



WILLIAM & MARY

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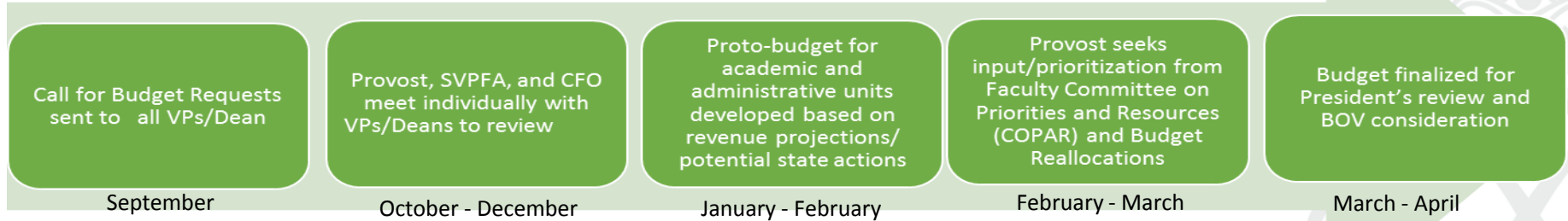
COMMITTEE ON FINANCIAL AFFAIRS

Board of Visitors

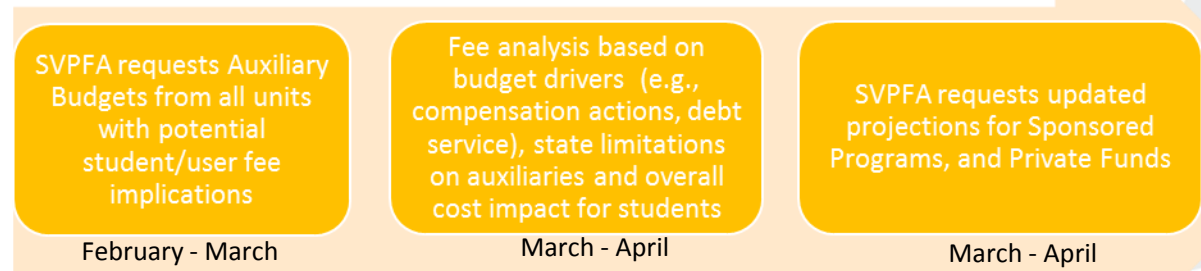
April 20, 2018

UNIVERSITY BUDGET PROCESS

Academic (E&G) Budget Process



Budget Process for non-E&G Activities



BUILDING THE ACADEMIC (E&G) BUDGET



FY19 POTENTIAL STATE BUDGET ACTIONS

- Special Session convened April 11.
 - End date TBD
- 2018-2020 Biennial Budget under consideration
 - Available funding for higher education dependent on Medicaid Expansion
 - W&M expects to maintain base funding from the state at FY18 levels

FY19 Proposed Incremental State General Fund Support for W&M

	Governor	House	Senate
Financial Aid	\$104,510	\$104,510	\$52,255
Veterans Counseling	\$160,050	\$160,050	\$0
Whole of Govt/MPP	\$0	\$0	\$250,000
High Demand Degrees	\$0	\$610,830	\$0
O&M for Plant	\$0	\$75,000	\$0
Maintenance Reserve (Capital Outlay)	\$1.2 million	\$1.2 million	\$1.2 million

FY19 SPENDING PRIORITIES

- Mandatory Expenditures
 - Promise and related need-based financial aid
 - Annualization of FY18 Salary Actions
 - Anticipated increase in FY19 Health Insurance
- High Priority Restorations and Maintenance of Effort
- Expansion of Current Programs and New Initiatives

ESTABLISHING A BASELINE FOR UNDERGRADUATE FINANCIAL AID

Undergraduate Need-Based Aid Under the Promise
(FY13 – FY18, \$ in millions)

	FY13 Pre-Promise	Promise Years						
		FY14	FY15	FY16	FY17	FY18 Budget	FY18 Projected	FY18 Difference
In-state Undergrad NGF	\$11.4	\$13.5	\$15.1	\$16.9	\$19.3	\$21.6	\$25.1	(\$3.5)
Increase from Prior Year	\$0.0	\$2.1	\$1.6	\$1.8	\$2.4	\$2.3	\$5.8	(\$3.5)

Note: \$3.5 million unbudgeted expenses covered through one-time budget actions in FY19.

