

WILLIAM & MARY FY 2025 OPERATING BUDGET PROPOSAL

This summary provides an overview of William & Mary's proposed operating budget for fiscal year 2024-2025 (FY25) and identifies specific budget actions. Detailed budgets by program are contained in the accompanying enclosures. The budget for the Virginia Institute of Marine Science is presented separately under Resolution 37. The budget includes assumptions based upon the most recent versions of the state budget available with the Conference budget including 3% salary increases. If the state passes a revised budget, W&M will revisit its internal assumptions accordingly and share an updated budget with the Board at its next meeting.

Sources of Revenue for FY25

The FY25 operating budget, as presented, combines the university's state appropriated funds as well as donor funds and other revenue maintained locally at the university. Revenue assumptions fall into six main categories as follows:

1. **State general fund (GF) appropriations** (\$86.5 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 FY25 projected state GF support adds base allocations from the state to support a share of salary and fringe increases, operating funding, and additional financial aid.
2. **Tuition and fee revenue** (\$263.9 million) reflects estimated revenue based on proposed FY25 tuition and fee rates included in Resolution 38. These funds are used to support the university's (E&G) 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** (\$15.1 million in new revenue added to a \$19.5 million fund balance anticipated as of June 30, 2024). They do not include funds budgeted as part of the William & Mary Foundation or other university-affiliated foundations.
4. Funds from grants and contracts for **Sponsored Programs** (\$31.4 million) include both direct funding for research as well as indirect cost recoveries used to support research facilities and administrative infrastructure. In addition, William & Mary receives \$131,900 in general fund support for state-sponsored research, which is included in the state general fund amounts above.
5. Student and user fees support **Auxiliary Enterprises** (\$145.7 million), which provide non-academic goods or services to students, faculty and staff, including housing, dining, student health, and athletics.
6. **Local funds** (\$40.5 million) are supported mostly by funds from affiliated

foundations (W&M Foundation, Business Foundation, and Law Foundation), as well as fees related to specific programs such as study abroad, green fees, student activities and student health insurance.

7. The FY25 budget includes a planned use of cash reserves to cover the debt service on the general obligation bonds issued by the university. As approved by the Board, \$60 million of the proceeds have been invested with the intention that investment earnings over time will offset the need to cover this cost with other sources of funding. Given market conditions since investing the funds, we do not anticipate investment earnings will be sufficient in FY25 to cover this cost. In addition, the university plan on utilizing reserves to fund the first year of costs associated with transition of its enterprise resource platform supporting all finance and human resource needs of the institution. We will seek state funding through the next budget process, and if successful would amend the \$123 technology fee increase proposed for FY26. Reserves will only be used if all current year revenue is spent.

Proposed Spending Priorities for FY25

In total, the university's FY25 proposed operating budget includes \$583.2 million in projected revenue, \$588.9 in total resources available, and \$586.1 million in expenditures. The university is proposing a 2.5% increase to tuition for all general in-state undergraduates, a 3.3% increase for all out-of-state general undergraduates, and a 3.56% increase to mandatory non-E&G fees to support the priorities outlined below. The Board already approved graduate and professional tuition at its November 2023 meeting.

Strategic Priorities include:

- Career Services;
- Expanding affordability through financial aid for the Pell Initiative while also funding increases needed to maintain current commitments to non-Pell need-based aid;
- Student experience including health and wellness;
- Enterprise resource platform transition;
- Housing and dining master plan; and
- Compensation.

FY25 William & Mary Proposed Operating Budget Summary

Revenue	FY24 Budget	FY25 Proposed Budget ¹	Change from Prior Year	
			\$ Change	% Change
State General Fund	\$79,897,022	\$86,549,238	\$6,652,216	8.3%
Tuition and E&G Fees	258,115,667	263,897,304	5,781,637	2.2%
Grants & Contracts	31,350,000	31,350,000	-	0.0%
University Private Funds ²	16,791,300	15,120,118	(1,671,182)	-10.0%
Auxiliary Revenue ³	135,679,485	145,725,716	10,046,231	7.4%
Local Funds	40,156,400	40,547,000	390,600	1.0%
Total Revenue	\$561,989,874	\$583,189,376	\$21,199,502	3.8%
Planned Use of Reserves ⁴	2,199,131	5,768,453	3,569,322	N/A
Total Available Resources	\$564,189,005	\$588,957,829	\$24,768,824	4.4%

Expenditures, by Program	FY24 Budget	FY25 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
Instruction	\$166,517,278	\$174,004,182	\$7,486,904	4.5%
Research	7,012,329	7,332,102	319,773	4.6%
Public Service	186,993	163,693	(23,300)	-12.5%
Academic Support	50,660,005	56,668,613	6,008,608	11.9%
Student Services	23,073,417	24,017,479	944,062	4.1%
Institutional Support	47,766,397	49,827,456	2,061,059	4.3%
Plant Operations	25,852,310	24,387,975	(1,464,335)	-5.7%
Financial Aid	69,907,174	70,642,375	735,201	1.1%
Sponsored Programs	31,481,900	31,481,900	-	0.0%
Auxiliary Services	132,832,510	141,440,226	8,607,716	6.5%
Other Expenses	212,300	214,400	2,100	1.0%
E&G Debt Service	5,954,717	5,946,120	(8,597)	-0.1%
Total Expenditures	\$561,457,330	\$586,126,521	\$24,669,191	4.4%

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

² Does not include an estimated \$19.5 million fund balance in primarily restricted funds.

³ Auxiliary Revenues include \$850,000 generated in support of student financial aid.

⁴ Includes potential use of \$5.8M in reserves to balance budget as outlined in E&G budget detail, and just under \$300k in private funds reserves. Reserves will only be used if needed. Budgets will be managed throughout the year to offset any need for reserves.

Detail for each of the major program areas are provided in the enclosures.

