



WILLIAM & MARY

CHARTERED 1693

BOARD OF VISITORS RETREAT

July 13, 2017

Wyndham Virginia Crossings Conference Center
Glen Allen, VA



WILLIAM & MARY

CHARTERED 1693

W&M 2026



Vision 2026: Key Objectives

- Build a strong and sustainable operating and financial model to ensure William & Mary's excellence and ascendancy.
- Commit to socioeconomic diversity (access and affordability) to ensure a diverse university community and a diverse educational experience.
- Position William & Mary at the intersection of the humanities and technology and support a stronger emphasis on STEM-H disciplines, including engineering and design and data literacy.
- Support William & Mary's position as a leader in global citizenship and developing strong leaders in all professional pursuits.
- Position William & Mary at the center (geographic and thought leadership) of a mega region between Virginia Beach and Richmond.

Discussion Themes

- The W&M Promise's success and its limits
- "Public Ivy" creates tension between our operating model and our financial model
- Possibility of changes to operating model (e.g., enrollment, e-learning, balance of tenure and non-tenure faculty, etc.)

The William & Mary Promise



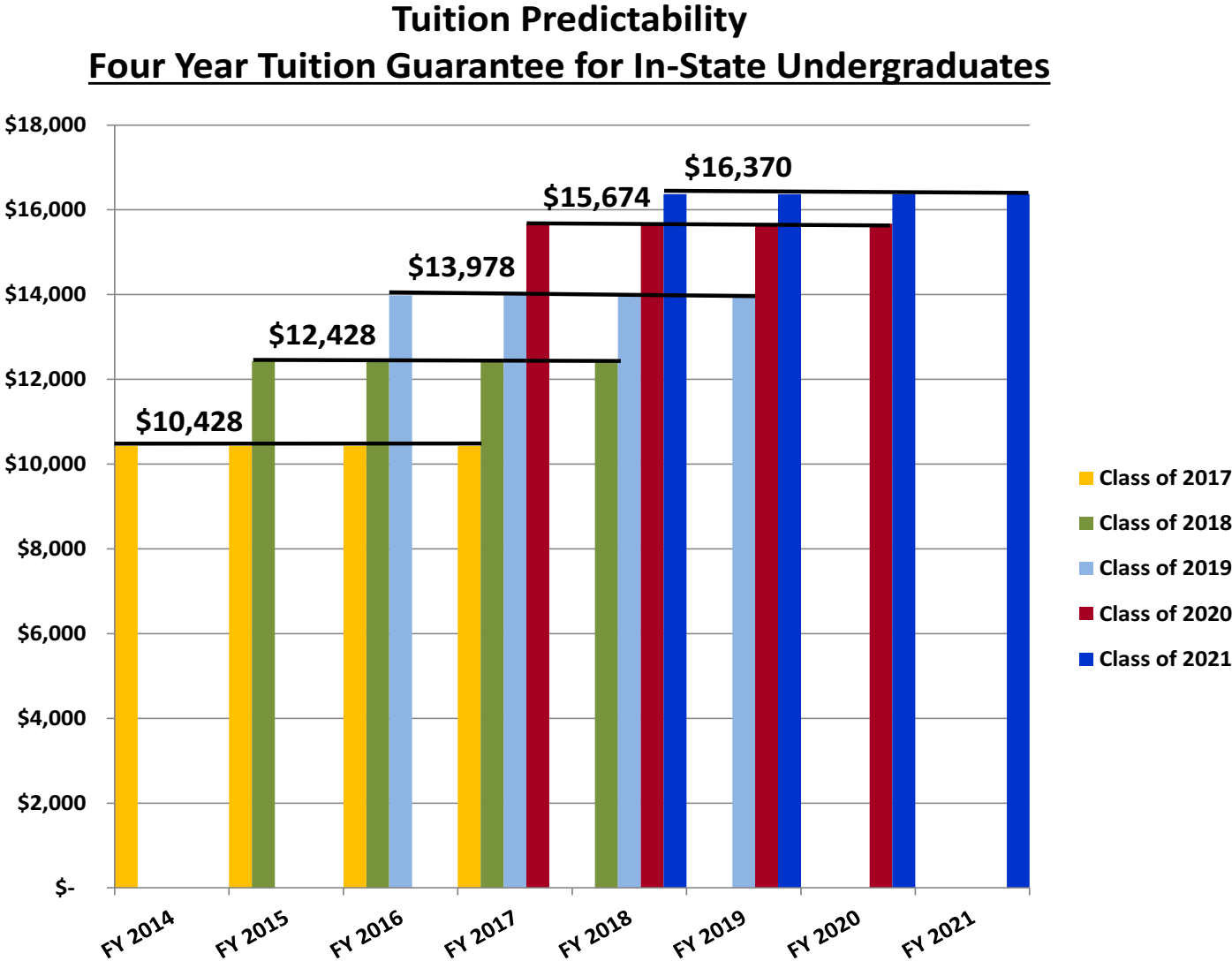
The William & Mary Promise

Goals:

- Strengthen William & Mary as a “distinctive public ivy” and provide the resources to ensure William & Mary’s excellence.
- Provide tuition predictability for in-state undergraduates through a guaranteed tuition program.
- Expand access for in-state undergraduates by increasing the number of in-state undergraduate students.
- Enhance low-and middle-income affordability for in-state undergraduates through a much more robust need-based financial aid program.
- Improve administrative and academic productivity and efficiency.
- Increase merit-based compensation for faculty and staff.

