

# **OPEN SESSION PRE-READ / FINANCIAL AFFAIRS COMMITTEE**

Board of Visitors

Resolution 26

April 24-26, 2019

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## **WILLIAM & MARY FY 2019-20 OPERATING BUDGET PROPOSAL**

This summary provides an overview of William & Mary's proposed operating budget for fiscal year 2019-2020 (FY20) and identifies specific budget actions. Detailed budgets by program are contained in the pre-read materials provided to the Board of Visitors on April 16, 2019. The budget for the Virginia Institute of Marine Sciences is presented separately under Resolution 30.

The FY20 operating budget was developed in the context of the university's strategic planning process and the Six-Year Plan as approved by the Board of Visitors. To the extent resources are available, expenditures in support of the university's mission reflect the priorities outlined in these plans.

### **Sources of Revenue for FY20**

The FY20 operating budget, as presented, combines the university's state appropriated funds as well as donor funds and other revenues maintained locally at the university. Projected revenues fall into five main categories as follows:

1. **State general fund (GF) appropriations** (\$53.8 million) primarily support the university's academic mission, commonly referred to as the Educational and General (E&G) program, and need-based, in-state undergraduate financial aid. The FY20 projected state GF support includes technical adjustments related to the state's share of salary actions, anticipated changes in fringe benefits, and targeted allocation to increase the number of high-demand degrees as well as funds to establish a data science major, and a veterans' counseling program. Incremental state funds are also provided to moderate FY20 tuition increases for in-state undergraduate students.
2. **Tuition and E&G fee revenue** (\$211.6 million) reflects anticipated funds based on proposed FY20 tuition and fee rates included in Resolutions 27 and 28. These funds are used to support the university's academic programs as well as need-based undergraduate financial aid.
3. Unrestricted and restricted gifts as well as endowment earnings received by the university are categorized as **Private Funds** (\$17.9 million). They do not include funds budgeted as part of the William & Mary Foundation or other university-affiliated foundations.
4. Funds from **Grants & Contracts** for Sponsored Programs (\$31.4 million), which includes both direct funding for research as well as indirect cost recoveries used to support research facilities and administrative infrastructure.
5. Student and user fees support **Auxiliary Enterprises** (\$113.8 million), which provide non-academic goods or services to students, faculty and staff, including housing, dining, student health, and athletics.

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### **Proposed Spending Priorities for FY20**

In total, the university's FY20 proposed operating budget includes \$428.4 million in projected revenues, including \$3.1 million from the fund balance of university private funds, and \$428.0 million in expenditures.

Priority expenditures include:

- Maintaining the *William & Mary Promise* to provide need-based financial aid to low- and middle-income Virginia students;
- Investing in increased degree production of high demand fields, including computer science and data analytics;
- Creating a new program in mental health counseling for veterans and their families;
- Providing funding to raise the minimum wage rate from \$10.61 per hour to \$12.00 hour – a 13% increase in the minimum wage rate at William & Mary;
- Funding to provide a 3% salary increase for all faculty and operational staff and a pool of funds to support one-time bonuses for outstanding performance; and
- Funding to provide a state mandated salary increase of 2.75% for classified employees plus an additional 2.25% pool for merit-based salary increases.

The following table provides a summary across all revenue sources and a breakdown of expenditures by program. It is important to note that the proposed FY20 operating budget does not include the Virginia Institute of Marine Science (VIMS) or funds maintained and controlled by university-affiliated foundations. Resolution 30 provides the FY20 Proposed Operating Budget for VIMS.

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| Revenue <sup>1</sup>                  | FY19 Estimated<br>Actuals | FY20 Proposed<br>Budget | Change from Prior Year |             |
|---------------------------------------|---------------------------|-------------------------|------------------------|-------------|
|                                       |                           |                         | \$ Change              | % Change    |
| State General Fund                    | 48,888,800                | 53,811,500              | 4,922,700              | 10.1%       |
| Tuition and E&G Fees                  | 203,430,900               | 211,596,100             | 8,165,200              | 4.0%        |
| Grants & Contracts                    | 32,050,000                | 31,350,000              | (700,000)              | -2.2%       |
| University Private Funds <sup>2</sup> | 18,623,500                | 17,859,400              | (764,100)              | -4.1%       |
| Auxiliary Revenue <sup>3</sup>        | 112,677,300               | 113,804,000             | 1,126,700              | 1.0%        |
| <b>Total Revenue</b>                  | <b>\$415,670,500</b>      | <b>\$428,421,000</b>    | <b>\$12,750,500</b>    | <b>3.1%</b> |

| Expenditures, by Program <sup>1</sup> | FY19 Estimated<br>Actuals | FY20 Proposed<br>Budget | Change from Prior Year |             |
|---------------------------------------|---------------------------|-------------------------|------------------------|-------------|
|                                       |                           |                         | \$ Change              | % Change    |
| Instruction                           | 119,555,500               | 126,182,500             | 6,627,000              | 5.5%        |
| Research                              | 2,227,800                 | 2,217,800               | (10,000)               | -0.4%       |
| Public Service                        | 46,500                    | 46,600                  | 100                    | 0.2%        |
| Academic Support                      | 32,907,700                | 33,914,300              | 1,006,600              | 3.1%        |
| Student Services                      | 10,266,000                | 10,521,400              | 255,400                | 2.5%        |
| Institutional Support                 | 33,985,000                | 35,073,900              | 1,088,900              | 3.2%        |
| Plant Operations                      | 20,766,700                | 22,497,100              | 1,730,400              | 8.3%        |
| Financial Aid                         | 50,078,700                | 53,630,200              | 3,551,500              | 7.1%        |
| Sponsored Programs                    | 32,217,600                | 31,425,000              | (792,600)              | -2.5%       |
| Auxiliary Services                    | 110,075,200               | 112,504,400             | 2,429,200              | 2.2%        |
| <b>Total Expenditures</b>             | <b>\$412,126,700</b>      | <b>\$428,013,200</b>    | <b>\$15,886,500</b>    | <b>3.9%</b> |

<sup>1</sup> Total revenues and expenditures exclude the Virginia Institute of Marine Science and funds maintained in university-affiliated foundations.

<sup>2</sup> University Private Funds includes current year revenue of \$18.6 million in FY19. In FY20, University Private Funds include projected current year revenue of \$14.7 million plus \$3.1 million from the beginning fund balance.

<sup>3</sup> Auxiliary Revenues include \$900,000 generated in support of student financial aid.

Details for each of the major program areas were provided in the pre-read materials provided to the Board of Visitors on April 16, 2019.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William & Mary in Virginia approves the FY 2019-20 Operating Budget of the university as displayed herein.