



# INSTITUTIONAL FINANCE

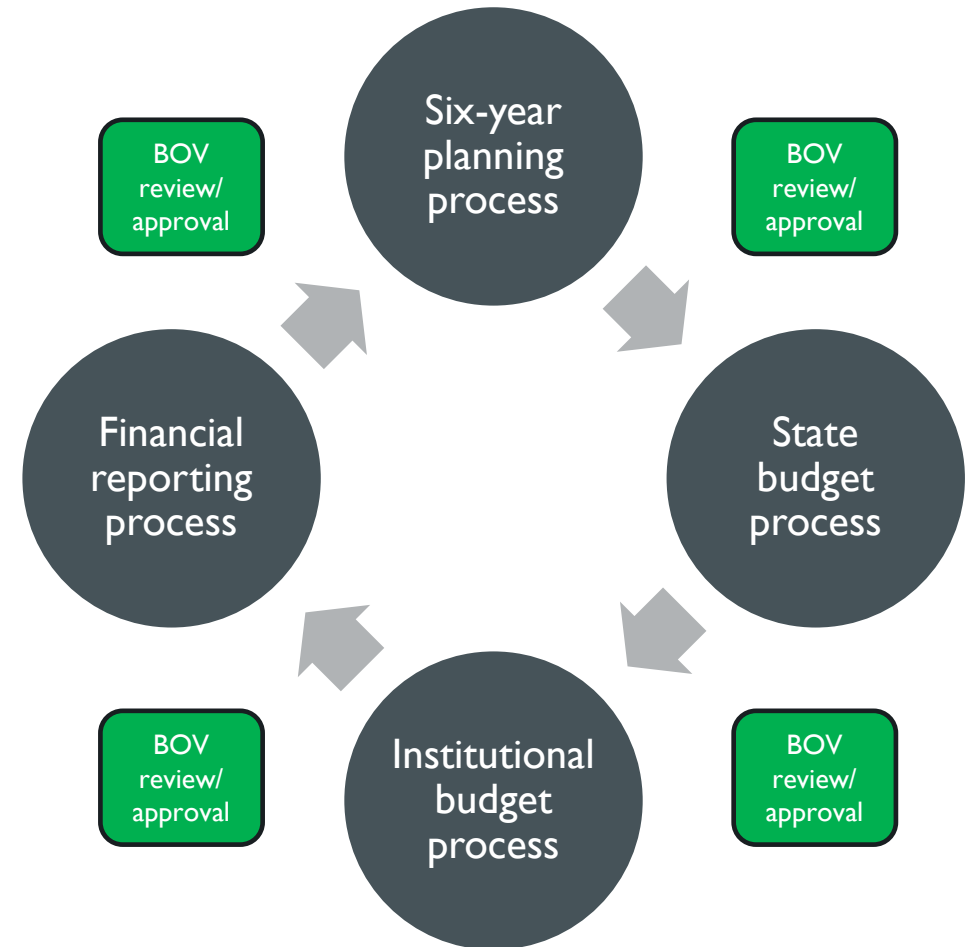
AMY SEBRING

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

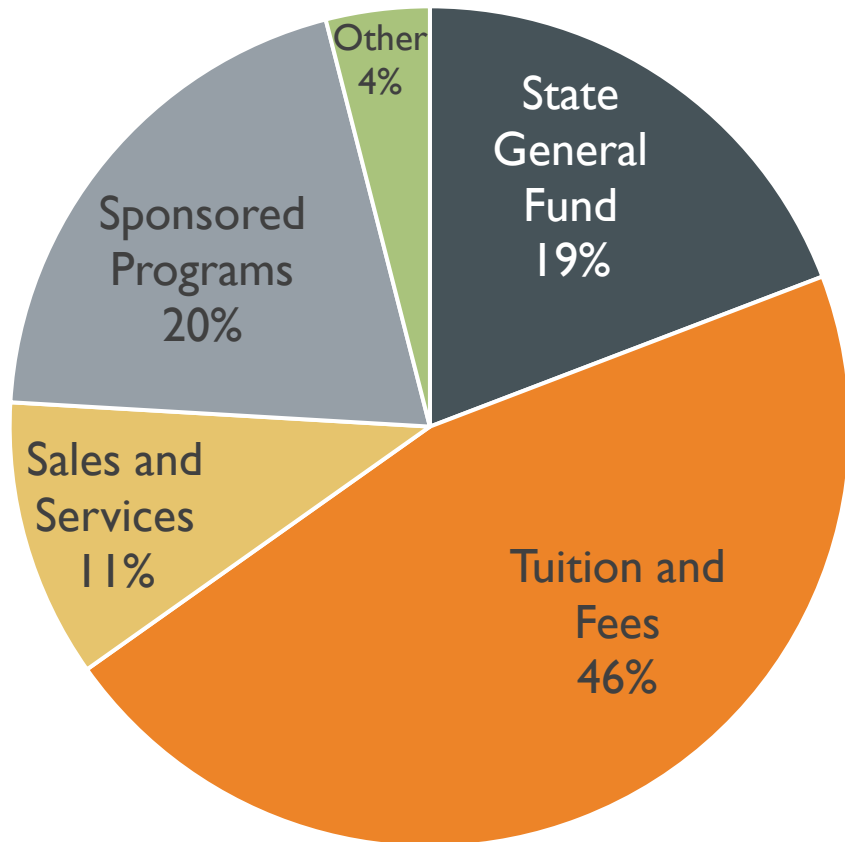
## Revenue Package for BOV Approval

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

