Report:
• Status of the 2014-2016 State Budget
  Colette Sheehy

Action Items:
• 2014-2015 Operating Budget:
  Budget Context and Cornerstone Plan
  President Sullivan
  Overview
  Pat Hogan
  All Divisions
  Colette Sheehy
  Academic Division
  Pratt Fund
  Annual Renovation and Infrastructure Plan
  Donna Price-Henry
  UVa’s College at Wise
  Larry Fitzgerald
  Medical Center & Transitional Care Hospital
Status of the 2014-2016 State Budget

Colette Sheehy
Vice President for Management and Budget
2014-2015 Operating Budget

Introduction

Teresa Sullivan
President
Value Proposition

• **Key Quality & Value Rankings:**
  – #2 **best public university**, US News & World Report
  – #3 **best value public college**, Princeton Review
  – #2 **best college value**, Kiplinger’s
  – #1 **annualized return on investment**, PayScale.com

• **Commitment to Affordable Excellence:**
  – In-state tuition as a % of median income: 18.9% *(among the lowest of all national public institutions)*
  – Need-blind; **meet 100% of need** for all undergraduates
  – Loan caps below state and national average **student indebtedness** levels; **lowest quartile among all national public institutions.**

• **Student Performance:**
  – 93.3% graduation rate (highest among all national public institutions)
Context for the 2014-2015 Budget

• Implement the Strategic Plans

• Maintain access and affordability

• Invest in the next generation of faculty

• Implement a new activity-based financial model linked to strategic initiatives, with incentives for innovation and efficiency

• Examine processes to identify efficiencies while maintaining quality
Progress this past year, 2013 – 2014

I.2 Launched Total Advising: Career Advising planning

II.4 Founded Data Science Institute, philanthropic support

III.6 Expanded undergraduate research

III.7 Established Center for Global Inquiry and Innovation, Global internships for students

V.14 Launched Organizational Excellence

V.15 Strategic Philanthropy: faculty and financial aid goals support the plan

Roman numerals and numbers correspond to the strategies and initiatives of the Strategic Plan.
Top Priorities for next year, 2014 – 2015

I.2 Total Advising:
  • expand advising seminars
  • career advising and internships
  • Clemons renovation planning

III.7 Global Experiences

IV.9, 10, 11 Faculty Hiring:
  • search committee training
  • faculty development programs
  • teaching residents

V.12 Affordable Excellence:
  • In conjunction with BOV, considering tuition and financial aid policy

V.14 Organizational Excellence

Roman numerals and numbers correspond to the strategies and initiatives of the Strategic Plan.
Additional Priorities for next year, 2014 – 2015

I.1 Addition of leadership in admission criteria

I.3 Alumni Engagement: student networking, phone app for alumni access to content, research on alumni

II.4 Plan for the next university institute

II.5 Library services to support Data Science Inst. and others

II.5 & III.6 Enhance spectrum of entrepreneurship activities

IV.9 Department Chair leadership program

V.15 Strategic philanthropy: begin planning for Bicentennial Campaign

Roman numerals and numbers correspond to the strategies and initiatives of the Strategic Plan.
2014-2015 Operating Budget Overview

Pat Hogan
Executive Vice President and Chief Operating Officer
Organizational Excellence Principles

• Reallocate and align resources

• Streamline, standardize, automate processes

• Strategic workforce development

• Redirect savings to strategic priorities

• Seek high levels of quality and efficiency
Organizational Excellence
Progress in 2013-2014

• Established formal OE program and governance structure
• Completed planning for University Financial Model
• Initiated Managerial Reporting project
• Designed Center for Leadership Excellence
• Initiated process mapping of research administration
• Designed electronic grant proposal workflow and repository
• Analyzed strategic sourcing opportunities
• Benchmarking six administrative areas
Organizational Excellence
Major Areas of Focus, 2014-2015

- Complete transition to University Financial Model
- Implement strategic sourcing
- Renegotiate major procurement contracts
- Use technology to gain efficiencies
- Reduce unnecessary intra-unit business transactions
- Continue strategic workforce development
- Reduce reliance on leased space through space planning
- Benchmark additional administrative services

Targeted Academic Division savings of $11.5 million, which represents 3.6% of the FY14 undergraduate addressable operating expenditure budget (i.e., excludes faculty salaries and research).
The University is facing significant operating cost increases in FY15 in the following areas:

