

Six-Year Plans - Part I (2018): 2018-20 through 2022-24
University of Virginia
ACADEMIC AND FINANCIAL PLAN

Instructions: In the column entitled "Academic and Support Service Strategies for Six-Year Period (2018-2024)," please provide titles to identify strategies (for the three biennia of this six-year period) associated with goals in the Virginia Plan. *Please use this title to identify a more detailed description of the strategy in the separate Word document (Part II - Narrative).*

Priority Ranking	ACADEMIC AND SUPPORT SERVICE STRATEGIES FOR SIX-YEAR PERIOD (2018-2024)											Narrative	Narrative	
	Biennium 2018-2020 (7/1/18-6/30/20)										Information for 2018-19 and/or for Biennium 2020-2022 (7/1/20-6/30/22)			Information for 2019-20 and/or for Biennium 2022-2024 (7/1/22-6/30/24)
	Strategies (Short Title)	VP Goal	Cost: Incremental, Savings, Reallocation											
			2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)					
		Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue					
1	Access & Affordability: Making a World-Class Education Affordable	1, 2	Incremental:	\$3,141,000	\$3,141,000	\$4,236,000	\$4,236,000	\$3,938,000	\$3,938,000	\$3,839,000	\$3,839,000	Financial aid for out-of-state students and aid for differential tuition.	Financial aid for out-of-state students and aid for differential tuition.	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
2	Academic & Student Experience: Assemble a Distinguished, Diverse Faculty	2, 3, 4	Incremental:	\$3,956,000	\$3,956,000	\$7,189,000	\$7,189,000	\$4,854,000	\$4,854,000	\$9,319,000	\$9,319,000	2-year extension on Tops/Cluster hires, as well as, additional new hires	2-year extension on Tops/Cluster hires, as well as, additional new hires	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$3,956,000	\$0	\$7,189,000	\$0	\$4,854,000	\$0	\$9,319,000	\$0			
3	Academic & Student Experience: Implement the Quality Enhancement Plan (QEP)	2, 3, 4	Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Academic & Student Experience: Implement the Quality Enhancement Plan (QEP)	Academic & Student Experience: Implement the Quality Enhancement Plan (QEP)	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$100,000	\$0	\$200,000	\$0	\$100,000	\$0	\$200,000	\$0			
4	Research	3, 4	Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	UVa goal to double research portfolio over next ten years through expanding regional and public-private collaborations and supporting institutional research priorities (e.g., new faculty competing for external funding; Inova partnership; new opportunities for state-sponsored research [through VRIC and other sources]; pan-University research institutes).		
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
5	Academic & Student Experience: Enhance the Student Educational Experience	2, 3, 4	Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Academic & Student Experience: Enhance the Student Educational Experience	Academic & Student Experience: Enhance the Student Educational Experience	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$50,000	\$0	\$100,000	\$0	\$50,000	\$0	\$100,000	\$0			
6	Organizational Excellence: Resource Alignment & Optimization	1, 2, 3, 4	Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Organizational Excellence: Resource Alignment & Optimization	Organizational Excellence: Resource Alignment & Optimization	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$1,660,000	\$0	\$3,490,000	\$0	\$1,660,000	\$0	\$3,490,000	\$0			
7	Economic Development	2, 3, 4	Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Economic Development	Economic Development	
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$166,000	\$0	\$171,000	\$0	\$166,000	\$0	\$171,000	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Incremental:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			Reallocation:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Total 2018-2020 Costs														
Incremental (Included in Financial Plan line 61)				\$7,263,000	\$7,097,000	\$11,596,000	\$11,425,000	\$8,958,000	\$8,792,000	\$13,329,000	\$13,158,000			
Savings				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Reallocation				\$5,932,000	\$0	\$11,150,000	\$0	\$6,830,000	\$0	\$13,280,000	\$0			

Six-Year Plans - Part I (2018): 2018-20 through 2022-24
University of Virginia
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Instructions: In the column entitled "Academic and Support Service Strategies for Six-Year Period (2018-2024)," please provide titles to identify strategies (for the three biennia of this six-year period) associated with goals in the Virginia Plan. Please use this title to identify a more detailed description of the strategy in the separate Word document (Part II - Narrative).

Priority Ranking	ACADEMIC AND SUPPORT SERVICE STRATEGIES FOR SIX-YEAR PERIOD (2018-2024)										Narrative	Narrative		
	Biennium 2018-2020 (7/1/18-6/30/20)					Cost: Incremental, Savings, Reallocation							Information for 2018-19 and/or for Biennium 2020-2022 (7/1/20-6/30/22)	Information for 2019-20 and/or for Biennium 2022-2024 (7/1/22-6/30/24)
	Strategies (Short Title)	VP Goal	2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)					
			Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue				
	Six-Year Financial Plan for Educational and General Programs, Incremental Operating Budget Need													
	2018-2020 Biennium													
	(Assuming No Additional General Fund)													
			2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)					
	Items	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue					
	Total Incremental Cost from Academic Plan¹	\$7,263,000	\$7,097,000	\$11,596,000	\$11,425,000	\$8,958,000	\$8,792,000	\$13,329,000	\$13,158,000					
	Increase T&R Faculty Salary Amount (state authorized salary increase), put NGF share amount in the tuition column and NGF share+state funding in the total column	\$3,480,000	\$3,480,000	\$7,064,000	\$7,064,000	\$0	\$0	\$2,440,667	\$2,440,667					
	Increase T&R Faculty Salary Amount (additional NGF salary increase), put NGF amount in both tuition and total columns					\$3,554,000	\$3,554,000	\$4,774,333	\$4,774,333					
	T&R Faculty Salary Increase Rate (put state authorized salary increases in the total column, leave tuition column blank)	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	2.00%	2.00%					
	Additional NGF T&R Faculty Salary Increase Rate (put additional NGF salary increase rate in both tuition and total columns)					3.00%	3.00%	1.00%	1.00%					
	Increase Admin. Faculty Salary Amount (state authorized salary increase), put NGF share amount in the tuition column and NGF share+state funding in the total column	\$175,000	\$175,000	\$180,000	\$180,000	\$0	\$0	\$104,000	\$104,000					
	Increase Admin. Faculty Salary Amount (additional NGF salary increase), put NGF amount in both tuition and total columns					\$152,000	\$152,000	\$204,000	\$204,000					
	Admin Faculty Salary Increase Rate (put state authorized salary increases in the total column, leave tuition column blank)	3.00%	0.00%	3.00%	3.00%	0.00%	0.00%	2.00%	2.00%					
	Additional NGF Admin. Faculty Salary Increase Rate (put additional NGF salary increase rate in both tuition and total columns)					3.00%	3.00%	1.00%	1.00%					
	Increase Classified Salary Amount (state authorized salary increase), put NGF share amount in the tuition column and NGF share+state funding in the total column	\$0	\$0	\$0	\$0	\$0	\$0	\$1,190,000	\$1,190,000					
	Increase Classified Salary Amount (additional NGF salary increase), put NGF amount in both tuition and total columns					\$0	\$0	\$0	\$0					
	Classified Salary Increase Rate (put state authorized salary increases in the total column, leave tuition column blank)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%					
	Additional NGF Classified Salary Increase Rate (put additional NGF salary increase rate in both tuition and total columns)					0.00%	0.00%	0.00%	0.00%					
	Increase University Staff Salary Amount (state authorized salary increase), put NGF share amount in the tuition column and NGF share+state funding in the total column	\$3,807,000	\$3,807,000	\$3,921,000	\$3,921,000	\$0	\$0	\$2,934,000	\$2,934,000					
	Increase University Staff Salary Amount (additional NGF salary increase), put NGF amount in both tuition and total columns					\$4,442,000	\$4,442,000	\$5,909,000	\$5,909,000					
	University Staff Salary Increase Rate (put state authorized salary increases in the total column, leave tuition column blank)	3.00%	0.00%	3.00%	3.00%	0.00%	0.00%	2.00%	2.00%					
	Additional NGF University Staff Salary Increase Rate (put additional NGF salary increase rate in both tuition and total columns)					3.00%	3.00%	1.00%	1.00%					
	Increase Number of Full-Time T&R Faculty ⁴ (\$)	\$2,387,000	\$2,387,000	\$6,074,000	\$6,074,000	\$2,387,000	\$2,387,000	\$6,074,000	\$6,074,000					
	Increase Number of Full-Time T&R Faculty ⁴ (FTE)	27	0	54	0	27	0	54	0					
	Increase Number of Full-Time Admin. Faculty ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Increase Number of Full-Time Admin. Faculty ⁴ (FTE)	0	0	0	0	0	0	0	0					
	Increase Number of Part-Time Faculty ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Increase Number of Part-Time Faculty ⁴ (FTE)	0	0	0	0	0	0	0	0					
	Increase Number of Classified Staff ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Increase Number of Classified Staff ⁴ (FTE)	0	0	0	0	0	0	0	0					
	Increase Number of University Staff ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Increase Number of University Staff ⁴ (FTE)	0	0	0	0	0	0	0	0					
	Library Enhancement ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Library Enhancement ⁴ (FTE)	0	0	0	0	0	0	0	0					
	Technology Enhancement ⁴ (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
	Technology Enhancement ⁴ (FTE)	0	0	0	0	0	0	0	0					
	O&M for New Facilities ⁴ (\$)	\$1,325,000	\$927,500	\$2,396,000	\$1,677,200	\$733,000	\$513,100	\$1,248,000	\$873,600					

