



UNIVERSITY
of VIRGINIA

**Board of Visitors Finance Committee Meeting
December 7, 2018**



Agenda

CONSENT AGENDA

1. Capital Investment for the New Rehabilitation Hospital
2. Capitalization of Accumulated Endowment Distribution

ACTION ITEMS

3. Distinguished Professorships in Biocomplexity Quasi-Endowments
4. 2019-2020 Tuition and Required Fees for the Academic Division and the College at Wise
5. 2019-2020 Faculty, Staff and Student Housing Rates
6. 2019-2020 Contract Rates for Dining Services for the University of Virginia and the College at Wise
7. Major Capital Project Financing Plan for the Ivy Mountain Central Utility Plant (Revised)

REPORT

8. HR System Transformation and Planned System Go-Live



CAPITAL INVESTMENT FOR THE NEW REHABILITATION HOSPITAL

Capital Investment for the New Rehabilitation Hospital

- New 70-bed rehabilitation hospital to be constructed on land in the UVA Research Park, previously approved by the Board of Visitors
- Additional capital investment (up to \$20 million) in an existing joint venture known as UVA Encompass Health Rehabilitation Hospital, LLC
- Delegation of authority to the Executive Vice President for Health Affairs to execute one or more amendments to Operating Agreement and any other related necessary documents for UVA Encompass Health Rehabilitation Hospital, LLC



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CAPITALIZATION OF ACCUMULATED ENDOWMENT DISTRIBUTIONS

Capitalization of Accumulated Endowment Distribution

Capitalization of previously earned endowment income will provide additional funding for University initiatives

- \$3.7 million in the Commonwealth Fund - a restricted endowment for chaired professorships
- \$4.5 million in the Davenport Fund - an unrestricted quasi-endowment
- \$16.5 million in the Robert C. Taylor Fund - an unrestricted quasi-endowment
- \$4.0 million in the Edgar F. Shannon, Jr. Center for Advanced Studies Endowment - an unrestricted quasi-endowment designated for the Center

Proceeds From Sale of Property Gifted to the University

- \$8.8 million was netted from the November 2018 sale of property gifted to the University in 1963
- 1988 BOV resolved that all unrestricted gifts to the University will be deposited into the unrestricted quasi endowment
- The addition to the unrestricted quasi-endowment will provide additional sustainable funding for University initiatives



DISTINGUISHED PROFESSORSHIPS IN BIOCOMPLEXITY QUASI-ENDOWMENTS

Distinguished Professorships in Biocomplexity Quasi-Endowments

Create three quasi-endowments to support professorships for the new Biocomplexity Institute

- \$5.0 million Professorship: from EVP/ Health Affairs' start-up package
- \$3.0 million Professorship: from liquidated HOPE Physician Incentive Quasi-Endowment
- \$1.4 (estimated) million Professorship: from the remaining balance of the liquidated HOPE Physician Incentive Quasi-Endowment



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**2019-2020 TUITION & REQUIRED FEES
ACADEMIC DIVISION & COLLEGE AT WISE**

Tuition Philosophy

- Prioritize **Affordability, Accessibility and Maintaining High Quality**
 - Metrics – graduation rates, job and graduate school placement, minimal tuition increases
 - AccessUVA meets 100% of demonstrated need for all undergraduate students
- Tuition is last resort; look first to other revenue sources and opportunities for spending efficiencies, etc.

#3

BEST PUBLIC NATIONAL UNIVERSITY

2019 U.S. NEWS & WORLD REPORT

#25

BEST NATIONAL UNIVERSITY

2019 U.S. NEWS & WORLD REPORT

#2

BEST-VALUE PUBLIC UNIVERSITY

2019 U.S. NEWS & WORLD REPORT

#1

BEST-VALUE PUBLIC COLLEGE

2018 PRINCETON REVIEW

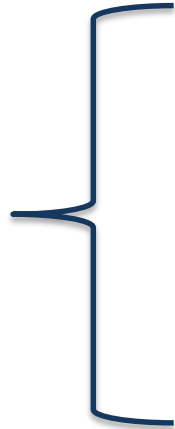
#7

BEST-VALUE PUBLIC COLLEGE

2018 MONEY MAGAZINE

AccessUVA

Virginia families receive



under \$30,000

- **Grants covering tuition, fees, room, and board**

income under \$80,000

- **Grants covering tuition and fees**

Loan Caps over Four Years

- **\$ 4,000: low-income Virginians**
- **\$18,000: other Virginians**
- **\$28,000: non-Virginians**

Students with need

33%

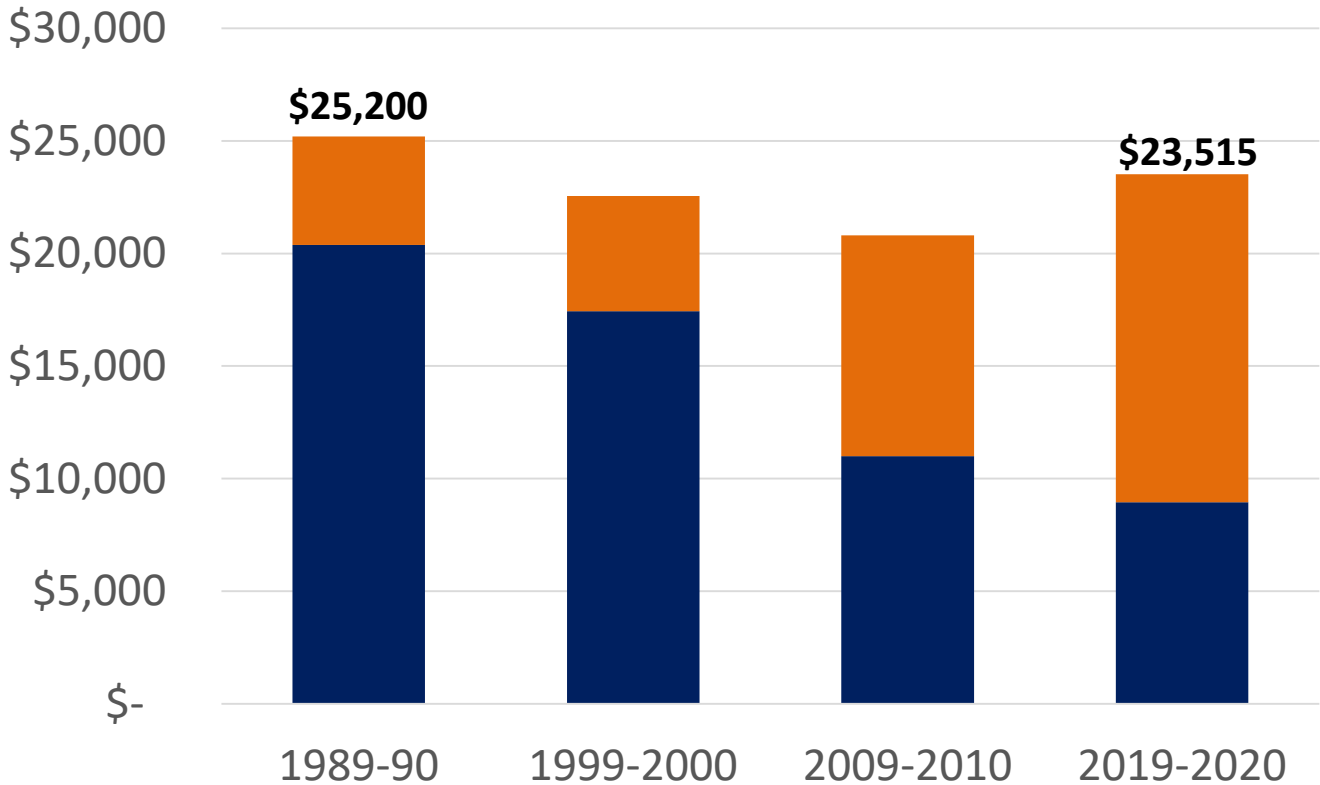
Need met for all undergrads

100%

Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs (in 2019 dollars)

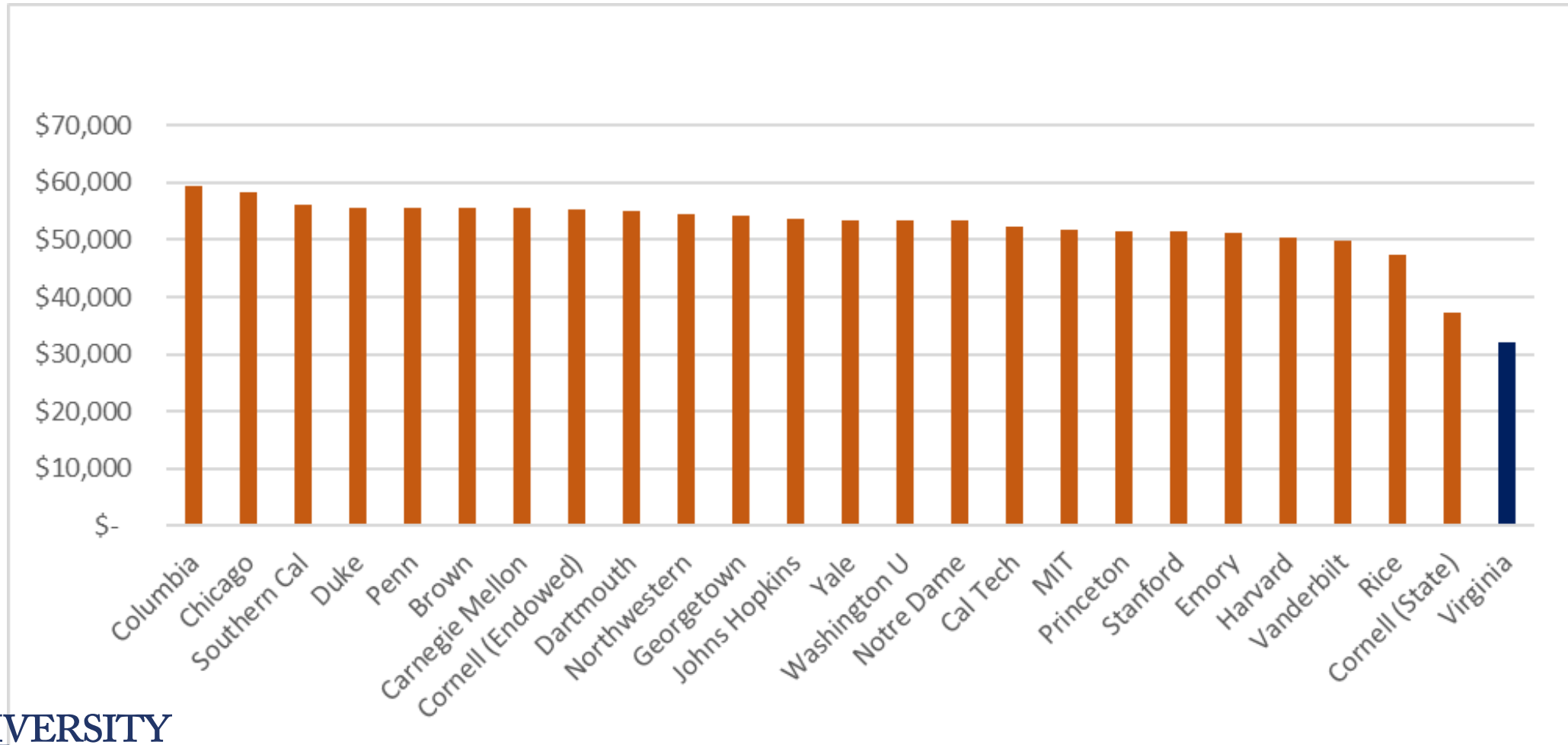
- Responsibility for funding educational costs has shifted from the taxpayer to the student
- Over 30 years, the combined investment from student and state is less than 1989-90 (inflation-adjusted)
- Increases in tuition have not kept pace with declines in general funds, **leaving a gap of \$1,685 per student in 2019-20**
- Differential tuition, and increases in out-of-state tuition, endowment return, and philanthropy have been critical to maintain excellence

Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs (in 2019 dollars)

