

COMMITTEE ON FINANCIAL AFFAIRS

September 27, 2013

8:30 – 10:30 a.m.

Board Room - Blow Memorial Hall

Kendrick F. Ashton, Jr., Chair

John E. Littel, Vice Chair

Charles A. Banks III, Vice Chair

Edward L. Flippen, Vice Chair

- I. Introductory Remarks - Mr. Ashton
- II. Approval of Minutes
 1. April 17, 2013 Investments Subcommittee
 2. April 19, 2013
- III. Financial Aid/ Access Overview and Discussion – Mr. Flippen
- IV. Closed Session (if necessary)
- V. Investment Portfolio Evaluation Overview - Joseph W. Montgomery, The Optimal Service Group of Wells Fargo Advisors
 - A. Investment Portfolio Evaluation for Periods Ending June 30, 2013.
Enclosure G . (*see separate booklet*)
- VI. Report from Vice President for Finance Samuel E. Jones
 - A. 2014-2020 Six Year Plan. **Resolution 16** .
 - B. 2014-2016 Operating Budget Requests. **Resolution 17** .
 - C. 2013 Debt Management Report. Enclosure H .
 - D. FY 2013-14 Operating Budget Summary. Enclosure I .
 - E. Statement of Endowment Funds - June 30, 2013.
Enclosure J .
- VII. Report from Virginia Institute of Marine Science Dean John T. Wells
 - A. 2014-2020 Six Year Plan. **Resolution 18** .
 - B. 2014-2016 Operating Budget Requests. **Resolution 19** .

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- C. Establishment of the Virginia Institute of Marine Science Equipment Quasi-Endowment. **Resolution 20**.
- D. FY 2013-14 Operating Budget Summary. Enclosure K.

VIII. Discussion

IX. Adjourn

INVESTMENTS SUBCOMMITTEE
MINUTES – APRIL 17, 2013

COMMITTEE ON FINANCIAL AFFAIRS
MINUTES – APRIL 19, 2013

MINUTES
Investments Subcommittee
Committee on Financial Affairs
April 17, 2013
Board Conference Room – Blow Memorial Hall

Attendees: Charles A. Banks III, Faculty representative William J. Hausman, Vice President for Finance Samuel E. Jones, University Counsel Deborah Love, and staff from Wells Fargo Advisors, the Board of Visitors' investment consultant.

In the absence of the Chair, Todd Stottlemeyer, Mr. Banks presided and called the meeting to order at 3:15 p.m.

Noting that there was no quorum, Mr. Banks asked Mr. Jones and the staff from Wells Fargo Advisors to review the investment portfolio, as detailed in Enclosure D. A general discussion ensued.

There being no further business, the Subcommittee adjourned at 3:50 p.m.

MINUTES

Committee on Financial Affairs

April 19, 2013

Board Room – Blow Memorial Hall

Attendees: Committee members Todd A. Stottlemyer, Chair; Charles A. Banks, III, Vice Chair; Edward I. Flippen, Vice Chair; Kendrick Ashton, Jr.; Thomas R. Frantz; and Robert E. Scott. Board members present: Rector Jeffrey B. Trammell; Ann Green Baise; Keith S. Fimian; Sue H. Gerdelman; Dennis H. Liberson; John E. Littel; Leigh A. Pence; L. Clifford Schroeder, Sr.; Peter A. Snyder; Michael Tang; and John C. Thomas; faculty representatives William Hausman and Barbara Morgan; student representatives Curtis Mills and Jessica Salazar; and staff liaison Lydia Whitaker. Others in attendance: President W. Taylor Reveley; Provost Michael R. Halleran; Virginia M. Ambler; James R. Golden; Samuel E. Jones; Matthew T. Lambert, Anna B. Martin; Michael L. Stump; Michael J. Fox; University Counsel Deborah Love, Virginia Institute of Marine Science Dean/Director John T. Wells; other College and VIMS staff; Richard Bland College President Debbie L. Sydow and Interim Chief Operating Officer Annette Smith Parker.

Chair Todd Stottlemyer convened the meeting at 9:48 a.m. The Committee on Financial Affairs met as a committee of the whole during the first part of the full Board meeting.

Vice President for Finance Samuel E. Jones recognized and welcomed the College's DPB budget analyst Scott Sandridge.

Mr. Jones presented background on the Governor's Report on Higher Education which was completed in Fall 2011 and acknowledged the College of William and Mary as being distinctive. Also stated was direction to the administration as a result of the Board of Visitors' summer 2012 retreat which included the development of an operating plan to implement the College's Six Year Plan, the ability to make tuition predictable, provide increased access for incoming students, and innovation in delivering services. To meet that direction, a new operating model for the College was developed. A major component of the model is "The William and Mary Promise" which addresses several issues, including in-state undergraduate tuition rates. The Promise ensures that the tuition charged an in-state undergraduate entering the College in the Fall of 2013 will remain constant over the four years of their academic program. Each following class will have the same commitment for their four years, which allows predictability of costs for those paying the tuition. Additionally, the College committed to increase in-state undergraduate enrollment by 200 students over the next five years.

The Rector asked for questions and a general discussion ensued. Mr. Scott stated the Promise addressed two important elements: 1) access/affordability and 2) preserving faculty as increases in salary and benefits are essential in preserving excellence. Further, the Promise requires a reciprocal promise from faculty of enhancing their teaching commitment to the College without sacrificing scholarship; the Promise must be "owned" by the President, Provost, Deans and Department Chairs. The Rector stated the Board of Visitors sees the new tuition model not as an end but a beginning. There was a concern expressed about whether the College would be "handcuffed" in the future if there were significant increases in tuition. The Rector responded that the Promise could be modified for subsequent classes if needed and noted that the College had been praised for the innovative model and its path towards self-sufficiency. There were

many iterations of tuition models considered and many people including College employees, Board members, and state officials, were involved in the process.

At the conclusion of the discussion Mr. Stottlemeyer thanked the Rector for his leadership, as well as Mr. Jones and the College administration for their hard work, and the Board members for their feedback.

The Rector thanked Mr. Stottlemeyer, Mr. Scott, Mr. Liberson, Mr. Littel, Mr. Flippen, as well as the faculty and others who helped with the development of the new operating model, then asked for a motion to adopt **Resolution 25**, Approval and Implementation: William and Mary Promise. Motion was made by Mr. Stottlemeyer, seconded by Mr. Flippen and approved by voice vote, with Mr. Snyder voting no.

Mr. Snyder expressed his appreciation of the strong efforts made by the Board of Visitors and the College administration to ensure that a William and Mary education remains affordable, noting that while there are many admirable components of the William & Mary Promise, he remained very concerned about the overall state of the economy and the impact high costs could have on Virginia families and students. Mr. Snyder expressed his belief that no increases in tuition are warranted in these very tough and uncertain economic times, which is the reason he voted no.

President Reveley expressed his appreciation to the Board.

Mr. Stottlemeyer then called on Mr. Jones for the remaining presentations for the Committee on Financial Affairs. Mr. Jones briefly summarized the FY 2013-14 Executive Budget, as detailed in Enclosure J, and the 2012-13 College of William and Mary and Virginia Institute of Marine Science Operating Budgets, as detailed in Enclosures K and L.

Mr. Jones reviewed **Resolution 26**, FY 2013-14 Operating Budget for Educational and General Programs; **Resolution 27**, FY 2013-14 Tuition and Fee Structure for Full- and Part-time Students; **Resolution 28**, FY 2013-14 Auxiliary Enterprise Operating Budgets; **Resolution 29**, FY 2013-14 Sponsored Programs Operating Budget; **Resolution 30**, FY 2013-14 State Appropriated Student Financial Assistance; **Resolution 31**, FY 2013-14 Applied Music Fee; **Resolution 32**, FY 2013-14 Board of Visitors Private Funds Budget; and **Resolution 33**, Virginia Institute of Marine Science FY 2013-14 Operating Budget.

Following brief discussion, Mr. Stottlemeyer moved as a block adoption of **Resolutions 26** through **33**. Motion was seconded by Mr. Tang and approved by voice vote, with Mr. Snyder voting no.

Mr. Stottlemeyer moved approval of the minutes of the Committee meeting of February 8, 2013. Motion was seconded by Mr. Flippen and approved by voice vote.

There being no further business, the Committee on Financial Affairs adjourned at 11:18 a.m.

COLLEGE OF WILLIAM AND MARY

2014-2020 SIX-YEAR PLAN

WHEREAS, the College of William & Mary has a long tradition of providing an excellent liberal arts education to the citizens of the Commonwealth and the nation; and

WHEREAS, the Governor’s Commission on Higher Education has indicated “the Commonwealth’s commitment . . . to having a distinctive ‘public ivy’ at William & Mary;” and the Virginia Higher Education Opportunity Act of 2011 includes in the calculation of the cost of education “adjustments to the funding based on . . . specific institutional missions or conditions;” and

WHEREAS, in April, 2013 the Board of Visitors approved the “William & Mary Promise” to provide the resources necessary to maintain and enhance the quality of the College and its programs while markedly enhancing predictability, affordability, and access for Virginia students; and,

WHEREAS, the College’s Six-Year Plan is rooted in the William & Mary Promise, the goals set out in its own Strategic Plan, and the objectives of the Higher Education Opportunity Act (TJ21); and

WHEREAS, it is important to the vitality of the Commonwealth and the diversity of its higher education system for the College to continue to provide a distinctive kind of public education while ensuring that this education remains accessible and affordable to the citizens of the Commonwealth; and

WHEREAS, the College has determined those expenditures necessary to support and enhance its instructional, research, student service, and administrative operations, prioritized those expenditures, and recommended funding through a combination of Commonwealth, College, and reallocated revenue; and

WHEREAS, the College continues to evaluate opportunities to improve the effectiveness and efficiency of its academic and administrative programs and activities, aware that fulfilling the goals in the Plan will require a combination of such efforts, tuition revenue, state support and greater philanthropy;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William and Mary approves expenditures proposed in the College’s Six-Year Plan, and that the Six-Year Plan be prepared and submitted according to the requirements of the Higher Education Opportunity Act of 2011 and subsequent guidance from the State Council of higher Education.

COLLEGE OF WILLIAM & MARY

SIX-YEAR PLAN (2014 through 2020)

The College's intent is to provide an outstanding education for Virginia students as the Commonwealth's "Distinctive Public Ivy" while expanding our global relevance, increasing our interdisciplinary approach to research and education, and strengthening our research capabilities. Simply put, we plan to maintain and enhance an extraordinary form of education, offered by no other institution in the Commonwealth and few others in the country. In developing our six-year plan, we build on existing strengths, preserving an educational experience rare in public higher education, while contributing to the educational and economic development needs of the Commonwealth.

INSTITUTIONAL VISION AND MISSION

The William & Mary Vision Statement

Our vision describes our aspiration for William & Mary as *The Liberal Arts University*:

William & Mary redefines the academic community: building on more than 300 years of innovation and excellence, we break the boundaries between research and teaching, student and teacher, living and learning. People come to William & Mary wanting to change the world – and together we do.

Our strategy is to provide one of the very best undergraduate educations of any university in the United States by becoming more global, more interdisciplinary and even more focused on engaged learning experiences that bring faculty, staff and students together in exploring new horizons. Distinguished graduate and professional schools in the arts and sciences, law, business, education and marine science add depth to the campus experience and provide rich opportunities for further collaboration. Our plans describe that strategic direction in these terms:

Across the university's undergraduate, professional and graduate schools, students will develop the critical thinking and understanding of diverse perspectives essential to excel in the 21st century. William & Mary will boldly innovate in interdisciplinary study, internationalization, and faculty-student inquiry.

The William & Mary Mission Statement

The College of William & Mary, a public university in Williamsburg Virginia, is the second-oldest institution of higher learning in the United States. Established in 1693 by British royal charter, William & Mary is proud of its role as the alma mater of generations of American patriots, leaders and public servants. Now, in its fourth century, it continues this tradition of

excellence by combining the best features of an undergraduate college with the opportunities offered by a modern research university. Its moderate size, dedicated faculty, and distinctive history give William & Mary a unique character among public institutions, and create a learning environment that fosters close interaction among students and teachers.

The university's predominantly residential undergraduate program provides a broad liberal education in a stimulating academic environment enhanced by a talented and diverse student body. This nationally acclaimed undergraduate program is integrated with selected graduate and professional programs in five faculties -- Arts and Sciences, Business, Education, Law, and Marine Science. Master's and doctoral programs in the humanities, the sciences, the social sciences, business, education, and law provide a wide variety of intellectual opportunities for students at both graduate and undergraduate levels.

At William & Mary, teaching, research, and public service are linked through programs designed to preserve, transmit, and expand knowledge. Effective teaching imparts knowledge and encourages the intellectual development of both student and teacher. Quality research supports the educational program by introducing students to the challenge and excitement of original discovery, and is a source of the knowledge and understanding needed for a better society. The university recognizes its special responsibility to the citizens of Virginia through public and community service to the Commonwealth as well as to national and international communities. Teaching, research, and public service are all integral parts of the mission of William & Mary.