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	Strategies (Short Title)	VP Goal	Cost: Incremental, Savings, Reallocation											
			2018-2019		2019-2020		2018-2019 (revised)		2019-2020 (revised)					
Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue	Total Amount	Amount From Tuition Revenue					
	O&M for New Facilities ⁴ (FTE)		0	0	0	0	0	0	0	0				
	Utility Cost Increase		\$771,000	\$539,700	\$1,558,000	\$1,090,600	\$1,882,000	\$1,317,400	\$2,695,000	\$1,886,500				
	NGF share of state authorized salary increase/bonus		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	Fringe/health insurance benefits increase		\$3,065,000	\$2,145,500	\$5,657,000	\$3,959,900	\$2,976,000	\$2,083,000	\$6,227,000	\$4,358,900				
	VRS increase		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	Additional In-State Student Financial Aid From Tuition Revenue		\$2,986,000	\$2,986,000	\$1,859,000	\$1,859,000	\$3,065,000	\$3,065,000	\$2,114,000	\$2,114,000				
	Others (Specify, insert lines below)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	Safety and Security Enhancement		\$0	\$0	\$0	\$0	\$5,700,000	\$0	\$12,400,000	\$0				
	Total Additional Funding Need		\$25,259,000	\$23,544,700	\$40,305,000	\$37,250,700	\$25,701,000	\$18,157,500	\$50,755,667	\$35,133,667				

Notes:
(1) Please ensure that these items are not double counted if they are already included in the incremental cost of the academic plan.
(2) If planned, enter the cost of any institution-wide increase.
(3) Enter planned annual faculty salary increase rate. Any salary increase entered here will be counted when calculating the gap to reach the 60th percentile in the future.
(4) Enter number of FTE change over the FY2018 level in appropriate columns.

Six-Year Plans - Part I (2018): 2018-20 through 2022-24
University of Virginia

Six-Year Financial Plan for Tuition and Fee Increases and Nongeneral Fund Revenue Estimates

