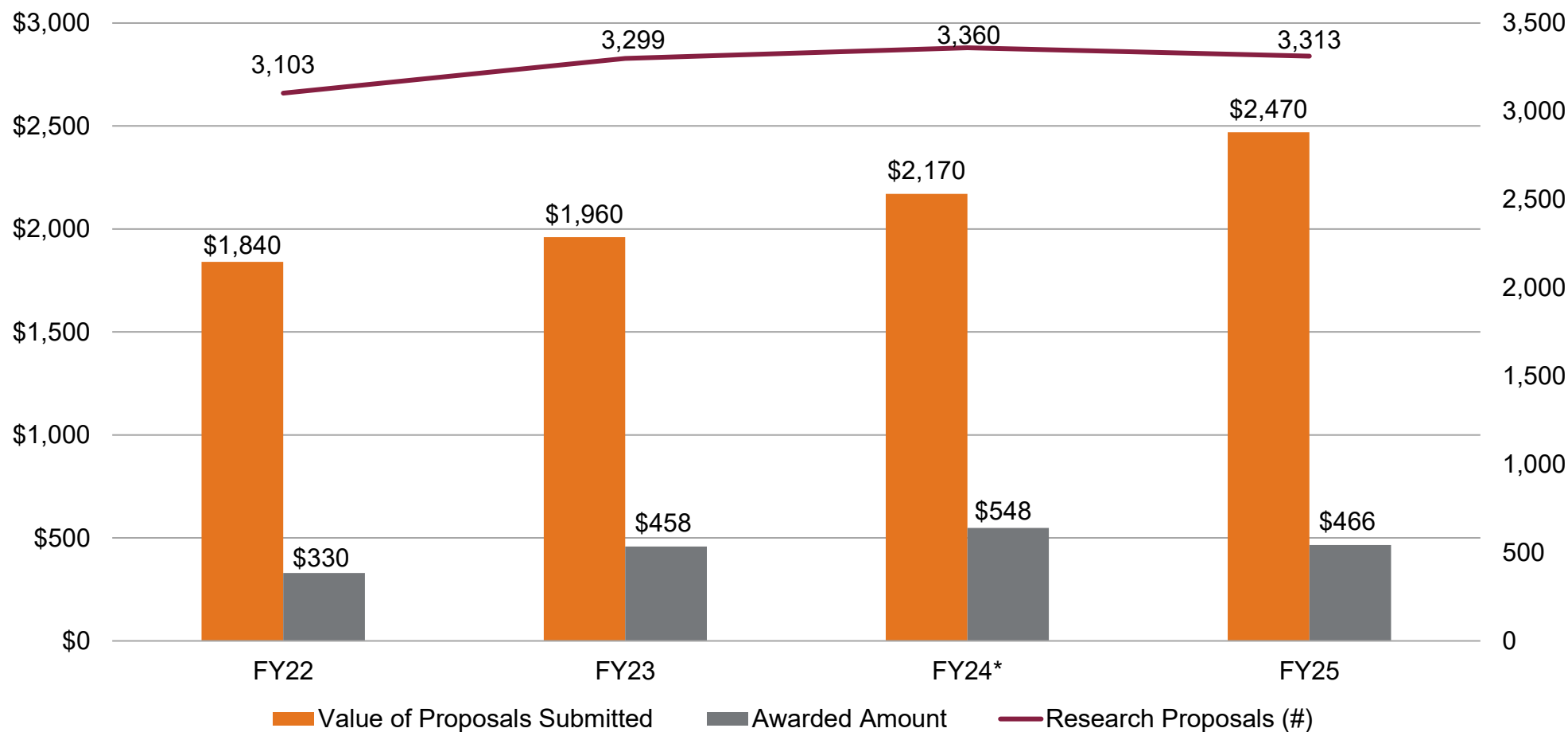
Intercollegiate
Athletics

Summary of Federal Funding at VT

Dollars in Millions

| FY25 | |
|---|----------------|
| <u>Sponsored Research</u> | |
| Direct | \$277.6 |
| Facilities & Administrative (F&A) | \$85.7 |
| <u>Student Aid</u> | |
| Pell Grants, SEOG | \$34.6 |
| Federal Work Study | \$2.3 |
| Direct loans | \$168.0 |
| Agency 229 – Cooperative Extension Agriculture Experiment Station Division | \$16.9 |
| Total | \$585.0 |

Trend of Research Proposals & Awards



*note - \$80M USDA Project included in FY24

Direct Research Risk

Dollars in Millions

| | Direct Costs | Facilities & Administrative (F&A) | Total |
|----------------------------|--------------|-----------------------------------|-----------|
| FY25 Federal Research | \$277.6 | \$85.7 | \$363.2 |
| <u>Reduction Scenarios</u> | | | |
| 10% | (\$27.8) | (\$8.6) | (\$36.3) |
| 30% | (\$83.3) | (\$25.7) | (\$109.0) |

Indirect Rate Risk

Dollars in Millions

| | Facilities & Administrative (F&A) |
|----------------------------|-----------------------------------|
| FY25 Federal Research | \$85.7 |
| <u>Reduction Scenarios</u> | |
| 61% Negotiated Rate to 30% | (\$42.8) |
| 61% Negotiated Rate to 15% | (\$64.2) |