<table>
<thead>
<tr>
<th>Category</th>
<th>Academic Division</th>
<th>Medical Center</th>
<th>College at Wise</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty salary increase</td>
<td>$13.93</td>
<td>$ 0.00</td>
<td>$ .60</td>
<td>$14.53</td>
</tr>
<tr>
<td>Staff salary increase/bonus</td>
<td>11.12</td>
<td>42.00</td>
<td>.65</td>
<td>53.77</td>
</tr>
<tr>
<td>Fringe benefits increase</td>
<td>19.92</td>
<td>19.90</td>
<td>.82</td>
<td>40.64</td>
</tr>
<tr>
<td>O&amp;M of new buildings</td>
<td>1.57</td>
<td>3.03</td>
<td>.13</td>
<td>4.73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46.54</strong></td>
<td><strong>$64.93</strong></td>
<td><strong>$2.2</strong></td>
<td><strong>$113.67</strong></td>
</tr>
</tbody>
</table>
Next Steps

**June**
- Present operating budget to Board of Visitors for approval

**Summer**
- Update State Six Year Plan
- Develop multi-year financial plan alternatives

**Fall**
- Discuss multi-year financial plan with Board of Visitors

**Finance Subcommittee**
2014-2015 Operating Budget
All Divisions

Colette Sheehy
Vice President for Management & Budget
BOV Actions Reflected in the Budget

• Reviewed budget assumptions:
  – Endowment distribution
  – Projected AccessUVa costs
  – Estimate of sponsored research activity
  – Compensation adjustments

• Received reports on budget actions by the Governor and General Assembly

• Approved tuition, fees, housing, and dining rates at February and April meetings
ALL DIVISIONS
2014-2015 OPERATING EXPENDITURE
BUDGET
(In Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Division</td>
<td>$1,466.9</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Medical Center</td>
<td>$1,280.7</td>
<td>+7.9%</td>
</tr>
<tr>
<td>UVa-Wise</td>
<td>$41.5</td>
<td>+4.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,789.1</strong></td>
<td><strong>+ 3.7%</strong></td>
</tr>
</tbody>
</table>

- **Academic Division**: 52.6%
- **Medical Center**: 45.9%
- **UVa-Wise**: 1.5%

Change from Projected 2013-14:
- **Academic Division**: +0.3%
- **Medical Center**: +7.9%
- **UVa-Wise**: +4.3%
- **Total**: +3.7%
# ALL DIVISIONS

## History of Employment Levels

(Budgeted FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Academic</th>
<th>Med Center</th>
<th>Wise</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>8,505</td>
<td>6,347</td>
<td>291</td>
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<tr>
<td>2009</td>
<td>8,725</td>
<td>6,376</td>
<td>302</td>
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<tr>
<td>2010</td>
<td>8,686</td>
<td>6,214</td>
<td>284</td>
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<tr>
<td>2011</td>
<td>8,756</td>
<td>6,393</td>
<td>292</td>
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<tr>
<td>2012</td>
<td>8,636</td>
<td>6,688</td>
<td>306</td>
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<tr>
<td>2013</td>
<td>8,577</td>
<td>6,898</td>
<td>315</td>
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<tr>
<td>2014</td>
<td>8,067</td>
<td>7,198</td>
<td>324</td>
</tr>
<tr>
<td>2015</td>
<td>8,164</td>
<td>7,495</td>
<td>330</td>
</tr>
</tbody>
</table>
ALL DIVISIONS
Where the Money Comes From

Proposed 2014-15
($2.79 Billion)

- Tuition & Fees: 19.2%
- State Appropriations: 5.9%
- Patient Revenues: 45.2%
- Sponsored Programs: 10.0%
- Endowment Distribution: 8.5%
- Expendable Gifts: 5.6%
- Other: 4.5%
- Sales & Services, Investment Income: 1.1%

Projected 2013-14
($2.69 Billion)

- Tuition & Fees: 18.7%
- State Appropriations: 5.8%
- Patient Revenues: 43.8%
- Sponsored Programs: 10.5%
- Endowment Distribution: 9.0%
- Expendable Gifts: 5.7%
- Other: 4.5%
- Sales & Services, Investment Income: 2.0%

