



William & Mary Fundamentals

Board of Visitors Retreat
July 2022

I.
**Financial
Drivers**

II.
**Access &
Affordability**

III.
**Enrollment
Markets**

IV.
**Looking
Ahead**

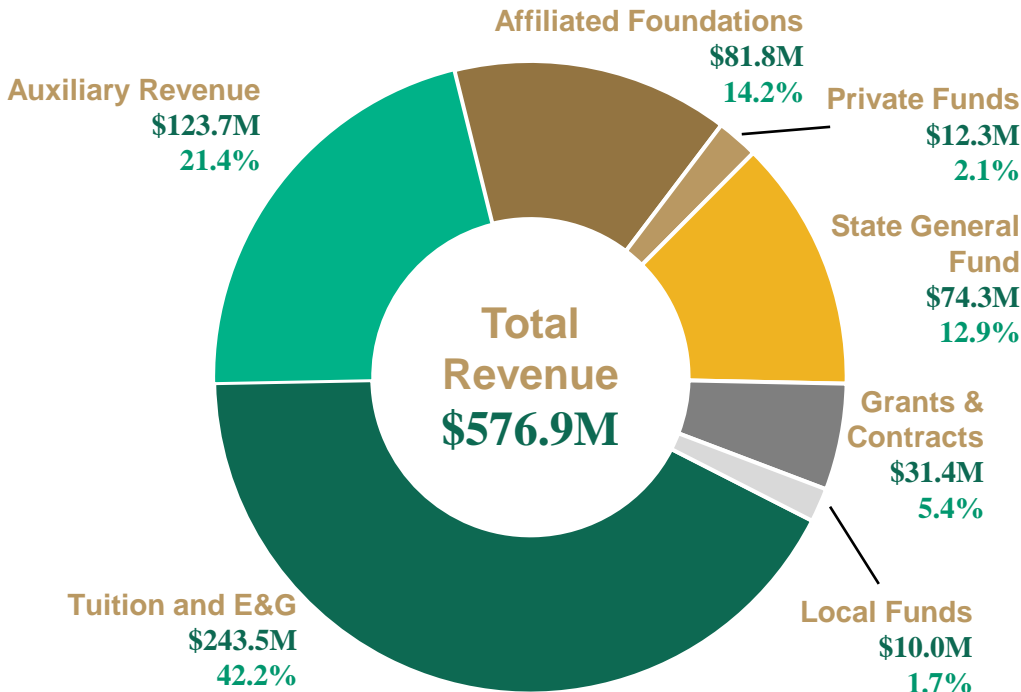


I. **Financial Drivers:** *Revenues, Expenses, Cost Containment & Efficiency*

Revenue Driver: Enrollment

- Students account for **>60%**
 - \$243.5M tuition and E&G fees
 - \$106.5M auxiliaries (room, board, comp fee, etc.)
- Philanthropic support **>16%**
 - \$12.3M university private funds
 - \$81.8M affiliated foundations
- State support **<13%**
 - \$68.8M E&G
 - \$5.3M need-based aid
 - \$0.1M research

FY23 Operating Revenue Incl. Foundations



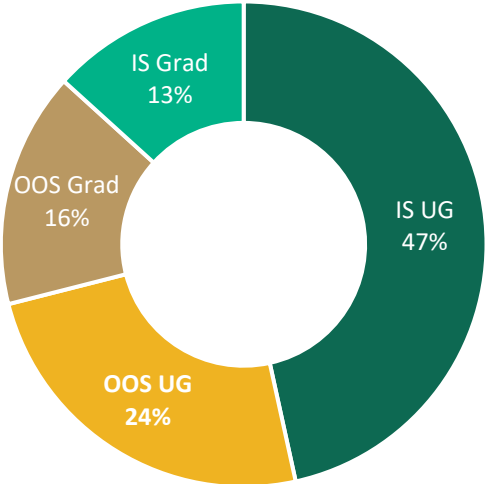
¹ Excludes VIMS

² Private funds = those controlled by the BOV and affiliated foundations

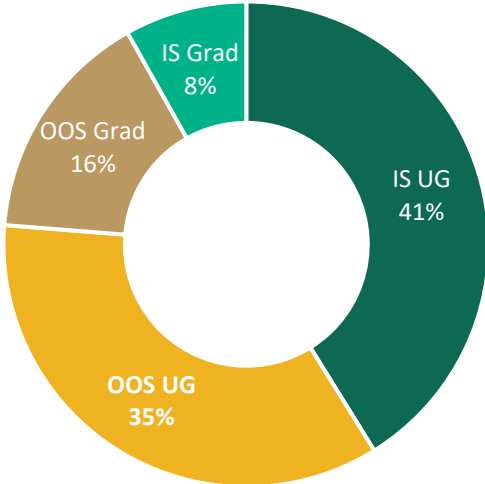
Revenue Driver: Out-of-State Enrollment

Fall 2021 FTE Enrollment

Total enrollment shown.
For undergraduates-only, 65.9% were in-state in Fall 2021.



