

Financial Performance Report – Operating and Capital**FINANCE AND RESOURCE MANAGEMENT COMMITTEE****July 1, 2024 to September 30, 2024**

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and the annual budgets which are also recorded in the university accounting system. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and commitments to buy goods and services as encumbrances when obligated and as an expenditure when paid. The Original Budget was approved by the Board of Visitors at the June meeting. The Adjusted Budget reflects adjustments to incorporate actual experience or changes made during the fiscal year. These changes are presented for review by the Finance and Resource Management Committee and the Board of Visitors through this report. Where adjustments impact appropriations at the state level, the university coordinates with the Department of Planning and Budget to ensure appropriations are reflected accurately.

The July to June 2024-25 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of operating budget performance.

Capital program performance is measured against the Total Project Budget. The Total Project Budget amounts reflect appropriations and authorizations established by the State or Board of Visitors for each capital project. These amounts are recorded in the accounting system with revenue and expenditure budgets upon the effective date of each project, which normally occurs on July 1 or after Board of Visitors approval. Under restructuring authorities, university administration may make minor changes to a Total Project Budget, within ten percent, and the revised Total Project Budget is shown on the subsequent quarterly report. The Cumulative Expenditures reflect lifetime-to-date activity until a project is complete, and a project's life spans multiple fiscal years. The Annual Budgets are estimates of expected activity for a 12-month portion of the life of a project. Spending pace for a project may periodically slow or accelerate during a year for a variety of reasons including shifts in construction start dates, contractor performance or billing cycles, and supply chain disruptions. The Annual Budgets are revised accordingly and shown on the subsequent quarterly report.

RECOMMENDATION:

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

November 19, 2024

**OPERATING BUDGET
2024-25**

Attachment R

Dollars in Thousands

	July 1, 2024 to September 30, 2024			Annual Budget for 2024-25		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$65,160	\$65,160	\$0	\$288,480	\$293,852	\$5,372 (7)
Tuition and Fees	355,682	351,157	4,525 (1)	736,209	733,609	-2,600 (8)
All Other Income	15,965	15,158	807 (2)	59,850	60,519	669 (9)
Total Revenues	\$436,807	\$431,475	\$5,332	\$1,084,539	\$1,087,980	\$3,441
<u>Expenses</u>						
Academic Programs	\$-195,279	\$-194,713	\$-566	\$-653,902	\$-655,977	\$-2,075
Support Programs	-95,561	-96,381	820	-430,637	-432,003	-1,366
Total Expenses	\$-290,840	\$-291,094	\$254	\$-1,084,539	\$-1,087,980	\$-3,441 (7,8,9)
NET	\$145,967	\$140,381	\$5,586	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$22,605	\$22,605	\$0	\$92,942	\$92,942	\$0
Federal Appropriation	3,652	4,200	-548 (3)	15,647	17,694	2,047 (10)
All Other Income	450	330	120	1,426	1,426	0
Total Revenues	\$26,707	\$27,135	\$-428	\$110,015	\$112,062	\$2,047
<u>Expenses</u>						
Academic Programs	\$-28,540	\$-28,735	\$195	\$-101,199	\$-103,082	\$-1,883
Support Programs	-5,459	-5,401	-58	-8,816	-8,980	-164
Total Expenses	\$-33,999	\$-34,136	\$137	\$-110,015	\$-112,062	\$-2,047 (10)
NET	\$-7,292	\$-7,001	\$-291	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$191,856	\$190,575	\$1,281 (4)	\$480,384	\$482,880	\$2,496 (4)
Expenses	-143,816	-150,149	6,333 (4)	-459,984	-484,727	-24,743 (4)
Reserve Drawdown/(Deposit)	-48,040	-40,426	-7,614 (4)	-20,400	1,847	22,247 (4)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$127,873	\$124,848	\$3,025 (5)	\$510,079	\$510,079	\$0
Expenses	-151,593	-146,519	-5,074 (5)	-510,079	-510,079	0
Reserve Drawdown/(Deposit)	23,720	21,671	2,049	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$30,328	\$29,654	\$674	\$63,337	\$65,045	\$1,708 (11)
Expenses	-27,988	-26,463	-1,525	-63,337	-65,045	-1,708 (11)
Reserve Drawdown/(Deposit)	0	0	0	0	0	0
NET	\$2,340	\$3,191	\$-851	\$0	\$0	\$0
All Other Programs *						
Revenue	\$5,301	\$5,381	\$-80	\$18,211	\$18,018	\$-193 (12)
Expenses	-3,762	-4,711	949 (6)	-18,211	-19,765	-1,554 (12)
Reserve Drawdown/(Deposit)	-1,539	-670	-869 (6)	0	1,747	1,747 (12)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$818,872	\$809,068	\$9,804	\$2,266,565	\$2,276,064	\$9,499
Expenses	-651,998	-653,072	1,074	-2,246,165	-2,279,658	-33,493
Reserve Drawdown/(Deposit)	-25,859	-19,425	-6,434	-20,400	3,594	23,994
NET	\$141,015	\$136,571	\$4,444	\$0	\$0	\$0

