

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE Room G102 A/B, Fralin Biomedical Research Institute August 29, 2023

Open Session

Board members present: Janice Austin – A/P Faculty Representative, Ed Baine, LaTawnya Burleson – Staff Representative, Carrie Chenery, Anna James, Tish Long, John Rocovich

University personnel and guests: Callan Bartel, Lynsay Belshe, Leanna Blevins, Eric Brooks, Bob Broyden, Brock Burroughs, Cyril Clarke, Al Cooper, Corey Earles, Jeff Earley, Ron Fricker, Rebekah Gunn, Luisa Havens Gerardo, Kay Heidbreder, Tim Hodge, Anne Keeler, Sharon Kurek, Rob Mann, Randy Marchany, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, David Raymond, Paul Richter, Julie Ross, Tim Sands, Amy Sebring, Cliff Shaffer, Brennan Shepard, Dan Sui, Aimee Surprenant, Don Taylor, Melinda West

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

The Committee approved the items on the Consent Agenda.

- #+** 4. **Comprehensive Update on Advancement:** Charlie Phlegar, senior vice president for advancement, provided a comprehensive report on Advancement's fiscal year 2023 giving results and giving trends since the launch of the Advancement Model. Virginia Tech was recently invited to be a member of CASE 50. CASE 50 represents the top 75 Advancement institutions globally, based on a five-year rolling average of cash, new gifts and commitments, and peer recommendations. Congratulations to Advancement and Virginia Tech for this recognition. The report also included an update on the philanthropic participation rate and overviews of the Boundless

Impact Campaign, Top 100 Global Research University initiative, Virginia Tech Advantage, and VT Alumni Association.

5. **Report on Gramm-Leach-Bliley Act Compliance and IT Security:** The Committee received for acceptance a report on Gramm-Leach-Bliley Act (GLBA) compliance and associated IT security processes needed to meet the annual reporting requirement established by the Standards for Safeguarding Customer Information Rule, which was effective June 9, 2023. Melinda West, associate vice president for finance and university controller, and Randy Marchany, chief information technology security officer, provided an overview of Virginia Tech's compliance with the act which regulates the collection and disclosure of nonpublic information by financial institutions.
6. **EVPCOO Update and Discussion:** The Committee received an update from Amy Sebring, the executive vice president and chief operating officer, which included a discussion on financial results of fiscal year 2023, the university's credit rating, the 2024-2030 Six-Year Plan, and state budget negotiations. It also included an overview of reallocation strategies and an update on the search for the new vice president for information technology and chief information officer.
- + 7. **Update on the 2024-2030 Six-Year Plan:** The Committee received an update on the 2024-2030 Six-Year Plan. Tim Hodge, associate vice president for finance, provided the timeline and overview of the six-year planning process and the budget processes related to the university's strategic priorities, including the Top 100 Global Research University initiative, the Virginia Tech Advantage, and the Virginia Tech-Carilion School of Medicine.
- * 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2022 – June 30, 2023):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2022 to June 30, 2023. For the fourth quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The report shows the actual revenues and expenses compared to the budgets and the overall status and expenditures of ongoing capital projects.

The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.
9. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee discussed possible topics for future meetings and other topics as needed.

Joint Open Session with the Buildings and Grounds Committee

Board members present: Janice Austin – A/P Faculty Representative, Ed Baine, LaTawnya Burlison – Staff Representative, Carrie Chenery, Sandy Davis, Nancy Dye, Donald Horsley, Anna James, Tish Long, Joseph Merola – Faculty Representative, John Rocovich, William Storey – Undergraduate Student Representative, Emily Tirrell – Graduate and Professional Student Representative

University personnel and guests: Callan Bartel, Laura Belmonte, Lynsay Belshe, Haley Bennett, Eric Brooks, Bob Broyden, Brock Burroughs, Cyril Clarke, Al Cooper, Gannon Davis, Corey Earles, Jeff Earley, Alisha Ebert, Mike Friedlander, Mark Gess, Luisa Havens Gerardo, Emily Gibson, Alan Grant, Ellington Graves, Suzanne Griffin, Rebekah Gunn, Kay Heidbreder, Tim Hodge, Anne Keeler, Chris Kiwus, Sharon Kurek, Rob Mann, Meghan Marsh, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Liza Morris, Mike Mulhare, Heidi Myers, Justin Noble, Kelly Oaks, Mark Owczarski, John Pastor, Charlie Phlegar, Jon Porter, Paul Richter, Julie Ross, Tim Sands, Amy Sebring, Cliff Shaffer, Brennan Shepard, Ken Smith, Michael Stowe, Dan Sui, Aimee Surprenant, Don Taylor, Jon Clark Teglas, Rob Viers, Tracy Vosburgh, Melinda West, Chris Yianilos

- *#+ 1. Ratification of the Capital Outlay Plan for 2024-2030:** For first item on the joint open session agenda, the Committees reviewed for ratification the Capital Outlay Plan for 2024-2030.

At the March 2023 meeting, the Board approved a resolution for the university's 2024-2030 Capital Outlay Plan, and since that time, the state issued the instructions for preparation and submission. The final plan was updated in accordance with guidelines from the state and submitted on June 22, 2023.

Bob Broyden, associate vice president for campus planning and capital financing, updated the committee on changes to the plan since the March 2023 approval.

The Committees recommended the Capital Outlay Plan for 2024-2030 to the full Board for ratification.

- * 2. Approval of Resolution to Amend a Long-term Lease for Children's National Hospital:** The Committees reviewed for approval a Resolution to Amend a Long-term Lease for Children's National Hospital. This request is for authorization to amend the university's existing lease with the Children's National Research Center to include an additional 12,350 rentable square feet for furthering research.

The Committees recommended the Resolution to Amend a Long-term Lease for Children's National Hospital to the full Board for approval.

There being no further business, the meeting adjourned at 11:23 a.m.

Closed Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Room 102 A/B, Fralin Biomedical Research Institute
8:45 a.m.
August 29, 2023

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

* Requires full Board approval

Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Room G102 A/B, Fralin Biomedical Research Institute

To begin immediately following the Finance and Resource Management Committee
Closed Session

August 29, 2023

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Open Session	Committee Member
2. Welcome and Opening Remarks	Anna James
3. Consent Agenda	Anna James
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the June 6, 2023 Meeting	
#+ 4. Comprehensive Update on Advancement	Charlie Phlegar
5. Report on Gramm-Leach-Bliley Act Compliance and IT Security	Randy Marchany Melinda West
6. EVPCOO Update and Discussion	Amy Sebring
+ 7. Update on the 2024-2030 Six-Year Plan	Tim Hodge
* 8. Approval of Year-to-Date Financial Performance Report (July 1, 2022 – June 30, 2023)	Tim Hodge Bob Broyden
9. Discussion of Future Agenda Topics and Closing Remarks	Anna James

Open Joint Session Agenda

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

Room G102 A/B, Fralin Biomedical Research Institute

10:45 a.m.

August 29, 2023

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
*#+ 1. Ratification of the Capital Outlay Plan for 2024-2030	Ken Miller Chris Kiwus Bob Broyden
* 2. Approval of Resolution to Amend a Long-term Lease for Children's National Hospital	Ken Miller Chris Kiwus Bob Broyden