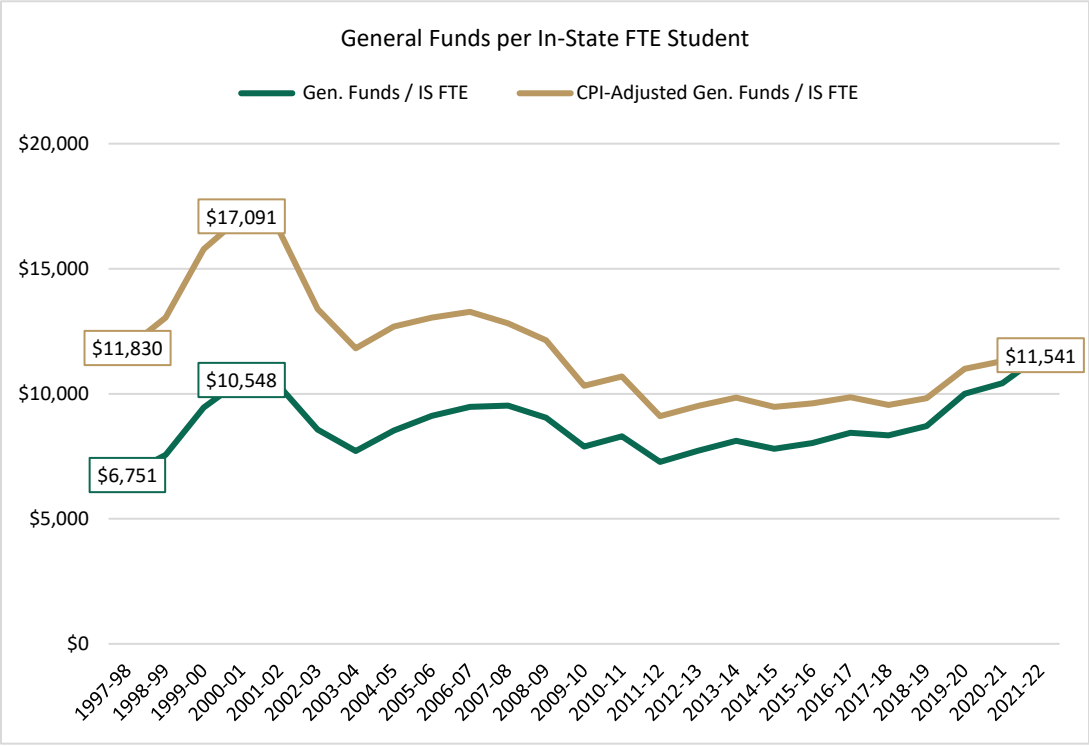
FY2022 Student Revenue



Note: Student Revenue includes tuition, fees, room and board.

Revenue Context: State Support

- General fund support remained below the FY01 level until FY22 (a span of 20 years, no inflation adjustment)
- Adjusted for inflation, general fund support remains **-32.5%** below the FY01 level



¹ E&G funding only

Expense Drivers: Personnel Costs & Aid

University Expense (in \$millions)	FY18	FY19	FY20	FY21	FY22	FY18-FY22 Δ
Personnel	\$210.9	\$217.5	\$225.6	\$228.8	\$234.7	+11.3%
Non-Personnel	\$162.6	\$169.1	\$162.9	\$130.9	\$169.4	+4.2%
Financial Aid	\$49.3	\$53.3	\$57.8	\$59.9	\$63.7	+29.1%
Total	\$422.8	\$439.9	\$446.3	\$419.4	\$467.8	+10.6%

¹ Excludes affiliated foundation expenditures.

- Commonwealth mandates drive personnel costs and only cover **27%** of the total expense
- BOV strategy drives growth in student aid

Expense Drivers: Mandated Comp Actions

Personnel Expenses (in \$millions)	FY18	FY19	FY20	FY21	FY22	FY18-FY22 Δ
Salaries + Fringe, Unadjusted	\$210.9	\$217.5	\$225.6	\$228.8	\$234.7	+11.3%
Salaries + Fringe, Excluding Mandated Increases	\$210.9	\$216.0	\$219.2	\$220.9	\$217.6	+3.2%

- Excluding mandated increases, **personnel expenses grew +3.2%**, due to:
 - Market adjustments in filling vacant positions
 - Targeted growth in FTE

Cost Containment: Personnel Reductions

Unit Employee Headcount	FY18	FY22	Δ
Arts & Sciences	759	690	-69
University Operations	553	521	-32
University Advancement	137	114	-23
All Other Units	158	140	-18
Strategic Initiatives & Public Affairs	73	60	-13
Student Affairs	139	128	-11
Athletics	132	122	-10
University Libraries	60	58	-2
Registrar/IAE	19	18	-1
Career Development	10	12	+2
School of Law	179	185	+6
School of Business	155	172	+17
Academic & International Affairs	67	94	+27
School of Education	113	147	+34
Subtotal, W&M	2,554	2,461	-93
School of Marine Science/VIMS	324	332	+8
Total	2,878	2,793	-85

Note: Headcount data based on annual payroll period 5 (Feb 25-March 9).

- Employee headcount has declined by 3.0% since FY18.
- Most divisions have seen reductions.
- Limited growth has occurred in academic areas driven by growth in online and graduate programs.