Goals

In fulfilling its mission, William & Mary adopts the following specific goals:

- to attract outstanding students from diverse backgrounds;
- to develop a diverse faculty which is nationally and internationally recognized for excellence in both teaching and research;
- to provide a challenging undergraduate program with a liberal arts and sciences curriculum that encourages creativity, independent thought, and intellectual depth, breadth, and curiosity;
- to offer high quality graduate and professional programs that prepare students for intellectual, professional, and public leadership;
- to instill in its students an appreciation for the human condition, a concern for the public well-being, and a life-long commitment to learning; and
- to use the scholarship and skills of its faculty and students to further human knowledge and understanding, and to address specific problems confronting the Commonwealth of Virginia, the nation, and the world.

ACADEMIC EXCELLENCE, FINANCIAL SOUNDNESS AND THE SIX-YEAR PLAN

Each fall, public institutions of higher education in Virginia are required by the Higher Education Opportunity Act of 2011 (TJ21) to submit updated six-year plans to the Commonwealth. The plans identify critical needs and priorities as well as expenditures and planned resources. William & Mary's plan, first adopted by the Board of Visitors in September 2011, was informed by both the goals of the TJ21 legislation and the College's on-going strategic planning effort.

A primary objective of the plan is to continue the excellence of W&M's "public ivy" education. In order to do so, we must narrow the gap between quality and the resources the College has to sustain that quality. According to U.S. News, the gap between William & Mary's academic quality and the university's financial resources is unparalleled: W&M ranks 33rd in the nation in quality and 112th in resources. No other university in the top 50 has a gap anywhere close to the 79-point difference of those two rankings, and this gap has been growing significantly over the last three years.

Retaining and attracting top faculty – the lifeblood of any great university, especially a "public ivy" – is exceptionally difficult when the resource gap becomes so wide. W&M's faculty salaries have declined significantly relative to its peer institutions as identified by the State Council of Higher Education for Virginia (SCHEV). The TJ21 legislation enacted just two years ago reiterated the Commonwealth's longstanding goal of having its colleges and universities provide faculty salaries at the 60th percentile of their SCHEV-identified peers. The College new operating model (William & Mary Promise) will provide resources to help the College reverse the negative current trend and move, based on merit, toward the 60th percentile endorsed by TJ21.

While the Governor and General Assembly in recent years have begun to reverse the decade-long state disinvestment in higher education documented by the Governor's Commission on Higher Education Reform, Innovation and Investment, an uncertain economy and long-term fiscal constraints suggest that reinvestment by the Commonwealth will be limited and targeted. The new operating model thus relies on a combination of sources within the College's control – savings from even greater productivity, efficiency, and innovation, increased private philanthropy and higher net tuition revenues – with the result that instructional quality is preserved and enhanced while extending affordable access to many more deserving Virginia students, especially those caught in the "middle class squeeze."

PROGRESS MADE THROUGH PRIOR STRATEGIES

The 2012-14 biennium included implementation of the six-year plan process required by TJ21. This process required the College to develop both academic and financial plans for FY 2013 through 2018 with a primary focus on 2012-2014. While many of the elements of that initial

plan continue to be reflected in the 2014-2020 plan, highlights of progress made on existing strategies include the following:

- **Faculty salaries**—Supplementing bonus and base funding for salaries provided by the Commonwealth, the College’s Board of Visitors authorized base salary increases for faculty of 2% in FY 2013 and 6% in FY 2014. The intent of this action was to improve the College’s competitive position for faculty and, over time, reach the 60th percentile among its state-approved peer group.
- **Undergraduate financial aid**—On April 19, 2013, William & Mary’s Board of Visitors approved “The William & Mary Promise,” a new operating model that provides vitally needed resources to secure the future of Virginia’s distinctive “public ivy” while markedly enhancing predictability, affordability and access for Virginia students. A more detailed description of the William & Mary Promise is included in the proposed strategies for the 2014-2016 biennium.
- **Undergraduate enrollment growth**—The College continued to meet its commitment to grow in-state undergraduate enrollment by 150 over four years with the first cohort arriving in Fall, 2011. The College’s enrollment projections reflect this commitment as well as further growth anticipated as part of the William & Mary Promise.
- **Marine Science Minor**—In cooperation with the Virginia Institute of Marine Science, the College fully implemented the marine science minor in support of expanding opportunities for STEM education. The College continues to aggressively recruit high school students interested in the STEM-H disciplines.
- **Graduate financial aid**—The College continued to increase its support for graduate financial aid, particularly in the STEM disciplines. New investment totaled \$850,000 over the 2012-2014 biennium.
- **Commonwealth Center for Energy and the Environment**—Using *reallocated* funds, the CCEE funded three proposals in FY 2013 and is actively soliciting proposals for FY 2014. Each proposal identified areas of significant opportunity, cultivating the formation of interdisciplinary groups around a core innovative concept, and supporting the working groups necessary to execute large scale research efforts.
- **Internationalization**—William & Mary is quickly emerging as a global leader among liberal arts universities. Beyond the fact that the College ranks consistently #1 or #2 among public universities in the percentage of students that study abroad, the College has launched a series of high-profile and successful international initiatives that reach across all our academic and administrative units. These include the William & Mary Confucius Institute; the St. Andrews Joint Degree Program; the SECON (Social Entrepreneurship Conference) Program in the Mason School; the Indian Ocean Initiative supporting new

ties between W&M and India, the Sultanate of Oman, and the larger Indian Ocean basin; and the AidData Center for Development Policy, which recently won a highly competitive \$25 million award from the U.S. Agency for International Development. We currently enroll an international community of students and scholars numbering over 600 people.

- **Collaboration with EVMS**—The College began to investigate potential collaboration with Eastern Virginia Medical School (EVMS). In Fall 2012, health care delivery science (HCDS) was identified as a promising area for cross-institutional research and educational programs and this area has been expanded to include health services research. Health services research includes various social science disciplines as well as the types of research carried out under the HCDS heading. Using funds appropriated by the Commonwealth and a contribution from Sentara, we are now beginning to engage researchers across both institutions through a series of faculty retreats and seminars as well as funding small grants in support of collaborative research.

2014-2020 STRATEGIES

The following narratives support the various strategies included in the College's academic and financial plan.

Priority 1—Implement the William & Mary Promise (mitigate impact of tuition and fee increases on low- and middle income students and their families, while continuing W&M's "public Ivy" education)

On April 19, 2013, William & Mary's Board of Visitors approved "The William & Mary Promise," a new operating model that provides vitally needed resources to secure the future of Virginia's distinctive "public ivy" while markedly enhancing predictability, affordability and access for Virginia students. Elements of the Promise include:

Predictability:

- **Four-year tuition guarantee:** Provides Virginia families with financial predictability through a commitment to incoming in-state students that tuition will remain constant through all four years of their undergraduate study. Beginning Fall 2013, entering Virginia students will know exactly what their tuition costs will be for all four years at William & Mary, and those costs will not rise from year to year. In April, 2013, the Board of Visitors set tuition for classes entering in the fall of 2013, 2014 and 2015. Virginia undergraduate students in each entering class will see a one-time step increase their freshman year: to \$10,428 for the 2013-14 academic year, \$12,428 for 2014-2015, and \$13,978 for 2015-2016. For each entering class, tuition will be frozen at that level for all four years.

- **Tuition capped at CPI for returning Virginia undergraduates:** For in-state undergraduate students enrolled at William & Mary before adoption of the new model, annual tuition increases will be held to no greater than the rate of inflation.

Affordability:

- **Relief for middle-income families:** Reduces the “net tuition” paid by middle-income families, as defined by the state’s Higher Education Advisory Committee (HEAC). More than 70% of Virginia households qualify as “middle income” under the HEAC definition. Under the William & Mary Promise, students from middle-income families who qualify for need-based financial aid will pay no more “net tuition” (tuition less financial aid) than under the current model. Under this new model the College will increase the amount of need-based financial aid it provides to in-state students by 50 percent over the four-year period. Most of the increased aid will be used to provide grants in lieu of loans, thereby reducing student debt.
- **Less debt for W&M graduates:** Reduces by up to \$8,000 the loan burden for middle-income in-state undergraduate students who have demonstrated financial need. The William & Mary Promise will lower the average annual borrowing and four-year cumulative debt average for Virginia undergraduates with demonstrated need as determined by the financial aid office. The plan will lower the maximum amount of loans included with an in-state financial aid package by 36% (\$2,000 annually) for families with an income between \$40,000 and \$60,000, and by 18% (\$1,000 annually) for all other families with demonstrated financial need. Students from Virginia families with a household income of less than \$40,000 will continue to receive financial aid that covers 100% of their need with grants.

As noted above, the definition of “middle income” used in the William & Mary Promise encompasses more than 70% of Virginia households and reflects the recommendation of the Higher Education Advisory Committee established under TJ21. As adopted by the General Assembly, TJ21 stressed the need to improve middle-income affordability and directed the Higher Education Advisory Committee to provide a definition of the target group. The Committee has done so, defining “middle income” as extending to 400% of the federal “poverty” definition, or to roughly \$100,000 in annual income for a family of four with two children.

Accessibility:

- **Additional Virginia students:** Provides for 150 additional in-state students to be enrolled to William & Mary over the next four years, which combined with the 2010 commitment of 150 in-state students represents an 8% increase since 2010. The William & Mary Promise ensures that all Virginia students, regardless of income or financial aid eligibility, will continue to receive a “public ivy” education at William & Mary for less

than it actually costs the College to provide that education. Even after the step increases in tuition are fully implemented, William & Mary as a public university will still be subsidizing the education of all in-state students, even those whose family incomes and assets make them ineligible for financial aid. Under the William & Mary Promise, however, “middle-income” families will receive a larger share of this subsidy than under the current model. When the effects of increased financial aid are factored in, the “net tuition” paid by the vast majority of students who qualify for financial aid will be significantly lower.

Priority 2—Increase Faculty Salaries

This six-year plan continues the College’s commitment to achieving average faculty salaries of at least the 60th percentile among SCHEV-approved peer institutions and maintaining competitive salaries for administrative, professional and support staff. As a result, the plan assumes a 6% annual average increase in faculty salaries and a 4% annual increase for all other full-time staff. To the extent allowed by the Commonwealth, all increases will be merited based.

Priority 3—Increase Staff Salaries

This six-year plan continues the College’s commitment to provide competitive salaries to its administrative, professional and support staff (classified and operational). To the extent allowed by the Commonwealth, all salaries increases will be merit based within market-based pay bands.

Priority 4—Undergraduate Enrollment

FY 2014 is the third year of the College’s commitment to increase its overall in-state undergraduate enrollment by 150 students over four years. The university remains on track to meet this commitment. The William and Mary Promise commits to increasing overall in-state undergraduate enrollment by an *additional* 150 students over the 2015-2018 period. This is in addition to the 150 in-state seats the College has been phasing in since 2010. When completely phased in, W&M will have added an additional 300 spots for Virginia students compared to the 2010 enrollment—an increase of about 8%.

Priority 5—Internationalization of Curriculum

The College’s updated strategic plan includes internationalization as a primary area of opportunity over the planning period. Building on recent successes, the College is in the position to advance our global reputation, launch opportunities for international teaching and research, and attract new funding streams in support of our international work from private donors, corporate/foundation sources, and foreign governments. Effective internationalization demands a comprehensive approach that recognizes the campus-wide impacts of globalization.

William & Mary is rare among universities in our ability to integrate deep cultural understanding, cutting-edge scientific analysis, and an abiding concern for policy relevance into a powerful new synthetic approach to international affairs. While other universities struggle to rethink and reorganize outmoded models for international administration, research, and teaching, W&M already has in place an innovative and streamlined organizational model for the management of globalization through its Reves Center.

The Six-Year Plan includes funding over the 2014-16 biennium to support the phase-in of four internationally-focused teaching fellows and two internationally-focused post-docs, non-tenure track (NTE) term positions strategically placed across campus to meet the instructional needs of our students. NTE faculty provides maximum teaching effort while the term nature of the appointments allow for resources to be shifted among disciplines or to be interdisciplinary as necessary.

Priority 6—eLearning Platform

Using a combination of incremental and reallocated funds the College is moving forward to establish the necessary eLearning platform to support blended and on-line instruction. After review, the College determined that eLearning opportunities exist to:

1. Expand eLearning options in selected programs in the professional schools and graduate programs;
2. Identify high-quality, extant digital educational resources that can be used in William & Mary courses; and,
3. Expand “extension” activities and programming, providing ongoing learning opportunities for community members.

Priority 7—Graduate Financial Aid

This plan continues to expand support for graduate financial aid, particularly in STEM disciplines, in order to maintain the quality, and increase the number, of graduate students supporting research and undergraduate instruction in these areas.

Priority 8—Creative Adaptation Fund

This plan continues to encourage and support creative adaptation across the academic enterprise using both incremental and reallocated funds. As the scale of projects increases additional investment may be required to fully implement pilot projects. A more detailed discussion of creative adaptation and projects supported to date follows in the section “New Programs and Initiatives including Quality Improvements”.

Priority 9—Base Operations

The College will continue to allocate non-personnel support to selected areas as necessary to support academic, academic support, student service, administrative and plant operations. These allocations recognize the impact of prior budget reductions and inflation on units ability to provide quality, efficient and effective service.

Priority 10—Risk Management/Radiation and Lab Safety

The College's on-going evaluation of risk across the institutions has determined that it should devote additional resources to monitoring the use of radiation and other dangerous substances in instructional and research setting. This expanded effort would supplement existing faculty, staff, and student training in these areas.

