

## **Committee Minutes**

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

**Room 260, New Classroom Building**

**June 11, 2024**

#### **Open Session**

**Board members present:** Ed Baine, LaTawnya Burleson – Staff Representative, David Calhoun, Sandy Davis, Nancy Dye, William Holtzman, Donald Horsley, John Rocovich, Emily Tirrell – Graduate and Professional Student Representative

**University personnel and guests:** Simon Allen, Callan Bartel, Lynsay Belshe, Leanne Bokinskie, Eric Brookes, Brock Burroughs, Corey Earles, Jeff Earley, Mike Friedlander, Bryan Garey, Martha Glass, Tim Hodge, Elizabeth Hooper, Anne Keeler, Christophe Larroque, Evan Lavender-Smith, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, William Poland, Paul Richter, Julie Ross, Tim Sands, Amy Sebring, Cliff Shaffer, Brennan Shepard, John Tarter, Rob Viers, Tracy Vosburgh, Mike Walsh, Melinda West, Chris Yianilos

- 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 Closed Session**
  - b. Approval of Minutes of the April 8, 2024 Meeting**
  - c. Auditor of Public Accounts Intercollegiate Athletics Program Report for Year Ended June 30, 2023:** The Auditor of Public Accounts (APA) published its Intercollegiate Athletics Program review for fiscal year 2023. The APA performed certain agreed-upon procedures to evaluate whether the Schedule of Revenues and Expenses of the Intercollegiate Athletics Program for fiscal year ended June 30, 2023, was in compliance with the National Collegiate Athletic Association (NCAA) bylaws. The Schedules were found to be in material compliance.

**\* Requires full Board approval**

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

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

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- d. Approval of 2024-25 Hotel Roanoke Conference Center Commission Budget:** The Committee reviewed for approval the 2024-25 Hotel Roanoke Conference Center Commission budget. The Hotel Roanoke Conference Center Commission was 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.

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- e. Approval of Revisions to Policy 12005, Policy on Commemorative Tributes:** The Committee reviewed for approval revisions to Policy 12005, Policy on Commemorative Tributes. The proposed revisions to Policy 12005, Policy on Commemorative Tributes include removing the 12-month separation rule, which stipulates that buildings, physical facilities, or major academic units are not to be named for individuals employed by the university during the year preceding the naming, from the policy; this proposed change eliminates the need to grant exceptions to this rule. Other adjustments to this policy include establishing tiers and standards for recognition signage for both corporate and individual donors and formalizing the coordination between the Division of Campus Planning, Infrastructure, and Facilities (CPIF) and University Advancement in reviewing and recommending individual and corporate donor recognition.

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- f. Approval of Revision to the Resolution for Authority to Loan Funds to University-Related Corporation:** The Committee reviewed for approval a revision to the Resolution for Authority to Loan Funds to University-Related Corporation. The university desires to increase advance working capital to a university-related Swiss Corporation, VT Swiss SA, to cover three months of operations expenditures at the center. This proposed revision authorizes the university to increase loan working capital to a maximum of \$500,000.

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- g. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies:** The Committee reviewed for approval the 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.

\* Requires full Board approval

# Discusses Enterprise Risk Management topic(s)

+ Discusses Strategic Investment Priorities topic(s)

The Committee approved the items on the Consent Agenda and recommended the 2024-25 Hotel Roanoke Conference Center Commission budget, the Revisions to Policy 12005, Policy on Commemorative Tributes, the Revision to the Resolution for Authority to Loan Funds to University-Related Corporation, and the Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies to the full Board for approval.

4. **Update from the Chief Operating Officer:** The Committee received an update from the Executive Vice President and Chief Operating Officer, Amy Sebring. Amy began by thanking the Division of Finance for their work to close out the prior fiscal year and begin the new one. She also provided an update on the university's unchanged bond rating, the university's Six-Year Plan submission to the state, and the Virginia Tech Foundation's plans for Hotel Roanoke improvements.

Additionally, Amy introduced the university's new Vice President for Finance and Chief Financial Officer, Simon Allen.

- # 5. **Update on Advancement:** Charlie Phlegar, Senior Vice President for Advancement, provided a report on University Advancement's work on volunteer boards and their fundraising efforts including current engagement numbers, giving totals, projections of future support through bequests, and communications and marketing efforts.

- \*# 6. **Approval of 2024-25 University Operating and Capital Budgets:** The Committee reviewed for approval the proposed university operating and capital budgets for 2024-25.

The Operating Budget for the 2024-25 fiscal year has a recommended internal budget for all operations of \$2.3 billion. This is an increase of \$156.4 million, approximately 7.4 percent, over the adjusted budget for last year. The university's total General Fund allocation is estimated to be approximately \$450.7 million, an increase of \$37.5 million over last year's adjusted budget. General Fund revenues will provide \$407.8 million in support for the instructional, research, and extension programs, \$39.3 million for student financial assistance, and \$3.6 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 \$66.1 million attributable to the Educational and General programs and \$22.4 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

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# Discusses Enterprise Risk Management topic(s)

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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 \$480.4 million for fiscal year 2024-25. The projected annual budget for Sponsored Programs is \$510.1 million, an increase of \$73.6 million, or 16.9 percent higher than the adjusted budget for last year.

Understanding that strategic investments will not be realized solely through incremental new revenue, the university is planning for \$25M of reinvestments over the next five years to support a portion of the multi-year initiative vision.

The Capital Budget capital outlay program for 2024-25 is comprised of 16 Educational and General projects and five Auxiliary Enterprise projects for a total of 21 projects. The total multi-year capital program for 2024-25 includes approximately \$1.17 billion of authorizations with an annual expenditure budget of approximately \$184 million for 2024-25.

The Committee recommended the 2024-25 University Operating and Capital Budgets to the full Board for approval.

- \* **7. Approval of Resolution to Amend Delegation of Authority for Selected Personnel:** The Committee reviewed for approval the Resolution to Amend Delegation of Authority for Selected Faculty Personnel Actions. This resolution proposes the amendment of the delegation of authority to delegate the implementation of Board-approved faculty compensation plans, to conform with the new Policy 4005, Exceptional Recruitment and Retention Incentive Options Policy, and to authorize the university to evaluate and adjust the threshold for salary actions based on merit or market changes.

The Committee recommended the Resolution to Amend Delegation of Authority for Selected Personnel to the full Board for approval.

- \* **8. Approval of 2024-25 Faculty Compensation Plan:** The Committee reviewed for approval the 2024-25 Faculty Compensation Plan. Based on the university's understanding of the state budget, a three percent faculty salary increase, effective on the July 1, 2024 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 2024, consistent with the proposed 2024-25 Faculty Compensation Plan. Implementation of this increase is subject to Board approval.

- \* **Requires full Board approval**
- # **Discusses Enterprise Risk Management topic(s)**
- + **Discusses Strategic Investment Priorities topic(s)**

To maintain and improve upon the university's standing relative to the 50<sup>th</sup> 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 will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation.

The Committee recommended the 2024-25 Faculty Compensation Plan to the full Board for approval.

- \* **9. Approval of 2024-25 Compensation for Graduate Assistants:** The Committee reviewed for approval the proposed 2024-25 schedule of stipends and support for the health insurance program for graduate students. The university proposed a three percent increase in the stipend scale and the establishment of a minimum stipend of \$2,682 per month.

The Committee recommends the 2024-25 Compensation for Graduate Assistants to the full Board for approval.

- \*#+ **10. Approval of Graduate Candidacy Status Tuition Rate:** The Committee reviewed for approval the proposed Graduate Candidacy Status Tuition Rate.

In March 2021, the Board of Visitors approved a lower tuition rate for research and dissertation hours for doctoral students who have completed two years of course work, passed their preliminary exam, and are engaged in research and dissertation efforts. The reduced tuition rate for Candidacy Status is intended to incentivize time-to-degree for Ph.D. students, minimize the cost to research programs, and better position the university within the competitive market.

To further advance these goals and support the Virginia Tech Global Distinction initiative, the university proposes increasing the Candidacy Status discount from 10 percent to 15 percent, effective Fall semester 2024.

The Committee recommended the Graduate Candidacy Status Tuition Rate to the full Board for approval.

- \* **11. Approval of Year-to-Date Financial Performance Report (July 1, 2023 – March 31, 2024):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2023 to March 31, 2024. For the third quarter, budget adjustments were made to reflect revisions to projected revenues and

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- # Discusses Enterprise Risk Management topic(s)
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expenditures. The report showed 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.

- 12. 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 10:42 a.m.

- \* Requires full Board approval
- # Discusses Enterprise Risk Management topic(s)
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**Closed Session Agenda**  
**FINANCE AND RESOURCE MANAGEMENT COMMITTEE**  
**Room 260, New Classroom Building**  
**8:45 a.m.**  
**June 11, 2024**

<b><u>Agenda Item</u></b>	<b><u>Reporting Responsibility</u></b>
1. Motion for Closed Session	John Rocovich
* 2. Ratification of Personnel Changes Report	Amy Sebring
* 3. 2023-24 Promotion, Tenure, and Continued Appointment Program	Amy Sebring

## Open Session Agenda

### FINANCE AND RESOURCE MANAGEMENT COMMITTEE

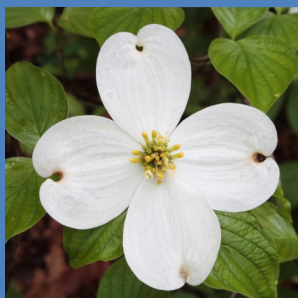
Room 260, New Classroom Building

9:00 a.m.

June 11, 2024

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Reconvene in Session	John Rocovich
2. Welcome and Opening Remarks	Dave Calhoun
3. Consent Agenda	Dave Calhoun
a. Approval of Items Discussed in Closed Session	
b. Approval of Minutes of the April 8, 2024 Meeting	
c. Auditor of Public Accounts Intercollegiate Athletics Program Report for Year Ended June 30, 2023	
* d. Approval of 2024-25 Hotel Roanoke Conference Center Commission Budget	
* e. Approval of Revisions to Policy 12005, Policy on Commemorative Tributes	
* f. Approval of Revision to the Resolution for Authority to Loan Funds to University-Related Corporation	
* g. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies	
4. Update from the Chief Operating Officer	Amy Sebring
# 5. Update on Advancement	Charlie Phlegar
*# 6. Approval of 2024-25 University Operating and Capital Budgets	Amy Sebring Tim Hodge Rob Mann
* 7. Approval of Resolution to Amend Delegation of Authority for Selected Personnel Actions	Amy Sebring
* 8. Approval of 2024-25 Faculty Compensation Plan	Tim Hodge
* 9. Approval of 2024-25 Compensation for Graduate Assistants	Tim Hodge
*# 10. Approval of Graduate Candidacy Status Tuition Rate	Tim Hodge
* 11. Approval of Year-to-Date Financial Performance Report (July 1, 2023 – March 31, 2024)	Tim Hodge Rob Mann
12. Discussion of Future Agenda Topics and Closing Remarks	Dave Calhoun





# VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

## INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2023

Auditor of Public Accounts  
Staci A. Henshaw, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



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April 17, 2024

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Board of Visitors  
Virginia Polytechnic Institute and State University

Timothy D. Sands  
President, Virginia Polytechnic Institute and State University

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the **Virginia Polytechnic Institute and State University's** (University) Statement of Revenues and Expenses of Intercollegiate Athletics Programs (Statement) for the year ended June 30, 2023. University management is responsible for the Statement and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Statement is in compliance with NCAA Constitution 20.2.4.17.1, for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

#### **Agreed-Upon Procedures Related to the Statement of Revenues and Expenses of Intercollegiate Athletics Programs**

Procedures described below were limited to certain items. For the purpose of this report, and as defined in the agreed-upon procedures, revenue and expense reporting categories require detailed testing if they are greater than or equal to four percent of total revenues or total expenses, as applicable. Based on this defined threshold, we have not performed detailed testing on the following items:

**Revenue Reporting Categories:**

- Direct institutional support
- Indirect institutional support
- Guarantees
- In-kind
- NCAA distributions
- Conference distributions (non-media or bowl)
- Program, novelty, parking, and concession sales
- Royalties, licensing, advertisement and sponsorships
- Sports camp revenues
- Athletics-Restricted endowment and investment income
- Other operating revenue

**Expense Reporting Categories:**

- Guarantees
- Severance payments
- Recruiting
- Sports equipment, uniforms and supplies
- Fundraising, marketing and promotions
- Sport camp expenses
- Spirit groups
- Athletic facilities leases and rental fees
- Athletic facilities debt service
- Indirect institutional support
- Medical expenses and insurance
- Memberships and dues
- Student-Athlete meals

For purposes of performing these procedures, no exceptions were reported for differences of less than one-tenth of one percent (0.10%) of revenues and expenses, as applicable. We have not investigated any differences and/or reconciling items below the reporting threshold while performing these agreed-upon procedures. We did not perform any procedures over reporting items with zero balances, which have been excluded from the Statement herein. The procedures we performed and associated findings are as follows:

**Internal Controls**

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to the Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics programs. We tested these procedures as noted below.

