

Update on College Finances

Faculty Meeting

December 7, 2022

Financial Pressures

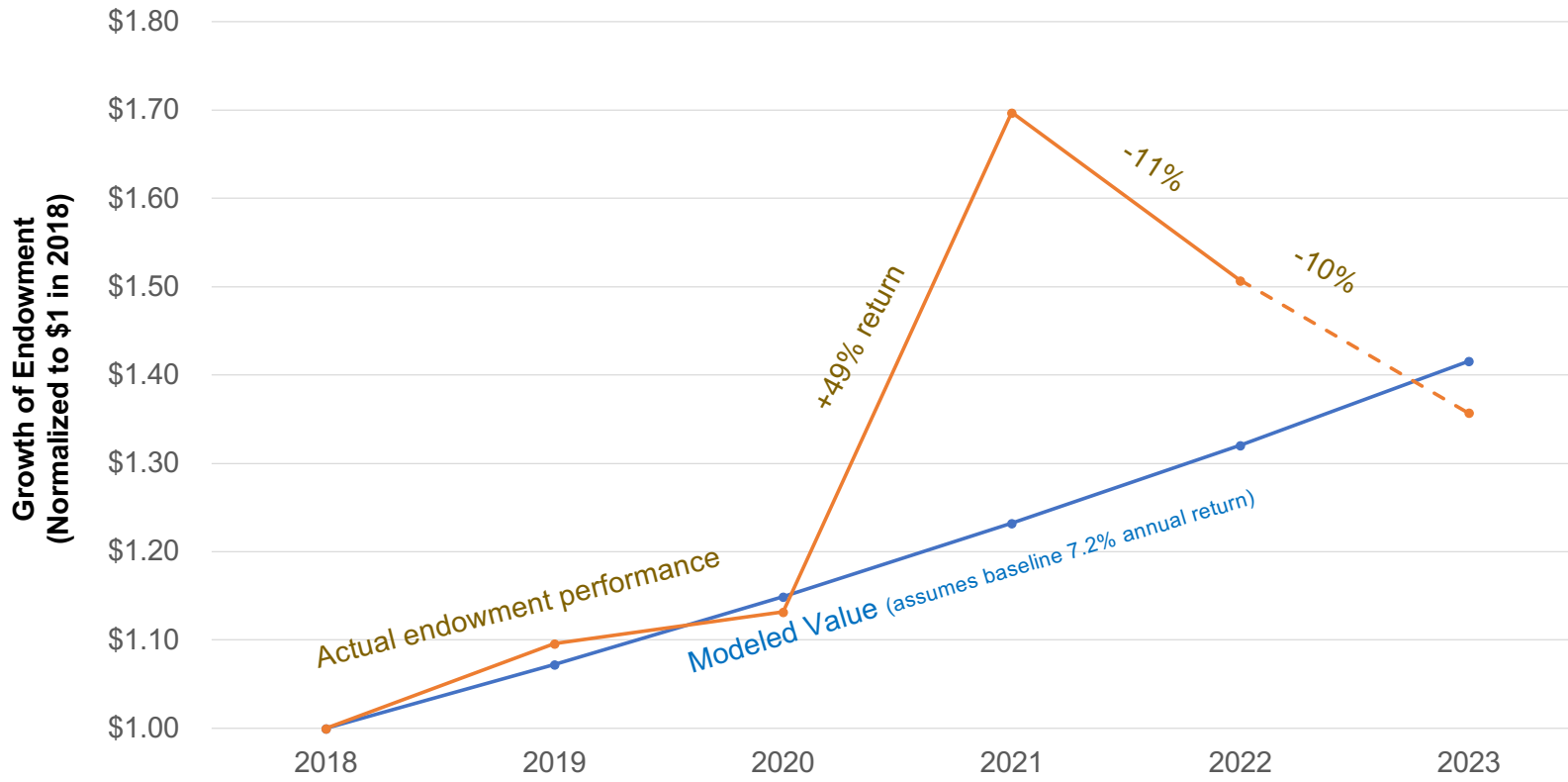
- **Inflation**

- CPI for FY22: 9.1% / CPI in October 2022: 7.7%
- Additional ~\$8m in inflationary costs above anticipated growth rate in operating expenses for FY24.
 - Energy and utilities, food, insurance, building materials and supplies: ~\$3.9m
 - Salaries and benefits: ~\$4.1m

