

# COLLEGE OF WILLIAM & MARY



**Committee on Financial Affairs**

**Board of Visitors**

**December 7, 2011**

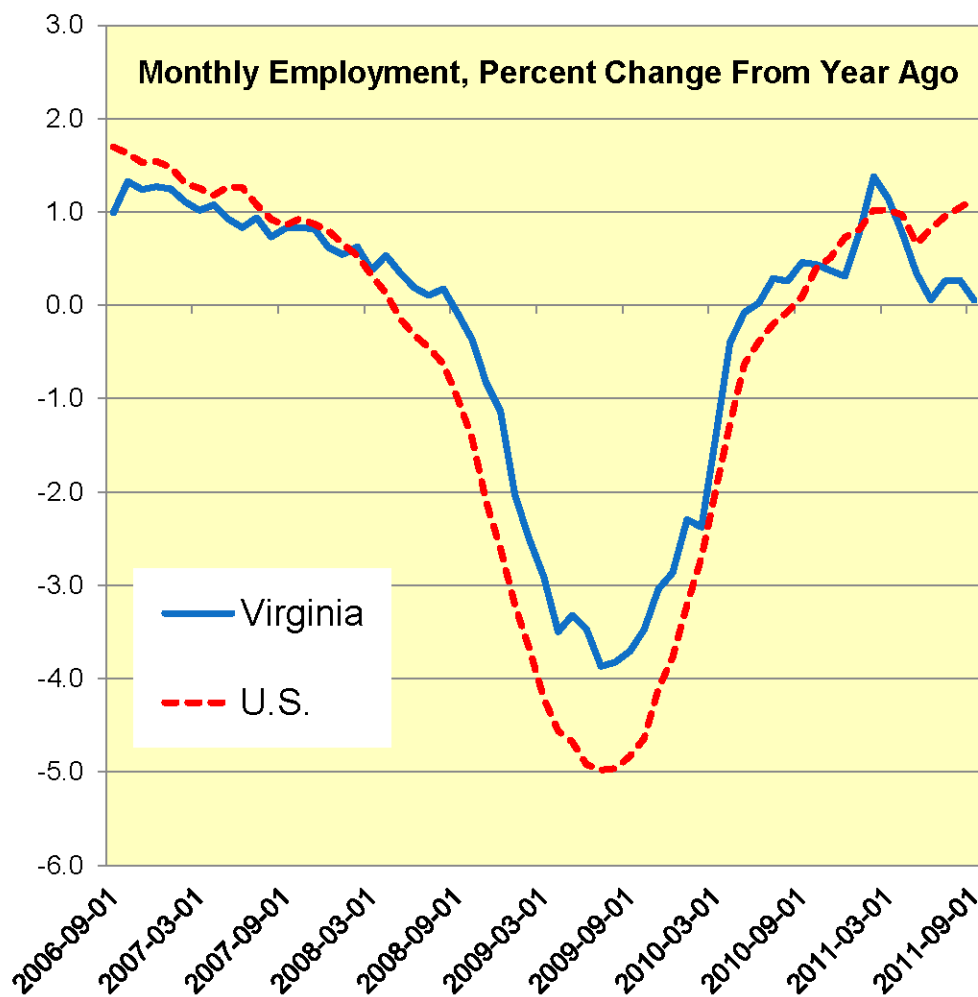
# SIX YEAR PLAN

- ❖ College of William and Mary  
Virginia Institute of Marine Science
- ❖ Submitted October 11, 2011
  - Refined draft plan
  - Reduced and prioritized expenditures
  - Assumed additional reallocations within the College
  - Did not set tuition charges for FY 2013 and beyond
- ❖ No feedback from Richmond

# State Budget Outlook

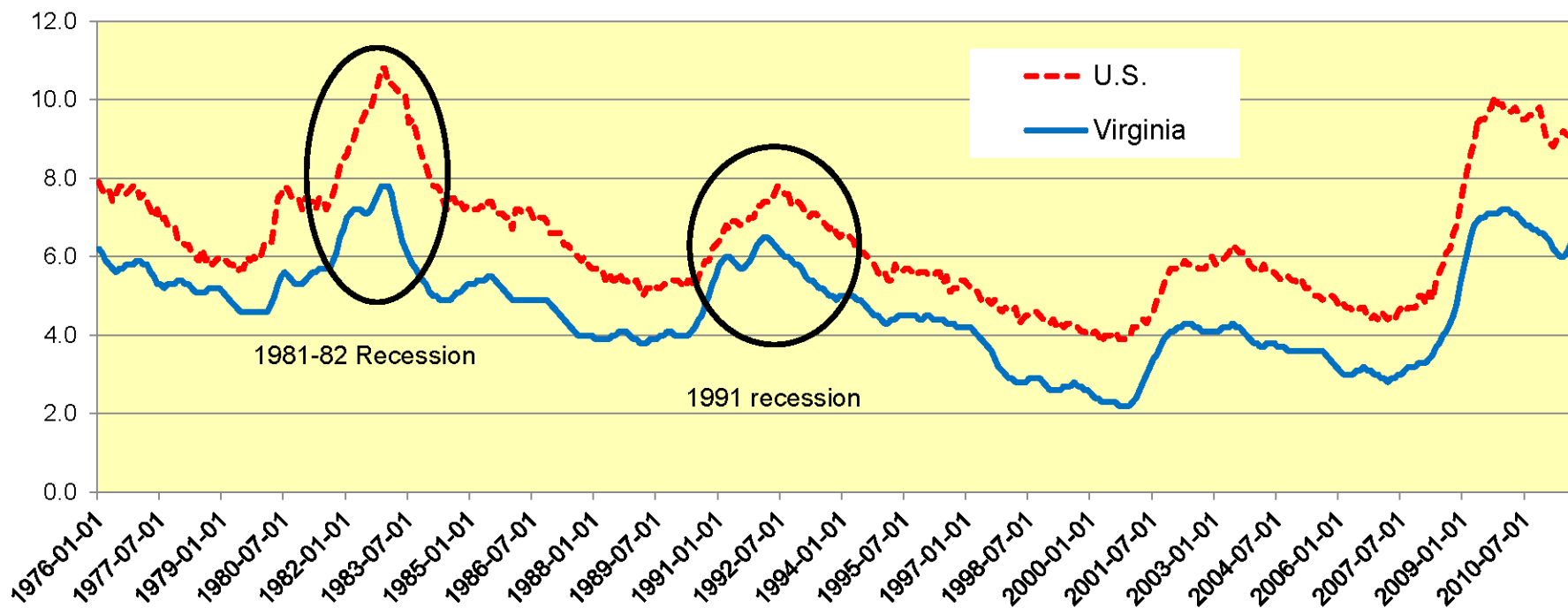
# Virginia Job Growth Has Decelerated Since April, With Job Growth Below the Forecast

- Virginia's unemployment rate stands at 6.5% in September, up from 6.3% in August
- Payroll employment in the Commonwealth for the first 3 months of the FY 2012 grew 0.2 percent over the same period a year ago – well below the forecast for job growth
- In the year-over-year comparison (September 2010 to September 2011), nonfarm payroll employment is up just 2,000 jobs
  - The worst year-over-year monthly gain since June 2010