* All Other Programs include federal work study, surplus property, local funds, and unique military activities.

OPERATING BUDGET

1. Tuition and Fee revenues are ahead of projections due to timing of scholarship and waiver activity.
2. University Division All Other Income revenues are higher than projected due to continuing education activities.
3. The budget for federal revenue is established to match projected allotments from the federal government that are expected to be drawn down during the state fiscal year. All expenses in federal programs are covered by drawdowns of federal revenue up to allotted amounts. Federal revenue in the Cooperative Extension and Agriculture Experiment Station Division is lower than projected due to timing of federal drawdowns.
4. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
5. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues are higher than projected. The sponsored research expenditures are 14.7% higher than September 30, 2023.
6. Expenses for All Other Programs were lower than projected due to timing of expenditures and lower than projected Surplus Property activity.
7. The annual University Division general fund budget was increased \$5.4 million for the VT share of Statewide one-time Virginia Military Survivors and Dependents Education Program (VMSDEP) waiver pool. The corresponding expenditure budgets have been adjusted accordingly.
8. The annual budget for Tuition & Fees was decreased \$2.1 million for higher than projected VMSDEP waiver activity and \$1.0 million for one-time student financial aid support. To reflect updated enrollment level and mix, the budget for undergraduate was increased \$1.7 million, for graduate increased \$0.8 million, for professional programs decreased \$0.7 million, and for summer 2024 decreased \$1.3 million. The corresponding expenditure budgets have been adjusted accordingly.
9. The University Division All Other Programs Income budget was increased \$0.7 million for the finalization of the VTCSOM budget. The corresponding expenditure budgets have been adjusted accordingly.
10. The federal revenue budget in the Cooperative Extension/Agricultural Experiment Station Division has been increased \$2.0 million for the carryover of federal funds to FY25. The corresponding expenditure budgets have been adjusted accordingly.
11. The student financial assistance revenue and expenditure budgets were increased \$0.5 million for the new General Fund supported Pell Grant Initiative project (eleVaTed), and \$1.2 million to support the nongeneral fund scholarship program.
12. The projected annual budgets for All Other Programs were decreased \$0.2 million to finalize budgets. The projected annual expense budgets were increased \$1.7 million for outstanding 2023-24 commitments that were initiated but not completed before June 30, 2024.

