



UNIVERSITY
of VIRGINIA

Board of Visitors Finance Committee Meeting
December 6, 2019



ACTION ITEMS:

1. 2020-2021 Tuition and Required Fees
2. 2020-2021 Housing and Dining Rates
3. Major Capital Projects Financial Plans
4. School of Darden Quasi-Endowment
5. School of Medicine Quasi-Endowment Disinvestment
6. Signatory Authority for Medical Center Contract

REPORTS:

1. Executive Vice President's Remarks



UNIVERSITY
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2020-2021 TUITION & REQUIRED FEES ACADEMIC DIVISION

We care deeply about efficiency.

National Recognition of Value Proposition

#1

Best-Value Public College
2019 *Princeton Review*

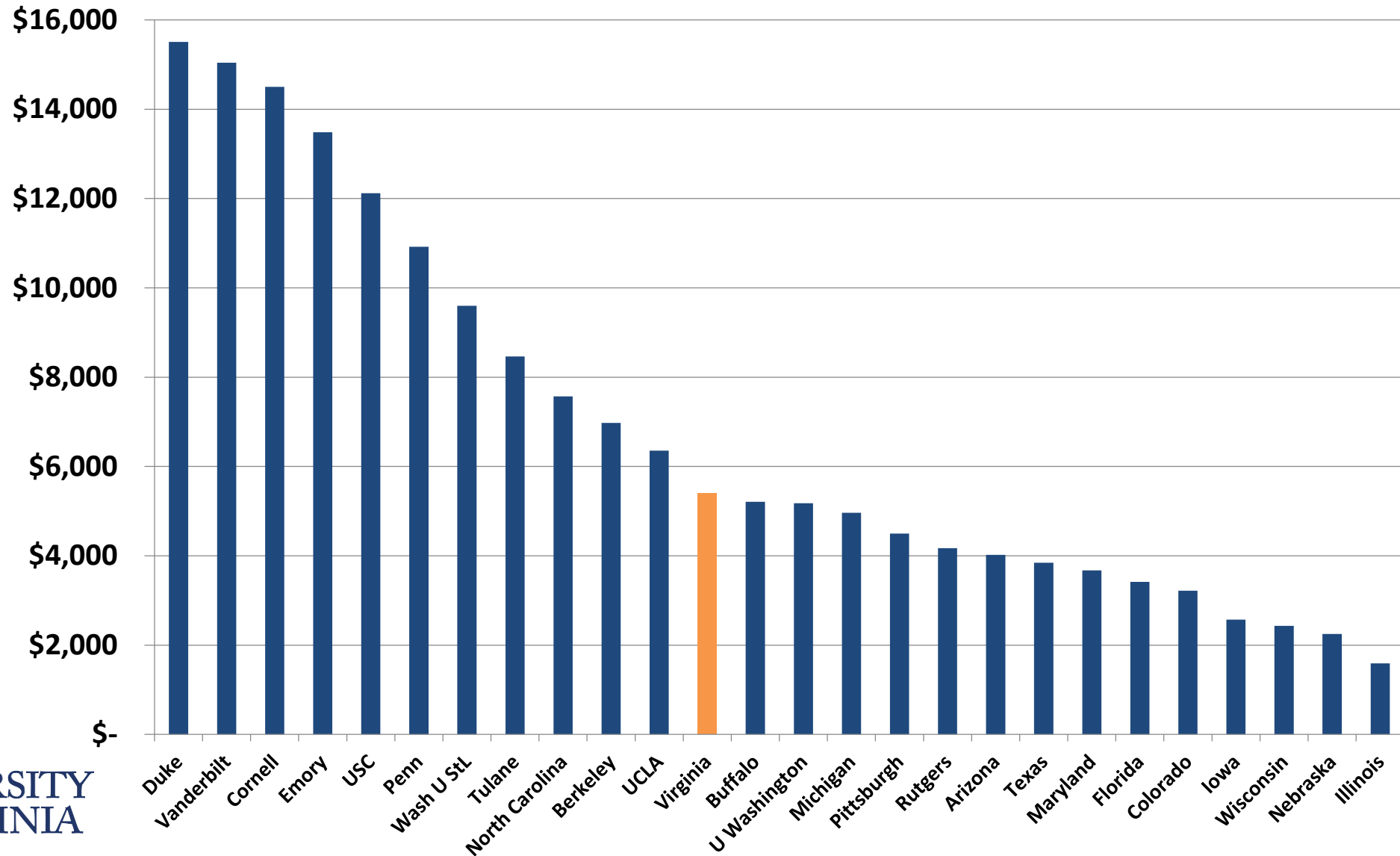
#1

Best-Value College in Virginia
2019 *Forbes*

#2

Best-Value Public University
2020 *U.S. News & World Report*

Administrative Spending per Student vs. Selected Peers



Source:
2016-17
IPEDs Data



Organizational Excellence: Operating Efficiencies and Effectiveness

In the past year, we:

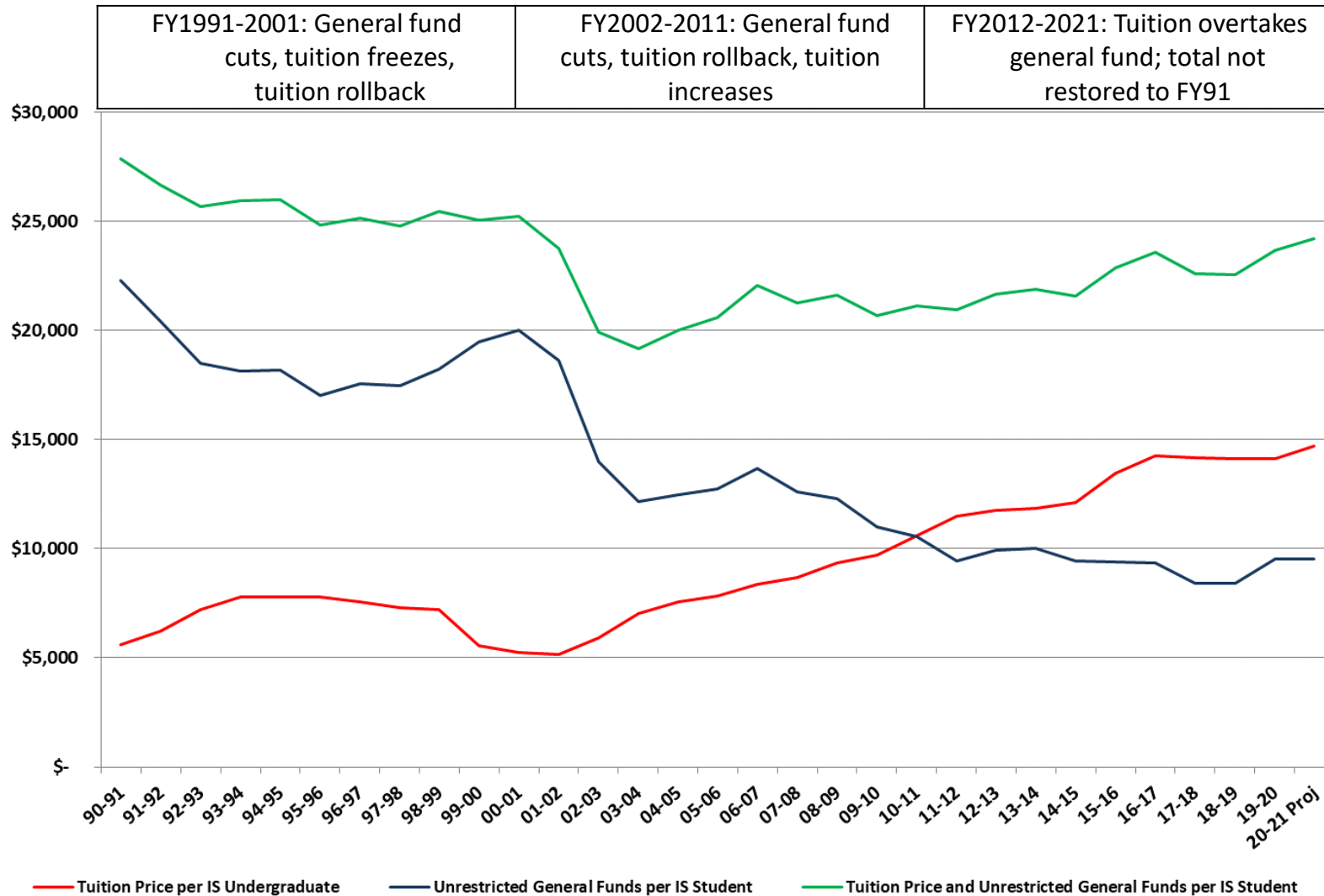
- ❖ Refinanced \$300 million of existing debt portfolio
- ❖ Identified 45 opportunities for finance system improvements
- ❖ Created framework and improved 15 processes, including University capital construction program
- ❖ Streamlined collection and reporting of faculty members' annual teaching, research, and service
- ❖ Streamlined identity and access management for enhanced productivity and security
- ❖ Initiated 261 improvements, partnerships, and cost-savings efforts reported at the school and unit level
- ❖ Continued Facilities Managements Delta Force Program to implement energy savings

Next Steps:

