

COLLEGE OF WILLIAM & MARY



Committee on Financial Affairs

Board of Visitors

October 1, 2010

COMMONWEALTH OF VIRGINIA

FY 2010 GENERAL FUND REVENUES

Both the U.S. and Virginia Economies performed near expectations in FY 2010

Summary of Key Indicators (Percent Change over Prior Fiscal Year)

	<u>FY 2010 Forecast</u>	<u>FY 2010 Actual</u>
<u>U.S.</u>		
Real GDP	-0.7%	0.8%
Consumer Spending	0.2%	1.3%
Employment	-3.3%	-3.0%
Personal Income	-0.8%	0.1%
Wages and Salaries	-2.6%	-2.4%
 <u>Virginia</u>		
Employment	-2.6%	-2.1%
Professional/Business	-3.4%	-1.5%
Construction/Mining	-12.3%	-11.8%
Personal Income	1.3%	1.6%
Wages and Salaries	0.1%	0.2%

Fiscal Year 2010 General Fund Revenues and Transfers finished \$228.5 million (+1.6%) above the forecast reflecting greater withholding, sales and corporate taxes.

FY 2010 Forecast FY 2010 Actual

Total General Fund \$14.5582 billion \$14.7867 billion

- **While actual general fund revenues exceeded the estimate, for the first time in 50 years total general fund revenues before transfers declined for two consecutive years.**
- **After declining for the first eight months of FY 2010, total general fund revenues increased three of the last four months.**
- **The March, 2010 increase broke a streak of 19 consecutive monthly declines dating back to August 2008.**

Adjusted for the Accelerated Sales Tax program in June 2010, July 2010 general fund revenues increased 0.4%. August revenues increased 5.3%.

Budgeted General Fund Growth:	FY 2011	1.4%
	FY 2012	5.0%

In addition to the \$228.5 million in general fund revenue, state agencies and institutions across the Commonwealth generated savings of \$174.7 million.

Therefore, General Funds available to the Commonwealth as of June 30, 2010 total \$403.2 million.

Some of these funds are already committed:

- **3% bonus for faculty and staff**
- **Water Quality**
- **Transportation**
- **State “Rainy Day” fund**
- **Possible re-appropriations to state agencies and institutions**

COLLEGE OF WILLIAM AND MARY

FY 2012 Budget Requests

STATEWIDE BUDGET ISSUES*

- **Faculty and Staff Salaries**
- **Undergraduate Student Financial Assistance (need-based)**
- **Graduate Student Financial Aid**
- **Base Operating Support (base adequacy)**
- **Higher Education Equipment Trust Fund**
- **Maintenance Reserve**

*College specific amendments are not submitted since these items are routinely considered statewide issues by the Governor and General Assembly. Any funding provided will reflect either statewide or higher education specific policy.

