



WILLIAM & MARY

CHARTERED 1693

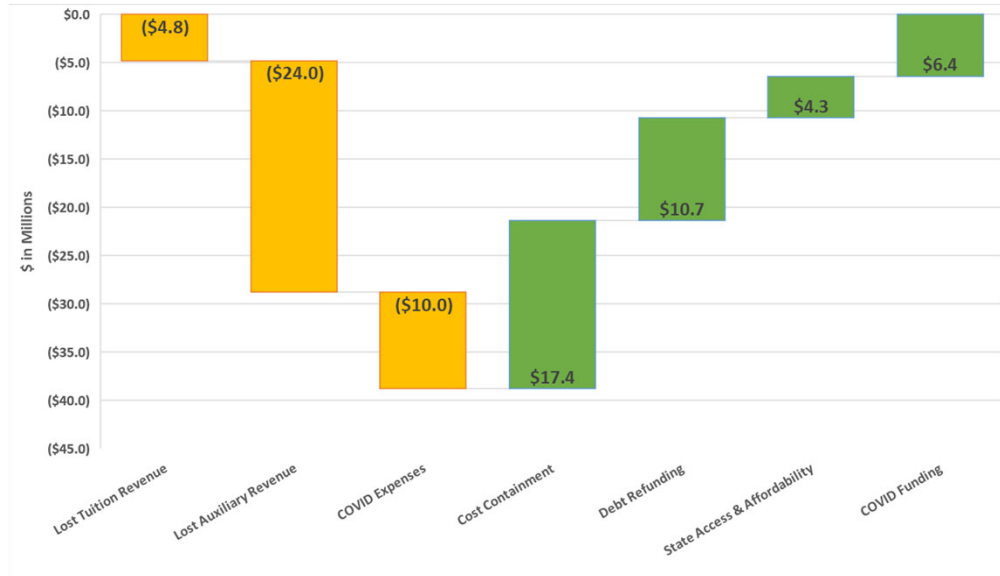
Report of the
Chief Operating Officer
FY21 Financial Update

April 23, 2021

FY21: Financial Hurdles, Well-Managed

- \$38.8M final projected budget shortfall
 - \$4.8M shortfall in tuition revenue
 - \$2.0M due to shift in IS/OOS UG enrollment
 - \$2.8M due to flat tuition
 - \$24M shortfall in auxiliary revenue
 - \$10M in incremental COVID expenses

How W&M Covered the FY21 Shortfall



The university is eligible to receive federal COVID relief funds (HEERF II and III). W&M is still determining how best to utilize those funds based on eligibility criteria. Federal funds reduce the need to use cash reserves and cover incremental COVID expenses incurred in the spring semester or FY22.

- \$17.4M cost containment
- \$10.7M debt refunding
- \$ 4.3M in state support
 - \$3.5M access/affordability
 - \$0.8M COVID testing
- \$ 6.4M COVID Relief



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FY22 Tuition & Fee Recommendations

April 23, 2021

Tuition Modeling Updates

- February 2021 showed long-range projections:
 - 2% tuition increase in FY22
 - Planned enrollment growth
 - Ongoing cost reductions
- Improved projections
 - Spring 2021 enrollments
 - 2021 General Assembly actions
 - Combination of one-time and base funds

2021 General Assembly Actions
FY22 (\$ in millions)

\$	Purpose
\$3.5	Convert one-time access/ affordability funding to base
3.2	State share of salary and fringe
0.7	URM faculty in Data Science
<u>1.4</u>	One-time operating support
\$8.8	Incremental State Support

FY22 Nearing Breakeven / Higher Pressures FY23 and Beyond

	FY22 2% Tuition Increase	FY23 2% Tuition Increase
Revenue	\$289.0	\$293.7
Expense	\$290.0	\$296.1
Operating Margin	(\$0.9)	(\$2.4)

	FY22 0% Tuition Increase	FY23 4.6% Tuition Increase
Revenue	\$286.7	\$294.6
Expense	\$290.0	\$296.8
Operating Margin	(\$3.2)	(\$2.2)

