



WILLIAM
& MARY

CHARTERED 1693

Operating Budget Overview

February 2019

Budget Overview Presentation Schedule

SEPT 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019
9/11/2018 A&S Council of Chairs and Program Directors	10/8/2018 President's Cabinet 10/19/2018 W&M Foundation– Budget & Finance Committee 10/22/2018 Provost Executive Team Tuition Public Hearing 10/23/2018 Faculty Assembly Committee on Planning and Resources 10/30/2018 Faculty Assembly	11/27/2018 Business Officers Group	12/4/2018 Arts & Sciences 12/13/2018 Communications Committee	1/15/2019 IT Managers Meeting 1/23/2019 Advancement Finance Staff	2/13/2019 School of Education 2/14/2019 Student Affairs

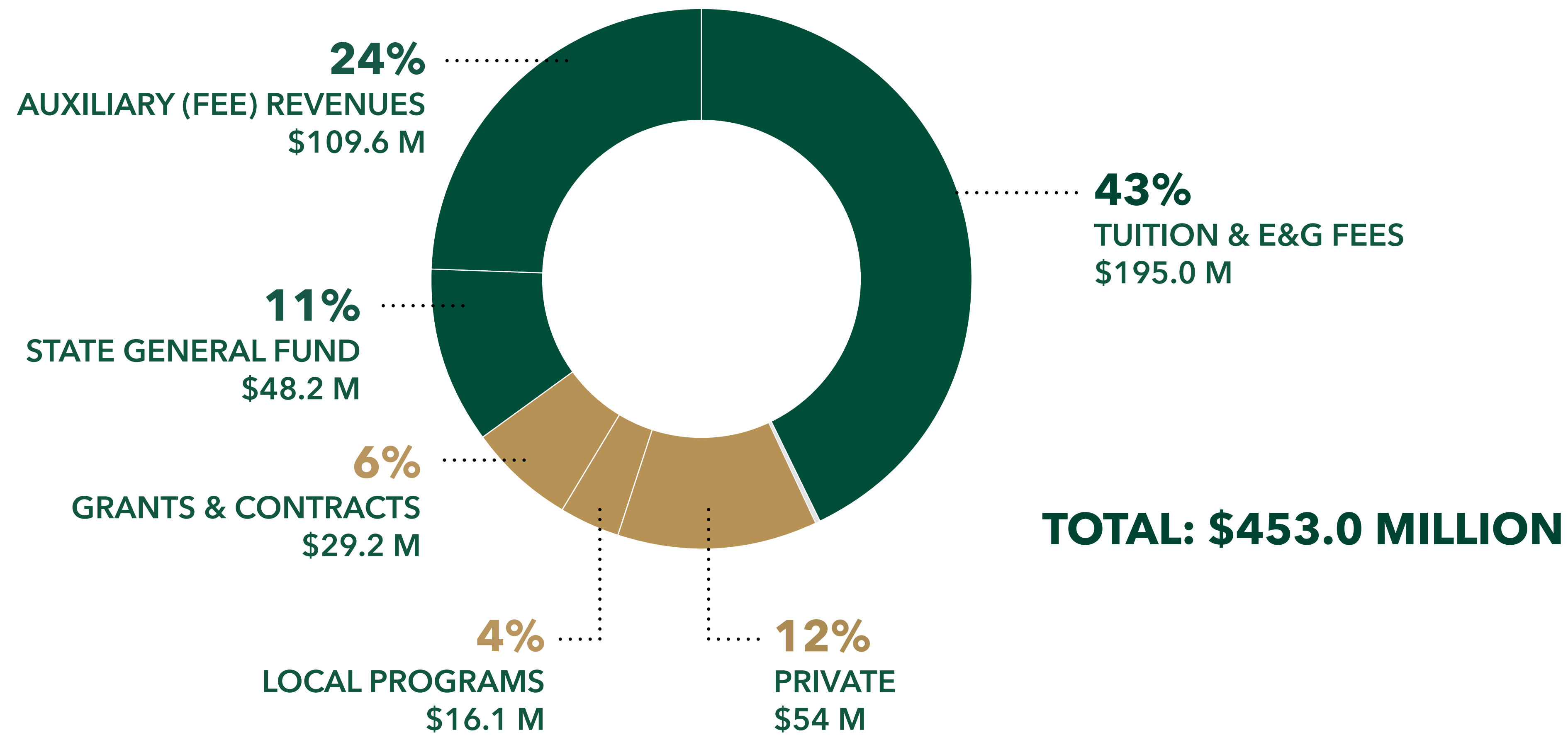
To Be Scheduled:

School of Law and its foundation
VIMS and its foundation
Muscarelle Foundation
Athletics

School of Business and its foundation
Arts & Sciences follow up
Open meeting for campus

Tuition, Fees, and State Funding Comprise Over 75% of Operating Revenue

William & Mary* F18 Revenues, by Fund

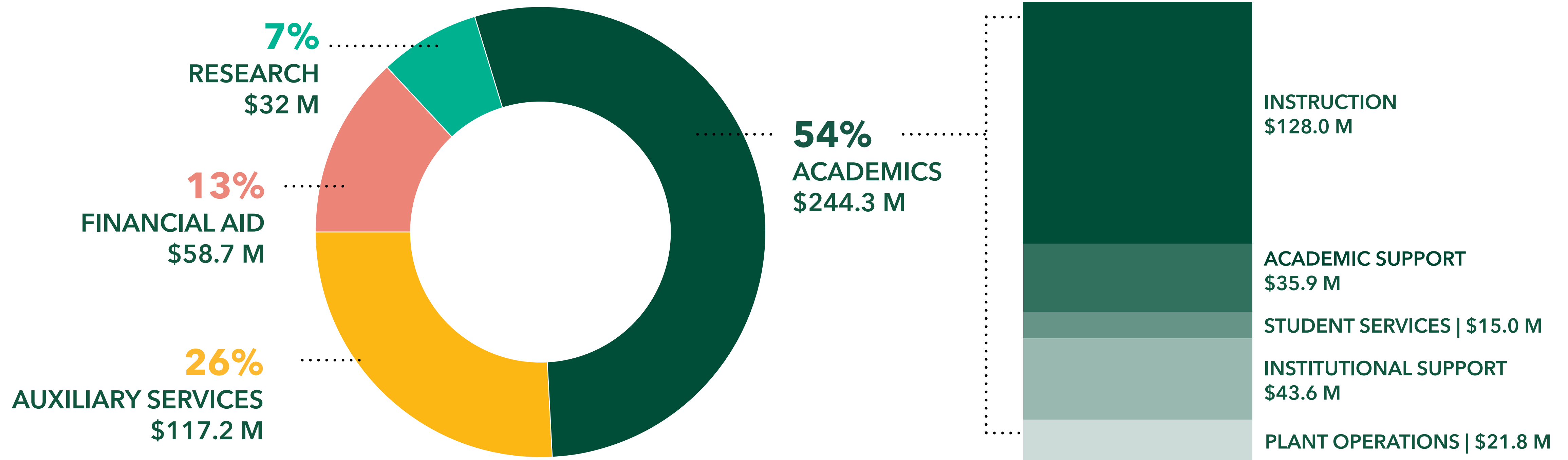


*Notes:

1) Excludes VIMS

2) Private includes funds from the CWMF, School of Business Foundation, Law School Foundation, and BOV Private Funds.