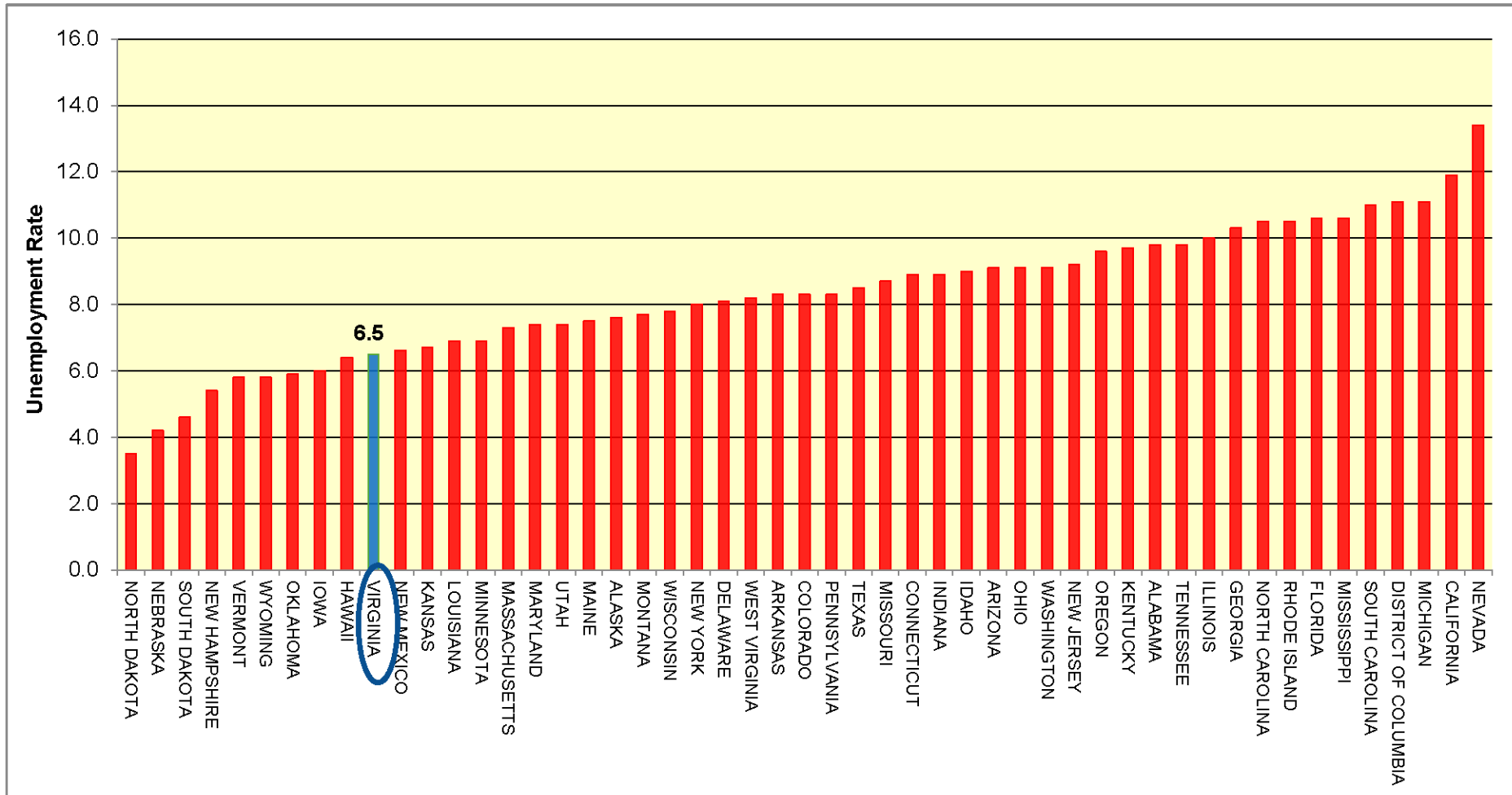


# Virginia's Unemployment Rate in Perspective

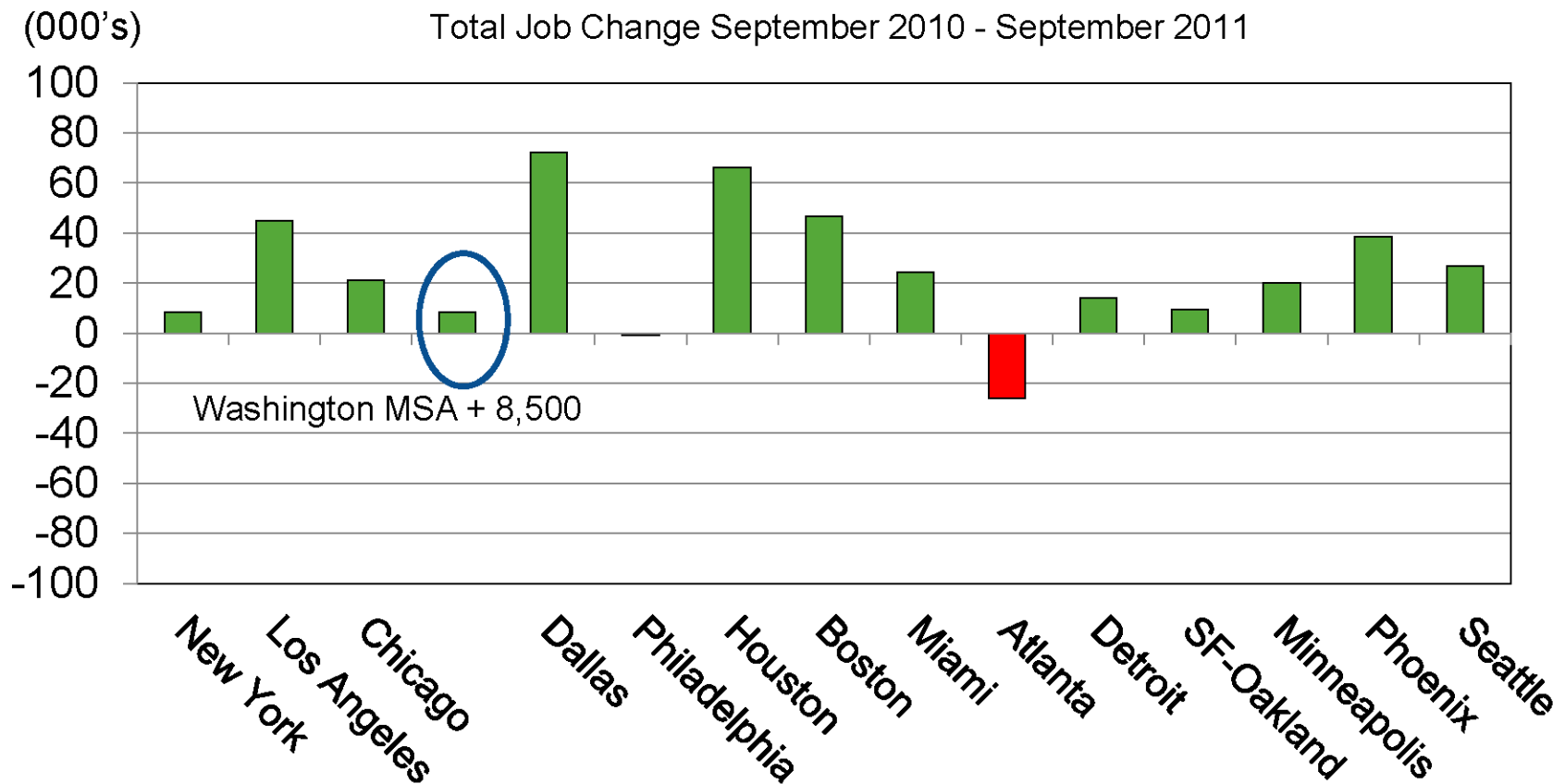
- While the national unemployment rate was consistent with the level of the 1982 recession - the worst in 30 years - Virginia's unemployment rate was closer to the 1991 recession rate
- Virginia's unemployment rate of 6.5% has dropped since peaking at 7.3% in March, 2010 --- however, it has inched up over a half percent since June
  - U.S. rate has dropped 0.1% over the same period



