



22 January 2018

Budget 2018: Frequently asked questions

1. What are the adjustments in the 2018 UvA budget compared to the 2018 UvA draft budget?

A number of adjustments have been made with respect to the 2018 UvA draft budget. The adjustments are based on:

- the final budgets of the units;
- the adjusted estimates of the government grant and tuition fees;
- coordination with units in response to the ambitions set out in the draft budget. Based on further coordination with the units, the final budget includes details on the extent to which the ambitions will actually lead to expenditures in 2018; *
- the discussion on the draft budget held with the central representative advisory bodies in the Joint Consultative Meeting (GOV) of 24 November 2017;
- consultation with the academic community based on the draft budget.

These adjustments concern both the 2018 budget year and the years that follow. Chapter two of the 2018 UvA budget includes an overview of all differences between the framework letter and the 2018 UvA budget.

2. The draft budget contained a projected deficit of €9.6 million, but the final budget no longer mentions this deficit. How was that resolved?

The draft budget projected that coordination with units would result in an expected deficit of €9.6 million in 2018. The outcome of this coordination has been incorporated into the final budget. The main differences are:

- €1.5 million adjustment expected from incoming government grant;
- €4.0 million adjustment expected from tuition fees based on student numbers as of 1 October, of which €2.9 million relates to institutional tuition fees;
- €6.6 million adjustment to staff costs as a result of the review of policy intentions, time of execution and further coordination between units. Part of this adjustment is a €3.7 million reduction of the staff costs in the ICTS budget.

In preparing the final budget, the long-term development of the liquidity ratio has been reassessed. This has led to a limited adjustment, which will be reflected in the interest expenses from 2020 (2020: -€0.5 million). The UvA can influence the liquidity ratio by making use of the existing credit facilities. The policy is aimed at remaining above the alert level of 0.5 issued by the Inspectorate of Education. A planned minimum of 0.55 will therefore be maintained in the long term.

3. How do the key indicators for 2018 relate to the target values?

Key indicator	Target value	2018
Solvency II *	At least 30%	40.6%
Liquidity **	Greater than 0.5	0.73
Profitability ***	Profitability: 3-year > 0 2-year > -0.05 1-year > -0.10	0.0 0.0 0.0
Debt Service Coverage Ratio ****	Greater than 1	3.2

* The ratio between debt and equity (including provisions) of the institution. This is important to assess whether the institution can meet its liabilities.

** The extent to which the institution can meet its ongoing payment obligations is expressed as the ratio between the current assets and short-term liabilities.

*** Indication of the profitability of the institution. This can be established by determining the ratio between the profit and the total income.

**** Needed to determine whether the short-term cash flows are sufficient to meet the interest and repayment obligations to banks.