Academics Accounts for Over Half of Expenditures



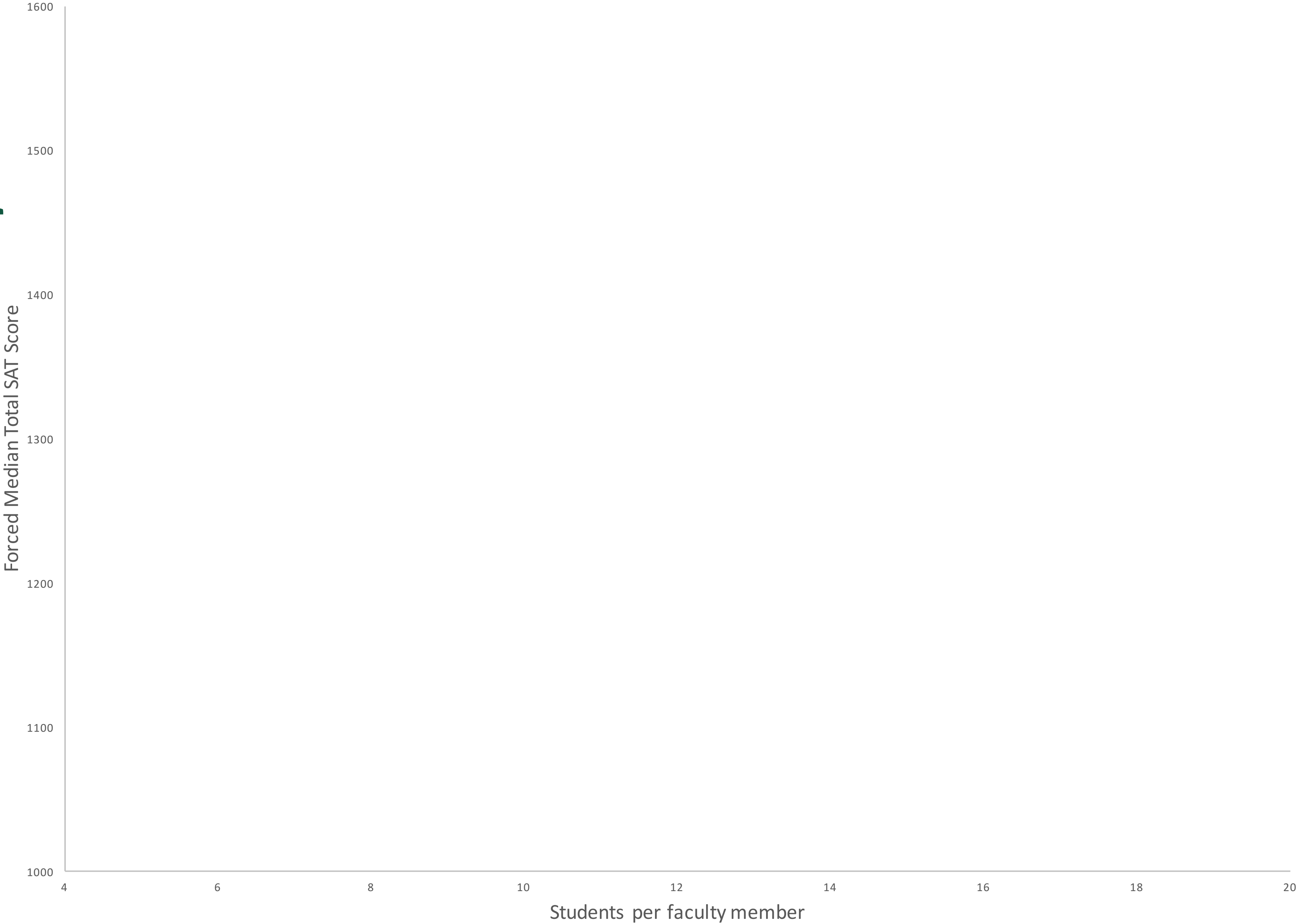
FY18 TOTAL EXPENDITURES:

\$453.0 MILLION

EXCLUDES VIMS

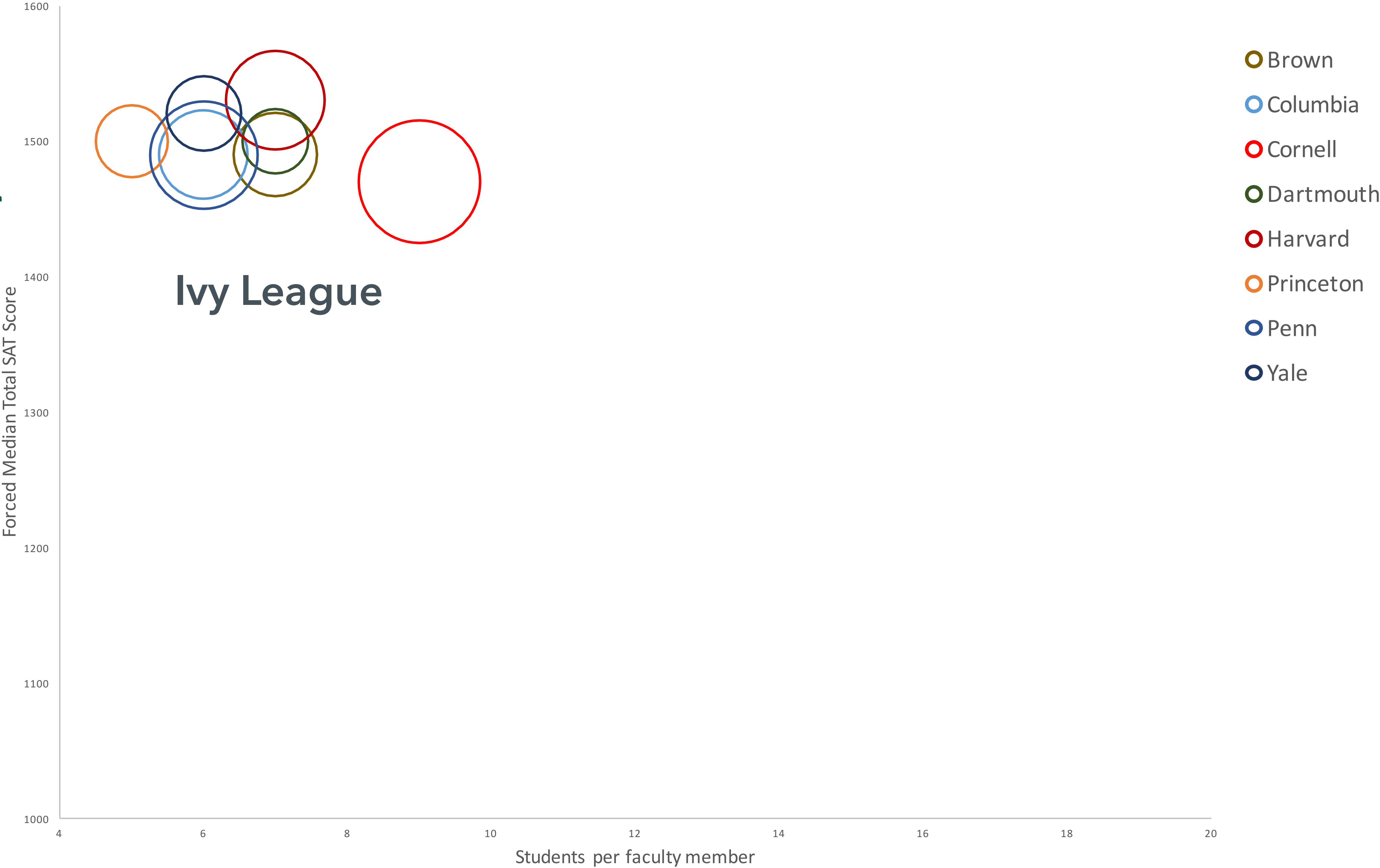
W&M's Unique Position

Public vs.
Private Ivies
2017-18



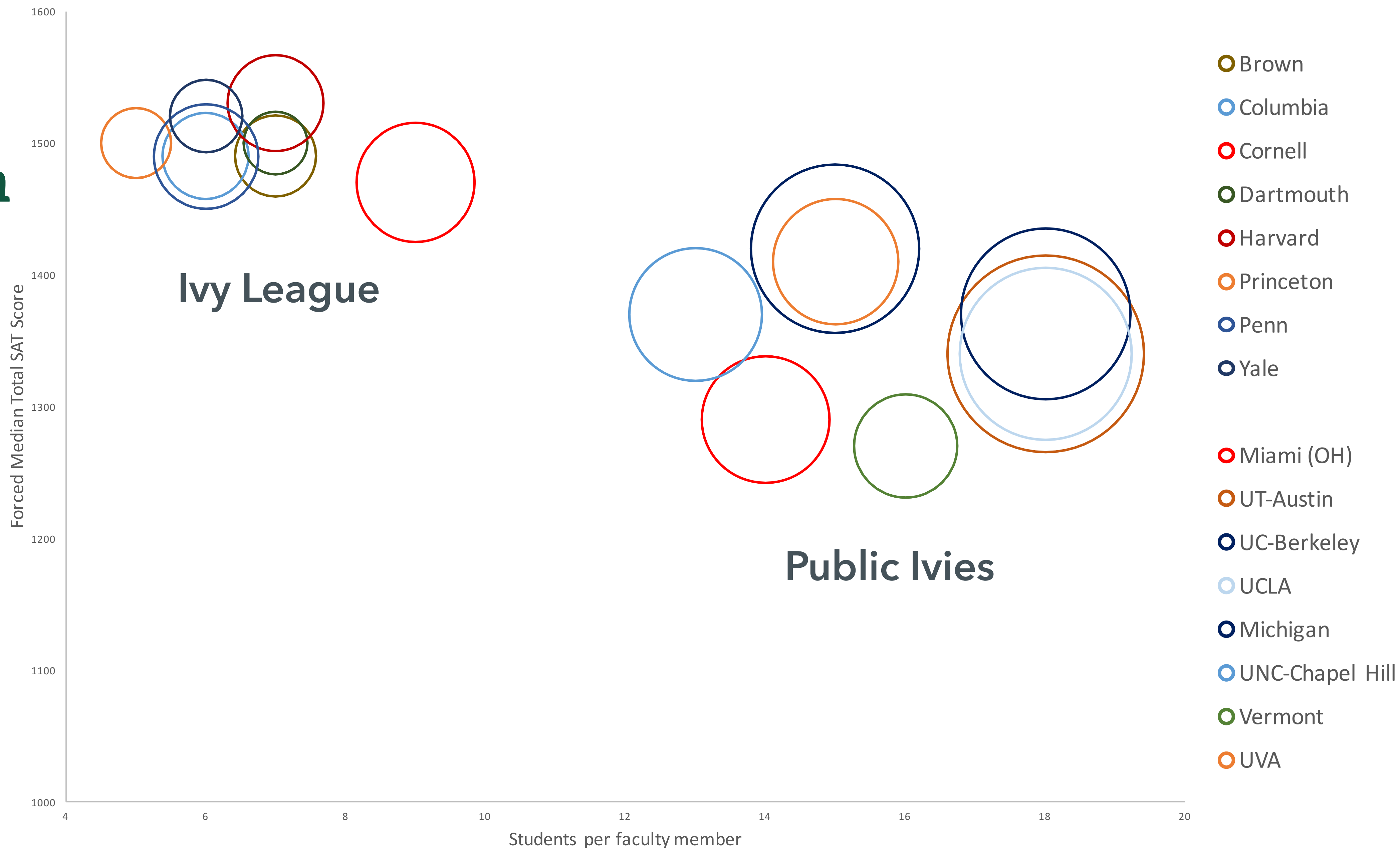
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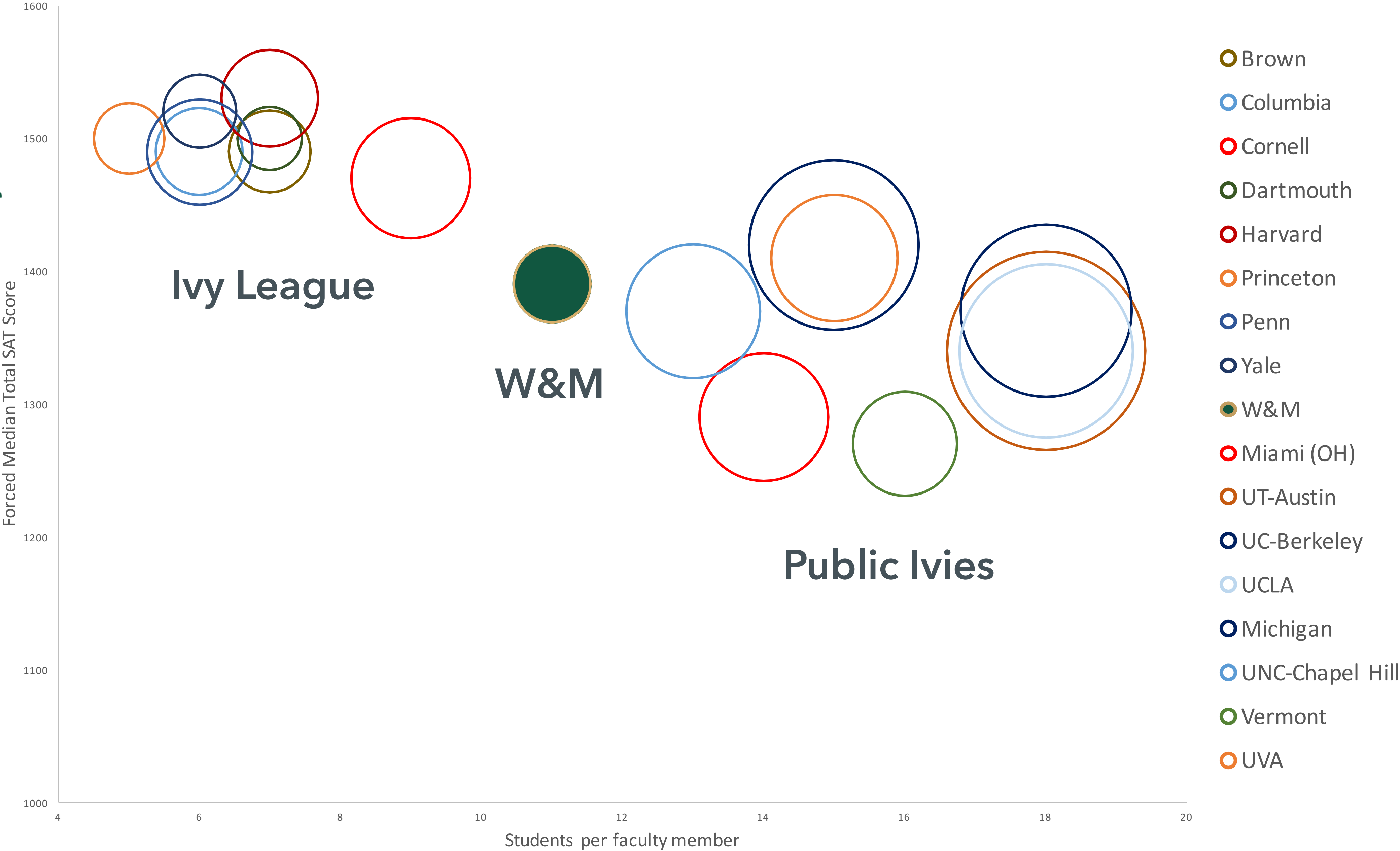
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W&M's Unique Position

