

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS**

**Meeting of the  
Finance Committee**

**September 23, 2021**

**FINANCE COMMITTEE**

**Thursday, September 23, 2021**

**3:30 – 4:45 p.m.**

**Board Room, The Rotunda**

**Committee Members:**

Robert M. Blue, Chair

C. Evans Poston Jr., Vice Chair

Carlos M. Brown

Frank M. Conner III

Thomas A. DePasquale

Louis S. Haddad

Robert D. Hardie

James B. Murray Jr.

James V. Reyes

Whittington W. Clement, Ex-officio

Joel W. Hockensmith, Faculty Member

**AGENDA**

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**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.A. 2021 State Six-Year Institutional Plan

**ACTION REQUIRED:** None

**BACKGROUND:** Pursuant to the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Restructuring Act) and the Virginia Higher Education Opportunity Act of 2011 (HEOA), in odd-numbered years each public institution of higher education must develop, adopt, and submit a six-year plan addressing the institution’s academic, financial, and enrollment plans. In even-numbered years, institutions are required to affirm or amend the plan. In accordance with the Restructuring Act and the HEOA and subsequent communications from State Council of Higher Education for Virginia (SCHEV), the [University](#) and the [College at Wise](#) submitted their respective preliminary 2021 Six-Year Institutional Plans on July 1, 2021.

**DISCUSSION:** Using the 2030 Plan as the foundation to advance the objectives of the statewide higher education strategic plan, *Pathways to Opportunity: The Virginia Plan for Higher Education*, the plan for the Academic Division was developed around the overarching goals of strengthening our foundation; cultivating the most vibrant community in higher education; enabling discoveries that enrich and improve lives; and making UVA synonymous with service.

The plan for the College at Wise addresses the *Pathways to Opportunity* plan, the HEOA, and the College’s strategic goals through interconnected initiatives aimed at enhancing recruitment, retention, and engagement of students; improving professional development and retention of talented faculty and staff; and expanding the Master of Science Nursing and Family Nurse Practitioner program.

President Ryan, Chancellor Henry, and senior leaders met with state officials including the Executive Director of SCHEV, Secretaries of Education and Finance, Director of the Department of Planning and Budget, and Staff Directors of the Senate Finance and Appropriations Committee and House Appropriations Committee in August to discuss the plans for the University and the College at Wise. The University will incorporate comments from the state on its preliminary plans for review with the Finance Committee at the September meeting. The Board of Visitors must formally adopt institutional six-year plans prior to submission of the final plans by October 1, 2021.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**2021 SIX-YEAR INSTITUTIONAL PLANS FOR THE ACADEMIC DIVISION AND THE COLLEGE AT WISE**

WHEREAS, the Virginia Higher Education Opportunity Act of 2011, § 23.1-306 of the Code of Virginia, requires the governing board of each public institution of higher education to develop and adopt biennially an institutional six-year plan and submit that plan to the State Council of Higher Education for Virginia (SCHEV); the General Assembly; the Governor; and the Chairs of the House Committee on Appropriations, House Committee on Education, Senate Committee on Education and Health, and Senate Committee on Finance and Appropriations; and

WHEREAS, the University and the College at Wise submitted their respective preliminary six-year plans as required by July 1, 2021, outlining general strategies to advance the priorities of the Commonwealth in alignment with the respective strategic educational, research, and service goals of the University of Virginia and the College at Wise; and

WHEREAS, final institutional plans must be approved by the Board of Visitors and submitted to SCHEV, the General Assembly; the Governor; and the Chairs of the House Committee on Appropriations, House Committee on Education, Senate Committee on Education and Health, and Senate Committee on Finance and Appropriations no later than October 1, 2021;

RESOLVED, the Board of Visitors approves the 2021 six-year institutional plans for the Academic Division and the College at Wise; and

RESOLVED FURTHER, the President is authorized to transmit the six-year plans as required by § 23.1-306 of the Code of Virginia.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.B. 2022-2024 State Biennial Budget Requests

**BACKGROUND:** In odd-numbered years, the University submits biennial budget operating requests to the Department of Planning and Budget for consideration by the Governor for his budget proposal which is presented to the General Assembly in December.

