College Finances

President’s Administrative Group Meeting
May 10, 2024
Expenses
($292M, FY24 budget)

Salaries: $133M
Managers' Budget (22%)
$64M
Buildings (15%)
$43M
People (62%)
$180M
Other (1%)
$17M
Benefits:
$47M
Debt: $26M
Renewal: $5M
Gifts (9%)
$26M
Other (7%)
$20M
Other (1%)
$5M

Revenues
($292M, FY24 budget)

= Net Tuition $84M (29%)
Gross Tuition: $165M
less Financial Aid: -$82M

Endowment Avail
$162M (55%)

Other (7%)
$20M
Gifts (9%)
$26M

Other (1%)
$5M
Debt:
$26M
Renewal:
$17M
Buildings:
$43M (15%)
Managers' Budget:
$64M (22%)
People:
$180M (62%)
Benefits:
$47M
Salaries:
$133M
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

Compounded annual growth rate (20 year, real)
- Other: 2.0%
- Current Gifts: 0.1%
- Student Charges (Gross): 1.7%
- Asset Use: 2.9%
Operating Budget by Senior Staff Area: FY24 Total $221.5 million*

- **Dean of the Faculty**: $94,888, 43%
- **VPFO**: $49,153, 22%
- **Provost**: $27,811, 13%
- **Dean of the College**: $15,096, 7%
- **VP College Relations**: $15,441, 7%
- **Utilities**: $9,047, 4%
- **President**: $3,234, 1%
- **VP IDEI**: $3,815, 2%
- **Communications**: $2,971, 1%
- **VP College**: $41,621, 19%

* Includes compensation and managers’ budget. Investment office, contingency, and other “college-level” undistributed costs are excluded.
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
FY25 Budget Process: Discussion of Requests

Manager’s Budget and Staffing Request Guidance

- Default increase of 1%. Unavoidable inflation. New funding.
- Request new staff FTE only in extraordinary circumstances

Department and Division

- Each budget manager develops request through discussion with their department
- Recommendations are submitted to the division head

Senior Staff Area

- Each senior staff member amalgamates and prioritizes the requests from all of their departments and divisions

Provost, VPFO & Senior Staff Member

- Each senior staff member has meetings with the Provost, VPFO, and budget team about their manager’s budget and staffing requests

Committee on Priorities and Resources

- Series of meetings with each senior staff member
- Discussion with Chief Human Resources Officer about all staff FTE requests
- Meeting with Facilities representatives about capital improvement requests

Senior Staff

- Series of meetings with each senior staff member
- Discussion with Chief Human Resources Officer about all staff FTE requests
- Meeting with Facilities representatives about capital improvement requests

Provost, VPFO & President Submit Operating Budget to the Board of Trustees
## FY25 Operating Budget: New Staff FTE

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

### Fundraising Opportunity
- Director of Winter Study

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

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

Total = $303M
3.8% growth

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

FY25 Proposed Operating Budget: Expenses
FY25 Proposed Operating Budget: Revenues and Avail

- Annual fund and current use gifts: up $1.7 million, 6.7%
- Student charges: up $7.6 million, 9.3%, net
- Gross Tuition: $184M
- less Financial Aid: -$92M
  = Net Tuition $92M (30%)
- Gifts $28M (9%)
- Other $22M (7%)
- Endowment Avail $162M (54%)
- Total = $303M 3.8% growth

Avail: flat vs FY24, 4.5% of 12Q trailing LTIP avg balance
Ten-Year Projection of Revenues and Expenses, FY24-FY34

- **Expenses (April '24)**:
  - FY23-Final: $276,245
  - FY24-Proj: $302,928 (2 yr. CAGR: 4.7%)
  - FY25: $342,741 (5 yr. CAGR: 4.4%)
  - FY26: $389,139 (10 yr. CAGR: 3.5%)

- **Revenues (April '24)**:
  - FY23-Final: $130,471
  - FY24-Proj: $140,867 (2 yr. CAGR: 3.9%)
  - FY25: $159,391 (5 yr. CAGR: 4.1%)
  - FY26: $194,664 (10 yr. CAGR: 4.1%)

*5 yr. CAGR: 4.1%* 
*10 yr. CAGR: 3.5%*
Ten-Year Projection of Endowment Avail Rate

Operating avail rate

<table>
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<tr>
<th>FY23-Final</th>
<th>FY24-Proj</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
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<td>4.3%</td>
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April '23: 7.4%
April '24: 4.6%
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