Public vs. Private Ivies
2017-18



Operational 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 resources per full-time equivalent student relative to “operational peers”

- Lower total endowment per student, resulting in lower income streams
- Early in our endowment/private giving fund raising program

More closely aligned with
public universities

Improving the Alignment Between Operational and Financial Models

The William & Mary Promise

2014 to present

Provided a new financial model more closely aligned with private institutions' funding, while maintaining and advancing key university goals:

- Strengthen the university as a “distinctive public ivy”
- Provide predictability for Virginia students and their families through a four-year tuition guarantee
- Create more “seats” for in-state undergraduates
- Enhance low- and middle-income affordability for Virginia students
- Improve administrative/academic productivity

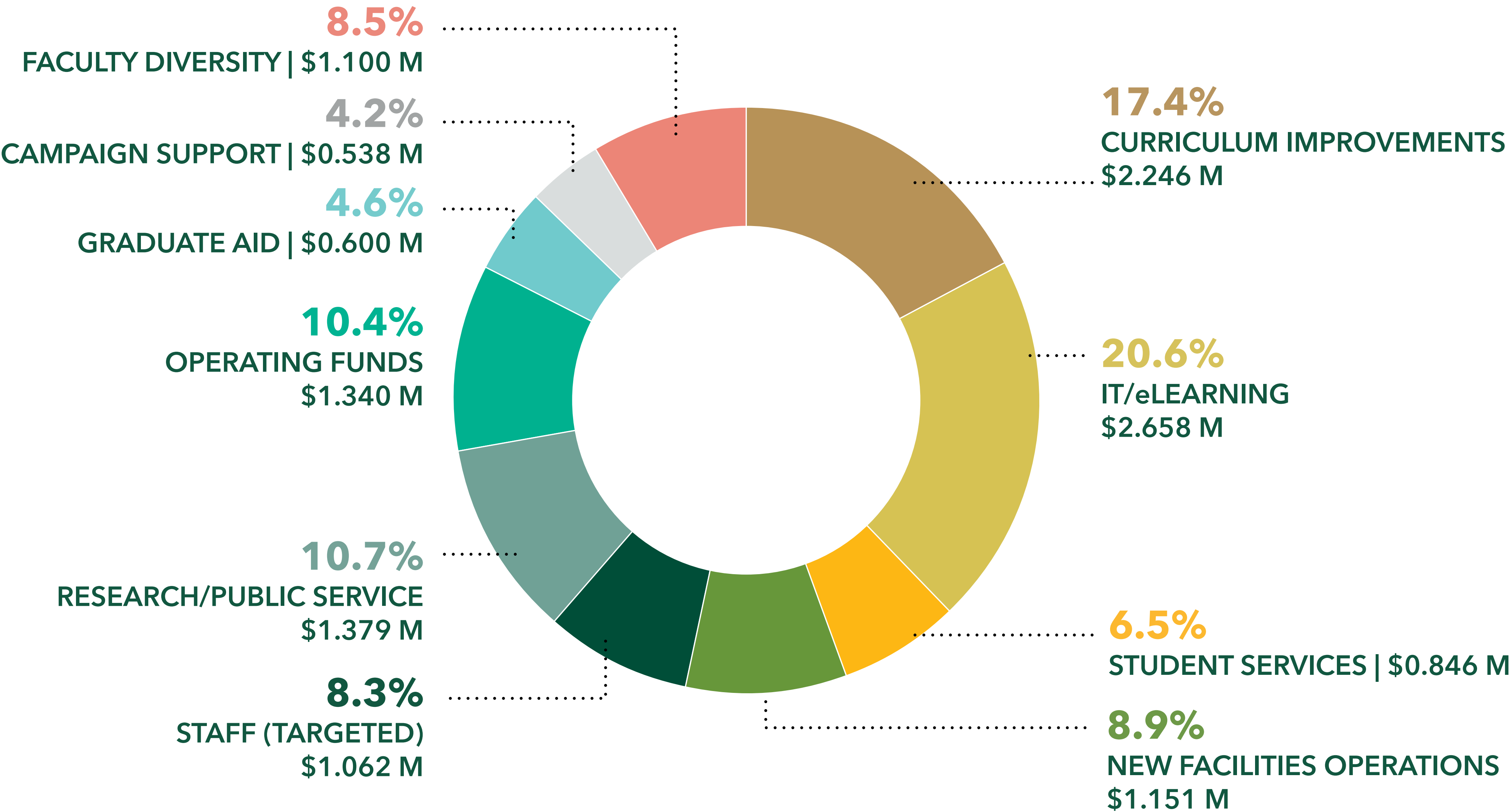
Over \$60M in new tuition revenue generated for key initiatives

