



VMI Board of Visitors

Audit, Finance, and Planning Committee Meeting

Brig. Gen. Dallas B. Clark '99
Deputy Superintendent for Finance and Support
14 November 2024



Agenda

1. Minutes of 17 September 2024 BOV-AFP Committee Meeting

Discussion Items

2. VMI Operating Budget Discussion
3. VMI Alumni Agencies Report
4. Information Technology Report



Opening Remarks

1. FY25 Budget Execution is in alignment with approved budgets YTD.
2. Additional State funds have been allocated by the General Assembly to assist with VMSDEP in FY25 and FY26.
3. Estimated budgeted deficit is expected in FY26, even with a 3% tuition and fee increase, due to overall Corps of Cadets enrollment levels.
4. Restarting priority non-capital projects in FY25 will begin to utilize accumulated fund balance to address growing backlog of maintenance and repair projects.
5. Strategic Enrollment Management Update



Budget Execution (FY23 - FY25)

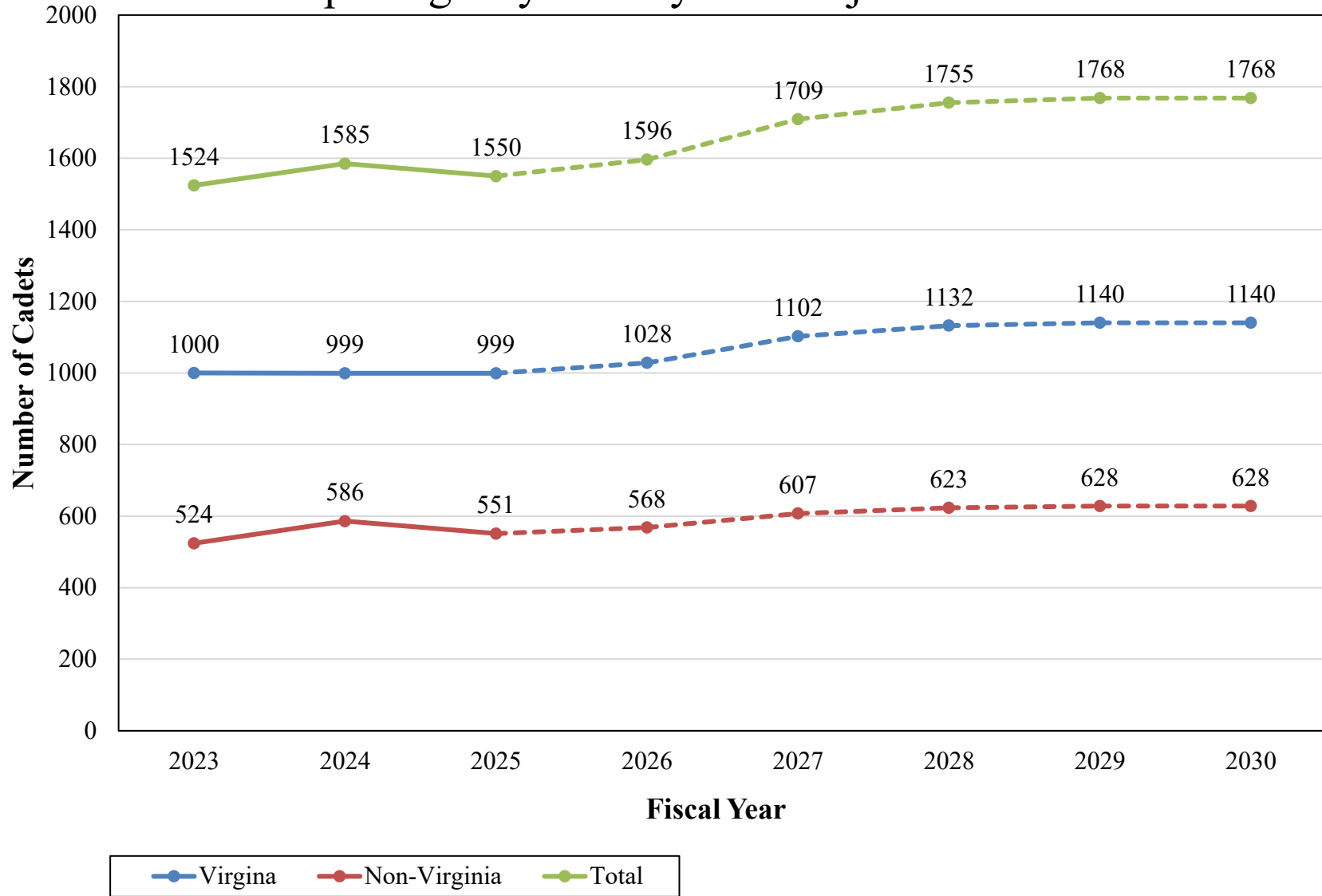
Fiscal Year	Budgeted Use of Fund Balance
2023	\$5.8M
2024	\$2.0M
2025	\$2.3M
2026	Estimated \$3.1M at 0% Estimated \$1.2M at 3%

1. Due to budget management, vacancy savings, and additional State funds, the projected use of fund balance was not required.
2. The FY25 Budget anticipates using almost \$2.3M of fund balance as the Corps includes two small and two normal-sized classes.
3. In FY26, we anticipate budgeting the use of fund balance again to balance the proposed budget since the Corps will still include one smaller class.
4. Athletics and Auxiliaries, directly impacted by enrollment may have negative balances while overall the VMI Operating Budget has been balanced.



