



WILLIAM & MARY

CHARTERED 1693

COMMITTEE ON FINANCIAL AFFAIRS

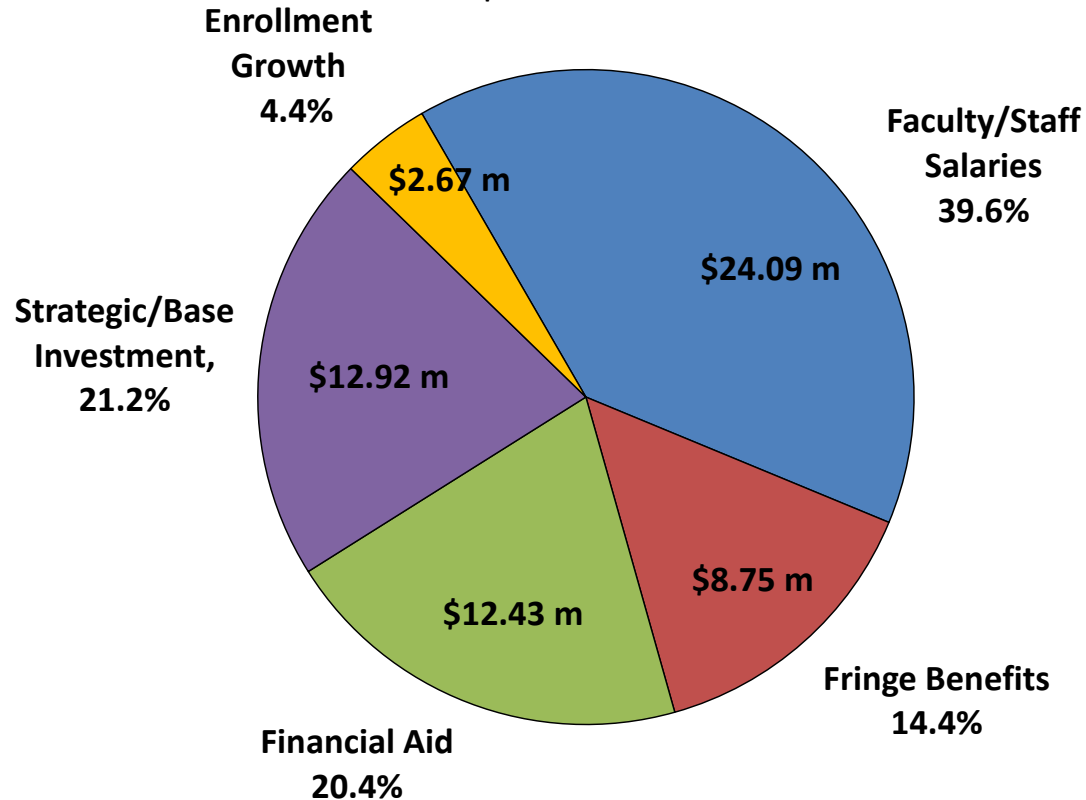
Board of Visitors

April 21, 2017

William and Mary Promise

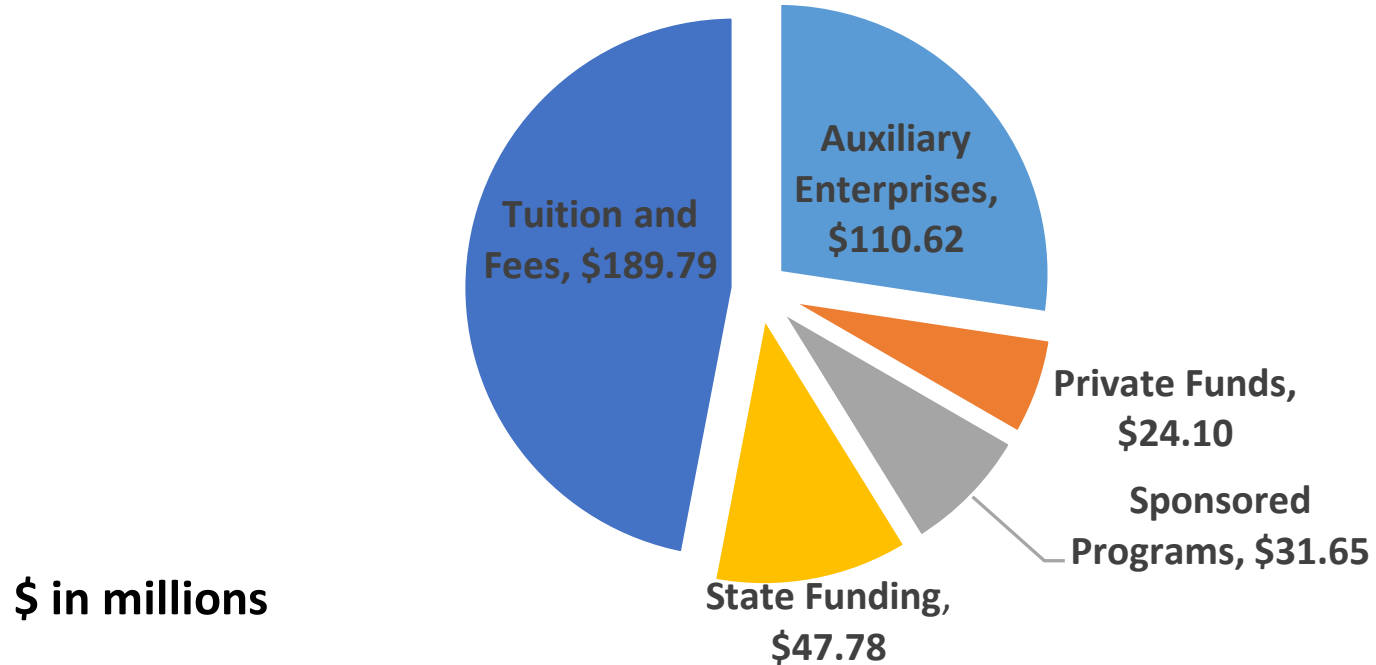
USES OF INCREMENTAL REVENUE/REALLOCATED RESOURCES (2014-2018)