USES OF NEW INCREMENTAL REVENUE FY14 – FY18

PRIORITY INITIATIVE	\$ in MILLIONS	
	INCREMENTAL FUNDING	% OF TOTAL
Faculty and Staff Compensation	\$32.8	54.0%
Strategic Initiatives/Base Funding	\$12.9	21.2%
Need-Based In-State Undergraduate Financial Aid	\$12.4	20.4%
Enrollment Growth	\$2.7	4.4%
Total	\$60.8	100.0%

William & Mary Promise Primary Areas of Strategic/Base Investment

2014-2018 | \$12.92 million



Despite Increases, In-State Undergraduate Tuition Remains Less Than Half of OOS

TUITION ONLY | EXCLUDES MANDATORY E&G FEES

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
In-state	\$8,677	\$10,428	\$12,428	\$13,978	\$15,674	\$16,370	\$17,434
Out-of-state	31,860	\$32,816	\$34,312	\$35,122	\$36,158	\$37,425	\$38,735

Note: Tuition for the incoming class of in-state undergraduates is guaranteed for four years under the Promise.

And, W&M Has Invested in Need-Based Aid for In-State Undergraduates

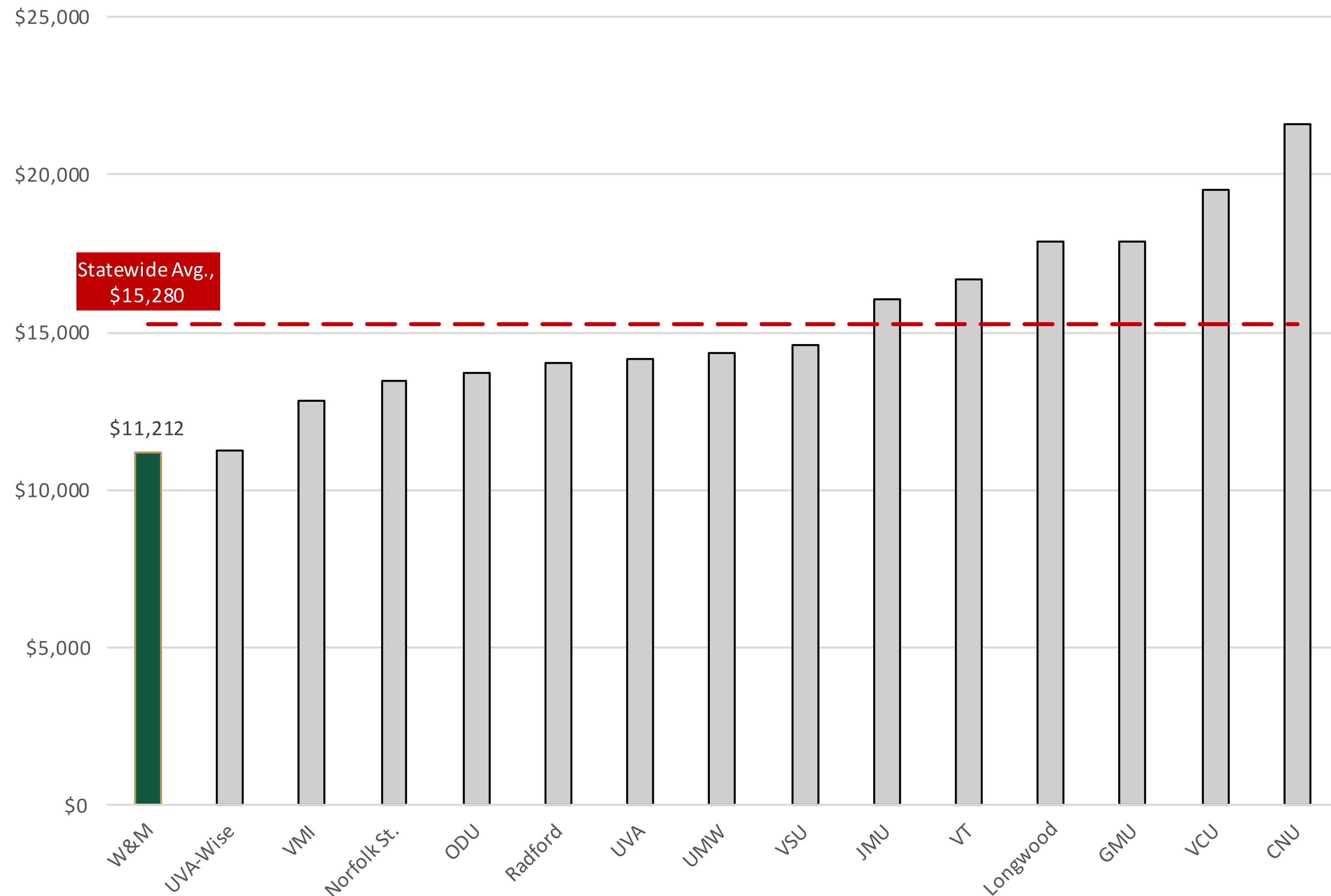
UNDERGRADUATE NEED-BASED AID UNDER THE PROMISE (FY13 – FY18, \$ IN MILLIONS)

	PRE-PROMISE	PROMISE YEARS				
	FY13	FY14	FY15	FY16	FY17	FY18
Institutional Revenue	\$11.4	\$13.5	\$15.1	\$16.9	\$19.3	\$25.2
Increase from Prior Year	\$0.0	\$2.1	\$1.6	\$1.8	\$2.4	\$6.0

Note: \$3.5 million unbudgeted expenses covered through one-time budget actions in FY18.

