

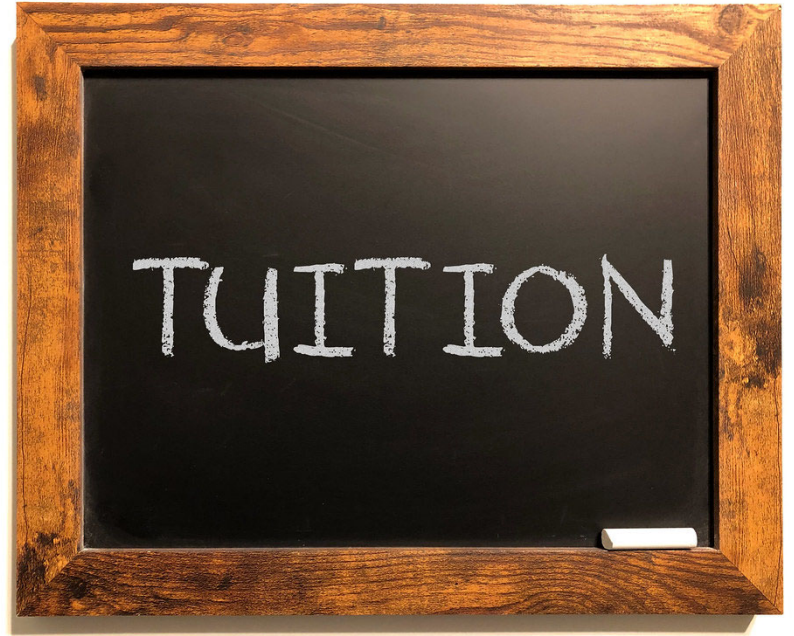
Public Hearing on Undergraduate Tuition and Fees

April 4, 2022



Key questions

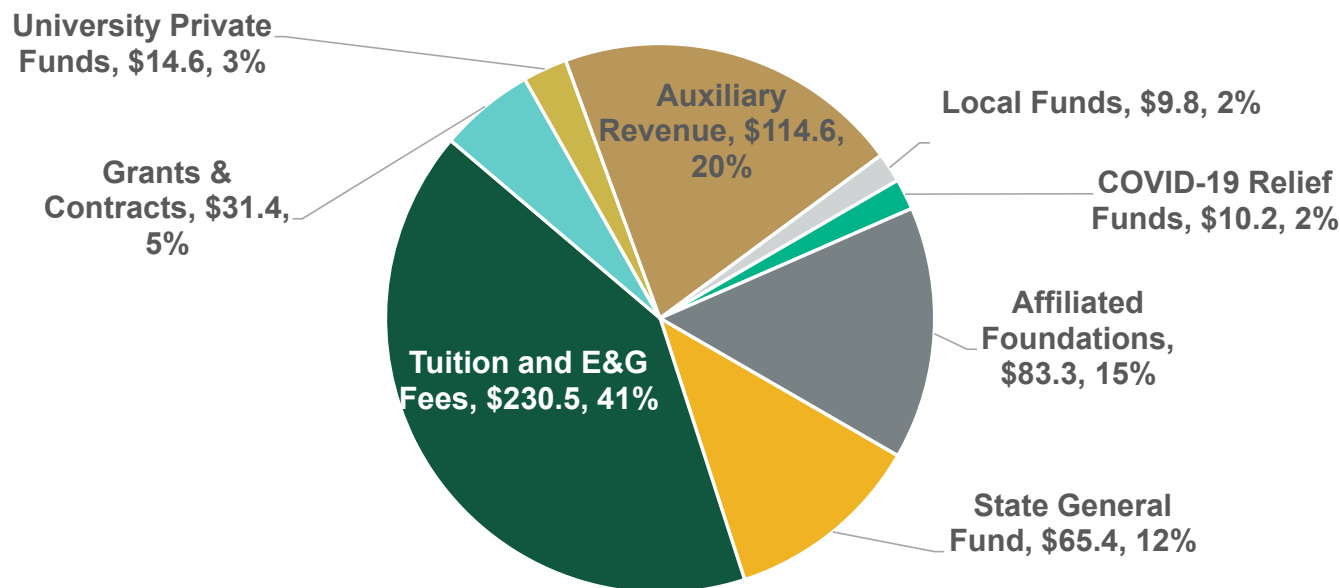
- Why tuition matters?
- Where do my tuition dollars go?
- How does state funding work?
- What about fees?
- What are the alternatives?



