



W&M Financial Model

Financial Affairs Committee

February 2025 Board Meeting

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November Recap

The Strategy Question We Opened With

What do we mean by “National Prominence”?

Across multiple committees we identified four themes:

1. Specific areas of excellence where W&M is best in the world
2. Unique identity and values
3. Future-forward innovations
4. Powerful value proposition

And we discussed these measures:

1. Enrolling students from all 50 states
2. Citations in national publications/mentions in national media outlets
3. High net-promoter scores across constituencies
4. Alumni engagement
5. Rankings that align with university identity and strategy

The Strategy Question We Closed With

How can we secure national prominence without being as well-resourced as our competitors?

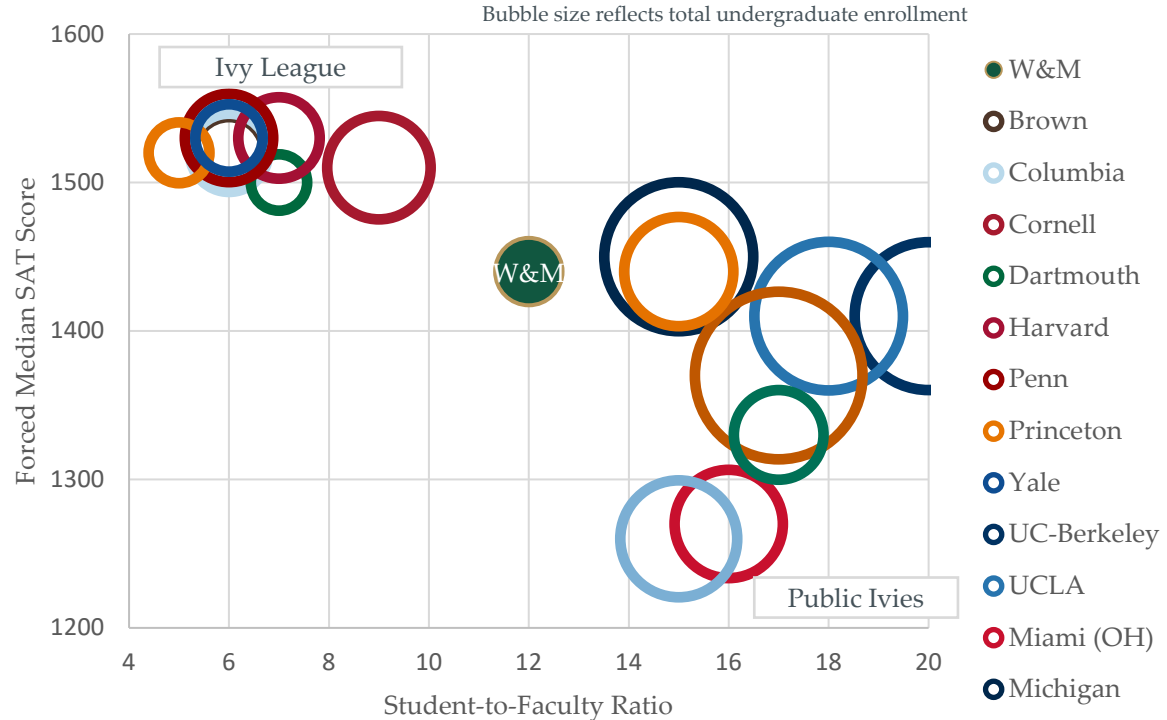
To answer this question and address the tradeoffs it implies, we need to scan W&M's current competitive landscape and thoroughly understand our financial model.



Competitive Landscape

Competing with Ivies re: Academics and Publics re: Access

- A **highly selective public university** with a welcoming community, personal mentoring, and small classes
- **Attracting** exceptionally talented students from and to Virginia
- Ensuring **outstanding outcomes** for those who come here: the future citizens and professionals who lead in all walks of life in the 21st century – advancing democracy around the world



Competing on “Customer” (Student) Experience



Lowest Cost

Degrees at volume for near term outcomes. Compete on price using scale and efficiency to keep down expenses. In most states, state support covers the most costs.



Degree Specialization

Niche market with barriers to entry and few providers. Degrees designed for specialized workforces. May have a comprehensive underwriter or may charge what the market will bear.

WILLIAM & MARY

Distinct & Distinguished

Located in Williamsburg, Virginia, William & Mary brings together the global opportunities of a public research university with the personal education of a liberal arts and sciences institution.