W&M is the Most Affordable Institution for Low- and Middle-Income Virginians

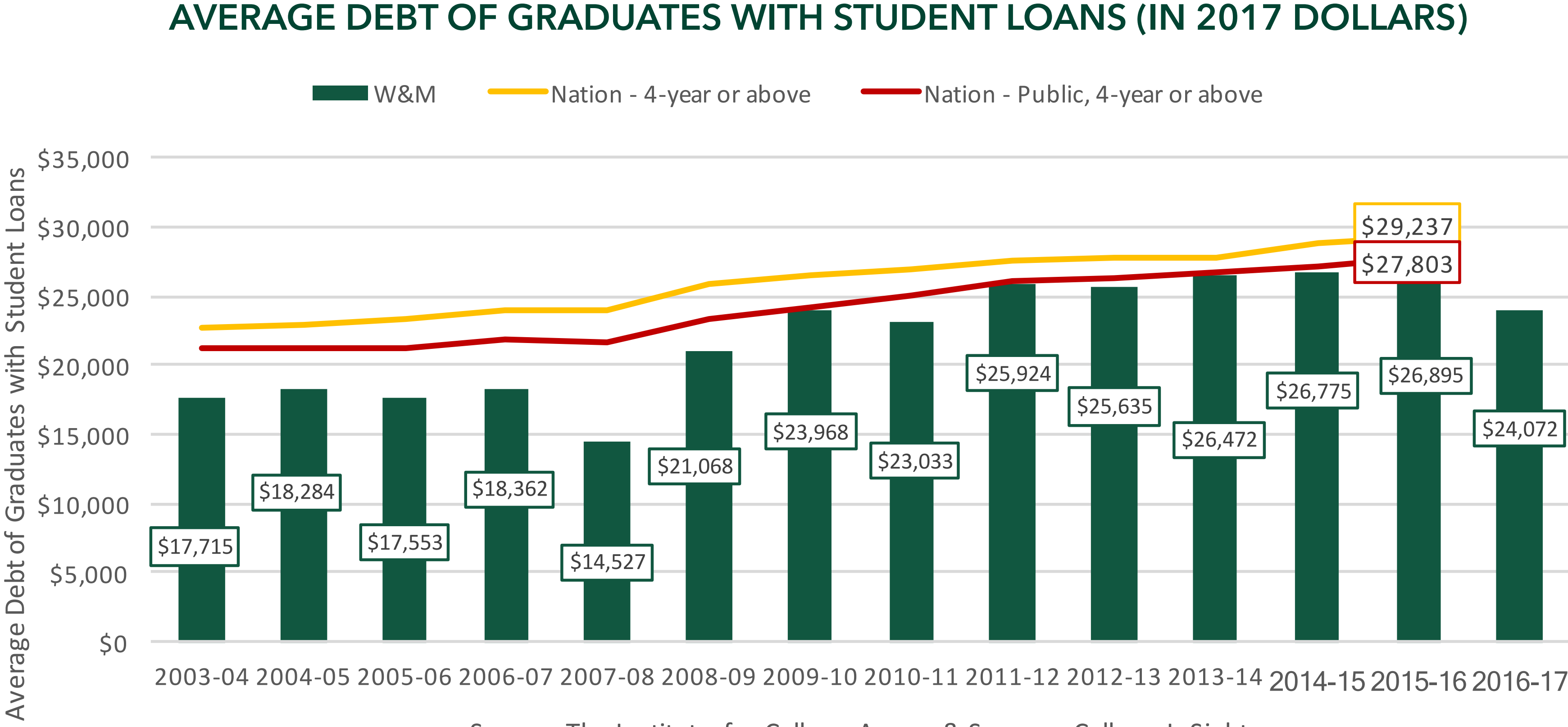
AVERAGE NET PRICE FOR FAMILIES WITH \$110,000 OR LESS IN ANNUAL INCOME, 2016-17



Note: Data provides a weighted average of all low- and middle income categories

Source: U.S. Dept. of Education, IPEDS Financial Aid component, 2016-17

Overall, Student Debt Has Declined and Remains Well Below National Averages



Source: The Institute for College Access & Success, College InSight
Note: Inflation adjustment made using May CPI-U values.

Tuition, Room, Board & Fees Has Reached \$35,000 In-State and \$57,000 Out-of-State