\$60.86 million

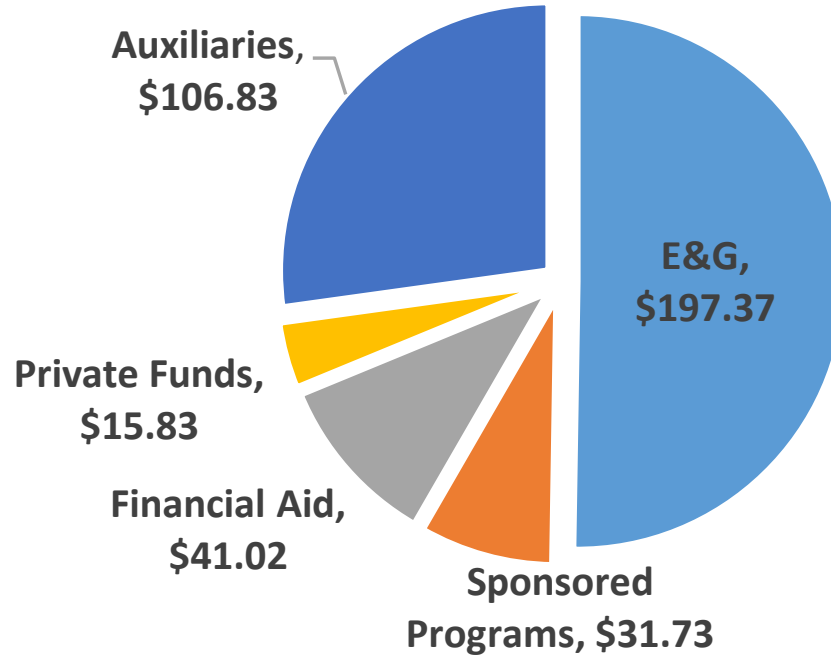


FY 2018 Operating Budget Revenue

\$403.93 million



FY 2018 Operating Budget Expenditures by Program \$392.78 million



\$ in millions

FY 2018 BUDGET CHALLENGES / OPPORTUNITIES



WILLIAM & MARY

FY2018 FUNDING PRIORITIES

- *Maintain the William & Mary Promise*
 - ☐ In-state Undergraduate Focus
 - ☐ Tuition Guarantee
 - ☐ Student Affordability
 - ☐ Student Access
 - ☐ Academic/Administrative Productivity
- *Maintain/Enhance Academic Program*
 - ☐ Competitive Salaries
 - ☐ Curriculum Improvements
- *Maintain Consistency with Strategic Priorities/Six-Year Plan*
- *Maintain Financial Stability*
 - ☐ Absorb State Funding Reduction
 - ☐ Fund State-Mandated Increase in Fringe Benefits
- *Use All Available Fund Sources*
 - ☐ State Funds
 - ☐ Tuition & Fees
 - ☐ BOV Private Funds
 - ☐ Indirect/Administrative Cost Recoveries
- *Provide Support for Campaign/Fund Raising Effort*



WILLIAM & MARY
FINAL STATE OPERATING BUDGET ACTIONS
(FY 2017; FY 2018)

FY 2017	
Eliminate State Share of 3% Raise	Yes
Recover VRS Pre-Payment (60%)	(\$1,020,946)

FY 2018		
Faculty Salary Increase	2% Base	(Cost Share)
Staff Salary Increase	3% Base	(Cost Share)
Reduce Operating Support	(\$2,183,886)	(-5%)
Health Insurance Rate Increase	+ 8.6%	(Cost Share)
Recover VRS Pre-Payment	(\$680,630)	

FY2018

FUNDING

SUMMARY

Net New Revenue	\$9.0 million
+ FY 2017 One-Time Expense	\$0.8 million
+ FY 2018 Reallocations, Targeted Vacancy, and Business Innovation	\$2.7 million
Total Available Resources	\$12.5 million

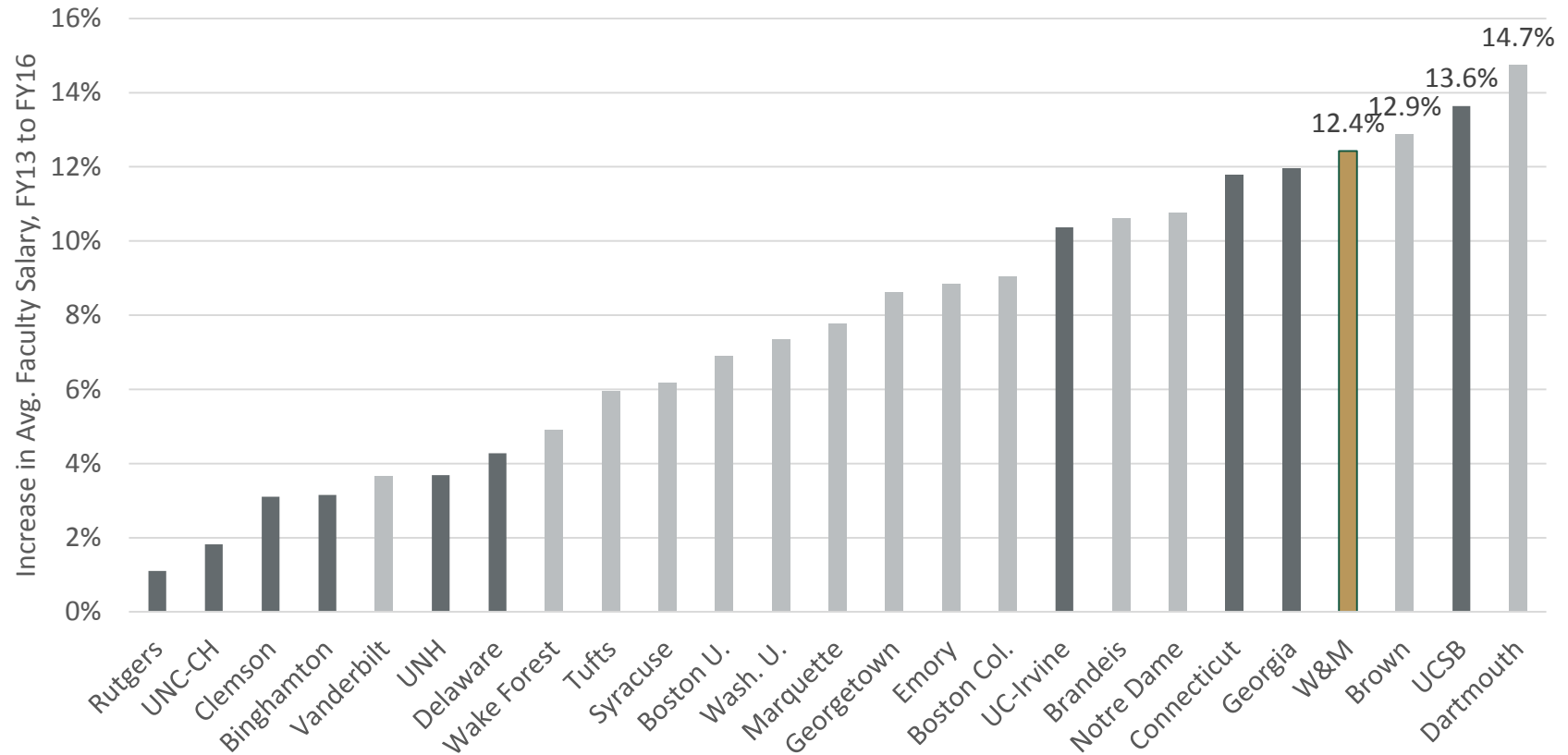
Proposed Expenditures	
○ Salary and Fringe Benefits	
❑ Annualize FY 2017 Actions	\$2.3 million
❑ FY 2018 Faculty/Staff @ 3%	\$3.9 million
❑ Health Insurance Rate Change	\$1.5 million
	\$7.7 million
○ Undergraduate Need-Based Aid	\$2.3 million
○ Six-Year Plan / Other	
❑ Diversity Salary Pool	\$0.50 million
❑ Enrollment Growth	\$0.57 million
❑ Undergraduate Curriculum	\$0.25 million
❑ Engineering & Design	\$0.20 million
❑ IT Systems	\$0.40 million
❑ Other Academic / Research	\$0.57 million
	\$12.49 million

