

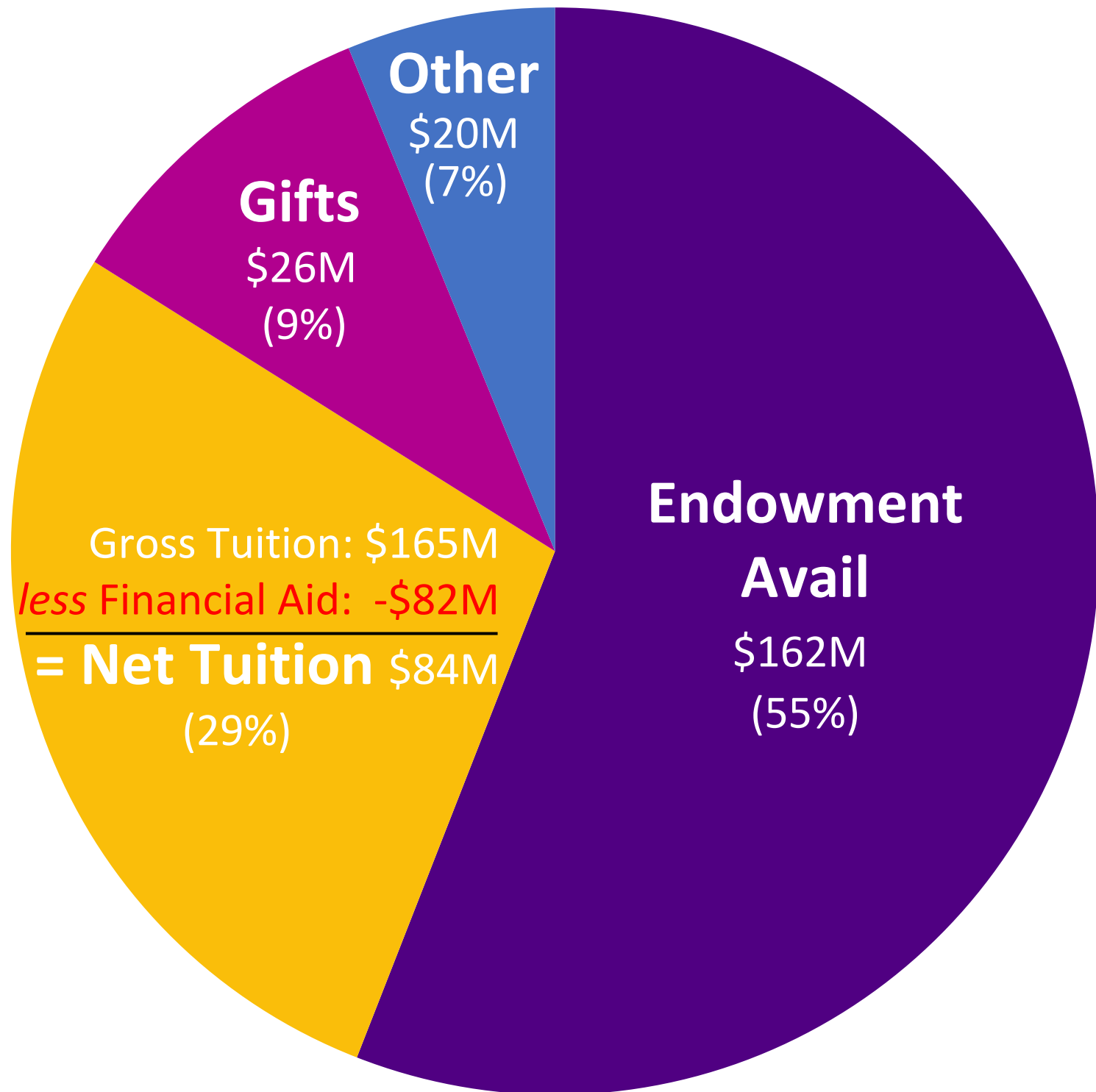
College Finances

Faculty Meeting

May 8, 2024

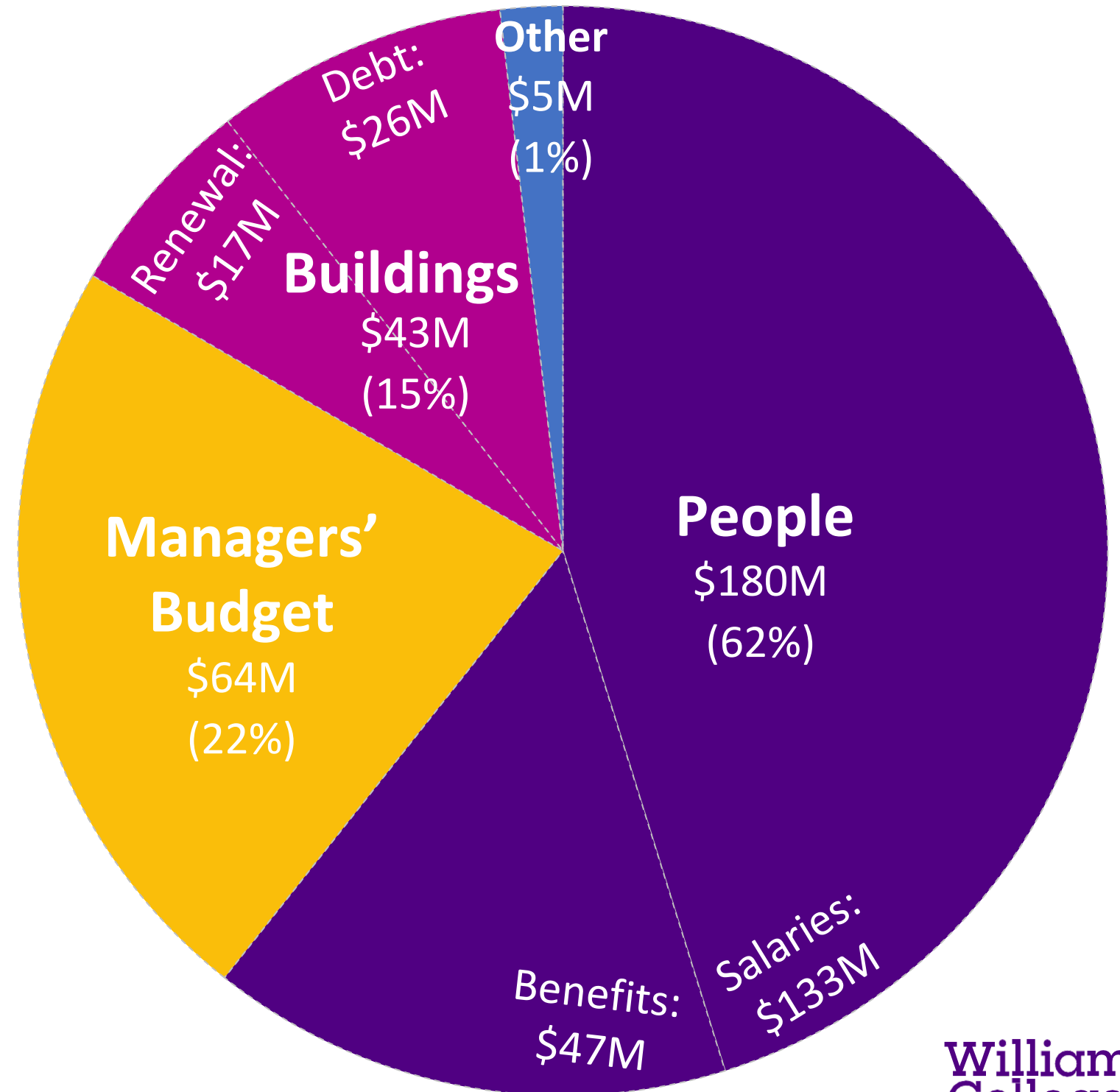
Revenues

(\$292M, FY24 budget)