WHEREAS, FY25 revenue projections are based upon available state budget increases, proposed tuition increases, and enrollment estimates and their related impact on tuition and fees.

WHEREAS, FY25 planned expenditures reflect prioritized spending assuming the university generates revenues as projected.

THEREFORE, BE IT RESOLVED, That the William & Mary Board of Visitors approves the FY25 Operating Budget of the university as displayed herein.

**WILLIAM & MARY
FY 2025 OPERATING BUDGET DETAIL
FOR EDUCATIONAL AND GENERAL PROGRAMS**

The Educational and General (E&G) Program constitutes those activities that support the delivery of academic services to William & Mary's students and the Commonwealth. The E&G Program is the largest program at the university, representing 57.4% of its annual expenditures, and is comprised of seven subprograms, based on national higher education reporting standards.

These subprograms directly support the university's mission of teaching, research, and public service, with major activities of each outlined below:

<u>Subprogram</u>	<u>Major Activity</u>
<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 and services, academic technology; academic administration at a school or center level</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; fund raising, administrative technology etc.</i>
<i>Physical Plant</i>	<i>Buildings/grounds maintenance; plant personnel, utilities</i>

Revenue Assumptions for FY 2025

The proposed E&G budget assumes a 2.5% tuition increase for in-state undergraduate students, 3.3% for out-of-state undergraduates, and the 0% increase for graduate students paying the general university rate approved by the BOV in November. The Board also approved graduate and professional student tuition increases in specific programs to reflect pricing and program design more appropriately amongst peers and to align tuition with the cost of delivering the program. The proposed budget assumes increases to general fund support including: 1) the state's share of annualizing 2% increases authorized in FY24, 3% salary and fringe benefit increases in FY25 and 6.3% health insurance rate increases; and 2) \$2.75M in operating funds. Those increases are partially offset by about \$300k in decreases from changes to fringe benefit rates. The combination of recent enrollment growth, general fund support, and tuition increases provide the resources needed to maintain William & Mary's standards of academic excellence and invest in strategic growth.

Overall, state general fund (GF) support will account for an estimated 27% of the university's E&G budget (excluding VIMS), with the remaining 73% of the total \$295.9 million budget coming from tuition and E&G fee revenue.

Spending Priorities for FY 2025

The proposed E&G budget includes new spending for FY25. Spending increases are proposed in a number of priority areas:

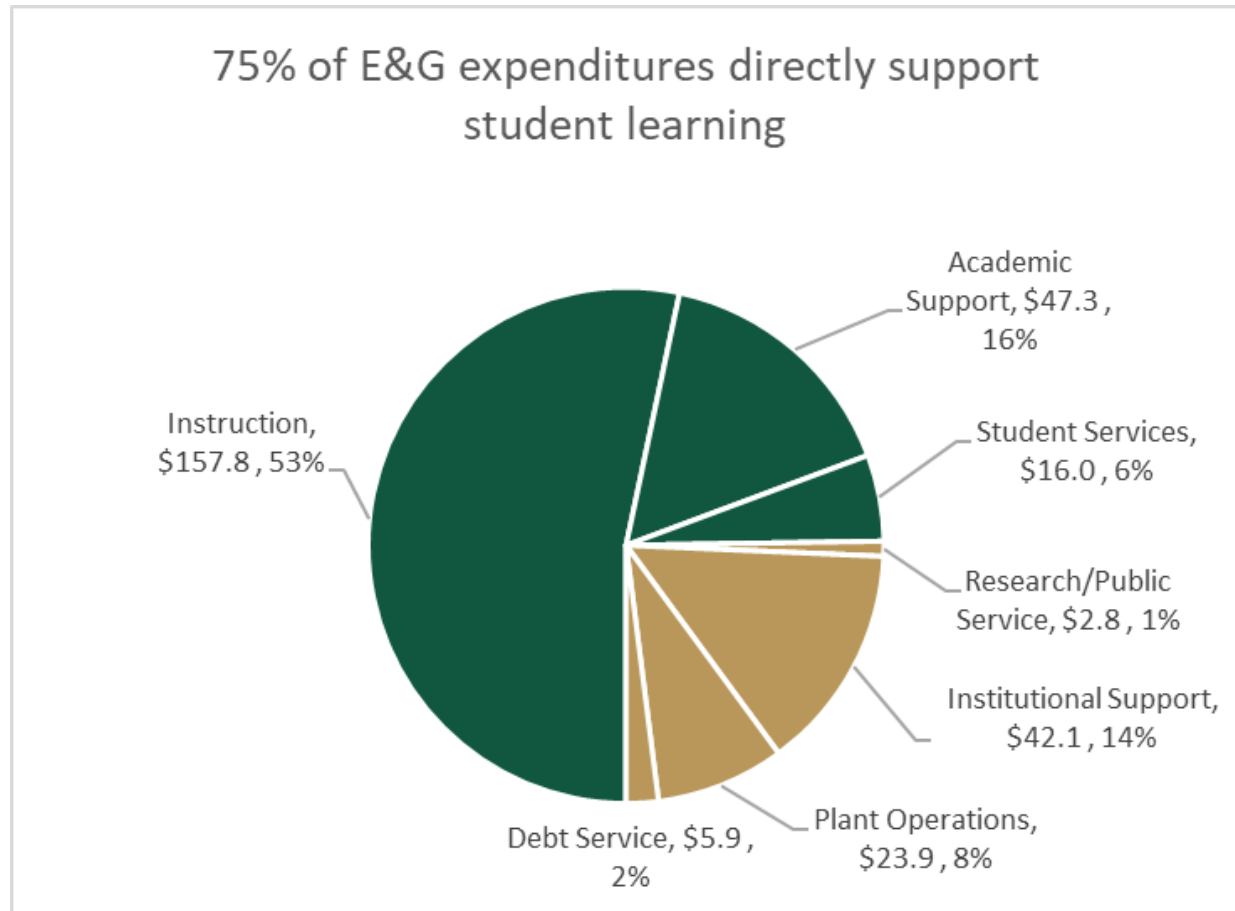
- 1) ***Institutional Priorities***- This budget includes funding to support the Pell Grant initiative as well as funding W&M's ongoing commitment to financial aid for non-Pell recipients. Other strategic priorities included are funds to support the new school, career services funding to continue expanding W&M's commitment to students' post-graduation outcomes, commitment to the student experience, and transition of the university's finance and human resources enterprise platform.
- 2) ***Salary Actions***- The proposed budget assumes annualizing the half-year 2% salary increase from FY24 and an additional 3% salary increase that was included in the conference budget as well as an increase of 6.3% to health insurance rates. The state budget is still pending final passage, and budgets will be updated if any changes are made to base assumptions included in this budget.
- 3) ***Other Required Expenses***- W&M has the Muscarelle Museum expansion coming on-line in FY25 and will need to fund operation and maintenance.