Agency 229 Federal Funding

- Planning scenarios for shortfall in Agency 229 linked to potential reductions in USDA National Institute of Food and Agriculture (NIFA)

| CE/AES Division (229 E&G) Revenues | | | |
|------------------------------------|------------|------------------------------------|---------|
| | FY26 | Reduction in Federal NIFA Support* | |
| <i>Dollars in Millions</i> | BOV Budget | 10% | 30% |
| General Fund | \$95.7 | | |
| Federal Resources | \$15.6 | (\$1.3) | (\$3.7) |
| All Other Income | \$1.6 | | |
| Total Revenues | \$113.0 | \$111.7 | \$109.3 |
| % Change | - | -1% | -3% |

*Reduction scenarios based on FY25 appropriations for Hatch and Smith-Lever Funds

- Grad PLUS loans eliminated, however, legacy provision for students in the “same program of study”
- Parent PLUS borrowing limited to \$20k per year, \$65k in aggregate per dependent
- New lifetime borrowing limits for graduate students, exclusive of undergraduate borrowing:
 - \$100k for graduate students (previously \$138k including UG borrowing)
 - \$200k for health professional students (DVM and MD)
- Pell Grants
 - Potential budget shortfall addressed
 - Students who receive grants/scholarships covering entire Cost of Attendance are no longer eligible for a federal Pell Grant, even if otherwise eligible for the program.

General Funds Determined by State Economy

State Costs Could be Impacted by Federal Changes
Dollars in Millions

- While Virginia's economy outperformed forecasts in FY25, General Funding remains vulnerable should state revenues weaken or policy priorities shift.
- The commonwealth positioned the state's FY26 budget for economic uncertainty.

| | Student Financial | | | | |
|---------------------------|-------------------|---------|---------|---------|----------|
| | 208 E&G | 229 E&G | Aid | Other | Total |
| FY26 GF Budget | \$ 304.5 | \$ 95.7 | \$ 40.6 | \$ 24.0 | \$ 464.8 |
| <u>Reduction Scenario</u> | | | | | |
| 3% | (9.1) | (2.9) | (1.2) | (0.7) | (13.9) |
| 9% | (27.4) | (8.6) | (3.7) | (2.2) | (41.8) |

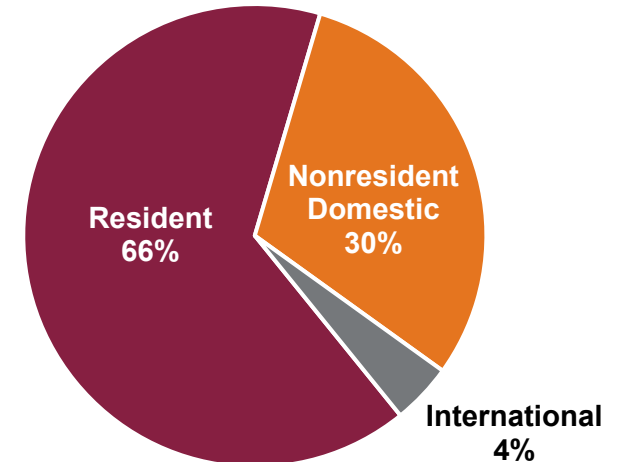
Enrollment Risks

Dollars in Millions

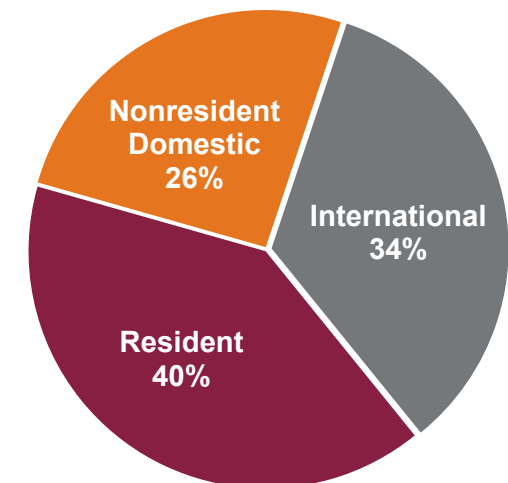
- Key enrollment milestones met or exceeded for FY26
- Remaining risks:
 - International uncertainty
 - Reliance on Spring transfer

| University Division (208 E&G) Revenues | | | |
|--|--------------------|--------------------------------|-----------|
| | FY26 BOV Budget | Enrollment Shortfall Scenarios | |
| | | 1% | 3% |
| Tuition and Fees - Resident | \$307.0 | | |
| Tuition and Fees - Nonesident | \$456.6 | (\$4.6) | (\$13.7) |
| General Fund | \$304.5 | | |
| All Other Income | \$58.1 | | |
| Total Revenues | \$1,126.2 | \$1,121.6 | \$1,112.5 |
| % Change | 0.0% | -0.4% | -1.2% |

Undergraduate Enrollment



Graduate and Professional Enrollment

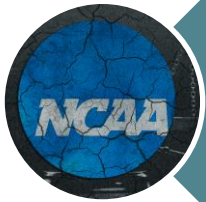


(FY25 Enrollments)

Intercollegiate Athletic Risks



Competitive position of the university in an evolving and uncertain future



National changes for revenue sharing & legal settlements have increased costs significantly >\$20M



ACC Settlement with Clemson & FSU has potential to reduce VT's ACC Conference athletic revenues \$6M+/-