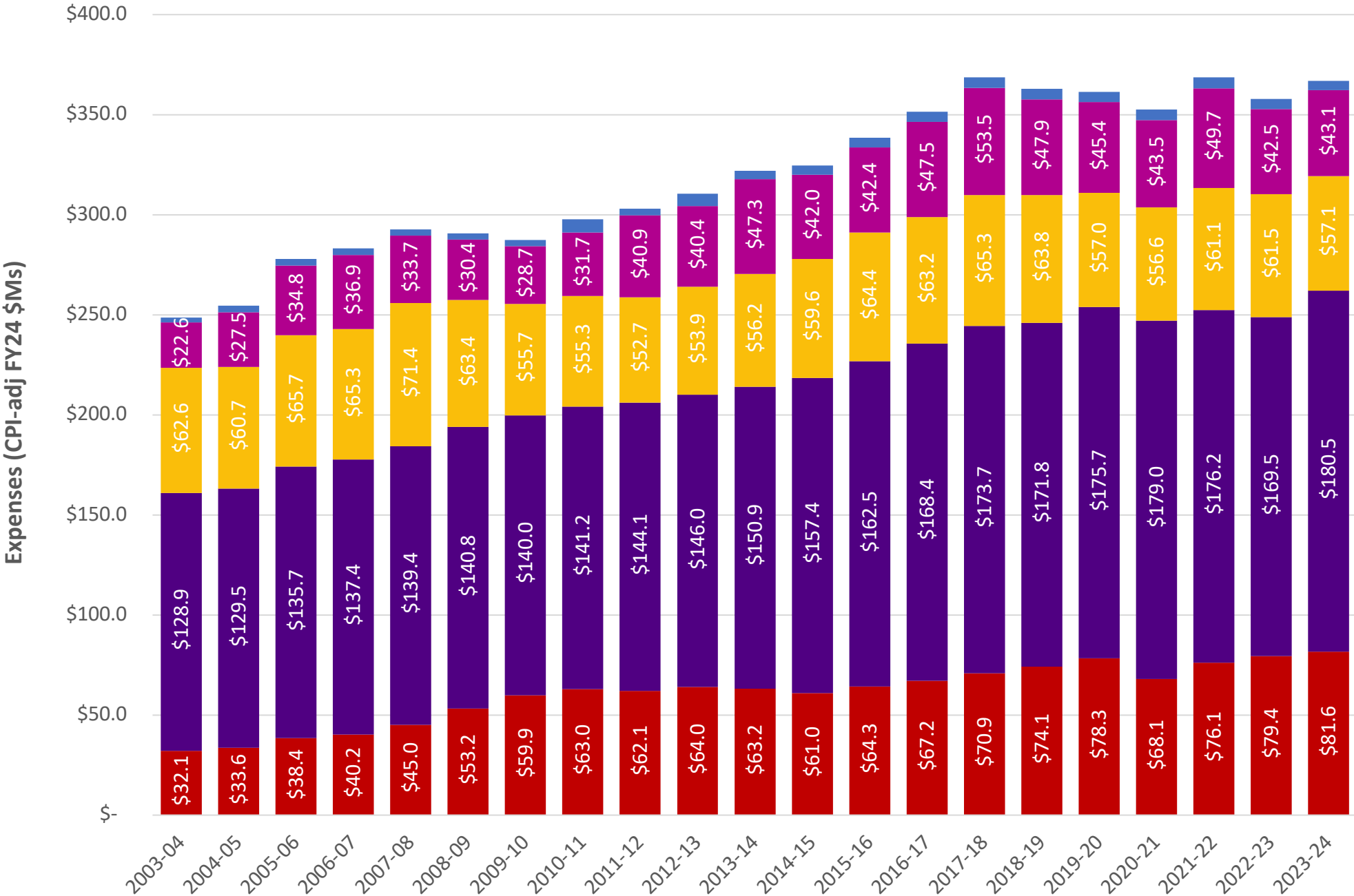


Expenses

(\$292M, FY24 budget)