COMPREHENSIVE UPDATE ON ADVANCEMENT

CHARLIE PHLEGAR

SENIOR VICE PRESIDENT FOR ADVANCEMENT

August 29, 2023

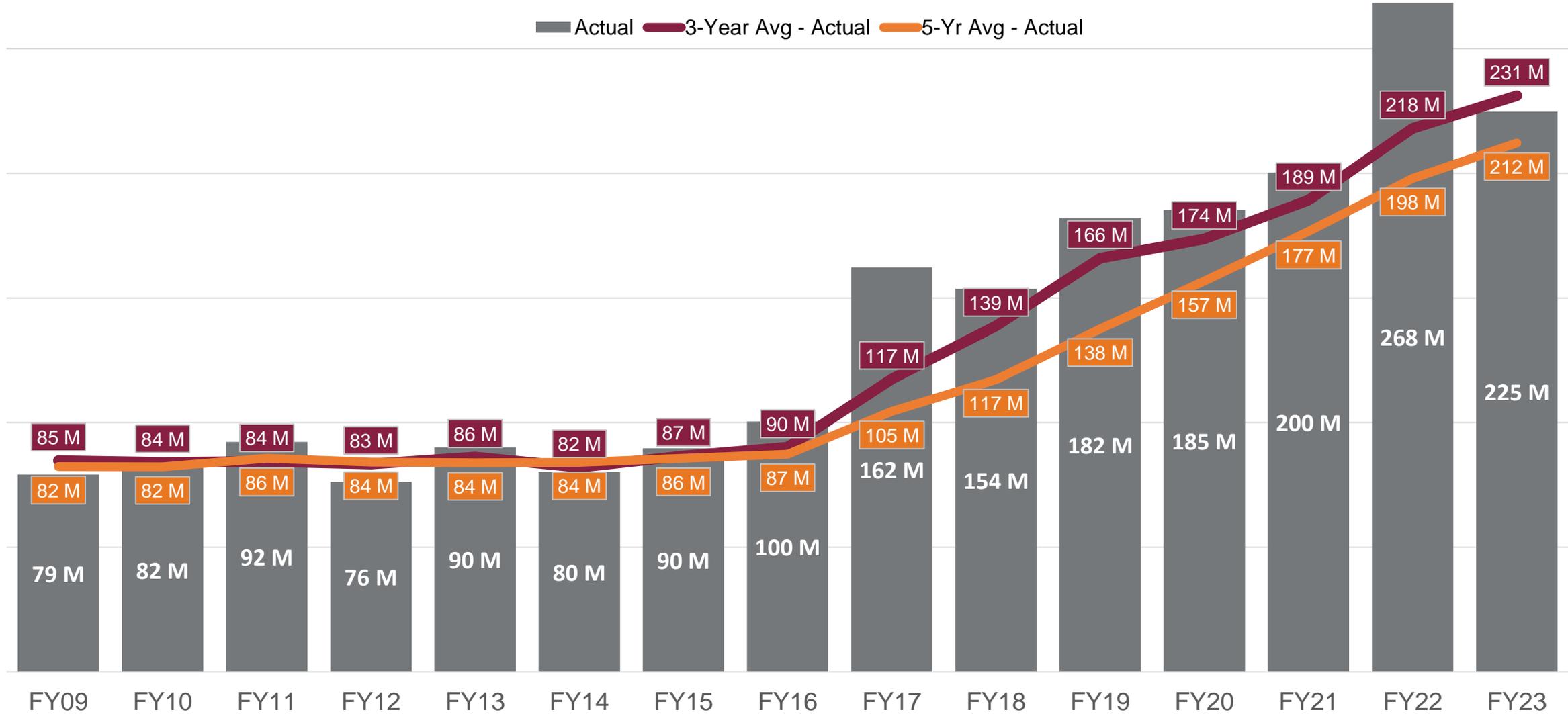
YEAR-END GIVING RESULTS

for the period July 1, 2022 – June 30, 2023

- New Gifts & Commitments
 - **\$225,077,009**
 - Increased from \$100,419,843 in 2016
- Cash
 - **\$200,809,071**
 - Increased from \$101,451,931 in 2016
- CASE 50 – represents the top 75 Advancement institutions globally based on a five-year rolling average of cash, new gifts and commitments, and peer recommendations as reported through VSE
- Three-year New Gifts & Commitments average of over **\$231 million**
- Five-year New Gifts & Commitments average of **\$212 million**

NEW GIFTS AND COMMITMENTS

3-YEAR AND 5-YEAR AVERAGE COMPARISON



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

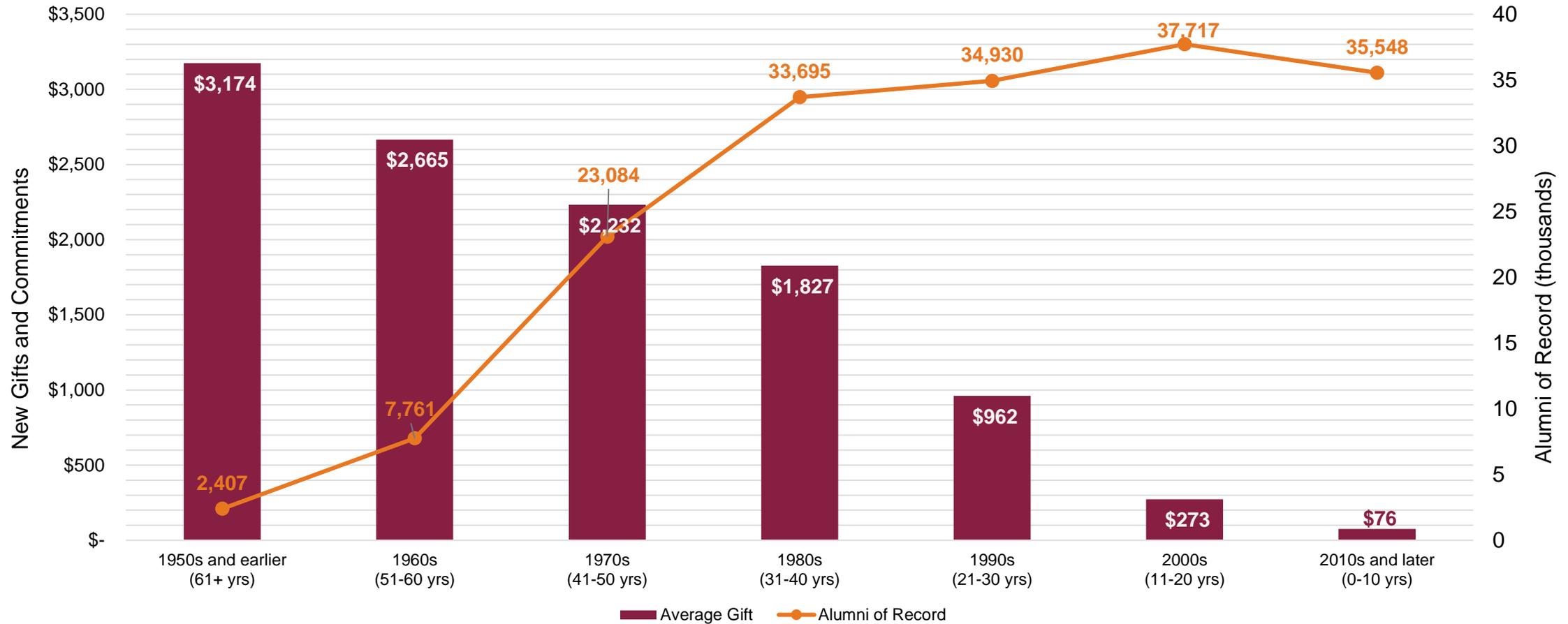
YEAR-END GIVING RESULTS

for the period July 1, 2022 – June 30, 2023

- **Boundless Impact Campaign**
 - **\$1.419 billion** raised toward a \$1.872 billion goal
- **Undergraduate Alumni Participation**
 - Sustained participation from FY22
 - Class of 2023: **46%** participation rate
 - Additional \$1 billion over the next 20 years due to alumni base growth
- More than 66,000 total donors

A COMING WAVE OF ALUMNI WILL SOON ENTER THEIR PRIME GIVING YEARS

Average Gift Size by Alumni Class year Decade & Alumni of Record by Class Year Decade



NEAR-TERM FOCUS AREAS

- Virginia Tech Advantage metrics and timeline
- Top Global 100 initiative metrics and timeline
- VT Alumni Association
 - Alignment with Advancement, supporting and advocating university strategic priorities
 - Vision for Board alignment across the university

Report on Gramm-Leach-Bliley Act Compliance and IT Security
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
July 26, 2023

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 program, 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 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 2023 report on GLBA compliance follows.

University GLBA Compliance Program:

*Policy 7025, Safeguarding Nonpublic Customer Information*¹ 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*² and students receive annual notices³ including specific GLBA financial records information.
- b. **Data Classification:** ITSO has implemented a data classification⁴ 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 standards⁵ to protect nonpublic personal information from unauthorized access or disclosure. Safeguards for high-risk data⁶ include encryption, access controls, intrusion detection systems, staff 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). Each vendor contract is assigned a contract manager at the department level who regularly assesses and monitors the data security practices of their procured third-party service providers with access to nonpublic personal information. Additionally, the contract manager obtains each vendor's annual Service Organization Controls (SOC) report and considers identified compliance issues when deciding to renew or continue the vendors' services.

¹ <https://policies.vt.edu/assets/7025.pdf>

² <https://policies.vt.edu/7030.pdf>

³ https://www.registrar.vt.edu/content/dam/registrar_vt.edu/documents/Updates/Annual-FERPA-Notification.pdf

⁴ https://it.vt.edu/content/dam/it_vt.edu/policies/Virginia-Tech-Risk-Classifications.pdf

⁵ https://it.vt.edu/content/dam/it_vt.edu/policies/Minimum-Security-Standards.pdf

⁶ https://it.vt.edu/content/dam/it_vt.edu/policies/Standard-for-High-Risk-Digital-Data-Protection.pdf

- e. Incident Response Plans: ITSO developed an incident response plan⁷ 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. Based on this analysis, the university is working with two identified vendors to implement multi-factor authentication as required by the safeguards rule.

Compliance Status:

The GLBA working group through completion of the above has determined that the university is currently in compliance with the Standards. The Office of Audit, Risk, and Compliance is in the process of conducting an internal audit of the university's program and will present any recommendations to the Board's Compliance Audit Risk Committee when the project is complete. Management is not aware of any findings or audit recommendations at this time resulting from either the internal or external audits in progress.

⁷ https://security.vt.edu/docs/incident/incident_response.pdf

Ongoing Efforts:

Each department within the university's GLBA compliance program remains committed to continuously improving data protection practices and risk management strategies. The Qualified Individual, in collaboration with 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.

