Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
Cascades Room, the Inn at Virginia Tech
November 6, 2023

Open Session

Board members present: Edward Baine, LaTawnya Burleson – Staff Representative, David Calhoun, Carrie Chenery, Nancy Dye, Anna James, Chris Petersen, John Rocovich

University personnel and guests: Beth Armstrong, Rhonda Arsenault, Callan Bartel, Laura Belmonte, Amanda Black – Capital Cities, Bob Broyden, Brock Burroughs, Cyril Clarke, Jeff Earley, Alisha Ebert, Juan Espinoza, Ron Fricker, Rachel Gabriele, Ellington Graves, Luisa Havens Gerardo, Kay Heidbreder, Tim Hodge, Elizabeth Hooper, Jennifer Hundley, Travis Hundley, Anne Keeler, Sharon Kurek, Jack Leff, John Lucas, Rob Mann, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Joseph Mills, Laurel Miner, Kim O'Rourke, Ellen Plummer, Tim Sands, Amy Sebring, Brennan Shepard, Lexi Simmers, Rachel Smucker, Aimée Surprenant, Don Taylor, Monecia Taylor, Tracy Vosburgh, Corey Waddell – Capital Cities, Mike Walsh, Melinda West, and student guests

1. **Welcome and Opening Remarks**

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

   a. **Approval of Minutes of the August 29, 2023 Meeting**

   b. **Annual Write-off of Delinquent Accounts:** As of June 30, 2023, the amount of write-offs of delinquent accounts totaled $354,012 which represents .03 percent of the 2022 annual operating revenues of $1.3 billion. The current year write-off is consistent with the total write-off amounts in recent years.

* c. **Approval of Revised Authorization for Lines of Credit:** The Committee reviewed for approval the revised authorization for lines of credit.

* d. **Approval of Resolution on Ratification of Lease Activities Approved by the University:** The university approves and the Board of Visitors ratifies lease activities below the capital project threshold according to the process the Board of Visitors approved at the June 2021 meeting. The university-

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

approved lease portfolio had an ending balance of $206 million at June 30, 2023, with $170 million attributable to leases with the Virginia Tech Foundation.

The Committee approved the items on the Consent Agenda and recommended the Revised Authorization for Lines of Credit and the Resolution on Ratification of Lease Activities Approved by the University to the full Board for approval.

#+ 3. **Annual Report on Research Finances and Resources:** The Committee received a comprehensive annual report on research finances and resources highlighting university research development and expenditures, award and proposal trends, and an overview of the impact of research funding on the university's Top 100 Global Research University initiative. Virginia Tech surpassed $650 million in total research expenditures and exceeded its goal for extramural research expenditures two years ahead of schedule. This report also included an overview of the Enterprise Risk landscape and mitigation strategies.

#+ 4. **Resourcing the Strategic Plan:** The Committee received a report on resourcing the strategic plan from Amy Sebring, Executive Vice President and COO. This presentation included background information including the value of a degree from Virginia Tech, administrative efficiencies, and current resources. It also shared an overview of the resource management strategy, tuition and fee considerations, and budget development timeline.

5. **Update on Advancement:** University Advancement provided a report on their fundraising efforts including a campaign update, the most recent numbers for New Gifts and Commitments (NG&C) and Cash. This update also included an overview of campaign totals by gift use and gift type, areas of support, and colleges and units; a comparison of restricted and unrestricted gifts; and the goals for the Virginia Tech Advantage initiative.

+ 6. **Annual Report on Investments and Quasi-Endowments:** The Committee received a report on university investments and quasi-endowments, investment performance and related benchmarks, estimated payouts for fiscal year 2024, and planned use of such funds. The report shows the purposeful growth of funds invested in the endowment pool managed by the Foundation, which consists of true endowments, quasi-endowments and nongeneral fund reserves and balances, and local funds owned by the university.

* 7. **Approval of the Revised Policy Governing the Investment of University Funds:** The Committee reviewed for approval the revised policy governing the

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

investment of university funds. The university hired Capital Cities as investment consultants to assist in the revision of the university's investment policy. The proposed changes maintain the strengths of the original investment policy while creating new investment opportunities by hiring additional investment managers and applying more targeted and active investment strategies.

The Committee recommended the Revised Policy Governing the Investment of University Funds to the full Board for approval.

* 8. **Approval of Resolution for Authority to Establish a Line of Credit for the Virginia Tech Applied Research Corporation:** The Committee reviewed for approval a resolution for authority to establish a line of credit for the Virginia Tech Applied Research Corporation (VT-ARC).

The Committee recommended the Resolution for Authority to Establish a Line of Credit for the Virginia Tech Applied Research Corporation to the full Board for approval.

#+ 9. **Annual Report on the University's Student Financial Aid Resources:** The Committee received a comprehensive report on the university's scholarship and financial aid program. The university continues to work proactively to ensure access and affordability as part of the Virginia Tech Advantage initiative. The amount of total student financial aid awarded increased from $574.0 million to $638.6 million in fiscal year 2023.

* 10. **Approval of Year-to-Date Financial Performance Report (July 1, 2023 – September 30, 2023):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2023 to September 30, 2023. For the first 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.

* 11. **Approval of Resolution for Approval Process and Ratification of Subscription Based Information Technology Arrangements (SBITA) under GASB-96:** The Committee reviewed for approval the approval process and ratification of university approvals of the Subscription-Based Information Technology Arrangements under Governmental Accounting Standards Board Statement No. 96. As of June 30, 2023, the university has recognized an unaudited total of $18.2 million in long-term debt

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

liabilities and corresponding right-to-use assets for these arrangements. Additionally, this new accounting treatment is expected to shift $6 million of recurring annual operating expenses to recurring annual debt service which is expected to consume 33 basis points of debt capacity.

The Committee recommended the Resolution for Approval Process and Ratification of Subscription Based Information Technology Arrangements (SBITA) under GASB-96 to the full Board for approval.

#+ **12.** **Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity:** The Committee received for acceptance a report on the university's debt ratio and debt capacity. At the conclusion of fiscal year 2022-23, outstanding long-term debt of the university totaled $831.9 million with a debt ratio of 4.10 percent of operating expenditures. The university proposed the continuation of the six percent cap on the debt ratio for the upcoming year.

*+ **13.** **Approval of the 2024-2030 Six-Year Plan:** The Committee reviewed for approval the final version of the 2024-2030 Six-Year Plan. The university developed the Six-Year Plan for submission to the state on October 1, 2023. This plan will primarily inform state funding requests for fiscal years 2025 and 2026.

The Committee recommended the 2024-2030 Six-Year Plan to the full Board for approval.

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

There being no further business, the meeting adjourned at 11:09 a.m.

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

Attachment F

Open Session Agenda
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
8:30 a.m.
November 6, 2023

	1.	Welcome and Opening Remarks	Anna James
	2.	Consent Agenda	Anna James
		a. Approval of Minutes of the August 29, 2023 Meeting	
		b. Annual Write-off of Delinquent Accounts	
*		c. Approval of Revised Authorization for Lines of Credit	
*		d. Approval of Resolution on Ratification of Lease Activities Approved by the University	
#+	3.	Annual Report on Research Finances and Resources	Laurel Miner
#+	4.	Resourcing the Strategic Plan	Amy Sebring
#	5.	Update on Advancement	Rhonda Arsenault
+	6.	Annual Report on Investments and Quasi-Endowments	Ken Miller Tim Hodge
*	7.	Approval of the Revised Policy Governing the Investment of University Funds	Ken Miller Amanda Black (Consultant with Capital Cities)
*	8.	Approval of Resolution for Authority to Establish a Line of Credit for the Virginia Tech Applied Research Corporation	Ken Miller
#+	9.	Annual Report on the University's Student Financial Aid Resources	Tim Hodge Luisa Havens Gerardo
*	10.	Approval of Year-to-Date Financial Performance Report (July 1, 2023 – September 30, 2023)	Tim Hodge Bob Broyden
*	11.	Approval of Resolution for Approval Process and Ratification of Subscription Based Information Technology Arrangements (SBITA) under GASB-96	Joseph Mills
#+	12.	Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity	Ken Miller Bob Broyden
*+	13.	Approval of the 2024-2030 Six-Year Plan	Tim Hodge
	14.	Discussion of Future Agenda Topics and Closing Remarks	Anna James

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

Closed and Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

November 6, 2023

	Agenda Item	Reporting Responsibility
	1. Motion for Closed Session	Committee Member
*	2. Ratification of Personnel Changes Report	Ken Miller
	3. Motion to Reconvene in Open Session	Committee Member
	4. Approval of Items Discussed in Closed Session	Anna James

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

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

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

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.

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

Joint Open Session with the Buildings and Grounds Committee

Board members present: Janice Austin – A/P Faculty Representative, Ed Baine, LaTawnya Burleson – 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.

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

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.

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

Attachment F

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

	Agenda Item	Reporting Responsibility
	1. Motion to Reconvene in Open Session	Committee Member
	2. Welcome and Opening Remarks	Anna James
	3. Consent Agenda a. Approval of Items Discussed in Closed Session b. Approval of Minutes of the June 6, 2023 Meeting	Anna James
#+	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

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

Attachment F

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

		Agenda Item	Reporting Responsibility
*#+	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

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

Accounts Receivable and the Write-off of Delinquent Accounts
For the Fiscal Year Ended June 30, 2023

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

September 20, 2023

Overview

Current accounts receivable are generated by several components as part of the annual operating activities of the university. To properly account for and control these assets, the university uses a combination of centralized and decentralized systems. Student accounts receivable and the receivables generated through the sponsored research program represent the largest components of the total receivables. Sponsored program receivables increased $26 million over the prior year as result of internal and external billing and payment challenges.

Current and noncurrent notes receivable are comprised of both federal and institutional student loans administered by the university. Federal loans receivables have decreased as result of the university's winddown of the Perkins loan program in 2023 as prescribed by the US Department of Education. Though the US Department of Education published the closure of the Perkins Program effective 2018 universities were allowed to continue loan servicing at their own expense. The university has successfully closed the loan program.

The Bursar's Office is responsible for the centralized accounts receivable system operation and monitoring the activities of the decentralized operations through reviews of reports and discussions with personnel who have been delegated the responsibility for billing and collecting accounts. The Bursar's Office is also responsible for managing the collection process for all delinquent accounts.

The Controller's Office consolidates information from the receivable systems on a quarterly basis and reports to senior management and the State Comptroller. The quarterly report uses a combination of narratives, tables, and graphs to report receivables, analyze trends, and identify areas where emphasis or action is needed. The Controller's Office is responsible for the implementation of corrective action to ensure that receivables are properly managed.

Composition and Aging of the Receivables

Accounts receivable: Attachment A provides the composition of the current gross receivables at June 30, 2023, with comparative data for the previous year. Attachment B provides a graph for the aging analysis of the gross receivables at June 30, 2023, with comparative data for the previous three years. In addition, the total current receivable write-offs for these four years are overlaid on this graph to demonstrate the small proportion of write-offs to total receivables.

Notes receivable – from students: Federal and Institutional Loans (issued by Virginia Tech from gifts and donated funds designated to be used for loans) to students require the execution of a promissory note. These loans receivable are repaid over 10 or more years after a student's last enrollment at the university and the amount due in the next 12 months is classified as a current notes receivable for the university's financial statements.

Attachment A also provides the composition of the total gross federal and institutional student loan receivables at June 30, 2023, with comparative data for the previous year.

Collection Efforts and Write-offs

Because of the nature of the accounts receivables, their impact on the university's operating budget, and the university's assertive policy for collecting delinquent accounts, the annual write-off of uncollectible accounts is relatively small. The average annual write-off for accounts receivable for the past three years is $408,244. **The fiscal year 2023 write-off total of $354,012 represents only 0.03 percent (less than one tenth of one percent) of the annual operating revenues[1] per the audited financial statements for fiscal year 2022**.

Various techniques are used for collecting delinquent accounts receivable depending on the customer and type of account. For example, students must pay past due amounts before they are allowed to enroll for the next school term. Other delinquent accounts are placed with commercial collection agencies and the State Attorney General's Office for collection. The State Comptroller provides guidance on collection policies and procedures, and the university generally complies with the State Comptroller's recommendations, except where improved practices have been implemented under the Restructuring Act.

Accounts Receivable Written Off at June 30, 2023

As authorized by a resolution passed by the Board of Visitors on August 13, 1976, the Vice President for Finance and the Associate Vice President for Finance and University Controller periodically review the university's accounts and notes receivable to determine those delinquent accounts that are deemed uncollectible. Subsequently, the accounts are written off the university's records in accordance with generally accepted accounting practices. However, such accounts are not discharged or forgiven (with limited exceptions such as bankruptcies, death, etc.), and the university continues to track these accounts and sometimes collects portions of these accounts after being written off.

Normally, accounts are written off at the close of the fiscal year. For the fiscal year ended June 30, 2023, the accounts receivable written off totaled $354,012. The decrease in write-offs of $175,568 over the prior year is primarily due to a decrease of $122,028 in Student Account write-offs. In the previous year write-offs, medical and financial obstacles led to higher student resignations mid-term causing financial aid reductions and resulting in uncollectible balances. There was also a decrease of $45,836 in Other Receivables write-

[1] Operating revenues for FY22 of $1,311,645,000 was used for this calculation.

offs. See Attachment C for a summary of the accounts receivable written off at June 30, 2023, with comparative data for the two previous fiscal years.

For each accounts receivable written off, appropriate collections procedures were utilized. Further collection efforts were not justified for various reasons such as bankruptcies, inability to locate the debtor, and cost versus benefit for small receivable amounts.

As shown in Attachment D, the $354,012 write-off total consists of 758 customers with an average account value of $467. In fact, of the total number of accounts written off, 56 percent (423) were valued at less than $100, and these low dollar accounts represent only 4.9 percent of the total dollar value of the write-offs.

Notes Receivable – From Students Written Off at June 30, 2023

The total notes receivable written off at the close of fiscal year 2023 included $17,742 in write-offs of the institutional student loan portfolio. Institutional student loans are subject to the same collection techniques as other university receivables. For each loan written off, appropriate collection procedures were utilized. The notes receivable write-off consists of five loans. Institutional student loans are most often awarded to students with financial need who have exhausted other avenues of financial aid. Since these are long-term loan programs issued to borrowers with limited resources, the university generally has allowed more time before deeming the loan uncollectible and subsequently writing these amounts off.

Federal notes receivable are issued from funds received from the federal Department of Health and Human Services over many previous years for the Health Professions Student Loan programs, and from required matching contributions from the university. Again, the same collection procedures are followed for these loans.

State Management Standards

The university's Management Agreement under the Restructured Higher Education Financial and Administrative Operations Act includes several financial and administrative performance standards. The university must achieve compliance with all of these performance standards to retain the financial benefits provided under the Management Agreement. There are two management standards related to accounts receivable and both are calculated annually and reported to the state biennially. The two standards are:

a. A four-quarter average past due rate of 10 percent or less on receivables 120 days or more past due as a percentage of all current receivables.

b. An average past due rate of 10 percent or less on Federal student loans.

The university is currently in compliance with both standards. As of June 30, 2023, the average past due rate on current receivables 120 days or more past due is 1.63 percent for the applicable four quarters and the Federal student loans default rate is zero percent.

Composition of Gross Accounts and Notes Receivable
As of June 30, 2022 and 2023
(all dollars in thousands)

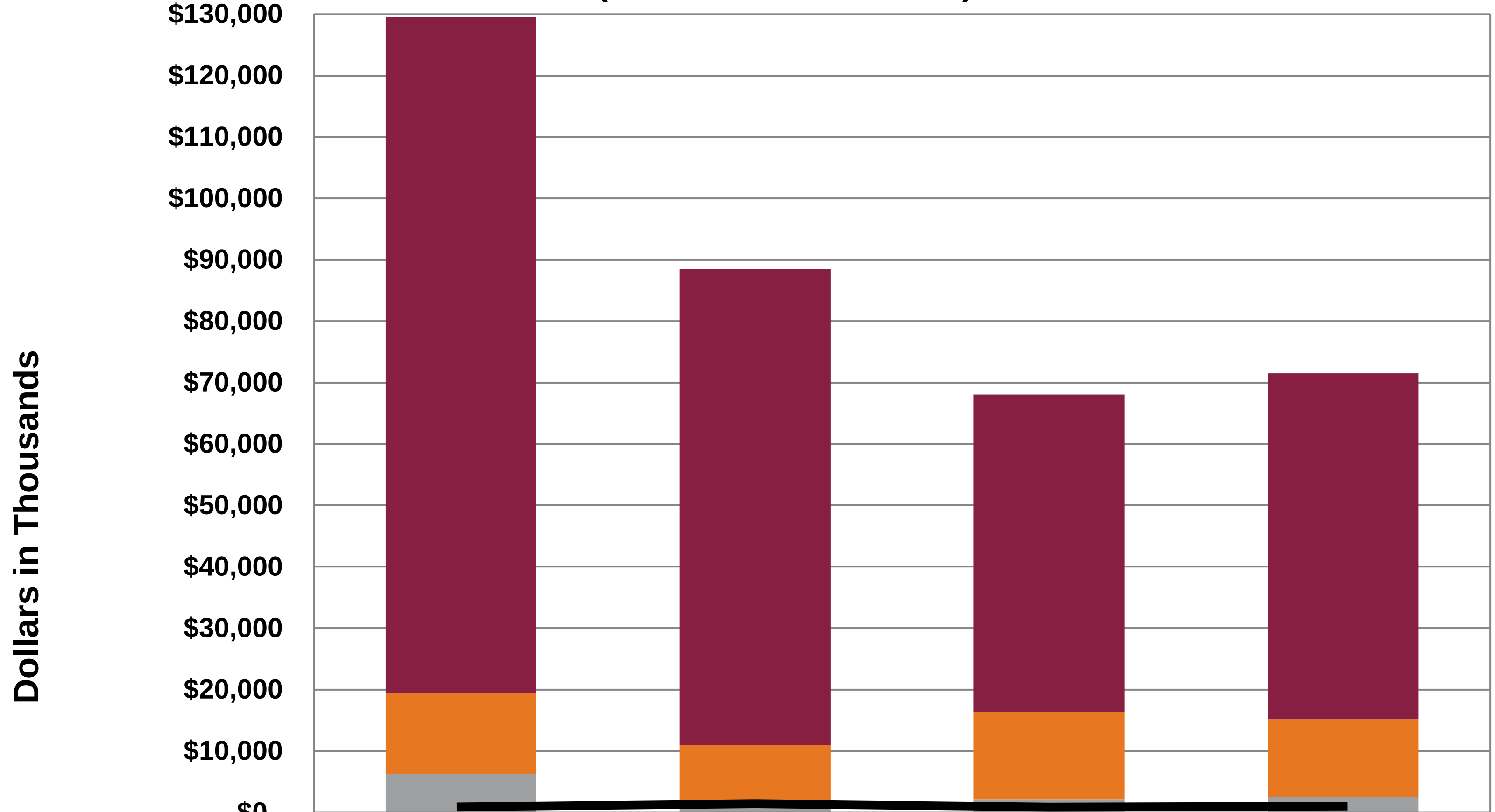
	June 30, 2023			June 30, 2022		
		Receivable Balance	Percent		Receivable Balance	Percent
Accounts Receivable:						
Student Accounts	$	4,967	3.8%	$	4,711	5.3%
Sponsored Programs		91,982	71.0%		65,941	74.5%
Electric Service		1,084	0.8%		912	1.0%
Parking Service		94	0.1%		114	0.1%
Telecommunications (N&IS)		6	0.0%		5	0.0%
CPE and IVTSCC [1]		717	0.6%		875	1.0%
Veterinary Medicine		787	0.6%		721	0.8%
Equine Medical Center		636	0.5%		756	0.9%
Short Term Loans/Notes		4	0.0%		2	0.0%
Other Receivables [2]		29,263	22.6%		14,506	16.4%
Total Accounts Receivables	**$**	**129,540**	**100.0%**	**$**	**88,543**	**100.0%**
Notes Receivable						
Federal Loans - HPSL [3]	$	657	37.2%	$	5,365	81.6%
Institutional Loans		1,109	62.8%		1,210	18.4%
Total Notes Receivable	**$**	**1,766**	100.0%	**$**	**6,575**	100.0%

[1] Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

[2] One-time receivables, included in the Other Receivables category, increased due to accrual of Athletics revenue for ACC distributions and insurance recovery for lost revenues from a canceled game

[3] Health Professions Student Loan

Aging of Current Gross Accounts Receivable
From June 30, 2020 to June 30, 2023
(Dollars in Thousands)



	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Receivables Not Past Due	$110,090	$77,553	$51,683	$56,334
1 - 120 Days Past Due	$13,218	$9,346	$14,285	$12,636
121 to Over 1 Year Past Due	$6,232	$1,644	$2,079	$2,536
Total Gross Receivables	$129,540	$88,543	$68,047	$71,506
Write-Offs	$354	$530	$341	$385

1. 121 to Over 1 Year Past Due increased by $2.9m of grants contracts and $1.4m of other-athletics (IMG)
2. FY23 $129,540 reflects $26m increase in sponsored programs

Current Accounts Receivable Write-Offs for June 30, 2023 with Comparison to 2022 and 2021

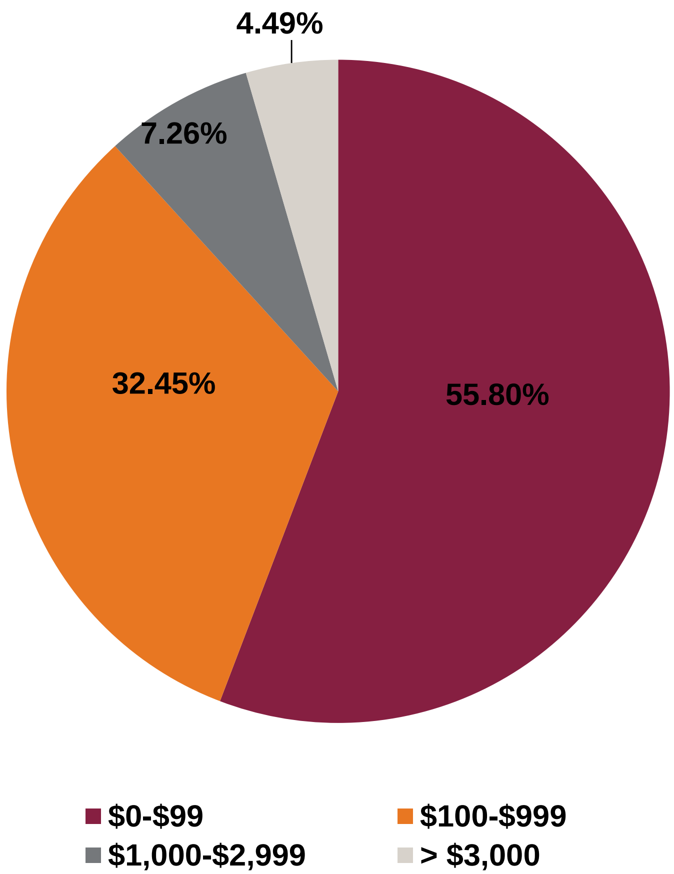
(In whole dollars)

Accounts Receivable	June 30, 2023	June 30, 2022	June 30, 2021	Three Year Average
Student Accounts	$ 172,277	$ 294,305	$ 147,328	$ 204,637
Sponsored Programs	3,688	-	-	1,229
Electric Service	35,096	30,742	16,320	27,386
Parking Services	20,286	19,064	22,605	20,652
CPE and IVTSCC [1]	5,000	-	-	1,667
Veterinary Medicine	49,636	44,355	39,419	44,470
Equine Medical Center	40,815	68,064	33,919	47,599
Short Term Loans/Notes	-	-	554	185
Other Receivables	27,214	73,050	80,994	60,419
Total Write-Offs	**$ 354,012**	**$ 529,580**	**$ 341,139**	**$ 408,244**

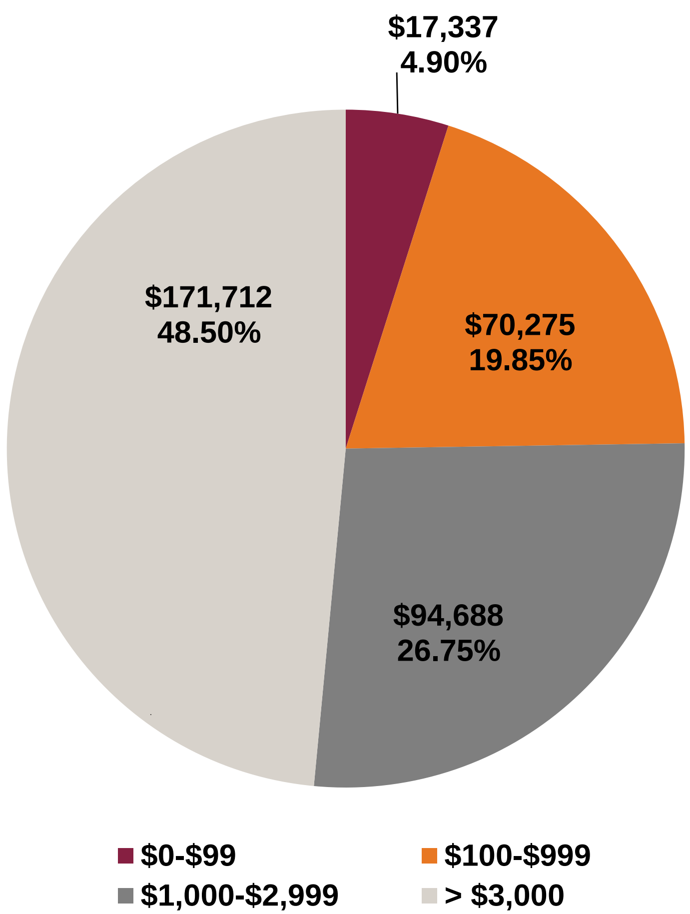
[1] Continuing and Professional Education / Inn at Virginia Tech & Skelton Conference Center

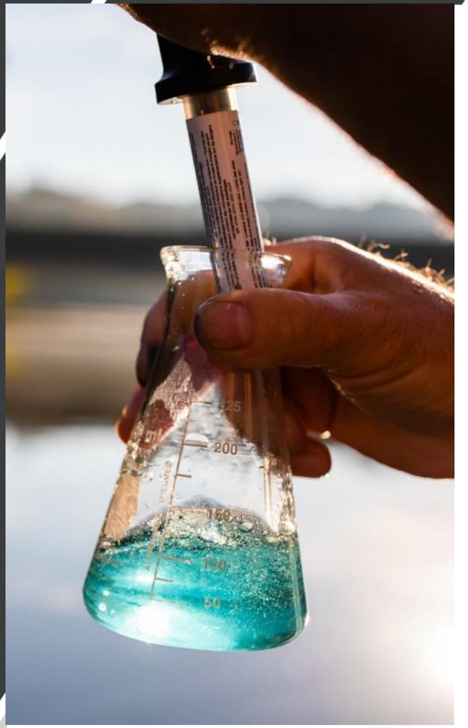
Stratification of Write-Offs for Fiscal Year 2023

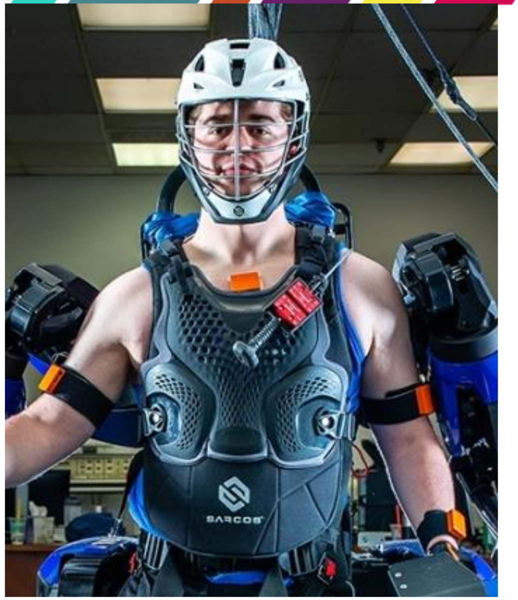
Total Number of Accounts = 758



Total Dollar Value = $354,012
Average Dollar Value = $467







Annual Report on Research Finances and Resources

Finance and Resource Management Committee

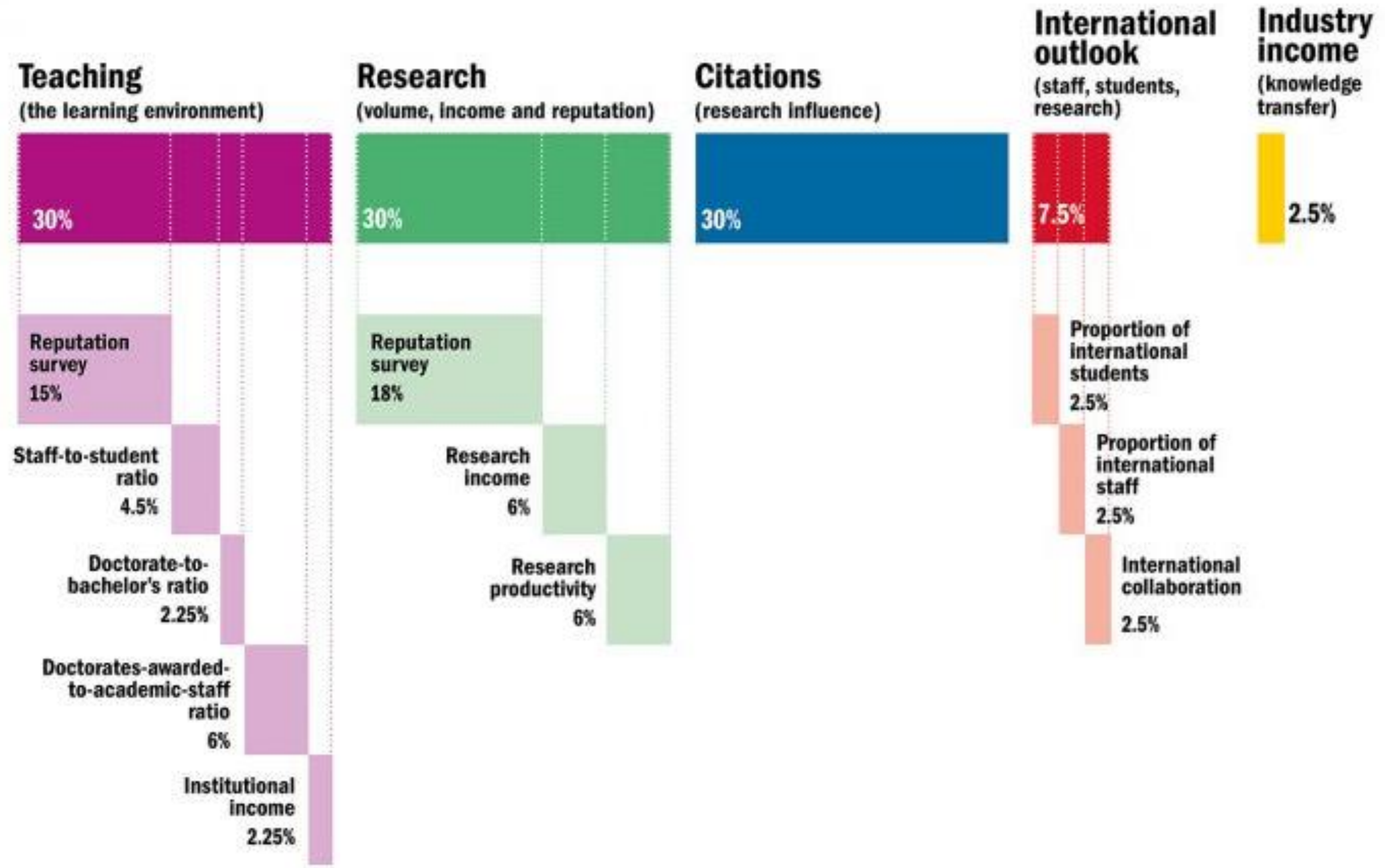
Laurel Miner
Assistant Vice President and Chief of Staff
Office of Research and Innovation

November 2023

RESEARCH AND INNOVATION
VIRGINIA TECH.

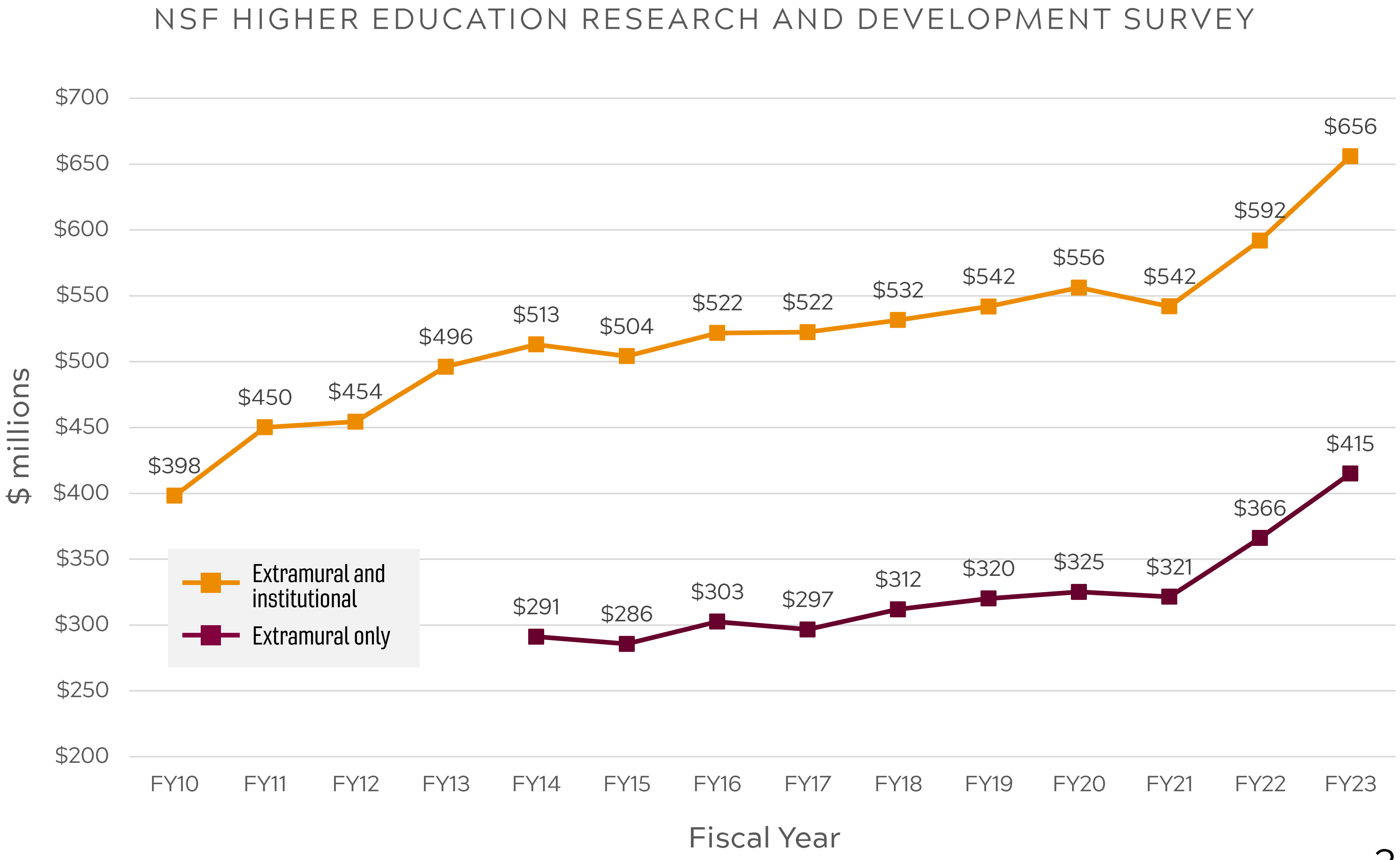
Top 100 Global: THE World University Rankings Methodology

Research and industry income have significant impact on rankings



Research expenditures

Research expenditures continue strong upward trajectory.