## University Budget Development

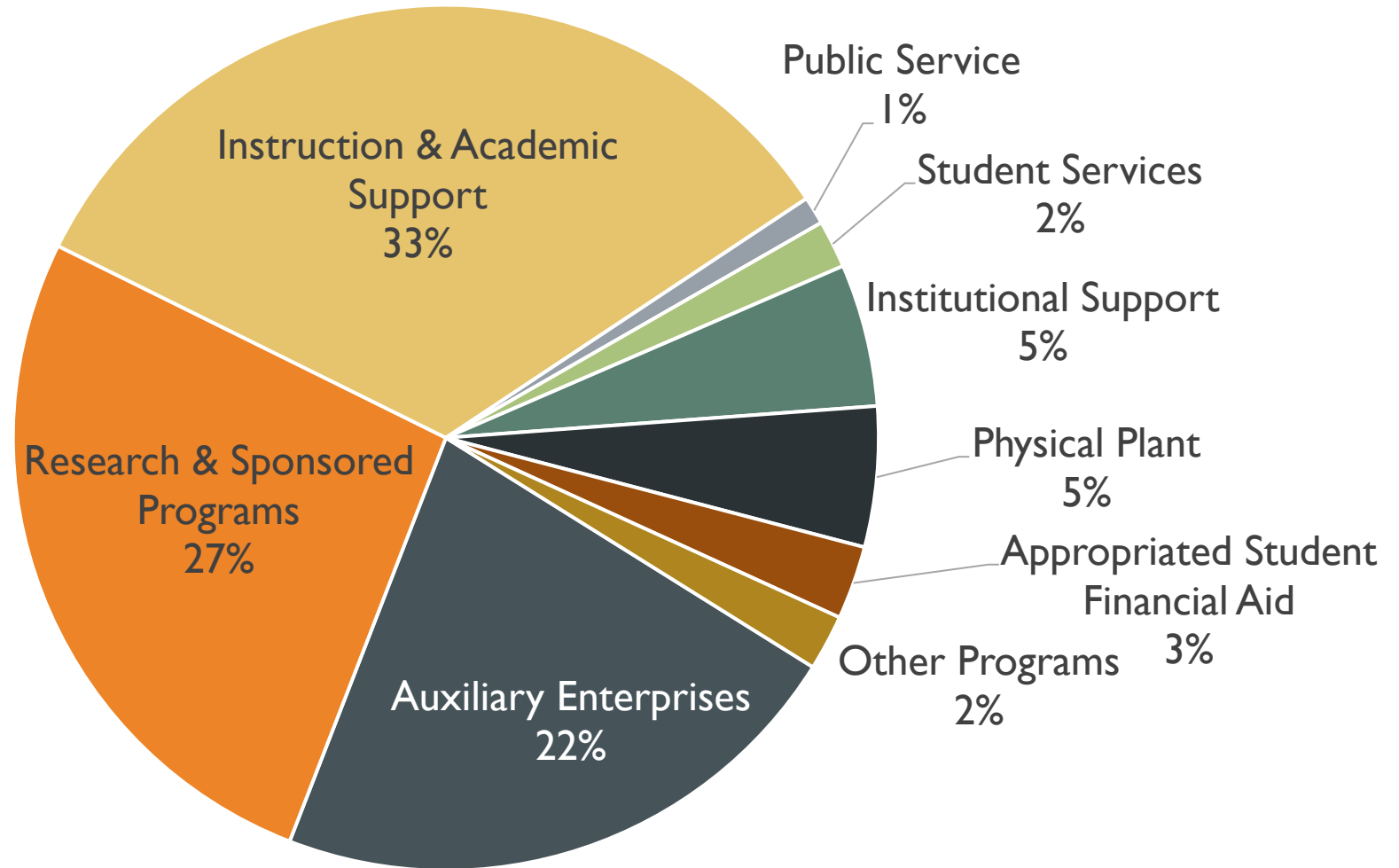
- Total revenue projections (including reallocations)
- Fixed/mandated cost coverage
- Prioritization of new initiatives
- Spring/Summer BOV meeting