RECOMMENDATION:

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

August 29, 2023

REPORT ON GRAMM-LEACH-BLILEY ACT COMPLIANCE AND IT SECURITY

RANDY MARCHANY, CHIEF INFORMATION SECURITY OFFICER

MELINDA WEST, ASSOCIATE VP FOR FINANCE & UNIVERSITY CONTROLLER

August 28, 2023

GRAMM-LEACH-BLILEY ACT (GLBA)

- Enacted in early 2000s to control how financial institutions deal with individuals' private information
- Established standards for handling of nonpublic personal information
 - Security and confidentiality
 - Protect against anticipated threats and hazards impacting security and integrity
 - Protect against unauthorized access of information resulting in substantial harm or inconvenience

FINANCIAL INSTITUTION:
Includes companies that offer consumer financial products such as loans

UNIVERSITY STATUS:
Policy issued 2004

Supported by:
University IT Policies and Standards
Family Educational Rights
Privacy Act

GRAMM-LEACH-BLILEY ACT (GLBA) Revisions

- Effective June 9, 2023, revisions in the Standards for Safeguarding Customer Information Rule 16 CFR Part 314 include:

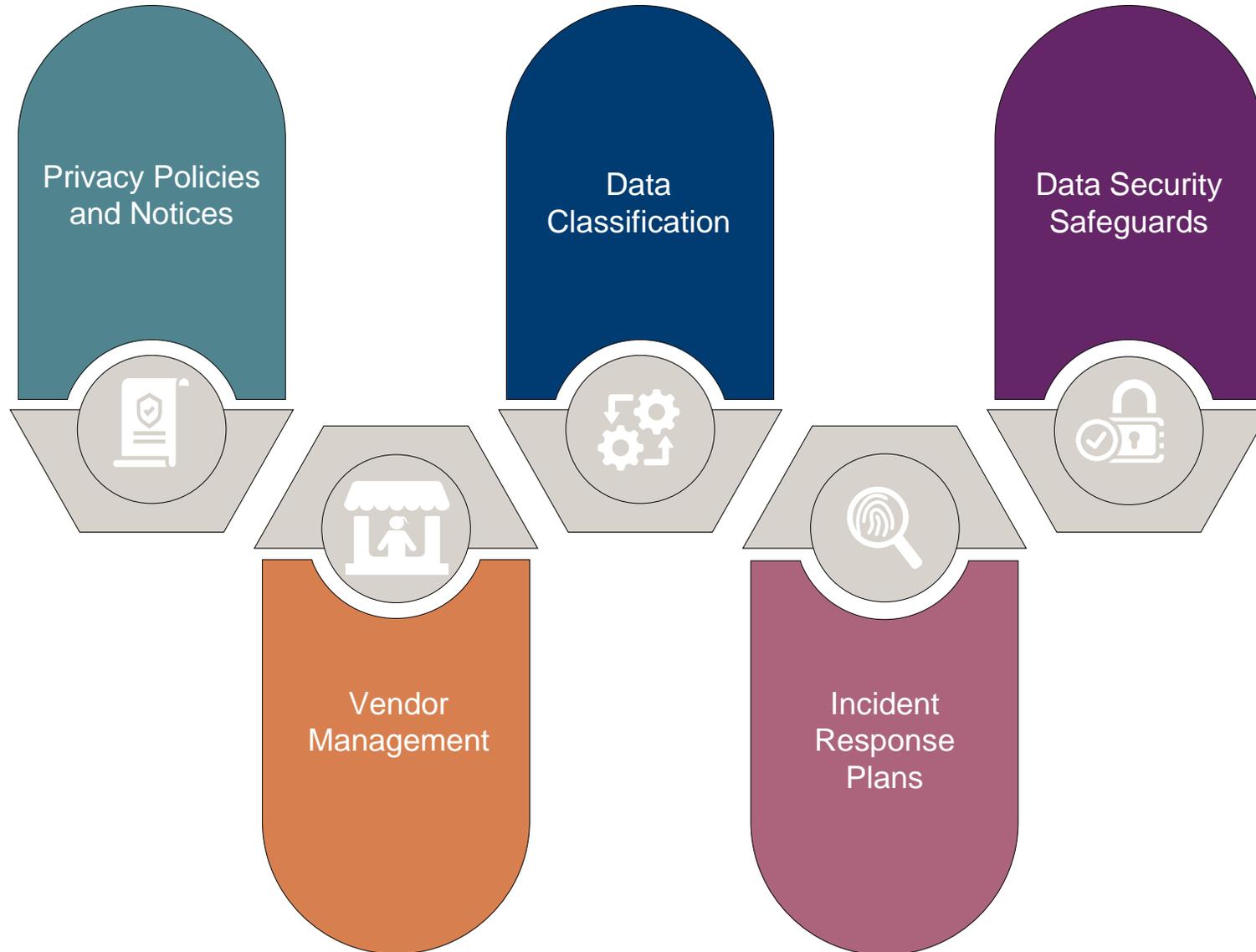
Description	Status
Annual report to BOV on program	August 2023
Designated Qualified Individual	Randy Marchany, Chief Information Security Officer
Risk assessment, implementation of safeguards, testing and written program	Completed June 2023
Incident response plan	Reviewed June 2023
Service provider oversight	Completed annually