The William & Mary Promise

Tuition Predictability



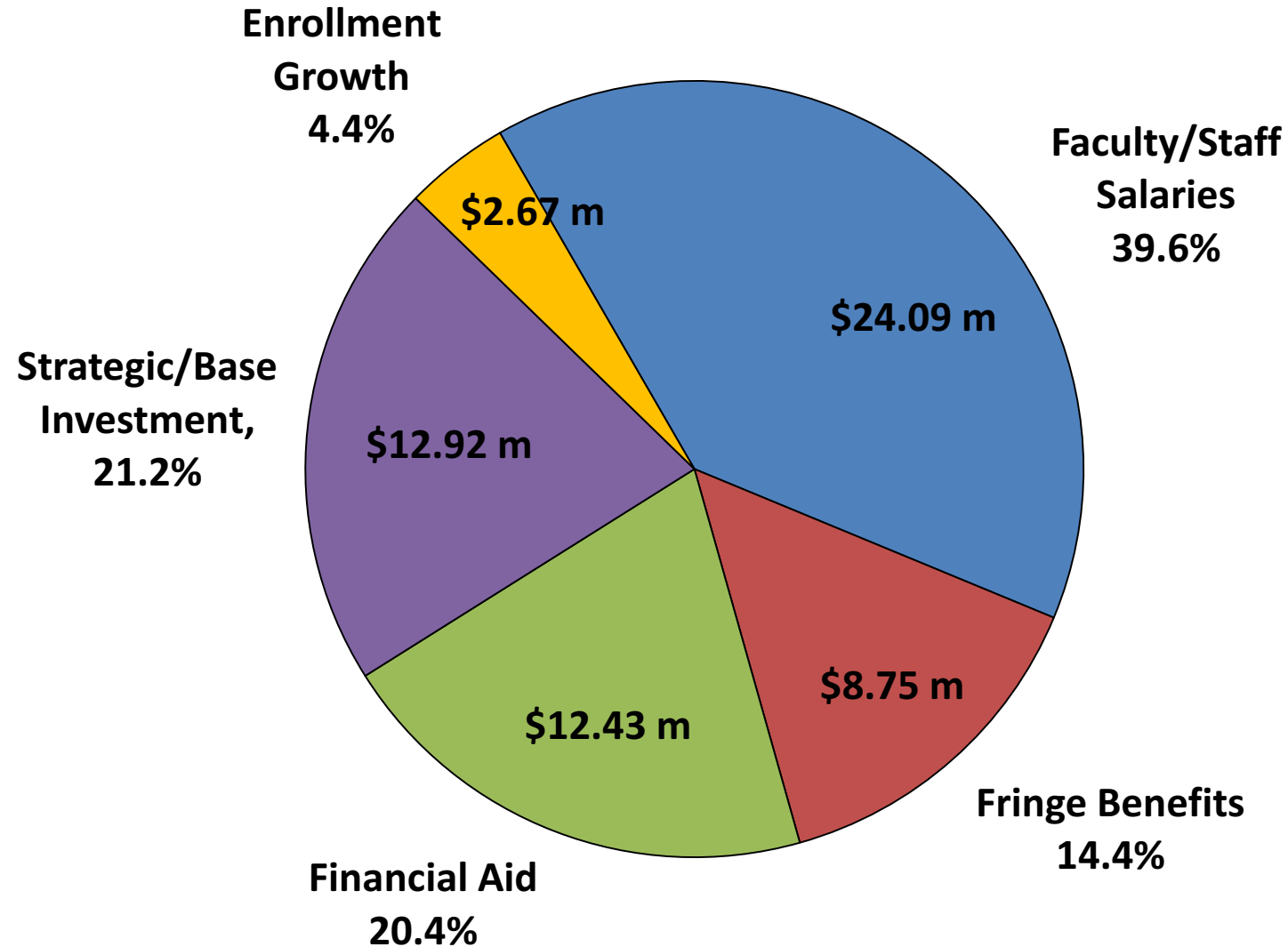
In FY 2013, prior to the adoption of the W & M Promise, tuition was \$8,677 for all full-time, in-state undergraduate students.