Priority 11—Library Enhancement

This item provides additional funds to support the purchase of digital materials with an emphasis on STEM-H journals and other materials.

Priority 12—William and Mary/EVMS Collaboration

The College and EVMS will continue to evaluate the benefits of a closer programmatic relationship between the two institutions. At the same time, incremental funding will allow the two institutions to move forward with educational (possible joint graduate degree) and research collaborations that emerge from this on-going evaluation.

Priority 13—Puller Veterans Benefit Clinic

The Lewis B. Puller Jr. Veterans Benefit Clinic offers students the opportunity to assist veterans with filing claims for disability compensation with the Department of Veterans Affairs. Under attorney supervision, clinic students have the opportunity to interview clients, analyze medical records, communicate with health care providers, and craft strategies to help clients receive disability compensation. Currently supported through law school funds and private donations, the requested funds will allow the Clinic to increase the number of students under supervision and double the number of veterans that can receive assistance. These funds also support an outreach effort to other law schools to provide similar services to veterans in need.

Priority 14—Business Innovation and Improvement Project (BIIP)

Using *reallocated* funds, this item continues the College's Business Innovation and Improvement Project (BIIP) using a combination of software and consulting support. The project records and communicates gains that have already been made, shares ideas across campus, develops and implements plans for more efficient business processes and revenue generating activities, and initiates projects at the university level to complement and enhance unit level plans. During FY

2014 the College will retain an external consultant to review its organizational structure, business processes, and operating efficiency to determine opportunities to reduce administrative costs. Recommendations will move forward for implementation during the 2014-16 biennium.

Priority 15—Commonwealth Center for Energy and the Environment

Using *reallocated* funds the CCEE will continue to fund interdisciplinary research in selected areas of significant opportunity, cultivating the formation of interdisciplinary groups around a core innovative concept, and supporting the working groups necessary to execute large scale research efforts in the energy and environmental areas.

Other strategies with no incremental resource requirements

- **Retention and Degree Completion**—Maintain the College’s high level of retention and degree completion by sustaining high levels of interaction between students and faculty, continuing to promote engaged learning across the curriculum. Students typically choose not to “graduate early” from the College but take advantage of their time here to strengthen their in-class and research experience as better preparation for their careers. The benefits of this are seen in the high percentage of PhD’s earned by William & Mary students in STEM-H and other disciplines.
- **Co-enrollment and Guaranteed Admission Agreements**—Maintain and look for opportunities to expand co-enrollment agreements to allow students to take William and Mary courses while pursuing associate or four-year undergraduate degrees. Continue the various guaranteed admissions agreements with Virginia community colleges for students who meet designated criteria.
- **Entrepreneurship and Research in the Private Sector**—The College’s Technology and Business Center continues to partner with other universities and research organizations in the region to promote collaboration in sensors and robotics, modeling and simulation, and bioscience. The TBC also continues to manage the James City County business and technology incubator and partner with the Mason School of Business Entrepreneurship Center to connect faculty and students with business. The VIMS-Industry Partnership Committee and the Applied Research Center adjacent to Jefferson Lab insure that the College actively supports areas as diverse as bay technologies (sensors, storm modeling and simulations, etc.), materials science, data integration and imaging.

**PLANS FOR OPTIMAL YEAR-ROUND USE OF INSTITUTIONAL
FACILITIES AND INSTRUCTIONAL RESOURCES TO IMPROVE STUDENT
COMPLETIONS AND COST EFFICIENCIES**

- As part of its Creative Adaptation Program the College is investigating the potential for a January course program to complement the current effort to increase the summer school program. The January program will offer students additional opportunities to take 3-credit courses on campus or abroad with an emphasis on high-demand courses, in-depth research experience, service learning, internships, and General Education Requirements while at the same time expanding year-round use of the College's instructional facilities.
- Increased enrollments, more aggressive marketing, and ever-expanding student research opportunities will result in more intensive use of College facilities funding the summer term.
- The College also continues to expand course offerings through its DC office.

**PLANS FOR INSTRUCTIONAL RESOURCE SHARING
AMONG OTHER VIRGINIA INSTITUTIONS OF HIGHER EDUCATION**

- **EVMS**—As noted above, the College continues to investigate potential collaboration with Eastern Virginia Medical School (EVMS). A Fall 2012 report identified health care delivery science (HCDS) as a promising area for cross-institutional research and educational programs. Since January, the College and EVMS have developed a strategic planning process and expanded the scope of potential collaboration to include health services research. Health services research includes various social science disciplines as well as the types of research carried out under the HCDS heading. As investigation continues, the College and EVMS may further adjust our thinking on what content areas provide the best potential research collaborations. The planning document also includes a timeline for future activities, and a proposal for the use of funds from the legislature and Sentara Healthcare. The planning document was approved by the Executive Committee guiding this process.

We continue to engage researchers across both institutions. Our plan includes a series of faculty retreats and seminars to bring faculty together, and two funding mechanisms for collaborative research to incentivize faculty to work on projects together. We have also released details on the first funding mechanism to faculty. This RFP (request for proposals) will fund approximately a half dozen small projects that will enhance and expand cross-institutional research. The awards will be \$10,000 each. Applications are due July 1 and will be reviewed by a Research Working Group committee comprised of W&M and EVMS faculty.

- **Masters of Accountancy**—Our MAcc program is developing an MOU with Hampden-Sydney regarding its graduates entering our program if they complete certain courses and academic requirements as an undergraduate. Some of the course requirements can be met during the summer by taking selected accounting classes from our undergraduate offerings.

NEW PROGRAMS OR INITIATIVES INCLUDING QUALITY IMPROVEMENTS

- **Creative Adaptation Fund**—The College set aside \$200,000 in both FY 2013 and FY 2014 “to engage and unleash the creative energy in the academic areas to develop creative adaptations that improve the quality of our educational programs either directly or indirectly, by reducing costs or generating new revenues and thereby providing funds that can be reinvested in people and programs”. The new fund, designated for academic units, complements an on-going effort to improve College business practices through innovation and efficiency actions.

This effort recognizes that the economy and higher education are going through a period of unusual change and that our success depends on a common effort towards a common goal – preparing our students through the best education possible to thrive in the 21st century. The College will succeed in this goal not by changing the College’s fundamental commitment to a rigorous and vigorous education as a liberal arts university, but by making the needed changes and developing innovations to adapt to a new environment. Projects funded for FY 2013 included:

1. **Instituting a Post-baccalaureate Certificate Program in Classical Studies**—The proposal addresses the problem that a growing number of students, midway through their college careers, are deciding that they want to pursue graduate work in Classical Studies or Archeology. This certificate provides the requisite background courses in languages central to the discipline – Latin, Ancient Greek and Biblical Hebrew – necessary to qualify for the finest graduate programs. *Status: Approved to take effect with the coming year. This program is expected to generate modest new revenues, almost all of it net, and expands opportunities for students.*
2. **Redesign the Principles of Economics course**—In order to economize faculty effort while delivering a high-quality learning experience for the more than 1000 students who take Economics 101, and more than 600 that take Econ 102, this project redesigned the Principles of Economics course to include on-line learning modules. *Status: Group has developed 17 modules that students can access on Blackboard to be used in Economics 101 and 102. The modules eliminate the need for students to purchase external online learning tools, and student reactions have been quite positive. Evaluation of student learning in the hybrid and standard versions suggest that the hybrid version is at least as effective. This opens up the possibility of reducing or redirecting instructional effort currently assigned to these courses.*

3. **Creating January Term Courses**—The January program will offer students additional opportunities to take 3-credit courses on campus or abroad with an emphasis on high-demand courses, in-depth research experience, service learning, internships, and General Education Requirements. *Status: Arts and Sciences requested an additional 6 months for planning. Once started, we expect the new option to generate incremental revenue in support of A&S programs while increasing our use of campus facilities.*
4. **ePD: A Faculty Development Program for Digitally Enhanced Student Learning Offer a six-week eLearning summer course for interested faculty**—The goal is to redesign courses so that they blend face-to-face and online components, offering new levels of individualized student learning, while helping faculty implement activities that have the greatest impact on learning. *Status: The ePD Summer 2012 course had seventeen participants, representing 10 units (departments or schools) from across campus, each agreed to design or redesign a course which he/she would teach in a blended format in either fall 2012 or spring/summer/fall 2013. An evaluation report is due by June 30, 2013.*
5. **Development of a Coastal Resources Certificate Program for Marine Contractors and Consultants**—Create a fee-based outreach education program by which VIMS would educate marine contractors and consultants on environmentally preferred approaches to dealing with issues such as shoreline erosion and water access. *Status: The outreach education certificate program being developed for marine contractors and consultants is closely related to new training tools and a new regulatory program that is coordinated by another state agency (Virginia Marine Resources Commission). Work on this project has been extended until October 2013 in order to track and incorporate these products and issues into the training needs assessment and pilot course.*
6. **Implement Virtual Labs into the General Chemistry Lab Curriculum**—The overall goal is to create a more engaging and technologically appropriate lab experience for both CHEM 101 and CHEM 103 students. *Status: The department piloted the virtual chemistry labs in a new course, CHEM 101L. The course had three sections of 21 students, effectively doubling the number of students served, and will serve as a model for further development of such an approach in other labs.*
7. **MAcc Prerequisite Blended e-Learning Project (MPB-EP)**—The intent is to teach four prerequisite Masters of Accounting classes – Accounting, Financial Management, Statistics, and Technology via e-learning. Many W&M non-business undergraduate students seek employment at government or not-for-profit organizations that require these basic courses for entry-level positions. The non-business students thus will have a greater opportunity to meet the necessary employment requirements through a W&M program. *Status: Group developed two online “blended” courses that will be offered in the summer of 2013 at the undergraduate level. These courses are prerequisite classes for the MAcc program but will also satisfy undergraduate requirements.*

For FY 2014 funded proposals include:

1. **Faculty Development eLearning Modules**--Educational technology provides a set of tools and techniques to help faculty rethink their academic delivery options. Properly designed and delivered, e-learning can help transform academic programs, offer new levels of individualized student learning and help faculty implement new activities that have greater impact on student learning -- sometimes at lower overall cost. This project offers faculty an on-line option to gain knowledge and skills required to design, deliver and assess blended learning. Instructional modules will provide faculty with both a pedagogical understanding of e-learning and the opportunity to develop specific skills.
2. **Development and Integration of Research-Based Data Analysis Exercises into the Large Introductory Biology Lab**—As biology becomes more and more data-driven, researchers increasingly make discoveries through examining biological processes in silico—or through computer simulation. This Creative Adaptation proposal aims to increase teaching efficiency while at the same time preparing William & Mary’s biology students for the increased quantitative demands of biology-based careers and allowing them to contribute to current research projects at the university by creating more relevant, engaging and authentic lab experiences.
3. **Blended Learning in the Arts (Music)**—A new introductory music course at William & Mary will provide students the chance to learn in the first Tegrity classroom in the Arts & Sciences. Tegrity technology captures audio, video and computer activity from a course and makes it available online with multiple interactive features. The new course will utilize e-learning techniques and technologies and be offered in a large-lecture format in Ewell Recital Hall. Currently, the largest courses in music can accommodate about 60 students. Ewell Recital Hall seats up to 140.
4. **Geospatial Graduate Certificate Program (Northern Virginia)**-- Students and faculty from many departments have learned how to use GIS—geographic information systems—to advance their research through classes and mentoring offered by William & Mary’s Center for Geospatial Analysis. GIS is a collection of techniques that allow data to be mapped and analyzed. It’s a powerful and versatile approach used by researchers in the natural sciences, the social sciences and the humanities. This initiative exports the GIS revolution from Williamsburg by setting up a GIS graduate certificate program in the DC area where there is a demand for trained GIS professionals. The program initially will be based out of William & Mary’s D.C. Office. The initial year of the program is expected to enroll five or six students and enrollment is expected to grow to about 25 students over time.

- **Strengthen William & Mary’s academic efficiency in the context of being a “public ivy”**—The university will undertake the following three steps:
 - Reflecting the extraordinary faculty/student contact inherent in a W&M education, a professor’s contributions to all dimensions of our students’ education (not simply standard “course load”) will be considered in establishing teaching responsibilities and in evaluating faculty;
 - No later than the end of the upcoming academic year, all schools will have developed, and beginning in 2014-15 will implement, policies that respond to tenured and tenure-eligible professors’ dual responsibilities as scholars and teachers, with different balances between these two roles, as appropriate; and
 - Following the newly adopted changes in the *Faculty Handbook* an even higher percentage of our students will be taught by full-time faculty.

- **Improve William & Mary’s administrative innovation and efficiency**—The university will continue internal reorganization and technology investment so that it can focus its resources on its core missions of teaching and research. More particularly, the university will continue streamlining business practices through greater reliance on appropriate technology and reduced paperwork, replacing publications with appropriate digital formats, standardizing functions and eliminating duplication across organizations, merging functions where feasible, and increasing energy efficiency. The university will also use external reviewers to conduct a systematic review of key areas of our administrative and business operations to assess and improve our efficiency, with a focus in the coming year on energy efficiency and our use of business management and database software.

