

# Fiscal Year 2024 Budget

President's Administrative Group Meeting

May 15, 2023

## FY24 Budget: Context

### ❖ Inflation

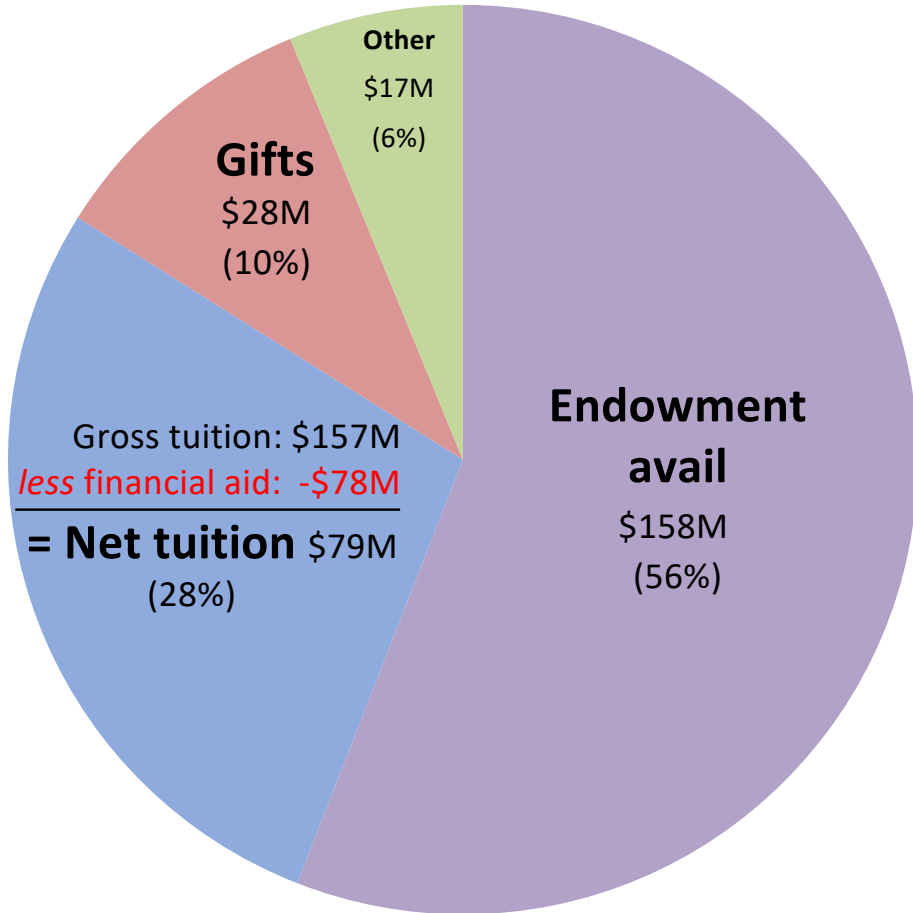
- CPI for FY22: 9.1%
- CPI in FY23: 7.7% (Oct), 4.9% (April)
- Estimated ~\$8m in inflationary costs above anticipated growth rate in operating expenses for FY24
  - Energy and utilities, food, insurance, building materials and supplies: ~\$3.9m
  - Salaries and benefits: ~\$4.1m