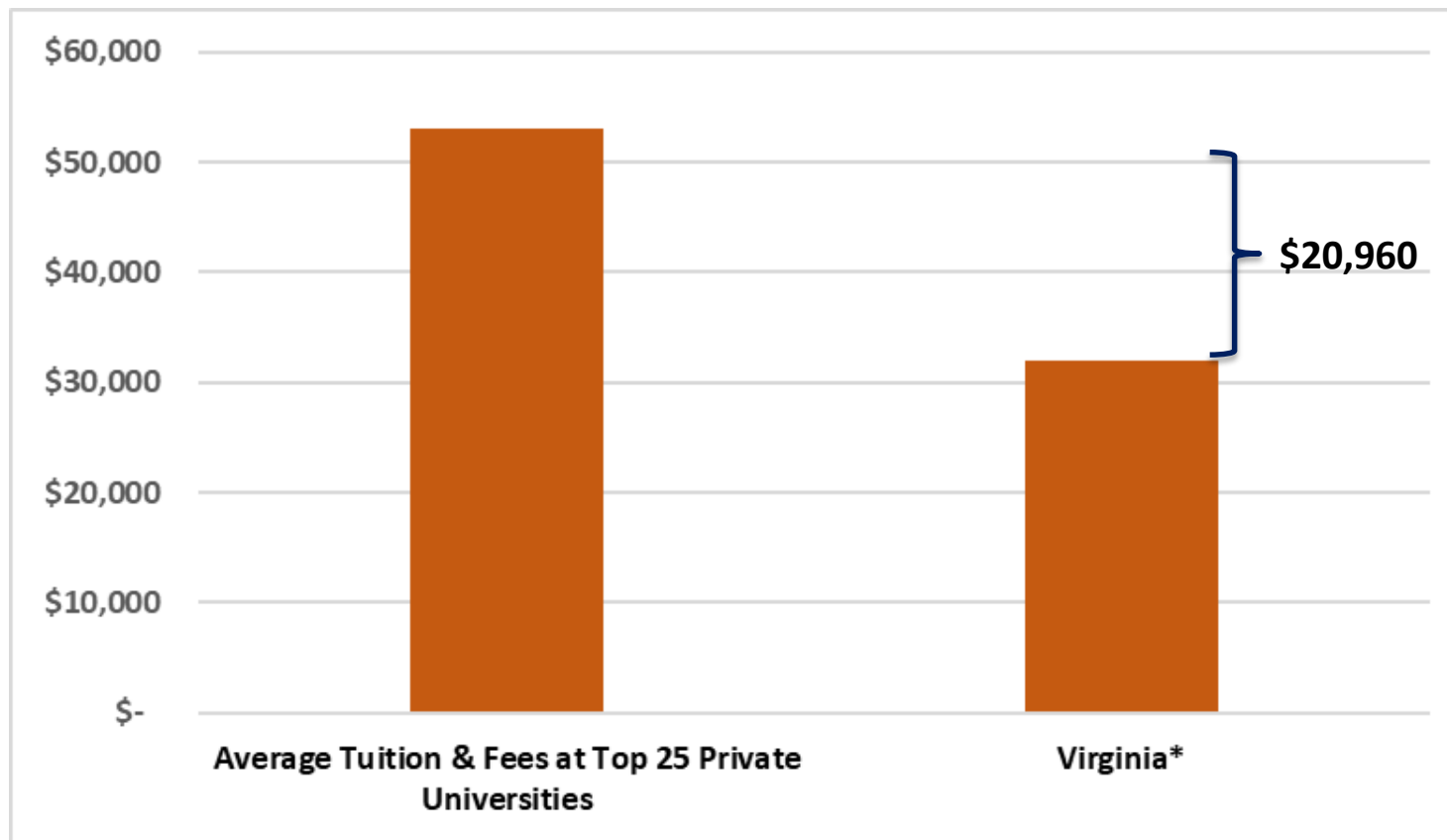


■ IS Undergraduate Tuition in the College
■ Unrestricted General Funds per IS Student

Tuition at 2018 U.S. News & World Report Top 25 Private Institutions vs. UVA's Weighted Average Undergraduate Tuition and General Funds/Student



Comparison of Private University Tuition & Fees (Top 25 USNWR) and UVA Weighted Average Tuition, Fees, and General Funds

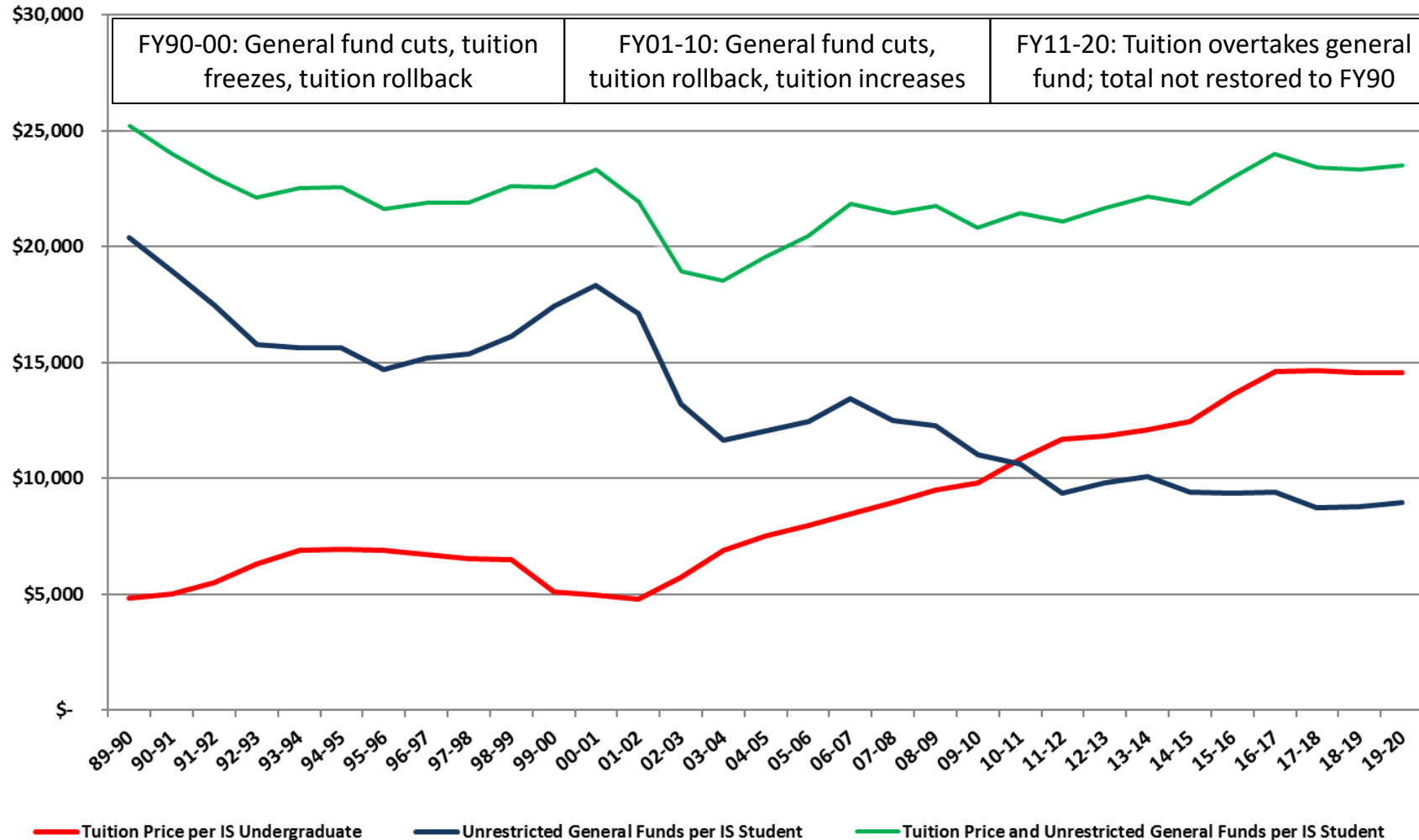


# of Students	Foregone Revenue
5,000	\$ 104.8 million
10,000	\$ 209.7 million
15,000	\$ 314.5 million

*Weighted average of out-of-state undergraduate tuition rates and in-state undergraduate tuition rates + average general funds/student

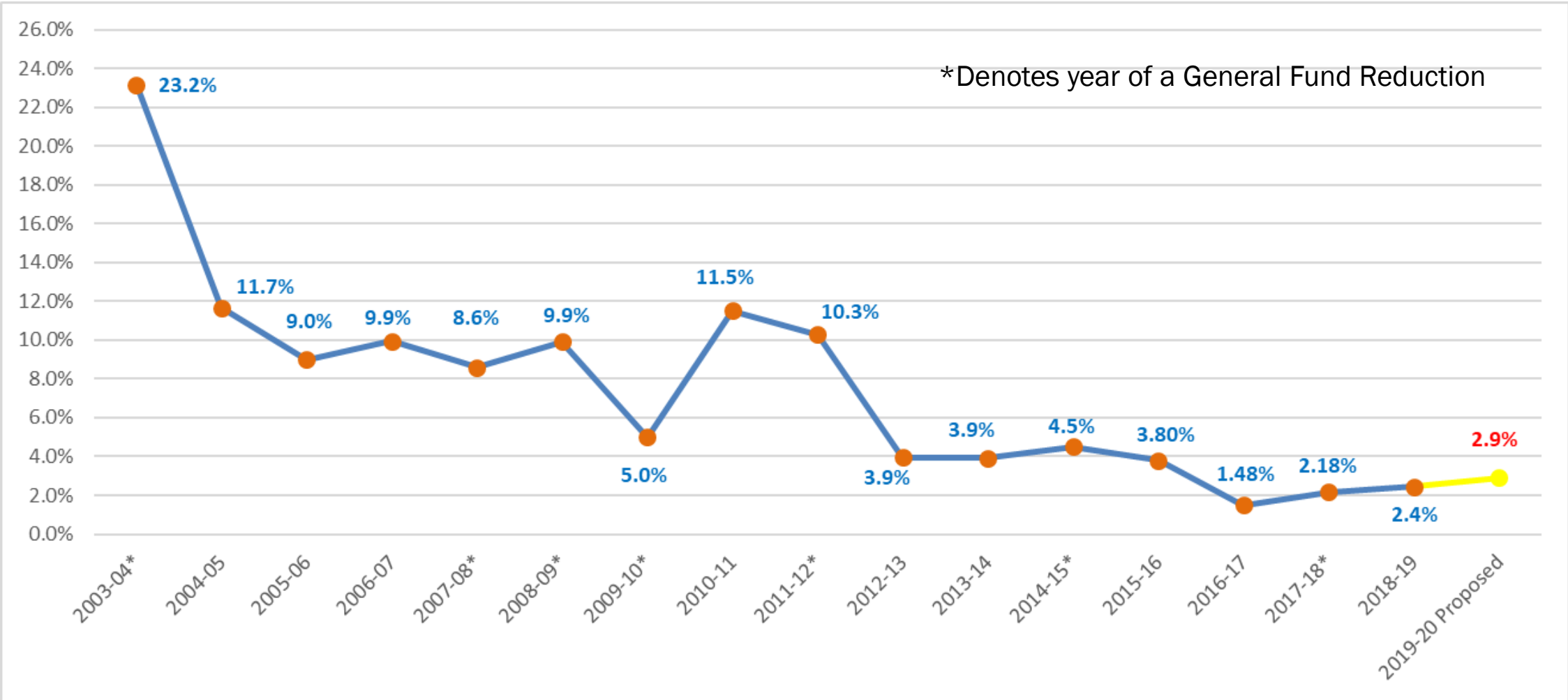
Thirty Year Relationship of State Appropriation and In-State Undergraduate Tuition

(in 2019 dollars)



