



INSTITUTIONAL FINANCE

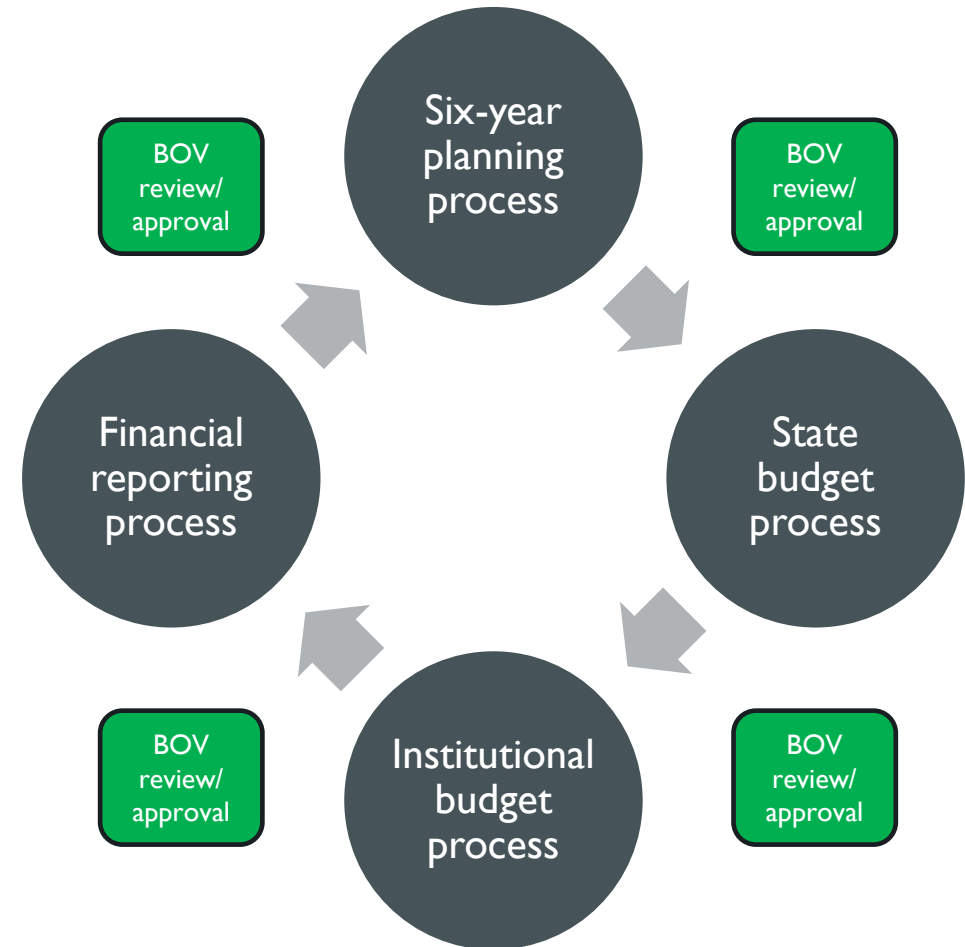
AMY SEBRING

EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

VIRGINIA TECH

KEY AREAS OF OVERSIGHT AND APPROVAL

- Six-year Plans
- Annual Operating Budget
 - Tuition, fees, enrollment
- Capital Budget
- Financial Statements/Annual Audit
- Financial Policies
 - Cash management and investments
 - Debt policy