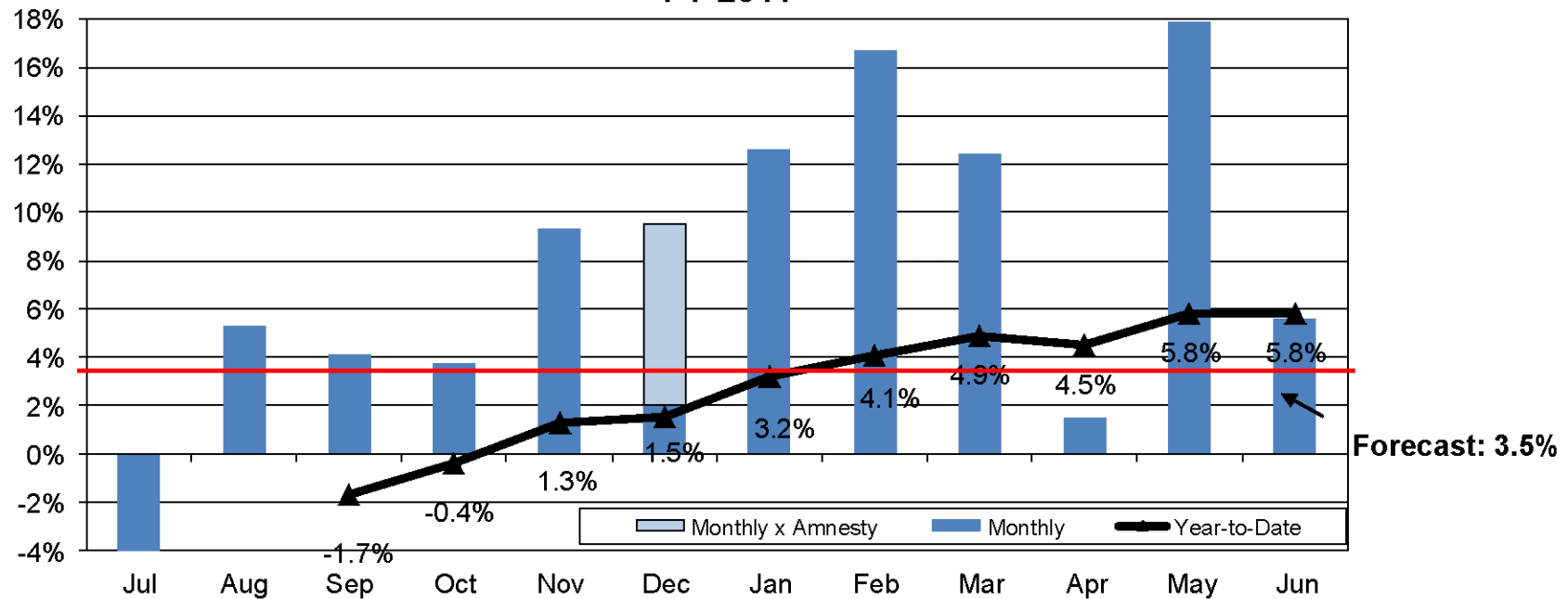
# Virginia's Unemployment Rate of 6.5% Is the 10<sup>th</sup> Lowest Among All States, and 4<sup>th</sup> Lowest Among States with Over 1 Million Population



# No Longer Number 1...Northern Virginia/Washington Ranked 22 Out of 26 in Job Gain of Any Major Metropolitan Area



## Growth in Total General Fund Revenue Collections FY 2011



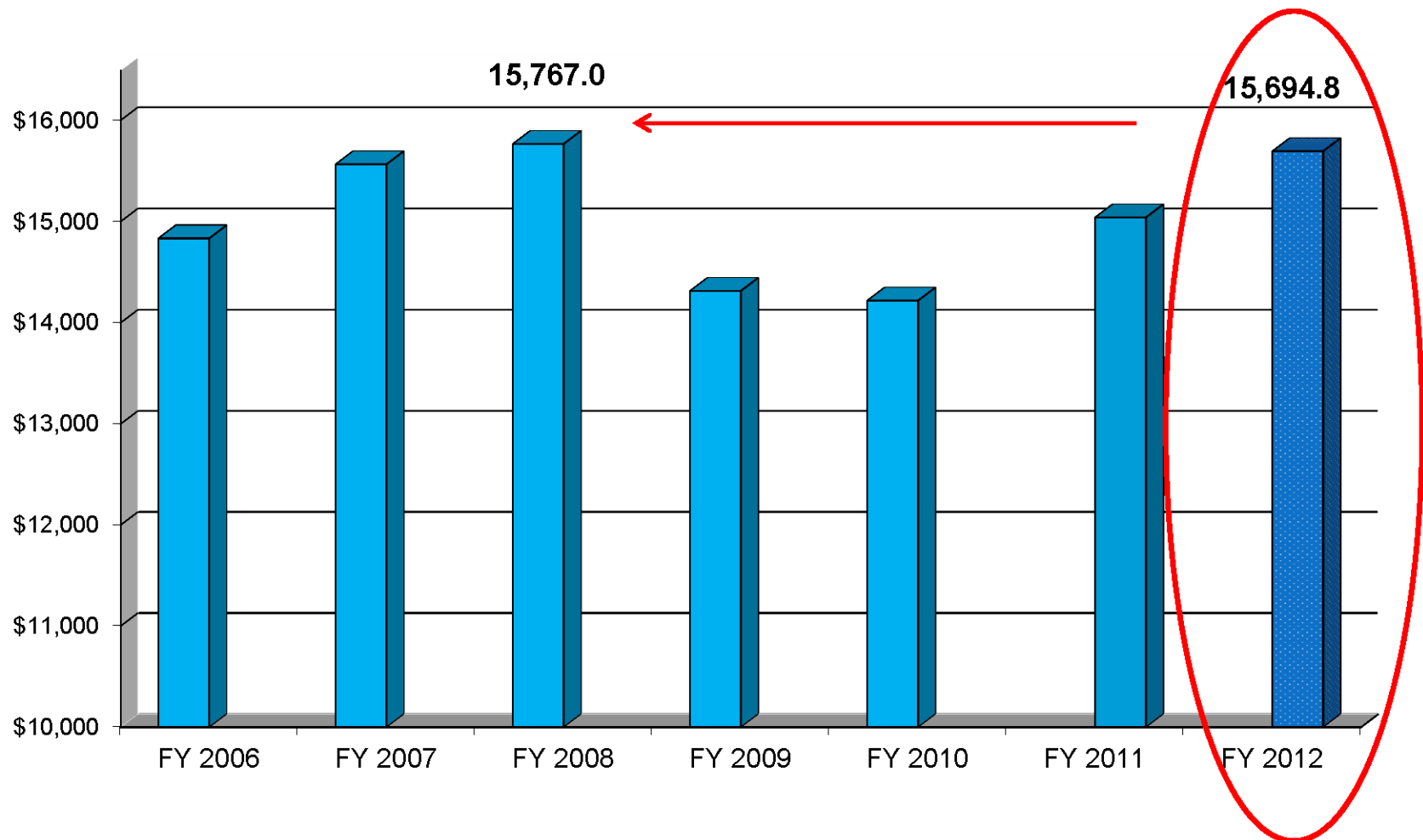
- General fund revenue growth gradually increased throughout fiscal year 2011
- By year end, total revenues rose 5.8%, ahead of the revised annual forecast of 3.5% growth
  - Adjusting for the accelerated sales tax program in June 2010, total revenues grew 7.4% in fiscal year 2011, compared with the economic-based forecast of 5.5% growth
- Total general fund revenue collections exceeded the forecast by \$322.0 million, a forecast variance of 2.2%



# What Does FY 2011 Performance Mean for FY 2012?

- Because the FY 2011 collections exceeded the forecast by \$311 million, that amount ripples through to FY 2012 and then is adjusted for the new growth rates
  - When Chapter 890 was approved, it was assumed revenue growth would be 6.0%
- FY 2012 revenues will have only have to grow 3.7% in order to meet the revenue assumed in Chapter 890
  - This rate of growth does not reflect any adjustments based on the economic forecast or year-to-date performance

# Current GF Forecast for FY 2012 Sets Collections at FY 2008 Levels



Source: Actual collections data for FY 2006-2011, FY 2012 based on HAC forecast adjustments

# Range of Resources Available for Budget Drivers

\$'s in millions	FY 2013	FY 2014	Biennium
FY 2012 Carry-forward	\$100.00		\$100.00
Revenue Forecast - <b>FY 13 at 3.7%, FY 14 at 4.0%</b> (incl. transfers)	\$16,680.10	\$17,330.70	\$34,010.80
Revenue Forecast - <b>FY 13 at 4.2%, FY 14 at 4.0%</b> (incl. transfers)	\$16,758.56	\$17,412.30	\$34,170.87
HAC Base Budget	\$16,371.80	\$16,369.00	\$32,740.80
Net Resources Above Base Budget (includes carryforward)	\$408.30 - \$486.76	\$961.70 - \$1,043.30	\$1,370.00 - \$1,530.10