Cost Containment: Non-Personnel

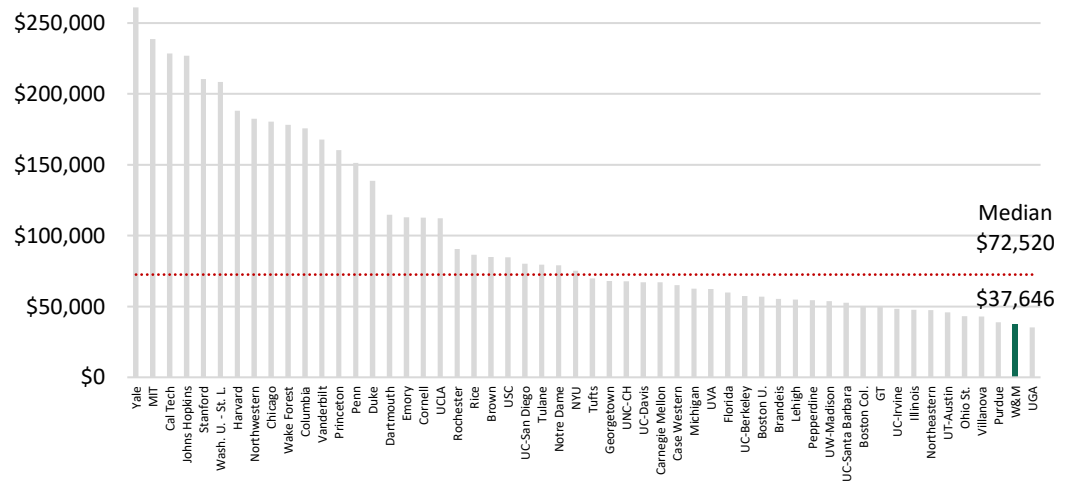
Non-Personnel Expenses (\$ millions)	FY18	FY19	FY20	FY21	FY22	FY18-FY22 Δ
Expenses	\$162.6	\$169.1	\$162.9	\$130.9	\$169.4	+4.2%
CPI-Adjusted Expenses	\$162.6	\$165.3	\$157.1	\$117.9	\$139.9	-14.0%

- FY22 non-personnel expenditures were **-\$34.4M** lower than expected if keeping pace with inflation
- CPI-adjusted FY18 non-personnel expenditures would have reached \$196.9M in FY22

Efficiency: W&M vs. National Peers

- Among USNWR's top 50 universities, W&M falls at the **4th** percentile for educational expenditures per student
- In this competitor group, W&M's financial resources are **-62%** less than the average and **-48%** less than the median
- W&M graduation rates are comparable or better

Educational Expenditures per Student,
USNWR 2022 Top National Universities



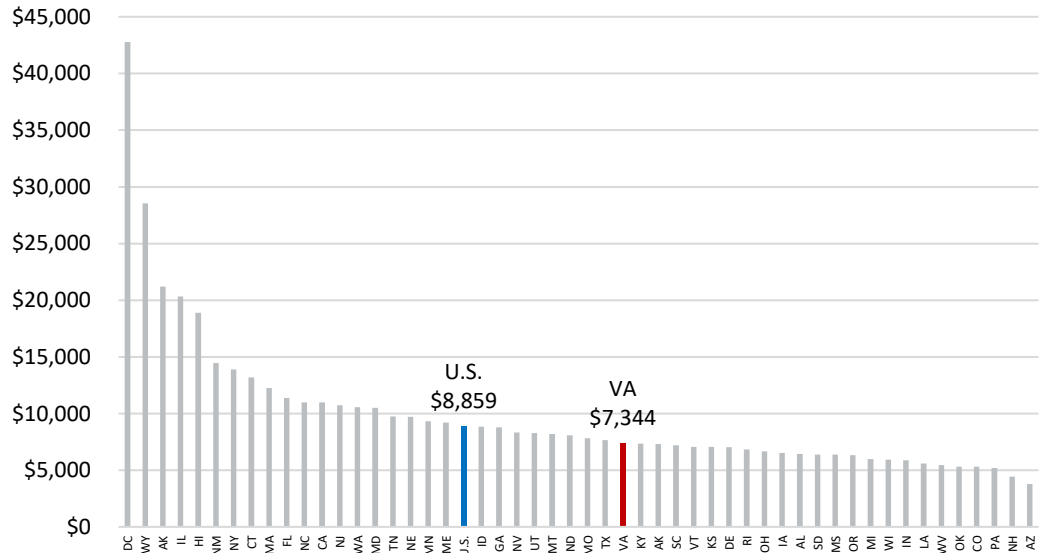
Source: U.S. News & World Report, Best Colleges 2022

Definition: The average spending per student on instruction, research, student services, and related educational expenditures and related educational expenditures in FY19 and FY20

Efficiency: Below Average State Funding

- VA's appropriation per FTE at 4-yr. institutions is substantially below frequently compared states:
 - FL: **-35.4%**
 - GA: **-16.5%**
 - MD: **-30%**
 - NC: **-33%**
 - U.S. avg: **-17%**