ALL DIVISIONS
Where the Money Goes

Proposed 2014-15
($2.79 Billion)

Instruction: 14.1%
Research & Public Serv.: 10.6%
Academic Support: 5.5%
Student Services: 4.0%
Academic Support: 3.6%
General Administration: 2.1%
O&M of Physical Plant: 1.7%
Financial Aid: 0.8%
Auxiliaries: 0.8%
Transfers: 2.3%
Patient Care: 46.0%

Projected 2013-14
($2.69 Billion)

Instruction: 13.8%
Research & Public Serv.: 11.6%
Academic Support: 5.6%
Student Services: 1.7%
General Administration: 3.7%
O&M of Physical Plant: 5.4%
Financial Aid: 4.2%
Auxiliaries: 3.7%
Transfers: 1.7%
Patient Care: 44.2%
2014-2015 Operating Budget

Academic Division

Colette Sheehy
Vice President for Management & Budget
ACADEMIC DIVISION
2014-2015 Sources: $1.47 Billion

- Tuition & Fees: 36.4%
- State Appropriations: 12.5%
- Sponsored Programs: 10.7%
- Endowment Distribution: 10.3%
- Expendable Gifts: 8.7%
- Other: 2.1%
- Sales & Services, Investment Income: 19.3%
## ACADEMIC DIVISION
### 2014-2015 Projections
#### Incremental Expenditures
(\textit{In Millions})

<table>
<thead>
<tr>
<th>Item</th>
<th>Funded from Undergraduate Tuition and State General Funds</th>
<th>Funded from Other University Sources</th>
<th>Total Academic Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty salary increase</td>
<td>$5.59</td>
<td>$8.34</td>
<td>$13.93</td>
</tr>
<tr>
<td>Staff salary increase/bonus</td>
<td>5.62</td>
<td>5.50</td>
<td>11.12</td>
</tr>
<tr>
<td>Fringe benefits increase</td>
<td>8.89</td>
<td>11.03</td>
<td>19.92</td>
</tr>
<tr>
<td>O&amp;M of new buildings</td>
<td>.45</td>
<td>1.12</td>
<td>1.57</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$20.55</strong></td>
<td><strong>$25.99</strong></td>
<td><strong>$46.54</strong></td>
</tr>
</tbody>
</table>
### ACADEMIC DIVISION – Undergraduate Schools
#### 2014-2015 Investments in the Strategic Plan
##### (In Millions)

<table>
<thead>
<tr>
<th></th>
<th>Reallocations/Reserves</th>
<th>Tuition/State Approp.</th>
<th>Strategic Investment Fund</th>
<th>Philanthropy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic advising</td>
<td>$</td>
<td>$0.40</td>
<td>$</td>
<td>$</td>
<td>$0.40</td>
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<tr>
<td>Career development</td>
<td></td>
<td>1.24</td>
<td></td>
<td></td>
<td>1.24</td>
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<tr>
<td>Global initiatives</td>
<td></td>
<td>0.75</td>
<td></td>
<td></td>
<td>0.75</td>
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<tr>
<td>Faculty hiring</td>
<td>10.72</td>
<td>0.69</td>
<td></td>
<td></td>
<td>11.41</td>
</tr>
<tr>
<td>Library resources/facilities</td>
<td>0.90</td>
<td></td>
<td>0.80</td>
<td></td>
<td>1.70</td>
</tr>
<tr>
<td>Research/Innovation</td>
<td>3.00</td>
<td>2.08</td>
<td></td>
<td>0.50</td>
<td>5.58</td>
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<tr>
<td>Managerial reporting system</td>
<td></td>
<td></td>
<td>2.71</td>
<td></td>
<td>2.71</td>
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<tr>
<td>Supporting Organizational Excellence</td>
<td></td>
<td></td>
<td></td>
<td>0.86</td>
<td>0.86</td>
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<tr>
<td>Strategic Communication and Branding</td>
<td>0.93</td>
<td></td>
<td>0.93</td>
<td></td>
<td>1.86</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$15.55</strong></td>
<td><strong>$5.16</strong></td>
<td><strong>$5.30</strong></td>
<td><strong>$0.50</strong></td>
<td><strong>$26.51</strong></td>
</tr>
</tbody>
</table>
ACADEMIC DIVISION
2014-2015 Operating Expenditure Budget
$1.47 Billion