FY25 William & Mary Proposed E&G Budget

Revenue	FY24 Budget	FY25 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
General Fund	\$73,382,222	\$79,741,638	\$6,359,416	8.7%
Nongeneral Fund	204,624,893	210,348,229	5,723,336	2.8%
Total Revenue	\$278,007,115	\$290,089,867	\$12,082,752	4.3%
Planned Use of Reserves ¹	2,233,703	5,768,453	3,534,750	
Total Available Resources	\$280,240,818	\$295,858,320	\$15,617,502	5.6%
Expenditures, by Program				
Instruction	\$150,622,178	\$157,772,382	\$7,150,204	4.7%
Research	2,680,029	2,741,302	61,273	2.3%
Public Service	31,293	31,293	-	0.0%
Academic Support	41,864,605	47,335,813	5,471,208	13.1%
Student Services	15,124,217	16,035,479	911,262	6.0%
Institutional Support	41,076,897	42,128,956	1,052,059	2.6%
Plant Operations	22,852,310	23,866,975	1,014,665	4.4%
Debt Service	5,954,717	5,946,120	(8,597)	-0.1%
Total Expenditures	\$280,206,246	\$295,858,320	\$15,652,074	5.6%

¹Reserve balances will be utilized as needed to cover the university bond debt service until income from investment is generated. In addition, year 1 of the ERP transition funding will be covered with reserves as needed to allow for another opportunity to request state funding.

In total, these actions result in a FY25 E&G operating budget of \$295.9 million, an increase of \$15.7M or 5.6%. In looking at the proposed expenditures by functional area, the FY25 budget allocates a combined \$221.1 million or 74.7% of its available E&G resources to instruction, academic support and student services -- the heart of its activities. A complete breakdown by subprogram is provided in the chart below.



**WILLIAM & MARY
FY 2025 OPERATING BUDGET DETAIL
FOR STUDENT FINANCIAL AID**

The university's FY25 proposed operating budget for student financial aid totals \$66.3 million. This budget assumes \$292,800 in additional general fund support; and \$2.24 million in incremental tuition revenue to continue and expand the university's commitment to in-state, undergraduate need, as well as on-going support from university private funds and auxiliary enterprises. The growth associated with in-state undergraduate need is offset by adjustments to graduate and professional aid managed by those programs across a variety of fund sources.

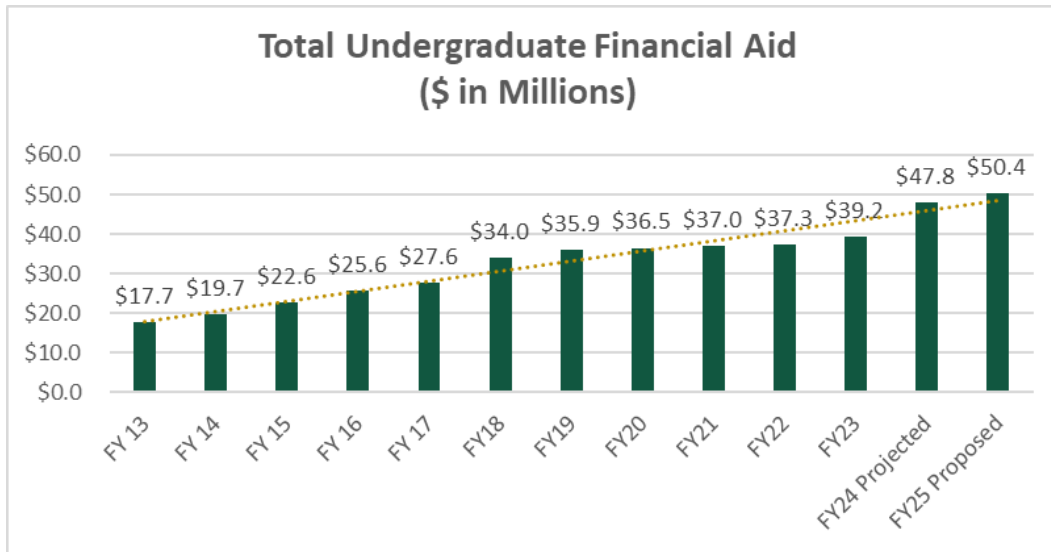
FY25 William & Mary Proposed Financial Aid Budget

Revenue	FY 24 Budget	Proposed FY25 Budget	Change from Prior	
			\$ Change	% Change
State General Fund	\$6,382,900	\$6,675,700	\$292,800	4.6%
Tuition Revenue ¹	53,490,774	53,549,075	58,301	0.1%
Auxiliary Enterprises	850,000	850,000	0	0.0%
Private Funds	4,858,600	5,200,600	342,000	7.0%
Total Revenue²	\$65,582,274	\$66,275,375	\$693,101	1.1%
Total Expenditures²:	\$65,582,274	\$66,275,375	\$693,101	1.1%

¹Excludes tuition waivers.

