Fiscal Year 2024 Budget

President’s Administrative Group Meeting
May 15, 2023
FY24 Budget: Context

- **Inflation**
  - CPI for FY22: 9.1%
    - CPI in FY23: 7.7% (Oct), 4.9% (April)
  - Estimated ~$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%
    - Lowest real return since FY74: -20.3%
  - Year-to-date return through March for FY23: 1.87%
Revenues
($282M, FY23 budget)

- Gifts: $28M (10%)
- Endowment avail: $158M (56%)
- People: $171M (60%)
- Managers’ budget: $64M (23%)
- Buildings: $42M (15%)
- Other: $17M (6%)
- Benefits: $44M
- Renewal: $17M
- Debt: $25M
- Other: $5M (2%)
- Other: $17M (6%)

Expenses
($282M, FY23 budget)

- Salaries: $127M
- Managers’ budget (23%)
- Buildings (15%)
- People (60%)
- Other (6%)
- Benefits (28%)
- Renewal (6%)
- Debt (2%)
- Other (6%)

Net tuition: $79M

Gross tuition: $157M

less financial aid: -$78M

= Net tuition: $79M
FY24 Budget: Principles and Priorities

- Advancing Core Educational Mission of Teaching and Research → Supporting Students’ Educational Experiences → Ensuring Institutional Future

- Valuing People
  - Protect salaries and benefits; try to raise salaries to keep pace with inflation for faculty and staff

- Promoting Diversity, Equity, and Inclusion
  - Minimize reductions with disproportionate impacts
  - Complete Davis Center construction project

- Forwarding Environmental Sustainability
  - Continue to develop Energy and Carbon Master Plan
FY24 Budget: Principles and Priorities

❖ **Academic Vitality**
  - The Faculty -- proceed with faculty replacement hiring
  - The Arts -- complete design phase of the museum project

❖ **Access and Affordability**
  - Preserve All-Grant financial aid program

❖ **Student Life**
  - Health and Wellness, including athletics, dining, dorm improvements, wellbeing
Real Growth in Managers’ Spending, FY13-FY23

Compound Annual Growth Rates (real):
10 year: +1.2%/yr
5 year: -1.4%/yr
3 year: +1.2%/yr
FY24 Budget: Managers’ Budget Reductions

- **Teaching and Research**
  - Programmatic reductions in academic departments and programs, graduate programs
  - Unbundling of large e-journal subscription packages; reduction in book purchasing budget
  - Reductions to student fellowships and post-graduate fellowships

- **Student Life**
  - Shortening of First Days; reductions to Senior Week; changes to Commencement and Convocation
  - Closure of late night Snack Bar

- **Operations and Support**
  - Cuts in Facilities services, including contract services
  - Phasing out lectern computers in most classrooms in favor of laptop connections
  - Reduced maintenance and repairs for faculty/staff rental housing
FY24 Budget: Managers’ Budget Proposed Reductions → Preserved

- Teaching and Research
  - Dean of the Faculty funds to support faculty research
  - Full cohort of students in OIDEI programs: Allison Davis Research Fellowship, Summer Humanities and Social Sciences, and Summer Science
  - Faculty-student interactions
  - Full cohort of students in Williams-Oxford Program

- Diversity, Equity, and Inclusion & Access and Affordability
  - Full participation in Questbridge; admissions recruitment
  - Racial Justice Initiative funding
  - Summer storage program

- Student Life
  - Full dining program at Mission Dining Hall and Eco Café
  - Food for student athletes
FY24 Budget:

**Unavoidable Inflation**

- Energy and Utilities
- Dining Services
- Travel, food, etc.
- Insurance
- Carbon offsets
- Technology licenses
- Facilities
- Williams-Oxford Program
- Williams-Mystic Program

**Managers’ Budget Increases**

- Contingency increase
- Health Center services
- CRM system for OCR
- Rental properties
- Initiative based fundraising
- Ombuds outsourcing
- Bolin/Davis Center programming
- Contract therapists
- Compostable containers
- Accessibility support
- Global Scholars Program
- Rice Center for Teaching
FY24 Budget: Net Decrease in Staff FTE

- Vacancies Relinquished for Decrease of ~ 10.5 FTEs
- Partial FTE Increases of 1.29 FTE in aggregate
- New FTE Increase of 3.75 FTEs (of 10.5 requested)
- Net Decrease of 5.5 FTEs
FY24 Operating Budget: Expenses

Debt service: 6.5% increase
Renewal: flat to FY23 budget.

Manager spend: 2% decrease.

Compensation: 5.4% increase, incl 4.6% salary pools, -5.5 net staff FTE decrease, and 7.5% medical premium increase.

Total = $291.8M
3.4% Growth
Annual fund and current use gifts: 5.6% decrease.

Student charges: 6.1% increase, net.

Avail: 2.7% increase, 4.5% of 12Q trailing LTIP avg balance
Steady State Scenario: Revenues and Expenses, FY23-FY33

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

Operating Avail
$(199.2)M 5.7%

Operating Avail
$(248.0)M 6.5%
Steady State Scenario: Avail, FY23-FY33

- Operating Availability (steady state)

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<tr>
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Looking Ahead

- Continue to exercise fiscal restraint in annual budget process, be intentional about tradeoffs, and align spending with core educational mission and strategic initiatives

- Significantly slow growth in staff FTE

- Recognize that new initiatives require resource reallocation or new revenue

- Encourage and support philanthropy to fund core educational priorities and strategic initiatives, including capital projects