UNIVERSITY STATUS:
 Compliant
 Policy revision **PENDING**
 2023

GLBA COMPLIANCE



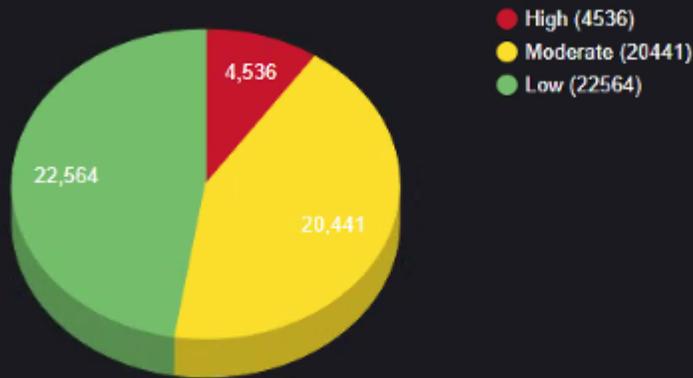
DATA COMPLIANCE MEASURES



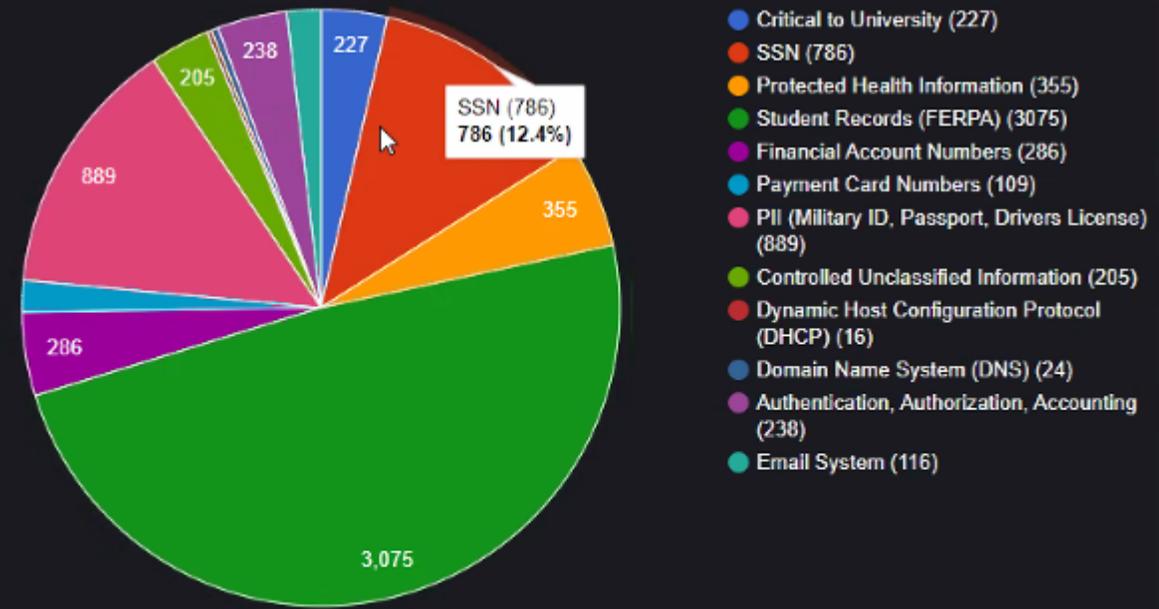
Assets Distribution

Asset Type
hosts

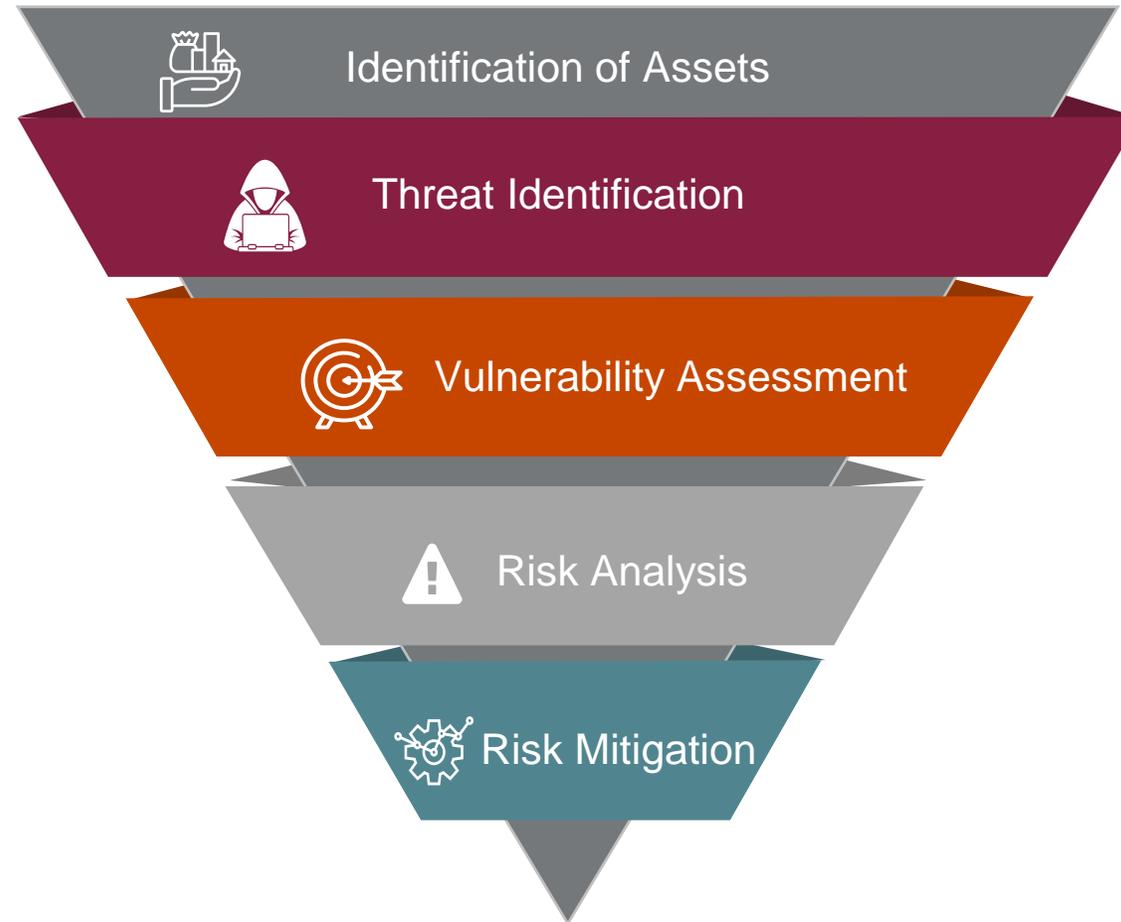
(U) Risk Asset Classifications



(U) High Risk Categories



RISK ASSESSMENT



REPORT ON GRAMM-LEACH-BLILEY ACT COMPLIANCE AND IT SECURITY

RECOMMENDATION

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

August 29, 2023

EVPCOO UPDATE AND DISCUSSION

AMY SEBRING

EXECUTIVE VICE PRESIDENT AND CHIEF
OPERATING OFFICER

August 29, 2023



UPDATE ON THE 2024-2030 SIX-YEAR PLAN

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET
AND FINANCIAL PLANNING



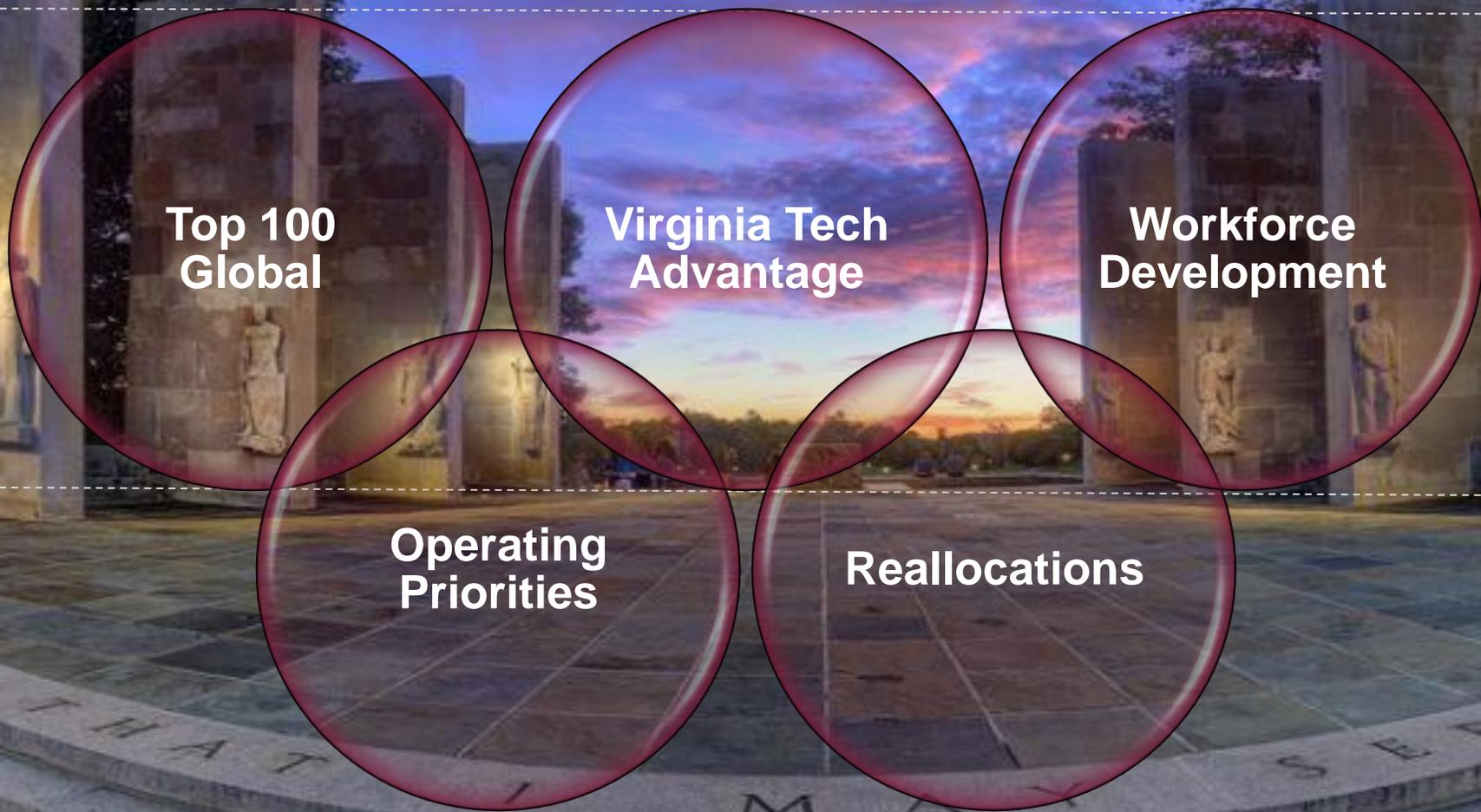
SIX-YEAR PLANNING PROCESS

Required by the Higher Education Opportunity Act of 2011
Outlines the university's alignment with Virginia Plan for Higher Education
Positions the university to seek state support

Timeline

- May 17 – SCHEV Instructions
- June 6 – BOV Finance and Resource Management Committee Update
- July 17 – Initial Submission to State
- August 31 – OpSix presentation
- September – Feedback from OpSix
- Fall – Executive Budget Request Process
- November – BOV review and approval of final plan

