

**MINUTES
BUDGET AND PLANNING COMMITTEE
December 10, 2024**

Present: Christine Absher, Kylie Allen, Leanna Blevins, Tara Brent, Kerry Chipman, Cyril Clarke, Opal Cohen, Kristen Cox, Jeff Earley, Pascha Gerni, Tim Hodge, Creed Jones, Stephen Kleiber, John McGee, Nancy McGehee, Liza Morris, Rebecca Pauly, Lauren Pollard Amy Sebring, and Rebecca Weaver-Hightower.

Absent with Notice: Sherif Abdelaziz, Travis Burns, Cathy Duerbeck

Absent: Joseph Wells

Guests: Dr. Sands, Mark Owczarski, Debbie Greer

- **Announcement of approval and posting of minutes of April 29, 2024**

The September 13, 2024 minutes have been approved and forwarded to the University Council for posting on the web.

- **Presentation**

Athletics Update:

Amy Sebring, Executive Vice President and Chief Operating Officer introduced Dr. Sands noting in addition to his role as VT president, his current role as chair of the NCAA Division I Board of Directors. Dr. Sands provided an Athletics update sharing the current state of Athletics nationwide and at Virginia Tech. He discussed the benefits of maintaining a healthy athletic program at Virginia Tech as well as the impacts to the economy, students, alumni engagement, vibrancy of campus life and the VT brand. Dr. Sands shared details on the court settlement of three major cases against the NCAA and the financial implications of those cases. Part of the court settlement, commonly referred to as the “House Settlement” allows institutions to participate in ‘revenue sharing’ with student athletes. Dr. Sands indicated that although optional, intercollegiate athletics programs will need to participate if they are going to remain competitive in recruiting top talent for their programs. Dr. Sands indicated that although we are still working through the details, Virginia Tech plans to participate in revenue sharing beginning in FY26 if the House settlement is approved. Dr. Sands also shared a comparison of the total Athletics budget for all ACC public institutions, VT has the smallest budget in the conference.

Amy Sebring provided a review of how Athletics is currently funded and reminded the committee that Athletics is an Auxiliary Enterprise and must follow specific funding requirements set forth by the State of Virginia. Ms. Sebring discussed how other Virginia public institutions support their athletics through athletic fees and local support. Compared to other Virginia public institutions, Virginia Tech has the lowest level of university support as a percentage and the lowest athletic fee of the state public institutions. Ms. Sebring shared the FY26 budget implications, emphasizing there is no single answer to fund revenue sharing, it will require multiple solutions. Planning efforts are ongoing. Several questions were brought up for discussion, including what other institutions are doing, additional funds from media rights and college playoffs, multi-year

funding and the potential impacts on non-revenue sports teams. A copy of the presentation is attached to these minutes.

- **Adjournment**

There being no further business, the meeting adjourned at 4:08 p.m.

Athletics Update

Budgeting & Planning Committee
December 10, 2024



The Impact of Virginia Tech Athletics

- **On the economy**

- Over 500,000 visitors to campus annually
 - 40% of football ticketholders travel from more than 150 miles away
 - 21% of football ticketholders travel from outside of Virginia

- **On students**

- Front door for many prospective students
- Shared student body experience
- Student Athletes among highest affinity group

- **On alumni**

- Maintains alumni engagement
- Supports Advancement

- **On faculty and staff**

- Vibrancy of arts, athletics, and entertainment

- **On marketing and brand**

- Provides significant “advertisement” and awareness of the VT brand



NCAA legal settlement

Emerging details



- Settlement of 3 major cases with multiple dimensions
 - Hubbard v. NCAA
 - House v. NCAA
 - Carter v. NCAA
- Financial implications
 - NCAA to make 10-year payments for back damages for student athletes
 - Expected to reduce VT revenue by \$1.05M annually for each of the next 10 years
 - Allows for up to \$20.5M in "revenue sharing" at each institution
 - If implemented, increases cost to Athletics Department; does not generate new revenue
 - Upper limit will be adjusted annually
 - Regulates NIL payments, which are separate from revenue sharing
 - Paid entirely by private funds at VT
 - Final settlement expected in April 2025; effective FY26

