

Financial Overview

Board of Visitors Retreat:
Pre-Reading Deck
August 9, 2018



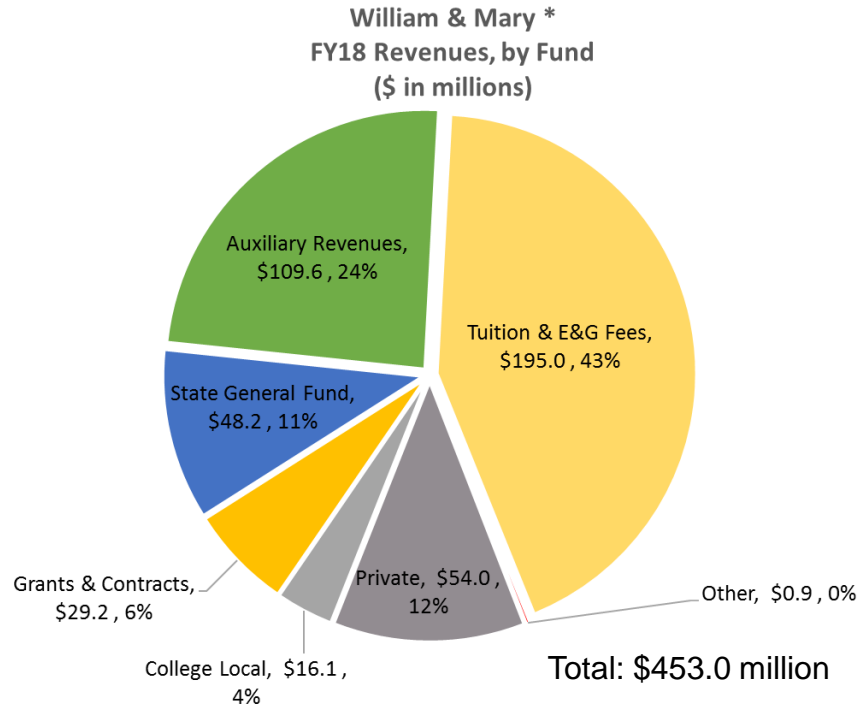
WILLIAM & MARY

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Recent Focus on Operating Revenues

- State support remains inconsistent/targeted
- State continues to mandate costs (fringe benefits)
- Undergraduate tuition leveraged through the William & Mary Promise
- On-going business innovation/reallocations
- Decentralized revenue model
- Board's 2026 Planning with an enrollment growth focus

Current Revenue Sources



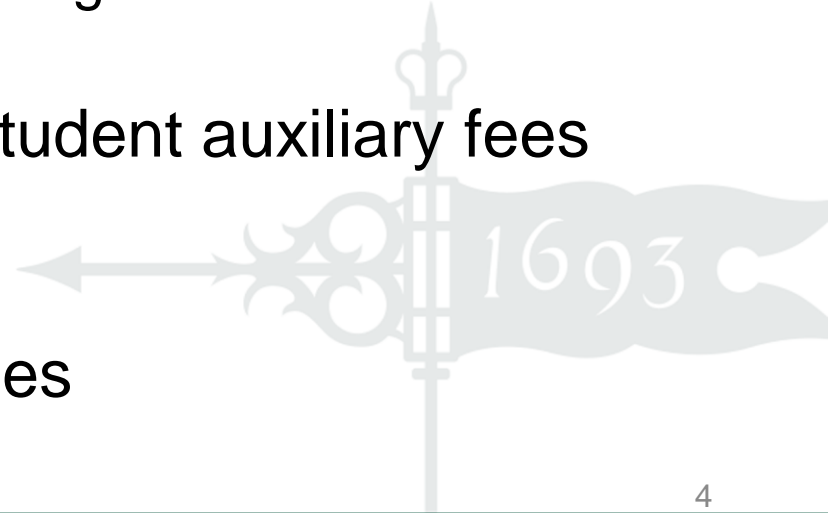
Notes:

1) Excludes VIMS

2) Private includes funds from the CWMF, School of Business Foundation, Law School Foundation, and BOV Private Funds.

