



2022 Finance Subcommittee on Tuition
University of Virginia and the College at Wise



Meeting Agenda

- I. Introduction and Scope of Work
- II. Governance
- III. Summer 2021 Finance Subcommittee on Tuition
- IV. University of Virginia:
 - A. Fall-Winter 2021 Tuition Setting Process and Action
 - B. Spring 2022
 - 1. Macro-economic Considerations
 - 2. Commonwealth Funding
 - 3. Recent Requests
 - 4. Other Factors
- V. University of Virginia's College at Wise
- VI. Discussion and Next Steps



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Governance



Code of Virginia

- ❖ Board of Visitors has authority to determine tuition and fees and other charges for students [Va. Code §23.1-1301 A. 5 and §23.1-307 A]
- ❖ Process for approving increase in **undergraduate** tuition or mandatory fees [Va. Code §23.1-307 D., E.]:
 - Thirty days prior to Board meeting to approve increase, University shall notify the public:
 - Date and location of the meeting
 - Projected range of the planned increase
 - Explanation of need for the increase
 - Date, time, and location of public comment meeting (UVA and College at Wise), which must be at least 10 days prior to the scheduled meeting
- ❖ Board of Visitors sets policy about how public comment meeting will be conducted, including “reasonable” time limitations
- ❖ If Board of Visitors approves an increase that deviates from projected range published in the public notice, it must provide an explanation of reason for deviation [Va. Code §23.1-307 F.]
- ❖ Nothing in the law prohibits the Board of Visitors from setting tuition and fees for more than one year

Commonwealth Budget

Section 4-2.01 b.2. of the 2020-22 biennial budget

- ❖ Reaffirms authority of the Board of Visitors to set tuition and fees
- ❖ Provides that tuition and fees may be “market based” for both in-state and out-of-state students
- ❖ Mandates that tuition for out-of-state students must cover at least 100% of the average cost of education (calculated through base adequacy guidelines adopted by the Joint Subcommittee Studying Higher Education Funding Policies)

Board of Visitors Manual

❖ Section 2.4 Powers and Duties:

- ❖ the approval of general policy governing student scholarships and loans
- ❖ the fixing of tuition charges, other fees, and room rentals

❖ Section 3.21 Finance Committee:

- ❖ all matters relating to the University's financial affairs and business operations
- ❖ review and approve... the setting of tuition rates, student fees, and other student charges for recommendation to the Board



2021 Finance Subcommittee on Tuition



2021 Finance Subcommittee on Tuition Timeline of Work

1. Reviewed charge, timeline, current processes July 12, 2021
2. Reviewed background July 12 and August 13, 2021
3. Reviewed peer practices and discuss alternatives August 13, 2021
4. Discussed conclusions and developed recommendations August 27, 2021
5. Present findings and recommendations to BOV September 24, 2021

Recommendations to Improve Transparency and Predictability in Tuition Setting Process

- Recommendations are designed to introduce new elements to enhance:
 - ❖ transparency and predictability of the tuition setting process;
 - ❖ contextual information provided to inform tuition setting;
 - ❖ guaranteed tuition plan; and,
 - ❖ how changes to tuition and fees are communicated to students and families.

Recommendations to Improve Transparency and Predictability in Tuition Setting Process

Tuition Setting Process

- ❖ The Subcommittee recommends the Board of Visitors **set undergraduate tuition and mandatory fees, room and board in December**, to align with student/family decision dates and to allow families to have accurate information on net tuition, cost of attendance and financial aid to consider along with their admissions decision. In December of each odd-numbered year, the Subcommittee recommends the Board of Visitors **set undergraduate tuition and mandatory fees on a two-year basis.**

Recommendations to Improve Transparency and Predictability in Tuition Setting Process

Contextual Information to Inform Tuition Setting

- ❖ Beginning in September 2023 and in each odd numbered year thereafter, the Subcommittee recommends that management **provide contextual information to the Board at its September BOV meeting to inform tuition setting:**
 - Report on annual enrollment analysis
 - Report on macroeconomic context and operating budget realities
 - Report on periodic comprehensive price and positioning study

Recommendations to Improve Transparency and Predictability in Tuition Setting Process

Guaranteed Tuition Plan

- ❖ The Subcommittee recommends that management **review the optional guaranteed four-year, in-state tuition plan, evaluate whether desired outcomes are met, and bring forward recommendations to the Chair of the Finance Committee.**

Recommendations to Improve Transparency and Predictability in Tuition Setting Process

Communication

- ❖ The Subcommittee recommends that management **communicate tuition increases focusing on transparency:**
 - Of net price and total cost of attendance
 - Of the role tuition revenue plays in University's operating budget
 - In the context of our overall value proposition



Fall-Winter 2021 Tuition Setting



University of Virginia Value Proposition

14:1

Student-Faculty
Ratio

7,421

Degrees Awarded
2020-2021

96.8%

1-Year Retention Rate
Stable retention rate for first-time,
first-year students entering
FALL 2020

100%

Financial Need Met

94%

6-Year Graduation Rate



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 and limits debt
- Tuition is last resort; look to other revenues and savings

#4

Best Public
National University
2022
U.S. NEWS & WORLD REPORT

#1

Best-Value Public
College in Virginia
2021
FORBES

#1

Best Public School for
Financial Aid
2022
PRINCETON REVIEW

#3

Best-Value
Public College
2022
PRINCETON REVIEW

#3

Best-Value
Public University
2022
U.S. NEWS & WORLD REPORT

#3

Best-Value
Public University
2022
MONEY MAGAZINE

AccessUVA

Grants cover tuition, fees, room, and board

Grants cover tuition and fees

\$2,000 Cornerstone grant



*Qualifying
Virginia
families
receive*

Income Under \$30K

Income Under \$80K

Income Under \$125K

Low-Income Virginians ————— **\$4K**
Other Virginians ————— **\$18K**
Non-Virginians ————— **\$28K**

Loan Caps Over Four Years

36%

Students With Need

100%

Need Met For All Undergraduates



Increase in Students with Demonstrated Financial Need

- UVA has sought to enroll greater numbers of first-generation students and students with need
- To attract these students, over the past five years, UVA has decreased the loan cap for in-state students, provided free tuition/tuition, room, and board at certain income levels for in-state students, and extended AccessUVA to in-state DACA students.