FY19 INCREMENTAL FUNDING NEEDS IN UNDERGRADUATE FINANCIAL AID

Budget Components	\$ in millions
FY18 Unbudgeted “Overage”	\$3.5
FY19 Projected Incremental Aid Needed	\$4.0
Additional Funds Needed through W&M and CWMF Operating Budgets	\$7.5

FY19 EXPENDITURE PRIORITIES

MANDATORY EXPENSES	Amount
Promise and Need-Based Undergraduate Financial Aid	\$7,500,000
University (NGF) Share of Annualization of FY18 Salary Actions	434,000
University (NGF) Share of FY19 Health Insurance Increase	1,196,000
HIGH PRIORITY EXPENSES	
Partial Restoration of FY18 One-Time Budget Reductions*	571,600
Maintain Advancement Operations	1,750,000
Maintain Human Resources Operations	135,000
NGF Share of Potential 2% Bonus for Operational and Classified Staff	425,000
TOTAL, MANDATORY and HIGH PRIORITY EXPENSES	\$12,011,600

* FY18 included a total of \$1.2 million in one-time budget reductions.

POTENTIAL 2%STAFF BONUS

- The FY19 budget, as proposed, was built with a \$425,000 allocation to cover anticipated NGF share of proposed 2% bonus for operational and classified staff under the House Budget (2018 Regular Session)
- House Budget submitted on April 13th (2018 Special Session) does not include this provision
- Alternative uses:
 - Market-based salary adjustments in hard to recruit/retain areas (e.g., IT, police, human resources)
 - Need-based financial aid
 - Presidential initiatives
- As a percentage of the overall E&G budget, \$425,000 is less than 0.2% of total proposed expenditures.

FY19 BUDGET BEFORE REALLOCATIONS

Incremental New Revenue	Amount
Tuition Revenue	\$9,632,000
BOV Private Funds Restricted for Financial Aid (Includes FY18 unexpended and FY19 projected)	1,400,000
CWMF Private Funds Restricted for Scholarship Support	\$500,000
Total	\$11,532,000
Mandatory and Priority Expenditures	
Total	(\$12,011,600)
Net Budget Position	
Budget Shortfall Before Reallocations	(\$479,600)

BALANCING THE ACADEMIC (E&G) BUDGET

Sources & Uses	Amount
Preliminary Budget Shortfall	(\$479,600)
Reallocation of FY18 Base Budget/Business Innovation	\$1,712,000
Available for Program Expansions and New Initiatives	\$1,232,400

REALLOCATIONS TO MEET UNIVERSITY'S HIGHEST PRIORITIES

Reprioritization and New Initiatives	Amount
RBC Promise Scholars	\$ 42,000
Last Installment of COLL Curriculum	300,000
Additional Police Positions	131,400
Additional Funds for Library Collections	100,000
IT Software and System Upgrades	187,000
Advancement Lease	42,000
Diversity and Inclusion Staffing	50,000
Financial Aid Specialist	68,800
Academic Program Enhancement	276,200
Compliance Training Software	35,000
Total, Re-priorization and New Initiatives	\$1,232,000