Note: excludes revenue from accelerated enrollment growth and excludes strategic investments

- At 2%, FY22 gap could be covered by accelerated enrollment growth
- At 0% tuition, FY22 gap would be covered with additional one-time actions AND
- At 0%, FY22 tuition would require a higher tuition increase in FY23

A Stable Framework for Undergraduate Tuition

- Reflects W&M commitment to predictable affordability
- Provides increased certainty for
 - Students and families
 - Governor and General Assembly
 - W&M administration

Undergraduate Tuition Predictability

FY22

- If we hold UG tuition flat for all IS and OOS students ...

FY23

- ... then we must expect a higher UG tuition increase after 4 years of fixed tuition with cost increases imposed by Commonwealth
 - *Current modeling projects 4.6%*

Goal for FY24 and beyond

- Limit annual UG tuition increases to HEPI + 1% *with sustained state support and continued GF share*

Fees Predictability

- Commonwealth limits annual increases on mandatory non-E&G fees to 3% unless required for:
 - State-mandated compensation actions
 - State authorized capital projects
 - Student health services
- Mandatory non-E&G fees support auxiliaries (dining, Student Affairs, etc.) that by law cannot receive state dollars and must be self-funded
- W&M announced its intentions to keep total fee increases at or below 3% for FY22

Proposed Fee Increases FY22

Driven by State-Mandated Salary/Fringe and Debt Service

Fee	FY21	FY22	\$ Change
General Comprehensive	\$4,478	\$4,626	\$148
Facility Fee	\$1,439	\$1,475	\$36
Green Fee	\$43	\$43	\$0
Student Activity Fee	\$98	\$98	\$0
Total	\$6,058	\$6,242	\$184

Room & Board Increases Avg. 2.5%

	FY21	Proposed FY22	\$ Change
Room, Std. Double	\$7,890	\$8,086	\$196
Board (19-meal plan)	\$5,118	\$5,246	\$128
Total, Room & Board	\$13,008	\$13,332	\$324

Recommendation: No UG Tuition Increase, Limited Fee Increases

UNDERGRADUATE, FULL-TIME						
	FY 2021		Proposed FY 2022		Dollar Change	
	In-State	Out-of-State	In-State	Out-of-State	In-State	Out-of-State
Tuition						
Seniors	\$17,434	\$40,089	\$17,434	\$40,089	\$0	\$0
Juniors	17,434	40,089	17,434	40,089	0	0
Sophomores	17,434	40,089	17,434	40,089	0	0
New Students	N/A	40,089	17,434	40,089	N/A	0
Mandatory E&G Fees¹						
Technology Fee	100	100	100	100	0	0
Student Faculty Fee	5	5	5	5	0	0
HEETF Fee	31	62	31	62	0	0
State Building Fee	N/A	540	N/A	540	N/A	0
Subtotal, E&G Fees	136	707	136	707	0	0
Mandatory Non-E&G Fees						
General Comprehensive Fee	4,478	4,478	4,626	4,626	148	148
Undergraduate Facility Fee	1,439	1,439	1,475	1,475	36	36
Student Activity Fee	98	98	98	98	0	0
Green Fee	43	43	43	43	0	0
Subtotal, Non-E&G Fees	6,058	6,058	6,242	6,242	184	184
Room and Board						
Room, Standard Doubles ²	7,890	7,890	8,086	8,086	196	196
Board (19 meals)	5,118	5,118	5,246	5,246	128	128
Subtotal, Room and Board	13,008	13,008	13,332	13,332	324	324
Total Cost						
Seniors	36,636	59,862	37,144	60,370	508	508
Juniors	36,636	59,862	37,144	60,370	508	508
Sophomores	36,636	59,862	37,144	60,370	508	508
New Students	N/A	59,862	37,144	60,370	N/A	508

- \$0 increase in tuition and mandatory E&G fees for IS and OOS undergraduates
- \$184 increase for off-campus students
- \$508 increase for on-campus students