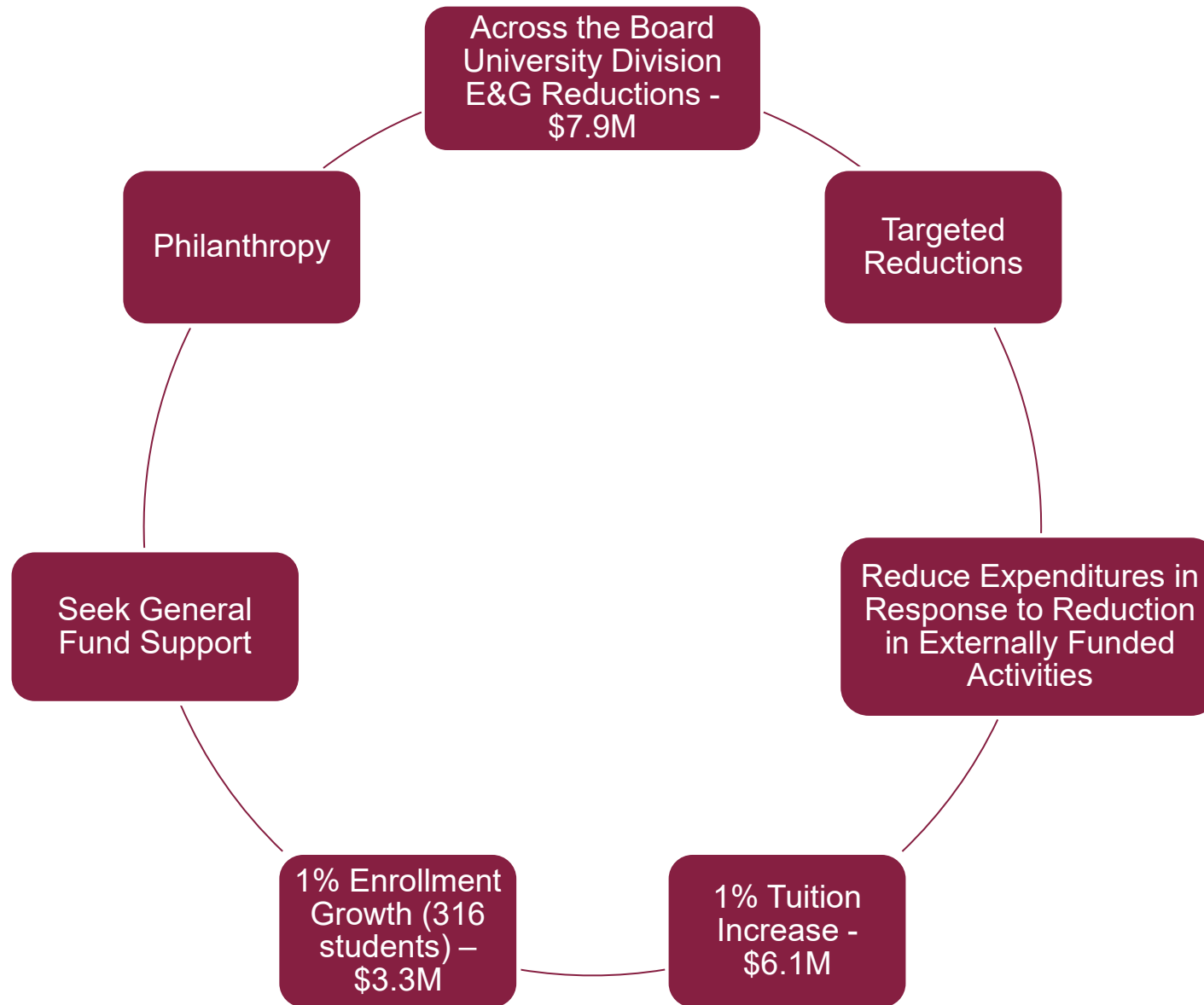
Compliance with relatively strict state rules in the commonwealth

Management Strategies

Actions Taken

- Active monitoring & contingency planning
- Engaged campus in scenario planning (50% 'Overhead' reduction)
- The FY26 budget was built with a more conservative overhead budget stance
- Reviewed capital program – delayed Vivarium capital project
- For certain federal grants with certain claw-back liabilities, a modified overhead policy was implemented to support campus
- Localized reducing of expenditures as externally funded activities are reduced
- Conservative fiscal approach, emphasizing slow-to-spend behavior

'Levers' for Managing Reductions in Governmental Support



Managing reductions in governmental support will need to be balanced with minimizing disruption to Global Distinction ambitions

Managing Reductions in Governmental Support

One-Time Management Strategies:

- College/Institute reserves and carryover
- Internal operating loans to units
- One-time central bridge funding
- Philanthropy: current-use gifts

Recurring Management Strategies:

Philanthropy

- Endowment funds

Enrollment Management

- Replace international undergraduate shortfall with domestic nonresident
- If short in Fall, Spring can backfill
- Shortfall in graduate students on assistantship would still leave a workforce issue to manage