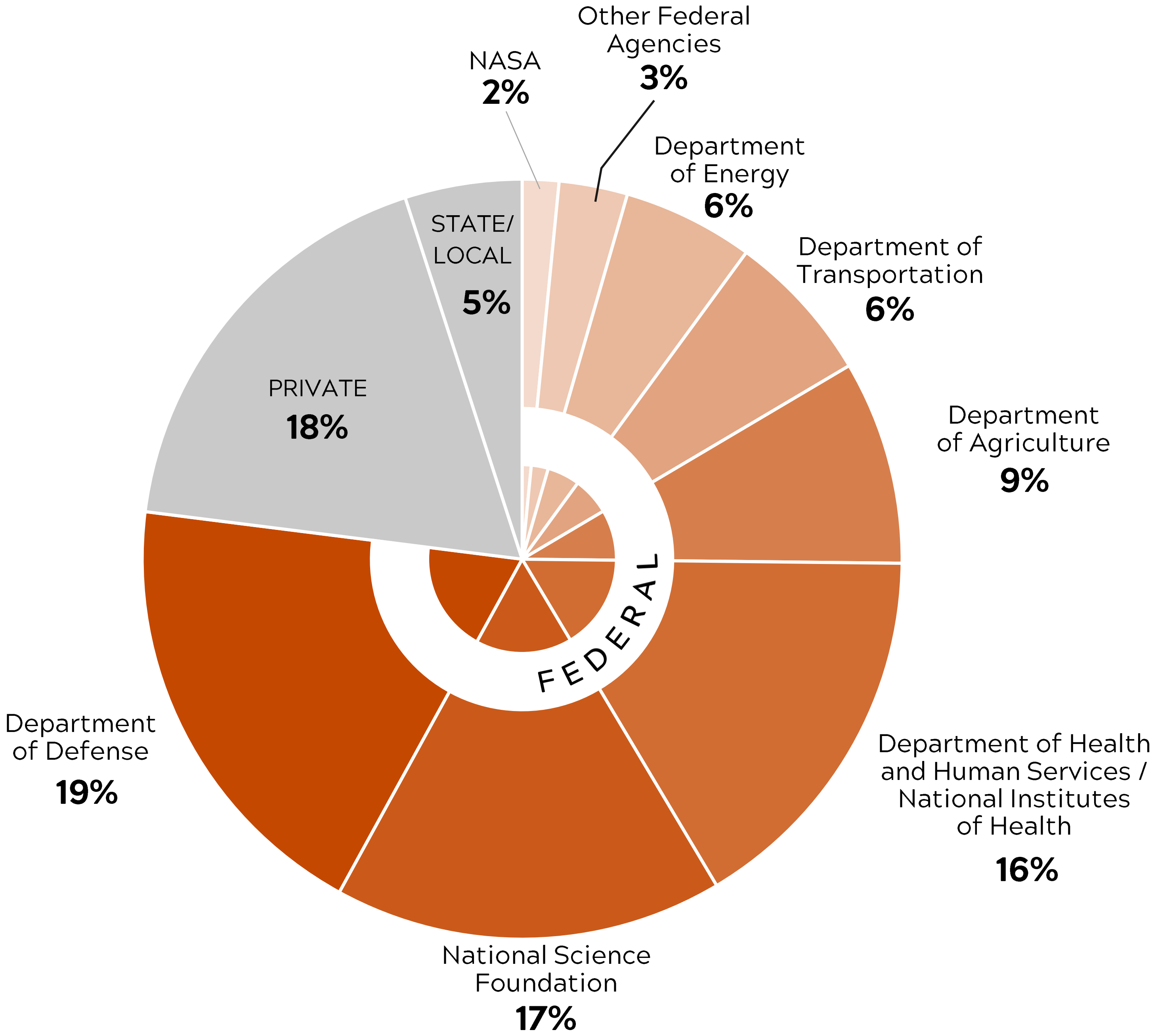


Note: FY23 values are estimates. Final values will be available in January 2024.

Balanced portfolio

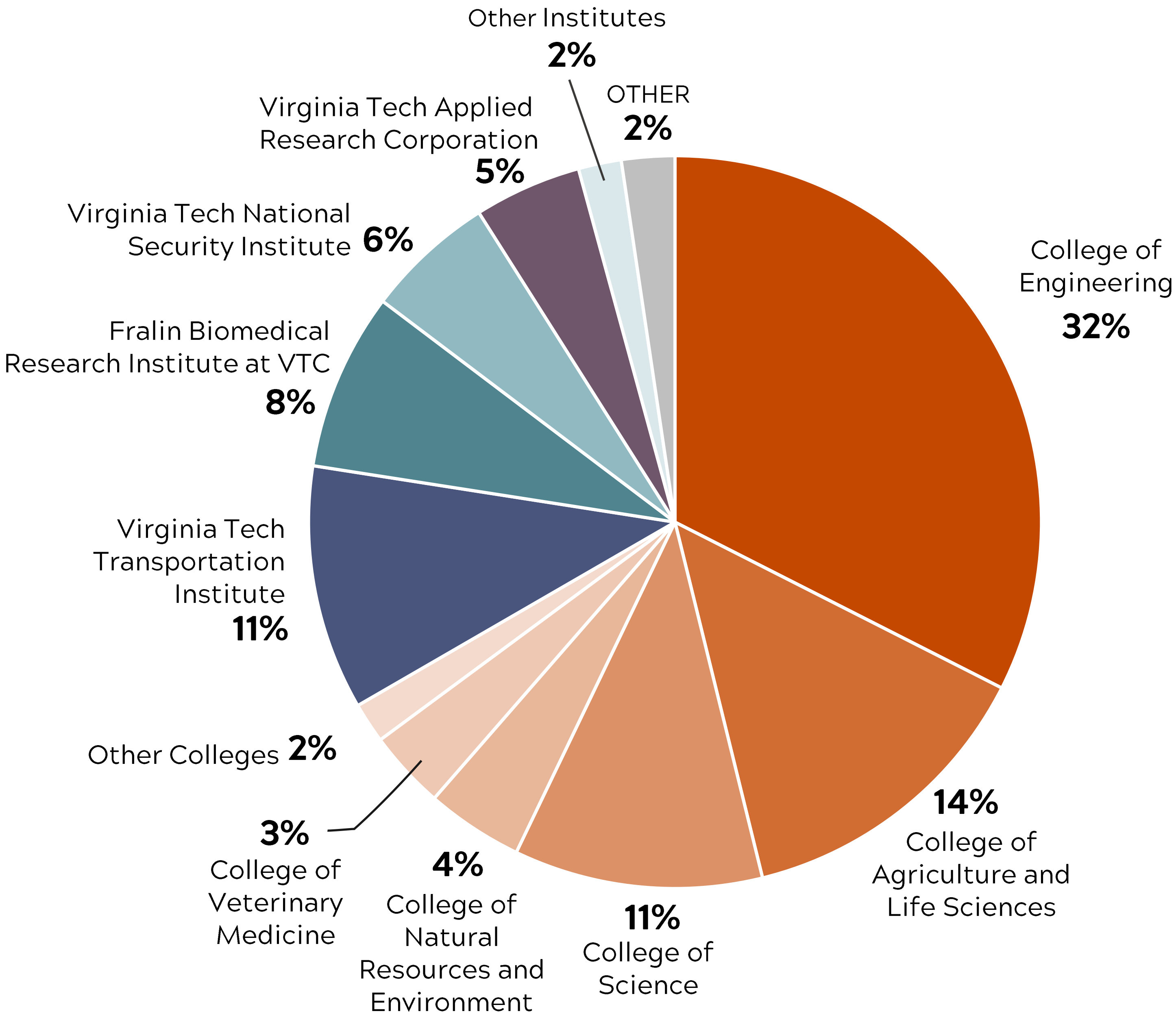
Virginia Tech's sponsored research portfolio has support from a broad number of agencies.

Growth was led by DOD (+26%), NSF (+18%), and DHHS (+18%)



Extramural funding across Virginia Tech

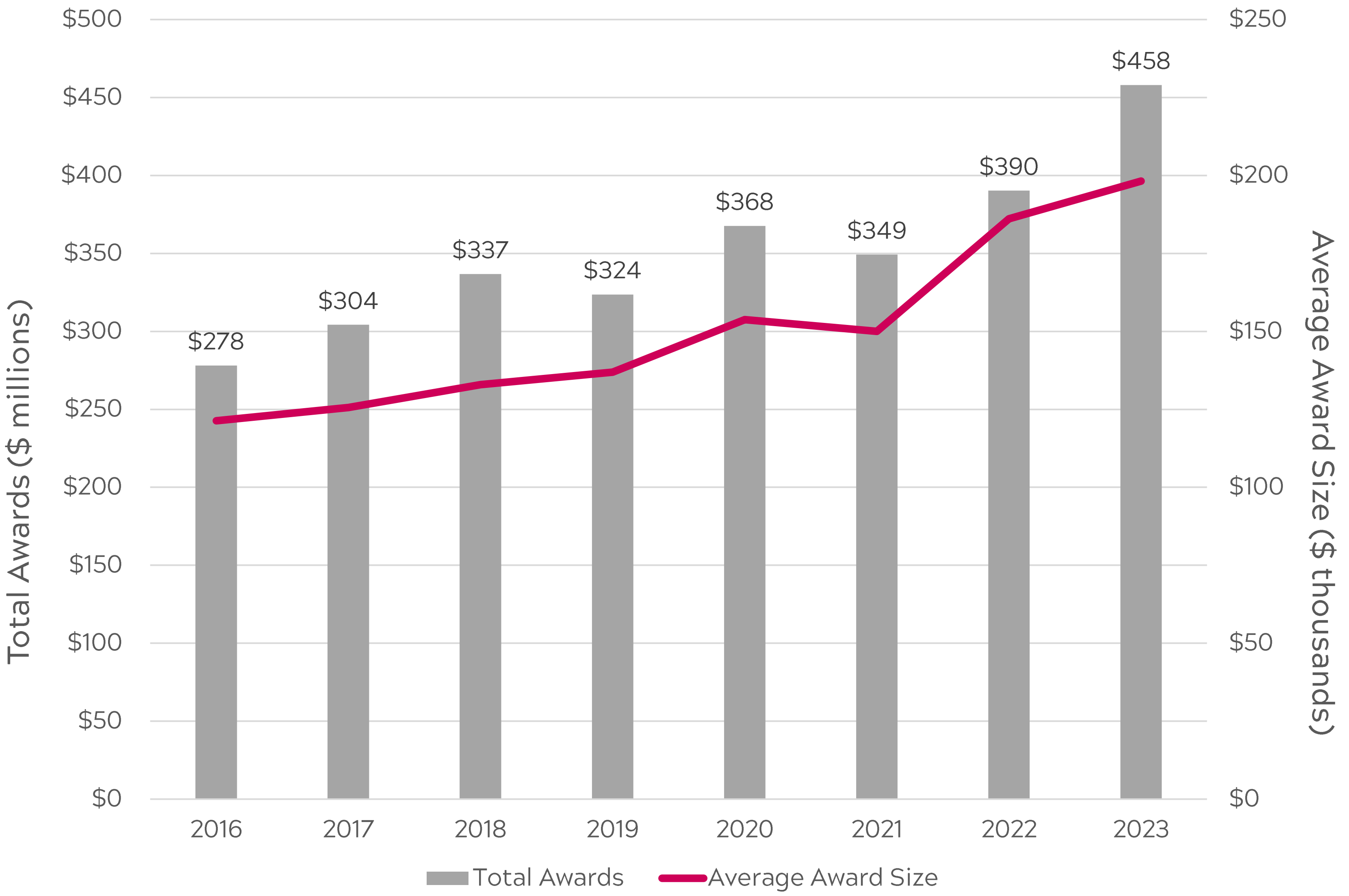
Faculty and researchers across all colleges and institutes are actively engaged in sponsored research programs.



Award trends

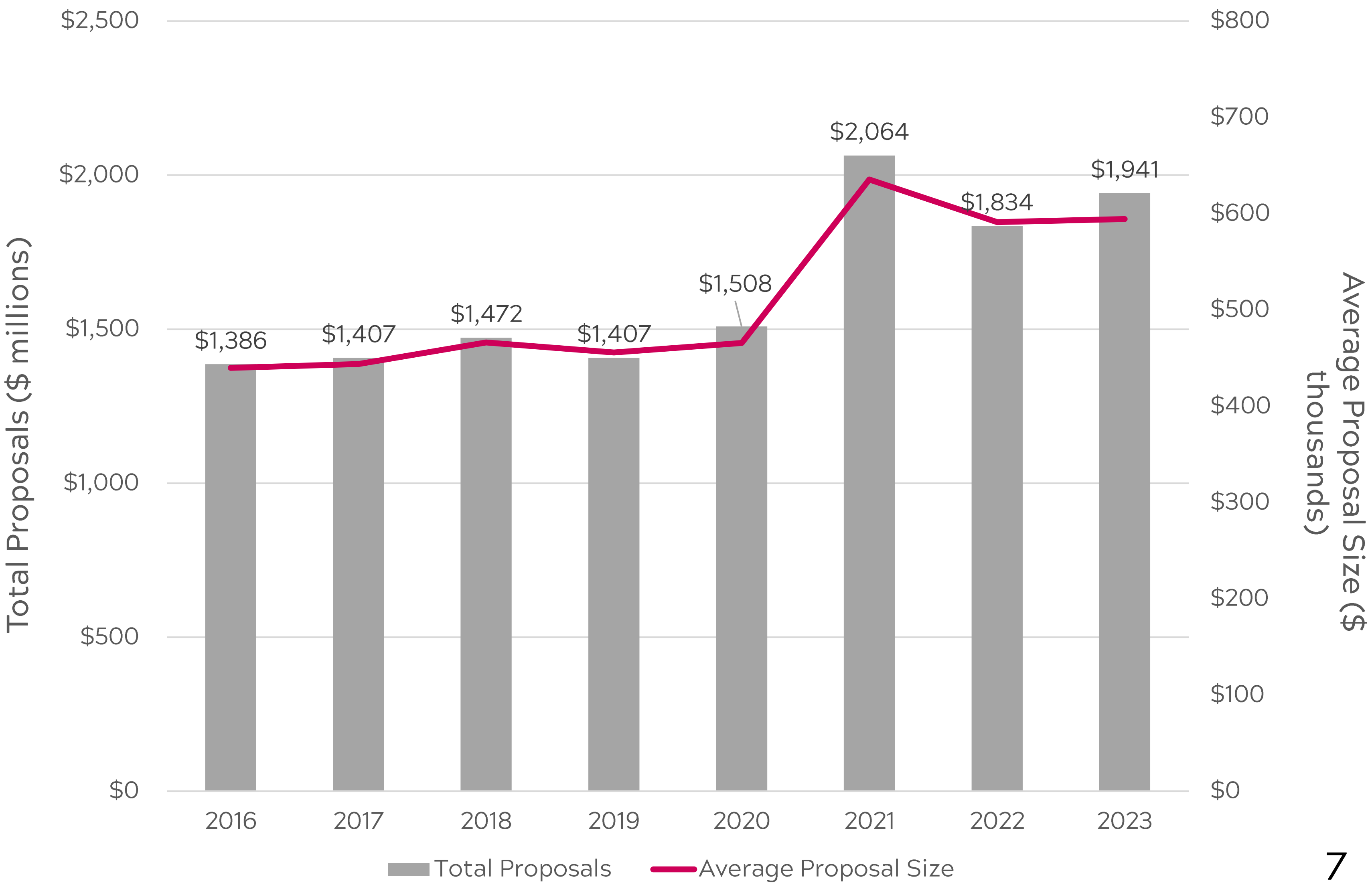
Total award amount is up in 2023, indicating continued future success.

Average award size continues to grow.



Proposal Trends

Proposals have grown significantly since 2021, partially due to increase in "mega projects" between $75 million and $250 million

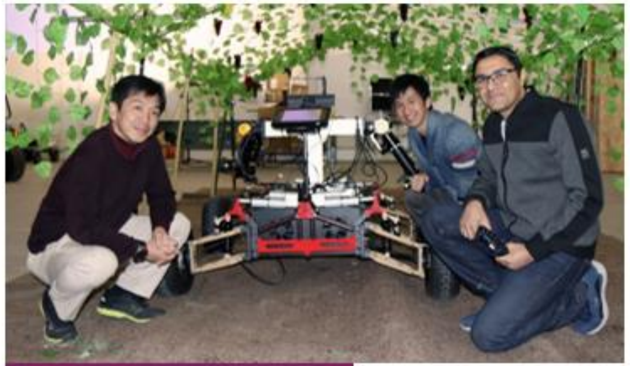


Enterprise Risk Management: Competitive Growth

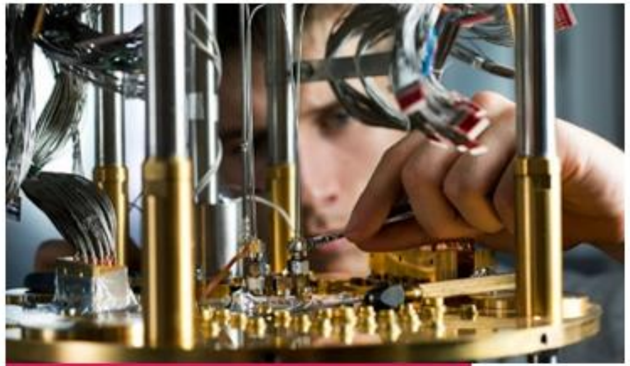
Grow and diversify the research portfolio by prioritizing strengths and focusing on emerging areas for competitive growth.

THE HEALTH FRONTIER

THE SECURITY FRONTIER



THE A.I. FRONTIER



THE QUANTUM FRONTIER

Key takeaways

- Research expenditures and awards are on a steep upward trajectory.
- Research Institutes grew especially quickly, given agility and sponsor relationships.
- Increased opportunities for “mega projects” drive increased proposal size for high-risk, high-reward efforts.

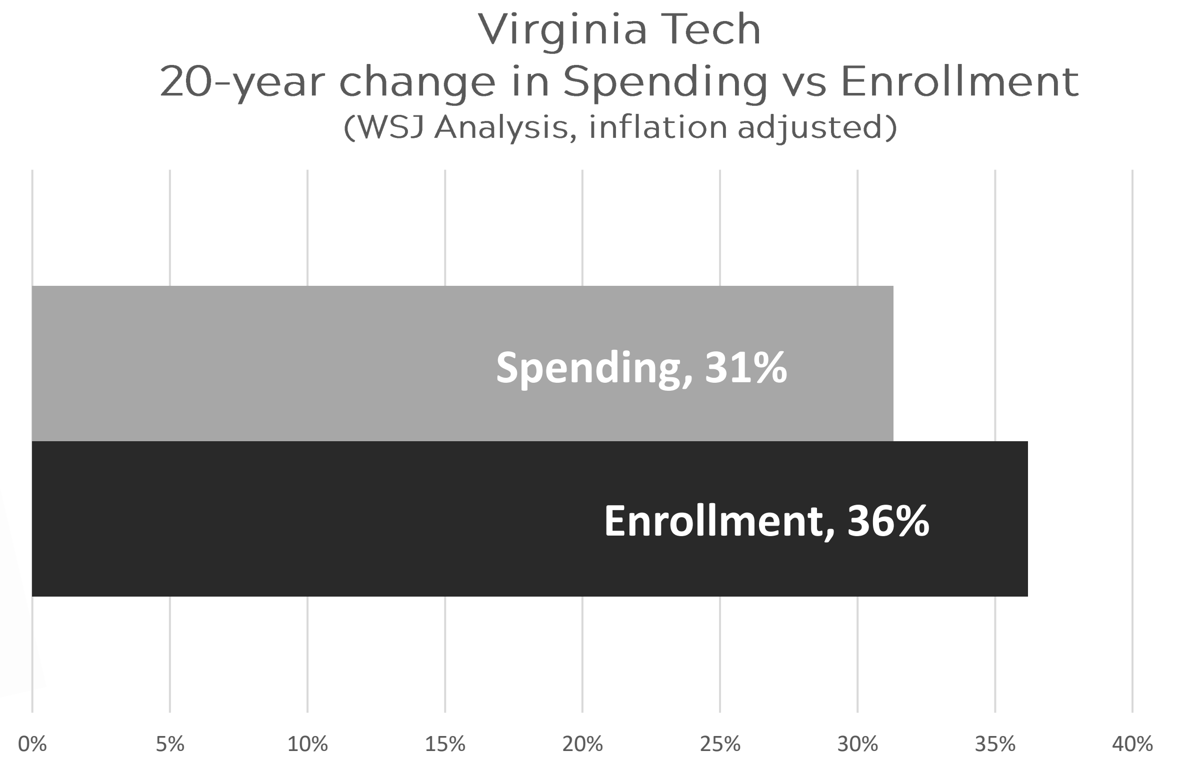
RESOURCING THE STRATEGIC PLAN

AMY SEBRING, EXECUTIVE VICE PRESIDENT & CHIEF OPERATING OFFICER

NOVEMBER 6, 2023

Background

Media vs Reality at VT

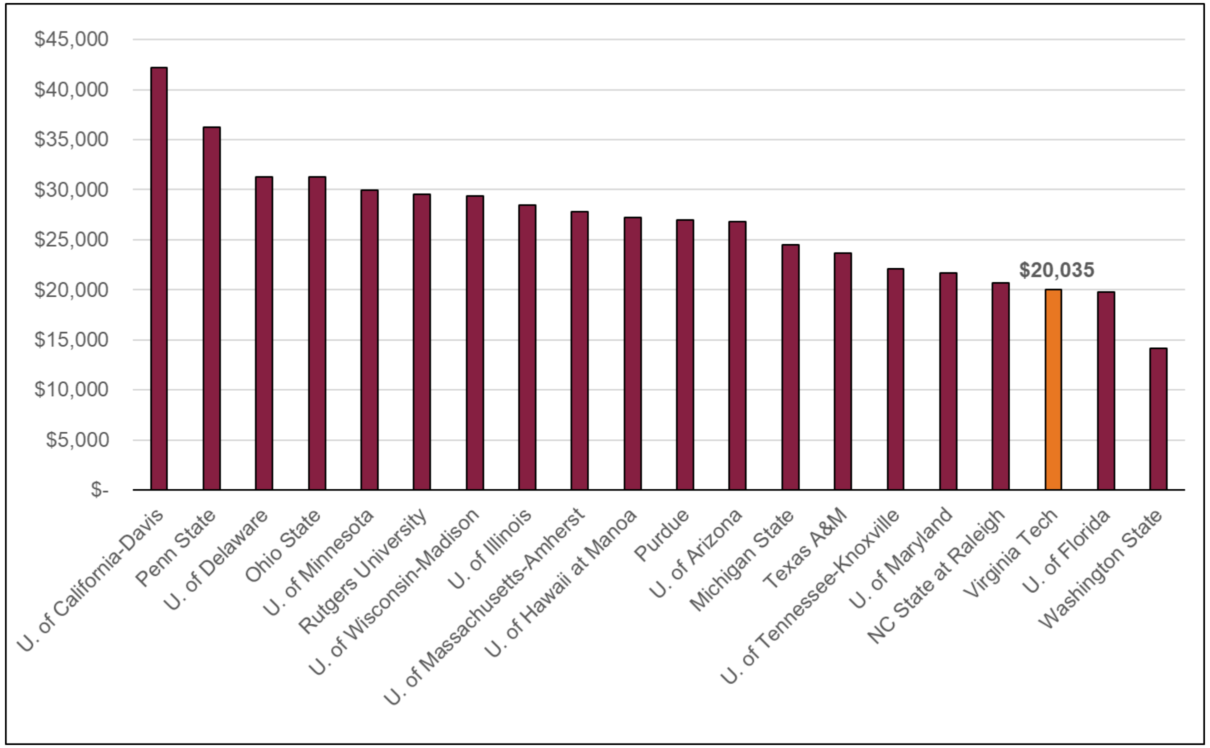


Virginia Tech Provides Strong Value

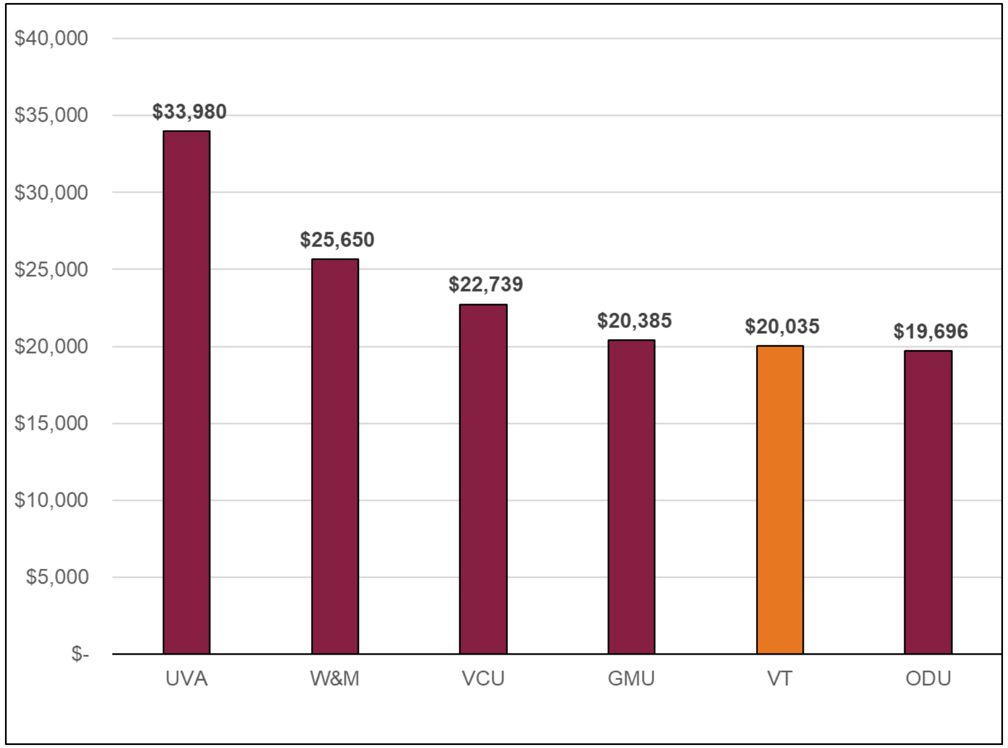
- Among the top 20 Land Grant institutions in the nation, Virginia Tech's cost per degree year ranked among the lowest at $20,035.
- SCHEV/Lumina Foundation methodology.

COST PER DEGREE YEAR - FY22

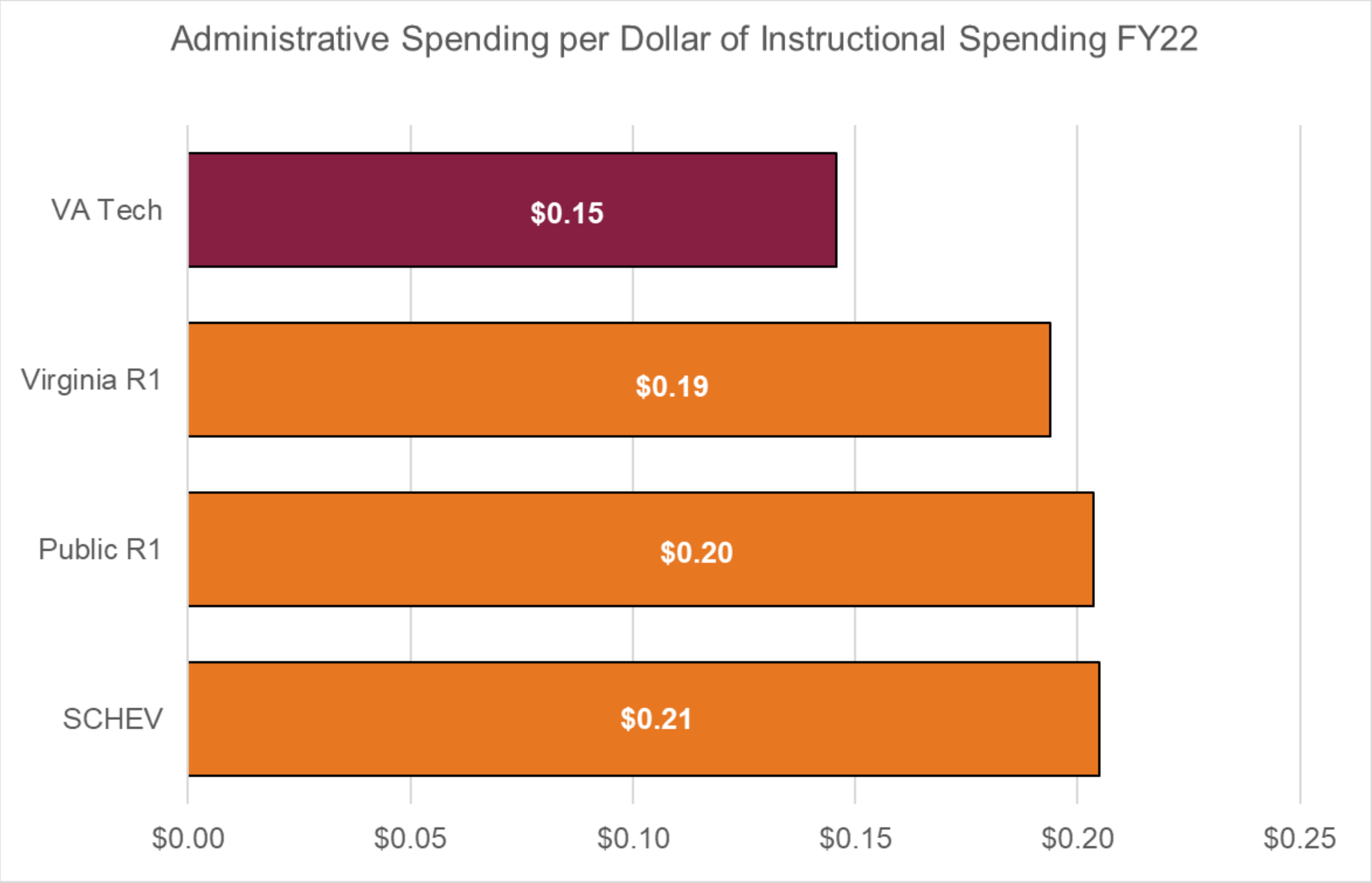
Top 20 Land-Grants



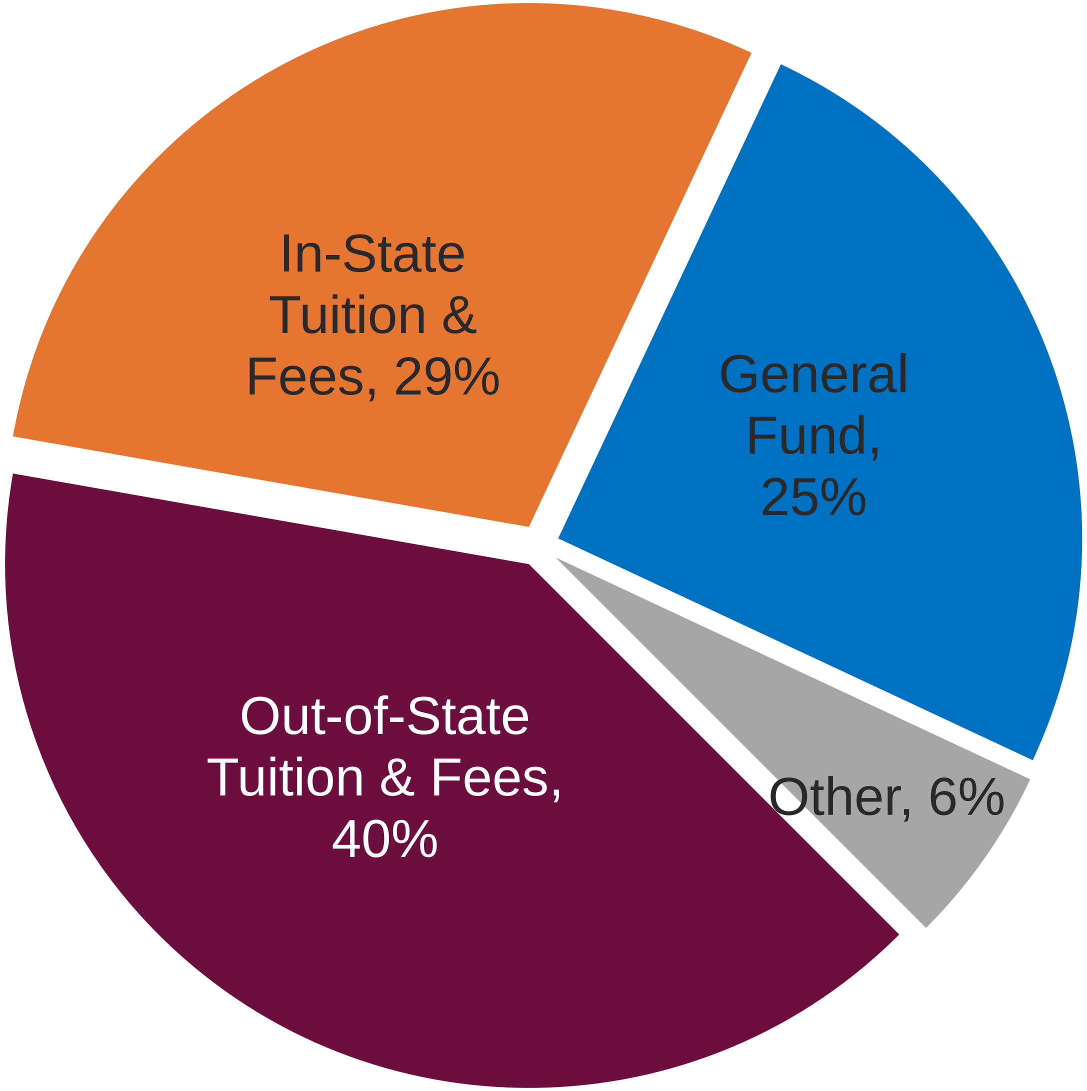
Virginia Doctoral



VT Administrative Efficiency



E&G Resources - University Division



FY24 Revenue Sources		$ Millions
Out-of-State Tuition & Fees	*$*	*405.8*
In-State Tuition & Fees		*294.5*
State General Fund		*251.7*
All Other E&G Income		*55.9*
Total 208 E&G Revenue	**$**	**1,007.9**

