



Board of Visitors Finance Committee Meeting

June 4, 2021



Meeting Agenda

ACTION ITEMS:

1. Major Capital Plan Financial Plans
2. Disposition of Real Property: Priscilla A. Randall Estate
3. 2021-2022 Operating Budget
4. Debt Shelf Registration
5. Quasi-Endowment Actions

REPORTS:

1. Executive Vice President's Remarks



Major Capital Plan Financial Plans



Financial Plan: Chemistry Building Fume Exhaust Renewal

- Replace existing fume hood exhaust system in the Chemistry Building Addition
- Add exhaust fan redundancy and enhance operational safety through increasing exhaust plume height, eliminating positively pressurized duct in penthouse, and improving maintenance infrastructure
- Estimated project budget of \$8.5M funded via deferred maintenance funds



Financial Plan: Massie Road Utility Extension

- Extend utilities infrastructure from Massie Road energy plant and Alderman Road substation to Ivy Road
- Provide capacity to serve redevelopment along Emmet Street and Ivy Road Corridor (capable of serving 2M GSF new space)
- Estimated project budget of \$11.0M
 - \$6.0M debt (repaid by future utility recoveries)
 - \$5.0M utility recoveries



Financial Plan: Tech Talent Investment Program Phase I

- State-funded project as part of Virginia Tech Talent Investment Program to increase degrees in computer science and related fields
- Phase I will renovate old, inefficient areas in Thornton Hall to increase faculty office capacity (additional study/planning underway to develop recommendations for potential subsequent phases)
- Estimated project budget of \$3.0M funded via state general funds





Disposition of Property



Disposal of Real Property: Priscilla A. Randall Estate

- Property in Bristol County, RI (Town of Barrington) bequeathed by Priscilla Randall to UVA, UVA Foundation, and School of Architecture Foundation
- 2,101 SF two-bedroom home with assessed value of \$313,000
- Proceeds of the sale will support the donor-established fellowship fund in landscape architecture with a preferred focus of study on environmental sustainability





2021-2022 Operating Budget



Sacrifices, Challenges and Opportunities

SHARED SACRIFICES

- Hiring and Compensation Freezes
- Furloughs, Salary Reductions, Benefit Adjustments
- Academic Division Budget Reductions
- Eliminated Travel and Event Spending

COMING CHALLENGES

- FY22 and Future Tuition Pressures
- “COVID Tail” – Summer and Fall Revenue Impact (FY2022)
- UVIMCO Long-Term Projection Reduced and Macroeconomics
- Sponsored Research
- Strategic Investments: Great and Good to Pursue Excellence

FUTURE OPPORTUNITIES

- “Future of Work” Efficiencies
- Additional Federal COVID Relief (CRF round 3)
- Virtual and Hybrid Instruction and Work
- J-Term & Summer Enrollment
- Northern Virginia Opportunities

Academic Division COVID Impact Update

(Includes School of Medicine and School of Nursing)

	Federal Relief	State GF/ Special Payments and Awards	Philanthropy	Total Institutional Funds ²	To Be Identified	Total
Total Sources Available¹	\$ 80,488,368	\$ 5,250,000	\$ 2,598,200	\$ 4,500,000	TBD	\$ 92,836,568
FY20 and FY21 Financial Impact						
COVID RESPONSE (PPE, Testing, Q/I, technology)	\$ 20,341,011	\$ 2,250,000	\$ -	\$ -	\$ 23,332,598	\$ 45,923,609
LOST REVENUE (Auxiliary, J-Term/Summer, Fees)	6,358,355	3,000,000	-	-	34,900,862	\$ 44,259,217
ATHLETICS COVID RESPONSE AND LOST REVENUE ³	18,969,696	-	-	-	3,950,004	\$ 22,919,700
STUDENT, EMPLOYEE, CONTRACTOR AND COMMUNITY NEEDS	11,906,910	-	2,598,200	4,035,000	-	\$ 18,540,110
FY20 and FY21 Grand Totals	\$ 57,575,972	\$ 5,250,000	\$ 2,598,200	\$ 4,035,000	\$ 62,183,464	\$ 131,642,636
Total Sources Remaining at 6/30/2021	\$ 22,912,396	\$ -	\$ -	\$ 465,000		\$ 23,377,396
FY22 Estimate, if Summer and Fall 2021 Continue to Require COVID Mitigation Efforts						
TOTAL FY22 ESTIMATE						\$30M - \$50M

¹ Excludes deferred payroll tax payments which provided temporary cashflow relief