# 2012-14 Budget Drivers:

## Selected Mandatory/Statutory Items

GF \$ in Millions	FY 2013	FY 2014	Total
Medicaid Utilization & Inflation	\$173.0	\$477.5	\$650.5
FAMIS/SCHIP (*shifts 48k kids into Medicaid FY14)	(0.2)	(12.2)	(12.4)
DOJ Settlement (amount undetermined)	30.0	30.0	60.0
VCBR Census Growth	2.2	3.6	5.8
Involuntary Mental Commitment Fund	0.2	0.2	0.4
K-12 Prelim Re-benchmarking (SOQ, Incentive & Categorical)	211.6	231.2	442.8
Composite Index Update	42.7	45.0	87.7
VRS Rates Teachers (cost depends on actuarial assumptions used to determine rates)	169.0-312.4	169.0-312.4	338.0-624.8
VRS Rates State Employees (cost depends on actuarial assumptions used to determine rates)	47.7-150.0	47.7-150.0	95.4-300.0
State Employee Health Insurance Rate Adjustments	32.5	75.0	107.5
Capital Outlay – Treasury Board Debt Service	39.8	54.9	94.7
Increased Costs of Existing Eco. Devop. Commitments	8.3	14.3	22.6
Lawrenceville Rate Adjustment	1.1	1.1	2.2
Jail Per Diems	4.5	-	4.5
1:1500 Ratio	4.5	6.1	10.6
Criminal Fund	3.3	5.0	8.3
<b>TOTAL – Mandatory/Statutory Budget Drivers</b>	<b>\$770.2 - 1,015.9</b>	<b>\$1,148.4 - 1,394.1</b>	<b>\$1,918.6 - 2,410.0</b>

# 2012-14 Budget Drivers:

## Selected High Priority Items

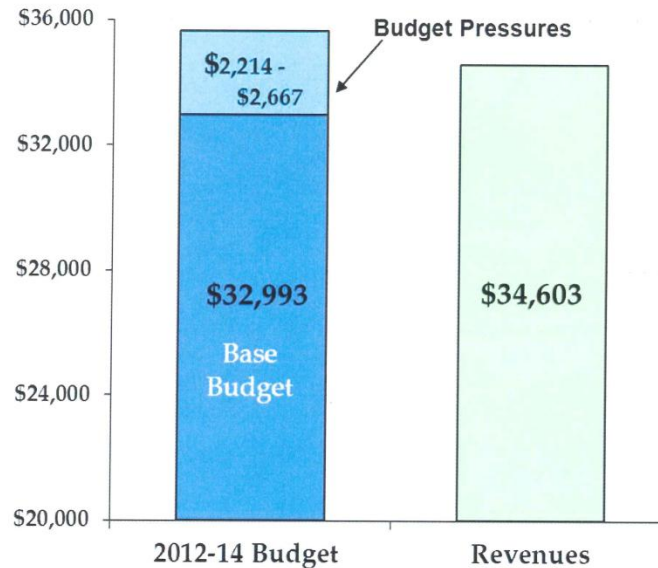
GF \$ in Millions	FY 2013	FY 2014	Total
DSS Eligibility & Services Systems Modernization	\$10.5	\$9.6	\$20.1
Vocational Rehabilitation Services State Match	4.5	6.8	11.3
DBHDS Improve MH Hospital Treatmt. & Dischgs.	3.3	3.9	7.2
DBHDS Federally Req. Electronic Health Records	4.4	1.9	6.3
Medicaid Increased Audits, Data & Info Systems Costs	3.2	2.5	5.7
Aging Services-Hold Harmless for Census Changes	1.8	1.8	3.6
Health Dept.-Restore GF for Core Public Health Svs.	1.5	1.5	3.0
Medicaid Federal Provider Screening Regs.	2.3	0.7	3.0
Increased Reimbursements to Const. Officers for VRS Rates	35.0-39.0	35.0-39.0	66.0-80.0
K-12 Cost of Lottery Programs in Excess of Proceeds	39.3	47.2	86.5
TJ 21 Higher Educ Funding Incentives & Operating	50.0	50.0	100.0
O & M New Facilities	4.9	11.6	16.5
HEETF Lease	-	13.0	13.0
New I/S Seats at CWM, JMU, UVA, & VT	3.3	4.4	7.7
BRAC - Oceana	7.5	7.5	15.0
Fort Monroe Authority	6.3	5.4	11.7
FACT Fund	30.0	-	30.0
Direct Inmate Health Care	17.2	17.2	34.4
Loss of DOC Out-of-State Inmate Revenue	20.4	20.4	40.8
Funding for New Jails	3.8	7.0	10.8
<b>TOTAL – Known High Priority Budget Drivers</b>	<b>\$249.2-253.2</b>	<b>\$245.4-251.4</b>	<b>\$492.6-504.6</b>

# Potential Budget Gap Based on Identified Drivers

<b>\$'s in millions</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>Biennium</b>
Net Resources for Budget Drivers	\$408.3 - \$486.76	\$961.7 - \$1,043.3	\$1,370.0 - \$1,530.1
Mandatory/Statutory Spending Drivers	\$770.2 - 1,015.9	\$1,148.4 - 1,394.1	\$1,918.6 - 2,410.0
High Priority Drivers	\$249.2-253.2	\$247.4-251.4	\$496.6-504.6
Total Drivers	\$1,019.4 - 1,269.1	\$1,395.8-1,645.5	\$2,415.2 - 2,914.6
Potential Budget Gap	(\$532.6) - (\$860.8)	(\$352.5) - (\$683.8)	(\$885.14) - (\$1,544.6)

# 2012-14 Budget Outlook

- Available resources will fall short of budget pressures.



2012-14 Budget Outlook (\$ in millions)			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>2012-14</u>
SFC Forecast	\$16,648.7	\$17,406.8	\$34,055.5
Plus Balances	<u>547.3</u>	<u>0.0</u>	<u>547.3</u>
	\$17,196.0	\$17,406.8	\$34,602.8
<i>Less:</i>			
GF Base Budget	\$16,498.6	\$16,494.8	\$32,993.2
Budget Pressures	<u>912.2 - 1,137.7</u>	<u>1,302.2 - 1,529.8</u>	<u>2,214.4 - 2,667.5</u>
<b>Total (range)</b>	<b>(\$214.7 - \$440.2)</b>	<b>(\$390.2 - \$617.8)</b>	<b>(\$604.9 - \$1,058.0)</b>



# 2012-14 Budget Pressures

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- Other potential high-priority spending items not included in the Budget Pressures include:
  - **Higher Education** – Funding to implement “Top Jobs” legislation, including address enrollment growth, promote STEM degree production, financial aid, maintenance of new facilities.
  - **Salary Increase** – 1 percent increase for state employee groups (including faculty and state-supported locals) = \$37.0 million per year. Last increase Nov. 2007; 3% bonus in 2010.
  - **Teacher Salary Increase** – 1 percent increase = \$36.5 million; last state-funded increase Nov. 2007.
  - **DEQ Point Source Fund** – \$104 million to address shortfall in the fund for existing projects with signed agreements, plus funding for projects due next biennium; could fund with debt.
  - **Maintenance Reserve** – Funding of roughly \$50 million per year has been provided in recent years; could fund with debt.
  - **Equipment for New Facilities Coming on Line** – About \$40 million; could fund with debt.
  - **Fort Monroe Authority** – Operating costs, replace lost federal funds = \$5 to \$6 million per year.
  - **HB 599** – Minimum to level fund at FY 2011 level = \$6 million per year.





# Budget Balancing Options

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- Depending on choices made, the budget gap could range from about \$600 million to \$1.0 billion – easier task to resolve than in recent years. Options include:
- Targeted or across-the-board general fund reductions.
  - Governor asked agencies to develop 2%/4%/6% budget reduction plans. Medicaid and public education were exempt from this exercise, but may receive “targeted” reductions.
  - Institutions of higher education were exempted but recommended a reallocation of 2% of general funds to fund TJ 21 initiatives.

<b>2%</b>	<b>\$ 73 million per year</b>
<b>4%</b>	<b>\$146 million</b>
<b>6%</b>	<b>\$220 million</b>

- Reduce state cost of mandated or high-priority spending items.
  - Redefine costs through changes to funding methodology.
- Increase revenues, reduce tax preferences, or cost-shift to user fees.