COLLEGE OF WILLIAM AND MARY

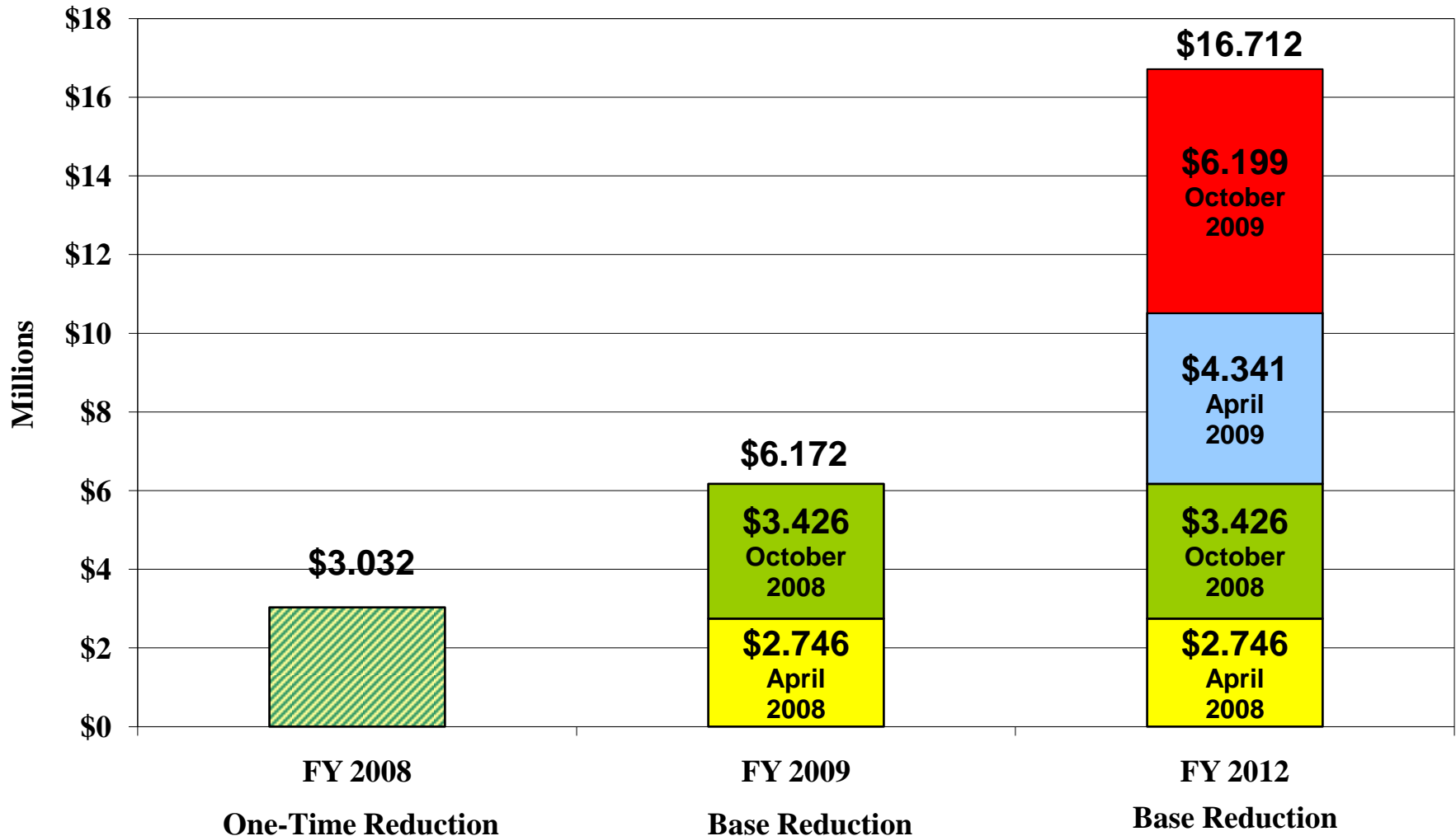
FY 2012 Budget Requests

COLLEGE-SPECIFIC BUDGET AMENDMENTS

- **Operation and Maintenance Costs for New Facilities (\$984,000)**
- **Modify Appropriations Act Language to be Consistent with Management Agreement: Non-general Fund Estimates**
- **Modify Appropriations Act Language to be Consistent with Management Agreement: Reversion of Non-general Fund Savings**
- **Scope Change: Cooling Plant and Utilities, Phase 3**
- **Technical Adjustment: Student Financial Assistance (-\$81,822)**

