



FINANCING THE UNIVERSITY

SUSTAINING EXCELLENCE & STABILITY

The University of Virginia's leaders have laid a strong foundation that will position the University for excellence in our third century:

ESTABLISHED CLEAR STRATEGIC PRIORITIES

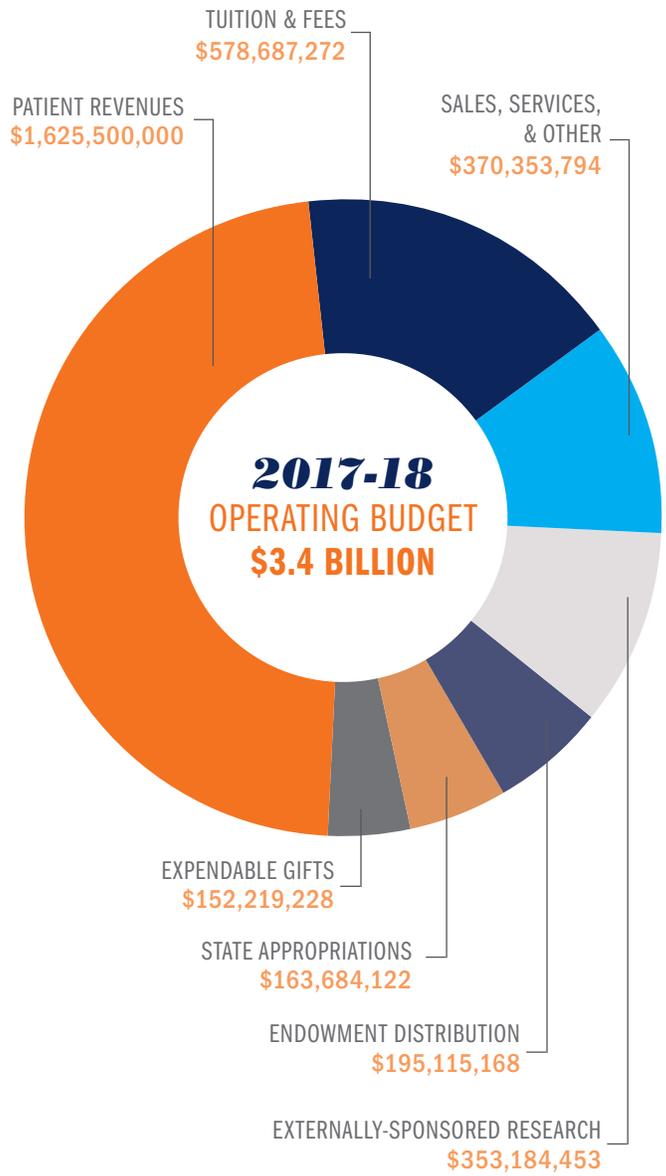
- Provide an affordable, world-class education to diverse and talented students
- Recruit and retain distinguished faculty
- Expand our research enterprise
- Serve the public through research, scholarship, arts, and innovation

CAREFULLY MANAGED OUR ENDOWMENT

- The combined endowment for the University and its related foundations was \$6.4 billion as of June 30, 2017. The University of Virginia Investment Management Company (UVIMCO) manages the vast majority of these funds, working to achieve a balance between annual distributions for operations and long-term financial stability.
- As of June 30, 2017, UVIMCO's twenty-year annualized return was 11.0%.
- UVA's endowment ranks among the top five largest for public institutions of higher education, and is among the top 20 of all U.S. colleges and universities.
- The endowment is a critical asset that enables the University to attract and retain world-class faculty and researchers. Seventy six percent of the endowment is restricted for donor-specified activities.
- UVA's endowment helps provide financial aid and support for students. Our endowment per-student ratio is one of the largest among U.S. public institutions of higher education.



DIVERSIFIED OUR REVENUE BASE TO SUPPORT OPERATIONS



Includes Academic Division, Medical Center, and the College at Wise

FOCUSED ON GROWING THE RESEARCH ENTERPRISE, DEVELOPING NEW ACADEMIC REVENUES, FOSTERING INNOVATION AND ACADEMIC ENTREPRENEURISM

- UVA manages more than \$1 billion in research proposal activity annually and was awarded \$372.4 million in 2016-17, an increase of 31% in new awards since 2012-13.
- The University created a Strategic Investment Fund to provide research, infrastructure, personnel, technology and other resources to support the most transformative projects of its third century. We anticipate an available investment return of up to \$100 million annually for targeted projects.
- As of December 2017, the Board of Visitors has approved 34 proposals with an aggregate investment of \$307.8 million over a six-year period.

DESIGNED AND IMPLEMENTED AN EFFICIENT DEBT STRUCTURE

- Debt is not used for operating funds; it is a component of the capital funding plan.
- Debt is conservatively managed. Two primary metrics are:
 - Maintaining a strong cash & investments/debt multiple (currently over 3x)
 - Maintaining a debt service/operating expenses percentage below the 10% recommended by the State
- UVA's coveted AAA Bond Rating was reaffirmed in September 2017.
- UVA is one of only four public institutions with a triple-A bond rating from all three rating agencies.
 - Moody's Investor Services, Standard & Poor's, and Fitch Investor Services
- UVA's rating allows it to issue debt at a rate below what can be issued by the State, resulting in interest savings for the University.

TARGETED OPERATIONAL EFFICIENCIES

- Over the past three years, UVA has realized more than \$60 million in operational efficiencies in the Academic Division alone, including dollar savings, cost avoidance, and time and effort efficiencies. The projected savings for FY17-18 are \$21.25 million.

BUILT A STRONG TRADITION OF PHILANTHROPIC SUPPORT AND A ROBUST STAFF TO SUPPORT ADVANCEMENT AND ENGAGEMENT

- Nearly 9% of the Academic Division operating budget comes from annual giving and over 11% from the income on philanthropic gifts invested for the long-term, including the endowment.
- Targeted campaigns raise funds for faculty and student support and support the Academical Village.
- Preparations are underway for the next comprehensive fundraising effort to coincide with the University's Bicentennial Commemoration.

CONTINUED TO PROVIDE A STRONG VALUE FOR ALL STUDENTS AND THEIR FAMILIES

with exceptional graduation rates (89% in four years and 95% in six years), high starting salaries in chosen fields for most graduates, and low student debt as a result of a robust need-based financial aid program.



BEST PUBLIC UNIVERSITY 2017
(U.S. News & World Report)



BEST PUBLIC COLLEGE VALUE 2017
(Kiplinger's Personal Finance)