Draft

FY 2011 Financial Statements

# The College of William and Mary FY 2010-11 Draft Financial Statements

## Overview:

- Consolidated Statements of:  
The College of William and Mary,  
Virginia Institute of Marine Science,  
Richard Bland College, and  
Affiliated Foundations (“Component Units”)
- Prepared under the accrual basis of accounting;  
Revenues recognized when earned rather than received,  
Expenditures recognized when incurred rather than paid.
- Subject to audit by the State’s Auditor of Public Accounts

# The College of William and Mary

## FY 2010-11 Draft Financial Statements

### Financial Highlights:

- \$49.5 Million Overall Increase in Net Assets from Operations
  - + \$23.4 Million in Capital Assets, net of related debt
  - + \$14.4 Million in Restricted Assets
  - + \$11.7 Million in Unrestricted AssetsFor Total Net Assets of the College of \$578.0 Million

Foundation assets increased by \$73.0 million for total net assets of \$618.4 million (\$574.3 million restricted, \$31.0 million unrestricted and \$13.1 million capital net assets)

- \$12.9 Million Overall Increase in Operating Revenues:
  - + \$11.5 Million Tuition and Fees
- \$19.5 Million Overall Increase in Operating Expenditures:
  - + \$ 6.7 Million in Instruction
  - + \$3.1 Million in Academic Services
  - + \$1.8 Million in Student Services
  - + \$7.0 Million in Operations and Maintenance of Plant
- \$1.9 Million Net increase in State Appropriations

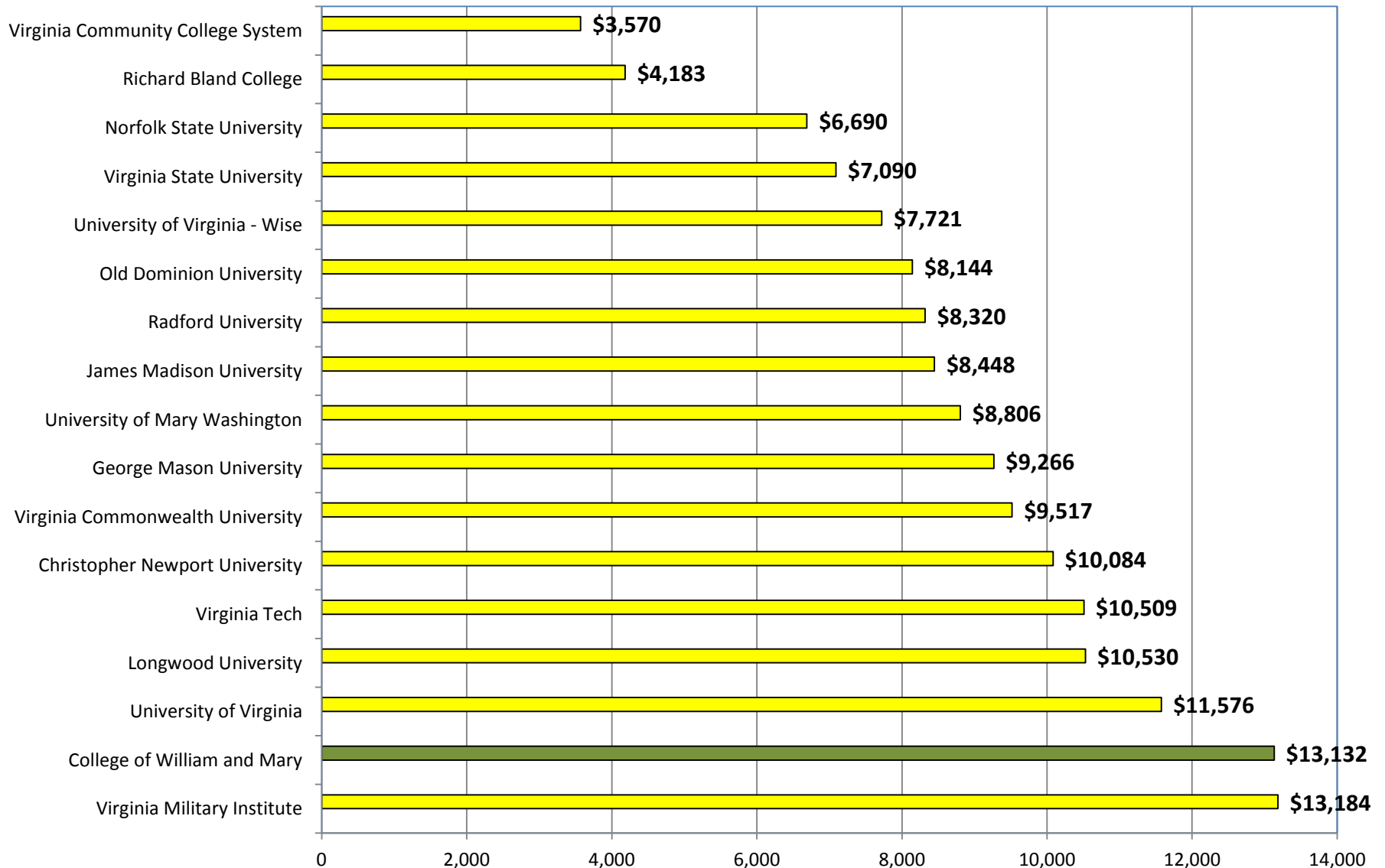
### Audit Reports :

- January 2012 - Intercollegiate Athletic Report
- March 2012 - Financial Statements