*College of William and Mary***FY 2014-15 INCREMENTAL FUNDING**

	<u>State Funds</u>	<u>College Funds</u>	<u>Reallocated</u>	<u>Total</u>
1. William & Mary Promise		\$1,990,000	\$350,000	\$2,340,000
2. Faculty Salaries	\$1,200,000	\$2,704,000		\$3,904,000
3. Staff Salaries		\$1,353,000		\$1,353,000
4. Enrollment Growth		\$400,000		\$400,000
5. International Curriculum		\$229,500		\$229,500
6. eLearning		\$400,000	\$400,000	\$800,000
7. Graduate Aid		\$500,000		\$500,000
8. Creative Adaption		\$200,000	\$200,000	\$400,000
9. Base Operations		\$584,000		\$584,000
10. Risk Manaement		\$85,000		\$85,000
11. Library Support	\$160,000	\$240,000		\$400,000
12. W&M/EVMS Collaborative	\$500,000			\$500,000
13. Puller Clinic	\$333,500			\$333,500
14. Business Innovation			\$450,000	\$450,000
15. Center of Energy/Environment			\$100,000	\$100,000
16. Fringe Benefits	\$115,500	\$214,500		\$330,000
	<u>\$2,309,000</u>	<u>\$8,900,000</u>	<u>\$1,500,000</u>	<u>\$12,709,000</u>

College of William and Mary
FY 2015-16 INCREMENTAL FUNDING

	<u>State Funds</u>	<u>College Funds</u>	<u>Reallocated</u>	<u>Total</u>
1. William & Mary Promise		\$3,980,000	\$700,000	\$4,680,000
2. Faculty Salaries	\$1,400,000	\$6,644,000		\$8,044,000
3. Staff Salaries		\$2,760,000		\$2,760,000
4. Enrollment Growth		\$825,000		\$825,000
5. International Curriculum		\$485,500		\$485,500
6. eLearning		\$600,000	\$800,000	\$1,400,000
7. Graduate Aid		\$1,000,000		\$1,000,000
8. Creative Adaption		\$200,000	\$200,000	\$400,000
9. Base Operations		\$1,227,500		\$1,227,500
10. Risk Manaement		\$88,000		\$88,000
11. Library Support	\$320,000	\$480,000		\$800,000
12. W&M/EVMS Collaborative	\$900,000			\$900,000
13. Puller Clinic	\$349,000			\$349,000
14. Business Innovation			\$450,000	\$450,000
15. Center of Energy/Environment			\$100,000	\$100,000
16. Fringe Benefits	\$220,400	\$410,000		\$630,400
	<u>\$3,189,400</u>	<u>\$18,700,000</u>	<u>\$2,250,000</u>	<u>\$24,139,400</u>

COLLEGE OF WILLIAM AND MARY

2014-2016 OPERATING BUDGET REQUESTS

Using guidance from the Governor’s Office, the Secretary of Education, and the State Department of Planning and Budget, the College of William and Mary has developed operating budget requests for consideration by the Governor as part of the Commonwealth’s 2014-16 budget development process.

The initial step in the Commonwealth’s budget development process was the Spring 2013 submission of a six year capital outlay plan by each agency and institution. This plan continues to be under review as the Governor finalizes his 2014-16 budget recommendations. Funding of new capital outlay projects remains heavily dependent on the state’s ability to issue new long-term debt while maintaining its AAA bond rating.

Operating budget requests are limited in number and reflect assumptions underlying the College’s Six Year Plan and the William and Mary Promise. Funds are not requested for items typically considered “state-wide” issues by the Commonwealth of Virginia. State-wide issues include faculty and staff salaries, undergraduate student financial assistance, and continuation of the Higher Education Equipment Trust Fund program.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of the College of William and Mary approves the administration’s recommended operating budget requests for the College for submission to the Commonwealth as part of the 2014-16 budget development process.

COLLEGE OF WILLIAM AND MARY
2014-16 OPERATING BUDGET REQUESTS

Priority 1—Undergraduate Enrollment	<u>FY 2014-15</u>	<u>FY 2015-16</u>
	\$400,000 GF	\$825,000 GF

This request provides funding to support in-state undergraduate enrollment growth at the College. FY 2015 is the final year of the College’s commitment to increase its overall in-state undergraduate enrollment by 150 students over four years. The university remains on track to meet this commitment. The William and Mary Promise commits to increasing overall in-state undergraduate enrollment by an *additional* 150 students over the 2015-2018 period. This is in addition to the 150 in-state seats the College has been phasing in since 2010. When completely phased in, W&M will have added an additional 300 spots for Virginia students compared to the 2010 enrollment—an 8% increase.

Priority 2—eLearning Platform	<u>FY 2014-15</u>	<u>FY 2015-16</u>
	\$400,000 GF	\$600,000 GF

Using a combination of incremental and reallocated funds the College is moving forward to establish a College-wide eLearning platform to support blended and on-line instruction. After review, the College determined that eLearning opportunities exist to:

1. Expand eLearning options in selected programs in the professional schools and graduate programs;
2. Identify high-quality, extant digital educational resources that can be used in William & Mary courses; and,
3. Expand “extension” activities and programming, providing ongoing learning opportunities for community members.

Priority 3—Graduate Financial Aid	<u>FY 2014-15</u>	<u>FY 2015-16</u>
	\$500,000 GF	\$1,000,000 GF

This plan continues to expand support for graduate financial aid, particularly in STEM disciplines, in order to maintain the quality, and increase the number, of graduate students supporting research and undergraduate instruction in these areas.

COLLEGE OF WILLIAM AND MARY
2014-16 OPERATING BUDGET REQUESTS

Priority 4—Base Operations	<u>FY 2014-15</u> \$733,500 GF	<u>FY 2015-16</u> \$1,450,500 GF
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The College will continue to allocate non-personnel support to selected areas as necessary to support academic, academic support, student service, administrative and plant operations. These allocations recognize the impact of prior budget reductions and inflation on unit’s ability to provide quality, efficient and effective service. In addition, the College’s on-going evaluation of risk across the institutions has determined that it should devote additional resources to monitoring the use of radiation and other dangerous substances in instructional and research setting. This expanded effort would supplement existing faculty, staff, and student training in these areas. This item also includes additional funds to support the purchase of digital materials with an emphasis on STEM-H journals and other materials.

Priority 5—Puller Veterans Benefit Clinic	<u>FY 2014-15</u> \$333,500 GF	<u>FY 2015-16</u> \$349,000 GF
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The Lewis B. Puller Jr. Veterans Benefit Clinic offers students the opportunity to assist veterans with filing claims for disability compensation with the Department of Veterans Affairs. Under attorney supervision, clinic students have the opportunity to interview clients, analyze medical records, communicate with health care providers, and craft strategies to help clients receive disability compensation. Currently supported through law school funds and private donations, the requested funds will allow the Clinic to increase the number of students under supervision and double the number of veterans that can receive assistance. These funds also support an outreach effort to other law schools to provide similar services to veterans in need.

COLLEGE OF WILLIAM AND MARY

2013 DEBT MANAGEMENT REPORT

The College of William and Mary Debt Management Policy was established to address all forms of long-term debt including fixed and variable rate options for capital construction projects and capital leases. Key objectives of the policy include the following:

- To provide guidance to the College in undertaking long-term debt obligations benefiting the College;
- To provide a structured framework for the issuance of long-term debt;
- To provide an on-going process for the College to evaluate the level of its annual debt service and consolidated debt burden; and
- To document the exercise of due diligence in the execution and/or management of the College debt portfolio and use of its financial resources.

The Debt Management Policy is applicable to the College of William and Mary, the Virginia Institute of Marine Science, and Richard Bland College.

Background

To date, the College of William and Mary has issued none of its own debt but rather had debt issued on its behalf by the Commonwealth of Virginia. While the College remains responsible for principal and interest associated with this debt, this approach allows the College to minimize issuance costs and take advantage of the Commonwealth's strong credit position.

Long-term debt is used primarily to support the construction or renovation of major auxiliary facilities including residence halls, university centers and dining facilities, parking improvements, and recreational and athletic facilities. College supported debt service for academic facilities has been used to provide supplemental funding for projects receiving significant support from the Commonwealth or for projects where significant private support is available. The typical debt vehicle is a 20 years, fixed rate 9(c) or 9(d) bond issued by the Commonwealth of Virginia. Over the course of the bond period, the Treasurer of Virginia may refinance projects to take advantage of cost saving opportunities.

Standard and Poor's Bond Rating

The College was required to be rated by one of the major credit rating firms as part of its application for Tier 3 status under the higher education restructuring act. The Act required that institutions have at least an "AA-" credit rating for consideration as a Tier 3 institution. In April 2013, Standard and Poor's reaffirmed its "AA" issuer credit rating for the College citing its strong student quality and demand, consistent break-even financial performance, and solid fund raising and endowment.

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Current Debt Position—As of June 30, 2013, outstanding long-term debt totaled \$212.0 million consisting of \$64.3 million in 9(c) bonds and \$147.7 million in 9(d) bonds (see Appendix A). Section 9(c) bonds are general obligation bonds issued by the Commonwealth on behalf of the College pursuant to Section 9 of Article X of the Constitution of Virginia. As such, while the College is responsible for repayment, these bonds are backed by the full faith and credit of the Commonwealth. Section 9(d) bonds are issued through the Virginia College Building Authority's Pooled Bond Program and backed by the general revenue pledge of the College. As debt is issued, the College's fee structure is adjusted to generate the funds necessary to support any new debt issuance or, in certain cases, private funds to support the necessary debt service are identified consistent with the requirements of the Debt Management Policy.

Richard Bland College (RBC) has entered into a thirty year capital lease with Richard Bland College Foundation (RBCF) for the provision of a student housing complex with two dormitories on the RBC campus. RBC has accounted for the acquisition of the complex and its furniture and equipment as a capital lease, and therefore has recorded the facility and furnishings as depreciable capital assets and has also recorded a corresponding lease liability in long-term debt on the Statement of Net Assets. The outstanding balance of this capital lease as of June 30, 2013 is \$23,605,799. RBC also recognized other long-term debt through the agreement with the RBCF for non-capitalized expenses. The outstanding balance of this other debt as of June 30, 2013 is \$831,509.

Installment Purchases - installment purchases consist of long-term obligations resulting from various contracts used to finance energy performance contracts and the acquisition of equipment. The lengths of purchase agreements range from two to fifteen years, and the interest rate charges are from 1.3 to 4.7 percent. The outstanding balance of installment purchases as of June 30, 2013 is \$4,924,337 (Appendix B).

FY 2014 Debt Issues—Additional debt totaling \$32.4 million will be issued in Fall, 2013. Projects supported with this debt issuance include expansion of the Sadler Center, purchase and renovation of the Hospitality House, and improvements to the Law School and William and Mary Hall. An additional \$9.6 million to support dormitory renovations is likely to be issued in Spring, 2014. The College's FY 2014 fee structure as approved by the Board of Visitors in April, 2013 includes support for these projects.

Variable Rate Debt—The College currently has no outstanding variable rate debt.

Annual Debt Service Cost as Percentage of Total Operating Expense—The Debt Management Policy stipulates that maximum annual debt service cost as a percentage of total operating expense shall not exceed 10% and that debt issued in any given year shall be limited to an amount that allows the debt service to total operating expense ratio to remain at or below the 10% maximum. Information regarding this ratio follows:

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	<u>Debt Service</u>	<u>Operating Expense</u>	<u>Ratio</u>
FY 2007	\$12,636,150	\$ 286,757,884	4.4%
FY 2008	\$14,339,019	\$ 341,455,071	4.2%
FY 2009	\$16,155,177	\$ 332,641,291	4.9%
FY 2010	\$21,345,791	\$ 319,212,227	6.7%
FY 2011	\$19,754,806	\$ 337,426,850	5.9%
FY 2012	\$23,141,878	\$ 356,429,081	6.5%
FY 2013	\$25,398,743	\$ 368,397,527	6.9%
FY 2014 (e)	\$25,227,644	\$ 375,765,477	6.7%
FY 2015 (e)	\$25,379,278	\$ 383,280,787	6.6%

- (e) The FY 2014 and 2015 ratio reflects an estimate for debt service and two percent annual growth in operating expense above FY 2013 levels.

The increase in the debt service to operating expense ratio over this period reflects College investment in new or expanded campus facilities. Major projects include construction of the Jamestown Road and Fraternity Residence Halls, the Integrated Science Center, and the School of Business facility as well as expansion of the Student Recreation Center and upgrades to the College's utility systems, and Richard Bland College dorm related debt.

Debt Service authorized by the Board of Visitors and the Commonwealth but not yet issued—Debt supported capital project previously authorized by the Board of Visitors and the Commonwealth for which the College has not yet requested that debt be issued includes the following:

<u>Project</u>	<u>Authorized Debt Service</u>
Campus Center Renovations	\$35,000,000
Athletic Facility Improvements	\$ 2,310,000
Auxiliary Facility Improvements	\$ 3,000,000
Improve Marshal-Wythe Law School	\$ 5,200,000

As of June 30, 2013, the Virginia Institute of Marine Science has no outstanding long-term debt nor have any new debt supported projects been authorized by the Board of Visitors or the Commonwealth of Virginia.

