



WILLIAM & MARY

CHARTERED 1693

# FY21 TUITION, FEES AND OPERATING BUDGET

*Board of Visitors*

*May 12, 2020*

# TODAY'S AGENDA

- Discussion Items
  1. Update on 2020 General Assembly Budget Actions
  2. COVID-19 Financial Update
  
- Action Items
  3. Approve FY21 Tuition and Fees (Resolution 10)
  4. Approve FY21 Operating Budget (Resolution 11)

# STATE BUDGET UPDATE

- 2020 General Assembly Session
  - Revisions to 2018-2020 Appropriation Act
    - \$16.7M supplement Fine & Performing Arts Project
    - Awaiting final guidance from DPB to resume construction
  - 2020-2022 Appropriation Act
    - New funds unallotted for FY21 and FY22, except for Tech Talent
    - Base funding remains pending reconciliation of FY20 revenues
    - Governor indicates all state agencies should expect reductions

# EARLY COVID-19 IMPACT

- Initial estimates: \$13 to \$32M loss through August
- Impact primarily to the balance sheet, not operations
  - Student rebates
  - Other areas (e.g., study abroad, athletics) managed through cost reductions and use of reserves
- With hiring freeze and cost reductions, we hope to keep FY20 impact at the lower range of initial estimates

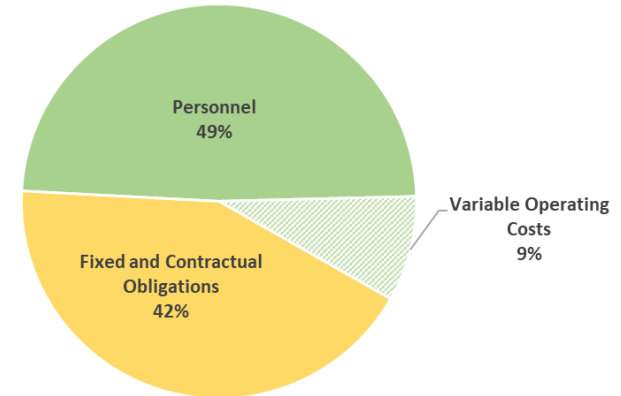
# COVID-19 UPDATE

- Framing the financial impact: high/low
- Key questions include:
  - Enrollment?
  - Public health situation (Students back on campus in August as planned)?
  - State appropriations?
  - Federal grants and contracts?
  - Philanthropy?

# BUSINESS MODEL CONSTRAINS FY21 OPTIONS

- Over 40% of university expenditures support fixed costs (e.g., debt service) or items that are difficult to modify in the short-term (e.g., contractual services, rent, leases, student financial aid, and scholarship).
- Personnel comprises almost 50% of costs, with travel, computers, equipment, supplies and food accounting for less than 10% of expenditures.

**FY21 Budget: Projected Costs Limit Short-Term Options**  
*(Estimated Expense Categories Based on Historical Trends)*



**Notes:**

Based on historical expenditure trends.

Fixed and contractual obligations include scholarships, financial aid, contractual services, debt service, utilities, leases, rent and insurance. Variable operating costs include computers, equipment, travel, food, and other operational expenses.

# PROPOSED ACTION: NO INCREASE IN TUITION AND MANDATORY FEES

- Consistent with six-year plan, Board approved a 3% increase in tuition for incoming, in-state, undergraduates in November
- Resolution 10 proposes no increase in tuition and mandatory fees for all in-state, out-of-state, undergraduate, graduate and professional students.
  - Board will revisit future tuition actions in advance of AY22.
- The resolution includes an increase of up to 2.9% in the average room rate and up to 3.0% increase in the meal plan rate for FY21.

# RESOLUTION 10:

## FY21 TUITION AND FEES

WHEREAS, that the Board of Visitors of The College of William & Mary in Virginia, on the recommendation of the President, recognizes the significant financial impact many William & Mary students and their families face as a result of the unparalleled economic disruption caused by the COVID-19 pandemic,

WHEREAS, maintaining FY21 tuition and mandatory fees at current FY20 levels will result in no increase in these charges for the university's returning or incoming students;

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 FY21.

