



UNIVERSITY
of VIRGINIA

Board of Visitors Finance Committee Meeting
December 11, 2020



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ACTION ITEMS:

1. Operating Amendments to the 2020-2022 Biennial Budget
2. Major Capital Project Financing Plans
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OPERATING AMENDMENTS TO THE 2020-2022 BIENNIAL BUDGET

General Fund Amendments to the 2020-2022 Biennial Budget – Academic Division

Academic Division

Operating Amendments	FY21 Request	FY22 Request
Operations & Maintenance for New Facilities	\$146,239	\$261,471
UVA Health Plan – State’s Share	\$439,085	\$875,481
Utilities– State’s Share	\$1,101,600	\$2,203,200

General Fund Amendments to the 2020-2022 Biennial Budget – College at Wise

College at Wise

Operating Amendment	FY21 Request	FY22 Request
Support for COVID-19 Impact	\$0	\$1,000,000

General Fund Amendments to the 2020-2022 Biennial Budget – Medical Center

Medical Center

	FY21 Request	FY22 Request
Operating Amendments		
Changes to Indigent Care Guidelines	\$5,000,000	\$5,000,000
Support for Fiscal Year 2020 COVID Expenses	\$3,200,000	\$0



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MAJOR CAPITAL PROJECT FINANCIAL PLANS

Financial Plan: Smith Hall Renovation

- Approved by Board of Visitors in June 2020 to renovate and repurpose Smith Hall for academic, administrative, and programmatic spaces
- New Alumni and Lifelong Learning Center will create dynamic spaces for alumni, participants in executive education programs, and corporate sponsors
- Estimated project budget of \$14.0M:
 - \$7.2M in gifts
 - \$6.8M in debt (repaid by private gifts)



Rendering from the Arboretum looking west towards Smith Hall

Financial Plan: School of Data Science

- Approved by Board of Visitors in June 2019
 - 61,000 GSF, four-story facility located at the southeast corner of the Ivy Corridor precinct
 - Includes four “smart” classrooms, faculty offices, variety of meeting and research areas
 - Robust AV equipment and furniture to create collaborative workspaces
- Estimated project budget of \$48.0M:
 - \$5.5M in gifts
 - \$42.5M in debt (repaid by private gifts and endowment earnings)



Financial Plan: McIntire Academic Facility

- Approved by Board of Visitors in June 2017
 - Renovation and expansion of Cobb Hall provides just over 100,000 GSF space to advance McIntire’s long-term growth plan
 - Mix of student, faculty, and staff spaces will support innovation, emerging technology, media production, data analytics, and visualization
- Estimated project budget of \$101.0M funded initially via debt to bridge collection of cash payments on committed philanthropic gifts



Financial Plan: Ivy Corridor Landscape and Infrastructure

- Approved by Board of Visitors in June 2017
 - Full site development and utility design
 - Extensive coordination with the City and with School of Data Science and UVA Hotel & Conference Center projects
 - Stream and stormwater remediation
 - Demolition of the Dynamics Building
- Estimated project budget of \$60.0M:
 - \$4.0M in cash
 - \$47.0M in bond proceeds
 - \$9.0M in debt (repaid by utilities account)