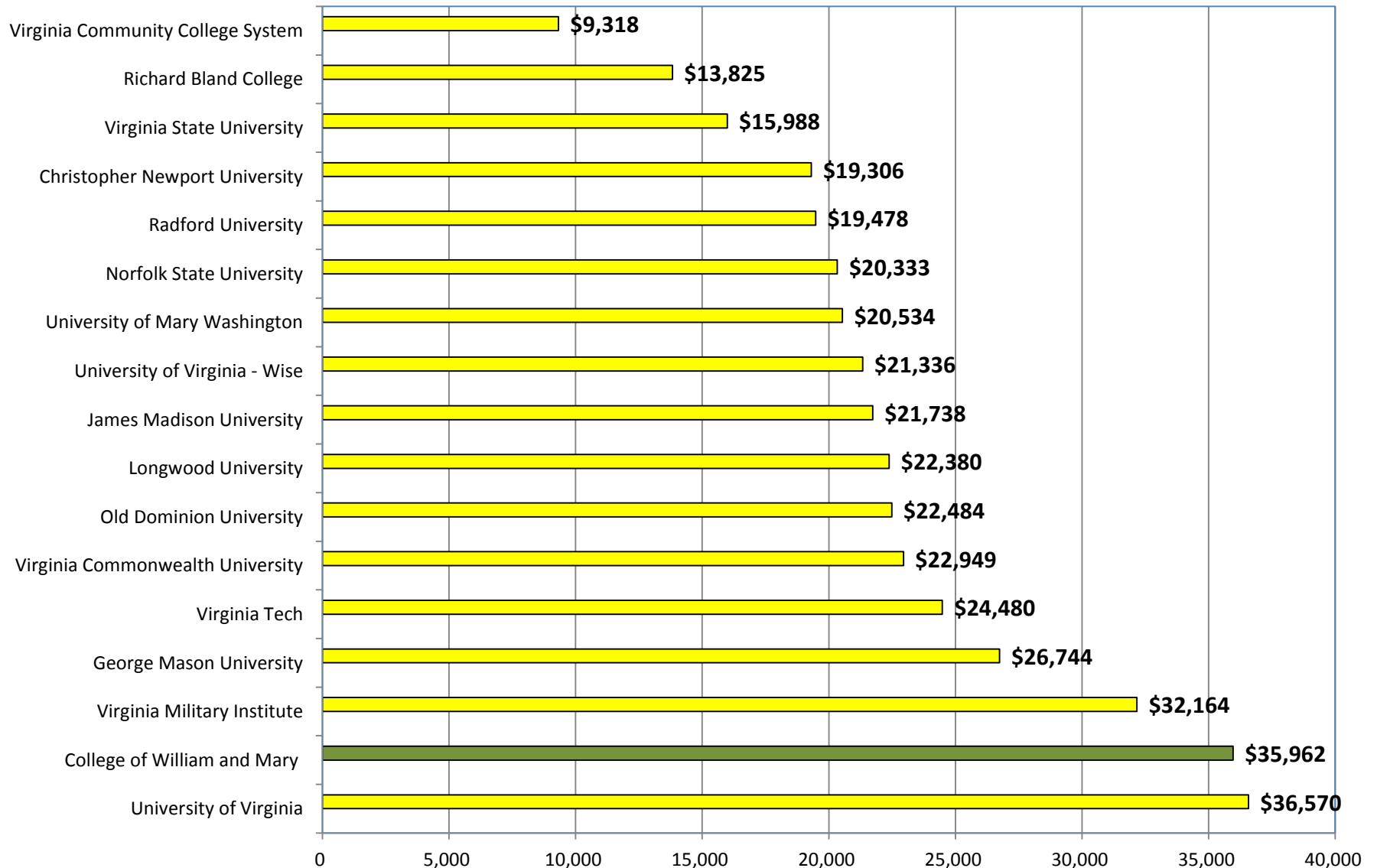
# Tuition and Fees 2011-12

## Comparison Charts

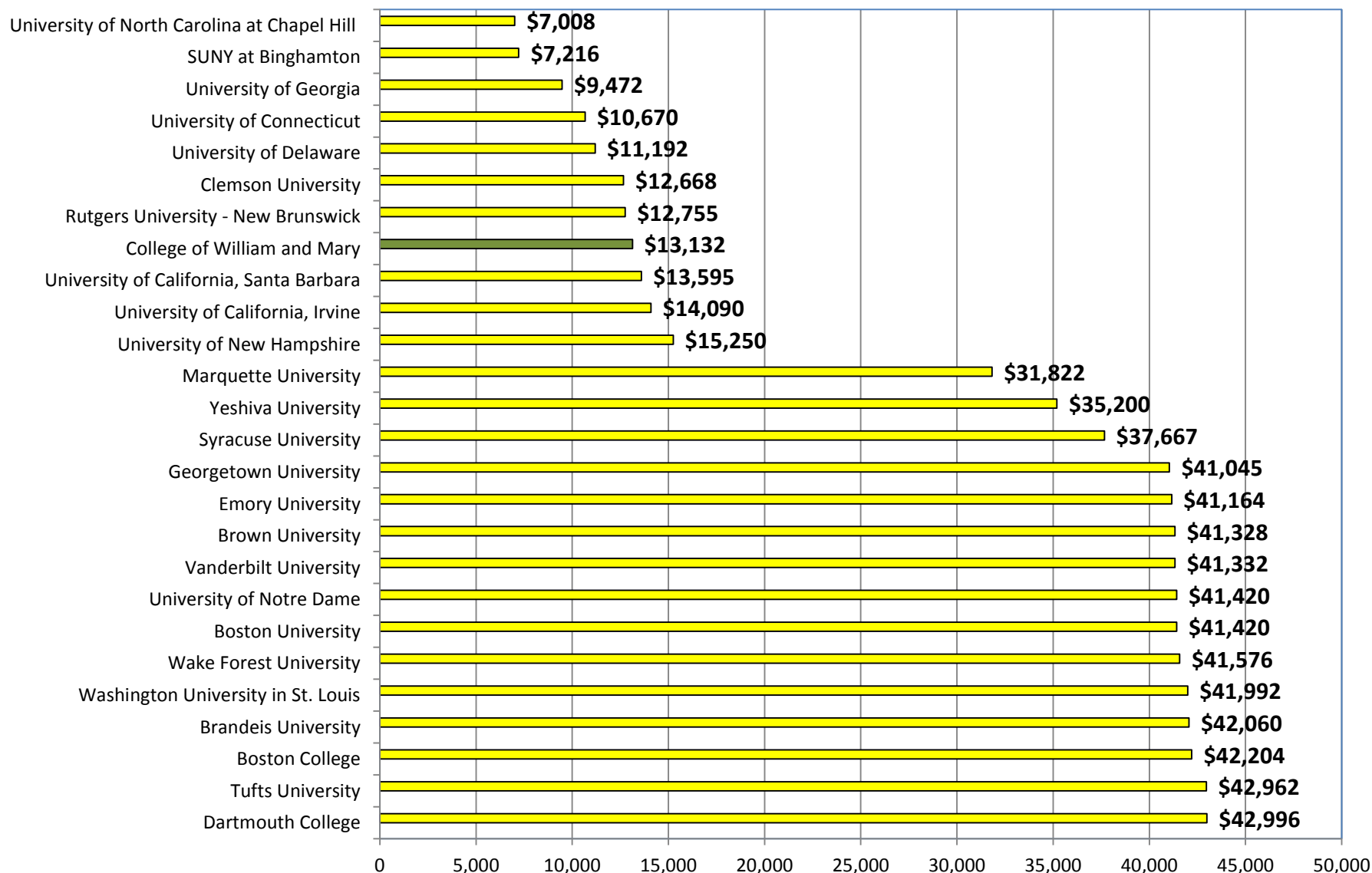
## 2011-2012 Annual In-State Full-Time Undergraduate Tuition and Fees at Virginia Public Institutions