**DISCUSSION:** Biennial budget requests for new funding in the 2022-24 budget are due to the Commonwealth of Virginia in early Fall 2021. We have developed the following list from the University's six-year plan and other unavoidable cost increases. We anticipate that funding for cross-cutting issues, such as faculty and staff salary increases, base budget adequacy, and graduate and undergraduate financial aid will be addressed by the state for all institutions. We seek your authorization to submit the below budget request.

Depending on the outcome of the Governor's budget, the University may submit amendments to the General Assembly in January 2022. Any requests not included on this list that might be submitted to the General Assembly will be communicated to the Board of Visitors in advance of the due date.

***Academic Division:***

**Maintain Affordable Access:** The University proposes to make permanent the one-time funding provided to public institutions during the 2021 Special Session I for ongoing unavoidable cost increases and required spending (\$40M across all institutions; \$3.5M allocated to UVA). FY2023 and FY2024: \$3,501,500

**Minimum Wage Increases for Work Study Students:** The University seeks a portion of the estimated impact of increasing the minimum wage for students engaged in federal work study programs. FY2023: \$22,151; FY2024: \$37,148

**Public Service Loan Forgiveness Pilot Program:** The University sees to establish a UVA Public Service Loan Forgiveness Pilot Program that will (1) promote public service and entrepreneurship within the Commonwealth; (2) encourage UVA students to live and work in the Commonwealth upon graduation; and (3) make UVA more affordable and therefore more attractive to the widest group possible of talented students. FY2023: \$5,500,000; FY2024: \$0

**FY21 COVID-19 Direct Expense Recovery:** UVA incurred \$42.7M in direct COVID related operating expenses through FY2021. Specifically included in this category are the cost of student testing, quarantine and isolations space for students, and equipping the physical environment for COVID operations (technology, plexiglass, providing masks, and hand sanitizer stations, etc.). Federal relief funding covered \$21.6M of these expenses. This is a request for funding to cover currently unreimbursed \$21.1M in incurred FY2021 direct COVID expenses. Funds that otherwise would be used to support efforts related to Virginia Plan goals 1, 2, and 3 will be redirected to cover these COVID costs if not reimbursed. FY2023: \$ 21,127,974; FY2024: \$0

**UVA Health Plan – General Fund Share:** The University seeks incremental funding to cover the state’s general fund share of the increases in employer premiums for employees participating in the UVA Health Plan. By long-standing agreement with the Commonwealth, UVA established its own health plan that is operated by a third-party administrator, and the state provides a share of funding for health insurance based on the lesser of the UVA premium or the state’s CovaCare premium. Under this model, the state can realize the general fund’s share of the University’s health plan savings estimated at \$4.2M. FY2023: \$ 1,565,000; FY2024: \$2,280,000

**O&M for New Facilities:** The incremental increases in operations and maintenance (O&M) for new facilities coming online during the 2022-24 biennium. FY2023: \$304,000; FY2024: \$927,000

**Utilities:** The University seeks funding to cover projected increases in utility costs. FY2023: \$ 830,000; FY2024: \$ 1,333,000

**Cancer Research:** One of the top priorities of UVA Health during the upcoming legislative session will be an advocacy effort seeking parity in cancer research funding with other similarly situated research universities. The effort will initially be focused on inclusion of funding in the Governor's introduced budget that is released in December. If that strategy is unsuccessful, we will pursue a budget amendment during the 2022 legislative session. FY2023 = \$11,000,000; FY2024 = \$11,000,000

***College at Wise:***

**Address Affordability Issues:** The College requests that general fund dollars allocated in FY2022 to "enable institutions to address affordability issues" be added to the base budget. FY2023 and FY2024: \$316,700

**Improve student retention and timely graduation:** The College requests new general fund dollars to improve student retention and timely graduation. FY2023 and FY2024: \$275,000

**Graduate Financial Aid to support MSN-FNP program:** The College requests new graduate financial aid to support the MSN-FNP graduate students. FY2023 and FY2024: \$200,000

***Language Amendments:***

**Telehealth:** Out of this appropriation, \$190,000 each year from the General Fund is designated for a program to expand health care services to rural and medically underserved areas using physicians, nurse practitioners, and other providers, and telemedicine.

**GGBRI: Global Genomics and Bioinformatics Research Institute (GGBRI):** The University will seek authorization to add flexibility to the Commonwealth’s capital allocation previously approved to construct the GGBRI on the INOVA campus in Fairfax County.

