



WILLIAM & MARY

CHARTERED 1693

# COMMITTEE ON FINANCIAL AFFAIRS

## Board of Visitors

*November 17, 2017*

# AGENDA

## ACTION ITEMS

- **Resolution 18** – Continuation of the W&M Promise
- **Resolution 19** – Receipt of the Unaudited FY17 Financial Statements
- **Resolution 20** – Receipt of the FY17 Financial Report for the Intercollegiate Athletic Department

## INFORMATION ITEMS

- Revised projections for FY18 undergraduate, in-state financial aid

# CONTINUATION OF THE WILLIAM & MARY PROMISE FOR FY19 *RESOLUTION 18*

- Maintain tuition guarantee for all continuing undergraduate students
- Propose a 6.5% increase in tuition for incoming students (Fall 2018), bringing tuition to \$17,434.
  - November action allows early decision applicants to plan for tuition costs
  - Consistent with BOV-approved Six-Year Plan adopted in September 2017
  - All other tuition and fees for the 2018-19 academic year will be set by the BOV in April 2018 as part of the budget adoption process.

# THE WILLIAM & MARY PROMISE

## *In-State Undergraduate Tuition (Year-to-Year)*

	FY18	FY19	% Change
Rising Seniors	\$13,978	\$13,978	0.0%
Rising Juniors	\$15,674	\$15,674	0.0%
Rising Sophomores	\$16,370	\$16,370	0.0%
Incoming Students		\$17,434	N/A

Note: Tuition only. Does not include fees.

# FY17 UNAUDITED FINANCIAL STATEMENTS

## *RESOLUTION 19*

- Consolidated statements of the university and its component units
  - **“The University”** includes William & Mary, Virginia Institute of Marine Science (VIMS), and Richard Bland College since all three entities are governed by the BOV.
  - **“Component Units”** includes:

1) College of William and Mary Foundation	6) VIMS Foundation
2) Marshall-Wythe School of Law Foundation	7) RBC Foundation
3) Alumni Association	8) Real Estate Foundation
4) Athletic Educational Foundation (“Tribe Club”)	9) Intellectual Property Foundation
5) School of Business Foundation	

# STATEMENT PREPARATION

- Prepared under the accrual basis of accounting
  - Revenue recognized when earned rather than received
  - Expenditures recognized when incurred rather than paid
- Consolidation of:
  - W&M and VIMS financial operations, unaudited and attested to by W&M management
  - RBC financial operations, unaudited and attested to by RBC management
  - Audited statements from each of the 9 component units
- Rolled up in the Commonwealth's Comprehensive Annual Financial Report (CAFR)
- Subject to audit by the Auditor of Public Accounts

# STATEMENT OF NET POSITION

(\$ in millions)

	FY17		FY16		% Change	
	University	Component Units	University	Component Units	University	Component Units
Total Assets	\$1,075.9	\$967.0	\$1,050.1	\$878.5	2.4%	10.1%
Deferred Outflows	31.1	--	22.7	--	37.0%	--
Liabilities	454.4	65.8	451.6	61.3	0.6%	7.3%
Deferred Inflows	4.5	--	9.2	--	(51.1%)	--
<b>Total Net Position</b>	<b>\$ 648.1</b>	<b>\$901.2</b>	<b>\$612.0</b>	<b>\$817.2</b>	<b>5.9%</b>	<b>10.3%</b>

- Total assets increased by \$25.8 million primarily as a result of construction in progress for capital projects and increase in investments due to improvement in market conditions.
- The increases and decreases in deferred outflows, liabilities, and deferred inflows were due primarily to pension obligations.
- The combined impact resulted in an increase in total net position for the University of \$36.1 million or 5.9% over prior year.

# SUMMARY OF REVENUES

(\$ in millions)

	FY17		FY16		% Change	
	University	Comp Units	University	Comp Units	University	Comp Units
Operating	\$329.8	\$52.2	\$313.5	\$36.8	5.2%	41.2%
Non-Operating (net)	121.9	71.2	103.4	9.8	17.9%	633.7%
Other	42.8	23.6	68.5	17.2	(37.5%)	37.2%
<b>Total Revenue</b>	<b>\$494.5</b>	<b>\$147.0</b>	<b>\$485.4</b>	<b>\$63.8</b>	<b>1.9%</b>	<b>130.4%</b>

- Growth in operating revenues for the University was driven largely by increased tuition and fee revenue of \$16.8 million and increased revenue from grant and contract revenue of \$700,000. The increases were offset by a decline of \$1.4 million in other revenue
- Growth in operating revenues for the Component Units was due largely to gifts and contributions.
- Growth in non-operating revenues reflected a \$4.5 million increase in state appropriations and \$14.7 million increase in gifts and investment income.
- Growth in non-operating revenue for the Component Units was due largely to investment gains.
- Other revenues for the University decreased by \$25.7 million due to decreased capital appropriations and other capital funding.
- Growth in other revenues for the Component Units was due to increases in additions to permanent endowments.