BOV IS CONSTANTLY ENGAGED IN BUDGET PROCESS

Six-Year Plan

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

State Budget Development

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

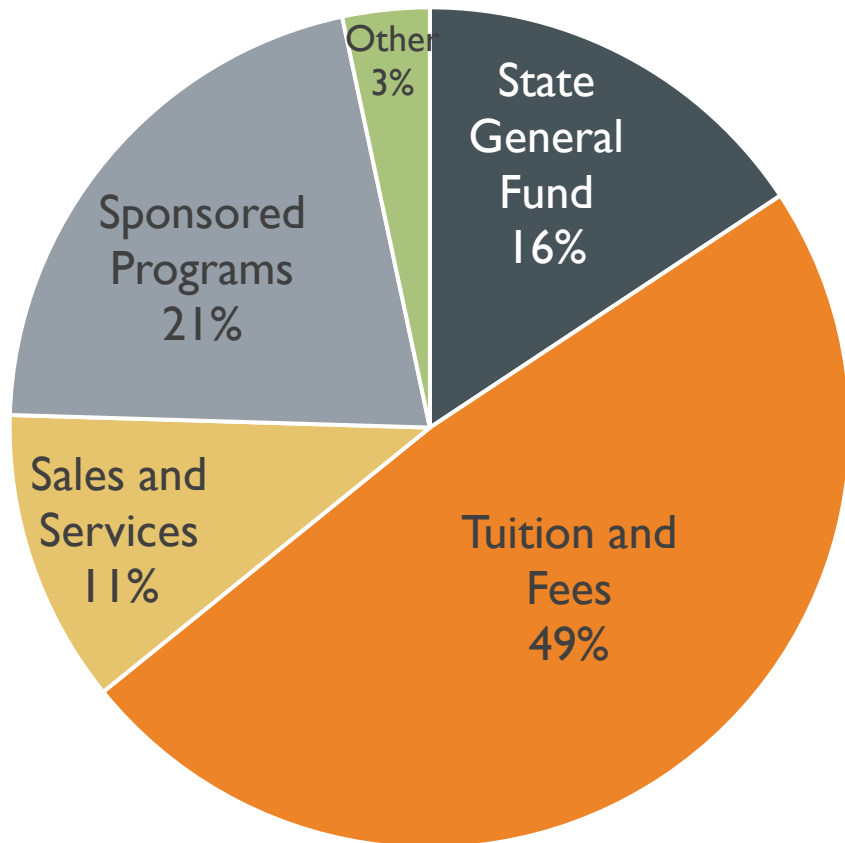
Revenue Package for BOV Approval