Planning Considerations

Budget Process Cycle

Six-Year Plan

- July: draft submission
- Aug/Sept: OpSix Feedback
- November: BOV Review/Approval
- Foundation of Budget planning

State Budget Development

- September: University submitted requests
- December: Executive Budget
- January-March: General Assembly

Revenue Package for BOV Approval

- Spring BOV meeting
- Enrollment plan, tuition, fees
- State support and mandatory costs
- Major cost drivers
- Initiative capacity

University Budget Development

- Total revenue projections (including reallocations)
- Fixed/mandated cost coverage
- Prioritization of new initiatives
- June BOV meeting

Resource Management Strategy

- Maximize the achievement of the university's strategic plan
  - Resource level defines the rate of progress
- Based on understanding of costs, university develops resource plan:
  - Prioritize existing resources, including reallocations
  - Leverage new resources including
    - State General Fund
    - Self-generated (e.g., grants, private, auxiliaries)
    - Enrollment
  - Last resort: Tuition and Fee increase

Strategic Investment Areas	Virginia Tech Advantage	Top 100 Global
Destination for Talent • Access and Affordability • Recruitment and Retention	☑	☑
Academic Excellence • Tech Talent Investment-Innovation Campus • Health/Biomedical Sciences • Integrated National Security • Destination Areas 2.0		☑
Enabling Infrastructure and Capacity • Advancement • IT Transformation • Facilities Renewal		☑
Academic Quality and Critical Needs • Partnership for Incentive-Based Budgeting (PIBB) • Critical Needs Request	☑	☑

Tuition and Fee Considerations

- Impact on students and families
  - Out-of-pocket costs v. Quality/Return on Investment
  - Enrollment planning is major consideration (*i.e.*, Mix, discipline, level, discounting)
- Over prior 5 years, VT has increased ISUG tuition slower than CPI
- Access and affordability goals aim to maintain and enhance purchasing power of student financial aid program
- Market position
  - VT ISUG provides strong value to Virginia residents
    - Sticker price for total cost (tuition, fee, room & board) ranks 10 out of 15 public 4-year institutions
    - Net price ranks 7 out of 15 across all income levels
  - VT OSUG sticker price is in line with competitive peers
    - However, out-of-state market competition and discounting continues to increase
    - Demand across disciplines is uneven

Attachment F

UPDATE ON ADVANCEMENT

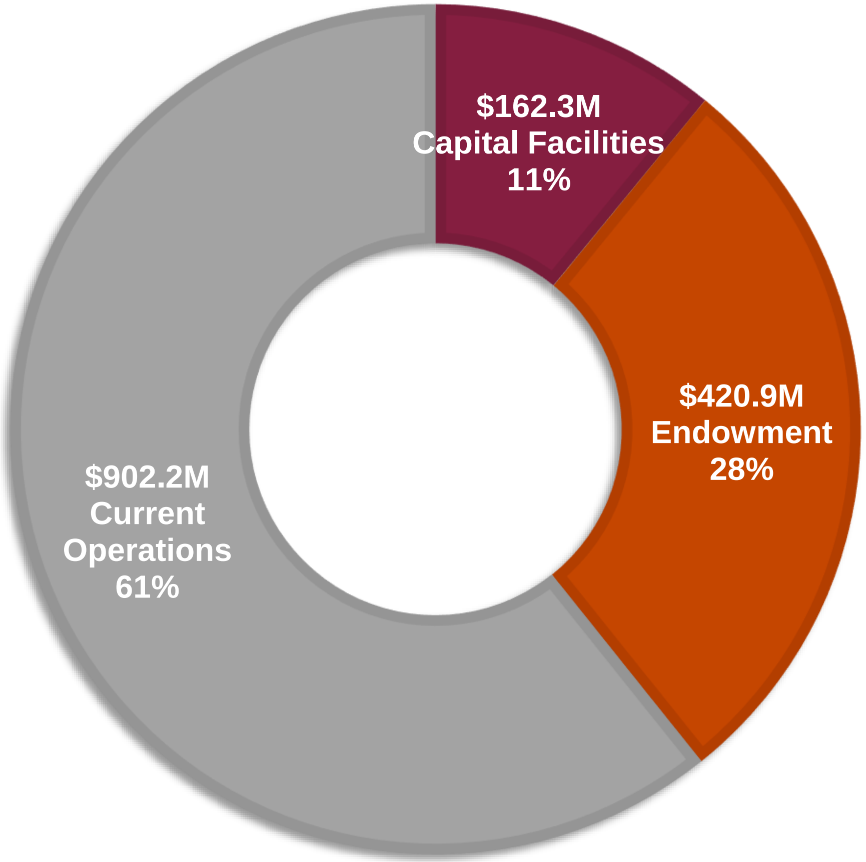
CHARLES D. PHLEGAR, SENIOR VICE PRESIDENT FOR ADVANCEMENT

NOVEMBER 6, 2023

CAMPAIGN TOTALS BY GIFT USE

July 1, 2017 – September 15, 2023

$1,485,368,855



CAMPAIGN TOTALS BY GIFT TYPE

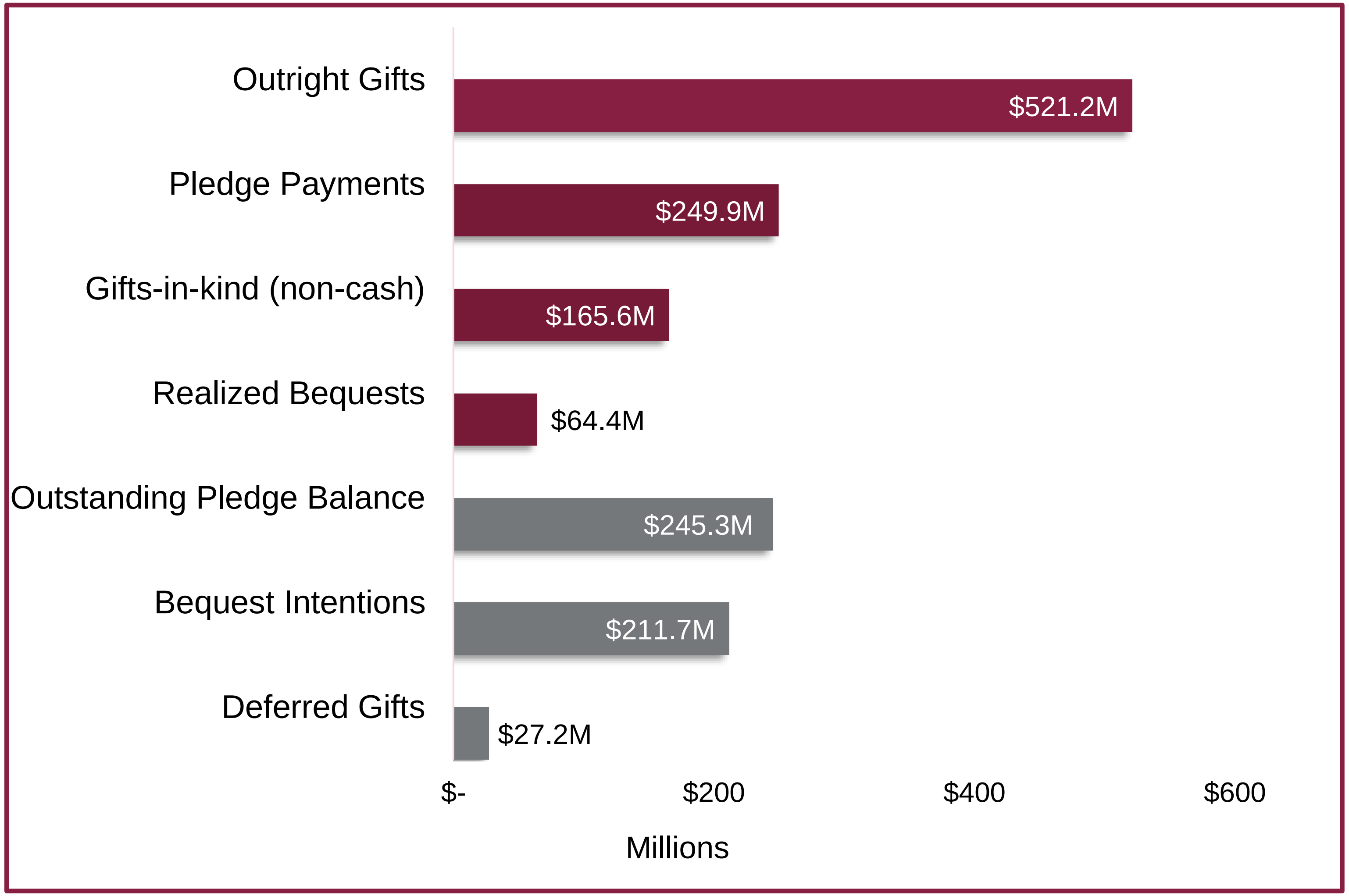
Campaign Total as of 9/15/23: $1,485,368,855

Received
$1.001 Billion

- Outright Gifts
- Pledge Payments
- Gifts-in-kind (non-cash)
- Realized Bequests

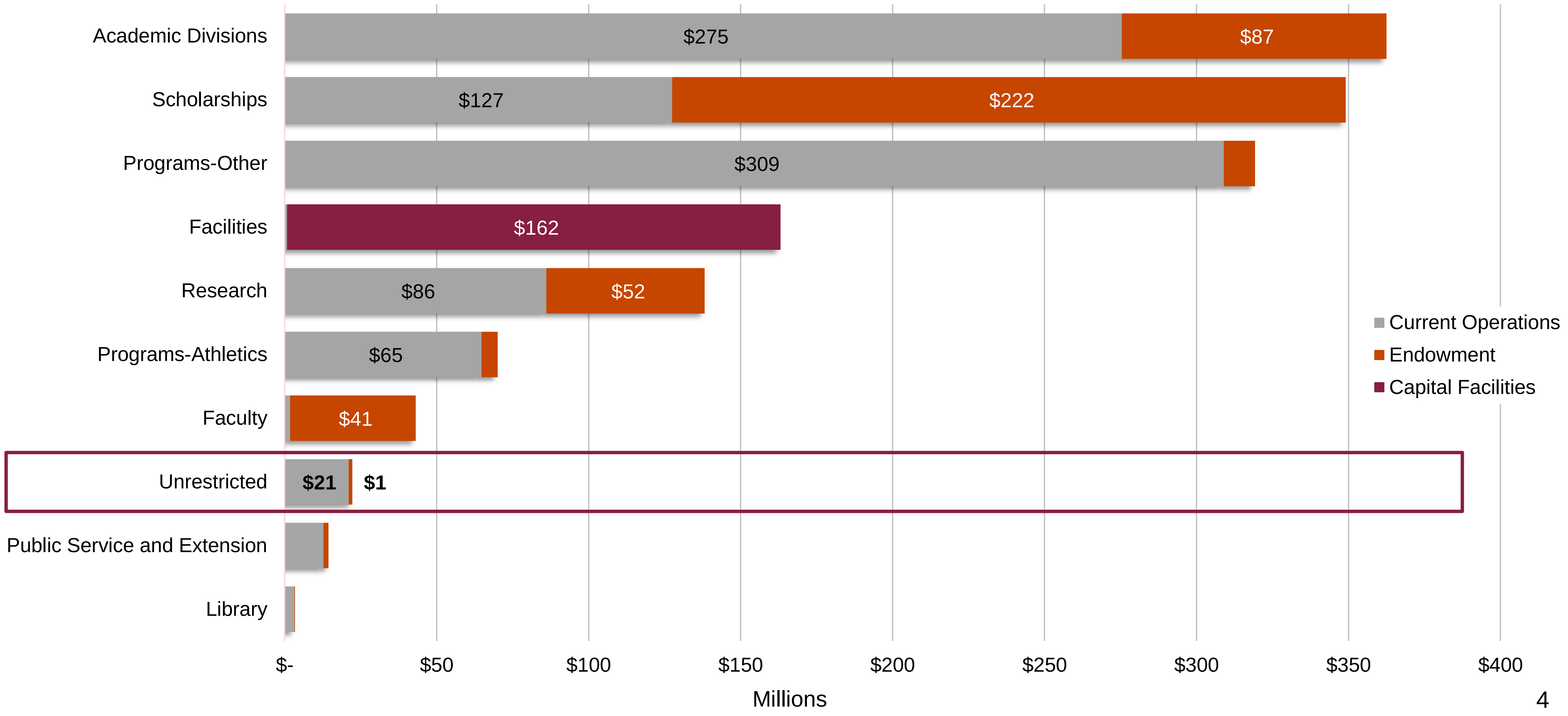
Committed
$484 Million

- Outstanding Pledge Balance
- Bequest Intentions
- Deferred Gifts

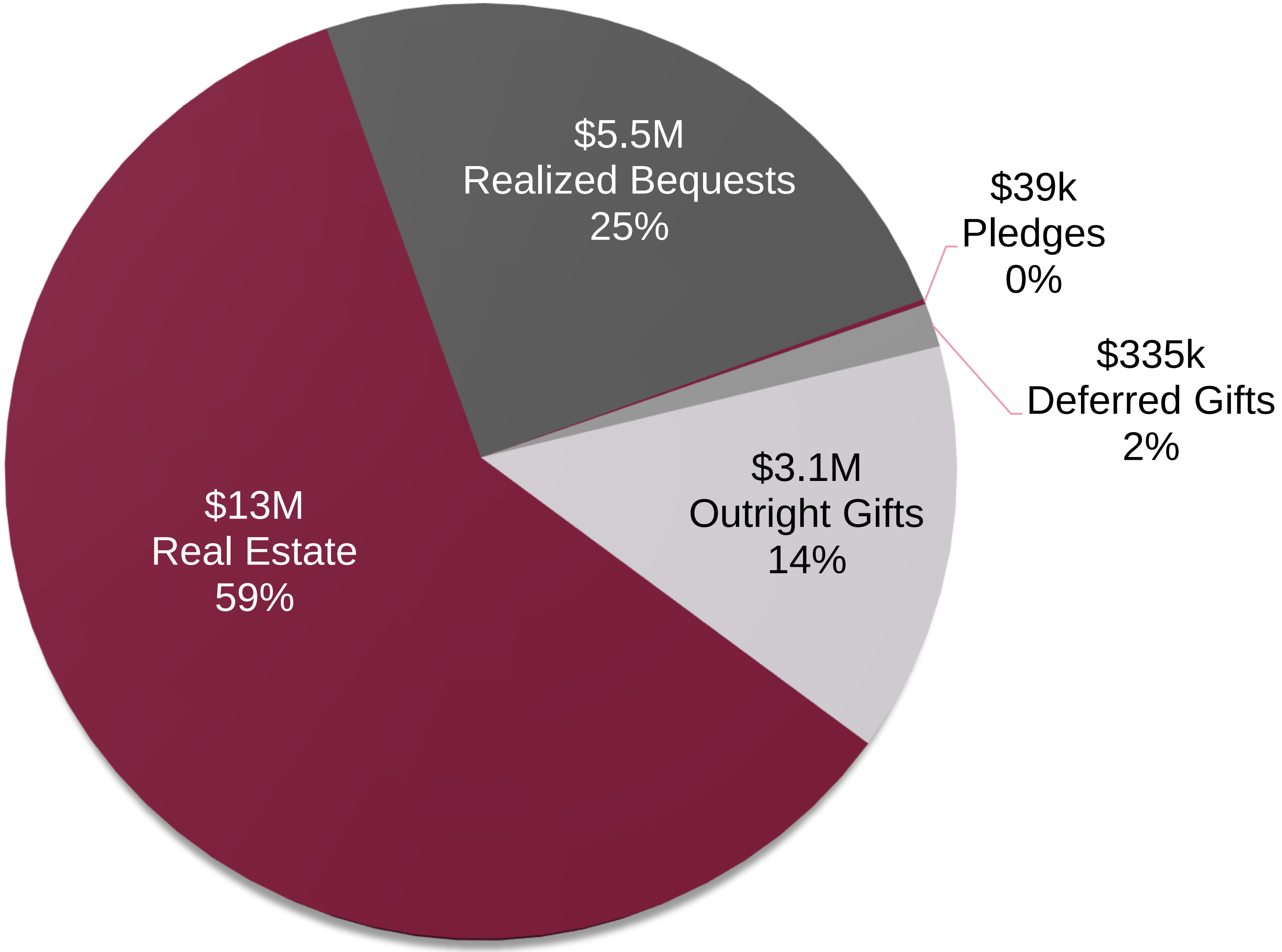


CAMPAIGN TOTALS BY AREA OF SUPPORT

Campaign Total as of 9/15/23: $1,485,368,855

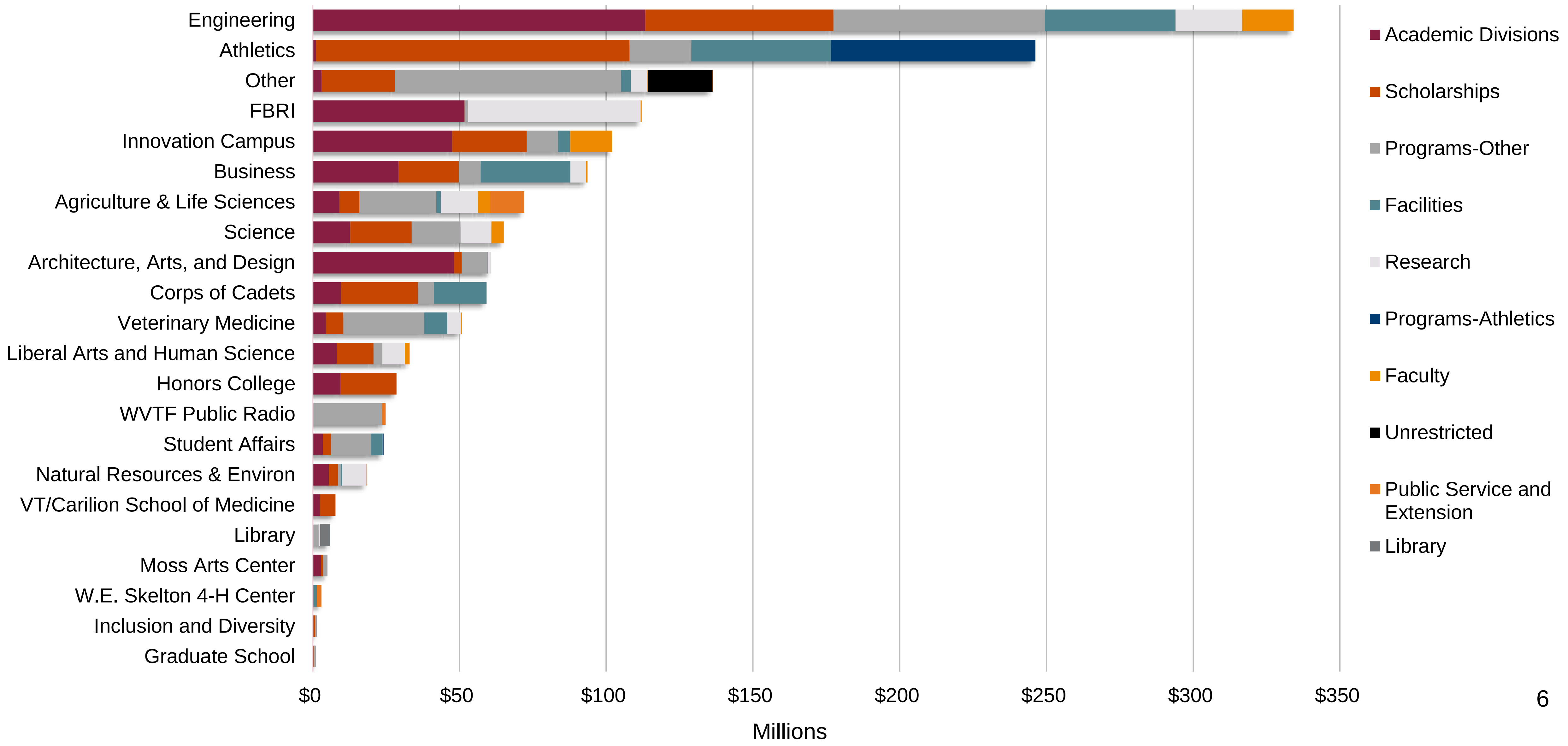


CAMPAIGN UNRESTRICTED SUPPORT - **$22 MILLION**



CAMPAIGN TOTALS BY SITE

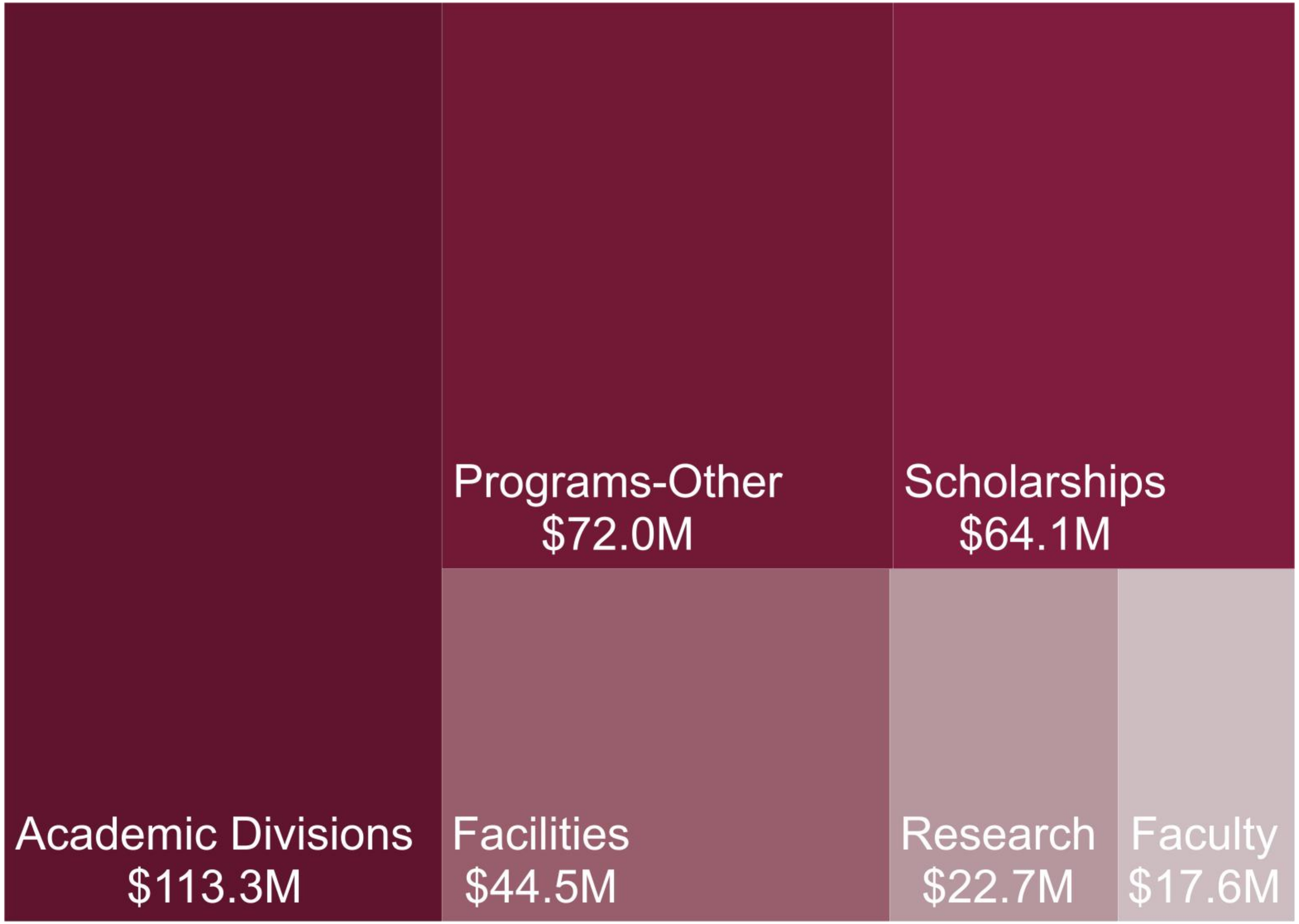
Campaign Total as of 9/15/23: $1,485,368,855



EXAMPLE: COLLEGE OF ENGINEERING - **$334 MILLION**

Campaign Impact Highlights:

- Mitchell Hall (replacement for Randolph Hall)
- Clark Scholars Program
- Crofton Aerospace and Ocean Engineering Endowment
- Sanghani Center for Artificial Intelligence and Data Analytics
- May Family Foundation Pathway for 1st-Generation Students



CURRENT CAMPAIGN PRIORITIES

$116M

Academic Health Center

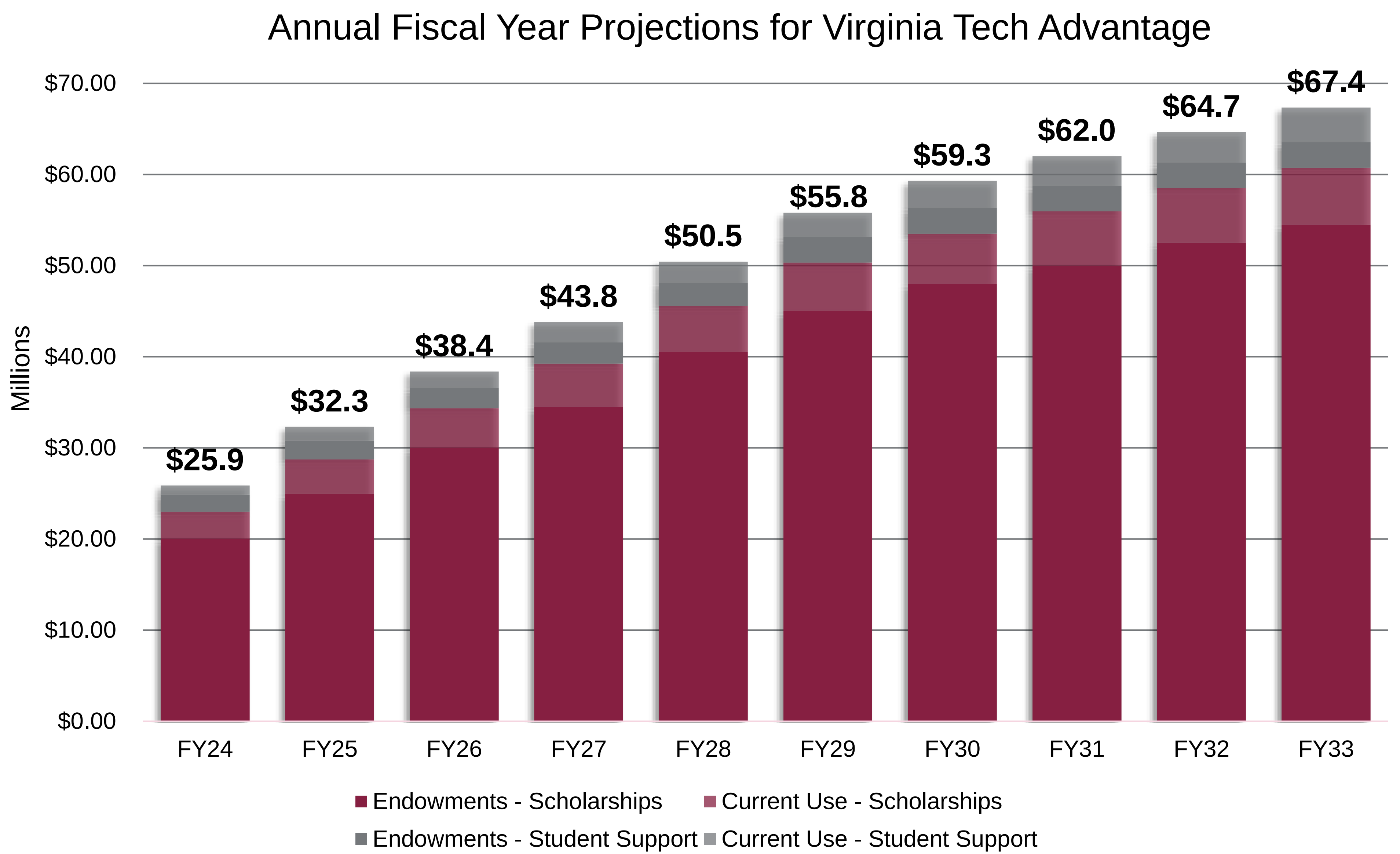
$115M

Greater Washington Metro Area

$93.7M

Inclusion & Diversity

VIRGINIA TECH ADVANTAGE - **$500 MILLION** GOAL



$450M
Total Scholarship Support

$50M
Total Student Support

Annual Report on Investments and Quasi-Endowments
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
October 3, 2023

Background

Since July 1, 2006, the university has had the authority to invest its resources in a wide array of financial securities. Consequently, the university has implemented an investment program to ensure prudent levels of liquidity, fully utilize its resources by maximizing investment earnings, and comply with applicable state laws and university policies.

As part of the university's investment program, the university manages two investment pools. The first pool is the short to intermediate-term investment strategies pool, composed of university operating funds from generated cash flow. All investment activities for these funds are managed by the investment management firms of Standish Mellon and Merganser. The investments in this pool are restricted to the *Investment of Public Funds Act* (§ 2.2-4500). The second investment pool is the long-term investment strategies pool, which consists of the university's remaining resources. These remaining resources include endowment principal and income funds, gifts, all other nongeneral fund reserves and balances, and local funds held by the university. The university invests these funds in a broader array of assets, which includes the Virginia Tech Foundation (VTF) Endowment under Section § 23.1-2604 of the Code of Virginia in compliance with the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100 et seq.).

Management has proposed an updated Investment Policy Statement (IPS) which refines the two-investment pool approach by defining a three-tier structure with added investment options. The updated IPS improves the university's oversight, monitoring, and evaluation of its investment funds and continues to ensure compliance with all statutory requirements. Additionally, the IPS continues the university's efforts to generate spendable earnings to support strategic initiatives.

Current Year Results

In fiscal year 2023, the university experienced a $170 million increase in cash and investments, bringing the total year-end balance to $1.3 billion. This increase is primarily comprised of an additional $77 million in unspent bond proceeds for capital projects, unrealized gains of $58 million, auxiliary loan repayments (underwritten by reserves), and timing of incomplete projects (carryover). The university aims to continue its steady progress towards strengthening cash and investment balances to improve its standing among peers and support strategic initiatives.

Attachments A and B provide additional information about the university's cash and investments. Attachment A shows the changes in cash and investments between fiscal years 2019 and 2023 and the growth of long-term investments in the VTF endowment. Attachment B shows the components of the university's cash and investment balances as of June 30, 2023, and includes information related to the investment managers and the durations. It also identifies which pools contain auxiliary system funds and separates other types of investments with unique restricted purposes, such as unspent bond proceeds, deferred compensation, and the Land Grant endowment.

The remainder of this report will detail the university's investment activities which are authorized and guided by the enabling legislation and further guided by the university's existing *Policy Governing the Investment of University Funds*, approved by the Board of Visitors' Finance and Resource Management Committee on June 3, 2019. This report will also provide an overview of the university's approach to managing its investment pool allocations, its overall liquidity strategy, and its strategy for using long-term investments to achieve university strategic goals and milestones.

Liquidity Strategy and the Short to Intermediate-Term Investment Strategies Pool

The Investment Team, comprised of the Vice President for Finance and University Treasurer, Assistant Vice President for Finance and Associate Treasurer, Associate Vice President for Finance and University Controller, and the Associate Vice President for Budget and Financial Planning, are responsible for developing recommendations regarding the university's overall investment strategies and providing ongoing monitoring, assessment, and adjustments to the investment program during the fiscal year to achieve the university's overall investment strategies. The Investment Team approves the annual allocation decisions to ensure a prudent level of liquidity to fund current operations. The Vice President for Finance and University Treasurer coordinates these decisions with the Executive Vice President and Chief Operating Officer.

The Investment Team manages the university's total liquidity position with a combination of internal and external liquidity. Currently, the Investment Team targets the level of total liquidity prescribed in the *Virginia Tech Liquidity Management Procedures* of 90 days. This target consists of 45 days of internal liquidity and 45 days of external liquidity, where each day of liquidity equals the university's annual operating expenditures budget divided by 365. This calculation provides management with an operating benchmark for meeting the university's operating needs.