Four-Year Education Appropriations per FTE, FY21



Source: State Higher Education Executive Officers Association

Definition: Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for res

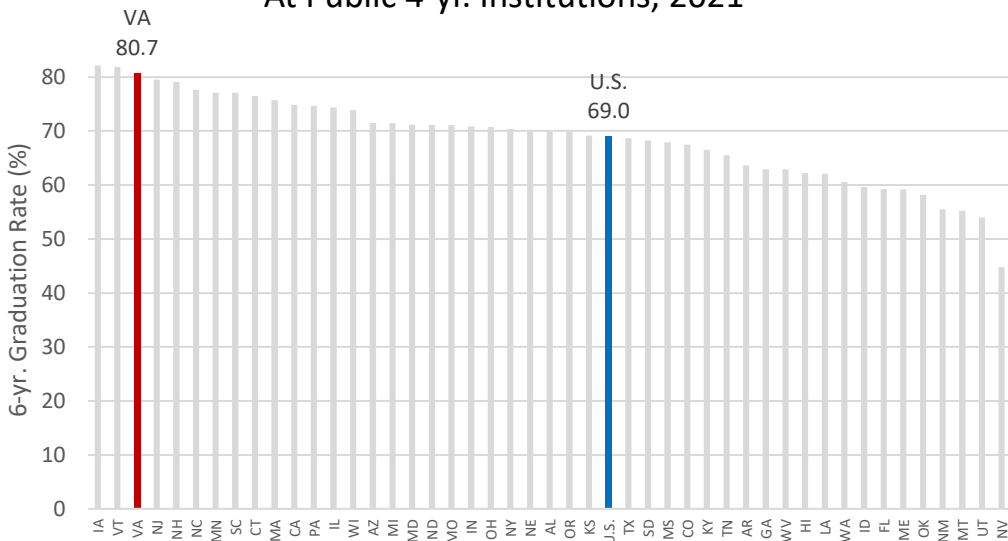
Efficiency: Among the Best Graduation Rates in U.S.

- William & Mary is a national leader in time to degree; the average is **3.75** years

W&M Time to Degree	Rate	Rank
4-yr.	85%	2 nd
5-yr.	90%	3 rd
6-year	91%	4 th

¹ Rank among 210 U.S. public doctoral universities.

Six-Year Graduation Rates by State
At Public 4-yr. Institutions, 2021



Source: National Student Clearinghouse Research Center, "Completing College 2021"

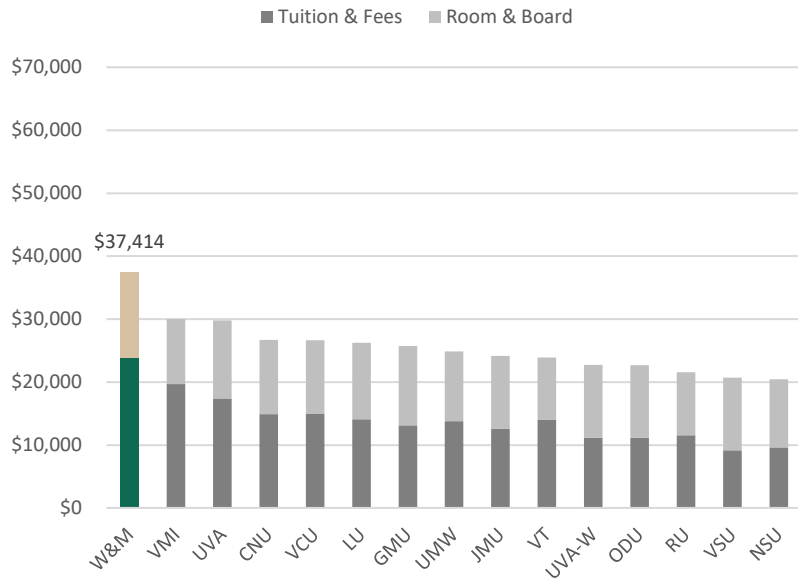
Notes: AK not shown due to aggregated 2-yr. and 4-yr. reported completions. DE, RI and WY not shown due to fewer than three institutions.



