



WILLIAM & MARY

CHARTERED 1693

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&M 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