By Category

- Faculty Comp. 29.3%
- Staff Comp. 24.6%
- GTA/GRA 1.6%
- Wages 3.8%
- Other 40.7%

By Activity

- Instruction 26.0%
- Research & Public Serv. 20.1%
- Academic Support 11.4%
- General Administration 9.5%
- Student Services 7.5%
- Financial Aid 6.6%
- O&M of Physical Plant 4.0%
- Internal Debt Service 3.1%
- Transfers 1.6%
- Auxiliaries 10.2%

GTA/GRA – Graduate Teaching Assistant/Graduate Research Assistant
2014-2015 Operating Budget
Pratt Fund

Colette Sheehy
Vice President for Management & Budget
2014-2015 PRATT FUND ALLOCATION

School of Medicine
(In Thousands)

The Pratt Fund may be used for research and scholarships in the School of Medicine.

Research $3,833
Fellowships 1,220
Total $ 5,053
The Pratt Fund may be used for faculty salaries, scholarships, and equipment in Departments of Biology, Mathematics, Physics, and Chemistry.

Fellowships $1,476
Faculty Salaries 1,211
Equipment 893
Total $3,580
2014-2015 Operating Budget
Annual Renovation and Infrastructure Projects Plan

Colette Sheehy
Vice President for Management & Budget
Annual Renovation and Infrastructure Projects Plan (ARIP)

- Annually, Board of Visitors considers a master plan of renovation and infrastructure projects:
  - Between $2 million and $5 million
  - Funded with 100% cash (no debt)

- Allows a shorter time-frame to expedite these types of projects

- 2014-2015 Academic Division ARIP = $10.7 to $12.8 million

- 2014-2015 Medical Center ARIP = $2.7 to $3.3 million
2014-2015 Operating Budget
College at Wise

Donna Price-Henry
Chancellor
COLLEGE AT WISE
Profile

• 1,636 Fall 2013 FTE Students

• 136 Faculty

• 194 Support Staff
COLLEGE AT WISE
Student Enrollment Levels

Full-time & Total Enrollment
Provisionally Admitted Students

<table>
<thead>
<tr>
<th>Year</th>
<th>FTE</th>
<th>Headcount</th>
<th>Provisional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2010</td>
<td>1661</td>
<td>1990</td>
<td>73</td>
</tr>
<tr>
<td>Fall 2011</td>
<td>1651</td>
<td>2067</td>
<td>35</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>1707</td>
<td>2420</td>
<td>17</td>
</tr>
<tr>
<td>Fall 2013</td>
<td>1636</td>
<td>2291</td>
<td>17</td>
</tr>
<tr>
<td>Fall 2014 (proj.)</td>
<td>1652</td>
<td>2322</td>
<td>0</td>
</tr>
</tbody>
</table>
COLLEGE AT WISE
Full-time Position Levels

Faculty and Staff

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Faculty - Including T&amp;R</th>
<th>T&amp;R Only Faculty</th>
<th>Total Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>145</td>
<td>94</td>
<td>148</td>
</tr>
<tr>
<td>2011-2012</td>
<td>141</td>
<td>92</td>
<td>165</td>
</tr>
<tr>
<td>2012-2013</td>
<td>139</td>
<td>96</td>
<td>176</td>
</tr>
<tr>
<td>2013-2014</td>
<td>136</td>
<td>96</td>
<td>188</td>
</tr>
<tr>
<td>2014-2015</td>
<td>136</td>
<td>98</td>
<td>194</td>
</tr>
</tbody>
</table>
COLLEGE AT WISE
2014-2015 Expenditure Budget: $41.5 million

By Source

- Tuition & Fees: 38.6%
- State Appropriations: 26.0%
- Sponsored Programs: 23.6%
- Endowment Distribution: 8.1%
- Expendable Gifts: 2.0%
- Sales & Services and Other: 1.7%

By Use

- Instruction: 29.1%
- Research & Public Serv.: 27.4%
- Academic Support: 13.7%
- Student Services: 10.0%
- General Administration: 9.3%
- O&M of Physical Plant: 4.0%
- Financial Aid: 4.0%
- Auxiliaries: 2.5%
COLLEGE AT WISE
Strategic Priorities