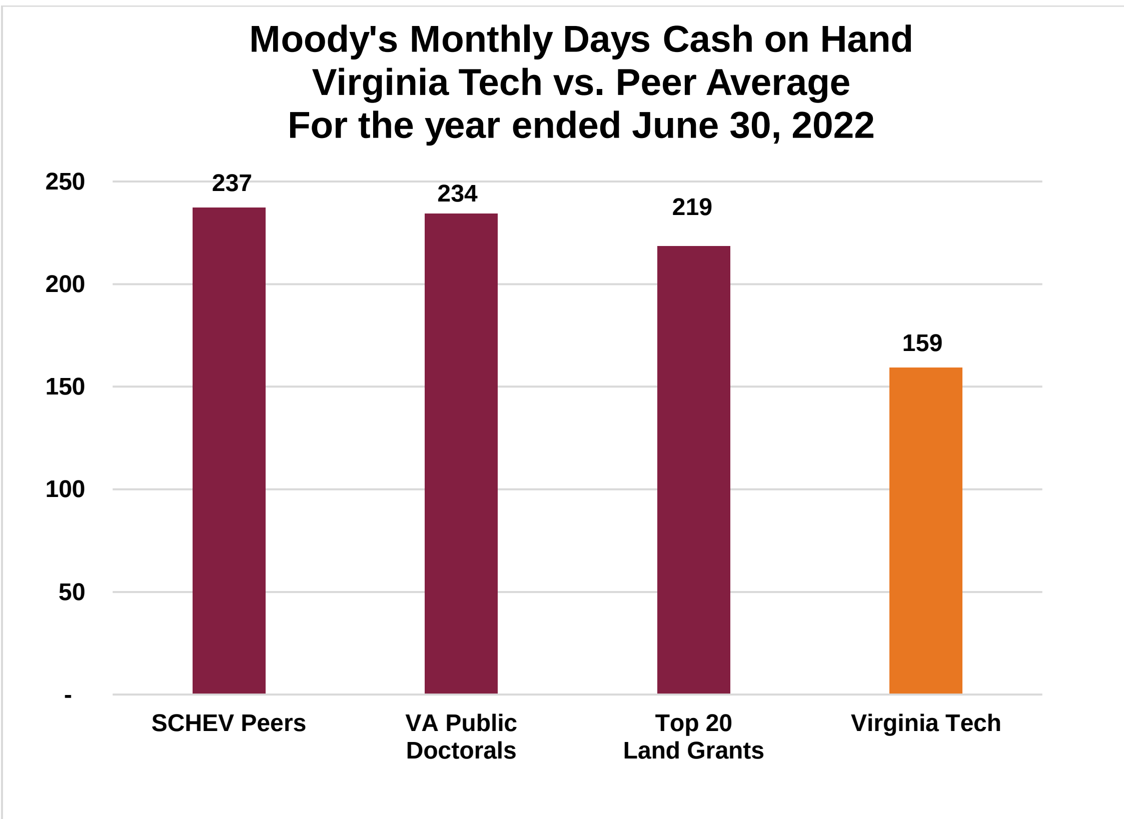
The university's internal liquidity is comprised of bank balances in the primary Wells Fargo Demand Deposit Account (DDA) and investments in the short to intermediate-term investment strategies pool with external managers Standish Mellon and Merganser. The investment objectives of the pool are to yield the highest investment return while ensuring the safety of principal, availability to meet the university's daily cash flow needs, and compliance with the *Investment of Public Funds Act* (§ 2.2-4500).

Lines of Credit from Wells Fargo, Truist, and The First Bank & Trust are the external liquidity component of the university's total liquidity. These lines of credit allow the university to cost-effectively leverage limited resources, pursue its long-term investment strategy, and meet its operating obligations. Current Board of Visitors approval authorizes external lines of credit up to the greater of $200 million or 45 days of liquidity.

See Attachment C for information for short to intermediate-term investment pools performance for the most recent fiscal year and longer-term periods

Peer Comparison: Moody's Monthly Days Cash on Hand

The Moody's rating agency calculates a different liquidity metric called the Monthly Days Cash on Hand. This metric represents the number of days the university could cover operating expenses from all unrestricted cash and investments that could be liquidated within 30 days. Increasing the university's asset allocation to more liquid, shorter-duration investments improves the university's performance on this metric. The Investment Team considers the tradeoff between return and credit rating impacts when investing in higher-yield, less liquid investments, such as investments in the VTF endowment pool. The following chart provides comparisons of the university's Moody's Monthly Days Cash on Hand to select peer groups.



Source: Moody's Days Cash on Hand 6/30/2022 for reporting institutions.

Virginia Tech Foundation and the Long-Term Investment Strategies Pool

The university began placing its long-term investment strategies in the VTF endowment pool in 2009. The university tracks and reports these funds separately from the private gifts and endowments typically received and invested by the VTF. The VTF invests these funds under an agency agreement approved by the Board of Visitors on August 31, 2009. This placement meets the requirements of the *Uniform Prudent Management of Institutional Funds Act* (§ 64.2-1100) and the university's investment policy. See Attachment C for the VTF endowment pool performance for the most recent fiscal year and longer-term periods.

Utilization of Investment Income

Funds invested in the endowment pool managed by the VTF consist of true endowments, quasi-endowments, and unrestricted investments. As of June 30, 2023, the market value of university funds invested in the long-term investment strategies pool managed by the VTF was $575.9 million. See Attachment D for additional information on the purpose of these various true and quasi-endowments and the restrictions on these funds.

The university has designed its investment program to generate recurring supplemental revenue streams to advance university goals. Accordingly, the university has developed two sets of principles regarding using these funds that are consistent with state guidance and accounting principles and maximize support for university programs.

The first set of overarching principles relates to the goal of supporting major university goals, such as reducing the need for increases in tuition and fees, building adequate operating reserves (including the strategic plan milestone of growing net assets by $20 million per year), and investing in strategic academic programs and initiatives. This set of principles also emphasizes the preservation of capital and building capacity to preserve and enhance the university's purchasing power over time.

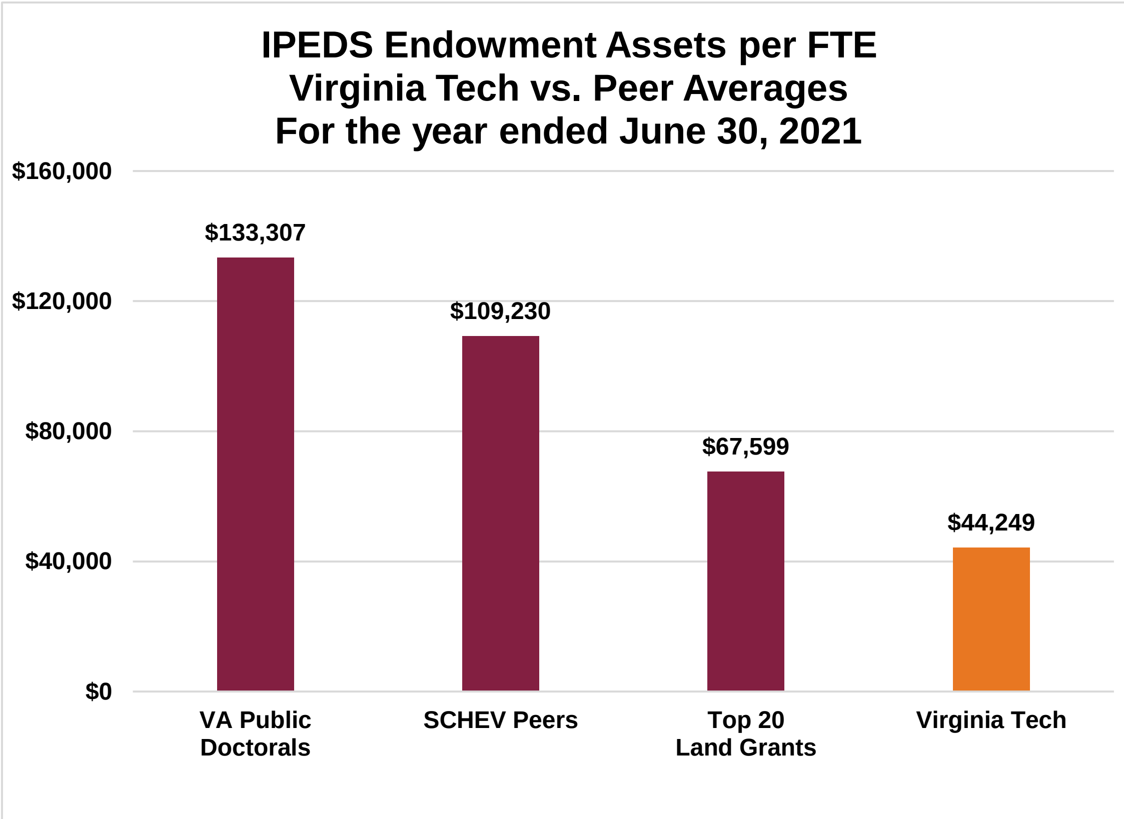
The second set of overarching principles relates to the appropriate allocation of investments based on the restricted or unrestricted nature of funds in the university's long-term investment strategies. In the case of restricted funds or funds associated with an operational activity clearly defined in the university's program structure, the university apportions the associated earnings to those purposes or programs. The case of the university's true endowments, quasi-endowments, and funds from specific programs such as auxiliary enterprises best demonstrate this practice.

Alternatively, in the case of non-auxiliary unrestricted funds, the university allocates earnings to a resource pool available for allocation to strategic institutional goals and initiatives. These allocations will be made primarily as one-time or limited recurring commitments and will rarely be used to provide ongoing support to a strategic activity. Currently, the earnings from the unrestricted university funds are fully committed to banking fees, scholarships, VTCSOM, and the Innovation Campus.

See Attachment E for more information on the university's utilization of the earnings on the invested funds based on their restricted or unrestricted character. This schedule also shows the requirement from the Management Agreement negotiated with the Commonwealth under the Restructuring Act that all interest earnings on Agency 208 E&G be escrowed with the Commonwealth for possible appropriation in the following year. Even though the university has met the terms and conditions of the management agreement, the Commonwealth has not consistently appropriated these funds in the following years. Funds not appropriated to the university are contributed to the Commonwealth's General Fund.

Peer Comparison: IPEDS Endowment Assets per FTE Enrollment

The university's endowment assets contribute to the International Postsecondary Education Data System (IPEDS) Average Endowment Assets per FTE Enrollment. This



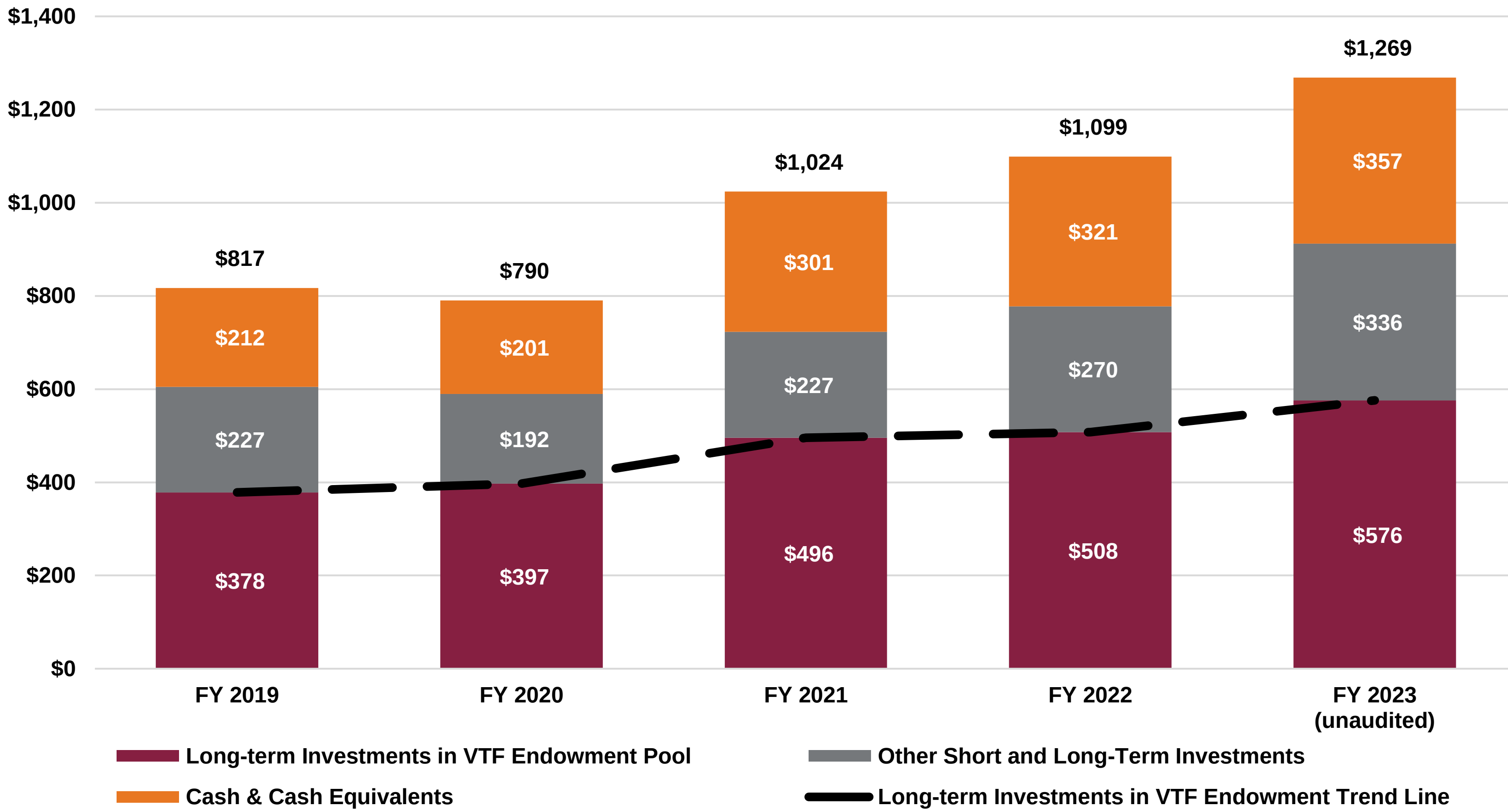
metric provides an enrollment-adjusted look at the university's endowment assets compared to peer institutions. Increasing the university's endowment assets strengthens the university's credit profile, provides annual resources for strategic priorities, and improves the university's peer comparison. The following chart provides comparisons of the university's IPEDS Endowment Assets per FTE Enrollment to select peer groups.

Source: Integrated Postsecondary Education Data System (IPEDS) Average Endowment Assets per FTE Enrollment 6/30/2021 for reporting institutions.

Conclusion

The university has implemented an investment program designed to promote the attainment of the university's goals, such as keeping down tuition and fees, growing unrestricted net assets by $20 million a year, and investing in strategic academic programs. The investment program helps achieve these goals through a liquidity strategy that incorporates external lines of credit and management of internal funds, and through the prudent deployment of investment earnings as one-time or limited recurring commitments to strategic goals and objectives. Additionally, the investment program aims to strengthen the university's cash and investment balance comparisons to peer groups. Proposed changes to the IPS should serve to further these goals and help build on a strong foundation that supports the university's spending power, financial stability, and bond rating.

Total Cash and Investments
For the years ended June 30, 2019-2023
all dollars in millions



The $170 million cash and investments increase in fiscal year 2023 is primarily comprised of a $77 million increase in unspent bond proceeds for capital projects, unrealized gains of $58 million, auxiliary loan repayments (underwritten by reserves), and timing of

University Cash and Investment Balances
at June 30, 2023

all dollars in millions

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	$ 67.3	$ -	$ -	$ 67.3
Standish Mellon[1]	90-Day Cash Manager	189.4	-	47.0	236.4
Merganser[1]	1-3 Year Credit Manager	1.6	-	282.6	284.2
VTF Endowment[1]	Long-Term Investment Pool	5.9	-	575.9	581.8
Operating and Long-Term Investments		**264.2**	**-**	**905.5**	**1,169.7**
Unspent Bond Proceeds and Various Other Restricted		92.3	2.1	4.7	99.1
Total Investments[2]		**$ 356.5**	**$ 2.1**	**$ 910.2**	**$ 1,268.8**

[1]Includes Auxiliary System Funds.

[2]Unaudited.

Short, Intermediate and Long-Term Investment Strategies Performance Report at June 30, 2023

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon General Account:[1]	3.94%	1.38%	1.60%	1.07%	0.99%
FTSE 3-Month US T-Bill	3.75%	1.32%	1.56%	0.98%	0.87%
Merganser General Account:[1]	1.58%	-0.38%	1.46%	1.23%	1.95%
BofAML 1-3 Yrs Gov/Corp	0.52%	-0.87%	1.14%	1.00%	1.68%
VTF Endowment:[1]	7.56%	9.63%	4.98%	6.90%	N/A
CEF Benchmark[2]	9.71%	5.13%	4.81%	6.07%	N/A

[1]Performance is net of investment manager fees.

[2]68% Global Equities, 20% U.S. Fixed Income, and 12% Global Real Estate.

True Endowments

True endowments are funds received from a donor with the restriction that the principal is not expendable. This allows for the gift to have an impact over a longer period than if it were spent all at once. Endowments may also come with stipulations regarding usage. As a result, an endowment payout may be restricted to a specific purpose such as a scholarship, professorship, or program.

Rolls Royce Endowments

The Rolls Royce Endowments are true endowments created by the Commonwealth in 2010 as part of the incentive package to recruit the company to Virginia. The endowment is restricted to support chaired professorships and graduate students in Engineering. The total investment and cash endowment value of the Rolls Royce Endowments as of June 30, 2023 was $13.5 million.

Pouring Rights Scholarship

The Pouring Rights Scholarship is a true endowment established according to the terms of the 2012 Coca-Cola Pouring Rights contract. The funds are restricted for scholarships. The total investment and cash endowment value as of June 30, 2023 was $0.6 million.

Quasi-Endowments

Quasi-endowments represent university funds designated by the Board of Visitors rather than a donor. They carry the same intent to provide ongoing income from a long-term investment; however, the governing board retains the authority to repurpose such funds and to remove funds from the quasi-endowment asset category at any time.

Pratt Estate

The $11 million restricted gift from John Lee Pratt in 1977 supports Animal Nutrition and the College of Engineering. This fund was established as a quasi-endowment by the Board of Visitors in the 1970s and reaffirmed on June 4, 2018 for its restricted purpose. The total investment and cash endowment value of the Pratt Estate funds as of June 30, 2023 was $46.4 million.

Donaldson Brown Scholarship

During the 1940s, the late Mr. Donaldson Brown made gifts to the university designated for student loans or scholarship. In 1992, the funds were focused to provide scholarships. The Board of Visitors reaffirmed/designated the fund as a quasi-endowment on June 4, 2018 designated for scholarships consistent with the terms of the gift. The endowment value as of June 30, 2023 was $0.9 million.

Nationwide Scholarship

A 2014 settlement agreement with Nationwide Life Insurance Company related to student medical insurance premiums included the establishment of a scholarship fund in their name from any residual or unclaimed funds. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The total investment and cash value as of June 30, 2023 was $9.7 million.

Chinese Endowed Geosciences Scholarship

In 2002, the Department of Geological Sciences established a scholarship fund to support Chinese graduate students from funds provided by the People's Republic of China. The total investment and cash endowment value as of June 30, 2023 was $0.1 million.

Gloria Smith Professorship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for the Gloria Smith professorship. The professorship, named in honor of the late Gloria D. Smith, a counselor and advocate of minority students on campus before her retirement, is awarded for a period of two years to an outstanding faculty member who contributes significantly to the growth and development of minority students, student-athletes, and scholarly pursuits. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for the professorship. The total investment and cash endowment value as of June 30, 2023 was $0.4 million.

Licensing & Trademark Scholarship

Over the last two decades, the University's Licensing & Trademark agreements have created one-time resources that have been invested to create ongoing income for scholarships. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 designated for scholarships. The endowment value as of June 30, 2023 was $16.5 million.

Multicultural Affairs Scholarship

In August 2000, the university approved an allocation from the Athletic Department's Sugar Bowl proceeds to serve as a base that would provide ongoing support for scholarships for Multicultural Affairs. The Board of Visitors authorized this fund as a quasi-endowment designated for scholarships on June 4, 2018. The value as of June 30, 2023 was $0.1 million.

Student Health Insurance Fund

In 1997, the university received a stock conversion settlement from Trigon when the company went public. The Board of Visitors authorized this fund as a quasi-endowment on June 4, 2018 to support the health care insurance program, including the administration of student insurance programs. The value as of June 30, 2023 was $0.4 million.

Unrestricted Investments

Unrestricted investments consist of university nongeneral fund reserves, balances, and local funds. These investments are meant to create a revolving set of resources generating an annual, recurring revenue stream to make one-time or limited recurring commitments to pursue the university's strategic goals. The total investment and cash value of these other university funds as of June 30, 2023 was $493.2 million.

2023-24 Utilization of Investment Income

all dollars in thousands

Description	Utilization	2023-24 Estimate Short/Intermediate-Term Investment Pool	2023-24 Estimate Long-Term Investment Pool
True Endowments	Scholarships, Engineering Chaired Professorships & Grad Students	-	603
Donor Restricted Quasi-Endowments	Scholarships, Animal Nutrition & Engineering programs	-	2,447
BOV Designated Quasi-Endowments	Scholarships, Professorship support, Support student health insurance program	-	742
Unrestricted Investments			
State Escrow[1]	Support E&G Programs, subject to state appropriation	$4,368	
Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	4,226	4,831
Other University Funds	Banking fees and investment management costs, Scholarships, VTCSOM, Innovation campus, and other operating costs	8,761	16,169
Total University Investment Income		$17,355	$24,792

[1]Reflects amount estimated to be returned to E&G Programs. Escrowed to the Commonwealth but has not been appropriated.

Attachment F

Annual Report on Investments and Quasi-Endowments

KEN MILLER, VICE PRESIDENT FOR FINANCE AND UNIVERSITY TREASURER

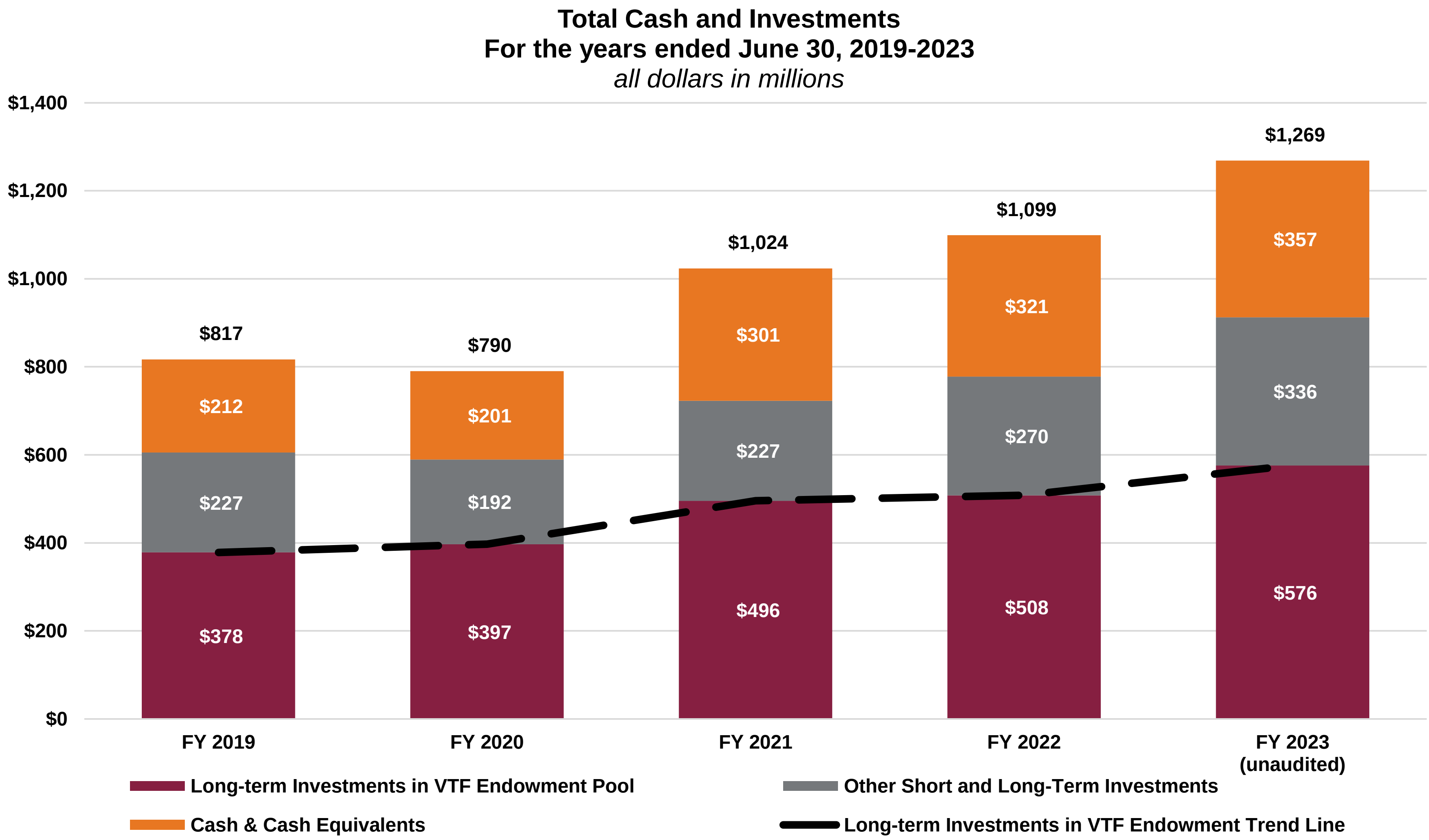
TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

November 6, 2023

ANNUAL REPORT ON INVESTMENTS AND QUASI-ENDOWMENTS

- The Investment Policy aims to ensure prudent levels of liquidity and maximize investment earnings.
- There are two investment pools:
  - Short to intermediate-term strategies invested with Standish Mellon and Merganser.
  - Long-term strategies invested with the VT Foundation endowment.
- Liquidity targets: 45 days internal liquidity and 45 days external liquidity.
  - Each day of liquidity equals the university's annual operating expenditures budget divided by 365.
- Two key principles for allocating earnings:
  - Return designated or restricted earnings to their respective programs to pursue current and future activities.
  - Deploy unrestricted earnings[1] for one-time or limited recurring commitments to pursue strategic initiatives, and to build capacity by growing unrestricted net assets by $20 million per year to achieve the strategic plan milestone.

[1]Earnings on E&G funds must be escrowed with the Commonwealth of Virginia in accordance with the management agreements of the Restructuring Act and are used to support the E&G budget once appropriated by the commonwealth in the following year.



The $170 million cash and investments increase in fiscal year 2023 is primarily comprised of a $77 million increase in unspent bond proceeds for capital projects, unrealized gains of $58 million, auxiliary loan repayments (underwritten by reserves), and timing of incomplete projects (carryover).

University Cash and Investment Balances
at June 30, 2023
all dollars in millions

		Cash & Cash Equivalents	Short-Term Investments	Long-Term Investments	Total Cash & Investments
Wells Fargo	Main Operating Bank	$ 67.3	$ -	$ -	$ 67.3
Standish Mellon[1]	90-Day Cash Manager	189.4	-	47.0	236.4
Merganser[1]	1-3 Year Credit Manager	1.6	-	282.6	284.2
VTF Endowment[1]	Long-Term Investment Pool	5.9	-	575.9	581.8
Operating and Long-Term Investments		**264.2**	**-**	**905.5**	**1,169.7**
Unspent Bond Proceeds and Various Other Restricted		92.3	2.1	4.7	99.1
Total Investments[2]		**$ 356.5**	**$ 2.1**	**$ 910.2**	**$ 1,268.8**

[1]Includes Auxiliary System Funds.

[2]Unaudited.

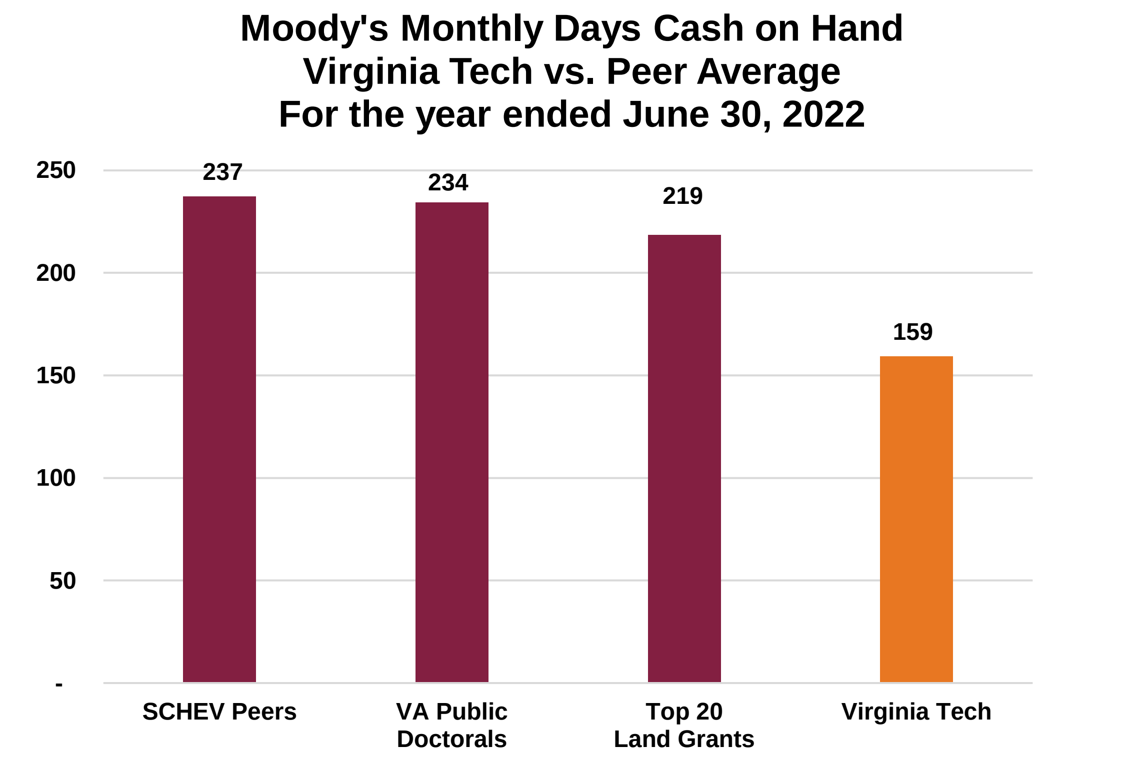
Short, Intermediate and Long-Term Investment Strategies Performance Report at June 30, 2023

	1-Year	3-Year	5-Year	10-Year	Inception
Standish Mellon General Account:[1]	3.94%	1.38%	1.60%	1.07%	0.99%
FTSE 3-Month US T-Bill	3.75%	1.32%	1.56%	0.98%	0.87%
Merganser General Account:[1]	1.58%	-0.38%	1.46%	1.23%	1.95%
BofAML 1-3 Yrs Gov/Corp	0.52%	-0.87%	1.14%	1.00%	1.68%
VTF Endowment:[1]	7.56%	9.63%	4.98%	6.90%	N/A
CEF Benchmark[2]	9.71%	5.13%	4.81%	6.07%	N/A

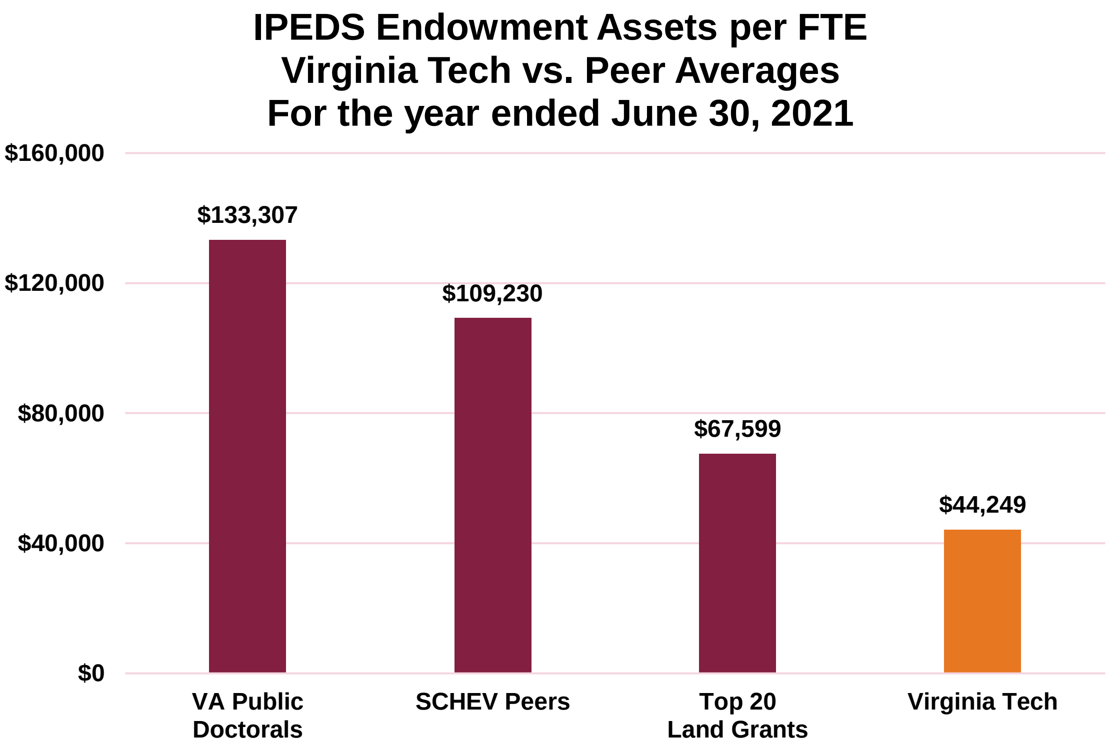
[1]Performance is net of investment manager fees.

[2]68% Global Equities, 20% U.S. Fixed Income, and 12% Global Real Estate.

CASH AND INVESTMENT BENCHMARKING



Source: Moody's



Source: Integrated Postsecondary Education Data System (IPEDS)

Moody's Monthly Days Cash on Hand represents the number of days the university could cover operating expenses from all unrestricted cash and investments that could be liquidated within 30 days.

2023-24 Utilization of Investment Income

all dollars in thousands

Description	Utilization	2023-24 Estimate Short/Intermediate-Term Investment Pool	2023-24 Estimate Long-Term Investment Pool
True Endowments	Scholarships, Engineering Chaired Professorships & Grad Students	-	603
Donor Restricted Quasi-Endowments	Scholarships, Animal Nutrition & Engineering programs	-	2,447
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Unrestricted Investments			
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Auxiliary Enterprises	Auxiliary operations, maintenance reserve program, help to limit increases to comprehensive fees	4,226	4,831
Other University Funds	Banking fees and investment management costs, Scholarships, VTCSOM, Innovation campus, and other operating costs	8,761	16,169
Total University Investment Income		$17,355	$24,792

[1]Reflects amount estimated to be returned to E&G Programs. Escrowed to the Commonwealth but has not been appropriated.