**TTIP: Tech Talent Investment Program (TTIP):** The University seeks to amend the Memorandum of Understanding, dated November 1, 2019, governing the TTIP between the University and the Commonwealth of Virginia. This MOU specifically approved state funding for both operating and capital expenditures in support of the TTIP. Now that we are two years into the implementation of the program, more specific needs have been identified in operating expenses than originally anticipated. For that reason, the University is requesting the original MOU be modified to authorize a portion of the capital funding be reallocated to fund operating costs required in support of the agreed upon goals.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**OPERATING BUDGET REQUESTS FOR THE 2022-24 BIENNIUM FOR THE ACADEMIC DIVISION AND THE UNIVERSITY OF VIRGINIA’S COLLEGE AT WISE**

WHEREAS, the proposed biennial budget requests represent the University’s highest priority initiatives and are aligned with the University’s 2030 Plan and the Six-Year Institutional Plan due to the Commonwealth in early Fall 2021;

RESOLVED, the Board of Visitors of the University of Virginia approves the 2022-2024 biennial budget General Fund operating requests; and

RESOLVED FURTHER, the Board of Visitors understands that to the extent these requests are not included in the Governor’s 2022-2024 biennial budget, the University may want to pursue a similar request to the General Assembly; and

RESOLVED FURTHER, the President or his designee is authorized to transmit to the General Assembly any request not funded by the Governor as long as there are no material differences from the items endorsed by the Board of Visitors; and

RESOLVED FURTHER, the Board of Visitors approves the language amendment request for Telehealth, the Global Genomics and Bioinformatics Research Institute (GGBRI), and the Tech Talent Investment Program (TTIP).

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.C. Major Capital Projects Financial Plan: Contemplative Sciences Building

**BACKGROUND:** When the administration recommends a capital project, there are two major considerations to be evaluated by the Board of Visitors. The Buildings and Grounds Committee determines whether to add the project to the [Multi-Year Major Capital Plan](#), and the Finance Committee evaluates whether there is a sound financing plan to pay for the estimated project cost and additional operating costs expected once the project is complete.

**DISCUSSION:** The Contemplative Sciences Center (CSC) will bridge learning and research across all 12 schools at UVA, promote well-being, and foster resilience through adaptable interior and exterior spaces supporting collaborative, contemplative, and experiential modes of learning. In addition, the project includes a new accessible bridge across Emmet Street connecting CSC, the School of Education and Human Development, West Grounds, Brown College, and Central Grounds. Estimates and bids received since the initial approval of the financing plan for the CSC have resulted in a revised total project budget of \$69M, primarily due to the impact of the COVID-19 pandemic. The \$9M increase in project cost is attributable to market factors, including decreased production in manufacturing, disruptions in the supply chain, increased cost of lumber and steel, and high demand in the housing market; and to vendor pricing changes for structural connections, casework, and other architectural details developed between preliminary design and construction documents. The revised budget allows the project to retain the significant functional and programmatic features identified during the design process. The financing plan calls for the project to be funded by \$49M in gifts, \$15M in bond proceeds, and \$5M in cash.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**FINANCING PLAN FOR THE CONTEMPLATIVE SCIENCES CENTER**

WHEREAS, the revised financing plan for the Contemplative Sciences Center calls for the use of gifts in the amount of \$49M, bond proceeds in the amount of \$15M, and operating cash in the amount of \$5M;

RESOLVED, the Board of Visitors approves the revised financing plan for the Contemplative Sciences Center.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.D. Endowment Spending Policy

**BACKGROUND:** In June 2008, UVA’s Board of Visitors (BOV) adopted an [endowment spending policy](#) referred to as “inflation growth within a band,” which increases the prior year per share spending distribution by a five-year average inflation (Higher Education Price Index (HEPI)) rate. When the calculated spending rate falls outside the established band, the Finance Committee of the BOV may recommend resetting the spending rate to fall within the band. This approach endeavors to balance financial discipline and predictability for endowment holders.

The spending rate is calculated on a one-year lag, to align with the budget planning schedule each fall. As we begin planning for the FY23 budget cycle, the calculated FY23 spending rate, based on the June 30, 2021, market value, is 3.62%, falling outside the established band (4.0% - 6.0%) and triggering a review by the Board of Visitors.