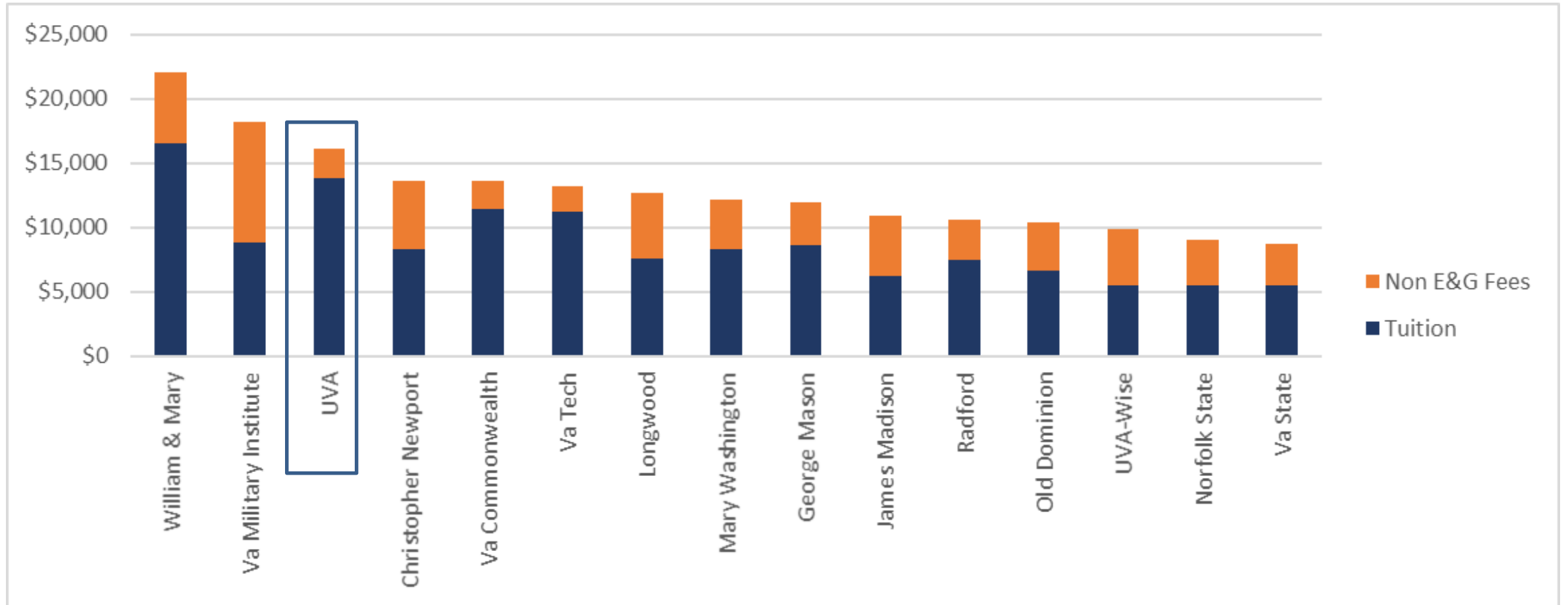
Note: Tuition used is the in-state, undergraduate College rate

In-State Undergraduate Tuition and E&G Fee Historical Rate Increases



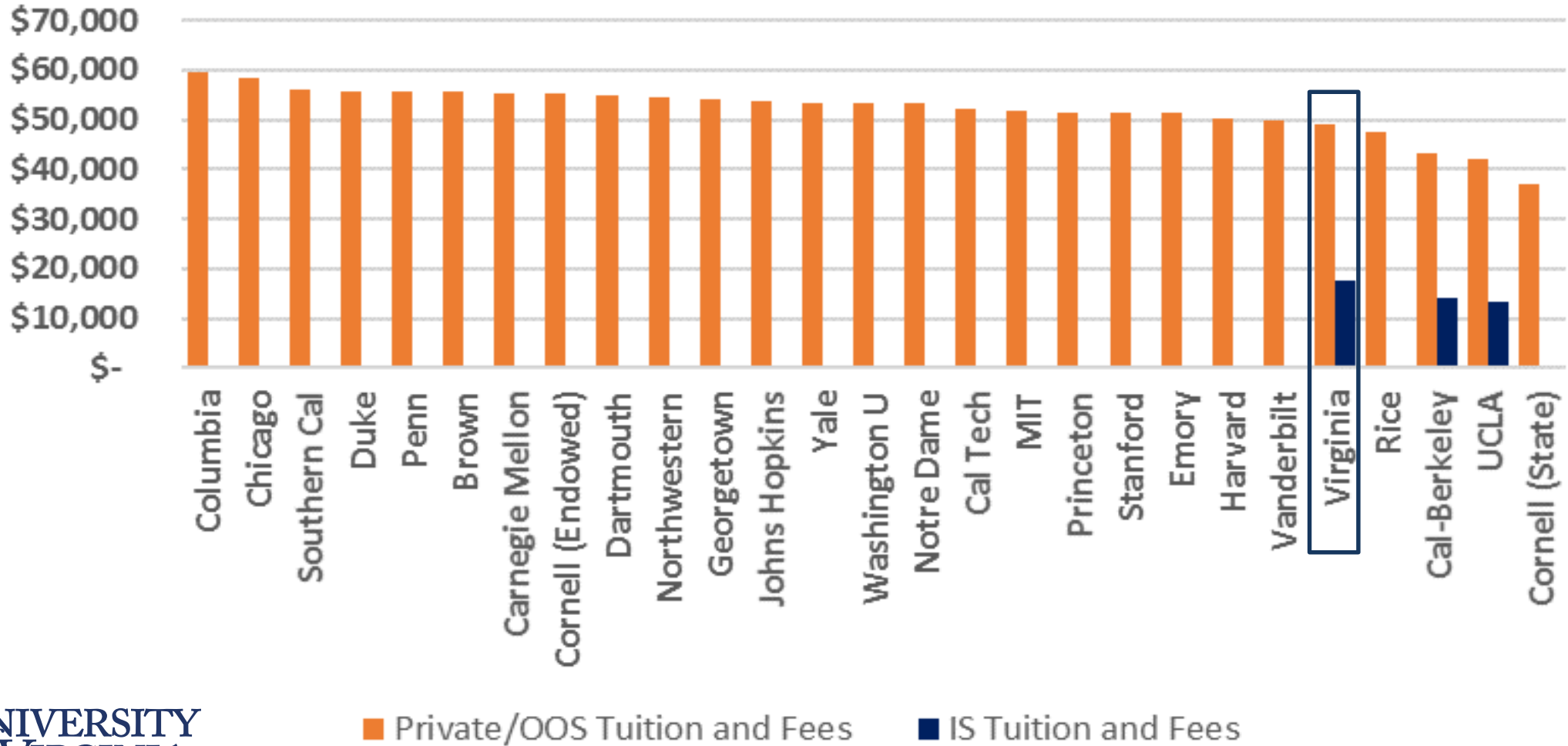
2018-19 Virginia Public Comparison

First Year Undergraduate In-State Tuition & Fees



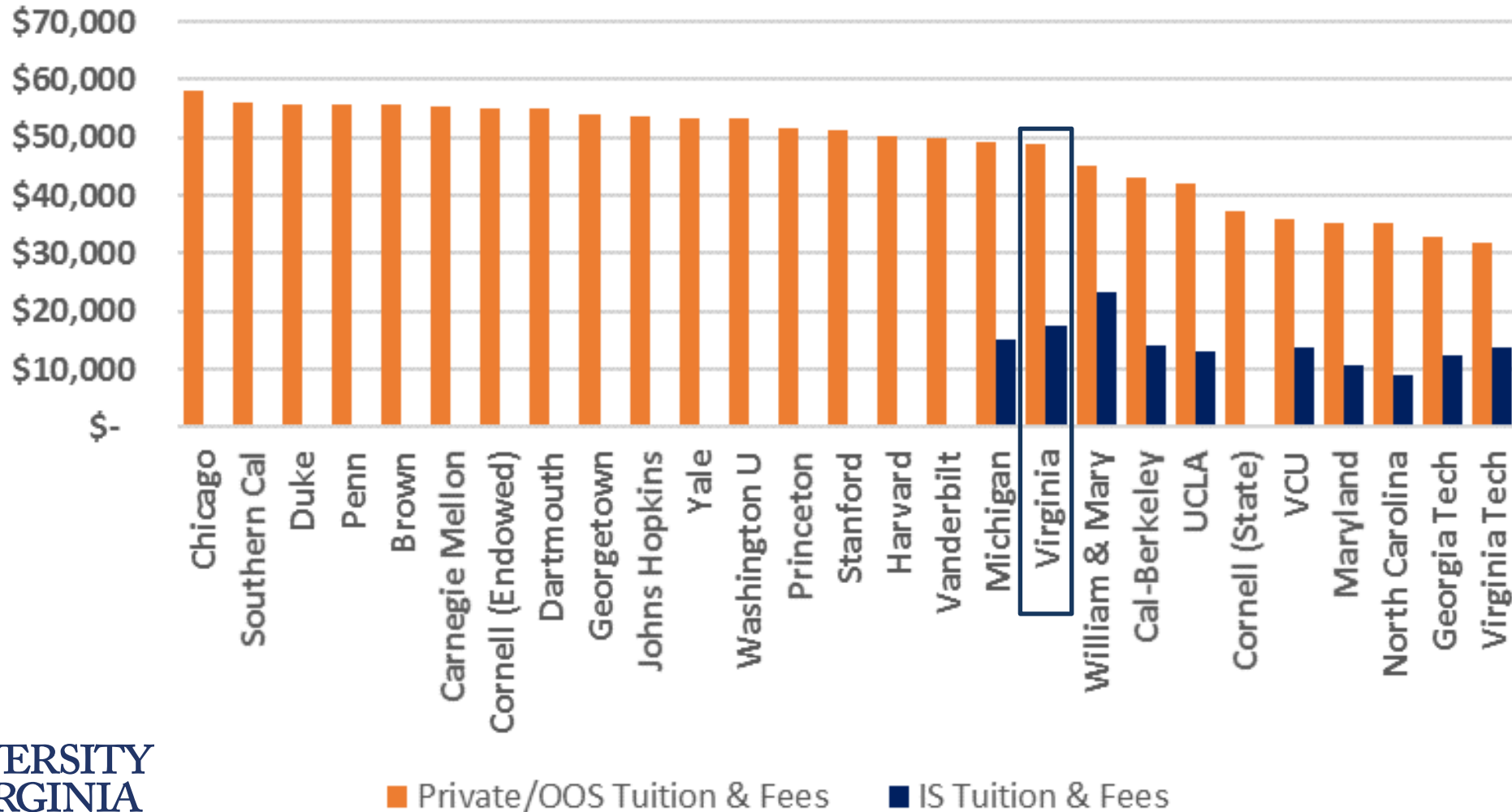
2018 U.S. News & World Report Top 25

2018-19 First Year Undergraduate Tuition and Fees



Fall 2017 Turndown Top 25

2018-19 First Year Undergraduate Tuition and Fees





2019-20 Operating Challenges and Opportunities

- +275 partnerships/cost-saving initiatives with an **annual savings of time and money = \$21.9 million, cumulative savings of \$82.1 million over 4 years**
- What does base tuition increase generate?
 - 2.9% in-state undergraduate: \$3.5 million
 - 3.5% out-of-state undergraduate: \$6.3 million
 - Graduate tuition proposal: \$3.5 million
- What cost increases are we facing?
 - 3% merit faculty increase: \$7.9 million
 - 3% merit staff increase: \$12.0 million
 - 2% inflationary cost on non-personal services: \$12.5 million
 - 3% increase in library materials: \$1 million
 - Increase student financial aid staff, first generation programming, student support in women's center and multi-cultural center, safety and security enhancements

Opportunities for Feedback from Community

- Sept 21:** Background/overview meeting with Student Tuition and Fee Committees
- Sept 26:** Public Meeting on Budget and Tuition Priorities
- Oct 2:** Student Council Meeting on Budget and Tuition Priorities
- Oct 25:** Student Tuition Committee meeting with School Assoc. Deans for Finance
- Nov 5/6:** Student Tuition Advisory Committee Meeting
- Nov 6:** Student Fee Advisory Committee Meeting
- Nov 7:** Public Notice of tuition and fees

2019-20 Tuition Feedback

- Early and frequent student engagement
 - Students expressed an interest in **expanded class offerings** in programs such as Asian Studies, Latinx, African-American Studies; **more diverse faculty**; **fair and equitable wages**; and **student support**, such as counseling, advising, student financial services.
 - Students were supportive if tuition increases are directly invested in improving the **quality of their education** and the **value of their degree**
 - Students asked questions about endowment investments, the budget decision process, construction costs, safety and security increases, and administrative salaries
 - November 7 public posting and opportunity for e-mail feedback
 - One e-mail comment received from an out-of-state parent