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

University Budget Development

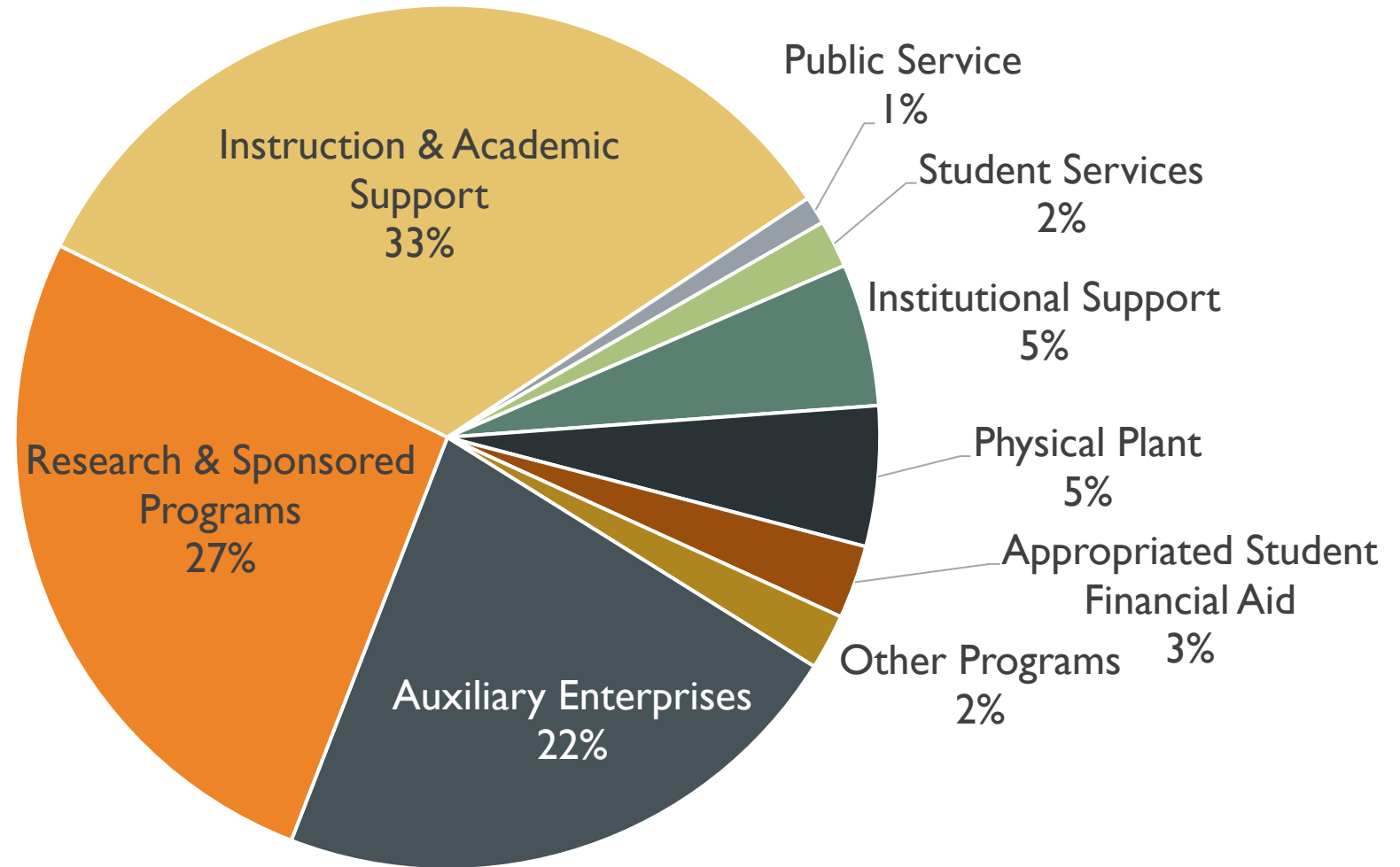
- Total revenue projections (including reallocations)
- Fixed/mandated cost coverage
- Prioritization of new initiatives
- Spring/Summer BOV meeting