STATE SUPPORT FOR BASE SALARIES IS INCONSISTENT

	<u>STATE</u>		<u>BOARD OF VISITORS</u>	
	<u>Faculty</u>	<u>Staff</u>	<u>Faculty</u>	<u>Staff</u>
FY 2012	0.00	0.00	1.5% - 3.0%	1.5% -3.0%
FY 2013*	0.00	0.00	2.0%	1.0%
FY 2014	3.0%	2% + years of service	6.0%	4.0%
FY 2015	0.00	0.00	5.5%	3.0%
FY 2016	2.0%	2% + years of service	4.5%	2.0%
FY 2017	0.00	0.00	3.0%	3.0%
FY 2018	2.00	3.00	3.0%	3.0%

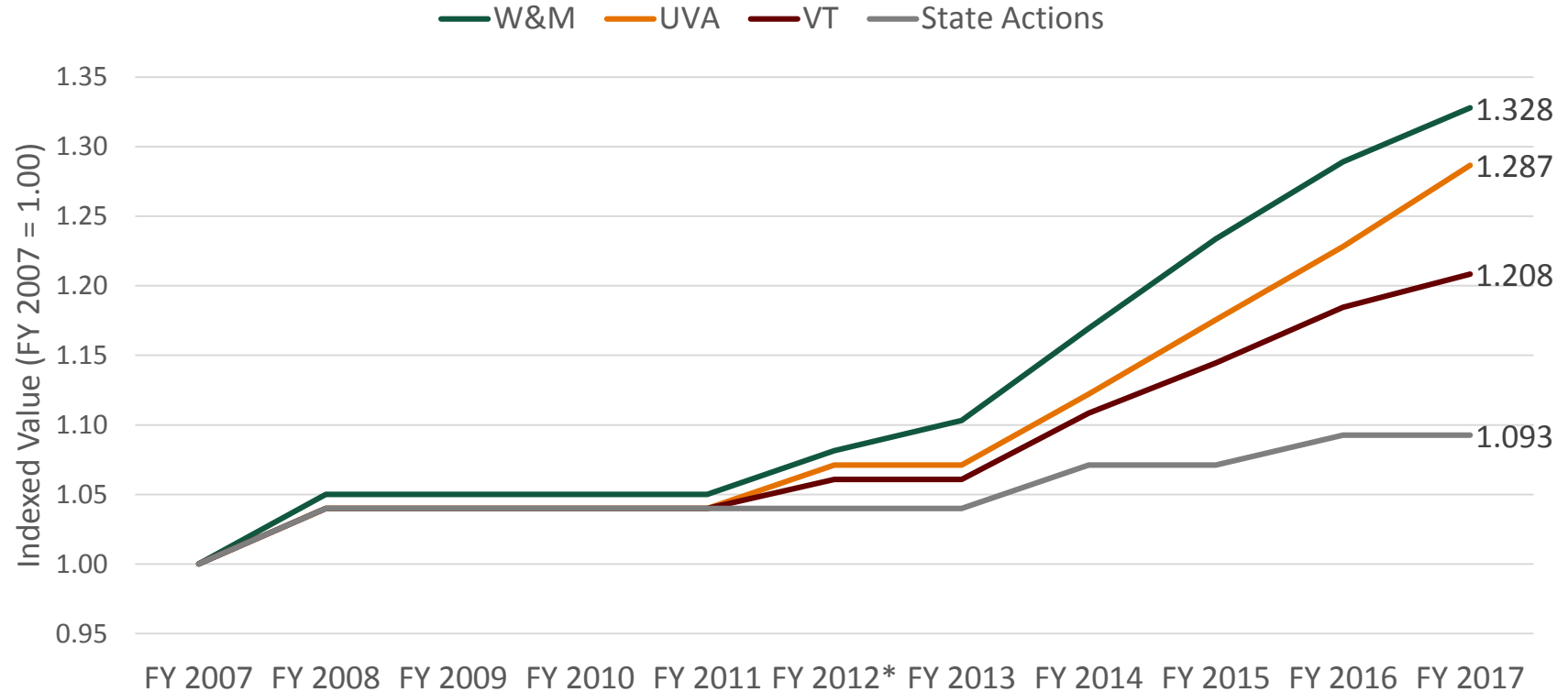
*State authorized 3.0% bonus

Percentage Increase in Avg. Faculty Salary, FY13 to FY16



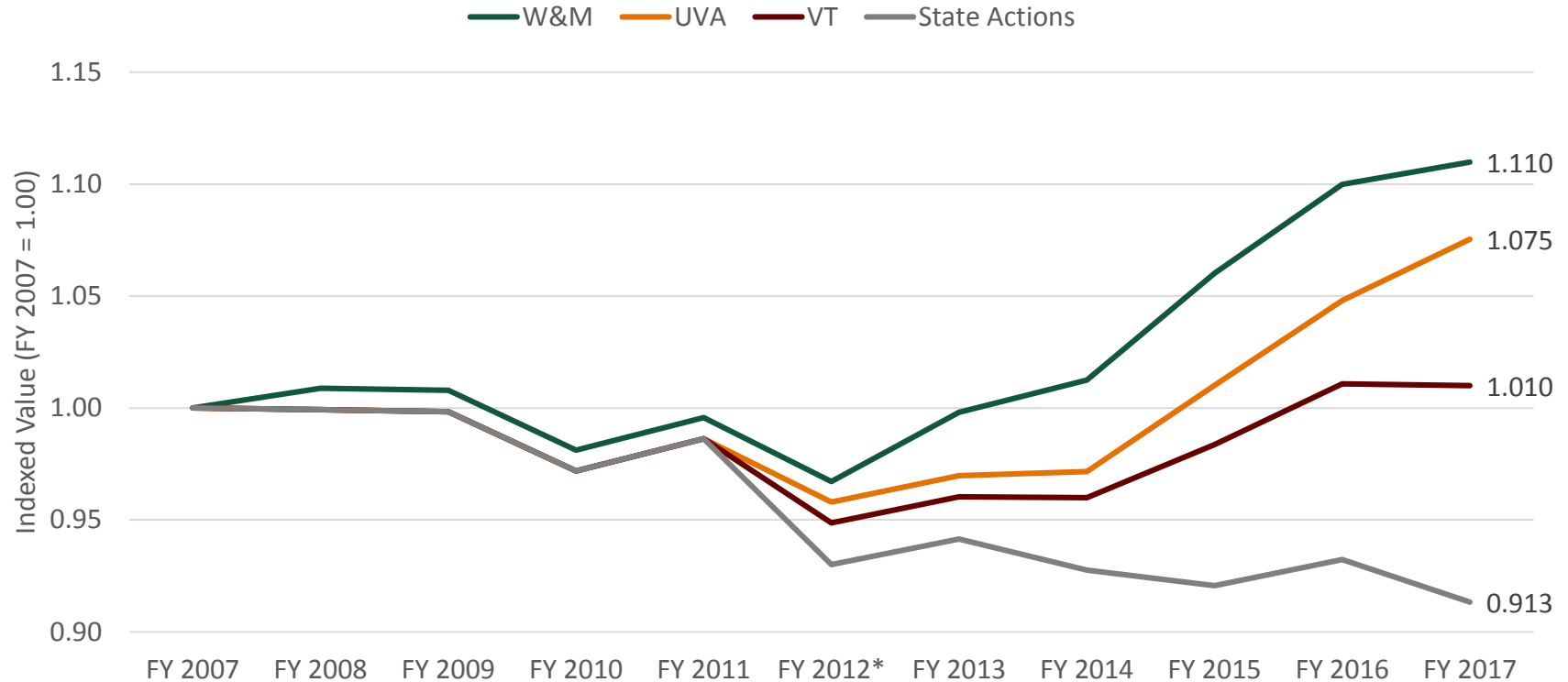