Intercollegiate Athletics Management Strategies

1. Philanthropy
2. Athletic Fee +\$100 = \$3.8M
3. Prioritize 'flagship' sports
4. Enrollment growth will help
5. ?



Discussion

Discussion of Future Agenda Topics and Closing Remarks

Jim Miller, Committee Chair

Finance and Resource Management Committee

Timing of FRM Committee Agenda Items

AUGUST / SEPTEMBER

NOVEMBER

MARCH / APRIL

JUNE

- Annual Comprehensive Report on Advancement #+
- Report on Higher Ed Institutional Performance Measures (even years)
- Report on Gramm-Leach-Bliley Act Compliance and IT Security°
- Financial Summary of Faculty and Staff Merit Programs
- Financial Performance Report *
- Ratification of Personnel Changes Report *^

- Six-Year Plan (odd years)*+
- Annual Report on Research Finances and Resources #
- Annual Report on University Debt Ratio & Debt Capacity #+°
- Annual Report on the University's Student Financial Aid Resources #+
- Annual Report on Write-off of Delinquent Accounts
- Annual Report on Investments and Quasi-Endowments +
- Update on Advancement #
- Financial Performance Report *
- Ratification of Personnel Changes Report *^

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

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

* Requires full Board approval

Discusses Enterprise Risk Management topic

+ Discusses Strategic Investment Priorities topic

° Acceptance item

^ Closed Session item

Open Joint Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

Latham Ballroom A/B, the Inn at Virginia Tech

2:30 p.m.

August 19, 2025

| | <u>Agenda Item</u> | <u>Reporting Responsibility</u> |
|-----|--|--|
| *#+ | 1. Approval of the Nongeneral Fund Capital Outlay Plan for 2026-2032 | Simon Allen Dwyn Taylor Rob Mann |
| * | 2. Approval of Resolution for Planning the Academic Building One – Sixth Floor Upfit | Simon Allen Dwyn Taylor Rob Mann |
| * | 3. Approval of Resolution for Planning the Campbell Hall Renovation | Simon Allen Dwyn Taylor Rob Mann |
| * | 4. Approval of Resolution for Planning a New Residence Hall | Simon Allen Dwyn Taylor Rob Mann |

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)



Approval of the Nongeneral Fund Capital Outlay Plan for 2026-2032

Rob Mann

Assistant Vice President for Capital Budgeting and Financing

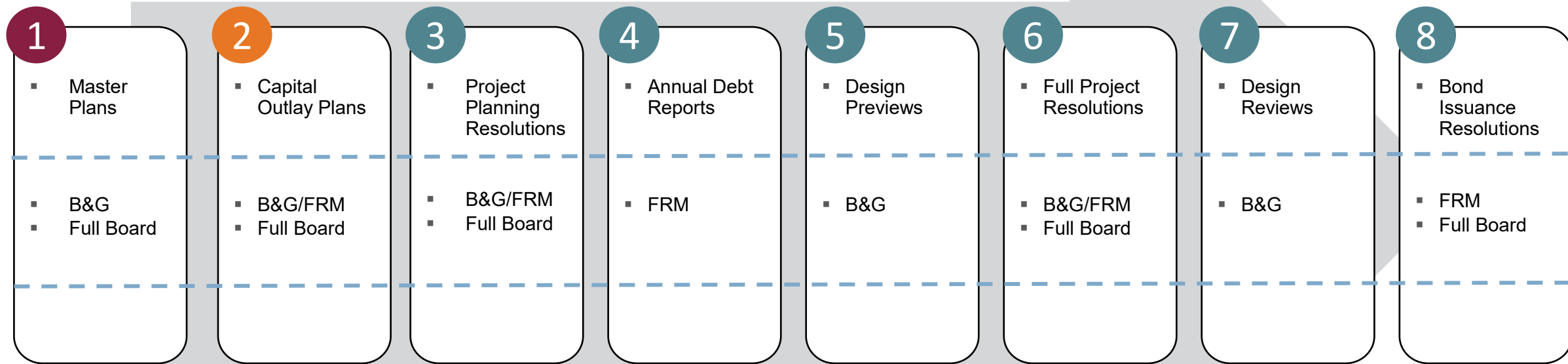
AUGUST 19, 2025



VIRGINIA TECH.

Capital Outlay Program & Project Authorization Steps

Attachment G



General Fund List for 2026-2032

As of February 18, 2025

Notes

(1) Project has State Planning Authorization

(2) AREC Improvements include the Eastern Shore AREC (with current State Planning Authorization), Southern Piedmont AREC and Tidewater AREC.

Attachment G
Dollars in Thousands
Escalated to July 2028

University Division

Academic Construction and Renovation

| | General Fund | Nongeneral Fund | Debt | Total |
|--|-------------------|------------------|------------------|-------------------|
| 1 Virginia Tech Carilion School of Medicine and Fralin Biomedical Research Institute Expansion (1) | \$ 138,300 | \$ - | \$ 26,200 | \$ 164,500 |
| 2 Chemistry/Physics Facilities Renovation & Expansion (Hahn) | 101,000 | - | 35,000 | 136,000 |
| 3 Renovate and Renew Academic Buildings Phase II (RRAB II) | | | | |
| Robeson Hall | 30,525 | 6,475 | - | 37,000 |
| Price Hall | 34,200 | 3,800 | - | 38,000 |
| Architecture Annex | 8,000 | - | - | 8,000 |
| RRAB II Subtotal | 72,725 | 10,275 | - | 83,000 |
| 4 Derring Hall Renovation | 115,625 | - | 9,375 | 125,000 |
| 5 Newman Library Renovation | 82,000 | - | - | 82,000 |
| 6 Burruss Hall Renovation | 140,000 | - | - | 140,000 |
| 7 Classroom Renovations | 25,000 | - | - | 25,000 |
| Infrastructure and Safety | | | | |
| 1 Derring Hall Envelope Repair (1) | 23,000 | - | - | 23,000 |
| 2 Utilities Infrastructure Renewal (Chiller Phase III) | 48,000 | | 12,000 | 60,000 |
| 3 Life, Health, Safety, Code Compliance Package | 8,000 | - | - | 8,000 |
| Total University Division Projects | <u>\$ 753,650</u> | <u>\$ 10,275</u> | <u>\$ 82,575</u> | <u>\$ 846,500</u> |