Year	In-State				Out-of-State			
	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition
2016-2017	34%	13%	\$47.6M	45%	30%	11%	\$44.2M	74%
2017-2018	36%	14%	\$54.4M	45%	31%	12%	\$50.7M	72%
2018-2019	37%	14%	\$61.1M	50%	33%	13%	\$56.6M	75%
2019-2020	37%	15%	\$66.9M	52%	33%	13%	\$62.2M	77%
2020-2021	37%	15%	\$69.9M	52%	35%	14%	\$68.5M	76%

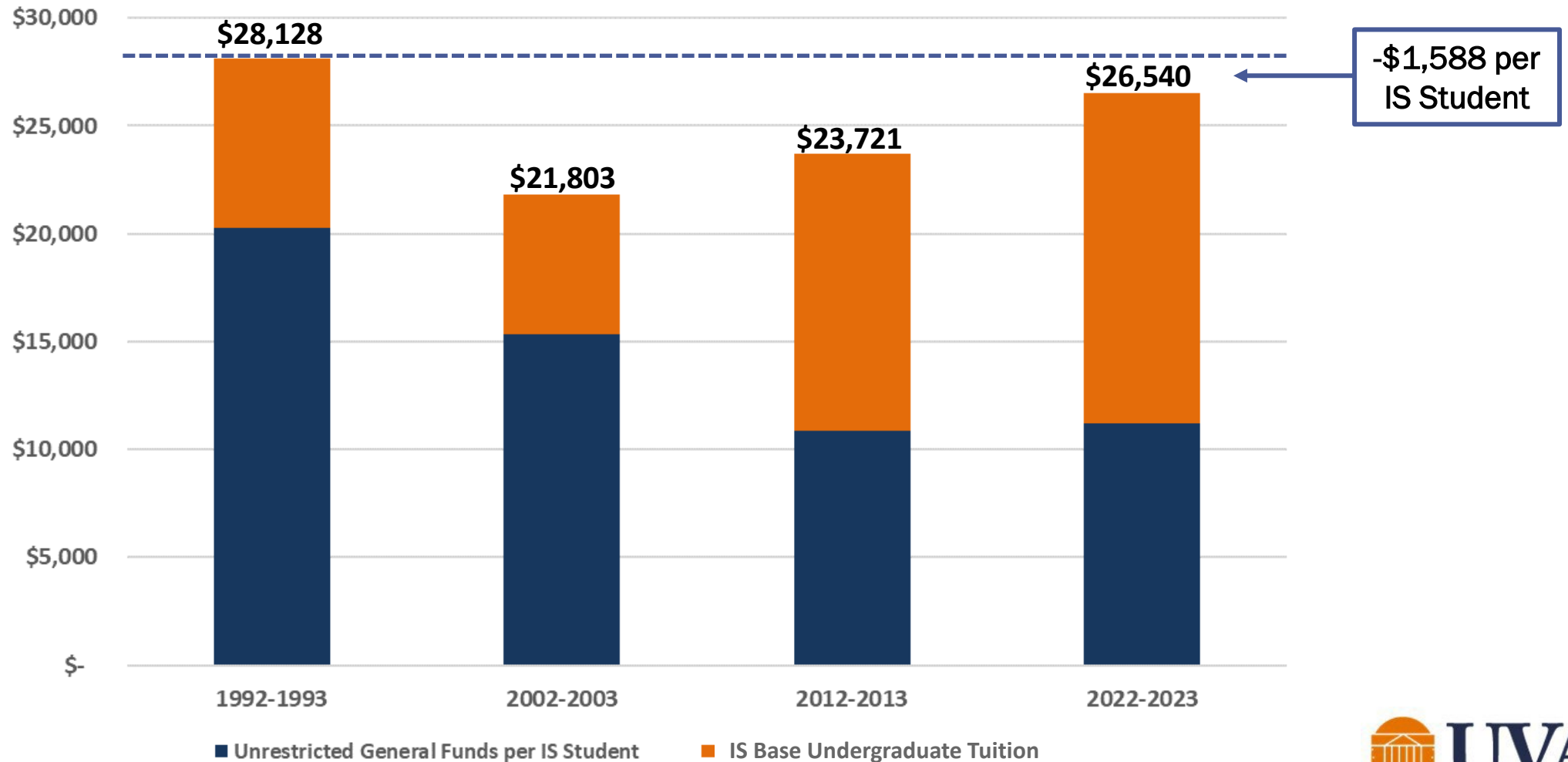


State Support for Our Mission



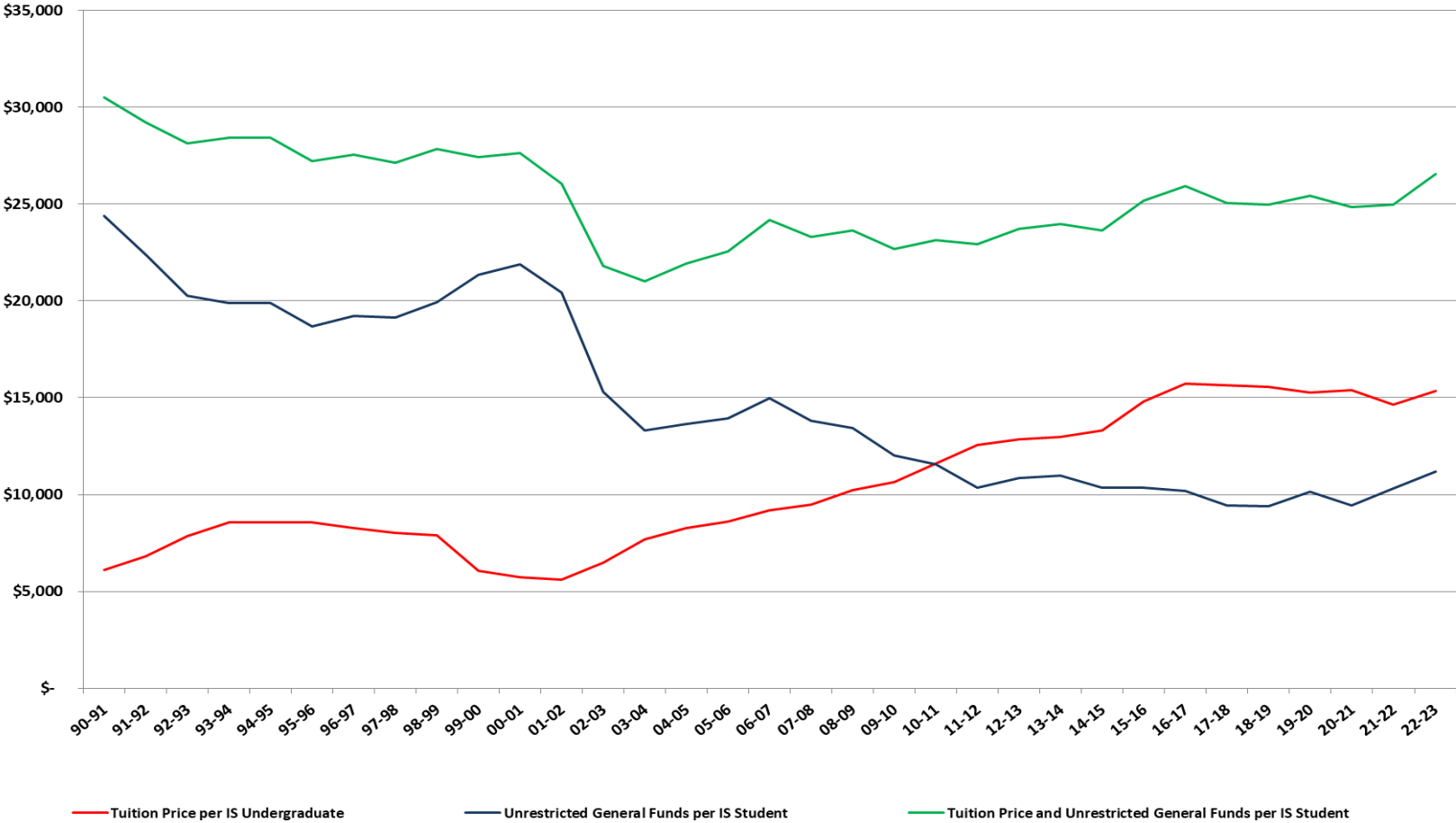
**UNIVERSITY
of VIRGINIA**

Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs (in FY2022 dollars)