Why tuition matters?

W&M's largest revenue source

FY22 W&M Operating Revenue
Including Affiliated Foundations
(\$ in millions)



Total FY22 Revenue Budget: \$559.8 million

**Excludes VIMS which does not generate undergraduate tuition revenue*

Tuition supports two major expenses

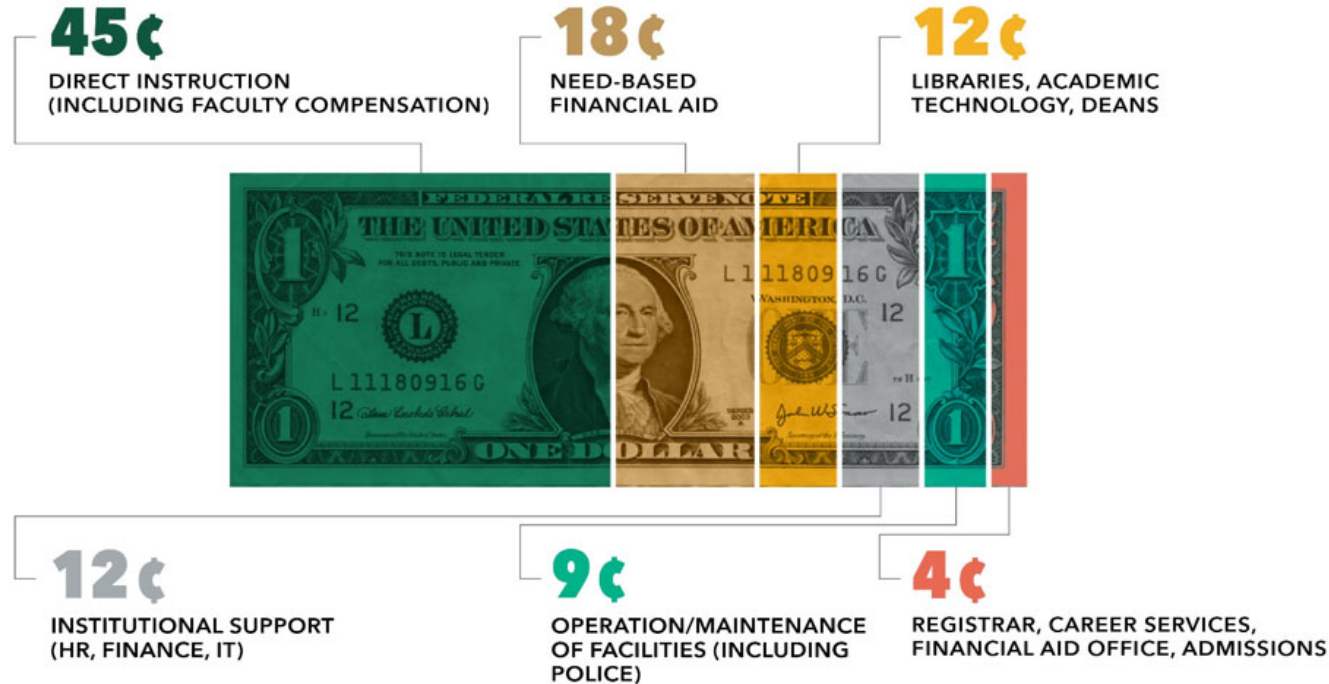
1. Educational & General (E&G) Programs

- Instruction
- Academic Support
- Student Services
- Institution-sponsored research and public service
- Institutional Support
- Operations & Maintenance of E&G buildings