Cooperative Extension / Agriculture Experiment Station Division (CE/AES)

| | | | | |
|--|-------------------|-------------|-------------|-------------------|
| 1 Agricultural Research and Extension Centers Improvements (2) | \$ 64,000 | \$ - | \$ - | \$ 64,000 |
| 2 Relocate Plant-Based Facilities from Glade Road | 14,000 | - | - | 14,000 |
| 3 Plant and Zoonotic Disease Research Facility (HABB-II) | 83,000 | - | - | 83,000 |
| 4 Renew Animal and Livestock Facilities | 31,000 | - | - | 31,000 |
| 5 Brooks Center: Sustainable Packaging Laboratory Addition | 13,000 | - | - | 13,000 |
| Total CE/AES Division Projects | <u>\$ 205,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 205,000</u> |

Total General Fund Capital Plan for 2026-2032

| | | | |
|-------------------|------------------|------------------|---------------------|
| <u>\$ 958,650</u> | <u>\$ 10,275</u> | <u>\$ 82,575</u> | <u>\$ 1,051,500</u> |
|-------------------|------------------|------------------|---------------------|

Nongeneral Fund List for 2026-2032

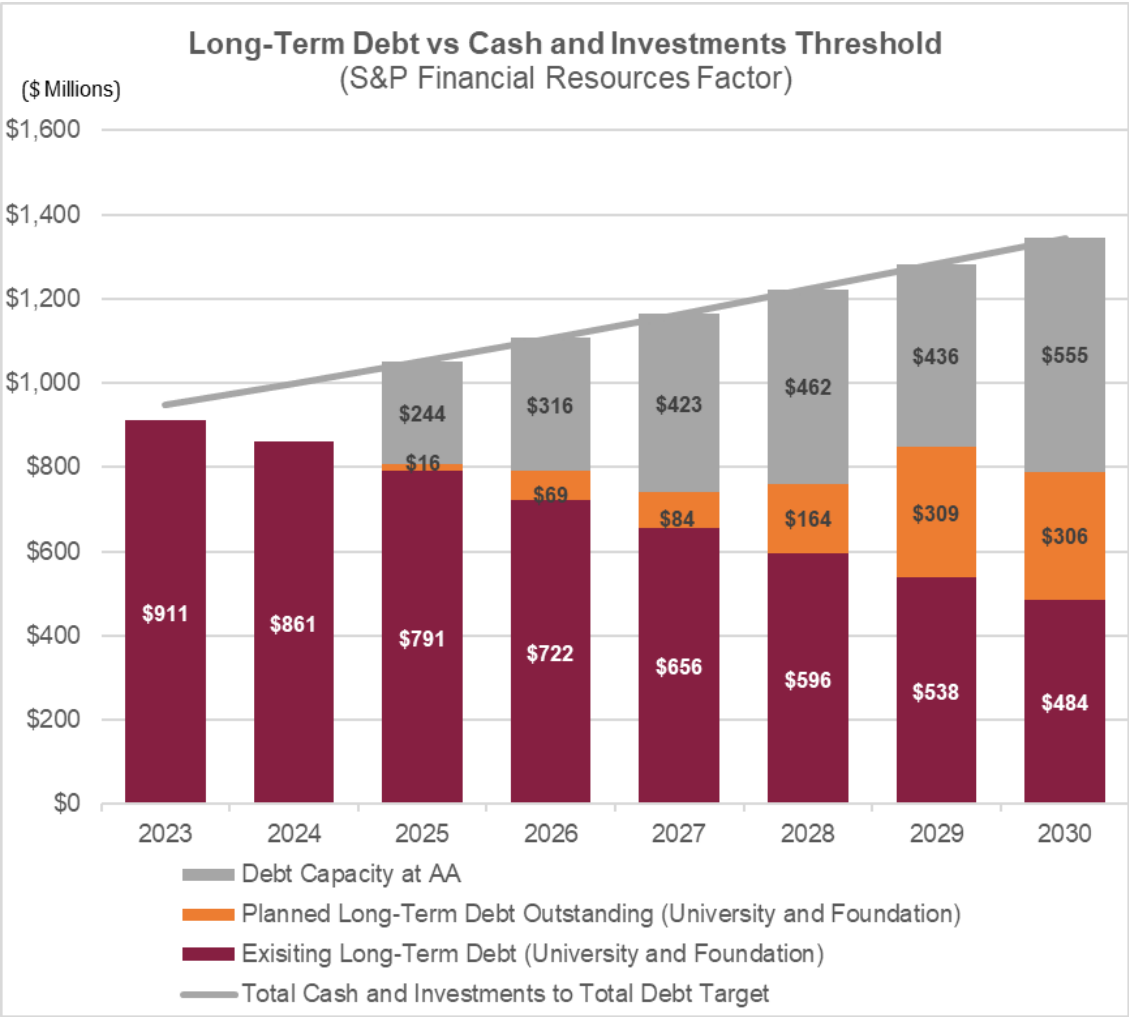
Notes

(1) Project targeted for BOV authorization for long-term lease between the university and Foundation upon completion.