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SIGNATORY AUTHORITY FOR MEDICAL CENTER CONTRACTS

Delegation of Signatory Authority for Medical Center Contract

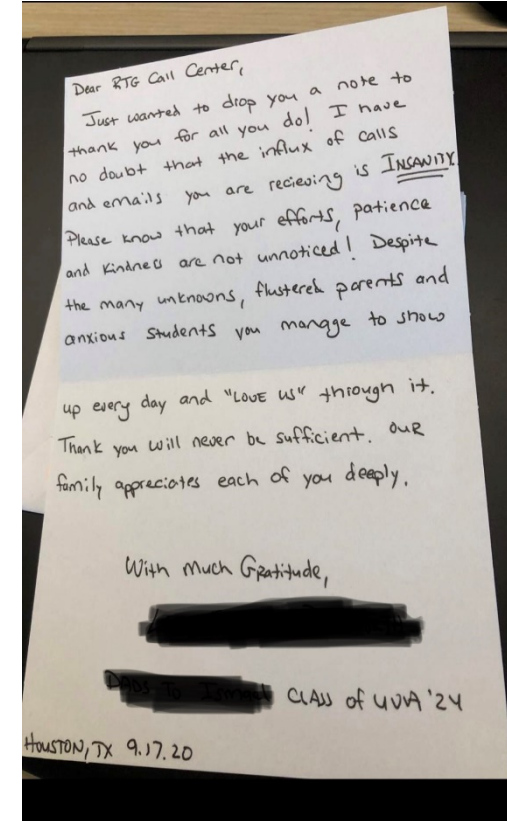
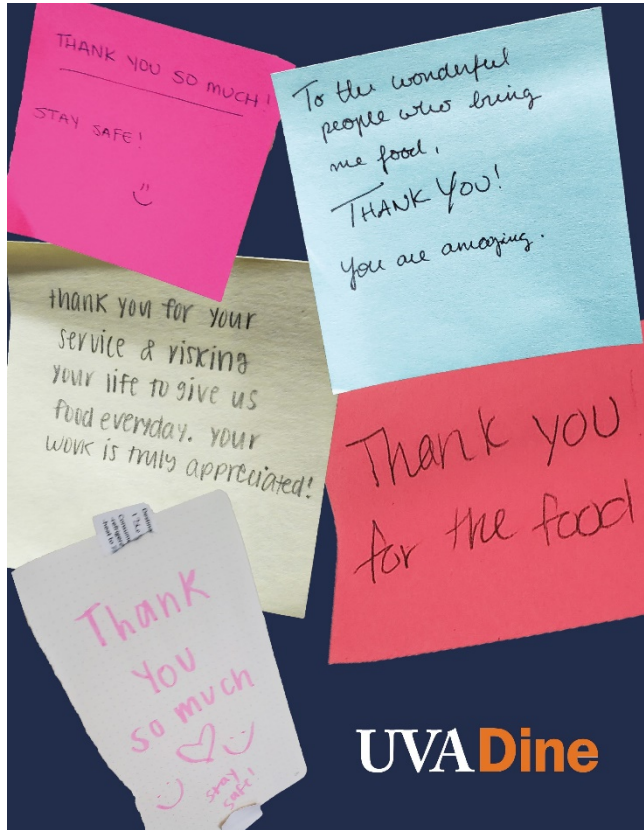
- Board approves execution of any contract where annual spending exceeds \$5 million
- Contracts are with:
 - Cardinal Health for pharmacy distribution services
 - CDW Government LLC for computing equipment hardware, software & services
 - Qualivis, LLC for interim clinical staffing (nurse travelers)
- Health System Board recommends approval of by the Finance Committee and the Full Board

EXECUTIVE
VICE
PRESIDENT
& CHIEF
OPERATING
OFFICER'S
REMARKS



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STAFF RECOGNITION



Updated FY21 One-Time COVID Financial Impact

	Total Estimate FY2021 <i>(projected)</i>
Expenditures <i>Testing and containment, quarantine/isolation, technology for online instruction and telework, modifications to the physical environment, PPE, etc.</i>	\$55 million
Lost Revenue <i>Athletics, housing, dining, January and Summer term, etc.</i>	\$20-70 million
Total Projected COVID Financial Impact	\$75-125 million

FY21 Financial Update and Observations

- Academic Division and Medical Center received \$96 million in **federal CARES Act funding**, over FY20 and FY21 to date: Higher Education Emergency Relief Funds (\$12 million), Coronavirus Emergency Relief Funds (\$44 million), and Provider Relief Funding (\$40 million)
- Academic Division and Medical Center implemented **significant spending reductions**: compensation and hiring freezes (both); furloughs (Medical Center); 8% budget cuts to central service units (Academic Division); and reductions in discretionary spending (travel, professional development, events).
- Within Academic Division, **athletics, housing and dining** have had the greatest negative impact. To remediate, they have implemented spending freezes, are drawing upon departmental reserves, and will defer internal debt repayment by one year. We will need to provide institutional subsidies to fully remediate these units.

FY21 Financial Update and Observations

- **Medical Center activity has recovered** from the March – May ban on elective surgeries.
- Issued \$600 million in 30-year **taxable debt** at (then) lowest higher ed or corporate rate ever to provide financial flexibility.
- **Delayed distributions from the Strategic Investment Fund** while assessing current financial situation (expect to resume strategic investments in the second half of FY21).
- **Enrollment remained at target** for FY21 (some softening in graduate international enrollment) and **early action/decision applications for Fall 2021 are highest ever.**



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Financial Report 2019-20