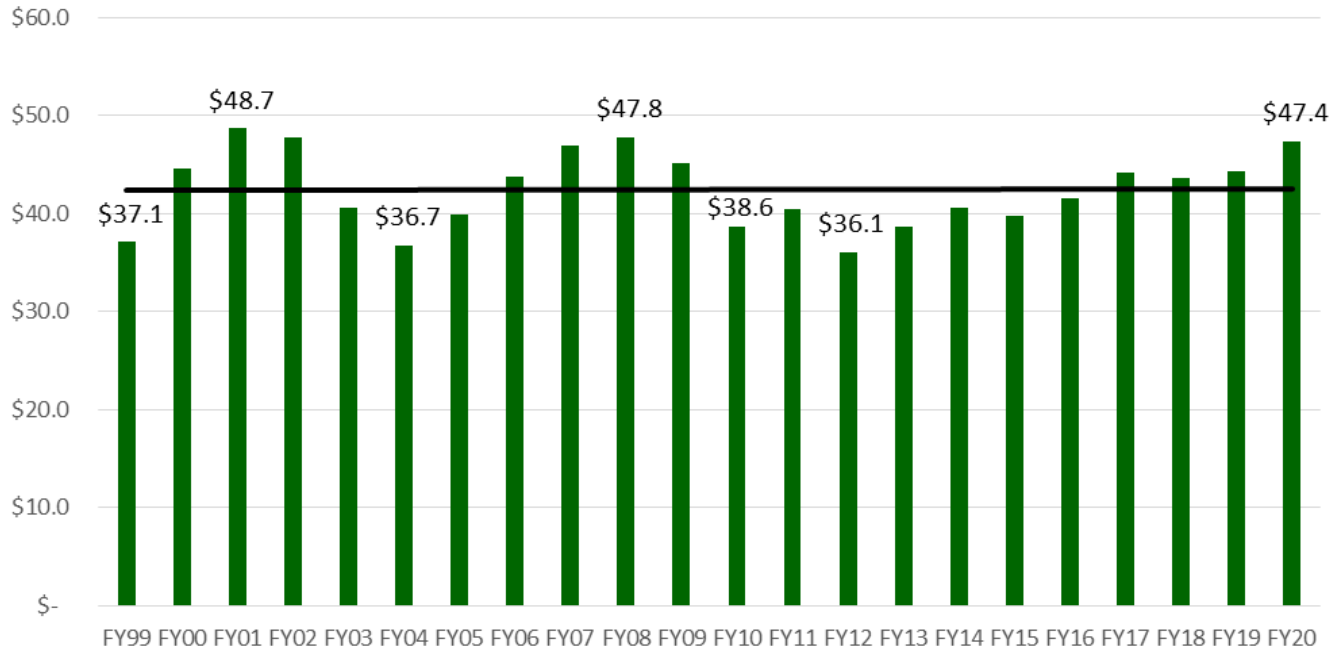
Revenue Levers

- State funding (a.k.a General Fund)
- Tuition and educational fees
 - Current programs and offerings
 - New programs including continuing education & online
- Enrollment growth
- Auxiliary Revenues including student auxiliary fees
- Philanthropy/Private Funds
- Grants & Contracts
- Reallocation of existing revenues