(2) Project has obtained a BOV Planning Authorization

| Dollars in Thousands Escalated to July 2028 | | | | |
|---|-----------------|--------------------|-------------------|-------------------|
| | General Fund | Nongeneral Fund | Debt | Total |
| Blacksburg & Roanoke Academic | | | | |
| Creativity and Innovation District | | | | |
| Renovate Henderson Hall | \$ - | \$ 15,500 | \$ - | \$ 15,500 |
| Renovate Media Building | - | 8,900 | - | 8,900 |
| Renovate Squires Performance Spaces | - | 4,400 | - | 4,400 |
| Expand Vivarium Spaces (1) | - | - | 45,000 | 45,000 |
| G. Burke Johnston Student Center Renovation | - | - | 6,000 | 6,000 |
| Library Storage Facility addition | - | 7,000 | - | 7,000 |
| Pamplin Hall Renovation | - | 8,000 | - | 8,000 |
| Renovate On-campus University Bookstore | - | 4,450 | 13,350 | 17,800 |
| Veterinary Teaching Hospital Expansion (2) | - | 23,000 | 20,000 | 43,000 |
| | \$ - | \$ 71,250 | \$ 84,350 | \$ 155,600 |
| Blacksburg Auxiliaries & Campus Services | | | | |
| Campus Services: Mail, Surplus & Storage Facility | | | | |
| | \$ - | \$ 3,000 | \$ 11,000 | \$ 14,000 |
| Dining Services Center and Warehouse | - | 5,000 | 20,000 | 25,000 |
| Parking Garage | - | 12,500 | 30,000 | 42,500 |
| Rescue Squad Facility (2) | - | 4,500 | 11,500 | 16,000 |
| Residential Programs | | | | |
| Campbell Hall Renovation | - | 20,000 | 20,000 | 40,000 |
| New Residence Hall Swing Space | - | 20,000 | 80,000 | 100,000 |
| | \$ - | \$ 65,000 | \$ 172,500 | \$ 237,500 |
| Greater Washington D.C., Metro Area | | | | |
| Upfit Sixth Floor of Academic Building I | \$ - | \$ 11,500 | \$ - | \$ 11,500 |
| Total NGF Capital Plan for 2026-2032 | \$ - | \$ 147,750 | \$ 256,850 | \$ 404,600 |

Updated Debt Capacity



The controlling ratio in our debt capacity analysis is Total Cash and Investments to Total Debt.

The ratio suggests unused debt capacity is currently \$244 million, peaking at \$555 million in 2030, absent any change in VT's financial trajectory.¹

Note:

¹ Assumes Cash and Investments is expected to grow \$70 million annually for the university and between 2 – 6% for the Foundation during the planning period. The Board of Visitors' accepted debt ratio guideline is 6% and it is reaffirmed each year.

Approval of the 2026-2032 Capital Plan

Recommendation:

That the Nongeneral Fund portion of the Capital Outlay Plan for 2026-2032 be approved.

August 20, 2025

Resolution for a Capital Planning Project for the Upfit of the Sixth Floor of Academic Building One

Rob Mann

Assistant Vice President for Capital Budgeting and Financing

AUGUST 19, 2025



Resolution for a Capital Planning Project for the Upfit of the Sixth Floor of Academic Building One

- Project Scope: approximately 35,500 GSF upfit to utilize additional space for academic programs at Academic Building One in Alexandria, VA
 - Includes consolidating the Pamplin College of Business programs within the building
 - Also providing addition spaces for the Research Institute
- Total planning project budget: \$1.5 million*
- Funding: 100% nongeneral funds



Academic Building One in Alexandria, VA

* to complete designs through working drawings

Resolution for a Capital Planning Project for the Upfit of the Sixth Floor of Academic Building One