#### **Affiliated and Outside Organizations**

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the University's intercollegiate athletics programs by affiliated and outside organizations included in the Statement.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

#### **Statement of Revenues and Expenses of Intercollegiate Athletics Programs**

7. Intercollegiate Athletics Department management provided to us the Statement of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2023, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Statement, traced the amounts on the Statement to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Statement were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.
8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Media Rights	The increase of \$4.18 million or 11.09 percent is attributable to an increase in Atlantic Coast Conference (ACC) media revenue funding.
Coaching salaries, benefits, and bonuses paid by the University and related entities	An increase of \$2.6 million or 12.26 percent is due to several contract negotiations that increased certain coaches' salaries for program success, other contractual increases and market adjustments, and a five percent statewide increase effective for non-contractual assistant coaches.
Support Staff/Administrative salaries, benefits, and bonuses paid by the University and related entities	An increase of \$2.0 million or 10.86 percent is due to a five percent statewide increase and coaching contractual increases that included increased salary pools for support staff.

### **Revenues**

9. We reviewed two monthly ticket sales reconciliations performed for accuracy and proper review and approval. We performed a recalculation of ticket sales revenue for football and men's basketball by comparing the number of tickets sold, attendance, and sale price from the third-party ticketing system to total revenue recorded in the Statement. We determined the reconciliations reviewed to be accurate and properly approved. Revenue in the Statement was higher by \$3.1 million for football and \$1.2 million for basketball due to secondary ticket sales, handling and processing fees, and other adjusting entries.
10. We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Statement to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found a difference of \$1.1 million which we attribute to the methodology used to estimate student fee revenue compared to actual distributions of student fees to the department.
11. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Virginia Tech Foundation (VTF), an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from VTF, which exceeded ten percent of all contributions, and agreed them to supporting documentation. After adjusting contributions revenue in the Statement by \$182,680, we determined contributions to be accurately reported in the Statement.

12. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to media rights. We gained an understanding of the relevant terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation with no reportable differences.
13. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. We inspected the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation with no reportable differences.

### **Expenses**

14. Intercollegiate Athletics Department management provided us a listing of student aid recipients during the reporting period. Since the University did not use the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 60 individual student athletes across all sports and obtained the students' account detail from the University's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System. We identified two students with variances of \$400 and 51 students with variances of \$800 which are attributable to reporting estimated book fees and supplies for one or two terms, respectively. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system and performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies and noted no reportable differences.
15. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected five coaches, including football and men's and women's basketball coaches, and five support and administrative personnel and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation with no reportable differences.
16. We obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
17. We selected a sample of five disbursements each for team travel, game expenses, direct overhead and administrative expenses, and other operating expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records with no reportable differences.

18. We obtained a listing of debt service payments for athletics facilities for the reporting year. We selected a sample of three debt service payments included in the Statement, as well as the two highest payments, and agreed them to supporting documentation with no reportable differences.
19. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Statement with no reportable differences.

#### **Other Reporting Items**

20. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Statement and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation with no reportable differences.
21. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements with no reportable differences.
22. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University with no reportable differences.
23. We agreed the fair value of institutional endowments to supporting documentation and the audited financial statements of the University's Foundation with no reportable differences.
24. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of five transactions to validate existence and accuracy of recording and recalculated totals with no reportable differences.

#### **Additional Procedures**

25. We compared the sports sponsored by the University, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the ARMS software for the University. We noted agreement of the sports reported.
26. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted variations exceeding four percent when compared to prior year. The 7.14 percent decrease in grants-in-aid revenue distribution equivalencies was the result of reporting errors in the prior fiscal year that overstated football athletic aid equivalencies coupled with a current year decrease in exhausted eligibility and medical equivalencies for football and track and field and cross-country.
27. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met



the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.10.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

28. We compared the current number of sports sponsored to the prior year total reported in the University's NCAA Membership Financial Report submission and noted no variations when compared to prior year.
29. We obtained a listing of student athletes receiving Pell grant awards from the University's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.
30. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by University management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Statement of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the University and its management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

JMF/vks

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY  
STATEMENT OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
For the year ended June 30, 2023

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
<b>Operating revenues:</b>							
Ticket sales	\$ 15,031,058	\$ 3,116,891	\$ 323,009	\$ 123,742	\$ 77	\$ -	\$ 18,594,777
Student fees	-	-	-	-	2,689,151	10,896,789	13,585,940
Direct institutional support	-	-	-	-	-	600,000	600,000
Indirect institutional support	-	-	-	-	-	1,548,987	1,548,987
Guarantees	425,000	30,000	-	9,000	1,500	-	465,500
Contributions	8,363,411	353,053	486,831	1,625,263	647,401	15,851,775	27,327,734
In-Kind	113,621	101,466	3,000	44,506	9,489	9,027	281,109
Media rights	31,549,857	9,289,839	581,616	182,000	264,500	-	41,867,812
NCAA distributions	-	1,947,680	-	-	-	2,316,435	4,264,115
Conference distributions (non-media and non-football bowl)	167,054	183,847	-	-	-	-	350,901
Conference distributions of football bowl generated revenue	7,871,466	-	-	-	-	-	7,871,466
Program, novelty, parking, and concession sales	1,449,418	91,687	43,546	56,507	17,233	29,686	1,688,077
Royalties, licensing, advertisement and sponsorships	1,218,064	60,000	60,000	309,053	208,250	1,444,173	3,299,540
Sports camp revenues	101,648	-	-	-	-	-	101,648
Athletics-Restricted endowment and investment income	-	-	-	-	-	4,130,176	4,130,176
Other operating revenue	2,695,573	-	-	2,744	12,646	833,334	3,544,297
Total operating revenues	68,986,170	15,174,463	1,498,002	2,352,815	3,850,247	37,660,382	129,522,079
<b>Operating expenses:</b>							
Athletic student aid	4,209,834	794,810	716,399	3,431,188	5,100,637	1,777,872	16,030,740
Guarantees	550,000	253,443	105,000	220,981	18,218	-	1,147,642
Coaching salaries, benefits, and bonuses paid by the university and related entities	11,310,966	3,771,676	1,634,453	3,950,721	3,464,617	-	24,132,433
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	3,418,516	1,024,806	817,193	587,334	364,735	14,623,697	20,836,281
Severance payments	362,452	-	-	14,565	7,956	77,548	462,521
Recruiting	1,385,264	363,775	127,318	273,590	253,975	-	2,403,922
Team travel	1,107,040	555,670	638,635	1,311,154	1,330,632	5	4,943,136
Sports equipment, uniforms, and supplies	786,892	79,185	89,634	827,546	723,771	51,125	2,558,153
Game expenses	2,318,917	745,318	654,818	471,223	327,454	650,718	5,168,448
Fundraising, marketing and promotion	254,664	78,061	33,267	67,076	52,656	1,516,040	2,001,764
Sport camp expenses	155,087	-	-	-	-	-	155,087
Spirit groups	-	12,156	44,348	12,500	12,500	269,967	351,471
Athletic facilities leases and rental fees	-	-	450	125,682	126,240	-	252,372
Athletic facilities debt service	-	-	-	589,649	589,649	2,934,788	4,114,086
Direct overhead and administrative expenses	1,267,779	1,171,326	135,404	1,525,436	323,184	5,175,138	9,598,267
Indirect cost paid to the institution by athletics	66,301	-	-	-	-	6,318,080	6,384,381
Indirect institutional support	-	-	-	-	-	1,548,987	1,548,987
Medical expenses and insurance	298,575	29,910	30,026	277,621	297,558	679,412	1,613,102
Memberships and dues	1,944	1,790	150	23,086	22,640	25,871	75,481
Student-Athlete meals (non-travel)	1,145,237	196,836	89,934	867,608	791,216	162,058	3,252,889
Other operating expenses	3,805,822	380,936	177,026	577,021	310,798	4,664,567	9,916,170
Total operating expenses	32,445,290	9,459,698	5,294,055	15,153,981	14,118,436	40,475,873	116,947,333
Excess (deficiency) of revenues over (under) expenses	\$ 36,540,880	\$ 5,714,765	\$ (3,796,053)	\$ (12,801,166)	\$ (10,268,189)	\$ (2,815,491)	\$ 12,574,746
<b>Other Reporting Items:</b>							
Total athletics-related debt							\$ 94,668,000
Total institutional debt							\$ 795,600,000
Value of athletics-dedicated endowments							\$ 72,843,420
Value of institutional endowments							\$ 1,792,103,974
Total athletics-related capital expenditures							\$ 5,254,000

The accompanying Notes to the Statement of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Statement.

**VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**  
**NOTES TO STATEMENT OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the intercollegiate athletic programs of the University for the year ended June 30, 2023. The Statement includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$31,081,246 from the Virginia Tech Foundation, Inc. Approximately \$16,030,740 of these funds were used for grant-in-aid scholarships for student athletes. These amounts received are included in the accompanying Statement as follows: \$27,327,734 is included in the Contributions line item and \$3,753,512 is included in the Athletics-Restricted Endowment and Investment Income line item.

3. LONG-TERM DEBT, LONG-TERM LEASES, AND SBITAs

Externally-funded debt

The University, on behalf of the intercollegiate athletics program, has obtained debt financing for capital improvement projects as needed. These debts consist of Section 9(d) revenue bonds issued by the University and will be repaid by the program using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

Project	Maturity	Principal
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	\$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		<u>\$ 35,505,000</u>

#### Internally-funded debt

The University has internally loaned the intercollegiate athletics program funds for capital improvement projects as needed. These debts will be repaid by the program using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2023 (in dollars):

Project	Maturity	Principal
Student Athletic Performance Center	2029	\$ 2,839,000
ACC Media Studio	2031	8,397,000
Creativity & Innovation District	2041	19,358,000
Baseball Stadium and Rector Field House	2045	26,258,000
		<u>\$ 56,852,000</u>

#### Long-term lease payable

The University, on behalf of the intercollegiate athletics program, has entered into a long-term lease with the Town of Christiansburg for the use of the town's aquatic center ending in 2035. The lease will be paid by the program using operating revenues and private fundraising proceeds. As of June 30, 2023, the outstanding principal on this lease was \$1,343,000.

#### Subscription-based Information Technology Agreements (SBITAs)

The University, on behalf of the intercollegiate athletic program, has entered into multiple SBITAs to support the program's operations with various end dates. The SBITAs will be paid by the program using operating revenues and private fundraising proceeds. As of June 30, 2023, the outstanding principal for SBITAs was \$968,000.