OVERVIEW OF SIX-YEAR PLAN



TOP 100 GLOBAL RESEARCH INSTITUTION

Virginia Tech Research Enterprise

~\$600M

RESEARCH EXPENDITURES
IN FY22

#54

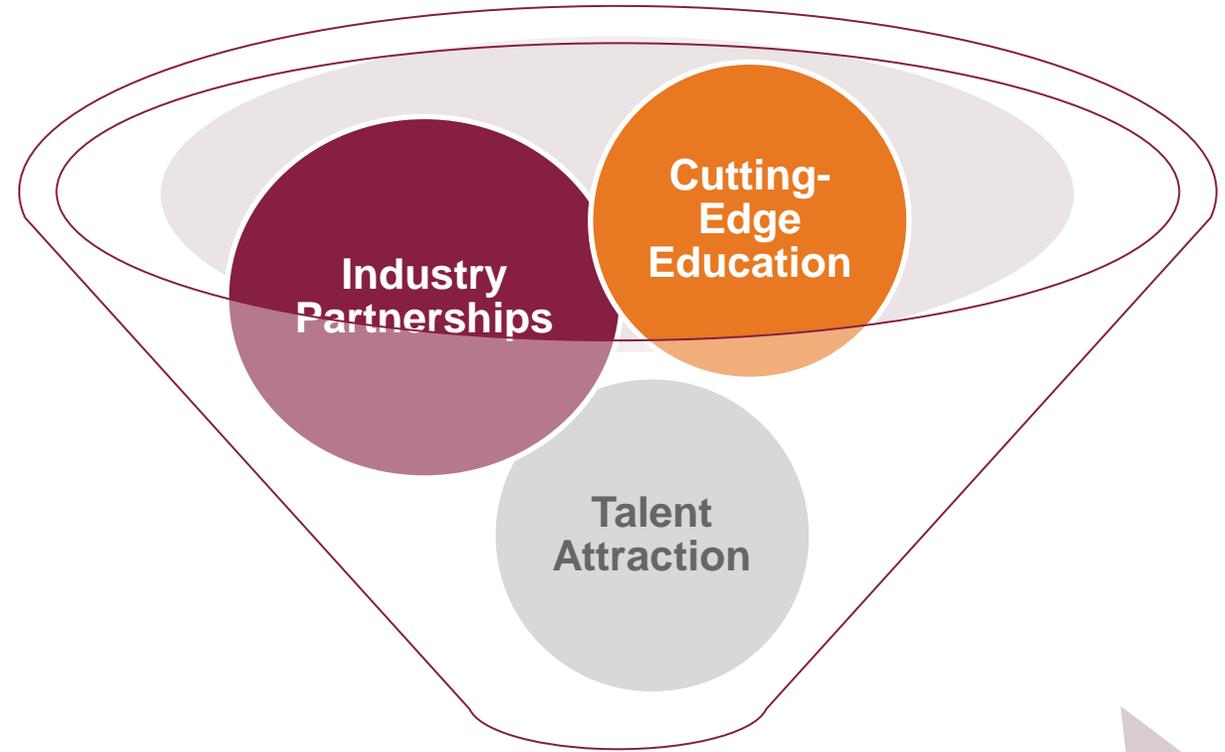
NATIONAL SCIENCE FOUNDATION
HERD SURVEY

TOP 6%

RESEARCH
EXPENDITURES

2,097

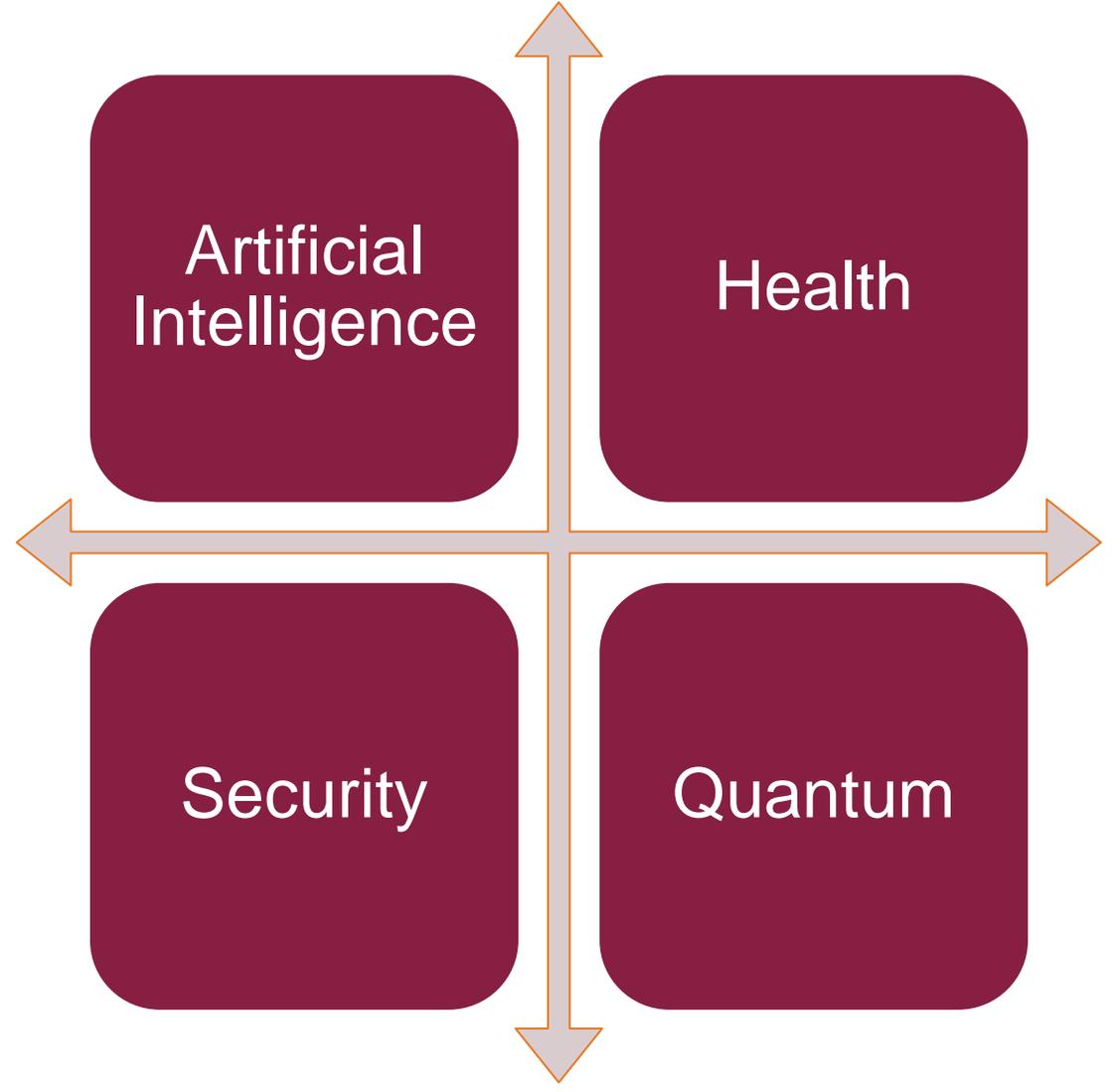
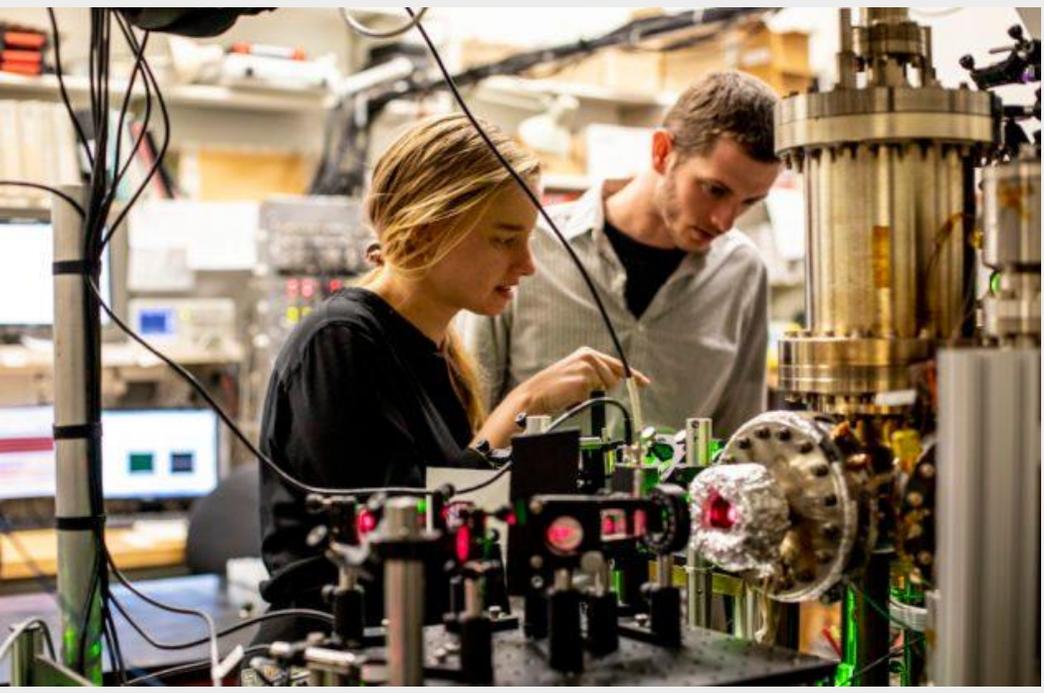
NEW AWARDS
IN FY22



**Economic
Growth**

Virginia Tech Research Frontiers

TOP 100
GLOBAL RESEARCH
INSTITUTION



THE VIRGINIA TECH ADVANTAGE

Inspired by its land-grant mission, Virginia Tech strives to extend opportunities for a high-quality educational experience to all students regardless of financial circumstances.

University-wide, multiyear commitment that will leverage institutional, state, and private funds, and a portion of university planned reallocations.

Affordability

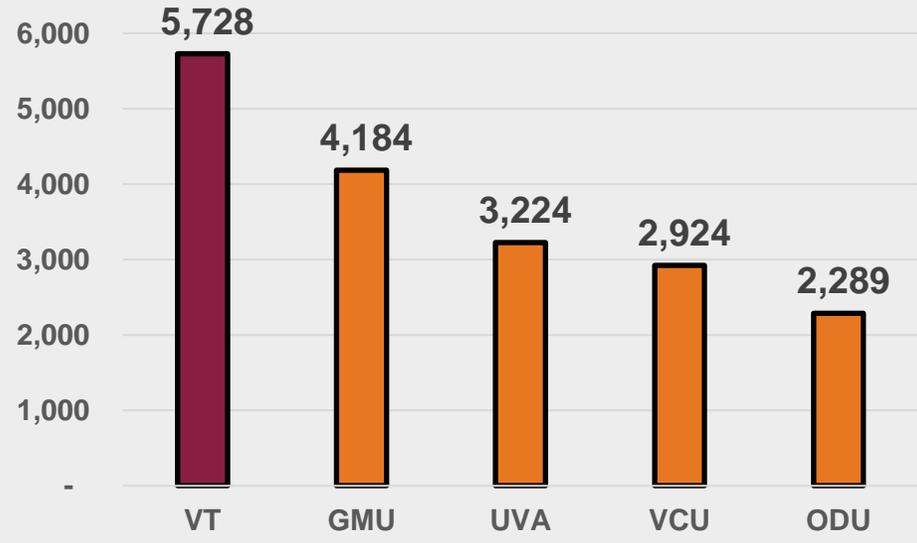
- Close net price gap with peers
- Reduce financial precarity to maintain progress toward degree.
- Remove financial barriers through scholarships and emergency funds.