William and Mary Promise

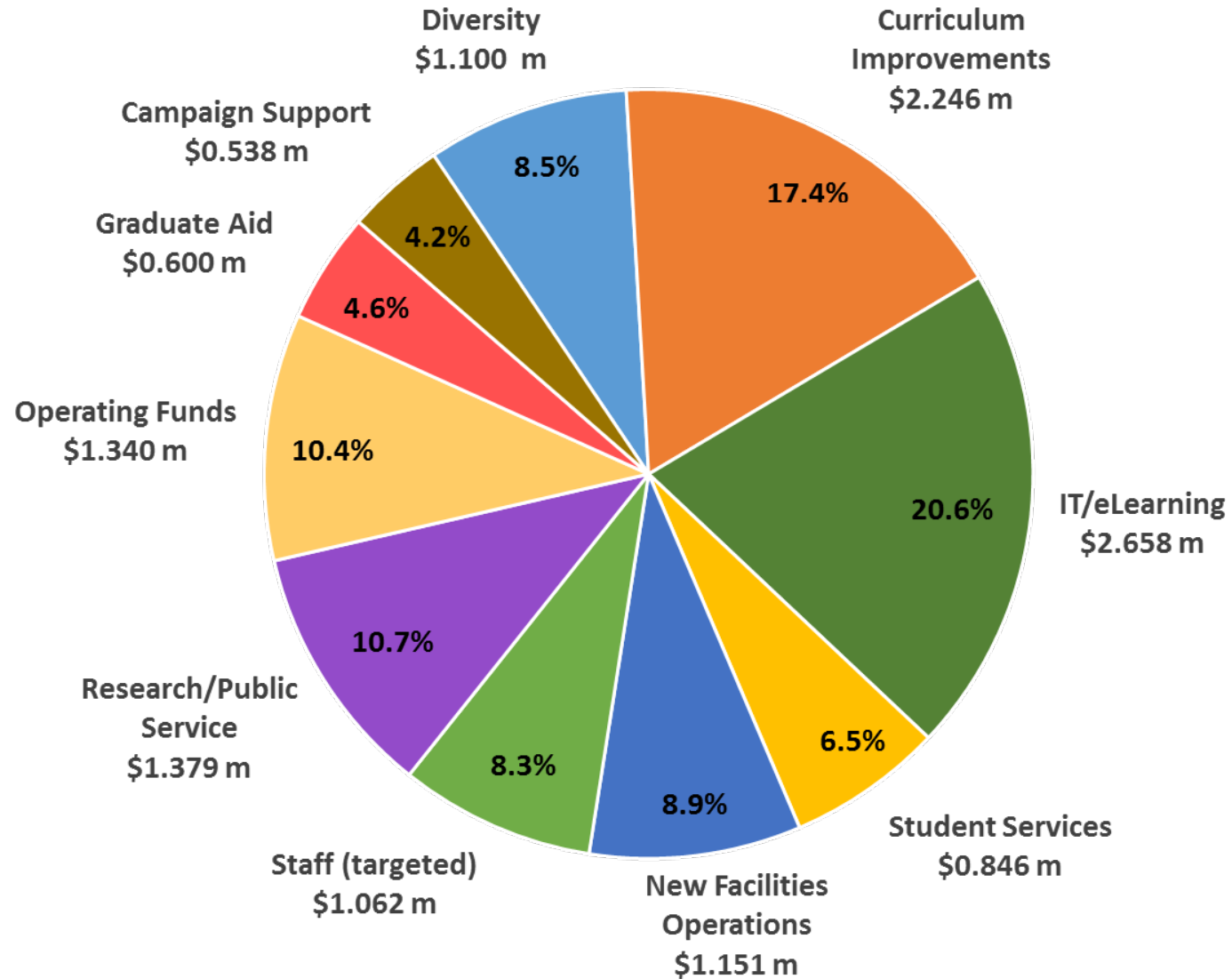
USES OF INCREMENTAL REVENUE/REALLOCATED RESOURCES

(2014-2018)

\$60.86 million



William & Mary Promise
Primary Areas of Strategic/Base Investment
(2014-2018) \$12.92 million



FY 2018 W&M OPERATING BUDGET

Excluding VIMS

REVENUES	Academic Programs	Sponsored Research	Student Financial Aid	Auxiliaries	TOTAL
State General Fund	43.2	0.1	4.5	0.0	47.8
Tuition	154.2	0.0	35.6	0.0	189.8
Grants & Contracts	0.0	31.7	0.0	0.0	31.7
Auxiliary Student & User Fees	0.0	0.0	0.9	109.3	110.2
Subtotal Before Private Funds	197.4	31.8	41.0	109.3	379.4
BOV Private Funds	12.0	0.0	3.9	0.0	15.9
Subtotal, All W&M BOV Controlled Funds	209.4	31.8	44.9	109.3	395.3
Affiliated Foundations**	33.3	0.0	8.6	0.0	41.9
Total Revenue, W&M incl. Foundations	242.6	31.8	53.5	109.3	437.2
EXPENDITURES	Academic Programs	Sponsored Research	Student Financial Aid	Auxiliaries	TOTAL
Instruction	124.3	0.0	0.0	0.0	124.3
Research	2.8	0.0	0.0	0.0	2.8
Public Service	0.2	0.0	0.0	0.0	0.2
Academic Support	34.1	0.0	0.0	0.0	34.1
Student Services	10.4	0.0	0.0	0.0	10.4
Institutional Support	43.3	0.0	0.0	0.0	43.3
Plant Operations	24.3	0.0	0.0	0.0	24.3
Financial Aid	0.0	0.0	56.9	0.0	56.9
Sponsored Programs	0.0	31.8	0.0	0.0	31.8
Auxiliary Services	0.0	0.0	0.0	106.4	106.4
Total, Expenditures incl. Foundations	239.3	31.8	56.9	106.4	434.3

* Excludes fund balances in BOV Private Funds and Foundation Funds.