KEY QUESTION: WHAT MAKES UP THE INSTITUTIONAL REVENUE?

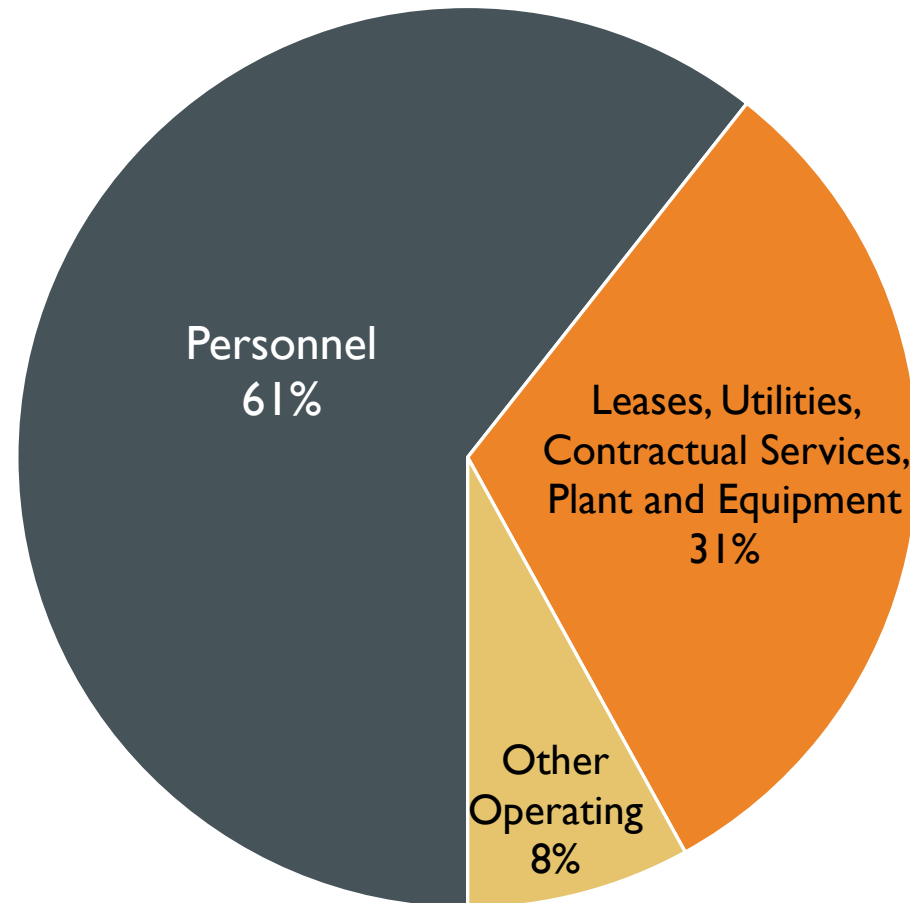


- What are the major sources of revenue?
- What are the key drivers?
 - State
 - Students
 - Research
 - Self-generated activities

KEY QUESTION: WHAT COMPRISES THE INSTITUTIONS EXPENSES?

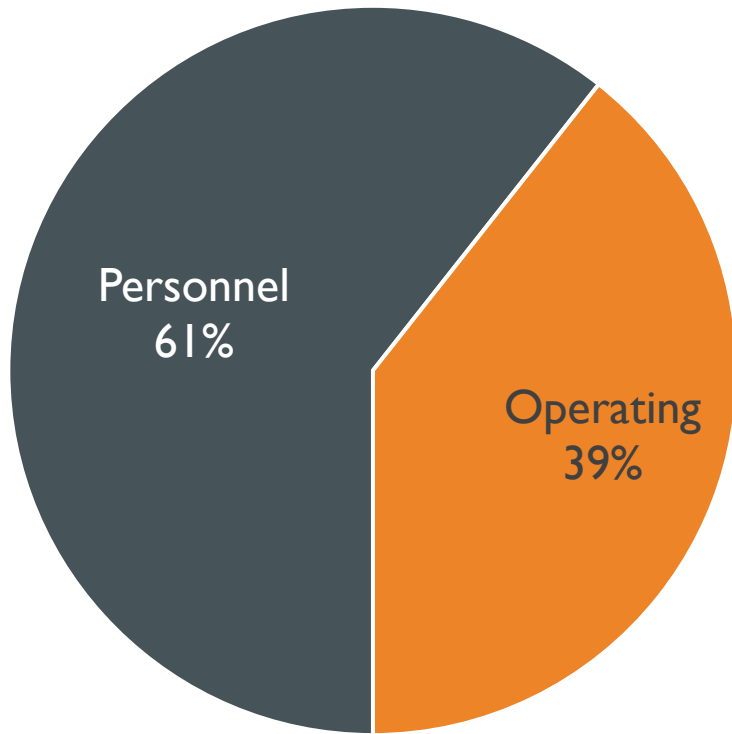


KEY QUESTION:
WHAT IS THE MIX OF FIXED AND VARIABLE COSTS?

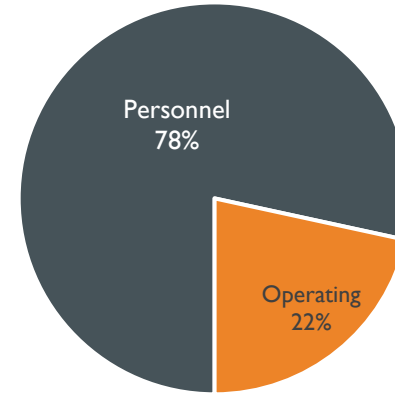


KEY QUESTION: HOW MUCH ARE WE SPENDING ON PERSONNEL?

