

College Finances and Priorities

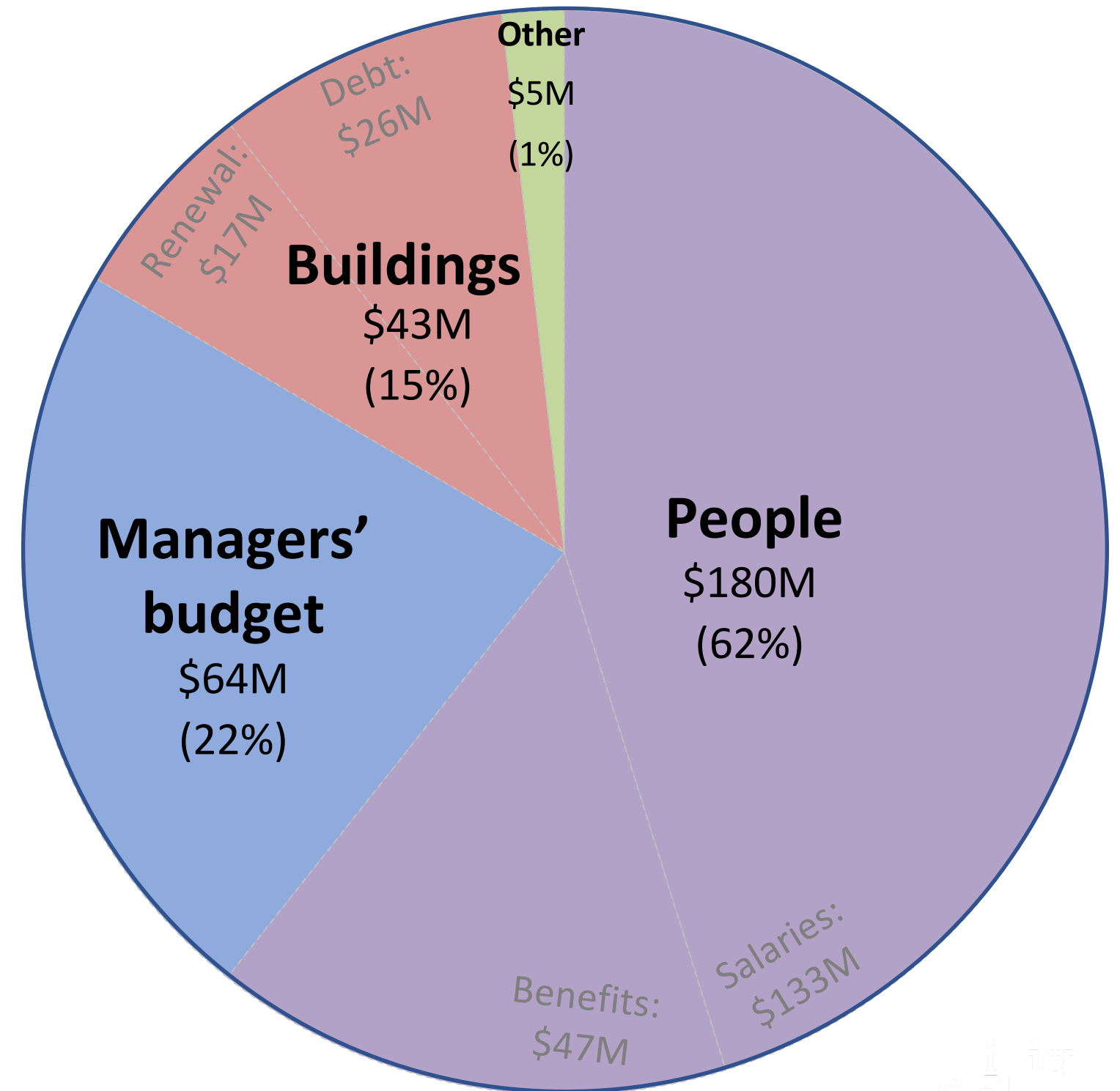
All-Campus Information, Listening, and Feedback Session