## 2011-2012 Annual Out-of-State Full-Time Undergraduate Tuition and Fees at Virginia Public Institutions

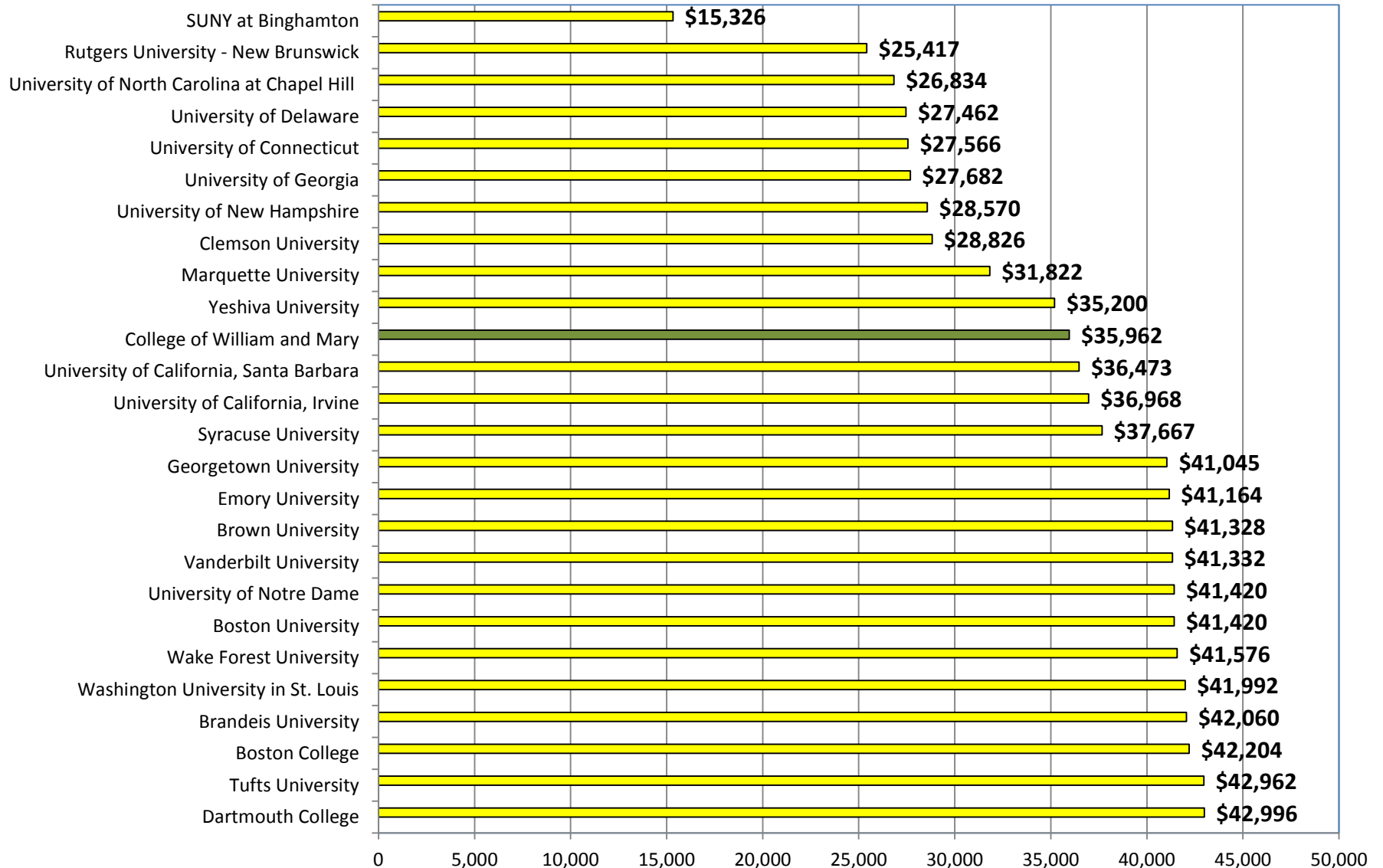


## 2011-2012 Annual In-State Full-Time Undergraduate Tuition and Fees in the W&M Peer Group

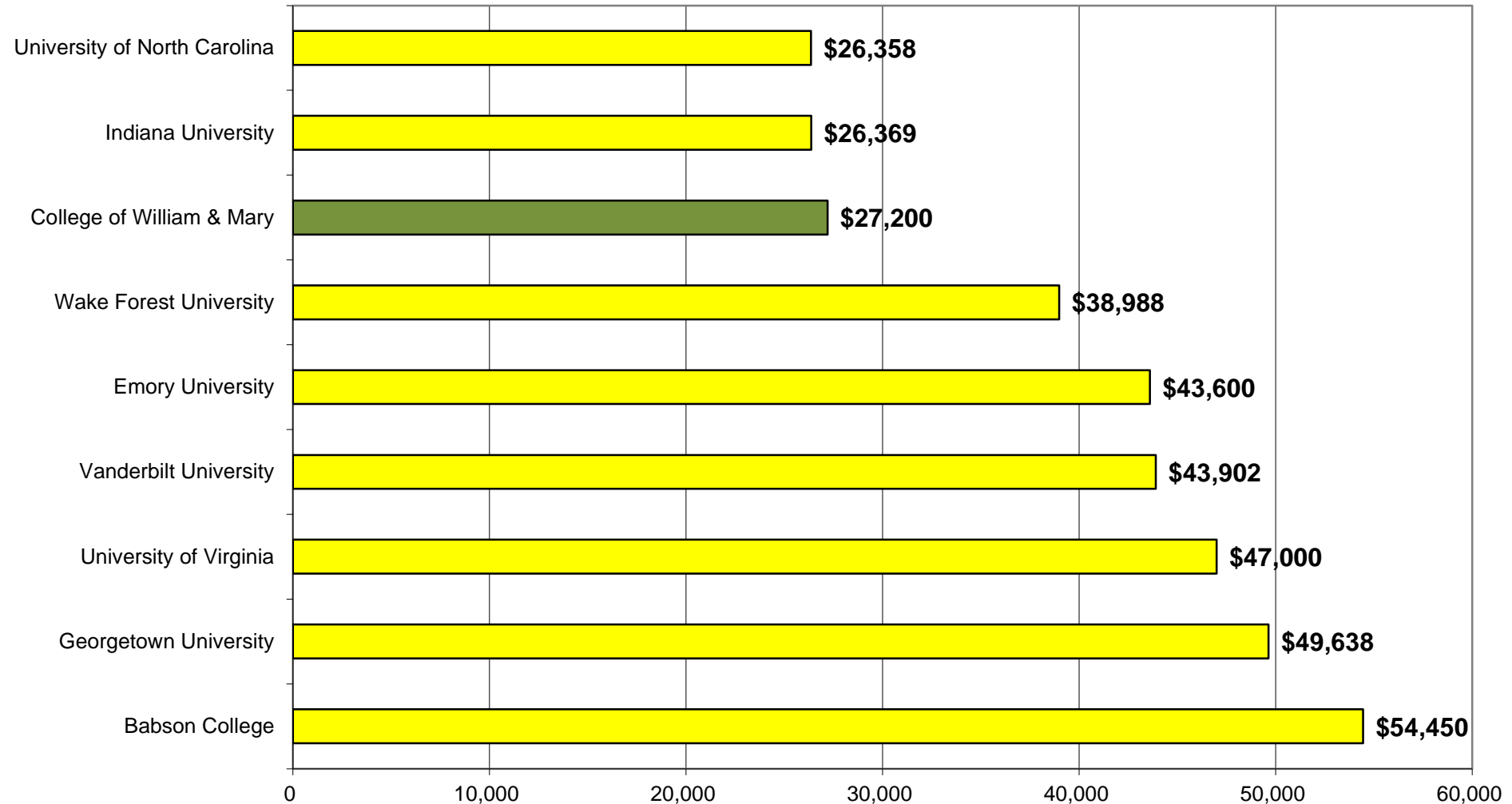




## 2011-2012 Annual Out-of-State Full-Time Undergraduate Tuition and Fees in the W&M Peer Group



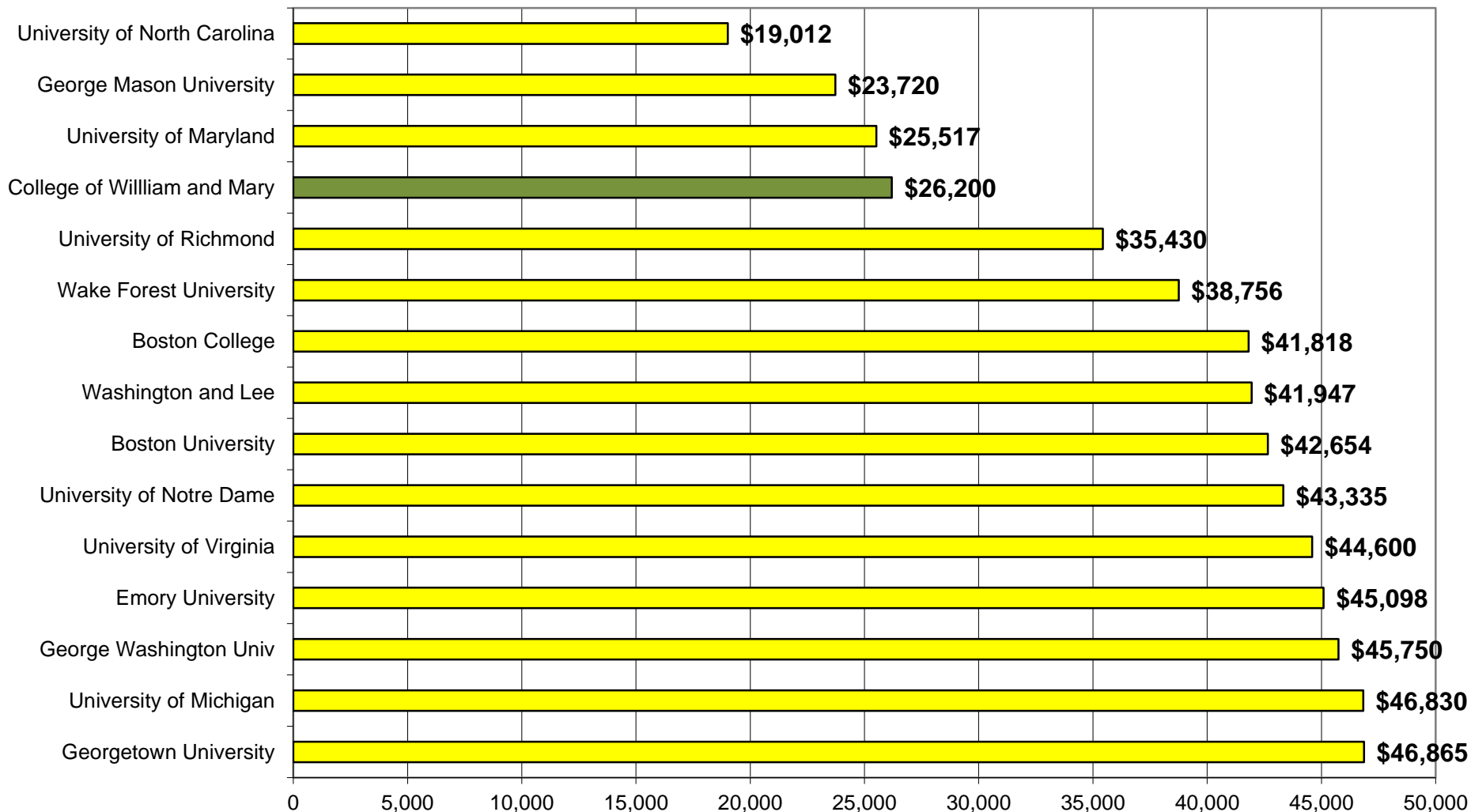
## 2011-2012 Annual In-State Full-Time Tuition and Fees for W&M Graduate Business School Comparison Group