²Does not include \$4.8 million from local funds revenue that supports financial aid.

Of the \$66.3 million in proposed expenditures for FY25, undergraduate aid is projected to total \$50.4 million with graduate aid accounting for the remaining \$15.9 million. The investment in financial aid is directly related to the university's commitment to maintain access and affordability for Virginia's low- and middle-income students through the *William & Mary Promise* and moving forward will the commitment to Pell-eligible in-state undergraduates.



Note: Excludes scholarships and aid from the William & Mary Foundation or other university-affiliated foundations.

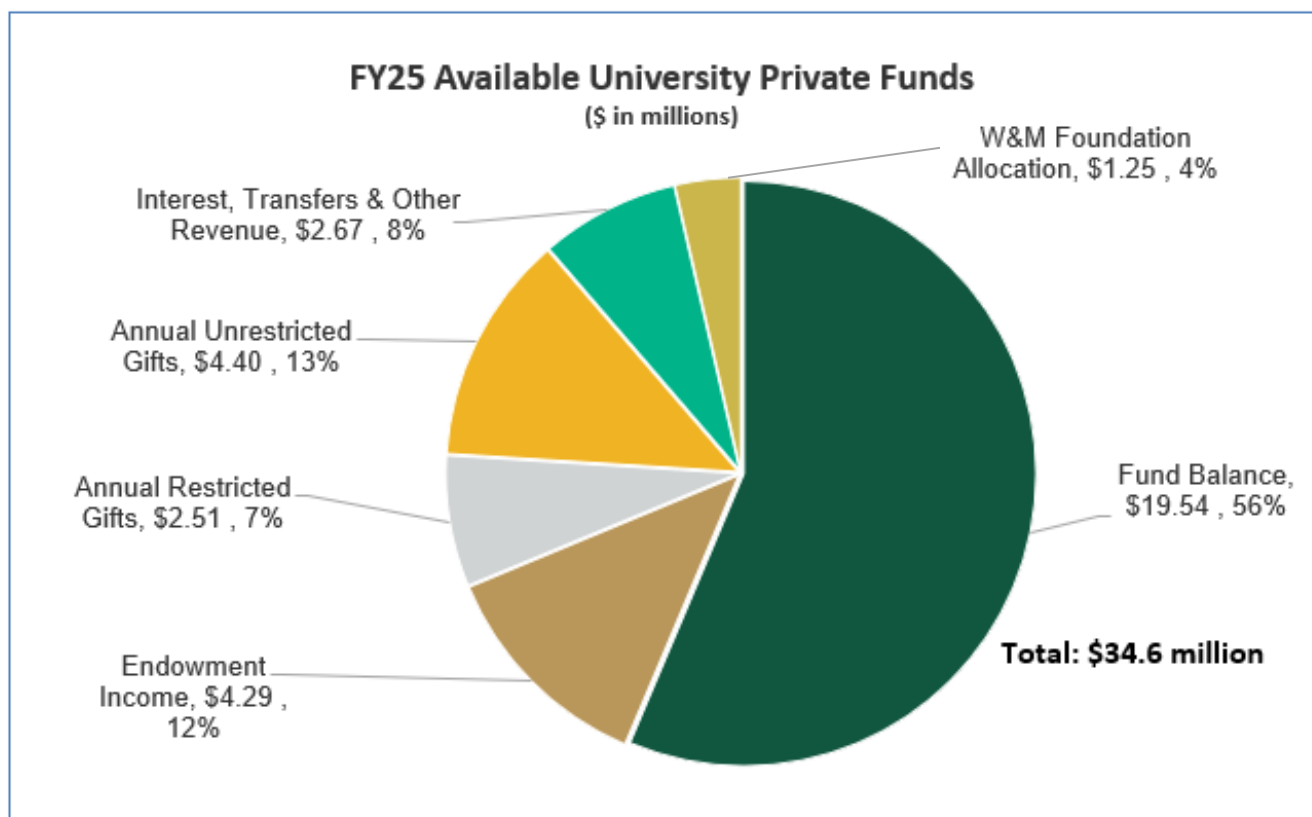
WILLIAM & MARY FY 2025 OPERATING BUDGET DETAIL FOR UNIVERSITY PRIVATE FUNDS

William & Mary's Board of Visitors is charged with the responsibility of administering endowed and other expendable funds privately donated to the university for restricted and unrestricted purposes, collectively known as university private funds. As a result, each year the Board:

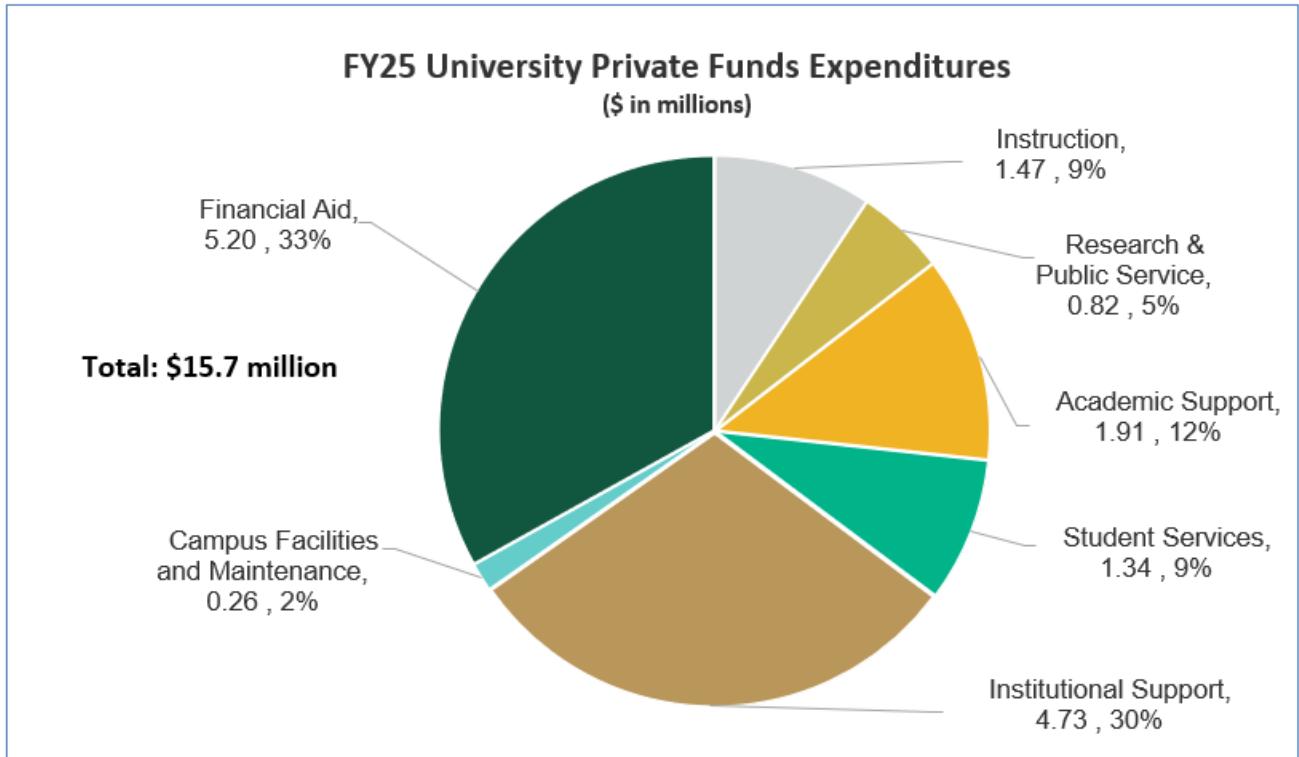
- Authorizes spending for the upcoming year consistent with donor guidance on restricted endowment and expendable funds;
- Approves the spending of endowment income consistent with Board policy;
- Reviews projections of unrestricted revenue and approves proposed use of those funds; and
- Reviews available fund balances.

For FY25 a spending rate of 5.0% is applied to a rolling twelve-quarter average value of endowments to determine income available from each endowment.

FY25 starts with an estimated total beginning fund balance (including restricted and unrestricted funds) of approximately \$19.5 million and projected revenues of \$15.1 million, resulting in \$34.6 million available for expenditure. Sources of revenue are shown in the chart below.



Budgeted expenditures total \$15.7 million with \$6.9 million coming through planned expenditures from the combined use of income from restricted endowments (\$3.7 million) and restricted expendable gifts (\$3.2 million) and \$8.8 million in expenditures anticipated from unrestricted funds.



**WILLIAM & MARY
FY 2025 UNIVERSITY PRIVATE FUNDS BUDGET**

	ACTUAL FUND BALANCE 06/30/2023	ESTIMATED RESTRICTED ENDOWMENTS 06/30/2024	ESTIMATED RESTRICTED GIFT FUNDS 06/30/2024	ESTIMATED UNRESTRICTED FUNDS 06/30/2024	ESTIMATED TOTAL FUND BALANCE 06/30/2024
BEGINNING FUND BALANCE (cash, receivables & payables)	18,806,850	1,026,526	10,256,434	8,258,590	19,541,550
	REVISED FY 2023-24	RESTRICTED ENDOWMENT FY 2024-25	RESTRICTED GIFTS FY 2024-25	UNRESTRICTED FY 2024-25	TOTAL FY 2024-25
REVENUES					
Distribution of Endowment Income	4,204,400	3,662,318	-	623,800	4,286,118
UA Reinvestment Payout	457,200			466,100	466,100
Administrative Overhead Allocation	300,000	-	-	300,000	300,000
UA Reinvestment Allocation	457,200			466,100	466,100
Interest on Cash Balances	2,408,500	-	8,500	1,000,000	1,008,500
Annual Gifts:					
Restricted*	2,476,500	-	2,511,100	-	2,511,100
Unrestricted	4,400,000	-	-	4,400,000	4,400,000
Earnings From External Trusts	48,000	37,400	-	-	37,400
W&M Foundation Allocation	1,542,500	-	-	1,252,000	1,252,000
Other Revenue**	497,000	-	48,500	344,300	392,800
TOTAL PROJECTED REVENUES	16,791,300	3,699,718	2,568,100	8,852,300	15,120,118
AVAILABLE FOR EXPENDITURE	35,598,150	4,726,244	12,824,534	17,110,890	34,661,668
BUDGETED EXPENDITURES					
Instruction	1,273,500	576,100	705,200	186,700	1,468,000
Research	561,800	146,000	637,600	-	783,600
Public Service	63,500	22,300	17,000	-	39,300
Academic Support	1,441,400	1,035,700	318,400	553,200	1,907,300
Student Services	1,369,000	36,600	509,700	791,500	1,337,800
Institutional Support	3,746,800	78,100	128,600	4,520,500	4,727,200
Facilities and Operations	2,742,000	88,800	98,000	73,700	260,500
Student Aid	4,858,600	1,716,100	757,800	2,726,700	5,200,600
TOTAL BUDGETED EXPENDITURES	16,056,600	3,699,700	3,172,300	8,852,300	15,724,300
PROJECTED YEAR-END BALANCES	19,541,550	1,026,544	9,652,234	8,258,590	18,937,368

*Net of University Advancement Reinvestment 4.75% assessment

**FY 2024-25 Other Revenue (Unrestricted) includes Undesignated Gifts of \$200,000 and \$119,300 transfer from Restricted (4.75% of Annual Gifts to UA Reinvestment Fund)



WILLIAM & MARY

CHARTERED 1693

OFFICE OF FINANCIAL OPERATIONS

April 10, 2024

To: The Financial Affairs Committee of the Board of Visitors

From: Melanie O'Dell, Chief Financial Officer

Subject: UPMIFA Considerations in Spending from Endowment in the Proposed FY25 Budget

This memo is intended to inform you of certain provisions articulated in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as amended by the Commonwealth of Virginia's General Assembly in 2012.