² Includes private reserves (SIF and President's discretionary), internal debt deferral, budget cut reserves, financial aid reserves, auxiliary and other reserves, financial mitigation strategies, and one-time savings

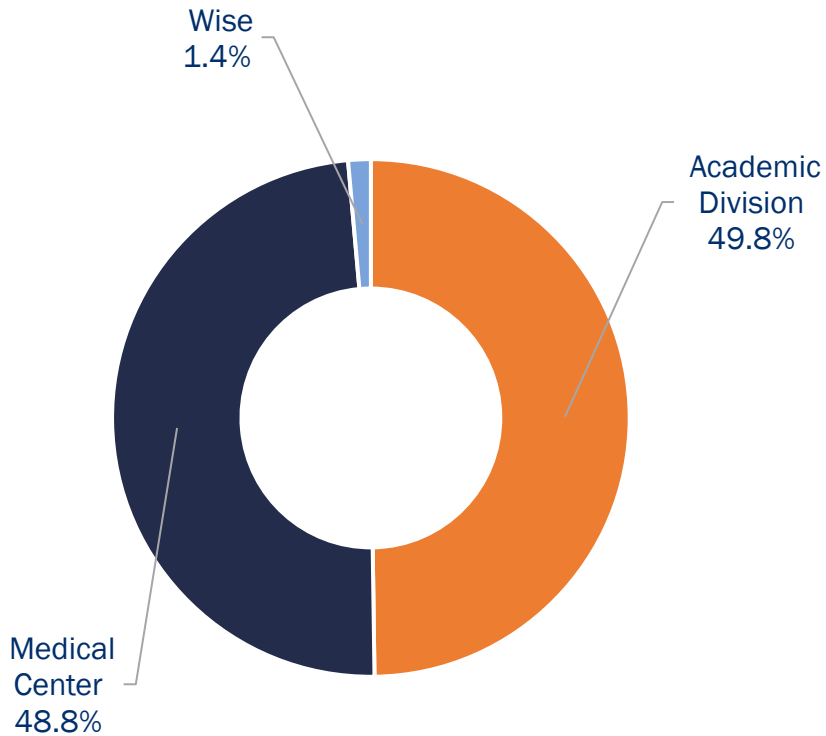
³ Net of Athletics financial mitigation efforts, including salary reductions, contract renegotiations, and other program savings

FY2021-2022 Budget Development Process

- September 2020: Determined Key Planning Assumptions
- October 2020: Initiated Operating Budget Development
- April 2021:
 - State Authorized Merit Pool
 - Tuition and Fees Approved by BOV
 - Completed Schools and Auxiliaries, Service Units, Medial Center Operating Budget Proposals
- June 2021: FY22 Budget Proposal Submitted to the BOV

University of Virginia

Proposed FY2021-22 Operating Budget (in Millions)



	2020-21 Revised	2021-22 Proposed	Change from FY21 Revised to FY22	
Academic Division	\$1,879.5	\$1,988.5	\$109.0	5.8%
Medical Center	1,827.2	1,950.0	122.8	6.7%
UVA-Wise	48.9	56.3	7.4	15.1%
Total	\$3,755.4	\$3,994.8	\$239.2	6.4%



2021-2022 Operating Budget Academic Division



University of Virginia – Academic Division

FY2021-22 Operating Budget (in Millions)

<i>Sources/Uses</i>	2020-21 <i>Revised</i>	2021-22 <i>Proposed</i>	FY21 Revised vs FY22 Proposed	
			\$	%
<u>Sources</u>				
Net Tuition and Fees	\$ 673.6	\$ 716.4	\$ 42.9	6.4%
State Appropriations	142.2	178.1	35.9	25.2%
Externally Sponsored Research	425.1	434.2	9.2	2.2%
Endowment Distribution/Admin Fee	238.2	249.3	11.1	4.7%
Expendable Gifts	165.4	173.3	7.8	4.7%
Sales, Services, Interest, Other	278.1	264.8	(13.3)	-4.8%
Total Operating Sources	1,922.6	2,016.1	93.5	4.9%
<u>Uses</u>				
Faculty and Staff Salaries	1,231.6	1,289.4	57.8	4.7%
Internal Recoveries	(798.0)	(812.4)	(14.5)	1.8%
Non-personal Services Expenses	1,236.4	1,282.5	46.1	3.7%
Financial Aid	208.5	207.1	(1.4)	-0.7%
Internal Debt Service, Transfers, and Other	1.0	22.0	21.0	<i>Timing</i>
Total Uses	1,879.5	1,988.5	109.1	5.8%
Total Net Sources and Uses	\$ 43.1	\$ 27.6	\$ (15.5)	