Appendix A
Outstanding Bond Debt

Section 9(c) Bonds Payable:

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2013</u>
Dormitory, Series 2004B2	3.000 - 5.000	2017	\$ 208,460
Dormitory, Series 2004B3	3.000 - 5.000	2017	935,643
Dormitory, Series 2004B4	3.000 - 5.000	2018	2,083,671
Dormitory, Series 2004B5	3.000 - 5.000	2020	2,073,418
Dormitory, Series 2005A1	3.500 - 5.000	2026	505,000
Dormitory, Series 2006A1	4.000 - 5.000	2014	20,000
Dormitory, Series 2006A2	4.000 - 5.000	2015	520,000
Dormitory, Series 2009C	3.000 - 4.000	2021	383,984
Dormitory, Series 2009C	3.000 - 4.000	2022	2,582,213
Dormitory, Series 2009D	2.500 - 5.000	2022	1,940,000
Renovate Residence Halls, Series 2010A2	2.000 - 5.000	2030	3,980,000
Dormitory, Series 2012A	3.000 - 5.000	2016	376,596
Dormitory, Series 2012A	3.000 - 5.000	2024	779,720
Dormitory, Series 2013B	3.000 - 5.000	2026	1,112,612
Dormitory, Series 2013A	2.000 - 5.000	2033	<u>4,660,000</u>
Renovation of Dormitories			22,161,317
Graduate Housing, Series 2006B	4.000 - 5.000	2026	600,000
Graduate Housing, Series 2008B	3.000 - 5.000	2028	2,055,000
Graduate Housing, Series 2009D	2.500 - 5.000	2022	1,270,000
Graduate Housing, Series 2013B	3.000 - 5.000	2026	<u>1,411,860</u>
Graduate Housing			5,336,860
Construct New Dormitory, Series 2010A2	2.000 - 5.000	2030	1,805,000
Construct New Dormitory, Series 2011A	3.000 - 5.000	2031	13,850,000
Construct New Dormitory, Series 2013A	2.000 - 5.000	2033	<u>8,770,000</u>
Construct New Dormitory			24,425,000
Underground Utility, Series 2004B1	3.000 - 5.000	2017	547,812
Underground Utility, Series 2012A	3.000 - 5.000	2016	<u>340,907</u>
Underground Utility			888,719
Renovate Commons Dining Hall, Series 2005A2	3.500 - 5.000	2026	830,000
Renovate Commons Dining Hall, Series 2009D	2.500 - 5.000	2022	3,200,000
Renovate Commons Dining Hall, Series 2012A	3.000 - 5.000	2024	1,289,537
Renovate Commons Dining Hall, Series 2013B	3.000 - 5.000	2026	<u>1,831,383</u>
Commons Dining Hall			7,150,920

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Total bonds payable	59,962,816
Deferred Gain/(Loss) on Advance Refundings	(963,744)
Unamortized premiums (discounts)	<u>5,317,610</u>
Net bonds payable	<u>\$ 64,316,682</u>

Section 9(d) Notes Payable:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2013</u>
Barksdale Dormitory, Series 2003A	2.000 - 5.000	2024	\$ 90,000
Barksdale Dormitory, Series 2004A	3.000 - 5.000	2025	1,005,000
Barksdale Dormitory, Series 2005A	3.500 - 5.000	2026	3,455,000
Barksdale Dormitory, Series 2006A	3.000 - 5.000	2027	1,545,000
Barksdale Dormitory, Series 2010B	2.000 - 5.000	2021	450,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2024	640,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	6,495,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	<u>6,330,000</u>
Barksdale Dormitory			20,010,000
William and Mary Hall, Series 2004B	3.000 - 5.000	2016	560,000
William and Mary Hall, Series 2007B	4.000- 4.250	2018	<u>165,000</u>
William and Mary Hall			725,000
Parking Deck, Series 2003A	2.000 - 5.000	2024	190,000
Parking Deck, Series 2004A	3.000 - 5.000	2025	215,000
Parking Deck, Series 2005A	3.500 - 5.000	2026	1,710,000
Parking Deck, Series 2010B	2.000 - 5.000	2021	950,000
Parking Deck, Series 2012A	3.000 - 5.000	2024	1,355,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	1,385,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	<u>3,140,000</u>
Parking Deck			8,945,000
Recreation Sports Center, Series 2003A	2.000 - 5.000	2024	45,000
Recreation Sports Center, Series 2004A	3.500 - 5.000	2025	710,000
Recreation Sports Center, Series 2005A	3.500 - 5.000	2026	665,000
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	315,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	4,585,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	<u>1,225,000</u>
Recreation Sports Center			7,765,000

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Improve Athletics Facilities, Series 2005A	3.500 - 5.000	2026	920,000
Improve Athletics Facilities, Series 2006A	3.000 - 5.000	2027	620,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	<u>1,655,000</u>
Improve Athletics Facilities			3,195,000
Marshall-Wythe Library, Series 2004B	3.000 - 5.000	2019	905,000
Law School Library, Series 2003A	2.000 - 5.000	2024	55,000
Law School Library, Series 2007A	4.500 - 5.000	2027	3,050,000
Law School Library, Series 2010B	2.000 - 5.000	2021	260,000
Law School Library, Series 2012A	3.000 - 5.000	2024	<u>385,000</u>
Law School			4,655,000
Magnet Facility, Series 2003A	2.000 - 5.000	2024	115,000
Magnet Facility, Series 2010B	2.000 - 5.000	2021	570,000
Magnet Facility, Series 2012A	3.000 - 5.000	2024	<u>805,000</u>
Magnet Facility			1,490,000
School of Business, Series 2007A	4.500 - 5.000	2027	19,720,000
School of Business, Series 2009A	2.750 - 4.000	2016	<u>14,585,000</u>
School of Business			34,305,000
Integrated Science Center, Series 2007A	4.500 - 5.000	2027	10,340,000
Integrated Science Center, Series 2009A	2.750 - 5.000	2029	<u>5,815,000</u>
Integrated Science Center			16,155,000
Cooling Plant & Utilities, Series 2009B	2.000 - 5.000	2029	10,615,000
Cooling Plant & Utilities, Series 2010A1&A2	2.000 - 5.500	2031	<u>10,380,000</u>
Cooling Plant & Utilities			20,995,000
Power Plant Renovations, Series 2007A	4.500 - 5.000	2027	4,045,000
Busch Field AstroTurf Replacement, Series 2009B	2.000 - 5.000	2029	1,290,000
Williamsburg Hospital/School of Education, 2006A	3.000 - 5.000	2027	1,935,000
J. Laycock Football Facility, Series 2006A	3.000 - 5.000	2027	4,460,000
Residence Hall Fire Safety Systems, Series 2006A	3.000 - 5.000	2027	1,565,000
AshLawn Barn, Series 2010A1&A2	2.000 - 5.500	2031	725,000
Expand: Sadler Center, Series 2012B	3.000 - 5.000	2032	7,205,000
Total 9 (d) bonds			139,465,000
Deferred Gain/(Loss) on Advance Refundings			(2,820,291)
Unamortized premiums (discounts)			<u>11,056,935</u>
Net notes payable			<u>\$ 147,701,644</u>

Appendix B
Installment Purchases

Outstanding
Balance as of
June 30, 2013

College of William and Mary

Abacus Engineered System Service, W&M Hall	\$1,084,326
Football Scoreboard, Athletics	233,761
Wireless Head Set, Athletics	49,275
Blackboard Learning System, Information Technology	67,461
Vehicle, Campus Police	18,938
Radio System, Campus Police	<u>21,462</u>
Sub-Total	<u>\$1,475,223</u>

Virginia Institute of Marine Science

Energy efficiency Equipment	1,956,429
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Richard Bland College

Energy efficiency Equipment	<u>1,492,685</u>
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Totals	<u>\$4,924,337</u>
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**THE COLLEGE OF WILLIAM AND MARY
2013-2014 OPERATING BUDGET SUMMARY**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>Original</u>	<u>2012-2013</u>	<u>2012-2013</u>	<u>Variance</u>	<u>Approved</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>		<u>2013-2014</u>
							<u>Budget</u>
CASH CARRYFORWARD				\$ 664,424			
REVENUE							
Federal Stimulus Funds	\$ 6,943,426	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Funds							
Educational/General	40,468,124	36,086,016	38,146,486	38,683,090	38,683,090	536,604	40,103,422
Student Aid	3,620,227	3,801,479	3,870,482	3,847,618	3,847,618	(22,864)	4,109,422
Sponsored Programs	414,000	414,000	1,800,000	75,000	75,000	(1,725,000)	1,800,000
Nongeneral Funds							
Educational/General	104,833,567	114,126,476	118,453,744	120,589,629	120,589,629	2,135,885	123,160,708
Student Aid	11,669,617	16,473,331	17,827,565	18,690,072	18,690,072	862,507	20,954,188
Auxiliary Enterprise	81,120,439	85,844,824	87,561,134	89,013,446	89,013,446	1,452,312	91,250,986
Sponsored Programs	31,484,073	27,815,177	28,850,000	27,402,589	27,402,589	(1,447,411)	31,850,000
Private Funds	11,822,623	11,980,923	11,444,953	12,444,159	12,444,159	999,206	11,490,604
Total Revenue	\$ 292,376,096	\$ 296,542,226	\$ 307,954,364	\$ 311,410,027	\$ 311,410,027	\$ 3,455,663	\$ 324,719,330
EXPENDITURES							
Instruction	\$ 84,125,717	\$ 83,738,512	\$ 89,608,192	\$ 90,600,992	\$ 90,600,992	992,800	\$ 93,756,035
Research	1,057,239	1,211,472	1,363,488	1,423,050	1,423,050	59,562	1,293,086
Public Service	51,929	57,936	53,139	37,710	37,710	(15,429)	55,176
Academic Support	25,007,397	24,459,412	25,465,377	26,193,818	26,193,818	728,441	26,748,589
Student Services	8,430,764	8,844,961	8,306,806	7,832,816	7,832,816	(473,990)	8,515,752
Institutional Support	21,428,918	21,571,241	23,679,023	24,331,497	24,331,497	652,474	24,708,358
Plant Operations	17,660,001	16,366,345	17,451,663	16,700,047	16,700,047	(751,616)	18,280,191
Student Aid	17,982,111	23,280,397	25,367,150	25,809,455	25,809,455	442,305	28,986,956
Auxiliary Enterprise	76,226,174	82,083,973	85,712,359	84,254,699	84,254,699	(1,457,660)	89,122,543
Sponsored Programs	31,898,073	28,229,177	30,650,000	27,477,589	27,477,589	(3,172,411)	33,650,000
Total Expenditures	\$ 283,868,323	\$ 289,843,426	\$ 307,657,197	\$ 304,661,673	\$ 304,661,673	\$ (2,995,524)	\$ 325,116,686

The College of William and Mary
Education and General
2013-2014 Operating Budget Summary

	2010-2011 Actual	2011-2012 Actual	Original 2012-2013 Budget	2012-2013 Actual	Variance	Approved 2013-2014 Budget
CASH CARRYFORWARD	\$0	\$0	\$0	\$664,424	\$0	\$0
REVENUE:						
Federal Stimulus Funds	\$6,943,426	\$0	\$0	\$0	\$0	\$0
General Funds	40,468,124	36,086,016	38,146,486	38,683,090	536,604	40,103,422
Nongeneral Funds	104,833,567	114,126,476	118,453,744	120,589,629	2,135,885	123,160,708
Total Revenue	\$152,245,117	\$150,212,492	\$156,600,230	\$159,272,719	\$2,672,489	\$163,264,130
AVAILABLE FUNDS	\$152,245,117	\$150,212,492	\$156,600,230	\$159,937,143	\$2,672,489	\$163,264,130
EXPENDITURES:						
Instruction	\$83,314,623	\$82,924,339	\$88,424,697	\$89,631,856	\$1,207,159	\$92,324,109
Research	853,270	955,879	948,413	988,456	40,043	958,305
Public Service	8,306	8,277	8,021	8,021	0	8,021
Academic Support	24,448,507	23,978,107	24,483,797	25,728,886	1,245,089	25,400,171
Student Services	8,116,604	8,686,997	8,185,060	7,704,498	(480,562)	8,400,111
Institutional Support	18,198,069	16,680,484	17,166,899	18,780,538	1,613,639	17,946,413
Plant Operations	17,265,065	16,318,181	17,383,343	16,633,400	(749,943)	18,227,000
Total Expenditures	\$152,204,444	\$149,552,264	\$156,600,230	\$159,475,655	\$2,875,425	\$163,264,130

The College of William and Mary
Student Financial Assistance*
2013-2014 Operating Budget Summary

	2010-2011 Actual	2011-2012 Actual	Original 2012-2013 Budget	2012-2013 Actual	Variance	Approved 2013-2014 Budget
REVENUE:						
General Funds	\$3,620,227	\$3,801,479	\$3,870,482	\$3,847,618	(\$22,864)	\$4,109,422
Nongeneral Funds	11,669,617	16,473,331	17,827,565	18,690,072	862,507	20,954,188
Auxiliary Enterprises	0	0	247,807	0	(247,807)	500,000
Total Revenue	\$15,289,844	\$20,274,810	\$21,945,854	\$22,537,690	\$591,836	\$25,563,610
EXPENDITURES:						
Total Expenditures	\$15,257,056	\$20,274,810	\$21,945,854	\$22,537,690	\$591,836	\$25,563,610

* Excludes student financial assistance support included in Board of Visitors private fund budget.