Customer Experience

Differentiate through superior quality and services, forging multi-generational bonds of loyalty. Spend high in mission areas. Seek efficiencies in non-mission areas to hold down costs.

Competing on Academics and Outcomes

#6

Best Undergraduate
Teaching

*U.S. News &
World Report*

#1

Public Univ
for
Internships

#18

Best Career Services

*Princeton
Review*

#13

Best Career
Placement

#16

Public University
for Tech Salaries

*Wall Street
Journal*



W&M Financial Model

Three Dominant Financial Models for Higher Education



State Supported

Public institutions funded via robust state investment, often for vocational degrees. Large size and large classes enable economies of scale in instruction. Commuter students save on H&D. Lower student service levels. Often low selectivity / typically high access.



Endowment-Dependent

Mostly private institutions funded via ample returns from large endowments; less reliant on tuition. Able to offer high aid. Generating high demand and therefore very selective in admissions. Size may vary and academics and student services tend to be well-resourced (low student/faculty ratio).



Tuition-Dependent

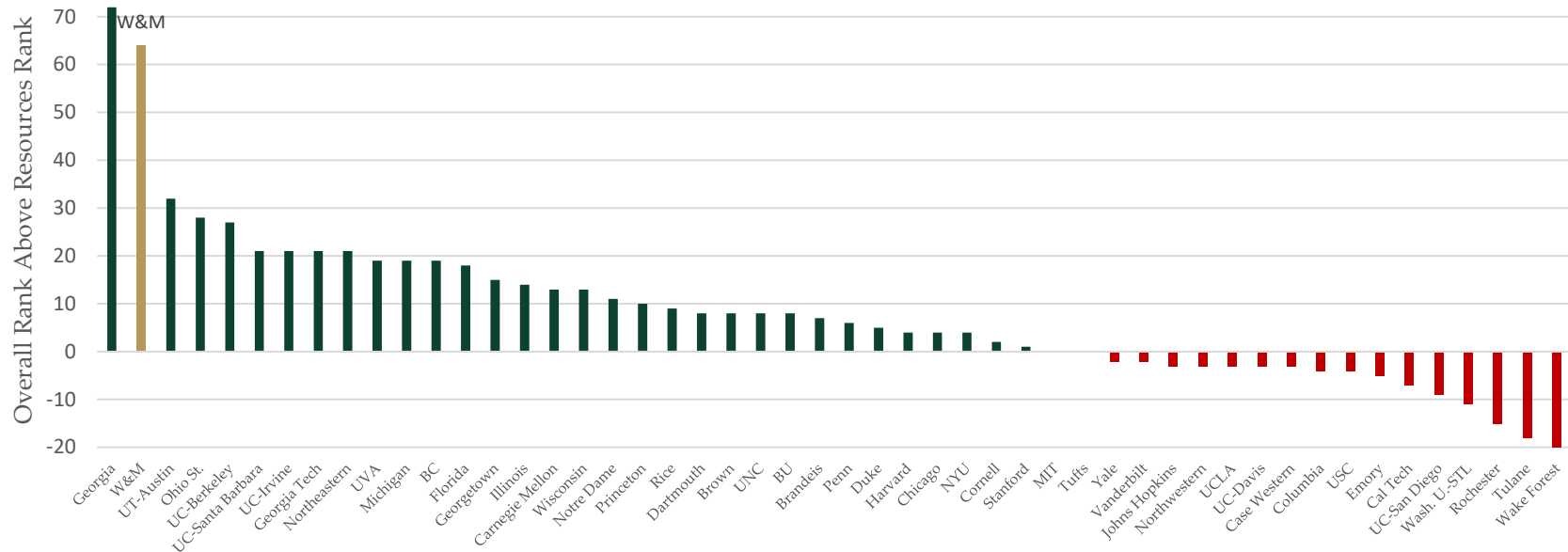
60% or more of revenue comes from tuition and fees. Rare among publics; typical among privates. Institutions are centered on demand, not selectivity: enrollment demand is crucial for survival. Larger size may provide economies of scale. Endowment returns may mitigate tuition pressure. High discount rates may signal weakening demand.