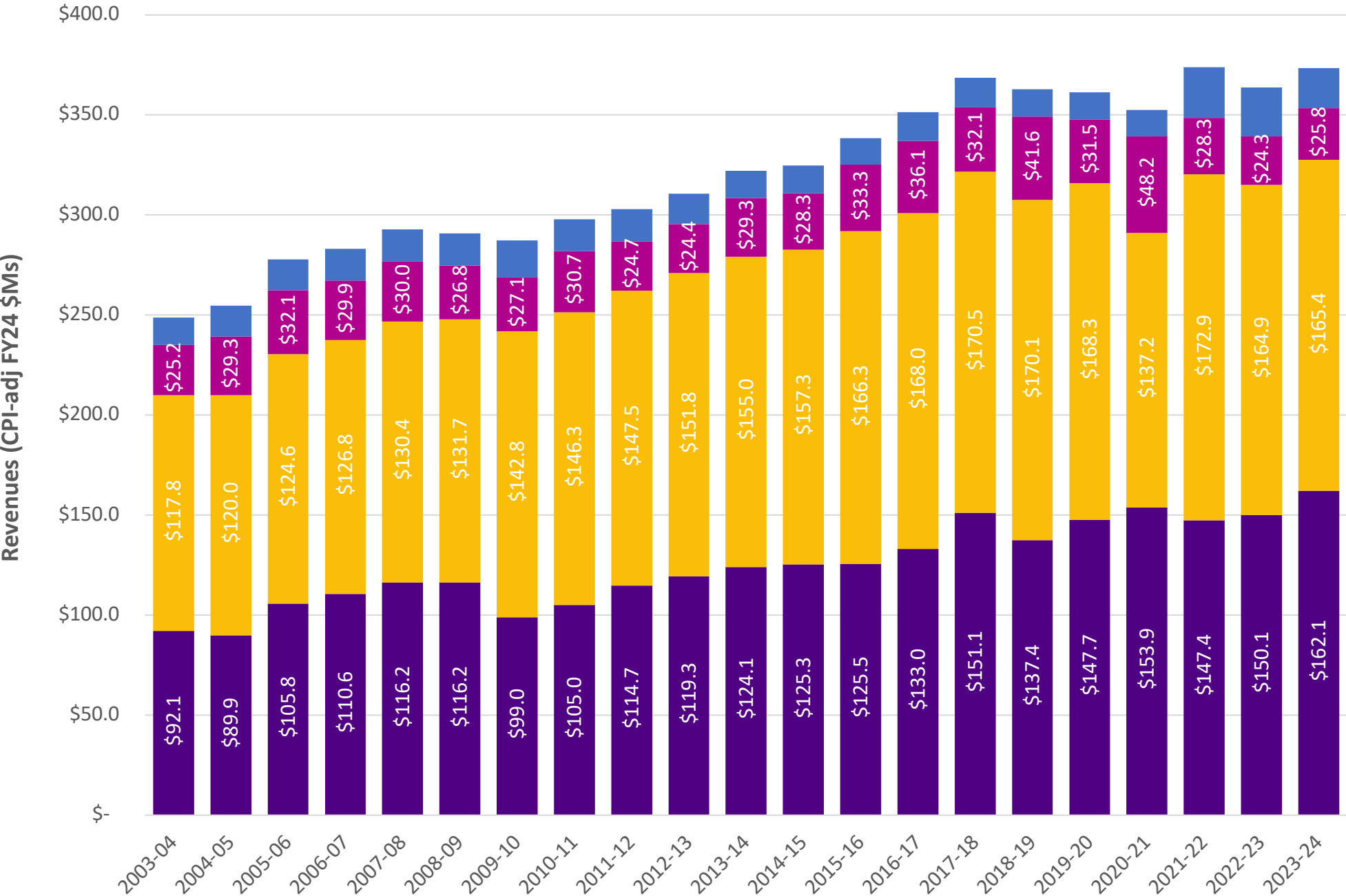


Real Growth in Operating Expenses, FY04-FY24



	Compound annual growth rate (20 year, real)
Other	3.0%
Buildings	3.3%
Managers	-0.5%
People	1.7%
Financial Aid	4.8%

Real Growth in Revenues, FY04-FY24



	Compound annual growth rate (20 year, real)
Other	2.0%
Current Gifts	0.1%
Student Charges (Gross)	1.7%
Asset Use	2.9%

FY25 Budget Process: Financial Context and Considerations

- **Inflation**

- Annual CPI at 3.5% in March
- Informs setting of faculty and staff salaries, managers' budget increase

- **Endowment Performance & Market Volatility**

- Over the past 10 years, the endowment has returned above the target 5.0% real return
- Recent endowment returns are below the target return: -11.2% in FY22, 2.96% in FY23

- **Institutional Priorities and Strategic Initiatives**

Institutional Priorities and Strategic Initiatives

Competitive Compensation for Faculty and Staff

- Trying to raise faculty and staff salaries to at least keep pace with inflation over time