### ❖ 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%

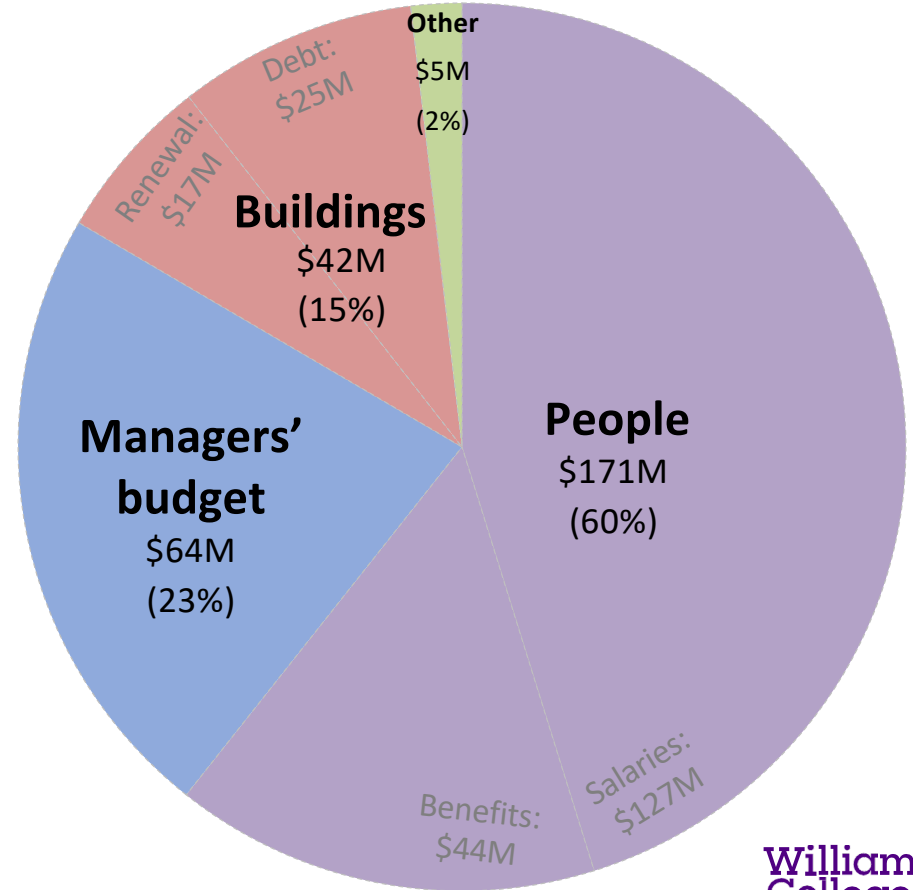
## Revenues

(\$282M, FY23 budget)



## Expenses

(\$282M, FY23 budget)