W&M is Tuition-Dependent

- Relatively Low State Support
 - VA in the bottom quartile of the nation for state allocations
 - Since 2012: 0.0% increase in Commonwealth portion of W&M budget
 - 13-15% of W&M's budget comes from state funding
- Relatively High Tuition
 - In VA: highest top line UG tuition (a result of The Promise)
 - OOS nearing market tolerance
- Relatively Robust Financial Aid
 - Lowest net cost for low- and middle- income Virginians (result of The Promise)
- Relatively Low Student Debt
 - Below national average due to high completion rates and aid
 - W&M student loan defaults <1%
- Relatively High Spending on Academics and Student Services
 - Liberal arts college model: 12:1 student-faculty ratio, wrap-around support

W&M Leads National Universities in Efficiency

Rank Above Resources = the gap between overall rank and financial resources rank



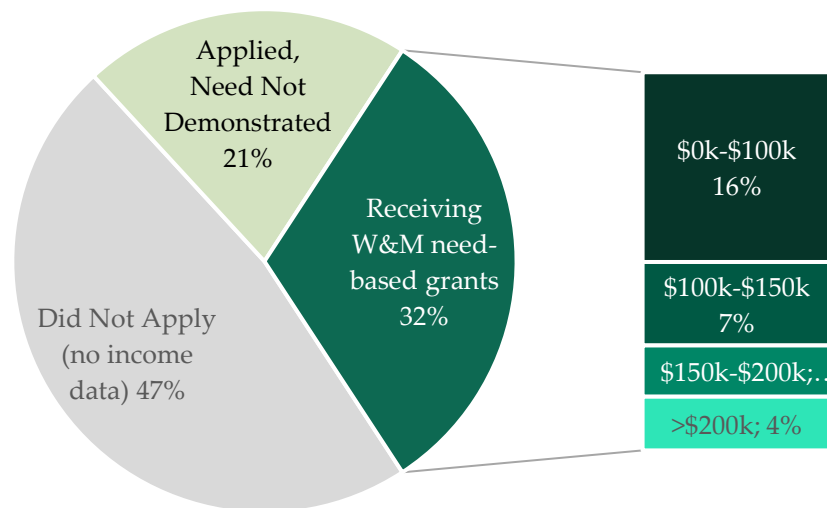


W&M Financial Aid Model

W&M Awards Need-Based Institutional Grants

- In 2023-24, a total of 7,205 unduplicated undergraduates enrolled at W&M in the fall or spring:
 - 47% did not apply for financial aid
 - 21% applied and did not demonstrate need
 - 32% received need-based aid from W&M

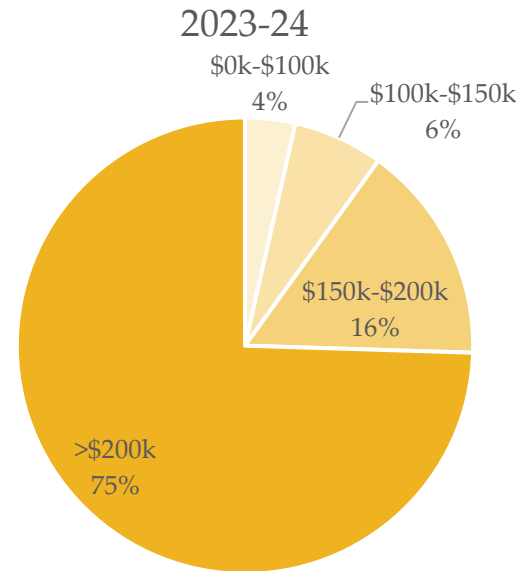
Financial Aid Status of W&M Undergraduates,
2023-24



