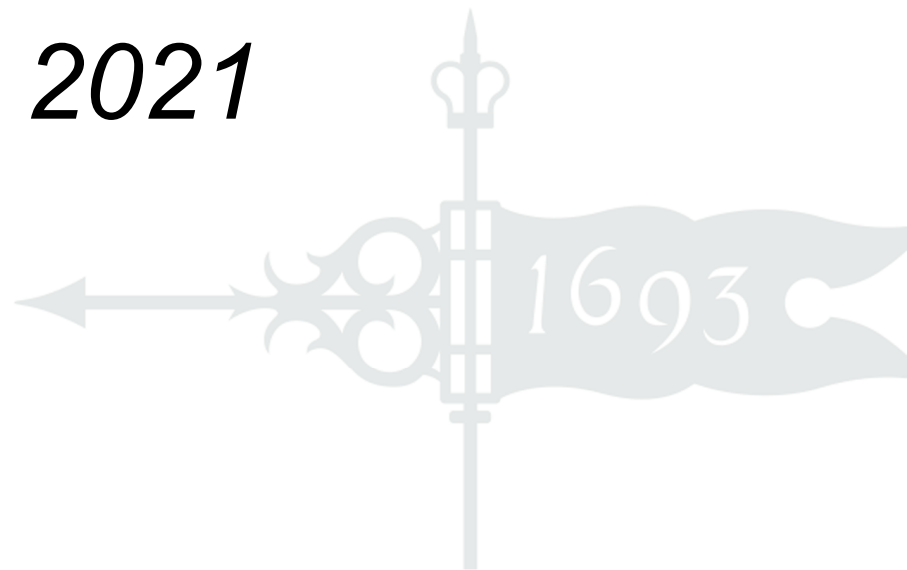


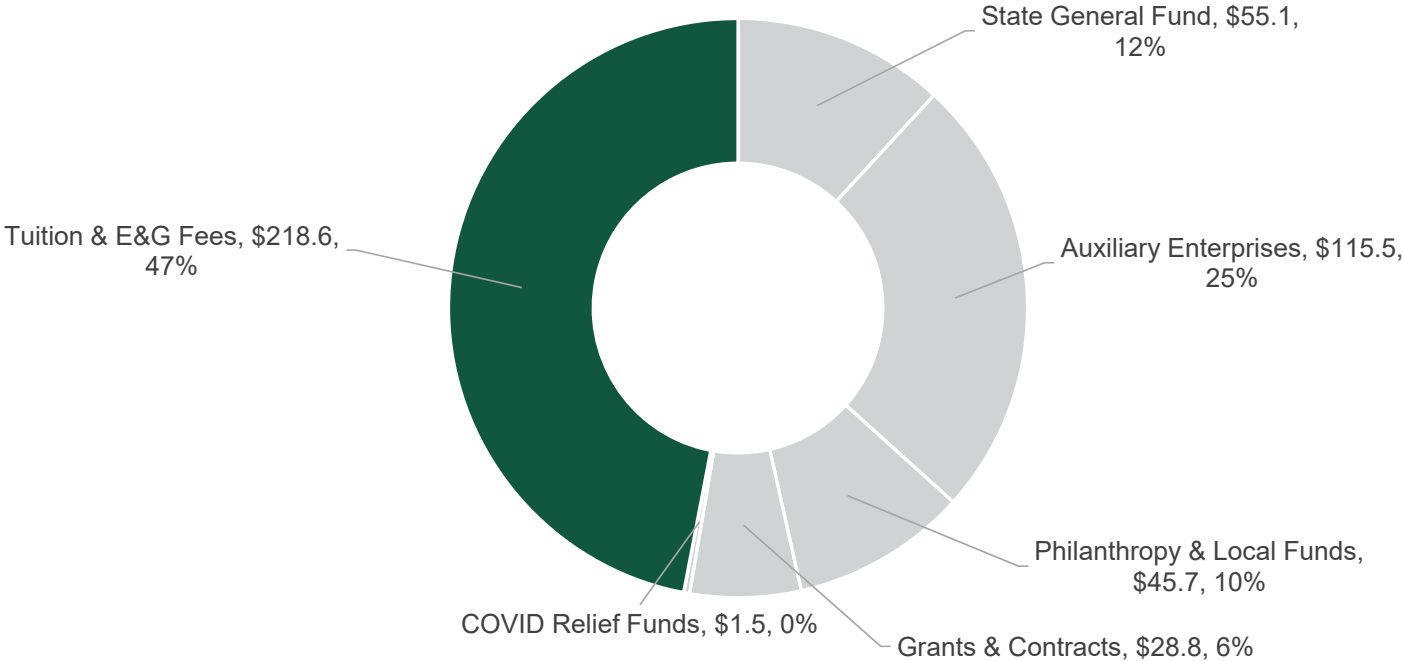
Public Hearing on Undergraduate Tuition and Fees