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2023, is presented as follows (in dollars):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 5,363,000	\$ 1,646,000	\$ 7,009,000
2025	5,670,000	1,575,000	7,245,000
2026	5,443,000	1,493,000	6,936,000
2027	5,443,000	1,414,000	6,857,000
2028	5,616,000	1,340,000	6,956,000
2029-2033	22,158,000	5,346,000	27,504,000
2034-2038	20,613,000	3,431,000	24,044,000
2039-2043	19,936,000	1,388,000	21,324,000
2044-2045	4,426,000	94,000	4,520,000
	<u>\$ 94,668,000</u>	<u>\$ 17,727,000</u>	<u>\$ 112,395,000</u>

#### 4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. During the fiscal year, the Athletic Department paid \$6,384,381 to the University. This amount is included in the Indirect Cost Paid to the Institution by Athletics line item in the Football and Non-Program Specific categories.

#### 5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at acquisition value as of the donation date.

Intangible right-to-use assets consisting of the right-to-use buildings and Subscription-based Information Technology Arrangements (SBITAs) are stated at the net present value of future minimum lease payments at the commencement of the lease or subscription term. Intangible right-to-use assets are recognized when the net present value of future minimum lease or subscription payments is \$50,000 or greater.

Equipment is capitalized when the unit acquisition cost is \$2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed \$100,000. Renovation costs are capitalized when expenses total more than \$100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The beginning balance has been restated for the implementation of GASB Statement 96, *Subscription Based Information Technology Arrangements*. A summary of changes in capital assets follows for the year ending June 30, 2023 (*all dollars in thousands*):

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
<b>Depreciable capital assets</b>				
Buildings	\$ 233,664	\$ 3,970	\$ -	\$ 237,634
Moveable equipment	15,978	702	533	16,147
Software	313	-	-	313
Fixed equipment	14,712	205	-	14,917
Infrastructure	22,896	187	-	23,080
Right to use leases – buildings	1,976	-	-	1,976
Right to use assets – SBITAs	1,248	299	110	1,437
Total depreciable capital assets, at cost	290,787	5,360	643	295,504
<b>Less accumulated depreciation</b>				
Buildings	73,268	5,221	-	78,489
Moveable equipment	8,941	1,380	510	9,811
Software	304	9	-	313
Fixed equipment	6,842	670	-	7,512
Infrastructure	18,676	648	-	19,324
Right to use leases – buildings	279	139	-	418
Right to use assets – SBITAs	259	343	110	492
Total accumulated depreciation and amortization	108,569	8,410	620	116,359
Total depreciable capital assets, net of accumulated depreciation and amortization	182,218	(3,050)	23	179,145
<b>Non-depreciable capital assets</b>				
Construction in progress	4,514	3,830	3,936	4,408
Total non-depreciable capital assets	4,514	3,830	3,936	4,408
Total capital assets, net of accumulated depreciation and amortization	\$ 186,732	\$ 780	\$ 3,959	\$ 183,553

# UPDATE FROM THE CHIEF OPERATING OFFICER

AMY SEBRING, EXECUTIVE VICE PRESIDENT  
AND CHIEF OPERATING OFFICER

June 11, 2024

# UPDATE ON ADVANCEMENT

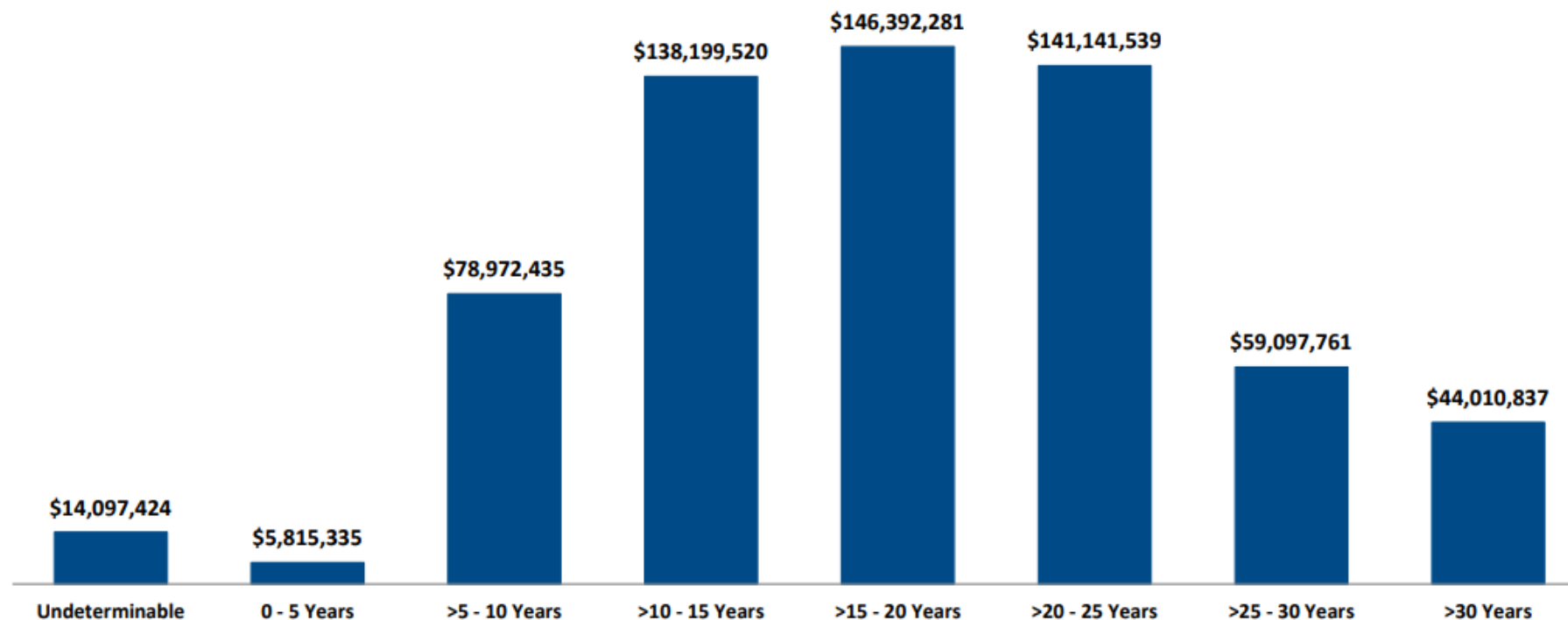
CHARLIE PHLEGAR, SENIOR VICE  
PRESIDENT FOR ADVANCEMENT

June 11, 2024



# PROJECTIONS OF FUTURE SUPPORT THROUGH BEQUESTS

Virginia Tech  
 Total Face Value of All Bequest Expectancies by Life Expectancy  
 As of 6/30/2023



Present Value of Bequest Expectancies \$280,407,123  
 Face Value of Bequest Expectancies \$627,727,132

**Notes:**

- 1) Individual bequest records may have different net appreciation and probability of realization rates.
- 2) Life Expectancy is based on the 2012 Individual Annuity Reserving table (2012 IAR).
- 3) The discount rate to calculate present value is 4.75% (Kaspick's estimate of Higher Education inflation rate).

# FY 25 OPERATING AND CAPITAL BUDGETS

AMY SEBRING

EXECUTIVE VICE PRESIDENT & CHIEF OPERATING OFFICER

TIM HODGE

ASSOCIATE VICE PRESIDENT FOR BUDGET & FINANCIAL PLANNING

ROB MANN

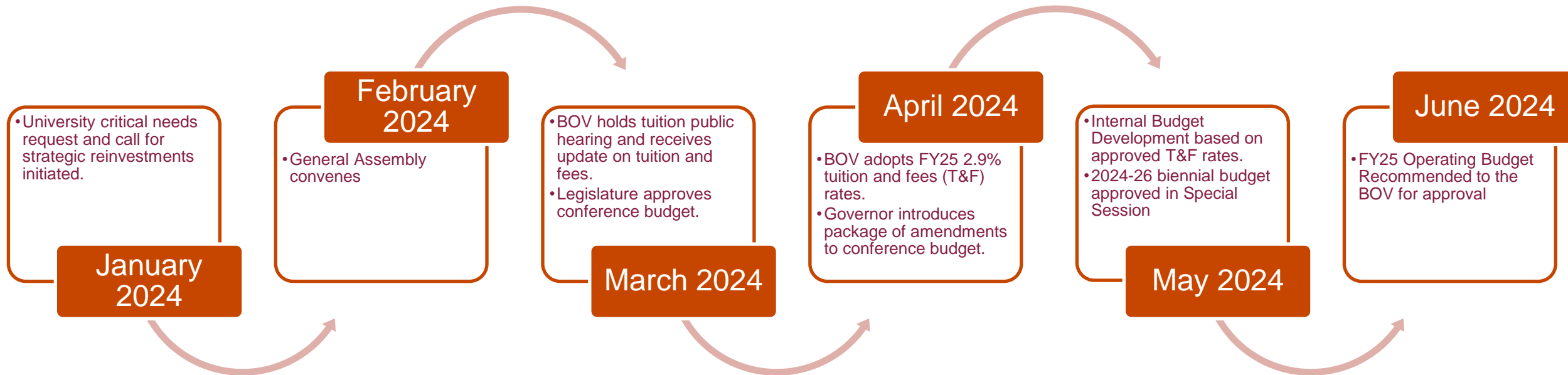
ASSISTANT VICE PRESIDENT CAPITAL BUDGETING AND FINANCING

JUNE 11, 2024



# BUDGET DEVELOPMENT PROCESS

## FY 25 Operating Budget



## FY 25 Capital Budget

- The capital plan reflects the fiscal year cash flows of previously authorized capital projects

# OPERATING BUDGET

# STATE CONTINUES RECENT TREND OF STRONG SUPPORT

## 2024 Special Session – Operating Budget

- The General Assembly approved the 2024-26 biennial budget during the 2024 Special Session, which was subsequently signed by Governor Youngkin May 13
- Highlights of FY25 General Fund impacts:
  - 3.0% Compensation Program
  - \$9M for Affordable Access, Degree Production, & Operating Support
  - \$1.3M for undergraduate student financial aid, \$0.5M for graduate remission
  - \$6M in FY25 to support the Virginia Tech Patient Research Center at FBRI
    - \$20.5M in operating support for FY26 with \$4.0M in equipment funds
  - Statewide pool to support a portion of the cost of the Virginia Military Survivors & Dependents Education Program