Per UPMIFA guidelines cited in the **Code of Virginia Title 64.2-1102 (2012), Appropriation for expenditure or accumulation of endowment fund; rules of construction**, Board fiduciaries need to recognize the following considerations specifically with respect to adoption of the university's annual private funds operating budget:

- "A. Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:
1. The duration and preservation of the endowment fund;
 2. The purposes of the institution and the endowment fund;
 3. General economic conditions;
 4. The possible effect of inflation and deflation;
 5. The expected total return from income and the appreciation of investments;
 6. Other resources of the institution; and
 7. The investment policy of the institution.
- B. To limit the authority to appropriate for expenditure or accumulate under subsection A, a gift instrument shall specifically state the limitation.
- C. Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or words of similar import:
1. Create an endowment fund of permanent duration unless other language in the gift

- instrument limits the duration or purposes of the fund; and
2. Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection A.”

In the absence of any donor specifications contained in a gift instrument, UPMIFA gives authority to the governing board to spend from the endowment as long as the aforementioned considerations are taken into account. With respect to the University’s compliance with criteria cited in subsection A, the following clarifications apply:

1. **No prohibitions against spending.** Staff have researched that from a total of 190 endowment funds there were 9 endowments with a market value on December 31, 2023 beneath their respective historical gift values, i.e. “underwater”, by a total amount of \$69,056. This compares to the prior year when of 188 endowments in place, 14 endowments were classified as underwater with a total market value of \$283,567. The total dollar amount of funds currently “underwater” equates to 0.14% of the University endowment’s 12/31/2023 total market value of \$92,813,951
2. These 9 endowments are not subject to donor imposed prohibitions against spending when the fund is “underwater.” Endowment funds that are subject to revenue sources outside that of distributions from the investment pool will be budgeted according to trend estimates (e.g. pattern of dividend yield).
3. **Duration and preservation of the endowment fund.** The BOV has invested its endowment in the 1693 Partners Fund (“the Fund”) as it is an investment pool designed and managed by in-house professionals who are knowledgeable of the BOV’s requirements and best practices for long-term asset management: broad diversification among asset classes and managers, ongoing risk management, capital preservation mindset and methods, and controls on liquidity, spending and duration. Contributions to endowment are invested in perpetuity with a goal of providing current support to the university as well as maintaining intergenerational spending power of gift assets.
4. **Purposes of the institution and the endowment fund.** The university was chartered in 1693 as an institution of higher education. Since that time, the university has been the recipient of private contributions that are used to further the mission and initiatives of the university. Contributions to endowment are administered by university staff in keeping with governance policies and oversight of the Board of Visitors as well as following any donor imposed restrictions with respect to use of payout from the invested endowment.
5. **General economic conditions.** The Partners Fund Board is comprised of professional investment practitioners who are respectively engaged in different business disciplines. This allows for fertile cross-sectional dialogue during Board meetings where discussions include topics of U.S. and global economic conditions and the potential effects on the investment portfolio.
6. **The possible effect of inflation and deflation.** The Partners Fund Board addresses the possible effect of inflation and deflation on an episodic basis, particularly when discussion is focused on asset allocation and manager strategies as pursued by the Fund, and how the portfolio reasonably would be expected to perform under inflationary or deflationary scenarios.
7. **The expected total return from income and the appreciation of investments.** The University’s average annualized compounded returns versus the portfolio’s policy and target benchmarks are displayed below. The investment return metrics for 12/31/2023 represent the returns from the previous investment manager geometrically linked with the 1693 Partners Fund investment return data. The results do not represent the final 12/31/2023 return data for either investment manager.

One Year

Three Years

Five Years

Ten Years

	Thru 12/31/23	Thru 12/31/23	Thru 12/31/23	Thru 12/31/23
University	9.55%	1.51%	6.26%	4.67%
Target Benchmark	16.74%	3.87%	8.02%	6.15%
Policy Benchmark	16.74%	3.02%	7.82%	6.27%

These nominal total return statistics are net of manager fees, gross of 1693 Management Company expenses and include both income and appreciation. The Investment Policy Statement (“IPS”) for the Fund, states a primary objective to “maximize long-term real return in the Fund’s investment portfolio”, consistent with the Board’s risk tolerances, objective to preserve and grow the depository base, and recognized need to preserve intergenerational equity. Asset allocation within the Fund portfolio is derived following intensive due diligence by the 1693 Management Company Investment staff whereby additions or deletions of managers or strategies are made thoughtfully considering the risk and performance impact on the portfolio in both the short and long term. Actual performance relative to the established policy benchmark can vary widely year to year and through business cycles, however over longer time periods, positive absolute returns should be sufficiently high to support a prudent spending rate. The FY25 BOV budget has a recommended spending rate of 5.00%.

8. **Other resources of the institution.** The university’s comprehensive operating budget includes revenue from both the Commonwealth and private sources. Besides state appropriations, support can come from tuition and fees, grants and contracts, endowment payout, distributions from external funds held in trust by others, income from specifically held securities, expendable gift contributions, interest income from working capital, and other miscellaneous revenue sources. Funds with donor restrictions as to use are budgeted accordingly and unrestricted funds are allocated for discretionary use following review and endorsement by the President of the university, incorporating her priorities and most pressing needs.
9. **The Investment Policy of the institution.** The BOV passed the most recent Investment and Spending Policy for Endowment at its April 20-22, 2022 meeting. Contained in the policy are specific guidelines that apply to corporate governance, investment objectives, delegation of management and investment functions, portfolio composition and asset allocation, social responsibility, manager guidelines, and spending provisions.

