

COLLEGE OF WILLIAM AND MARY

FY 2005-06 EXECUTIVE BUDGET SUMMARY

This Executive Budget Summary provides an overview of the College of William and Mary operating budgets for FY 2005-06 as recommended by the administration and approved by the Board of Visitors of the College. As such, this summary provides an overall financial profile of the College including both sources and uses of funds, and identifies the priorities of the College in the allocation of resources for fiscal year 2005-06.

Background

Fiscal year 2005-06 operating budgets are consistent with final action taken by the 2005 General Assembly and concurrence by the Governor on the Commonwealth's 2004-06 operating and capital budgets, as amended. The amended budget as approved recognized that Virginia's economy continues its strong performance, resulting in an estimated \$1.2 billion in incremental revenue to the Commonwealth. Priorities in the use of these funds included tax relief, transportation, health and human services, environmental concerns relative to the Chesapeake Bay, and salary support for state and local employees.

As approved, the Commonwealth's budget for FY 2005-06 includes incremental funds to partially address the College's base adequacy deficiency, faculty and staff salaries, and student financial assistance. Tuition policy provides the Board of Visitors with flexibility to raise incremental tuition to meet each institution's most critical needs and indeed anticipates such increases to match state funds provided in areas such as faculty and staff salaries. As a result, the College's budgets use this authority to meet matching requirements associated with the annualization of faculty and staff salary increases provided in FY 2004-05 as well as increases proposed for FY 2005-06 and to meet other high priority needs of the institution.

Institutional Priorities

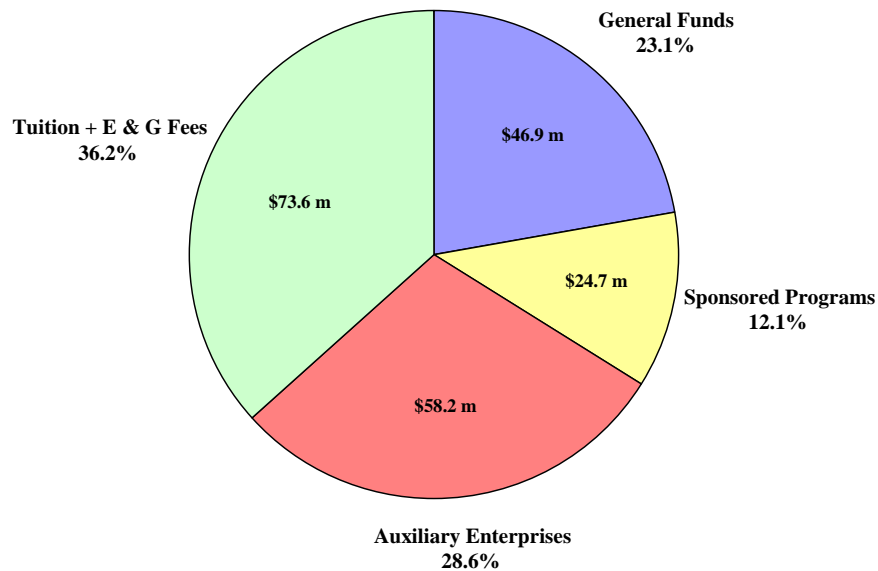
Fiscal year 2005-06 operating budget actions reflect a continued emphasis to make strategic investments with particular emphasis on addressing the shortfall in faculty and staff salaries. Recognizing the Commonwealth's actions in this particular area, the College continues to use all available fund sources to support its various programs and activities. Resulting priorities reflected in the budgets as approved are as follows:

- *Continue to address the underfunding of faculty and staff salaries;*
- *Protect the excellence and character of the College's instructional and research activities;*
- *Balance the need to address critical issues with the necessity to make long-term investment;*
- *Use all fund sources available to address funding requirements;*
- *Balance revenue need with student affordability;*
- *Invest in the College's infrastructure; and,*
- *Continue to aggressively seek private funds and other revenue sources.*