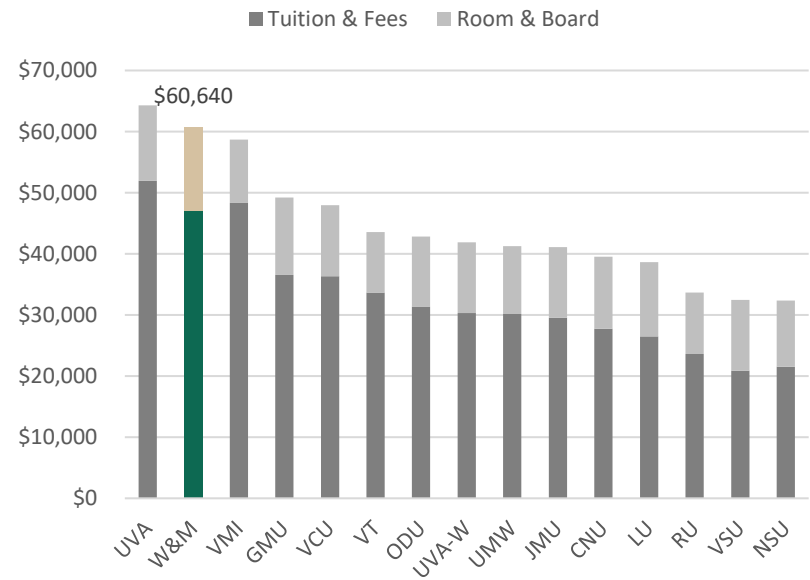
II. Access & Affordability

“Sticker Price” at Virginia’s Public Institutions

2021-22 In-State Price



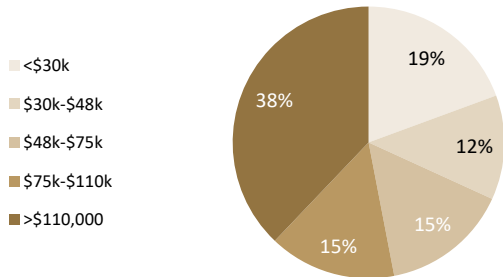
2021-22 Out-of-State Price



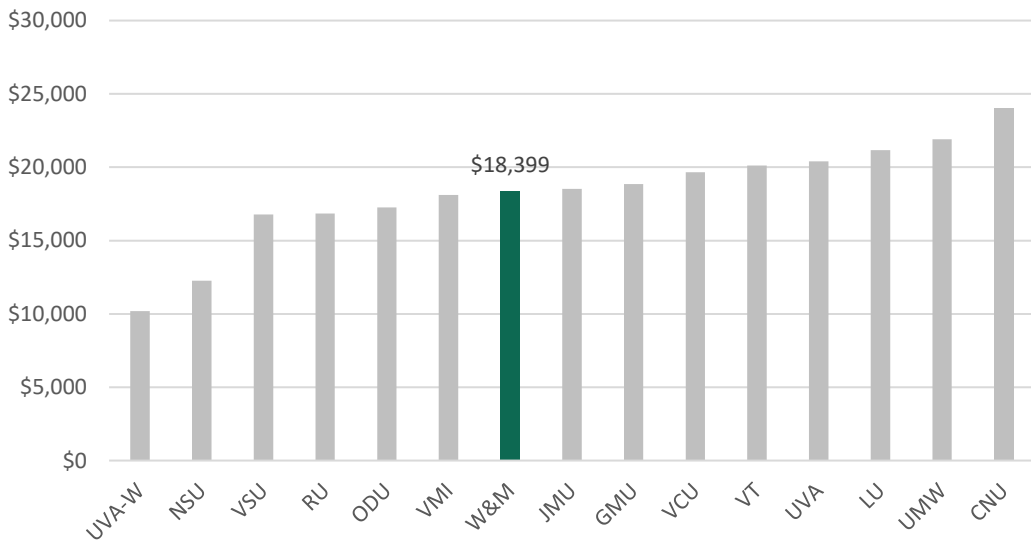
Generous Aid Increases W&M's Affordability

- For all income brackets, W&M offers an affordable net price compared to other institutions in the Commonwealth
- Nearly 40% of financial aid recipients are from families earning > \$110,000 annually

W&M Financial Aid Recipients by Income



Average Net Price for In-State Students Receiving Financial Aid, 2020-21

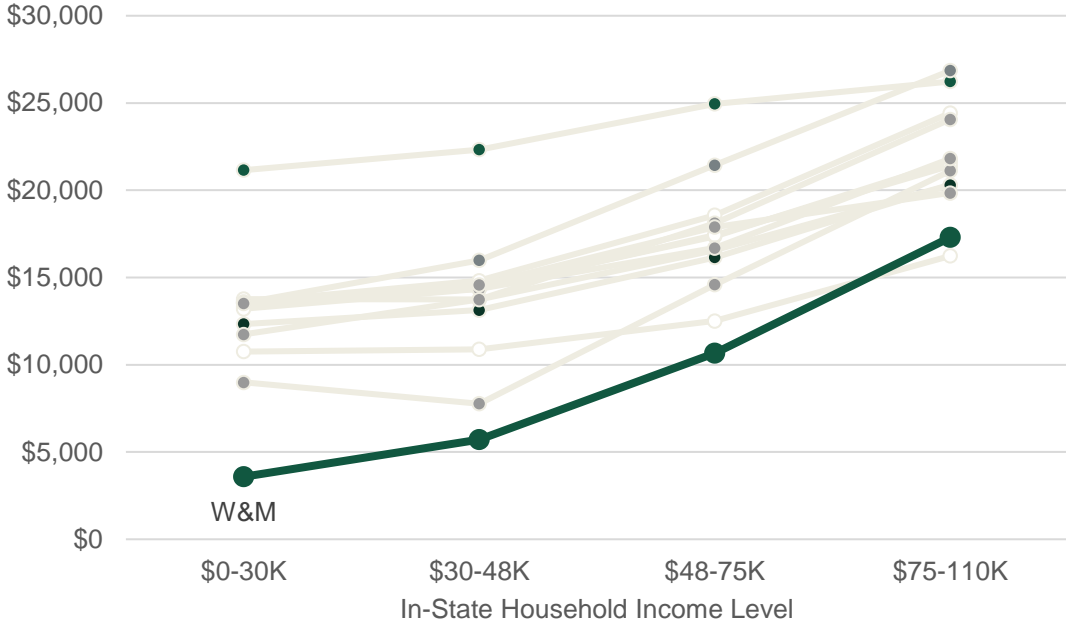


Source: U.S. Dept. of Education, IPEDS, Student Financial Aid Component, 2020-21

W&M Affordability for Low-Income Students

- Via the Promise, W&M increased institutional financial aid by **+138.3%** from FY13 to FY19
- For VA families with household incomes below \$110,000, W&M provides the second-lowest net price of any VA public institution