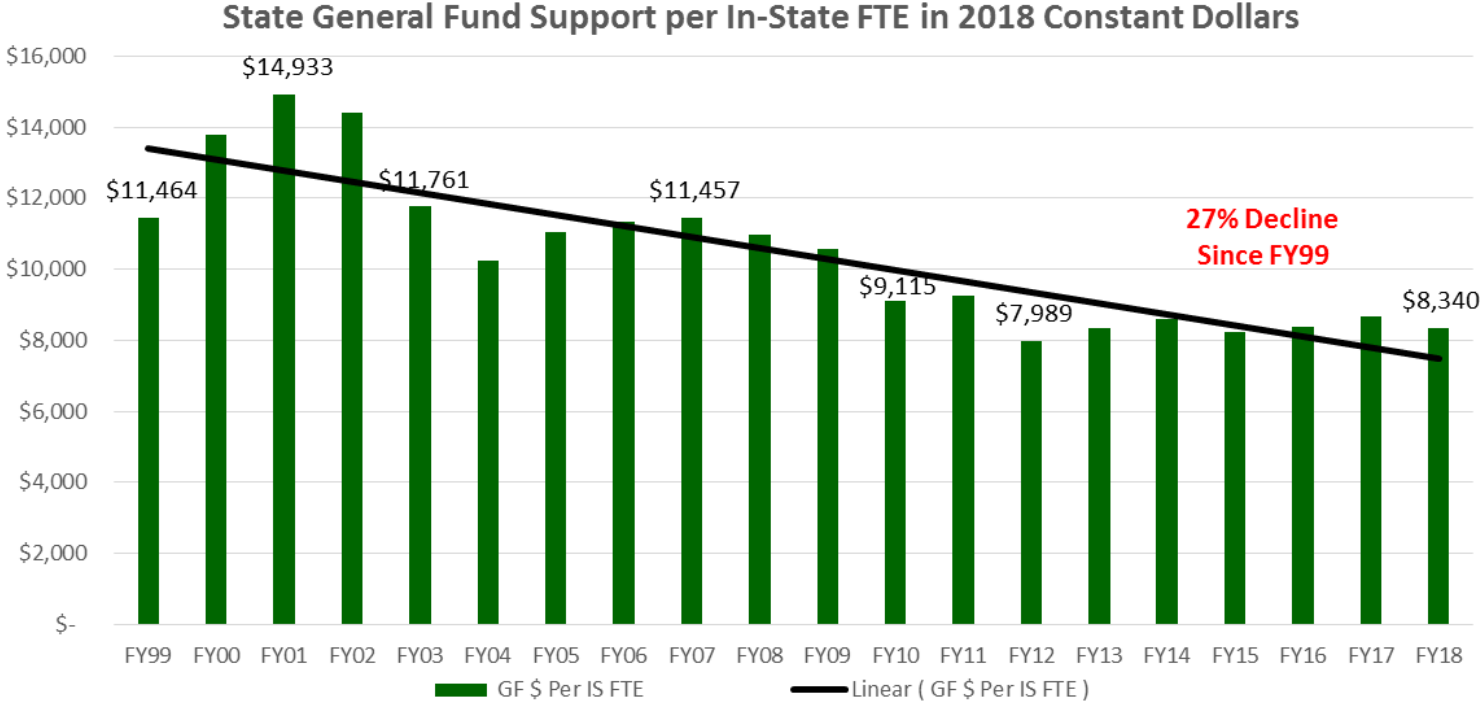


State Funding Has Remained Relatively Flat

State General Fund Support Over Time
(\$ in millions, not adjusted for inflation)



Adjusting for Inflation and Enrollment, State Support Has Declined



*Note: State provides no funding for out-of-state students.

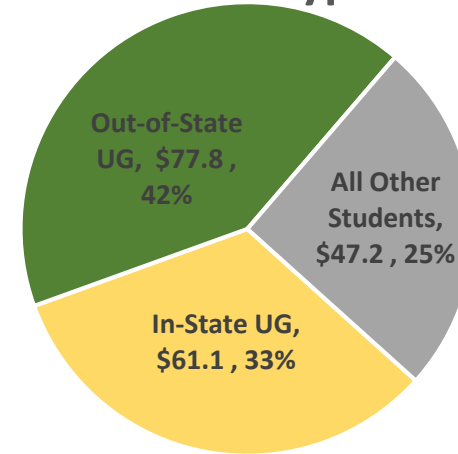
State Funding - Important but Inconsistent

- State support tends to be cyclical
- Recent increases have been largely program specific or targeted
- State mandated expenses (e.g., changes in health insurance rates) tend to erode/offset increased support

Tuition is W&M's Largest Source of Revenue

- Undergraduate tuition comprises 75% of all tuition revenue
- Tuition for graduate programs in Arts & Sciences is offset significantly by waivers or covered by grants and contracts
- Tuition in the professional schools is largely designated for those specific programs based on decentralized budget model