Note: Yeshiva U. excluded due to apparent data error (45% increase from FY15 to FY 16).

Increases in Faculty Base Salary Indexed to FY 2007



*VRS participants statewide received a 5% raise in FY 2012 offset by a required 5% VRS contribution.

Inflation-Adjusted (CPI) Annual Faculty Compensation Indexed to FY 2007

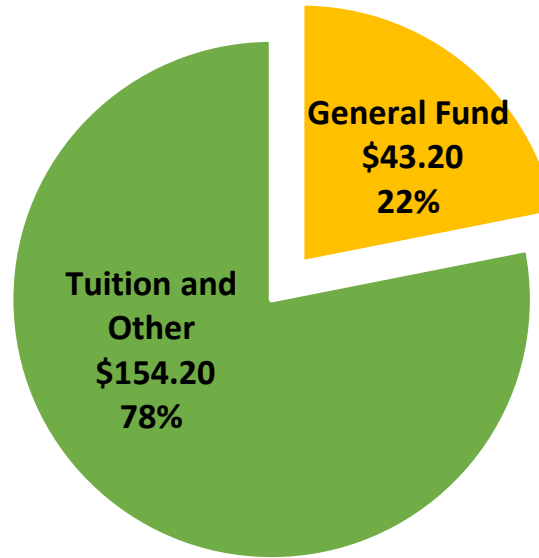


*VRS participants statewide received a 5% raise in FY 2012 offset by a required 5% VRS contribution.

Sources of E&G Revenue

\$197.37 million

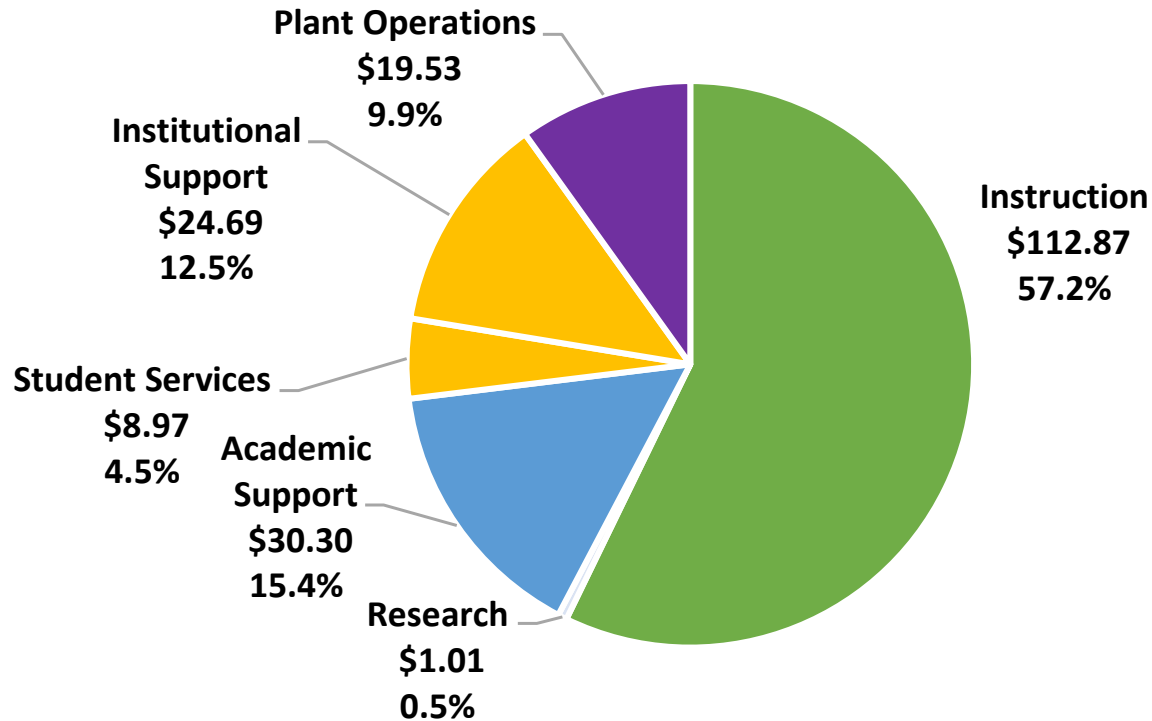
(\$ in millions)