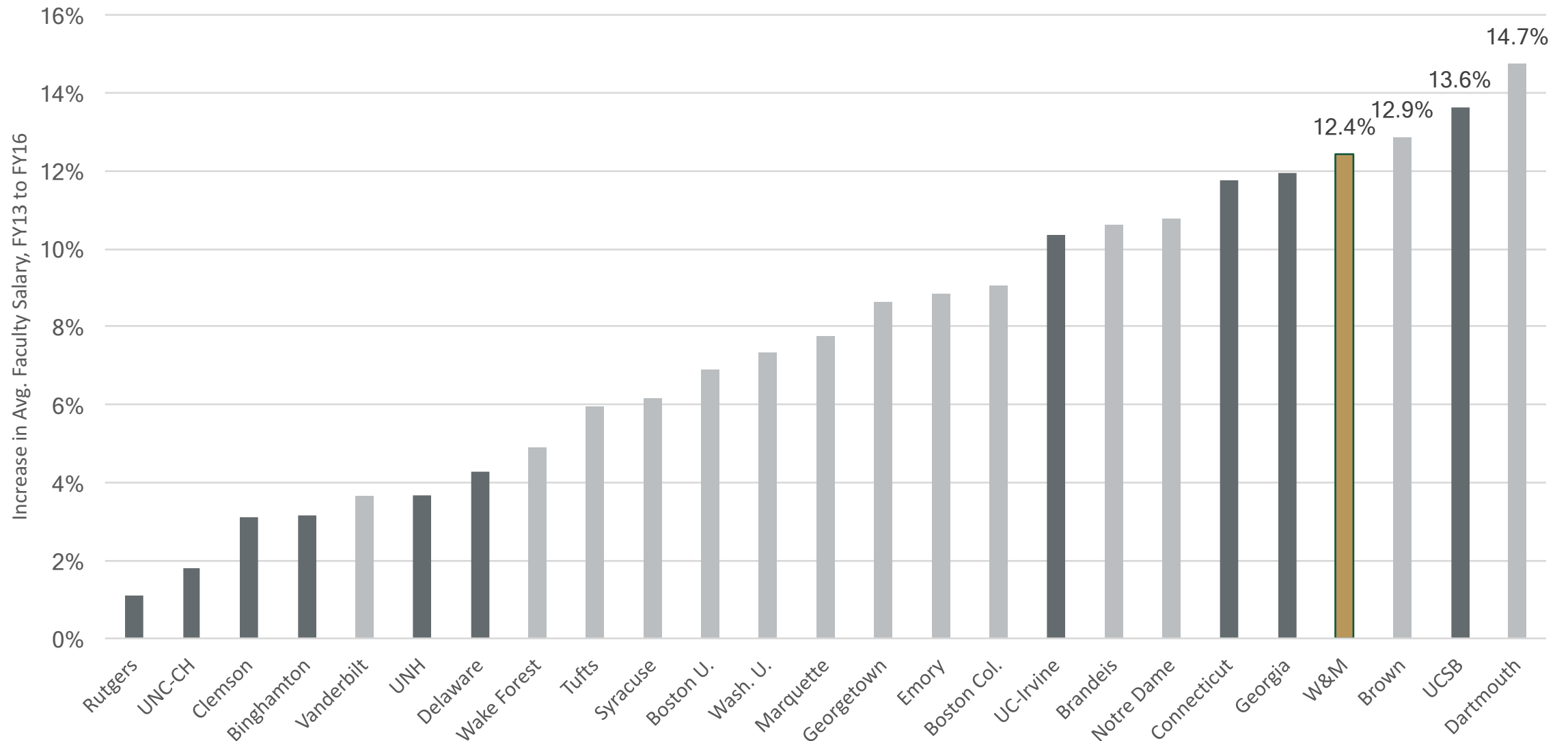
** Includes the College of William & Mary Foundation, School of Law Foundation, and School of Business Foundation.

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%	2.0% + years of service	6.0%	4.0%
FY 2015	0.00	0.00	5.5%	3.0%
FY 2016	2.0%	2.0% + years of service	4.5%	2.0%
FY 2017	0.00	0.00	3.0%	3.0%
FY 2018	2.0%	3.0%	3.0%	3.0%
TOTAL	7.0%	9.0%	25.5%	17.5%

*State authorized 3.0% bonus

Percentage Increase in Avg. Faculty Salary, FY13 to FY16 SCHEV-Approved Peer Group