House settlement compounds financial challenges

Virginia Tech compared to ACC Peers

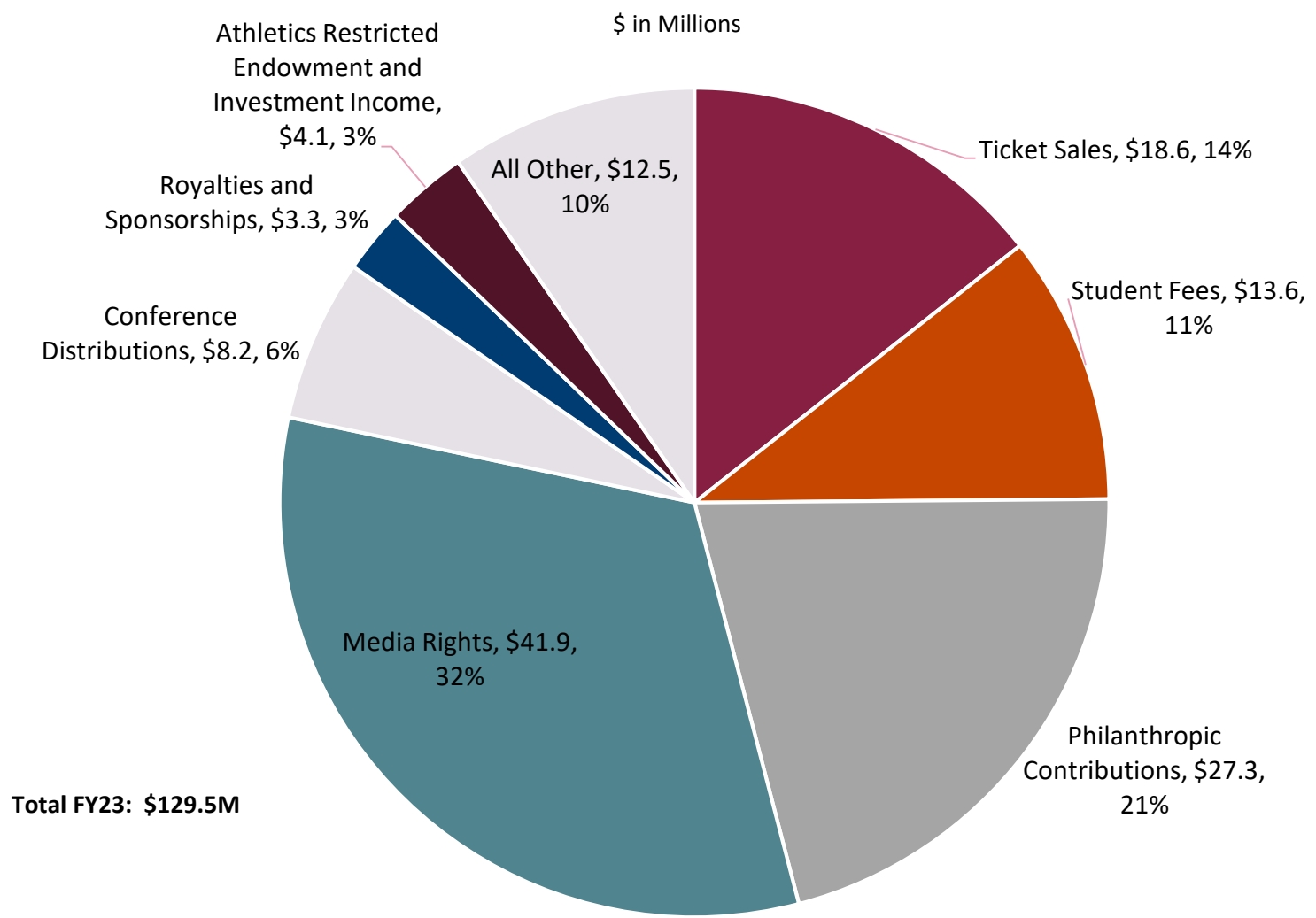
ACC Public Institutions - Athletics Budget

Most recently available 5-year trend

Institution	2018-19	2019-20	2020-21	2021-22	2022-23
Clemson	\$ 132.0 M	\$ 131.8 M	\$ 117.4 M	\$ 143.4 M	\$ 174.3 M
Florida State	150.2 M	155.7 M	121.9 M	150.8 M	172.1 M
Louisville	151.2 M	138.8 M	109.3 M	140.0 M	140.2 M
North Carolina	110.8 M	113.0 M	101.9 M	120.3 M	139.1 M
Virginia	112.6 M	111.8 M	101.2 M	150.6 M	138.2 M
California	106.7 M	101.8 M	88.5 M	114.5 M	134.9 M
Georgia Tech	96.3 M	96.2 M	86.0 M	104.7 M	132.3 M
North Carolina State	90.1 M	88.7 M	78.2 M	101.0 M	118.7 M
Virginia Tech	\$ 94.0 M	\$ 96.1 M	\$ 88.0 M	\$ 117.3 M	\$ 117.0 M
ACC Average	\$ 116.0 M	\$ 114.9 M	\$ 99.2 M	\$ 126.9 M	\$ 140.7 M

Source: NCAA Agreed Upon Procedures / Revenues and Expenses Reporting

How is Athletics Currently Funded?