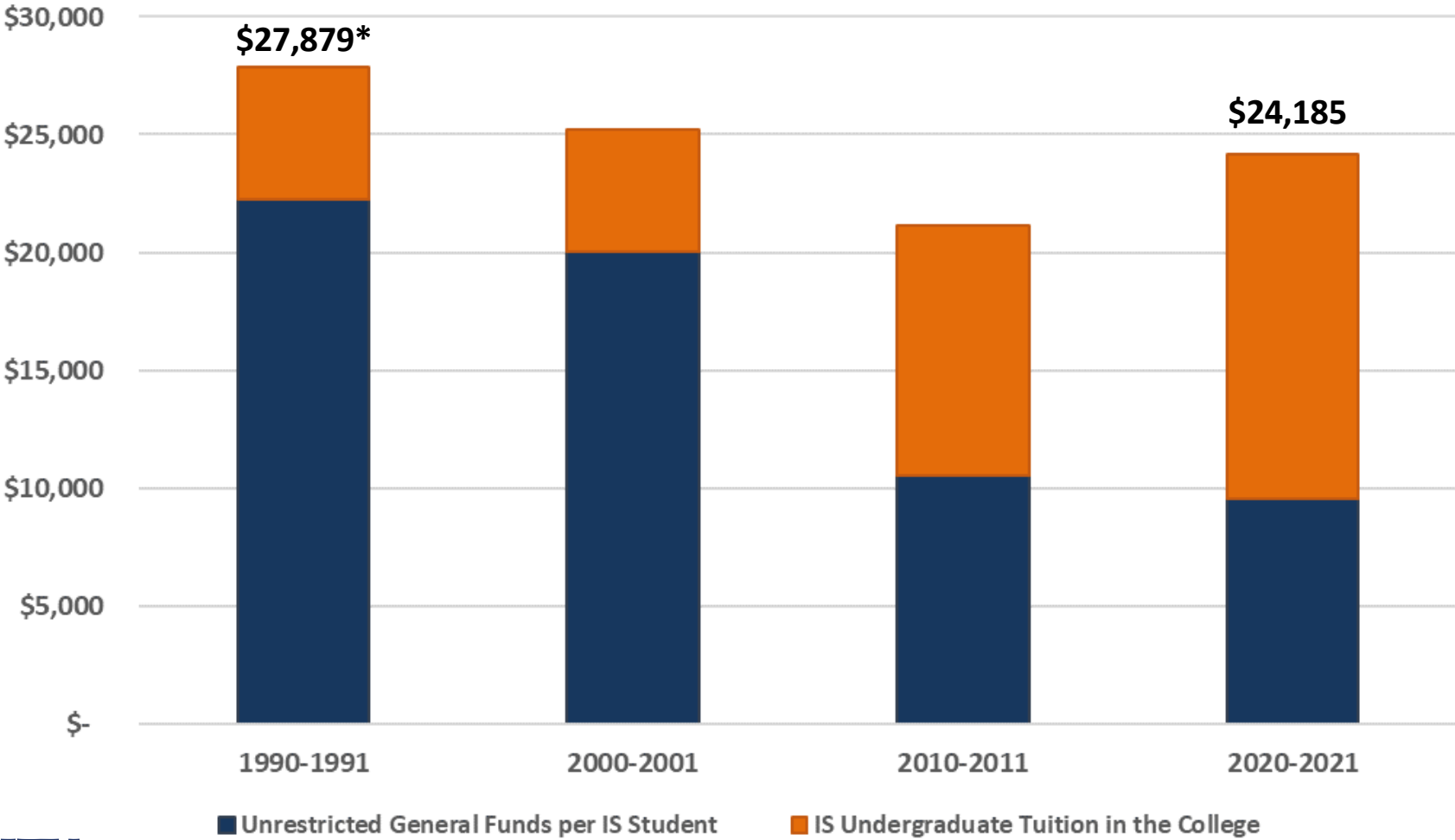
- ❖ Revitalize efficiency and effectiveness initiatives – Spring 2020

Our in-state tuition levels put us at a competitive disadvantage with our private and public peers.

Thirty Years of State Appropriation and In-State (College) Undergrad Tuition (in 2020 dollars)



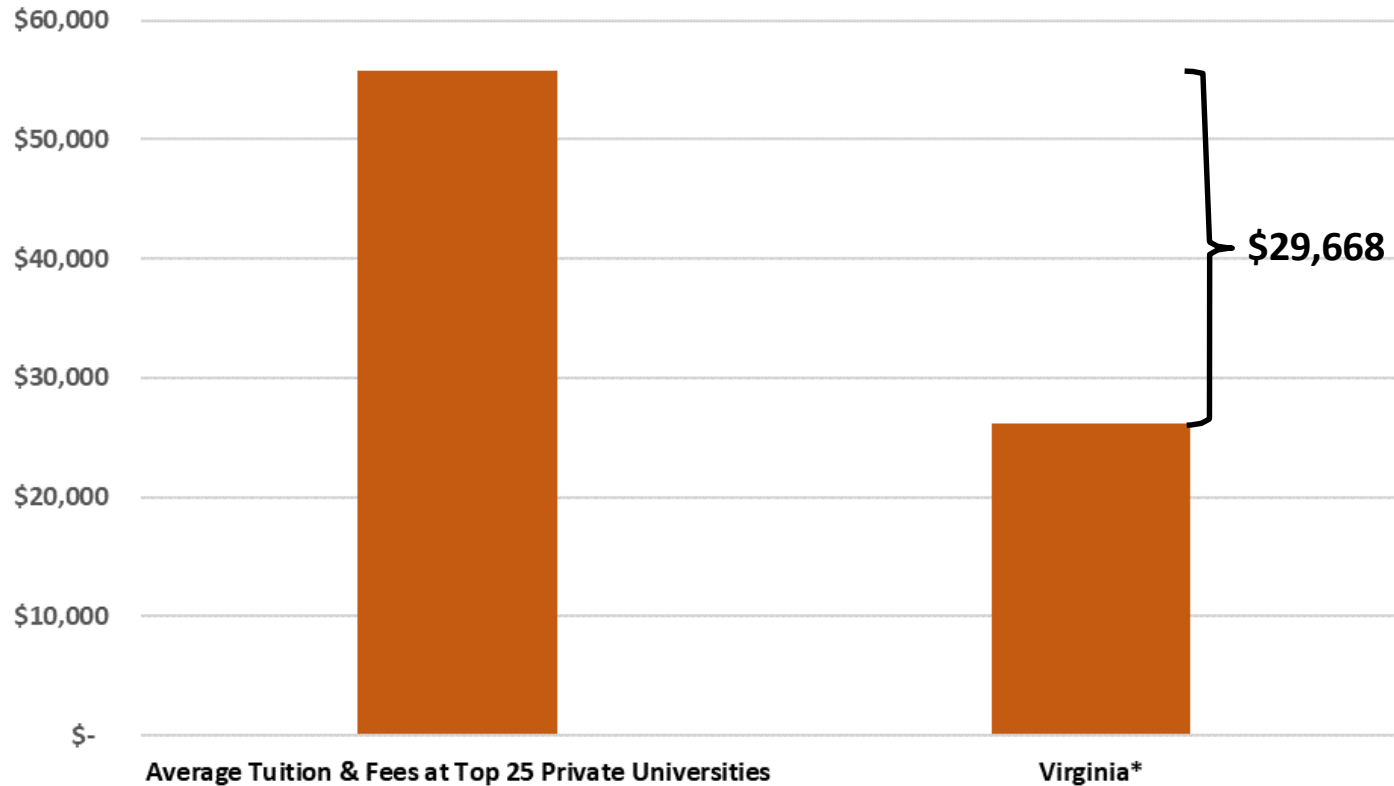
Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs



■ Unrestricted General Funds per IS Student ■ IS Undergraduate Tuition in the College

*Inflation adjusted dollars

2019-20 Private University Tuition & Fees (Top 25 USNWR) vs. UVA In-state Tuition, Fees, and General Funds

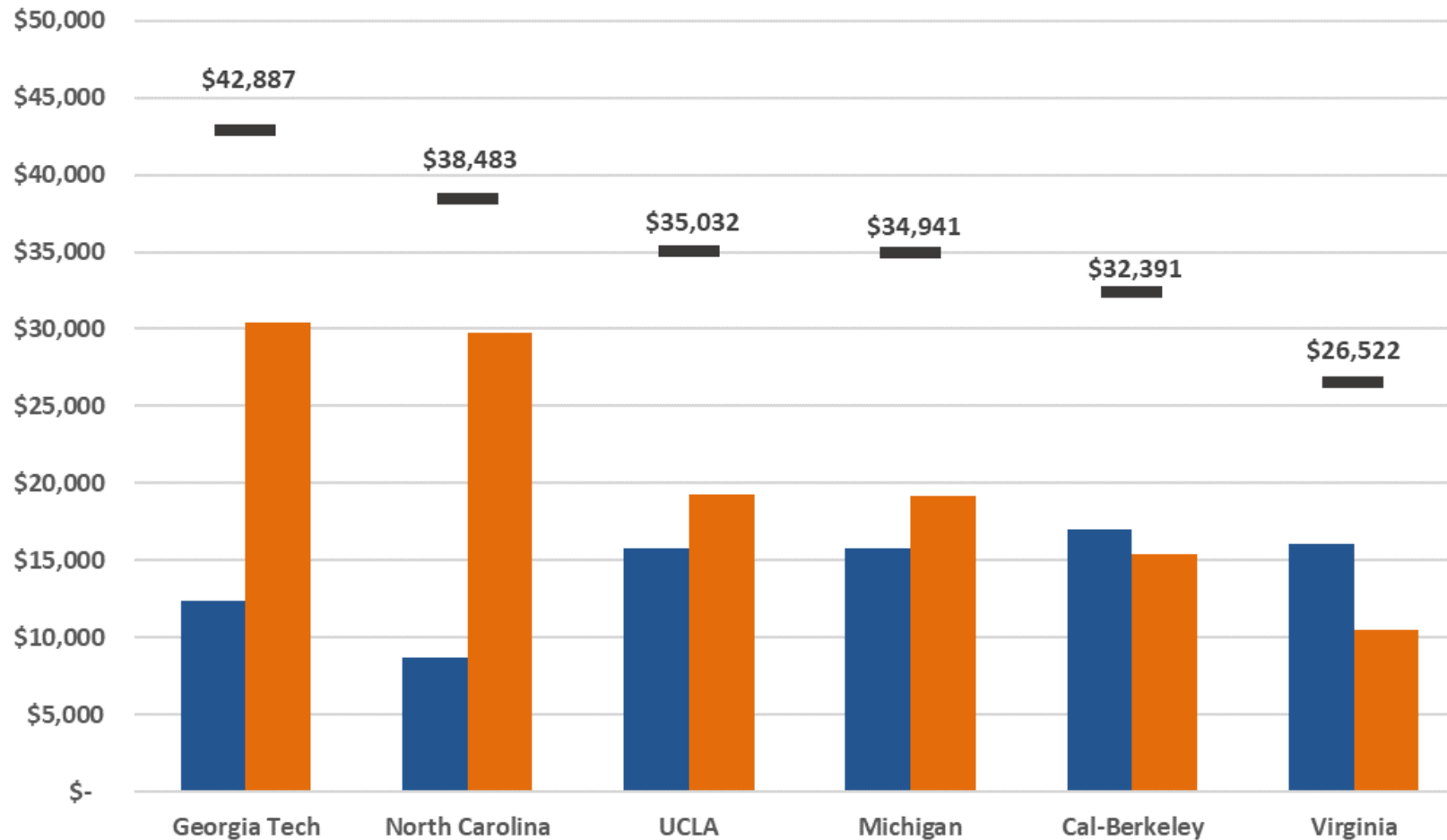


**# of
Students**
11,500

**Foregone
Revenue**
\$ 341.2 million

*Base in-state undergraduate tuition and fees + general funds/student

2017-18 Tuition and Required Fees vs State Appropriation Per In-State Student Benchmark