SUMMARY

- Total cash and investments are stable and continue to grow
- Virginia Tech lags peer institutions in liquidity / “days cash on hand” metric
- The university invests its resources to generate income that supports achieving the university’s strategic goals and initiatives, while appropriately managing investment risks.

Attachment F

APPROVAL OF REVISED POLICY GOVERNING THE INVESTMENT OF UNIVERSITY FUNDS

KEN MILLER, VICE PRESIDENT FOR FINANCE & UNIVERSITY TREASURER

AMANDA BLACK, CONSULTANT, CAPITAL CITIES

November 6, 2023

INSTITUTIONAL INVESTING MADE PERSONAL

INTRODUCTION

- Increasing interest rates and leadership changes have presented new opportunities for increasing investment returns
  - The university conducted an RFP process to hire external investment consultants to guide the change process
  - Capital Cities was hired in July 2023 as the investment consultant
- Proposed changes in investment strategy requires updating the investment policy and procedures

KEY PRINCIPLES REMAIN UNCHANGED

1. Maximize investment returns while managing risk and providing sufficient liquidity for operations and maintenance of credit rating

2. Use of investment earnings to:
   a. **Return designated or restricted earnings** (e.g., auxiliary enterprises) to their respective programs to fund current and future initiatives
   b. Deploy unrestricted earnings for **one-time or limited recurring commitments for strategic initiatives**
   c. **Build capacity** by growing unrestricted net assets by $20 million annually in accordance with the strategic plan milestone

KEY PRINCIPLES REMAIN UNCHANGED

3. Maintain internal control structure for investments decisions made by internal investment advisory committee in consultation with the EVP&COO and investment consultants

4. Maintain access to **lines of credit** as an alternative external source of liquidity to avoid incurring realized losses when liquidating investments

5. Ensure that **all E&G funds are invested in accordance with the Investment of Public Funds Act**

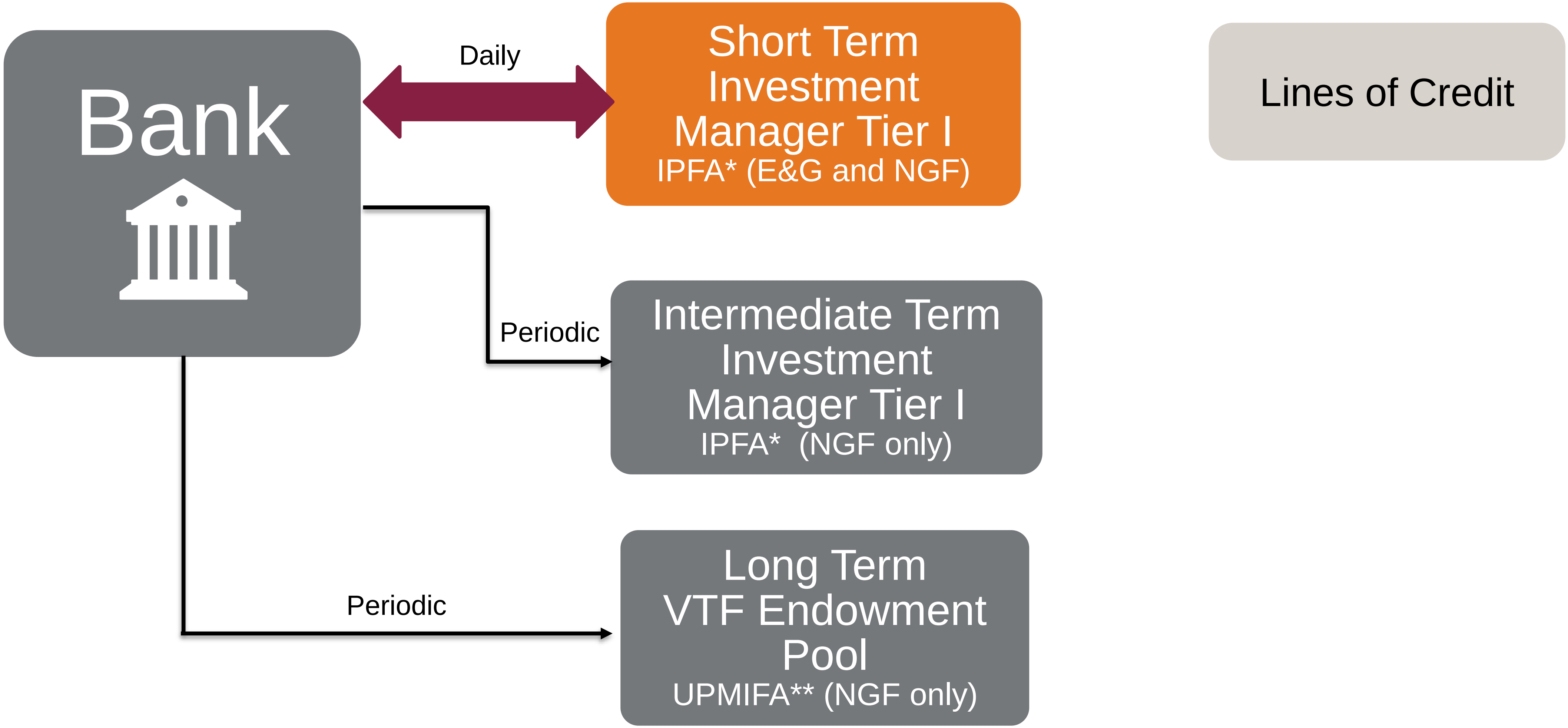
PROPOSED CHANGES TO INVESTMENT POLICY

To increase investment returns, the following strategies are proposed:

- Bifurcate short to intermediate investment pool into Tier I & Tier II
    - Tier I: Significantly decrease the amount of funds currently held in very short-term investments (overnight or less than 90 day durations) subject to the Investment of Public Funds Act in the new Tier I to a target of 10 days of internal liquidity
    - Create Tier II: Increase the use of expanded investment opportunities available for nongeneral fund reserves (the largest portion of university funds available for investment)
        - Previously this was only done with investments in the VTF endowment pool. These intermediate investments will be in a broader array of fixed income categories. Target will be 35 days of internal liquidity.

EXISTING TIERED STRUCTURE DETAIL

Rationale Supporting Allocations & Investments

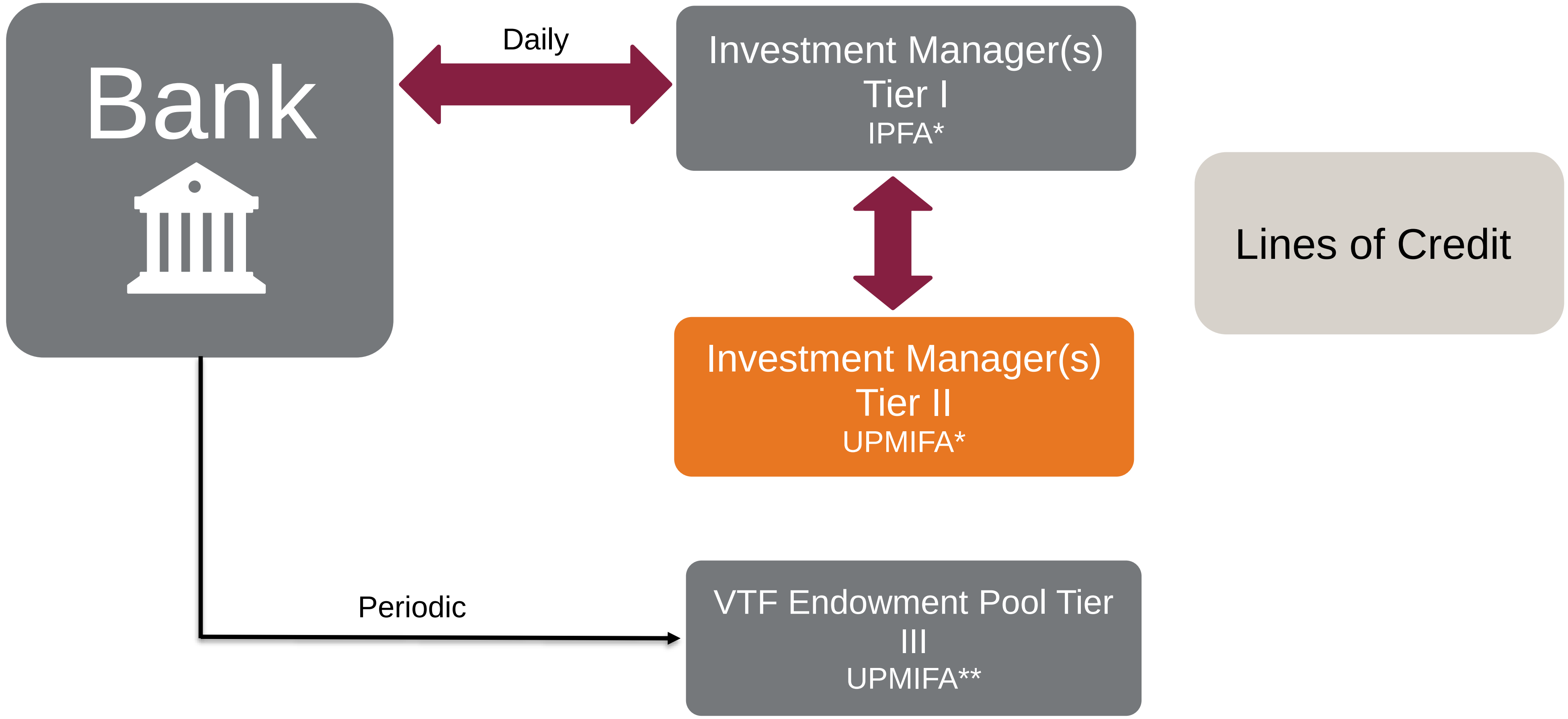


* Investment of Public Funds Act
** Uniform Prudent Management of Institutional Funds Act

Attachment F

PROPOSED TIERED STRUCTURE DETAIL

Rationale Supporting Allocations & Investments



* Investment of Public Funds Act (Required for all E&G funds)

** Uniform Prudent Management of Institutional Funds Act (limited to NGF reserves and similar funds)

SUMMARY OF PROPOSED NEW TIER STRUCTURE

	Tier Ia - **Educational & General Funds**	**Tier II -** **Working Capital Funds**	**Tier III -** **Strategic Investment Funds**
Applicable VA Code	2.2-4500 Investment of Public Funds Act	23.1-2604 Investment of Endowment funds, NGF, etc. & UPMIFA	23.1-2604 Investment of Endowment funds, NGF, etc. & UPMIFA
Funding Source	Educational & General	Nongeneral Funds	Nongeneral Funds
Primary Objective	Daily Liquidity	Total Return	Total Return
Secondary Objective	Preservation	Liquidity Reserves	Additional Liquidity Reserves
Investment Strategy	Cash / Ultra Short Fixed Income	Broader Array of Fixed Income	VTF endowment pool *
Risk Tolerance	Limited Volatility	Low/Moderate Volatility	Moderate/Higher Volatility
Liquidity Detail	10 days internal liquidity	35 days internal liquidity	Not subject to specific liquidity needs

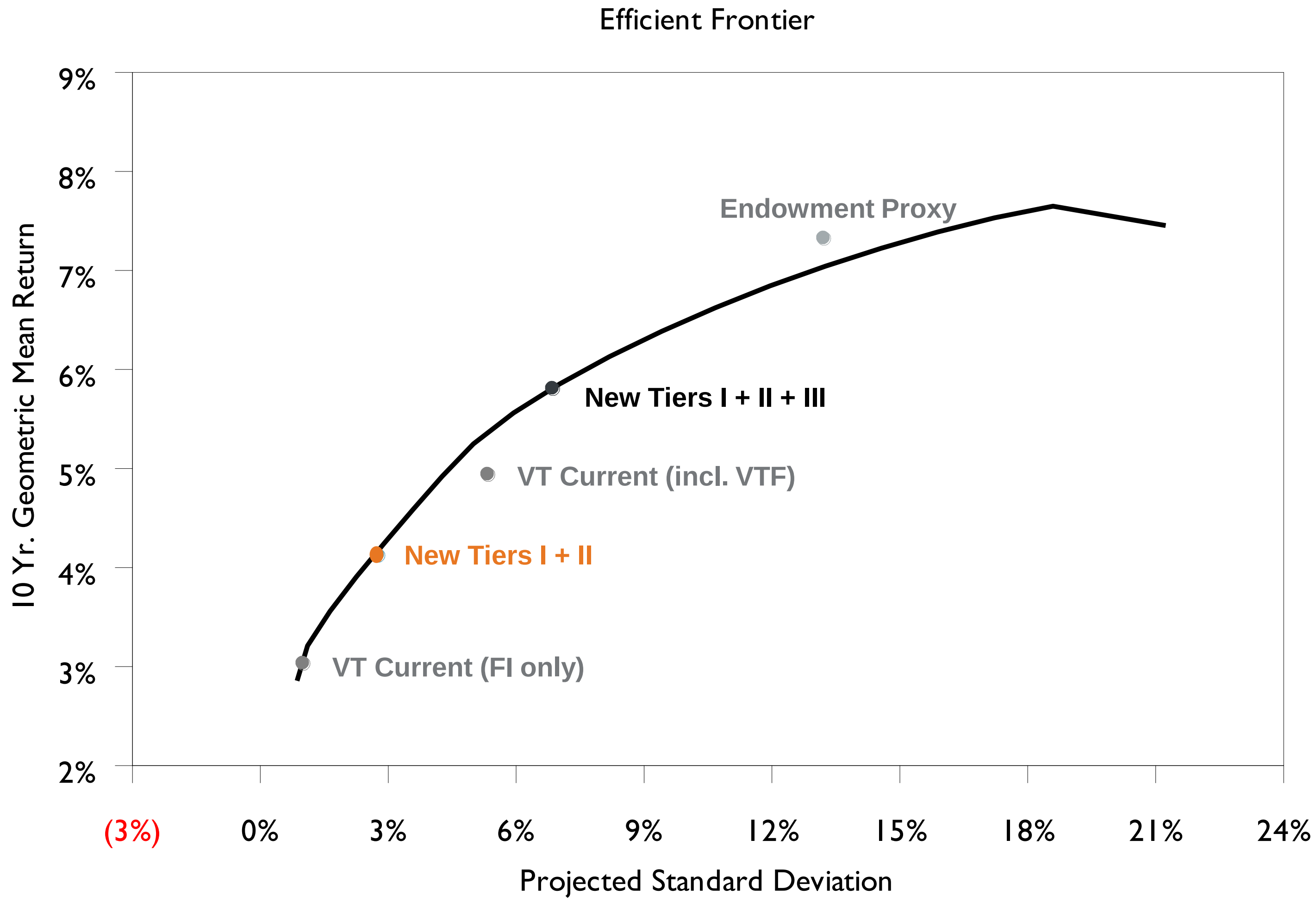
Note: Tier Ib is for the lines of credit
* Additional options for long-term investments will be explored in the next phase of this project, but are not part of the current changes

NEXT PHASE – POTENTIAL FUTURE CHANGES TO THE INVESTMENT POLICY

- During the next several months the internal Investment Advisory Committee will continue the project to update the university's investment policy and explore additional options for the Tier III long-term investments
  - Consider other long-term investment options within or in addition to VTF endowment pool. Although the VTF endowment pool provides consistent funding for initiatives with the endowment payout, the management fees and loss of liquidity exceed other investment options.
  - If suitable investment options are identified, additional recommendations will be brought to the committee

EXPECTED RISK / RETURN IMPACT

Comparison of Changes (Based on 10-yr Forward-Looking Returns)



- Delineates funds according to the time horizon of their associated liquidity needs
- Clarifies and slightly expands investments (Fixed Income, Public Equity)
- Prudently increases return potential, with a smaller increase in risk

Note: New portfolios assume Cash in Tier I, diversified Fixed Income in Tier II and endowment proxy in Tier III.

OVERVIEW TO CHANGES TO INVESTMENT POLICY- CONTINUED

1. Tier II will be actively managed to increase returns and to cover ongoing liquidity needs when Tier I falls below new ongoing reduced target balances. This will more effectively leverage fluctuations in cash balances caused by cyclical tuition revenues.
2. Removed specific limitations for investment guidelines related to investment allocations / styles
    - Limitations will be embedded as part of the contract terms for the investment managers allowing for greater overall flexibility by targeting niche markets for selected managers
    - Use of additional investment managers coupled with use of investment consultants will improve oversight and accountability for investment returns

SUMMARY

- Proposed changes to the investment policy maintains the strengths contained in the existing policy and creates opportunities to more effectively leverage the expanded investment opportunities for nongeneral fund reserves for short to mid-term investments in Tiers I and II

- Goal is to achieve higher rates of risk adjusted return on investments while continuing to maintain liquidity goals for operations and credit rating

RESOLUTION FOR A REVISED POLICY GOVERNING THE INVESTMENT OF UNIVERSITY FUNDS

RECOMMENDATION

That the Revised Policy Governing the Investment of University Funds be approved by the Finance and Resource Management Committee.

November 6, 2023

Attachment F

APPROVAL OF RESOLUTION FOR AUTHORITY TO ESTABLISH A LINE OF CREDIT FOR THE VIRGINIA TECH APPLIED RESEARCH CORPORATION

KEN MILLER, VICE PRESIDENT FOR FINANCE AND UNIVERSITY TREASURER

November 6, 2023

VIRGINIA TECH APPLIED RESEARCH CORPORATION (VT-ARC) - BACKGROUND

- The university established Virginia Tech Applied Research Corporation (VT-ARC) as a university related corporation to access research opportunities not easily accomplished within the university structure
  - VT-ARC has obtained external research funding for research in Virginia Tech's four research frontiers: Health, Security, Artificial Intelligence, and Quantum
  - VT-ARC is successfully competing for externally funded research grants and contracts at an increasing level, which are supportive to the top-100 global research university strategic initiative
- The corporation is planning for the next phase of its growth trajectory, but it is not yet generating sufficient working capital reserves to fully cover the temporary liquidity needed to fund gaps between cash expenditures on sponsored projects and subsequent payments from the government
- VT-ARC desires to have access to a line of credit to provide additional temporary liquidity

RESOLUTION FOR AUTHORITY TO ESTABLISH A LINE OF CREDIT FOR VT-ARC

- The university desires to support VT-ARC through the provision of funding from nongeneral fund sources of up to $3 million in revolving line of credit loans (the principal amount of which may be borrowed, repaid, and re-borrowed) to be repaid with interest
- The university will act as a fiscal agent for processing all loan related transactions with VT-ARC
- The loan repayment schedule will be consistent with the terms of a commercial line of credit from a financial institution at the interest rate approximating what the university could earn on short-term investments and the term of the agreement will be for ten years

RESOLUTION FOR AUTHORITY TO ESTABLISH A LINE OF CREDIT FOR VT-ARC

- The Vice President for Finance, in coordination with the Executive Vice President and Chief Operating Officer, will be responsible for finalizing these terms and authorizing special advances, and may alter the terms as needed
- Staff of the Vice President for Finance will be empowered to process authorized transactions and to implement procedures for the line of credit loan program
- This loan is contingent upon VT-ARC including repayment of estimated principal and interest in their budget, as approved by the Board of Visitors

APPROVAL OF RESOLUTION FOR AUTHORITY TO ESTABLISH A LINE OF CREDIT FOR THE VIRGINIA TECH APPLIED RESEARCH CORPORATION

RECOMMENDATION

That the resolution authorizing, at the President's discretion, the negotiation and execution of a revolving line of credit and the related promissory notes and line of credit loan agreements for temporary liquidity financing from the university to VT-ARC for up to $3 million to be repaid with interest by VT-ARC, be approved.

November 6, 2023

University Support for Student Financial Aid
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
October 10, 2022

Consistent with prior years, the university is providing the Finance and Resource Management Committee of the Board of Visitors with an update on the university's Student Financial Aid program. This annual report provides an overview of the types of student financial assistance programs available at the university, sources of funding for these programs, and a review of the institutional undergraduate aid programs that are controlled or influenced by the university.

This report is an integral part of the information flow to the Board of Visitors to assist in the assessment and approval of the university's tuition and fee rate proposals.

Funding Environment

Overtime Virginia Tech has experienced a shift in the types of resources available to support the instructional program. This change was driven by a combination of increasing costs, the requirement to maintain the quality of programs, and the level of state financial support.

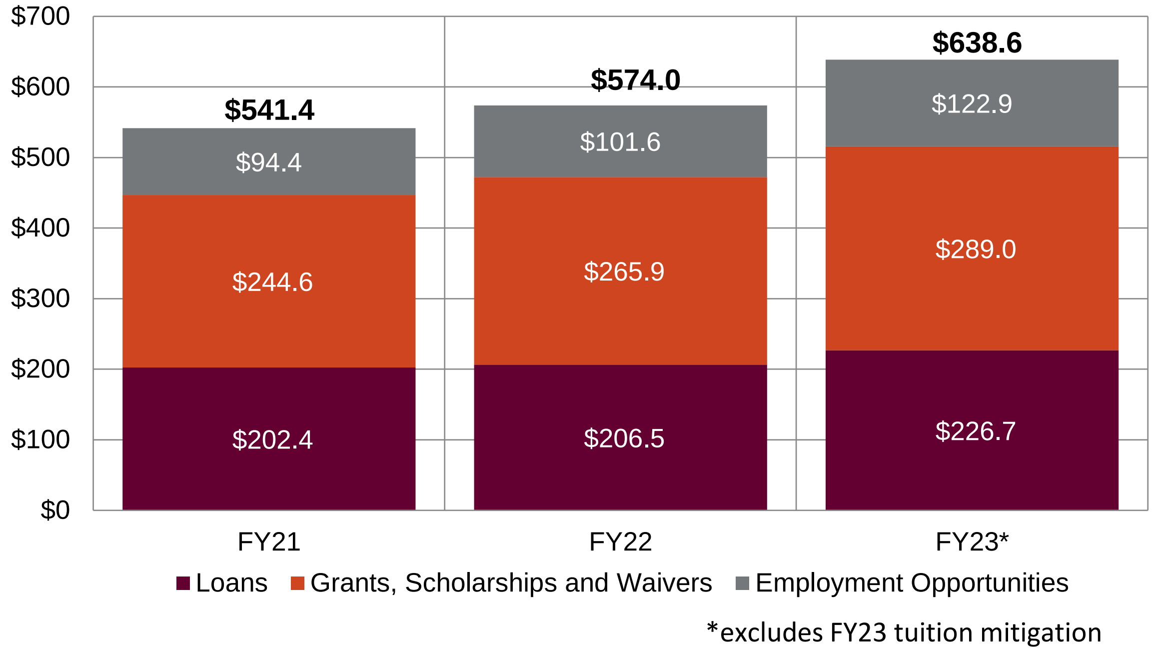
The state-funded share of support per student is impacted by the many cost-drivers competing for state resources. In this environment, the role of student financial assistance of all types has become a more central element of financial planning in the university's efforts to ensure access and affordability. Financial aid programs are critical to support those goals, as well as promoting the recruitment, retention, and graduation of students. The university's financial aid efforts seek to ensure that qualified students can access a Virginia Tech education and help promote a student success.

Understanding the shift in the cost of education from the state to the student over time, the university has proactively focused its efforts to increase support for student financial aid. These efforts are specifically designed to ensure access and affordability and meet the goals of the university as described in its Management Agreement with the commonwealth and support broader affordability goals.

Types of Student Financial Aid

The university facilitates a multifaceted scholarship and financial aid program that provides assistance to undergraduate students through grants and scholarships, employment opportunities, loans, and payment strategies. Graduate students are supported through graduate assistantships, which provide tuition remission and a stipend in exchange for university service. Fund sources for this assistance are varied as are their accompanying eligibility protocols. For fiscal year 2022-23, total aid reached $638.6 million, as seen in Figure 1 below.

Figure 1: Total Student Financial Aid From All Sources
Dollars in millions



Financial assistance to students is provided in the four main categories of grants and scholarships, employment, loans, and payment options:

1. **Grants and Scholarships** provide aid based on academic or extracurricular achievement, or financial need, and require no exchange of service. Some of these are need-based, while others are merit-based. No repayment is expected.

   Need-based awards are offered to students who demonstrate financial need as determined by federal and institutional standards. Such standards involve the computation of the cost of attendance including estimated books and supplies, transportation, personal expenses, and room and board whether on or off campus, in addition to tuition and required fees. From this total cost of attendance, the university subtracts the Expected Family Contribution (standardized through the Free Application for Federal Student Aid, the FAFSA), and any outside aid the student has obtained from sources other than the university to determine the student's financial need.
   Non-need-based awards may be merit-based and offered to students who demonstrate exceptional aptitude and academic and/or extracurricular achievement.

2. **Employment** includes wage employment, student work-study opportunities at the undergraduate level, and graduate assistantships at the graduate level. In 2022-23,

32 percent (12,390) of Virginia Tech students participated in an employment opportunity.

Federal Work-Study – provides eligible students a financial aid allotment and a wage employment position. This program is subsidized by the federal government and is supported in part by the university. Federal Work Study (FWS) participants are employed both on and off-campus; gaining valuable work experience along with financial assistance. Award amounts, generally between $1,500 and $2,500, are based on a student's Free Application for Federal Student Aid (FAFSA) filing. In 2022-23, 424 students participated in FWS programs; 419 at the undergraduate level and 5 at the graduate/professional level.

Wage employment opportunities – provide university employment to students based upon individual qualifications subject to departmental needs and resources. The university employed 8,500 students in wage positions during 2022-23; 7,212 at the undergraduate level and 1,288 at the graduate/professional level.

Assistantships – offer tuition remission, health insurance, and a stipend in return for the student's (typically graduate-level) effort through research, service, or teaching. This funding supports both the graduate student and the university's programs. The university employed 4,127 individual graduate students, or 3,560 full-time equivalent students, as graduate assistants in administrative, teaching, and research positions in 2022-23. This represents 71 percent of the full-time graduate student population.

3. **Loans** are offered through institutional, federal, and private lenders and provide financial assistance. These loans have repayment requirements. Loans may be subsidized or unsubsidized.

   Subsidized loans: generally from the federal government, carry a lower interest rate, and do not accrue interest or require payment during qualifying enrollment and deferment periods.

   Unsubsidized loans: generally accrue higher, market-based interest rates from the date the loan is disbursed, and may not require repayment during qualifying enrollment and deferment periods.

4. **Payment Options** include prepaid tuition plans offered by the Commonwealth of Virginia (such as tax-sheltered savings plans) and the Budget Tuition Plan operated by the university. The Budget Tuition Plan is an installment payment plan which provides students and families the opportunity to spread the cost of tuition and fees over the course of the semester. In the fall of 2023, there were 5,531 students who utilized the Budget Tuition Plan.

The university is involved in the administration and distribution of each of these types of financial aid. Many programs are administered outside of the university, and students arrive with financial aid arrangements (which are generally termed "outside aid" in this report) that the university facilitates on their behalf. Other programs are developed within the institution.

Sources of Funding for Grants and Scholarships

A wide range of resources support grants and scholarships including federal, state, institutional, and outside aid. These sources are described below and a trend of annual expenditures of each category is detailed in Table 1.

Federal Support comes from the federal government and is provided through Pell Grants and Federal Supplemental Educational Opportunity (FSEOG) support. These programs are administered by, and flow to the student through, the university. The appropriations for these programs are often congressionally approved and, in the case of Pell Grants, follow the student to their university.

State Support is provided by the commonwealth from the state General Fund in several ways. The bulk of the commonwealth's appropriation is directed to the university in support of Virginia resident undergraduate need-based scholarships. Funding is also appropriated to support tuition remission for graduate students on assistantship. Additionally, the commonwealth directs a small portion of funding to the university to fund students in the Soil Sciences and students participating in the Multicultural Affairs and Opportunities Program. Other state funding may flow to the university on behalf of students, and is not under the university's control. The State Council of Higher Education in Virginia (SCHEV) also coordinates some statewide programs.

Institutional Support is the area of financial aid that the university can impact directly, providing financial assistance in the form of scholarships and grants at the undergraduate level and assistantships at the graduate level. Institutional support comes through six main categories: unfunded scholarships, Tuition & Fee Revenue Used for Financial Aid, internal resources, codified waivers, graduate tuition remission, and private funding. In 2022-23, institutional support provided $84.4 million to 16,391 undergraduate students; an average of $5,151 per student.

> *Unfunded Scholarships*: Section §23-1-612 of the Code of Virginia authorizes institutions of higher education to create need-based scholarships through the remission of tuition and fees up to certain limits at both the student and institutional level. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.
>
> *Tuition & Fee Revenue Used for Financial Aid*: the 2014 General Assembly session added language in Section §4-5.01 b.1.a of the Appropriation Act that authorizes institutions of higher education to create nongeneral fund appropriations for student financial assistance, as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions should make larger grant and scholarship awards to students taking the number

of credit hours necessary to complete a degree in a timely manner. These programs are supported by the tuition budget and are reflected in the net tuition revenue collected by the university.

Internal Resources: some institutional support is available from specific resources. Given the public nature of much of the university's resources, the university is limited in its ability to generate resources for flexible scholarship support. Examples of this type of support are revenue from Virginia Tech license plate sales and net revenues from licensing and trademark activities.

Codified Waivers: while the university is generally unable to waive student charges, codified waivers are specific programs that are enacted in the Code of Virginia that authorize the waiver of charges to support specific groups targeted by the commonwealth. These waivers are mandated by the Commonwealth while the cost is absorbed by the university. Mandated waivers include:

- Dependents and spouses of military personnel such as members of the United States Armed Forces or Virginia National Guard who were killed or severely disabled in action,
- Surviving spouses and children of Virginia public safety personnel such as law-enforcement officers, campus police officers, and firefighters killed or disabled in the line of duty,
- Senior citizens with income less than $23,850 per year, as long as tuition paying students are not displaced.

Because the costs of these programs are managed by the institution, these programs are considered institutional support. The university also supports graduate students on assistantship through the waiver of the nonresident differential (the difference in the tuition rate between resident and nonresident graduate students) as authorized by the Appropriation Act for significantly employed graduate students.

Graduate Tuition Remission: the most common source of support for graduate students is the graduate assistantship. An assistantship is comprised of a stipend, health insurance, and graduate tuition remission. Assistantships support teaching, research, or other service within the university. The university funds a portion of the graduate tuition remission program, as do grants and contracts tied to specific externally sponsored activities, primarily research.

Private Funding: University Advancement supports the vision of Virginia Tech by raising private resources for student scholarships and endowments. These privately-funded scholarships resources are received, managed, and disbursed by the Virginia Tech Foundation on behalf of the institution. While some resources are managed by the university, the university's individual colleges and departments are responsible for awarding a significant portion of the private support and administering restricted scholarships to eligible students based upon donor intent. Utilization of these departmentally administered resources is detailed later in this report.

Outside Aid is aid which normally comes with a student from private external parties. This could include private organizations, nonprofit organizations, businesses, governmental entities, international organizations, and other special-interest groups. The university does not control this fund source but works to facilitate and coordinate the delivery of such support. Often these awards are tied to academic progress eligibility which the university may monitor on behalf of the awarding entity.

Table 1: Grants, Scholarships, & Waivers
(Dollars in Millions)

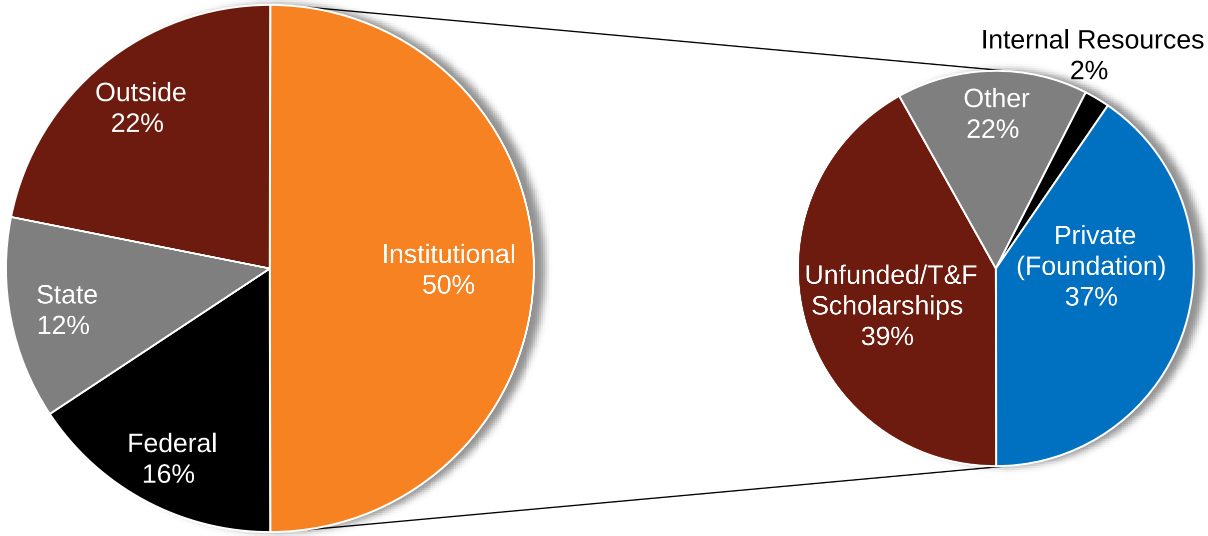
	2020-21	2021-22	2022-23[2]
Undergraduate			
Federal	$23.1	$23.7	$26.6
State	18.3	19.8	21.0
Institutional			
Unfunded/T&F Scholarships	26.2	30.6	35.4
Internal Resources	1.3	1.8	1.7
Other [1,2]	7.9	10.3	13.2
Private (Foundation)	28.5	30.6	34.1
Subtotal Institutional	63.9	73.3	84.4
Outside	35.1	34.7	37.0
Subtotal Undergraduate	$140.4	$151.5	$169.0
Graduate			
Graduate Tuition Remission			
Institutional	$61.6	$67.1	$70.3
State	5.1	5.1	6.1
Sponsored Grants & Contracts	18.0	21.0	21.6
Private	0.4	0.6	0.7
Subtotal Tuition Remission	85.1	93.8	98.7
Graduate Aid			
Professional Program Discounting	1.7	1.7	1.6
Other [1]	5.9	6.8	7.2
Private	3.7	4.0	4.5
Outside	7.8	8.2	8.0
Subtotal Graduate Aid	19.1	20.7	21.3
Subtotal Graduate	104.2	114.5	120.0
Total Grants, Scholarships, & Waivers	$244.6	$266.0	$289.0

(1) Includes waivers codified in the Code of Virginia and educational benefits for employees.
(2) Excludes FY23 tuition mitigation scholarship.