Graduate/Professional Programs

- Graduate and professional programs compete in distinct markets
- Goal for a stable framework:
 - Set tuition to reflect market conditions
 - Increase or decrease as necessary to remain competitive

Market-based Tuition In Select Programs

Proposed FY22 Tuition, by Program

	FY21		Proposed FY22		\$ Change	
	In-State	Out-of-State	In-State	Out-of-State	In-State	Out-of-State
Graduate (A&S, SoE, VIMS)	\$10,516	\$28,305	\$10,516	\$28,305	\$0	\$0
Master of Public Policy	\$22,000	\$32,000	\$10,516	\$28,305	(\$11,484)	(\$3,695)
Law (J.D., L.L.M., S.J.D.) Incoming	N/A	N/A	\$30,160	\$44,600	N/A	N/A
Law (J.D., L.L.M., S.J.D.) Continuing	\$28,723	\$37,152	\$29,750	\$38,500	\$1,027	\$1,348
Business – EMBA	\$98,900	\$98,900	\$115,000	\$115,000	\$16,100	\$16,100
St. Andrews Joint Degree Programme	\$40,990	\$40,990	\$42,220	\$42,220	\$1,230	\$1,230

Resolution 20: FY22 Tuition and Fee Structure for Full- & Part-Time Students

- BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the undergraduate and graduate Tuition and Fees outlined in Tables 1-7 for FY22.
- THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia further delegates authority to the Provost and Chief Operating Officer to establish: 1) course fees as needed to offset materials, supplies or additional course-specific costs not covered by general tuition and fees, 2) special program fees for study abroad programs, online programs, certificate or other professional programs, and 3) policies for the application of a per-credit-hour rate beyond a standard course load.



WILLIAM & MARY

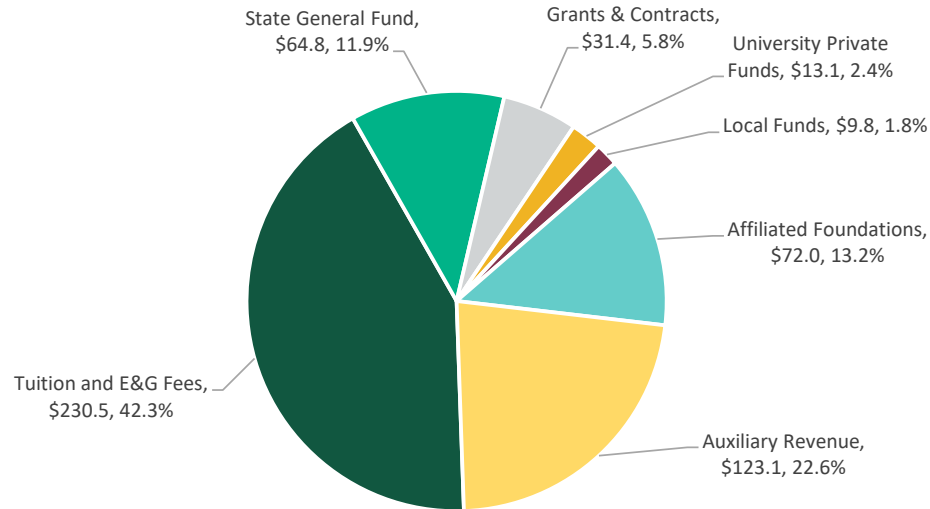
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FY22 Proposed Operating Budget