- **Negative Endowment Performance / Market Volatility**

- Negative endowment return in FY22: -11.2%
- Impact of inflation on real return: -20.2%

Endowment Return (Nominal): Baseline vs Scenario



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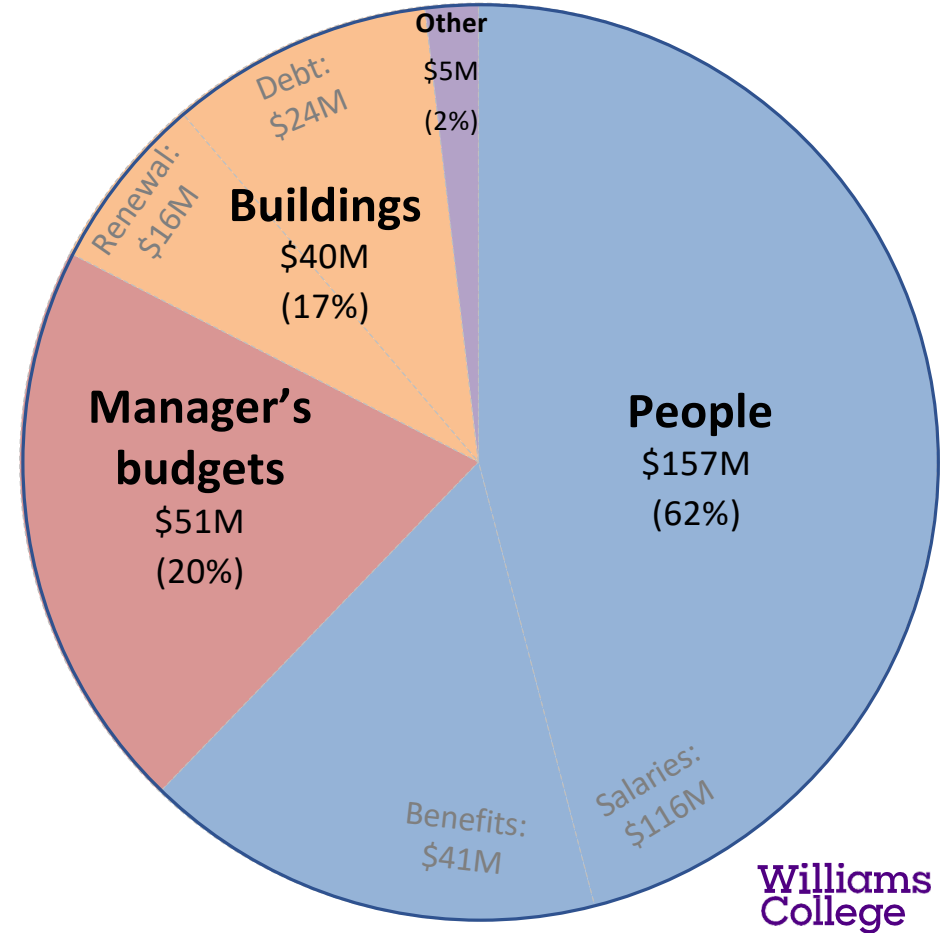
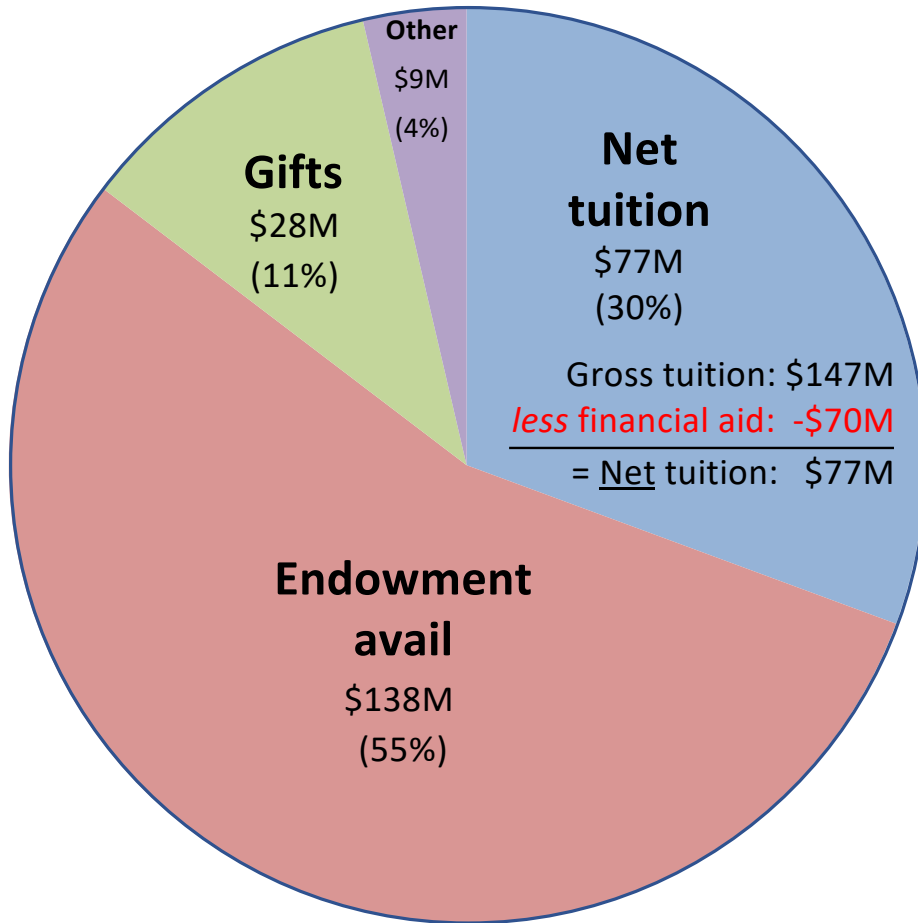
Revenues