2019-20 Undergraduate Tuition and E&G Fee Proposal

Architecture, Nursing, Engineering, College, McIntire and Batten

In-state tuition: +2.9%

Out-of-state tuition: +3.5%

* Students entering the Nursing School, the Engineering School, the Batten School, and the McIntire School for the first time in Fall 2018 will pay step increases as approved by the BOV in December 2017

2019-20 Tuition and Fees Proposal (Ranges)

SCPS and Graduate/Professional Programs

School of Continuing and Professional Studies: Ranging from 2.8% to 3.0% per program

Graduate/Professional Programs

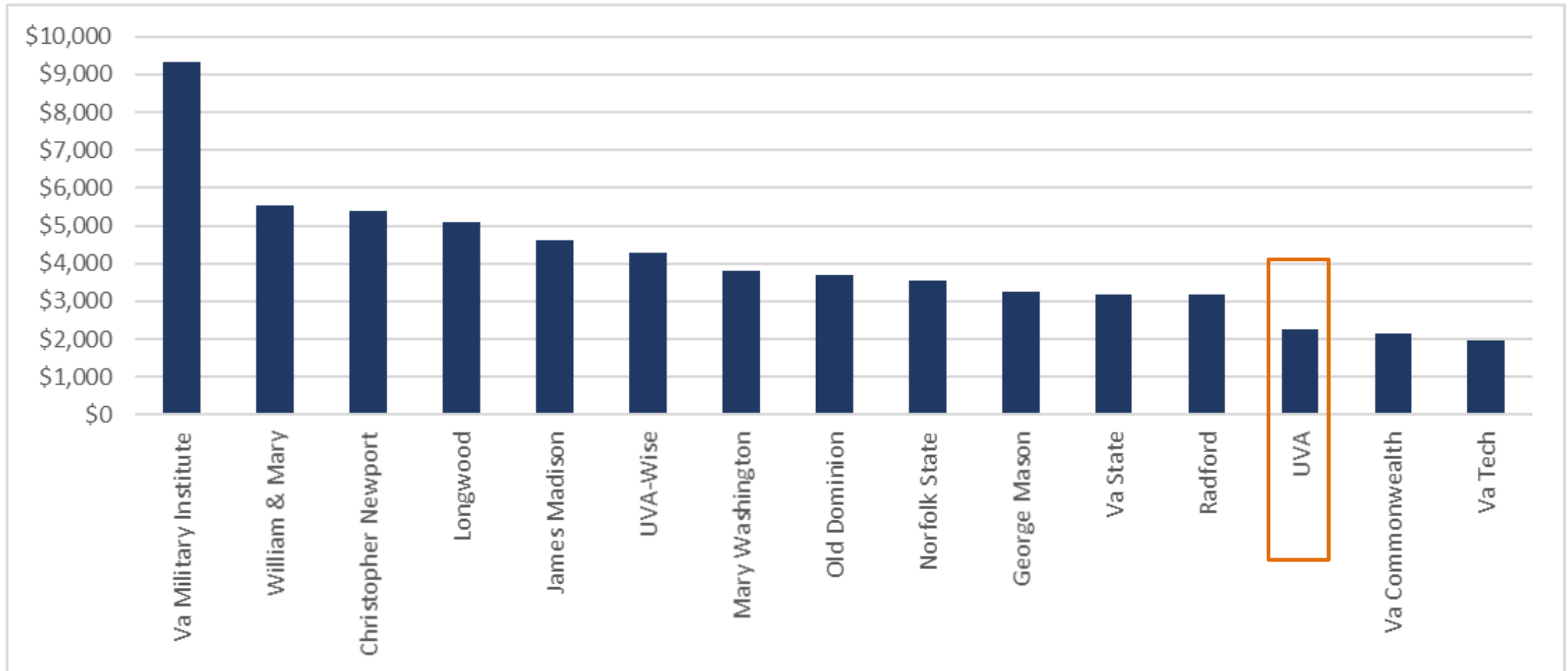
- Architecture: Ranging from 1.5% to 13.9% per program
- Arts & Sciences: Ranging from 3.5% to 4.1% per program
- Batten School of Leadership & Public Policy: Ranging from 2.5% to 2.7% per program
- Curry School: Ranging from 1.4% to 4.6% per program
- Darden School of Business: Ranging from 0.4% to 3.3% per program
- Data Science: Ranging from 3.0% to 18.2% per program
- Engineering & Applied Sciences: Ranging from 2.0% to 2.9% per program
- Law: Ranging from 3.5% to 4.1% per program
- McIntire: Ranging from 2.6% to 19.0% per program (offsets eliminated program fees)
- Medicine: Ranging from 0.2 to 3.6% per program
- Nursing: Ranging from 1.5% to 5.3% per program

2019-2020 Required Auxiliary Fee Proposal

In-State		Out-of-State	
\$ Change over 2018-19	% Change over 2018-19	\$ Change over 2018-19	% Change over 2018-19
\$120	5.2%	\$120	5.2%



2017-18 Virginia Public Comparison Non-E&G Fees





**2019-2020 COLLEGE AT WISE UNDERGRADUATE
TUITION AND FEE PROPOSAL**

Tuition Setting Context

College at Wise

- Tuition Requirements:
 - Enhance the quality and stability of academic faculty
 - Address affordability and debt burden of our students
 - Address the needs from base budget instability
 - State-authorized pay increases
- Continued investment in:
 - Title IX and compliance
 - Regional economic development
 - Accreditation initiatives to strengthen our marketing position

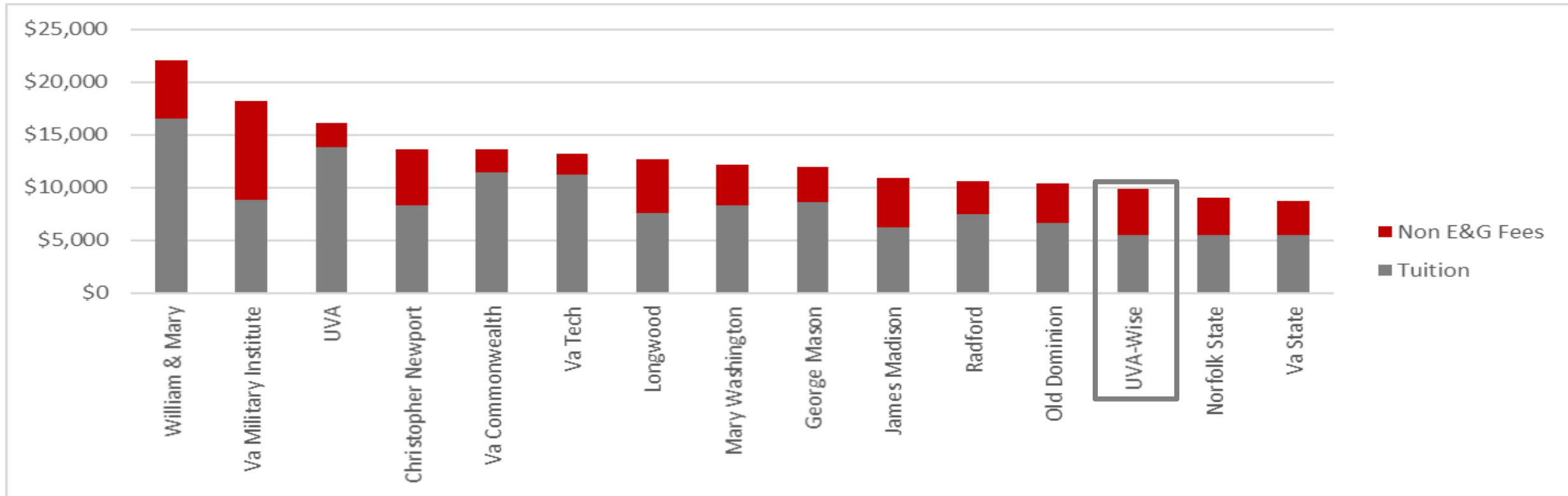
2019-20 Undergraduate Tuition Proposal

First Year, College at Wise

Fall 2019	In-State		Out-of-State	
	\$ Increase over 2018-19	% Increase over 2018-19	\$ Increase over 2018-19	% Increase over 2018-19
Tuition and E&G Fee	\$170	2.9%	\$682	2.9%
Auxiliary Fee	\$133	3.0%	\$133	3.0%
Total	\$303	2.9%	\$815	2.9%

2018-19 Virginia Public Comparison

First Year Undergraduate In-State Tuition & Fees





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DISCUSSION OF UPPER DIVISION TUITION

College of Arts & Sciences Upper Division Fee Proposal



Maintain a world-class educational experience in a growing, competitive environment

CLAS Upper Division Fee

How Will This Improve the Quality of the Student Experience

- College currently serves over **12,000 students** a year, with the **lowest spending per student** at UVA
- Over the last ten years:
 - Streamlined, efficient operations
 - Hired more general faculty vs. tenure track
 - Total annual savings: approximately **\$13 million**
- **We are at an inflection point**

CLAS Upper Division Fee

How Will This Improve the Quality of the Student Experience

Since Fall 2009:

- On-Grounds undergraduate enrollment: +1,920 students
- College undergraduate enrollment: +966 students (+10%)
- Tenure-track faculty in the College: +2.5%
- College classes (30+ students) with wait lists: 30%
 - average size of wait lists for these classes: 32 students

CLAS – Cost Savings and Operating Efficiencies

Nearly \$13 million per year and \$4.5 million in one-time savings:

- **\$7 million/year and \$4.5 million start-up** using general faculty in pedagogically appropriate courses
- **\$3.6 million/year** by reducing PhD enrollments, eliminating German PhD and Italian MA programs, accelerating the PhD time-to-degree, and streamlining graduate admissions and financial aid
- **\$1 million/year** by reducing utility costs through work with the University's Delta Force group
- **\$625,000/year** by withholding inflationary cost increases on non-personnel costs
- **\$500,000/year** by eliminating staff positions in administrative, inventory stores, and departmental human resources

CLAS Upper Division Fee

How Will This Improve the Quality of the Student Experience

College educates 70% of the University's undergraduates, appoints 60% of the faculty, and houses core disciplines that form the heart of the University

- **\$5 million/year** to create and redesign courses in quantification, computation, and data analysis; world languages/global literacy; interactive learning initiatives in Calculus, Chemistry, and Computation; add a Neuroscience major; improve instructional technology
- **\$3 million/year** and 17 FTE to strengthen faculty:student ratio and ensure intimate, interactive learning environment; recruit the best new faculty; and strengthen STEM faculty
- **\$2 million/year** to update, equip and staff state-of-the-art 21st-century teaching labs for 1000s of undergrads in Chemistry, Biology, Psychology, and Physics and to drive discovery in energy, environment, neuroscience