# EXPENDITURES BY PROGRAM

(\$ in millions)

	FY17		FY16		% Change	
	University	Component Units	University	Component Units	University	Component Units
Instruction	\$126.6	\$7.1	\$121.4	\$6.4	4.3%	11.0%
Research/Public Service	54.7	1.4	55.1	1.8	(0.7%)	(22.2%)
Academic Support	37.1	5.9	36.1	5.2	2.8%	13.5%
Student Services	16.5	0.8	14.4	0.9	14.6%	(11.1%)
Institutional Support	46.1	17.8	42.4	17.2	8.7%	3.5%
Plant Operations	26.4	8.6	25.5	1.0	3.5%	760.0%
Student Aid	32.7	9.7	31.5	10.7	3.8%	(9.4%)
Auxiliary Enterprises	84.6	7.1	80.7	6.2	4.8%	14.5%
Depreciation	32.3	0.9	30.0	0.9	7.7%	0%
Other	0.4	3.7	0.5	20.5	(8.5%)	(82.0%)
<b>Total Expenditures</b>	<b>\$457.4</b>	<b>\$63.0</b>	<b>\$437.6</b>	<b>\$70.8</b>	<b>4.5%</b>	<b>(11.0%)</b>

## NEXT STEPS

- Auditor of Public Accounts expected to begin audit in early 2018.
- Anticipate bringing audited financial statements to Board in April 2018.

# FY17 FINANCIAL REPORT OF INTERCOLLEGIATE ATHLETICS *RESOLUTION 20*

- NCAA requires institutions to submit revenue and expense information annually online.
- Auditor of Public Accounts annually reviews statements to ensure that they meet NCAA Agreed-Upon Procedures Guidelines.

# ATHLETICS REVENUE GREW 7.4% OVER PRIOR YEAR

Operating Revenues	FY17	FY16	% Change
Ticket sales	\$ 951,700	\$ 740,900	28.5%
Student fees	14,367,200	13,722,400	4.7%
Indirect institutional support	953,700	963,000	(1.0%)
Contributions	5,184,600	4,653,900	11.4%
NCAA Distributions*	1,860,100	1,496,600	24.3%
Royalties, licensing, advertising and sponsorships	904,700	987,300	(8.4%)
Endowment and investment income	2,714,300	2,513,600	8.0%
All Other	1,465,300	1,377,100	6.4%
<b>Total Revenue**</b>	<b>\$28,401,500</b>	<b>\$26,454,900</b>	<b>7.4%</b>

\* Includes one-time NCAA payment of \$600,544, which was placed into a quasi-endowment per BOV action in September 2017.

\*\* Figures may not add due to rounding.

# OVERALL EXPENDITURES INCREASED AT A SLOWER RATE

Operating Expenditures	FY17	FY16	% Change
Athletic Student Aid	\$ 8,721,600	\$ 8,504,300	2.6%
Coaching Salaries & Benefits	4,850,600	4,685,400	3.5%
Staff Salaries & Benefits	4,429,500	3,940,400	12.4%
Team Travel	1,921,200	1,774,400	8.3%
Facility Debt Service, Leases & Rental Fees	1,363,500	1,390,300	(1.9%)
Direct Overhead & Administration Costs	1,487,300	1,312,500	13.3%
Sports Equipment, Uniforms & Supplies	845,000	1,080,800	(21.8)
Game Expenses	840,700	864,100	(2.7%)
All Other Expenses	3,080,300	2,902,900	6.1%
<b>Total Expenses*</b>	<b>\$27,539,700</b>	<b>\$26,445,200</b>	<b>4.1%</b>
<b>Net Income**</b>	<b>\$861,800</b>	<b>\$9,600</b>	

\* Figures may not add due to rounding. \*\* Includes one-time NCAA payment of \$600,544.