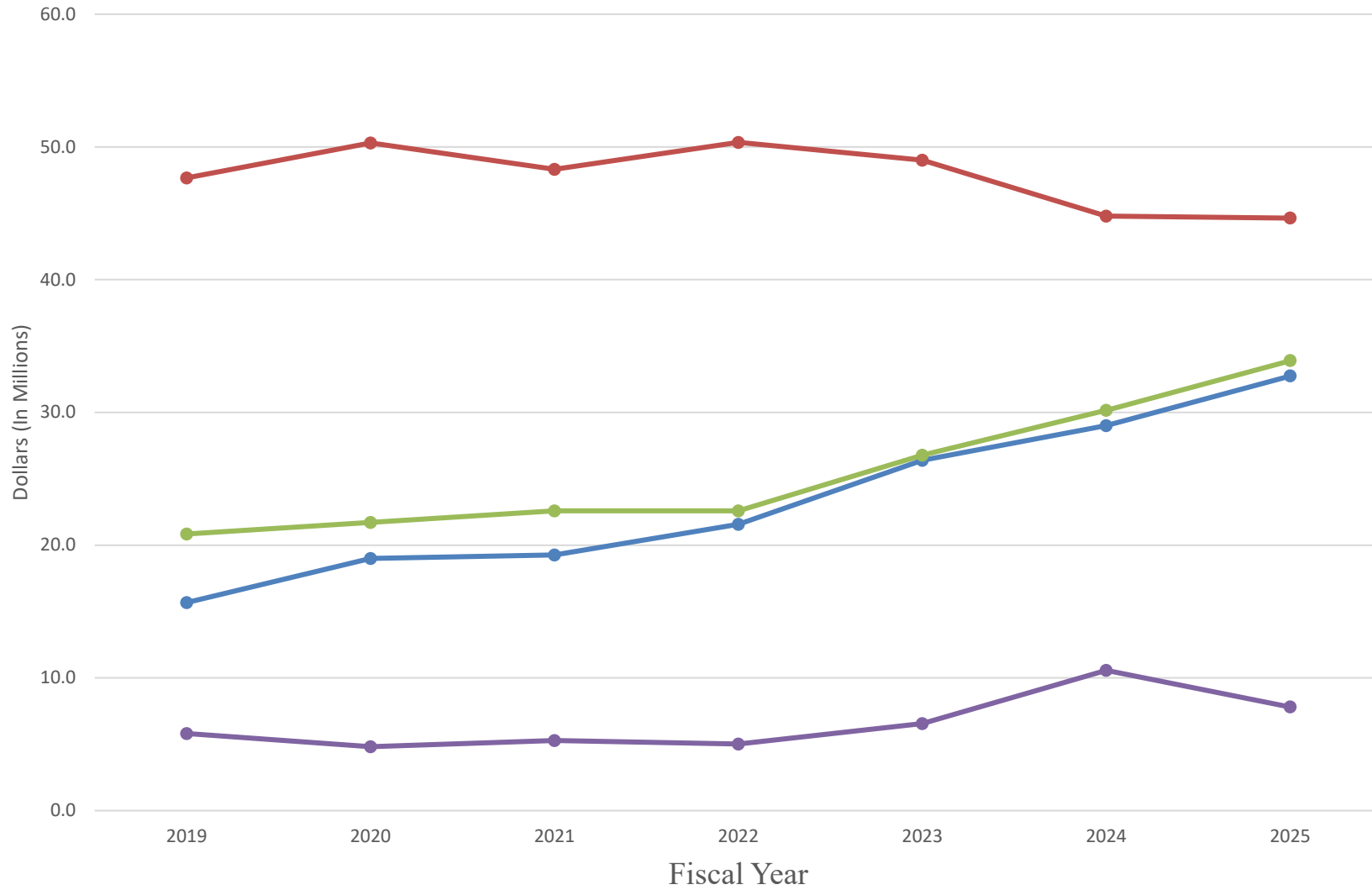
Enrollment

Opening Day History and Projections





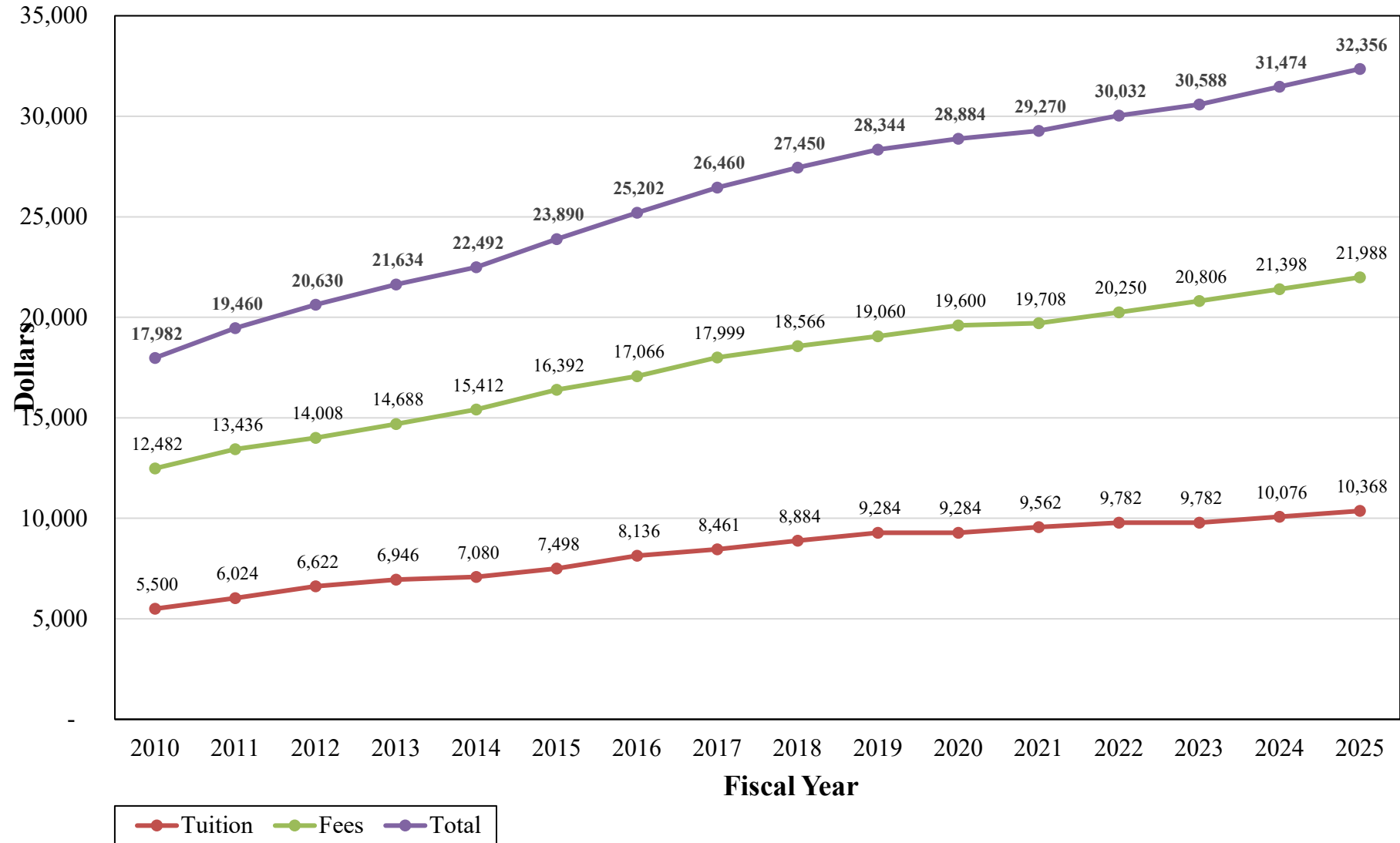
Sources of Revenue



State Funds Tuition & Fees/Sales Alumni Agencies Other



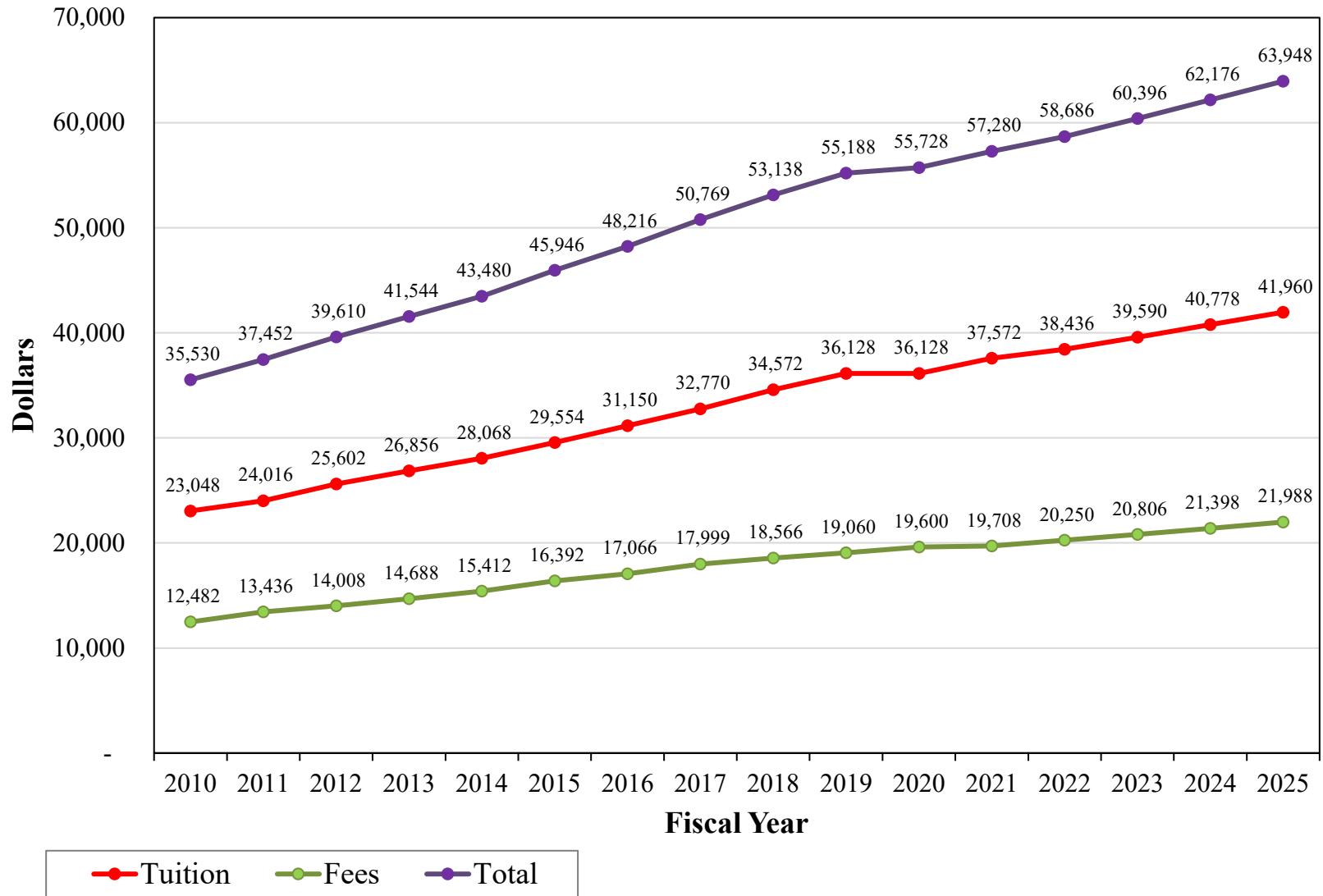
Tuition and Fees Virginia Cadets





Tuition and Fees

Non-Virginia Cadets





Tuition and Fees Comparison (FY2025)

	FY 2025		% Inc	
	In-State	Out-of-State	In	Out
*Norwich University	66,170	66,170	1.6%	1.6%
College of William and Mary	41,959	67,263	5.2%	4.7%
University of Virginia	33,909	72,629	4.5%	3.6%
Average	31,928	53,172	3.4%	3.0%
Virginia Commonwealth University	30,988	54,152	5.0%	3.9%
Longwood University	29,895	42,825	3.8%	2.8%
Christopher Newport University	29,288	43,348	2.0%	6.6%