College of William and Mary

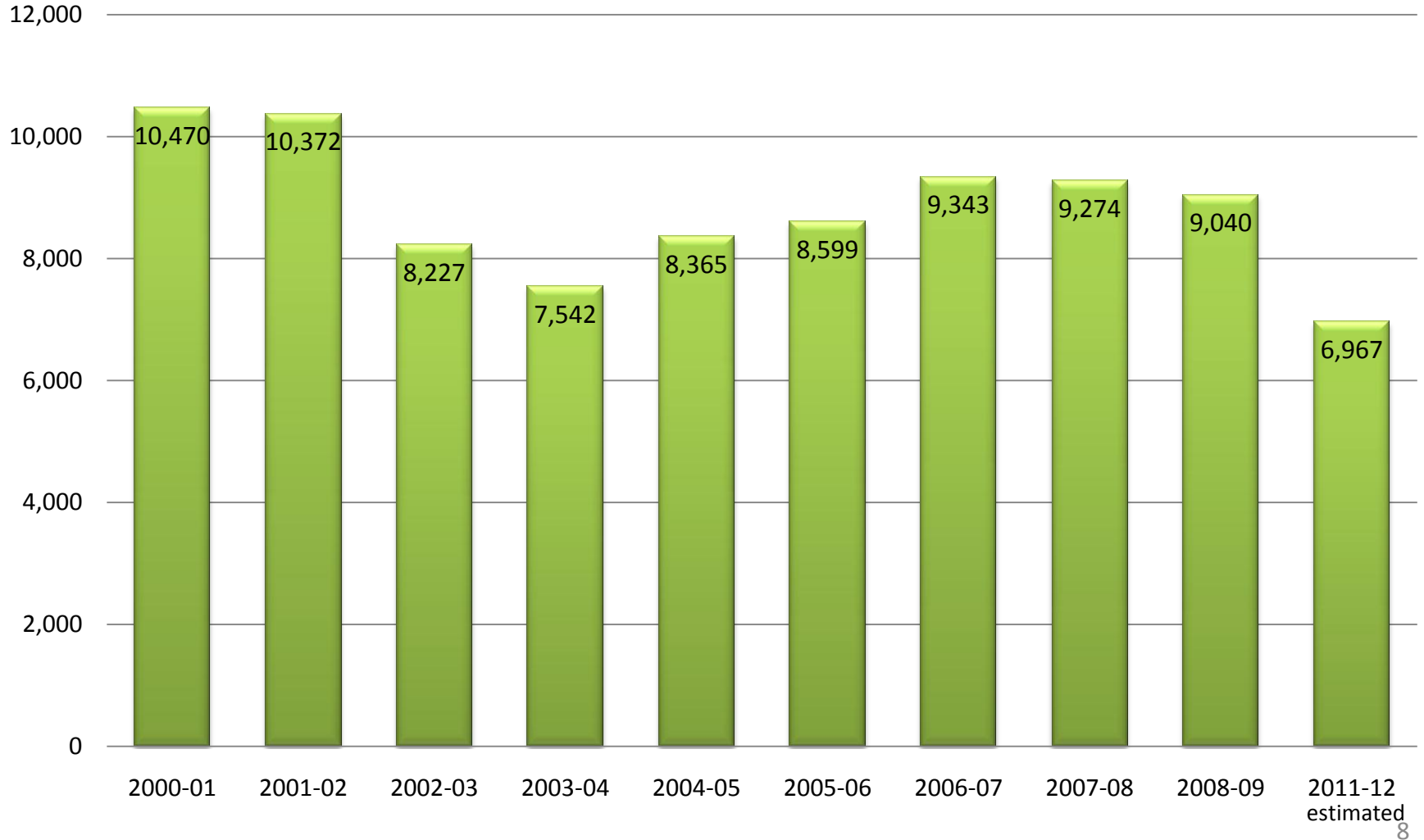
Reduced State Support for Operations (2008-2012)