The College of William and Mary
Education and General
2013-2014 Operating Budget Summary

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Original 2012-2013 <u>Budget</u>	2012-2013 <u>Actual</u>	<u>Variance</u>	Approved 2013-2014 <u>Budget</u>
CASH CARRYFORWARD	\$0	\$0	\$0	\$664,424	\$0	\$0
<u>REVENUE</u>						
Federal Stimulus Funds	\$6,943,426	\$0	\$0	\$0	\$0	\$0
General Funds	40,468,124	36,086,016	38,146,486	38,683,090	536,604	40,103,422
Nongeneral Funds	104,833,567	114,126,476	118,453,744	120,589,629	2,135,885	123,160,708
TOTAL REVENUE	\$152,245,117	\$150,212,492	\$156,600,230	\$159,272,719	\$2,672,489	\$163,264,130
AVAILABLE FUNDS	\$152,245,117	\$150,212,492	\$156,600,230	\$159,937,143	\$2,672,489	\$163,264,130
<u>EXPENDITURES</u>						
<u>Instruction</u>						
Personal Services	\$73,629,791	\$77,055,642	\$81,215,009	\$82,717,012	\$1,502,003	\$84,260,707
Contractual Services	3,938,195	2,988,256	3,380,566	3,098,512	(282,054)	4,084,280
Supplies and Materials	648,368	699,638	818,075	856,361	38,286	943,075
Transfer Payments	2,960,258	1,152,384	1,184,728	1,283,973	99,245	1,184,728
Continuous Charges	474,432	383,655	477,757	478,551	794	477,757
Property & Improvements	58,849	99,456	100,000	372	(99,628)	100,000
Equipment	1,602,847	545,307	1,248,562	1,197,075	(51,487)	1,273,562
Indirect Costs	1,885	0	0	0	0	0
TOTAL	\$83,314,623	\$82,924,339	\$88,424,697	\$89,631,856	\$1,207,159	\$92,324,109

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Original 2012-2013 <u>Budget</u>	2012-2013 <u>Actual</u>	Variance	Approved 2013-2014 <u>Budget</u>
<u>Research</u>						
Personal Services	\$495,040	\$649,918	\$645,882	\$667,042	\$21,160	\$655,774
Contractual Services	61,076	55,457	51,746	93,664	41,918	51,746
Supplies and Materials	1,258	1,944	520	2,789	2,269	520
Transfer Payments	284,965	246,465	244,965	214,665	(30,300)	244,965
Continuous Charges	592	556	300	431	131	300
Property & Improvements	0	6	0	458	458	0
Equipment	10,339	1,533	5,000	9,408	4,408	5,000
TOTAL	\$853,270	\$955,879	\$948,413	\$988,456	\$40,043	\$958,305
<u>Public Service</u>						
Personal Services	\$1,543	\$0	\$760	\$0	(\$760)	\$760
Contractual Services	6,649	7,171	5,784	5,042	(742)	5,784
Supplies and Materials	0	105	477	625	148	477
Continuous Charges	0	1,000	1,000	2000	1,000	1,000
Equipment	115	0	0	354	354	0
TOTAL	\$8,306	\$8,277	\$8,021	\$8,021	\$0	\$8,021
<u>Academic Support</u>						
LIBRARIES:						
Personal Services	\$5,179,592	\$5,289,202	\$5,627,678	\$5,494,314	(\$133,364)	\$5,805,286
Contractual Services	712,663	1,292,468	926,061	683,617	(242,444)	926,061

	2010-2011 Actual	2011-2012 Actual	Original 2012-2013 Budget	2012-2013 Actual	Variance	Approved 2013-2014 Budget
Supplies and Materials	58,873	37,542	38,658	55,212	16,554	38,658
Transfer Payments	0	0	0	0	0	0
Continuous Charges	4	8,020	5,000	8,058	3,058	5,000
Property & Improvements	0	0	0	0	0	0
Equipment	3,694,597	3,119,663	3,495,809	3,982,699	486,890	3,745,809
TOTAL	\$9,645,729	\$9,746,895	\$10,093,206	\$10,223,900	\$130,694	\$10,520,814
OTHER ACAD. SUPPORT:						
Personal Services	\$11,709,868	\$11,556,501	\$11,641,659	\$12,365,613	\$723,954	\$11,980,425
Contractual Services	1,917,972	1,720,289	1,790,395	1,965,316	174,921	1,940,395
Supplies and Materials	59,840	117,588	91,701	77,017	(14,684)	91,701
Transfer Payments	112,599	140,491	123,506	133,922	10,416	123,506
Continuous Charges	114,436	157,112	140,167	246,838	106,671	140,167
Property & Improvements	36,532	3,045	0	2804	2,804	0
Equipment	837,501	536,186	603,163	713,476	110,313	603,163
Obligations	14,029	0	0	0	0	0
TOTAL	\$14,802,778	\$14,231,211	\$14,390,591	\$15,504,986	\$1,114,395	\$14,879,357
TOTAL ACADEMIC SUPPORT	\$24,448,507	\$23,978,107	\$24,483,797	\$25,728,886	\$1,245,089	\$25,400,171

September 25-27, 2013

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Original 2012-2013 <u>Budget</u>	2012-2013 <u>Actual</u>	Variance	Approved 2013-2014 <u>Budget</u>
<u>Student Services</u>						
Personal Services	\$6,895,763	\$7,372,765	\$6,955,581	\$6,403,749	(\$551,832)	\$7,170,632
Contractual Services	925,352	1,022,977	912,655	1,013,317	100,662	912,655
Supplies and Materials	145,673	162,449	154,059	132,390	(21,669)	154,059
Transfer Payments	68,344	65,654	69,039	92,688	23,649	69,039
Continuous Charges	3,857	13,953	4,150	7,935	3,785	4,150
Property & Improvements	9,589	415	0	208	208	0
Equipment	68,026	48,784	89,576	54,211	(35,365)	89,576
TOTAL	\$8,116,604	\$8,686,997	\$8,185,060	\$7,704,498	(\$480,562)	\$8,400,111
<u>Institutional Support</u>						
Personal Services	\$15,577,617	\$13,569,653	\$14,354,987	\$16,158,037	\$1,803,050	\$15,084,501
Contractual Services	1,500,147	1,614,527	1,778,916	1,770,958	(7,958)	1,828,916
Supplies and Materials	197,259	168,925	168,216	236,124	67,908	168,216
Transfer Payments	142,676	80,088	72,490	86,580	14,090	72,490
Continuous Charges	484,182	1,016,519	569,319	182,247	(387,072)	569,319
Property & Improvements	14,699	3,651	0	964	964	0
Equipment	276,560	227,097	222,971	345,628	122,657	222,971
VIMS Service Centers	0	25	0	0	0	0
Obligations	4,929	0	0	0	0	0
TOTAL	\$18,198,069	\$16,680,484	\$17,166,899	\$18,780,538	\$1,613,639	\$17,946,413

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Original 2012-2013 <u>Budget</u>	2012-2013 <u>Actual</u>	Variance	Approved 2013-2014 <u>Budget</u>
Plant Operations						
Personal Services	\$5,191,152	\$4,342,843	\$4,932,970	\$2,010,486	(\$2,922,484)	\$5,433,723
Contractual Services	5,876,269	5,315,745	5,374,687	8,602,463	3,227,776	5,617,591
Supplies and Materials	1,810,488	1,762,157	1,631,635	1,456,104	(175,531)	1,631,635
Transfer Payments	0	1,713	0	894	894	0
Continuous Charges	4,061,056	4,844,830	4,969,592	4,371,446	(598,146)	5,069,592
Property & Improvements	205,268	51,419	144,575	40,378	(104,197)	144,575
Equipment	120,832	(525)	329,884	151,629	(178,255)	329,884
TOTAL	\$17,265,065	\$16,318,181	\$17,383,343	\$16,633,400	(\$749,943)	\$18,227,000
E&G PROGRAM TOTAL	\$152,204,444	\$149,552,264	\$156,600,230	\$159,475,655	\$2,875,425	\$163,264,130

September 25-27, 2013

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The College of William and Mary
Auxiliary Enterprise
2013-2014 Operating Budget Summary

	<u>2010-2011</u> <u>Actual</u>	<u>2011-2012</u> <u>Actual</u>	<u>Original</u> <u>2012-2013</u> <u>Budget</u>	<u>2012-2013</u> <u>Actual</u>	<u>Variance</u>	<u>Approved</u> <u>2013-2014</u> <u>Budget</u>
REVENUE						
Residence Life	\$23,860,980	\$24,293,056	\$25,071,000	\$26,065,960	\$994,960	\$26,222,000
Food Service	13,906,637	14,806,373	14,961,390	15,977,777	1,016,387	16,520,313
Telecom/Network	3,664,668	3,584,150	3,515,230	3,690,407	175,177	3,515,230
Student Unions	2,899,844	2,898,509	2,901,000	2,945,351	44,351	2,889,506
W&M Hall	2,172,942	2,363,126	2,325,250	2,382,241	56,991	2,340,000
Athletics	18,755,845	19,452,717	20,370,090	20,159,427	(210,663)	21,227,500
Other	<u>15,859,523</u>	<u>18,446,893</u>	<u>18,417,174</u>	<u>17,792,283</u>	<u>-624,891</u>	<u>18,536,437</u>
Total Revenue	\$81,120,439	\$85,844,824	\$87,561,134	\$89,013,446	\$1,452,312	\$91,250,986
EXPENDITURES						
Residence Life	\$22,235,788	\$22,958,496	\$24,967,000	\$24,260,880	(\$706,120)	\$26,222,000
Food Service	12,191,866	13,595,181	14,280,004	14,311,678	31,674	15,485,411
Telecom/Network	3,509,928	3,569,041	3,411,615	3,358,800	(52,815)	3,411,615
Student Unions	2,714,689	2,925,710	2,789,800	2,741,666	(48,134)	2,749,035
W&M Hall	2,109,104	2,075,466	2,039,400	1,906,806	(132,594)	2,340,000
Athletics	18,744,923	19,367,785	20,370,090	19,965,771	(404,319)	21,227,500
Other	<u>14,719,876</u>	<u>17,592,294</u>	<u>17,854,450</u>	<u>17,709,098</u>	<u>(145,352)</u>	<u>17,686,982</u>
Total Expenditures	\$76,226,174	\$82,083,973	\$85,712,359	\$84,254,699	(\$1,457,660)	\$89,122,543

The College of William and Mary
Sponsored Programs
2013-2014 Operating Budget Summary

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Original 2012-2013 <u>Budget</u>	2012-2013 <u>Actual</u>	Variance	Approved 2013-2014 <u>Budget</u>
REVENUE						
General Fund	\$414,000	\$414,000	\$1,800,000	\$75,000	(\$1,725,000)	\$1,800,000
Nongeneral Fund	<u>31,484,073</u>	<u>27,815,177</u>	<u>28,850,000</u>	<u>27,402,589</u>	<u>(1,447,411)</u>	<u>31,850,000</u>
Total Revenue	\$31,898,073	\$28,229,177	\$30,650,000	\$27,477,589	(\$3,172,411)	\$ 33,650,000
EXPENDITURES						
	\$31,898,073	\$28,229,177	\$30,650,000	\$27,477,589	(\$3,172,411)	\$ 33,650,000

**THE COLLEGE OF WILLIAM & MARY
2013-2014 PRIVATE FUNDS BUDGET SUMMARY**

	2010-2011 Actual	2011-2012 Actual	Original 2012-2013 Budget	2012-2013 Actual	Variance	Approved 2013-2014 Budget
REVENUE:						
Distributed Endowment Income	\$2,017,708	\$2,102,696	\$2,334,953	\$2,334,953	\$0	\$2,649,604
Administrative Overhead Allocation	200,000	200,000	200,000	200,000	0	200,000
Transfers from Other Sources	102,084	518,021	173,000	451,574	278,574	255,000
Interest on Cash Balances	153,395	90,444	125,000	163,422	38,422	80,000
Annual Gifts	8,451,745	7,397,505	7,300,000	7,797,508	497,508	7,600,000
Drawdown from BOV Quasi Endowment	0	1,000,000	775,000	775,000	0	0
Distribution from External Trusts	34,328	21,210	17,000	31,617	14,617	26,000
Other Revenue	863,363	651,047	520,000	690,085	170,085	680,000
Total Revenue	\$11,822,623	\$11,980,923	\$11,444,953	\$12,444,159	\$999,206	\$11,490,604
EXPENDITURES:						
Instruction	\$811,094	\$814,173	\$1,183,495	\$969,136	(\$214,359)	\$1,431,926
Research	203,969	255,593	415,075	434,594	19,519	334,781
Public Service	43,623	49,659	45,118	29,689	(15,429)	47,155
Academic Support	558,890	481,305	981,580	464,932	(516,648)	1,348,418
Student Services	314,160	157,964	121,746	128,318	6,572	115,641
Institutional Support	3,230,849	4,890,757	6,512,124	5,550,959	(961,165)	6,761,945
Plant: Operations & Capital Improvements	394,936	48,164	68,320	66,647	(1,673)	53,191
Student Aid	2,725,055	3,005,587	3,421,296	3,271,765	(149,531)	3,423,346
Total Expenditures	\$8,282,576	\$9,703,202	\$12,748,754	\$10,916,040	(\$1,832,714)	\$13,516,403

September 25-27, 2013

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**COLLEGE OF WILLIAM AND MARY
STATEMENT OF ENDOWMENT FUNDS
June 30, 2013 (PRELIMINARY)**