Virginia Military Institute (see Note)	28,860	60,452	2.8%	2.8%
George Mason University	28,310	52,778	3.6%	2.5%
Virginia Tech	28,308	50,135	4.0%	3.5%
James Madison University	26,882	44,228	3.1%	2.2%
Old Dominion University	26,747	47,777	1.2%	2.1%
**Texas A&M (College Station)	26,350	54,295	-0.5%	-0.8%
***The Citadel	24,723	50,661	2.4%	3.5%
Radford University	24,608	37,693	3.2%	2.6%

	FY 2025		% Inc	
	In-State	Out-of-State	In	Out
University of Virginia	33,909	72,629	4.5%	3.6%
College of William and Mary	41,959	67,263	5.2%	4.7%
*Norwich University	66,170	66,170	1.6%	1.6%
Virginia Military Institute (see Note)	28,860	60,452	2.8%	2.8%
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***The Citadel	24,723	50,661	2.4%	3.5%
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Old Dominion University	26,747	47,777	1.2%	2.1%
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Note: VMI's FY 2025 tuition and fees exclude the \$3,496 for Quartermaster Charges (laundry, haircuts, and uniforms); these costs are unique to VMI and should not be taken into account when comparing college costs. Students at non-military colleges generally incur similar costs (uniforms are clothing), but such costs are rarely included in their tuition and fees. With Quartermaster Charges, VMI's tuition and fees total \$32,356 (2.8% increase) for in-state and \$63,948 (2.8% increase) for out-of-state.

*Based on 15 credit hours per semester, tuition rates vary by major.

