

Supporting Affordable, Excellent Education for Generations of Students

As a public institution, UVA's mission is to educate students who have earned a place in the class based on their merit, regardless of their ability to pay. The University is consistently recognized by national publications as one of the best values in higher education. It has also been commended for graduating students on time with lower-than-average debt coupled with higher-than-average earning potential.

AN ESSENTIAL SOURCE OF PERMANENT SUPPORT

Philanthropic gifts have a profound effect on the quality of education, research and patient care at the University, and they enhance affordability for our students. Donors may restrict gifts to a particular school, department, program or scholarship or leave gifts unrestricted to meet general University needs as they arise. Many gifts are set aside in the University's endowment, with the intention that the core principal itself will not be expended but will remain invested to provide future investment returns. Spending from the endowment's investment return is essential to

provide a reliable, predictable, and sustainable source of professorships, scholarships and fellowships. This spending also supports resources for students and faculty that enhance education, research and patient care at UVA.

This year, the spending from the endowment's investment return will provide 11.5% of UVA's Academic Division budget, the equivalent of \$8,600 per student. For the last 10 fiscal years, spending from the endowment has increased, becoming a vital funding stream.

ACADEMIC DIVISION BUDGET 2016-17: \$1.6 BILLION

46% State-appropriated*:

- General Fund (tax dollars): \$152.8 million (9.3%)
- Tuition & fees: \$531.9 million (32.4%)
- Portion of income from conferences, study abroad and other special programs: \$12.3 million (0.8%)
- Medical Center support for the School of Medicine: \$63.6 million (3.9%)

54% External research and other funds not appropriated by the state:

- Externally-sponsored research: \$306.5 million (18.7%)
- Endowment distribution: \$190.0 million (11.5%)
- Expendable gifts: \$140.1 million (8.6%)
- Auxiliary Services (e.g. Housing, Dining, Parking, Printing): \$242.5 million (14.8%)

*The General Assembly appropriates funds that the University collects, such as tuition and fees.

INVESTING RESPONSIBLY TO ENSURE STEADY GROWTH

As of June 30, 2016, the University and its related foundations have \$5.7 billion in endowed funds. The 10-year annualized investment return of 8.5% has generated a steady stream of reliable funds used to both support current UVA activities and grow the endowment principal to provide for future needs. Our investment team carefully maintains a diversified portfolio to manage the effects of market volatility and protect the endowed funds entrusted to us by alumni, parents and friends.

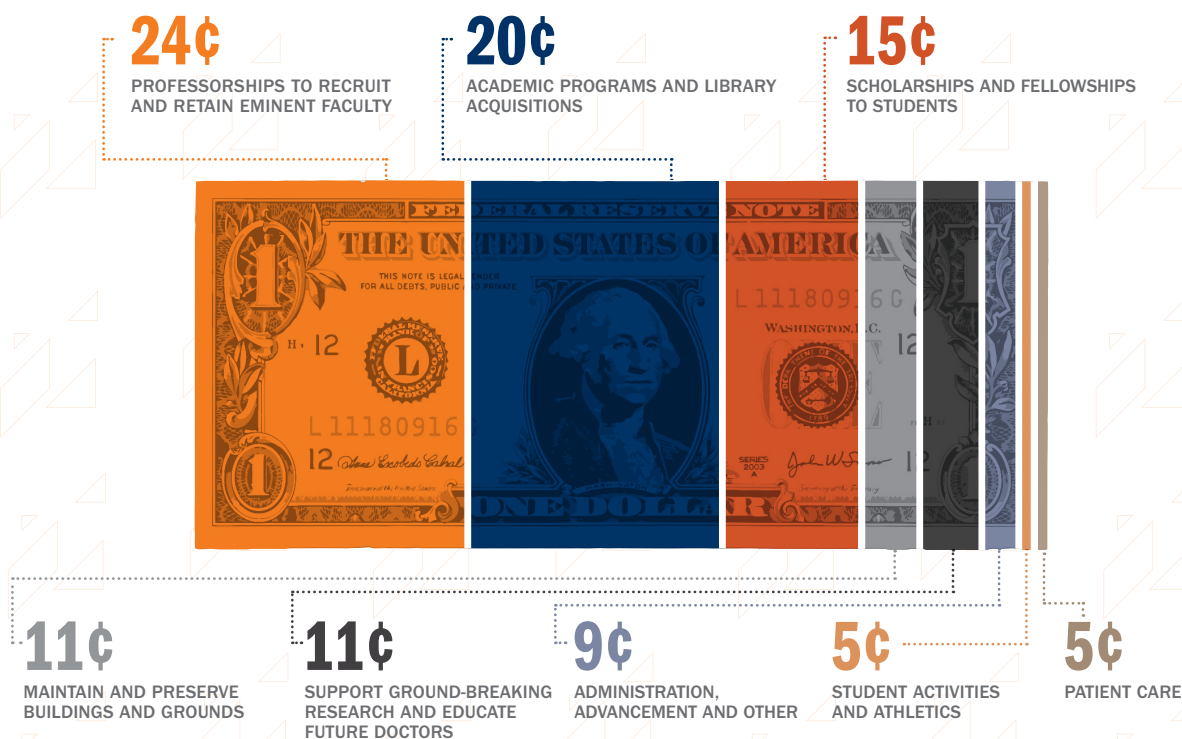
76% OF INCOME FROM ENDOWED FUNDS IS
RESTRICTED BY DONORS WITH A
SPECIFIC INTENT FOR THE FUND'S USE

24% OF INCOME FROM ENDOWMENT FUNDS IS
UNRESTRICTED AND AVAILABLE TO MEET
EMERGING NEEDS AND HIGHEST PRIORITIES

SPENDING TO SUPPORT EXCELLENCE & AFFORDABILITY

On average, UVA spends 4.7% of its endowment each year, well above the national average of 4% for public research institutions.¹ The difference between the long-term investment return and the spending rate is re-invested so the endowment will provide a sustainable level of support after inflation to students, faculty and patients in the future. The balance between spending and re-investing is an important decision as we consider inter-generational equity: how much to spend today versus how much to preserve for future students.

DOLLAR-BY-DOLLAR, HOW WE SPEND THE ENDOWMENT DISTRIBUTION



86 cents of every dollar spent from the endowment distribution directly supports the University's excellent student experience, which means the University doesn't have to pass these costs along to students in the form of tuition and fees. In essence, this portion of the endowment spending provides a hidden scholarship of nearly \$7,400 per student.



1,706
STUDENTS

Since 2006-07, an average of 1,706 students have benefited from endowed scholarships each year, with an average 1,242 of them receiving need-based scholarships. These students have received nearly \$100 million in scholarship funds, of which nearly \$80 million was awarded based on financial need.



\$650
THOUSAND
IN 1929



\$6.4
MILLION
AWARDED TO STUDENTS
IN LAST DECADE

One of the University's oldest endowed scholarships was created in 1929 with a gift just over \$650,000. Because the gift was invested as part of the University's endowment and grew over time, it continues to benefit students today. In the last ten years, more than 600 students have received more than \$6.4 million in scholarship grants from this fund, thanks to the generosity of these donors almost 100 years ago.