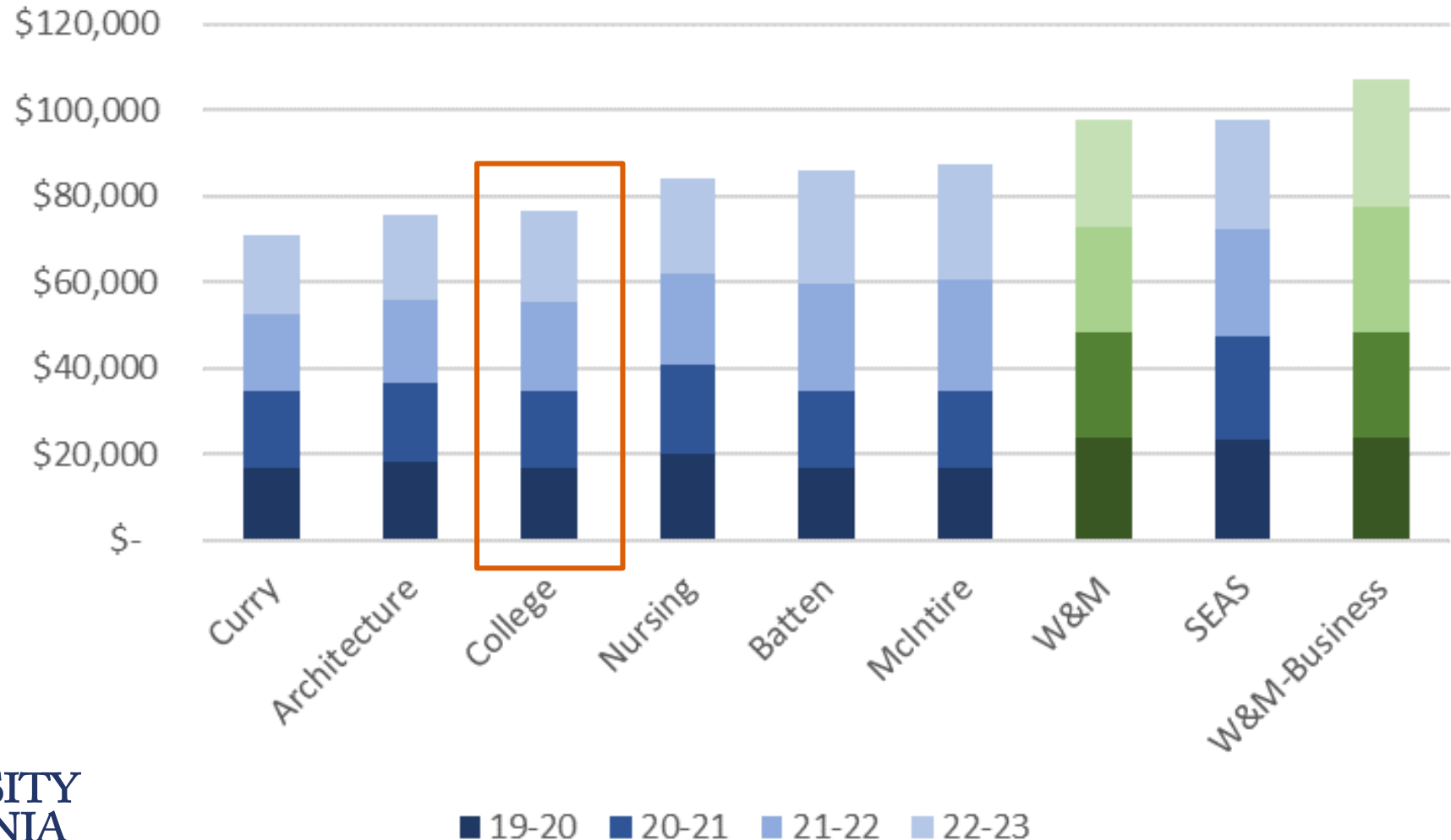
CLAS Upper Division Fee – How Does It Compare?

Projected Four Year Tuition & Fees

In-State Undergraduate Entering Fall 2019

Educating 3rd and 4th year students costs \$2,700 more/year

Increase of \$2,700 = ~\$10 million/ year



W&M: Assumes 3% Fall 19 increase in flat rate; annual 3% increase in fees

UVA: Includes step increases and assumes 3% annual increase in base and fees

Next Steps

Assess impact and conduct further analysis

Undergo additional dialog and discussion

Revisit at March Board meeting



2019-2020 FACULTY, STAFF, AND STUDENT HOUSING RATES

UVA Faculty and Staff Property Rents

Rents reflect market rates

79 units

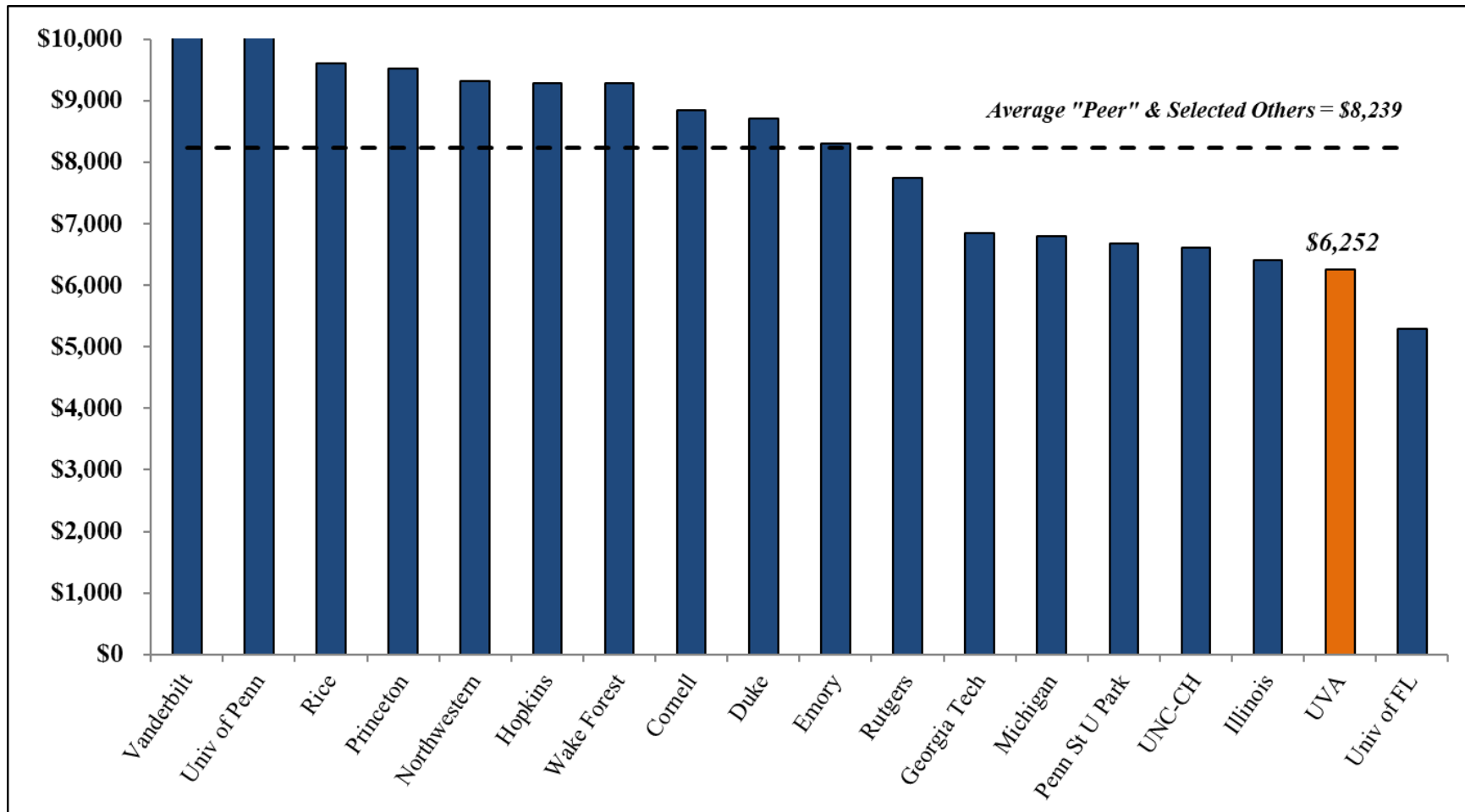
3.1% Average Increase

2019-2020 Student Housing Rates – Academic Division

Number of beds	6,820
Occupancy rate	99%
Average increase	\$241 (3.5%)
Average double-room rate	\$6,473