2021-2022 Operating Budget Medical Center



UVA Health – Medical Center

FY2021-22 Operating Budget (in Millions)

	2020-21	2021-22	FY21 Revised vs FY22	
	<i>Revised</i>	<i>Proposed</i>	Proposed	
			\$	%
Revenue				
Net Patient Service Revenue	\$ 1,839.6	\$ 1,950.9	\$ 111.3	6.1%
Other Revenue	52.7	65.1	12.4	23.6%
Total Operating Revenue	1,892.2	2,016.0	123.8	6.5%
Expense				
Labor	823.1	824.4	1.3	0.2%
Supplies, Utilities, and Other	855.7	964.8	109.1	12.7%
Interest	18.6	29.5	10.9	58.5%
Depreciation	129.8	131.3	1.5	1.1%
Total Operating Expense	1,827.2	1,950.0	122.7	6.7%
Operating Income/(Loss) before Transfers	65.0	66.0	1.0	1.6%
Health System Transfers	(43.9)	(40.9)	3.0	-6.9%
Operating Income/(Loss) after Transfers	21.1	25.1	4.0	19.1%
Operating Cash flow after Transfers	\$ 150.9	\$ 156.4	\$ 5.5	3.7%



2021-2022 Operating Budget

College at Wise

College at Wise

FY2021-22 Operating Budget (in Millions)

<i>Sources/Uses</i>	2020-21 <i>Revised</i>	2021-22 <i>Proposed</i>	FY21 Revised vs FY22	
			Proposed \$	Proposed %
<i>Sources</i>				
Net Tuition and Fees	\$ 9.5	\$ 10.1	\$ 0.6	6.3%
State Appropriations	21.3	25.2	3.9	18.3%
Externally Sponsored Research	5.6	8.2	2.6	46.4%
Endowment Distribution/Admin Fee	4.4	4.5	0.1	2.3%
Expendable Gifts	0.5	0.4	(0.1)	-20.0%
Sales, Services, Interest, Other	7.6	7.9	0.3	3.9%
Total Operating Sources	48.9	56.3	7.4	15.1%
<i>Uses</i>				
Faculty and Staff Salaries	26.5	28.7	2.2	8.3%
Internal Recoveries	(0.4)	(0.4)	-	0.0%
Non-Personal Services Expenses	16.4	20.8	4.4	26.8%
Financial Aid	6.4	7.2	0.8	12.5%
Total Uses	48.9	56.3	7.4	15.1%
Total Net Sources and Uses	\$ -	\$ -	\$ -	



Strategic Investment Fund



Strategic Investment Fund Financial Overview

\$195.0 m

SIF Earnings Available
for FY20-22

(\$ 94.4 m)

Commitments to Date

\$100.6 m

Remaining SIF Available
for FY20-22

**Total SIF Awards Projected Spending
from FY17 to FY27**

\$ 708.8 m

Strategic Investment Fund by Category

FOUNDATION

Awarded

\$35.1M

Remaining

\$23.4M

DISCOVERIES

Awarded

\$13.4M

Remaining

\$45.1M

COMMUNITY

Awarded

\$23.5M

Remaining

\$15.5M

SERVICE

Awarded

\$22.4M

Remaining

\$16.6M



Debt Shelf Registration



Debt Shelf Registration

- Debt shelf registration of up to \$400M
- Finance Committee Chair will approve before any debt is authorized
- Long-term borrowing rates remain low compared to historic rates

Advantages of Shelf Registrations
Timing and frequency flexibility
Quicker to market (approx. one month)
Allows for structuring options under one registration
Once program is rated, issuance only requires notice to rating agencies

Considerations
Generally positive reception by the rating agencies
Possible quarterly reporting requirements



Quasi-Endowment Actions

Quasi-Endowment Actions

- Creation of the Saunders Family Professorship in Engineering Restricted Quasi-Endowment Fund for the School of Engineering and Applied Science
- Divestment of the School of Medicine's Academic Advancement Restricted Quasi-Endowment Fund



Executive Vice President and Chief Operating Officer's Remarks



Honors and Promotions



***UPD promoted five officers:
Jamal Hurd,
Tim Northern,
Audrell Bagland
(left), Edward
Thompson, and TC
Williams***



***UPD Captain Chris Easton('21)
graduated with a Bachelor of
Interdisciplinary Studies***

Outstanding Work



Facilities Management Grounds crew members keep the University looking its best over seven graduation ceremonies this Spring and open for classes and work despite snow and ice this Winter

Outstanding Work



COVID-19 quarantine and isolation team was honored with a Hoos Building Bridges Award this Spring