April 23, 2021

W&M enterprise exceeds \$500M with support from affiliated foundations

**FY22 W&M Operating Revenue
Including Affiliated Foundations**
(\$ in millions)



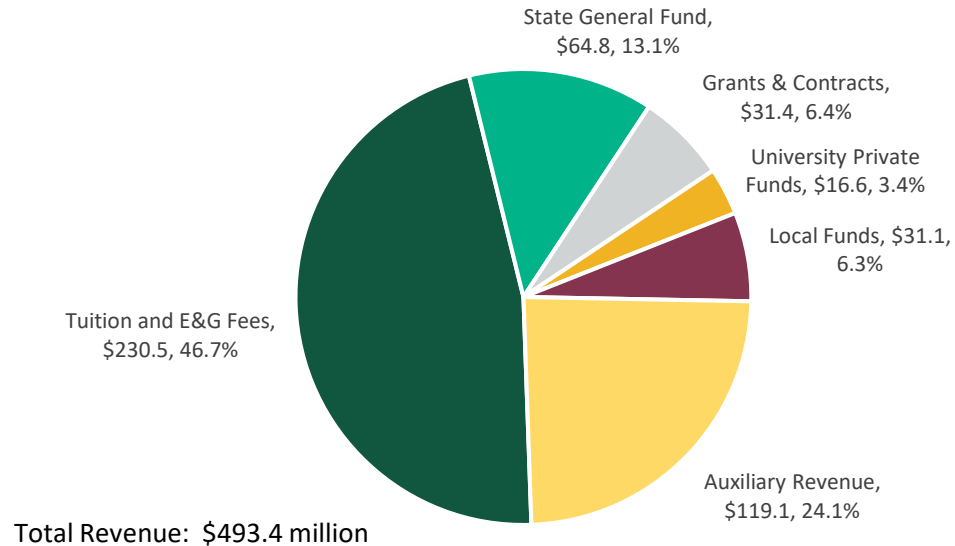
Total Revenue: \$544.6 million

**Excludes VIMS given separate BOV action*

Tuition Accounts for ~50% of Revenue

Almost 25% from (Fee-Driven) Auxiliaries

**FY22 W&M Operating Revenue
Excluding Affiliated Foundations**
(\$ in millions)



**Excludes VIMS given separate BOV action*

FY22 Budget Projection \$492M

Revenue ¹	FY21 Estimated Actuals	FY22 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
State General Fund	59,221,793	64,776,433	5,554,640	9.4%
Tuition and E&G Fees ²	223,660,192	230,479,404	6,819,212	3.0%
Grants & Contracts	31,350,000	31,350,000	-	0.0%
University Private Funds ³	12,329,400	16,552,100	4,222,700	34.2%
Auxiliary Revenue ⁴	105,693,600	119,118,600	13,425,000	12.7%
COVID Revenue ⁵	7,111,960	-	(7,111,960)	-100.0%
Local Funds	30,239,922	31,121,036	881,114	2.9%
Total Revenue	469,606,867	493,397,573	\$23,790,706	5.1%

Expenditures, by Program ¹	FY21 Estimated Actuals	FY22 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
Instruction	142,183,237	147,258,710	5,075,473	3.6%
Research	3,181,778	3,068,524	(113,254)	-3.6%
Public Service	55,621	94,821	39,200	70.5%
Academic Support	40,990,205	43,333,373	2,343,168	5.7%
Student Services	14,228,709	15,641,517	1,412,808	9.9%
Institutional Support	36,136,283	39,676,751	3,540,468	9.8%
Plant Operations	19,702,395	21,416,025	1,713,630	8.7%
Financial Aid	62,659,946	66,763,195	4,103,249	6.5%
Sponsored Programs	31,481,900	31,481,900	-	0.0%
Auxiliary Services	106,746,800	116,748,600	10,001,800	9.4%
Other Expenses	499,746	532,557	32,811	6.6%
COVID Expenses ⁵	9,311,960	-	(9,311,960)	-100.0%
E&G Debt Service	4,161,687	5,900,200	1,738,513	41.8%
Total Expenditures	471,340,267	491,916,173	\$20,575,906	4.4%

- Expenditure growth intentionally less than projected revenue growth to provide for auxiliary fund balances as required by state law.

¹Total revenues and expenditures exclude the Virginia Institute of Marine Science and funds maintained in university-affiliated foundations.

²Tuition & E&G Fees includes utilization of one-time resources to hold tuition at a 0% increase.

³Does not include a \$10.8 million fund balance in primarily restricted funds.

⁴Auxiliary Revenues include \$900,000 generated in support of student financial aid.

⁵COVID Revenue is funds from federal legislation that helped offset FY21 COVID expenses.