**Texas legislature passed prohibiting increases for in-state tuition in 2023-2024 & 2024-2025 academic years.

***Freshmen fees at The Citadel are \$168 higher (included here) than returning upperclassmen. Also for comparison purposes, the Quartermaster fees are \$9,741 but not reflected in these numbers,



Affordability

Cost of Attendance on Campus and Average Net Price by Family Income for Virginia Public Baccalaureate Institutions in 2022-23

Institution	Total Cost of Attendance on Campus	Average Net Price by Family Income				
		\$0 - \$30,000	\$30,001 - \$48,000	\$48,001 - \$75,000	\$75,001 - \$110,000	\$110,000+
CNU	\$32,799	\$9,652	\$11,509	\$15,030	\$24,931	\$30,024
GMU	\$31,303	\$12,197	\$13,383	\$16,296	\$20,394	\$25,247
JMU	\$30,508	\$10,582	\$12,172	\$17,150	\$23,171	\$28,869
LU	\$32,996	\$14,546	\$15,727	\$18,489	\$22,915	\$26,405
NSU	\$26,710	\$11,099	\$12,836	\$13,868	\$14,235	\$18,020
ODU	\$29,000	\$9,627	\$9,883	\$13,142	\$18,121	\$22,658
RU	\$27,063	\$11,289	\$11,883	\$14,533	\$20,204	\$22,537
UMW	\$31,084	\$11,137	\$12,388	\$19,886	\$26,300	\$29,234
UVA	\$38,132	\$10,123	\$8,842	\$14,658	\$24,023	\$34,777
UVAW	\$27,427	\$15,634	\$6,448	\$7,159	\$9,605	\$11,647
VCU	\$35,067	\$12,830	\$13,612	\$16,455	\$20,633	\$28,474
VMI	\$33,738	\$3,152	\$5,980	\$10,551	\$16,055	\$25,359
VSU	\$24,173	\$12,432	\$13,665	\$17,511	\$19,774	\$22,390
VT	\$32,274	\$13,536	\$14,891	\$19,660	\$26,533	\$30,568
W&M	\$41,118	\$6,616	\$6,407	\$12,603	\$20,439	\$35,264

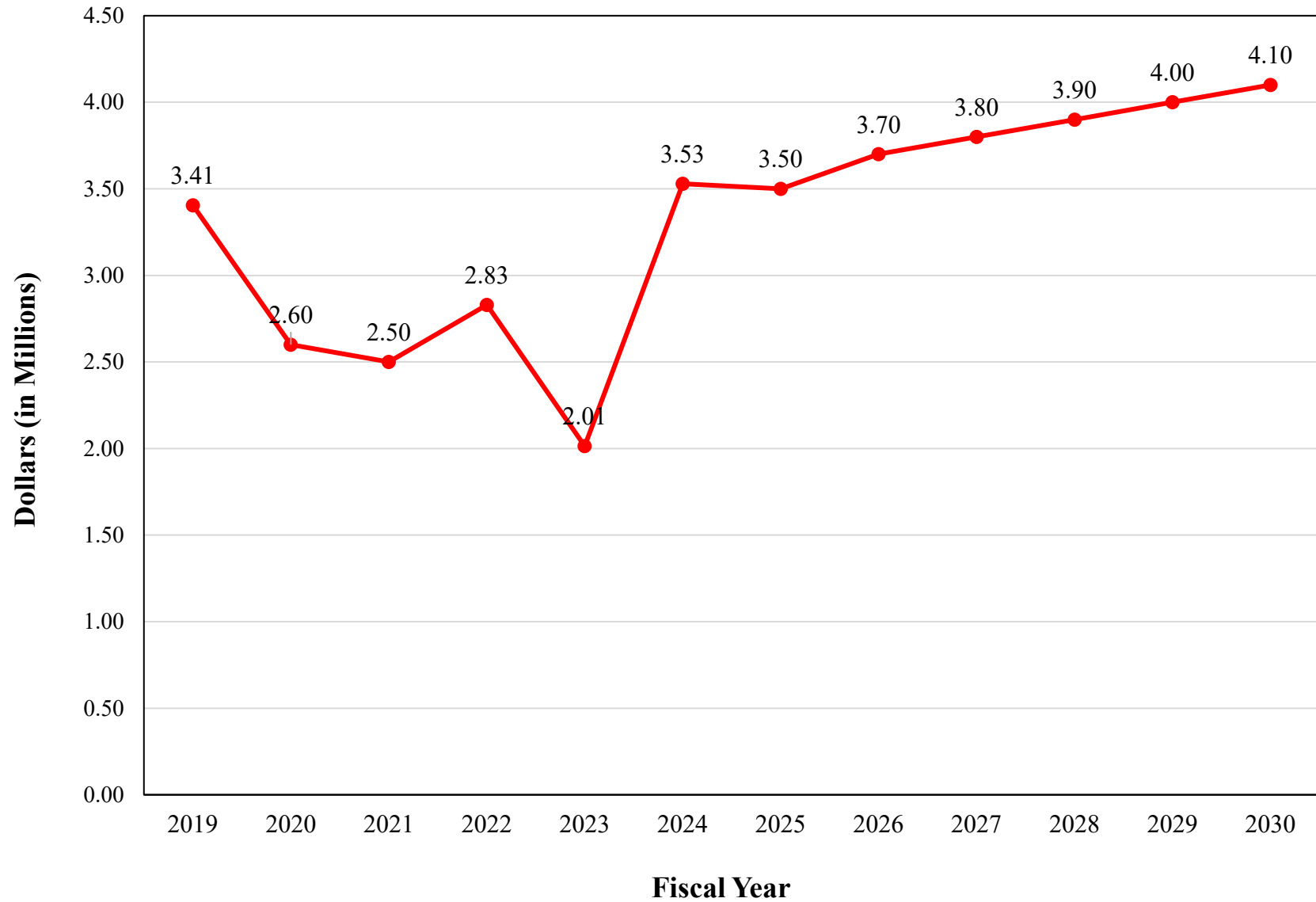
Notes:

- (1) Total cost is the sum of all tuition and required fees, books and supplies, and room and board for a full-time in-state student living on-campus. Average aid includes all federal, state/local government or institutional grant or scholarship aid.



Tuition Revenue Used for Financial Aid

FY 2019 through FY 2024 actual, FY 2025 through FY 2030 budget





Budget Development

- The VMI Operating Budget is comprised of primarily three revenue sources:
 - Private Funds (commitment provided to VMI in the fall of each year)
 - Tuition (E&G) and Fees (determined by the Board of Visitors)
 - State E&G and UMA Funds (determined through the Legislative cycle each year)
- VMI's Budget Development occurs in the spring of each year to account for personnel and non personnel priorities of the Institute.
- Significant Budget Assumptions are utilized to develop the budget.



FY26 Significant Budget Assumptions

Private Funds Projection

- \$23.9M Restricted Funds
- \$ 3.3M Unrestricted Funds
- \$ 6.7M Athletic Scholarships Funds

Rolling 12-quarter average determines the amount of endowment funds available. Estimates are based on FY25 funding levels.

Enrollment Projection (Tuition and Fees)

- 515 incoming rats: 62% VA and 38% NVA
- 1,596 overall Corps Strength projected for FY26



FY26 Significant Budget Assumptions

State General Funds Projection

- **Operating Funds**
 - \$29.9M Operating (26% of Operating Budget)
 - \$ 6.7M Maintenance Reserve (total for 2024-2026 biennium)
 - \$ 886K Equipment Trust Funds
- **Financial Aid**
 - \$1.57M
- **Personnel**
 - 3% State employee raise previously approved for FY26 will cost \$1.1M in salaries.
 - Estimated 3% increase to health insurance and benefits will cost ~ \$453K
 - The State will provide approximately \$600K for salaries and benefits of E&G employees



FY26 Budget Priorities

- Cost containment strategies continue in FY26
- Prioritization of Strategic Plan: *Forging 21st Century Leaders*
- Facilities Maintenance and initiation of selected non-capital projects will utilize accumulated fund balances
- Athletics Budget
 - Expense Management/Cost Containment
 - Execution of Revenue Initiatives: Ticketing, Marketing, Concessions



FY26 State Budget Requests

FY26 Operational Requests

- Academic Enhancements \$256,000
- Emergency Financial Aid \$165,000
- Operational Enhancements \$594,000
- VMSDEP \$1.2M

FY26 Capital Requests

- Construct Center for Leadership and Ethics Facility Phase II
Construction Funding \$80.9M (*\$59.9M GF and \$21M NGF*)
- Cocke Hall Annex Renovation
Detailed Planning \$1.1M
- Renovate Carroll, Shell, & Richardson Halls
Pre-Planning \$250,000



The Way Ahead

Revenues

STATE BUDGET

Governor Youngkin
Introduced Budget to Joint
Money Committees

- Operational Funding
- Capital Funding

18 DEC

TUITION

- Impacts on tuition levels given any new State affordability funding
- Hold tuition flat
- Increase tuition only
- 1x vs. multiple years

FEES

- Impacts on fee levels given any new State affordability funding
- Hold fees flat
- Increase fees only

Auxiliary Fee

Room and Board

Athletic

UMA

ATHLETICS

- Effectiveness of additional revenue initiatives
- Athletic fee increase options
- NCAA settlement expense (~\$250K/year for 10 years)
- NIL legislation; collectives;
- Recruiting/Retention

NEW FUNDS

- VMSDEP Funding becoming permanent into VMI's base
- State financial aid
- O&M for new facilities
- Private support for operations and/or new facilities



The Way Ahead

Expenses

DEBT SERVICE

- Debt service for CLE Phase II Parking structure and actual funding model approved by the State.
- VMI will know specifics with the Governors Introduced Budget
- Crozet Hall Renovations

CALL TO DUTY

- Additional private support raised in future years reduces the reliance on Unrestricted Funds
- Grow/Reduce size of the program

STRATEGIC PLAN

- Implementation of initiatives and associated costs over the next decade (2024-2034)
- Senior Executive personnel and non-personnel priorities
- Five Initiatives

ACCREDITATION

- Identification of Quality Enhancement Plan
- Funding and implementation of QEP

REGULATION & CONTRACTUALS

- DOLI/FLSA
- Food Service
- HVAC
- Utilities
- Insurance
- Pay Raises 5% (FY22), 5% (FY23), 7% (FY24), 3% (FY25), 3% (FY26)



Notes and Assumptions For Each Scenario

Revenue

- Assumes State General Funds remain flat.
- Maintain portion of the \$20M VMSDEP allocation (\$333K for VMI) but remove the portion of the additional \$45M (\$750K) allocation since they are not part of the base budget allocation in out years.
- Assumes 1% growth in endowed funds annually.
- Cadet Tuition and Fee revenues increase based on the applicable scenario presented.