# FY25 OPERATING BUDGET +7.4%

All Programs

Dollars in Millions

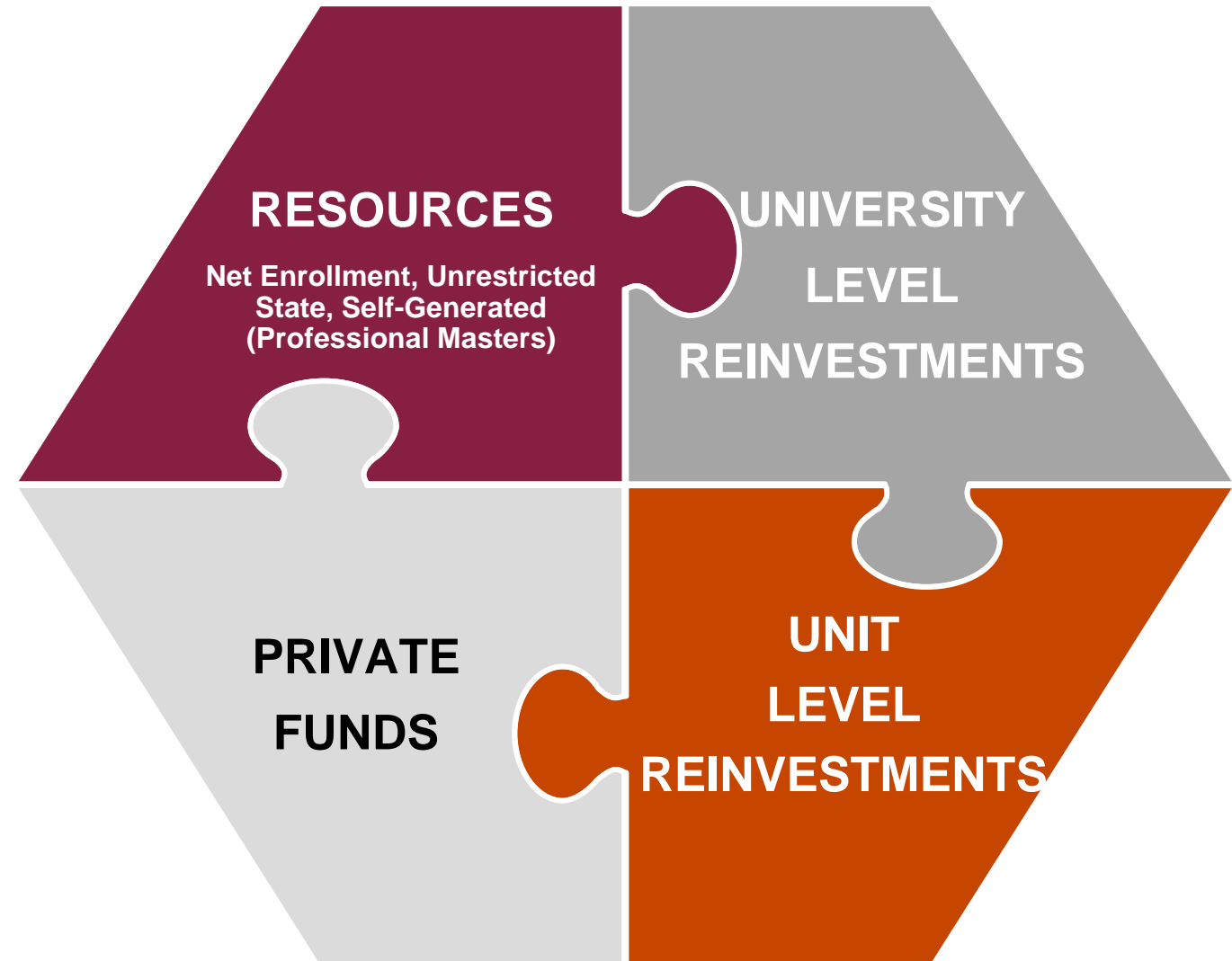
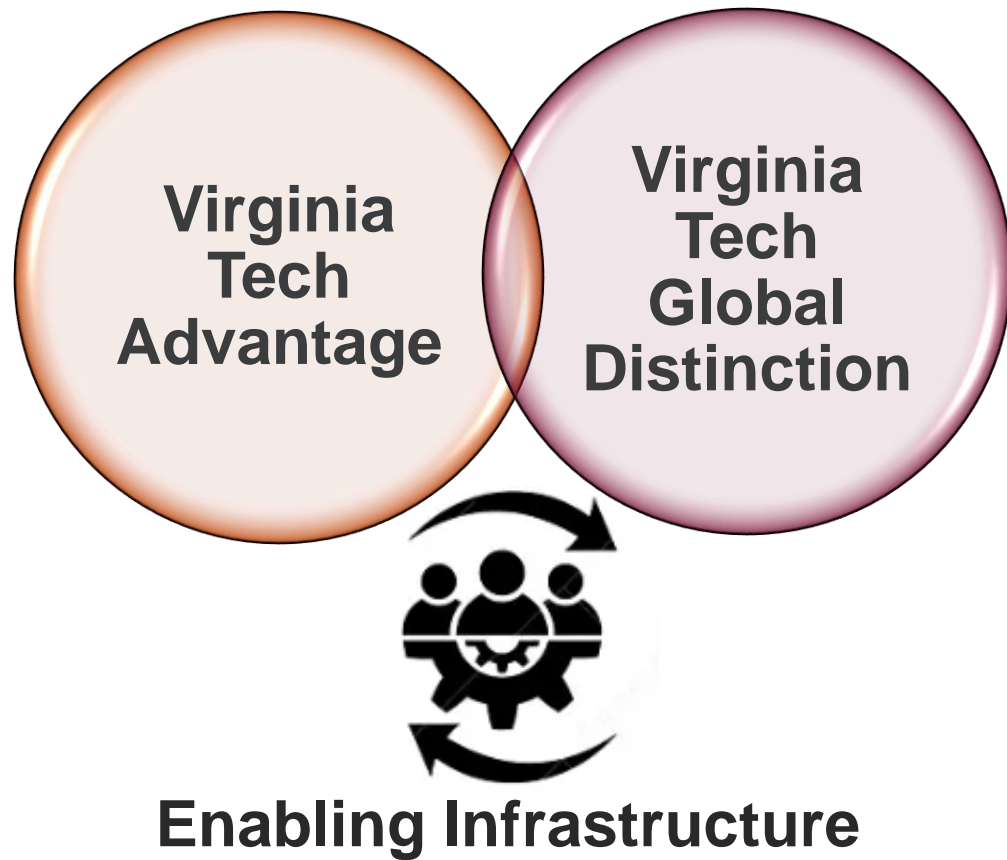
	FY24 Adjusted Budget	FY25 Proposed Budget	Change	
			\$	%
<b><u>Eudcational and General (E&amp;G)</u></b>				
University Division	\$1,019.8	\$1,084.5	\$64.7	6.3%
Coop Ext/Ag Experiment Station Division	108.6	110.0	1.4	1.3%
<b>Subtotal, E&amp;G</b>	<b>\$1,128.4</b>	<b>\$1,194.5</b>	<b>\$66.1</b>	<b>5.9%</b>
<b>Auxiliary Enterprises</b>	\$458.0	\$480.4	\$22.4	4.9%
<b>Sponsored Programs</b>	436.5	510.1	73.6	16.9%
<b>Appropriated Student Financial Assistance</b>	61.5	63.3	1.8	2.9%
<b>All Other Programs</b>	25.7	18.2	(7.5)	(29.3%)
<b>Total Operating Budget</b>	<b>\$2,110.1</b>	<b>\$2,266.5</b>	<b>\$156.4</b>	<b>7.4%</b>

# INCREASE IN UNIVERSITY DIVISION E&G DRIVEN BY STATE SUPPORT

Dollars in Millions

	FY24 Adjusted Budget	FY25 Proposed Budget	Change	
			\$	%
<b><u>University Division (E&amp;G)</u></b>				
General Fund	\$262.3	\$288.5	\$26.2	10.0%
Tuition and Fees	699.1	736.2	37.1	5.3%
All Other Income	58.4	59.8	1.4	2.4%
<b>Subtotal</b>	<b>\$1,019.8</b>	<b>\$1,084.5</b>	<b>\$64.7</b>	<b>6.3%</b>

# STRATEGIC INVESTMENTS ARE SUPPORTED BY MULTIPLE FUNDING SOURCES





# FY25 REINVESTMENT PROCESS



## COMMITMENT

\$25M over 5 years



## FY 25 BUDGET PROCESS

Added unit level reinvestment exercise to:

- annual critical needs requests (CNR); and
- PIBB reallocations



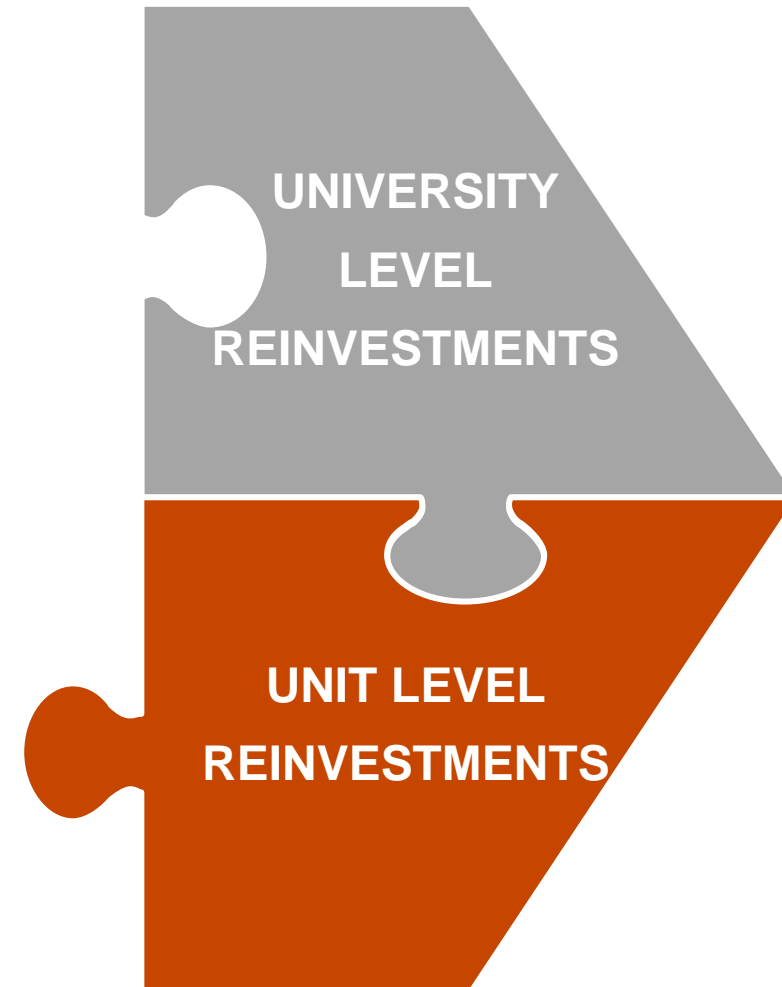
## RESULT

\$2.5M redirected internally within units to fund CNRs aligned with strategic priorities

\$2.5M recovered centrally to support enabling infrastructure

# YEAR 1 GOAL (\$5M) ACCELERATES THE PACE OF STRATEGIC INVESTMETMENTS

- Reduce or eliminate activities
  - Capture salary savings through targeted reorganizations, turnover and vacancies
  - Deprovision low usage equipment
  - Optimize computer labs
  - Redirect funds from low performing activities
- Discontinue leases and fold activities into campus owned space
  - UHall, including Math Emporium
  - Kent Square
- Business process changes
  - Reallocate revenue capture
  - Align distributions to support strategic areas (e.g., tuition remissions)
- Redirect resources to high priority areas, including
  - Student internships
  - Core research facilities and shared use labs



# REINVESTMENTS SET FRAMEWORK FOR ONGOING EFFORT

- It's not just about the money...