Student Success

- Provide a holistic approach to student success, including enhanced advising programs that bolster retention and reduce time-to-degree.
- Emphasis living-learning communities and degree-embedded experiential learning.

VIRGINIA TECH PRODUCES THE MOST STEM-H DEGREES

STEM-H Degrees 2022
Top 5 Public Universities in VA



'CAREER EVERYWHERE' CULTURE



First Year Experiences – Career and Professional Development faculty guide students through career exploration in their first year.

Bridge Experiences – Curriculum and course redesign initiative to building transcriptable, career-related experience into every Virginia Tech degree.

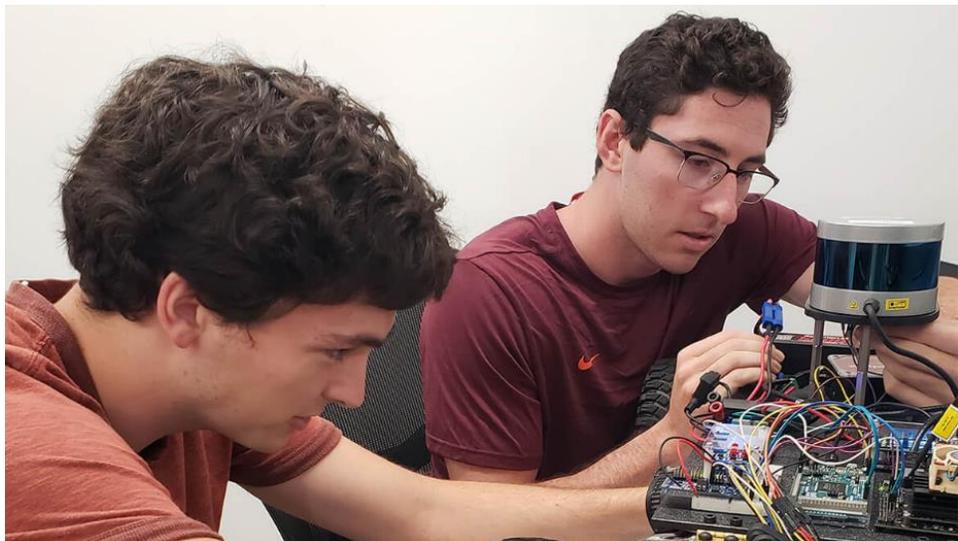
Experiential Learning:

VTOP – continued engagement with Virginia employers who can offer meaningful work-based learning experiences.

Undergraduate Research – engages students in problem solving, including experience with emerging technologies like drones, AI, and machine learning.

Virginia Tech Transportation Institute Intern Hub – allows students to work on high-tech automotive projects during academic year and complete a summer internship with industry partner.

The **Virginia Tech Advantage** will provide greater flexibility for students to pursue paid internships and other professional experience opportunities.





- Nearly 100% match in residency programs
- Screens over 7,000 applicants for 49 positions

Current conditions:

- Physicians shortages forecast for the Commonwealth; shortfall more acute in rural areas
- VTCSOM currently receives no operating support from the Commonwealth for medical education
- No differential tuition for in-state students

Future state investment would:

- Increase class size
- Allow for reduced in-state tuition
- Provide financial aid to reduce student borrowing

OPERATING PRIORITIES

To enable the university to make progress towards the strategic initiatives, many operational costs must be managed.

FACULTY & STAFF COMPENSATION

A priority to ensure a talented workforce, VT will make limited progress towards market compensation using self-generated revenue coupled with state programs to elevate market standing.

O&M OF NEW FACILITIES

Several critical academic facilities will come on-line during the 2024-26 biennium, requiring O&M support to ensure full benefits of the facility.



CURRENT OPERATIONS

Uncontrollable cost increases associated with leases, employee benefits like health insurance and retirement, and inflationary contracts.

LIBRARY AND UTILITY INFLATION

Journal, software, data source subscriptions, electricity, and other inflationary costs.

STRATEGIC REALLOCATION

- Limited resources require Virginia Tech to prioritize initiatives for funding.
- Strategic Reallocations allow for:

Multi-year planning

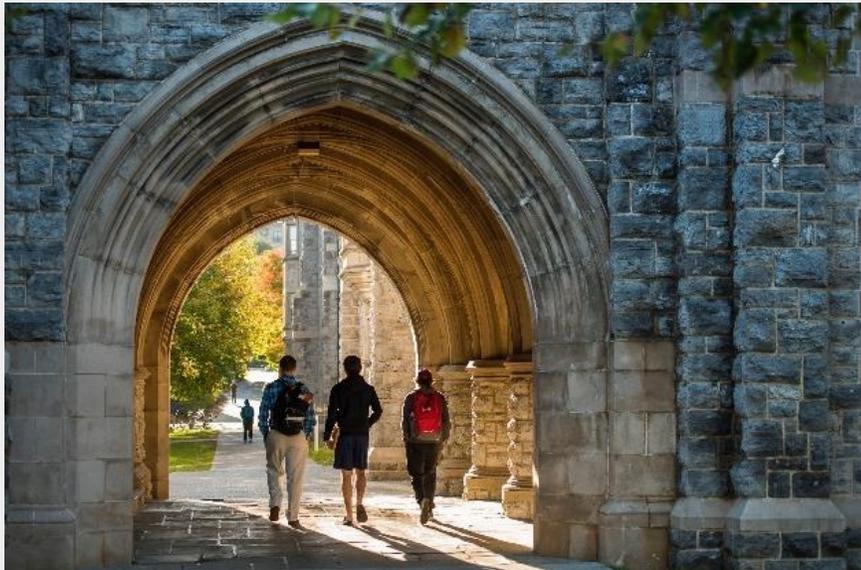
Process redesign and technology upgrades to facilitate work

Programmatic focus and alignment

- The university is planning \$25 million reallocation program implemented over a 5-year time period.



GENERAL FUND REQUESTS



	2024-25	2025-26
Moderate In-State Tuition Increases	\$5.8M	\$11.7M
Increase Need-Based Financial Aid	\$6.5M	\$13.0M
Expand Medical Education	\$10.1M	\$15.6M
Advance Research Frontiers	\$3.8M	\$7.5M
Unique Military Activities	\$0.4M	\$0.7M
O&M of New Facilities	\$3.2M	\$3.4M

COOPERATIVE EXTENSION/AGRICULTURAL EXPERIMENT STATION GENERAL FUND REQUESTS

	2024-25	2025-26
Agricultural Innovation and Community Resource Development <ul style="list-style-type: none"> Specialized agents and specialists for opportunities in precision agriculture, automation & connectivity, data analytics, and controlled environment agriculture. 	\$0.7M	\$1.4M
Advanced Equipment <ul style="list-style-type: none"> Technology and equipment is needed to ensure innovative leadership for the Virginia's agribusiness industry. 	\$0.7M	\$0.7M
Maintain Level of Service <ul style="list-style-type: none"> Support NGF share of state cost assignments and utility cost increases. 	\$1.1M	\$2.2M



NEXT STEPS

- August 31 – OpSix meeting
- September – Feedback from the state
- October 1 – University response to feedback
- Fall – Executive Budget Request
- November - BOV review and approval of final plan

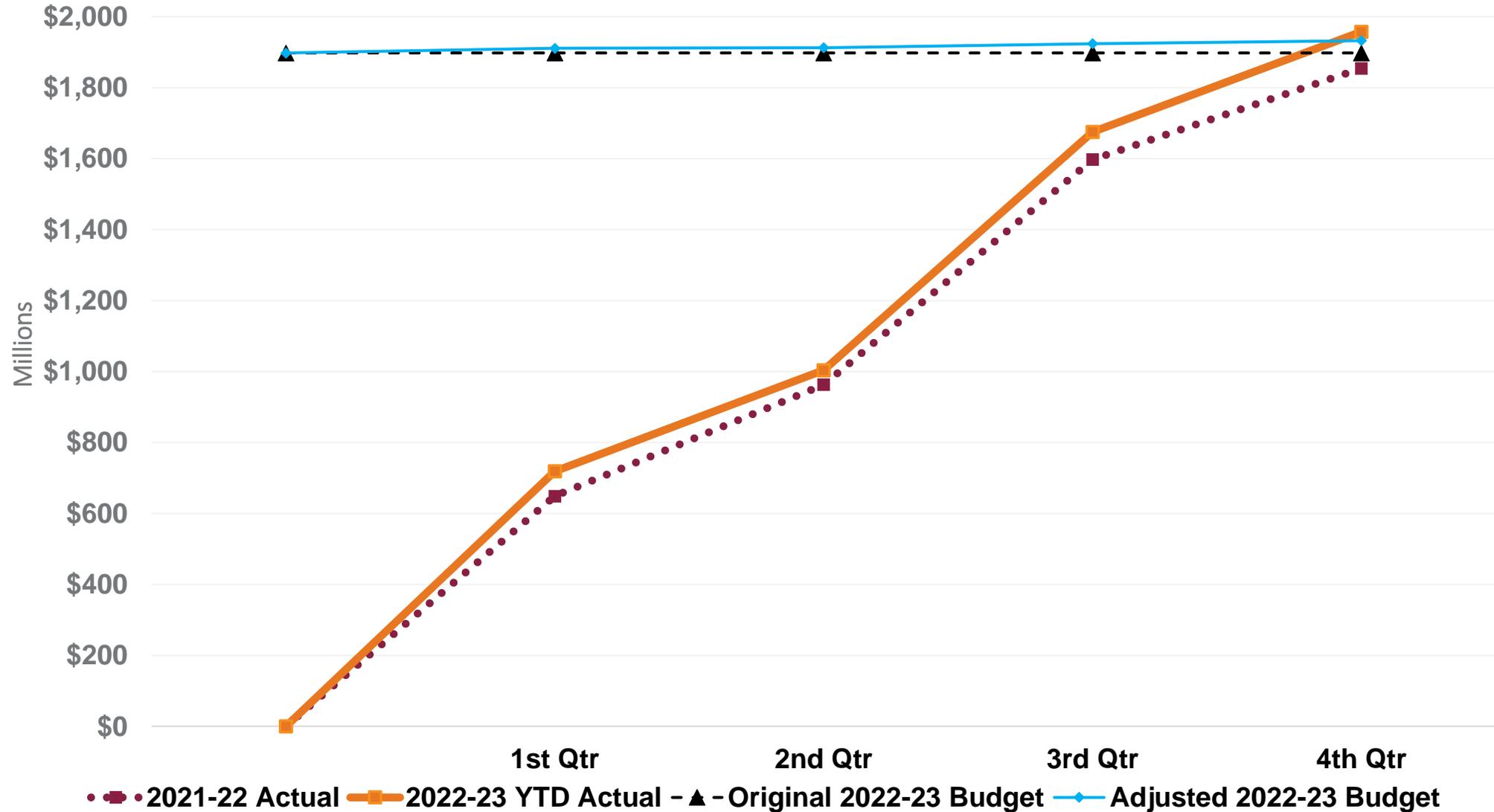
APPROVAL OF FY23 FINANCIAL PERFORMANCE REPORT