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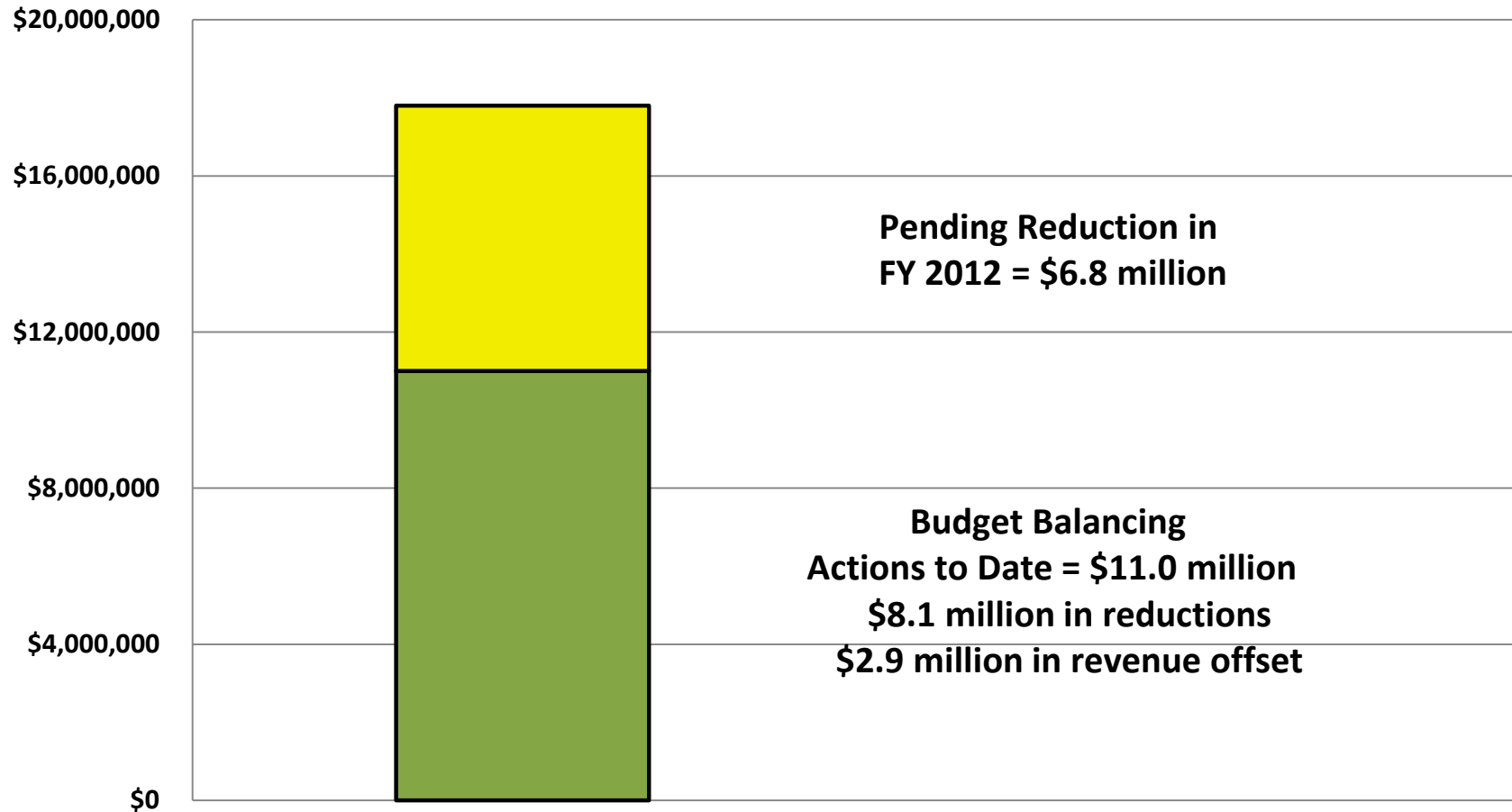
General Fund Appropriations Per In-State FTE (in current dollars)

FY 01-12 Change: -33.5%



College of William and Mary

RESPONSE TO STATE FUNDING REDUCTIONS *



***Includes general and targeted reductions in state support**

COLLEGE OF WILLIAM AND MARY

FY 2011 AND 2012 E&G REVENUE/EXPENSE COMPARISON

Revenue	<u>FY 2011</u>	<u>FY 2012</u>
Federal Stimulus	\$ 6,884,188	\$ -0-
General Funds	39,291,864	34,655,223
Nongeneral Funds	<u>100,634,862</u>	<u>100,634,862</u>
	\$146,810,914	\$135,290,085
Expense	\$146,810,914*	\$140,160,914 *
Funding Surplus/(Shortfall)	\$ -0-	(\$ 4,870,829)

But if we address other issues:

• Base salary increase for faculty and staff (3%)	\$ 3,123,000
• Nonpersonnel operating support (3%)	930,000
• Graduate financial aid	500,000
• Undergraduate need-based aid	<u>2,000,000</u>
	\$ 6,553,000

Potential FY 2012 Funding Need **\$ 11,423,829**

*FY 2011 expense includes \$6,650,000 in one-time funding supporting a 3% faculty/staff salary bonus, instructional and research equipment purchases, matching funds to leverage federal grants and contracts, and other items. FY 2012 expense excludes support for these one-time items.

COLLEGE OF WILLIAM AND MARY
OPTIONS TO CLOSE FY 2012 FUNDING GAP

Reduce FY 2011 expense and carryover funds to FY 2012

Reduce FY 2012 expense/improve productivity

- Staffing
- Programs and activities
- Reprogram revenues

Increase undergraduate enrollment

- Every 50 students (65% in-state/35% out-of-state) yields \$800,000 (before aid)

Increase tuition

- 1% on all students yields \$1.065 million
- 1% on all undergraduates yields \$840,000
- 1% on full-time in-state undergraduates yields \$286,000
- 1% on full-time out-of-state undergraduates yields \$530,000

Raise additional private funds

- Annual giving
- Endowment

Some or some portion of all of the above