Hosted by the Committee on Priorities and Resources

December 4, 2023

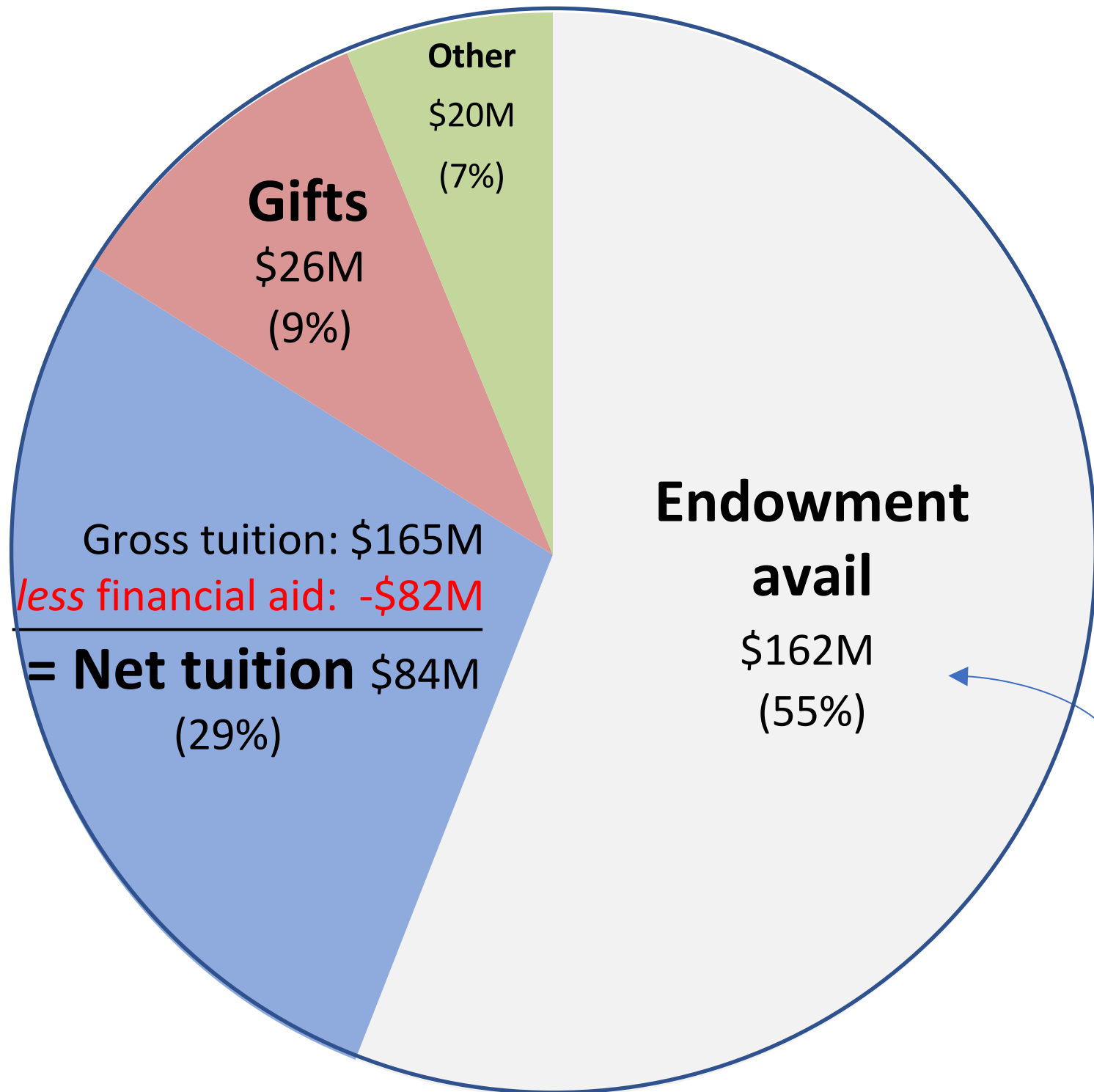
Expenses

(\$292M, FY24 budget)