Items	2016-2017 (Estimated)		2017-2018 (Estimated)			2018-2019 (Planned)			2019-2020 (Planned)		
	Student Charge	Total Revenue	Student Charge	Rate Increase	Total Revenue	Student Charge	Rate Increase*	Total Revenue	Student Charge	Rate Increase*	Total Revenue
E&G Programs											
Undergraduate, In-State	\$12,251	\$139,124,000	\$13,053	6.5%	\$146,092,000	\$14,043	7.6%	\$157,167,000	\$14,785	5.3%	\$165,481,000
Undergraduate, Out-of-State	\$42,859	\$209,313,000	\$44,338	3.5%	\$229,628,000	\$45,878	3.5%	\$237,606,000	\$47,472	3.5%	\$245,861,000
Graduate, In-State	\$15,905	\$38,505,000	\$16,930	6.4%	\$39,808,000	\$17,523	3.5%	\$41,201,000	\$18,136	3.5%	\$42,643,000
Graduate, Out-of-State	\$26,379	\$84,711,000	\$28,374	7.6%	\$92,921,000	\$29,367	3.5%	\$96,173,000	\$30,395	3.5%	\$99,539,000
Law, In-State	\$54,061	\$12,517,000	\$56,002	3.6%	\$13,379,000	\$57,962	3.5%	\$13,847,000	\$59,991	3.5%	\$14,332,000
Law, Out-of-State	\$57,061	\$38,920,000	\$59,002	3.4%	\$40,021,000	\$61,067	3.5%	\$41,422,000	\$63,204	3.5%	\$42,871,000
Medicine, In-State	\$44,283	\$15,422,000	\$44,290	0.0%	\$15,693,000	\$44,290	0.0%	\$15,693,000	\$44,290	0.0%	\$15,693,000
Medicine, Out-of-State	\$55,089	\$18,027,000	\$55,096	0.0%	\$18,805,000	\$55,096	0.0%	\$18,805,000	\$55,096	0.0%	\$18,805,000
Dentistry, In-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
Dentistry, Out-of-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
PharmD, In-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
PharmD, Out-of-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
Veterinary Medicine, In-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
Veterinary Medicine, Out-of-State	\$0	\$0	\$0	%	\$0	\$0	%	\$0	\$0	%	\$0
Other NGF		\$36,322,000			\$38,469,000			\$39,431,000			\$40,416,000
Total E&G Revenue - Gross		\$592,861,000			\$634,816,000			\$661,345,000			\$685,641,000
Total E&G Revenue - Net of Financial Aid		\$488,834,000			\$520,880,000			\$541,282,000			\$559,483,000
E&G Revenue Used for Faculty Salary Increases		\$5,107,000			\$3,379,000			\$3,480,000			\$7,064,000
Average T&R Faculty Salary Increase Rate		4.75%			3.00%			3.00%			3.00%
Auxiliary Program											
Mandatory Non-E&G Fees											
Undergraduate	\$2,199		\$2,258	2.7%		\$2,314	2.5%		\$2,372	2.5%	
Graduate	\$2,199		\$2,258	2.7%		\$2,314	2.5%		\$2,372	2.5%	
Law	\$2,199		\$2,258	2.7%		\$2,314	2.5%		\$2,372	2.5%	
Medicine	\$2,199		\$2,258	2.7%		\$2,314	2.5%		\$2,372	2.5%	
Dentistry	\$0		\$0	%		\$0	%		\$0	%	
PharmD	\$0		\$0	%		\$0	%		\$0	%	
Veterinary Medicine	\$0		\$0	%		\$0	%		\$0	%	
Total Auxiliary Revenue (ALL including room and board)		\$273,842,000			\$280,160,000			\$286,636,000			\$293,273,000
Total Tuition and Fees											
Undergraduate, In-State	\$14,450		\$15,311	6.0%		\$16,357	6.8%		\$17,158	4.9%	
Undergraduate, Out-of-State	\$45,058		\$46,596	3.4%		\$48,193	3.4%		\$49,845	3.4%	
Graduate, In-State	\$18,104		\$19,188	6.0%		\$19,837	3.4%		\$20,508	3.4%	
Graduate, Out-of-State	\$28,578		\$30,632	7.2%		\$31,682	3.4%		\$32,767	3.4%	
Law, In-State	\$56,260		\$58,260	3.6%		\$60,277	3.5%		\$62,363	3.5%	
Law, Out-of-State	\$59,260		\$61,260	3.4%		\$63,382	3.5%		\$65,577	3.5%	
Medicine, In-State	\$46,482		\$46,548	0.1%		\$46,604	0.1%		\$46,662	0.1%	
Medicine, Out-of-State	\$57,288		\$57,354	0.1%		\$57,410	0.1%		\$57,468	0.1%	
Dentistry, In-State	\$0		\$0	%		\$0	%		\$0	%	
Dentistry, Out-of-State	\$0		\$0	%		\$0	%		\$0	%	
PharmD, In-State	\$0		\$0	%		\$0	%		\$0	%	
PharmD, Out-of-State	\$0		\$0	%		\$0	%		\$0	%	
Veterinary Medicine, In-State	\$0		\$0	%		\$0	%		\$0	%	
Veterinary Medicine, Out-of-State	\$0		\$0	%		\$0	%		\$0	%	
Student Financial Aid (Program 108)		\$104,027,000			\$113,936,000			\$120,063,000			\$126,158,000
Sponsored Programs (Program 110)		\$422,518,000			\$449,518,000			\$467,499,000			\$483,394,000
Unique Military Activities		\$0			\$0			\$0			\$0
Workforce Development		\$0			\$0			\$0			\$0
Other (Specify)		\$0			\$0			\$0			\$0

* The Revised 2018-19 and 2019-20 In-State UG tuition is based on First-Year tuition plus E&G fees. Prior years In-State UG tuition is a weighted average.

Six-Year Plans - Part I (2018): 2018-20 through 2022-24
University of Virginia

FINANCIAL AID PLAN

Note: If you do not have actual amounts for Tuition Revenue for Financial Aid by student category, please provide an estimate. If values are not distributed for Tuition Revenue for Financial Aid, a distribution may be calculated for your institution.

Allocation of Tuition Revenue Used for Student Financial Aid

***2016-17 (Actual) Please see footnote below**

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$139,124,000	\$22,461,000	16.1%	\$22,461,000
Undergraduate, Out-of-State	\$209,313,000	\$33,946,000	16.2%	\$33,946,000
Graduate, In-State	\$38,505,000	\$6,608,000	17.2%	\$6,608,000
Graduate, Out-of-State	\$84,711,000	\$33,606,000	39.7%	\$33,606,000
First Professional, In-State	\$27,939,000	\$1,478,000	5.3%	\$1,478,000
First Professional, Out-of-State	\$56,947,000	\$5,928,000	10.4%	\$5,928,000
Total	\$556,539,000	\$104,027,000	18.7%	\$104,027,000
Total from Finance-T&F worksheet	\$592,861,000	\$104,027,000	17.5%	
In-State Sub-Total	\$205,568,000	\$30,547,000	14.9%	\$30,547,000

2017-18 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$146,092,000	\$23,711,000	16.2%	\$23,711,000
Undergraduate, Out-of-State	\$229,628,000	\$36,510,000	15.9%	\$36,510,000
Graduate, In-State	\$39,808,000	\$7,415,000	18.6%	\$7,415,000
Graduate, Out-of-State	\$92,921,000	\$37,304,000	40.1%	\$37,304,000
First Professional, In-State	\$29,072,000	\$1,788,000	6.2%	\$1,788,000
First Professional, Out-of-State	\$58,826,000	\$7,208,000	12.3%	\$7,208,000
Total	\$596,347,000	\$113,936,000	19.1%	\$113,936,000
Total from Finance-T&F worksheet	\$634,816,000	\$113,936,000	17.9%	
In-State Sub-Total	\$214,972,000	\$32,914,000	15.3%	\$32,914,000
Additional In-State	\$9,404,000	\$2,367,000	25.2%	\$2,367,000

2018-19 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$157,167,000	\$26,374,000	16.8%	\$26,374,000
Undergraduate, Out-of-State	\$237,606,000	\$38,093,000	16.0%	\$38,093,000
Graduate, In-State	\$41,201,000	\$7,675,000	18.6%	\$7,675,000
Graduate, Out-of-State	\$96,173,000	\$38,610,000	40.1%	\$38,610,000
First Professional, In-State	\$29,540,000	\$1,851,000	6.3%	\$1,851,000
First Professional, Out-of-State	\$60,227,000	\$7,460,000	12.4%	\$7,460,000
Total	\$621,914,000	\$120,063,000	19.3%	\$120,063,000
Total from Finance-T&F worksheet	\$661,345,000	\$120,063,000	18.2%	
In-State Sub-Total	\$227,908,000	\$35,900,000	15.8%	\$35,900,000
Additional In-State	\$12,936,000	\$2,986,000	23.1%	\$2,986,000
Additional In-State from Financial Plan		\$2,986,000		

2019-20 (Planned)

