

February 26, 2021

FINANCIAL AFFAIRS COMMITTEE

FY 22 TUITION & FEES DISCUSSION



FY22 in Context

- Sustainable Financial Approach Accelerating
 - Shift from incremental budgeting to multi-year planning
 - Clear alignment with strategic priorities
 - Diversification of revenue streams
 - Cost containment and outcomes
- Tuition-Setting During Uncertainty
 - W&M BOV Timeline
- Update: Ongoing Cost-Reductions
- Update: FY22 State Budget
 - Employee Compensation Increase
- FY22 Tuition and Fee recommendations

FY22-24 is W&M's Critical Window

1. Post-pandemic shortfalls addressed via
 - Faster enrollment growth in person and online
 - Increased cost reduction, reallocation
 - *Much slower tuition growth: CPI as benchmark, reflecting W&M's commitment to access and market data*
2. While new revenues grow, it takes every tool we have
3. Strategic Action Plan will focus on the same window, to guide principles and priorities
4. **If we are all in**, a new financial footing is achievable in this timeframe

W&M BOV Timeline for FY22

February

Finance Committee Briefing (2/12/21)
Tuition, Fees, Room, and Board Briefing
(Fall 2021, Spring 2022)

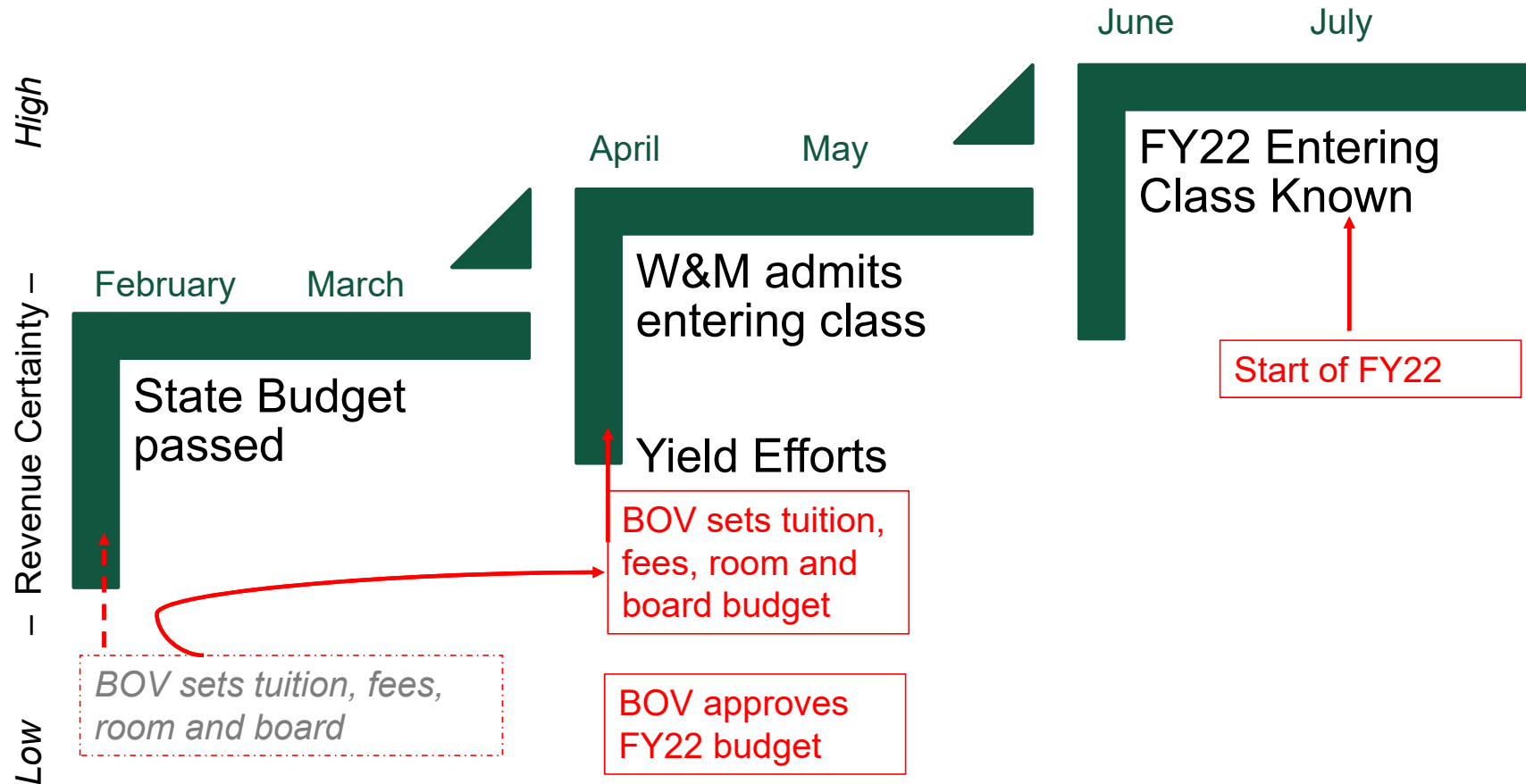
April

FY22 Operating Budget Approved
State Six-Year Capital Plan Approved
Summer 2022 Tuition & Fees Approved