75% Who Applied Without Demonstrating Need Earn \geq \$200k

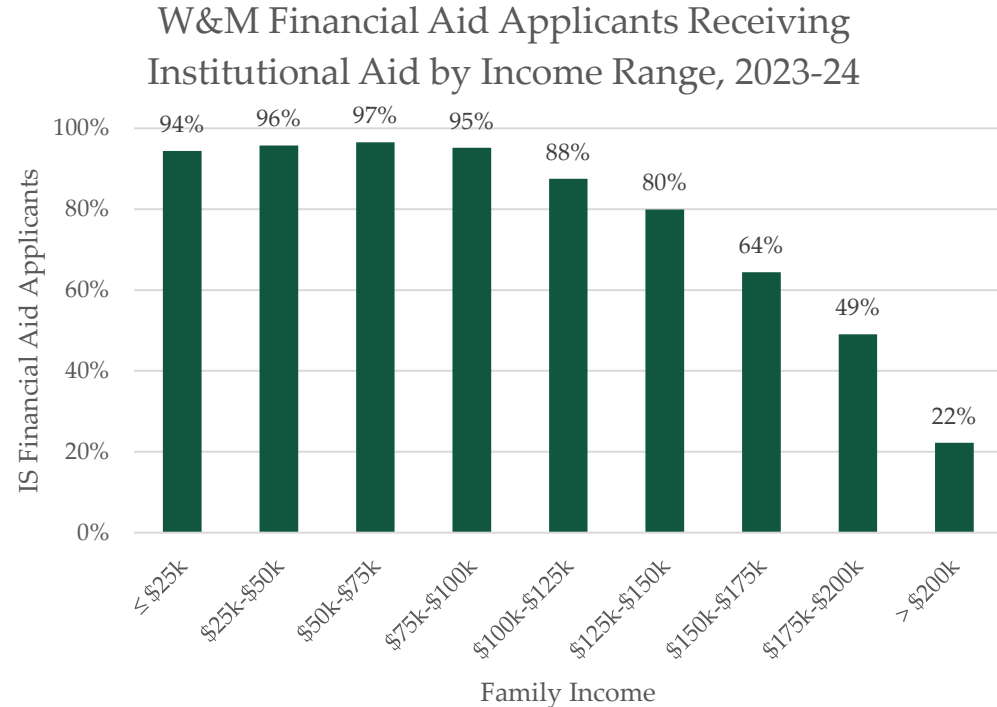
- For 2023-24 undergraduates who applied for financial aid and did not demonstrate need:
 - 91% of family incomes exceeded \$150,000
 - 75% of family incomes exceeded \$200,000
- Criteria in need assessment: income and available assets.

W&M Undergraduate Financial Aid Applicants
Who Did Not Demonstrate Need by Income,



W&M Financial Aid Reaches Into The Middle Class

- W&M meets full demonstrated need for in-state students (IS).
- Individuals from any family income may qualify based on their circumstances.
- Out-of-state students (OOS) may also receive need-based aid packages, which are capped at \$21,000.
- In 2023-24, OOS tuition and fees are 97.3% more than IS tuition and fees.



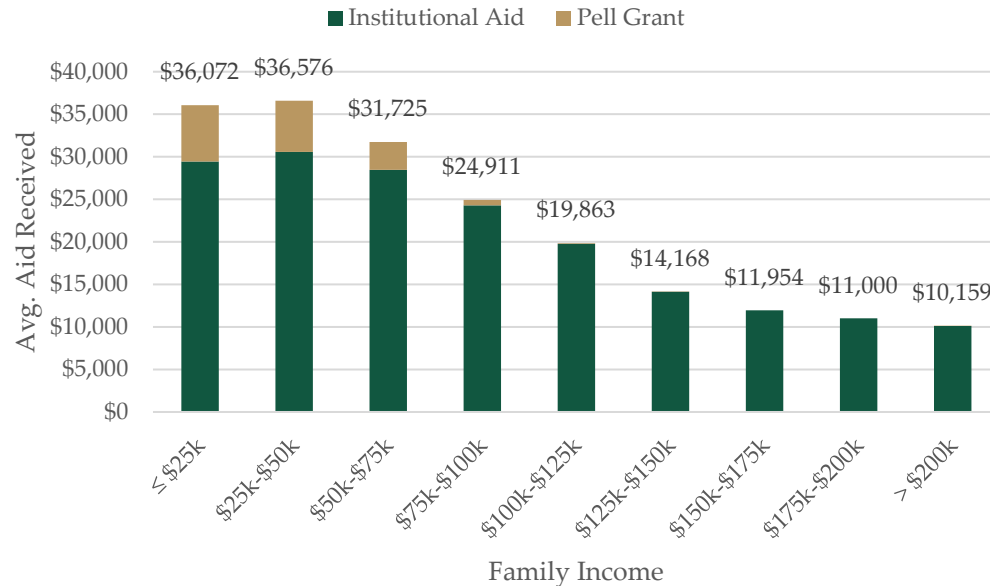
Notes: Live institutional data reported. Only need-based grants are included; other sources such as athletic scholarships, federal work-study and loans are excluded. Different sources have differing data definitions (e.g., SCHEV, IPEDS, etc.). Therefore, comparisons are not applicable to other data sources.

Generous Aid Packages for Higher Incomes

Criteria:

- The amount of aid received aligns with family income, reflecting W&M's commitment to meet full demonstrated need for IS students.
- Key factors weighed include household income and available assets.