T&F Used for Financial Aid	Gross Tuition Revenue	Tuition Revenue for Financial Aid (Program 108)	% Revenue for Financial Aid	Distribution of Financial Aid
Undergraduate, In-State	\$165,481,000	\$27,899,000	16.9%	\$27,899,000
Undergraduate, Out-of-State	\$245,861,000	\$40,717,000	16.6%	\$40,717,000
Graduate, In-State	\$42,643,000	\$7,944,000	18.6%	\$7,944,000
Graduate, Out-of-State	\$99,539,000	\$39,961,000	40.1%	\$39,961,000
First Professional, In-State	\$30,025,000	\$1,916,000	6.4%	\$1,916,000
First Professional, Out-of-State	\$61,676,000	\$7,721,000	12.5%	\$7,721,000
Total	\$645,225,000	\$126,158,000	19.6%	\$126,158,000
Total from Finance-T&F worksheet	\$685,641,000	\$126,158,000	18.4%	
In-State Sub-Total	\$238,149,000	\$37,759,000	15.9%	\$37,759,000
Additional In-State	\$10,241,000	\$1,859,000	18.2%	\$1,859,000
Additional In-State from Financial Plan		\$1,859,000		

** Please note that the totals reported here will be compared with those reported by the financial aid office on the institution's annual S1/S2 report. Since the six-year plan is estimated and the S1/S2 is "actual," the numbers do not have to match perfectly but these totals should reconcile to within a reasonable tolerance level. Please be sure that all institutional offices reporting tuition/fee revenue used for aid have the same understanding of what is to be reported for this category of aid.*

University of Virginia 2018-24 Six-Year Plan - Part II

Revised June 2018

A. INSTITUTIONAL MISSION

The University of Virginia's mission is reflected in its *Mission Statement* that was revised in 2013 and approved by SCHEV in 2014.

The University of Virginia is a public institution of higher learning guided by a founding vision of discovery, innovation, and development of the full potential of talented students from all walks of life. It serves the Commonwealth of Virginia, the nation, and the world by developing responsible citizen leaders and professionals; advancing, preserving, and disseminating knowledge; and providing world-class patient care.

We are defined by:

- Our enduring commitment to a vibrant and unique residential learning environment marked by the free and collegial exchange of ideas;
- Our unwavering support of a collaborative, diverse community bound together by distinctive foundational values of honor, integrity, trust, and respect;
- Our universal dedication to excellence and affordable access.

B. STRATEGIES

The University of Virginia's current strategic plan, The Cornerstone Plan, was approved in November 2013 and implemented starting in the 2014-2015 academic year. The Cornerstone Plan identifies five "pillars" that provide strategic direction for the University and further the goals of the Statewide Strategic Plan and the Virginia Higher Education Opportunity Act (HEOA). These five "pillars" are:

- 1) Enrich and strengthen the University's distinctive residential culture.
- 2) Strengthen the University's capacity to advance knowledge and serve the Commonwealth of Virginia, the nation, and the world through research, scholarship, creative arts, and innovation.
- 3) Provide educational experiences that deliver new levels of student engagement.
- 4) Assemble and support a distinguishing faculty.
- 5) Steward the University's resources to promote academic excellence and affordable access.

Over the last several years, UVA has aligned various planning efforts into a multi-year planning process that is updated regularly. The seven key strategies/priorities outlined in the Six-Year Plan align with the University's Cornerstone Plan and multi-year financial plan; advance the priorities of the Commonwealth, primarily the goals and strategies of The Virginia Plan for Higher Education and the objectives of the Virginia Higher Education Opportunity Act; and will

enhance the quality of education, research, and service at the University. In support of institutional priorities and in alignment with the Commonwealth's priorities/goals, investment earnings from UVA's Strategic Investment Fund (SIF) will fund exceptional opportunities with the potential to:

- Transform a critical area of knowledge or operation;
- Further research progress of the University;
- Materially enhance the quality of the academic experience;
- Support an affordable and excellent education for Virginians; or
- Expand economic development in the Commonwealth.

Priority 1 – Access & Affordability: Making a World-Class Education Affordable

The University of Virginia's Board of Visitors authorized AccessUVA in February 2004 and re-authorized the program in August 2013; AccessUVA is intended to ensure that an undergraduate education at the University is available to all students regardless of their financial circumstances. UVA accepts students on their academic merit, regardless of their ability to pay. AccessUVA continues to be successful in increasing socioeconomic diversity, reducing student loan debt and meeting 100 percent of need for all of the University's undergraduate students. This program continues to bring the University significant recognition as the premier need-based aid program for a public institution in the United States.

Under AccessUVA, the maximum need-based indebtedness over four years is \$4,000 for low-income Virginians and \$18,000 for all other Virginians who demonstrate financial need. Sixty-five percent of our students graduate with no debt. The 35 percent of students who graduated with debt in 2017 did so with an average of \$24,450, which is \$5,200 below the national average of 2016 graduates.

In 2016, the Board of Visitors committed \$13.5 million from the Strategic Investment Fund (SIF) to create Cornerstone Grants to provide funding for full-time Virginia students who do not qualify for AccessUVA (those with family income less than \$125,000 and assets less than \$150,000). The Board also committed \$100 million from the SIF to establish the Bicentennial Scholars Program to create a permanent, sustainable endowment for UVA need-based scholarships.

In addition to meeting financial need for those with need (about 1/3 of undergraduates), the Board of Visitors is committed to minimizing base tuition increases for all undergraduates (2.5 percent increase in 2018-2019 tuition for continuing in-state undergraduate students, lower than the estimate in our long-term financial plan) and providing predictability for Virginia families with an optional four-year, fixed-price base tuition. Perhaps most critical to ensuring affordability for all, the University's outstanding graduation rates ensure that the vast majority of UVA students graduate with a degree in four years (89% of students entering in fall 2013).

STATE GOALS: 1, 2

Priority 2 – Academic & Student Experience: Assemble a Distinguishing, Diverse Faculty

The University's mission to produce world-class scholarship and research, provide outstanding educational opportunities for students, and provide world-class patient care requires that we have a distinguishing, diverse faculty. Recruiting and supporting a distinguishing, diverse faculty also is critical to accomplishing the University's strategies to enhance the student educational experience and research.

The University's efforts to this end include, but are not limited to:

- Continuing the cluster hiring and target of opportunity faculty hiring initiatives.
- Providing competitive start-up packages.
- Providing dual career support for faculty spouses and partners.
- Delivering effective faculty leadership development programs that foster and support faculty leadership at the departmental, school, and University levels.

STATE GOALS: 2, 3, 4

Priority 3 – Academic & Student Experience: Implement the Quality Enhancement Plan (QEP)

As part of the University's regional accreditation process with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), the University developed a Quality Enhancement Plan (QEP). The goal of the University's QEP is to create a culture of writing, typically known as Writing across the Curriculum (WAC). In this culture, students expect to be challenged and guided in their writing endeavors; faculty members recognize that writing is crucial to a strong education in any discipline; and administrators expect students and faculty to place writing at the center of the institution's collective search for knowledge.

STATE GOALS: 2, 3, 4

Priority 4 – Research

The University has set an ambitious goal to double its research portfolio over ten years. The strategy to achieve this goal is multi-faceted and includes diversifying the research portfolio, recruiting new collaborative and cross disciplinary faculty, developing a more robust research infrastructure, and building regional and public-private partnerships while continuing to develop and support pan-University research priorities: (1) bioscience, bioengineering, neuro and cognitive science; (2) computational systems science and modeling (i.e. "Data Science"); (3) environment, sustainability and resilience; and (4) catalyzing transdisciplinary research on infectious diseases worldwide. The University will also pursue additional pan-University or school-specific research priorities, not included above, as faculty expertise converges with

opportunities presented by private enterprise, local and state government, the federal government, and/or other strategic initiatives.