Revenues Projected to Increase 5.1%

1. State General Fund: continued support for higher education generally and W&M specifically
2. Tuition revenue from planned enrollment growth
3. Increase in university private funds
 - Combination of market performance, growth in restricted funds, and shift in handling of WMF unrestricted funds

Expenditures Projected to Increase 4.4%

- **Driven by** state-imposed cost increases to salaries, fringe benefits and financial aid
- **Offset by** continuing FY21 budget reductions and ongoing cost reductions
- Balances will build auxiliary reserve
- Strategic planning and revised budget process to guide priorities for investment of resources gained from enrollment growth – to drive revenue growth

BUDGET DETAILS: MAJOR PROGRAMS

E&G (Academic) Program Expenditures

- 10% GF increase
- UG tuition held flat for four years
- Budget balanced via reallocations, enrollment growth, and one-time actions

	FY21 Estimated Actuals	FY22 Proposed Budget	\$ Change from Prior Year	% Change from Prior Year
REVENUE, by Source				
General Fund	54,066,993	59,488,633	5,421,640	10.0%
Nongeneral Fund ¹	175,038,574	179,657,786	4,619,212	2.6%
COVID Revenue ²	7,111,960	-	(7,111,960)	-100.0%
Total Revenue	236,217,527	239,146,419	2,928,892	1.2%
EXPENDITURES, by Program				
Instruction	129,522,264	135,901,219	6,378,955	4.9%
Research	1,559,352	1,659,768	100,416	6.4%
Public Service	8,021	8,021	-	0.0%
Academic Support	33,603,728	34,938,900	1,335,172	4.0%
Student Services	9,721,317	10,304,632	583,315	6.0%
Institutional Support	29,667,275	30,549,564	882,289	3.0%
Plant Operations	18,661,923	19,884,115	1,222,192	6.5%
COVID Expenses ²	9,311,960	-	(9,311,960)	-100.0%
Debt Service	4,161,687	5,900,000	1,738,313	41.8%
Total Expenditures	236,217,527	239,146,219	2,928,692	1.2%

¹NGF includes utilization of one-time resources to hold tuition at a 0% increase.

²COVID Revenue is funds from federal legislation that helped offset COVID expenses during FY21.

FY22 State Salary Actions Drive Increases in E&G Expenditures

- State requires 5% across-the-board for 122 classified employees
- Universities determine how to allocate increases for all other W&M employees
 - Proposing 2% across-the-board for all employees in good standing
 - 3% pool to reward performance, address market misalignment and compression issues

Student Financial Aid: \$62.4M

Undergraduate, Graduate and Professional Programs

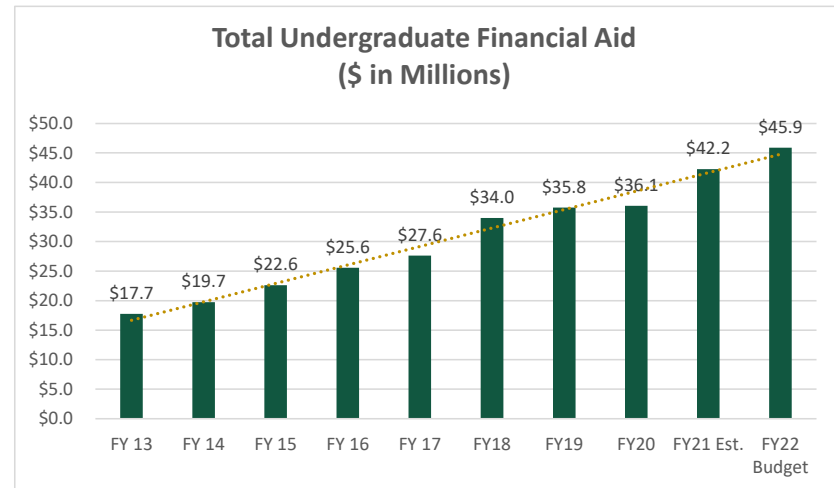
	Estimated FY21 Actuals	Proposed FY22 Budget	Change from Prior Year
REVENUE:			
State General Fund ¹	5,022,900	5,155,900	133,000
Tuition Revenue ²	48,621,618	50,821,618	2,200,000
Auxiliary Enterprises	900,000	900,000	0
Private Funds ³	4,314,000	5,514,300	1,200,300
Total Revenue⁴	\$58,858,518	\$62,391,818	\$3,533,300
EXPENDITURES⁴:	\$58,858,518	\$62,391,818	\$3,533,300

¹ Includes \$96,500 in pass through funds from federal coronavirus response. These are one-time funds that will not continue into FY23.