# KEY QUESTION: WHAT MAKES UP THE INSTITUTIONAL REVENUE?

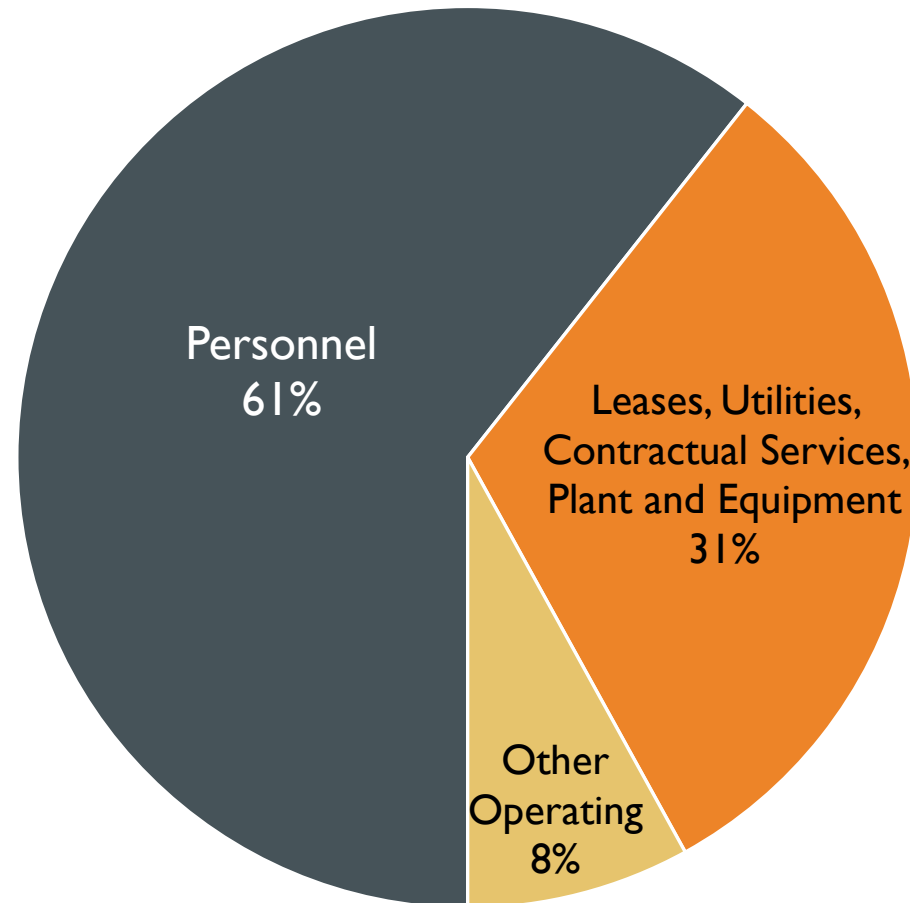


- What are the major sources of revenue?
- What are the key drivers?
  - State
  - Students
  - Research
  - Self-generated activities
  - Philanthropy

# KEY QUESTION: WHAT COMPRISES THE INSTITUTIONS EXPENSES?

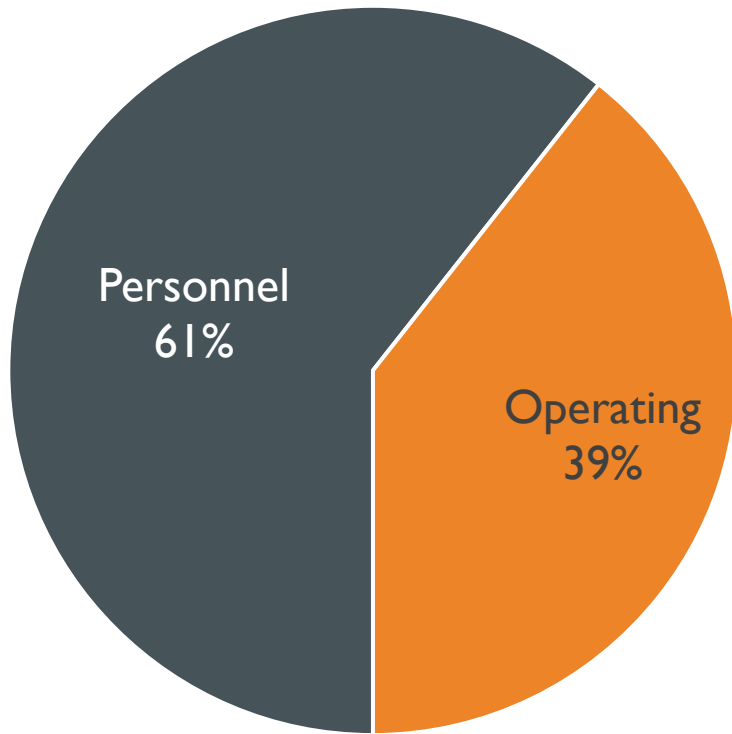


KEY QUESTION:  
WHAT IS THE MIX OF FIXED AND VARIABLE COSTS?