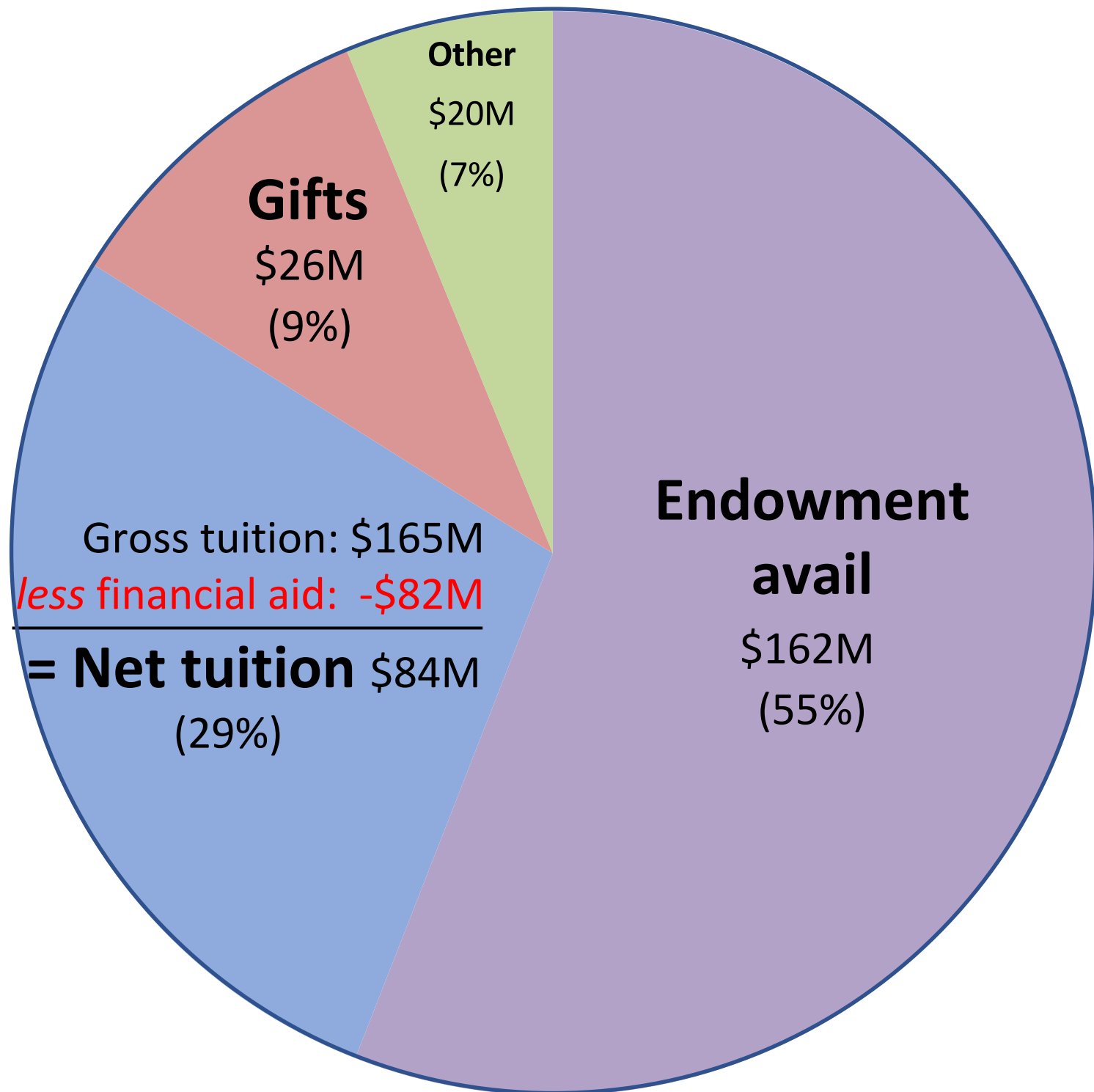
Revenues

(\$292M, FY24 budget)



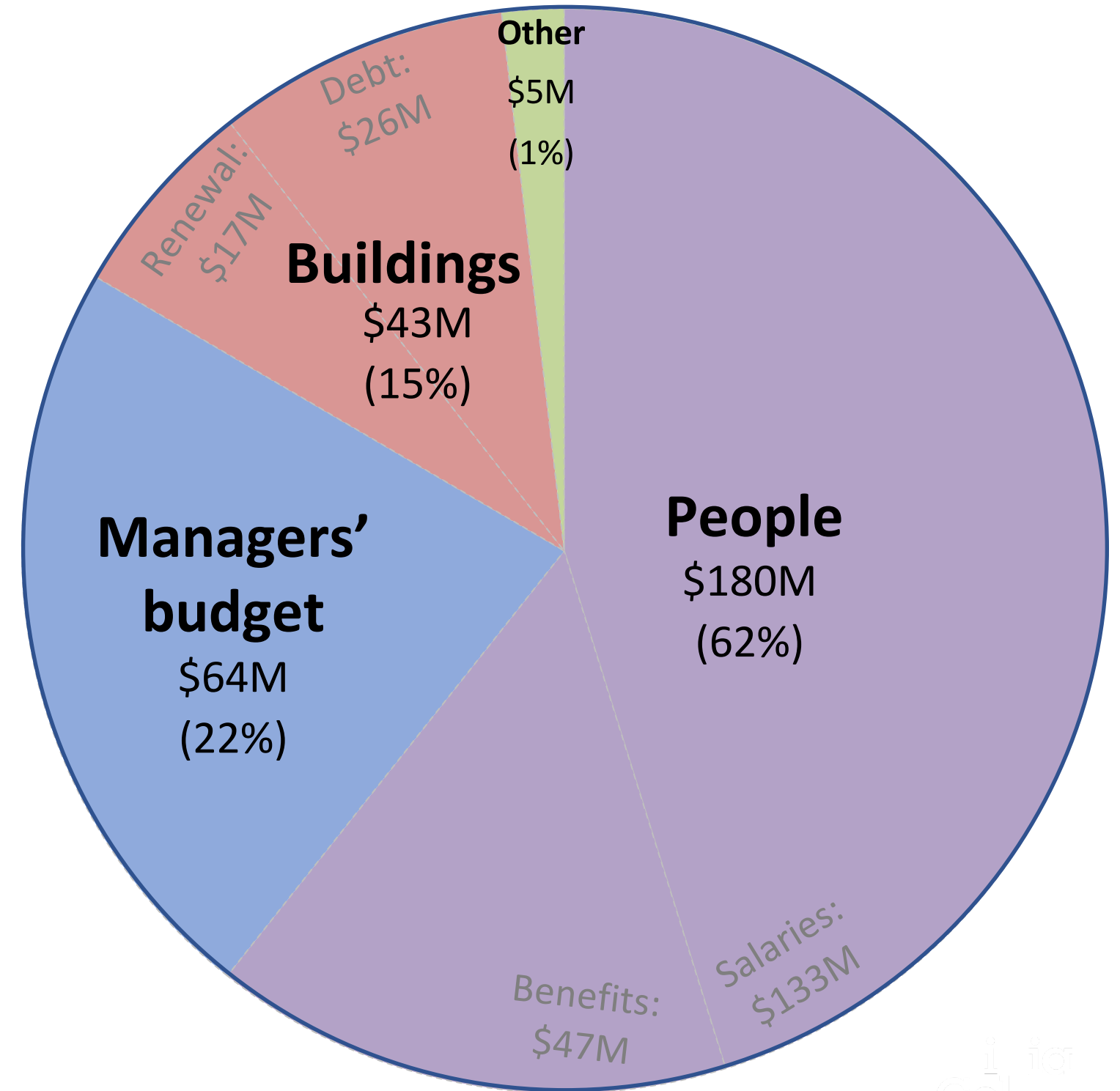
To be sustainable in the long term our draw on the endowment (the "avail") must be < 5% of its value