Supporting initiatives include, but are not limited to:

- Increasing research support from large corporations, small businesses, NGOs, foundations, venture capitalists, state government, local government, and non-traditional federal agencies.
- Leveraging the UVA Research Park to serve the local defense and intelligence community, provide a transition zone for successful startup companies, and optimize space allocation for the University.
- Establishing a research resources center (ResearchNET) to provide faculty (in particular new faculty hires) access to training and support for high-quality targeted proposals to agencies and foundations; to increase large-scale center applications; and to support multi-investigator interdisciplinary research proposals. Additionally, develop key research seed funding programs to fill gaps in the research support ecosystem.
- Increasing research and expanding medical translational research, including cancer clinical trials and focused ultrasound surgery, so that laboratory discoveries are converted into new methods to diagnose and treat illness and augment cancer outreach and prevention activities.

To increase research and promote economic development, enhance the innovation ecosystem.

Supporting initiatives include, but are not limited to:

- Continuing the partnership with Inova and the Commonwealth leveraging VRIC strategic resources.
- Accelerating technologies based on UVA related research to market through UVA Seed and Venture funds.
- Increasing graduate student enrollment to support high-priority research areas and build a talent pool in these areas.
- Increasing engagement and coordination with other universities in the Commonwealth of Virginia.
- Establishing the 3 Cavaliers (3C) program, funded by the SIF, to stimulate and support innovative research.

STATE GOALS: 3, 4

Priority 5 – Academic & Student Experience: Enhance the Student Educational Experience

Preparing students to become responsible citizen leaders and professionals requires providing an unparalleled academic and residential experience that supports their graduation and career development interests in a global economy, and their growth as educated citizens. These activities consist of academic, curricular, and co-curricular opportunities.

Specific areas of focus include, but are not limited to:

- Increasing opportunities for high-impact educational experiences (e.g., new College curriculum, undergraduate research, internships, and study abroad).
- Providing high quality academic, career, and personal advising.
- Supporting students in their pursuit of national scholarships and fellowships.
- Fostering and supporting a student-centered learning environment.

STATE GOALS: 2, 3, 4

Priority 6 – Organizational Excellence: Resource Alignment & Optimization

The University pursues innovation, quality, and improvement for effective outcomes and resource optimization to support core mission activities. The Organizational Excellence (OE) program, established in August 2013 as part of the University's strategic plan, provides a formal pan-institutional approach to implement major initiatives, provide consulting services to schools and units, and enhance organizational capacity for change. Additionally, locally-led efforts by schools and administrative units further contribute to the overall goals of organizational excellence.

The total estimated savings and reallocations for FY2018-19 are \$22.9 million and for FY2019-20 are \$23.1 million.

Partnerships and Collaborations *(Estimated savings/reallocations: \$2.8 million in FY18-19)*

Through the utilization and leveraging of relationships within and beyond the University, cost and effort savings can be realized through the improvement of economies of scale, reduced duplication, and the sharing of knowledge and resources. In addition, collaboration among offices/units fosters innovation through sharing and scaling of best practices to streamline and enhance effectiveness of processes and services.

Cost Savings and Avoidance *(Estimated savings/reallocations: \$10.9 million in FY18-19)*

Through constant review of current practices and awareness of evolving trends and opportunities within higher education and other industries, the University routinely explores and pursues ways to avoid and save direct and indirect costs. These strategies include contract negotiations, consolidation of services, automation, and redesign of service delivery. Savings allow for the reallocation of funds to higher-value work.

Process and Functional Improvements *(Estimated savings/reallocations: \$3.7 million in FY18-19)*

Process and functional improvements primarily focus on enhanced effectiveness, although they may also result in savings of time and costs. These efforts seek to streamline steps in processes, discontinue obsolete or underutilized services, enhance expertise and specialization, improve knowledge management, and reorganize work.

Revenue Enhancements *(Estimated savings/reallocations: \$5.5 million in FY18-19)*

Complementary to cost saving approaches, partnerships, and process improvements, schools and units also realize relevant revenue generation that eases financial constraints.

STATE GOALS: 1, 2, 3, 4

Priority 7 – Economic Development

The University of Virginia is committed to being a strong economic development partner for the region and the Commonwealth. Our role in economic development is to graduate students with the skills needed in a rapidly changing world; fuel growth through research and innovation; and promote collaboration among academia, government, and industry.

Supporting initiatives include, but are not limited to:

- *Industry Attraction and Retention*: Work closely with regional and state partners to support economic development activities across Virginia. Facilitate connections to UVA during all phases of industry engagement and leverage resources as appropriate.
- *Talent Development*: Provide students with skills needed in today's workplace. Partner with industry to understand current and future needs and offer relevant courses, programs, workshops, etc.
- *Research and Innovation*: Continue to provide support for industry-focused research and innovation at all levels including startup companies, proof-of-concept projects, licensing IP, industry sponsored programs, etc.
- *Continue and enhance the University's Southwest Virginia Economic Development Partnership, the Appalachian Prosperity Project* with a continued focus on (1) K-12 education support; (2) business support/entrepreneurship; and (3) access to healthcare.
- *GO Virginia Initiative*: Partner with members of our regional council to advance the goals and objectives of GO Virginia to grow and diversify the State's economy.
- *Rural Virginia Initiative*: Work with the College at Wise, leaders at other Virginia colleges and universities, government agency partners, and other stakeholders statewide to consider the challenges facing rural Virginia and to propose potential improvements for consideration by the legislature, business and industry, faith communities, and others.

STATE GOALS: 2, 3, 4

C. FINANCIAL AID

The University of Virginia's Board of Visitors authorized AccessUVA in February 2004 and re-authorized the program in August 2013; AccessUVA is intended to ensure that an undergraduate education at the University is available to all students regardless of their financial circumstances. UVA accepts students on their academic merit, regardless of their ability to pay. AccessUVA continues to be successful in increasing socioeconomic diversity, reducing student loan debt and meeting 100 percent of need for all of the University's undergraduate students. This program continues to bring the University significant recognition as the premier need-based aid program for a public institution in the United States.

Under AccessUVA, the maximum need-based indebtedness over four years is \$4,000 for low-income Virginians and \$18,000 for all other Virginians who demonstrate financial need. Figure 1 illustrates how loans form part of a total financial aid package. Sixty-five percent of our students graduate with no debt. The 35 percent of students who graduated with debt in 2017 did so with an average of \$24,450, which is \$5,200 below the national average of 2016 graduates.

In 2016, the Board of Visitors committed \$13.5 million from the Strategic Investment Fund (SIF) to create Cornerstone Grants to provide funding for full-time Virginia students who do not qualify for AccessUVA (those with family income less than \$125,000 and assets less than \$150,000). The Board also committed \$100 million from the SIF to establish the Bicentennial Scholars Program to create a permanent, sustainable endowment for need-based scholarships.