January 21, 2021



Tuition is W&M's biggest source of revenue

FY20 Revenues, \$ in millions



Total Revenues: \$465.2 million*

**Excludes VIMS*

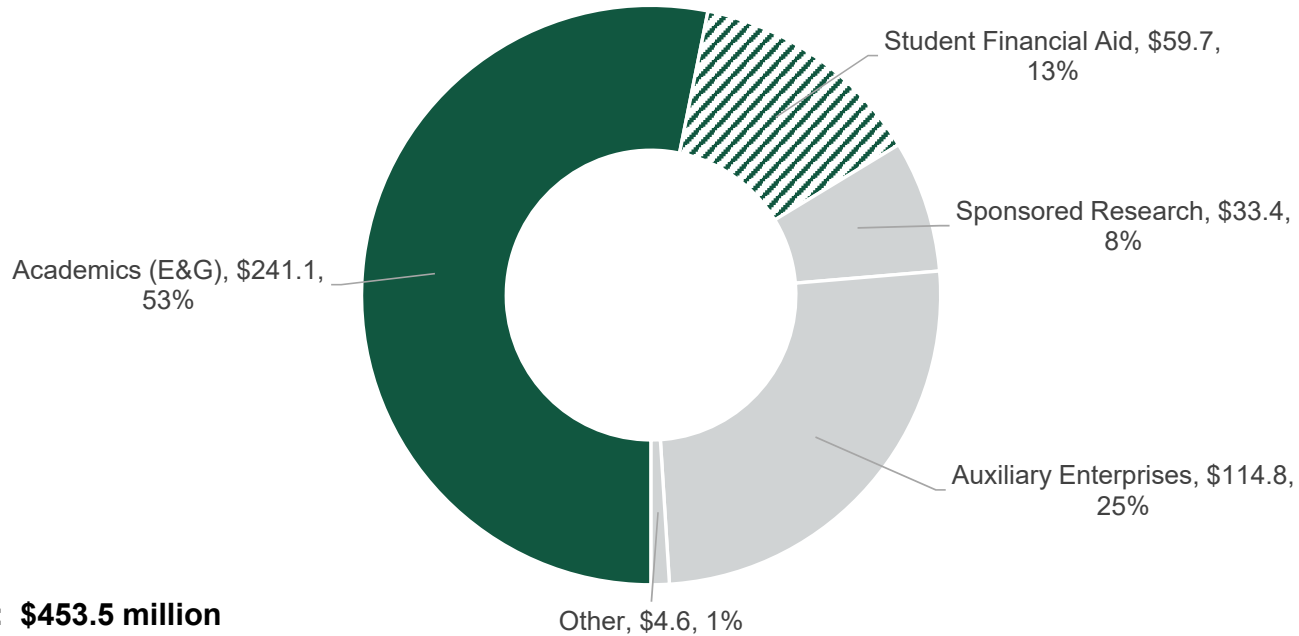
Undergraduate tuition has seen little growth in the last four years

| | FY18 | FY19 | FY20 | FY21 | Avg. Annual Growth Rate |
|---------------|----------|-----------------|-----------------|-----------------|-------------------------|
| In-State | \$16,370 | \$17,434 | \$17,434 | \$17,434 | 2.1% |
| Out-of-State* | \$37,425 | \$38,735 | \$40,089 | \$40,089 | 2.3% |

*The Commonwealth of Virginia provides no state general fund support for out-of-state students.