FY23 Revenues, NCAA Financial Report as reviewed by Virginia’s Auditor of Public Accounts



Virginia requirements for Auxiliary Enterprises

- Funding Limitations

- §3-4.01 Appropriation Act requires Auxiliary Enterprises to be self-supporting
- §4-2.01 Appropriation Act limits auxiliary fee increases (3%)
- §23.1-1309 Code of Virginia limits Intercollegiate Athletics funding (Cox Bill)

- Control

- § 30-359 Code of Virginia Intercollegiate Athletics Review Commission to review an institutions plan to add a major intercollegiate athletics program or change division level

- Transparency

- § 4-9.04 Appropriation Act and §23.1-409 Code of Virginia publish fees online

- Other Guidance

- State officials provide formal and informal guidance

Support for Athletics at other Virginia public institutions

FY23 Athletic Fees & Local Support

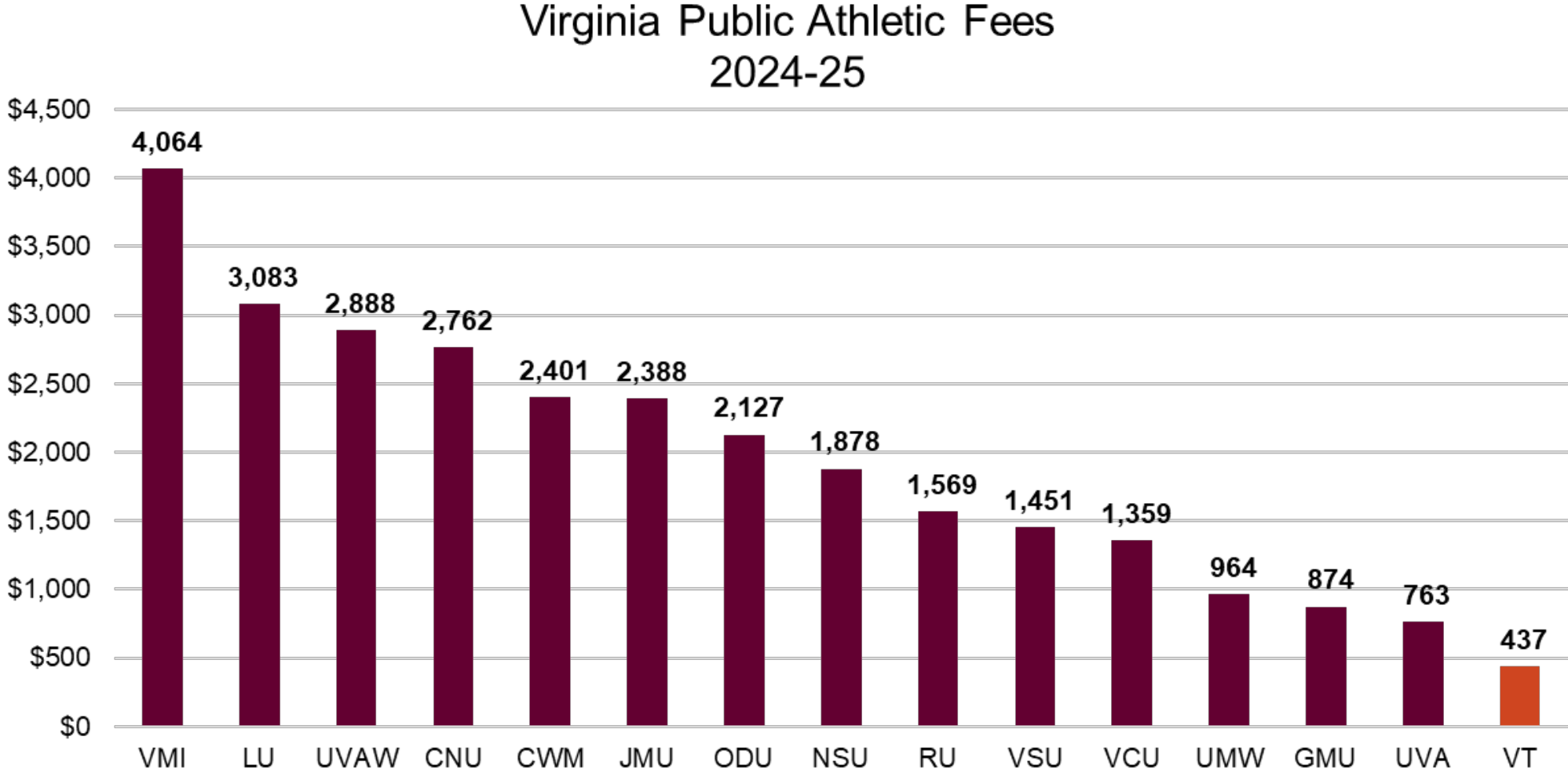


Virginia Institution	Direct and Indirect Institutional Support (incl. debt service)	Athletics Student Fee	Total University Support	University Support as % of Athletics Budget	University Support Rank