**DISCUSSION:** The endowment spending policy is set with an eye toward balancing the projected return of the UVIMCO long-term pool versus the University’s required investment return. Recently, UVIMCO adjusted its outlook for the long-term pool annual return to 6.5%. The University’s estimated required investment returns plus projected future fees and inflation may exceed 8.0% in total. These estimates foretell a shortfall between UVIMCO’s projected return and the University’s future required return.

With the investment performance of fiscal year 2021, the Board of Visitors could adjust the spending band without negatively impacting the overall endowment distribution to endowment holders. With the calculated FY23 spending rate at 3.62%, we recommend the Board consider resetting the endowment spending policy band to a range of 3.0% to 5.0%.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**ADJUSTMENT OF THE UNIVERSITY OF VIRGINIA’S ENDOWMENT SPENDING POLICY**

RESOLVED, the endowment spending policy, effective July 1, 2022, shall be as follows:

The spending policy calls for a percentage increase in the annual distribution from the endowment, unless such increase causes the distribution to fall outside a range defined as 3.0% on the low end and 5.0% on the high end of the market value of the Pooled

Endowment Fund. If the distribution falls outside of this range, the Finance Committee may recommend either raising or lowering the rate of increase. The first distribution under the new parameters will be made in July 2022.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.E. Strategic Investment Fund Guidelines

**BACKGROUND:** The University of Virginia’s Board of Visitors established the Strategic Investment Fund (SIF) in 2016 to serve as a funding source for initiatives that have the potential to transform a critical area of knowledge or operation of the University in our continuous pursuit of excellence. In 2019, the Board of Visitors adopted [revised spending guidelines for the Strategic Investment Fund](#) to support the University’s Strategic Plan, “A Great and Good University – the 2030 Plan” (the “2030 Plan”). The guidelines, along with an allocation formula, were approved by the Board of Visitors for an initial three-year term, ending June 30, 2022.

**DISCUSSION:** The Executive Vice President and Chief Operating Officer will present a proposal to extend the revised SIF guidelines, as well as the existing allocation formula, for a second three-year term through June 30, 2025.

For the additional three-year term through June 30, 2025, SIF commitments, in the amount of approximately \$100M annually, will continue to support the four overarching goals of the Strategic Plan, allocated in the following manner:

- I: Strengthen our Foundation (30%)
- II: Cultivate the Most Vibrant Community (20%)
- III: Enable Discoveries that Enrich and Improve lives (30%)
- IV: Make UVA Synonymous with Service (20%)

**ACTION REQUIRED:** Approval by the Finance Committee and the Board of Visitors

**REVISED STRATEGIC INVESTMENT FUND GUIDELINES**

WHEREAS, in 2016, the Board of Visitors created the Strategic Investment Fund to maximize investment returns for investment in strategic initiatives; and

WHEREAS, in August 2019, the Board of Visitors approved a new strategic plan: “A Great and Good University – the 2030 Plan” (the “2030 Plan”) and Strategic Investment Fund Revised Guidelines 2019-2020 to support the 2030 Plan (the “Revised Guidelines”);

RESOLVED, the Board of Visitors approves the extension of the Strategic Investment Fund Revised Guidelines 2019-2020 and the allocation formula outlined above for the term ending June 30, 2025.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** I.F. Quasi-Endowment Action

**BACKGROUND:** The College and Graduate School of Arts and Sciences (the “College”) established the John Lee Pratt Restricted Quasi-Endowment Fund for Arts and Sciences (the “Fund”) in 1976 from bequest from the estate of John Lee Pratt. The Fund is intended to benefit the departments of Biology, Chemistry, Mathematics, and Physics through competitive start-up packages for new faculty; to enable the acquisition of the most up-to-date equipment in support of instruction and research in these departments; and to support faculty compensation above minimum entry levels.

As of June 30, 2021, the unspent investments of the Fund totaled \$11,103,461.73, \$4,169,657 of which were from accumulated unspent Fund distributions and \$6,933,804.96 from unspent allocations to the Pratt Faculty Support account. The College now desires to reinvest these unspent amounts into the Fund to maximize returns to the College.

In June of 1996, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer to approve individual quasi-endowment transactions, including establishments and divestments that are less than \$2M. Individual quasi-endowment transactions of \$2M or more require the approval of the Board of Visitors.