■ IS Tuition and Required Fees ■ State Appropriation Per IS Student – Total Revenue Per IS Student

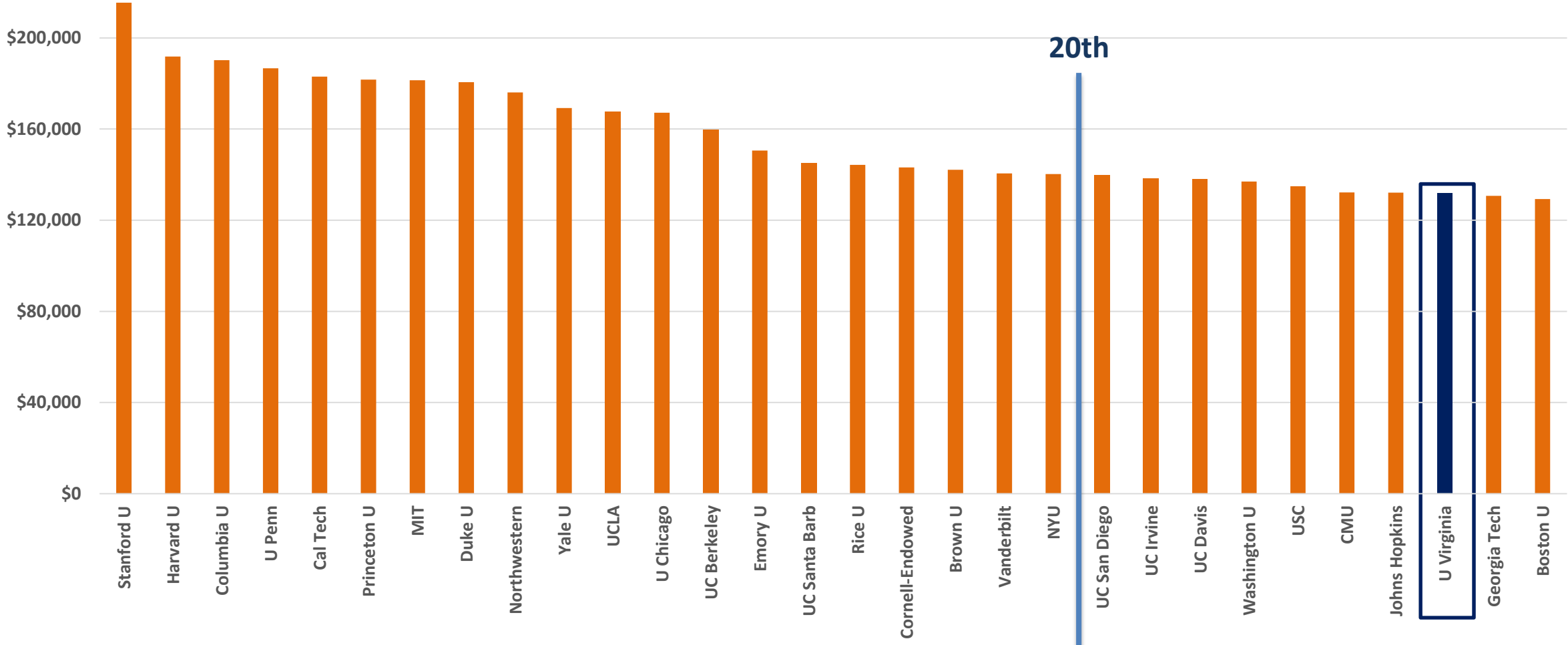
*State appropriation values for UCLA and Cal-Berkeley were pulled from their audited financial statements. All others were provided by IAS.

**We are not meeting the Board of
Visitors' goal for faculty salaries.**

October 2003 BOV Resolution to Pay Nationally Competitive Faculty Salaries

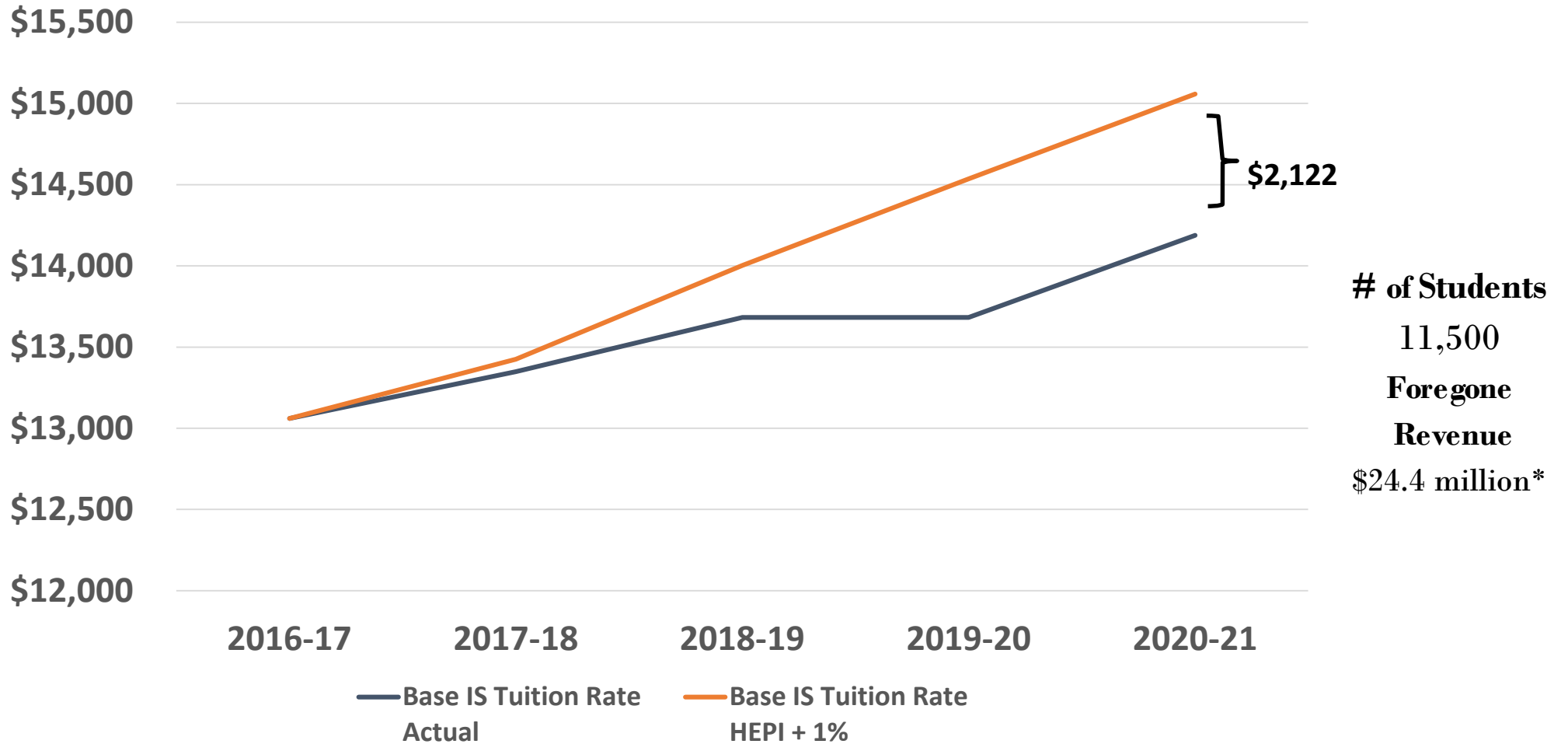
- The University historically measures its average faculty salary as compared to AAU peers.
- In 2000, the University ranked 21st among AAU peers.
- In 2003, after three consecutive years of no salary increases, UVA's average faculty salary fell to the 30th position of AAU peers.
- In October 2003, the Board approved a resolution to restore faculty compensation to nationally competitive levels by the end of fiscal year 2007, defined as returning to the top 20 of AAU peers.

2018-19 UVA Faculty Salary vs. Top 30 AAU Peers



**Every annual tuition decision has
a compounding effect.**

In-State Base Undergraduate Tuition vs. Policy (Inflation + 1%)



*The state has provided a base \$5.52 million in general funds to offset the 2019-20 tuition freeze.

Resources and rankings are related.

Summary

- ❖ We care deeply about efficiency
- ❖ Our in-state tuition levels put us at a competitive disadvantage with our public and private peers
- ❖ We are not meeting the Board of Visitors' goal for faculty salaries
- ❖ Every annual tuition decision has a compounding effect
- ❖ Resources and rankings are related



2020-2021 TUITION PROPOSAL

2020-2021 Operating Challenges and Opportunities

- Potential Commonwealth budget reductions (5% = \$7 million)
- What does base tuition increase generate?
 - 3.6% in-state undergraduate: net \$4.3 million
 - 3.6% out-of-state undergraduate: net \$6.7 million
 - Graduate tuition proposal: \$2.1 million
- What cost increases are we facing?
 - 3% merit faculty increase: \$8.6 million
 - 3% merit staff increase: \$8.4 million
 - 2% inflationary cost on non-personal services: \$14.9 million
 - Increase support for enrollment and student services, utility increases, first generation programming, targeted faculty recruitment