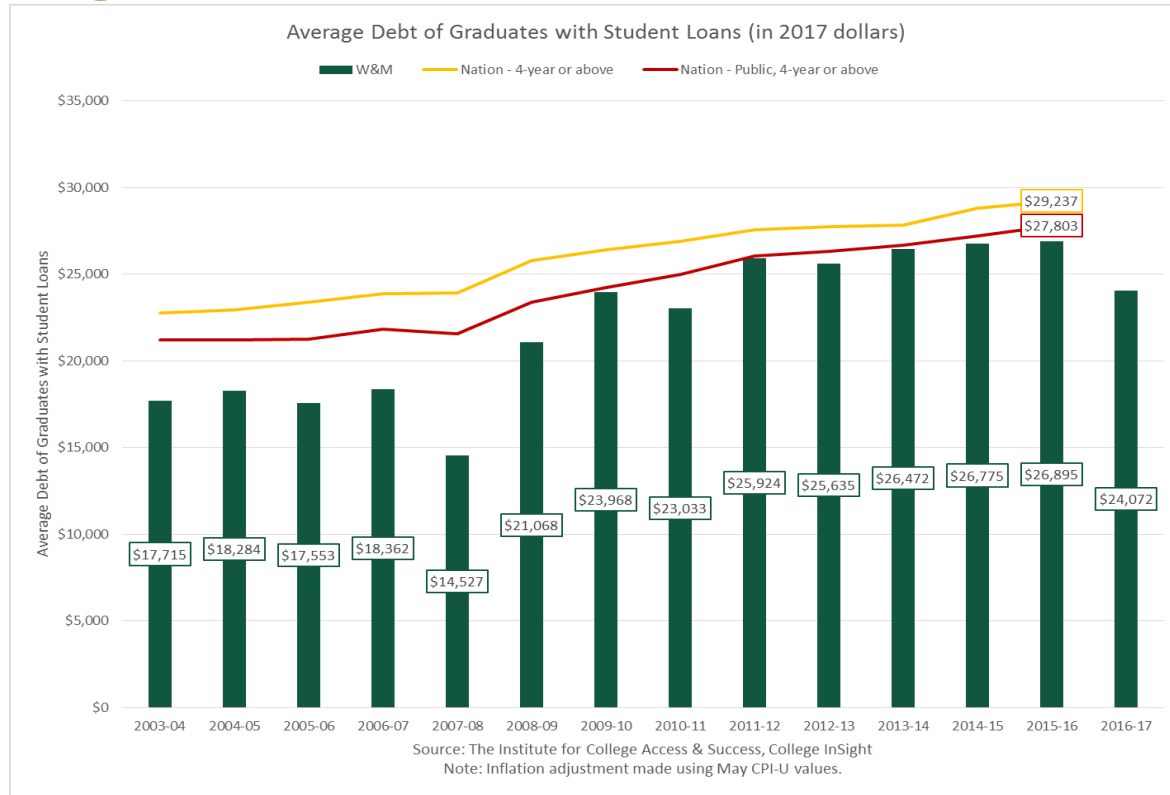
FY18 Tuition Revenue, by Student Type



Total Net Tuition* = \$186.1 million

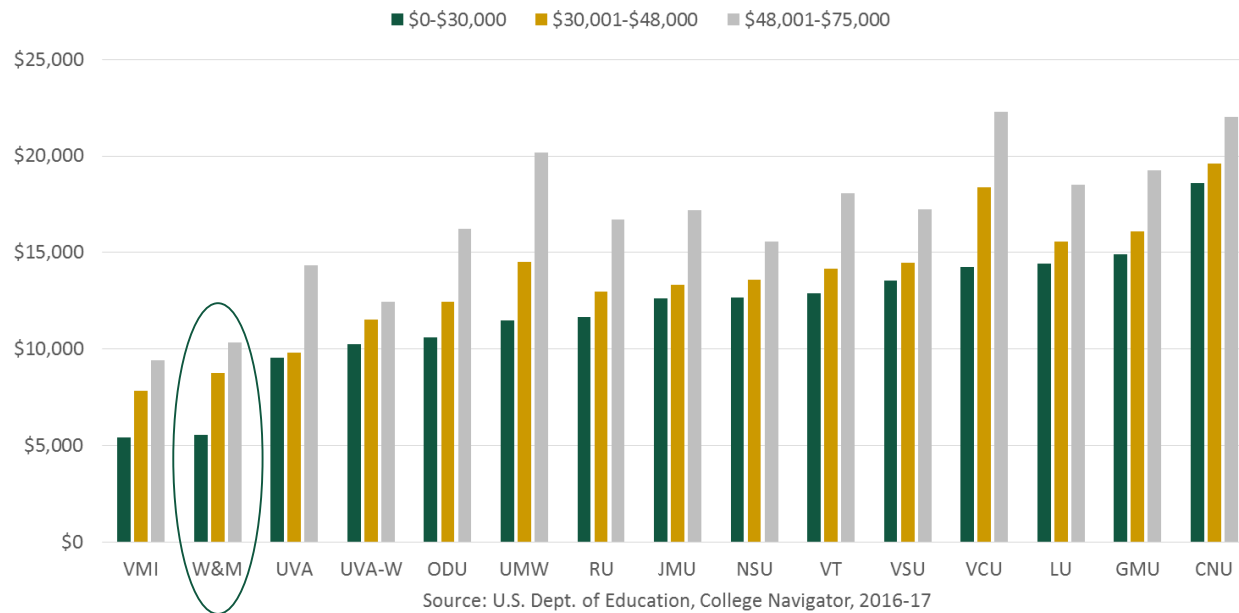
* Net tuition revenue adjusts gross tuition revenue for tuition waivers which or contra-revenue. Revenue figures are tuition only and exclude mandatory