**DISCUSSION:** The College is requesting the reinvestment of \$11,103,461.73 into the John Lee Pratt Restricted Quasi-Endowment Fund for Arts and Sciences.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**REINVESTMENT OF UNSPENT ENDOWMENT DISTRIBUTIONS INTO THE JOHN LEE PRATT RESTRICTED QUASI-ENDOWMENT FUND FOR ARTS AND SCIENCES**

WHEREAS, the College and Graduate School of Arts and Sciences wishes to reinvest certain unspent endowment distributions into the John Lee Pratt Restricted Quasi-Endowment Fund for Arts and Sciences;

RESOLVED, the Board of Visitors authorizes the requested reinvestment into the John Lee Pratt Restricted Quasi-Endowment Fund for Arts and Sciences.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** II.A. Recommendations of the Finance Subcommittee on Tuition

**ACTION REQUIRED:** None

**BACKGROUND:** Over the course of the summer, the Finance Subcommittee on Tuition held three meetings to study undergraduate tuition policy and related policy considerations, including the tuition-setting process, the timing of when to set tuition and for how long, and the related information the Board of Visitors should have when considering the undergraduate tuition proposal. The goal of the Subcommittee's work was to make recommendations to the Board of Visitors on actions to take to improve the transparency and predictability of tuition setting.

At its first meeting on July 12, 2021, the Subcommittee reviewed its charge, timeline, and current processes and held preliminary discussion. At its next meeting on August 13, 2021, the Subcommittee reviewed relevant background to explore the policy considerations as well as peer practices and policies, identifying various preliminary recommendations. At its final meeting on August 27, 2021, the Subcommittee discussed summary findings and developed recommendations for ultimate presentation to the Board of Visitors Finance Committee at its September meeting.

**DISCUSSION:** The Chair of the Finance Committee will present the Finance Subcommittee on Tuition's recommendations to improve the transparency and predictability of tuition setting.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** II.B. University of Virginia Investment Management Company  
2020-2021 Annual Report

**ACTION REQUIRED:** None

**BACKGROUND:** The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the Rector and Visitors of the University of Virginia and its related foundations. Assets deposited in UVIMCO are held in the custody and control of UVIMCO on behalf of the University and Foundations within a long-term, co-mingled investment pool.

UVIMCO's primary objective in managing the investment pool is to maximize long-term real return commensurate with the risk tolerance of the University. To achieve this objective, UVIMCO actively manages the investment pool to achieve returns that consistently exceed the returns on a passively managed benchmark with similar asset allocation and risk. Recognizing that the University must attract outstanding students, faculty, and staff and provide them appropriate resources, UVIMCO attempts to manage pool assets to provide long-term real returns that compare favorably with the returns of endowments of other outstanding schools. UVIMCO does not set spending rates; UVIMCO communicates the investment pool's risk and return estimates to the University and foundations for their consideration in setting spending rates.

**DISCUSSION:** UVIMCO's chief executive officer, Mr. Robert Durden, will provide an overview of the current market environment and the asset allocation, performance, and liquidity position of the Long Term Pool as of the year ending June 30, 2021, and address questions from the committee.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** II.C. Debt Issuance: Series 2021

**ACTION REQUIRED:** None

**BACKGROUND:** In late June and early July, the three major rating agencies – Moody’s, S&P, and Fitch – reaffirmed the University’s triple-A bond ratings and Stable Outlook, positioning the University to take advantage of favorable market conditions and issue \$100,000,00 of tax-exempt 30-year bonds (Series 2021A) at a rate of 2.180% and \$300,000,000 of taxable 30-year bonds (Series 2021B) at a rate of 2.584%, setting two records:

- The Series 2021A Bonds achieved the lowest yield-to-maturity (2.180%) for any 30-year tax-exempt bond issuance ever.
- The Series 2021B Bonds achieved the lowest credit spread ever (0.58%) for a 30-year taxable bond issuance.

Series	Par Amount	Type	Coupon/Yield	Spread to MMD / 30Y UST
2021A Tax-Exempt	\$ 100,000,000	Bullet	2.180% / 2.180%	+85
2021B Taxable	\$ 300,000,000	Bullet	2.584% / 2.584%	+58
Total:	\$ 400,000,000			

Both Series of Bonds were sold as bullet maturities due in 2051, structured to take advantage of low long-term rates. Goldman Sachs served as sole manager on the Series 2021A Bonds, while Barclays and JP Morgan served as senior managers on the 2021B Bonds, with Bank of America, Loop, Morgan Stanley, TD Bank, Wells Fargo, and US Bank acting as co-managers.