Undergraduate Scholarships

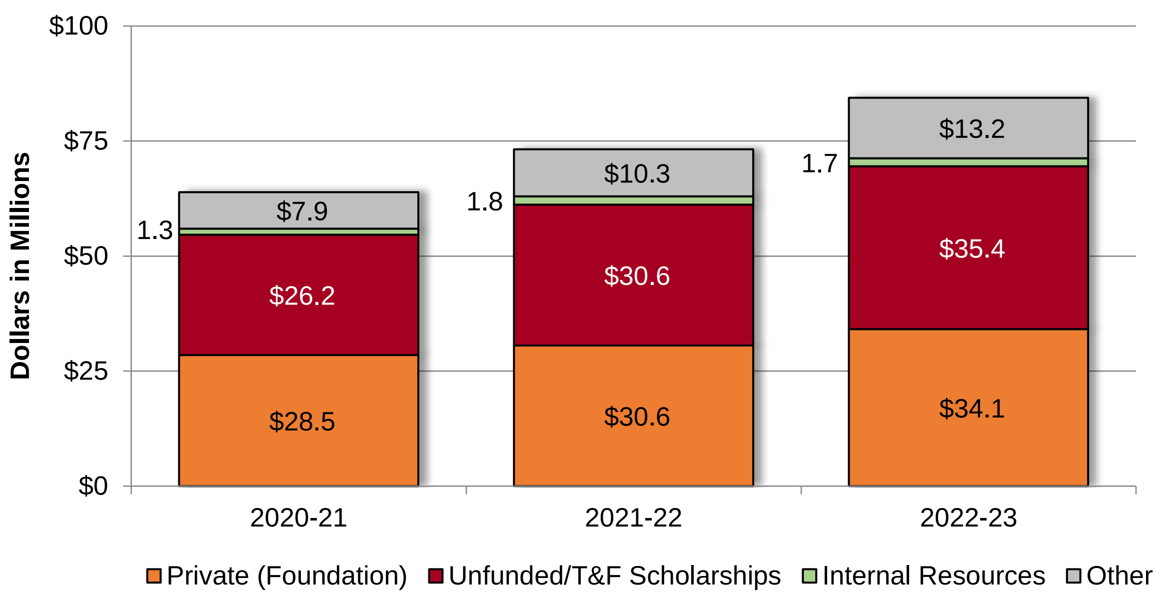
Of the sources of undergraduate scholarships and grants, 52 percent are derived from institutional sources, as seen in Figure 2.

Figure 2: Sources of Undergraduate Grants and Scholarships 2022-23



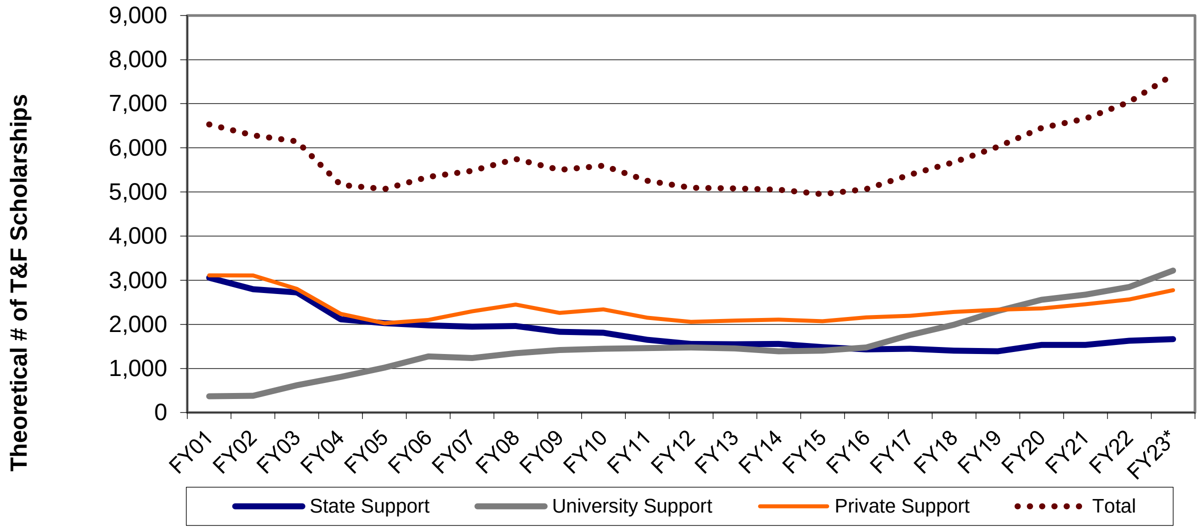
Institutional resources to support undergraduate student financial aid awards have increased over time, as seen in Figure 3.

Figure 3: Undergraduate Institutional Support



In recent years, the university has been able to make progress in the total purchasing power of the undergraduate financial aid program. Purchasing power is computed by the theoretical number of Full-Time Equivalent awards that could be supported with budgeted funding for undergraduates. Moving forward, the university intends to continue to exert additional emphasis on raising additional funds to further increase the university's capacity to help with student affordability. Figure 4 displays the trend of this scholarship analysis from these budgeted sources.

Figure 4) Full-time Equivalent Undergraduate Scholarships



*Excludes FY23 Resident Tuition Mitigation Scholarship

Uses of Funds

The university leverages institutional support to advance access and affordability and has also created several innovative, very successful programs.

<u>Virginia Tech Advantage</u> - the newest and largest program recently created by the university. The university has committed to offering a broad educational experience to undergraduate students from Virginia who have financial need. The goal of the program is to improve access and affordability for in-state undergraduate students with financial need and enhance student success. Virginia Tech Advantage will transform our ability to meet student needs, remove barriers, and envision a future full of opportunity for every Hokie graduate.

Two major undergraduate Grant and Scholarship programs, which the university committed to as part of the Higher Education Restructuring Act, are:

<u>Funds for the Future</u> –This is an important university undergraduate financial aid program, designed to assist returning students with financial need by mitigating increases in tuition

and required fees based on level of family income. For students from low to middle-income families, the Funds for the Future program provides pricing predictability and the mitigation of annual increases. The program extends protection of 100 percent of tuition and fee increases to all families with financial need with less than $100,000 of income. Table 2 shows the number of resident and nonresident students receiving this aid in 2022-23.

Table 2: 2022-23 Funds for the Future Award Recipients

Family Income (AGI)	VA Residents		Non-Residents		Total FFF Program	
	No. Awards	Dollar Amount	No. Awards	Dollar Amount	No. Awards	Dollar Amount
$0-99,999	2,996	$1,162,275	762	$1,139,694	3,758	$2,301,969

Virginia Tech Scholarship – The university has been methodically working to expand its total aid program, with the goal of reducing unmet need. Additional funds have been allocated to this program annually with the goal of reducing unmet need at a measured pace over time.

Other programs that have been designed to offset the costs of attendance, achieve enrollment goals, and recognize academically talented students include:

- Expand the current Presidential Scholarship Initiative (PSI) to have double the amount of PSI scholars by the 2026-27 academic year to assist low-income and first-generation Virginia students with significant financial need;
- Beyond Boundaries: matches private giving in support of underrepresented and high-achieving students;
- VT Scholars award to recruit academically talented students and advance university first generation enrollment goals;
- Emerging Leaders Scholarship for participants in the Corps of Cadets;
- Scholarships to defray a portion of a student's costs to study at the Steger Center for International Scholarship and other scholarships to help offset the higher cost of study abroad programs.

These programs help address the commitment to access and affordability that are part of the institution's land-grant mission. These programs have been well-received by students, families, and the commonwealth and help to advance strategic goals.

Trends in Student Indebtedness

Loans

The university continues to monitor students' borrowing behavior. Table 3 below displays the average borrower debt of the graduation class at Virginia Tech and nationally for the past 5 years, as well as the percentage of each class who carried student loan debt upon graduation. Comparison data shows that approximately 45% graduates of the Top 20 Land Grants had student debt. Of those who did graduate with debt, the average was

$28,195. Though the use of student loans remains a personal decision, the university provides students and parents with information and counseling to understand the benefits and responsibilities of student loan resources. The university has enhanced aid and loan counseling programs in an effort to help reduce student debt.

Table 3: Loan Statistics of Virginia Tech Graduates

Class of:		2019	2020	2021	2022	2023
VT	$	31,494	33,312	31,762	32,054	32,376
	%	48%	48%	47%	47%	46%
Top 20 Land Grants	$	27,271	27,779	27,971	28,839	28,195
	%	49%	47%	47%	47%	45%

Default Rate

The Department of Education notes that FY2019 and future cohort default rates were significantly impacted by the pause on federal student loan payments that began march 13, 2020. During the pause, borrowers with ED-held student loans were not required to make any payments an no borrowers with ED-held loans entered default. The Department of Education's Student Loan forbearance program ended in October 2023. To provide historical perspective, Virginia Tech's 2019 cohort default rate for the Federal Direct Loan (FDL) and Federal Family Education Loan (FFEL) programs was 0.5 percent, compared with a 0.8 percent average default rate among the university's peer group. While default rates are linked to the national economy, Virginia Tech has consistently had a default rate below the national average, as seen in Table 4 below.

Table 4: Cohort Default Statistics of Virginia Tech Borrowers

	2017	2018	2019
National Peer Average	2.7%	2.1%	0.8%
VT	1.6%	1.2%	0.5%

Net Price

When all available financial aid resources are applied to the overall Cost of Attendance (including tuition and fees, room and board, books, travel, and other costs), a "Net Price" can be derived to represent the remaining cost to the student. Due to various discounting strategies across institutions, the Net Price can be a helpful comparison point of the choice faced by students and their families. The National Center for Educational Statistics (NCES) compiles Net Price data across five student income categories. Table 5 below compares the university's net price with national and state peers for a first year full-time Virginia undergraduate (or resident student within another state). This analysis finds that while the university remains competitive in terms of the average Cost of Attendance (sticker price), the university has an opportunity to enhance the net price competitiveness for low and middle-income students. As a result, the university is working diligently to make progress.

Table 5: Comparison of Net Price for In-State Undergraduates

	Cost of Attendance (Sticker Price)	Average Net Price by Income (2021-22 Data)				
		$0-30,000	$30,001-48,000	$48,001-75,000	$75,001-$110,000	$110,001+
Virginia Tech	$28,634	$10,947	$12,988	$16,791	$23,281	$26,950
National **Peers**	34,457	9,292	11,102	15,367	22,269	27,165
Advantage (Disadvantage)	**5,823**	**(1,655)**	**(1,886)**	**(1,424)**	**(1,012)**	**215**
Select VA Doctorals*	38,469	6,927	8,649	11,645	21,712	34,048
Advantage (Disadvantage)	**9,835**	**(4,021)**	**(4,340)**	**(5,147)**	**(1,569)**	**7,098**
VT In-state Student Count per Category		1,743	993	1,274	1,280	3,345

*This includes the University of Virginia and the College of William & Mary

Unmet Need

A student's need is determined using the federal Free Application for Federal Student Aid (FAFSA). This calculation begins with the cost of attendance (tuition, fees, room, board, books and travel), subtracts the expected family contribution (EFC) along with any aid provided (including loans), and the remaining amount is considered "unmet need". While external factors such as student family income significantly effect this calculation, reducing the percentage of unmet need over time is a goal of the university's student financial aid program. Table 6 below displays the unmet need of resident and nonresident undergraduates over time.

Table 6: Trend of Unmet Need

	2020-21	**2021-22**	**2022-23**
Virginia Undergraduate	$7,311	$7,714	$7,989
% Average Unmet Need	36.8%	37.1%	36.2%
Nonresident Undergraduate	$12,748	$13,467	$14,619
% Average Unmet Need	44.1%	44.9%	45.5%

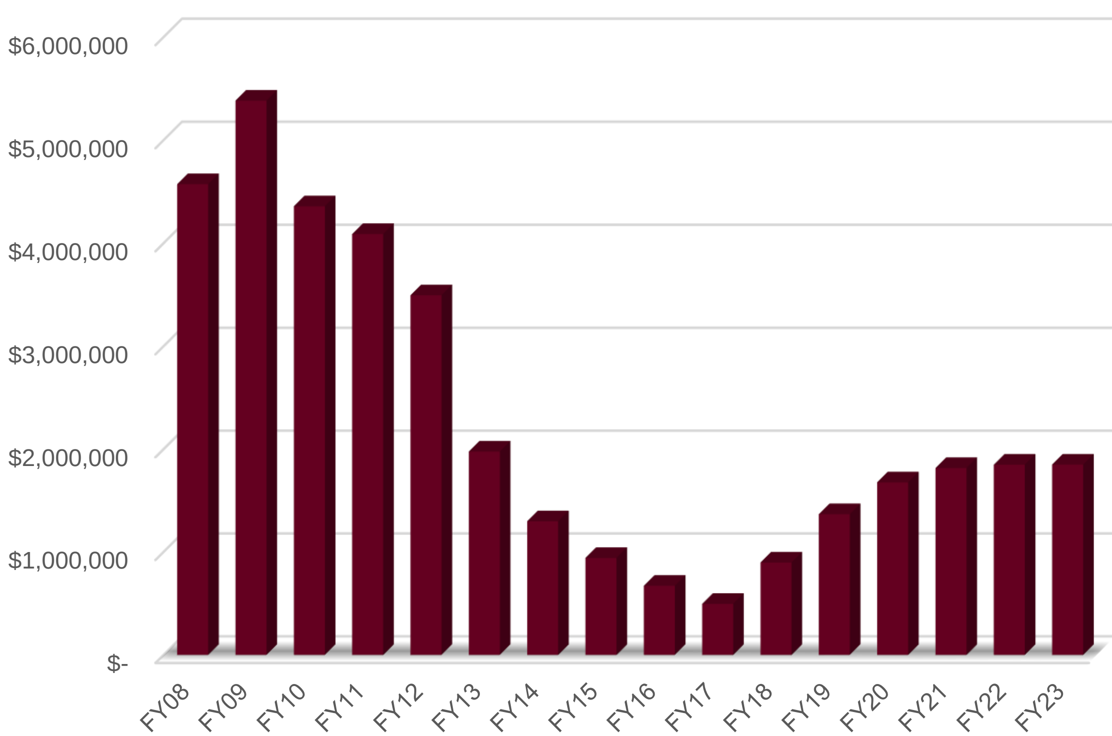
Utilization of Private Support

University colleges and departments are responsible for awarding and administering much of the university's private support for student financial aid. The university provides an annual report to the Committee on endowment scholarship utilization to ensure maximum utilization of departmentally allocated private scholarships.

The Office of the Vice Provost for Enrollment and Degree Management provides guidance to scholarship-managing units through procedures, reports, and data analysis. Each college's annual expenditure plan of endowed scholarships is reviewed and approved to ensure that these resources are utilized effectively. Enrollment and Degree Managements efforts have resulted in enhanced utilization and significant reductions in unallocated cash balances. To continue this success, the Office of University Scholarships and Financial Aid provides an annual management report to the Vice President of Finance to affirm scholarship utilization and the status of funding.

Figure 5 below displays the trend of accumulated departmental private scholarship cash balances. The university believes that the year-end cash balances are at acceptable levels, and will continue to monitor performance in future years to ensure that the cash balances remain at acceptable levels and that resources are used to advance the strategic enrollment goals of each college.

Figure 5: Endowed Scholarship Cash Balance



Current Events

The university continues to explore opportunities with the state to improve affordability. Based on substantial investment in higher education from the Commonwealth during the 2023 Special Session, the Board approved a **one-time tuition and fee rebate**, deployed as a one-time mitigation scholarship, for all students to partially offset the 2023-24 increase.

The **Virginia Tech Advantage** program is underway. The first installment of resources was planned in the university budget for 2023-24. Fund raising has begun and is already finding success. Student success efforts are also in development.

For the 2024 General Assembly session, the university made executive budget requests for increased need-based **state support** for student financial aid and to support growth in the Virginia Military Survivors Dependent Education Program.

The university has increased its **institutional** funding of student financial aid each year since expanding the program in 2001-02. University continued to work to identify additional institutional funding for student financial aid in 2023-24, this included the use of reallocations.

Private philanthropy efforts are in motion. Initial success with fund raising for the Virginia Tech Advantage is occurring.

ANNUAL REPORT ON THE UNIVERSITY'S STUDENT FINANCIAL AID RESOURCES

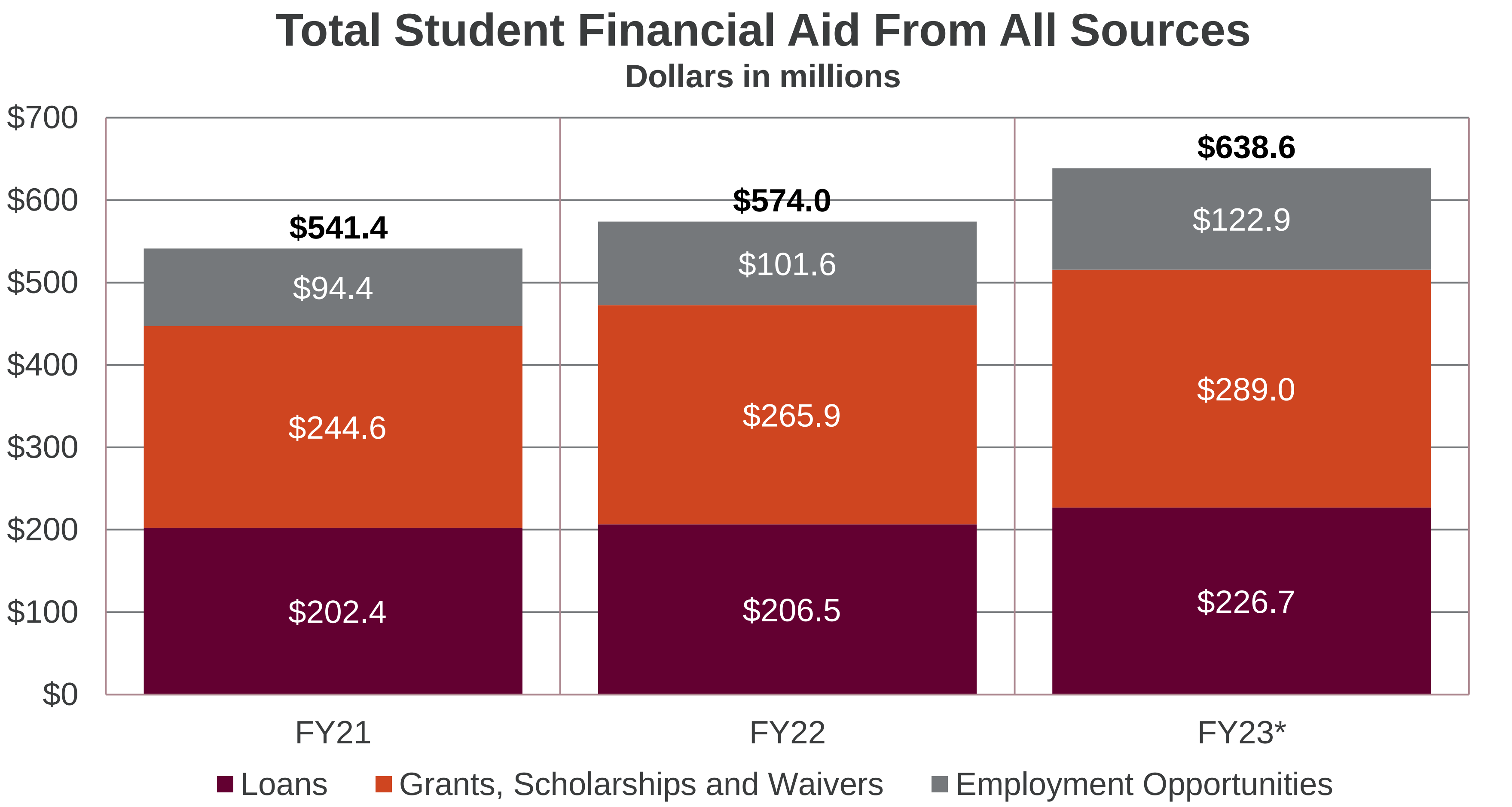
TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

LUISA HAVENS GERARDO, VICE PROVOST FOR ENROLLMENT & DEGREE MANAGEMENT

November 6, 2023

Attachment F

STUDENT FINANCIAL AID AT VIRGINIA TECH



*excludes FY23 tuition mitigation scholarship

UNDERGRADUATE GRANTS & SCHOLARSHIPS
(Dollars in Millions)

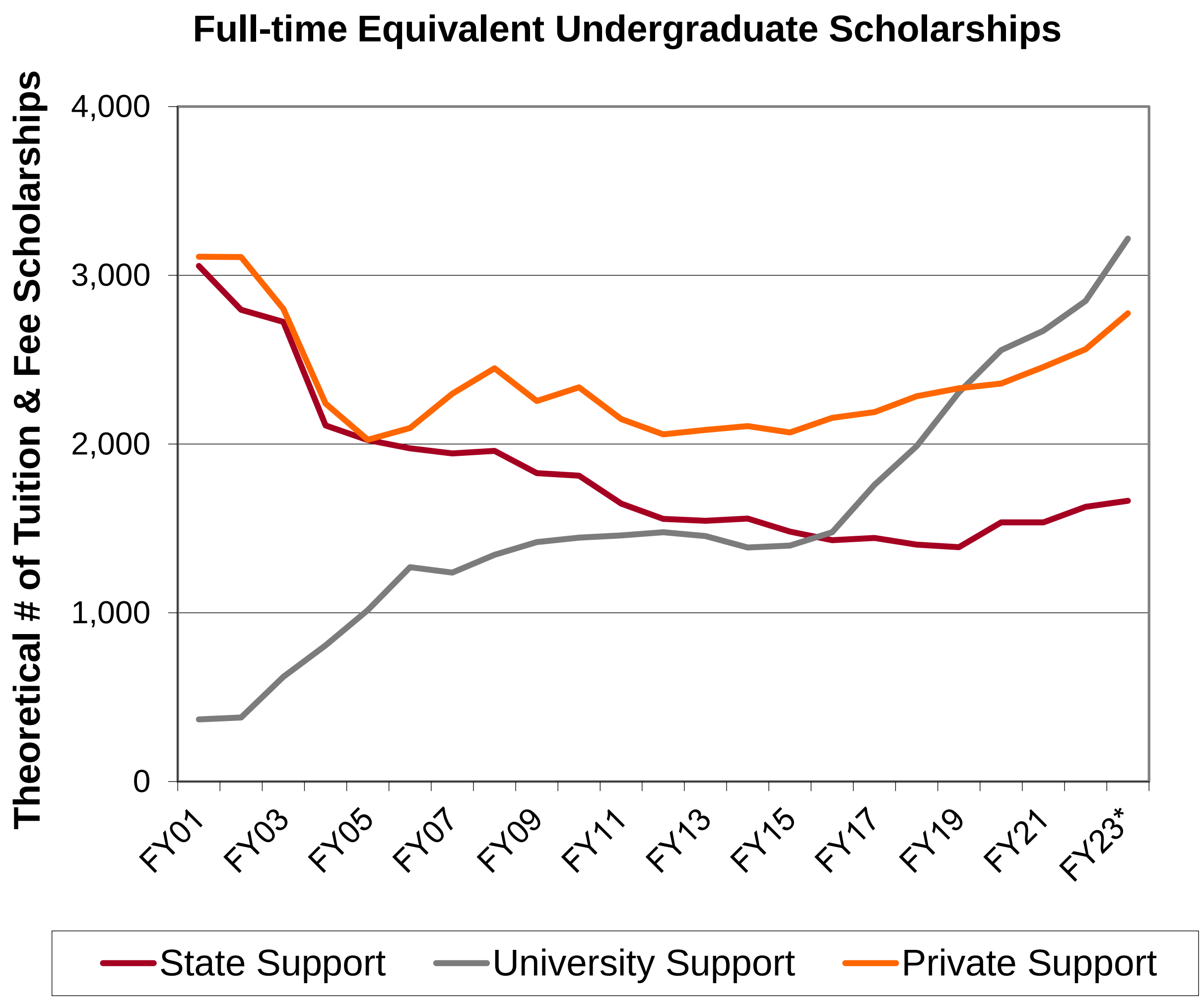
	2020-21	2021-22	2022-23[2]
Undergraduate			
Federal	$ 23.1	$ 23.7	$ 26.6
State	18.3	19.8	21.0
Institutional			
Unfunded Scholarships	26.2	30.6	35.4
Internal Resources	1.3	1.8	1.7
Other[1,2]	7.9	10.3	13.2
Private (Foundation)	28.5	30.6	34.1
Subtotal Institutional	63.9	73.3	84.4
Outside	35.1	34.7	37.0
Total Undergraduate	$ 140.4	$ 151.5	$ 169.0

(1) Includes waivers codified in the Code of Virginia and educational benefits for employees.

(2) Excludes FY23 Tuition Mitigation Scholarship

VIRGINIA TECH

PURCHASING POWER OF UNDERGRADUATE SCHOLARSHIP FUND SOURCES



*Excludes FY23 Resident Tuition Mitigation Scholarship

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.

FUNDS FOR THE FUTURE: MITIGATING TUITION INCREASE

- For 2022-23, all families with need and income up to $99,999 Adjusted Gross Income were eligible for 100% coverage of tuition and fee increases

- Includes Virginia and non-resident undergraduates

- Effectively guarantees tuition and fee levels to first year of eligibility

Family Income	VA Residents		Non-Residents		Total	
	#	$	#	$	#	$
$0-99,999	2,996	$1,162,275	762	$1,139,694	3,758	$2,301,969

AVERAGE DEBT PER BORROWER AND PERCENTAGE OF STUDENTS GRADUATING WITH DEBT

Class of:		2019	2020	2021	2022	2023
VT	$	31,494	33,312	31,762	32,054	32,376
	%	48%	48%	47%	47%	46%
Top 20 Land Grants	$	27,271	27,779	27,971	28,839	28,195
	%	49%	47%	47%	47%	45%

National data produced from the Common Data Set

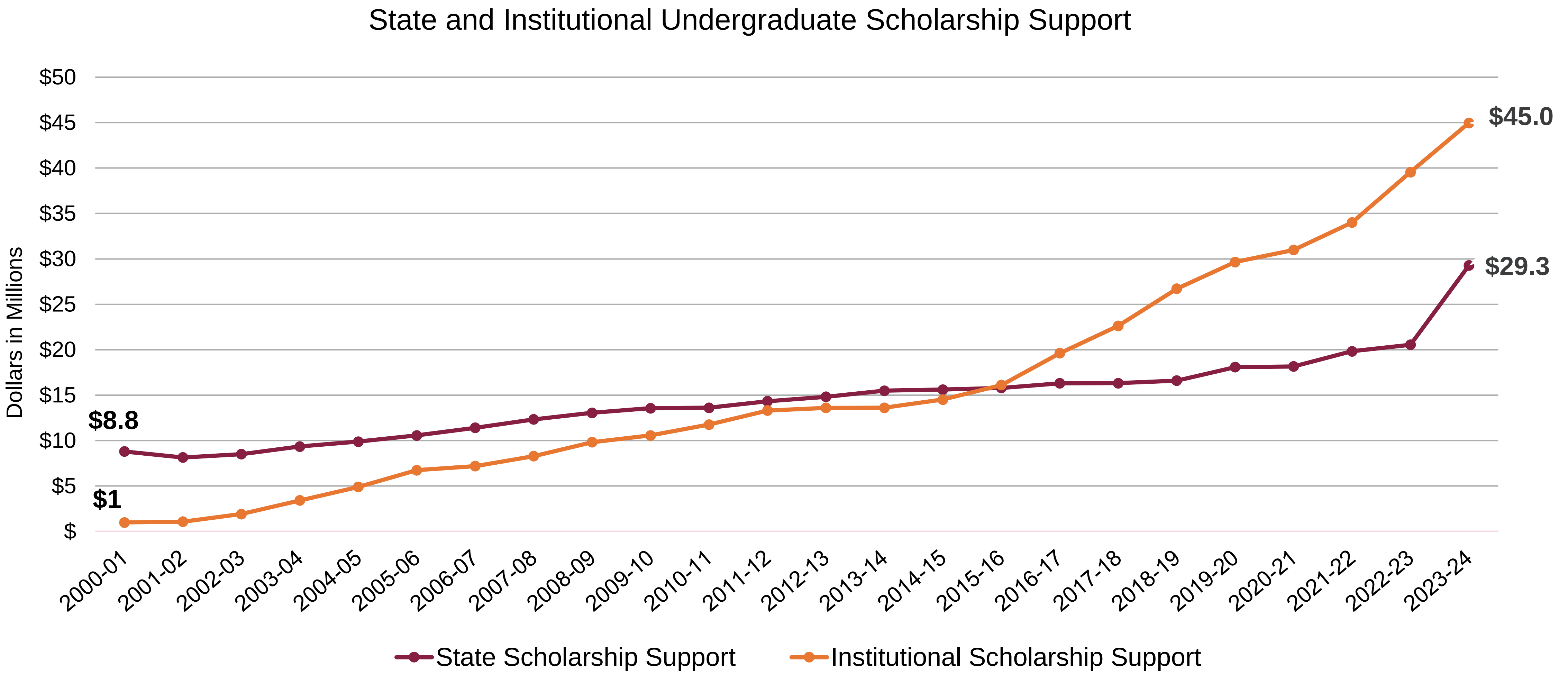
NET PRICE COMPARISONS

- Net price is the cost remaining after financial aid has been applied to the total cost of attendance (tuition, fees, room & board, and other expenses)
- The university remains competitive with "sticker" price, but has an opportunity to enhance the "net" price competitiveness for resident students from low- to middle-income families

Net Price of In-State Undergraduates (from IPEDS)						
	Cost of Attendance (Sticker Price)	**Average Net Price by Income (2021-22 Data)**				
		$0-30,000	$30,001-48,000	$48,001-75,000	$75,001-$110,000	$110,001+
Virginia Tech	$28,634	$10,947	$12,988	$16,791	$23,281	$26,950
National **Peers**	34,457	9,292	11,102	15,367	22,269	27,165
Advantage (Disadvantage)	**5,823**	**(1,655)**	**(1,886)**	**(1,424)**	**(1,012)**	**215**
Select **VA Doctorals***	38,469	6,927	8,649	11,645	21,712	34,048
Advantage (Disadvantage)	**9,835**	**(4,021)**	**(4,340)**	**(5,147)**	**(1,569)**	**7,098**
VT In-state Student Count per Category		1,743	993	1,274	1,280	3,345

**This includes the University of Virginia and the College of William & Mary.*

UNDERGRADUATE STUDENT FINANCIAL AID



CURRENT EVENTS

- Significant state support provided in the 2023 Special Session of the General Assembly led to Board approval of a **one-time tuition and fee rebate** for all students to offset a portion of the 2023-24 increase.
- The **Virginia Tech Advantage** program is underway. The first installment of resources were planned in the university budget for 2023-24. Fund raising has begun and is already finding success. Student success efforts are also in development.
- The university is advocating for additional **state support** for student financial aid and the as well as to support significant unanticipated growth in the Virginia Military Survivors Dependent Education Program.
- University continues to work to identify additional **institutional** funding for student financial aid, this includes the potential for reallocations.
- **Private** philanthropy efforts are in motion. Initial success with fund raising for the Virginia Tech Advantage is occurring.

Approval Process and Ratification of Subscription-Based Information Technology Arrangements under GASB No. 96

JOSEPH MILLS, SENIOR REPORTING AND PROCESS IMPROVEMENT MANAGER

November 6, 2023

SOFTWARE ACQUISITION MODELS

Pre-GASB Statement No. 96

Software Subscriptions

Income Statement

Operating Expense

Unchanged

Capitalized Agreements and Implementation Costs

Income Statement

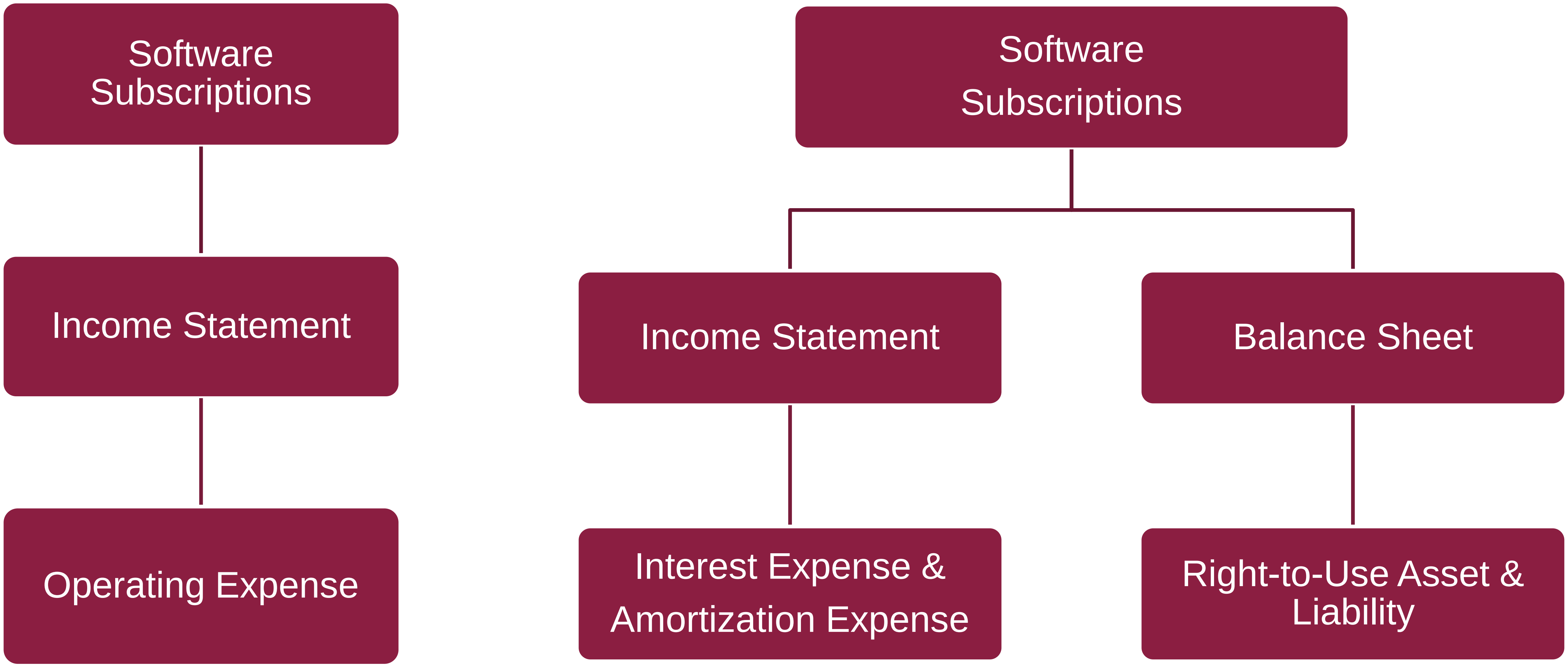
Amortization Expense

Balance Sheet

Software Asset

REPORTING AND CLASSIFICATION OF SBITA ACTIVITY

Pre-GASB Statement No. 96 | **Post-GASB Statement No. 96**



COMPLIANCE STRATEGY FOR GASB STATEMENT NO. 96

1. NPV Less than Capital Project Threshold
2. Management Approved SBITAs
3. Annual Reporting of Activity
4. Ratification through Consent Agenda

1. NPV Equal to or Greater than Capital Threshold
2. Individual Board Approval
3. SBITA Resolution

FY23 SBITA LIABILITY ACTIVITY

Subscription-Based Information Technology Arrangements Activity
for the fiscal year ended June 30, 2023
all dollars in thousands

	Beginning Balance (restated) (unaudited)	Additions: New SBITAs	Additions: Modifications	Retirements: Terminations	Retirements: SBITA Payments	Ending Balance *(unaudited)*
Value						
Zoom Phones	$ -	$ 4,187	$ -	$ -	$ -	$ 4,187
Jaggaer (HokieMart)	3,265	-	-	-	(435)	2,830
Other University SBITA activity for board ratification	8,280	5,982	2,452	-	(5,524)	11,190
Total value of SBITA activities	**$ 11,545**	**$ 10,169**	**$ 2,452**	**$ -**	**$ (5,959)**	**$ 18,207**
Number						
Zoom Phones	-	1	-	-		
Jaggaer (HokieMart)	1	-	-	-		
Other University SBITA activity for board ratification						
$1,000,000 - $2,999,999	1	1	1	-		
$250,000 - $999,999	7	4	1	-		
$249,999 or less	30	14	6	-		
Total number of SBITA activities	**37**	**18**	**7**	**-**	**-**	**-**

FORWARD OUTLOOK

- In fiscal year 2023, SBITAs made up 33 basis points of the university’s 4.10 percent debt ratio.
- Software vendors are shifting their product models from one-time sales of software to cloud-hosted and software-as-a-service subscription models.
- Finance will review strategies to enhance the university’s management of future increases to SBITA right-to-use liabilities.