Despite Tuition Increases, Average Student Debt Has Declined



And, W&M Continues to be Affordable for Low- and Middle Income Virginians

W&M Ranks 2nd in Net Price for Virginia Families with Incomes Below \$75,000



Source: U.S. Dept. of Education, College Navigator, 2016-17

Auxiliary Revenues are Largely Student Driven

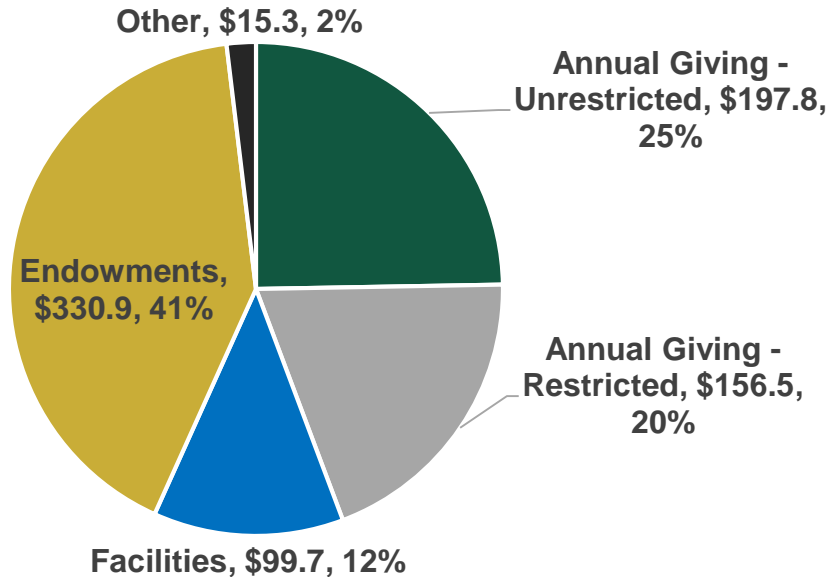
\$ In Millions

Auxiliary Program	Revenue from Student Charges	Total Revenue	Student Revenue as a % of Total
Athletics	\$15.0	\$28.0*	54%
Dining	\$22.0	\$23.0	96%
Housing	\$33.2	\$34.1	97%
All Other	\$23.3	\$33.1	71%
Total	\$93.5	\$118.2	79%

*Includes private gifts and donations

Campaign Has Exceeded \$800 Million to Date

Total Cash and Commitments as of June 30, 2018



Philanthropy and Private Funds

BOTTOM LINE

- Philanthropy is critical to **long-term** health and stability of W&M
- Major gifts and endowments tend to be restricted as to use
- University-level unrestricted gifts are limited

Grants and Contracts

- Excluding VIMS, W&M has brought in an average of \$18.2 million in sponsored research awards over the last three years.
- Most awards provide funding to cover direct expenses (e.g., related faculty/staff compensation, lab supplies/materials, and other costs) as well as provide a mechanism to recover the indirect costs (e.g., general administrative and facility related costs)