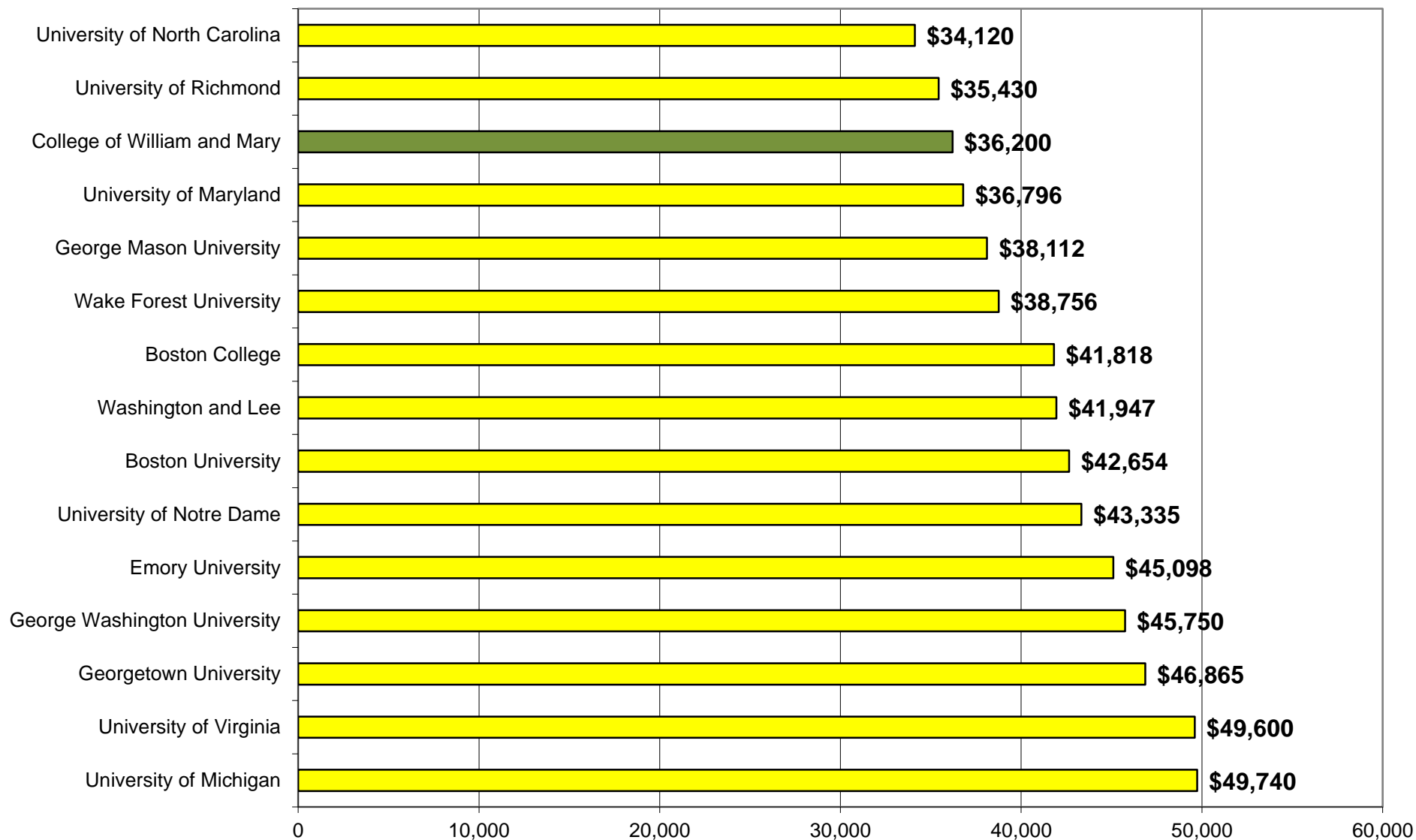
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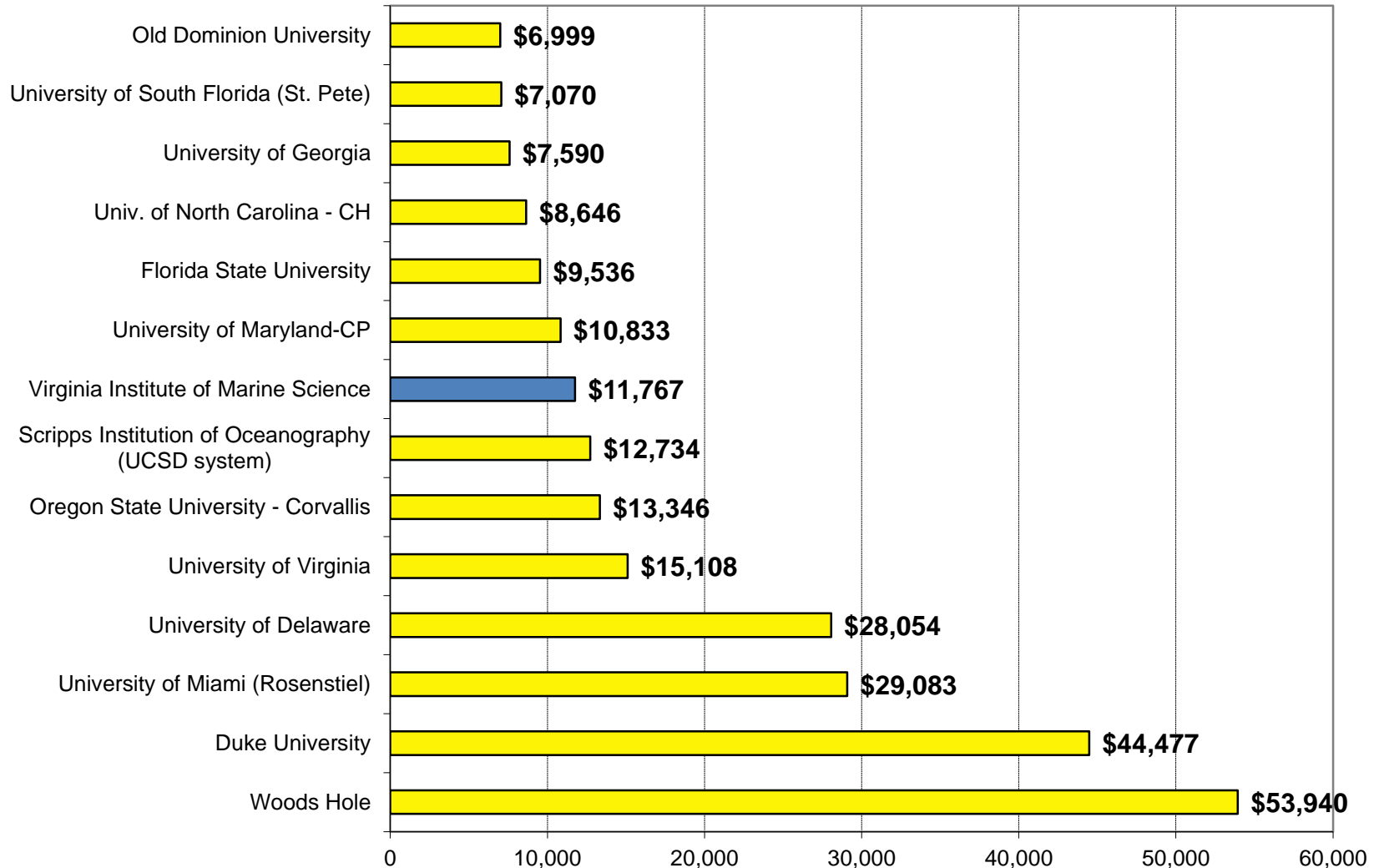
## 2011-12 Annual In-State Full-Time Tuition and Fees for Professional Students in W&M Law School Comparison Group



## 2011-2012 Annual Out-of-State Full-Time Tuition and Fees for Professional Students in W&M Law School Comparison Group



## 2011-2012 Annual In-State Full-Time Graduate Tuition and Fees in the VIMS Peer Group



## 2011-2012 Annual Out-of-State Full-Time Graduate Tuition and Fees in the VIMS Peer Group