Access and Affordability

- Sustaining All-Grant financial aid program

Academic Initiatives

- Global Scholars Program
- Winter Study

Arts Education

- New home for the Williams College Museum of Art

Sustainability

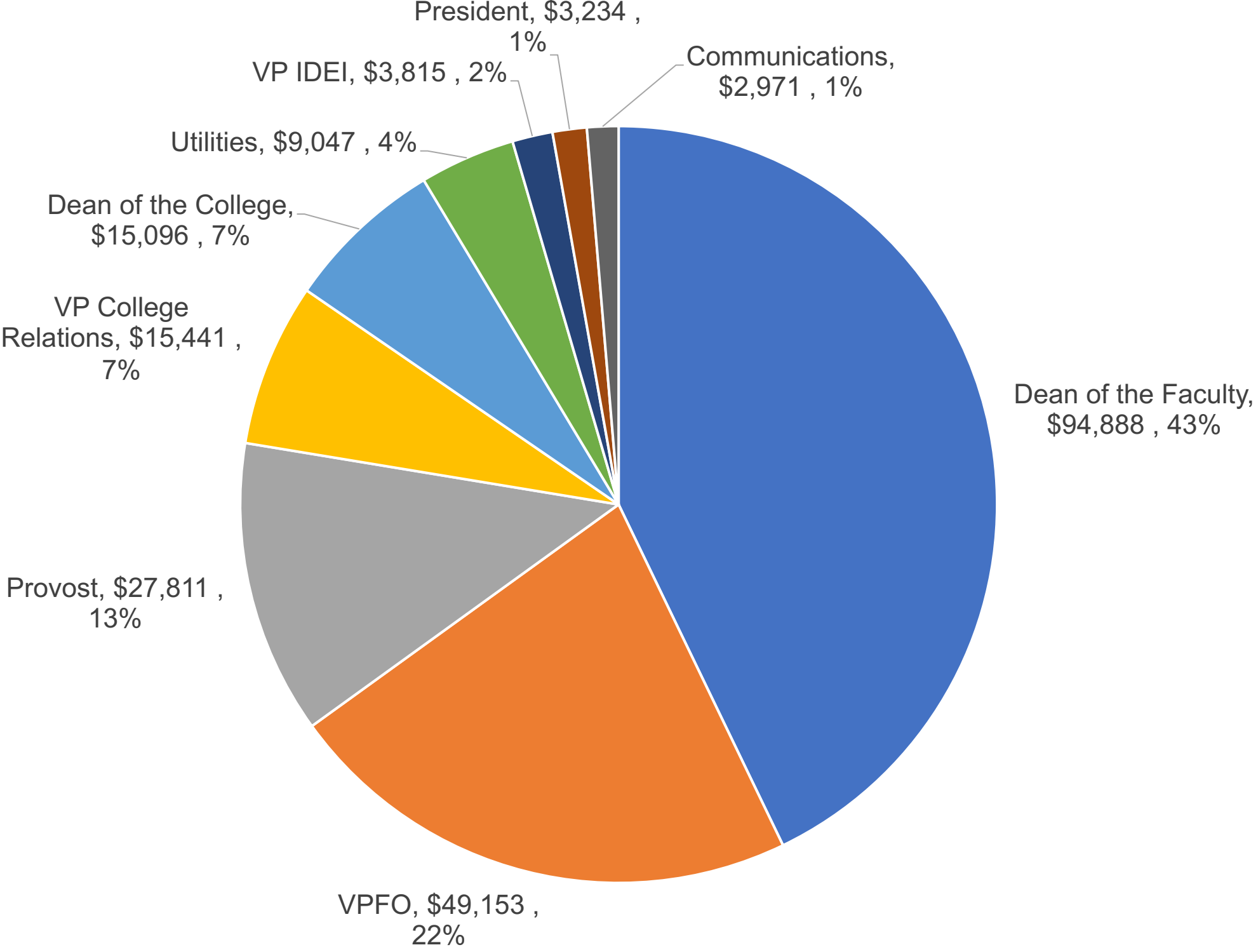
- Campus decarbonization

Student Wellbeing

- Dorm renovations
- Dining improvements

Athletics and Wellbeing Facilities

Operating Budget by Senior Staff Area: FY24 Total \$221.5 million*



* Includes compensation and managers' budget. Investment office, contingency, and other "college-level" undistributed costs are excluded.

FY25 Operating Budget: New Staff FTE

Approved Positions

Fundraising Opportunity

- Director of Winter Study

- Faculty Finance Officer
- Deputy Title IX Coordinator
- Senior Associate Athletic Director for Intercollegiate Athletics
- Senior Associate Athletic Director (fractional increase)

Revenue Generating Positions

- Senior Development Officer
- Senior Development Officer
- Development Officer

Disciplined Approach to Staff FTE

- Approval of new staff FTE only when there is compelling need
- Incremental increase in staff FTE to be offset within senior staff area over time
- Departments and divisions required to develop three-year staffing plans

FY25 Managers' Budget: New Funding