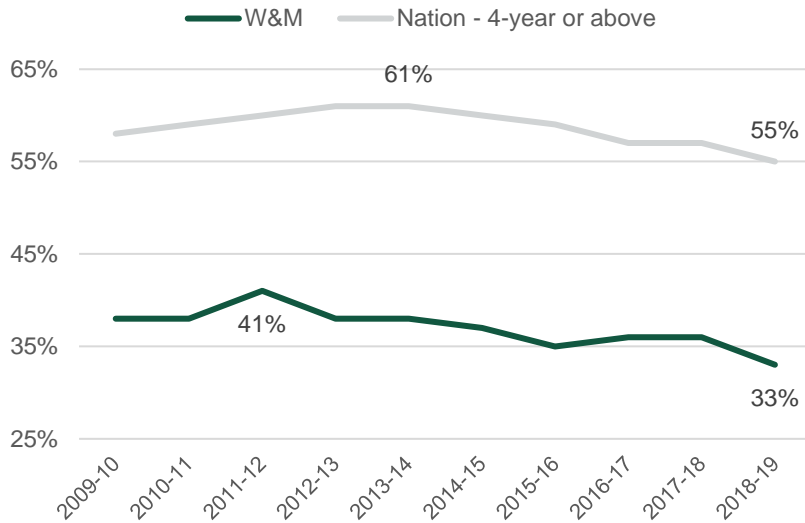
Net Price for In-State Financial Aid Recipients, 2020-21



W&M In-State Pell Grant Recipients	N	Δ
2015-16	629	
2020-21	703	+11.8%

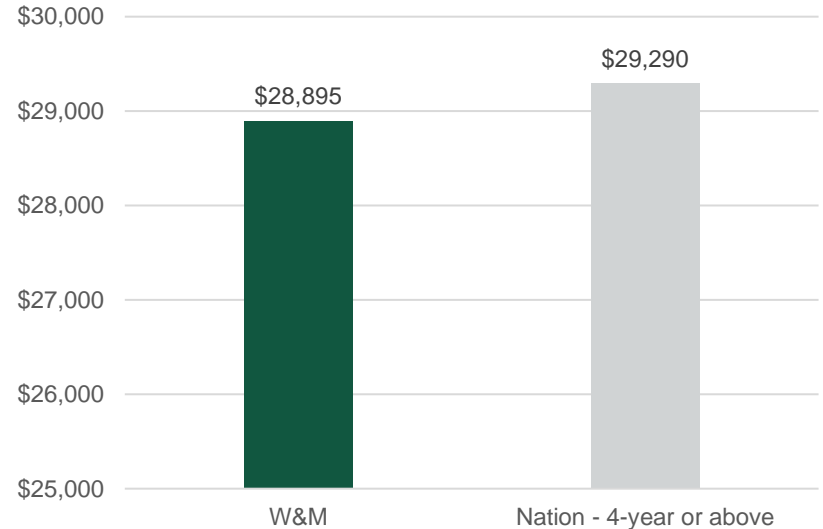
W&M's Commitment to Reducing Student Debt