• Support the early intervention and identification of first-time at-risk students through the Summer Bridge Program

• STEM Early College Academy Pilot Program

• Support teaching and research faculty merit increase to recruit and retain high-quality faculty
2014-2015 Operating Budget
Medical Center

Larry Fitzgerald
Associate Vice President for Business Development and Finance
UVA MEDICAL CENTER
Financial Objectives
FY 14 – FY 20

• Support academic mission

• Continuously improve quality

• Execute Strategic Plan
UVA MEDICAL CENTER
Budget Challenges: FY15 and beyond

• Medicaid and Indigent Care funding
• Impact of Federal Healthcare Reform
• Competitive environment
• Medicare payments
• Centers of Excellence and Outreach
• Utilization patterns
• Accountable Care Organizations and Clinically Integrated Networks
UVA MEDICAL CENTER  
FY 15 Operating Budget

<table>
<thead>
<tr>
<th></th>
<th>Actual 2013</th>
<th>Projected 2014</th>
<th>Budget 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discharges – Medical Center</td>
<td>28,859</td>
<td>28,120</td>
<td>28,637</td>
</tr>
<tr>
<td>Discharges – Transitional Care Hospital</td>
<td>305</td>
<td>303</td>
<td>426</td>
</tr>
<tr>
<td>Outpatient Visits &amp; ER</td>
<td>824,941</td>
<td>848,840</td>
<td>911,731</td>
</tr>
<tr>
<td>Average Length of Stay Medical Center</td>
<td>5.62</td>
<td>5.74</td>
<td>5.40</td>
</tr>
<tr>
<td>ALOS – Transitional Care Hospital</td>
<td>26.43</td>
<td>31.00</td>
<td>28.99</td>
</tr>
<tr>
<td>Net Operating Revenue ($ millions)</td>
<td>$1,214.4</td>
<td>$1,254.2</td>
<td>$1,339.9</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,135.1</td>
<td>1,187.3</td>
<td>1,280.7</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$ 79.3</td>
<td>$ 66.9</td>
<td>$ 59.2</td>
</tr>
<tr>
<td>Operating Income Margin %</td>
<td>6.5%</td>
<td>5.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Non-Operating Gains</td>
<td>$ 23.3</td>
<td>$ 48.3</td>
<td>$ 37.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 102.6</td>
<td>$ 115.2</td>
<td>$ 96.7</td>
</tr>
<tr>
<td>Net Income Margin %</td>
<td>8.3%</td>
<td>8.8%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Note: The UVA Medical Center includes UVA Outpatient Surgery Center, Imaging Center, Free Standing Dialysis Units, Community Medicine, the Transitional Care Hospital, Outreach, Accountable Care Organization, Strategic Investment Pool and UVA HOPE Cancer Care.
2014-2015 Operating Budget
Transitional Care Hospital

Larry Fitzgerald
Associate Vice President for Business Development and Finance
# UVA Transitional Care Hospital

## FY 2015 Operating Budget

<table>
<thead>
<tr>
<th></th>
<th>Actual 2013</th>
<th>Projected 2014</th>
<th>Budget 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discharges</strong></td>
<td>305</td>
<td>309</td>
<td>426</td>
</tr>
<tr>
<td><strong>Average Length of Stay</strong></td>
<td>26</td>
<td>31</td>
<td>29</td>
</tr>
<tr>
<td><strong>Average Daily Census</strong></td>
<td>23</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td><strong>Net Operating Revenue</strong></td>
<td>$16,302,959</td>
<td>$18,146,270</td>
<td>$21,998,034</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>16,891,585</td>
<td>17,737,032</td>
<td>20,893,307</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>(588,626)</td>
<td>409,238</td>
<td>1,104,727</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>(3.6%)</td>
<td>2.3%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>
Budget Resolutions Requiring Approval

- 2014-2015 Operating Budget and Annual Renovation and Infrastructure Plan for the Academic Division

- Pratt Fund Distribution for 2014-2015

- 2014-2015 Operating Budget for the University of Virginia’s College at Wise

- 2014-2015 Operating and Capital Budgets and Annual Renovation and Infrastructure Plan for the University of Virginia Medical Center

- 2014-2015 Operating and Capital Budgets for the University of Virginia Transitional Care Hospital