2020-2021 Undergraduate Tuition and E&G Fee Proposal

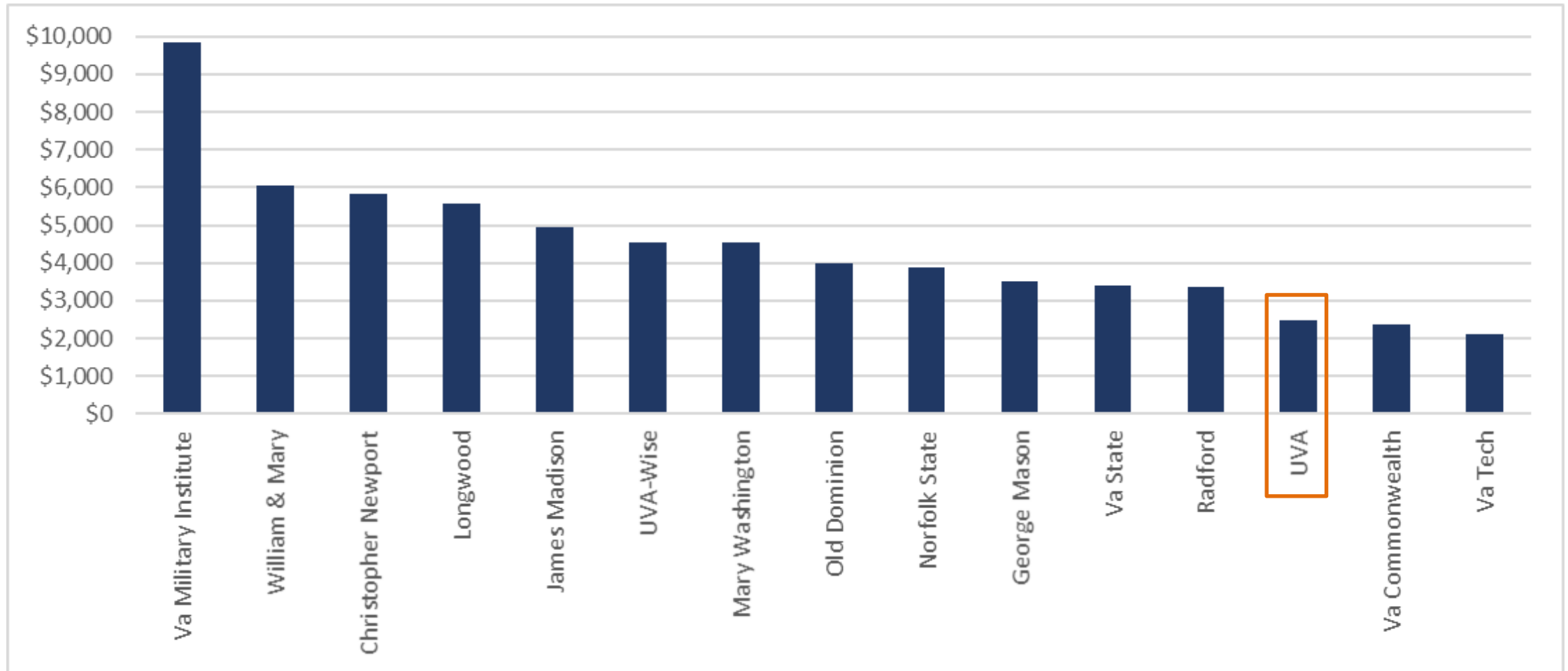
In-state tuition: +3.6%

Out-of-state tuition: +3.6%

* Students entering the Nursing School, the Engineering School, and the Batten School for the first time in Fall 2020 will pay step increases as approved by the BOV in December 2017.

2019-2020 Virginia Public Comparison

Non-E&G Fees



2020-2021 Required Auxiliary Fee Proposal

In-State	Out-of-State
\$ Change over 2019-20	\$ Change over 2019-20
\$154	\$154





**2020-2021 COLLEGE AT WISE UNDERGRADUATE TUITION
AND FEE PROPOSAL**

UVA Wise's Value Proposition

- Established in 1954 as a division of UVA
- 2100 students
- 31 majors, 37 minors, 8 pre-professional programs and over 20 licensures
- Includes bachelor's degrees in:
 - Software Engineering
 - Computer Science
 - Management of Information Systems
- Discipline specific accreditations
 - ABET, ACS, CAEP

Washington Monthly, "Most Bang For the Buck" Award

U.S. News and World Report

- Ranked Nationally on Social Mobility Index

- Ranked Nationally Among Best Undergraduate Engineering Programs for Software Engineering

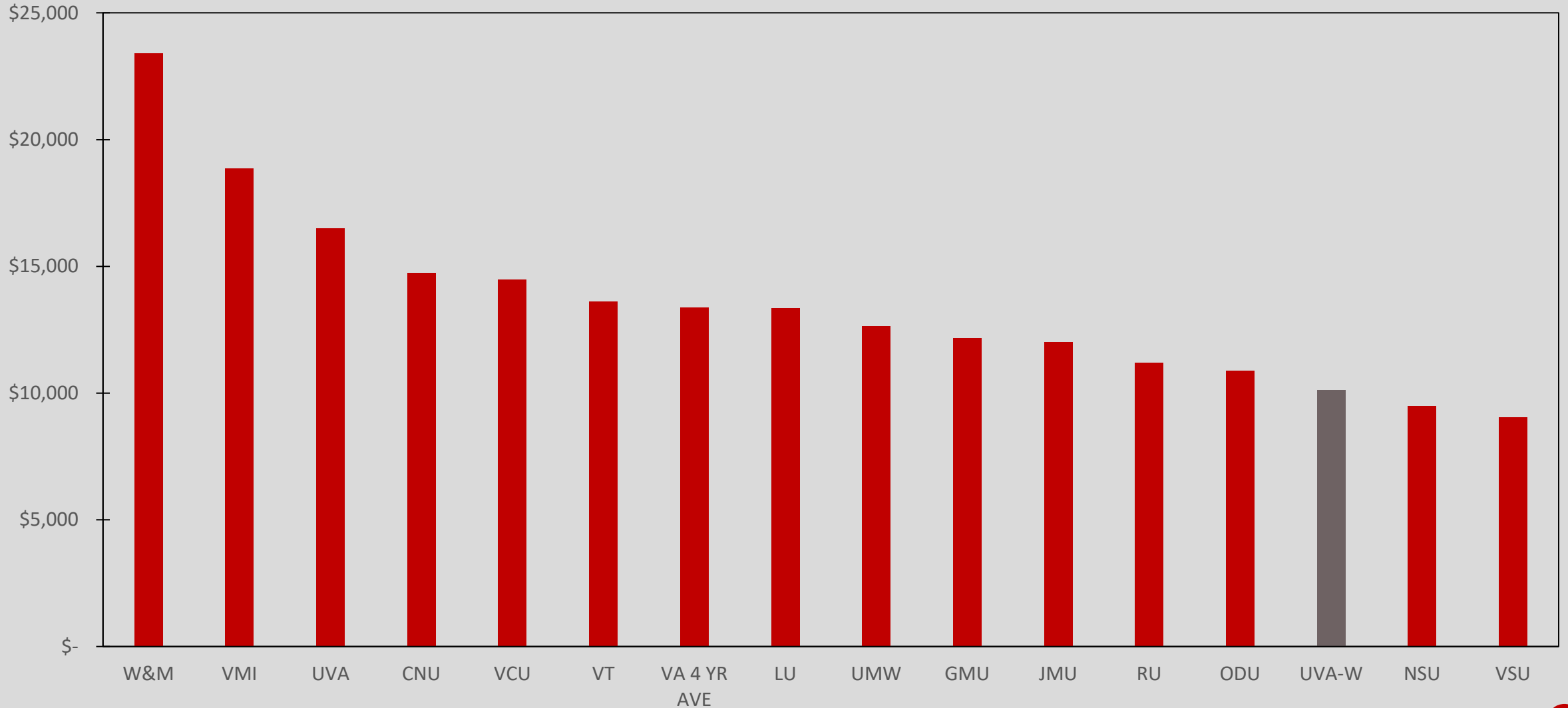
Affordable Access Since 1954



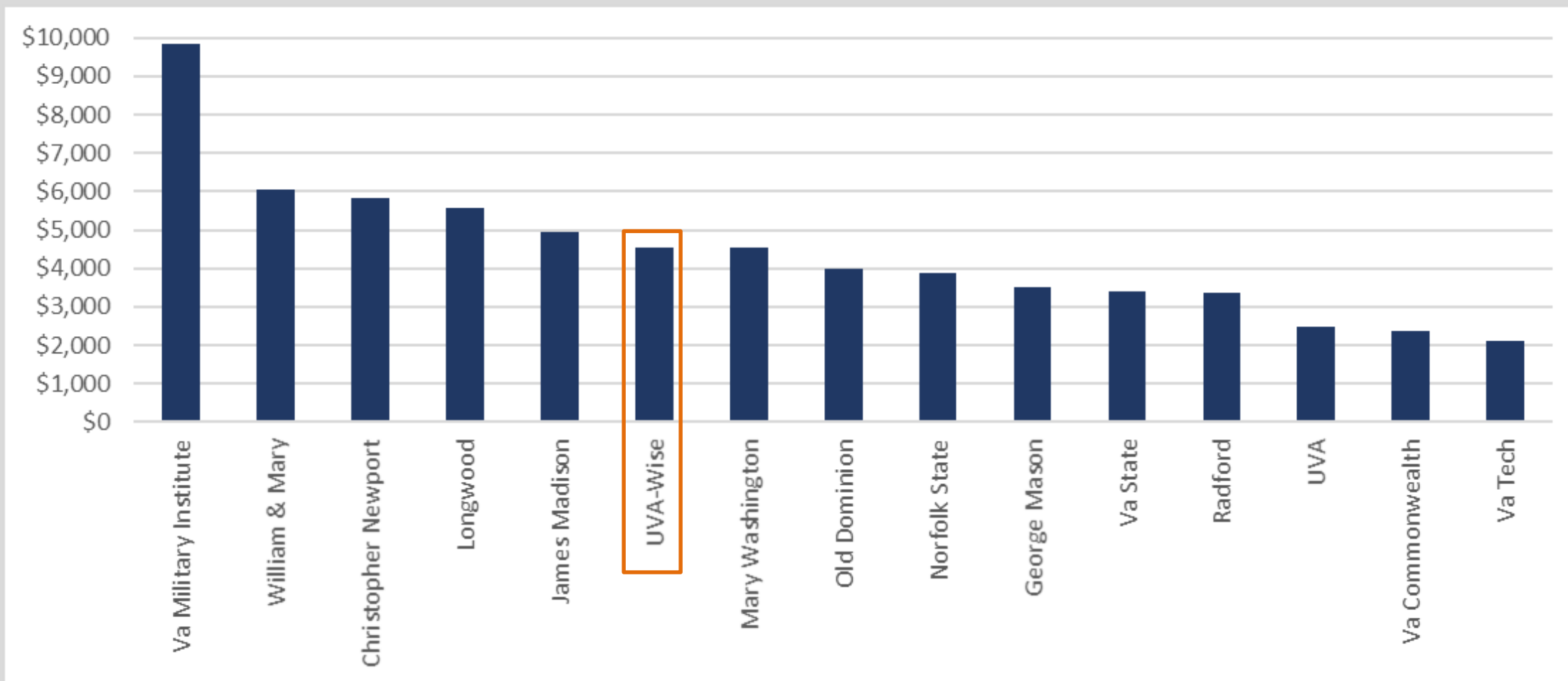
UVA Wise Student Profile

- 87% receive financial aid
- 68% are Pell eligible
- 55% of Pell eligible students have an Expected Family Contribution (EFC) of \$0