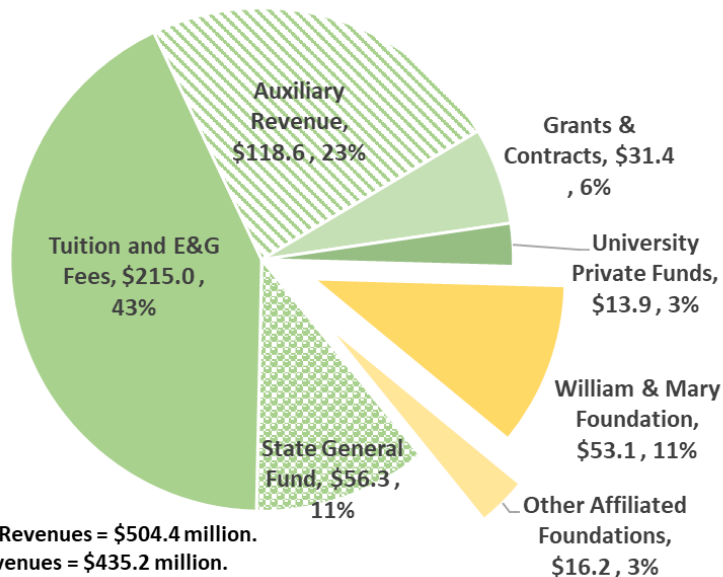
BE IT FURTHER RESOLVED, That Pursuant to Section 23.1-1301 A.5., Code of Virginia, the Board further delegates authority to the Provost and the Chief Operating Officer to establish: 1) average room and board rates at levels not to exceed the amounts specified herein, 2) course fees as needed to offset materials, supplies or additional course-specific costs not covered by general tuition and fees, and 3) special program fees for study abroad programs, online programs, certificate or other professional programs.

BE IT FURTHER RESOLVED, that this resolution supersedes Resolution 5 adopted by the Board of Visitors of The College of William & Mary in Virginia on November 22, 2019.



# FY21 HOLDING ASSUMPTIONS: REVENUES

**FY21 W&M BUDGET REVENUES**  
(\$ in millions, excludes VIMS)

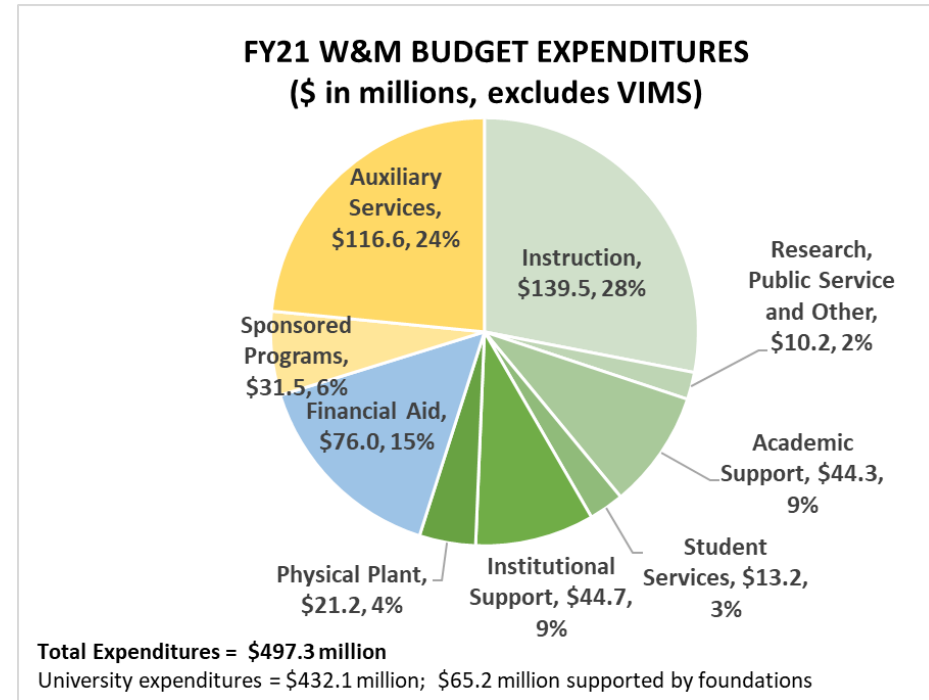


FY21 revenue holding assumptions:

- Flat enrollment
- Flat tuition & mandatory fees
- Flat state funding
  - Except for technical adjustments and Tech Talent increase
- Flat grants and contracts
- Reductions in private funds

# FY21 HOLDING ASSUMPTIONS: EXPENDITURES

- Limited new expenditures:
  - \$3.1M for Virginia need-based aid
  - \$800,000 increase in Pell-eligible aid
  - \$500,000 increased aid for OOS
  - \$995,000 for unavoidable costs
- \$2.4M contingency for E&G programs
- \$2.3M contingency auxiliary services



# FY21 PROPOSED BUDGET INCLUDES CONTINGENCY FUNDS

## FY21 William & Mary Operating Budget Summary

Revenue <sup>1</sup>	FY20 Estimated Actuals	FY21 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
State General Fund	54,861,900	56,311,000	1,449,100	2.6%
Tuition and E&G Fees	212,983,600	214,983,600	2,000,000	0.9%
Grants & Contracts	31,350,000	31,350,000	-	0.0%
University Private Funds <sup>2</sup>	17,592,700	13,875,000	(3,717,700)	-21.1%
Auxiliary Revenue <sup>3</sup>	108,643,700	118,635,000	9,991,300	9.2%
<b>Total Revenue</b>	<b>\$425,431,900</b>	<b>\$435,154,600</b>	<b>\$9,722,700</b>	<b>2.3%</b>

Expenditures, by Program <sup>1</sup>	FY20 Estimated Actuals	FY21 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
Instruction	129,151,200	126,718,600	(2,432,600)	-1.9%
Research	2,533,100	2,496,200	(36,900)	-1.5%
Public Service	38,000	44,500	6,500	17.1%
Academic Support	35,931,400	35,543,900	(387,500)	-1.1%
Student Services	11,014,400	10,851,700	(162,700)	-1.5%
Institutional Support	35,371,000	31,496,100	(3,874,900)	-11.0%
Plant Operations	20,899,100	20,618,100	(281,000)	-1.3%
Financial Aid	51,259,500	55,746,300	4,486,800	8.8%
Sponsored Programs	31,481,900	31,481,900	-	0.0%
Auxiliary Services <sup>4</sup>	110,943,200	114,695,400	3,752,200	3.4%
Contingency	-	2,422,300		
<b>Total Expenditures</b>	<b>428,622,800</b>	<b>432,115,000</b>	<b>\$3,492,200</b>	<b>0.8%</b>

### Notes

1) Total revenues and expenses exclude VIMS and funds maintained by affiliated foundations.

2) University private funds include current year revenue of \$13.7 million plus \$3.9 million from the fund balance. In FY21, university private funds include projected current year revenue of \$13.4 million plus \$500,000 from the beginning fund balance.

3) Auxiliary revenues include \$900,000 generated in support of financial aid.

4) Expenditures for auxiliary services includes \$13.5 million and \$14.7 million for debt service, respectively for FY20 and FY21. Total university debt services was \$25.6 million in FY20 and is projected to be \$26.7 million in FY21.

# RESOLUTION 11: FY21 OPERATING BUDGET

WHEREAS, the FY21 operating budget as presented includes revenue projections predicated on enrollments remaining constant at FY20 levels.

WHEREAS, FY21 revenue projections do not reflect anticipated, but not yet known, reductions in state general fund support, potential declines in federal or other sponsored programs, or changes in private giving.

WHEREAS, FY21 planned expenditures reflect prioritized spending assuming the university generates revenues as projected.

WHEREAS, given the economic uncertainties, the university is closely monitoring each of these areas and is prepared to adjust its FY21 expenditure budget to align with available revenues and to do so in a manner that protects the core mission of the institution and the essential services it provides to its students.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the FY21 Operating Budget of the university as displayed herein.

BE IT FURTHER RESOLVED, That the Chief Operating Officer will report to the Board any material changes to FY21 projected revenues and resulting changes in expenditures.