AUXILIARY ENTERPRISES

Dollars in Thousands

Attachment R

	July 1, 2024 to September 30, 2024			Annual Budget for 2024-25		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$69,323	\$70,131	\$-808 (1)	\$184,819	\$186,049	\$1,230 (4)
Expenses	-46,848	-50,371	3,523 (1)	-179,256	-186,953	-7,697 (4,5)
Reserve Drawdown/(Deposit)	-22,475	-19,760	-2,715 (1)	-5,563	904	6,467 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$12,463	\$11,766	\$697 (2)	\$26,078	\$26,078	\$0
Expenses	-5,012	-5,297	285	-23,789	-25,231	-1,442 (4,5)
Reserve Drawdown/(Deposit)	-7,451	-6,469	-982 (2)	-2,289	-847	1,442 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$12,737	\$12,651	\$86	\$23,347	\$23,587	\$240 (4)
Expenses	-5,750	-5,762	12	-22,557	-26,205	-3,648 (4,5)
Reserve Drawdown/(Deposit)	-6,987	-6,889	-98	-790	2,618	3,408 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$34,139	\$33,642	\$497 (3)	\$69,450	\$69,450	\$0
Expenses	-26,437	-28,427	1,990 (3)	-68,664	-72,522	-3,858 (4,5)
Reserve Drawdown/(Deposit)	-7,702	-5,215	-2,487 (3)	-786	3,072	3,858 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$42,326	\$42,315	\$11	\$101,540	\$101,702	\$162 (4)
Expenses	-38,224	-38,070	-154	-96,923	-99,598	-2,675 (4,5)
Reserve Drawdown/(Deposit)	-4,102	-4,245	143	-4,617	-2,104	2,513 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$10,936	\$10,727	\$209	\$48,576	\$49,415	\$839 (4)
Expenses	-13,317	-13,399	82	-46,410	-49,096	-2,686 (4,5)
Reserve Drawdown/(Deposit)	2,381	2,672	-291	-2,166	-319	1,847 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at VT/Skelton Conf. Center						
Revenues	\$3,835	\$3,502	\$333	\$14,171	\$14,171	\$0
Expenses	-4,351	-4,556	205	-12,788	-14,277	-1,489 (5)
Reserve Drawdown/(Deposit)	516	1,054	-538	-1,383	106	1,489 (5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$6,097	\$5,841	\$256	\$12,403	\$12,428	\$25 (4)
Expenses	-3,877	-4,267	390	-9,597	-10,845	-1,248 (4,5)
Reserve Drawdown/(Deposit)	-2,220	-1,574	-646	-2,806	-1,583	1,223 (4,5)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$191,856	\$190,575	\$1,281	\$480,384	\$482,880	\$2,496
Expenses	-143,816	-150,149	6,333	-459,984	-484,727	-24,743
Reserve Drawdown/(Deposit)	-48,040	-40,426	-7,614	-20,400	1,847	22,247
Net	\$0	\$0	\$0	\$0	\$0	\$0

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career & Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement & Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Hokie Passport, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Software Sales, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Revenues in Residence and Dining Halls are lower than projected due to lower Dining self-generated revenues, partially offset by higher than budgeted residence hall occupancy. Expenses are lower than projected due to timing of operating expenses and lower than projected dining business volume. A second quarter budget adjustment is in development.
2. Revenues in Parking and Transportation Services are higher than projected due to higher than budgeted permit and self-generated revenues.
3. Revenues for the University Services System are higher than projected due to higher than budgeted self-generated revenues. Expenses are lower than projected due to timing of operating expenses.
4. In June 2024, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
5. The annual expense budget for Auxiliary Enterprises was increased \$22.1 million for outstanding 2023-24 commitments and projects that were initiated but not completed before June 30, 2024.

Auxiliary Enterprise	Outstanding Commitments
Residence and Dining Halls	\$ 6,575,218
Parking and Transportation	1,564,851
Telecommunication Services	3,407,884
University Services System	4,241,856
Intercollegiate Athletics	2,513,098
Electric Service	1,097,019
Inn at Virginia Tech	1,489,009
Other Enterprise Functions	1,252,065
Totals	\$ 22,141,000