## **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

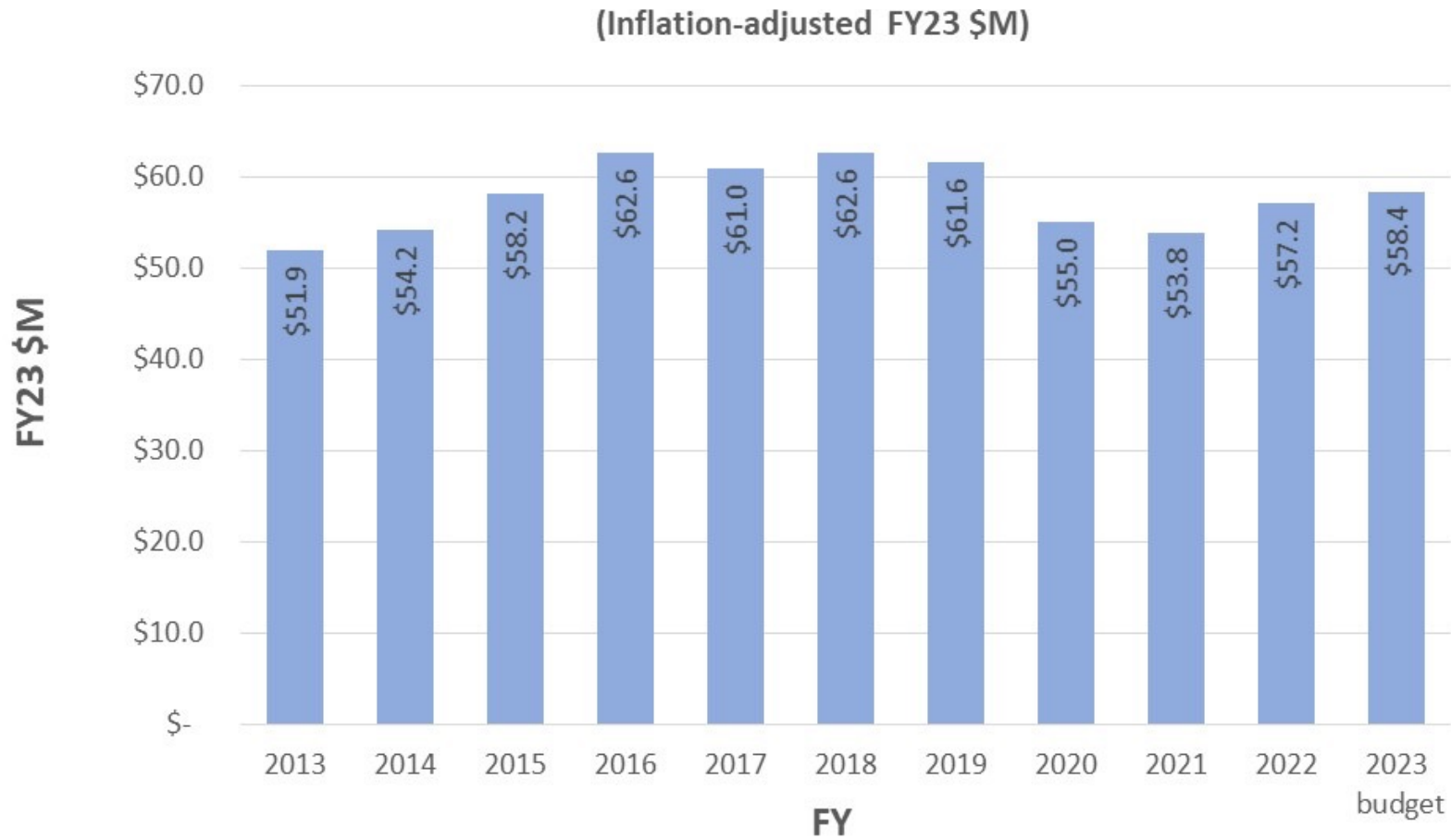
### **❖ Access and Affordability**

- 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**

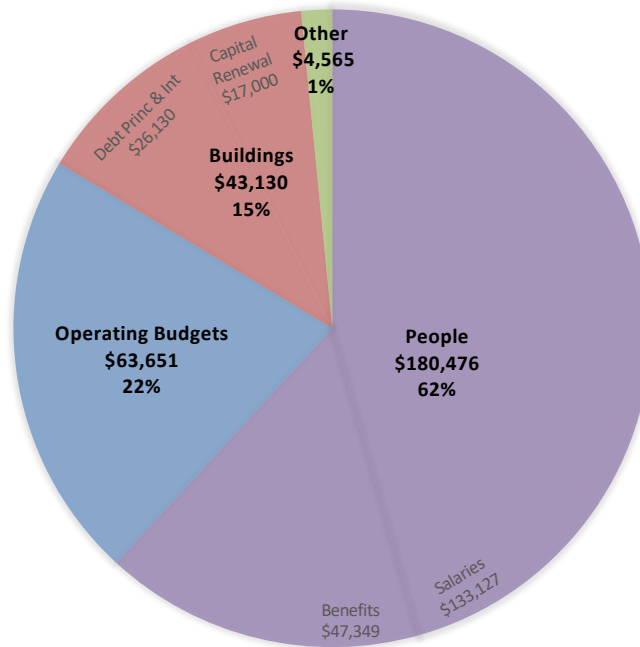
- ❖ **Vacancies Relinquished for Decrease of ~ 10.5 FTEs**
- ❖ **Partial FTE Increases of 1.29 FTE in aggregate**
- ❖ **New FTE Increase of 3.75 FTEs (of 10.5 requested)**
- **Net Decrease of 5.5 FTEs**

# FY24 Operating Budget: Expenses

**FY 2024 EXPENSES  
APPROVED BUDGET (\$'000)**

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

Manager spend: 2% decrease.