Pct. of Graduates with Student Debt



Source: The Institute for College Access & Success, College Insight

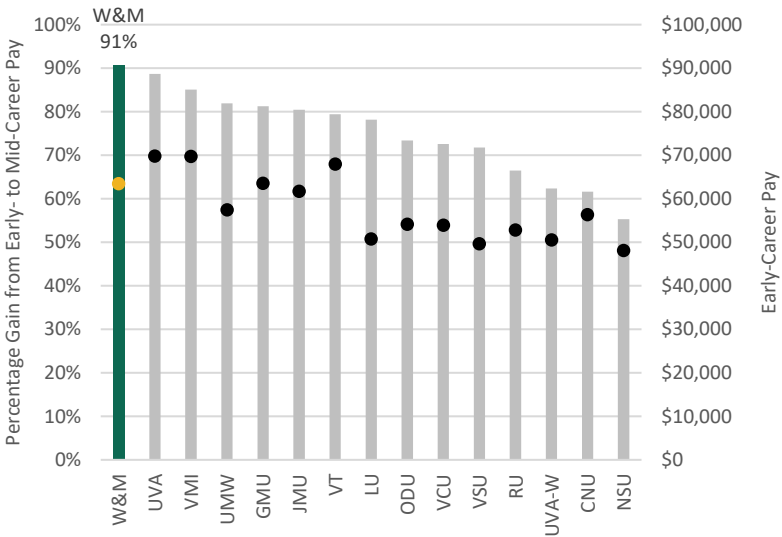
Average Debt of Graduates, 2018-19



Source: The Institute for College Access & Success, College Insight

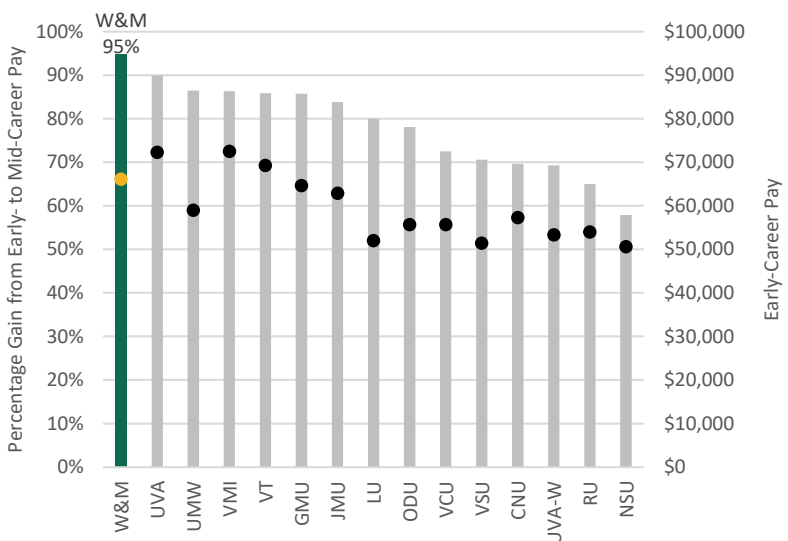
W&M Alumni See Largest Gains to Mid-Career Pay

Early- to Mid-Career Pay: BA / BS Degree



Source: Payscale's 2021-22 College Salary Report

Early- to Mid-Career Pay: All UG



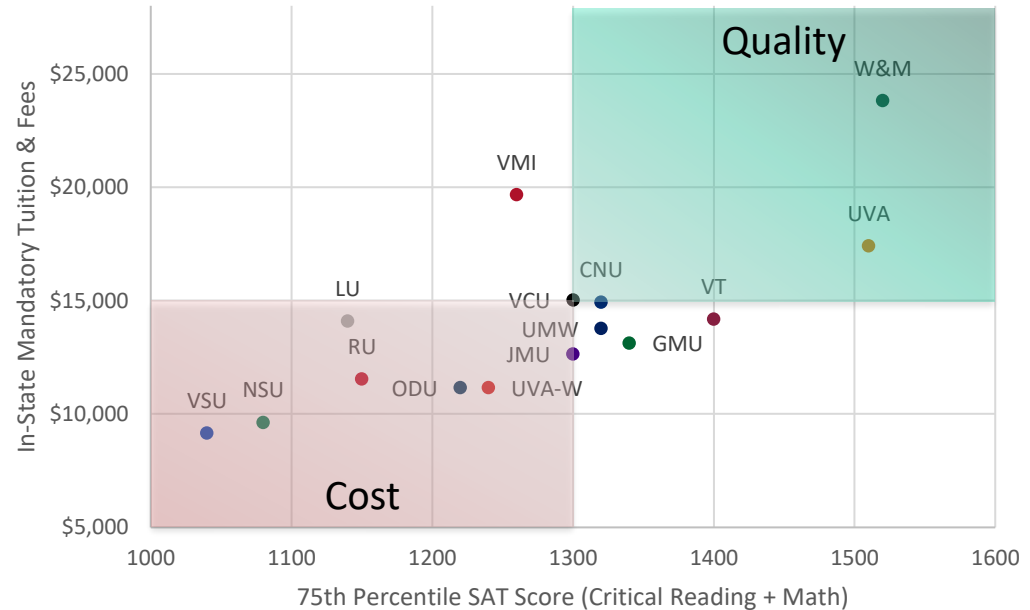
Source: Payscale's 2021-22 College Salary Report

III. Enrollment Markets

Virginia's Public Institutions Compete Differently

- Competition in higher education focuses on quality and/or price as defining components of institutional brand
- Institutions at the upper right compete more on quality, seeking the most qualified students (for whom the competition is high)
- Institutions at the bottom left compete on cost, admitting nearly all applicants

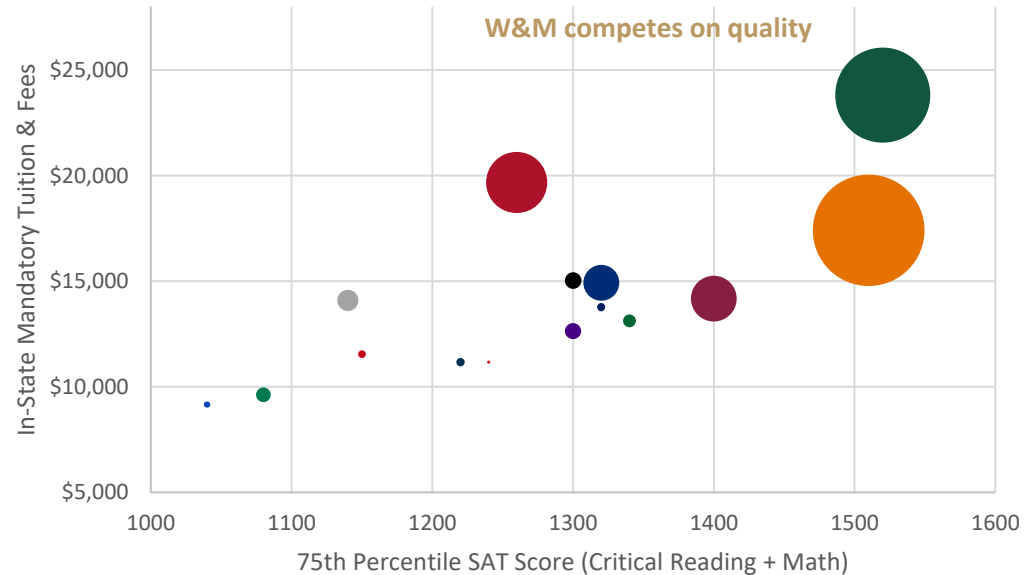
Virginia Public Four-Year University Enrollment Markets