(\$252M, FY22)

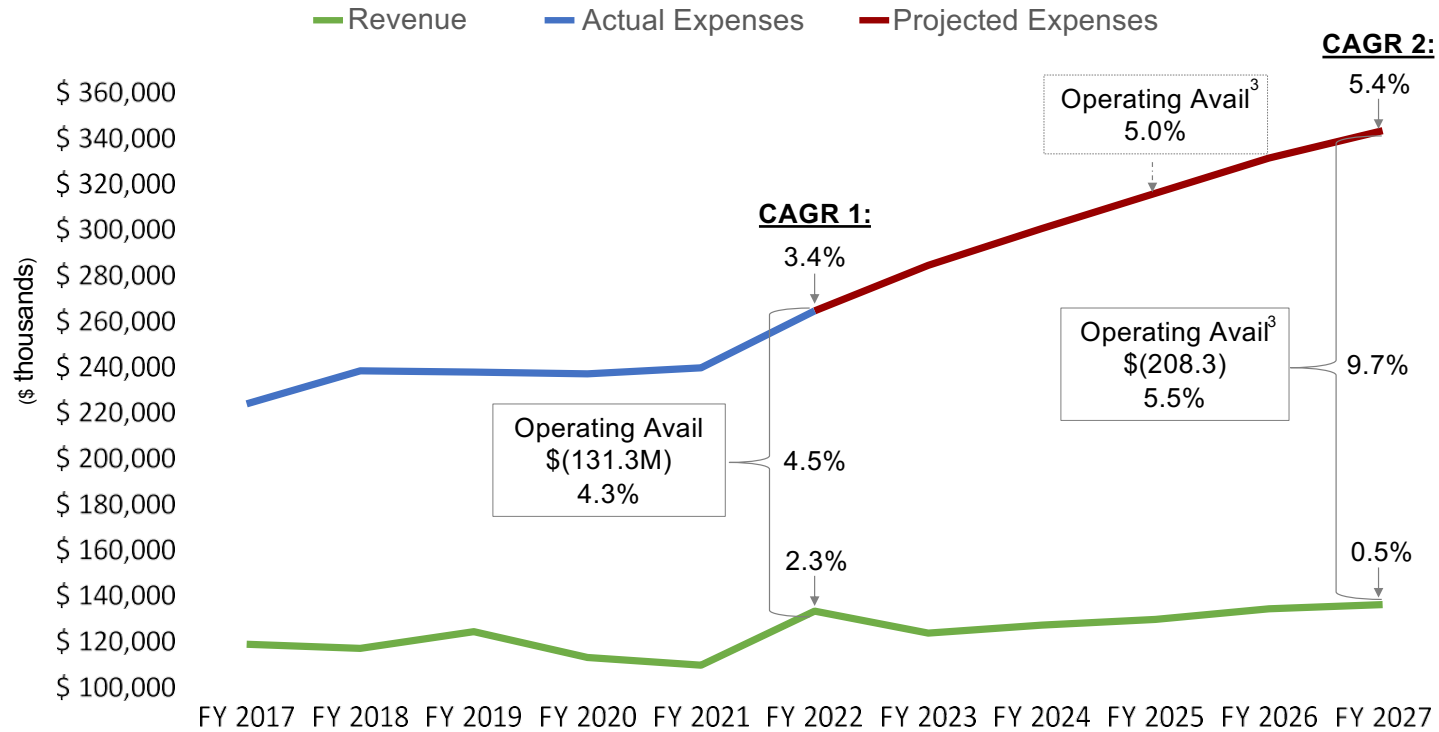


Expenses

(\$252M, FY22)