There was significant interest in the bonds, with both series being oversubscribed: Series A at 2.4 times and Series B at 2.9 times. The tax-exempt series was sold primarily to two large bank portfolios (Wells Fargo and First Republic). The taxable order book was anchored by key investors including Prudential, Susquehanna, John Hancock, and NISA Investment Advisors, which made-up 60% of the 34 orders.

The Board’s approval to extend the University’s debt-shelf financing program registration in June enabled the UVA Finance team to continue to build upon previous success in the markets and to strengthen the University’s financial position for the long-term.

The bond proceeds will be used:

- To finance approved projects under the University's Multi-year Capital Plan (\$268.7M).
- To purchase the remaining joint operating company (JOC) membership interest with Novant Health in Northern Virginia.
- To refund the Series 2021B Bonds proceeds will be used for general corporate purposes and to refund the University's outstanding Series 2015B Bonds (\$31.3M).

When reaffirming our triple-A ratings, the rating agencies noted the University's excellent reputation; student demand, highly selective admissions, and broad geographic reach; sponsored research prowess; superior wealth and liquidity management; exceptional strategic positioning supported by strong planning, risk management, and ongoing prospects to support programmatic investments; the Medical Center's prominent clinical reputation and ability to compete for patient care revenue; and remarkable donor support, among other factors.

Among the risks they noted were competition for patient care revenue and potential regulatory changes associated with it; increasing debt heightens importance of strong operating performance to maintain debt affordability; and competition for sponsored research activity. Administration will continue to monitor these metrics and keep the Board informed.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

**BOARD MEETING:** September 23, 2021

**COMMITTEE:** Finance

**AGENDA ITEM:** II.D. Executive Vice President's Remarks

**ACTION REQUIRED:** None

**BACKGROUND:** The University seeks to strategically evaluate and improve current finance processes, implement new technology, and improve the delivery of financial functions to the University community through the Finance Strategic Transformation project. The project is preparing to conclude the Configuration & Prototype stage, during which the team built system prototypes, reviewed them with stakeholders across the Academic Division, UPG and the Medical Center, and captured their feedback to refine the solution. The next major stage is Test, as the team prepares to deploy the solution on July 1, 2022.

**DISCUSSION:** The Vice President for Finance and Vice Provost for Planning will share status updates on the Implementation Phase of the Finance Transformation project. Additionally, the Executive Vice President and Chief Operating Officer will inform the committee members of other, recent events of which they should made be aware.

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY**

<b><u>BOARD MEETING:</u></b>	September 23, 2021
<b><u>COMMITTEE:</u></b>	Finance
<b><u>AGENDA ITEM:</u></b>	II.E. Written Report on UVA Health Plan
<b><u>ACTION REQUIRED:</u></b>	None

**BACKGROUND:** The University of Virginia, as the administrator for the UVA employee health plans, has three main objectives: (1) provide a health benefit that is attractive to current and prospective faculty, staff, and Health System team members; (2) support the wellbeing of participants; and (3) provide appropriate fiscal management and ensure lower administrative costs.

**EXECUTIVE SUMMARY:** For the plan year beginning January 1, 2020, 90.2% of eligible employees enrolled in UVA’s health plan, down 1% from the prior year. Plan enrollment is broken down in the attached Annual Update on the UVA Health Plan.

- **Enrollment.** 41% of eligible employees are enrolled in the Value Health PPO option, 20% are enrolled in the Choice Health PPO option, and 39% are enrolled in the Basic Health High Deductible option.
- **Value.** UVA leads in various aspects of health benefits, including lower annual costs per employee when compared to the Commonwealth of Virginia Health Plan.
- **Competitive.** UVA leads the market in the amount of employer contribution towards the cost of insurance, covering 86% (Value Plan employee plus spouse/children) versus 77% for other large employers.