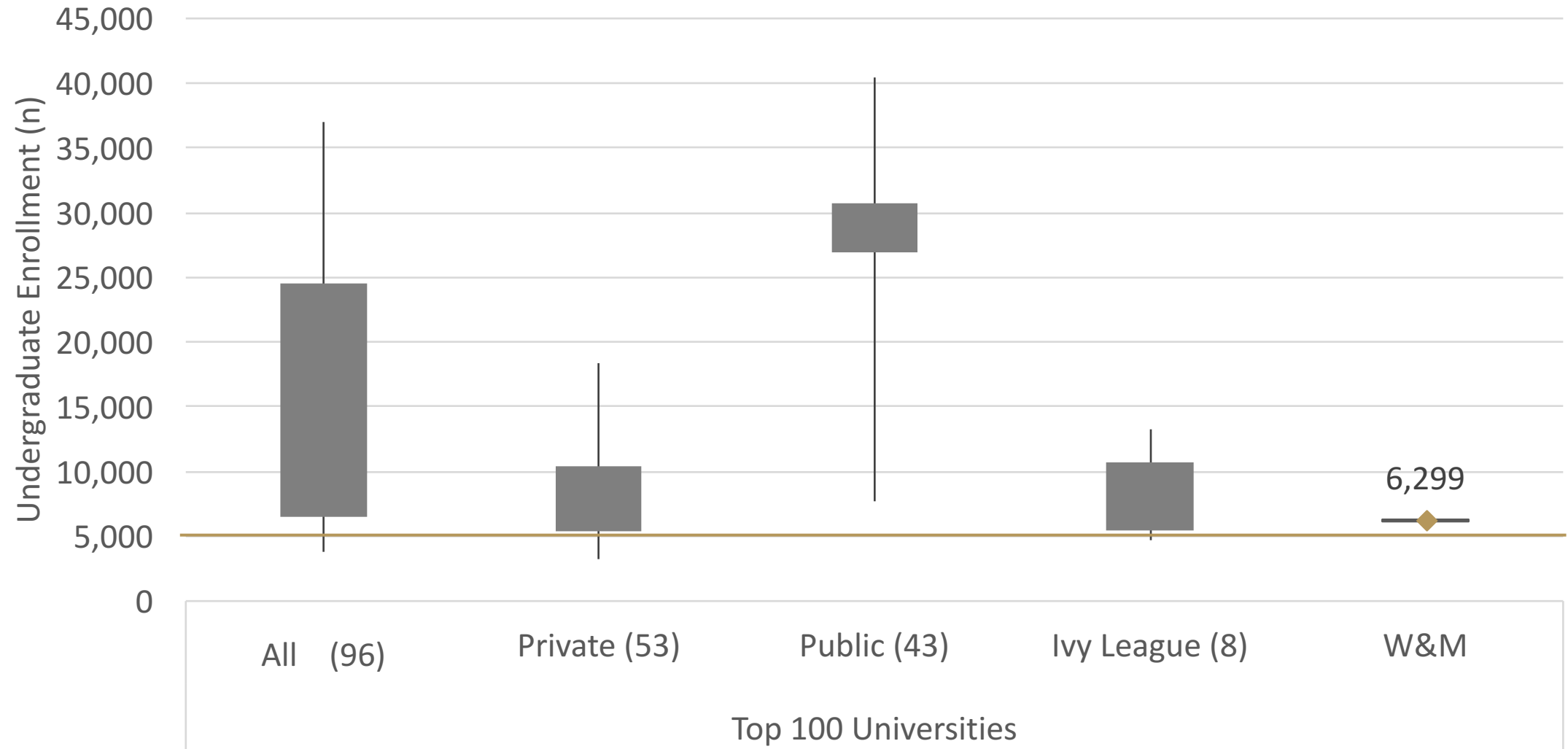


Note: Yeshiva U. excluded due to apparent data error (45% increase from FY15 to FY 16).