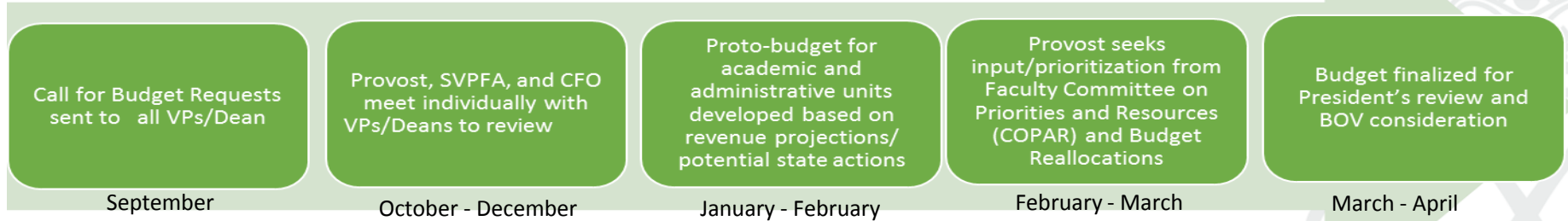
FY19 BUDGET PROPOSES NO SALARY ACTIONS

<u>FISCAL YEAR</u>	<u>STATE ACTIONS</u>		<u>UNIVERSITY ACTIONS</u>	
	<u>Faculty</u>	<u>Staff</u>	<u>Faculty</u>	<u>Staff</u>
FY 2012	0%	0%	1.5% - 3%	1.5% -3%
FY 2013	0% salary; 3% bonus	0% salary; 3% bonus	2%	1%
FY 2014	3%	2% + years of service	6%	4%
FY 2015	0%	0%	5.5%	3%
FY 2016	2%	2% + years of service	4.5%	2%
FY 2017	0%	0%	3%	3%
FY 2018	2%	3%	3%	3%
FY 2019	0%	0%*	0%	0%

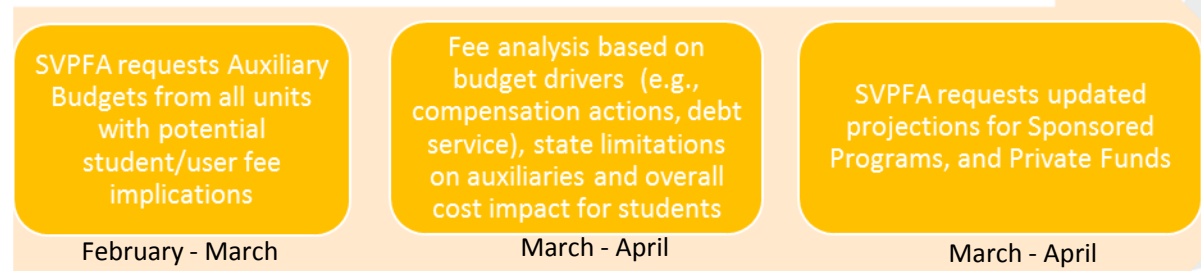
* Pending final action by the General Assembly.

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BUILDING THE AUXILIARY BUDGET



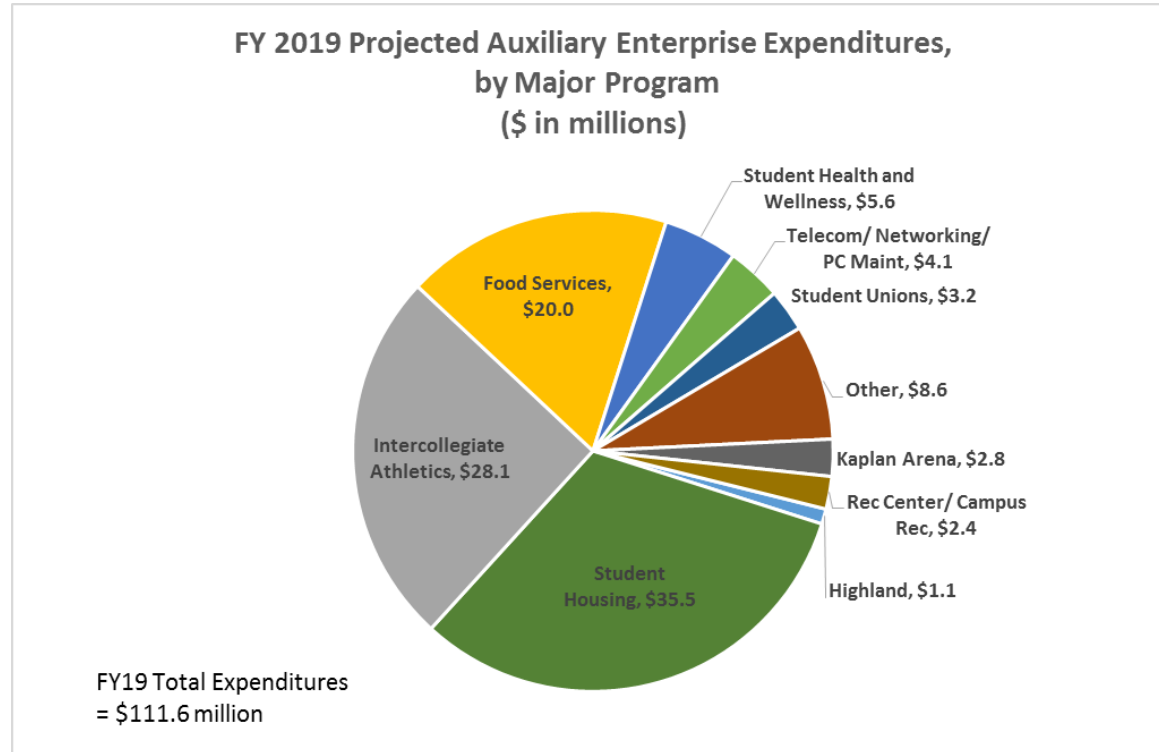
FY19 AUXILIARY ENTERPRISES PRIMARY BUDGET DRIVERS