**Education and Awareness:** Each year, UVA invests significant resources to educate participants about their benefit options prior to Open Enrollment, including potential annual costs for each of the UVA Health Plan options. To support social distancing, a remote workforce, and decreased population density on Grounds, Open Enrollment in 2020 contained these elements:

- A virtual Benefits & Wellness Expo
- 136 virtual one-on-one sessions
- Six Zoom benefits presentations, with over 600 attendees
- 18,932 members received a 12-page brochure at their home address on the details of Open Enrollment for plan year 2022
- 40,807 Open Enrollment website page views, with a new Medical Scenarios page

The results of these efforts were as follows:

- 4.75 out of five average customer satisfaction score for HR Solution Center survey results during Open Enrollment
- 5,654 Open Enrollment engagements with the HR Solution Center through email, live chat, one-on-one meetings, and phone calls; Live Chat function increased over 400%

**Health Plan Management and Administration:** UVA administers the UVA Health Plan according to its plan documents and compliance with applicable regulations. The UVA Health Plan is audited on an annual basis by the Virginia Auditor of Public Accounts.

UVA HR partners with Mercer Consulting to ensure health plan designs are benchmarked with higher education, academic medical centers, and general industry. Actuarial analysis is completed on a regular basis and reported quarterly.

**Opportunities:** UVA HR will continue to focus on the following opportunities within the UVA Health Plan and well-being programs:

- Provide meaningful educational opportunities for eligible employees to make educated decisions regarding their health plan and well-being choices
- Provide affordable solutions for health care in pre-Medicare retirement planning
- Provide health plan design alternatives for eligible employees that allow for workforce flexibility
- Research and provide ways to help eligible employees and their families with behavioral health issues
- Review benefit plan design and language for diversity, equity and inclusion, as well as social determinates of health opportunities

# ANNUAL UPDATE: UVA HEALTH PLAN 2020

September 24, 2021  
Board of Visitors



## 2020 UVA HEALTH PLAN SUMMARY

90.2% of eligible employees are enrolled in the UVA Health Plan across UVA Health and the Academic Division, down 1% from the prior year:

Plan Option Name	Basic (HDHP)	Value (PPO)	Choice (PPO)
Plan Type	High Deductible: \$2,000	PPO: \$800 deductible	PPO: \$500 deductible
Employee Participants	6,668	6,666	3,733
Dependent Participants	6,288	7,206	3,063
Pre-65 Retirees	120	34	78
Retiree dependents	38	10	6
Total Participants	13,114	13,916	6,880



50% increase in participants in the High Deductible Health Plan (Basic HDHP)



38% of all enrollees are in the Basic HDHP



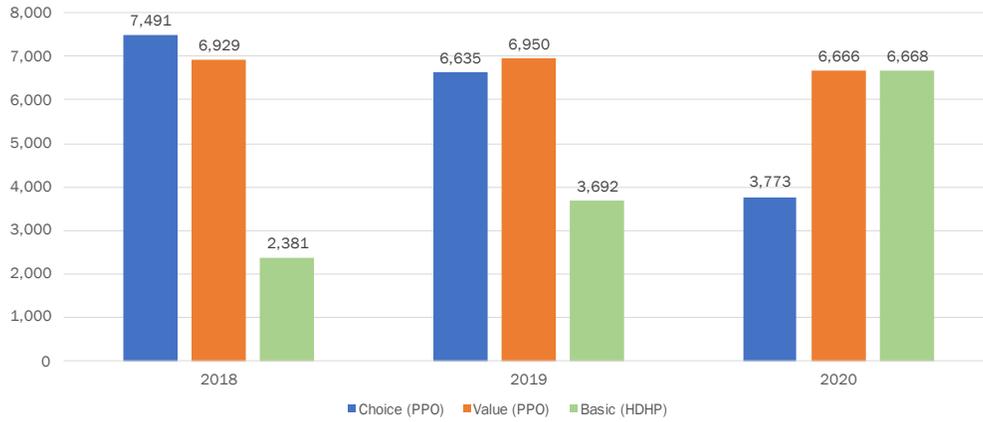
Pre-65 Retiree enrollment declined by 10%