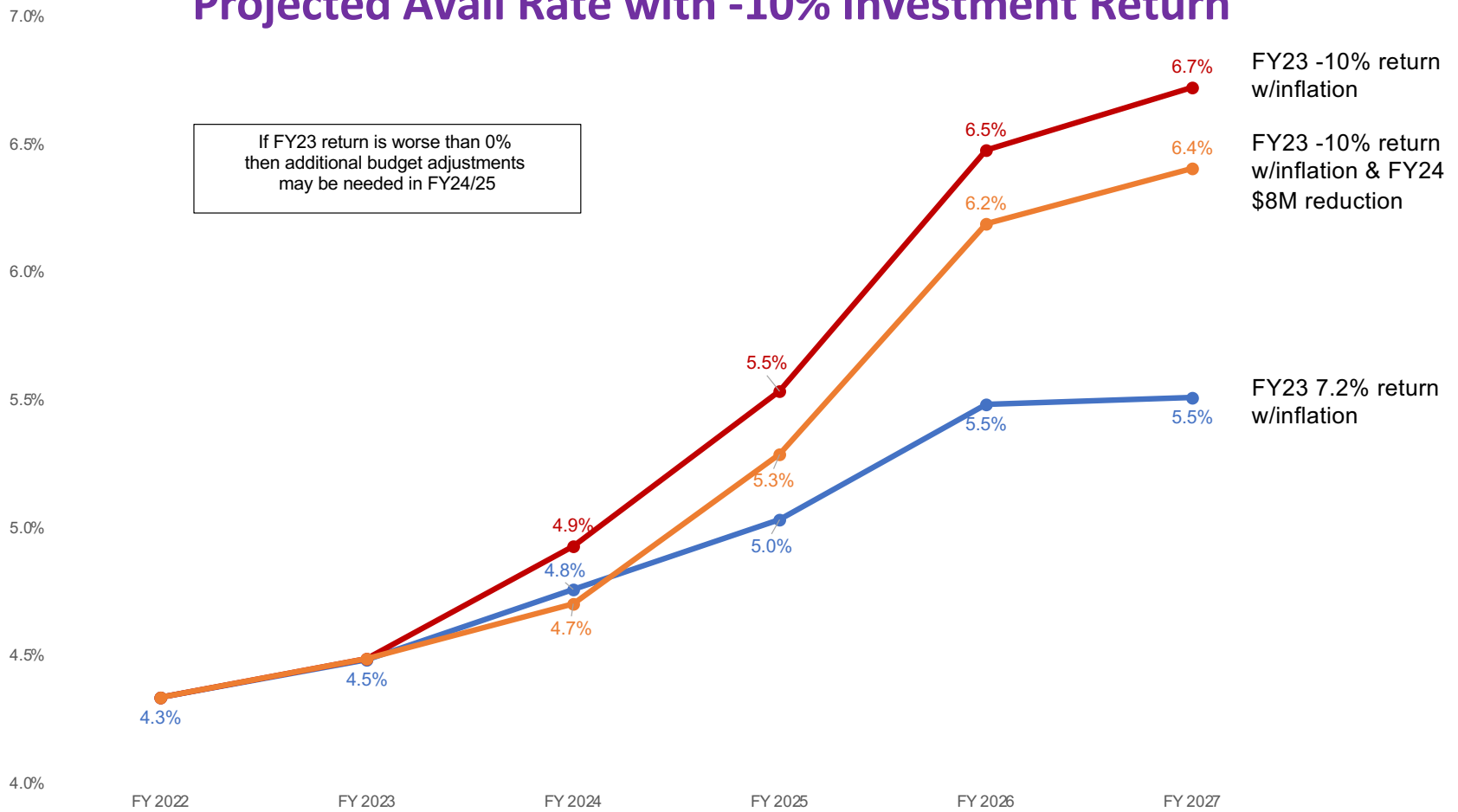


Projected Avail Rate with Inflation & No Spending Reduction



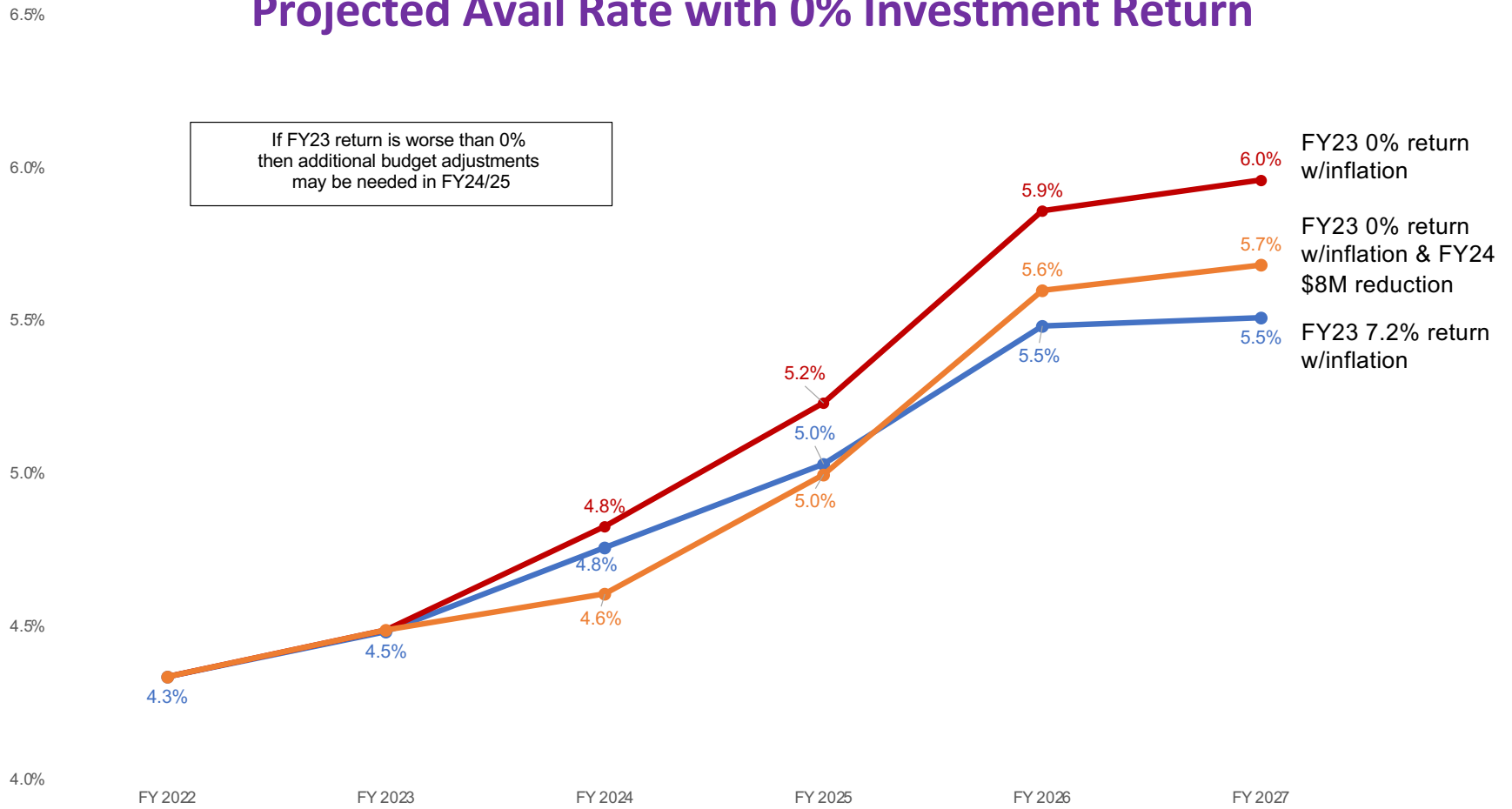
CAGR 1: FY 17-22
CAGR 2: FY 23-27

Projected Avail Rate with -10% Investment Return



If FY23 return is worse than 0% then additional budget adjustments may be needed in FY24/25