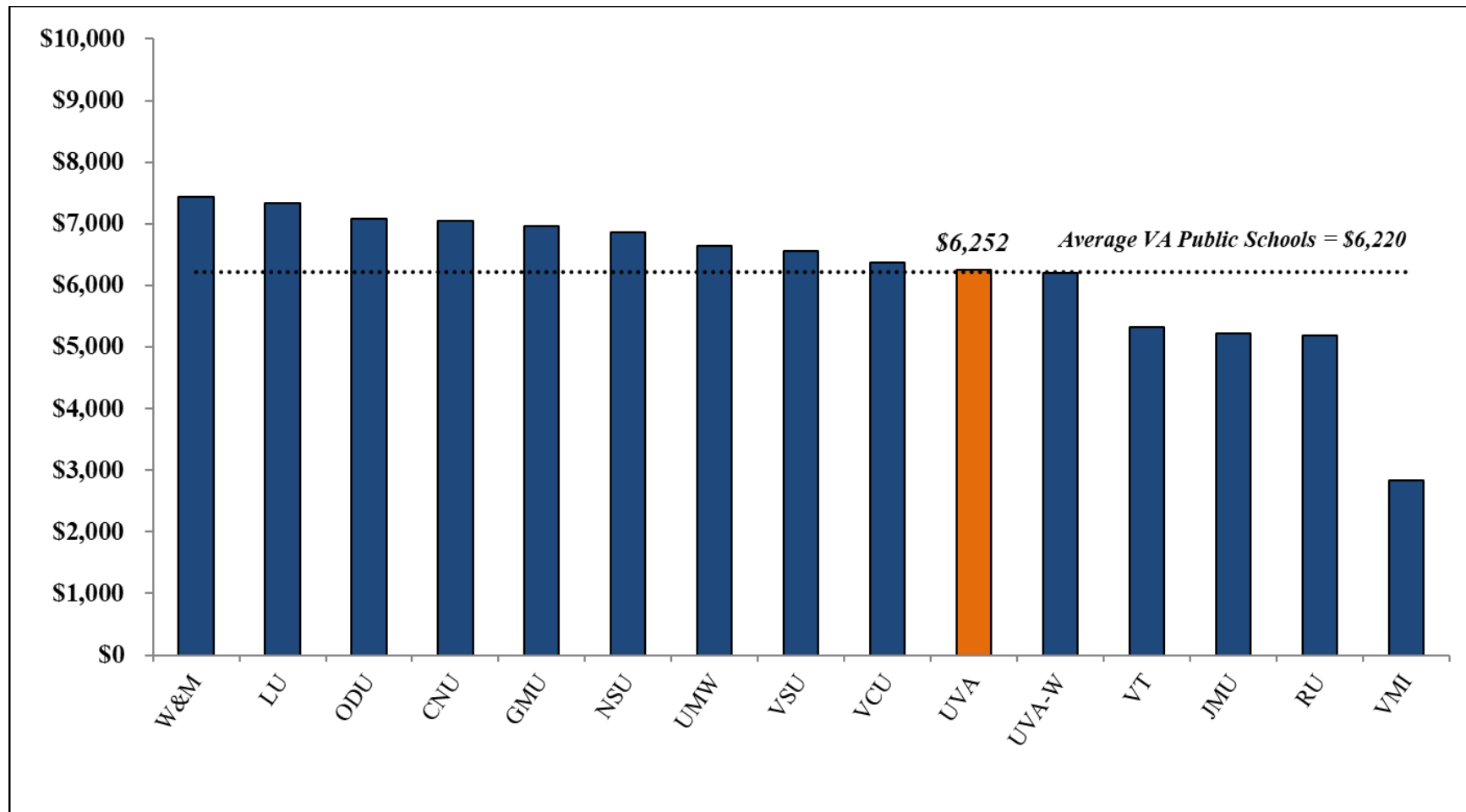
2018-2019 UVA Student Housing Rates

Peer & Selected Other Institutions Double Room Rate



2018-2019 UVA Student Housing Rates

VA Public Institutions Double Room Rate

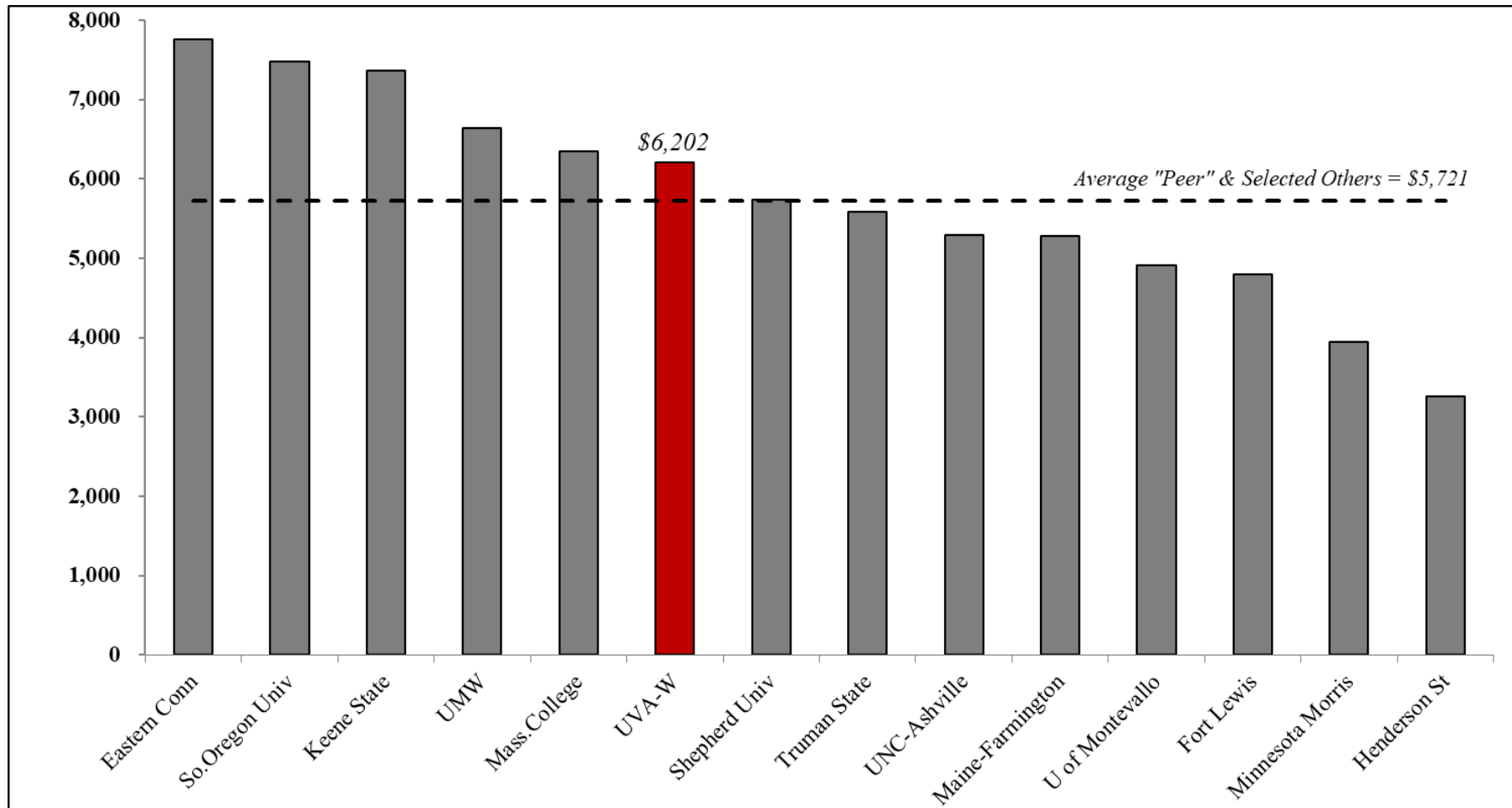


2019-2020 Student Housing Rates – College at Wise

Number of beds	695
Occupancy rate	62%
Average increase	\$186 (3.0%)
Average double-room rate	\$6,388

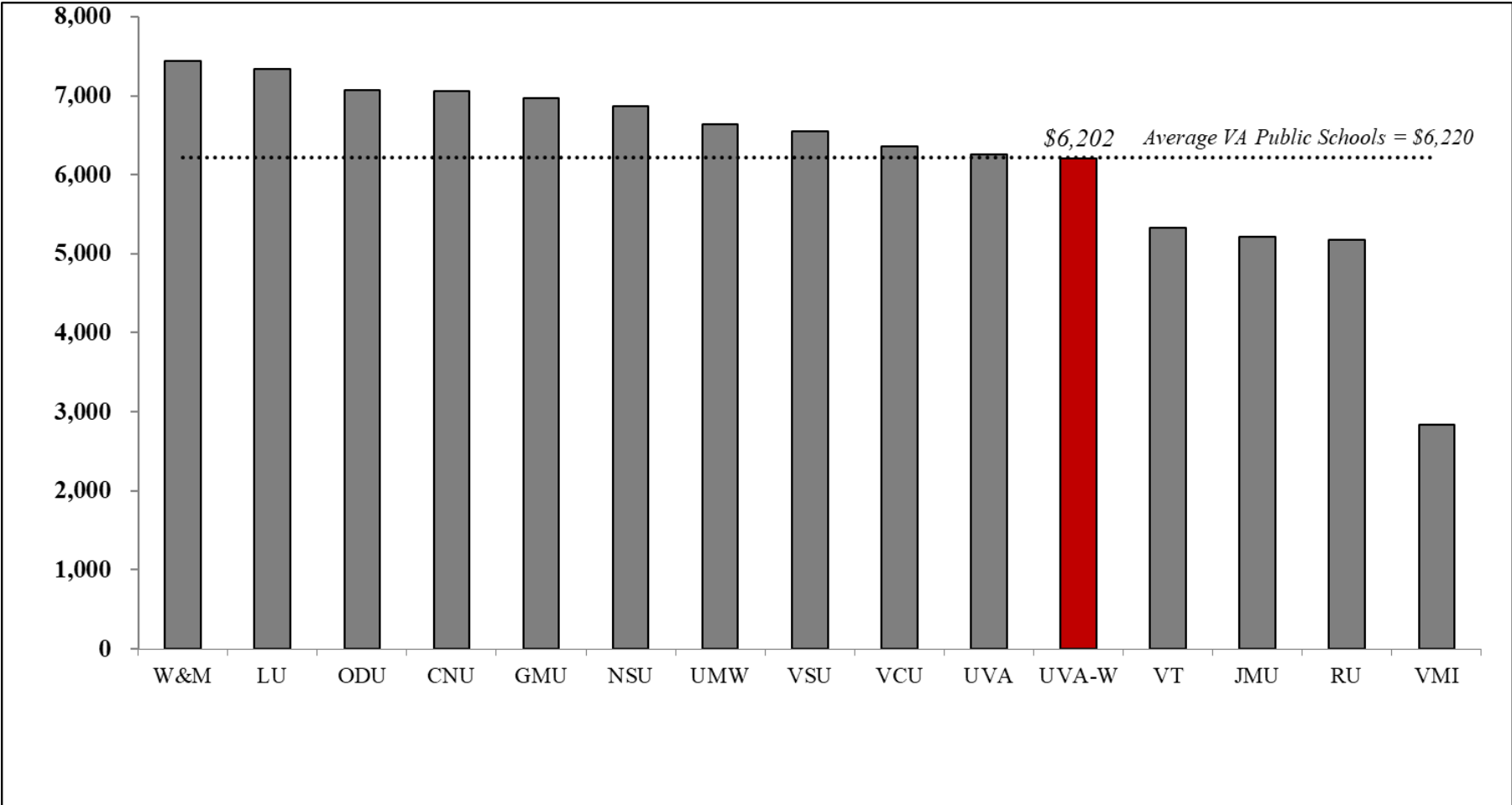
2018-2019 UVA-Wise Student Housing Rates

Peer & Selected Other Institutions Double Room Rate



2018-2019 UVA-Wise Student Housing Rates

VA Public Institutions Double Room Rate





2019-2020 CONTRACT RATES FOR DINING SERVICES

2019-2020 Dining Service Rates – Academic Division

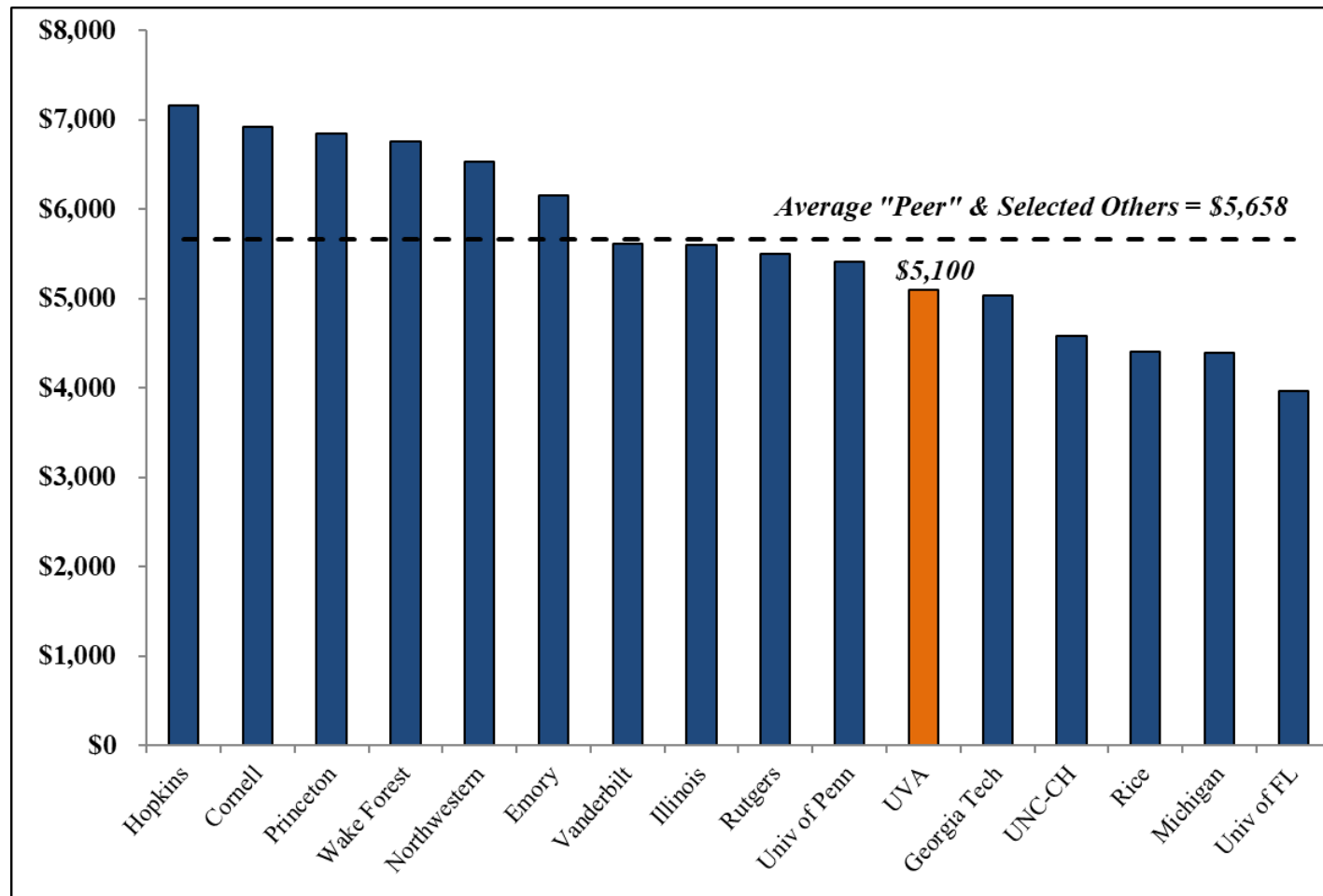
Proposed average increase (over 2018-19) 2.4%