2. Student Financial Aid

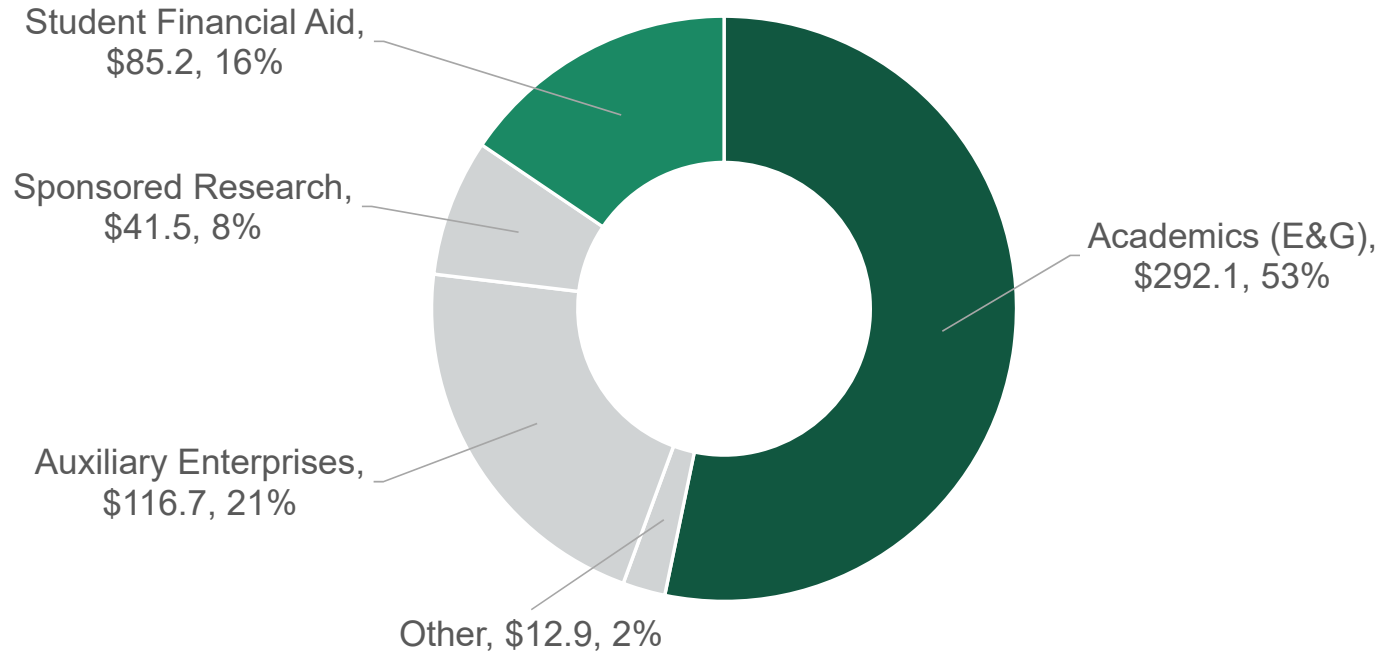
How is each dollar of tuition spent?

FY21 Actual



E&G + student aid > 2/3rds of W&M expenses

FY22 Budget, \$ in millions

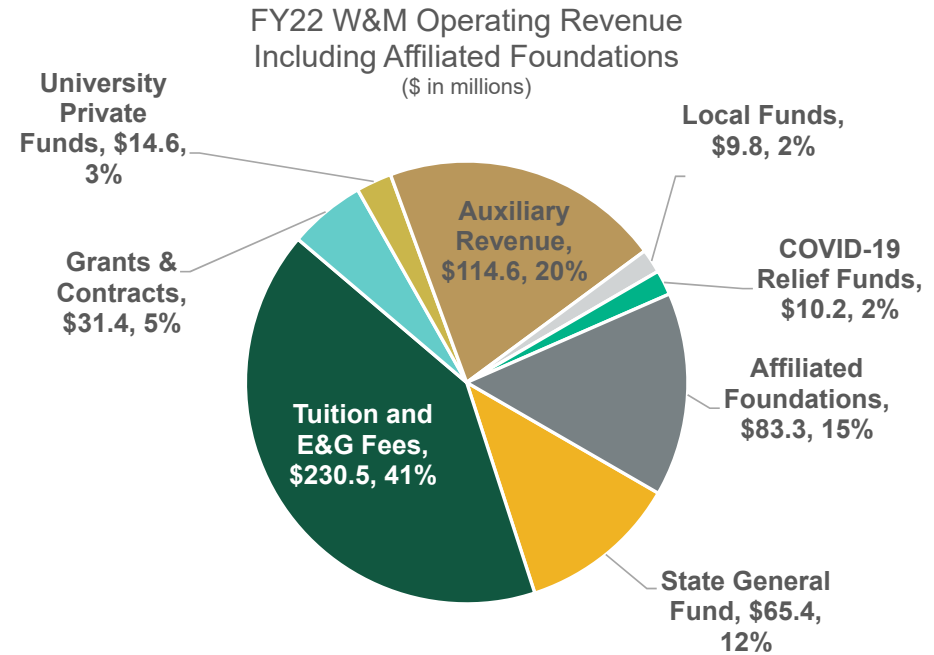


Total Expenditure Budget: \$548.4 million

**Excludes VIMS*

How does state funding work?