- \$4.5m new funding requests
- \$3.8m approved, including:

Teaching and Research

- Faculty and student research on sustainability*
- Global Scholars Program
- Winter Study courses*
- Grad Art Program colloquium*

Student Programs and Support

- Athletics: Towne Field House programming and team break travel
- Student fellowships and graduate fellowships
- Accessible education*
- IWISE program
- Written in Stone*

Operational and Institutional Support

- Workday operating costs
- Website project*
- College Relations CRM system implementation*
- WCMA website and branding*

* = one-time expenditure for FY25

FY25 Managers' Budget: Unavoidable Inflation

- \$1.3m inflationary requests
- \$844k approved = 1.5% of FY24 managers' budget
- Approved requests include:

Teaching and Research

- Faculty with named chairs: research funds
- Center for Development Economics: travel and food

Student Programs and Support

- Athletics: travel and food
- Dining: food, equipment, software, and travel
- Academic programs (e.g., Mystic, Oxford): travel
- Admission: recruitment
- Berkshire Health Systems: contract

Operational and Institutional Support

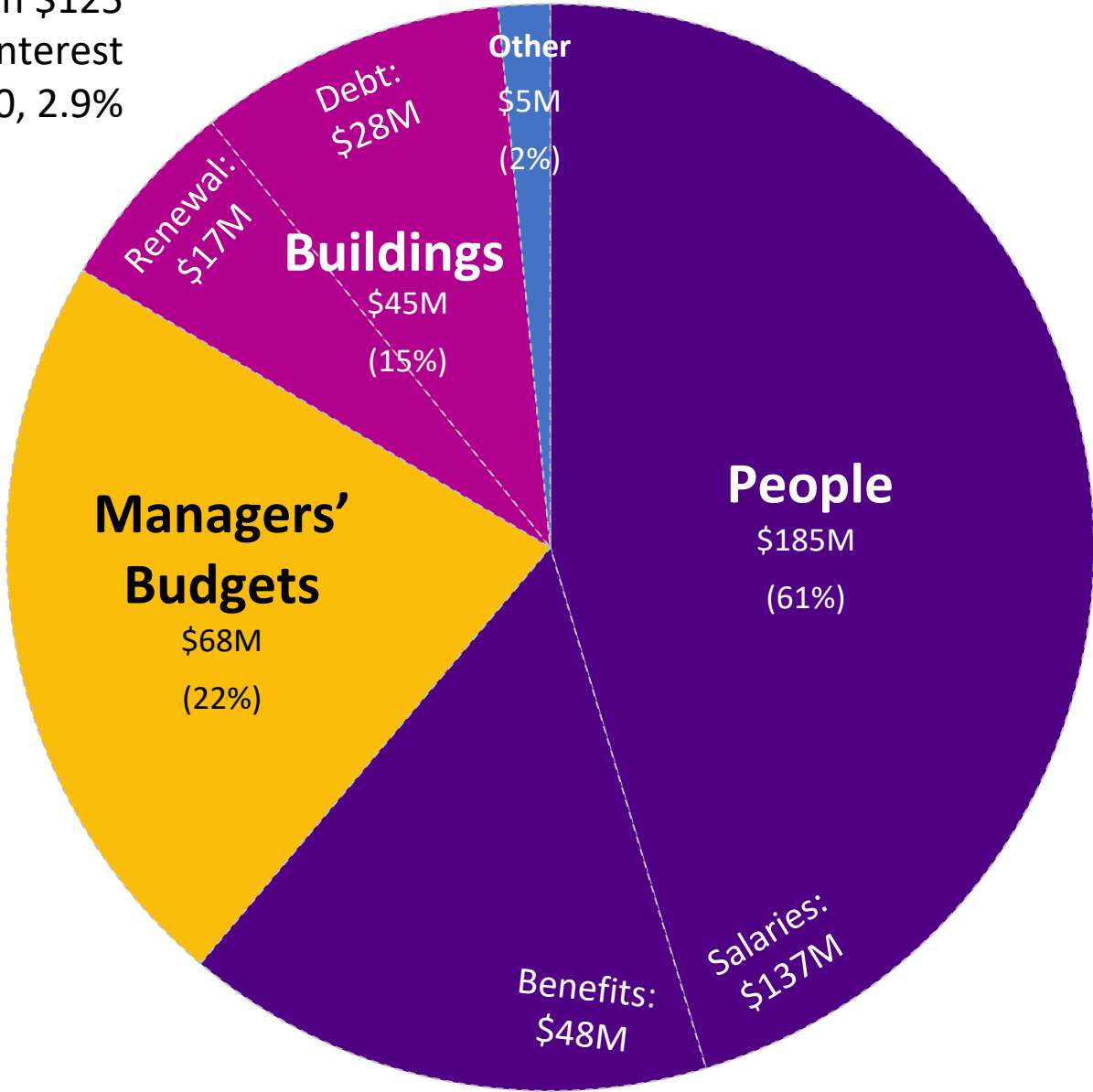
- Information technology: licenses and subscriptions
- Finance: auditor, financial advisor, and insurance