# 72% OF NEW E&G FUNDING DIRECTED TO COMPENSATION AND UNAVOIDABLE COSTS

Dollars in Millions

<u>MANDATORY, STATE &amp; UNAVOIDABLE COSTS</u>	<u>E&amp;G</u>
Compensation & Benefits	\$ 38.5
Virginia Military Dependent & Survivor Benefit	1.5
Fixed Costs	1.9
Operation & Maintenance of New Facilities	4.9
Subtotal Mandatory, State, & Unavoidable Costs	46.8
Technical (remove FY24 One-time items)	(9.4)
Enrollment (includes professional masters, special sessions, etc)	8.3
<b>Capacity for University Initiatives (toward \$28.2M vision)</b>	<b>19.0</b> *
University Division Budget Change from Slide 5	\$ 64.7

\* Includes \$2.5M of university-level Reinvestments

# ADVANCING GLOBAL DISTINCTION AND VIRGINIA TECH ADVANTAGE

	<b>FY25 Aspiration</b>	<b>FY25 University Investment (includes \$2.5M of University-level Reinvestments)</b>	<b>FY25 University Investment &amp; \$2.5M of Unit –level Reinvestments</b>
Virginia Tech Global Distinction	\$14.9	\$7.6	\$9.6*
Virginia Tech Advantage (Institution)**	3.8	3.8	3.8
Enabling Infrastructure ***	9.5	7.6	8.1*
Total	\$28.2	\$19.0	\$21.5*

\* Unit level reinvestments supported \$2M of Global Distinction and \$0.5M of Enabling Infrastructure in FY25

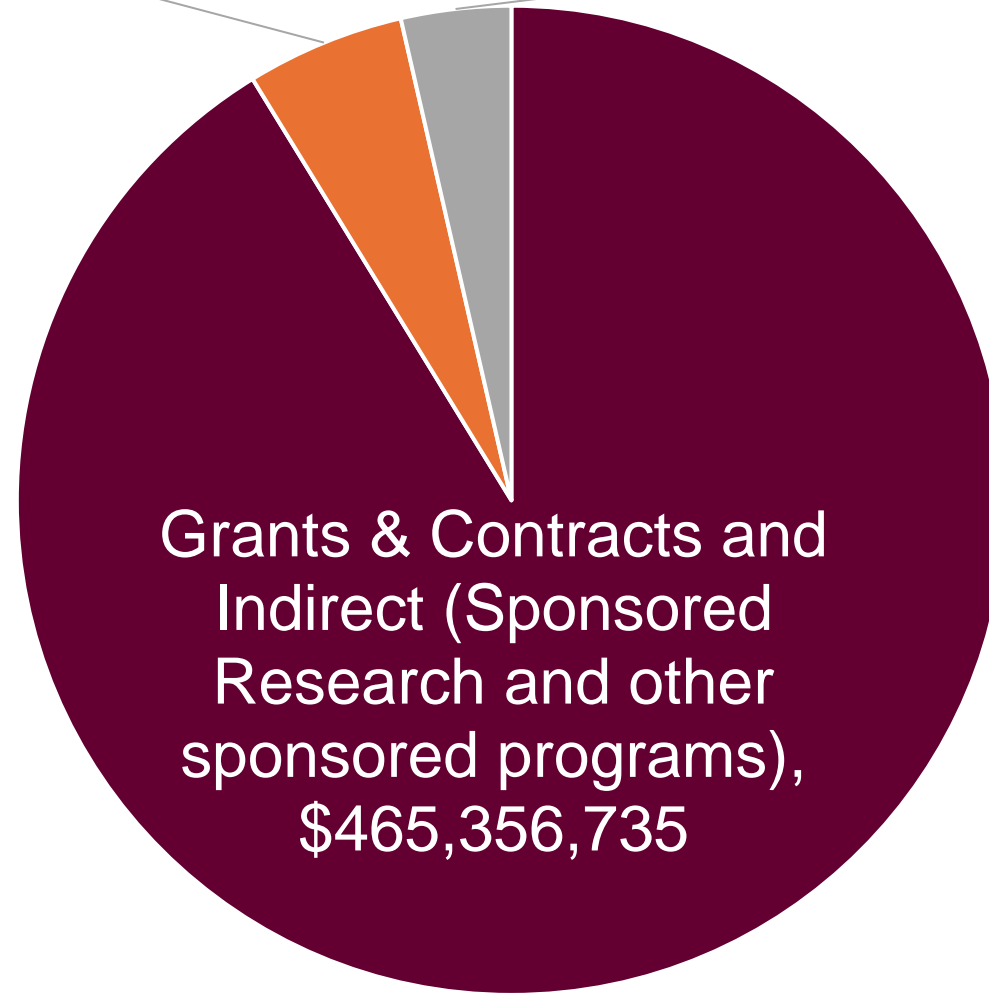
\*\* In addition, the commonwealth allocated \$1.2M for FY25 undergraduate need based financial aid

\*\*\* Includes support for technology, SVPI, Innovation Campus

# SPONSORED RESEARCH CONTINUES TO DRIVE FY25 BUDGET FOR FINANCIAL ASSISTANCE FOR E&G WITH NEW STATE SUPPORT

**General Fund  
 (includes \$6M new for  
 FY25 for Patient  
 Research Center),  
 \$26,388,544**

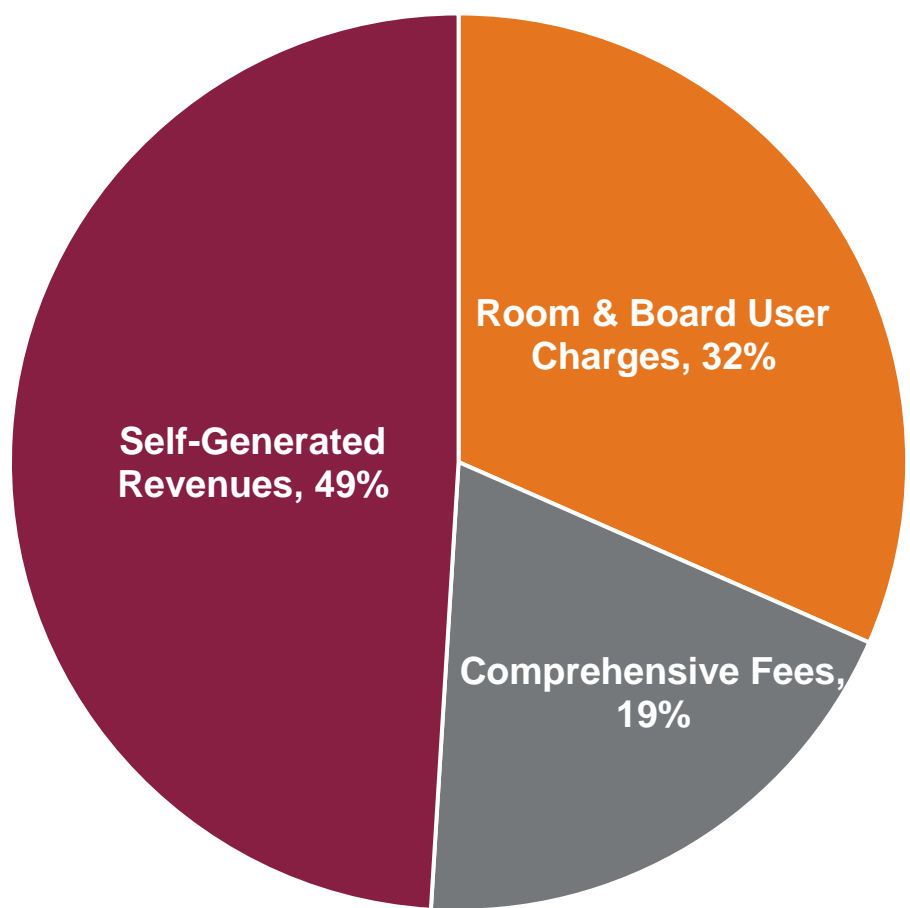
Other (Enterprise Fund,  
 Eminent Scholars, misc),  
 \$18,333,595



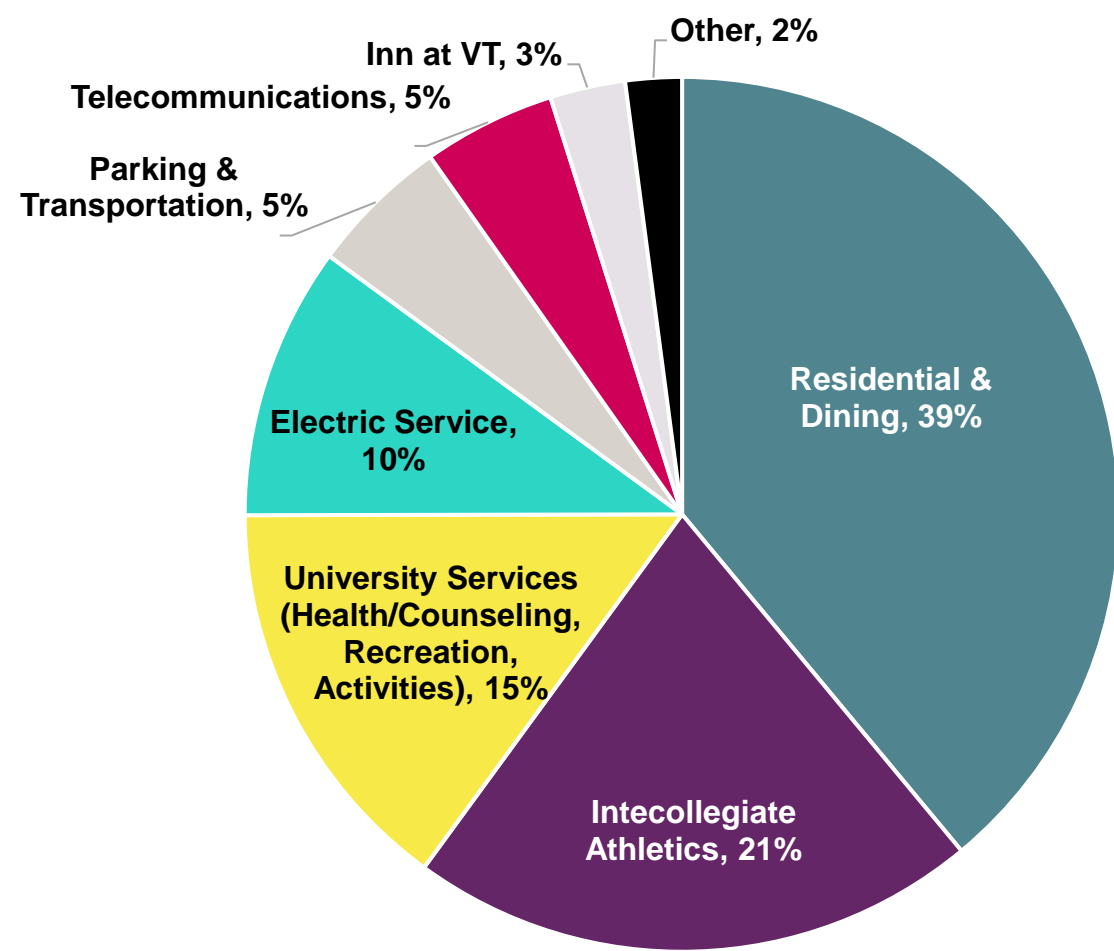
**FY25 Revenue  
 \$510M +16.9%**

# AUXILIARY ENTERPRISES FY25 BUDGET

Sources



Uses



**FY25 Total Revenue = \$ 480M    +4.9%**

Self-generated revenues include: athletic ticket sales, athletic conference income, hotel & conference center sales, electric service sales, summer conference etc.