Expenditures

- Assumes 3% annual salary increase beginning in FY26.
- Annual expenditure increases across all program are as follows:
 - 2.3% FY 2026
 - **6.2% FY 2027**
 - 3.3% FY 2028
 - 3.1% FY 2029
 - 2.8% FY 2030
- The large increase in FY 2027 is a result of the following operational budget increases:
 - Contingency account increases from \$500K to \$1.5M
 - Implement Senior Executive Budget Request Pool of \$300K
 - Call to Duty scholarship funding of \$500K from Local Unrestricted funds annually beginning in FY 2027.
 - Forecasts an increase in debt service of \$750K annually for CLE Parking Structure and Crozet Improvements.



Scenario #1: 3% Increase FY26-FY30

Key Notes:

- Overall fund balance peaks at \$22.2M in FY25 and drops to \$19.8M in FY30.
- Auxiliary fund balance is projected at the lowest point in FY30, \$12.2 million.
- E&G fund balance will accommodate some level of VP budget requests as well as the Institute's *Forging 21st Century Leaders* Strategic Plan goals.



Scenario #1: 3% Increase FY26-FY30

<i>Opening Day Enrollment</i>	1,550	1,596	1,710	1,756	1,768	1,768
<i>Revenue and Support</i>	2025	2026	2027	2028	2029	2030
E&G	55,412,576	56,960,585	60,902,679	63,550,870	66,023,786	67,799,265
Auxiliary	23,619,358	24,900,469	27,331,822	28,812,965	30,077,901	30,902,862
UMA	10,084,822	10,373,282	10,807,366	11,120,301	11,348,228	11,546,812
Local Restricted and Unrestricted	13,774,186	13,530,321	13,581,885	13,634,651	13,688,624	13,743,808
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	9,197,424	9,551,991	10,542,508	10,858,765	11,304,050	11,628,338
Total Revenue and Support	117,131,366	120,590,508	128,571,597	133,514,996	138,112,781	141,424,682
<i>Expenditures</i>						
E&G	55,832,635	57,046,872	60,999,277	63,326,588	65,651,715	67,810,949
Auxiliary	23,637,113	24,885,939	27,606,111	28,767,233	29,786,285	30,531,639
UMA	10,776,077	10,494,494	10,819,186	11,050,360	11,272,228	11,617,010
Local Restricted and Unrestricted	13,575,000	13,530,321	13,581,886	13,634,651	13,688,623	13,743,807
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	10,204,135	10,597,492	10,977,291	11,372,802	11,815,871	12,302,028
Total Expenditures	119,067,960	121,828,978	129,389,087	133,689,078	137,884,915	141,809,030
<i>Operational Excess (Deficiency)</i>	(1,936,594)	(1,238,470)	(817,491)	(174,082)	227,866	(384,348)
Beginning Fund Balance	24,180,032	22,243,438	21,004,968	20,187,477	20,013,395	20,241,261
Ending Fund Balance	22,243,438	21,004,968	20,187,477	20,013,395	20,241,261	19,856,913
<i>Fund Balance Detail</i>						
E&G	4,836,862	4,750,575	4,653,976	4,878,258	5,250,329	5,238,645
Aux	14,918,028	13,887,057	13,177,985	12,709,680	12,489,475	12,187,009
UMA	458,119	336,907	325,087	395,028	471,028	400,830
Local	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429
Total	22,243,438	21,004,968	20,187,477	20,013,395	20,241,261	19,856,913



Scenario #2: 0% Tuition and Fee Increase For 3 Years

Key Notes:

- Overall fund balance peaks at \$22.2M in FY25 and drops to a deficit of \$6M in FY30.
- E&G fund balance is projected to be a \$1.4M deficit by FY28 increasing to an \$8M deficit by the end of FY30.
- Auxiliary fund balance will drop to \$10.7M by the end of FY27 and is projected to reach an unsustainable low of \$1.178M by the end of FY30.