- Annualize FY 2018 Salary Actions
- Health Insurance Rate Increase + 6.9%
- Debt Service
- Indirect Cost Recoveries
- Contractual Obligations



FY19 PROPOSED AUXILIARY BUDGET

- Student Housing, Food Services and Athletics comprise 75% of the Auxiliary Budget
 - Growth in the Housing budget is due primarily to the recommissioning of Landrum Hall, anticipated debt service, and increase in required indirect cost recoveries.
 - Athletics expenditures are expected to increase by 5% due to growth in grant aid, personnel, and indirect costs.
 - Food services will increase by 1.9%.



FY19 PROPOSED OPERATING BUDGET

Revenue	FY 2018 Estimated	FY 2019 Proposed	Change from Prior Year	
			\$ Change	% Change
State General Fund	48,161,945	48,599,639	437,694	0.9%
Tuition and E&G Fees	192,609,730	201,859,703	9,249,973	4.8%
Grants & Contracts	32,250,000	32,050,000	(200,000)	-0.6%
BOV Private Funds	15,280,163	14,547,707	(732,456)	-4.8%
Auxiliary Revenue	109,770,705	115,341,533	5,570,828	5.1%
Total Revenue	398,072,543	412,398,582	14,326,039	3.6%

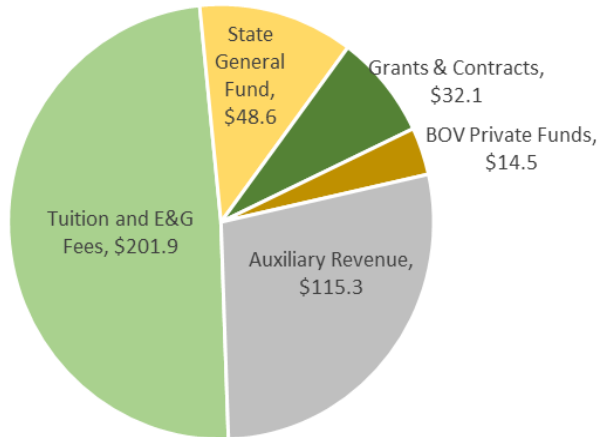
Expenditures, by Program	FY 2018 Estimated	FY 2019 Proposed	Change from Prior Year	
			\$ Change	% Change
Instruction	116,710,605	118,404,242	1,693,637	1.5%
State Supported Research	1,877,350	1,883,004	5,654	0.3%
Public Service	26,304	28,054	1,750	6.7%
Academic support	31,827,674	32,503,748	676,074	2.1%
Student Services	9,965,705	10,026,699	60,994	0.6%
Institutional Support	34,116,322	33,225,829	(890,493)	-2.6%
Operation & Maintenance of Plant	19,401,466	19,722,460	320,994	1.7%
Financial Aid	47,225,154	51,149,811	3,924,657	8.3%
Sponsored Programs	32,325,000	32,125,000	(200,000)	-0.6%
Auxiliary Services	105,515,614	111,586,438	6,070,824	5.8%
Total Expenditures	398,991,194	410,655,285	11,664,091	2.9%

Notes: Excludes the Virginia Institute of Marine Science and funds maintained in university-affiliated foundations.