JMU	\$1,290,000	\$53,290,000	\$54,580,000	80.2%	2
VCU	6,175,228	25,420,000	31,595,228	70.4%	6
ODU	0	30,310,827	30,310,827	56.1%	7
GMU	2,888,611	23,180,000	26,068,611	76.6%	5
UVA	8,272,641	16,150,000	24,422,641	17.7%	9
W&M	795,516	16,990,000	17,785,516	52.2%	8
VT	2,150,000	13,590,000	15,740,000	13.5%	10
Norfolk State	5,393,195	8,598,824	13,992,019	77.2%	3
Longwood	3,000,000	9,020,000	12,020,000	81.9%	1
Radford	1,180,000	8,680,000	9,860,000	76.9%	4

FY24 figures not yet available. Direct institutional support for FY24 at VT has increased to \$5.4M.

Source: APA annual financial reports generated per NCAA Agreed Upon Procedures

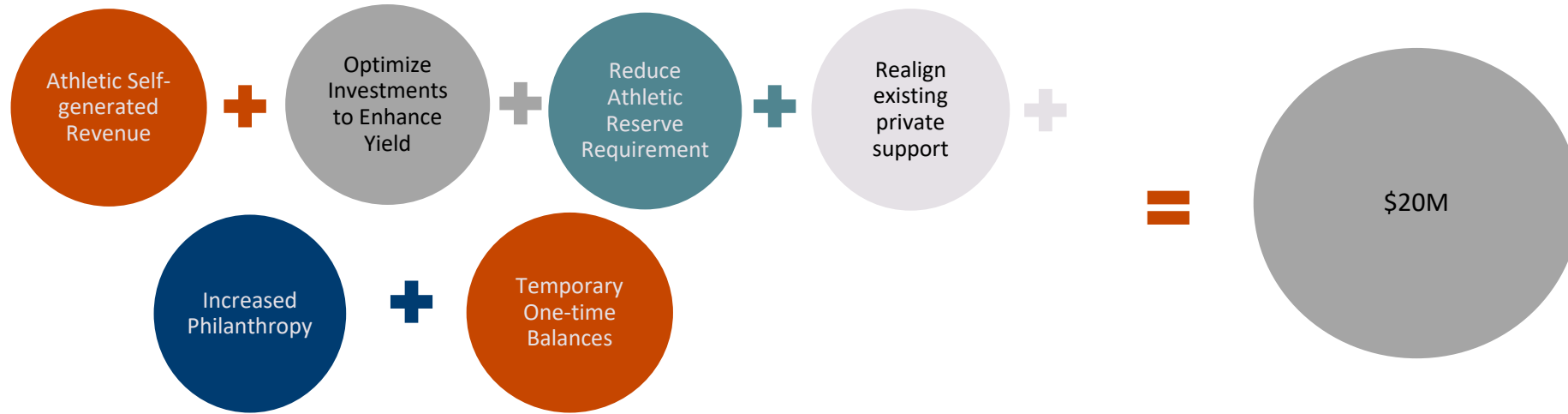
Virginia Tech has the lowest Athletic Fee in the State



Source: SCHEV 2024-25 Tuition and Fees Report

FY26 Budget Implications

We have not fully solved the equation



- There is no single answer; revenue sharing will require multiple solutions
- State code does not allow the university to use E&G resources to support Athletics
- We are focused on maintaining VT's competitiveness while minimizing impacts to the overall operating budget