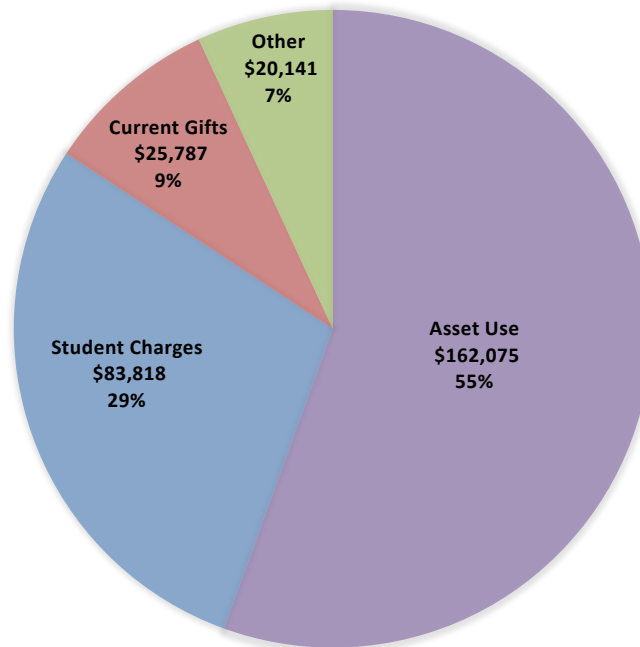


**Total = \$291.8M  
3.4% Growth**

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

# FY24 Operating Budget: Revenues and Avail

**FY 2024 REVENUES  
APPROVED BUDGET (\$000)**



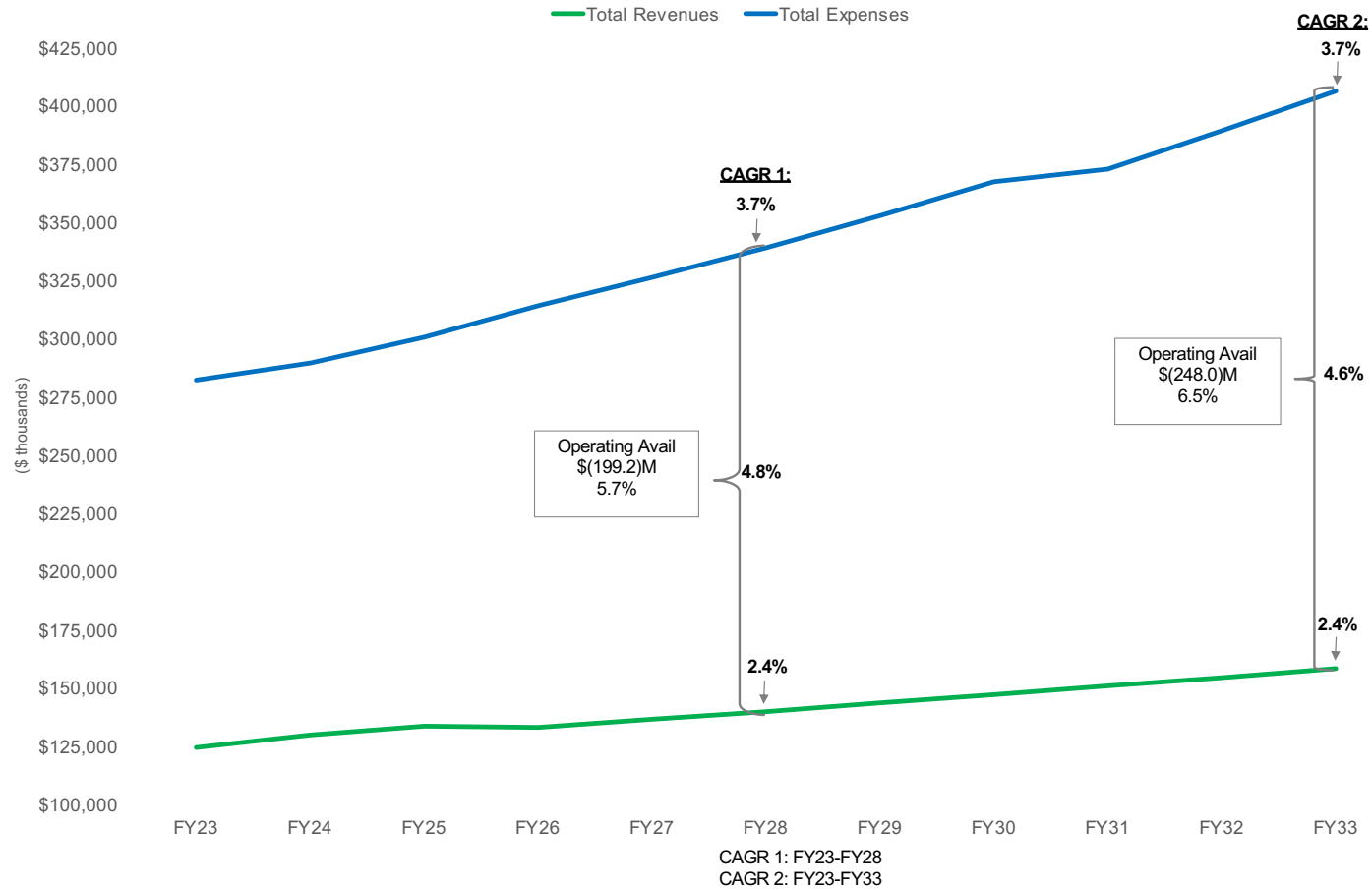
Annual fund and current use gifts:  
5.6% decrease.