FY19 PROPOSED BUDGET

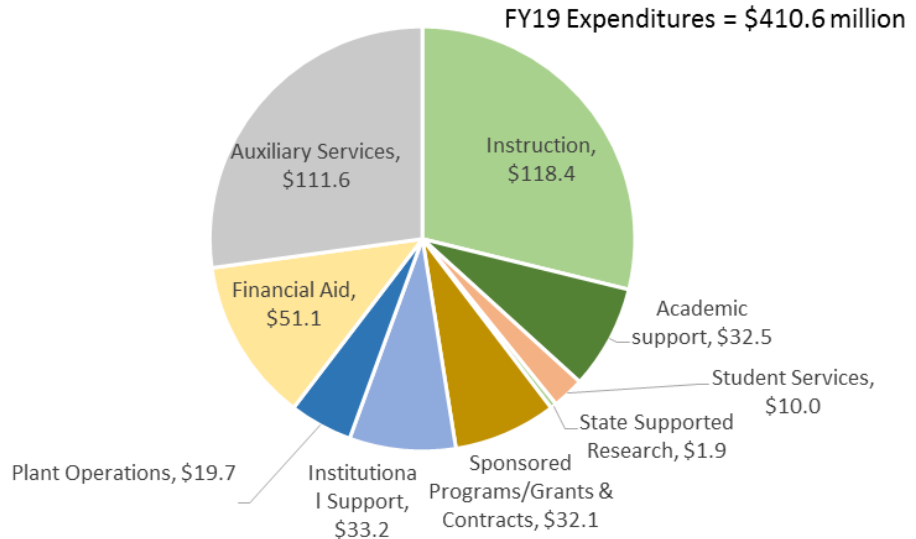
REVENUES AND EXPENDITURES

FY19 W&M Operating Budget
Sources of Revenue
 (\$ in millions)



Total Revenue: \$412.4 million

FY19 Operating Budget Expenditures
By Program
 (\$ in millions)



RESOLUTION 24

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the FY 2019 Operating Budget of the College as displayed herein.

BE IT FURTHER RESOLVED, That the Board of Visitors approves this FY 2019 budget and revisions thereto resulting from actions of the 2018 Special Session of the General Assembly and the carry forward of any unspent fund balances as of July 1, 2018.

FY19 TUITION AND FEES



FY19 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 2.1% AND 3.5%

Total Undergraduate Cost
Tuition, Mandatory Fees, Room and Board*

	FY18	FY19	\$ Change	% Change
IN-STATE STUDENTS, by Entering Class				
Seniors, Fall 2015	\$31,451	\$32,180	\$729	2.3%
Juniors, Fall 2016	\$33,147	\$33,876	\$729	2.2%
Sophomores, Fall 2017	\$33,848	\$34,572	\$729	2.1%
New Students, Fall 2018	N/A	\$35,636	N/A	N/A
OUT-OF-STATE STUDENTS				
All Students	\$55,469	\$57,508	\$2,039	3.5%

* Room and Board based on average, weighted room rate and 19 meal plan.

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

	FY18	FY19	\$ Change
In-State Students			
Seniors	\$13,978	\$13,978	\$0
Juniors	\$15,674	\$15,674	\$0
Sophomores	\$16,370	\$16,370	\$0
Incoming Students	N/A	\$17,434	N/A
Out-of-State Students			
All Students	\$37,425	\$38,735	\$1,310

- Tuition for in-state undergraduate students continues to be guided by the Promise.
- BOV took action in November 2017 to set tuition for incoming students at \$17,434 -- a 6.5% increase over the current freshmen class.
- Under the Promise, tuition will not increase for these students over the next four years.

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
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 IMPACTED BY BUDGET DRIVERS AND KEY INITIATIVES

Standard Fees for All Full-Time Students

	FY18	Proposed FY18	\$ Change
General Fee	\$4,309	\$4,527	\$218
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	\$540 out-of-state	\$540 out-of-state	\$0 out-of-state
TOTAL	\$4,445 in-state \$5,016 out-of-state	\$4,663 in-state \$5,234 out-of-state	\$218 in-state \$218 out-of-state

- Over one-third of the increase in the General Fee was attributable to Student Health & Wellness Programs and the planned opening of the Integrated Wellness Center in Fall 2018.