REVENUE AND EXPENDITURE OVERVIEW

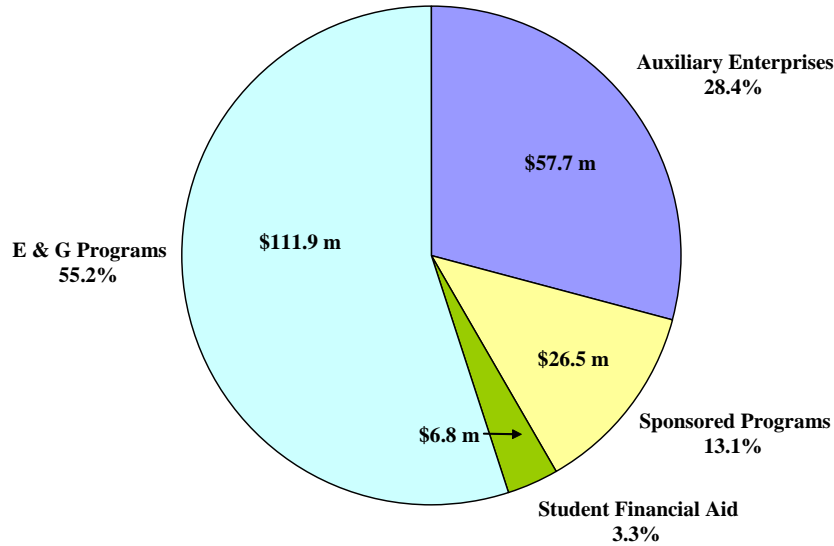
For fiscal year 2005-06, estimated revenue for the College of William and Mary, excluding private funds, totals \$203.4 million, comprised of \$46.9 million in state general fund support, \$73.6 million in tuition revenue, \$58.2 million in auxiliary enterprise revenue, and \$24.7 million in nongeneral fund sponsored research support, primarily from federal grants and contracts. Relative to the prior fiscal year, the College expects to see growth in all fund sources.

**Sources of State Appropriated Funds
\$203.4 million**



Estimated expenditures by major program, excluding private funds, total \$202.9 million, allocated in support of Educational and General, student financial assistance, auxiliary enterprise, and sponsored research activities.

Expenditures by Major Program
\$202.9 million



EDUCATIONAL AND GENERAL PROGRAMS

Program Composition

The state appropriated E&G program is the largest program at the College, representing approximately 55% of its total operation, and is comprised of seven subprograms. These subprograms directly support the College’s mission of teaching, research, and public service.

Subprogram

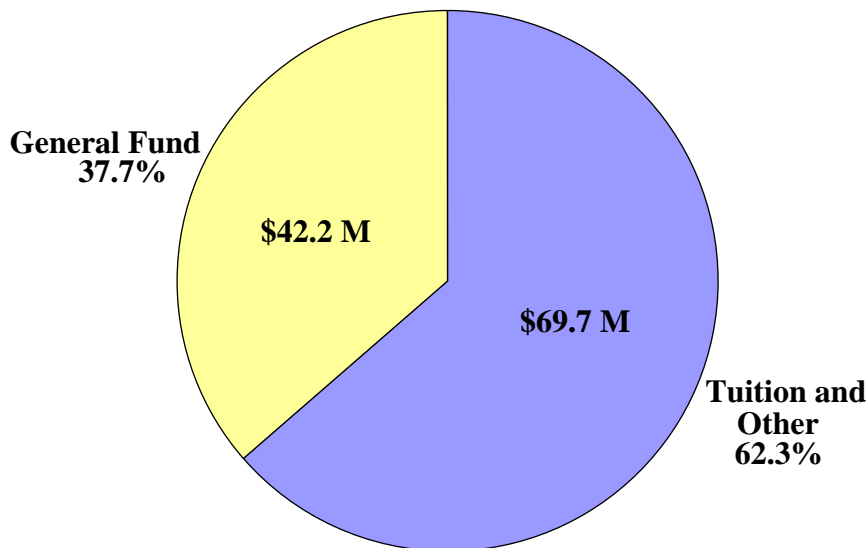
Major Activity

<i>Instruction</i>	<i>Instructional faculty; departmental operating costs</i>
<i>Research</i>	<i>Targeted, state supported research</i>
<i>Public Service</i>	<i>Community outreach activity</i>
<i>Academic Support</i>	<i>Library materials, access, and services; information technology; Deans, and directors school level costs</i>
<i>Student Services</i>	<i>Registrar; admissions; financial aid; career services; etc.</i>
<i>Institutional Support</i>	<i>Executive management; fiscal services; human resources; police; Purchasing’ etc.</i>
<i>Physical Plant</i>	<i>Buildings/grounds maintenance; plant personnel, utilities; etc.</i>