In addition to meeting financial need for those with need (about 1/3 of undergraduates), the Board of Visitors is committed to minimizing base tuition increases for all undergraduates (2.5 percent increase in 2018-2019 tuition for continuing in-state undergraduate students, lower than the estimate in the long-term financial plan) and providing predictability for Virginia families with an optional four-year, fixed-price base tuition. Perhaps most critical to ensuring affordability for all, the University's outstanding graduation rates ensure that the vast majority of UVA students graduate with a degree in four years (89% of students entering in fall 2013).

FIGURE 1. EXAMPLES OF FINANCIAL AID PACKAGES

	Low Income Family Income < \$47k 200% of Poverty or Less Example Income: \$0k	Other Students with Need Family Income > \$47k 200% of Poverty or Greater Example Income: \$70k
In-State Total Cost of Attendance	\$32,432	\$32,432
Expected Family Contribution	\$1,600	\$10,675
Subsidized Loans ^[1]	\$1,000	\$3,500
Work Study	\$3,000	\$0
Grants (state, federal, private sources) ^[2]	\$20,577	\$0
Grants from tuition	\$6,255	\$18,257
Unmet Need	\$0	\$0

D. TUITION RATE INCREASES

The tuition increase for full time undergraduate students was set based on the University’s on-going operating needs and decreases in state funding. Faculty hiring and retention requires significant investment to remain competitive in order to retain our best faculty, as well as recruit new hires. Additionally, incremental tuition dollars are needed to fund the University’s on-going commitment to access and affordability initiatives for low and middle income students as we continue to grow philanthropic support.

E. CONTRIBUTIONS TO ECONOMIC DEVELOPMENT

The University of Virginia is committed to being a strong economic development partner for the region and the Commonwealth. Our role in economic development is to graduate students with the skills needed in a rapidly changing world; fuel growth through research and innovation; and promote collaboration among academia, government, and industry.

Supporting initiatives include, but are not limited to:

- *Industry Attraction and Retention:* Work closely with regional and state partners to support economic development activities across Virginia. Facilitate connections to UVA during all phases of industry engagement and leverage resources as appropriate.
- *Talent Development:* Provide students with skills needed in today’s workplace. Partner with industry to understand current and future needs and offer relevant courses, programs, workshops, etc.

^[1] Subsidized loans for students with need from families with income greater than \$47,000 range from \$3,500 to \$5,000 based on year and cap at \$18,000 over four years.

^[2] Fund sources: Federal Pell Grant, \$6,095; Federal Supplemental Educational Opportunity Grant (SEOG), \$800; Virginia Guaranteed Assistance Program (VGAP), \$13,682.

- *Research and Innovation*: Continue to provide support for industry-focused research and innovation at all levels including startup companies, proof-of-concept projects, licensing IP, industry sponsored programs, etc.
- *Continue and enhance the University's Southwest Virginia Economic Development Partnership, the Appalachian Prosperity Project* with a continued focus on (1) K-12 education support; (2) business support/entrepreneurship; and (3) access to healthcare.
- *GO Virginia Initiative*: Partner with members of our regional council to advance the goals and objectives of GO Virginia to grow and diversify the State's economy.
- *Rural Virginia Initiative*: Work with the College at Wise, leaders at other Virginia colleges and universities, government agency partners, and other stakeholders statewide to consider the challenges facing rural Virginia and to propose potential improvements for consideration by the legislature, business and industry, faith communities, and others.

In 2016 the University engaged an independent research firm to study its effect on and contributions to Virginia's economy. The [report](#) concluded that UVA is a significant generator of economic, employment, and government revenue activity throughout Virginia; and helps create a diverse and stable economy both locally and across the Commonwealth.

F. CAPITAL OUTLAY

On June 8, 2018, the Board of Visitors approved the University's 2018 Multi-Year Major Capital Plan which will be used as a planning tool and as support for state capital project funding priorities. The Capital Plan categorizes the projects into the near-term (expected to be initiated by 2020), mid-term (expected to be initiated in 2020-22) and long term (expected to begin after 2022). The projects included below represent the highest priorities of the Academic Division that will be initiated over the next several years.

Maintenance Reserve

Maintenance Reserve Funding is critical for the repair and replacement of plant, property and equipment to maintain or extend the useful life of the Academic Division's Educational & General (E&G) facilities. The University recently completed the Board of Visitors' ten-year program to improve the condition of the University's facilities and reduce the deferred maintenance backlog. One metric used is the Facilities Condition Index (FCI). An FCI of five percent means the facilities are in good condition while anything over 10 percent means the facilities are in poor condition. When we began the program the University's FCI was 10.6 percent. As of June 30, 2017, the FCI was five percent (achieved in FY2014-15). Achieving this goal has required allocation of additional resources to the annual operating maintenance budget, renewal of whole buildings through renovation, and the careful use of the maintenance reserve appropriation. In order for the University to maintain the FCI at five percent the maintenance reserve appropriation plays a critical role and should keep pace with inflation in building costs.

Alderman Library Renewal (\$152.5 million)

Built in 1938 to relieve crowding in the University's first library, the Rotunda, Alderman Library today holds 2.5 million volumes and hosts more than 750,000 public visits per year. While there have been cosmetic upgrades over 77 years, the building has original systems and significant health and safety issues. Half of its 300,000 square feet is devoted to book stacks that are non-code-compliant and are overly full and unsafe, especially in the event of fire. The HVAC system is 30 years old, costly to maintain, and produces fluctuating temperatures that accelerate the degradation of the books. Project drivers include:

- Inadequate fire suppression and egress
- Heavy use, especially during exams (3,575 visits/day)
- Poor "wayfinding" and security
- Lack of ADA compliance
- No filtration or humidity control in HVAC
- 34 mold and water-related incidents in last five years
- High energy and repair costs: AC and heating often running at the same time
- Opportunity to boost the University's student experience and faculty recruiting/retention goals
- Chance to create iconic, sustainable centerpiece of learning

Physics Building Renewal (\$35.0 million)

The University conducted a comprehensive analysis and planning study of STEM facilities that considered space and infrastructure supply and demand, projected space needs, curriculum innovations, and building renewal needs for the STEM facilities on Grounds through 2025. The STEM study identified several buildings as outdated with deteriorated infrastructure including Gilmer Hall, the Chemistry Building, the Physics Building, and several others. The renewal of Physics Building, which is nearly 60 years old, will provide for the renovation of nearly 135,000 GSF of research and instruction space including renewing mechanical systems for improved energy performance; installing fire detection and suppression systems; repairing the exterior envelope and structure; and renewing interior systems, finishes, and furnishings.

G. RESTRUCTURING

Public institutions of higher education and the Commonwealth of Virginia are now in the second decade of operating under the Restructured Higher Education Financial and Administrative Operations Act (Restructuring Act), and for Level III institutions such as the University of Virginia (UVA), its associated management agreement. Restructuring has provided UVA critical flexibility to manage its operations in the changing higher education environment, in part brought about by the severe economic downturn of the last decade, which, among other challenges, has resulted in continued material disinvestment in higher education by most states including the Commonwealth of Virginia.