Average Need-Based Aid for IS Recipients, 2023-24



Notes: Live institutional data reported. Only need-based grants are included; other sources such as athletic scholarships, federal work-study and loans are excluded. Different sources have differing data definitions (e.g., SCHEV, IPEDS, etc.). Therefore, comparisons are not applicable to other data sources.

In-State Students Applying for Financial Aid in 2023-24

Family Income Range

< \$100k

97%

Receive Aid

\$28,270

Avg. Grant Package

\$100k – \$150k

84%

Receive Aid

\$17,217

Avg. Grant Package

\$150k – \$200k

49%

Receive Aid

\$11,569

Avg. Grant Package

≥ \$200k

14%

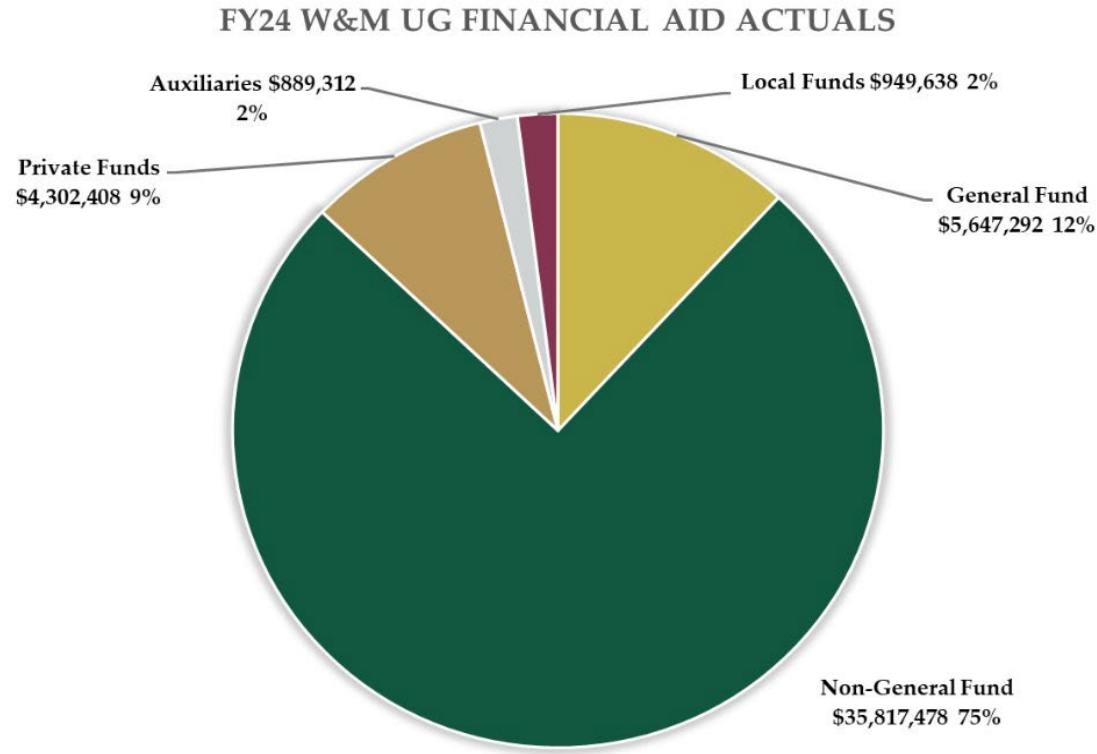
Receive Aid

\$10,159

Avg. Grant Package

Notes: Live institutional data reported. Only need-based grants are included; other sources such as athletic scholarships, federal work-study and loans are excluded. Different sources have differing data definitions (e.g., SCHEV, IPEDS, etc.). Therefore, comparisons are not applicable to other data sources.