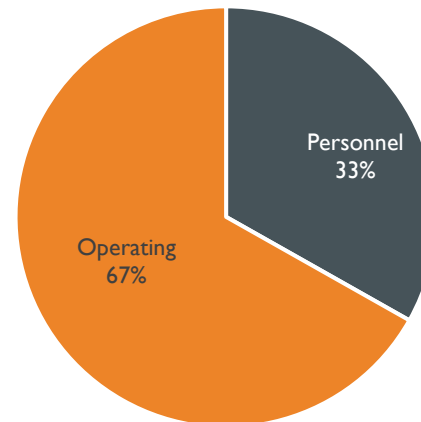
Total



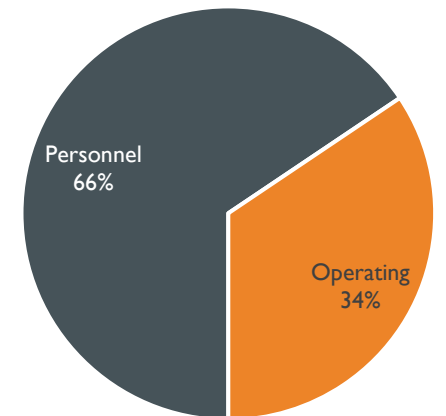
Educational & General



Auxiliaries



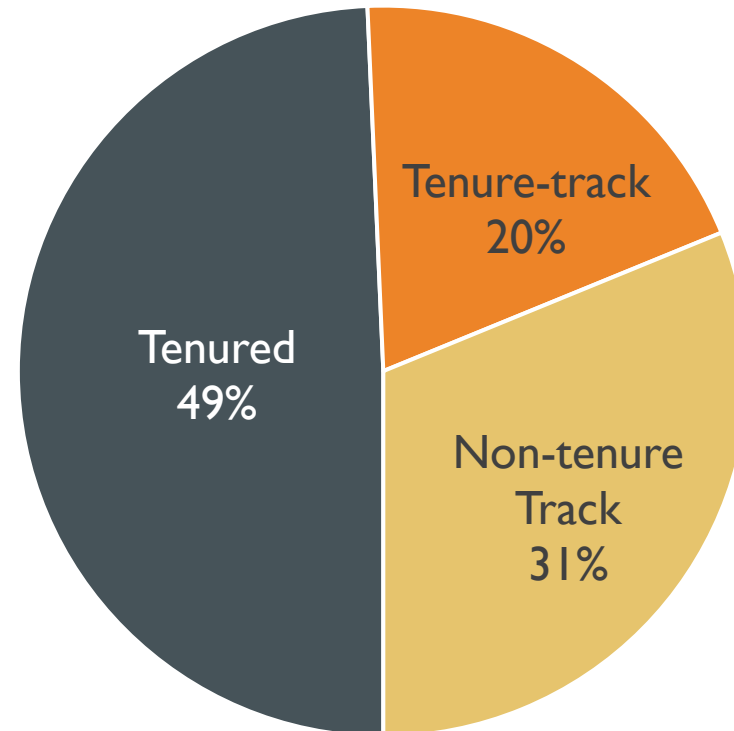
Sponsored Programs



KEY QUESTION: WHAT DOES THE WORKFORCE LOOK LIKE?

Full and Part-time Employees	Headcount
Faculty	6,019
Staff	3,430
Graduate Assistants	3,743
Non-student Wage	1,403
Student Wage	6,093
Total	20,688

Instructional Faculty








KEY QUESTION: HOW DO WE MEASURE FINANCIAL STRENGTH?

- Institutions have different missions and revenue sources
- Financial statements provide important context
- Level of auxiliary and other reserves are critical
 - Auxiliaries must be self-supporting (including capital costs)
 - Additional restrictions around intercollegiate athletics
- Be aware of key financial ratios and how to best use them
- Watch data trends

KEY QUESTION: WHAT GOES INTO SETTING TUITION?

- Mandatory and unavoidable costs
 - Institutions share state cost increases (comp, health, retirement)
 - Fully responsible for utilities, materials, contracts, etc.
- Strategic investments: what does the strategic plan envision?
- Level of state support
- Market position
- Financial aid

KEY TAKEAWAYS:

- “Answers” differ by institution 
 - Terminology is important 
 - Not all money is “green” 
 - Process often drives results 
 - Board policies help set expectations/guardrails 
- Missions/priorities make a difference
 - If you don’t know, ask
 - Recognizing fund restrictions is critical
 - Understand both state and institutional processes
 - Administrative flexibility is a necessity

WHAT DOES THE INSTITUTION NEED FROM YOU?

- Strategic direction with multi-year view
 - Competing priorities in an environment of constrained resources
- Sensitivity to risk and opportunities
- Focus on market position and return on investment
- Support in messaging institutional priorities and needs