Thirty Years of State Appropriation and In-State Undergrad Tuition (in 2022 dollars)

FY1991-2001 GF cuts, tuition freezes, tuition rollback	FY2002-2011 GF cuts, tuition rollback, tuition increases	FY2012-2023 Tuition overtakes GF; total not restored to FY91
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Note: Tuition used is the in-state, undergraduate base rate

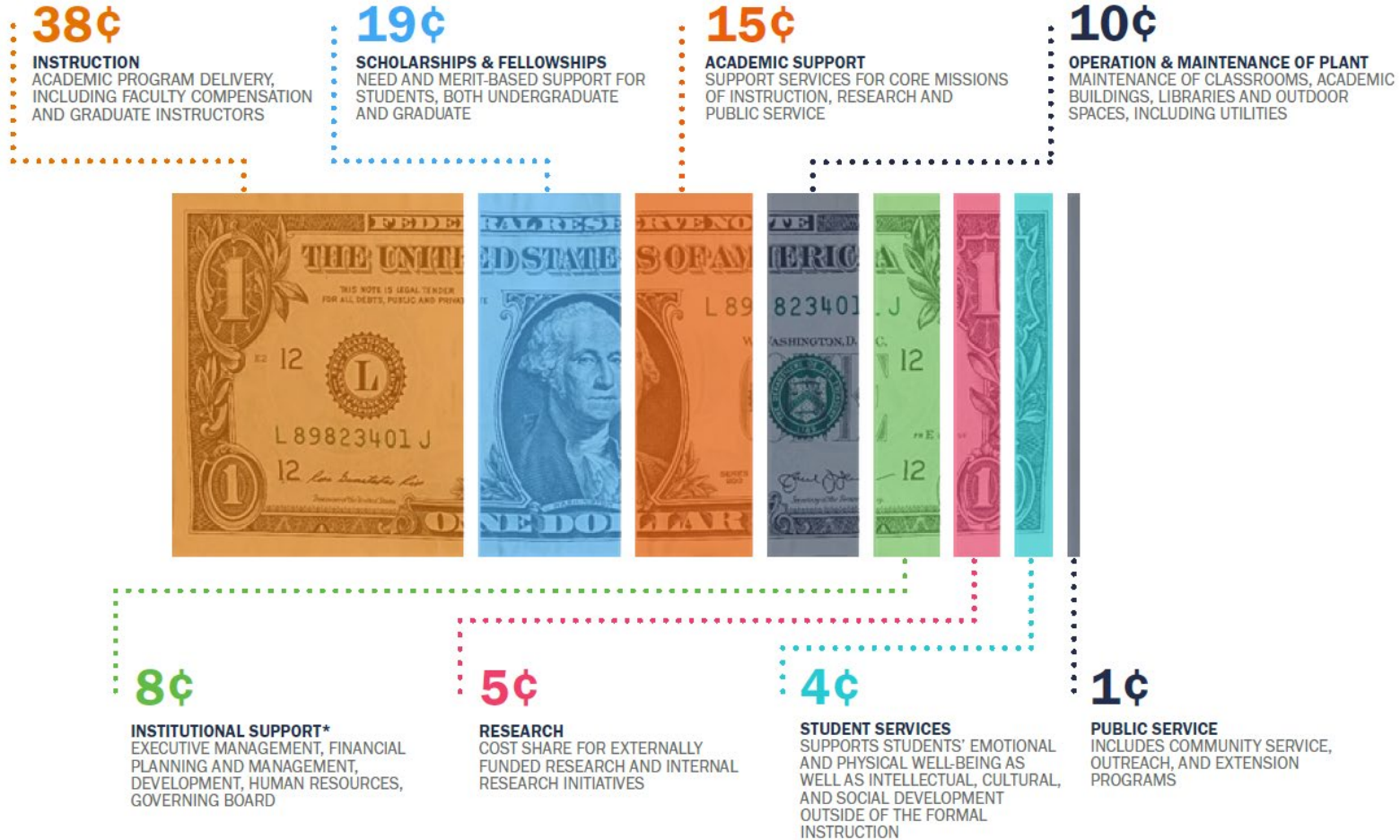




Tuition Increases and Inflation



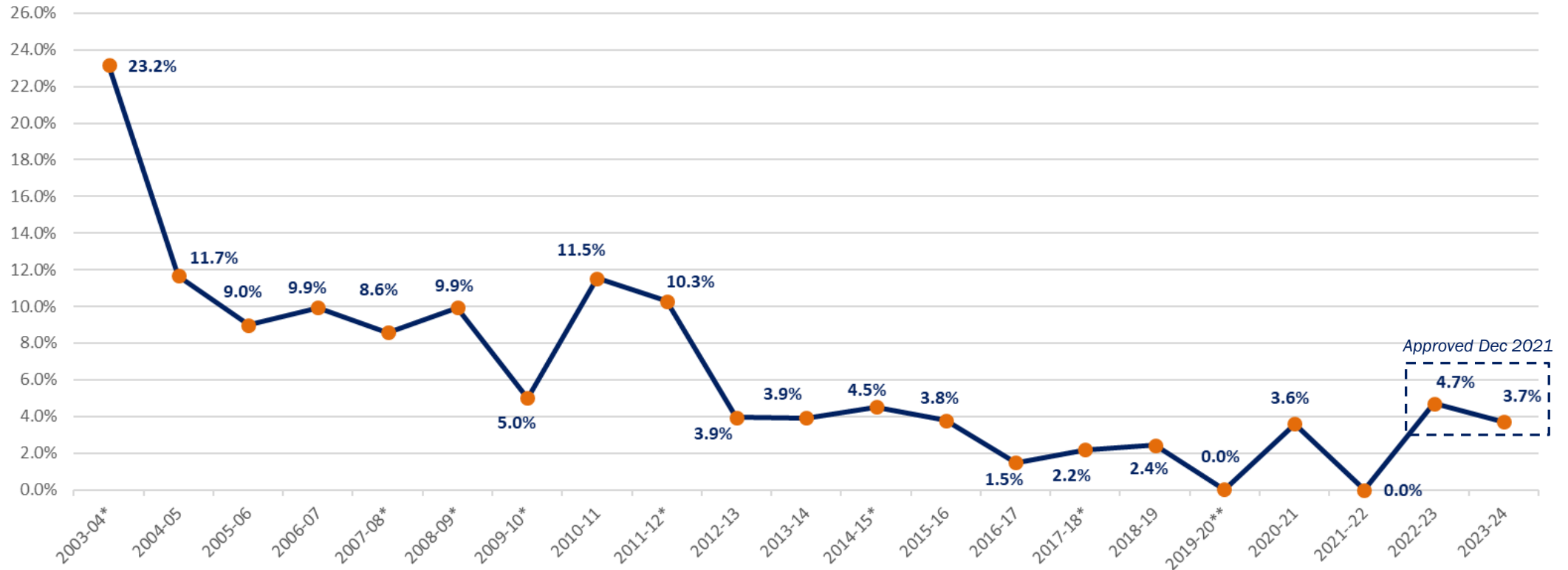
How We Spend Tuition and State Funds to Educate Students



**Institutional Support includes police and emergency preparedness as well as compliance with state and federal regulations including Title IX, the Clery Act, FERPA, the Americans with Disabilities Act, the Equal Opportunity Act, the Fair Labor Standards Act, the Federal Information Security Management Act, and other federal mandates.*

Tuition History

In-State Base Undergraduate Tuition and Educational & General (E&G) Fee Historical Rate Increases



*Denotes year of a general fund decrease.