FY25 Proposed Operating Budget: Expenses

Debt service: up 6.3% with \$125 million new debt at 5% interest
Renewal: up \$500,000, 2.9%

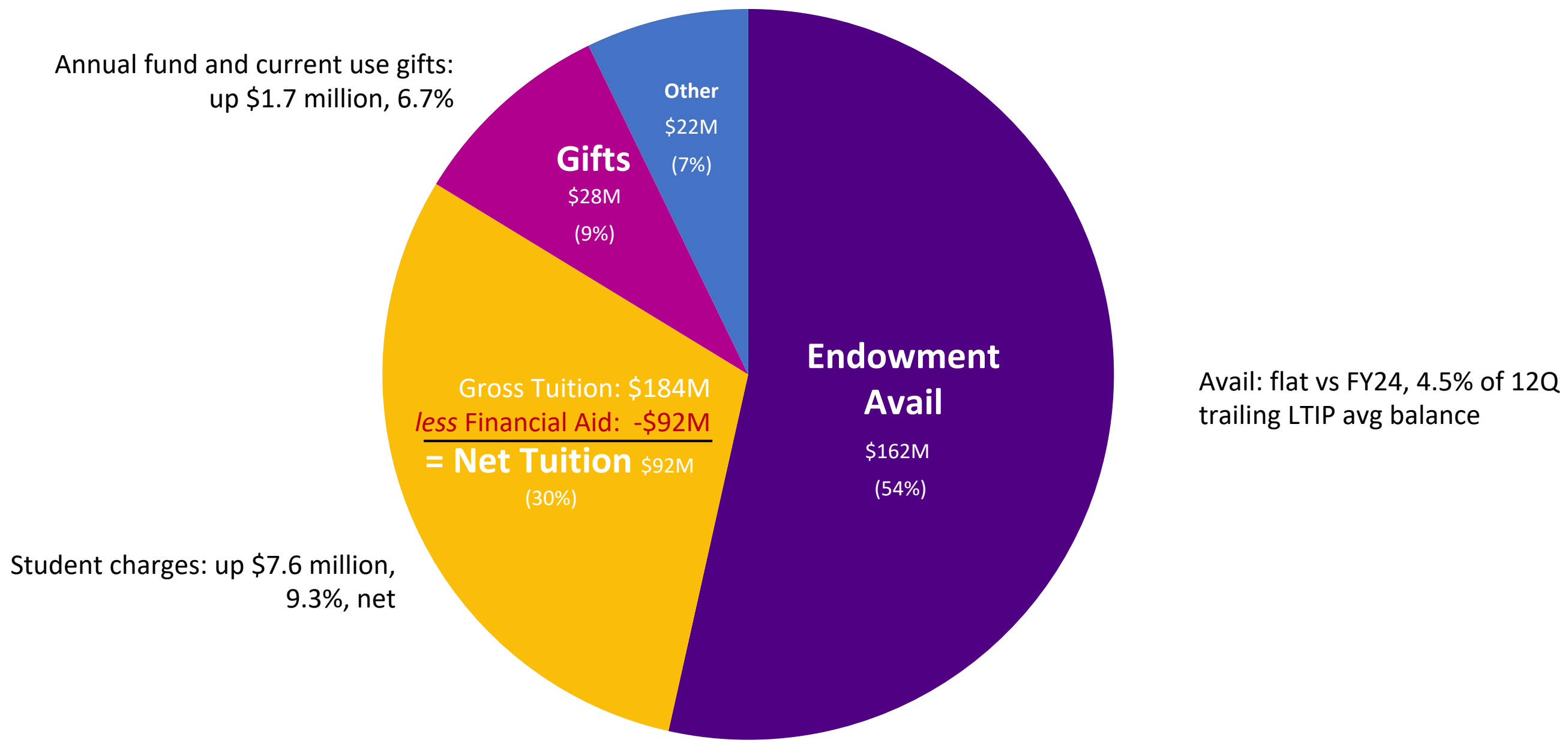
Manager spend: up \$4.2 million, 7.4%; 1.8% from unrestricted funds