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR
BUDGET AND FINANCIAL PLANNING

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

August 29, 2023

OPERATING REVENUES



Annual Budget Changes

Auxiliary Enterprises

Dining Services: \$0.9 million increase for higher business volume.

Residential: \$3.4 million for residence hall repairs.

Financial Performance

Education & General (E&G)

Successfully closed fiscal year in both Agencies.

E&G funds were fully utilized without deficit in accordance with State rules.

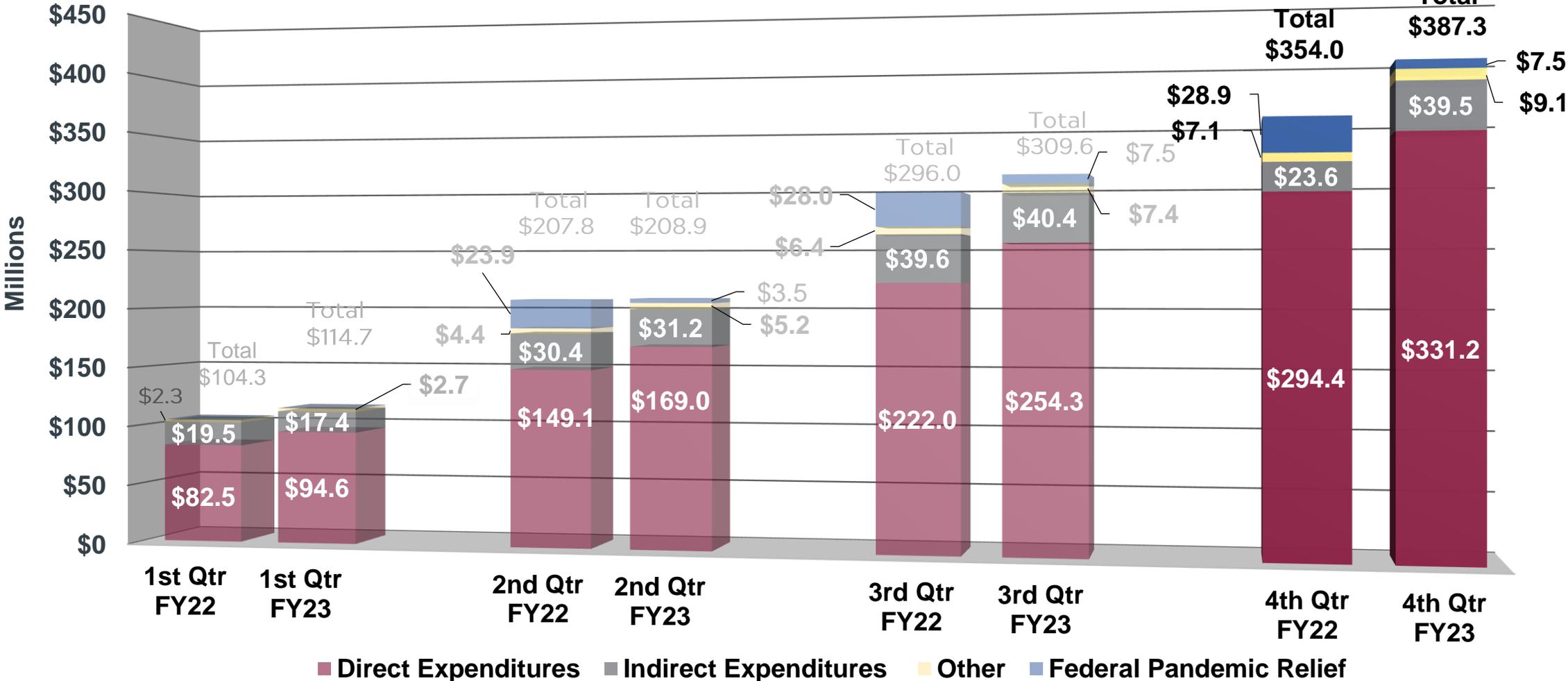
Auxiliary Enterprises

Auxiliary loan repayments (underwritten by reserves) & expenses lower than projected due to product availability, long lead times, and staffing challenges.

Auxiliary temporary year end savings due to timing of incomplete projects (carryover): estimated \$18.9 million.

SPONSORED PROGRAM EXPENDITURES

FY22 VS FY23



CAPITAL PROGRAM

KEY PROGRAM UPDATES

Mitchell Hall

- *Final state funding report and budget adjustment*

Projects Added

- *Slusher Hall Renovation*
- *Football Locker Room Renovations*
- *Planning for Student Life Village, Phase I*
- *Commerce Street Property Acquisition*

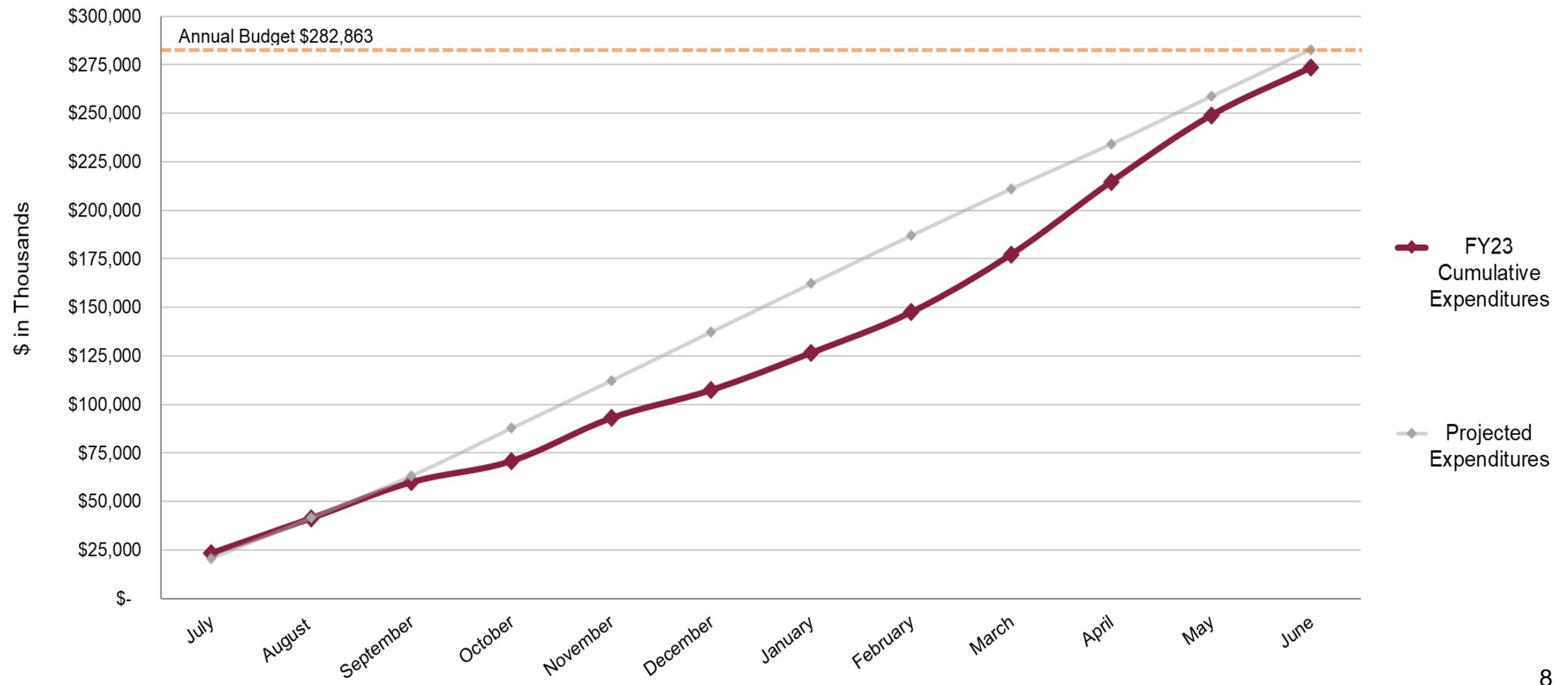
Projects Closed

- *Chiller Plant Phase II*
- *Holden Hall Renovations*
- *Improve Kentland Facilities*
- *Planning: Relocate Hampton Roads AREC*
- *Gas-Fired Boiler at the Central Steam Plant*
- *Creativity & Innovation District Living Learning Community (LLC)*