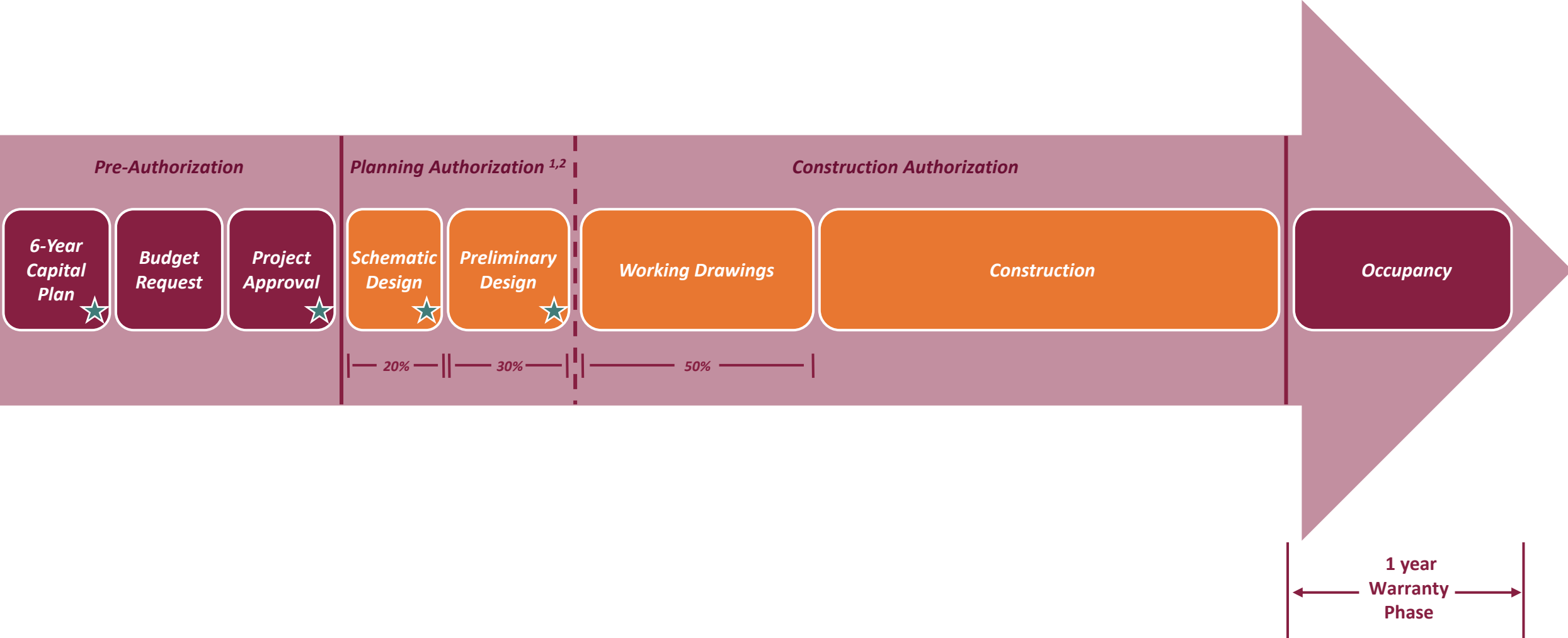
NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$1.5 million planning authorization to complete designs through working drawings for the Academic Building One Sixth Floor Upfit project.

Recommendation:

That the resolution authorizing Virginia Tech to plan the Upfit of the Sixth Floor of Academic Building One project be approved.

August 20, 2025

OVERALL PROCESS



★ Board of Visitors' review & approval

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

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

Resolution for a Capital Planning Project for the Campbell Hall Renovation

Rob Mann

Assistant Vice President for Capital Budgeting and Financing

AUGUST 19, 2025



VIRGINIA TECH™

Resolution for a Capital Planning Project for the Campbell Hall Renovation

- Project Scope: renovate 67,000 GSF total project
 - Includes both Main and East wings
 - Impacts 329 beds
- Target Total Renovation cost: \$40 million (parametric estimate)
- Planning project budget: \$4 million*
- Funding: Residential auxiliary revenues (nongeneral funds)



Campbell Hall Residence Hall

* to complete designs through working drawings

Resolution for a Capital Planning Project for the Campbell Hall Renovation

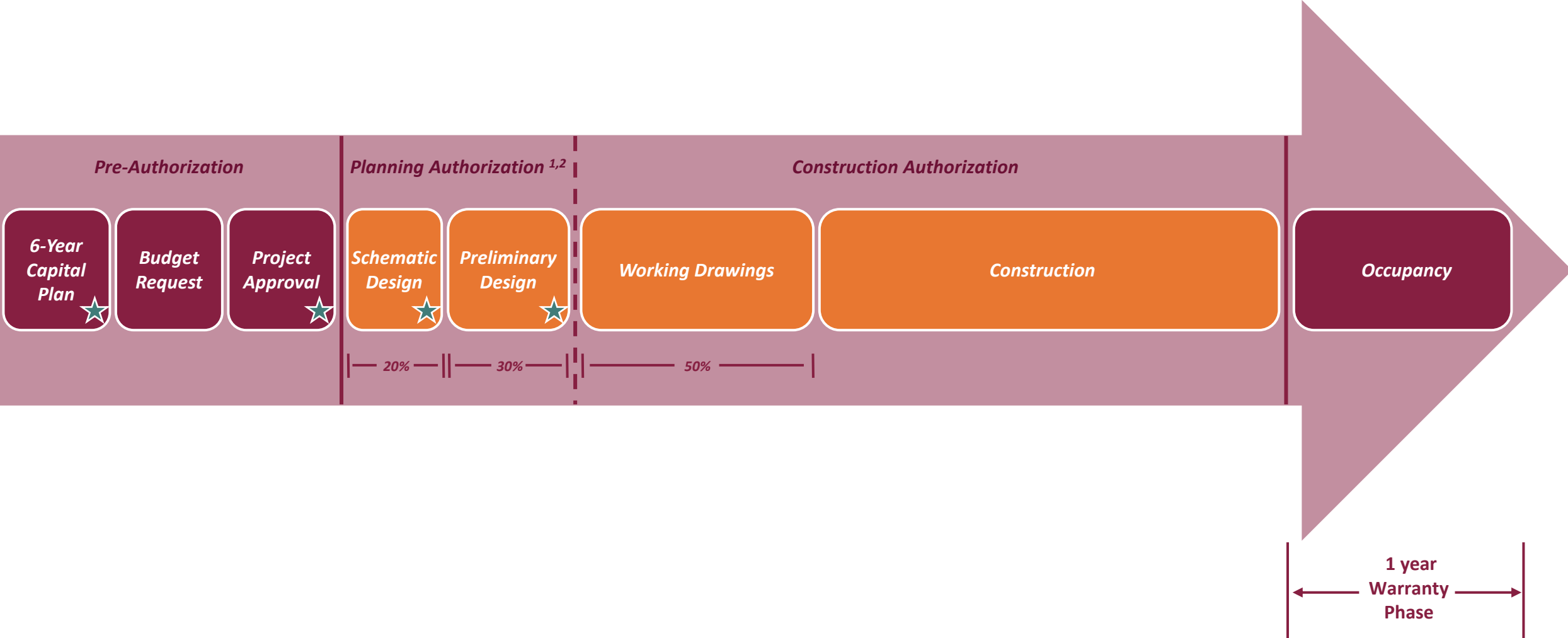
NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$4 million planning authorization to complete designs through working drawings for the Renovate Campbell Hall project.