We are very appreciative of the opportunity to respond to this request for suggested further modifications to the operational relationship between UVA and the Commonwealth. We believe this is a conversation that is vital to all public institutions in the Commonwealth given what we perceive to be the accelerating competitive environment in higher education across the country where financial challenges and competition for talent – students, faculty, and staff – will inevitably lead to suboptimal performance and the possible failure of many institutions.

In responding to this request, we have set forth (1) major policy modifications, (2) business process improvements, and (3) organizational excellence partnerships that we propose be considered as we look to the next phase of Restructuring. In offering these suggestions, we have attempted to explain the underlying rationale as the reality of our experience in many cases is not consistent with the public perception of these issues. We believe that our proposals further the competitive position of all public institutions in the Commonwealth, which we believe needs to be a higher, if not the ultimate, policy priority given the challenges facing public institutions in the state. We further believe that our proposals support economic development in the Commonwealth.

(1) Policy Modifications

There are several policies laid out in the Restructuring Act or in other legislation that, if modified, would allow institutions to operate more efficiently and to better respond to our constituents.

Financial Stability – Since the 2004-05 academic year, UVA's inflation adjusted unrestricted educational and general (E&G) appropriation per in-state student has declined by 20.7 percent, from \$10,739 to \$8,516 in 2016-2017. Additionally, as was the case this past year, shortfalls in the Commonwealth's tax revenues have resulted in mid-year downward budget adjustments. In 2017-18, the general fund appropriation represents 8.5% of the operating budget for the Academic Division, compared with 13.4% in 2004-05. We understand the Commonwealth's financial challenges and while we believe it is in the best interest of the Commonwealth and its citizens that there be greater investment in higher education, we believe there are strong headwinds that will restrain greater investments given the other financial obligations facing the Commonwealth (particularly health care costs).

Long-term planning and organizational success depend on the ability of an institution to predict and manage all of its revenue sources. To that end, we would like to explore alternatives that will ensure the stability and predictability of annual general fund appropriations. Additionally, we would also hope that our capital budget allocations remain at no less than current levels and believe that increased appropriations can easily be justified for research-related investments given the potential economic impact on the Commonwealth.

Enrollment Management – The dialogue around enrollment levels would be enhanced by a better understanding of the unintended consequences of mandating higher in-state enrollment at UVA and other public institutions that attract significant numbers of out-of-state students. Instead, we propose shifting the conversation from mandated in-state/out-of-state ratios to the commitment to serve Virginia students based on the numbers of Virginia high school graduates.

We are steadfast in our commitment to serve Virginia students, but this commitment should not displace out-of-state students who have outstanding academic qualifications and provide cultural diversity that enhance the learning environment for all students and make us a global institution. We compete for students from all 50 states and from many countries around the world, and can best meet our obligation as a public institution by offering students of the Commonwealth the highest quality education and a community that challenges them beyond their comfort zones.

Our principal purposes as a university are to attract and nurture talent – both students and faculty – and to contribute to the economic welfare of the Commonwealth. The quality of our faculty is inextricably intertwined with the quality of our students because the quality of the student population is a key consideration when talented faculty members select one institution over another. Therefore, student enrollment policies ultimately influence the quality of our faculty and research efforts, which in turn influences our ability to contribute to economic development.

In response to the General Assembly's calls for enrolling more Virginia students and consistent with the goals of the Higher Education Opportunity Act (and Grow By Degrees Campaign), the University committed in 2010 to increase in-state undergraduate enrollment by 1,171 students by the 2018-19 academic year. Due to higher than expected yield rates, we achieved our goal one year early, in fall 2017. Further, in January 2017 we committed to enrolling an additional 400 in-state undergraduate students over the next four years, which will have an ongoing operational cost of \$3.2 million annually. The additional capital expense, primarily for housing, is factored into our multi-year capital plan, which is updated annually. However, there are also additional costs to this growth, specifically around the increased demand for student services and student access to classes and fields of study they desire. It is not always feasible to increase class size; in some instances, overcrowded classes may have a negative impact on interactive learning experiences. Ultimately, overcrowding dilutes a student's educational experience, as well as the standing/reputation of UVA.

An issue routinely introduced for consideration by the General Assembly is imposing a limit on the percentage of out-of-state undergraduate students in favor of increasing the percentage of in-state students. UVA and certain other public institutions have resisted these proposals because they would undermine the diversity and quality of our student body which in turn adversely impacts our ability to attract the best in-state students and in turn the best faculty. Moreover, it significantly reduces overall tuition revenue. For every out-of-state student replaced by an in-state student we lose approximately \$26,300 in tuition revenue. In addition, as noted below, limiting out-of-state students would have an impact on our philanthropic efforts and potential.

The foregoing consequences of reducing the number of out-of-state students are generally understood and we believe persuasive. However, there are elements of this analysis that are not well understood. First, it is important to note the number of Virginians who gain admission to UVA, as well as the significant number of in-state students who do not matriculate. For the upcoming 2017-18 academic year, we offered admission to 4,346 in-state first-year students, 2,550 of whom accepted our admission offer, or 58.7 percent. We also admitted 716 in-state transfer students, many of whom are transferring from Virginia community colleges. We do not have precise information/data, but we know generally that while we lose some students to other Virginia schools – both public and private – the vast majority who decline our admission offer attend out-of-state schools. The reasons vary for attending an out-of-state institution – some have better-perceived brands or provide greater merit scholarships and/or financial aid packages. What is clear is that over the last decade the competition from other states for the best in-state students has intensified greatly due to the desire to (1) increase student diversity, (2) offset declining student populations in a number of regions of the country, or (3) generate greater revenue due to higher out-of-state tuition levels.

Some of the very best students in the Commonwealth are leaving Virginia for their college experience. As we are strongly encouraged to admit in-state students with lower class rankings or qualifications, the desire of the top students in that same class to attend UVA may decline thus contributing to the exodus from Virginia. = Losing some of our best talent has real implications for long-term economic development of the Commonwealth. We understand the disappointment students and their parents experience when they are not admitted to UVA (or to their first-choice institution), but 95 percent of students who apply to UVA, William & Mary, Virginia Tech, and James Madison receive an offer from at least one of the four institutions. Based on this statistic, we believe greater attention needs to be placed on retaining our best students, many of whom are leaving the Commonwealth to attend college.

Another repercussion of increasing in-state enrollments at certain institutions is the impact on the other public institutions of higher education in the Commonwealth. With a static level of college-bound high school graduates in the Commonwealth for the foreseeable future, and with increased competition for the Commonwealth's best high school graduates from other states, a policy that encourages further consolidation of graduating high school students into a few institutions serves only to cannibalize the other institutions. We know all too well the

consequences of increased enrollment by certain schools – as an example, UVA’s College at Wise loses students when Virginia Tech increases enrollment.