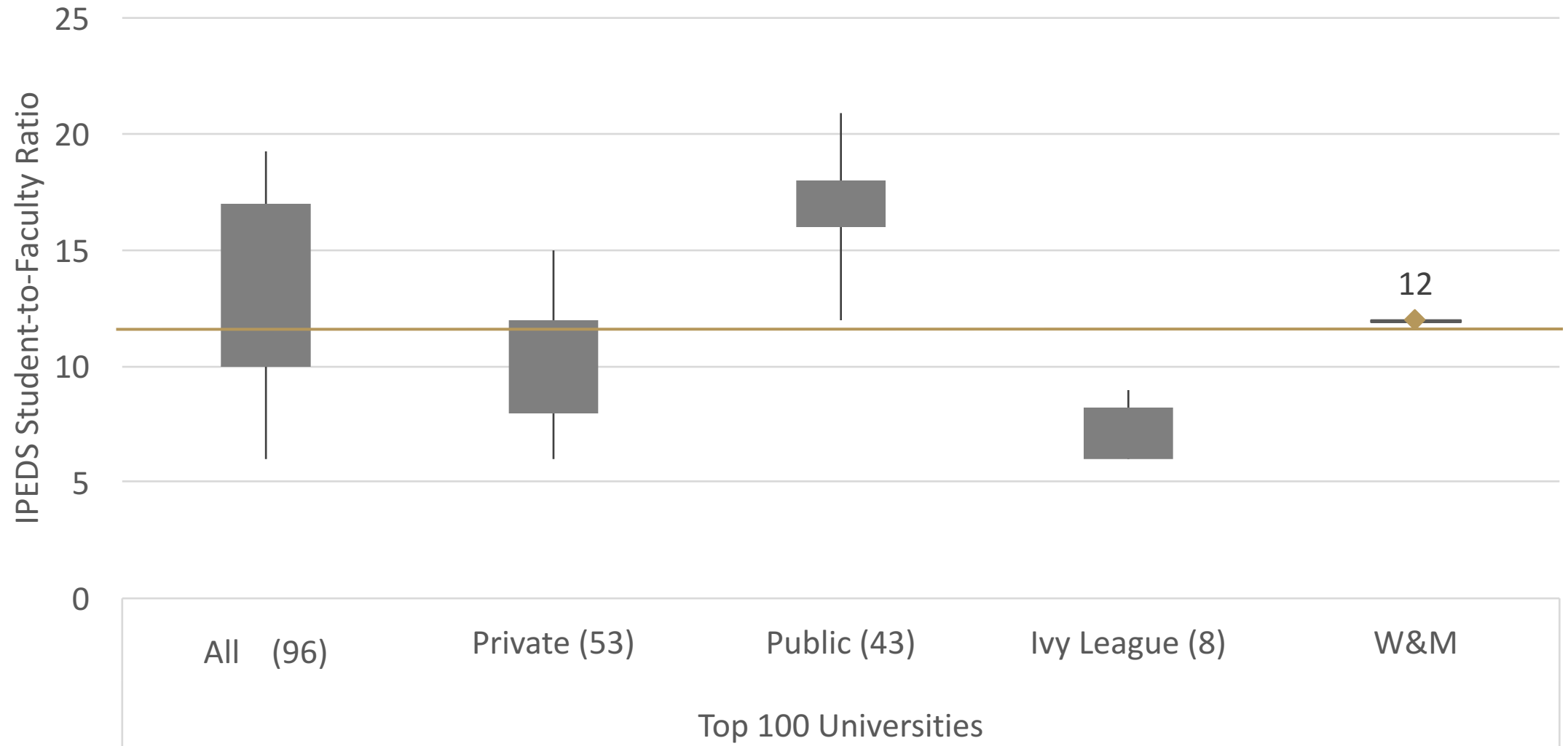
Operating vs. Financial Model



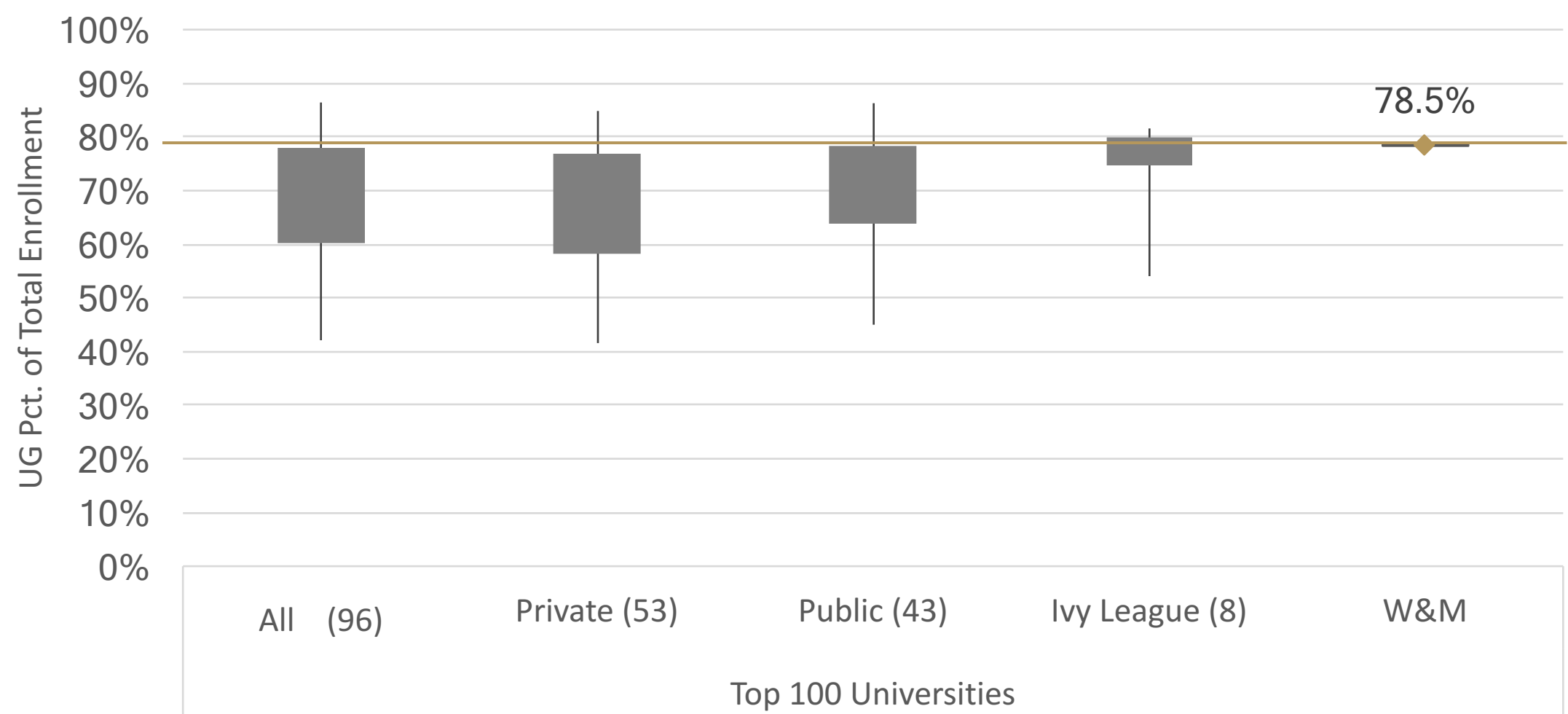
UNDERGRADUATE ENROLLMENT, FALL 2014



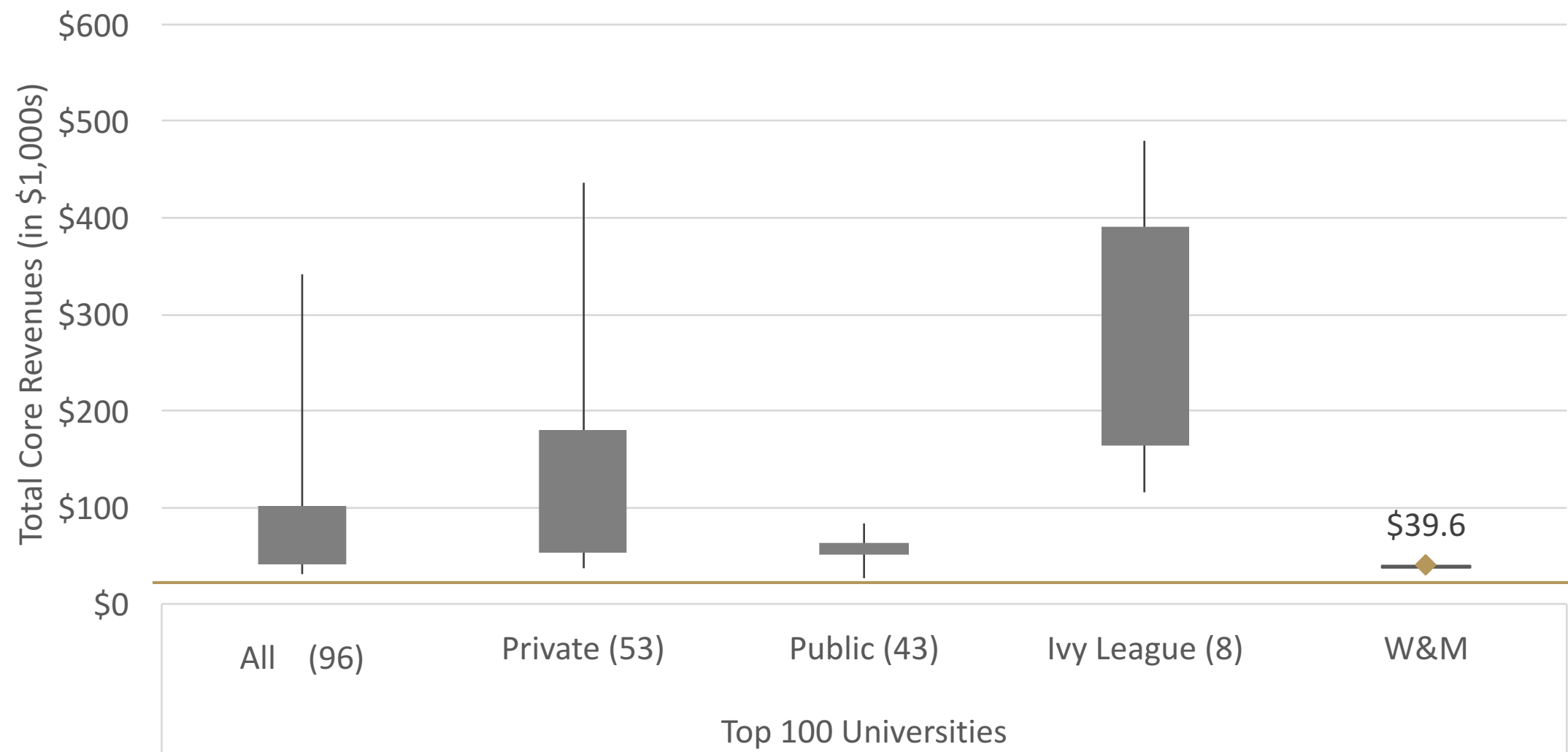
STUDENT-TO-FACULTY RATIO, FALL 2014



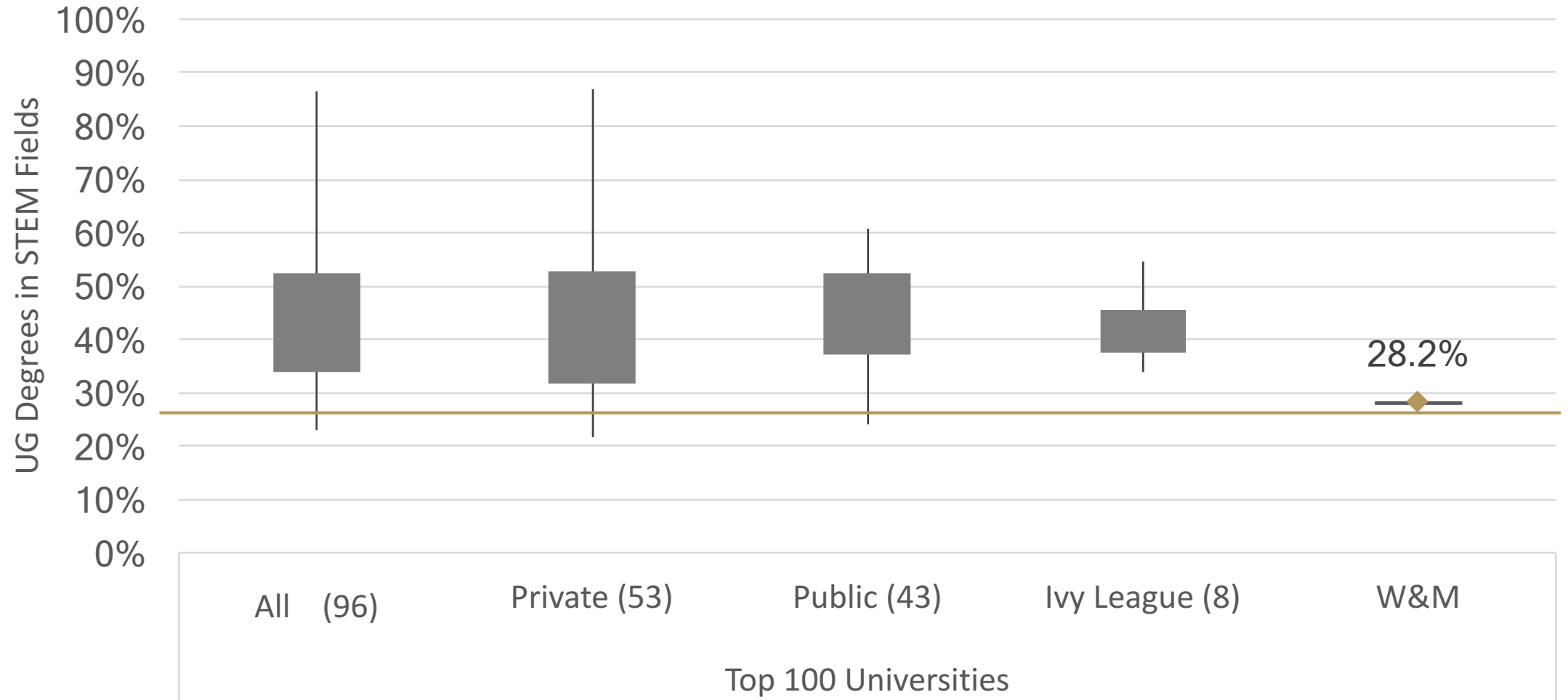
PERCENTAGE OF TENURED OR TENURE-ELIGIBLE FACULTY, FALL 2014



TOTAL CORE REVENUES PER FTE STUDENT, 2014



PERCENTAGE OF UNDERGRADUATE DEGREES AWARDED IN STEM FIELDS (1ST OR 2ND MAJOR), 2014



Operating Model

- Lower undergraduate enrollment
- Highly residential
- Moderately low student-to-faculty ratio
- Highly tenured/tenure-eligible faculty

More closely aligned with private universities

Financial Model

- Limited core revenues per FTE
- Particularly limited core revenues from investment returns (endowment)