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

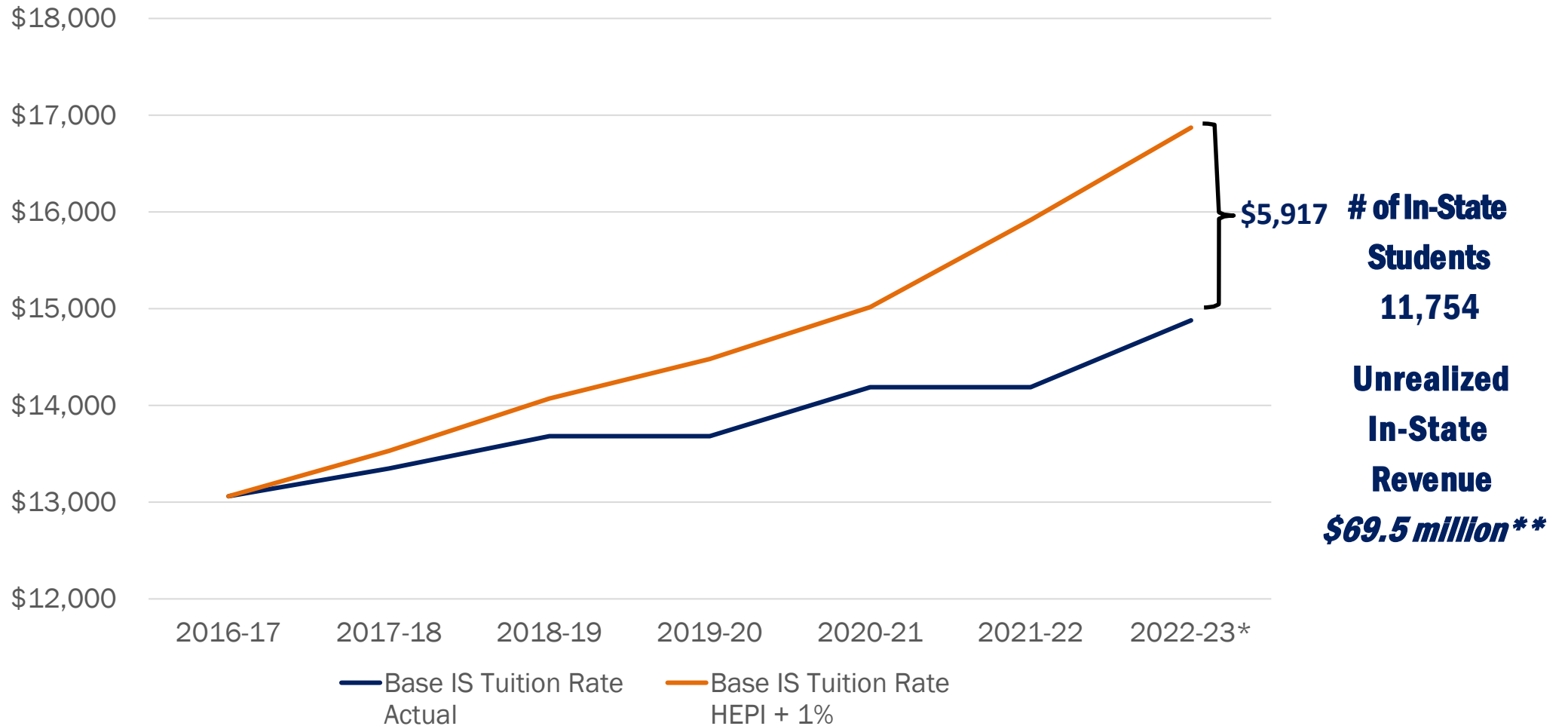
Base In-State Undergraduate Tuition, As Compared to Inflation

	Base In-State Tuition Increase	HEPI*	HEPI + 1%
2022-23	4.7%	5.0%	6.0%
2021-22	0.0%	5.0%	6.0%
2020-21	3.6%	2.7%	3.7%
2019-20	0.0%	1.9%	2.9%
2018-19	2.4%	3.0%	4.0%
2017-18	2.2%	2.6%	3.6%
2016-17	1.5%	3.0%	4.0%
Total over 7 yrs	14.4%	23.2%	30.2%
Average Increase	2.1%	3.3%	4.3%

*HEPI values are representative of the final HEPI figure for each fiscal year. FY22 and FY23 are based on the current FY22 projection for HEPI. CPI, as of June 2022, is currently 9.1%.



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



*Reflects BOV-approved tuition increase for 2022-23.

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



Recent Cost Containment Measures

COVID PERSONNEL ACTIONS

- Implemented hiring and compensation freezes
- Furloughs, salary reductions, benefit adjustments

FINANCE ACTIONS

- 8% budget reductions – reallocated to COVID/strategic priorities
- Finance Strategic Transformation
- Optimized debt portfolio
- Contract renegotiations

OTHER ACTIONS

- Refined budget model
- Delta Force – utility savings
- Adaptive Insights
- Reduced discretionary spending
- In last 5 years, annual expenditures grew only 2.1% per year, on average

Operational Efficiencies – Academic and Administrative

- Finance Strategic Transformation: Modern, cloud-based financial system and updated financial policies and procedures
- Operations and physical plant energy use reduction (schools/operational units)
- Reduction of tenure-track headcount by 25 FTE in Arts & Sciences (about 5%), saving ~\$4M per year
- Procurement & IT: cost savings through contract renegotiations
- Optimization of IT infrastructure through equipment replacements, modernization, and cost-effective services
- Funded PhD lines cut by 15% in the Graduate School of Arts & Sciences
- Process automation/improvement in support of COVID-related management and tracking
- Emphasis on sustainability, including elimination of single-use plastics
- Ongoing efforts to evaluate centrally versus unit-provided services
- Health insurance: No premium increase for two years
- Reallocation of existing funding toward new initiatives
- Implementation of new online faculty annual report system
- Closure of Slavic Studies PhD program



Spring 2022



Current Conditions



Increase in State General Fund Appropriations: Academic Division

Key Conclusion: We appreciate the increased state support; most of the new funding is committed to the state's share of the salary increase, cancer research, financial aid, or other

\$187.5M: FY21 Appropriations

- + \$ 9.1M GF share of July 2021 5% merit increase
- + \$ 2.5M additional support for the Cancer Center
- + \$ 6.5M affordable access (supports IS UG share of July 22 merit increase; made permanent in FY22)
- + \$ 0.3M financial aid

\$202.5M: FY22 Appropriations

- + \$20.8M additional support for the Cancer Center & Biotech/Research, including ETF
- + \$ 9.6M GF share of July 2022 5% merit increase
- + \$ 2.5M affordable access
- + \$ 1.0M additional support for Focused Ultrasound
- + \$ 2.4M financial aid financial aid and other central accounts