Demographic trends suggest that over the medium-term future, there will not be enough college-bound students in Virginia to support the enrollment needs of all Virginia public higher education institutions. Consequently, we must think carefully and critically about encouraging more growth at certain institutions, as this will likely come at the expense of other institutions. Alternatively, institutions that attract more out-of-state students should be provided the additional flexibility and authority to do so. All of Virginia’s public institutions will be strengthened by:

- enhancing the quality of education and the cultural diversity of the Commonwealth by attracting the nation’s most talented students;
- increasing the number of potential students for institutions that rely primarily on in-state students;
- attracting additional tuition revenues that can be used to subsidize in-state tuition for Virginians; and
- strengthening long-term economic development potential by retaining more of our best student talent.

UVA cannot ignore the contributions of out-of-state alumni and students to our financial model. In FY2017-18, UVA will receive approximately \$125 million in E&G appropriations from the Commonwealth. In comparison, we receive two-thirds of our annual tuition revenue (approximately \$210 million) from out-of-state students, and approximately \$46 million annually in gifts from out-of-state alumni and parents (nearly 55 percent of total alumni and parent giving). Out-of-state students also contribute directly to the Commonwealth’s economy through their spending on goods and services, community involvement, and contribution to the University’s research efforts.

Tuition Setting – The authority of the Board of Visitors to establish tuition and fees is codified in the enabling legislation of the University, in the Restructuring Act, in the Management Agreement, and in the Higher Education Opportunity Act of 2011. The ability of an institution to control all of its revenue sources is critical to long-term planning and organizational success. Yet in recent years, there have been a number of formal and informal calls or mandates to minimize tuition increases. This is understandable given the public perception of the cost of higher education, but oftentimes it is premised on erroneous, if not completely inaccurate, information. Since FY1991, on a per-student basis, UVA’s cumulative undergraduate tuition increase is less than the decrease in general funds UVA receives from the Commonwealth – using inflation-adjusted dollars, general fund appropriations per student decreased nearly \$8,000 over the 25-year period while tuition increased by \$6,800. Over time, UVA’s Board of Visitors has demonstrated a strong commitment to minimizing tuition increases in order to provide access for all Virginians. Moreover, we have done so even when facing frequent unfunded obligations imposed by both the state and federal governments (including pension liability) and reduced support from the Commonwealth. Per-student support for higher education by the Commonwealth ranks 41st lowest in the country (source: SHEF 2016 Data by the State

Higher Education Executive Officers). While no specific policy modifications are required at present, this is a critical governance policy issue and it should be re-emphasized that the authority to establish tuition and fees rests solely with the Boards of Visitors.

Human Resources – We would like to explore the opportunity to renegotiate aspects of the Human Resources policy included in the Management Agreement with the goal of re-examining current policies around transferring classified employees into the University staff system and the applicability of state human resources policies (e.g. layoff, probation) to University staff.

The Restructuring Act and the subsequent Management Agreement allowed Level III institutions to create human resources systems separate from the state system. We are prohibited, however, from involuntarily transferring existing employees to our new systems. As a result, most staff employees are members of the Virginia Retirement System; all employees are subject to the state grievance procedure; and the University is governed by the state workers' compensation policy.

Nine years after establishing the UVA human resources system for staff employees, through new hires and voluntary conversion of classified employees to University staff, there remain 1,304 state classified employees in the Academic Division, or 22 percent of our total salaried staff workforce. Managing two separate human resources systems for staff is inefficient and is becoming increasingly difficult as the number of state classified employees continues to decline.

The University of Virginia employs nearly 21,000 faculty, staff, and team members across its Academic Division, Health System, and College at Wise. In 2015, we began a project to transform the way we deliver HR services in order to deliver on our mission and strategic goals. An external consultant collaborating with us on this project developed an HR Maturity Model that defines service levels over 12 separate lines of HR business. The service levels range from “Basic” to “Leading”. The Ufirst project, as it is known, will allow the University to move closer to the “Leading” service level across each of the 12 competencies. In some cases, the dual system of staff employment and the limits placed on classified state employees by the state-managed system present barriers to achieving a “Leading” designation.

Financial Incentives – Permanently restore financial incentives provided for in the Code of Virginia's restructuring language: procurement card rebates, interest on Educational & General balances, and eVa rebates on sole source procurements. Eliminate the practice of reverting cost savings from payments from students, federal research, and philanthropy back into the general fund.

Long-Range Planning – The inability to accumulate appropriate reserves, both capital and operating, in the educational and general program as we do for auxiliary enterprises hampers the ability to develop meaningful multi-year plans. A non-reverting fund subject to certain limitations would allow an institution to make investments that it could not otherwise make

within an annual appropriation of general and non-general funds in E&G (e.g., major equipment purchases, anticipation of new faculty hires).

Academic Programs – We propose that the Boards of Visitors at Level III institutions be delegated the authority to approve new academic programs provided they demonstrate that all new programs are within the mission of the institution; there is demand for the program; and appropriate resources are available to support the programs. This flexibility will improve the ability of the University to respond to new employer demands.

(2) Business Process Improvements

In addition to the policy modifications proposed above, we have identified several transactional/technical amendments to streamline operations and improve efficiency, all of which would require legislative action.

- Revisit daily transactional posting in eVa; use the site to advertise business opportunities and post solicitations. Revisit eVa transactional assessments in favor of a lump sum annual fee.
- Eliminate requirement to post RFP advertisements over \$50,000 in a newspaper.
- Increase small purchasing threshold from \$50,000 to \$100,000 to align with current law.
- Amend current list of commodities not subject to competition.
- Allow non-VASCUPP member institutions to access cooperative contracts negotiated by the Virginia Higher Education Procurement Cooperative without prior approval from the Department of General Services.
- Move to a true sum sufficient non-general fund appropriation, where non-general fund appropriation is simply equal to non-general fund activity. Eliminate appropriation, allotment, and approval actions related to all non-general funds (including but not limited to, tuition and fees, auxiliary revenues, sponsored research activity).
- Relieve required reporting by DHRM for HR activities that are covered under the management agreement (i.e. performance management scores)

(3) Organizational Excellence Partnerships between Higher Education Institutions and Central State Agencies

There are also opportunities for improvement in the business and academic processes between central state agencies and institutions of higher education that would enhance efficiency and effectiveness.

- Develop consistent grant-making procedures across state agencies.
- Re-examine the Equipment Trust Fund process.
- Explore opportunities to streamline the Comprehensive Annual Financial Report (CAFR).
- Eliminate non-value added reporting requirements.
- Coordinate external reviews of higher education institutions and limit the number of hours state agencies can review institutions annually outside of the annual audit.

As we explore new opportunities for additional authorities we would like to pursue, we recognize the ongoing need to demonstrate our commitment and contributions to the Commonwealth through various accountability measures. The strategies included in our six-year plan address many of these items, as do the additional sections related to our economic development efforts, intellectual property assignments, and externally sponsored research. We welcome the opportunity to discuss these issues with the Op-6 group and members of the General Assembly, and believe the outcome of these discussions would benefit both the institutions and the Commonwealth.