Expenditures by E&G Program

\$197.37 million

(\$ in millions)

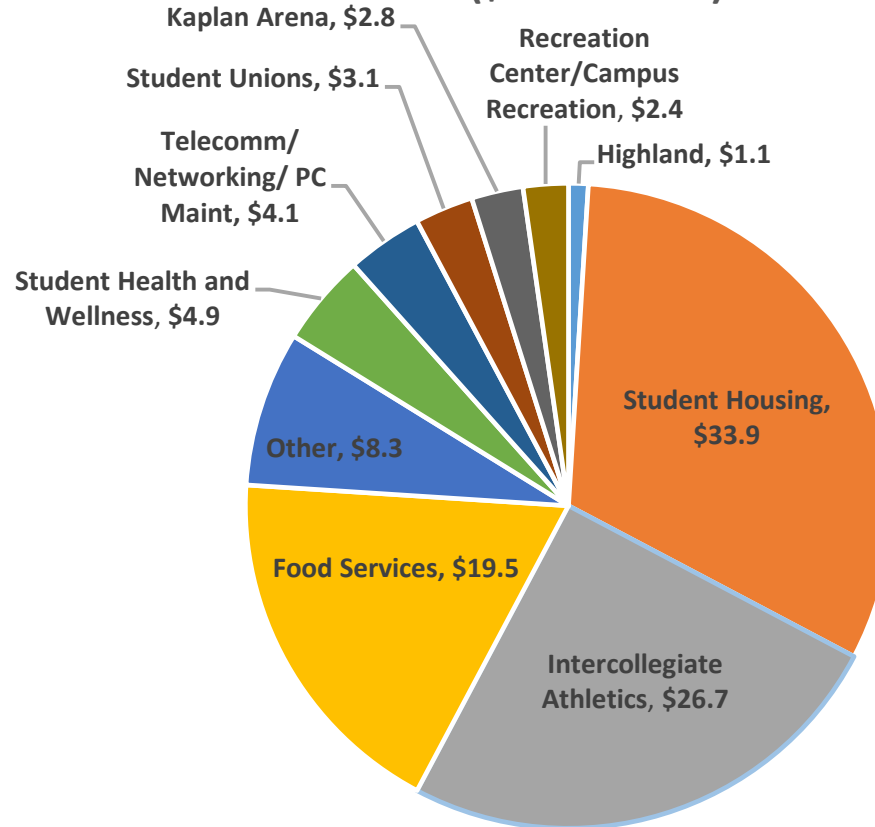


PRIMARY COST DRIVERS: AUXILIARY ENTERPRISES

- Annualize FY 2017 Salary Actions
- 3% Salary Increase (effective July 10, 2017)
- Health Insurance Rate Increase + 8.6%
- Debt Service
- Contractual Obligation

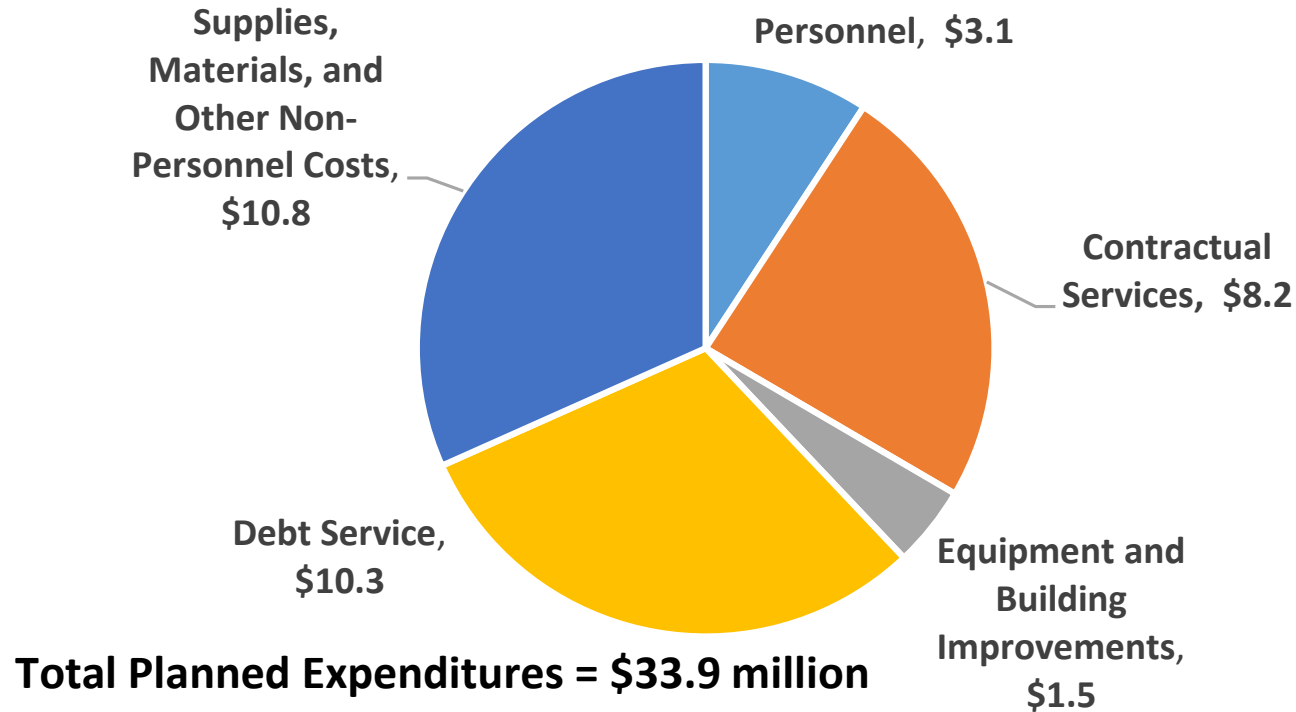


FY 2018 Projected Auxiliary Enterprise Expenditures by Major Program (\$ in millions)