IN-STATE Undergraduate | Entering Class

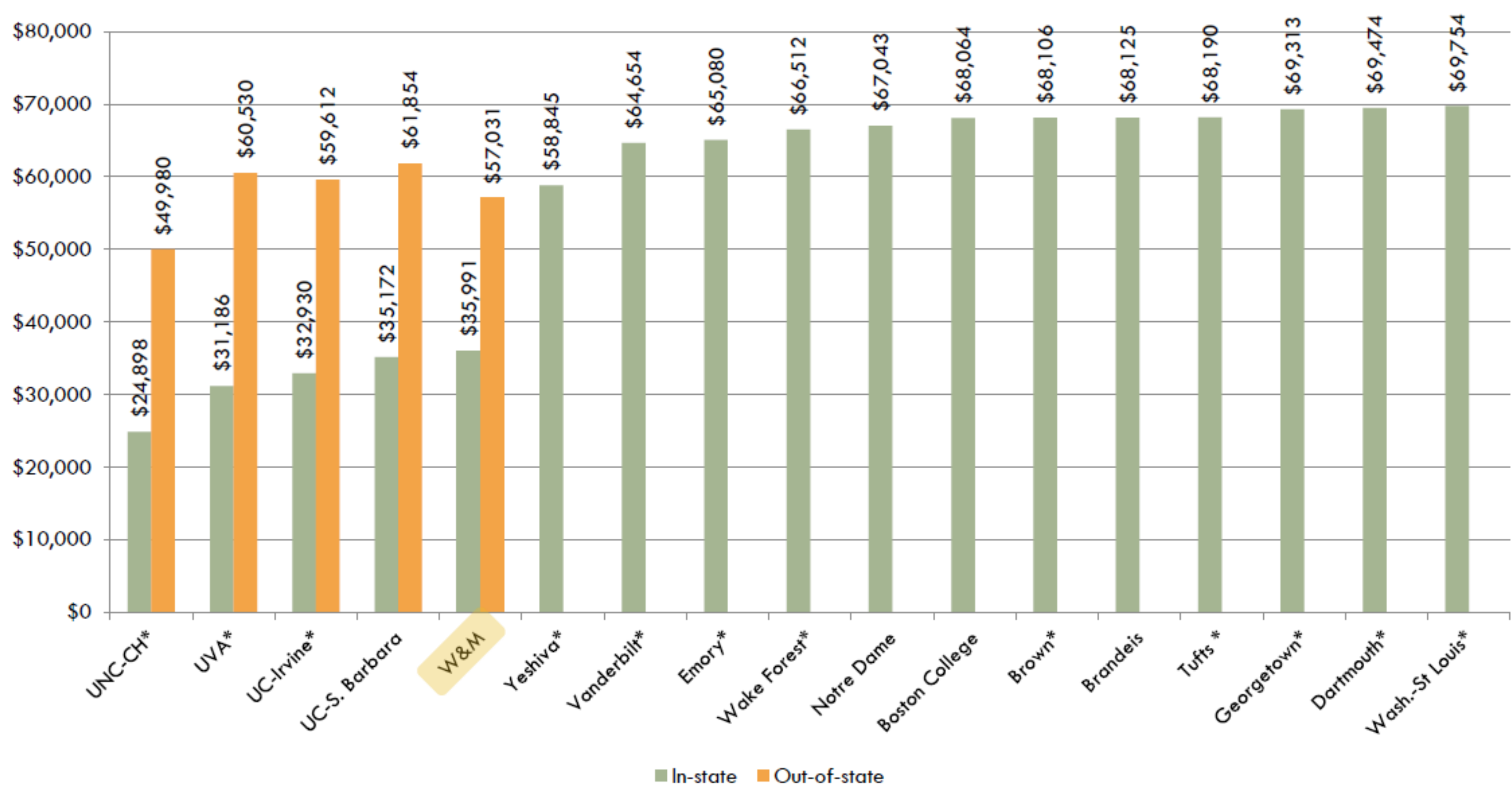
	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Tuition	\$8,677	\$10,428	\$12,428	\$13,978	\$15,674	\$16,370	\$17,434
Fees	4,893	5,034	5,228	5,394	5,560	5,674	5,966
Room & Board	9,318	9,816	10,344	10,978	11,382	11,799	12,236
Total	\$22,888	\$25,278	\$28,000	\$30,350	\$32,616	\$33,843	\$35,636

OUT-OF-STATE Undergraduate | Entering Class

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Tuition	\$31,860	\$32,816	\$34,132	\$35,122	\$36,158	\$37,425	\$38,735
Fees	5,484	5,624	5,784	5,950	6,116	6,245	6,537
Room & Board	9,318	9,816	10,344	10,978	11,382	11,799	12,236
Total	\$46,662	\$48,256	\$50,260	\$52,050	\$53,656	\$55,469	\$57,508

How much farther can we push tuition?

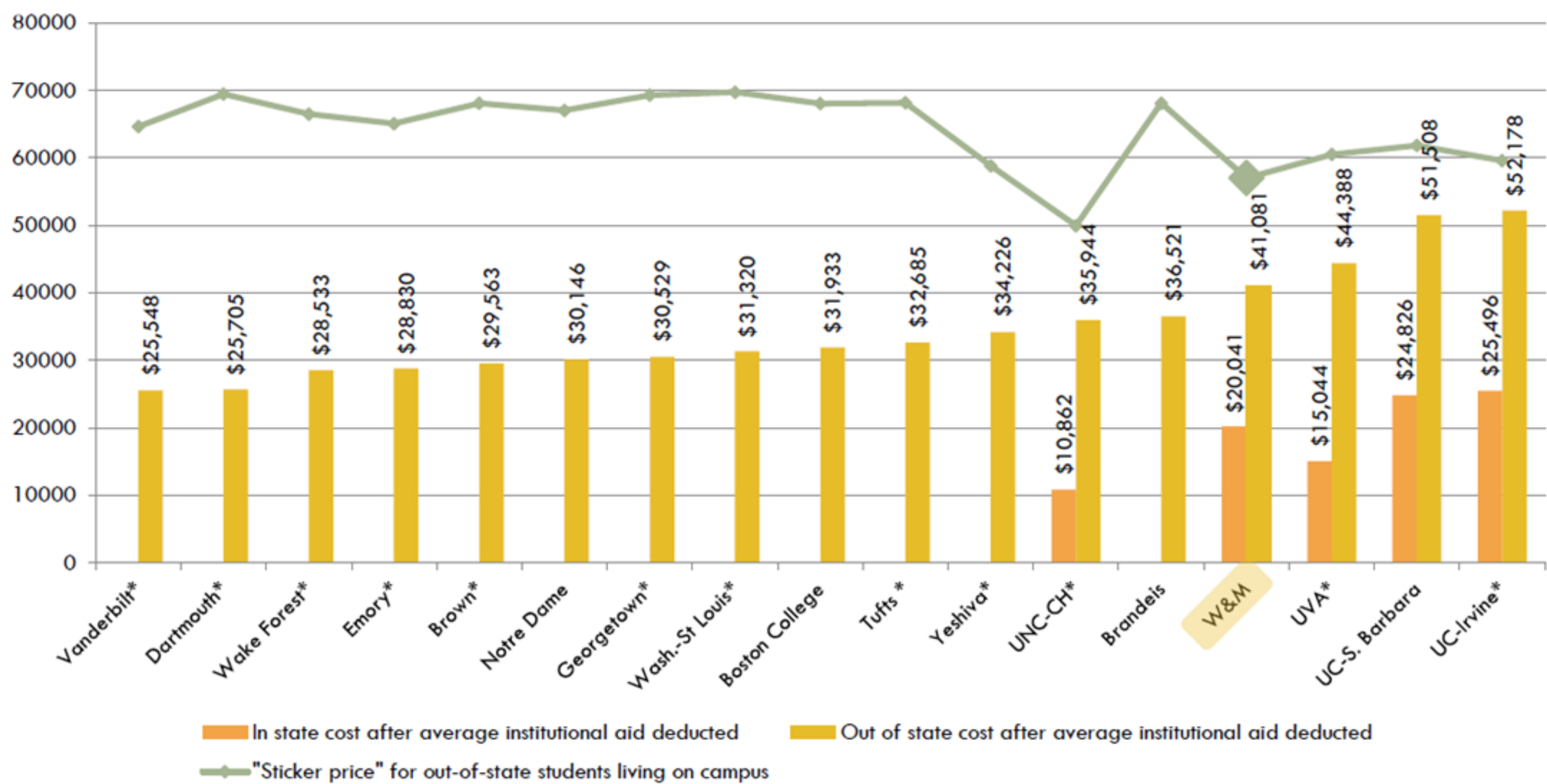
TOTAL PRICE FOR STUDENTS LIVING ON CAMPUS, 2016–17



Source: Derived - IPEDS, Institutional Characteristics component

* Institutions with a medical school

Peer Comparison: 2015-16 Price for Students After Institutional Aid



Source: Derived - IPEDS, Student Financial Aid component * Institutions with a medical school

How is each tuition dollar spent?

