FY22 in Context

• Sustainable Financial Approach Accelerating
  – Shift from incremental budgeting to multi-year planning
  – Clear alignment with strategic priorities
  – Diversification of revenue streams
  – Cost containment and outcomes

• Tuition-Setting During Uncertainty
  – W&M BOV Timeline

• Update: Ongoing Cost-Reductions

• Update: FY22 State Budget
  – Employee Compensation Increase

• FY22 Tuition and Fee recommendations
FY22-24 is W&M’s Critical Window

1. Post-pandemic shortfalls addressed via
   - Faster enrollment growth in person and online
   - Increased cost reduction, reallocation
   - *Much slower tuition growth: CPI as benchmark, reflecting W&M’s commitment to access and market data*

2. While new revenues grow, it takes every tool we have

3. Strategic Action Plan will focus on the same window, to guide principles and priorities

4. *If we are all in*, a new financial footing is achievable in this timeframe
W&M BOV Timeline for FY22

February
- Finance Committee Briefing (2/12/21)
- Tuition, Fees, Room, and Board Briefing (Fall 2021, Spring 2022)

April
- FY22 Operating Budget Approved
- State Six-Year Capital Plan Approved
- Summer 2022 Tuition & Fees Approved

September
- State Six-Year Operating Plan Approved
Tuition-Setting During Uncertainty

- Revenue Certainty -
  - Low
  - BOV sets tuition, fees, room and board
  - BOV approves FY22 budget
  - State Budget passed
  - February March

- High
  - Yield Efforts
  - April May
  - W&M admits entering class
  - FY22 Entering Class Known
  - June July
  - Start of FY22

- BOV sets tuition, fees, room and board budget

- BOV approves FY22 budget
Update: Ongoing Cost-Reductions

- FY17-FY21: $10.8M budget reductions
  - 55% one-time, 45% base reductions
- FY22: shift from one-time to sustained cost reductions
  - Led by deans and Cabinet
- Ongoing restructuring
  - Insourcing / outsourcing for efficiency and expertise
    - Ex: insource talent search; outsource building code team
  - FY22 procure-to-pay system implementation completed
Update: FY22 State Budget

Likely State Funding

✓ $3.5M GF converting FY21 one-time $ to base funding

✓ Up to $792k GF for COVID testing
  – Spring 2021 costs >$3M

✓ $700k, 3FTE for URM faculty

✓ Authorization and funding ISC4

Potential Salary Increases

• $10.1M total FY22 cost
  – Up to 5% faculty and staff salary increase
  – 3.2% increase in health insurance
  – Minimum wage

• $4M estimated state general fund (GF) support
  – 40% of total cost

• $6.1M delta to be covered by NGF
State support has been unpredictable with some recent gains.
Market constraints on tuition and fees

• Tuition and fees are W&M’s largest source of revenue, but market constraints limit options
  – UG tuition and fees nearing market boundaries
  – Market position for GRAD tuition and fees varies by program
    • Law School pricing study underway – W&M underpriced, particularly for OOS students
    • Exec. MBA program being revamped; pricing will need to align with market
    • Master of Public Policy appears to be overpriced relative to market
  – Summer tuition and fees to be updated as summer offerings increase

• Recommendations to the Board in April
W&M BOV Timeline - Modified

February
Finance Committee Briefing (2/12/21)
Tuition, Fees, Room, and Board Approved (AY 2021–22)

April
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State Six-Year Capital Plan Approved
Summer 2022 Tuition & Fees Approved
Tuition, Fees, Room & Board Approved
(AY 2021-22, Summer 2022)

September
State Six-Year Operating Plan Approved