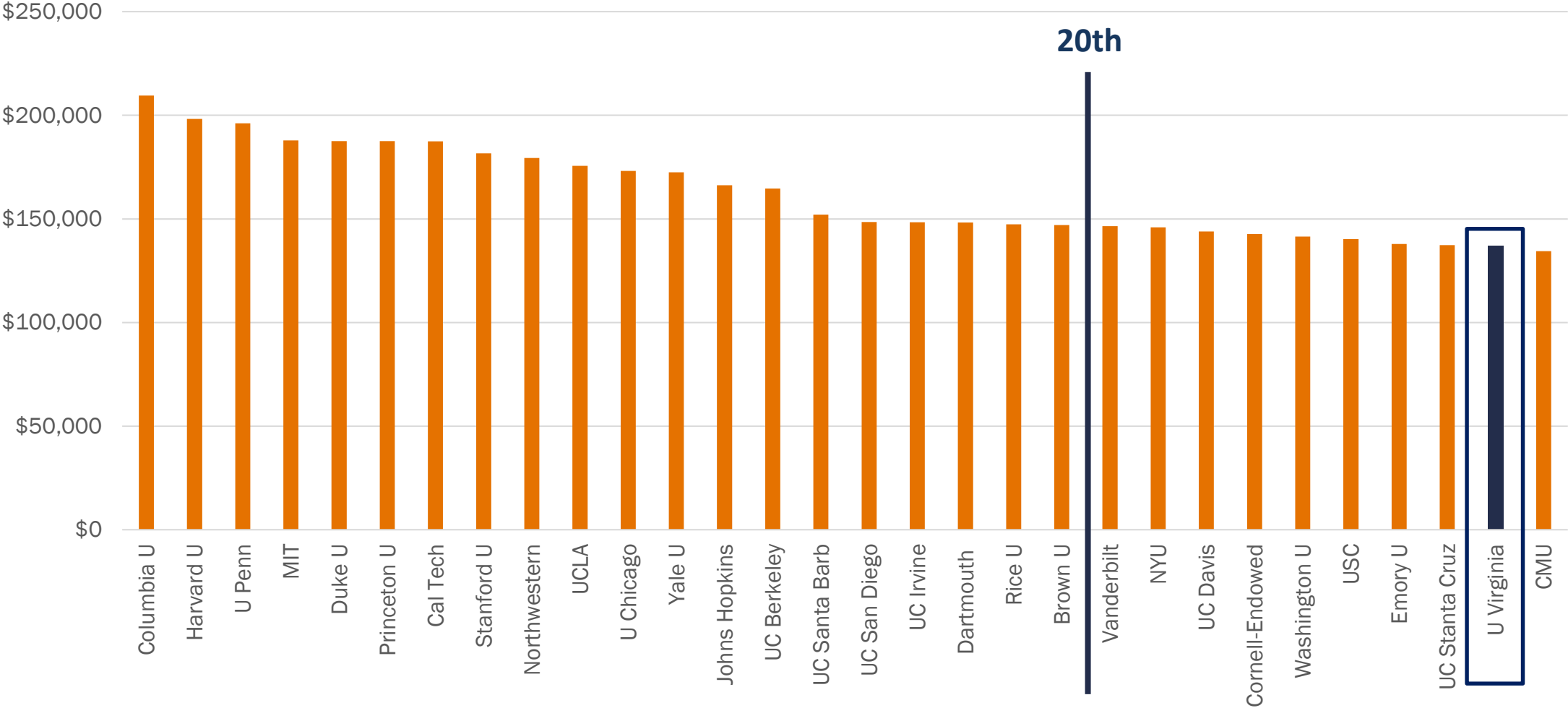
\$238.8M: FY23 Approved Appropriations



Compensation Increases for FY22, FY23, and FY24

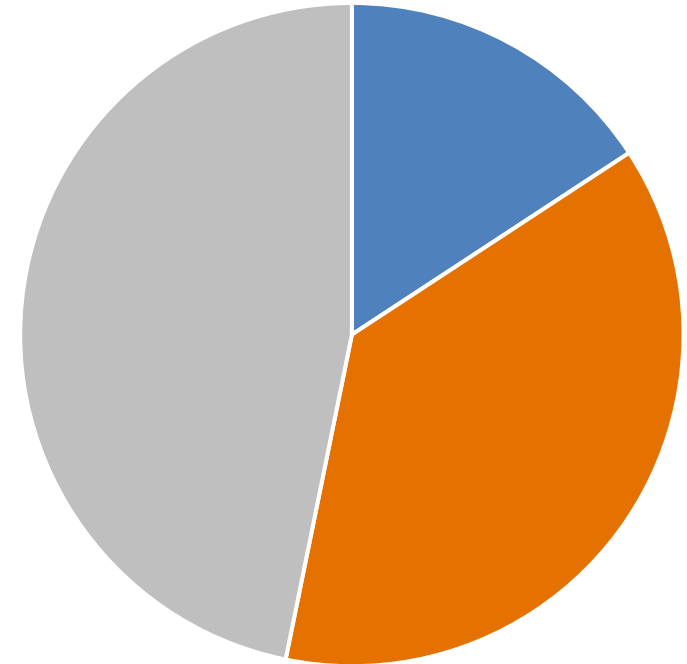
- Our compensation is below market
 - In February 2013, the Board approved a resolution aspiring to achieve a top 20 AAU faculty salary ranking by June 2017. In FY17, the University ranked 27th.
 - In FY21, we are ranked at the 29th position of the AAU
- We appreciate the state authorized salary increase and the state's contribution of a proportional share.
- With three years of 5% annual base compensation increases, we will receive nearly \$30M from the state by the third year
- The Commonwealth expects UVA to generate the remaining funding of nearly \$153M by the third year, including from tuition
- Holding tuition flat while increasing compensation for 1, 2, or 3 years creates a significant financial burden

2020-21 UVA Faculty Salary vs. Top 30 AAU Peers



Compensation is a Shared Funding Responsibility

- The Commonwealth has a long-standing fund-sharing policy
- Given UVA's diversity of revenues, each source that funds a portion of a salary is expected to fund the same portion of a salary increase
- If we reduce in-state undergraduate tuition, what source will make up the shortfall? Please be advised, this is an ongoing base operating expense.
- The 5% salary increase in July 2022 will cost the University \$61M, expected to be funded as shown to the side



- State Appropriations
- Undergrad, Prof/Grad Tuition
- Institutional Funds

Current State

December 2021:

- Board of Visitors approved in-state undergraduate tuition increases for Fall 2022 and Fall 2023
- UVA: 4.7% and 3.7% increases, respectively

Spring 2022:

- In June, UVA was asked to reconsider in-state, undergraduate tuition increase for Academic Year 2022-2023



**UVA College at Wise
2022-24 Tuition and Fee Actions**



UVA Wise's Value Proposition

- Established in 1954 as a division of UVA
- 2,000 students
- 33 majors, 39 minors, five pre-professional programs, including bachelor's degrees in: Nursing, Software Engineering, Computer Science, Management of Information Systems
- Discipline-specific accreditations: ABET, ACS, CAEP, CCNE
- Committed to Student Success and Serving Our Community
- Founded by individuals from the Southwest Virginia region, the College has graduated generations of alumni who serve as leaders in the businesses, schools, healthcare facilities, and other key organizations around the area
- Economic impact of \$84 million on the Commonwealth and \$64.5 million on Southwest Virginia

WASHINGTON MONTHLY

“Best Bang For The Buck” Award

U.S. NEWS & WORLD REPORT

***Ranked 8th Nationally
on Social Mobility Index***

***Ranked Nationally
Among Best Undergraduate
Engineering Programs for Software
Engineering***

Increase in Students with Demonstrated Financial Need

- UVA Wise’s mission remains accessible, affordable quality education for students, many of whom are the first in their family to attend college.
- Recent enrollment initiatives have broadened our reach to these student groups, who have historically been successful at UVA Wise (first-generation, Pell eligible, etc.). Initiatives include our recruitment across the Appalachian Regional Commission territory, our Within Reach scholarship program, and enhanced private support.