September

State Six-Year Operating Plan Approved

Tuition-Setting During Uncertainty



Update: Ongoing Cost-Reductions

- FY17-FY21: \$10.8M budget reductions
 - 55% one-time, 45% base reductions
- FY22: shift from one-time to sustained cost reductions
 - Led by deans and Cabinet
- Ongoing restructuring
 - Insourcing / outsourcing for efficiency and expertise
 - Ex: insource talent search; outsource building code team
 - FY22 procure-to-pay system implementation completed

Update: FY22 State Budget

Preliminary Review of Conference Budget

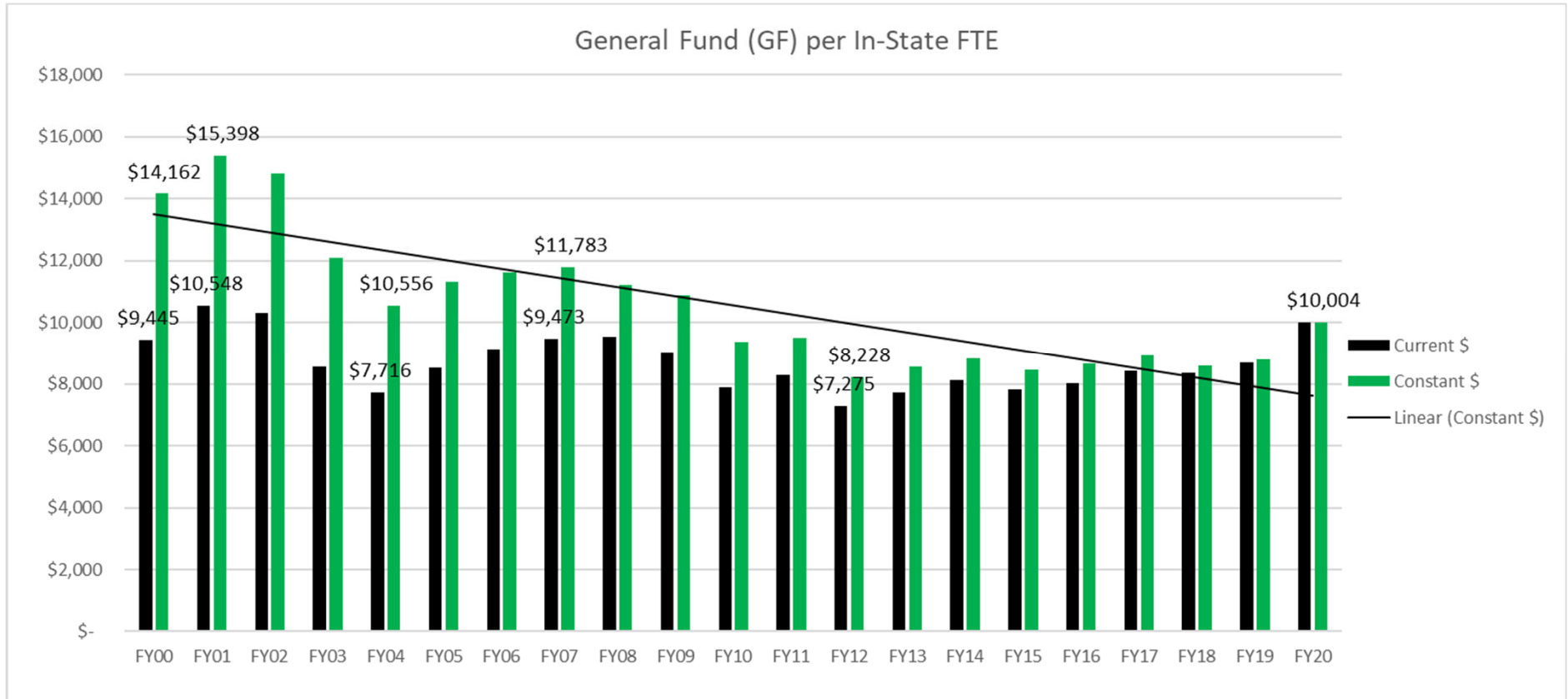
Likely State Funding

- ✓ \$3.5M GF converting FY21 one-time \$ to base funding
- ✓ Up to \$792k GF for COVID testing
 - Spring 2021 costs >\$3M
- ✓ \$700k, 3FTE for URM faculty
- ✓ Authorization and funding ISC4

Potential Salary Increases

- \$10.1M total FY22 cost
 - Up to 5% faculty and staff salary increase
 - 3.2% increase in health insurance
 - Minimum wage
- \$4M estimated state general fund (GF) support
 - 40% of total cost
- \$6.1M delta to be covered by NGF

State support has been unpredictable with some recent gains



Market constraints on tuition and fees

- Tuition and fees are W&M's largest source of revenue, but market constraints limit options
 - UG tuition and fees nearing market boundaries
 - Market position for GRAD tuition and fees varies by program
 - Law School pricing study underway – W&M underpriced, particularly for OOS students
 - Exec. MBA program being revamped; pricing will need to align with market
 - Master of Public Policy appears to be overpriced relative to market
 - Summer tuition and fees to be updated as summer offerings increase
- Recommendations to the Board in April

W&M BOV Timeline - Modified

- February** Finance Committee Briefing (2/12/21)
~~Tuition, Fees, Room, and Board Approved (AY 2021-22)~~
- April** FY22 Operating Budget Approved
State Six-Year Capital Plan Approved
~~Summer 2022 Tuition & Fees Approved~~
Tuition, Fees, Room & Board Approved
(AY 2021-22, Summer 2022)
- September** State Six-Year Operating Plan Approved