

Resolution for Subscription-Based Information Technology Arrangement with Microsoft

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 7, 2025

The Division of Information Technology currently utilizes a Subscription-Based Information Technology Arrangement (SBITA) with Microsoft that provides access to the Microsoft 365 suite of products to enable business operations. Using the Microsoft 365 product suite offers numerous advantages for Virginia Tech operations including enhanced operational efficiency, reduced costs, improved security, and the ability to innovate and respond quickly.

Microsoft 365 enhances higher education by enabling seamless collaboration, secure data management, and flexible learning through tools like Teams, OneDrive, and Office apps. It supports both academic and administrative needs with features for accessibility, workflow automation, and data analytics. Institutions benefit from cost savings, scalability, and compliance with education standards.

The existing agreement is valid through August 31, 2025. The renewal term rides a cooperative contract with Virginia Tech specifically negotiated pricing that differentiates our pricing model and discounts from the cooperative contract.

The new renewal term is for three years and has a present value of up to \$5 million.

The issuance of GASB Statement No. 96, implemented beginning July 1, 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.

While Virginia Tech seeks to define contracting arrangements well before the end of a contract term, the university is beholden to the time frame in which the vendor responds (in this case, Microsoft) which did not align with required time frames for Board of Visitors' approval.

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 subscription-based information technology arrangements. Prior to GASB Statement 96, SBITAs were approved by university administration through its internal budgeting and information technology procurement processes and reported as operating expenses in the year of payment. The Division of IT annual operating budget includes an amount sufficient to cover the annual cash outlay for subscription payments.

**RESOLUTION FOR SUBSCRIPTION-BASED INFORMATION TECHNOLOGY
ARRANGEMENT WITH MICROSOFT**

WHEREAS, the Division of IT has an operational need for continued use of Microsoft products; and,

WHEREAS, the current term expires on August 31, 2025; and,

WHEREAS, the Division of IT annual operating budget includes an amount sufficient to cover the annual cash outlay for subscription payments; and,

WHEREAS, the maximum renewal term, including additional discounts and credits, has a present value up to \$5 million and requires approval by the Board of Visitors prior to execution; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of capital projects, including long-term leases and subscription-based information technology arrangements.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized at the conclusion of negotiations to enter a subscription-based information technology arrangement for Microsoft with a present value up to \$5 million.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to enter a long-term subscription-based information technology arrangement with a present value up to \$5 million be approved.

August 20, 2025