Virginia Public Comparison, Undergraduate, In-State Tuition and Fees (FY20)



2019-2020 Virginia Public Comparison Non-E&G Fees



2020-2021 Proposed Tuition & Fees

First Year College at Wise

	In-State		Out-of-State	
	2020-21 Rate	% Increase over 2019-20	2020-21 Rate	% Increase over 2019-20
Tuition	\$5,693	3.0%	\$23,960	3.0%
Fees	\$5,149	9.0%	\$5,839	8.1%
Total	\$10,842	5.8%	\$29,799	5.5%



2020-2021 FACULTY, STAFF, AND STUDENT HOUSING RATES

UVA Faculty and Staff Property Rents

Rents reflect market rates

79 units

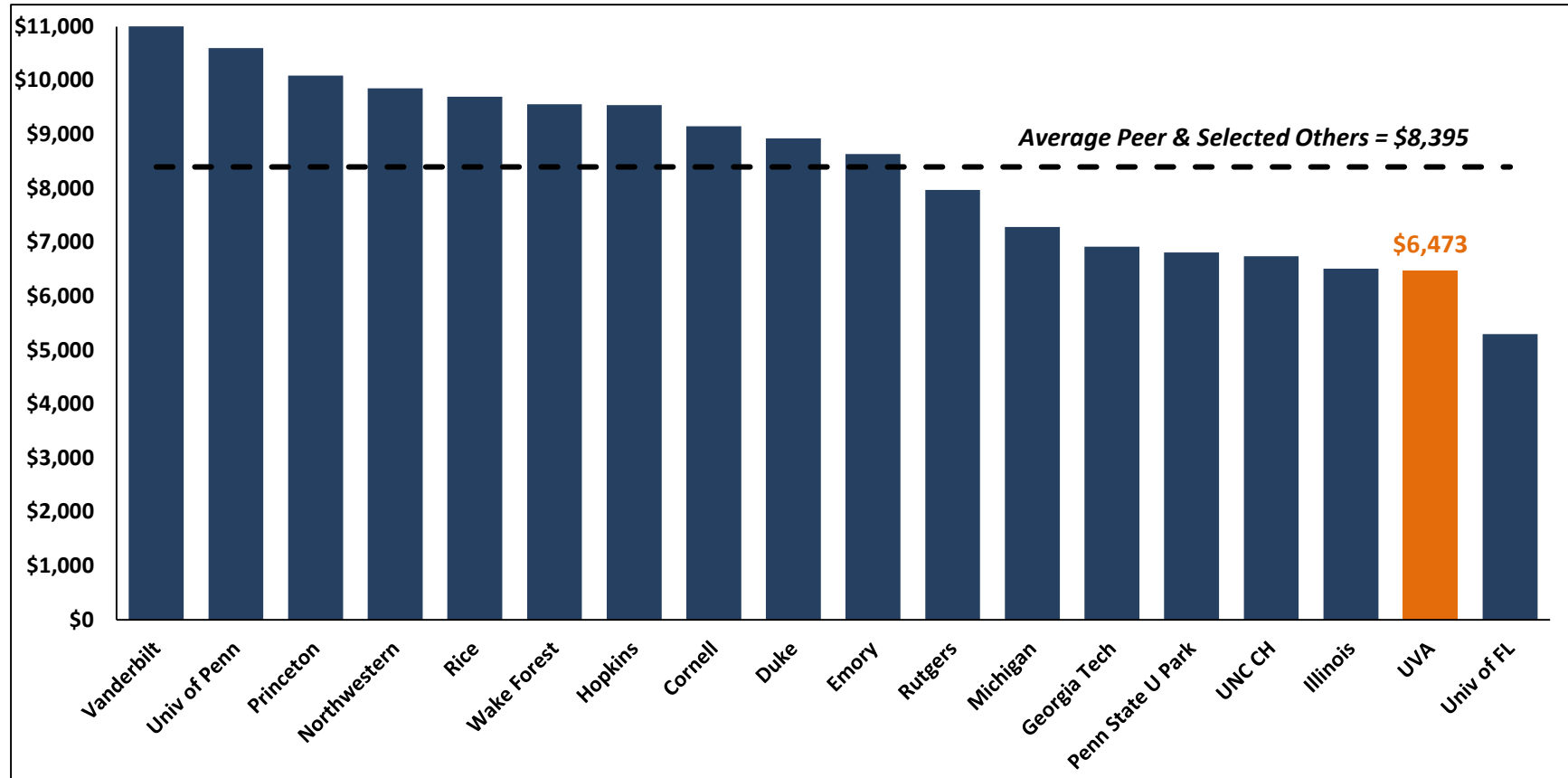
2.6% Average Increase

2020-2021 Student Housing Rates – Academic Division

Number of beds	7,190
Occupancy rate	98%
Average double-room rate increase (over 2019-20)	\$220 (3.4%)
Average double-room rate	\$6,693

