FINANCIAL UPDATE

COO Report to the Board

November 20, 2020
FY21 UPDATE

• 2020 GA Special Session
  – $3.5M one-time funds in recognition of lost tuition revenue
  – Add’l flexibility to shift $$ betw programs if needed due to COVID

• VA COVID Relief Funds
  – $5.0M to be spent by 12/31/20

• W&G Bond Sale
  – $10M in debt service relief for FY21 (assumed in projected shortfall)

• $10+M in COVID-19 Expenses

• Fall Enrollment Shifts
  – $4.5M in tuition revenue
  – $8.3M in housing
  – $3.8M in dining

• Increased Financial Aid
  – Committed $3M increase

• 0% Tuition & Fee Growth, All Students
SYSTEMATIC COST CONTAINMENT

• FY21 Budget Impact
  – $17.9M in budget reductions campus wide
  – 85% one-time reductions or deferrals

• Budget cuts in 4 of the last 5 fiscal years
  – Incremental approach focused on current year savings
  – Non-strategic cost-deferrals
  – Staff comp/class losing pace with market
  – Increase in deferred maintenance

• Provost and COO revamping budget process
  – High level of engagement w/ deans and other cabinet members
  – Correct unsustainable structures in base budget in phased process
  – Reassessing space needs post-pandemic, to optimize leases
FY21: KEY BUDGET VARIABLES

• Spring 2021 enrollments
  – Registration started this week; drop/add through Feb. 5th
  – Very sobering pandemic outlook

• Spring 2021 housing and dining
  – Anticipating lower levels, given current public health outlook

• Spring 2021 COVID-19 response
  – Ongoing aggressive testing, physical adaptations, cleaning, etc.

• Impact on philanthropy
  – Base budget relies on meeting current year fundraising goals
FY22: STARTING PLACE

• Structural deficit of at least $6.2M
  – $4.5M base shortfall due to shift in IS/OOS UG mix
  – $1.7M gap previously supported by private fund reserves (may widen)

• Need-based financial aid expected to grow by $2M

• Cannot be addressed with one-time funds
  – Cabinet members identifying sustainable base reductions
FY22: KEY DIMENSIONS OF UNCERTAINTY

• 2021 General Assembly Session
  – FY22 state budget actions
  – Sine die end of February or early March; reconvened session early April

• Summer 2021 Enrollments

• Fall 2021 enrollments
  – Ongoing shifts IS/OOS
  – International at risk
  – Financial aid increase

• Impact on philanthropy
  – Base budget relies on meeting current year fundraising goals
TIMELINE FOR SETTING TUITION

• Under the Promise, BOV set IS UG tuition in Nov
  – Front-loaded increases for incoming UG with four-year guarantee

• Provided continuing students with predictability

• Accelerated “sticker price” for incoming IS students

• Tuition and fees for all other students set in April
FY21 TUITION RECAP AND FY22 TIMELINE

• In 2019, BOV modified the Promise
  – 3% tuition increase for incoming class
  – Annual increase not to exceed 3%
  – Intent to slow the growth of tuition over time

• In May 2020, BOV reversed that action, holding tuition and mandatory fees flat for all students
  – 0% increase for IS UG for three years running
  – Set 0% increase for all other tuition and all other mandatory fees

• For consideration, timing of FY22 decisions