MARKET VALUE

TRUE AND QUASI ENDOWMENT	June 30, 2013	June 30, 2012
BOARD OF VISITORS:		
General Pool	\$71,416,557	\$65,437,461
Green Portfolio	246,768	184,295
Non-Pooled Assets	6,650,378	6,655,380
TOTAL BOARD OF VISITORS	<u><u>\$78,313,703</u></u>	<u><u>\$72,277,136</u></u>
COLLEGE OF WILLIAM & MARY FOUNDATION:		
Pooled Investments	\$300,418,914	\$260,971,926
Eminent Scholars	70,216,574	65,650,585
VA Assistance Program	43,209,776	40,109,590
Non-Pooled Assets	136,874,834	133,619,131
TOTAL COLLEGE OF W & M FOUNDATION	<u><u>\$550,720,098</u></u>	<u><u>\$500,351,232</u></u>
MARSHALL-WYTHE FOUNDATION:		
General Pool	\$16,131,649	\$14,405,360
Eminent Scholars	10,522,859	9,762,942
VA Assistance Program	3,373,973	2,993,959
TOTAL MARSHALL-WYTHE FOUNDATION	<u><u>\$30,028,481</u></u>	<u><u>\$27,162,261</u></u>
WILLIAM & MARY BUSINESS SCHOOL FOUNDATION	\$27,965,261	\$35,301,778
VIMS FOUNDATION	\$9,643,706	\$8,182,478
OTHER SUPPORTING FOUNDATIONS	<u><u>\$1,052,475</u></u>	<u><u>\$958,445</u></u>
TOTAL TRUE AND QUASI ENDOWMENT	<u><u><u>\$697,723,724</u></u></u>	<u><u><u>\$644,233,330</u></u></u>
DEFERRED GIFT INSTRUMENTS:		
Net Life Income Funds (book value)	\$7,377,583	\$6,670,803
Life Insurance (book value)	1,504,038	1,380,179
TOTAL DEFERRED GIFTS:	<u><u><u>\$8,881,621</u></u></u>	<u><u><u>\$8,050,982</u></u></u>

September 25-27, 2013

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**COLLEGE OF WILLIAM & MARY
STATEMENT OF ENDOWMENT FUNDS
NON-POOLED ENDOWMENT CORPUS AND
OTHER SUPPORTING FOUNDATIONS**

	BOV	CWMF	OTHER	6/30/13 TOTAL	6/30/12 TOTAL
SPECIFIC SECURITIES:					
Coin Collection (Payne)	280	0	0	280	280
Private Equity Commitment	0	0	0	0	1,114,075
EXTERNAL TRUSTS/FOUNDATION & OTHER NON-POOLED INVESTMENTS:					
Dorman Trust	0	423,005	0	423,005	418,761
Lettie Pate Evans Trust	0	128,739,125	0	128,739,125	125,506,746
Schepmoes Trust	0	3,873,170	0	3,873,170	3,636,815
Dorman - Wren Preservation Acct.	0	588,560	0	588,560	514,290
Sumner Rand Foundation	0	0	1,052,475	1,052,475	958,445
REAL ESTATE & PROPERTY: *					
Student and Faculty Housing	1,252,556	18,859	0	1,271,415	1,273,084
Administrative Use	120,611	0	0	120,611	120,611
Land	5,271,595	95,300	0	5,366,895	5,366,895
Life Tenancy	0	408,000	0	408,000	622,441
CWM Real Estate Foundation	0	1,350,000	0	1,350,000	1,350,000
GIFTS RECEIVED BUT NOT INVESTED:	0	0	0	0	216,150
MISC. GIFT RECEIVABLES:	5,336	1,378,815	0	1,384,151	134,363
TOTALS	<u>\$6,650,378</u>	<u>\$136,874,834</u>	<u>\$1,052,475</u>	<u>\$144,577,687</u>	<u>\$141,232,956</u>

*Carrying value less accumulated depreciation

VIRGINIA INSTITUTE OF MARINE SCIENCE
2014-2020 SIX-YEAR PLAN

WHEREAS, in the response to the Commonwealth's direction that the Virginia Institute of Marine Science (VIMS) prepare a separate Six-Year Plan from the College of William and Mary; and

WHEREAS, VIMS has developed said plan consistent with the requirements outlined in the Higher Education Opportunity Act; and

WHEREAS, VIMS has identified those expenditures necessary to support its research, education, advisory service, and administrative operations, has prioritized those expenditures, and has recommended funding through primarily Commonwealth revenue;

THEREFORE, BE IT RESOLVED, That upon recommendation of the Dean and Director of VIMS and the President of the College, the Board of Visitors of the College of William and Mary approves VIMS' Six-Year Plan as outlined in the subsequent pages.

VIRGINIA INSTITUTE OF MARINE SCIENCE
SIX-YEAR PLAN NARRATIVE

The Virginia Institute of Marine Science has a three-part mission of research, education and advisory service, each encompassed within an overarching goal of achieving and maintaining a national and international position as a premier coastal marine science institution. This mission involves making seminal advances to our understanding of marine systems through research and discovery, translating that knowledge into practical solutions to complex issues of societal importance, and providing new generations of researchers, educators, problem solvers, and managers with a marine science education of relevance and unsurpassed quality.

Meeting this mission requires that VIMS: (1) address cutting edge scientific questions, (2) develop and apply technologically-advanced approaches to these questions, (3) communicate research results and new technologies to both professional and public audiences, (4) provide consultative assistance to facilitate the application of new knowledge to practical problems, and (5) train future generations of young scientists to continue this tradition.

Based on the mission outlined above, VIMS has identified the following strategies to address the Objectives outlined in the Higher Education Opportunity Act.

Objectives A, E3, E5, E6, E8. *Support Graduate Financial Aid.* VIMS will continue to aggressively pursue external grants to assist in meeting the financial aid needs of graduate students. As a graduate only program, VIMS has a long history of success in this area, especially in securing competitive federal grant awards; however, fully meeting the anticipated need will require assistance from the Higher Education Student Financial Assistance Fellowships given through the Commonwealth. VIMS' graduate program has awarded nearly 1,000 degrees since it was founded almost 75 years ago. VIMS alumni are leaders in areas such as fisheries, water quality research and environmental management and restoration approaches for coastal and estuarine environments. The graduate program provides essential capacity in support of the Institute's research and advisory missions. Graduate students also advance the education mission by serving as teaching assistants for the undergraduate marine science program, as mentors for the growing number of undergraduates who conduct research at VIMS, and as outreach educators through VIMS' public education programs.

Increased graduate financial aid would allow the School of Marine Science to support up to a 25% enrollment growth for graduate students interested in STEM disciplines, and would enhance competitiveness for the most highly-qualified applicants, improve retention of enrolled students and reduce "time to degree" that can be associated with gaps in financial aid that result from downturns in federal funding cycles.

2012-14 Progress: VIMS received \$3,013 for graduate financial aid from the General Assembly in 2012. While this was a very modest level of new support, it was indeed a welcome addition to

a slowly-growing pool of funds that will be used to help meet our target of 25% enrollment growth in STEM fields. During the past year, VIMS has also begun exploring the possibility of implementing a new funding model for graduate students that includes internal reallocation, tuition waivers, and reevaluation of credit hour requirements. At the same time, faculty have continued to aggressively pursue grant support from federal agencies, maintaining a very good level of success in an increasingly uncertain and competitive funding climate.

Objective B. Continue to operate as a year-round facility. As an independent state agency that is heavily involved in research and graduate education, VIMS also provides advisory service to the Commonwealth in the form of expert scientific advice on marine-related issues throughout Chesapeake Bay and the coastal ocean. All three of our missions, the graduate program, research and advisory programs, are heavily operational for the entire 12-month calendar year. Field research is most active between April and October, but most other activities occur equally throughout the year. For example, throughout calendar year 2012, VIMS offered a total of 250 outreach programs reaching nearly 18,000 citizens. Approximately 140 of those programs were held on VIMS' main campus. These were in the form of campus tours, after hours lecture series, discovery labs, summer camps for children in grades 1-8, workshops, training programs, and more. VIMS always has been, and will continue to be, a year-round operation.

Objective C. Expand collaborations with William & Mary in the areas of marine and environmental science research and public policy, and seek grant support for new and continuing programs that offer mutually beneficial opportunities for sharing curricular and other resources. VIMS faculty now teach courses in support of W&M's newly-established Marine Science Minor and will provide research opportunities for W&M undergraduates on the VIMS campus. VIMS is also part of the Virginia Alliance to Enhance Graduate Education and the Professoriate (VAGEP). The ultimate goal of VAGEP is to create a structured mentoring network within the Commonwealth that will attract talented students from underrepresented groups through undergraduate studies to graduate education and ultimately to the professoriate. Finally, VIMS will partner with W&M Law School's Virginia Coastal Policy Clinic (VCPC), created in 2012. Through this partnership, VCPC will propose solutions to coastal resource management issues and educate the Virginia policymaking, non-profit, legal, business, and military communities about these subjects. VIMS will strengthen the clinic's impact as its work will be informed by scientists who are intimately familiar with the issues facing Virginia coastal resource management and already connected to local government planners and leadership.

2012-14 Progress: VIMS and W&M established a minor in Marine Science in the 2009-2010 academic year in response to growing interest in the field of marine science by undergraduates. Permanent funding from internal W&M sources was committed in the 2012-2013 academic year. The minor provides unique opportunities at all levels: undergraduates benefit from field courses and research experiences with VIMS faculty, graduate students benefit from increased teaching opportunities, VIMS faculty benefit from increased interactions (both teaching and research) with the outstanding undergraduate study body, and faculty across W&M benefit from increased interactions, which lead to opportunities for new collaborations.

Progress was also made through establishment in the 2012-2013 academic year of a Virginia Coastal Policy Clinic (VCPC), a partnership between VIMS and the W&M Law School to integrate the latest science with legal and policy analysis. VCPC will provide objective, thoughtful, and scientifically-supported legal analysis of coastal resource management issues affecting Virginia, while providing W&M students an exceptional learning experience grounded in the law school's philosophy of the Citizen Lawyer. VIMS will strengthen the clinic's impact as its work will be informed by scientists who are intimately familiar with the issues facing Virginia coastal resource management and already connected to local government planners and leadership.

Objective D. Develop and support new management and policy approaches at state and local government levels. Throughout its history VIMS has provided critical, science-based advice to aid state and local governments in managing vital coastal resources from resource-specific to system-level perspectives with a long-term vision that includes economic considerations. As coastal decision-makers in Virginia have become ever more dependent upon this advice, VIMS finds it support for this activity to be insufficient to meet demands. Enhanced support from the Commonwealth would permit us to meet the increasing demand for this critical assistance, and to do so in the most proactive manner possible.

Objectives D, E9. Improve longevity of highly-sophisticated research instrumentation. The Higher Education Equipment Trust Fund (HEETF) allocations to VIMS over the past five years have been approximately \$2.5 million (\$500,000 per year), which has allowed VIMS to procure equipment items such as DNA sequencers, Gas Chromatographs, Mass Spectrometers, and related analytical equipment. These are mission-dependent scientific pieces of equipment, all of which support STEM activities at VIMS. Specific examples include genetic identification of fish species and fish stocks in support of management at both the national and international level, isolation and identification of harmful algal bloom species (including those producing toxins), identification and isolation of microscopic parasites of commercially valuable crustaceans (crabs and lobsters), and identification and environmental tracking of man-made complex organic compounds with known or potential human and/or environmental impacts. Moreover, VIMS has been able to pair HEETF funds with external grant and contract research activities in a way that has allowed VIMS to establish a competitive advantage for conducting cutting edge STEM research, particularly in marine science. Failure to maintain manufacturer dependent service compromises the full appreciation of the investment by the Commonwealth, increases expenses by having ad hoc service calls, and importantly, can extend the research downtime thus delaying grant and contract deliverables and advisory service responses to the Commonwealth and other state agencies. The annual service contracts for each of these pieces of equipment range from \$2,000 to more than \$25,000.

Objectives D, E10. Enhance HPC technology. The Governor and General Assembly have invested in VIMS by providing eight new faculty positions to the Institute over the past two years. These new faculty hires, as well as several current junior faculty, have research programs that require the use of High Performance computers. Real-time forecasting requires high speed

data transfer in and out of the VIMS campus, combined with high performance computation using prediction models and software. A poignant example occurred on August 29, 2012 when Hurricane Isaac intensified as it entered the Straits of Florida, taking aim on the City of New Orleans. For two days before making landfall, the important question was "How high will the water rise?" VIMS has been developing the capability to answer this question on the Virginia coast.

In August of 2011, Hurricane Irene, at one time a Category 3 tropical cyclone, threatened millions of Virginians living within a hundred miles of the ocean. Forecasters at the U.S. National Weather Service in Wakefield requested the operation of the VIMS storm surge models to furnish them with real-time information throughout the storm about the degree of impact to flood prone areas. The Wakefield team analyzed the data from nine simulations run at VIMS during the three-day period and passed the information to teams at the Virginia Department of Emergency Management (VDEM) in order to help focus warnings and potential relief. The leading faculty member, Dr. Harry Wang, received a Governor's Technology Award for Innovative Use of Modeling & Simulation Techniques because of the software developed he developed at VIMS.