Sources: 88% of Need Based Aid For UGs Comes From W&M

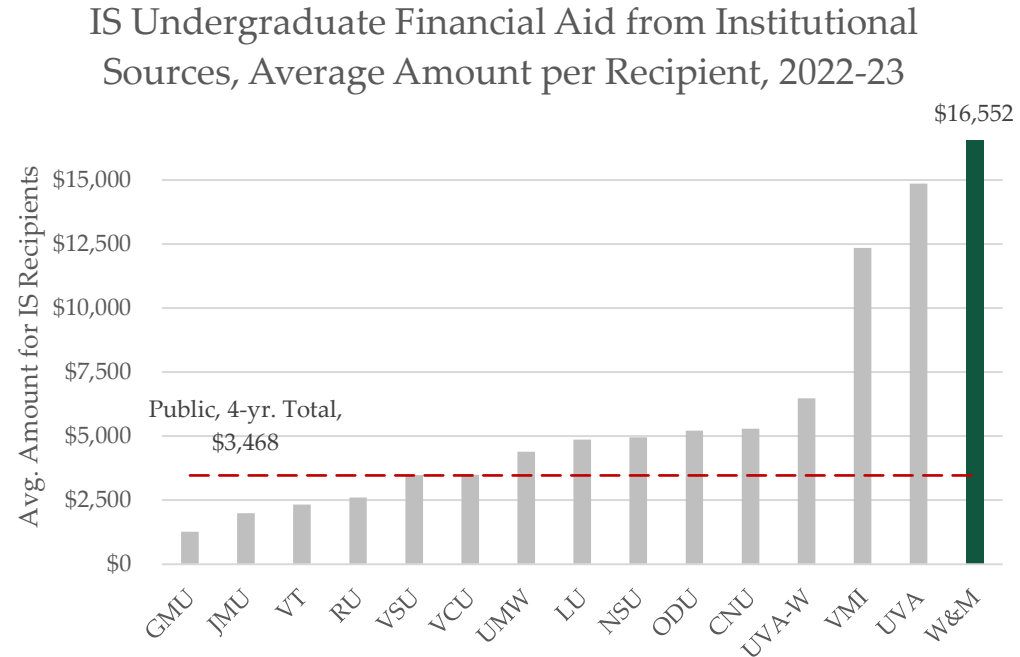




Price Sensitivity

Generous In-State Aid is a W&M Competitive Advantage

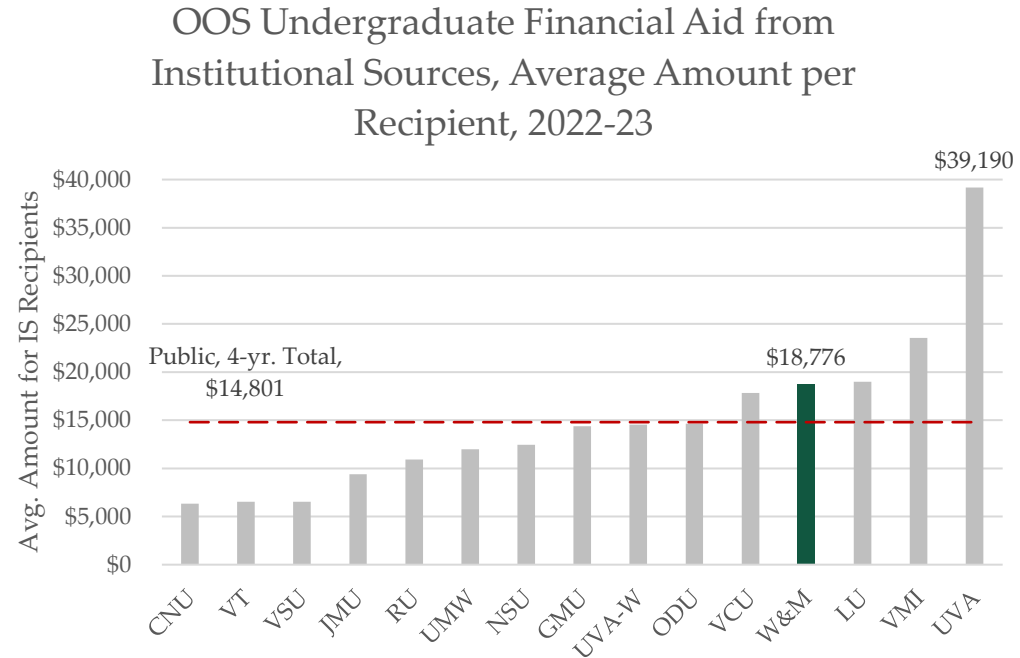
- On average, W&M offers the **most generous financial aid** from institutional sources of any Virginia public university.
- Per IS recipient, the average aid amount from W&M institutional sources is **4.8x** the average amount for Virginia public universities.



