



UNIVERSITY
of VIRGINIA

REVISED 2020-2021 OPERATING BUDGET

COVID Economic and Higher Education Outlook

The Economy

Unemployment and cloudy macro-economic forecast through FY22

Unpredictable markets

Potential for increased financial need and rent/food insecurity

A workforce with unresolved childcare, K-12 education and eldercare issues

Higher Education

How are other universities responding to COVID?

How might the University of Virginia best position itself to sustain competitive advantage?

FY2020-21 Operating Budget Development Process - Reminder

Typical Annual Budget Development Process Began

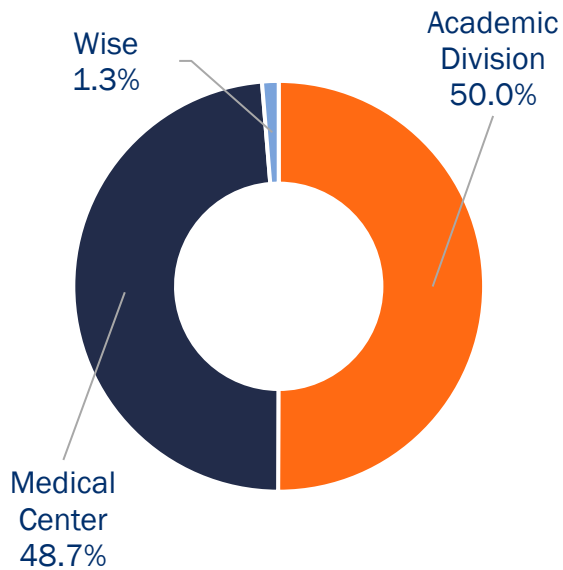
- September 2019: Determined Key Planning Assumptions
- October 2019: Initiated Operating Budget Development
- Mid-March 2020: Completed Schools and Auxiliaries, Service Units, Medical Center Operating Budget Proposals

March 13, 2020: Federal State of Emergency Declared

- April 2020: Consolidated FY21 Base Budget
- June 2020: BOV Approved FY21 PRE-COVID Base Budget
- June 2020: Revisit Key Budget Assumptions Based Hybrid Instruction for Fall
- June–August 2020: Complete FY21 Operating Budget Revision
- September 2020: Present Revised FY2020-21 Budget to the BOV

University of Virginia

Proposed FY2020-21 Revised Operating Budget (In Millions)



	2019-20 Approved	2020-21 Pre-COVID	2020-21 Revised	Change from Original to Revised	
Academic Division	\$1,909.2	\$1,943.8	\$1,879.5	(\$64.3)	(3.3%)
Medical Center	1,760.2	1,851.0	1,827.2	(23.8)	(1.3%)
UVa-Wise	<u>50.5</u>	<u>50.3</u>	<u>48.9</u>	<u>(1.4)</u>	<u>(2.8%)</u>
Total	\$3,719.9	\$3,845.2	\$3,755.4	(\$89.8)	(2.3%)



Budget Redevelopment Process

- We considered upstream and downstream, long-term and short-term impact
- We affirmed that spreading or redistributing costs internally does yield a real cost reduction
- We utilized re-budgeting as an opportunity to strategically re-balance resources
- We applied our UFM principles of transparency, consistency, delegated authority and accountability
- Our process was simple, straightforward, efficient, and focused

Revenue Assumptions Revisited

Planning Assumptions	
Auxiliary Revenues	Housing: \$7.5M Dining: \$1.0M Athletics TBD Other: \$2.0M
Net Tuition	\$10M increase in undergraduate financial aid
Enrollment Projections	International impact on graduate programs
State General Funds Appropriation	15% or \$20M decrease
Sponsored Research Volume	Slight decline
Philanthropy/Endowment	No adjustment

Expense Assumptions Revisited

Planning Assumptions	
Instructional Delivery	Hybrid
Faculty and Staff Merit Increases	3% merit removed
Faculty and Staff Hiring	Freeze
Supplies, Professional Development, Travel, Other	Reduced
Central Services	8% across-the-board reduction
Schools and Revenue Centers	8% reduction in provost support allocation
Other revenue generating activities	Manage to revenues, reliance on cost-cutting, reserves, and reducing services

Outcomes and Observations

Process Outcomes

- Reduced spending establishes a contingency to address some one-time costs
- Created additional AccessUVA capacity, anticipating increased need
- COVID unknowns persist, additional shifts may be required to address/mitigate financial risk

Process Observations

- To maintain financial stability, we must preserve ongoing resources (e.g. tuition and endowment)
- Schools are impacted differently based on enrollment models, research reliance, private resources, and facilities
- Some Central Services are stretched thin as a result of reductions
- Auxiliaries will be directly impacted by the volume of on-Grounds activity, reserves capacity to mitigate varies significantly

Preliminary FY21 One-Time COVID Financial Impact

	ESTIMATED
COVID Preparedness, Testing and Containment	\$ 21,920,000
Instruction Costs and Student, Faculty, and Staff COVID Needs and Support	9,270,000
PPE and Facilities Needs <i>(tents, plexiglass, hand sanitizer stands, disinfecting, etc.)</i>	5,730,000
Symptom-checking App, Call Center, Social Norms Campaign	1,125,000
Sub-Total Projected One-Time Expenses	\$ 38,045,000
Additional lost housing and dining revenue due to delay and melt <i>(beyond projected loss)</i>	\$ 14,000,000
Forgone J-Term and Summer Session tuition <i>(doesn't include additional instructional cost)</i>	3,000,000
Sub-Total Projected Lost Revenue	\$ 17,000,000
TOTAL PROJECTED ONE-TIME COVID FINANCIAL IMPACT	\$ 55,045,000

University of Virginia – Academic Division

FY 2020-21 Revised Operating Budget (in Millions)

<i>Sources/Uses</i>	2019-20 Approved	2020-21 Pre-COVID	2020-21 <i>Revised</i>	FY21 Original vs Revised	
				\$	%
<i>Sources</i>					
Net Tuition and Fees	\$ 672.2	\$ 694.0	\$ 673.6	\$ (20.4)	-2.9%
State Appropriations	167.0	165.7	142.2	(23.5)	-14.2%
Externally Sponsored Research	425.0	431.0	425.1	(5.9)	-1.4%
Endowment Distribution/Admin Fee	226.2	244.5	238.2	(6.3)	-2.6%
Expendable Gifts	155.1	168.0	165.4	(2.6)	-1.5%
Sales, Services, Interest, Other	267.4	253.4	278.1	24.7	9.7%
Total Operating Sources	1,912.9	1,956.6	1,922.6	(34.0)	-1.7%
<i>Uses</i>					
Faculty and Staff Salaries	1,186.0	1,277.4	1,231.6	(45.8)	-3.6%
Internal Recoveries	(808.0)	(825.3)	(798.0)	27.3	-3.3%
Non-personal Services Expenses	1,271.8	1,299.4	1,236.4	(63.0)	-4.8%
Financial Aid	192.0	205.5	208.5	3.0	1.4%
Internal Debt Service, Transfers, and Other	67.4	(13.2)	1.0	14.2	-107.6%
Total Uses	1,909.2	1,943.8	1,879.5	(64.3)	-3.3%
Total Sources and Uses	\$ 3.7	\$ 12.8	\$ 43.1	\$ 30.3	