APPROVAL OF RESOLUTION FOR APPROVAL PROCESS AND RATIFICATION OF SBITA UNDER GASB-96

RECOMMENDATION:

The Board of Visitors authorizes management to implement the proposed approval processes for SBITAs, ratifies $18.2 million of long-term SBITAs to be recognized as of June 30, 2023, and authorizes the university to administer new SBITAs and modifications to existing SBITAs less than the current dollar value threshold for capital projects in the Management Agreement or as amended by the Appropriation Act.

November 6, 2023

University Debt Ratio and Debt Capacity

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 13, 2023

<u>Background</u>:

Since 2006, the university provides an annual report to the Board of Visitors on its debt capacity and its performance against two requirements. The performance requirements include the following items: i) the university's management agreement with the Commonwealth includes an eligibility requirement to maintain an unenhanced bond rating from Moody's, Standard and Poor's, or Fitch of at least AA- or its equivalent; and ii) based on current Board of Visitor's guidelines, management should maintain a debt service to operations ratio of no greater than a six percent.

An established committee including representatives from Capital Budgeting and Financing, Investments and Debt Management, the Controller's Office, and the Budget Office meets regularly to review debt activities and the timing of debt issuances to evaluate potential impacts to credit ratings and to ensure compliance with the six percent debt ratio. The Vice President for Finance and University Treasurer provides oversight of these activities.

<u>Status</u>:

The university currently has a Aa1 rating from Moody's and a AA rating from S&P, which is a full level above the performance requirement. At the conclusion of fiscal year 2023, the university had a debt ratio of 4.10 percent, which is 190 basis points stronger than the performance benchmark.

<u>Impact of Recent Governmental Accounting Standards Board (GASB) Actions:</u>

In recent years, GASB introduced two statements with material impact to long-term liabilities which in turn impact debt capacity. In accordance with requirements of the GASB statements, the university has implemented new accounting treatments to comply with these statements which are discussed below.

GASB Statement No.87, Long-Term Lease Obligations:

Beginning with the 2022 Financial Statement, all leases that exceed 12 months and have a present value of at least $50 thousand are considered long-term leases and are recorded as intangible right-to-use assets with corresponding long-term liabilities on the balance sheet. Prior to 2022, capital leases were recorded as long-term liabilities, but the expenditures of all other leases were booked as operating expenses. When first introduced, the action of shifting operating expenses to long-term liabilities consumed nearly 100 basis points of debt capacity. To accommodate this action, the Board of Visitors raised the debt ratio guideline at its November 8, 2021 meeting by 100 basis points to six percent (6%) from five percent (5%). In fiscal year 2023, the present value of long-term lease obligations totaled $382 million and include $210 million of fixed-term leases and $172 million of variable-term leases. Additional information on the university's lease activities is provided in the consent agenda item Ratification of Lease Activities Approved by the University.

Impact of GASB Statement No. 96, Subscription-Based Information Technology Arrangements:

Effective for the fiscal year 2023 Financial Statement, GASB requires that software subscriptions that exceed 12 months and have a present value exceeding an institution's materiality threshold are recognized as intangible right-to-use assets with a corresponding right-to-use long-term liability on the balance sheet. The university completed a materiality analysis and established a $50 thousand threshold.

Software as a Service (SaaS) vendors have gained significant market power to set prices and dictate terms. Prior to GASB 96, these subscription expenses were booked as operating expenses. The impact of this new accounting treatment shifted $6 million of operating expenses to annual debt service in fiscal year 2023 with an estimated $83 million present value, 20-year, long-term liability which consumes 33 basis points of debt capacity.

For the balance of fiscal year 2024, the university will enhance negotiation strategies for products, pricing, capabilities and terms of any new deal because the initial term is crucial and establishes precedent for the entire subscription life cycle. A future reevaluation of the university's internal debt benchmark may be appropriate.

Projections:

The university prepares projections of gross debt capacity and expected commitments against the gross debt capacity to ensure future plans remain within the six-percent debt ratio, do not present unexpected risk to maintaining a credit rating of AA-, and maintain an unallocated capacity buffer to absorb unexpected conditions and/or opportunities. These projections include the impact of complying with GASB 87 and GASB 96. The gross debt capacity, commitments, and unallocated capacity are discussed below, and the details are shown in Attachment A and Attachment B.

Gross Debt Capacity for the Planning Period:

The university uses a model based on projections of expected growth of operating expenditures, expected future cost of capital, and the six percent (6%) debt ratio limit to estimate debt capacity available for a planning period. Debt capacity is expressed in terms of a 20-year present value.

For the 2024-2029 planning period, the total debt capacity at a six percent (6%) ratio is estimated to be a 20-year present value of $1.72 billion. The assumptions used to compute a present value amount include a year-over-year 3.5 percent expansion of operating expenditures, an interest rate of 4.75 percent, and a 20-year period. The details of the projections are shown in the top section of Attachment A.

Commitments for the Planning Period:

Commitments against the $1.72 billion during this planning period total $1.58 billion and are shown in the table below. The commitment amounts in the table reflect the present value of annual debt service for each line item and are computed using an interest rate of 4.75 percent and a 20-year period. The details of the timing for each line item are shown in the middle section of Attachment A, and the amounts below are for fiscal year 2029. The details of the projects in the Six-Year Capital Outlay Plan are shown in Attachment B.

Commitments Against Debt Capacity
20-Year Present Value
(Dollars in Millions)

Previously issued debt for capital projects	$ 646
Fixed long-term lease agreements	179
Scheduled issuances for authorized capital projects	43
Variable long-term lease agreements (GASB 87)	159
Subscription-based IT agreements (GASB 96)	89
Encumbered for Six-Year Capital Outlay Plan projects	474
Total commitments	$1,590

Unallocated Debt Capacity and Peak Debt Ratio:

The remaining balance of uncommitted capacity to absorb contingencies and/or advance new initiatives is $139 million.

These projections show the debt ratio peaking at 5.51 percent in fiscal year 2029, which provides a buffer of 49 basis points.

Discussion:

The university's debt analysis and debt planning program show that all authorized and planned debt may be accommodated with the six percent (6%) debt ratio guideline while holding a credit rating of not less than AA-. This includes absorbing a 33 basis points debt consumption for the newly implemented GASB 96 subscription-based information technology arrangements.

The historical basis of the debt analysis program is a 20-year amortization of debt obligations. This perspective remains true for traditional debt issuances and fixed long-term leases; however, it may not be generally applicable to variable long-term leases and subscription-based information technology arrangements. The later types of debt instruments may be more likely to have shorter amortization schedules. Thus, the university will conduct additional research and more detailed study of the renewal assumptions for variable long-term lease obligations and subscription-based Information technology arrangements to determine if different ratio guideline is more appropriate for these items.

Attachments:

Attachment A shows gross debt capacity, net debt capacity at a six percent ratio, and the debt ratio calculation for fiscal year 2023 actuals and projections through the fiscal year 2029 planning period. The schedule includes a five-year trailing period through fiscal year 2034 to show the full impact of loading principal and interest payments.

Attachment B shows an illustration of the estimated timing of debt issuances and long-term leases for authorized capital projects and for capital projects in the Six-Year Capital Outlay Plan. The illustration shows fiscal year 2023 actuals and projections through the fiscal year 2029 planning period. The schedule includes a five-year trailing period through fiscal year 2034 to show the full impact of loading principal and interest payments.

Attachment C shows the outstanding long-term principal for fiscal year 2023 actuals and projections through the fiscal year 2029 planning period. The schedule includes a five-year trailing period through fiscal year 2034 to show the full impact of loading principal payments.

Attachment D shows a trend line of the university's debt ratio with actuals from fiscal year 2014 to fiscal year 2023 and projections through fiscal year 2034. The debt ratio is calculated as debt service over operating expenditures. Management routinely examines, prioritizes, and adjusts the allocation plan to ensure the debt ratio remains within six percent guidelines.

Attachment E shows a trend line of the university's net debt capacity at the six percent guideline with actuals from fiscal year 2024 to fiscal year 2034 and projections through fiscal year 2034. Net capacity is calculated as the present value of six percent of operating expenditures less the total present value of debt service.

Attachment F shows a trend of the university's long-term debt outstanding and debt service with actuals for fiscal year 2016 through fiscal year 2023 and projections through fiscal year 2034.

Attachment G shows a benchmark comparison of fiscal year 2022 debt ratios from Moody's for Virginia Tech and 22 peer institutions and systems.

RECOMMENDATION:

That the report on University Debt Ratio and Debt Capacity for fiscal year 2023 be accepted.

November 6, 2023

Gross Debt Capacity, Net Debt Capacity, and Debt Ratio
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
As of October 13, 2023
(Dollars in Thousands)

	Actual	Planning Period						Trailing Period				
Fiscal Year	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**
Total Operating Expenditures	1,824,861 [1]	$1,929,791	$1,992,509	$2,057,265	$2,124,126	$2,193,160	$2,264,438	$2,338,032	$2,414,018	$2,492,474	$2,573,479	$2,657,118
Annual Debt Service Limit (6% of Operating Expenditures)	109,492	115,787	119,551	123,436	127,448	131,590	135,866	140,282	144,841	149,548	154,409	159,427
Gross Debt Capacity (20-Year Present Value)	**$1,511,355**	**1,474,051**	**1,521,958**	**1,571,422**	**1,622,493**	**1,675,224**	**1,729,669**	**1,785,883**	**1,843,924**	**1,903,852**	**1,965,727**	**2,029,613**
Less Present Value of Debt Service:												
Previously Issued Debt	568,013	675,104	713,605	714,076	703,234	668,283	645,685	600,979	541,944	516,050	483,060	449,649
Long Term Leases (Fixed)	209,604	204,317	205,667	205,512	205,198	184,592	179,197	137,129	129,842	128,879	128,857	128,762
Authorized Projects and Fixed Leases	-	22,503	66,194	76,727	35,014	40,279	42,927	42,927	42,927	42,927	42,927	42,927
Long Term Leases (Variable)	172,501	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095
Subscription Based Information Technology Arrangements (SBITA)	83,483	76,995	76,995	89,350	89,350	89,350	89,350	89,350	89,350	89,350	89,350	89,350
Capital Plan Placeholders	-	-	8,539	112,952	241,231	374,520	473,577	508,026	524,355	508,026	508,026	508,026
Total Present Value of Debt Service	1,033,601	1,138,015	1,230,094	1,357,711	1,433,122	1,516,119	1,589,831	1,537,506	1,487,513	1,444,327	1,411,315	1,377,809
Net Debt Capacity (20-Year Present Value)	**$477,754**	**$336,037**	**$291,864**	**$213,711**	**$189,371**	**$159,105**	**$139,838**	**$248,377**	**$356,411**	**$459,525**	**$554,412**	**$651,804**
Total Debt Service	$ 74,880 [1]	$ 89,392	$ 96,624	$ 106,649	$ 112,572	$ 119,092	$ 124,882	$ 120,772	$ 116,845	$ 113,453	$ 110,859	$ 108,228
Total Operating Expenditures	1,824,861 [1]	1,929,791	1,992,509	2,057,265	2,124,126	2,193,160	2,264,438	2,338,032	2,414,018	2,492,474	2,573,479	2,657,118
Debt Ratio [2]	**4.10%**	**4.63%**	**4.85%**	**5.18%**	**5.30%**	**5.43%**	**5.51%**	**5.17%**	**4.84%**	**4.55%**	**4.31%**	**4.07%**

Assumptions:

* Total Operating Expenditures for FY24 are based on the Authorized Budget Document. Future Operating Expenditures for FY25 through FY34 are estimated based on an annual growth rate of 3.25%.

* Estimated Cost of Capital is 4.75%.

Notes:

(1) Unaudited actual.

Attachment F

Attachment B

Illustration of Debt Allocations Within a Six Percent Ratio
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
As of October 13, 2023
(Dollars in Thousands)

	Planning Projections						Trailing Period					
	2023-24	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**Total**
Authorized Projects												
Debt Issuances												
Building Envelope Repairs		$13,800	$19,820									$33,620
BOV Approved Leases												
Children's National Lease Expansion, Phase II (Lease)	$11,300											11,300
Children's National Lease Expansion, Phase II (Upfits)	8,700											8,700
	20,000	13,800	19,820	-	-	-	-	-	-	-	-	53,620
Placeholder Allocations for Six-Year Capital Outlay Plan												
Debt Issuances												
Parking Structure at Blacksburg Campus		26,300										26,300
SLV Phase I - Utilities and Infrastructure			50,000									50,000
Pamplin College of Business			52,700									52,700
SLV Phase I - Recreation				$10,000								10,000
SLV Phase I - Dining				40,000								40,000
SLV Phase I - Residential				230,000								230,000
G. Burke Johnston Renovation					$5,000							5,000
Veterinary Teaching Hospital Expansion					20,000							20,000
VTC-School of Medicine & FBRI Expansion					30,000							30,000
Hahn Hall South Renovation and Expansion						$40,900						40,900
BOV Approved Leases												
Food Processing Center and Warehouse			15,000									15,000
Expand Vivarium Spaces			54,000									54,000
Replace Kmart Lease						11,000						11,000
	-	26,300	171,700	280,000	55,000	51,900	-	-	-	-	-	584,900
Total Authorized and Placeholder Issuances	$20,000	$40,100	$191,520	$280,000	$55,000	$51,900	$ -	$ -	$ -	$ -	$ -	$638,520
Net Debt Capacity (20-Year Present Value)	$336,037	$291,864	$213,711	$189,371	$159,105	$139,838	$248,377	$356,411	$459,525	$554,412	$651,804	

Principal Outstanding Based on Expected Debt Issuances, Long-Term Lease Activity, and Subscription Based IT Agreement Activity

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

As of October 13, 2023

(Dollars in Thousands)

	Actual	Planning Period						Trailing Period				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Long-Term Debt Outstanding, Start of Year	$ 560,671 [2]	$831,932	$815,699	$811,809	$956,883	$1,188,955	$1,192,997	$1,192,356	$1,139,579	$1,090,050	$1,040,777	$992,314
New Long-Term Debt Issuance	189,105	-	40,100	122,520	280,000	55,000	40,900	-	-	-	-	-
Long-term Lease Activity (Fixed)	100,731	20,000	-	69,000	-	-	11,000	-	-	-	-	-
Long-term Lease Activity (Variable)	11,566	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
University Subscription Based IT Agreement (SBITA) Activity	12,621	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959
Current Year Bond Premium	15,560	-	-	-	-	-	-	-	-	-	-	-
Lease Terminations	(5,953)	-	-	-	-	-	-	-	-	-	-	-
Subscription Based IT Agreements (SBITA) Repayment	(5,959)	(5,959)	(5,959)	(6,571)	(6,809)	(6,838)	(6,867)	(6,898)	(6,898)	(6,898)	(6,898)	(6,898)
Long-Term Lease Repayment (Fixed & Variable)	(21,963)	(17,880)	(21,311)	(21,228)	(19,527)	(19,648)	(19,773)	(20,769)	(20,907)	(21,052)	(21,203)	(21,362)
Long-Term Debt Repayment	(24,448)	(35,353)	(39,680)	(41,607)	(44,552)	(47,433)	(48,859)	(48,070)	(44,684)	(44,283)	(43,322)	(42,278)
Total Long-Term Principal Outstanding, End of Year	**$831,932** [1]	**$815,699**	**$811,809**	**$956,883**	**$1,188,955**	**$1,192,997**	**$1,192,356**	**$1,139,579**	**$1,090,050**	**$1,040,777**	**$992,314**	**$944,736**

Notes:

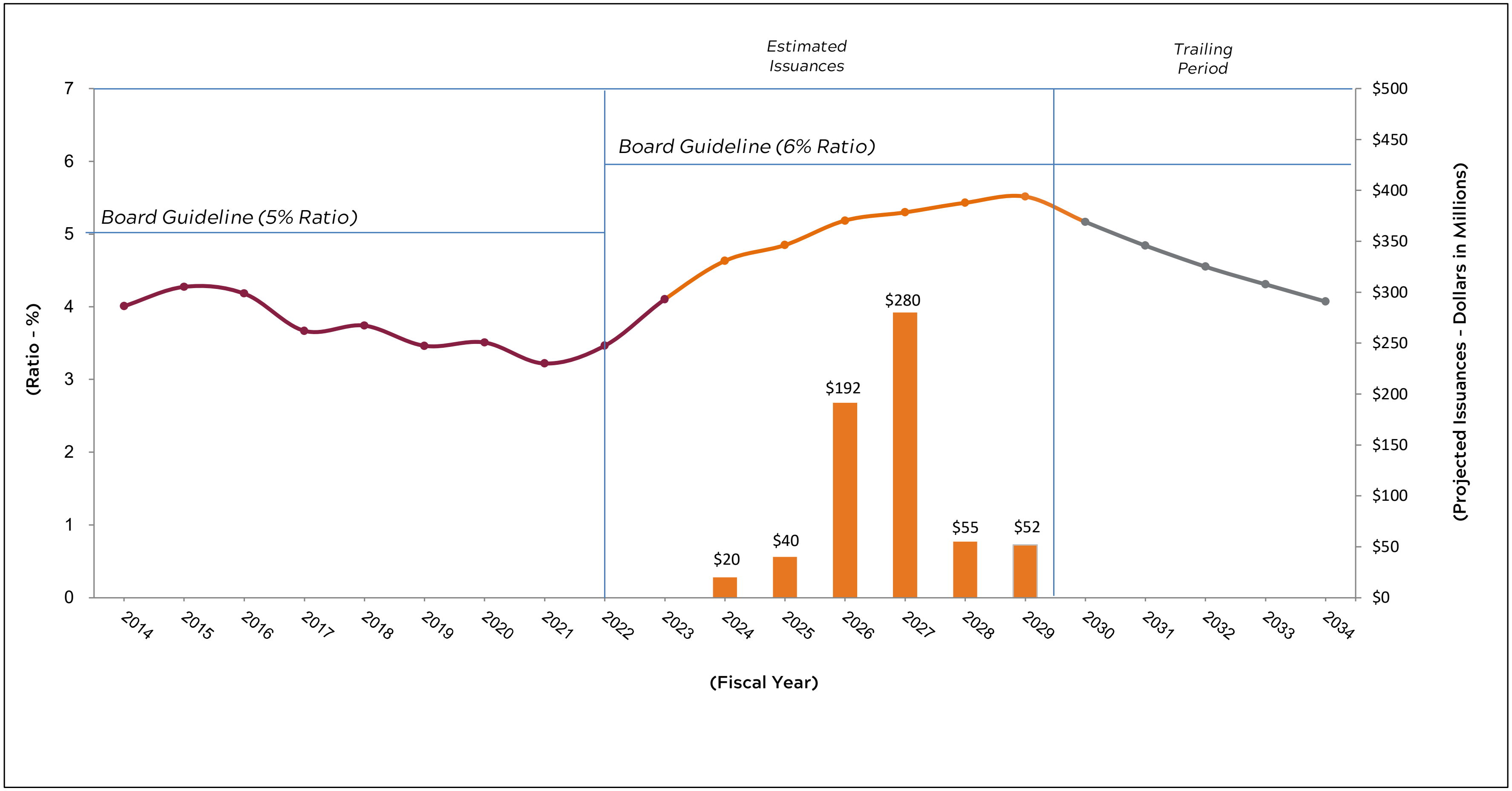
(1) Unaudited actual.

(2) Restated beginning balance; impact of the one-time revision to GASB 96 on subscription based information technology agreements.

University Debt Ratio Trend
(Including All Debt Shown On Attachment C)

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 13, 2023

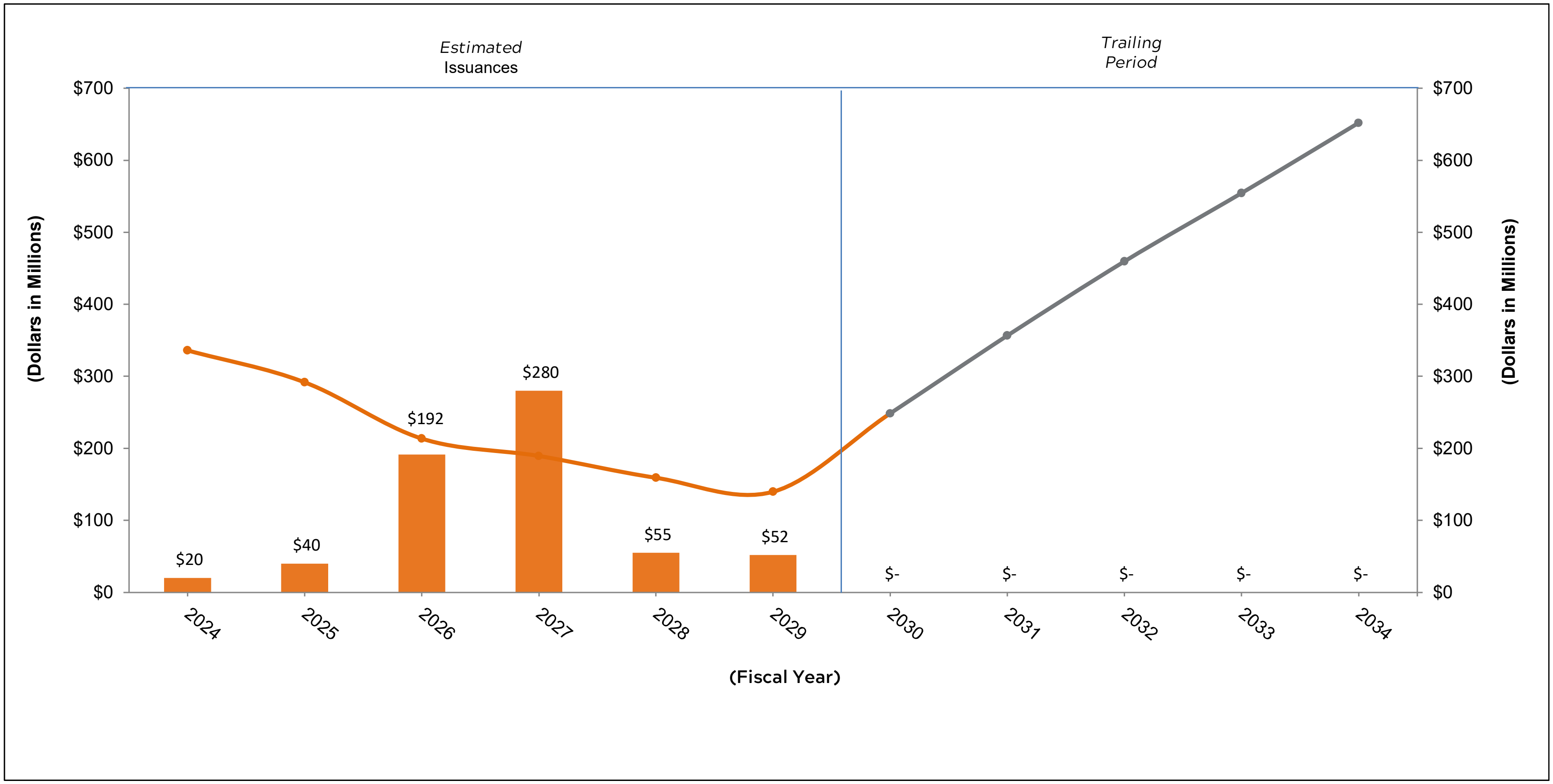


LEGEND

Maroon Line = Actual Debt Burden Ratio
Orange Line = Projected Debt Burden Ratio
Gray Line = Trailing Period Debt Burden Ratio
Orange Bar = Projected Issuances

University Net Debt Capacity Trend
(Including All Debt Shown On Attachment C)

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
October 13, 2023



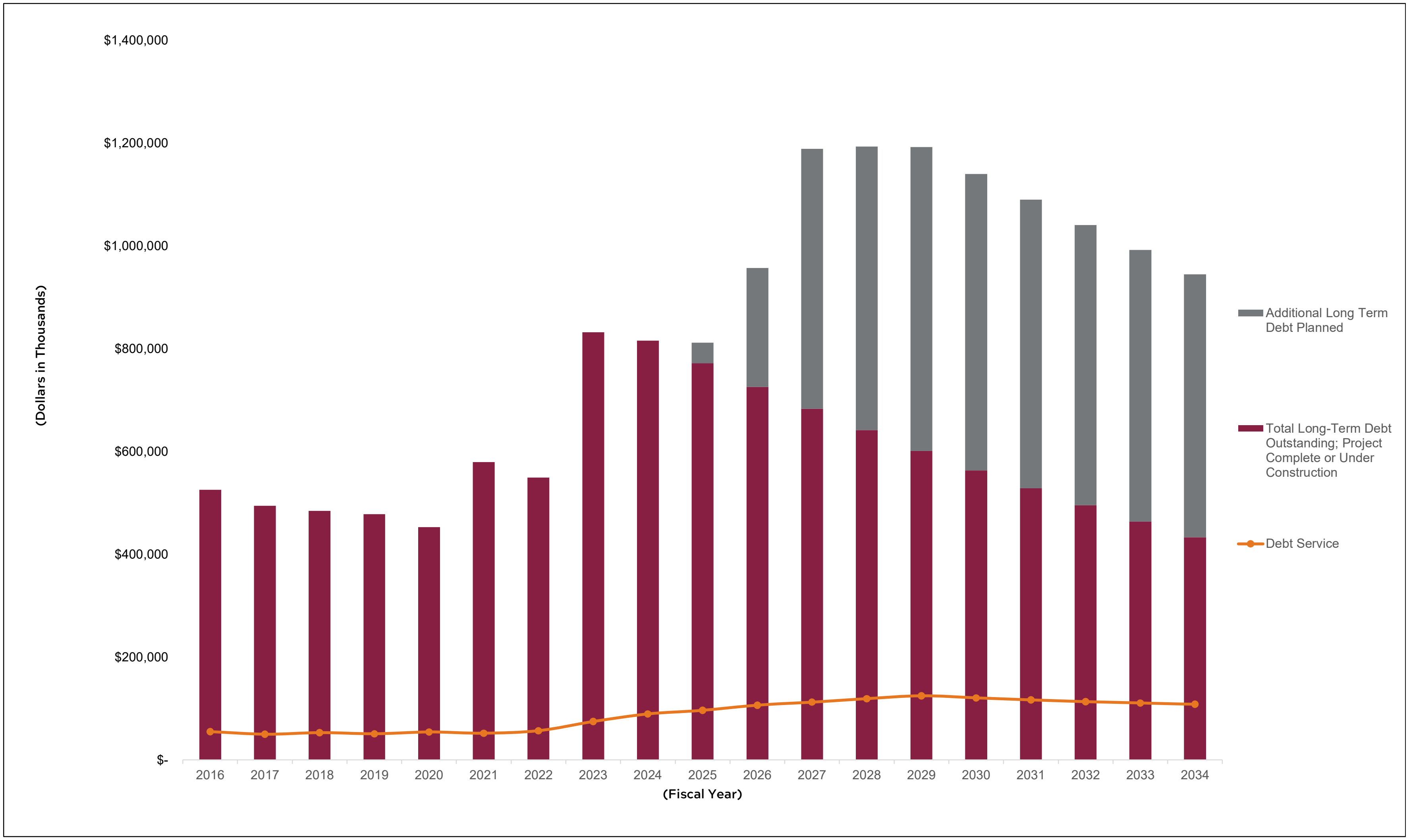
Gray = Projected Net Debt Capacity
Maroon = Trailing Period Net Debt Capacity
Bar = Projected Issuances

Attachment F
Attachment F

University Total Debt Outstanding and Debt Service Trend

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 13, 2023

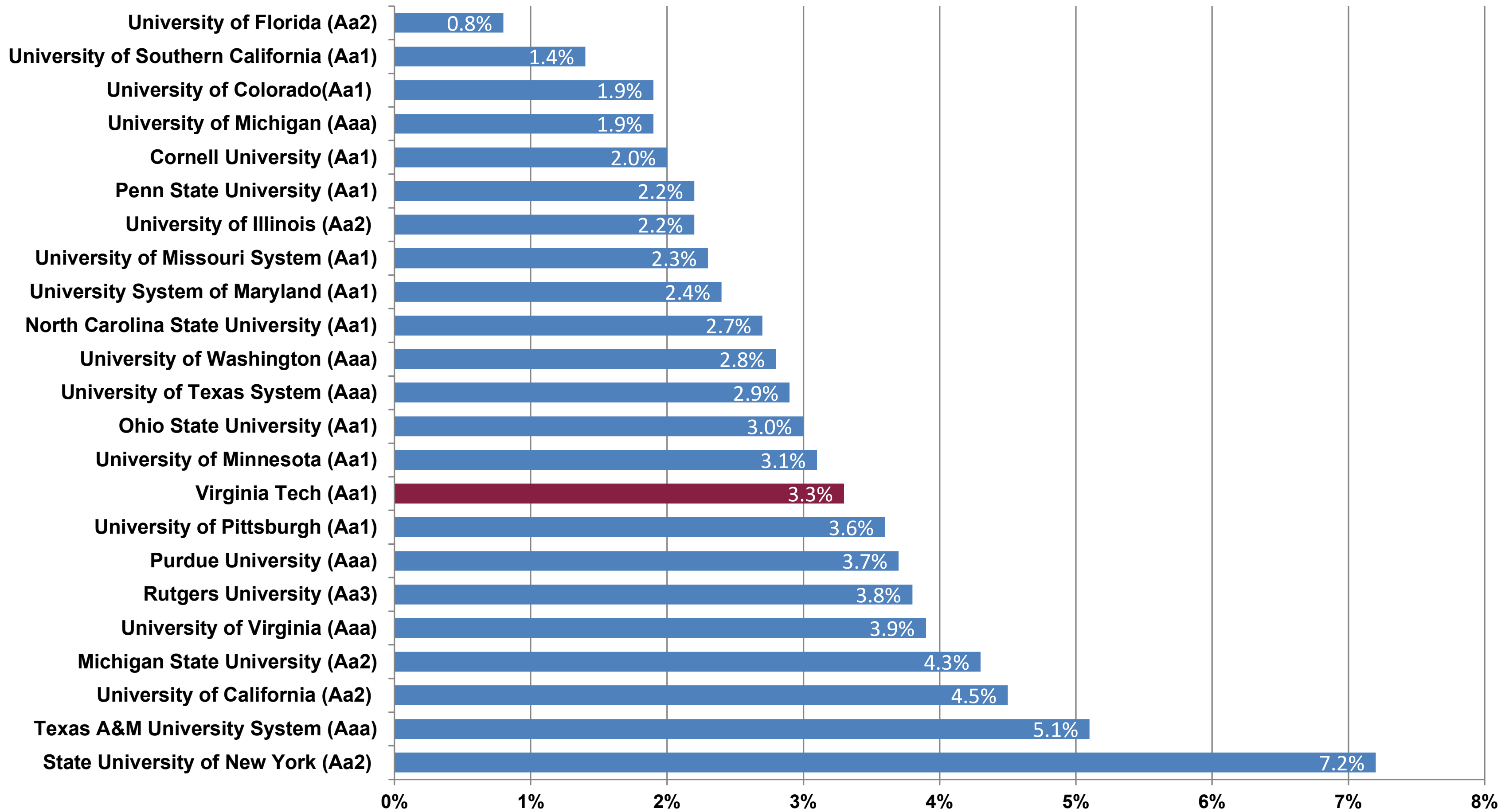


Attachment E
Attachment G

Fiscal Year 2022 Debt Ratio Benchmarking of Peers

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

October 13, 2023



Based on SCHEV Peer Group and UVA

Source: Moody's Performance Metrics, Moody's Investors Service, August 24, 2023; 2022 Data.

Debt ratio does not include the estimated impact of the one-time revisions to GASB 96 on Governmental lease accounting.

Iowa State has not provided data to Moody's and was removed from the benchmarking chart.