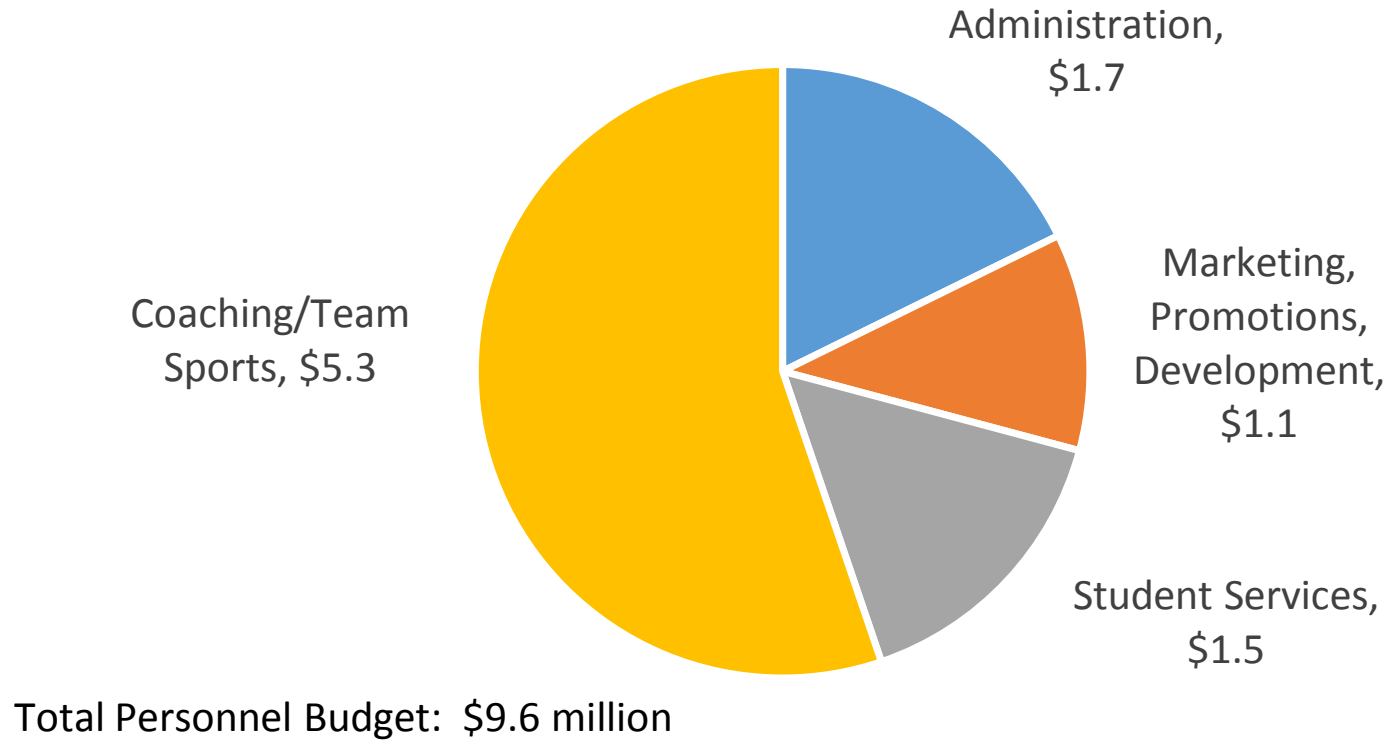
**Total Expenditures =
\$106.8 million**

Student Housing and Residence Life FY 2018 Proposed Operating Expenses (\$ in millions)