Revenues (\$292M, FY24 budget)



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Expenses (\$292M, FY24 budget)



Financial Context

❖ Economic Picture

• Inflation

- Inflation has decreased substantially from this time last year; in October 2022, CPI was 7.7%.
- With CPI at 3.2% in October 2023, the inflation rate remains above the Federal Reserve's target of 2.0%.

• Endowment Performance

- Over the past ten years, the endowment has returned above the target of a +5.0% real return.
- The endowment returns of -11.2% for FY22 and +2.96% for FY23 are below the target return.
- In nominal terms, the value of the endowment is about where it was in March 2021.

❖ Strategic Priorities

Funding Strategic Priorities

- ❖ **Academic Mission of Teaching and Research**
- ❖ **Valuing People with Competitive Compensation for Faculty and Staff**
- ❖ **Access and Affordability → All-Grant Financial Aid Program**
- ❖ **Arts Education → Enhancing WCMA's Mission as Teaching Museum**
- ❖ **Sustainability → Campus Energy Transition**
- ❖ **Health and Wellbeing → Dorm Renovations, Dining Improvements, Athletics and Wellness Facilities**

Financial Context

❖ Economic Picture

• Inflation

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• Endowment Performance

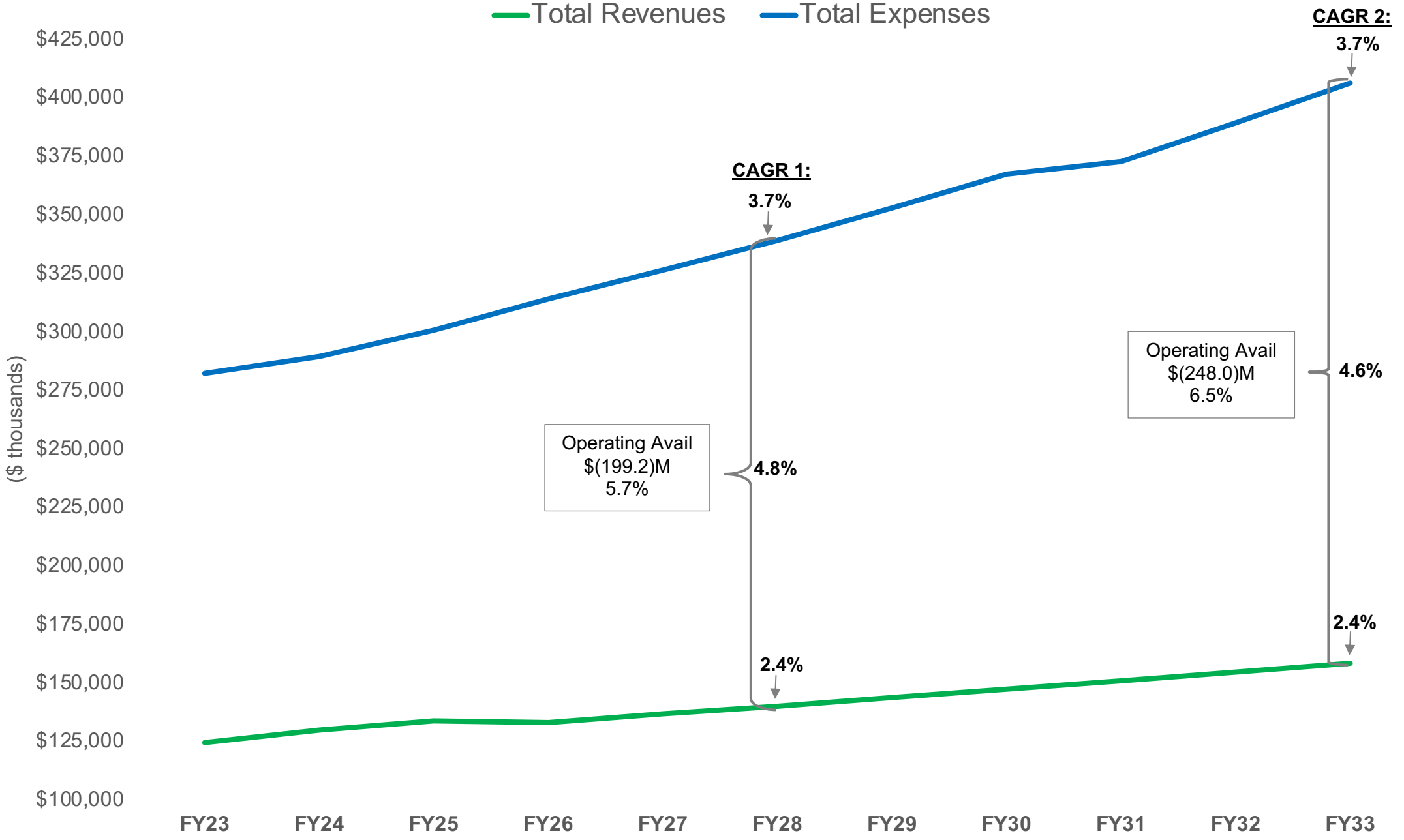
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❖ Strategic Priorities

❖ Financial Sustainability

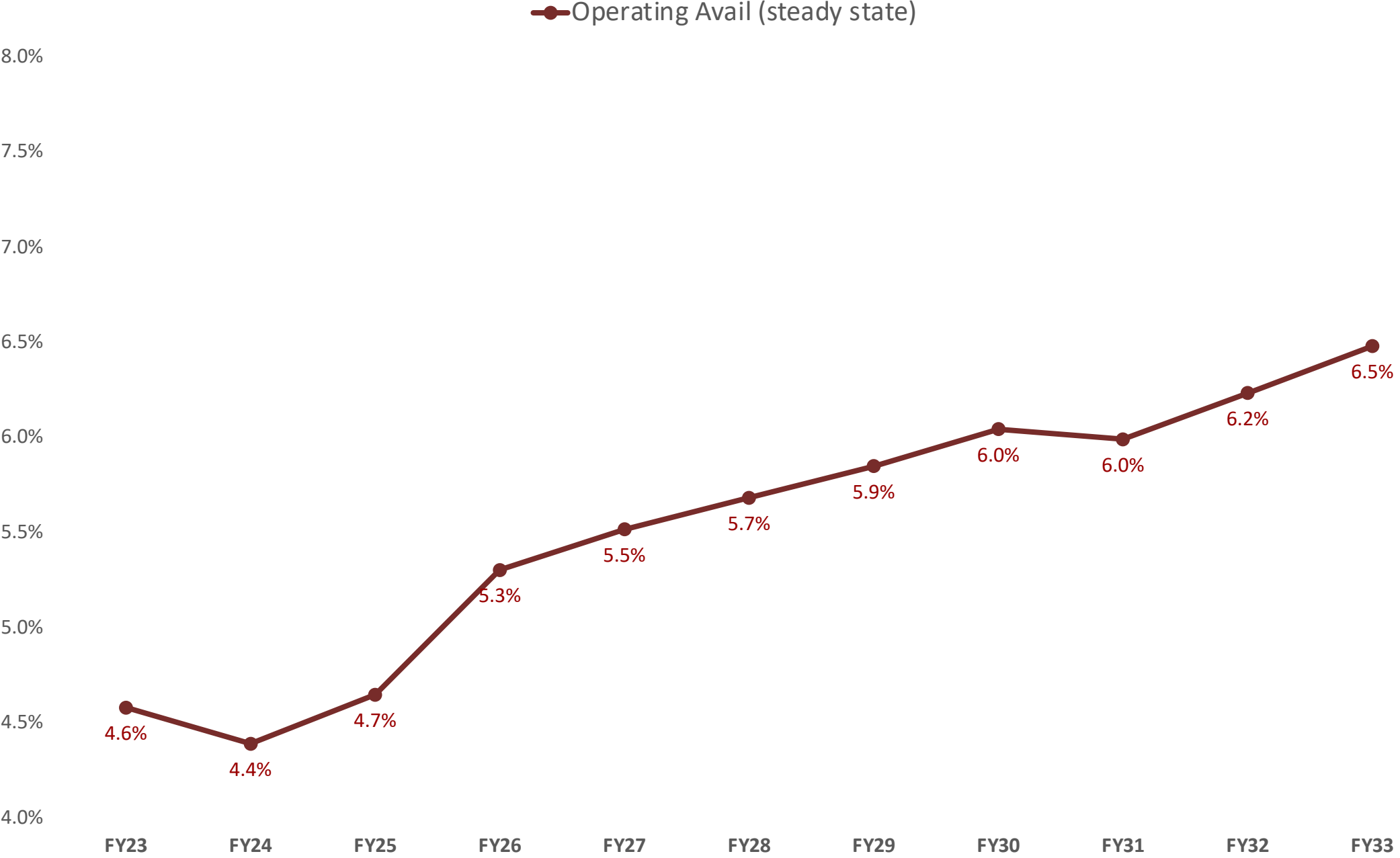
- Ensuring the Health of the College's Finances in the Long Term