Academics accounts for over half of expenditures

FY20 Expenditures, \$ in millions



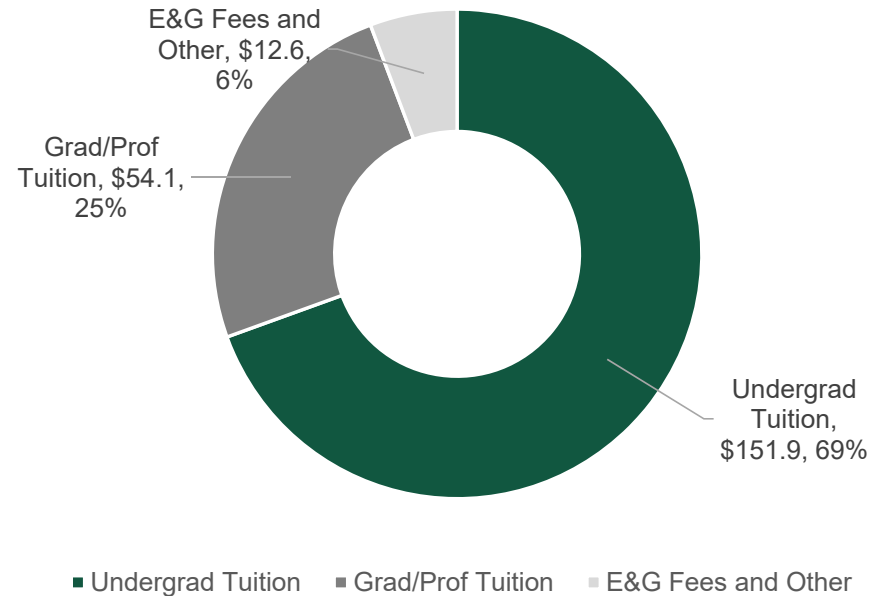
Total Expenditures: \$453.5 million

**Excludes VIMS*

Two-thirds of academic expenses are supported by tuition revenue

Undergraduates contribute >70% of Tuition and E&G Fee Revenue

| Revenue Source | % of Academic (E&G) Support |
|----------------------------------|-----------------------------|
| Tuition and E&G fees | 66.1% |
| State General Fund | 18.0% |
| Philanthropy, Local Funds, Other | <u>15.9%</u> |
| All Sources | 100.0% |



How is Each Dollar of Tuition Spent?

FY20 Actual

47¢

DIRECT INSTRUCTION
(INCLUDING FACULTY COMPENSATION)

17¢

NEED-BASED
FINANCIAL AID

13¢

LIBRARIES, ACADEMIC
TECHNOLOGY, DEANS



11¢

INSTITUTIONAL SUPPORT
(HR, FINANCE, IT)