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF SEPTEMBER 30, 2024
Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Planning: New Business Building	Apr 2022	\$ 6,300	\$ 923	\$ -	\$ 8,000	\$ -	\$ 8,000	\$ 2,096 (1)
Expand VT-C SOM & Fralin Biomedical Research Institute	Sept 2023	3,500	13	-	9,000	-	9,000	32 (2)
Improve Center Woods Complex	Nov 2023	829	185	14,404	296	-	14,700	201 (3)
Improve Campus Accessibility	Jul 2024	250	-	8,000	-	-	8,000	0 (4)
Planning: Repair Derring Hall Envelope	Oct 2024	300	-	1,624	-	-	1,624	0 (5)
Planning: Improvements to Eastern Shore AREC	Sept 2024	300	-	1,515	-	-	1,515	0 (6)
Planning: CVM Teaching Hospital Renovation & Expansion	Aug 2024	500	-	-	4,300	-	4,300	0 (7)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	18,580	5,604	20,645	-	-	20,645	5,604 (8)
Livestock & Poultry Research Facilities, Phase I	Oct 2016	4,000	1,163	31,764	-	-	31,764	26,154 (9)
Innovation Campus - Academic Building	Jul 2019	40,895	10,501	177,164	80,336	44,636	302,136	246,213 (10)
Building Envelope Improvements	Aug 2022	8,000	542	-	13,580	33,620	47,200	6,377 (11)
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	2,800	1,275	10,400	-	-	10,400	7,432 (12)
Mitchell Hall (Replace Randolph Hall)	Jul 2020	30,000	4,330	264,453	27,828	-	292,281	20,193 (13)
<u>Equipment and Special Initiatives</u>								
Fralin Biomedical Research Institute Equipment	Jul 2020	245	12	18,133	-	-	18,133	17,900 (14)
Equipment for Workforce Development	May 2021	5,000	1,108	42,437	-	-	42,437	13,252 (15)
<u>Close-Out</u>								
Corps Leadership and Military Science Building	Jun 2019	2,036	47	-	21,600	30,400	52,000	49,628 (16)
Hitt Hall	Apr 2017	9,112	5,368	-	33,600	51,400	85,000	79,253 (17)
Undergraduate Science Laboratory Building	Jul 2017	16,000	7,376	90,412	-	-	90,412	78,346 (18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 148,647	\$ 38,448	\$ 680,950	\$ 198,540	\$ 160,056	\$ 1,039,547	\$ 552,683

Education and General Projects

1. Planning: New Business Building: This planning project will design a 92,300 gross square foot building for the Pamplin College of Business. Preliminary designs are complete and reconciliation of cost estimates are underway.
2. Planning: Expand Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute: This planning project will design a new 100,000 gross square foot building for the VTC School of Medicine and renovate 51,000 gross square feet of the existing School of Medicine and Research Institute building to be backfilled by the Fralin Biomedical Research Institute. Schematic design is underway.
3. Improve Center Woods Complex: This project will demolish the existing 12 facilities that have surpassed their useful life and construct 25,900 GSF of research laboratories, research support spaces, equipment storage and offices. Construction was authorized during the 2023 General Assembly Session. The total project budget reflects the capital budget request submission and may be revised by the Commonwealth's Six-Year Capital Advisory Committee (Six-PAC) at the completion of preliminary design. Schematic designs are complete and reconciliation of cost estimates is underway.
4. Improve Campus Accessibility: This project improves pedestrian connectors to ensure accessible service in the southeastern zone of campus and targets the section of the infinite loop from East Eggleston Hall to Dietrick Hall. Procurement for AE services is underway.
5. Planning: Repair Derring Hall Envelope: This planning project will design a repair solution for the exterior building envelope of Derring Hall. The university is awaiting this project's planning amount from the Commonwealth's Six-Year Capital Plan Advisory Committee.
6. Planning: Improvements to Eastern Shore AREC: This planning project will design approximately 39,000 gross square feet of new and renovated facilities to support research at the Eastern Shore AREC. Procurement for AE services is underway.
7. Planning: College of Veterinary Medicine Teaching Hospital Renovation & Expansion: This planning project will design a new 32,000 gross square foot addition and 25,000 gross square foot renovation for the College of Veterinary Medicine Teaching Hospital's academic program. Procurement for AE services is in process.
8. Maintenance Reserve: The total project budget reflects \$1.759 million of carryforward from fiscal year 2024 and \$18.885 million of new appropriations from the State for fiscal year 2025. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement.
9. Livestock & Poultry Research Facilities, Phase I: The new swine, poultry, beef, and equine facilities are substantially complete. A supplement from the State to support the fifth and final bid package has been received. Construction of three hay barns and the demolition of swine facilities past their useful life are underway with substantial completion expected December 2025.
10. Innovation Campus – Academic Building: This project will construct a new 300,000 gross square foot academic building with below grade parking as part of the Innovation Campus in Alexandria Virginia. Construction is underway with substantial completion expected January 2025.
11. Building Envelope Improvements: This project will complete envelope improvements to four buildings.
12. Life, Health, Safety, Accessibility, & Code Compliance: This project improves accessible pedestrian connectors in the North Academic District. The installation of two enclosed elevator towers for an accessible pathway from the ground level of Derring Hall to Burchard Plaza is complete. Accessible pathway improvements from Perry Street to the Drillfield are under construction with substantial completion expected November 2024. Pricing for the accessible pathways between Patton Hall, Holden Hall, and McBryde Hall is expected in November 2024.
13. Mitchell Hall (Replace Randolph Hall): This project will replace Randolph Hall with an approximately 285,500 gross square foot building to accommodate engineering instruction and research. The Guaranteed Maximum Price (GMP-1) contract for demolition and early site work is underway. Pricing for the remainder of the project, GMP-2, is expected fall 2024.
14. Fralin Biomedical Research Institute Equipment: This funding supports the procurement and installation of specialized research equipment for the Fralin Biomedical Research Institute.
15. Equipment for Workforce Development: This project supports space and equipment purchases for the instructional programs associated with the Tech Talent Investment Program.
16. Corps Leadership and Military Science Building: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.
17. Hitt Hall: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.
18. Undergraduate Science Laboratory Building: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of September 30, 2024 (Continued)

Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					CUMULATIVE EXPENDITURES
	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET		
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Planning: Student Life Village, Phase I	Jun 2023	\$ 7,500	\$ 129	\$ -	\$ 19,500	\$ -	\$ 19,500	\$ 443 (1)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	14,500	5,853	-	14,500	-	14,500	5,853 (2)
<u>Close-Out</u>								
New Upper Quad Residence Hall	Jun 2019	600	142	-	16,071	25,929	42,000	39,634 (3)
Student Wellness Improvements	Jun 2016	12,000	6,157	-	25,574	44,426	70,000	62,614 (4)
Football Locker Room Renovations	Jun 2023	2,500	1,124	-	5,900	-	5,900	4,084 (5)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 37,100	\$ 13,404	\$ -	\$ 81,545	\$ 70,355	\$ 151,900	\$ 112,628
GRAND TOTAL		<u>\$ 185,747</u>	<u>\$ 51,852</u>	<u>\$ 680,950</u>	<u>\$ 280,085</u>	<u>\$ 230,411</u>	<u>\$ 1,191,447</u>	<u>\$ 665,311</u>

Auxiliary Enterprise Projects

1. Planning for Student Life Village, Phase I: The planning project will design the first phase of the Student Life Village which will include 1,750 new beds, dining service capacity to meet approximately 4,000 transactions per day, and recreational space of approximately 23,000 gross square feet. The new beds within Phase I are intended to replace the existing beds in Slusher Hall, provide for approximately 620 new beds for the Global Business and Analytics Complex (GBAC), and 500 beds to allow for swing space to pull existing residence halls offline for refurbishments. Schematic design is underway.
2. Maintenance Reserve: The auxiliary maintenance reserve program covers 106 assets with a total replacement value of \$1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on maintenance reserve work scheduled for fiscal year 2025. The annual and total budgets may be adjusted during the year depending on the actual spending activities of the auxiliary units provided expenditures do not exceed the total resources encumbered for the program.
3. New Upper Quad Residence Hall: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.
4. Student Wellness Improvements: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.
5. Football Locker Room Renovation: The project is complete and will be closed and financial accounts terminated when final invoices are received and paid.