Year	In-State				Out-of-State			
	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition
2016-2017	85%	58%	\$6.71M	70%	76%	38%	\$.96M	0%
2017-2018	85%	57%	\$6.87M	70%	76%	52%	\$1.02M	0%
2018-2019	86%	56%	\$6.79M	70%	82%	52%	\$1.22M	0%
2019-2020	79%	53%	\$6.69M	70%	77%	64%	\$.94M	0%
2020-2021	85%	56%	\$7.03M	70%	80%	44%	\$1.29M	0%

Tuition Philosophy



- To honor our commitment to access and affordability, we leverage all public and private aid available to keep tuition low for students.
 - **Metrics** –job and graduate school placement at top organizations and universities with minimal tuition increases.
- Tuition is last resort; look to other revenues and savings.

Recent Cost Containment Measures

PERSONNEL ACTIONS

- Implemented a hiring freeze
- Implemented the Early Retirement Incentive Program (ERIP)
- 25% reduction in adjunct expenditures

FINANCE ACTIONS

- Restructured auxiliary debt
- Launched a college-wide zero-based budget exercise to identify and fund priorities
- Shared services, systems and software with UVA

OTHER ACTIONS

- Reduced discretionary spending
- Implemented a utility conservation project with VA Department of Energy
- Reallocate funding appropriately each budget cycle

Increase in State General Fund Appropriations: College at Wise

Key Take-away: We appreciate the increased state support; most of the new funding is committed to the state's share of the salary increase, financial aid, or other.

\$23.5M: FY21 Appropriations

- + \$.3M affordable access
- + \$.8M additional support to expand nursing MSN-FNP program
- + \$.7M central appropriations (support merit increase, min. wage increase, etc.)
- + \$.4M additional financial aid

\$25.7M: FY22 Appropriations

- + \$1.0M additional operating funds
- + \$6.6M expand programs and enhance economic development
- + \$.9M projected for 5% merit
- + \$.2M undergraduate financial aid
- + \$.2M graduate financial aid