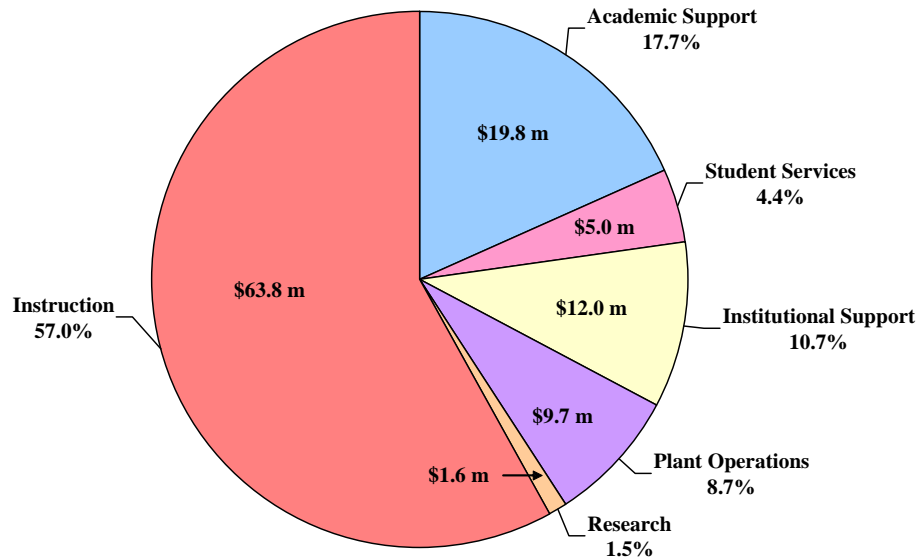
Program Revenues and Expenditures

Educational and General Programs are supported primarily with state general funds and student tuition. For FY 2005-06, the College has growth in both sources with state general funds providing \$42.2 million (37.7%) and nongeneral funds, primarily tuition revenue, providing \$69.7 million (62.3%) of the \$111.9 million available to the program. Expenditures across the programs reflect the College’s priority in allocating incremental funds above those appropriated by the Commonwealth for faculty salaries. While the Commonwealth provided state support, with an expected College match, for an average faculty salary increase of 4.8%, the budget as approved supports a 6% average faculty salary increase. This action continues the Board’s initiative to return faculty salaries to the 60th percentile among its peer group over a four year period. Other priorities in the use of available funds include a 5% increase in funds allocated for the purchase of library materials, staff positions in Swem Library, Student Affairs, and procurement, expanded support for international studies, and additional base funding for buildings and ground maintenance. The following charts show the estimated sources of state appropriated E&G revenue, and the proposed distribution of revenue across the E&G programs. It is important to note that the College continues to allocate approximately 75% of its available E&G resources to instruction and academic support (libraries and information technology), the heart of its activities.

Sources of E & G Revenue
\$111.9 million



**Expenditures by E & G Program
\$111.9 million**



AUXILIARY ENTERPRISE ACTIVITIES

Auxiliary Enterprises is the second largest program in the College's operations, with projected revenues of \$58.2 million, and expenditures of \$57.7 million. The Auxiliary Enterprise program includes activities that are ancillary to the College's central mission of instruction, research, and service. These programs are intended to be self-supporting through a combination of revenues generated by the various operations, where applicable, and student fees.

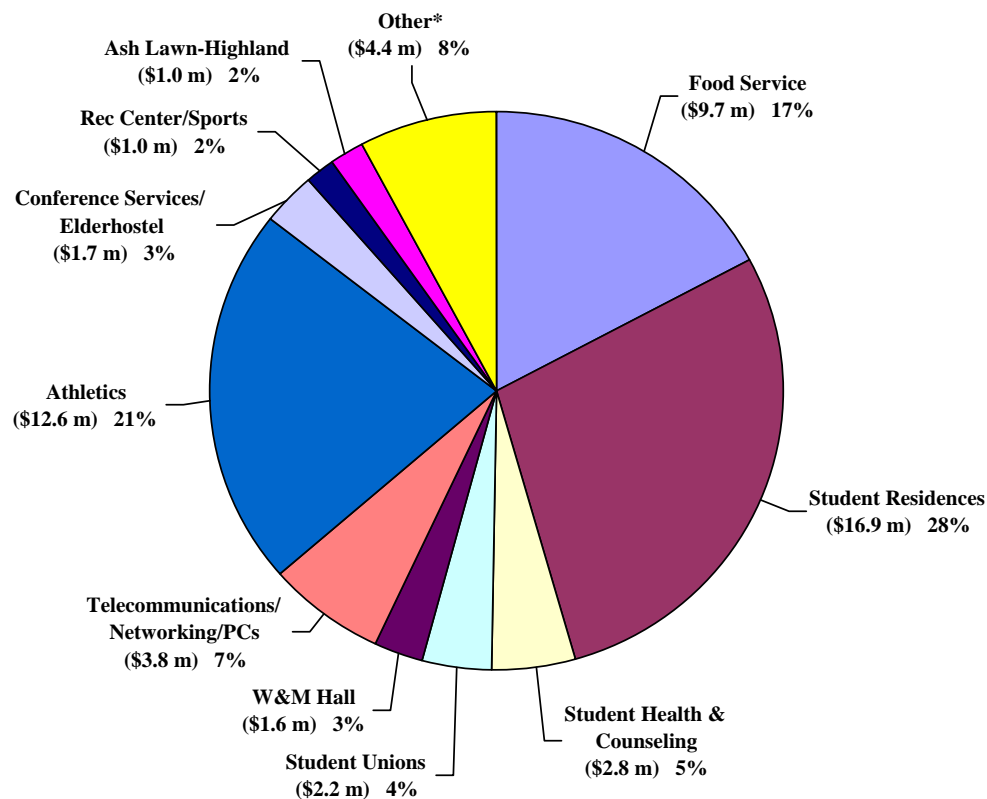
Approved auxiliary enterprise budgets address the need for incremental salary support, costs associated with annualizing salary increases provided in November, 2004, the increase in the cost of fringe benefits provided by the Commonwealth, debt service for new, or newly renovated, facilities coming on-line and additional program support in selected areas.