Source: SCHEV FA17: Financial Aid Awards by Source

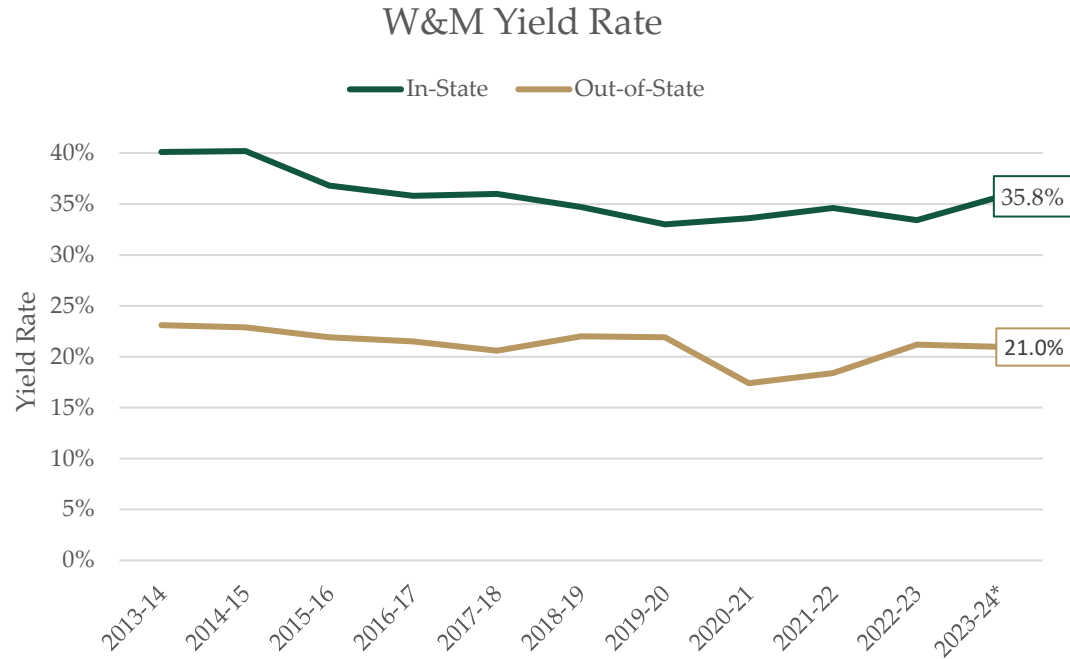
W&M is Challenged to Provide Competitive OOS Aid

- For OOS students, average aid provided at W&M from institutional sources is 52% less than UVA.
 - UVA's OOS tuition and fees are 14.2% higher than W&M, yet more generous OOS aid results in a lower, net price.
- W&M's average OOS aid from institutional sources is only slightly above the average for all public Virginia universities.



W&M Yield Rates Generally Stable

- Over the last decade, IS and OOS yield is steady
- Nationally, yield rates have declined, dropping by 6.1 percentage points from 2014-2022:
 - Public universities saw an 11.6 percentage point decline.
 - One factor is the increasing number of colleges to which students apply.