# FY25 AUXILIARY BUDGET FOCUSES ON EMPLOYEES AND KEY PROGRAM ENHANCEMENTS

4.9% total budget growth, includes 3.0% state compensation program, 6.3% health care, and inflation but also includes:

- Staffing and support for health and counseling, residential well-being, and TimelyCare virtual health services
- Enhanced career service
- Wireless network improvement/enhancements/update
- War Memorial Hall reopening
- Perry Place dining venue opening summer 2024 within Hitt Hall





# CAPITAL BUDGET

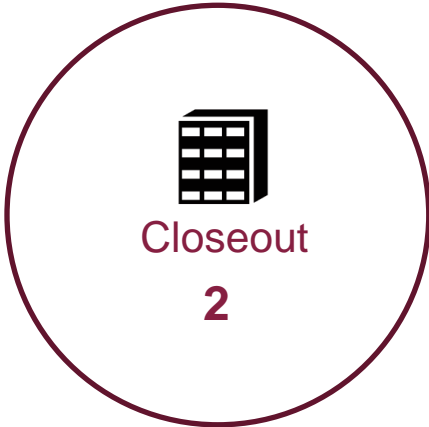
# GENERAL ASSEMBLY UPDATE

## 2024 Special Session – Capital Outlay Budget

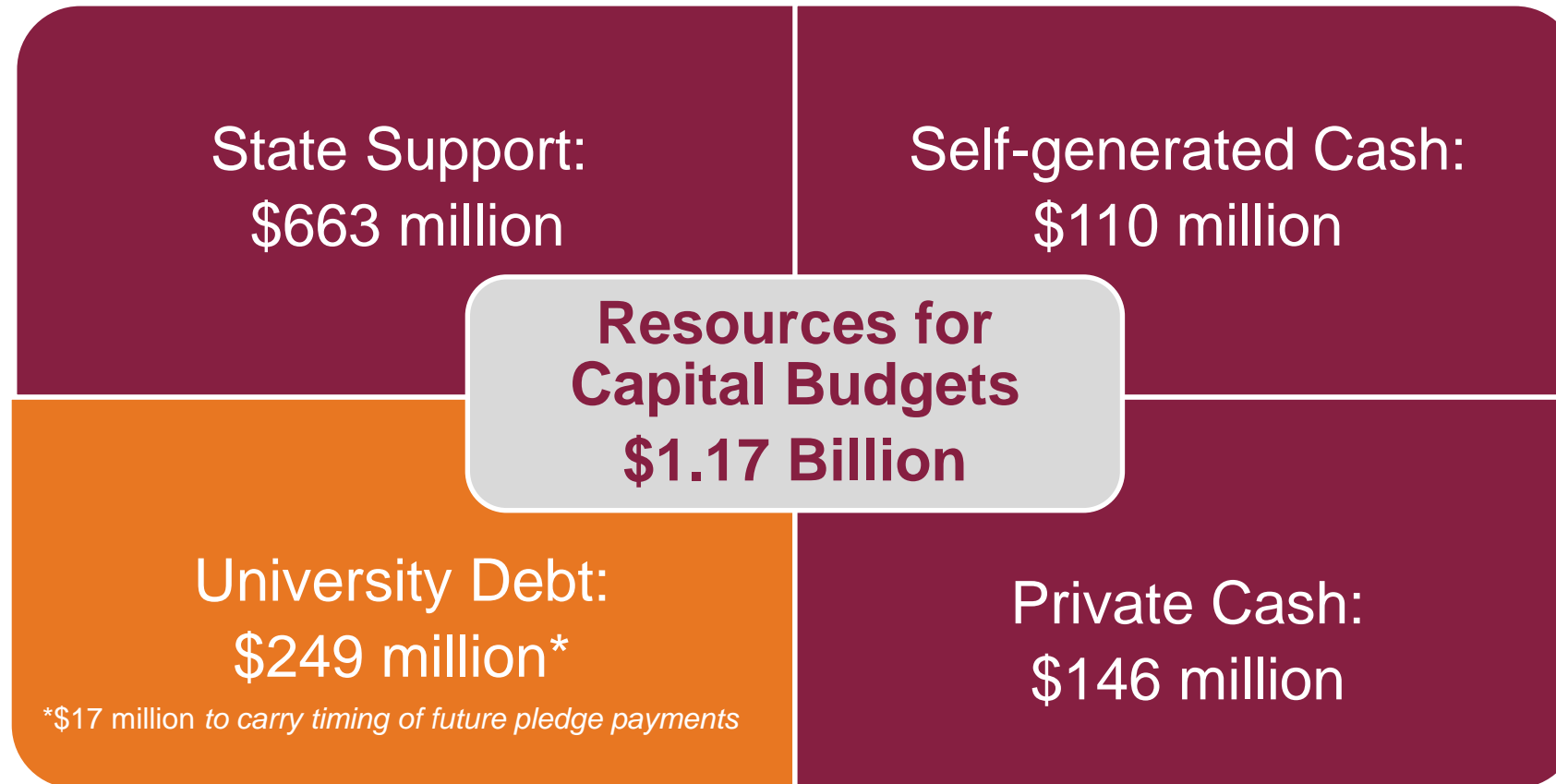
- The General Assembly approved the 2024-26 biennial budget during the 2024 Special Session, which was subsequently signed by Governor Youngkin May 13
- Highlights of FY25 Capital Outlay Budget impacts:
  - \$43.4M of Maintenance Reserve funding for the biennium
  - \$14.7M construction authorization for the *Center Woods Improvements*
  - \$8M full project authorization for the *Campus Accessibility Improvements*
  - Planning authorization for the *Renovate Derring Hall Building Envelope project*
  - Planning authorization for the *Eastern Shore AREC Improvements*

# FISCAL YEAR 2025 CAPITAL PROJECTS

End FY24	23
Projects closed June 30 <sup>th</sup>	- 5
New projects effective July 1 <sup>st</sup>	3
Start FY25	21



# CAPITAL AUTHORIZATION FUND SOURCES



# MAJOR BUDGET ADJUSTMENTS

Dollars in Thousands

<b>Budget at Close of FY24</b>	<b>\$ 1,266,374</b>
Reductions for FY24 Project Closeouts	
Data & Decision Science Building	(79,000)
Maintenance Reserve Close Biennium, E&G	(33,629)
Fralin Biomedical Research Institute Equipment	(18,133)
Maintenance Reserve Close FY, Aux	(12,000)
Dietrick Renovation	(9,129)
Slusher Hall Renovation	(7,500)
Commerce Street Property Acquisition	(555)
Budget Increases for FY25	
Maintenance Reserve, E&G	18,885
Maintenance Reserve, Aux	13,000
Improve Center Woods Complex	14,000
Improve Campus Accessibility	8,000
Equipment for Workforce Development	7,993
<i>Net Change</i>	<u>(98,068)</u>
<b>Budget at Start of FY25</b>	<b>\$ 1,168,306</b>

# PROJECTED FISCAL YEAR 2025 CAPITAL SPEND

Dollars in Thousands

<i>FY25 starting total capital budget</i>	<i>\$1,168,000</i>
<i>Less project to-date expenditures as of June 30<sup>th</sup></i>	<i><u>-596,000</u></i>
<i>Budget available to complete projects</i>	<i>\$572,000</i>
 <i>Estimated capital expenditures for FY25</i>	 <i>\$184,000</i>

# APPROVAL OF 2024-25 UNIVERSITY OPERATING AND CAPITAL BUDGETS

## RECOMMENDATION

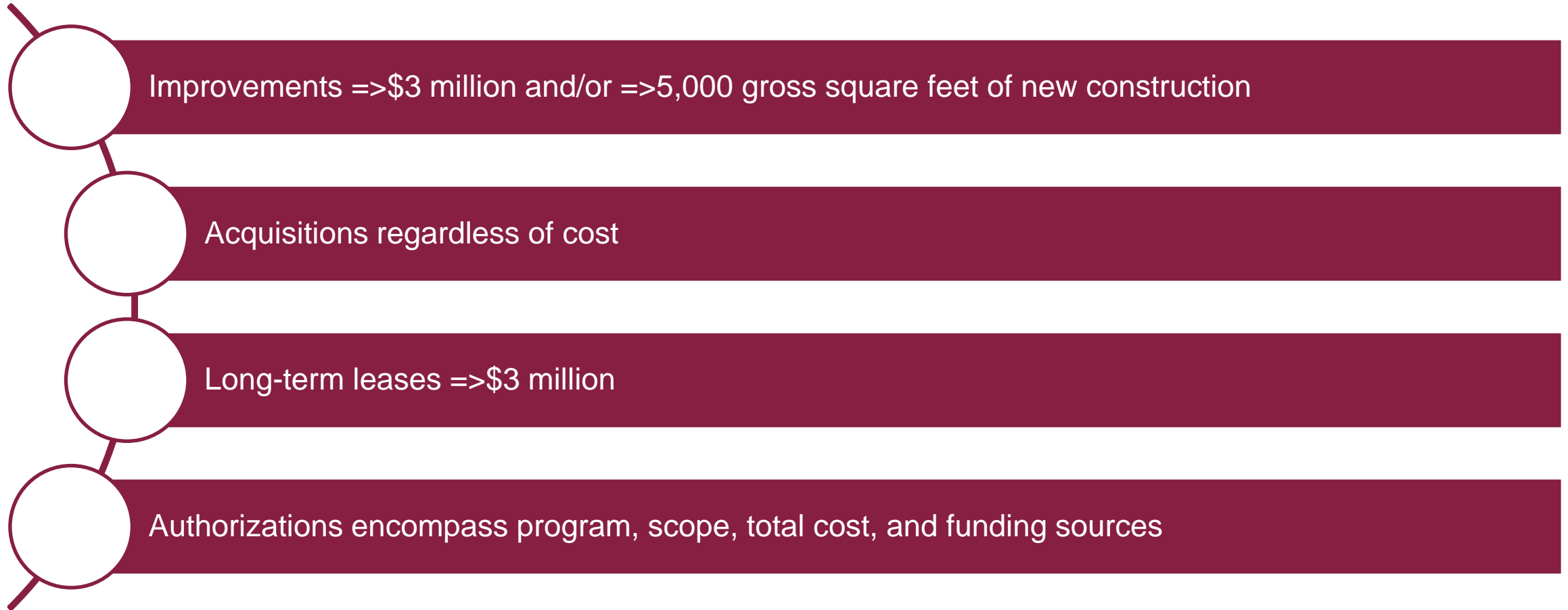
That the proposed 2024-25 Operating budget and Capital expenditure projections as displayed on Schedules 1, 2, and 3 be approved.

June 11, 2024

# Backup



# CAPITAL PROJECT AUTHORIZATION LEVELS



# RESOLUTION TO AMEND THE DELEGATION OF AUTHORITY FOR SELECTED FACULTY PERSONNEL ACTIONS

AMY SEBRING, EXECUTIVE VICE PRESIDENT AND CHIEF  
OPERATING OFFICER

June 11, 2024

# Background: Delegation of Authority

- The ***Delegation of Authority for Selected Faculty Personnel Actions*** delegates routine compensation acts to the president, including:
  - Off-cycle salary actions below a specific threshold and adjustment percentage; and
  - Those made in accordance with existing policies and/or standard formulas.

# Proposed Amendments to the Delegation of Authority

- Delegates the implementation of Board-approved faculty compensation plans
- Conforms with new Policy 4005, Exceptional Recruitment and Retention Incentive Options Policy
  - Recognizes moving and relocation stipends as one-time bonuses consistent with 2018 changes in tax code
  - Establishes administrative process for providing recruitment and retention bonuses with bonuses
- Authorizes the university to evaluate and adjust the threshold for salary actions based on merit/market changes included in quarterly Personnel Changes Report

# Approval of Resolution to Amend the Delegation of Authority for Selected Faculty Personnel Actions

## RECOMMENDATION:

That the Board of Visitors approve the Resolution to Amend the Delegation of Authority for Selected Faculty Personnel Actions, effective immediately.