A breakdown of projected auxiliary enterprise expenditures by major program follows.

April 21-22, 2005

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Projected Auxiliary Enterprise Expenditures FY 2005-06 By Major Program



*Other includes parking, bus service, vending, licensing, and other smaller auxiliary services.

TUITION AND FEES

FY 2005-06 tuition and fee rates for resident and nonresident students are consistent with tuition policies and guidance included in the Commonwealth's 2004-06 operating budget, as amended. Approved tuition rates reflect the administration's assessment of the College's ability to raise tuition to meet anticipated matching requirements from the Commonwealth while allowing significant investment in the College's faculty, staff, and programs, including additional student financial aid. Consistent with auxiliary enterprise expenditures, fee increases primarily address incremental salary support, costs associated with annualizing salary increases provided in November, 2004, an increase in the cost of fringe benefits provided by the Commonwealth, debt service for new, or newly renovated, facilities coming on-line and additional program support in selected areas as noted above. A Tuition and Fee summary follows.

FY 2005-06 TUITION AND FEE SUMMARY

	<u>ACTUAL</u> <u>FY 2004-05</u>	<u>PROPOSED</u> <u>FY 2005-06</u>	<u>PERCENT</u> <u>CHANGE</u>	<u>DOLLAR</u> <u>CHANGE</u>
<i>IN-STATE UNDERGRADUATE</i>				
Tuition and Fees	\$ 7,096	\$ 7,778	+ 9.6%	+ \$ 682
Room	\$ 3,630	\$ 3,856	+ 6.2%	+ \$ 226
Board	<u>\$ 2,436</u>	<u>\$ 2,561</u>	+ 5.1%	<u>+ \$ 125</u>
TOTAL COST	\$ 13,162	\$ 14,195	+ 7.8%	+ \$1,033

OUT-OF-STATE UNDERGRADUATE

Tuition and Fees	\$ 21,902	\$ 23,186	+ 5.9%	+ \$ 1,284
Room	\$ 3,630	\$ 3,856	+ 6.2%	+ \$ 226
Board	<u>\$ 2,436</u>	<u>\$ 2,561</u>	+ 5.1%	<u>+ \$ 125</u>
TOTAL COST	\$ 27,968	\$ 29,603	+ 5.8%	+ \$1,635

***GRADUATE ARTS AND SCIENCES,
EDUCATION, AND MARINE SCIENCE***

In-state Tuition/Fees	\$ 8,198	\$ 8,880	+ 8.3%	+ \$ 682
Out-of-State Tuition/Fees	\$ 19,882	\$ 21,166	+ 6.5%	+ \$1,284

LAW

In-state Tuition/Fees	\$ 14,160	\$ 15,300	+ 8.1%	+ \$1,140
Out-of-State Tuition/Fees	\$ 24,400	\$ 25,500	+ 4.5%	+ \$1,100

GRADUATE BUSINESS: MBA / MAC

In-state Tuition/Fees	\$ 13,956	\$ 15,266	+ 9.4%	+ \$1,310
Out-of-State Tuition/Fees	\$ 25,478	\$ 27,938	+ 9.7%	+ \$2,460

STUDENT FINANCIAL ASSISTANCE

State appropriated student financial assistance totals \$6.8 million, consisting of \$2.89 million provided by the Commonwealth of Virginia and \$3.94 million provided by the College. This allocation represents a 7.7% increase (\$0.4 million) in the amount of state appropriated student aid available to our students. This allocation recognizes the impact that increases in tuition charges have on students with demonstrated financial need as well as the need to provide additional graduate aid in selected areas.