8¢

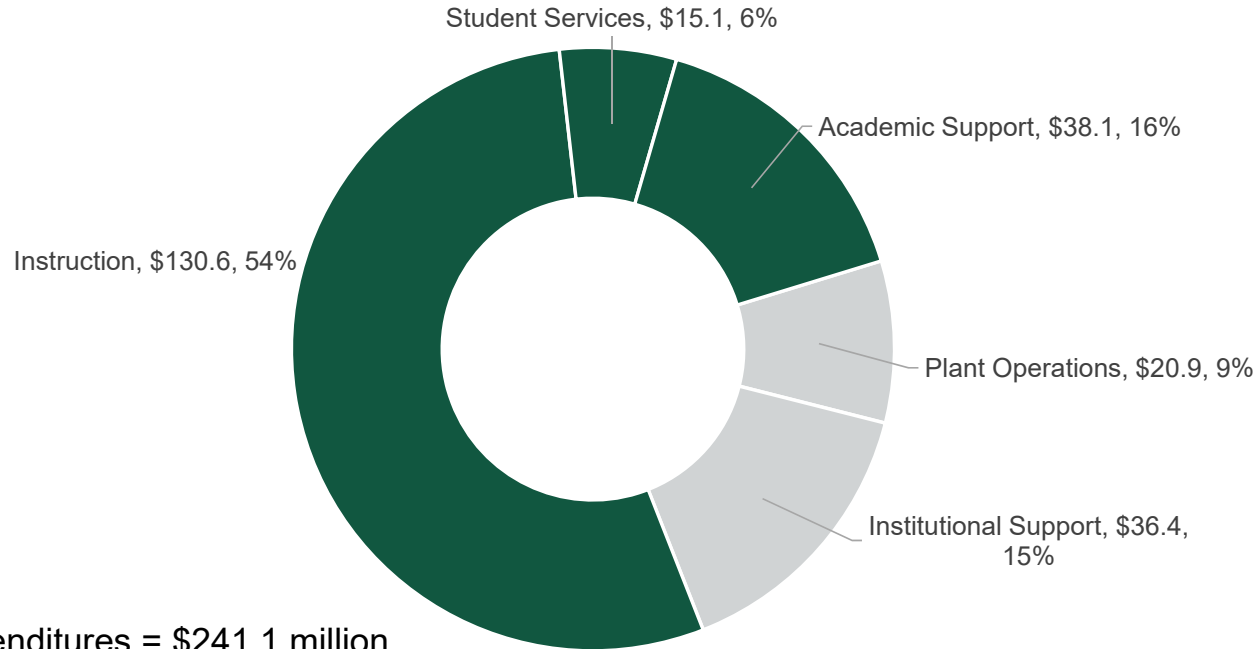
OPERATION/MAINTENANCE
OF FACILITIES (INCLUDING
POLICE)

4¢

REGISTRAR, CAREER SERVICES,
FINANCIAL AID OFFICE, ADMISSIONS

>75% of academic expenditures directly supports students

Academic (E&G) Expenditures by Program
(\$ in millions)



FY20 Academic Expenditures = \$241.1 million

*Excludes expenditures for research, grants & contracts, student financial aid, and auxiliary services.

**Excludes VIMS*


For auxiliary services, student fees are the top revenue source

| Auxiliary Revenue | % of Total |
|-------------------|------------|
| Student Fees | 36.0% |
| Dining | 16.9% |
| Housing | 27.1% |
| Other | 20.0% |
| All Revenues | 100.0% |

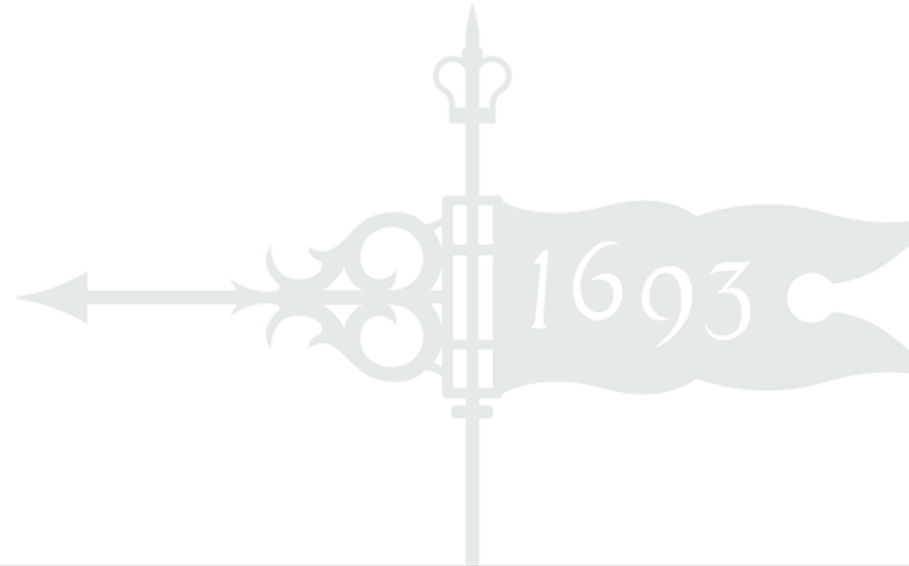
Student Fees supports:

- Health and Wellness
- Student Health Center
- Rec Center
- Counseling Center
- Athletics
- Student Unions
- Debt Service
- Sustainability
- Cultural Programs
- Other Auxiliary Programs

How are tuition and fees set?

- The Code of Virginia gives the BOV the power to set tuition and fees
 - Decision balances multiple factors including:
 - Student affordability
 - Market position/competitiveness
 - Impact on budget and ability to deliver the quality services students seek
- 

FY 2021 BUDGET



W&M facing a \$40+M shortfall in FY21

- \$2.8M shortfall due to decision to hold tuition flat
- \$4M drop in anticipated revenue due to shift in in-state/out-of-state enrollment
- \$24M projected loss in auxiliary enterprises
 - Compounding a \$6M loss in FY20
- \$10M+ in increased expenses related to COVID
 - Testing, classroom and outdoor modifications, PPE, Q&I, cleaning, etc.

Balancing the FY 21 budget

- W&M must have a balanced budget
- Actions to close the projected gap:
 - \$17.4M in expense reductions across the institution – most *temporary or one-time*
 - \$10.7M in *temporary* debt service savings due to refinancing
 - \$5.0M in *one-time* state funding to cover Coronavirus related expenses
 - \$3.5M in *one-time* state funding to mitigate the impact of holding undergraduate tuition at 0%
 - \$4.2M in carryforward balances from prior year savings

FY22 starting point: \$12.3M shortfall

- \$7.0M projected base shortfall
- \$2.0M anticipated to meet incremental need-based aid
- \$3.3M required for W&M share of state-mandated compensation changes if General Assembly approves
 - 3.2% increase in health insurance premiums
 - One-time bonus for faculty and staff
- Assumes no new initiatives or investments in university programs or infrastructure

What about the recent bond sale or campaign?

- W&M recently sold \$70M in general revenue bonds
 - Backstop against “worst-case” pandemic operating scenarios
 - Seed money for strategic investments to position W&M for the next decade
 - ROI to cover debt service costs
 - NOT intended to cover base operating costs or to address a structural budget deficit
- *For the Bold* Campaign reached the \$1B campaign mark
 - 93.5% of gifts have a restricted purpose (e.g., scholarships, professorships, construction and renovation, etc.)
 - Unrestricted funds were raised as part of the annual fund goal and expensed in the year they were raised
 - 50% of the restricted funds are in outstanding pledges or deferred gifts

Key decision points on the FY22 budget

- FY22 budget will be driven by:
 - BOV decision on tuition and fees
 - General Assembly actions
 - Incremental changes in state general fund support
 - Mandated personnel actions
 - Changes in enrollment
 - Shift in in-state/out-of-state mix
 - Prioritization of new spending
 - Reduction of current costs/reallocation of existing resources

Undergraduate tuition and fee considerations

- **In-state undergraduate tuition**
 - 0% to 3% increase for students entering in AY19-20 or AY20-21
 - 0% increase for students entering prior to AY19-20
- **Out-of-state undergraduate tuition**
 - 0% to 3%
- **Mandatory Student Fees (all students)**
 - 0% to 3% for comprehensive fee
 - 0% to 3% facility fee

Upcoming dates

- Feb 11: 2021 General Assembly adjourns
- Feb 26: W&M BOV acts on tuition & fees
- April 23: W&M acts on FY22 budget
- July 1: FY22 begins