ANNUAL REPORT ON UNIVERSITY DEBT RATIO AND DEBT CAPACITY

KEN MILLER, VICE PRESIDENT FOR FINANCE AND UNIVERSITY TREASURER

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

NOVEMBER 6, 2023

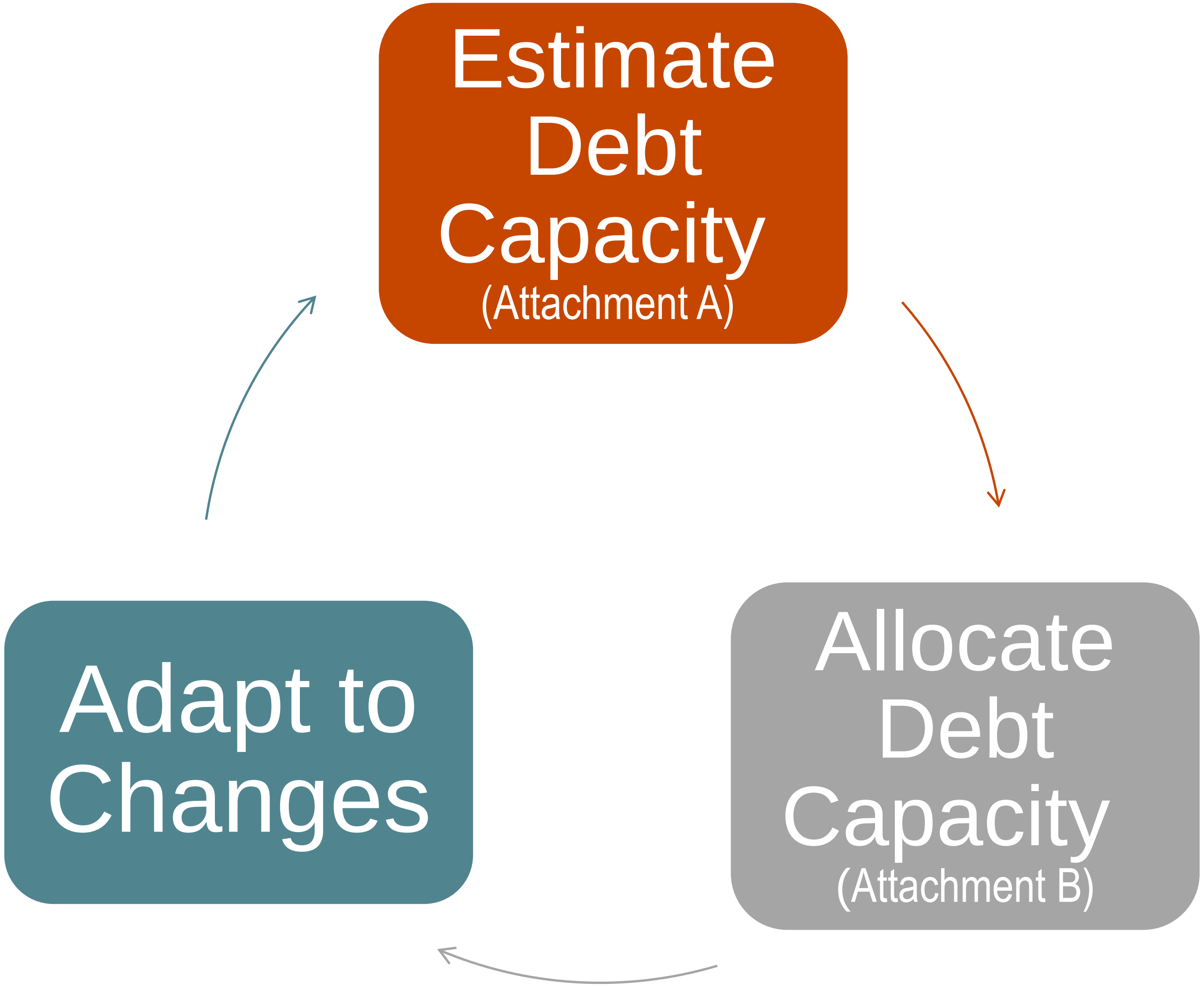
MANAGEMENT PERFORMANCE REQUIREMENTS

VIRGINIA TECH

Credit Ratings	Requirement	AA- or Aa3
	FY23 Performance	AA or Aa1 ✓
Debt Ratio	Requirement	=<6%*
	FY23 Performance	4.10% ✓

*The Board of Visitors guideline for management performance is 6%.

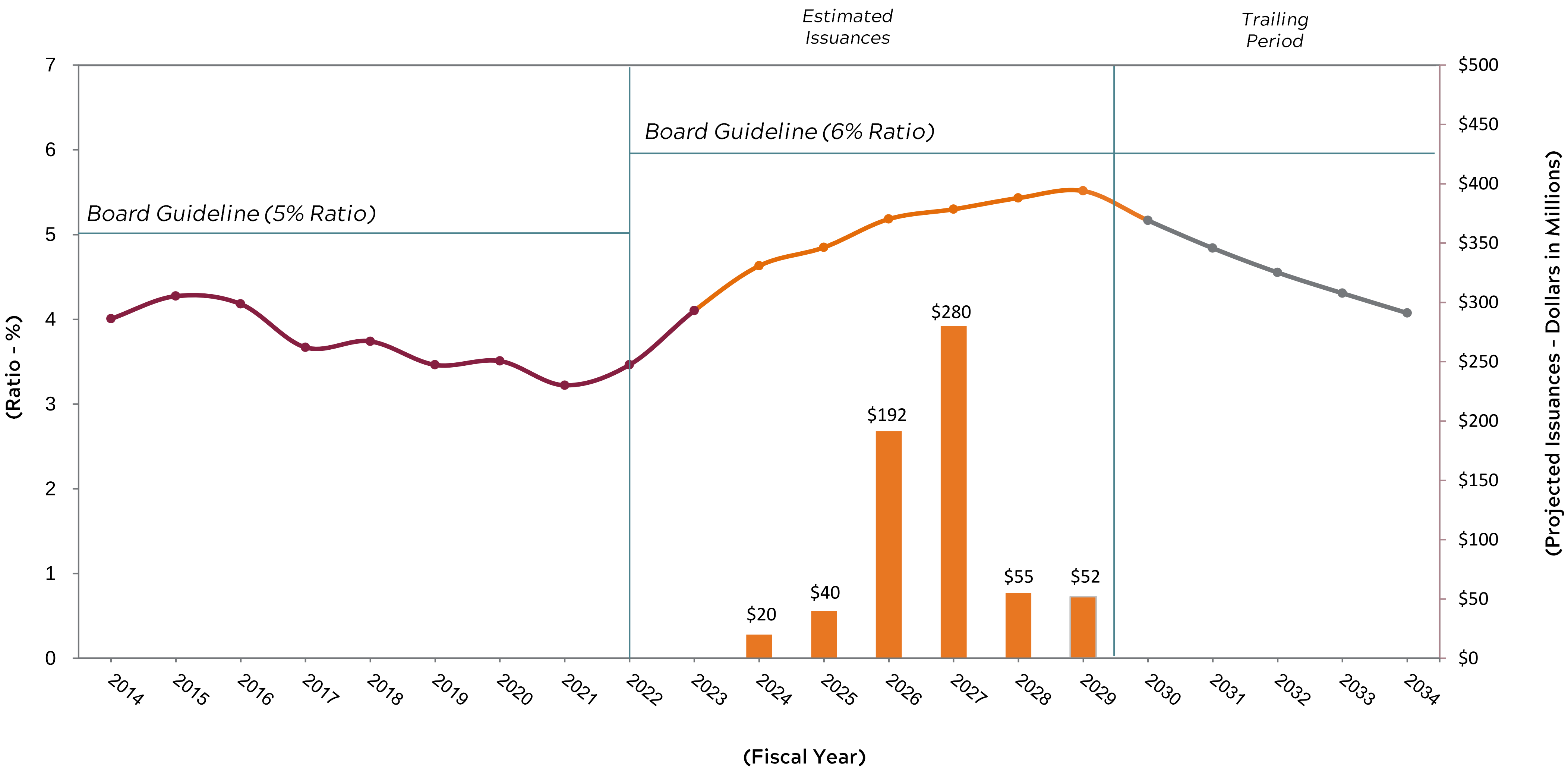
DEBT PLANNING PROCESS MODEL



UNIVERSITY DEBT RATIO TREND

(Assumes Issuing all Debt on Attachment C)

Attachment F



LEGEND

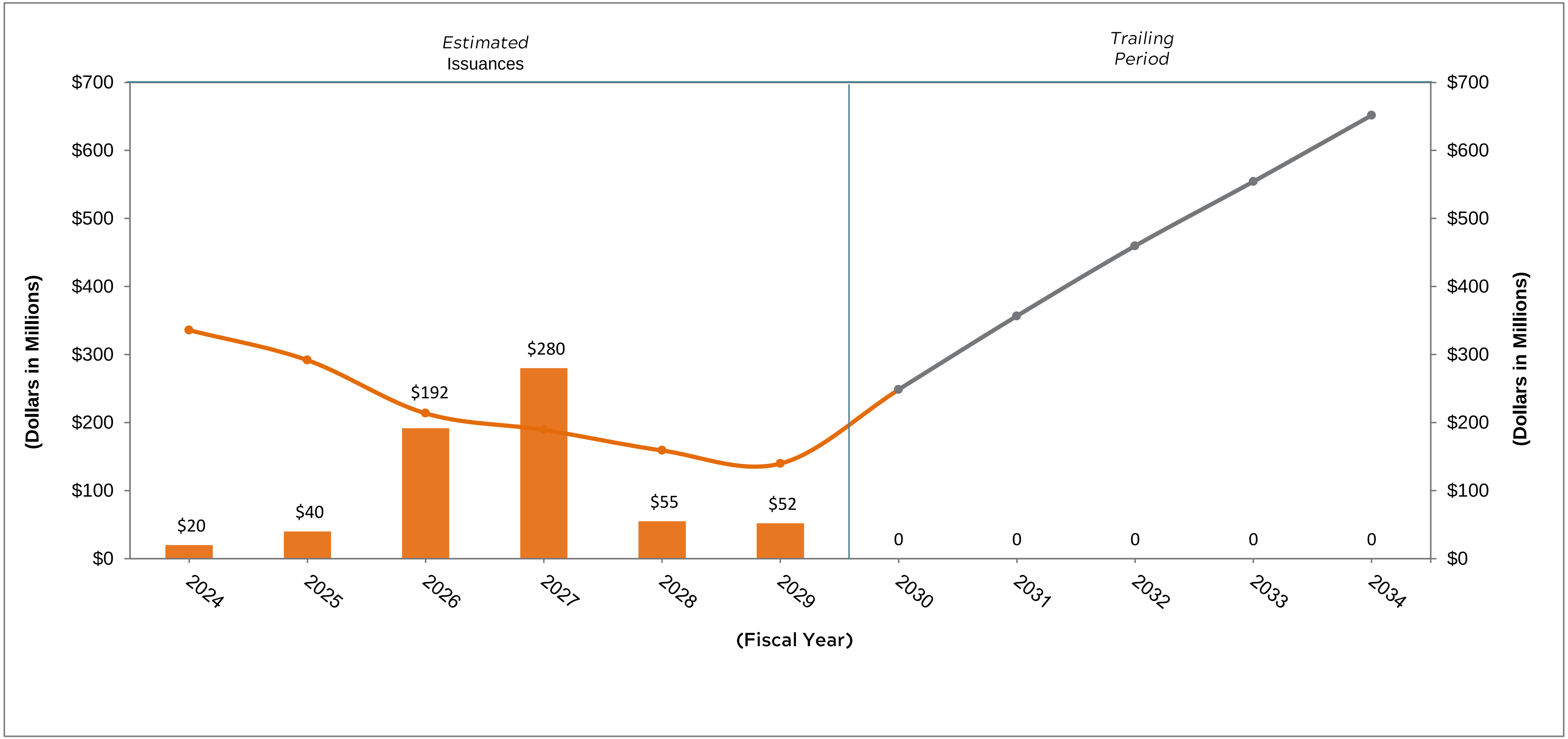
Maroon Line = Actual Debt Burden Ratio   Gray Line = Impact of GASB 87 for Leases

Orange Line = Projected Debt Burden Ratio   Orange Bars = Projected Issuances

UNIVERSITY NET DEBT CAPACITY TREND

(Assumes Issuing all Debt on Attachment C)

Attachment F



LEGEND

Orange Line=Projected Net Debt Capacity Orange Bars = Projected Issuances Gray Line = Trailing Period Net Debt Capacity

ANNUAL REPORT ON UNIVERSITY DEBT RATIO AND DEBT CAPACITY

RECOMMENDATION

That the report on University Debt Ratio and Debt Capacity for fiscal year 2023 be accepted.

November 6, 2023

ADDITIONAL INFORMATION

ATTACHMENT A

Attachment F

	Actual	Planning Period						Trailing Period				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Total Operating Expenditures	1,824,861	$1,929,791	$1,992,509	$2,057,265	$2,124,126	$2,193,160	$2,264,438	$2,338,032	$2,414,018	$2,492,474	$2,573,479	$2,657,118
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Gross Debt Capacity (20-Year Present Value)	**$1,511,355**	**1,474,051**	**1,521,958**	**1,571,422**	**1,622,493**	**1,675,224**	**1,729,669**	**1,785,883**	**1,843,924**	**1,903,852**	**1,965,727**	**2,029,613**
Less Present Value of Debt Service:												
Previously Issued Debt	568,013	675,104	713,605	714,076	703,234	668,283	645,685	600,979	541,944	516,050	483,060	449,649
Long Term Leases (Fixed)	209,604	204,317	205,667	205,512	205,198	184,592	179,197	137,129	129,842	128,879	128,857	128,762
Authorized Projects and Fixed Leases	-	22,503	66,194	76,727	35,014	40,279	42,927	42,927	42,927	42,927	42,927	42,927
Long Term Leases (Variable)	172,501	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095	159,095
Subscription Based Information Technology Arrangements (SBITA)	83,483	76,995	76,995	89,350	89,350	89,350	89,350	89,350	89,350	89,350	89,350	89,350
Capital Plan Placeholders	-	-	8,539	112,952	241,231	374,520	473,577	508,026	524,355	508,026	508,026	508,026
Total Present Value of Debt Service	1,033,601	1,138,015	1,230,094	1,357,711	1,433,122	1,516,119	1,589,831	1,537,506	1,487,513	1,444,327	1,411,315	1,377,809
Net Debt Capacity (20-Year Present Value)	**477,754**	**$336,037**	**$291,864**	**$213,711**	**$189,371**	**$159,105**	**$139,838**	**$248,377**	**$356,411**	**$459,525**	**$554,412**	**$651,804**
Total Debt Service	$ 74,880	$ 89,392	$ 96,624	$ 106,649	$ 112,572	$ 119,092	$ 124,882	$ 120,772	$ 116,845	$ 113,453	$ 110,859	$ 108,228
Total Operating Expenditures	1,824,861	1,929,791	1,992,509	2,057,265	2,124,126	2,193,160	2,264,438	2,338,032	2,414,018	2,492,474	2,573,479	2,657,118
Debt Ratio (2)	**4.10%**	**4.63%**	**4.85%**	**5.18%**	**5.30%**	**5.43%**	**5.51%**	**5.17%**	**4.84%**	**4.55%**	**4.31%**	**4.07%**

ATTACHMENT B

Attachment F

	Planning Projections						Trailing Period					
	2023-24	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**Total**
Authorized Projects												
Debt Issuances												
Building Envelope Repairs		$13,800	$19,820									$33,620
BOV Approved Leases												
Children's National Lease Expansion, Phase II (Lease)	$11,300											11,300
Children's National Lease Expansion, Phase II (Upfits)	8,700											8,700
	20,000	13,800	19,820	-	-	-	-	-	-	-	-	53,620
Placeholder Allocations for Six-Year Capital Outlay Plan												
Debt Issuances												
Parking Structure at Blacksburg Campus		26,300										26,300
SLV Phase I - Utilities and Infrastructure			50,000									50,000
Pamplin College of Business			52,700									52,700
SLV Phase I - Recreation				$10,000								10,000
SLV Phase I - Dining				40,000								40,000
SLV Phase I - Residential				230,000								230,000
G. Burke Johnston Renovation					$5,000							5,000
Veterinary Teaching Hospital Expansion					20,000							20,000
VTC-School of Medicine & FBRI Expansion					30,000							30,000
Hahn Hall South Renovation and Expansion						$40,900						40,900
BOV Approved Leases												
Food Processing Center and Warehouse			15,000									15,000
Expand Vivarium Spaces			54,000									54,000
Replace Kmart Lease						11,000						11,000
	-	26,300	171,700	280,000	55,000	51,900	-	-	-	-	-	584,900
Total Authorized and Placeholder Issuances	$20,000	$40,100	$191,520	$280,000	$55,000	$51,900	$ -	$ -	$ -	$ -	$ -	$638,520
Net Capacity (20-Year Present Value)	$336,037	$291,864	$213,711	$189,371	$159,105	$139,838	$248,377	$356,411	$459,525	$554,412	$651,804	

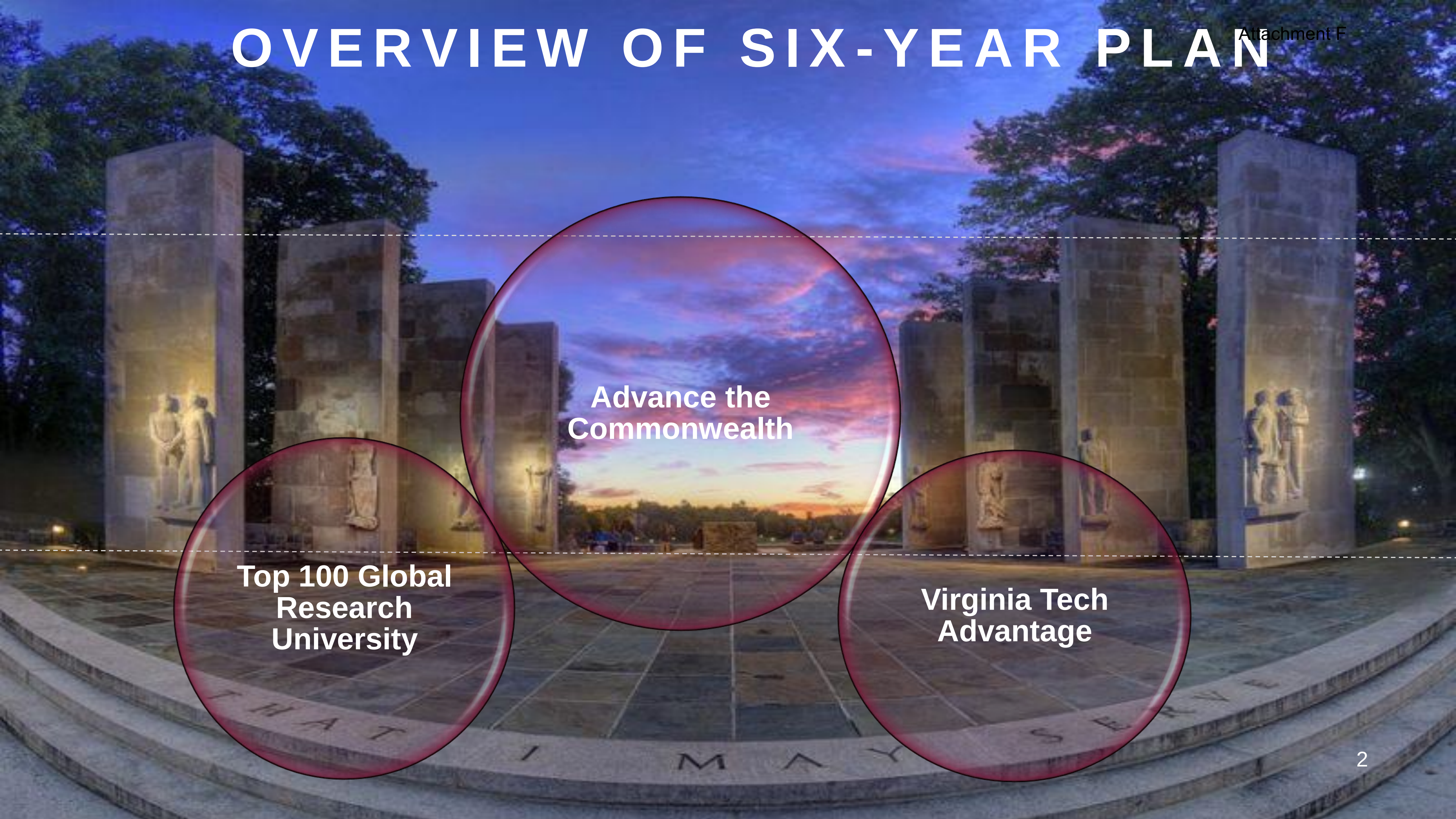
REVIEW AND APPROVAL OF THE 2024–2030 SIX-YEAR PLAN

TIM HODGE, ASSOCIATE VICE PRESIDENT
OF BUDGET AND FINANCIAL PLANNING

November 6, 2023

Attachment F

OVERVIEW OF SIX-YEAR PLAN



Advance the Commonwealth

Top 100 Global Research University

Virginia Tech Advantage

SIX-YEAR PLANNING PROCESS UPDATE

- May 17 — SCHEV Instructions
- June 6 — BOV Review of Assumptions
- July 17 — Initial Submission to State
- August 29 — BOV Update
- August 31 — Op-Six Presentation
- September 25 — Feedback from Op-Six
- October 6 — Respond to Op-Six
- September 29 — Executive Budget Requests Submitted
- **November 6 — BOV Review and Approval of Final Plan**

The Six Year Plan is a state plan as required by the Higher Education Opportunity act of 2011 and is an opportunity to share institutional academic, financial, and enrollment plans for the future three biennia

UNIVERSITY DIVISION NGF OPERATING COST PLACEHOLDERS

Attachment F

	Original ($ in Millions)	
Nongeneral Fund Operating Costs	**2024-25**	**2025-26***
Faculty/Staff Salary and Graduate Stipend Placeholder	$16.2	$33.0
Healthcare Rate Increase Placeholder	1.4	2.9
Inflationary Non-Personnel Cost Increases	2.3	4.5
Facility Renewal and O&M of New Facilities	9.0	11.8
Capacity for Strategic Initiatives	13.4	32.8
Total University Division Planning Costs	**$42.3**	**$85.0**
Resources		
Less – Strategic Reallocation Placeholder	(5.0)	(10.0)
Tuition Planning Placeholders– Resident 4.9%, Nonresident 3.9%	($37.3)	($75.0) **
Net	**$0**	**$0**

*2025-26 is cumulative thus include 2024-25.

**Includes tuition rate increase and enrollment assumptions for FY25 and FY26

UNIVERSITY DIVISION GENERAL FUND REQUESTS

Attachment F

VIRGINIA TECH

	2024-25	2025-26
Moderate In-State Tuition Increases	$5.8M	$11.7M
Increase Need-Based Financial Aid for Access and Affordability	6.5M	13.0M
Expand Medical Education	10.1M	15.7M
Virginia Tech Patient Research Center at VTC	9.3M	17.0M
Virginia Military Survivors and Dependent Tuition Waiver Support	8.8M	10.5M
Unique Military Activities Support	0.4M	0.8M
O&M of New Facilities	3.2M	3.4M
Operating General Fund Request – University Division	$44.1M	$72.1M

Attachment F

COOPERATIVE EXTENSION & AGRICULTURAL EXPERIMENT STATION DIVISION

GENERAL FUND REQUESTS

	2024-25	2025-26
Agricultural Innovation and Community Resource Development	$0.7M	$1.4M
Advanced Equipment	$0.7M	$0.7M
Maintain Level of Service	$1.1M	$2.3M
Total GF Request–Agency 229	$2.5M	$4.4M

STRATEGIC REALLOCATIONS

- Limited resources require the prioritization of strategic initiatives
- Strategic reallocations allow for:
  - Multi-year planning
  - Process redesign and technology upgrades to facilitate work
  - Programmatic focus and alignment
- Including $25 million in E&G base reallocations over next 5-years

REVIEW AND APPROVAL OF THE 2024-2030 SIX-YEAR PLAN

RECOMMENDATION

That the Board of Visitors approve the 2024-2030 Six-Year Plan.

November 6, 2023

FINANCIAL PERFORMANCE REPORT
July 1, 2023 – September 30, 2023

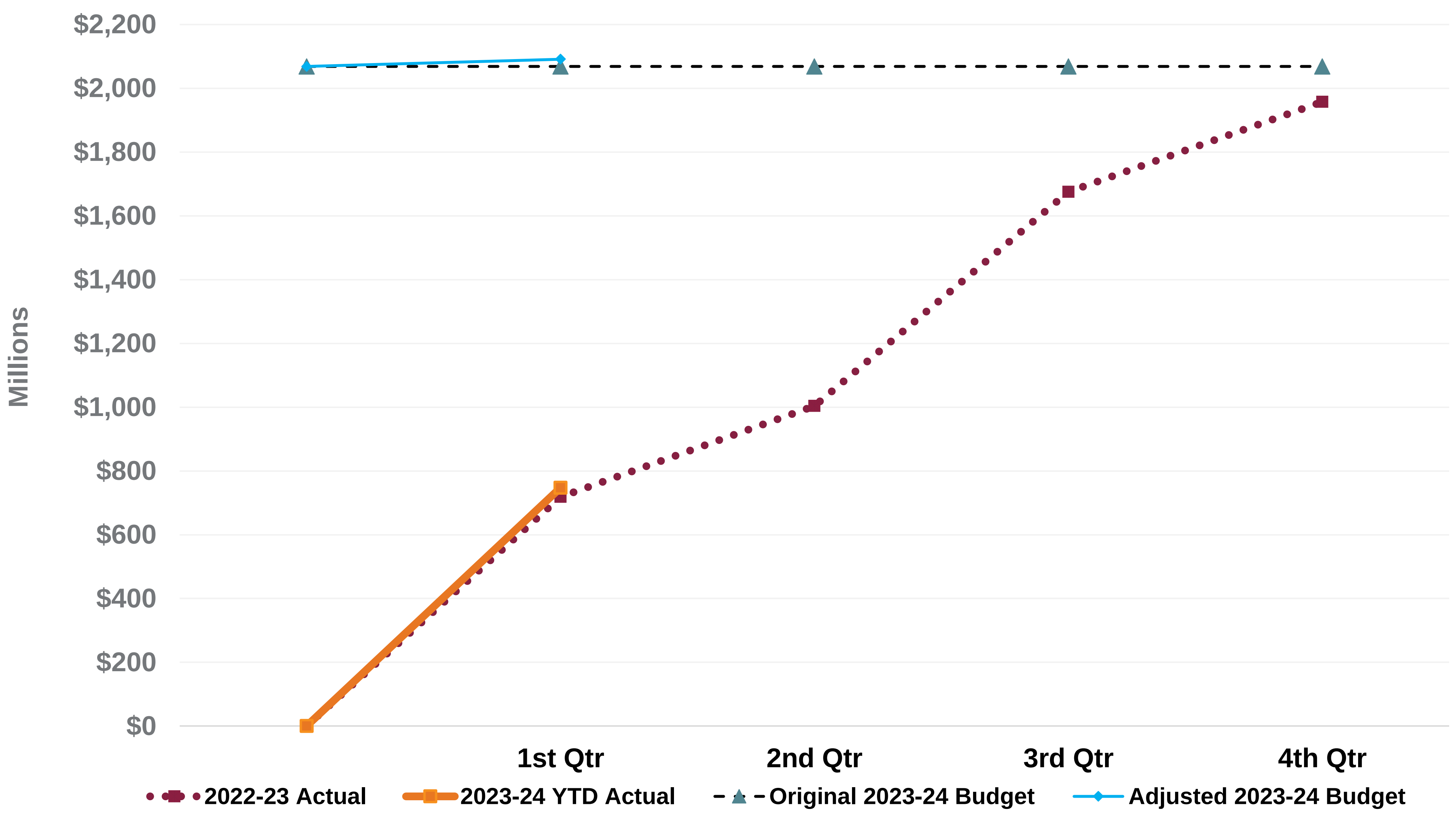
TIM HODGE, ASSOCIATE VICE PRESIDENT OF BUDGET AND FINANCIAL PLANNING

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

November 6, 2023

OPERATING REVENUES

Attachment F



1st QUARTER 2023-24

Annual Budget Changes

Impact of Special Session of General Assembly

- $9.2 million increase General Fund support for Affordable Access
- State share of 2.0% compensation program ($2.6 million 208 E&G; $0.7 million 229 E&G)
- $3.1 million of General Fund support for financial aid
- $8.2 million for tuition rebate program
- $1.0 million increase for research at FBRI

Auxiliary Enterprises

- $25.3 million carryover of outstanding FY23 projects & commitments that were initiated but not completed before June 30, 2023.

Financial Performance

University Division E&G

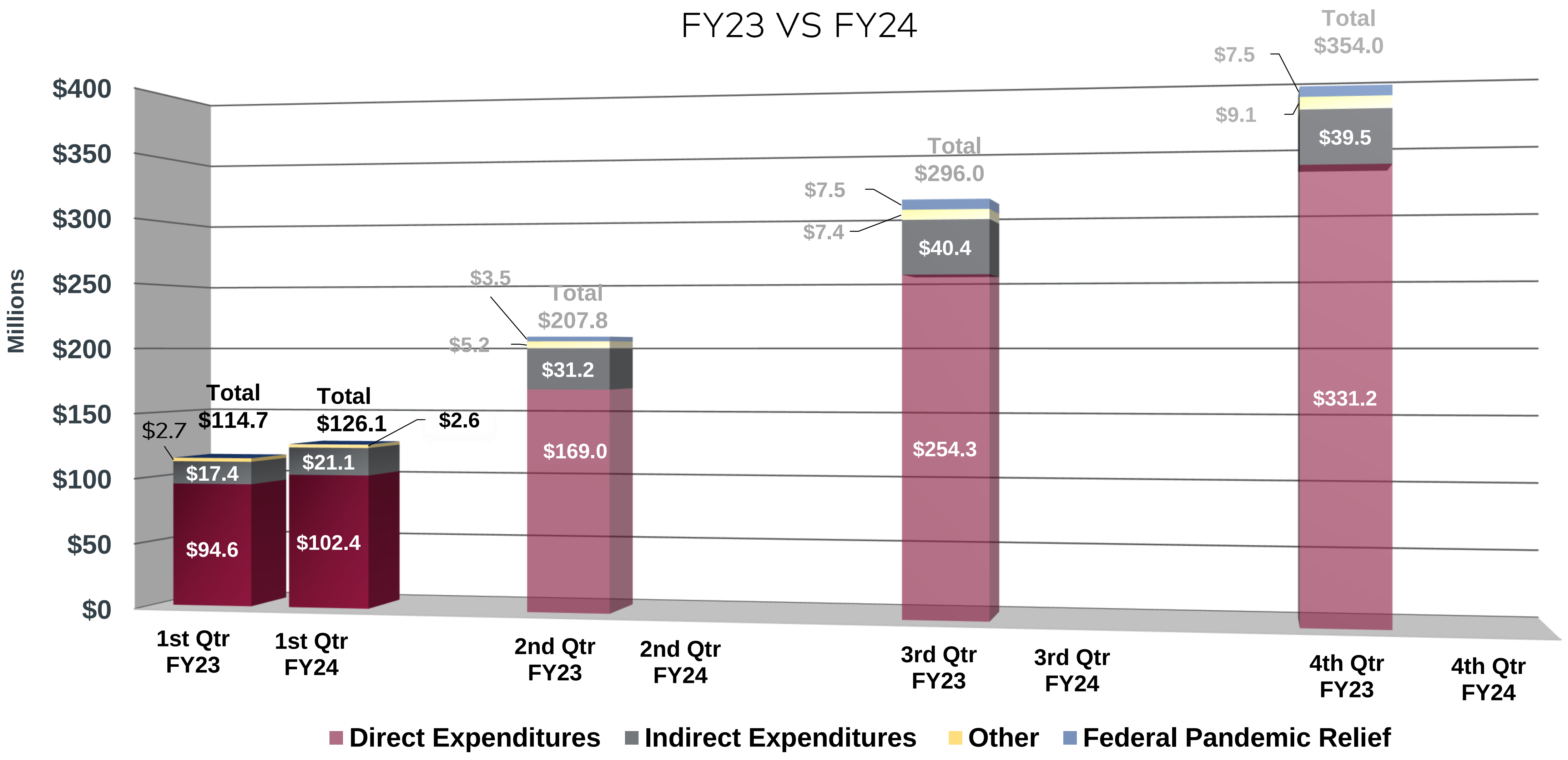
- Higher than projected graduate enrollments

Auxiliary Enterprise

- Dining Halls: slightly lower than projected meal plan sales.

Attachment F

SPONSORED PROGRAM EXPENDITURES



CAPITAL PROGRAM

Capital Outlay Total Program		Total Budget $ in Thousands	Total Expenditures $ in Thousands
4th Quarter End	**Total Projects = 28**	**$1,469,063**	**$713,349**
	Adjustments for Closing Fiscal Year 2023	(259,028)	(248,340)
	Adjustments for Start Fiscal Year 2024		
	E&G MR Appropriation	18,446	
	Auxiliary MR Authorization	12,000	
	Equipment for Workforce Development Appropriation	9,542	
	Planning VTCSOM & FBRI Expansion Appropriation	9,000	
	Fiscal Year 2024 1st Qtr. Expenditures		93,980
1th Quarter Ended	**Total Projects = 22**	**$1,259,024**	**$558,989**

5 Design

9 Construction

2 Equipment

6 Closeout

TIMING FOR CONSTRUCTION PRICING

VIRGINIA TECH

OCT 2023

Football Locker Room Renovations

$4,100,000

DEC 2023

Mitchell Hall GMP-1

$53,200,000

AUG 2024

Mitchell Hall GMP-2

$157,200,000

DEC 2024

New Business Building

$60,600,000

Cumulative design expenses through September 30, 2023- $11,223,000

Attachment F

PROJECTS COMING ONLINE

March	May	June	July	October
ADA & Code Compliance	Hitt Hall	Undergraduate Laboratory Building	Innovation Campus – Academic Building Student Wellness Improvements	Livestock Haybarns

CALENDAR YEAR 2024

Cumulative construction expenses through September 30, 2023- $345,149,000

APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

July 1, 2023 – September 30, 2023

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 September 30, 2023 and the Capital Outlay report be approved.

November 6, 2023