With respect to criteria cited in subsection B (above) of the UPMIFA guidelines, the University remains compliant with any donor restrictions that cap or limit the spending authority of the Board.

With respect to criteria cited in subsection C (above) of the UPMIFA guidelines, donor restrictions are documented in gift agreements, trust documents, bequest agreements (wills and estates), and other donor correspondence. Any restrictions or limitations with respect to use or spending are articulated in these types of documents.

Management Recommendation

In view of the fiduciary responsibilities required by UPMIFA as cited in the Code of Virginia for a governing board to appropriate spending from an endowment pool, this memorandum serves to inform you of those various considerations that need to be taken into account before a board takes action on spending.

Accordingly, following review by internal management we see no impediments to the spending recommendations outlined in the university Private Funds Budget for FY25, considering current economic conditions and the performance of the University portfolio over the past year and annualized over longer term time periods.

April 24-26, 2024

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The Association of Governing Boards has counseled member institutions to make a management recommendation a point of record. Accordingly, this memorandum should be referenced in the Board's budget review process and later included with the minutes from the April meeting.

Please let me know if I can be of further assistance with respect to this governance issue.

**WILLIAM & MARY
FY 2025 OPERATING BUDGET DETAIL
FOR SPONSORED PROGRAMS**

Sponsored programs activity reflects estimated FY25 expenditures of \$31.5 million primarily from federal grants and contracts. This budget assumes level funding from prior year. Indirect cost recoveries enable the university to reinvest funds back into its research programs, including support for faculty start-up, grant-matching funds, technology transfer, debt service payments associated with construction of various science facilities, and participation in high-speed network systems. William & Mary's current federal indirect cost recovery rate is 50.7%.

Across all areas of research at the university, students continue to benefit directly as they work alongside faculty on major research projects, often resulting in joint publication of the results. In addition to covering direct costs of research programs, sponsored research activity also provides indirect cost recoveries to the university.

FY 25 William & Mary Proposed Sponsored Programs Budget

Revenue	FY24 Budget	FY25 Proposed Budget	Change from Prior Year	
			\$ Change	% Change
General Fund	\$131,900	\$131,900	\$0	0%
Grant Awards - Direct Costs	27,000,000	27,000,000	0	0%
Indirect Cost Recoveries	4,350,000	4,350,000	0	0%
Total Revenue	\$31,481,900	\$31,481,900	\$0	0%
Expenditures	\$31,481,900	\$31,481,900	\$0	0%

**WILLIAM & MARY
FY 2025 OPERATING BUDGET DETAIL
FOR AUXILIARY ENTERPRISES**

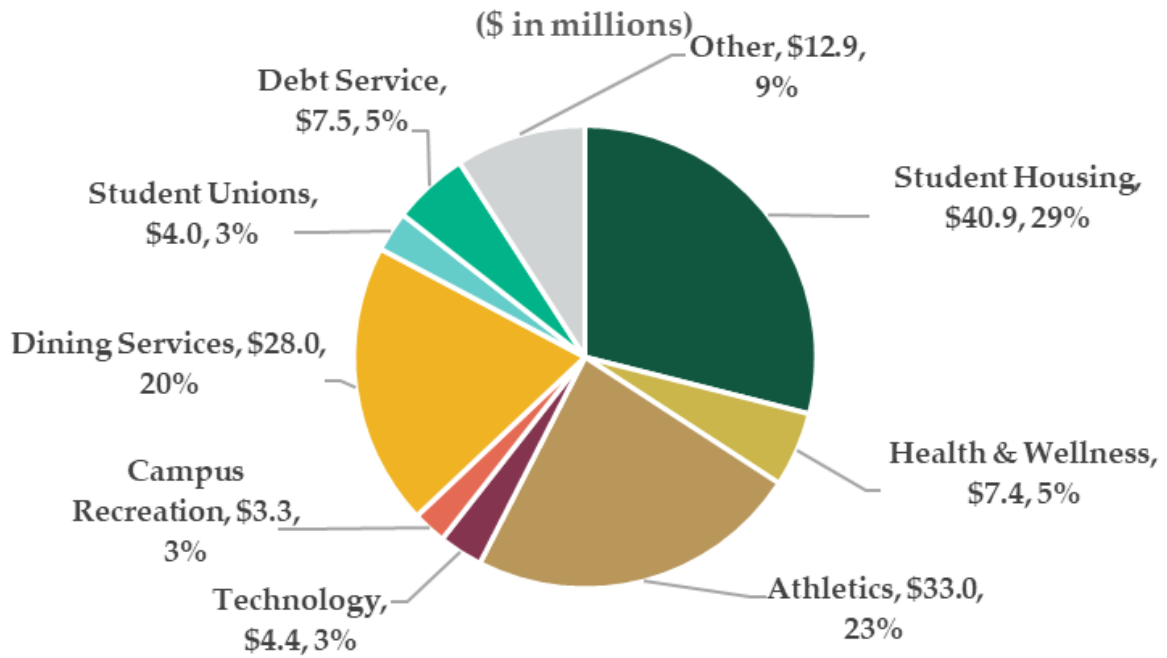
Auxiliary Enterprises exist to furnish goods and services to students, faculty and staff outside of the academic missions, which distinguishes them from other university programs. In addition, auxiliary enterprises receive no funding from the state, and thus, rely on revenues from student and user fees for the goods and services provided.

For public institutions of higher education, the Commonwealth of Virginia requires that auxiliary enterprise activities in total, and Intercollegiate Athletics specifically, be self-supporting, including direct and indirect costs. As part of that expectation, auxiliary enterprises must reimburse the university for any services provided by a functional area that is supported from the state general fund or other appropriated non-general funds. Standard university services providing support to auxiliary enterprises include human resources, financial operations, housekeeping, and facility maintenance. The Commonwealth further expects that auxiliary enterprises establish and maintain a positive cash balance to provide an operating reserve as well as support for future capital investment.