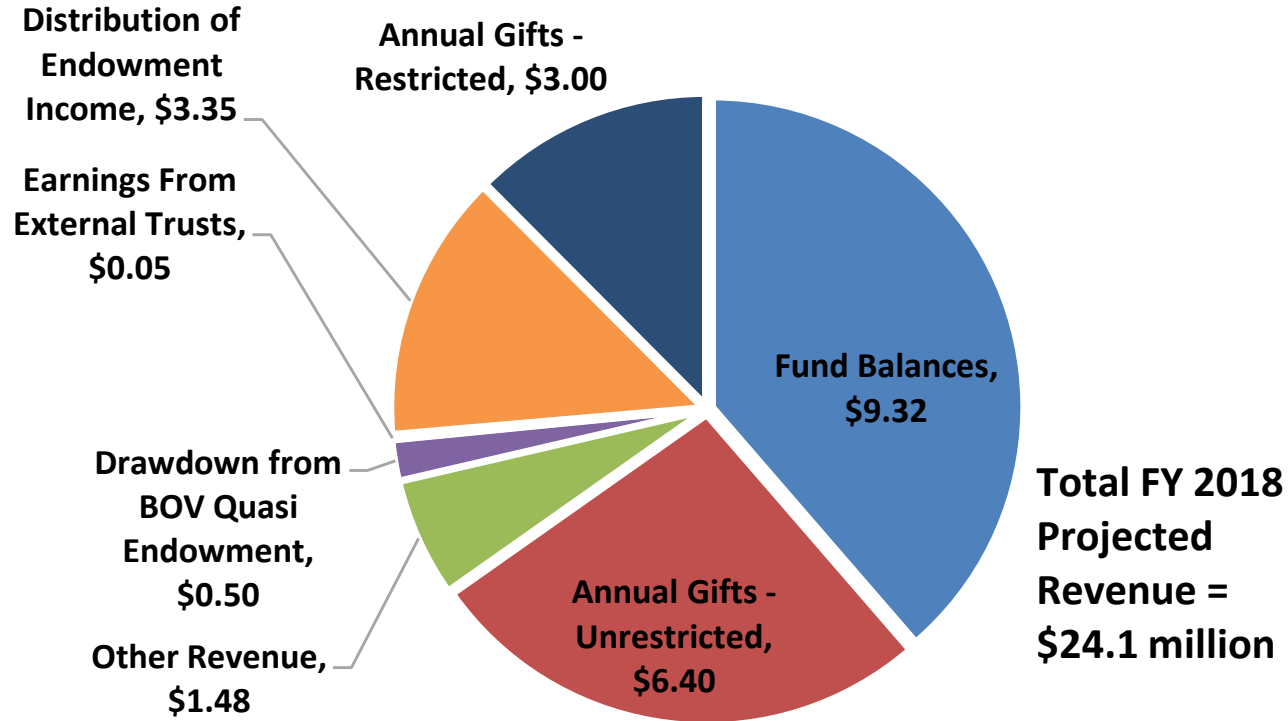


FY18 Athletics Personnel Budget, by Area

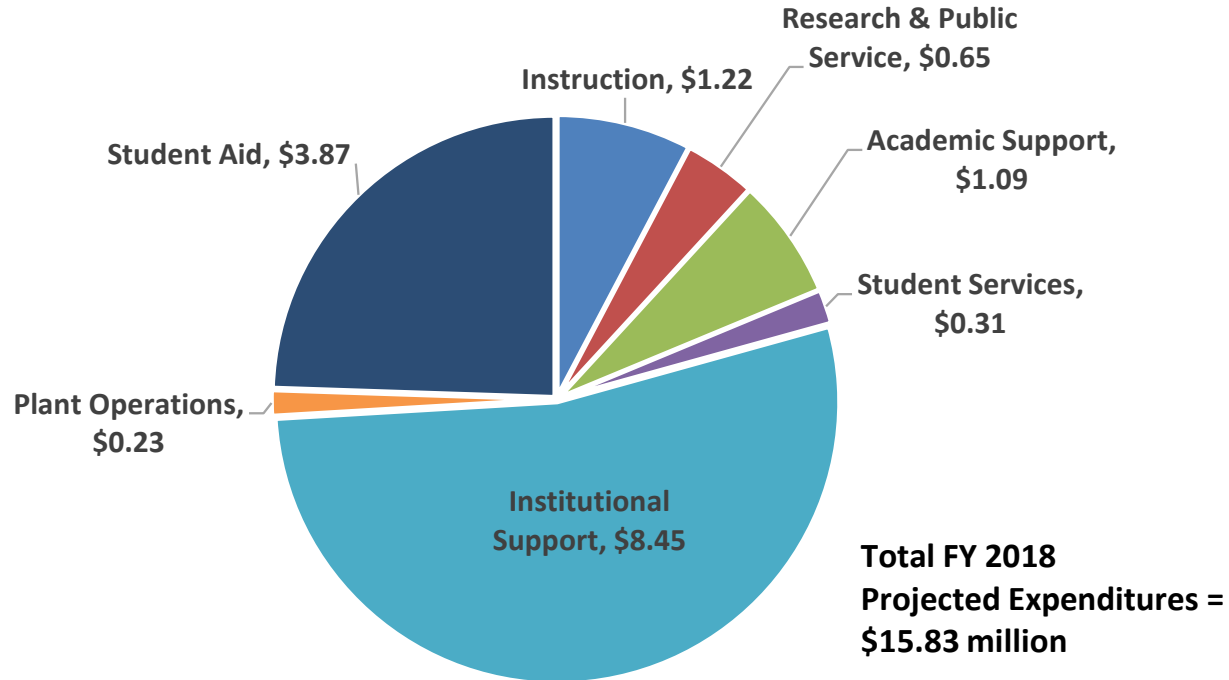
(\$ in millions)



FY 2018 Private Funds Revenue, by Source (\$ in millions)



FY 2018 Private Funds Expenditures, by Program (\$ in millions)



FY 2018 PROPOSED TUITION AND FEES

COLLEGE OF WILLIAM & MARY
Committee on Financial Affairs
Board of Visitors
April 21, 2017



FY18 PROPOSED TUITION AND FEE ACTIONS

- Three major areas:
 - 1) Undergraduates
 - 2) Graduate and Professional Students
 - 3) Special Rate Programs

CHANGE IN TOTAL COST FOR UNDERGRADUATES VARIES BETWEEN 1.7% AND 3.5%

Total Undergraduate Cost
Tuition, Mandatory Fees, Room and Board

	FY17	Proposed FY18	\$ Change	% Change
IN-STATE STUDENTS				
Seniors	\$29,334	\$29,901	\$567	1.9%
Juniors	\$30,884	\$31,451	\$567	1.8%
Sophomores	\$32,580	\$33,147	\$567	1.7%
New Students	N/A	\$33,843	N/A	N/A
OUT-OF-STATE STUDENTS				
All Students	\$53,620	\$55,469	\$1,849	3.5%

W&M MAINTAINS THE PROMISE ON IN-STATE UNDERGRADUATE TUITION

In-State Undergraduate Tuition

	FY17	Proposed FY18	\$ Change
Seniors	\$12,428	\$12,428	\$0
Juniors	\$13,978	\$13,978	\$0
Sophomores	\$15,674	\$15,674	\$0
Incoming Students	N/A	\$16,370	N/A

- Tuition for in-state undergraduate students continues to be guided by the Promise.
- BOV took action in November 2016 to set tuition for incoming students at \$16,370 -- a 4.4% increase over the current freshmen class.
- Under the Promise, tuition will not increase for these students over the next four years.

OUT-OF-STATE UNDERGRADUATE TUITION DRIVEN LARGELY BY COMPENSATION DEMANDS

- Recommend 3.5% increase in out-of-state tuition, driven primarily by the institutional share of FY18 faculty and staff salary increases-- averaging 3% -- and state-mandated increases in health insurance of 8.6%.

Out-of- State Undergraduate Tuition

FY17	Proposed FY18	\$ Change
\$36,158	\$37,425	\$1,267

PROPOSED INCREASE IN DIFFERENTIAL PRICING FOR BUSINESS MAJORS AND MINORS

- In February 2013, the BOV first approved a separate fee for declared undergraduate business majors and minors to recognize the higher cost structure of business school programs.
- The proposed increase for FY18 will apply to undergraduates who declare during the upcoming academic year. Existing majors and minors will be grandfathered in at FY17 levels.

Undergraduate Business Major and Minor Fees

	FY17	Proposed FY18	\$ Change
Undergraduate Business Major	\$3,000	\$5,000	\$2,000
Undergraduate Business Minor	\$1,500	\$2,500	\$1,000

STANDARD FEES SUPPORT A MIX OF EDUCATIONAL, AUXILIARY AND STUDENT ACTIVITIES

1. **General Fee** supports auxiliary services and student activities, including student health & wellness, bus service, student unions, computing services, athletics, and recreational sports.
2. **Technology Fee** supplements funding for educational technology as authorized by the Commonwealth of Virginia.
3. **Student Faculty Fee**, requested by the W&M student body in FY 2005, supports faculty compensation.
4. **HEETF Fee**, mandated by the Commonwealth of Virginia, supports debt service for educational and research equipment purchased through the state's Higher Education Equipment Trust Fund.
5. **State Facility Fee**, mandated by the Commonwealth of Virginia, is intended to capture the "full cost" for out-of-state students by including debt service related to state funded capital projects.