Recommendation

That the resolution authorizing Virginia Tech to plan the Renovate Campbell Hall project be approved.

AUGUST 20, 2025

OVERALL PROCESS



★ Board of Visitors' review & approval

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

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



Resolution for a Capital Planning Project for a New Residence Hall

Rob Mann

Assistant Vice President for Capital Budgeting and Financing

AUGUST 19, 2025



Resolution for a Capital Planning Project for New Residence Hall

- Project Scope: new residence hall to house up to 600 students for increased residential capacity
- Target Total Project cost: \$100 million (parametric estimate)
- Planning project budget: \$10 million *
- Funding: Residential auxiliary revenues (nongeneral funds)



**complete designs through working drawings*

Resolution for a Capital Planning Project for New Residence Hall

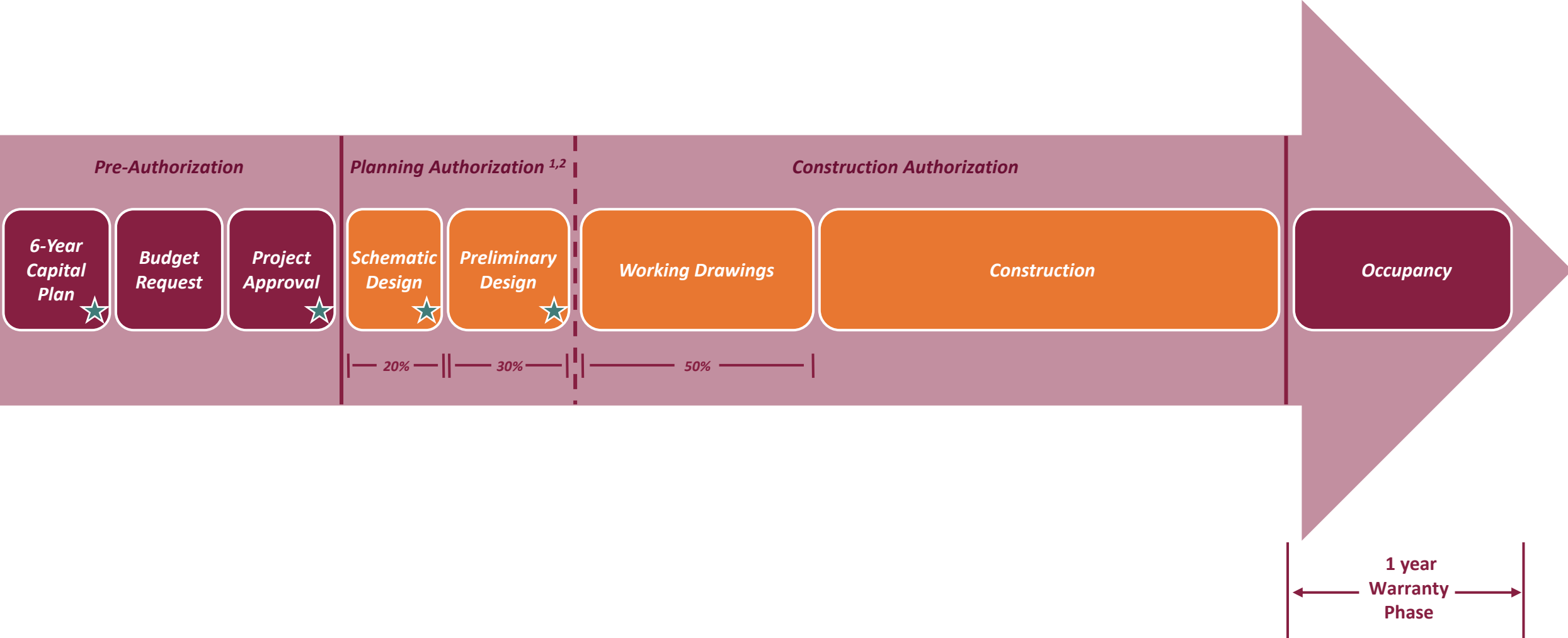
NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with a \$10 million planning authorization to complete designs through working drawings for the New Residence Hall project.

Recommendation

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

AUGUST 20, 2025

OVERALL PROCESS



★ Board of Visitors' review & approval

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

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