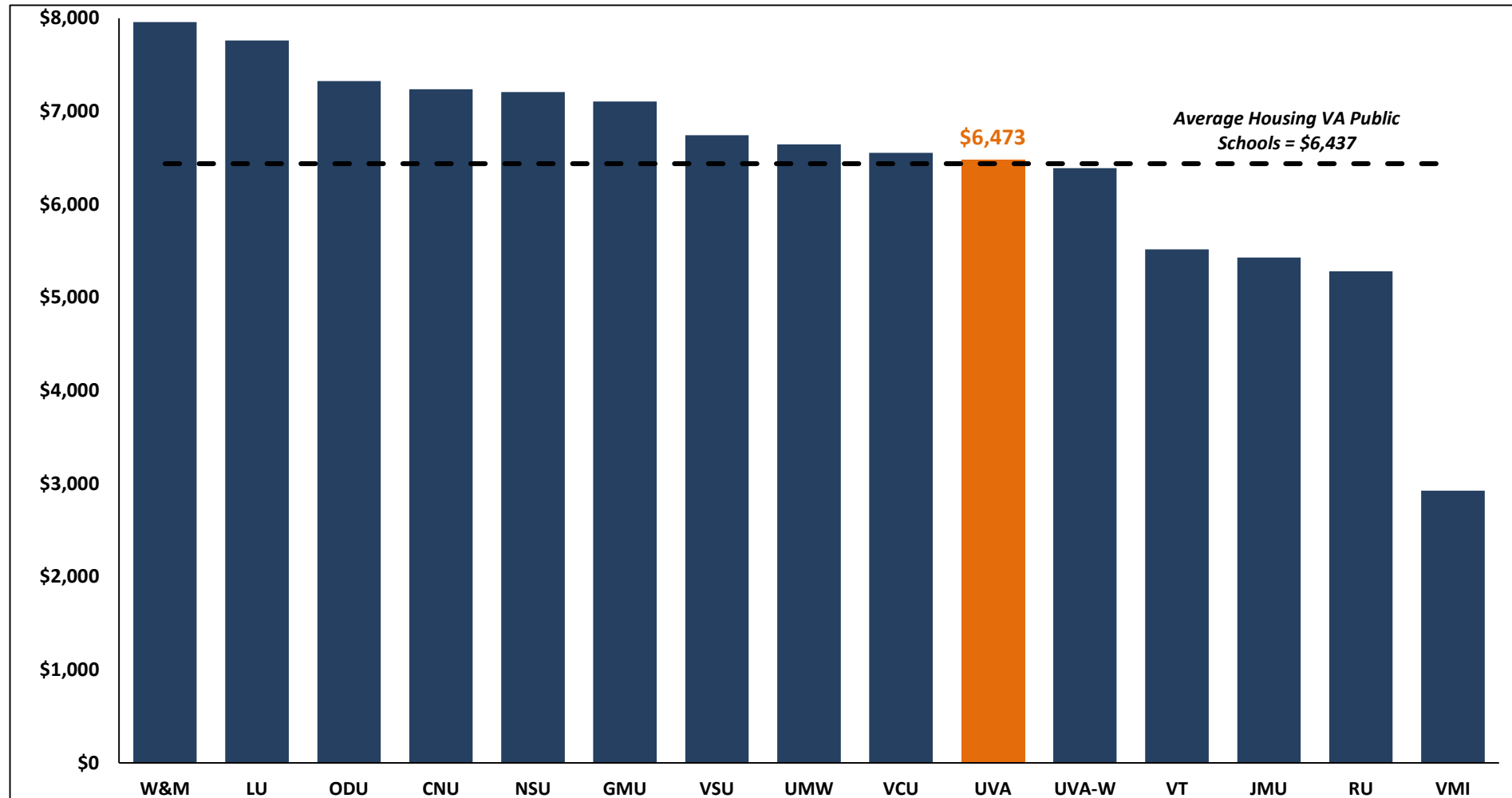
2019-2020 UVA Student Housing Rates

Peer & Selected Other Institutions Double Room Rate

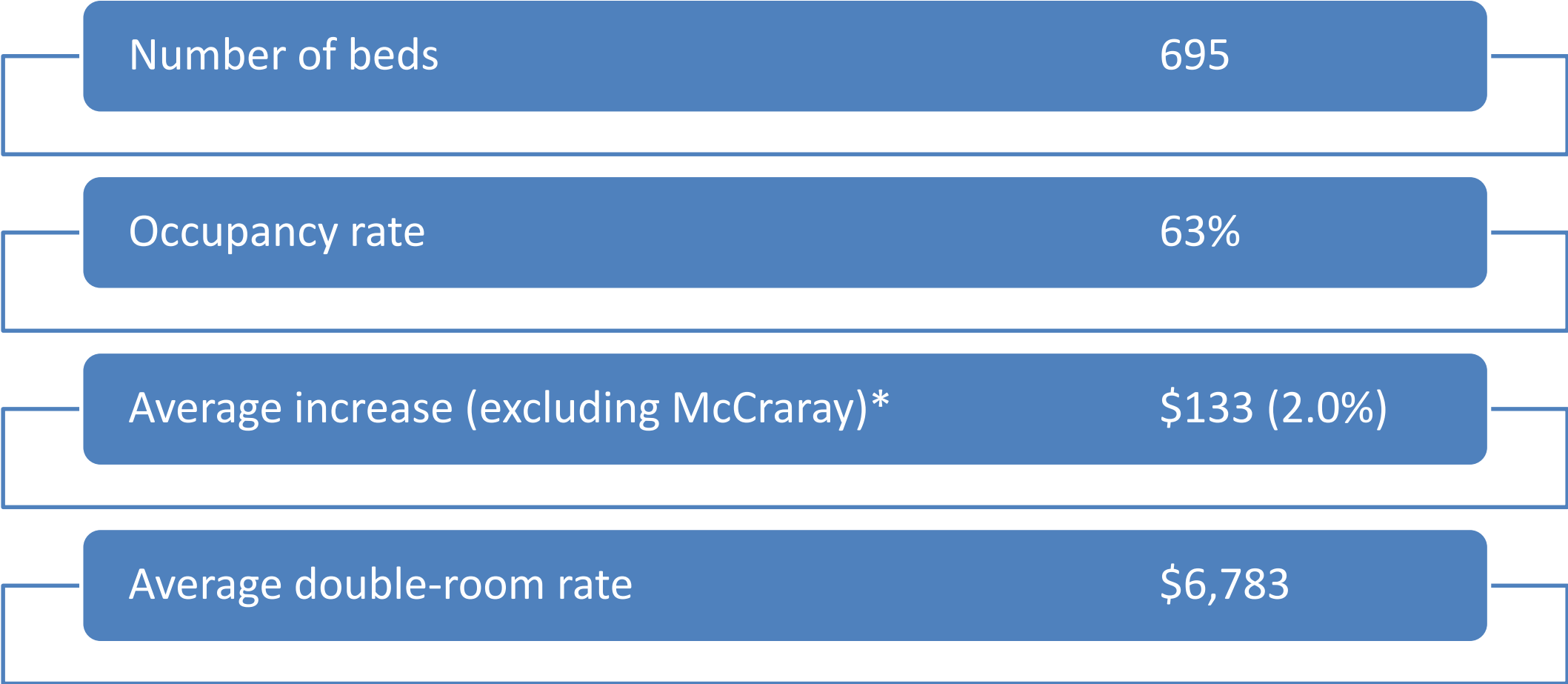


2019-2020 UVA Student Housing Rates

VA Public Institutions Double Room Rate



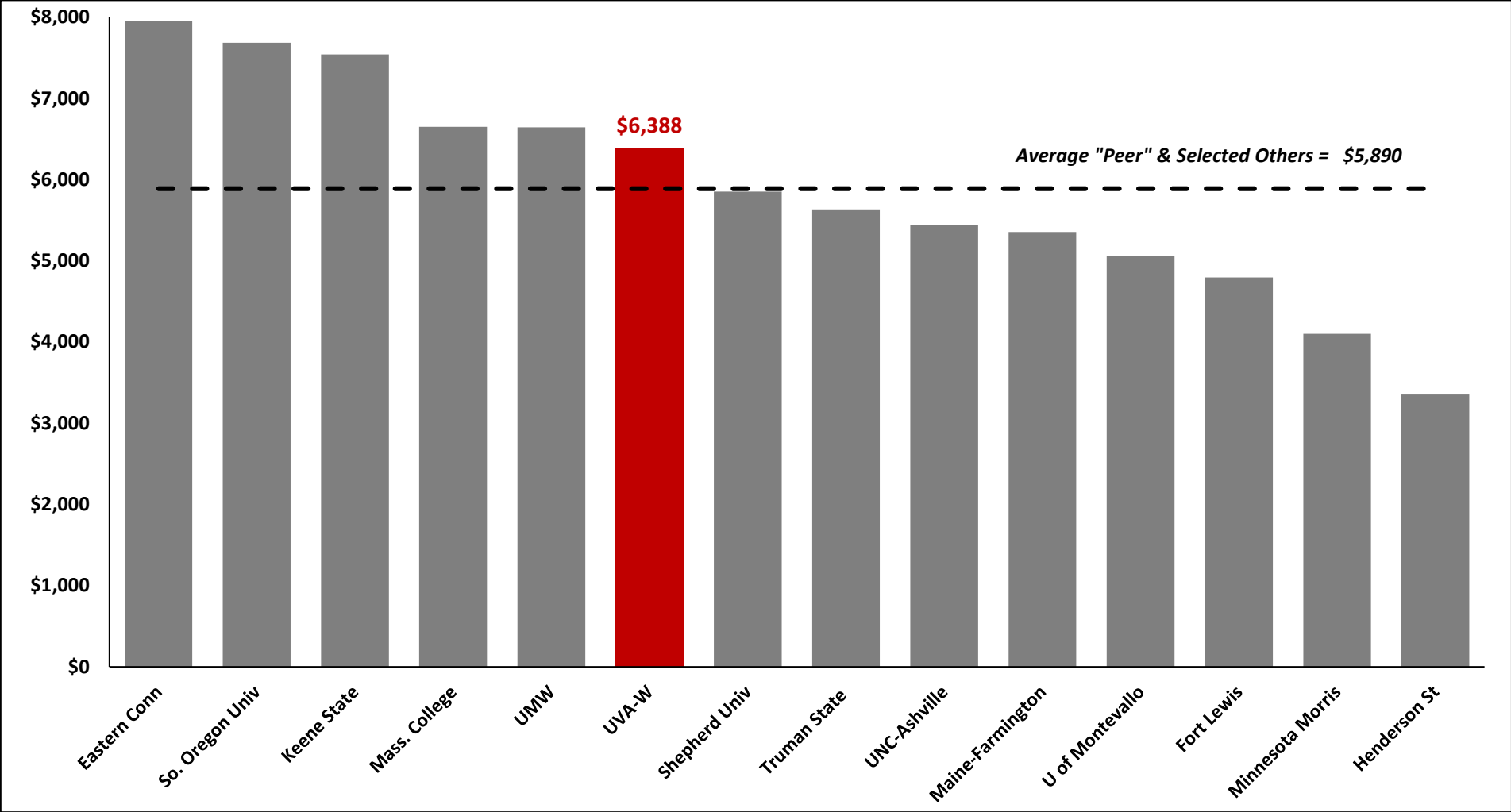
2020-2021 Student Housing Rates – College at Wise



*The 2019-20 rate for McCraray was \$5,737; the 2019-20 rate for all other residence halls was \$6,650. Moving to one rate for all residence halls in 2020-21.

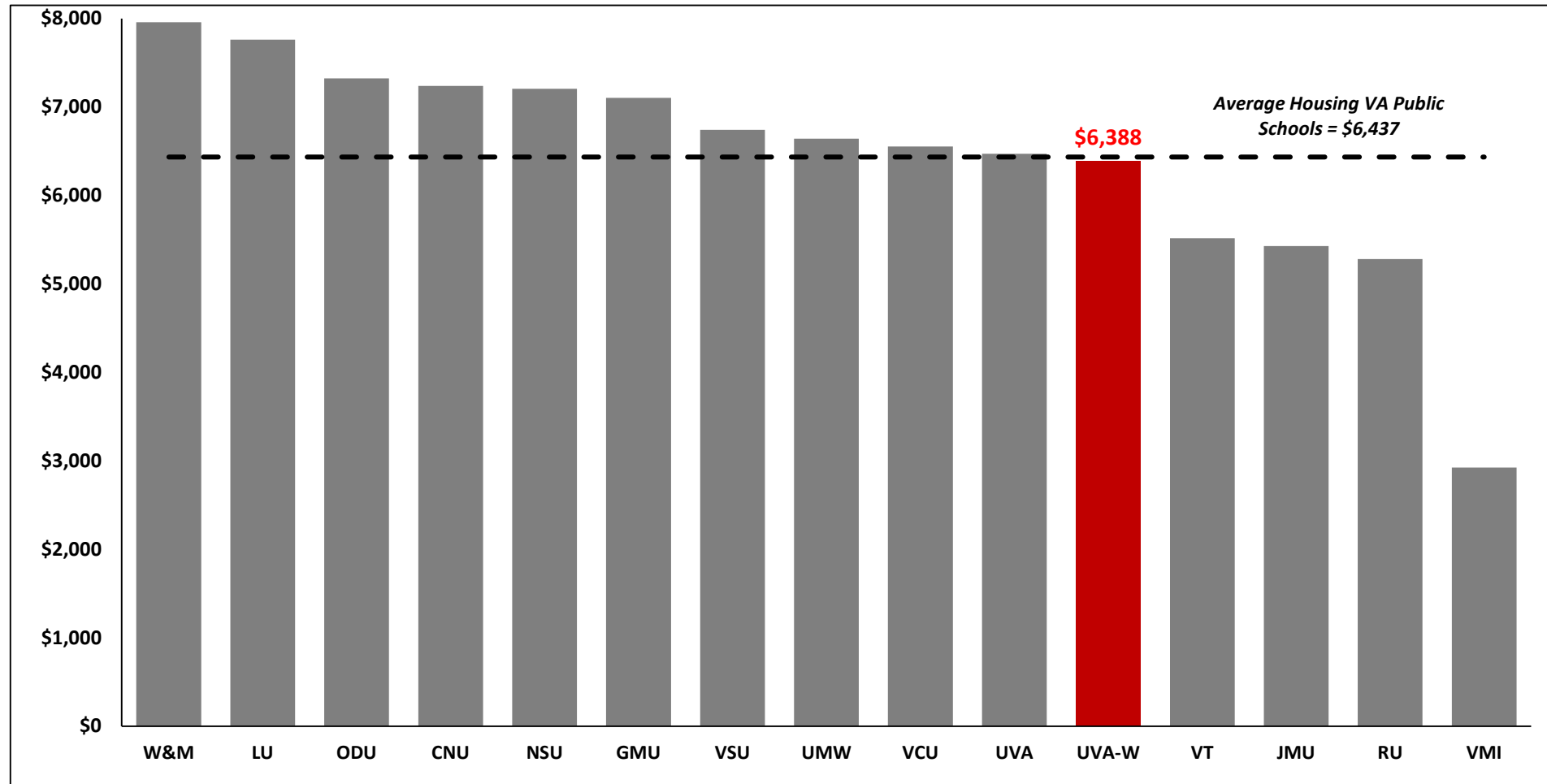
2019-2020 UVA-Wise Student Housing Rates

Peer & Selected Other Institutions Double Room Rate



2019-2020 UVA-Wise Student Housing Rates

VA Public Institutions Double Room Rate





2020-2021 CONTRACT RATES FOR DINING SERVICES

2020-2021 Dining Service Rates – Academic Division

Introducing new plans and option to use plus dollars as “Corner Cash”