- VA provides 12% of total university funding
- VA funds “a share” of E&G costs for In-State students
- No VA funds for Out-of-State students
- Auxiliary services (housing, dining, student health, athletics, etc.) must be funded by student fees or other non-state sources



**Excludes VIMS*

Total FY22 Revenue Budget: \$559.8 million

State requires a “tuition share” for all mandated E&G actions

Proposed 5% salary increase in FY23

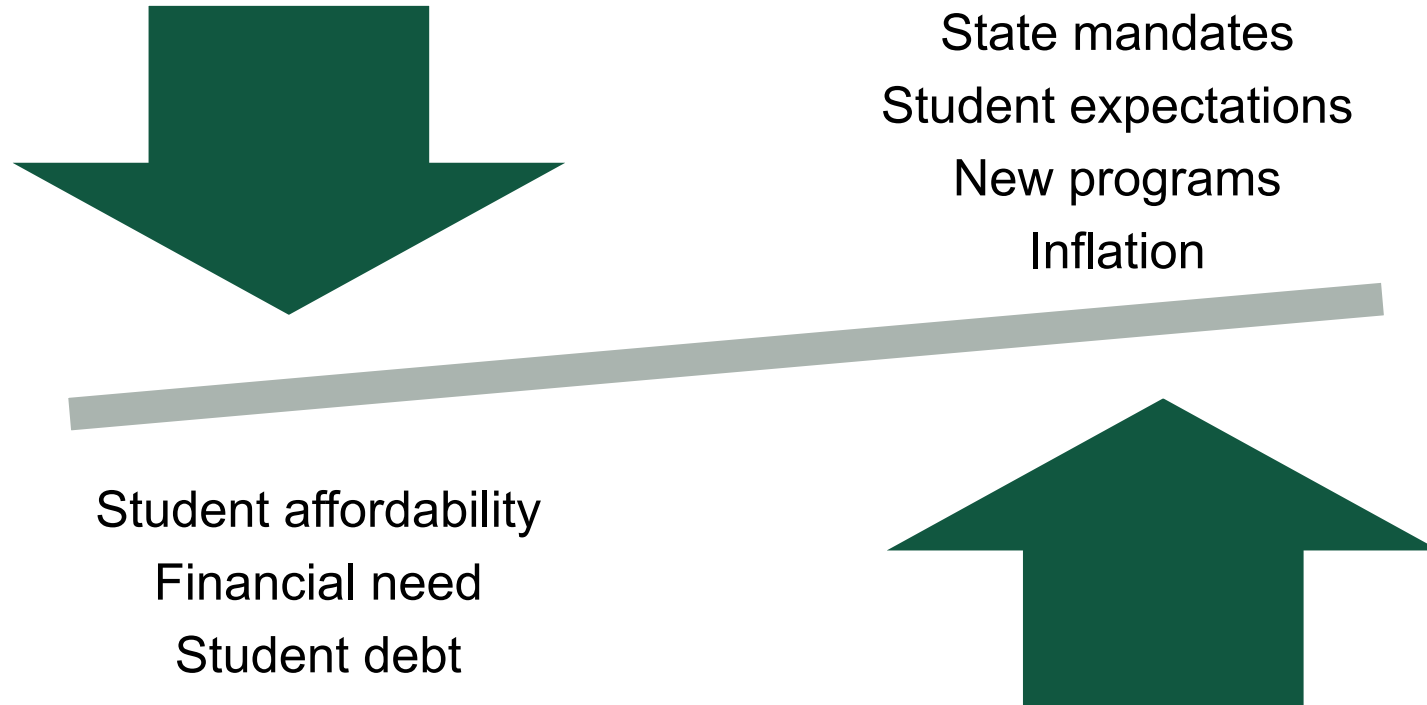
Total E&G cost	(\$8.7M)
State share	<u>3.2M*</u>
Unfunded cost	(\$5.5M)**
1% tuition increase	\$1.5M

* All figures estimated pending final action by the General Assembly and Governor.