² Excludes tuition waivers.

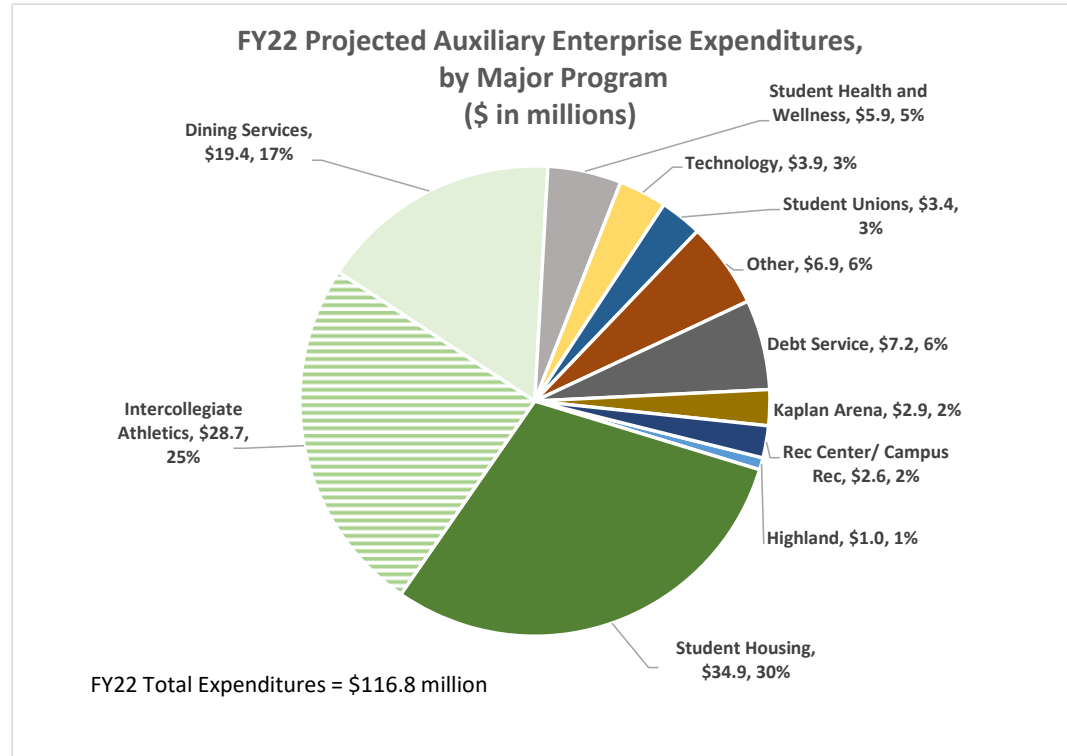
³ Increase is due to change in reporting related to W&M Foundation unrestricted funds.

⁴ Does not include \$4.4 million from local funds revenue that supports financial aid.



Auxiliary Enterprises \$116M

Housing, Athletics, and Dining >70%



Auxiliary Budget Prioritizes Affordability

- Funds all new initiatives through internal reallocations rather than increasing student fees
- Fee increases limited to:
 - State salary and fringe benefit actions
 - Debt service
 - Contractual inflationary increases

Resolution 21: FY22 Operating Budget

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Total Revenue	469,606,867	493,397,573	\$23,790,706	5.1%

THEREFORE, BE IT RESOLVED,
That the Board of Visitors of The
College of William and Mary in
Virginia approves the FY22
Operating Budget of the
university as displayed herein.

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