Ten-Year Projection of Revenues and Expenses, FY23-FY33 (From Spring)

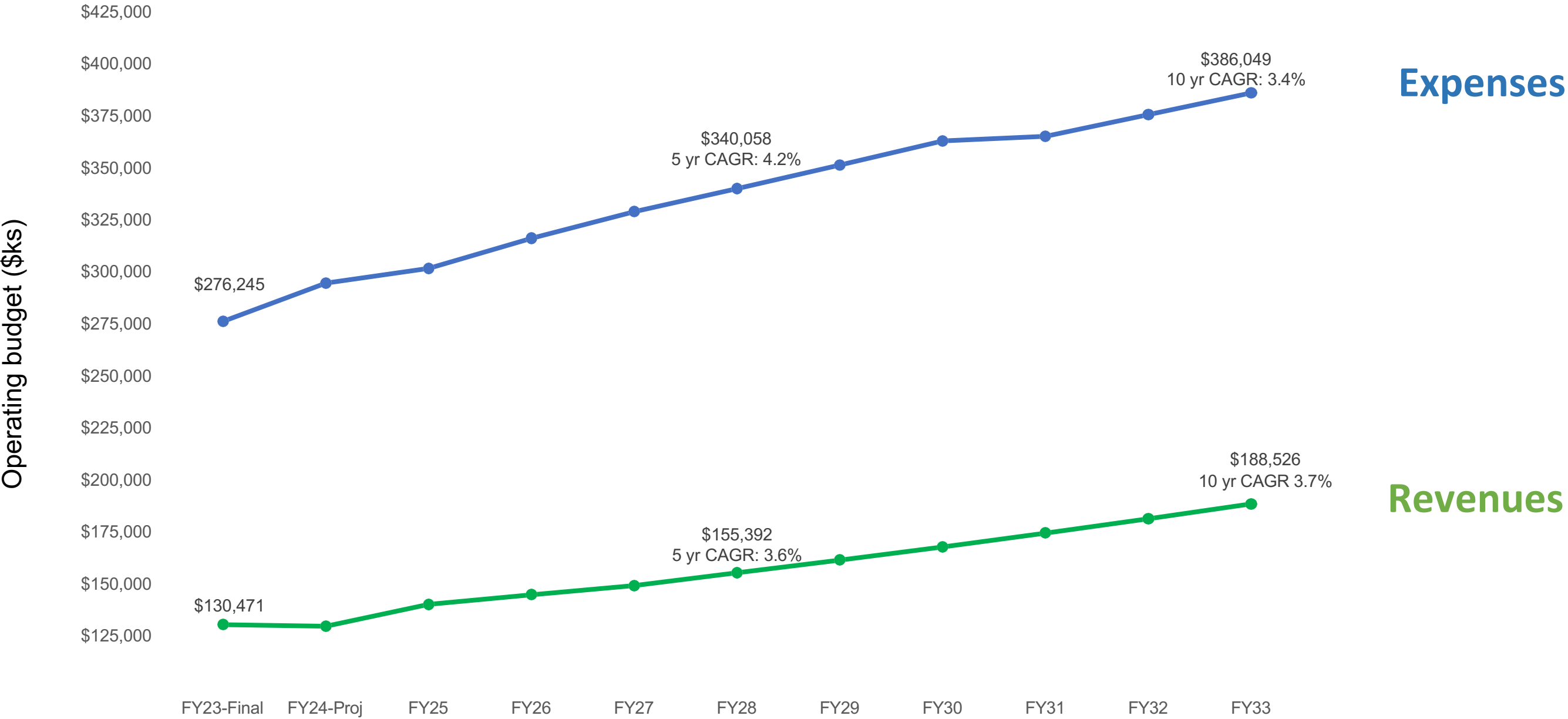


CAGR 1: FY23-FY28
 CAGR 2: FY23-FY33

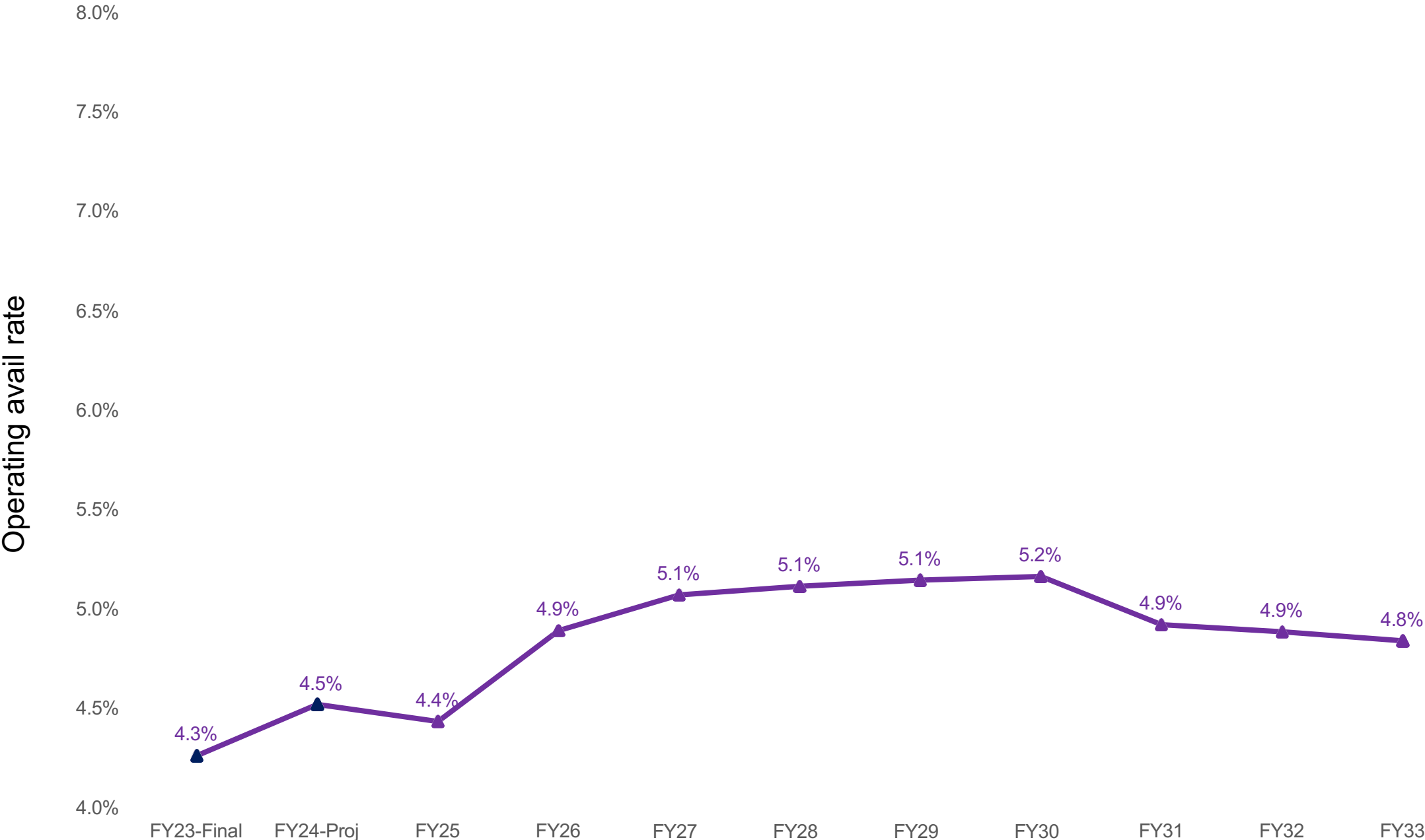
Ten-Year Projection of Avail Rate, FY23-FY33 (From Spring)