FACILITY FEE INCREASES DRIVEN BY DEBT SERVICE REQUIREMENTS

Facility Fees by Program Type

	FY18	Proposed FY18	\$ Change
Undergraduate	\$1,229	\$1,303	\$74
Graduate A&S/ Education/VIMS	\$928	\$1,034	\$106
Law*	\$659	\$776	\$117
Business	\$962	\$1,046	\$84

- Undergraduate students will see a smaller net increase in the facility fee due to mitigating reductions in debt service for buildings not utilized by graduate, law or business.

* Law students pay an additional \$230 fee for the North Wing Building expansion.

ROOM & BOARD WILL INCREASE 3.7% ON AVERAGE

	FY18	Proposed FY19	\$ Change
Room (Wtd. Average)	\$7,183	\$7,436	\$253
Board (19 meals)	\$4,616	\$4,800	\$184
Total Avg Room & Board	\$11,799	\$12,236	\$437

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

CHANGES VARY BY PROGRAM FOR GRADUATE AND PROFESSIONAL STUDENTS

FY19 Proposed Tuition and Fees, by Program

	FY18		Proposed FY19		\$ Change	
	In-State	Out-of-State	In-State	Out-of-State	In-State	Out-of-State
Graduate A&S, VIMS, Ed	\$15,002	\$31,864	\$15,760	\$33,354	\$758	\$1,490
Master of Public Policy	\$27,372	\$37,944	\$27,696	\$38,268	\$324	\$324
Law	\$32,964	\$41,964	\$34,000	\$43,000	\$1,594	\$1,036
Business – MAcc	\$32,406	\$42,678	\$34,008	\$44,730	\$1,602	\$2,052
Business – MBA	\$32,106	\$43,278	\$33,108	\$44,480	\$1,002	\$1,202
Business - MSBA	\$40,106	\$46,878	\$41,408	\$48,480	\$1,302	\$1,602

SPECIAL RATE PROGRAMS

- Special rate programs are priced separately due to unique program characteristics driven by market or program design.
- Two proposed increases for existing programs:
 - St. Andrews Joint Degree Program increasing from \$39,950 in tuition and fees for FY18 to a proposed \$39,990 in FY19 – a proposed increase of \$40.
 - Online MBA increasing from \$1,150 per credit hour to \$1,220 per credit hour or \$70 per credit hour.
- Rates are proposed for new programs as follows:
 - Online MSBA: \$1,300 per credit hour for core program courses; \$800 per credit hour for pre-requisite courses
 - Online M.Ed. In Counseling: \$665 per credit hour
- No changes are proposed for the Executive MBA Program, the Miami-Dade Executive Doctorate of Education Program, Study Abroad, the Executive Ed.D.

RESOLUTION 25

- 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 2019. 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.

COMMITTEE ACTION

- Resolution 24 – FY19 Operating Budget
- Resolution 25 – FY19 Tuition and Fees for Full- and Part-Time Students

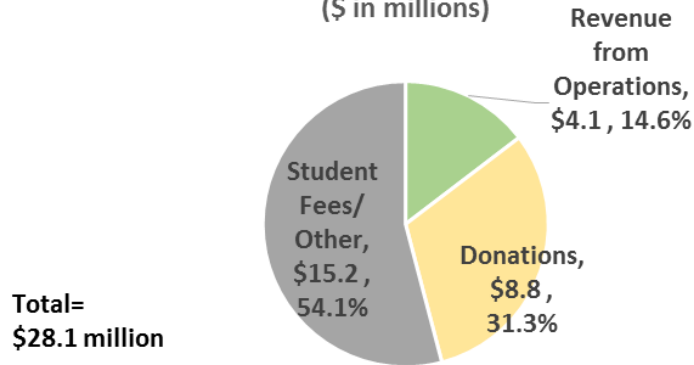


APPENDIX – FY19 ATHLETICS REVENUE AND EXPENSE



FY19 ATHLETICS BUDGET

FY 2019 Athletics Revenue,
by Major Source
(\$ in millions)



FY 2019 Athletics Expenditures,
by Major Function
(\$ in millions)