Scenario #2: 0% Tuition and Fee Increase For 3 Years

<i>Opening Day Enrollment</i>	1,550	1,596	1,710	1,756	1,768	1,768
<i>Revenue and Support</i>	2025	2026	2027	2028	2029	2030
E&G	55,412,576	55,999,969	58,812,264	60,280,347	62,591,611	64,263,146
Auxiliary	23,619,358	24,325,028	26,010,441	26,708,239	27,871,895	28,628,958
UMA	10,084,822	10,257,822	10,551,467	10,722,398	10,930,224	11,119,128
Local Restricted and Unrestricted	13,870,132	13,615,345	13,709,330	13,645,990	13,699,510	13,754,983
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	9,101,478	9,283,574	10,016,884	10,224,604	10,641,084	10,945,743
Total Revenue and Support	117,131,366	118,755,598	124,505,723	127,119,022	131,404,516	134,515,555
<i>Expenditures</i>						
E&G	55,832,635	57,046,872	60,999,277	63,326,588	65,651,715	67,810,949
Auxiliary	23,637,113	24,885,939	27,606,111	28,767,233	29,786,285	30,531,639
UMA	10,776,077	10,494,494	10,819,186	11,050,360	11,272,228	11,617,010
Local Restricted and Unrestricted	13,575,000	13,530,321	13,581,886	13,634,651	13,688,623	13,743,807
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	10,204,135	10,597,492	10,977,291	11,372,802	11,815,871	12,302,028
Total Expenditures	119,067,960	121,828,978	129,389,087	133,689,078	137,884,915	141,809,030
<i>Operational Excess (Deficiency)</i>	(1,936,594)	(3,073,380)	(4,883,365)	(6,570,056)	(6,480,399)	(7,293,475)
Beginning Fund Balance	24,180,032	22,243,438	19,170,058	14,286,693	7,716,637	1,236,238
Ending Fund Balance	22,243,438	19,170,058	14,286,693	7,716,637	1,236,238	(6,057,237)
<i>Fund Balance Detail</i>						
E&G	4,836,862	3,789,959	1,602,945	(1,443,296)	(4,503,400)	(8,051,204)
Aux	14,918,028	13,128,796	10,700,164	7,504,311	4,426,020	1,178,232
UMA	458,119	220,874	(46,845)	(374,807)	(716,811)	(1,214,694)
Local	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429
	22,243,438	19,170,058	14,286,693	7,716,637	1,236,238	(6,057,237)



Scenario #3: Increase Tuition and Fees by 1% for 3 years

Key Notes:

- Overall fund balance peaks at \$22.2M in FY25 and drops to a low of \$2.5M in FY30.
- E&G fund balance is projected to be a deficit of \$1.3 million by the end of FY29 and a \$3.69M deficit by the end of FY30.
- Auxiliary fund balance drops to \$11.5M by the end of FY27 and is projected to be at \$4.89M at the end of FY30.



Scenario #3: Increase Tuition and Fees by 1% for 3 years

<i>Opening Day Enrollment</i>	1,550	1,596	1,710	1,756	1,768	1,768
<i>Revenue and Support</i>	2025	2026	2027	2028	2029	2030
E&G	55,412,576	56,320,109	59,502,438	61,349,081	63,712,551	65,418,053
Auxiliary	23,619,358	24,539,069	26,469,764	27,418,910	28,615,583	29,393,477
UMA	10,084,822	10,294,914	10,635,718	10,854,029	11,067,405	11,259,540
Local Restricted and Unrestricted	13,870,132	13,615,345	13,709,330	13,645,990	13,699,513	13,754,981
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	9,101,478	9,344,803	10,148,325	10,427,991	10,853,939	11,164,588
Total Revenue and Support	117,131,366	119,388,100	125,870,912	129,233,445	133,619,183	136,794,236
<i>Expenditures</i>						
E&G	55,832,635	57,046,872	60,999,277	63,326,588	65,651,715	67,810,949
Auxiliary	23,637,113	24,885,938	27,606,111	28,767,233	29,786,285	30,531,639
UMA	10,776,077	10,494,495	10,819,186	11,050,360	11,272,228	11,617,010
Local Restricted and Unrestricted	13,575,000	13,530,321	13,581,886	13,634,651	13,688,623	13,743,807
Cadet Financial Assistance (State)	5,043,000	5,273,860	5,405,337	5,537,444	5,670,193	5,803,597
Athletic	10,204,135	10,597,492	10,977,291	11,372,802	11,815,871	12,302,028
Total Expenditures	119,067,960	121,828,978	129,389,087	133,689,078	137,884,915	141,809,030
<i>Operational Excess (Deficiency)</i>	(1,936,594)	(2,440,878)	(3,518,176)	(4,455,633)	(4,265,732)	(5,014,794)
Beginning Fund Balance	24,180,032	22,243,438	19,802,560	16,284,384	11,828,751	7,563,019
Ending Fund Balance	22,243,438	19,802,560	16,284,384	11,828,751	7,563,019	2,548,225
<i>Fund Balance Detail</i>						
E&G	4,836,862	4,110,099	2,613,258	635,751	(1,303,412)	(3,696,308)
Aux	14,918,028	13,403,494	11,565,628	9,283,833	7,162,086	4,897,659
UMA	458,119	258,538	75,069	(121,262)	(326,084)	(683,555)
Local	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429	2,030,429
	22,243,438	19,802,560	16,284,384	11,828,751	7,563,019	2,548,225



Next Actions by BOV

Preliminary Budget

- 6-8 February 2025

Adopt FY26 Budget

- 1-3 May 2025

Additional Work Sessions (T)



Questions and Discussion