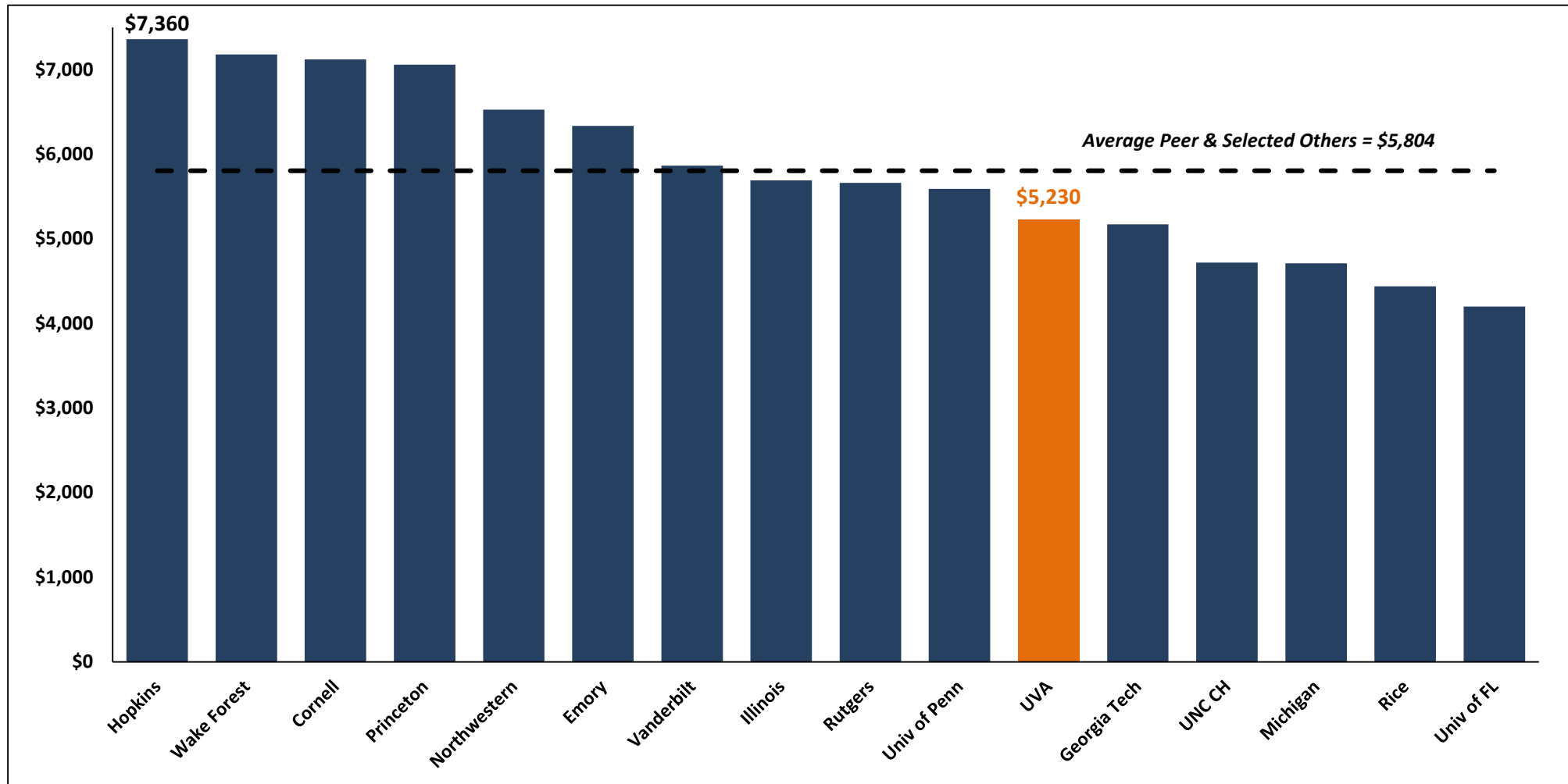
Proposed 2020-21 meal plan rates range \$1,600 - \$5,790

Proposed changes in meal plan rates (from 2019-20) -\$780 to +\$160

Proposed 2020-21 rates represent an average decrease of 3.3% (\$87)

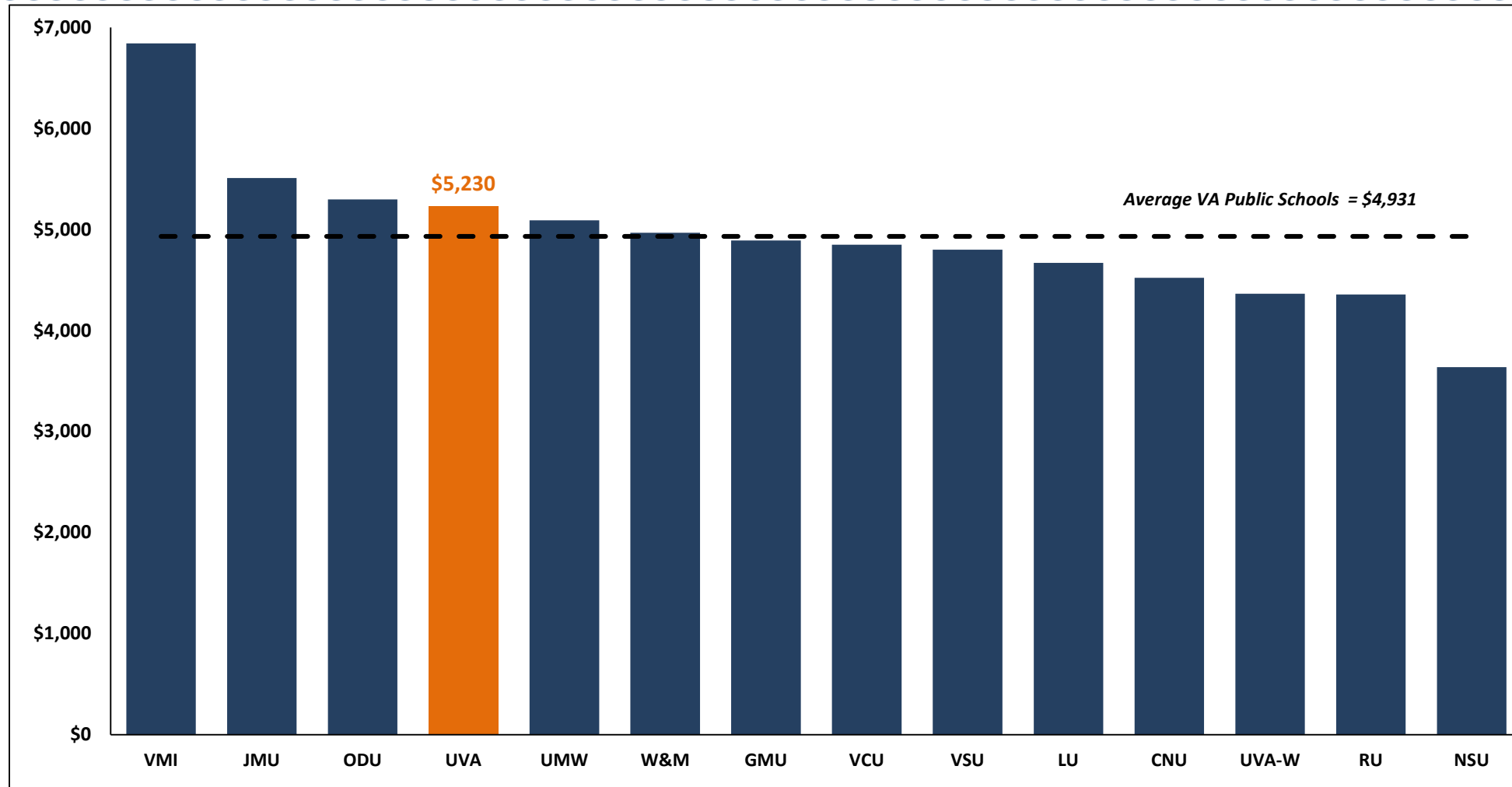
2019-2020 UVa Dining Meal Plan Rates

Peer & Selected Other Institutions Full Meal Plan Rate



2019-2020 UVa Dining Meal Plan Rates

VA Public Institutions Full Meal Plan Rate



2020-2021 Dining Service Rates – College at Wise

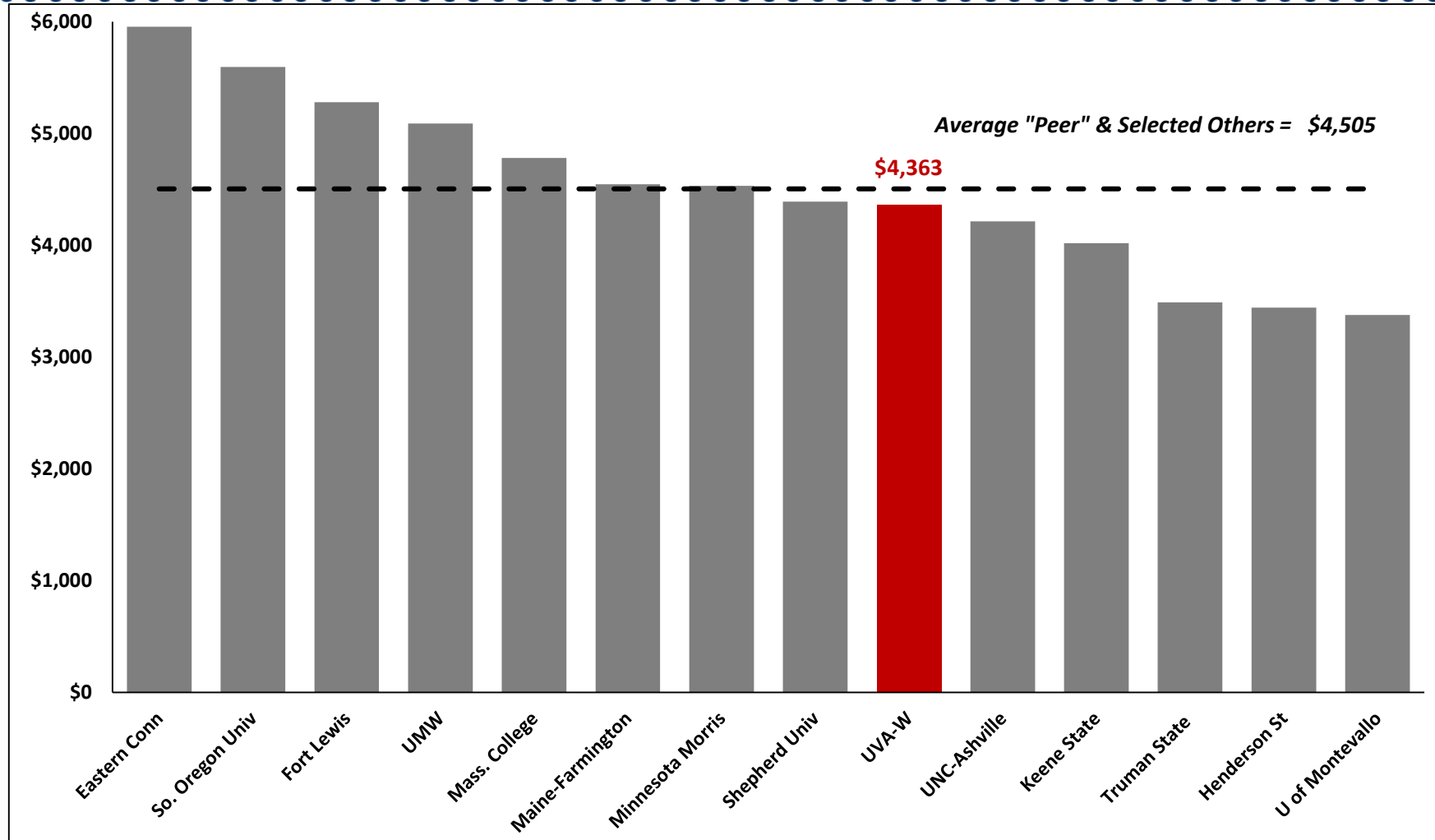
Proposed average increase (over 2019-20) 3.0%