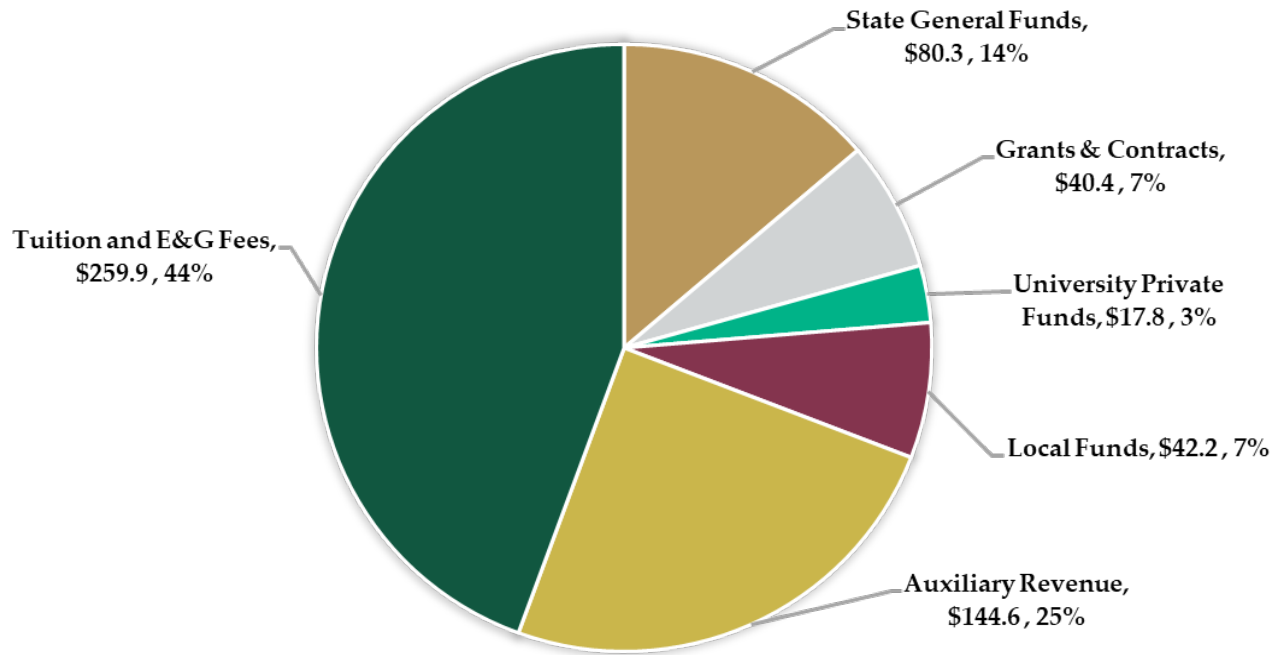
Source: SCHEV B08: Admission Report

(*2023-24 from W&M Fact Book, not yet available in SCHEV)

APPENDIX

FY24 Operating Revenue Actuals

(\$ IN MILLIONS)

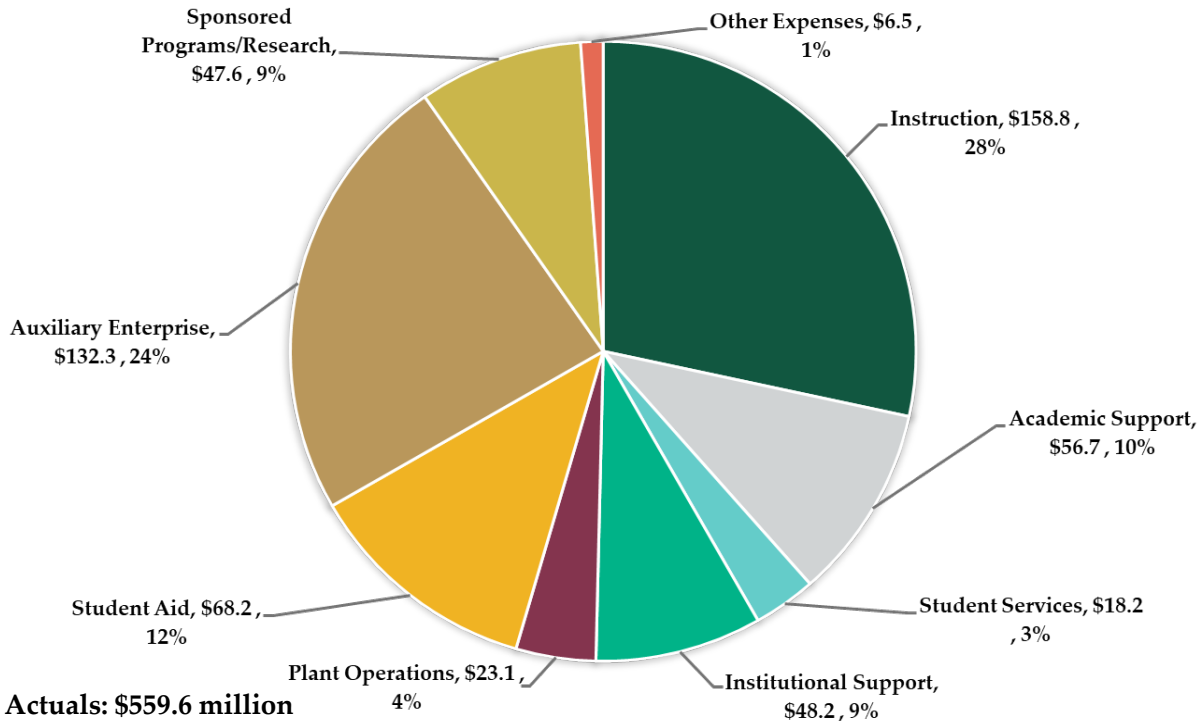


Total FY24 Revenue Actuals: \$585.3 million

**Excludes VIMS*

FY24 Operating Expenditure Actuals

(\$ IN MILLIONS)



Total FY24 Expenditure Actuals: \$559.6 million

**Excludes VIMS*