47¢

DIRECT INSTRUCTION
(including faculty compensation)

18¢

NEED-BASED FINANCIAL AID

12¢

LIBRARIES, ACADEMIC
TECHNOLOGY, DEANS



11¢

INSTITUTIONAL SUPPORT
(HR, FINANCE, IT,
ADVANCEMENT)

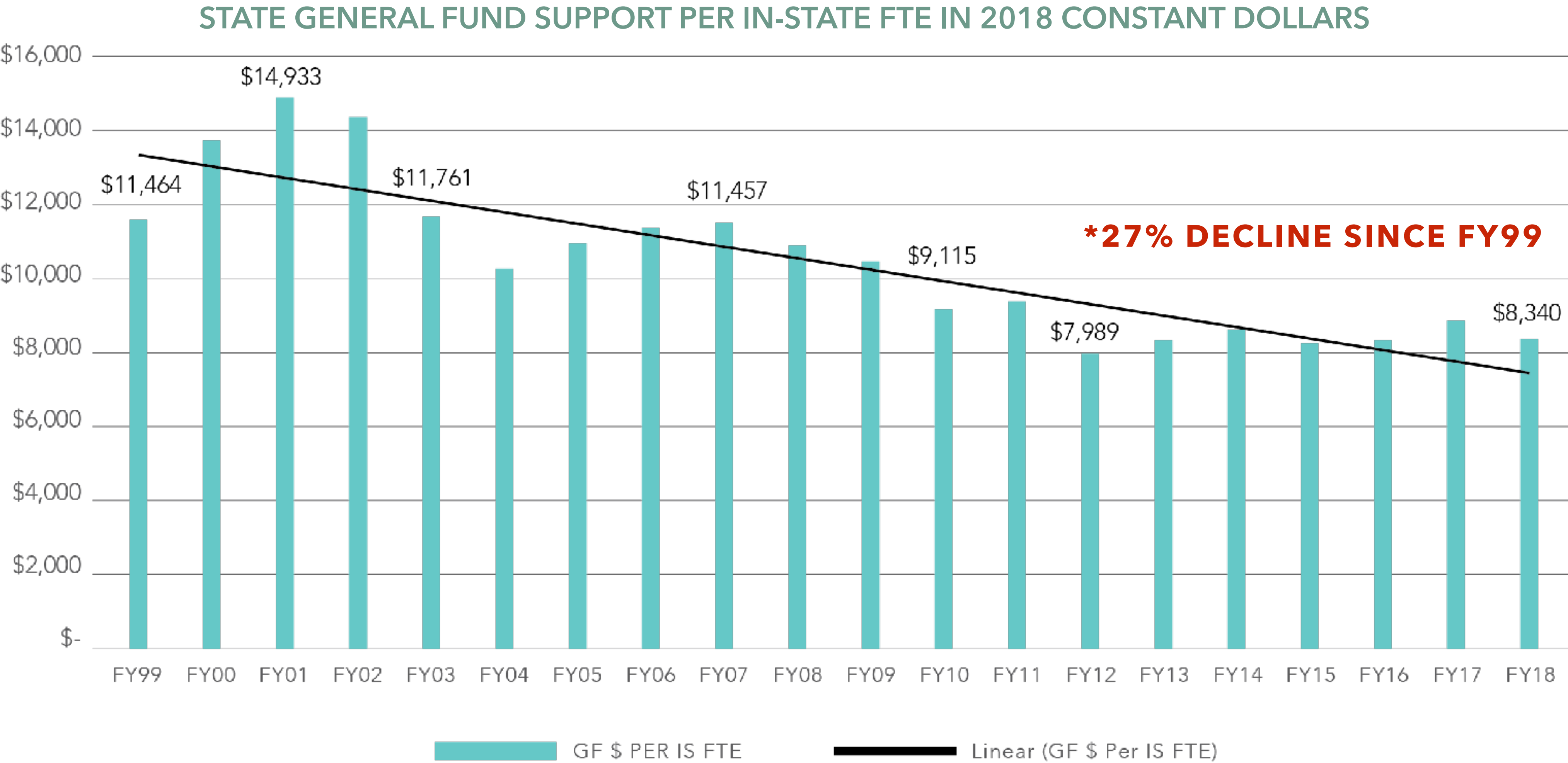
8¢

OPERATING &
MAINTAINING FACILITIES
(POLICE)

4¢

REGISTRAR, CAREER
SERVICES, FINANCIAL AID
OFFICE, ADMISSION

Significant Increases in State Support Seem Unlikely



**Note: State provides no funding for out-of-state students*

Current Revenue Sources are Limited

- The Promise provided new funds to stabilize the university
 - Given market position, W&M's ability to continue to increase tuition significantly has diminished
- Significant increases in state support are unlikely
- Philanthropy is critical to *long-term* health and stability of W&M, but short term, major gifts and endowments tend to be restricted as to use and university-level unrestricted gifts are limited



Current Funding Model Allows for “Maintenance of Effort”

Current funding streams will allow for:

- Modest (1-3%) year-over-year, performance-based salary increases
- Funds to support state-mandated increases in fringe benefits (notably health insurance and retirement)
- Continued support of in-state, undergraduate financial aid, assuming no significant shifts in student demographics
- Modest reallocation of current resources to new priorities

Current Funding Model Does NOT Allow for Strategic Investments

The current model does not provide for:

- Investments in new academic programs
- Anticipated inflationary increases in non-personnel
- Market-based salary adjustments in high demand fields or hard to recruit positions
- Increased financial aid to support the growing socio-economic diversity in the in-state student population and already identified needs in the out-of-state population
- Unanticipated cost escalations/contingency dollars



The Need for Change

Without new sources of funding, the university will have limited ability to invest in new initiatives without significantly increasing cost to students or reducing core services and programs.

Key Takeaways

- No Silver Bullet
- Need to plan for change a moment of relative prosperity
- Mission, market and political pressures limit tuition as “the solution”
- Campaign has been successful, but a lot of it is deferred or restricted
- State taxpayer support is not a long-term strategy
- Steady state will lead to deficits in the near term
- W&M will need to be innovative and explore multiple solutions
- Faculty and staff remain our strongest asset (and one of our biggest investments)
- Affordability and access remain important goals
- We change to preserve the things we value