Proposed increases (over 2019-20) \$3 - \$131

Proposed 2020-21 Meal Plan Rates \$180 - \$4,494

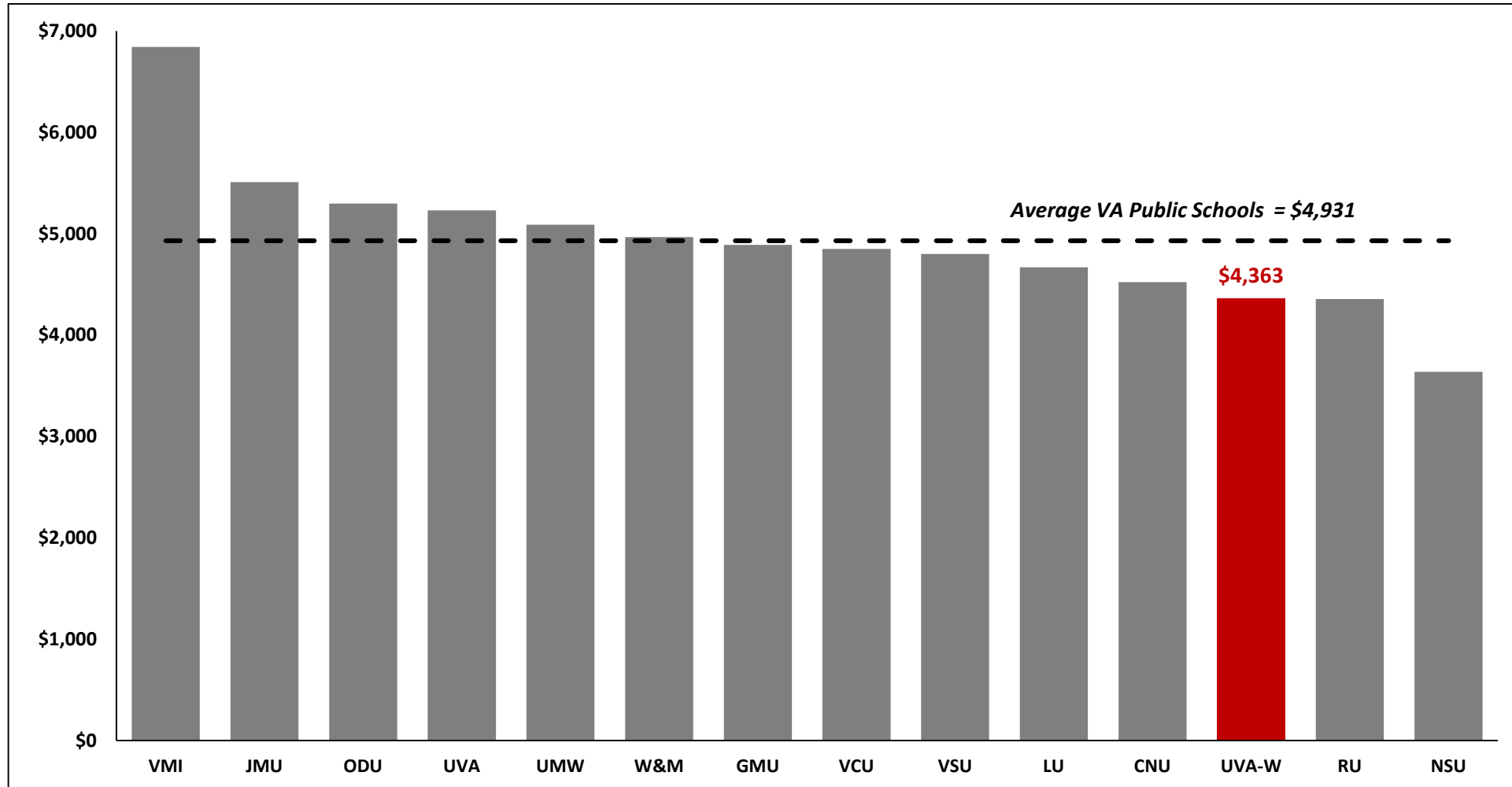
2019-2020 UVa-Wise Dining Meal Plan Rates

Peer & Selected Other Institutions Full Meal Plan Rate



2019-2020 UVa-Wise Dining Meal Plan Rates

VA Public Institutions Full Meal Plan Rate





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MAJOR CAPITAL PROJECTS FINANCIAL PLANS

Financial Plan: University Hotel and Conference Center

- Recommendation of the 2017 Hospitality Task Force and Emmet Ivy Task Force
- Project scope approved by the Board of Visitors in March 2019: 220,000 GSF hotel with 225 guest rooms and 25,000 GSF of conference center space
- Sited adjacent to Ivy-Emmet Parking Garage
- University is pursuing partnership with third party to operate the hotel and conference center
- Estimated project budget of \$100.0 million:
 - Approximately \$80.0 million debt
 - Up to \$20.0 million equity contribution



Financial Plan: Inn at Darden

- Project scope approved by the Board of Visitors in June 2018:
 - 198,000 GSF hotel with 199 guest rooms and 12,000 GSF of conference center space
 - Adjacent 6.5-acre arboretum with event terraces and teaching amphitheater
- Estimated project budget of \$135.0 million:
 - \$30.0 million in gifts
 - \$91.5 million in debt (issued by Darden Foundation)
 - \$13.5 million equity contribution (from Darden Foundation assets)



Financial Plan: Athletics Complex Phase II Schematic Design



- Project scope for Phase II of the Athletics Complex, approved by the Board of Visitors in September 2018:
 - Football Operations Building
 - Olympic Sports Building
 - McCue Center renovation
- Projected cost to complete schematic design and provide additional fundraising material: \$6.0 million funded short-term via debt (repaid by gifts)



ESTABLISHMENT OF QUASI-ENDOWMENT

Darden School of Business Quasi-Endowment Fund

The Darden School of Business wishes to invest \$12.2 million into a new unrestricted quasi-endowment fund.



Operating reserve balance at June 30 is approximately \$25.3 million.

- \$8.9 million of unspent endowment distribution
- \$3.3 million from the endowment administrative fee distribution



DISINVESTMENT OF QUASI-ENDOWMENT

School of Medicine Divestment of Quasi-Endowment Funds

The School of Medicine wishes to divest the balance in two quasi-endowment funds.

- Balances at October 31, 2019
 - Sundry Gifts Restricted Quasi-Endowment Fund: \$2.2 million*
 - Adenosine Patent Royalty Unrestricted Quasi-Endowment Fund: \$8.5 million *
- * Or the full market value at the time of divestment

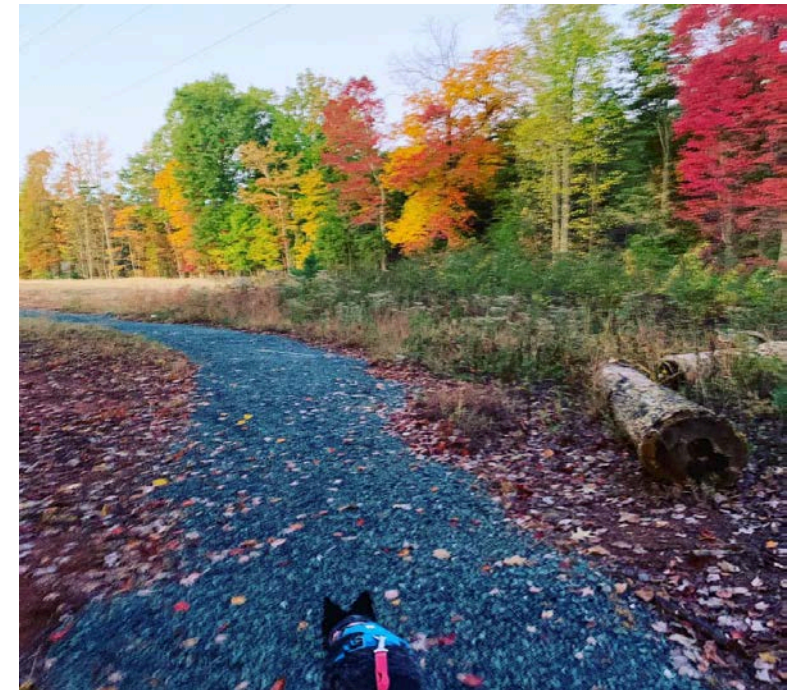




DELEGATION OF SIGNATORY AUTHORITY

Delegation of Signatory Authority for Medical Center Contract

- Board approves execution of any contract where annual spending exceeds \$5 million
- Contract is with Qualivis, LLC, for interim clinical staffing (nurse travelers)
- Projected annual savings are \$1.35 million annually
- Health System Board recommends approval of by the Finance Committee and the Full Board



EXECUTIVE VICE PRESIDENT'S REMARKS





Economic Development Report:

The University for Virginia



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Financial Report 2018-19