- Early in our endowment/private giving fund raising program

More closely aligned with public universities

Key Financial Model Drivers

➤ Incremental Tuition

For Every 1% Increase in Tuition	Gross Revenue
1% Increase in In-State Undergraduate Tuition under Promise	\$180,000
1% Increase in In-State Undergraduate Tuition no Promise	615,000
1% Increase in Out-of-State Undergraduate Tuition	790,000
1% Increase in In-State Graduate Tuition, Excl Law/Business	40,000
1% Increase in Out-of-State Graduate Tuition, Excl Law/Business	32,000

Note: Gross revenue does not reflect incremental financial aid required to meet need at current levels.

➤ Enrollment

For Every 100 New Undergraduate Students	Gross Revenue
100 In-State Undergraduate Students	1,637,000
65 In-state/35 Out-of-State Undergraduate Students	2,373,900
100 Out-of-State Undergraduate Students	3,742,500

➤ Salaries

For Every 1% Increase in Salaries	Cost
1% Increase for Faculty	\$630,000
1% Increase Professional Staff	290,000
1% Increase in Classified/Operational Staff	280,000

Key Financial Model Drivers (cont.)

➤ Student-Faculty Ratio

- **Cost** to Maintain at 12:1 requires 8.3 new faculty for every 100 students or a minimum of \$915,000
- **Savings** to move student faculty ratio, for example, from 12:1 to 14:1 at current enrollment levels estimated at \$8.2 million
- **Savings** to move from 78% tenured/tenure-eligible faculty to 75% tenured/tenure-eligible faculty estimated at \$830,000
 - Every 1% reduction in tenured/tenure-eligible faculty **saves** approximately \$280,000