**FY18 BUDGET PROJECTIONS FOR  
UNDERGRADUATE, IN-STATE FINANCIAL AID  
*INFORMATION ITEM ONLY***

# MOST SOCIO-ECONOMICALLY DIVERSE FRESHMEN CLASS EVER

- Largest freshman class ever at 1,534 students
- Largest number of in-state freshmen (998) in the past five years up from 947 in Fall 2016
- Pell-eligible freshmen increased from 161 in Fall 2016 to 191 in Fall 2017 – a one year increase of 18.6%
  - Including Pell-eligible transfer students increases those totals from 199 in Fall 2016 to 240 in Fall 2017– a one year increase of 20.6%
- More first-generation students
  - 163 in Fall 2017 versus 135 in Fall 2013

# PROJECTED FINANCIAL AID BUDGET VARIANCE ESTIMATED AT \$3.7 MILLION

(\$ in millions)

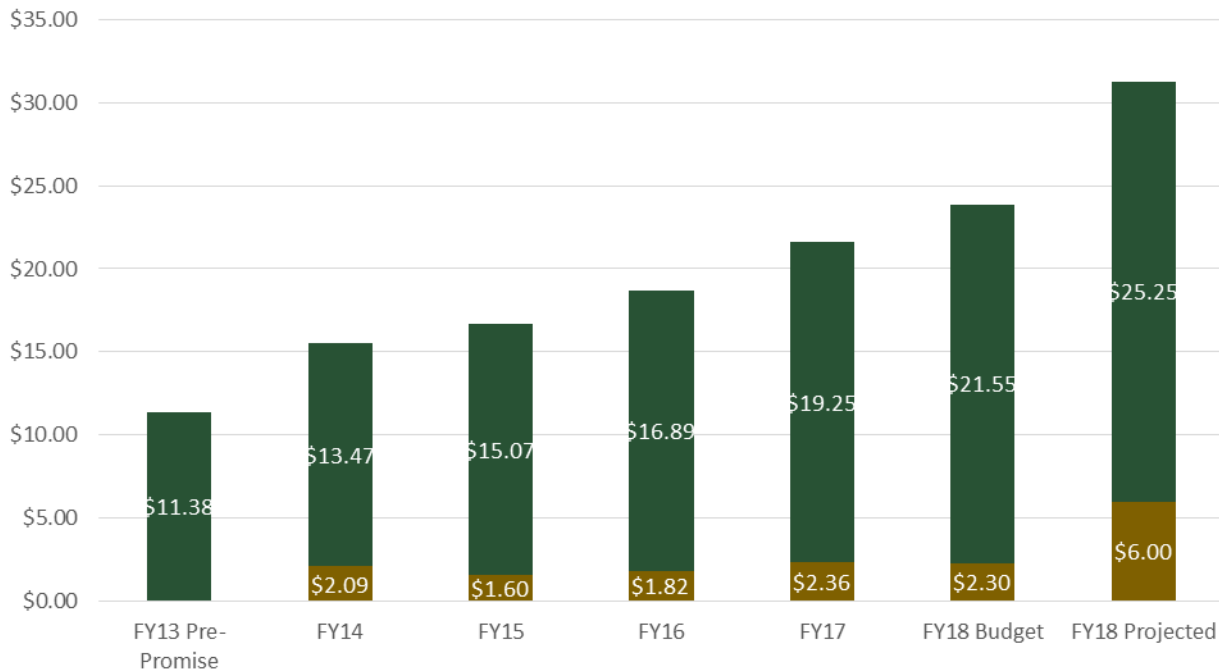
	FY13	FY14	FY15	FY16	FY17	FY18 Budget	FY18 Projected Actual
General Funds	\$3.85	\$4.02	\$4.01	\$4.13	\$4.38	\$4.52	\$4.52
Nongeneral Funds	18.69	21.51	23.85	27.15	32.91	35.60	34.98
Auxiliary Enterprises	-	-	0.90	0.90	0.90	0.90	0.90
<b>Total Revenue</b>	<b>22.54</b>	<b>25.53</b>	<b>28.76</b>	<b>32.18</b>	<b>38.19</b>	<b>41.02</b>	<b>40.40</b>
<b>Total Expenditures</b>	<b>22.54</b>	<b>25.53</b>	<b>28.76</b>	<b>32.18</b>	<b>38.19</b>	<b>41.02</b>	<b>44.10</b>
<b>Variance</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$3.70)</b>

Notes: Excludes student financial assistance support included in Board of Visitors private fund budget. Reduction in nongeneral funds from FY18 budget to FY18 projected actuals reflects a decrease in \$600,000 in anticipated aid needed at the School of Business.



# FINANCIAL AID UNDER THE PROMISE

Undergraduate Student Aid Required to  
Support The Promise Over Time  
(\$ in millions)



- Between FY13 and FY17, in-state undergraduate need-based aid supported by the Promise increased by a total of \$7.87 million.
- The average annual increase between FY13 and FY17 was \$1.97 million.
- FY18 budget assumed a \$2.30 million increase over FY17.
- FY18 projections based on Fall 2017 entering class is \$6.0 million or \$3.7 million above budget.