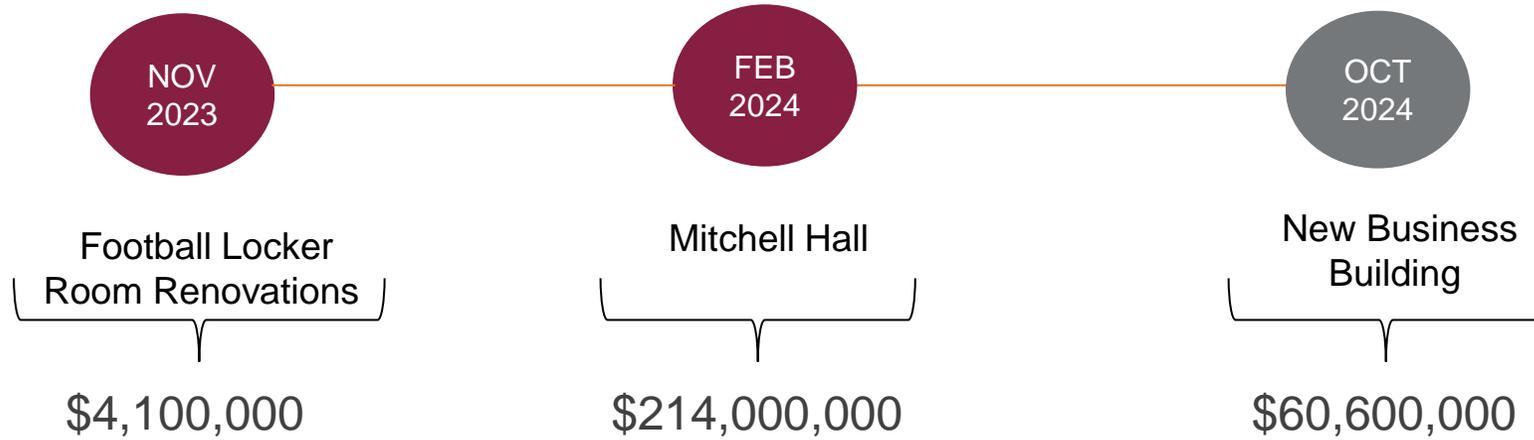
CAPITAL OUTLAY TOTAL PROGRAM

	1 st Quarter Ended	2 nd Quarter Ended	3 rd Quarter	4 th Quarter
 Design	5	2	2	4
 Construction	11	13	12	12
 Equipment	3	3	3	3
 Closeout	5	6	7	9
Total Projects	24	24	24	28
Total Budget (\$ in Thousands)	\$1,387,574	\$1,387,574	\$1,387,574	\$1,469,063
Total Expenditures (\$ in Thousands)	\$504,893	\$552,381	\$622,302	\$713,349

ACTIVITY THROUGH JUNE 30, 2023



TIMING FOR CONSTRUCTION PRICING



Spending on
Projects in design
phase through
June 30, 2023-
\$8,442,000

PROJECTS COMING ONLINE

2023

- ❖ JUL: Corps Leadership & Military Sciences Building
- ❖ AUG: Livestock & Poultry Research Facilities, Phase I
- ❖ AUG: New Upper Quad Residence Hall
- ❖ AUG: Slusher Hall Renovations

2024

- ❖ JAN: ADA & Code Compliance
- ❖ MAR: Hitt Hall
- ❖ JUN: Innovation Campus-Academic Building
- ❖ JUN: Undergraduate Science Lab
- ❖ JUL: Student Wellness Improvements

Spending on projects in construction phase through June 30, 2023- \$365,251,000

APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

July 1, 2022 – June 30, 2023

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, 2022 through June 30, 2023 and the Capital Outlay report be approved.

August 29, 2023



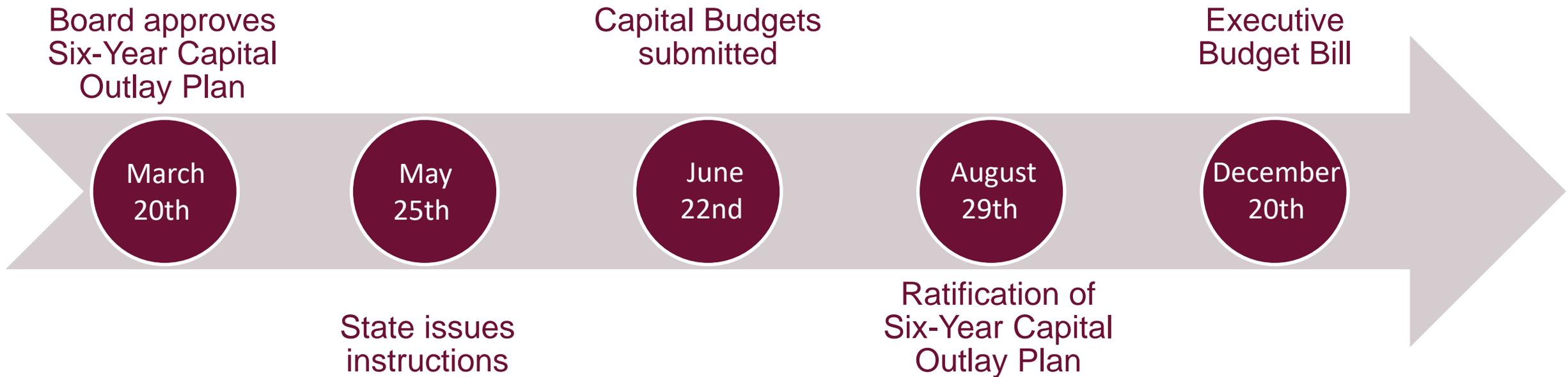
Ratification of the 2024-2030 Capital Outlay Plan

BOB BROYDEN

**Associate Vice President for Campus Planning and
Capital Financing**

AUGUST 29, 2023

CAPITAL PLAN & BUDGET PROCESS



STATE GUIDANCE FOR SUBMISSION

1

Each agency may submit only a subset of its highest priorities for General Fund support.

2

Supplement funding for projects previously approved for construction will be the top budget priorities.

3

Agencies should include small, medium, and large size projects in their submission.

4

Include maintenance reserve-like projects that extend the useful life of an asset.

5

Use state construction cost values and escalation rates to estimate the total project costs.

PLAN ADJUSTMENTS

Attachment A – General Fund Projects

- Revised titles of two projects to better align with state budget perspectives
- Inserted a new project to align with the Maintenance Reserve-like funding priorities
- Updated cost estimates to use the state's adjusted prescribed unit cost for construction and escalation rates

Attachment B – Nongeneral Fund Projects

- No adjustments

CAPITAL BUDGET REQUESTS

University Division	General Fund	Nongeneral Fund	Total
Expansion of VTC-SOM and FBRI	\$153,700	\$30,000	\$183,700
Chemistry/Physics Facilities Renovation & Expansion	100,500	40,900	141,400
Life, Health, Safety, Code Compliance Package	8,000	-	8,000
Derring Hall Envelope Repair	16,800	-	16,800
Total University Division Projects	\$279,000	\$70,900	\$349,900
Cooperative Extension/Agricultural Experiment Station Division			
Center Woods Complex Improvements	\$14,700	-	\$14,700
AREC Improvements	25,200	-	25,200
Total CE/AES Division Projects	\$39,900	-	\$39,900
Total General Fund Submissions for 2024-2026	\$318,900	\$70,900	\$389,900

RESOLUTION FOR THE RATIFICATION OF THE CAPITAL OUTLAY PLAN FOR 2024-2030

RECOMMENDATION:

That the Six-Year Capital Outlay Plan listing of projects shown on Attachment A for the period 2024 through 2030 be ratified for budget consideration with the state.

AUGUST 29, 2023

Resolution to Amend Long-term Lease with Children's National Research Center

BOB BROYDEN

Associate Vice President for Campus Planning and Capital Financing

AUGUST 29, 2023



- Scope: 12,350 rentable square feet
- Schedule: occupancy Summer 2025
- Terms: 10-year initial with extensions through 2051
- Cost: \$550,000 annual lease (\$11.3M NPV) and \$8.7 million in upfits for a total lease value of \$20 million
- Funding Plan: University nongeneral funds



RESOLUTION TO AMEND A LONG-TERM LEASE WITH CHILDREN'S NATIONAL RESEARCH CENTER

ATTACHMENT I

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to amend the Long-term Lease with Children's National Research Center to include additional space up to 12,350 rentable square feet and to upfit the space with incremental leasing costs not to exceed a net present value of \$20 million.

RECOMMENDATION

That the resolution authorizing Virginia Tech to amend a Long-term Lease for Children's National Phase II be approved.

AUGUST 29, 2023