Proposed increases (over 2018-19) \$0 - \$130

Proposed 2019-20 Meal Plan Rates \$105 - \$5,610

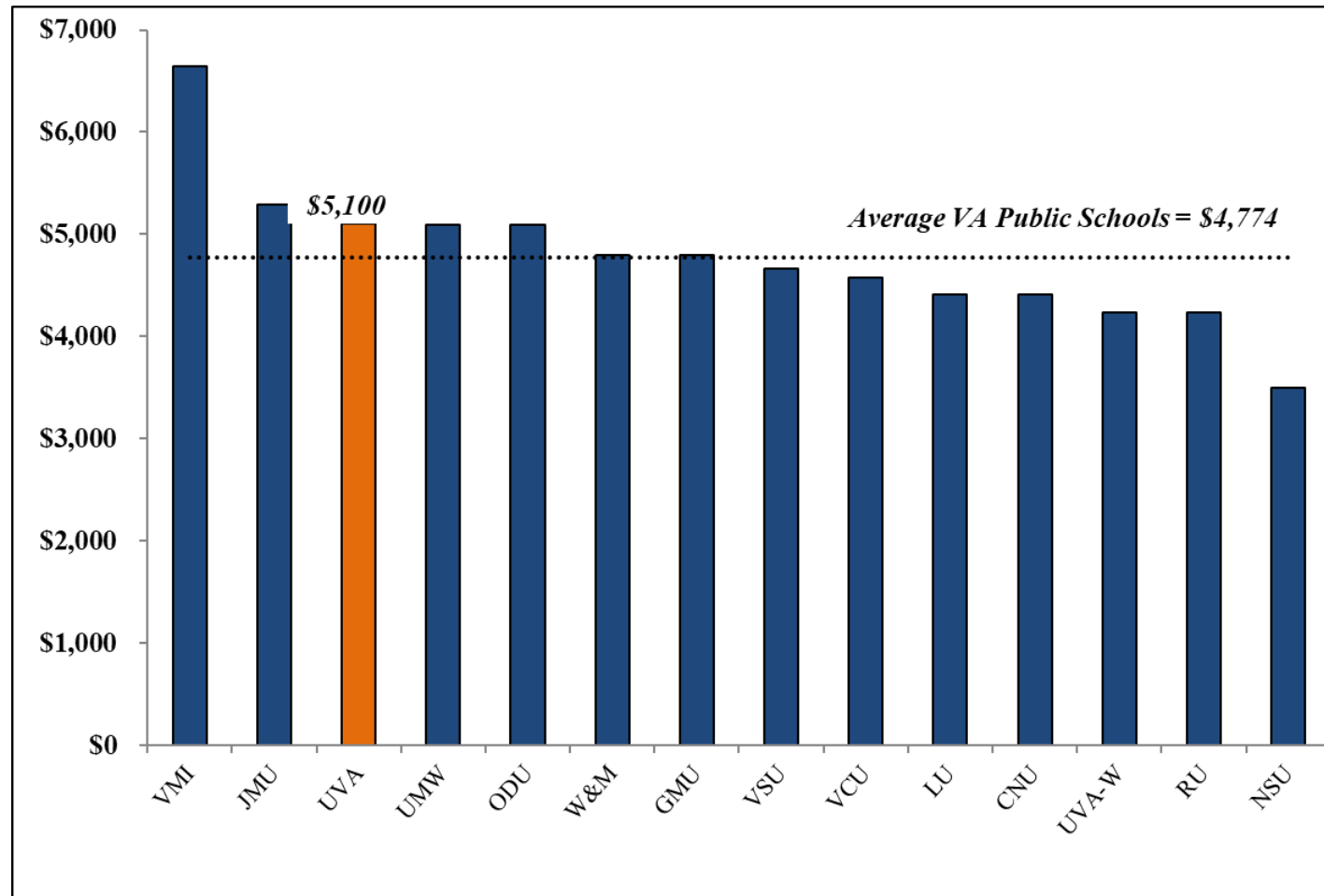
2018-2019 UVa Dining Meal Plan Rates

Peer & Selected Other Institutions Full Meal Plan Rate



2018-2019 UVa Dining Meal Plan Rates

VA Public Institutions Full Meal Plan Rate



2019-2020 Dining Service Rates – College at Wise

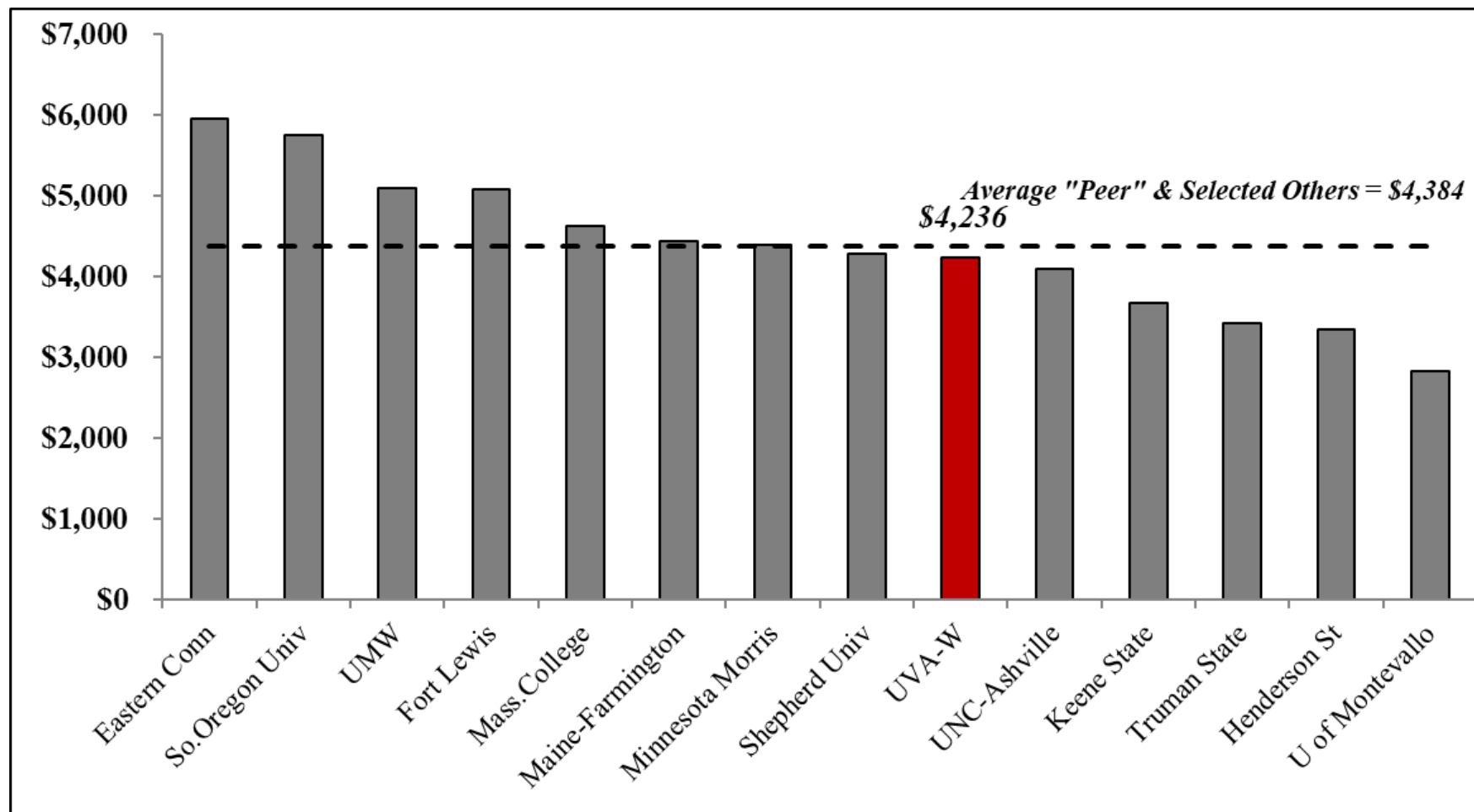
Proposed average increase (over 2018-19) 3.0%

Proposed increases (over 2018-19) \$3 - \$127

Proposed 2019-20 Meal Plan Rates \$175 - \$4,363

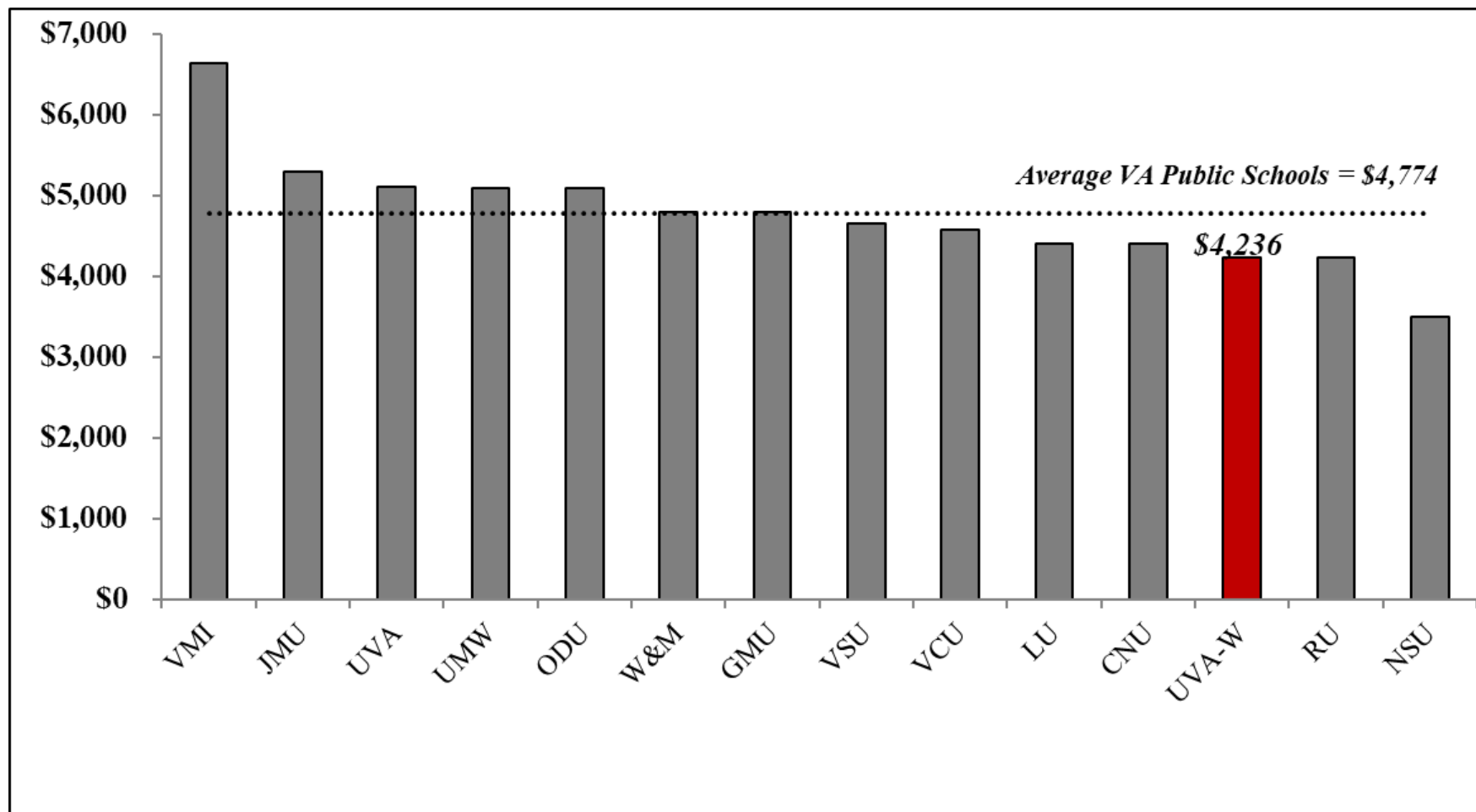
2018-2019 UVa-Wise Dining Meal Plan Rates

Peer & Selected Other Institutions Full Meal Plan Rate



2018-2019 UVa-Wise Dining Meal Plan Rates

VA Public Institutions Full Meal Plan Rate





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REVISED CAPITAL PROJECT FINANCIAL PLAN

Capital Project Revised Financial Plan: Ivy Mountain Central Utility Plant



- \$16.0 million project budget approved June 2017 as heating and cooling distribution system located within the Musculoskeletal Center
- Revised scope: stand-alone 7,500 SF plant, associated service yard, and utility distribution systems to support full development of Ivy Mountain site
- Recommend approval of \$20.0 million revised project cost:
 - \$10.6 million debt (to be repaid from the utilities infrastructure account)
 - \$9.4 cash



HR SYSTEM TRANSFORMATION AND PLANNED SYSTEM GO-LIVE



Ufirst is the most complex and ambitious human resources transformation undertaken by any higher education institution



Three HR entities with three different HR systems will be integrated into one HR organization with one HR system to deliver more efficient and effective service across Grounds

A highly complex UVA policy, process & systems landscape

- ✓ Highly decentralized, customized and complex environment
- ✓ 70+ legacy systems
- ✓ 220+ business processes redesigned
- ✓ 128 systems integrations
- ✓ 163 benefits plans
- ✓ 300 + pay codes
- ✓ 88 different retirement calculations
- ✓ 5 separate payroll runs

New streamlined HR and payroll organizations committed to better service delivery