Student charges: 6.1% increase,  
net.

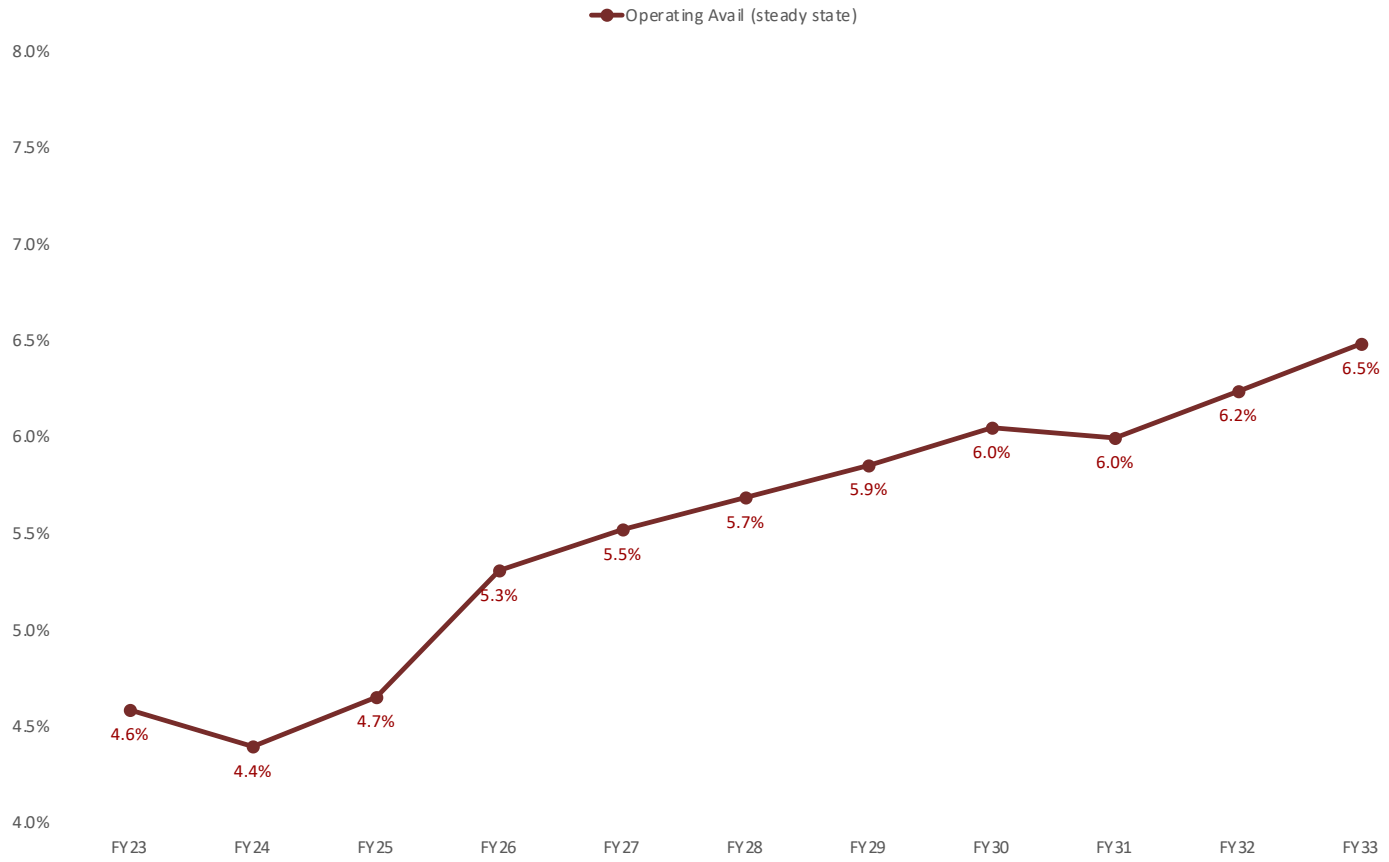
**Total = \$291.8M  
3.4% Growth**

Avail: 2.7% increase, 4.5% of  
12Q trailing LTIP avg balance

# Steady State Scenario: Revenues and Expenses, FY23-FY33



# Steady State Scenario: Avail, FY23-FY33



## 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**