William & Mary has established several auxiliary enterprises including dining services, residence life, intercollegiate athletics, student health and wellness, campus transportation, campus parking, the bookstore, and student unions. Collectively, auxiliary enterprises are the university's second largest operating program, with revenues for FY24 budgeted to reach \$134.8 million and expenditures budgeted at \$132.8 million. The budgeted net operating revenue for FY24 is \$2.0 million.

For FY25, the proposed budget anticipates \$144.9 million in operating revenues. Planned expenditures are projected at \$141.4 million, generating a net operating margin of \$3.4 million. This budget includes mandatory fee increases of 3.56%, housing increases at 6.0% consistent with the master plan, dining increases at 9.9%, and 5.25% parking rate increases to cover state mandated salary and benefit actions, inflationary utility and contract increases including dining union increases and food cost increases, fund critical ongoing needs related to student health, parking facility maintenance, simplification of the parking decal system and funding to support increased costs in the athletics operation. Dining services periodically reviews a meal plan optimization study to assess plans and how students use them including number of meals, dining dollar amounts, etc. Meal plan offerings may shift to fit student needs. Rate increases shown for FY26 are for the plans currently offered.

FY25 Projected Auxiliary Enterprise Expenditures, by Major Program



A more detailed listing of each auxiliary service is provided in the table below.

FY25 William & Mary Proposed Auxiliaries Budget						
Auxiliary Enterprise	FY24 Budget			FY25 Proposed Budget		
	Revenues ¹	Expenditures	Operating Margin	Revenues ¹	Expenditures	Operating Margin
Campus Parking	\$1,721,800	\$1,655,800	\$66,000	\$2,032,950	\$1,791,207	\$241,743
College Bookstore	250,000	133,600	116,400	225,000	120,461	104,539
Conference Services	647,000	602,800	44,200	535,109	602,800	(67,691)
Cultural Activities	519,700	519,700	-	734,751	694,851	39,900
Express Program	694,100	671,000	23,100	694,100	671,000	23,100
Dining Services	26,658,700	25,242,500	1,416,200	30,468,855	27,972,745	2,496,110
General Auxiliary Services	1,545,200	1,768,200	(223,000)	1,649,058	1,863,064	(214,006)
Highland	591,400	842,200	(250,800)	559,500	941,246	(381,746)
Intercollegiate Athletics	30,592,700	30,592,700	0	33,007,722	33,007,722	0
Kaplan Arena	2,916,200	2,916,200	0	2,964,695	2,693,993	270,702
Licensing	84,500	20,200	64,300	144,500	22,840	121,660
Osher Lifelong Learning	361,000	361,000	-	415,000	362,966	52,034.00
FYE/P&F Programs	891,700	891,700	-	1,003,865	1,003,865	-
Rec Center & Campus Rec	3,367,200	3,420,200	(53,000)	3,287,195	3,340,195	(53,000)
Student Health & Wellness	6,728,900	6,712,200	16,700	7,404,000	7,404,000	0
Student Housing	39,086,400	38,720,700	365,700	41,054,709	40,943,250	111,459
Student Unions	3,931,700	3,931,700	0	3,981,113	3,981,113	-
Technology	4,545,200	4,545,200	0	4,573,526	4,358,317	215,209
Tennis Center	819,900	819,900	0	1,065,651	928,393	137,258
Transportation	528,775	451,900	76,875	703,848	692,809	11,039
Tribe Card	467,500	465,500	2,000	498,249	496,229	2,020
Vending Program	354,500	22,200	332,300	348,500	23,340	325,160
Debt Service ²	7,525,410	7,525,410	-	7,523,820	7,523,820	-
Total Auxiliary Enterprises	\$134,829,485	\$132,832,510	\$1,996,975	\$144,875,716	\$141,440,226	\$3,435,490

¹Excludes \$850,000 used to support student financial aid.

²Debt service for auxiliary operations funded through student facility fees and private giving. Debt service is also included in operating expenses for housing, dining and parking.

**WILLIAM & MARY
FY 2025 OPERATING BUDGET DETAIL
FOR UNIVERSITY LOCAL FUNDS**

The university's FY25 proposed operating budget for local funds totals \$40.5 million. This budget consists of operating funds provided by affiliated foundations, study abroad, and other revenue generating initiatives around campus. Revenues are generated by individual areas to support direct purposes. Budgets are estimates based upon historical revenue and expense.

Revenue	FY24 Budget	FY25 Proposed Budget*	Change from Prior Year	
			\$ Change	% Change
W&M Foundation	\$16,000,000	\$17,029,100	\$1,029,100	6.4%
Law Foundation	6,600,000	7,569,300	969,300	14.7%
Business Foundation	5,000,000	5,252,400	252,400	5.0%
Student Fees	4,590,700	5,016,800	426,100	9.3%
Other Revenue	7,965,700	5,679,400	(2,286,300)	-28.7%
Total Revenue	\$40,156,400	\$40,547,000	\$390,600	1.0%
Expenditures, by Program				
Instruction	\$14,621,600	\$14,763,800	\$142,200	1.0%
Research	3,770,500	3,807,200	36,700	1.0%
Public Service	92,200	93,100	900	1.0%
Academic Support	7,354,000	7,425,500	71,500	1.0%
Student Services	6,580,200	6,644,200	64,000	1.0%
Institutional Support	2,942,700	2,971,300	28,600	1.0%
Plant Operations	258,000	260,500	2,500	1.0%
Financial Aid	4,324,900	4,367,000	42,100	1.0%
Other	212,300	214,400	2,100	1.0%
Total Expenditures	\$40,156,400	\$40,547,000	\$390,600	1.0%

*Local Fund budgets are based upon available cash from fund balances, affiliated foundations, or from generation of revenue for specific activities. Budgets represent an estimate of activity based upon historical levels.