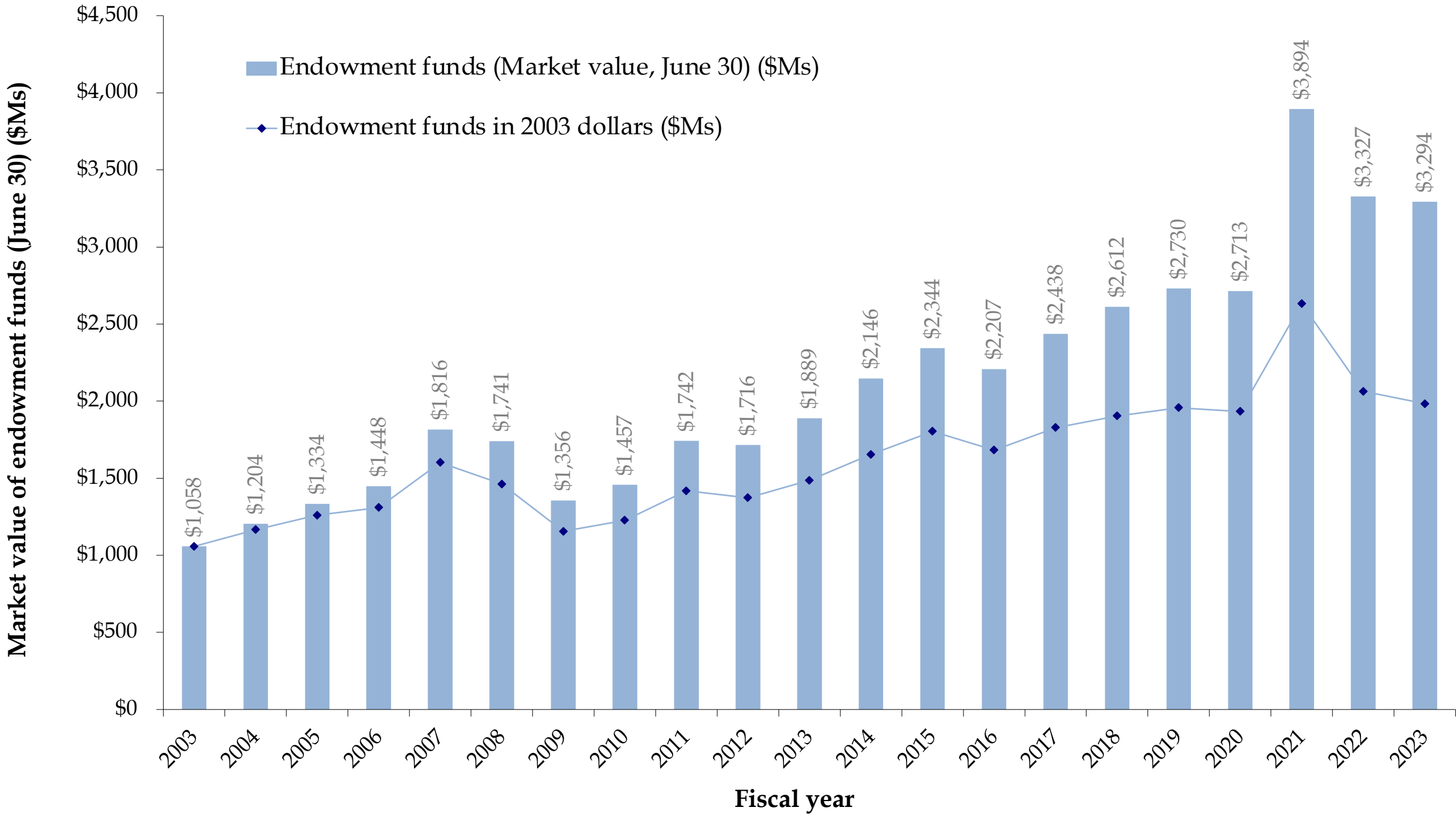
Ten-Year Projection of Revenues and Expenses, FY23-FY33 (Current)



Ten-Year Projection of Avail Rate, FY23-FY33 (Current)



Market Value of Endowment Funds, FY03-FY23



Source: Schedule VII of Financial Statements
 *Adjustments for CPI made using CPI-U, per <http://www.bls.gov/cpi/#tables>

Financial Principles

- ❖ **Align Spending with Educational Mission and Strategic Priorities**
- ❖ **Fiscal Responsibility with Annual Operating Budget**
- ❖ **Endowment Returns Fund Our Commitments Today**
- ❖ **New Initiatives Require New Revenue**
- ❖ **Importance of Philanthropic Giving**

Williams
College