STANDARD FEE INCREASES DRIVEN BY SALARIES, HEALTH INSURANCE, AND STATE DEBT SERVICE

Standard Fees for All Full-Time Students

	FY17	Proposed FY18	\$ Change
General Fee	\$4,126	\$4,309	\$183
Technology Fee	\$100	\$100	\$0
Student Faculty Fee	\$5	\$5	\$0
HEETF Fee	\$31 in-state \$62 out-of-state	\$31 in-state \$62 out-of-state	\$0 in-state \$0 out-of-state
State Building Fee	\$525 out-of-state	\$540 out-of-state	\$15 out-of-state
TOTAL	\$4,262 in-state \$4,818 out-of-state	\$4,445 in-state \$5,016 out-of-state	\$183 in-state \$198 out-of-state

INCREASES IN GENERAL FEE PARTIALLY OFFSET BY DECREASES IN THE FACILITY FEE

- Facility Fees support debt service on capital projects.
- Fees are assessed based on the student level.

Facility Fees by Program Type

	FY17	Proposed FY18	\$ Change
Undergraduate	\$1,262	\$1,229	(\$33)
Graduate A&S/ Education/VIMS	\$961	\$928	(\$33)
Law* <small>excludes Law North Wing and Library Fees</small>	\$692	\$659	(\$33)
Business	\$995	\$962	(\$33)

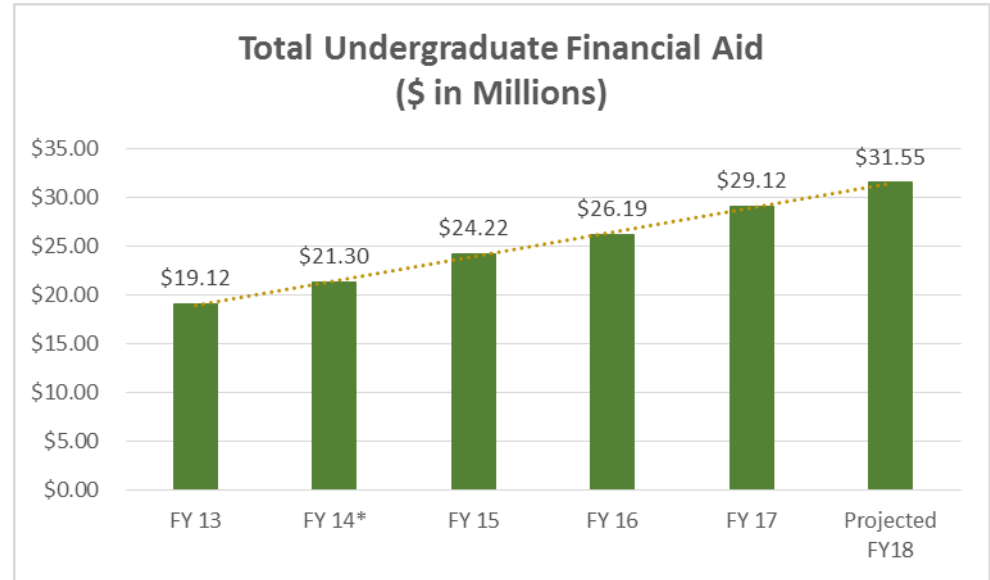
ROOM & BOARD WILL INCREASE 3.7% ON AVERAGE

	FY17	Proposed FY18	\$ Change
Room (Wtd. Average)	\$6,944	\$7,183	\$239
Board (19 meals)	\$4,438	\$4,616	\$178
Total Avg Room & Board	\$11,382	\$11,799	\$417

- Increases in room rates are driven largely by increases in salaries, health insurance, contractual services, and leases.
- Proposed board rates reflect anticipated growth in Food Services' contractual services.

UNDERGRADUATE AID HAS INCREASED \$12.4 MILLION – OVER 65% SINCE FY13

- In total, W&M has budgeted \$31.6 million for undergraduate financial aid in FY18.**
- Of the \$12.4 million increase since FY13 (Pre-Promise), \$10.8 million of the incremental funding has come from incremental tuition revenue. The remainder is attributable primarily to growth in BOV Private Funds and contributions from Auxiliary Enterprises.



** Excludes student financial aid funded through the CWMF annual budget.

CHANGES VARY BY PROGRAM FOR GRADUATE AND PROFESSIONAL STUDENTS

FY18 Proposed Tuition and Fees, by Program

	FY17		Proposed FY18		\$ Change	
	In-State	Out-of-State	In-State	Out-of-State	In-State	Out-of-State
Graduate A&S, VIMS, Ed	\$14,222	\$30,464	\$15,002	\$31,864	\$780	\$1,400
Master of Public Policy	\$25,222	\$35,778	\$27,372	\$37,944	\$2,150	\$2,166
Law	\$31,964	\$40,964	\$32,964	\$41,964	\$1,000	\$1,000
Business – MAcc	\$32,256	\$42,512	\$32,406	\$42,678	\$150	\$166
Business – MBA	\$31,956	\$43,112*	\$32,106	\$43,278*	\$150	\$166
Business - MSBA	\$38,956	\$45,512	\$40,106	\$46,878	\$1,150	\$1,366

* This is a correction from the agenda book materials.

SPECIAL RATE PROGRAMS

- Special rate programs are priced separately due to unique program characteristics driven by market or program design.
- Proposed changes include:
 - Increasing the total program cost for the Executive MBA Program from \$91,500 for the cohort that started in January 2017 to \$93,900 for the January 2018 cohort.
 - Moving the Executive EdD program from a flat program rate to \$950 per credit hour.
 - Increasing the On-line MBA program from \$1,081 per credit hour in FY17 to \$1,150 per credit hour in FY18.
- No changes are recommended for the St. Andrews Undergraduate Dual Degree Program, the Miami-Dade Executive Education program, or tuition for W&M credit-bearing study abroad programs.

RESOLUTION 24(R)

- THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the Tuition and Fees outlined in Tables 1-8 for FY 2018 *as corrected for out-of-state students in the Master of Business Administration Program*. Pursuant to Section 23.1-1301 A.5., Code of Virginia, the Board further delegates authority to the Provost and Senior Vice President for Finance and Administration to establish: 1) course fees as needed to offset materials, supplies or additional course-specific costs not covered by general tuition and fees, and 2) special program fees for study abroad programs, on-line programs, certificate or other professional programs. The Provost and Senior Vice President for Finance and Administration shall update the Board annually on any program tuition and fees approved under this delegation.

Resolution 23 – FY 2017-18 Operating Budget Proposal

Resolution 24 (R) – FY 2017-18 Tuition and Fee Structure For Full- and Part-Time Students