51% of retirees are enrolled in the Basic HDHP

# THREE-YEAR MIGRATION SUMMARY

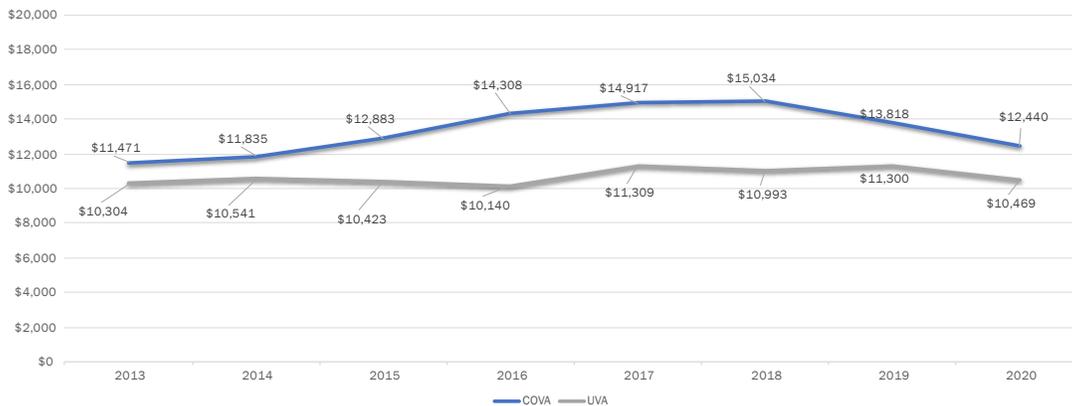
(employee participants)



# UVA HEALTH PLAN TREND COMPARISON

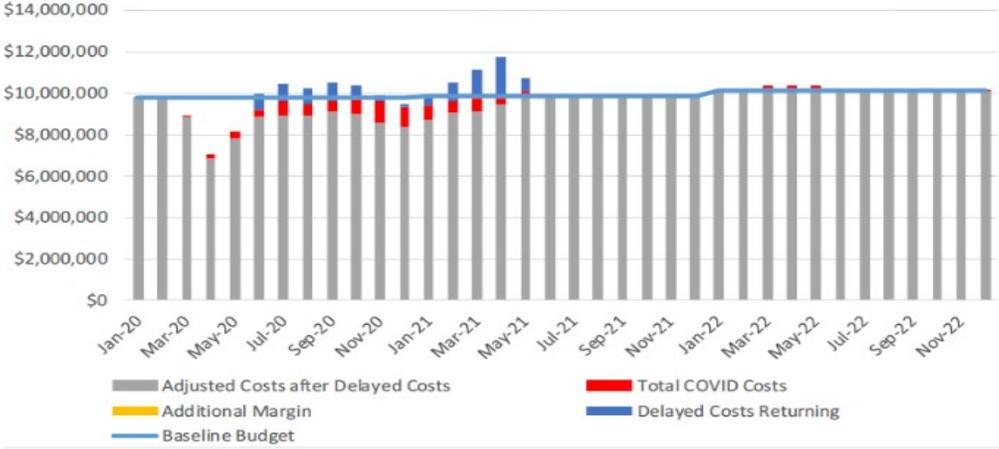
UVA leads other large employers in all aspects of health benefits, including lower annual cost per employee when compared to the Commonwealth of Virginia (COVA).

UVA Health Trend in comparison to COVA



# ILLUSTRATIVE BUDGET IMPACT OF COVID

Baseline/Medium Scenario



## UVA HEALTH PLAN THREE-YEAR ROADMAP

2021	2022	2023
Continue to provide health plans with Choice and Value options, with limited disruption to members. No premium increase for 2022.	Introduce enhanced network solutions to improve participant health and manage costs.	Consolidate Choice and Value health plan options. As a result of consolidation, rename and rebrand health plans.
Conduct inclusive diversity, equity and inclusion review of benefits and Summary Plan Description language.	Conduct a second employee benefit preferences survey with a goal of exceeding past employee satisfaction and participation rates.	Adopt digital dashboards for financials.
Build reporting tools to measure proactive service engagements and disease management initiatives.	Implement identified inclusive benefit plan changes and recommendations.	Implement new Health Savings Account Administrator.
Equalize part-time employer contributions with full-time contributions.	Roll out gap health plan benefit options: hospital indemnity.	Use results of employee benefit preferences survey to evaluate overall effectiveness and member experience for the UVA Health Plan.
Socialize and implement pre-65 retiree medical exchange effective January 1, 2022.	Review opportunities in the Savings Account Administration landscape. HSA/FSA request for information.	Consider options to offer a narrow or value network leveraging UVA Health System.
Expand use of new and existing health management tools.	Implement date of hire benefit eligibility.	Implement transparency rules and self-directed member tool.