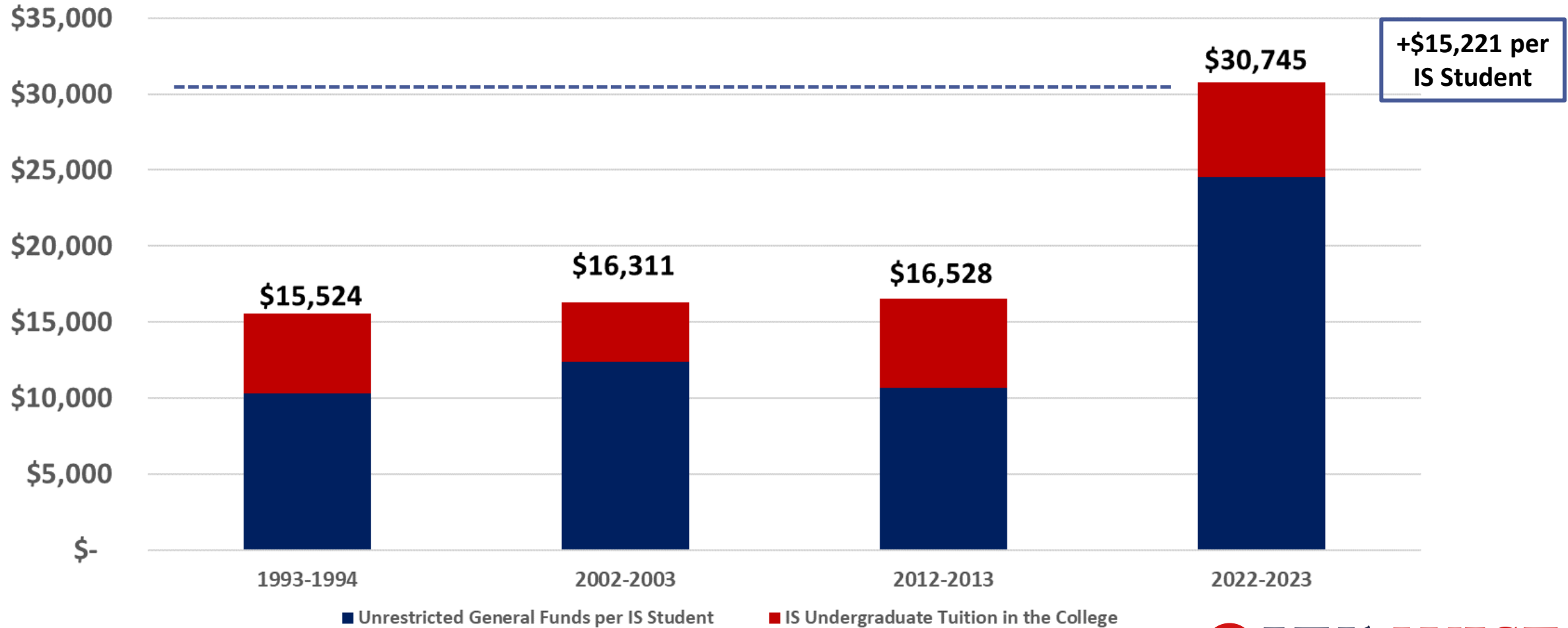
\$34.4M: FY23 Approved Appropriations

Commonwealth Appropriations – UVA Wise

FY23 Budgeted Appropriations: \$34.4M

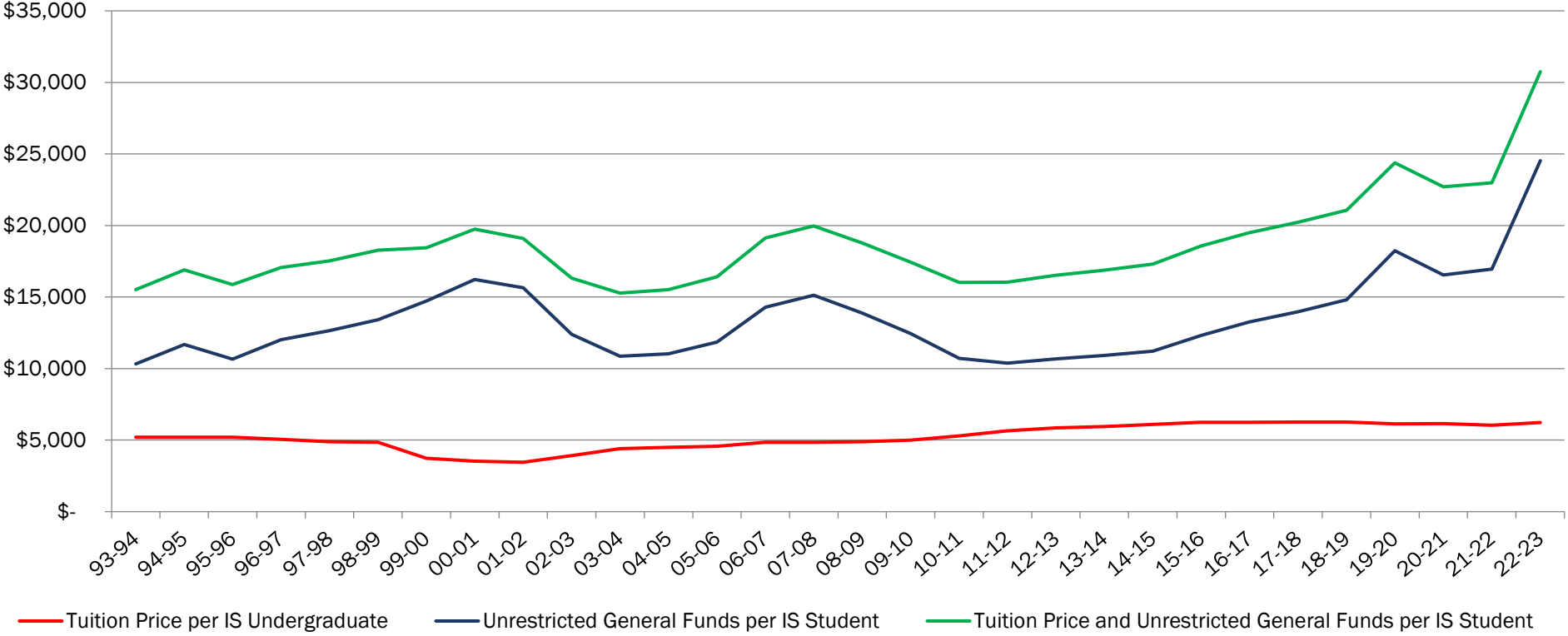
- \$1.0M in additional operating funds
- \$6.6M to expand programs and enhance economic development
- \$934K projected for 5% merit
- \$240K undergraduate financial aid
- \$200K graduate financial aid

Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs (in FY2022 dollars)



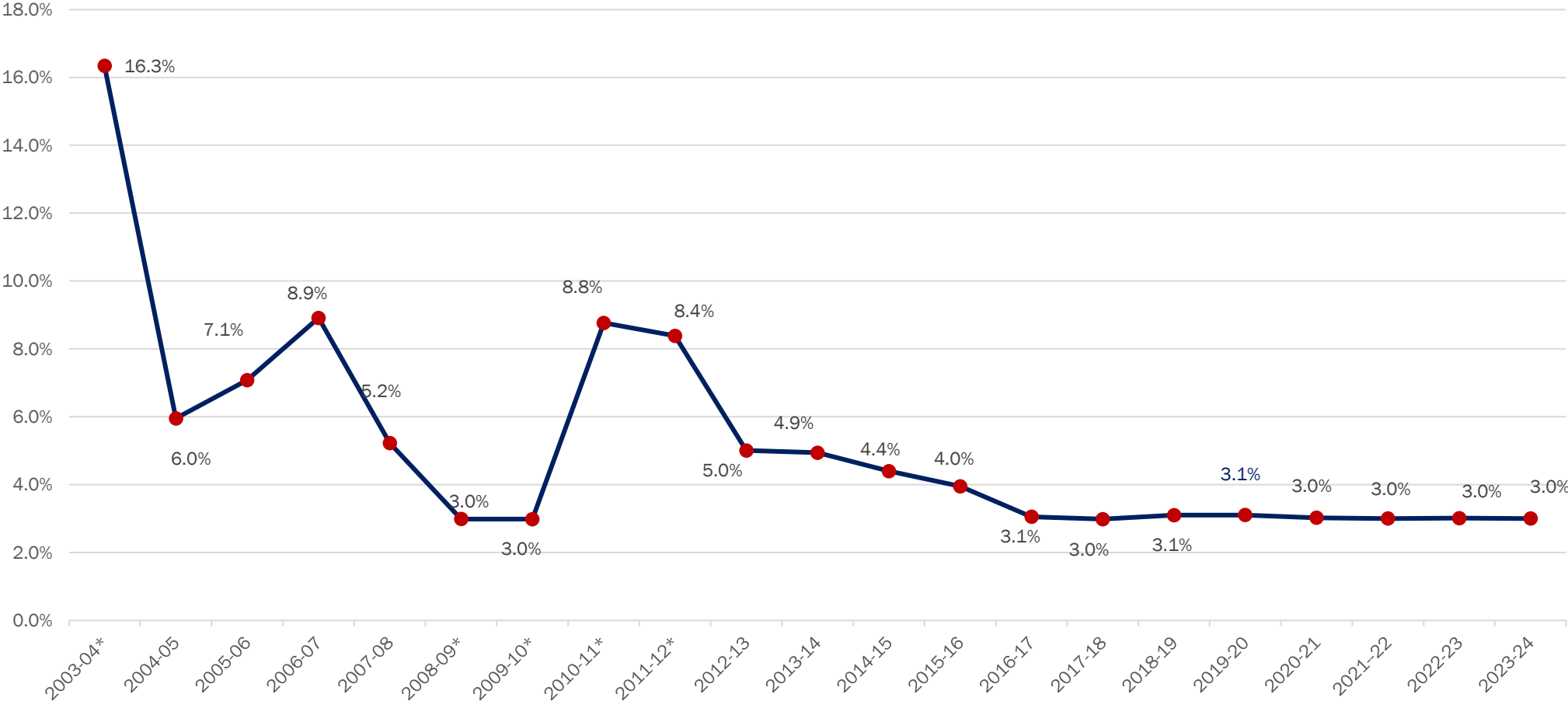
Thirty Years of State Appropriation and In-State Undergrad Tuition (in FY2022 dollars)