Out-of-state Demand Shows the Differences

- Out-of-state (OOS) enrollment is primarily driven by quality
- Size of the bubble reflects OOS applicant denial rate, a proxy for OOS market size
- Institutions with larger bubbles compete more on quality, both OOS and In-State (IS)
- Institutions with smaller bubbles have limited market demand, competing primarily on cost

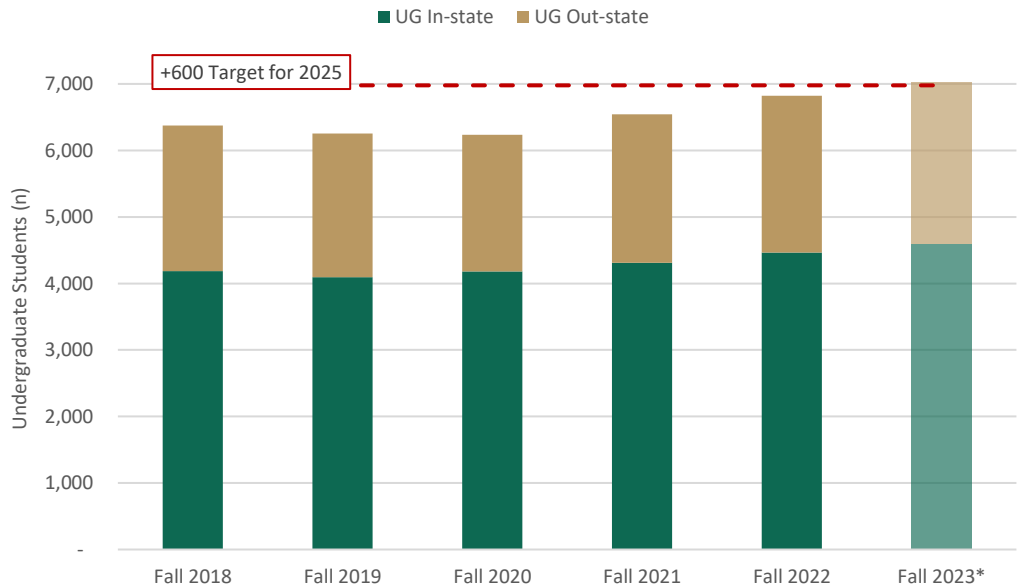
Virginia Public Four-Year University Enrollment Markets
(Bubble size reflects OOS applicant denial rate)



“Smart Growth” Achieved Ahead of Schedule

- In February 2020, the Board affirmed +600 undergraduate enrollment growth over four years, 2022 through 2025, from the 2018 baseline
- Growth has been accelerated, in part to increase tuition revenue without price increases
- The anticipated growth will be achieved by fall 2023 – two years ahead of schedule

W&M Historical and Projected Undergraduate Enrollment



*2022 enrollment will be confirmed in October; 2023 enrollment projected.

IV. Looking Ahead

Current Outlook: “An Inflationary Vise”

Financial Conditions

- S&P AA bond rating, stable outlook
- Days cash on hand: up, but still low
- Composite Financial Index strong (including foundations)
- Significant deferred maintenance: buildings, technology, compensation
- Record-level state capital investment unlikely to continue
- Inflation-reduced purchasing power continues, **-13%** since FY19

Enrollment Conditions

- **+28.5%** application growth in 2 years, and ...
 - High IS cost for those without aid
 - Market headroom for OOS, but minimal aid
 - Modest OOS increases with overall growth
 - Low international enrollment, uncertain future
 - Projected **-7%** decline in Virginia HS graduates, 2026 and beyond

Ongoing Evolution is Needed ...

- State-mandated costs will rise, and state investments remain uncertain
- Cost containments: optimizing staffing while increasing enrollment
 - Key factors: pandemic hiring freeze, non-competitive salaries
 - Provost's "Sustainable Curriculum" model
- Smart enrollment growth target will be reached by Fall 2024
- Contingencies of future growth
 - Uncertain market
 - Risks negative impact to other BOV priorities
 - Additional growth requires new capacity: infrastructure and personnel investments
- Summer semester creates further growth efficiencies

... And a Multi-Year Tuition Approach

- A 5-yr., ad hoc W&M freeze was enabled by steady cuts, enrollment growth, and state support
- A multi-year approach to tuition-setting improves our planning and options

FY23 BOV fiduciary actions

September

- Updated 6-yr. Plan, includes revised FY23 and FY24 financial projections
- Updated capital outlay plan, including housing & dining

November

- Receive unaudited FY22 financial statements
- Debt management update
- Financial ratio analysis
- P3 development approval
- Law School tuition, potentially other graduate programs

February

- Modeling multi-year strategies to include:
 - Continued cost containment
 - Planful and resourced enrollment growth
 - Predictability for parents/ families
 - Alternatives for consideration

April

- Undergraduate tuition and fees with potential for multi-year action
- FY24 Operating Budget
- FY22 Audit Received