Projected Avail Rate with 0% Investment Return



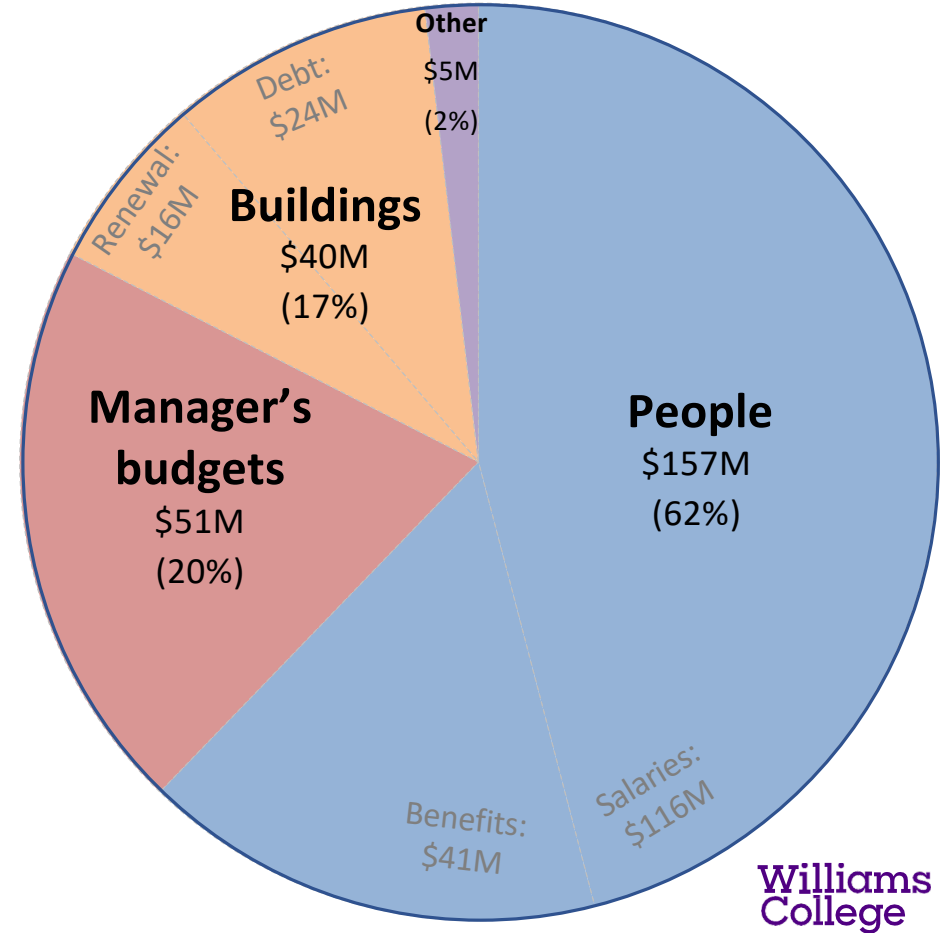
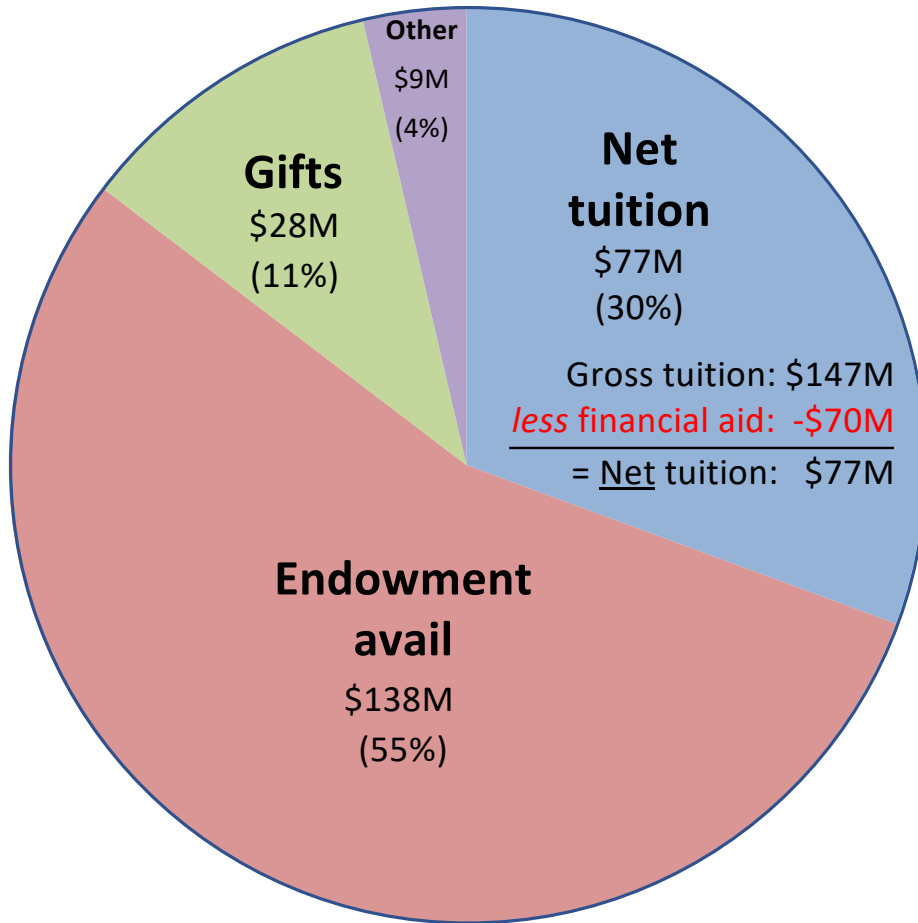
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(\$252M, FY22)



Expenses

(\$252M, FY22)



FY24 Budget Planning

- **Revenues**
 - Tuition increase
 - Endowment avail
- **Expenses**
 - 3% reduction in operating budget
 - 15% reduction in manager's budgets
 - Reduction in capital renewal budget
 - Relinquish staff vacancies
 - Slow growth in new staff FTE

Student Employment Update

- **Assessment of which student jobs are important for academic mission and operations of the college**
- **On-going evaluation of student employment in light of all-grant financial aid program**

Budget Priorities

- **Protect salaries and benefits; try to raise salaries to keep pace with inflation for faculty and staff**
- **Preserve all-grant financial aid program**
- **Proceed with faculty hiring**
- **Complete design phase of museum project**
- **Continue with Davis Center construction**