FY 1994-2001 Min. increases in GF, tuition freezes, tuition rollback	FY 2002-2011 GF cuts, tuition increases	FY2012-2023 GF increases, tuition increases
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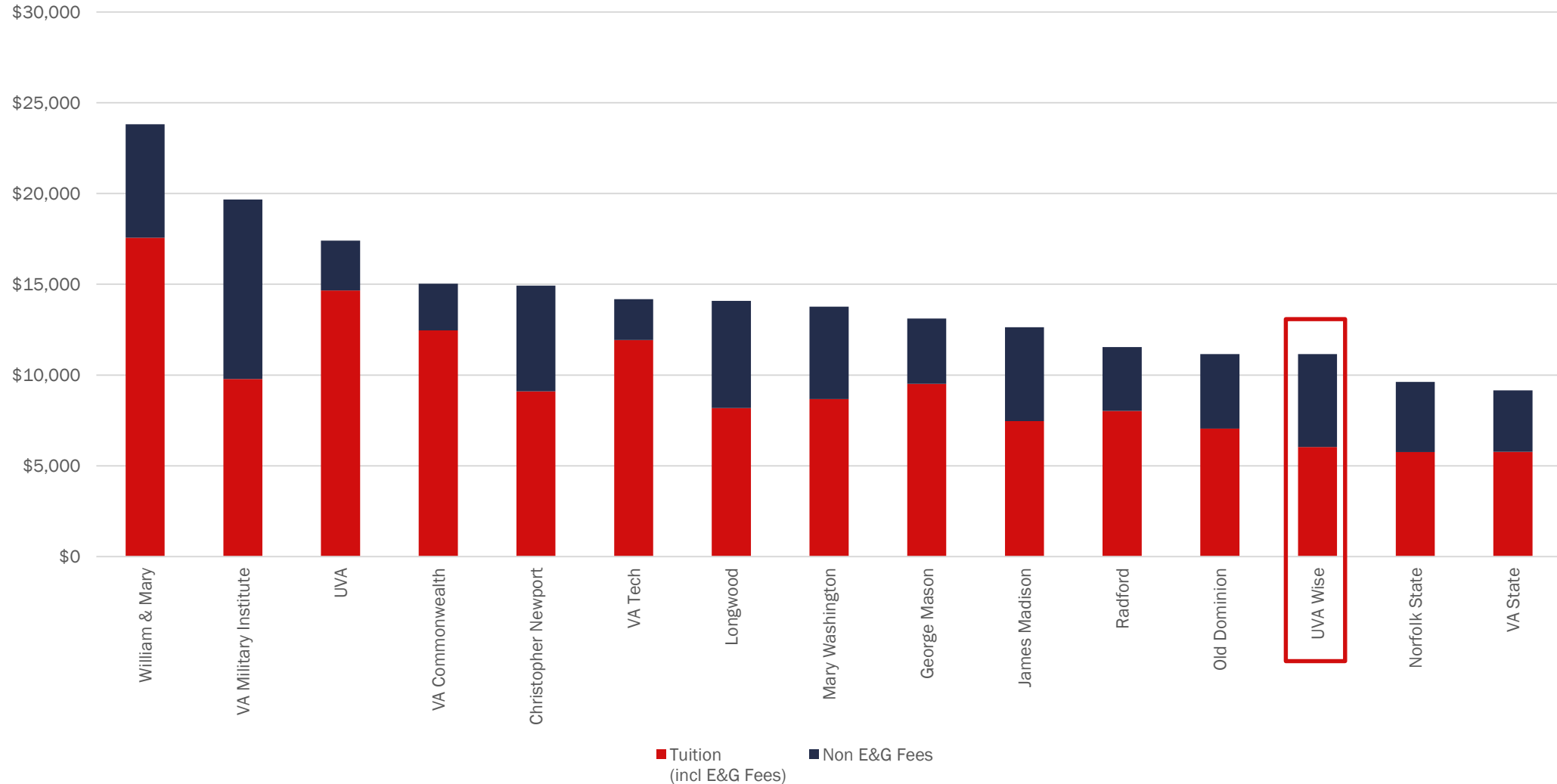
Tuition History

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



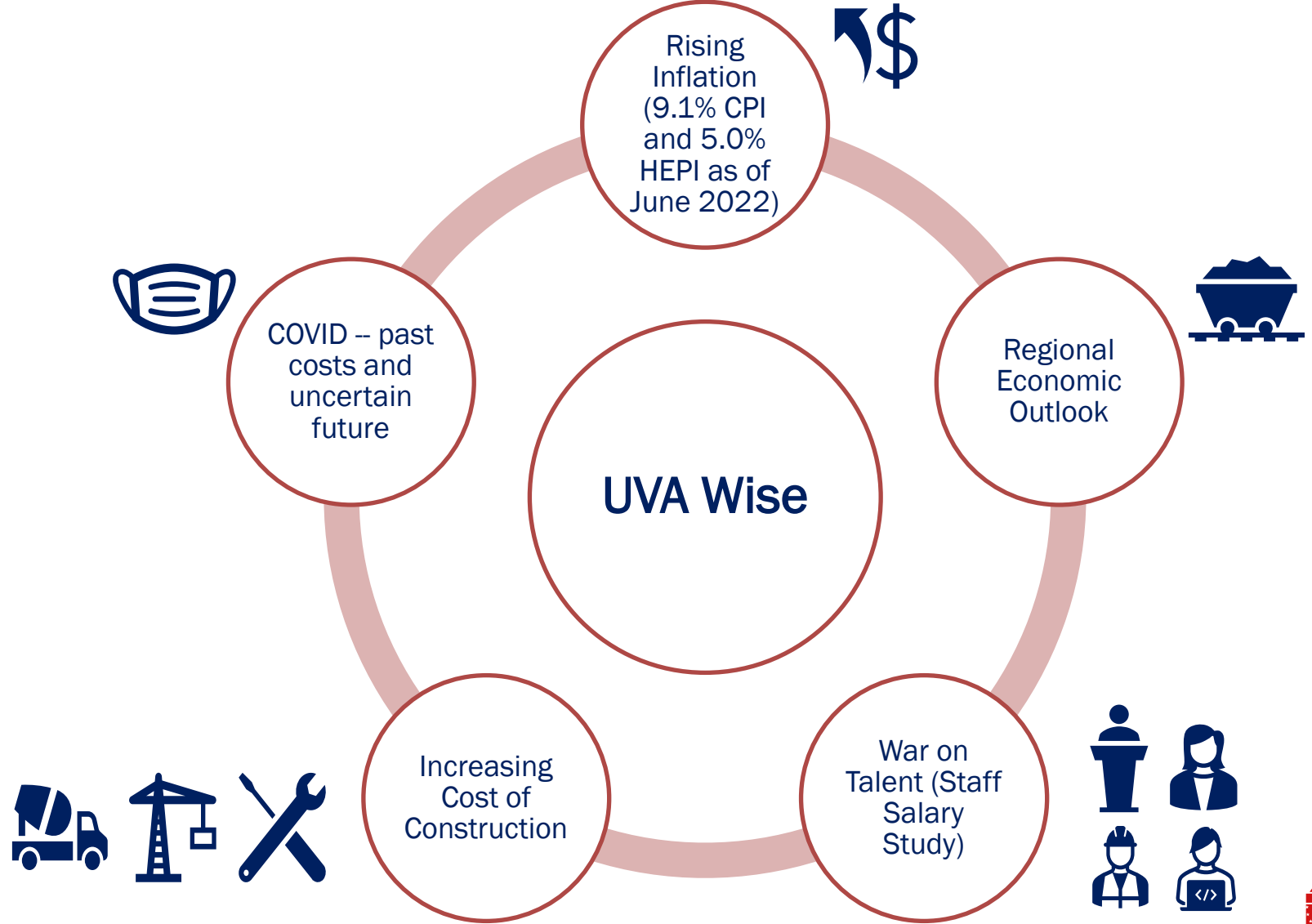
*Denotes year of a general fund decrease.

2022-2023 Virginia Public Comparison Undergraduate, In-State Tuition and Fees



*Indicates institutions utilizing a rebate/scholarship to offset increase in FY23 tuition.

Current Conditions



Current State

December 2021:

- Board of Visitors approved in-state undergraduate tuition increases for Fall 2022 and Fall 2023
- UVA-Wise: 3.0% increases in both years

Spring 2022:

- In June, College at Wise was asked to reconsider in-state, undergraduate tuition increase for Academic Year 2022-2023



Discussion and Next Steps