Compensation: up 2.6%; 3.25% base staff increase, 7.3 new staff FTE; 3% medical cost trend, 1% cost shift; increased self-insured stop loss from \$250,000 to \$300,000



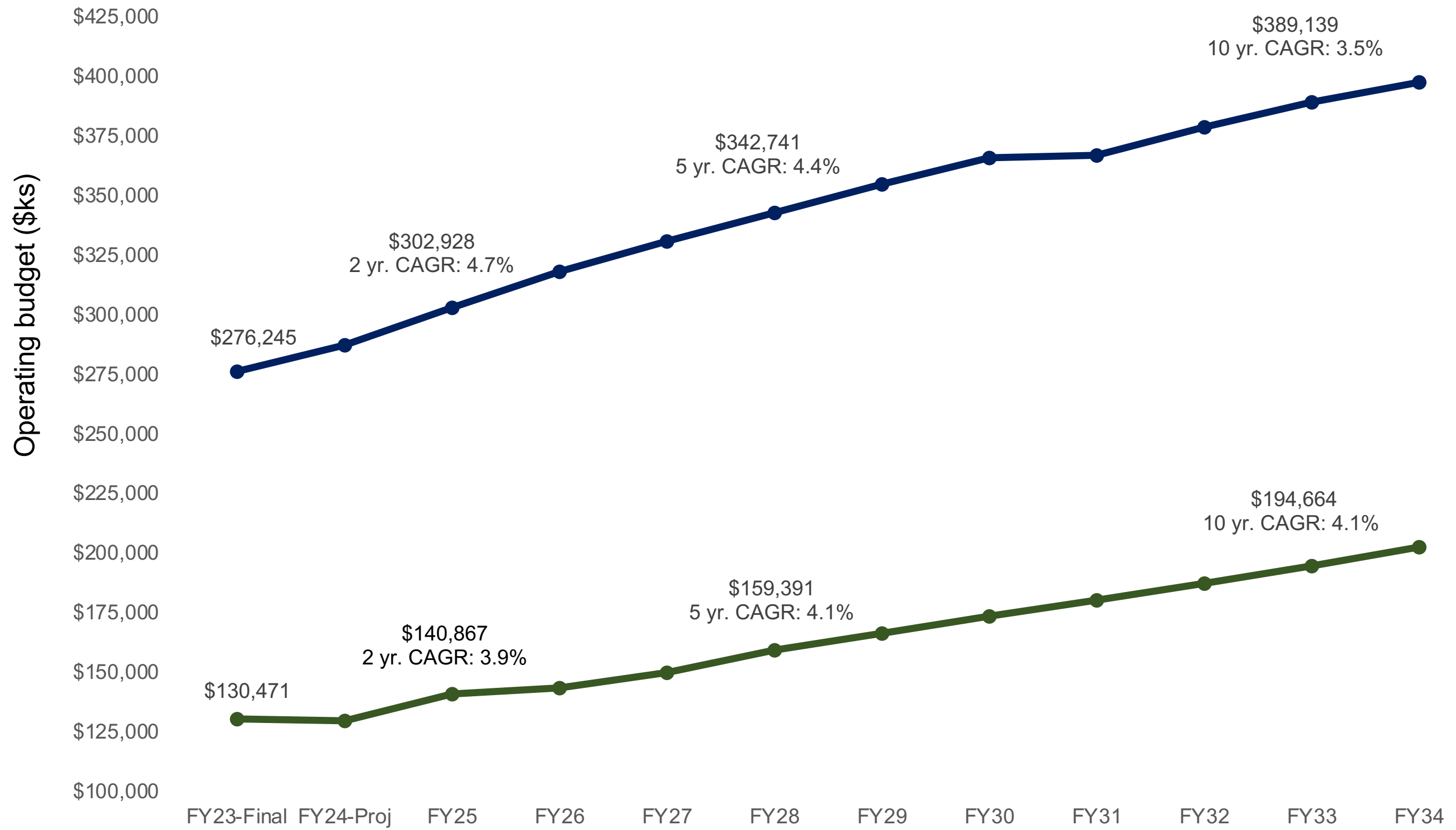
Total = \$303M
3.8% growth

FY25 Proposed Operating Budget: Revenues and Avail



Total = \$303M
3.8% growth

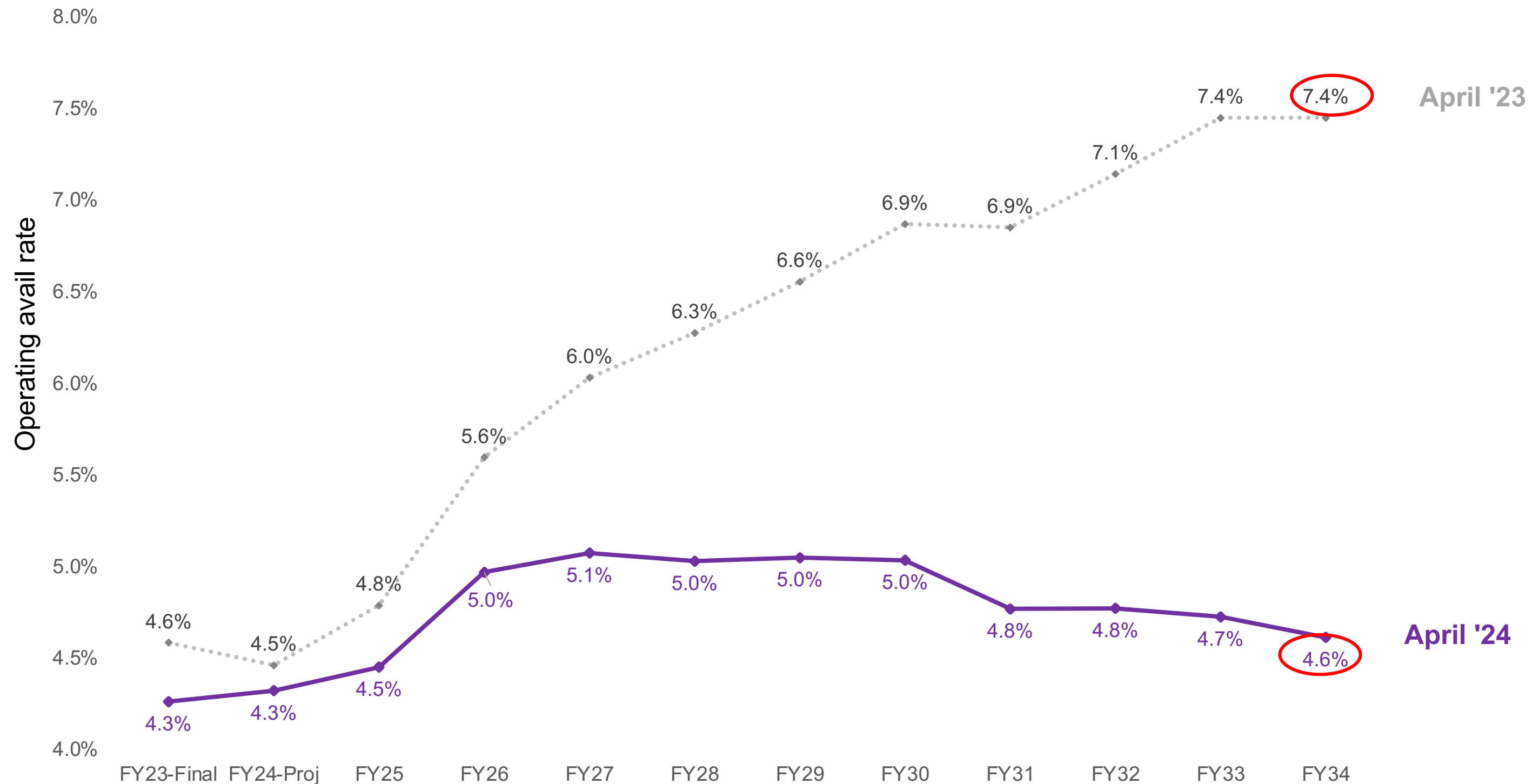
Ten-Year Projection of Revenues and Expenses, FY24-FY34



Expenses
(April '24)

Revenues
(April '24)

Ten-Year Projection of Endowment Avail Rate



Ensuring Financial Sustainability

Ongoing Efforts

- Disciplined growth in faculty salaries, staff salaries, and managers' budget, guided by the long-term model
- Pulling back on staff FTE
 - Approval of new staff FTE only when there is compelling need
 - Required development by all departments and divisions of three-year staffing plan
- Comprehensive fee increase of 5.74% for FY25

Measures in Development

- Curbing growth in benefits expenses
 - Medical plan contributions
 - Dependent tuition grant
- Charging model for students studying away

Reiteration of Principles

- **Prioritize the college's financial health and sustainability over the long term**
- **Align annual and capital spending with core educational mission, institutional priorities, and strategic initiatives**
- **Exercise fiscal restraint in annual budget process, guided by long-term model**
- **Understand that endowment returns fund our commitments today**
- **Underscore that new initiatives require new revenue**
- **Encourage and support philanthropy to fund institutional priorities and strategic initiatives**