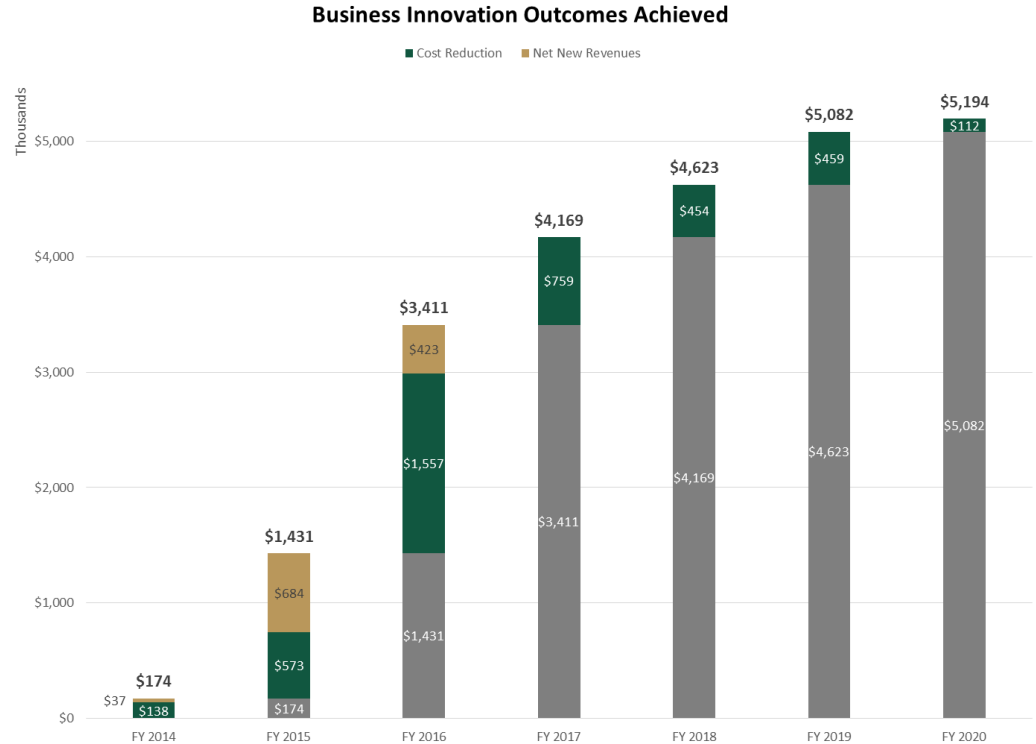
3-Year Average Expenditures, by School (\$ in million)

	Direct \$	Indirect \$	Total \$
Arts & Sciences	\$15.0	\$3.9	\$18.9
Centers & Institutes	1.1	0.5	1.6
Education	4.4	0.4	4.8
Business	0.2	0.1	0.3
Law	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>
Total	\$20.8	\$4.9	\$25.7

VIMS average direct expenditures were \$19.5 million, with \$3.5 million in indirect expenditures, totaling \$23.1 million

Business Innovation and Improved Productivity

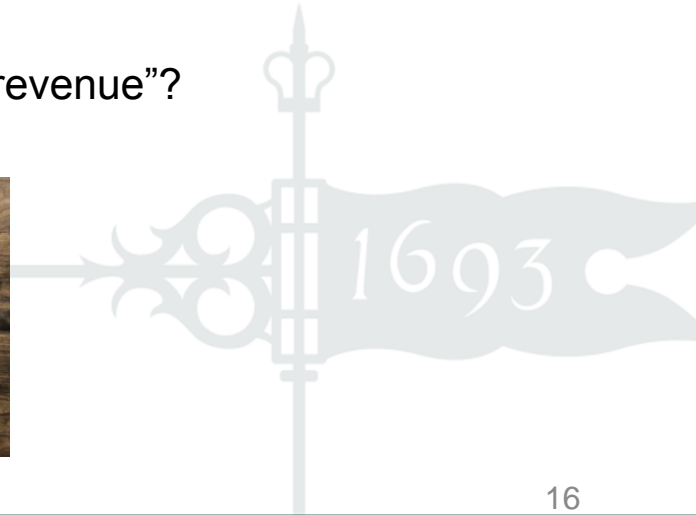
- On-going program to identify opportunities
- Organizational Design/Spans and Layers
- Over \$5 million has been repurposed exclusively from administrative units



New Programs

- Continuing Education
- Online Programs
- Academic and Business Partnerships
 - Local, regional, consortial and /or statewide partnerships

QUESTION: Who controls “net revenue”?



Enrollment Growth

- Focal point of 2026 discussion
 - Impact on academics, admissions, diversity, student life, facilities
 - Investment required to maintain qualified student pool