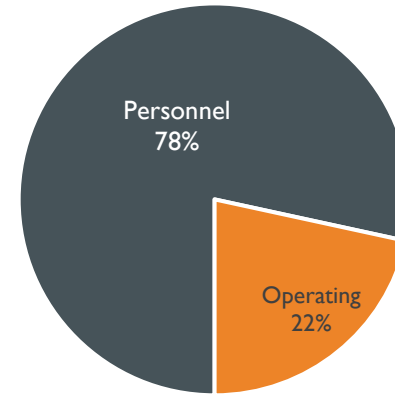


# KEY QUESTION: HOW MUCH ARE WE SPENDING ON PERSONNEL?

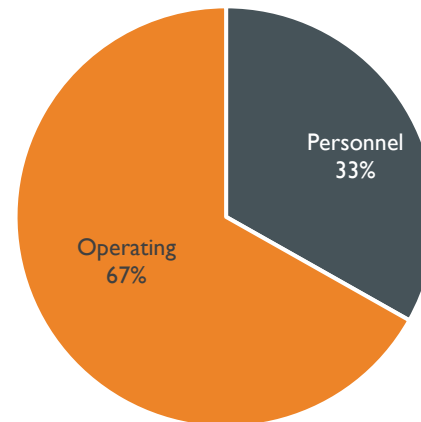
Total



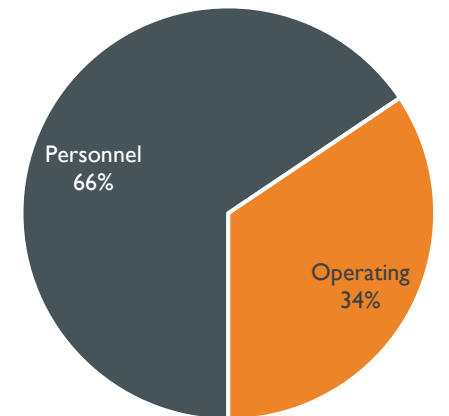
Educational & General



Auxiliaries



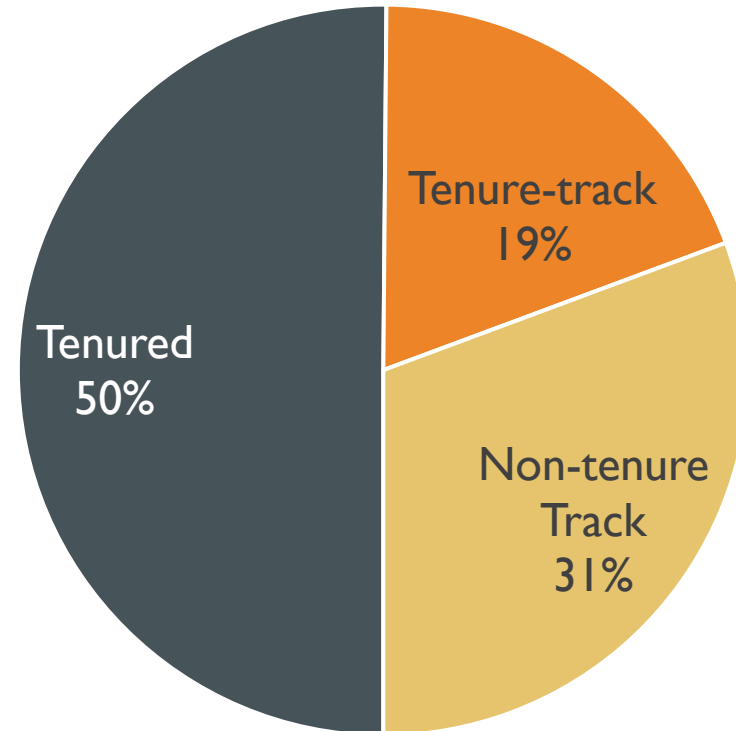
Sponsored Programs



# KEY QUESTION: WHAT DOES THE WORKFORCE LOOK LIKE?

Instructional Faculty

Full and Part-time Employees	Headcount
Faculty	5,548
Staff	3,386
Total	8,934










## 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

## 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 messaging institutional priorities and needs

## 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