> **60%** of the cost of state mandated increases in salaries, health insurance, and retirement **must be covered by tuition**

- State only funds faculty and staff who directly support E&G programs
- Staff salaries for auxiliary programs receive no state support

Balancing costs and affordability



Recent trend: no tuition increases

	FY19	FY20	FY21	FY22	Avg. Annual Growth Rate
In-State	\$17,434	\$17,434	\$17,434	\$17,434	0.0%
Out-of-State*	\$38,735	\$40,089	\$40,089	\$40,089	1.2%
Avg. Annual Inflation	2.3%	1.4%	7.0%	+7.8% in Feb.	3.6%

*The Commonwealth of Virginia provides no state general fund support for out-of-state students.
CPI is from Bureau of Labor Statistics for All Urban Consumers U.S. City Average series for all items.

FY23 tuition modeling

- Current modeling: 3% increase
 - Generates \$4.5M in new revenue
 - ~\$500 increase for most IS undergrads; ~\$1200 for OOS
 - Based on Governor's introduced budget
 - Reduced from 4.6% BOV-approved Six Year Plan (6YP)
 - 6YP **did not include** salary increases for FY23
 - 6YP **did not include** increased state support
 - Addresses FY22 structural issues, FY23 cost drivers
 - Still evaluating priority requests, strategic needs

What about fees?

- Student fees support a variety of non-academic programs, including
 - Student Health Center
 - Rec Center
 - Counseling Center
 - Athletics
 - Student Unions
 - Debt service on auxiliary facilities
 - Sustainability
 - Cultural Programs
- Housing and dining supported by room and board rates

Auxiliary Revenue	% of Total
Student Fees	43.5%
Dining	18.2%
Housing	29.8%
Other	<u>8.5%</u>
Total Auxiliary Revenues	100.0%

What are the cost drivers in auxiliary programs?

- State-mandated increases in salaries and benefits
 - State provides no support for auxiliary services and employees
 - By law, those programs are required to be self-supporting
- Increased student demand for programs and services
- Inflationary increases for contracted services



FY23 mandatory fee modeling

- Mandatory fees include: General Comprehensive Fee, Facility Fee, Green Fee, Student Activity Fee
- Current modeling: 3% increase
 - ~\$200 increase for IS/OOS students
 - Based on Governor's introduced budget
 - Consistent with Six Year Plan (6YP)
 - 6YP **did not include** salary increases for FY23
 - Addresses FY22 structural issues, FY23 cost drivers
 - Still evaluating priority requests, strategic needs

FY 2023 BUDGET

Putting the Pieces Together



Key budget drivers

- General Assembly actions
 - Incremental changes in state funding
 - Mandated personnel actions
- Gains/losses in enrollment
- Spending priorities
 - Mission-aligned initiatives
 - Competitive compensation for faculty and staff
 - Investments in technology and infrastructure

Compensation drives almost \$10M in new expenses; \$6.5M in state mandates

Category	Tuition Supported (E&G)	Fee Supported (Auxiliary)	Total
State mandated salary increases - Expect 5% increase in total comp	\$5.5M	\$1M	\$6.5M
Critical Market Adjustments - Y1 of multi-year actions	\$0.6M	\$0.05	\$0.6M+
Increase min. wage to \$15.50/hour plus compression - Incl. \$12/hour for student workers	<u>\$1.8M</u>	<u>\$0.7M</u>	<u>\$2.5M</u>
Total Cost	\$7.9M	\$1.75M	\$9.65M

Other budget priorities:

Invest to save & gain

- Restore pre-pandemic staffing in critical areas
- Meet compliance requirements
- Maintain need-based financial aid
- Expand COLL curriculum
- Increase student advising services
- Align admissions staffing with application growth
- Invest in Vision 2026 initiatives
- Support building operations for Fine & Performing Arts

No increase in tuition & fees would require a combination of actions

1. Inability to restore funding to pre-pandemic levels in critical areas, including:
 - Student career services
 - Public safety
 - Admissions
 - Library operations
2. \$5.5M reduction to existing programs to support state-mandated salary actions
 - Additional cuts on top of prior year cuts
3. No action on minimum wage
 - Area employers offering \$15+/hr; potential loss of workforce is significant
 - High turnover in under-resourced areas, including WMPD, HR, and Admissions
4. No new investments in *Vision 2026* or growth in current programs

Timeline

April 4: General Assembly special session

April 22: W&M acts on FY23 budget*

* Tentative depending on timing of GA action

July 1: FY23 begins

Questions?