June 11, 2024

# APPROVAL OF 2024-25 FACULTY COMPENSATION PLAN

TIM HODGE, ASSOCIATE VICE PRESIDENT  
FOR BUDGET AND FINANCIAL PLANNING

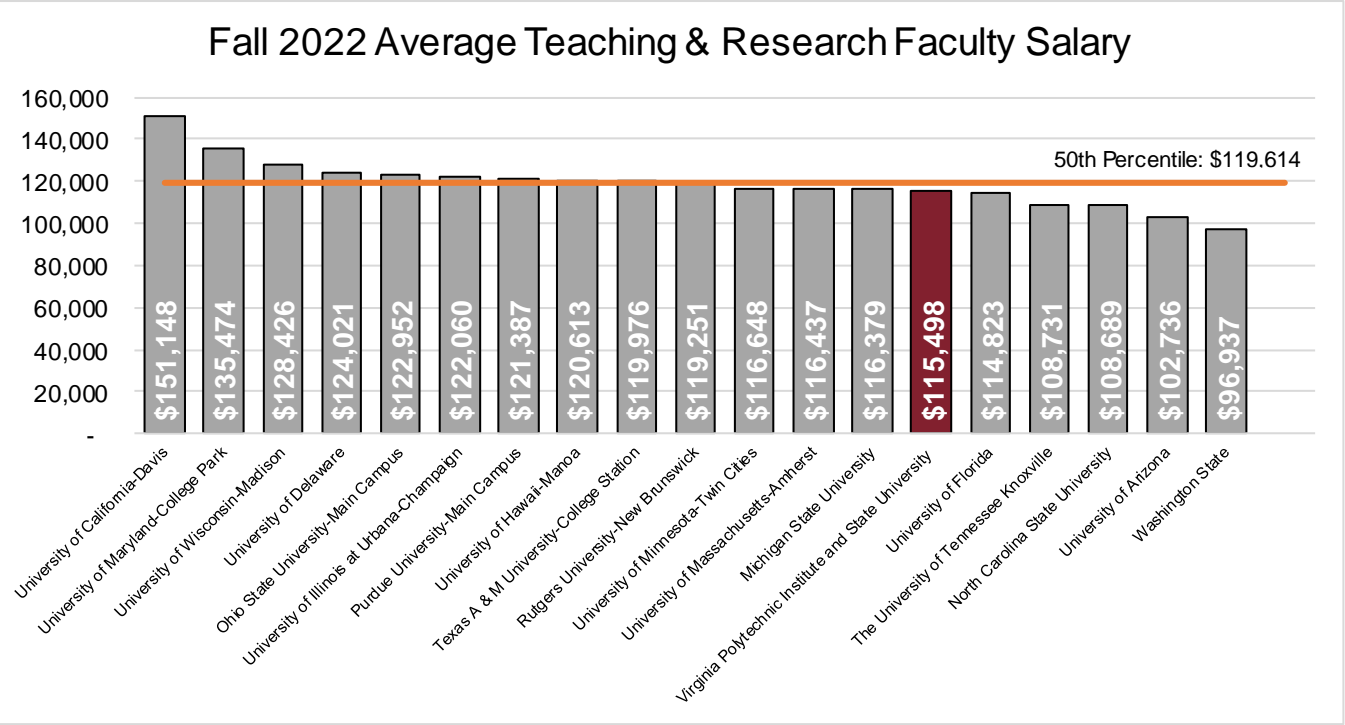
JUNE 11, 2024

## 2024-25 Faculty Compensation Plan

- Benchmarking
- Promotion and tenure process
- Annual evaluation and salary adjustments

# BENCHMARKING – TOP 20 LAND GRANTS

Strategic Objective: Achieve progress in competitive faculty salaries toward the 50th percentile of Research (R1) Public Land-Grant Universities by 2024



Top 20 Land Grant Group	Fall 2022	Fall 2023	Change
50 <sup>th</sup> percentile (excl. VT)	\$119,260	N/A*	-
VT Average Salary	\$115,498	\$123,858	7.24%
VT Rank	14 of 20	N/A	-
VT Percentile	37 <sup>th</sup>	N/A	-

Source: IPEDS, VT Consolidated Salary Average. Pennsylvania State University data under review with IPEDS

\*IPEDS peer salary data for Fall 2023 is not yet available.



# PROMOTION AND TENURE



- Promotion to a higher rank and appointment with tenure may be granted to faculty members on a regular faculty appointment who have demonstrated outstanding accomplishments
- Each candidate for promotion or tenure will be evaluated in light of the tripartite mission of the university: instruction, research, and outreach
- Update P&T promotion amounts, first update since 2015

	Prior	Proposed
Professor	\$ 7,000	\$ 10,000
Associate Professor	\$ 5,000	\$ 7,000
Assistant Professor	\$ 3,000	\$ 5,000

# ANNUAL EVALUATION

- Faculty Activity Report (FAR)
  - Teaching/Research Faculty: instructional activities, creative scholarship, outreach and service contributions, and other professional activities and recognitions
  - Administrative/Professional Faculty: activities in support of their specific job goals as they relate to the broader mission of the university
- All non-temporary faculty members must submit a FAR annually
- FAR serves as the basis of faculty evaluations conducted annually by departments
- This process also serves as part of the basis for awarding merit adjustments

# UPDATE ON CURRENT MERIT PROCESS

- State budget included 3.0% increase (July 1, 2024 paycheck)
- Merit recommendations were developed during the spring of 2023, consistent with the proposed 2023-24 Faculty Compensation Plan
- The university was in the final stages of that process as these board materials were being developed
- President, or designee, shall implement the results of the merit program within the parameters specified in the final state Appropriation Act and the university's Faculty Compensation Plan
- A summary of the results of this process will be shared with the Board at its next regularly scheduled meeting following full implementation of the plan

# 2024-25 FACULTY COMPENSATION PLAN

## RECOMMENDATION

That the proposed 2024-25 Faculty Compensation Plan be approved.

June 11, 2024

# APPROVAL OF 2024-25 COMPENSATION FOR GRADUATE ASSISTANTS

TIM HODGE, ASSOCIATE VICE PRESIDENT  
FOR BUDGET AND FINANCIAL PLANNING

JUNE 11, 2024

# GRADUATE ASSISTANTSHIPS

## *Background & Overview*

Graduate Assistants provide valuable services to the university, including teaching and support of scholarly and research activities.

Successful recruitment of high-quality graduate students requires the university to offer competitive compensation packages.

A full assistantship equals 20 hours of work per week.

The university has 3,806 graduate assistantships in FY24.

### **Components of Compensation Package**

1. Stipend (including a Stipend Supplement)
2. Tuition and E&G Fees
3. Health insurance benefit

# COMPENSATION COMPONENTS

## *Stipends*

As of April 2024, the current average monthly stipend for full-time graduate assistants is \$2,713 per month.

This is comprised of:

1. Base stipend
2. \$458 academic year stipend supplement to help offset university costs

50 step scale provides a range of stipend amounts reflective of appointment and levels of responsibility.

In FY24, steps 1-11 may not be utilized without a fellowship supplement to obtain a combined level of at least step 12.

# COMPENSATION COMPONENTS

## *Tuition Remission*

Valuable benefit for those on assistantship.

### Tuition remission funds:

1. Tuition (E&G)
2. Mandatory E&G fees
3. College E&G program fees (not executive program fees)

Does not fund the auxiliary Comprehensive fee

Funded through sources appropriate to the nature of the work

Teaching - state and E&G

Research - external grants & contracts



# COMPENSATION COMPONENTS

## *Health Insurance*

- The university funds 88 percent of the \$3,573 annual premium cost (FY24).
  - Subsidy mirrors the university share of employee health insurance program
- To qualify, full-time graduate students must have a 50 percent or greater assistantship appointment.
- Graduate students may decline coverage.

# 9-MONTH COMPENSATION FY24

	2023-24	
	In-State	Out-of-State
<u>University Compensation Package</u>		
Stipend, 9-month (average, includes supplement)	\$24,417	\$24,417
Tuition Remission (includes E&G fees)	15,427	31,499
Program Fee Remission (depends on program)	0 - 2,000	0 - 2,000
Immigration Services Fee Remission	0	0 - 550
Health Insurance Subsidy (88%)	3,144	3,144
Total Graduate Assistantship Compensation	<u>\$42,988</u> <u>\$44,988</u>	<u>\$59,060</u> <u>\$61,610</u>

## Student Costs

Comprehensive Fee	\$2,585	\$2,585
Commonwealth Facility & Equipment Fee	0	604
Health Insurance (12%)	429	429
	<u>\$3,014</u>	<u>\$3,618</u>

## Stipend -

- 3.0 percent stipend increase effective August 10, 2024
  - This would result in an average academic year stipend increase of \$732
- Establish minimum stipend of Step 14 of \$2,682 (from step 12)
- Maintain academic year stipend supplement of \$458

Tuition Remission - continue program

Health Insurance - continue 88% subsidy

# APPROVAL OF 2024-25 COMPENSATION FOR GRADUATE ASSISTANTS

## RECOMMENDATION

That the graduate assistant compensation program for 2024-25 be approved.

June 11, 2024

# APPROVAL OF GRADUATE CANDIDACY STATUS TUITION RATE

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR  
BUDGET AND FINANCIAL PLANNING

June 11, 2024



# PH.D. CANDIDACY STATUS BACKGROUND

Students who have completed two years of course work and passed their preliminary exam

Current Candidacy Status Discount is 10% from Regular graduate tuition rates approved by BOV in March 2021

Reduced rate for Candidacy Status is intended to:

- Incentivize time-to-degree
- Minimize the cost to research programs
- Better position the university within the competitive market

Recognizes largely independent nature of these students' work

Supports Global Distinction initiative







Attachment H

# Ph.D. Candidacy Status Tuition Rate Recommendation

Increase discount from 10% to 15%

Automatically apply in next semester

	2024-25	2024-25
	BOV Approved Candidacy Status Rate	Proposed Candidacy Status Rate
Discount	-10%	-15%
Graduate Blacksburg Rates		
Resident	\$14,191	\$13,403
Nonresident	28,521	26,937
Graduate Extended Campus Rates		
Resident	\$15,701	\$14,829
Nonresident	30,526	28,830

# APPROVAL OF GRADUATE CANDIDACY STATUS TUITION RATE

## RECOMMENDATION

The board approves the Graduate Candidacy Tuition Rate as recommended effective Fall semester 2024