SPONSORED PROGRAMS

Sponsored programs activity reflects estimated FY 2005-06 expenditures of \$26.5 million primarily from federal grants and contracts. Expenditures in this area continue to grow as the College's faculty has success in securing outside funding for their research activities. Students benefit directly as they work along side faculty on major research projects, often resulting in joint publication of the results.

Increased sponsored research results in additional indirect cost recoveries to the College. As a result, the institution is able to reinvest these funds back into its research programs, providing support for technology transfer and the William and Mary Research Institute, supporting debt service payments associated with construction of the "Magnet Facility", and supporting College participation in the high speed network National LambdaRail Project.

BOARD OF VISITORS PRIVATE FUNDS

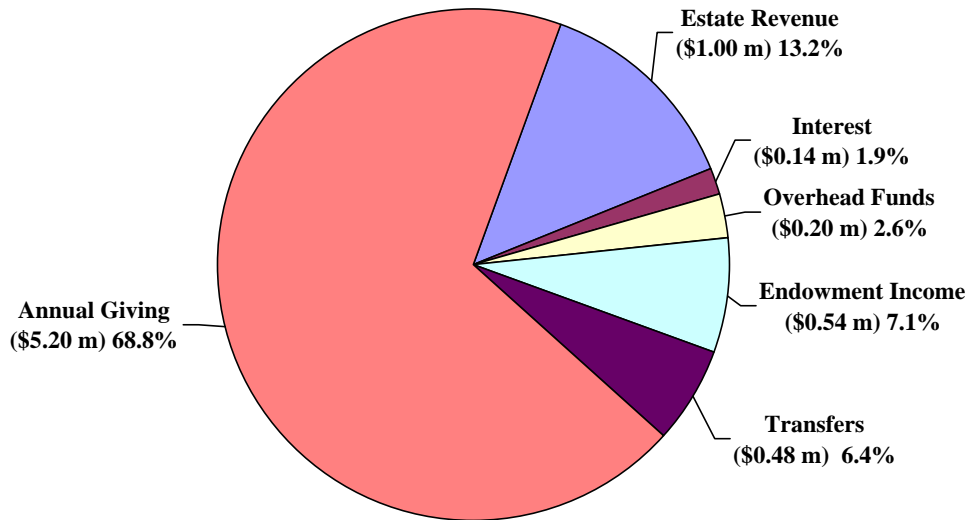
Beyond the state appropriated funds previously discussed, the Board of Visitors Private Funds Budget allocates funds available to the Board from private sources including income from both restricted and unrestricted endowments held by the Board, restricted expendable gifts, and unrestricted funds. Restricted funds must be used consistent with donor intent. As a result, the Board has no discretion regarding their use. However, the Board does have discretion in the use of unrestricted funds.

For FY 2005-06, unrestricted funds available to the Board totals \$7.6 million, with \$5.2 million, or 68.8%, generated by the Fund for William and Mary annual gift program. The budget assumes 8.3% growth in the Fund for William and Mary for FY 2005-06. The success of the Fund for William and Mary provides additional funds to the Board of Visitors to address high priority need of the College and its programs. The balance of the unrestricted revenue includes transfers from various operations (6.4%), unrestricted estate balances left to the College (13.2%), revenue from unrestricted endowments (7.1%), overhead funds associated with the administration of restricted endowments (2.6%), and short-term interest (1.9%).

Beyond continuing support for various College operations consistent with past practice, the allocation of Board of Visitors unrestricted funds for FY 2005-06 recognizes the need for the Board to increase its share of support for the overall cost of the Campaign for William and Mary.

The budget includes an additional \$1.1 million for this purpose. At the same time, additional funds are allocated to support the cost of annualizing the Board's share of the 6% faculty salary increase provided for FY2004-05 and for student financial assistance. As a result, using unrestricted revenue generated during the year as well as available fund balances, the Board allocates \$2.7 million for development and fund raising activities, \$1.65 million for faculty salaries, instruction, research, and academic support programs, \$1.5 million for student financial aid, \$1.4 million for alumni activities and support, \$0.5 million for student services including athletics, and \$0.5 million for administrative support.

Board of Visitors
Unrestricted Funds
Source of Funds \$7,562,734



Board of Visitors Unrestricted Funds

Uses of Funds

\$8,244,076