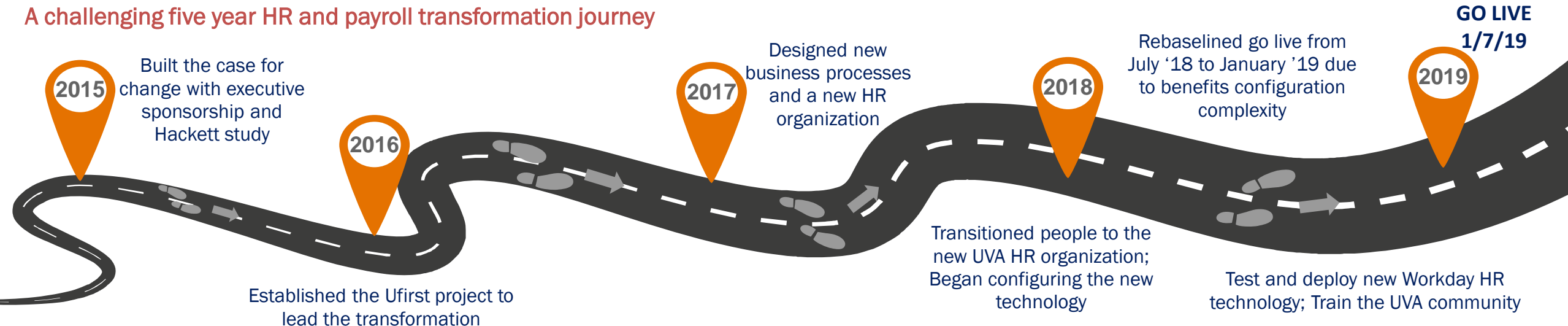


ONE Payroll, ONE Team, ONE Mission

- Relentless pursuit of timely and accurate payroll results and third party distributions
- Operate in a best practice and lean environment
- Compliance of all Federal, State and Local laws
- Provide a world-class customer service experience
- Establish streamlined processes and policies with HR and IT

Over **13K** HR tasks migrated to the new service delivery model during our Unit Based Transition

A challenging five year HR and payroll transformation journey



2015

Built the case for change with executive sponsorship and Hackett study

2016

Established the Ufirst project to lead the transformation

2017

Designed new business processes and a new HR organization

2018

Transitioned people to the new UVA HR organization; Began configuring the new technology

2019


Rebaselined go live from July '18 to January '19 due to benefits configuration complexity


Test and deploy new Workday HR technology; Train the UVA community


GO LIVE
1/7/19

Attention to Quality and Excellence in Technology Testing

6,150 Total unique test cases across Unit Testing, Unit Testing +, Cross Sequential, End to End, Parallel and User Acceptance Testing

 Total testers from HR, Payroll, Finance, and Schools/Units **260+**

7 Quality Gates to measure quality and accuracy of the technology configuration 

 Workday Launch Readiness rubric indicators to measure organization, program, functional, application build, and infrastructure readiness **29**

Extensive stakeholder engagement to drive awareness and learning

1,700+ Participants engaged in design, preview & feedback sessions 

88 Blog posts on the Ufirs website 

 **20+** Engagement channels to share information (e.g. VoC) 

282 Job Aids 

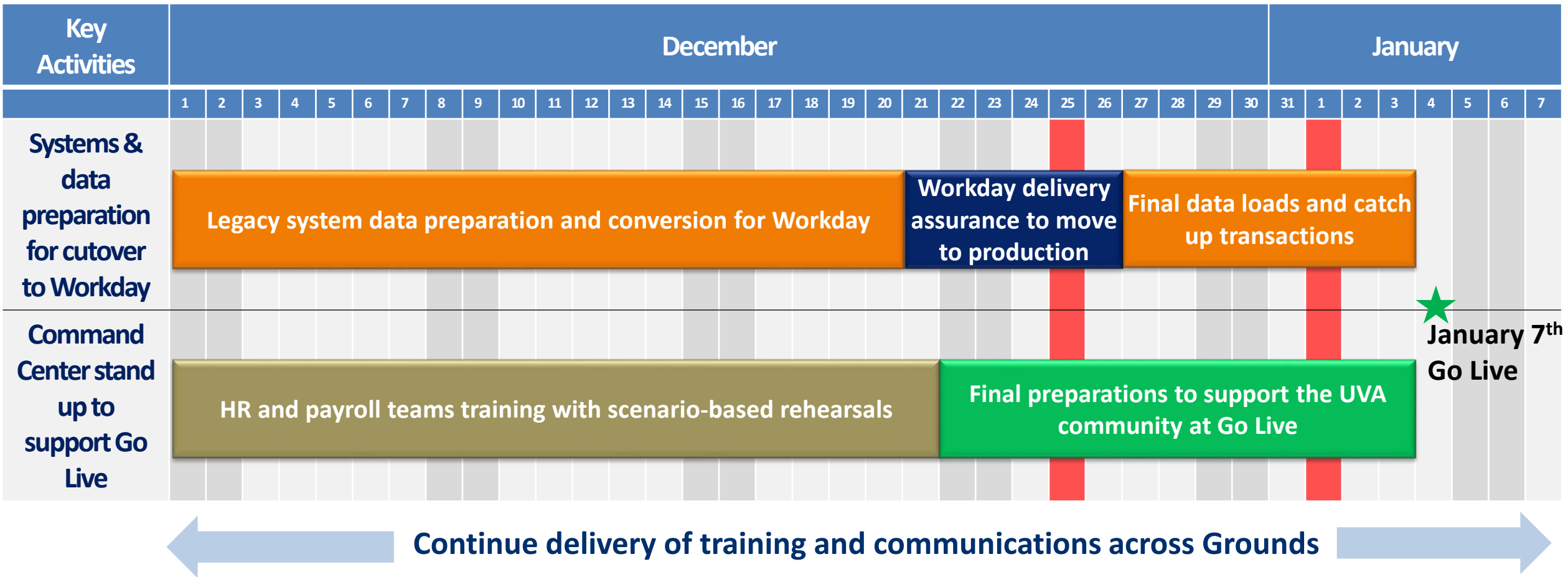
30 Awareness campaign roadshows 

1,010+ Participants in Awareness roadshows 

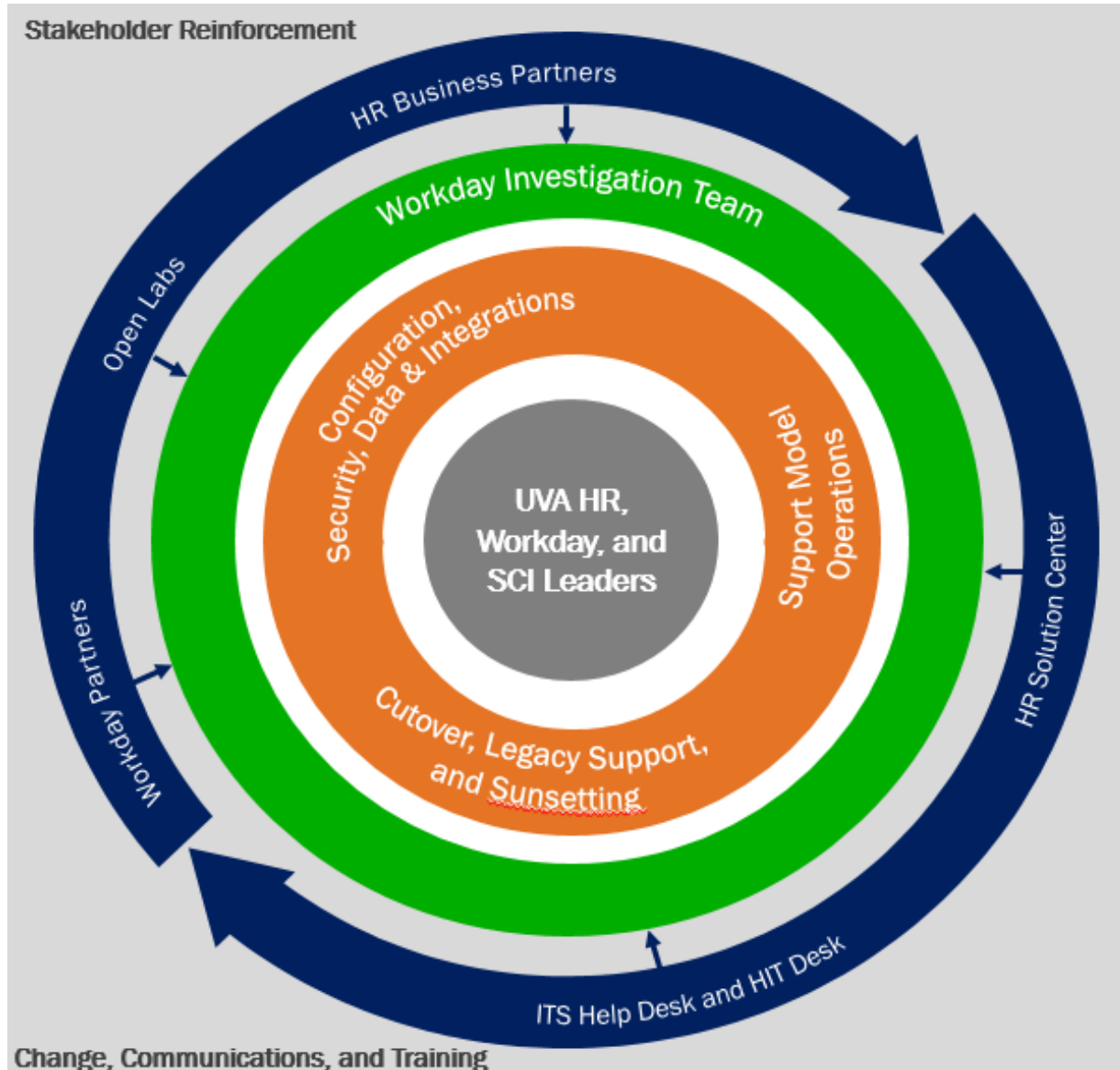
40+ Videos 

 **125+** Instructor led training courses for UVA & HR

Key Activities for Cutover to Workday



Command Center Readiness



Front-line Support Teams answers user questions, funnel issues, incidents and feedback to the Incident Management Team

Workday Investigation Team acts as a filter to diagnose issues and distribute to the appropriate issue resolution team and serves as a hotline to get log and track cases

Issue Resolution Team researches and troubleshoots reported issues, corrects deficiencies, resolves problems, and communicate resolution to stakeholders

UVA HR, Workday, and SCI Leaders are kept apprised of key issues and are the final point of escalation

Key Components of the Command Center

- Opens January 3, 2018
- Hours of Operation: 6 AM – 8 PM
- Approximately 70 staff assigned in various roles
- Actively monitors call volume, cases submitted and identifies trends
- Develops real-time communications to address surfacing trends after go-live

HR Functional Readiness



Service Readiness to Support Command Center

- ✓ **Supplemental Staffing:** Increasing HR Solution Center Support Staff by 3x for launch +90 days
- ✓ **New service channels:** Workday partners deployed; online live-chat functionality and screen sharing application launch Dec 1
- ✓ **Dedicated WD support Team:** adding 25 workday-trained phone/email/live chat agents dedicated to UVA desktop support
- ✓ **Expanded hours:** live agents will be available 6am-8pm to support all shifts
- ✓ **Critical Staffing and business continuity** plan designed and in place for Holiday season



HR Team Readiness

- ✓ **HR Reorganization** complete and new teams staffed
- ✓ **Benchmarking** completed to capture lessons learned from previous workday launches and significant efforts made to mitigate challenges experienced by similar Workday customers
- ✓ **Function-Specific WD Training** designed and executed for all UVAHR team members (25-60 hrs. of training per person)
- ✓ **Data migration** and year-end transactions quantified and mapped to ensure continuity of HR services during system transition



Service Delivery Readiness

- ✓ **Relationship Management Software** and practices in place (*more than 73,000 interactions documented to date with an average customer satisfaction score of 4.65 / 5.0*)
- ✓ **Service Delivery Standards** established and teams actively managed to clear performance targets
- ✓ **Comprehensive HR Knowledge Base** built, including detailed responses/templates for the 50 most common workday questions and more than 300 UVA HR topics
- ✓ **New Website** launching in November to serve as a modern portal to HR Services

Measures of Launch Success

- Workday configured according to specification, contains accurate data and is ready for general release by January 7, 2019
- Individuals are able to access Workday via desktop and Mobile devices with appropriate security levels
- Parallel payroll testing has gone exceptionally well; exceeds all institutional benchmarks
- Minimal business disruption and Workday Command center resolving issues as designed
- Established customer service standards maintained
- User adoption increasing to meet expected standards