June 11, 2024



# FINANCIAL PERFORMANCE REPORT

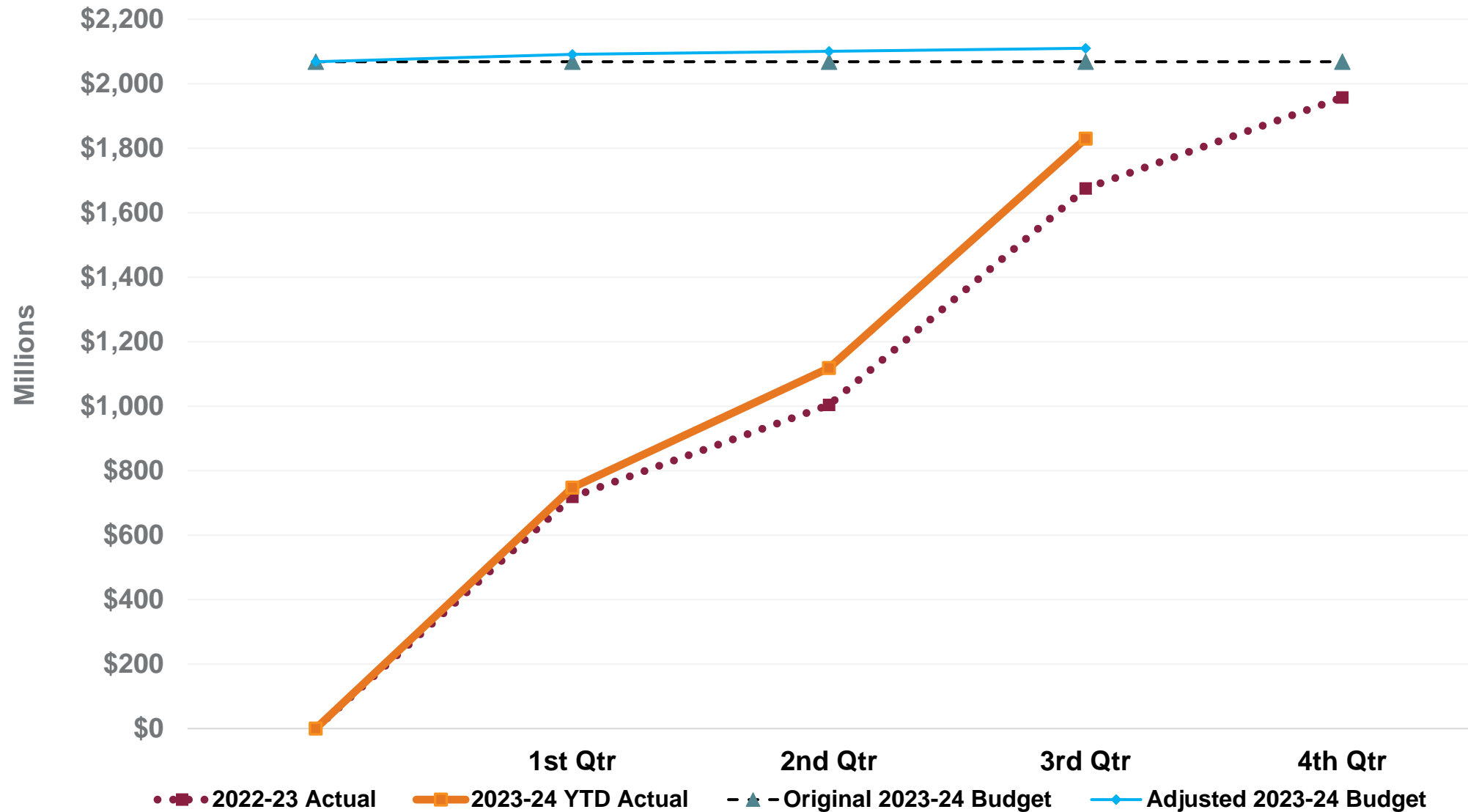
## July 1, 2023 – March 31, 2024

TIM HODGE, ASSOCIATE VICE PRESIDENT OF  
BUDGET AND FINANCIAL PLANNING

ROB MANN, ASSISTANT VICE PRESIDENT FOR  
CAPITAL BUDGETING AND FINANCING

June 11, 2024

# OPERATING REVENUES



## **Annual Budget Changes**

### **208 E&G**

- \$2.1 million increase regular session tuition revenue
- \$0.6 million for higher than projected Winter session enrollments
- \$1.0 million increase for increased Veterinary Teaching Hospital Activity and self-generated revenue

### **229 E&G**

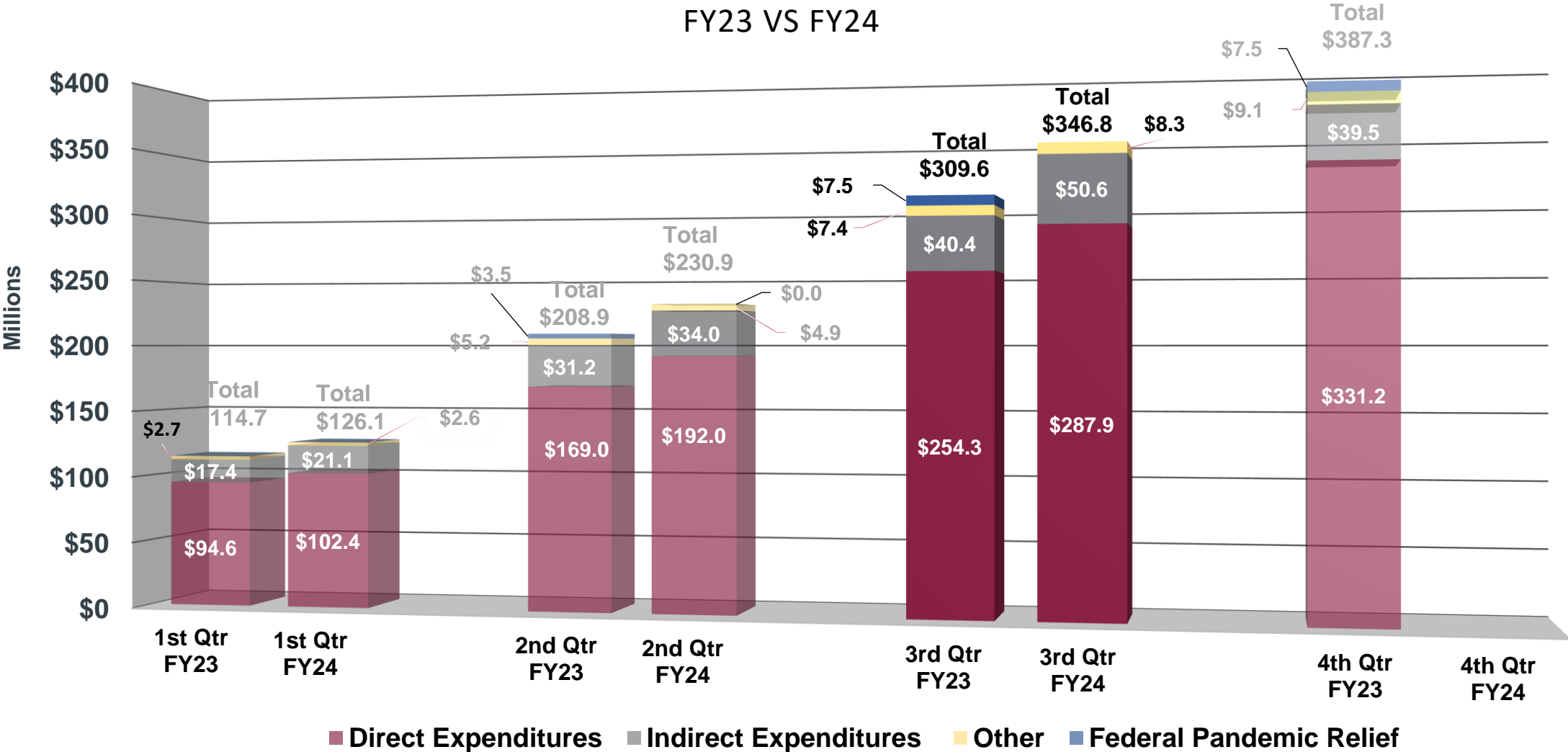
- \$0.5 million increase in self-generated revenues

### **Auxiliary Enterprises**

- Athletics: \$5.0 million increase comprised of IMG Learfield \$3M and self-generated revenues (ACC Network \$623K, interest \$600K, Women's basketball tickets \$243K, Women's basketball guarantee \$150K, NCAA \$183K)





# SPONSORED PROGRAM EXPENDITURES

FY23 VS FY24

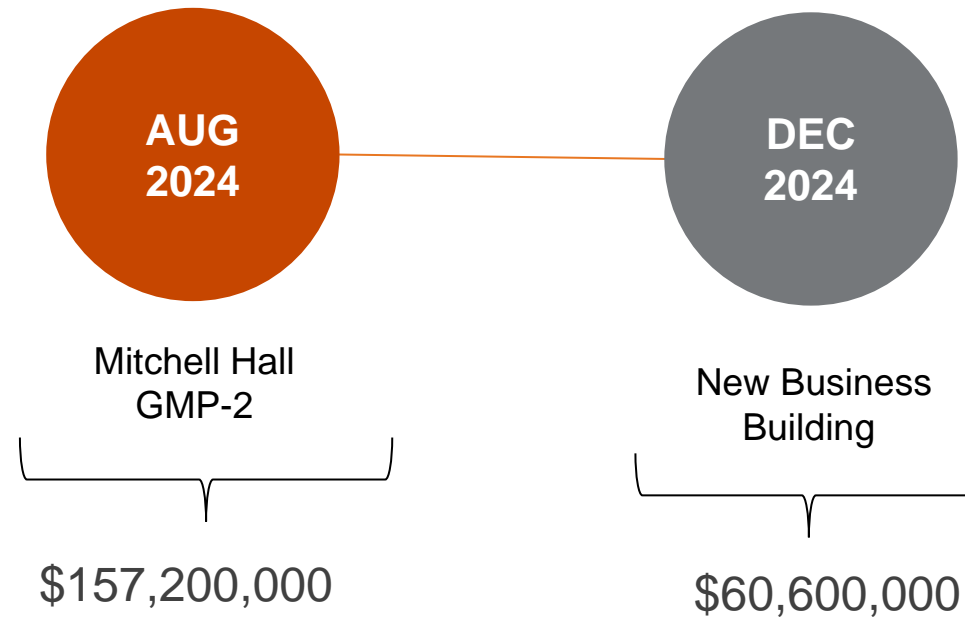


# CAPITAL PROGRAM

# CAPITAL OUTLAY TOTAL PROGRAM

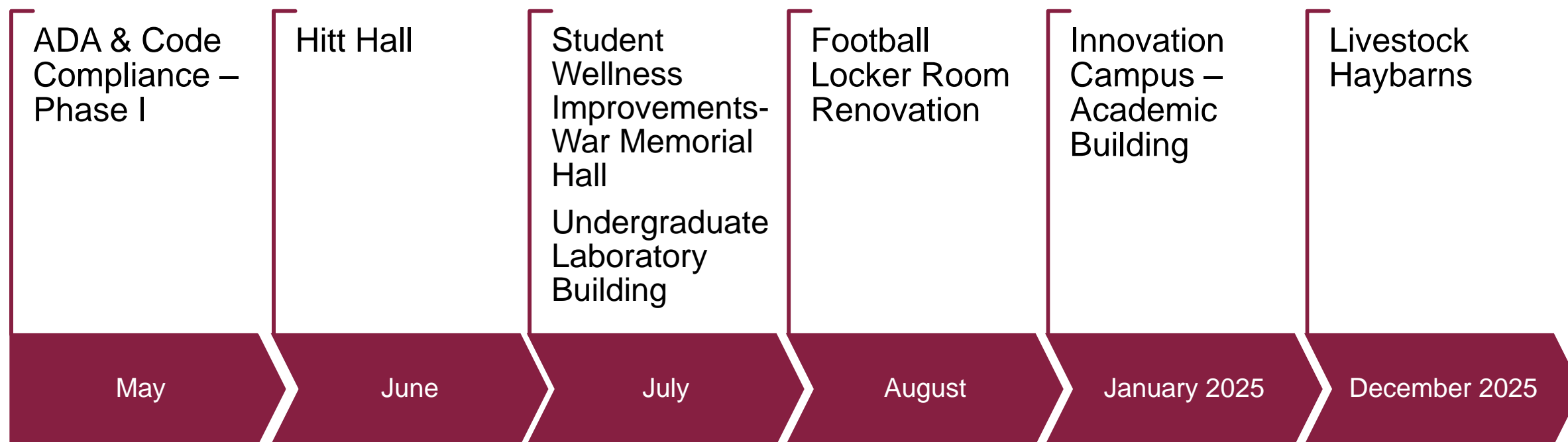
	1 <sup>st</sup> Quarter Ended	2 <sup>nd</sup> Quarter Ended	3 <sup>rd</sup> Quarter Ended	4 <sup>th</sup> Quarter
 Design	5	5	5	
 Construction	9	10	10	
 Equipment	2	2	2	
 Closeout	6	6	6	
Total Projects	22	23	23	
Total Budget (\$ in Thousands)	\$1,259,024	\$1,259,885	\$1,266,374	
Total Expenditures (\$ in Thousands)	\$558,989	\$620,829	\$694,279	

# TIMING FOR CONSTRUCTION PRICING



Cumulative design expenses through March 31, 2024 - \$15,377,000

# PROJECTS COMING ONLINE



C A L E N D A R   Y E A R   2 0 2 4

Cumulative construction expenses through March 31, 2024 - \$468,412,000



# APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

July 1, 2023 – March 31, 2024

## RECOMMENDATION

That the report of income and expenditures for the University Division and the Cooperative Extension/Agriculture Experiment Station Division for the period of July 1, 2023 through March 31, 2024 and the Capital Outlay report be approved.

June 11, 2024