Situations such as Hurricanes Isaac and Irene illustrate the benefits of a coordinated HPC capability. Modern instrumentation and real-time simulations require increasingly massive data inputs and outputs that must work reliably and in exact time order. Funding HPC upgrades at VIMS will support the application of innovative modeling and simulation technologies that are critical to the economic and natural marine resources of the Commonwealth. As another example, VIMS has embarked on projects to map the genetic makeup of finfish, shellfish and other species in order to understand the interrelationships affecting their survival in the marine environment. The latest generation of genetic sequencers collect data at a rate one-thousand times faster than instruments of just five years ago. For example, VIMS' Illumina GAIIx sequencer produces 30 million data points from just one sample of a Bluefin Tuna. The sequencer has the potential to generate a terabyte of DNA data every few days. Real-time simulations can forecast outcome scenarios ranging from predicting the local crab harvest to protecting life and limb for millions of citizens before an impending hurricane. Centralizing resources will allow students to access the data and models, enhancing model development and providing a training tool for the next generation of marine scientists.

VIMS presently has an HPC capability that has been cobbled together using various grant funding sources, yet it needs more capacity and requires additional staffing resources. Data collection rates have become faster, and scientific instruments in the field and lab are more sensitive, causing the need for more wide-spread application of HPC in marine research and resource management. In order to properly run an HPC program at VIMS, more nodes must be added to the present cluster, annual support and software costs must be covered, and an HPC specialist must be hired to support the scientific research community.

Objectives D, E8, E11. Support VIMS' Chesapeake Bay Fish Surveys and Continue Economic Opportunities. Commercial and recreational fisheries in the Commonwealth of Virginia generate a total of \$1.23 billion in sales, \$717.4 million in income, and 13,015 full and part-time jobs for the economy of Virginia (expressed in 2005 constant dollars). Continuation of the economic benefits and employment opportunities for Virginians derived from fishing hinges directly on sustaining funding levels and maintaining our membership in the Atlantic Coastal Fisheries Cooperative. The Cooperative requires Virginia to collect and analyze survey data for managed species; striped bass, summer flounder, menhaden, blue crab, and croaker headline the list of approximately 20 species for which annual data summaries are required. VIMS' Department of Fisheries Science monitors many of the fish listed above and the funding comes from the Commonwealth, federal, and other non-federal agencies. Unfortunately, the stability and future viability of these surveys has reached a crossroads because of recent budget reductions and measurable uncertainty surrounding the federal funding sources currently subsidizing them.

It is important to note that the fish surveys operating in Chesapeake Bay and coastal Virginia waters also serve as outstanding platforms for conduct cutting edge research and education in marine science. Since 2008, VIMS scientists have published over 40 manuscripts in the peer-reviewed literature on topics such as fish biology, ecology, and population dynamics using data derived from these surveys. More than 20 graduate student thesis/dissertation projects have been supported by these data collection programs. In addition, dozens of undergraduate and graduate students have participated in survey activities as part of courses within their degree programs, and hundreds of members of the general public have learned about the basics of fisheries and marine science by spending a day on the water with VIMS survey personnel. It is reasonable to state that these surveys provide an extremely valuable service to Virginians in a wide array of sectors. In the private sector, their value is realized through maintenance of prosperous fishing opportunities for those citizens with personal and/or economic ties to the estuarine and coastal waters of the Commonwealth. To those in the public sector, these surveys provide invaluable opportunities to engage in world class marine science research, train future marine scientists through cutting edge interdisciplinary education, and relate to the general public through outreach.

2012-14 Progress: VIMS was successful in obtaining approximately \$150,000 in new funding during the 2013 General Assembly session to support the blue crab monitoring program at VIMS. The blue crab fishery, the most important in Chesapeake Bay, has rebounded from near collapse in 2007 to vastly improved but still uncertain and variable levels of harvest in the ensuing six years. This and other monitoring programs at VIMS provide an extremely valuable service to Virginians in a wide array of sectors. In the private sector, their value is realized through continued and even enhanced fishing opportunities for those with personal and/or economic ties to estuarine and coastal waters. To those in the public sector, these surveys provide opportunities to engage in new and important research, train future marine scientists through interdisciplinary education, and relate to the general public through outreach and institutional extension programs.

Objectives D, E7, E12. Implement a post-graduate Commonwealth Coastal and Marine Fellowship program in collaboration with the Virginia Sea Grant (VASG) program that has been housed at VIMS since 2008. Fellows would be placed with host offices in the Virginia Marine Resources Commission (VMRC) and the Department of Environmental Quality (DEQ), providing them with highly trained professionals to help advance the state agency mission, and perhaps most significantly, adding workforce development and retention benefit.

The program would provide Fellows with “on the job” experience in the integration of coastal and marine resource science, policy and management. By building a network of current fellows and alumni (after a couple years), the Commonwealth Fellowship program will cultivate Virginia’s network of scientists and resource managers, expand opportunities for state agencies to collaborate with universities, and improve our ability to address emerging coastal and marine resource issues and needs through innovative cross-institutional, multi-disciplinary responses.

VASG would conduct the recruitment and pre-screening of fellows and host offices, fiscal management, matching procedures to link host offices with pre-qualified fellows, and fellow oversight and technical assistance throughout the year. Qualified candidates would apply through VASG and could come from any of our university partner institutions. The host office would develop and oversee the fellow’s job tasks and activities, contribute modest funding toward the stipend to demonstrate commitment to the fellowship, and participate in the matching process.

Objectives D, E7, E8, E11, E12. Enhance Chesapeake Bay Water Quality Modeling and Monitoring. The need to assess and verify the effectiveness of public fund expenditures to restore water quality in Chesapeake Bay is critically important. Currently, the Commonwealth is largely dependent upon the Chesapeake Bay Program model and monitoring data to assess progress towards meeting Bay water quality goals. There is a clear need for enhanced water quality modeling and monitoring in Virginia’s tributaries to support efforts by the state and local governments to meet water quality goals. VIMS is uniquely positioned with its expertise, state-of-the-art modeling capabilities, advanced monitoring technologies and mandated role as the scientific advisor to the Commonwealth on marine and coastal natural resource issues to provide this critical need. The proposed program would build on these strengths to develop and utilize models that more accurately represent conditions in Virginia waters and to couple these models with real-time water quality data to provide a comprehensive, high resolution view of water quality that far exceeds the spatial extent, temporal coverage, and accuracy of the current monitoring program. Such information would furnish decision makers with the information necessary to make more informed decisions related to Bay restoration and TMDL (Total Maximum Daily Load) implementation.

Monitoring can be most effectively established with a Commonwealth Chesapeake Bay Observing System. This system would expand and integrate VIMS’ current technologies to produce a unified, state-of-the-art system. The system would integrate water quality and weather to allow for near real-time responses in support of emergency management, such as storm forecasting and response, public health, such as harmful algal blooms and fishery impacts, and

state wide tidal water quality assessments, all of which support both economic and natural resource needs.

In addition the above outlined strategies and progress, VIMS has removed the strategy “Establish new faculty lines to perform innovative research to advance science and discovery with particular emphasis on economic development and environmental enhancement” from the six-year plan given that the Institute received eight FTE during the 2012-14 biennium.

VIRGINIA INSTITUTE OF MARINE SCIENCE
SIX-YEAR PLAN TABLE

Priority	Strategy	FY 2014-15	FY 2015-16
1	Support Graduate Financial Aid	\$496,987	\$496,987
2	Increase Faculty Salaries	\$286,330	\$303,509
3	Increase Staff Salaries	\$299,320	\$311,293
4	Enhance HPC Technology	\$425,000	\$425,000
5	Support Chesapeake Bay Fish and Shellfish Surveys	\$476,862	\$476,862
6	Enhance Chesapeake Bay Water Quality Modeling and Monitoring	\$800,000	\$1,300,000
7	Develop and support new management and policy approaches at state and local government levels	\$380,000	\$380,000
8	Improve longevity of highly-sophisticated research instrumentation	\$300,000	\$300,000
9	O&M for New Facilities	\$0	\$415,000
10	Implement a post-graduate fellowship program	\$187,085	\$187,085
11	Expand Institutional Collaborations	No dollar impact	No dollar impact
12	Continue to Operate as a Year Round Facility	No dollar impact	No dollar impact

VIRGINIA INSTITUTE OF MARINE SCIENCE
FY 2014-16 OPERATING BUDGET REQUESTS

The Virginia Institute of Marine Science has developed operating budget requests as part of the Commonwealth's 2014-16 budget development process consistent with the guidance set forth by the Governor's Office, the Secretary of Education, and the State's Department of Planning and Budget. All of the requests are included in the Institute's Six-Year Plan.

THEREFORE, BE IT RESOLVED, that the Board of Visitors of The College of William and Mary in Virginia approves the following operating budget requests for the Virginia Institute of Marine Science for submission to the Commonwealth as part of the 2014-16 budget development process.

VIRGINIA INSTITUTE OF MARINE SCIENCE**FY 2014-16 OPERATING BUDGET REQUESTS**

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Graduate Financial Aid	\$496,987 GF 0.0 FTE	\$496,987 GF 0.0 FTE

This initiative requests funds to support the Graduate Program at VIMS. VIMS and its faculty provide tuition, stipend and basic health insurance coverage for all graduate students who are in good academic standing and making satisfactory progress in their research. Without this commitment, VIMS would not be competitive for top-tier students. It is critical to note that virtually all graduate programs in marine science with which VIMS competes for top students provide full tuition and stipend, and many also provide health insurance coverage. This is the norm in graduate level science education in the U.S. and is a model that has been widely emulated worldwide because it is a proven path to innovation and impact. These funds are not only crucial to maintaining VIMS' competitiveness with others, but will in fact assist VIMS with increasing its enrollment growth by 25% in STEM fields, a major objective of the Higher Education Opportunity Act.

Chesapeake Bay Water Quality Modeling & Monitoring	\$800,000 GF 3.0 FTE	\$1,300,000 GF 5.0 FTE
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This initiative requests funds to enhance the water quality modeling and monitoring in Virginia's tributaries to support efforts by the state and local governments to meet state and federally-mandated water quality goals. The need to assess and verify the effectiveness of public fund expenditures to restore water quality in Chesapeake Bay is critically important. Currently, the Commonwealth is largely dependent upon the EPA Chesapeake Bay Program's model and monitoring data to assess progress towards meeting established Bay water quality goals. VIMS is uniquely positioned with its expertise, state-of-the-art modeling capabilities, advanced monitoring technologies and mandated role as the scientific advisor to the Commonwealth on marine and coastal natural resource issues to provide this critical need. The proposed program would build on these strengths to develop and utilize models that more accurately represent conditions in Virginia waters and to couple these models with real-time water quality data to provide a comprehensive, high-resolution view of water quality that far exceeds the spatial extent, temporal coverage, and accuracy of the current monitoring program. This program would establish a Commonwealth Chesapeake Bay Observing System and leverage further support from the Chesapeake Bay National Estuarine Research Reserve Program housed at VIMS. Such information would furnish decision makers with the information necessary to make more informed decisions related to Bay restoration and TMDL (Total Maximum Daily Load) implementation.

VIRGINIA INSTITUTE OF MARINE SCIENCE**FY 2014-16 OPERATING BUDGET REQUESTS**

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Chesapeake Bay Fish and Shellfish Surveys	\$476,862 GF 3.30 FTE	\$476,862 GF 3.30 FTE

This proposal requests supplemental state support to continue long-term monitoring of fish and oyster populations in the lower Chesapeake Bay and its tributaries. Currently, VIMS has several living resource monitoring programs: trawl surveys targeting blue crabs, juvenile and adult fishes, such as flounder, croaker, and sea trout; gillnet and pound net surveys for striped bass, American shad, and sturgeon; oyster dredge and patent tong surveys; a shark longline monitoring program; and a striped bass seine survey. The data and analyses generated by each of these programs are routinely incorporated into fisheries management by the Virginia Marine Resources Commission (VMRC), Atlantic States Marine Fisheries Commission (ASMFC) and the National Marine Fisheries Service (NMFS). Providing data to these regulatory agencies, particularly federal agencies, is critical to maintain compliance with fisheries management plans. Most importantly, failure to meet compliance criteria can result in significant lost revenue for Virginia's economy due to fisheries closures.

Base Operating Support	\$648,638 GF 4.0 FTE	\$648,638 GF 4.0 FTE
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This proposal requests funds for research and academic support operational items such as service contracts for sophisticated scientific equipment purchased by the Equipment Trust Fund, increased library journal subscriptions, and staffing needs in selected academic and research program support areas. VIMS does not receive "Base Adequacy" funds due to the framework of the current model for allocations. Therefore, it is essential for the Commonwealth to maintain basic operational funding for VIMS to ensure high quality and uninterrupted services as outlined in more than 30 sections of the *Code of Virginia*.

Commonwealth Coastal & Marine Fellowship Program	\$187,075 GF 1.0 FTE	\$187,075 GF 1.0 FTE
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This initiative requests funds to support three 12-month post-graduate fellowships in coastal and marine science policy and management. The proposed program would be modeled after the highly successful national Sea Grant Knauss Marine Policy Fellowship and similar state fellowship programs operated by state Sea Grant programs in Washington and California. Commonwealth Fellows would be placed with host offices in relevant state coastal and marine resource agencies in Virginia, such as the Virginia Marine Resources Commission and Department of Environmental Quality. The program would provide "on the job" experience in the integration of coastal and marine resource science, policy and management.