

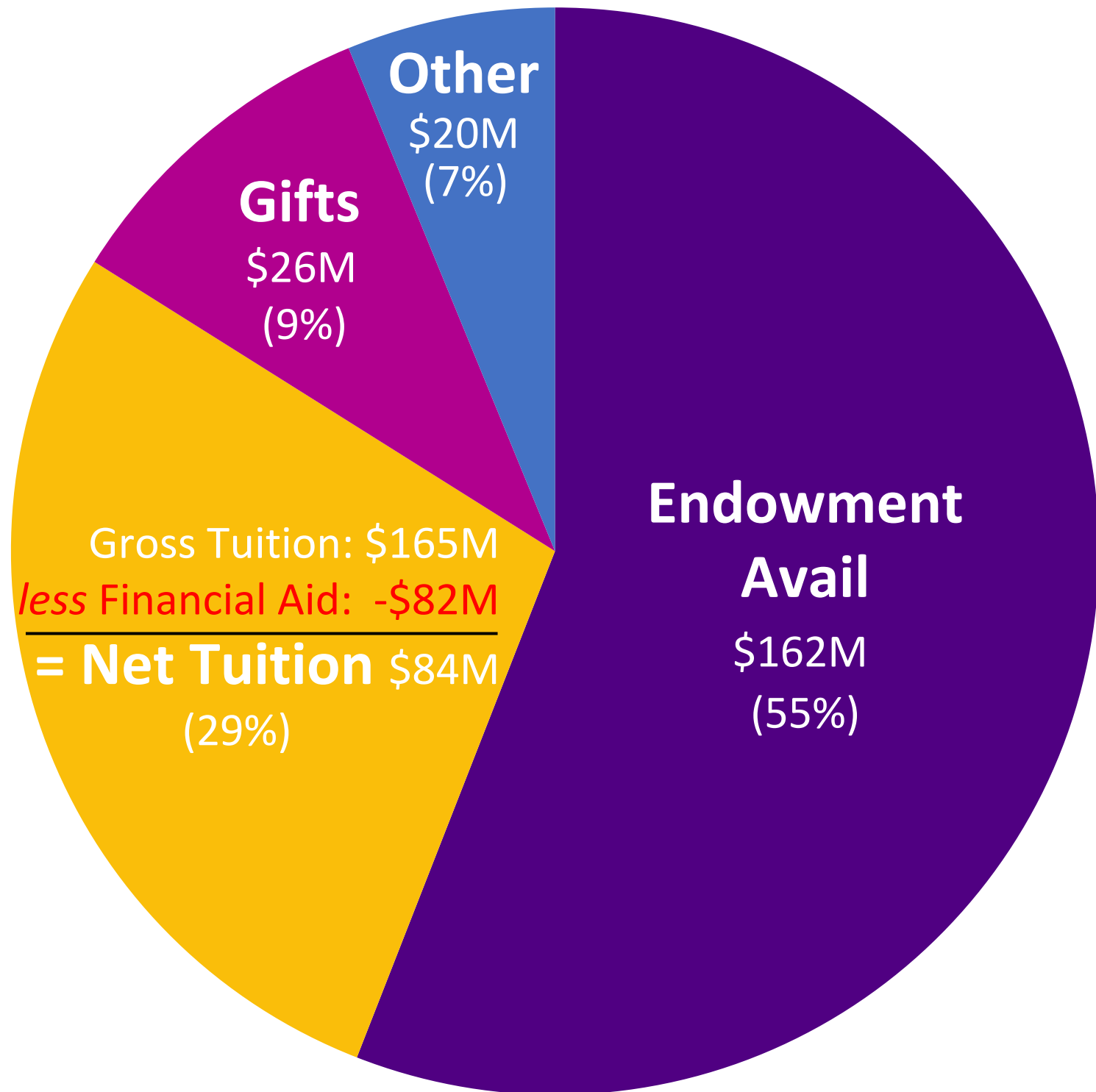
# College Finances

President's Administrative Group Meeting

May 10, 2024

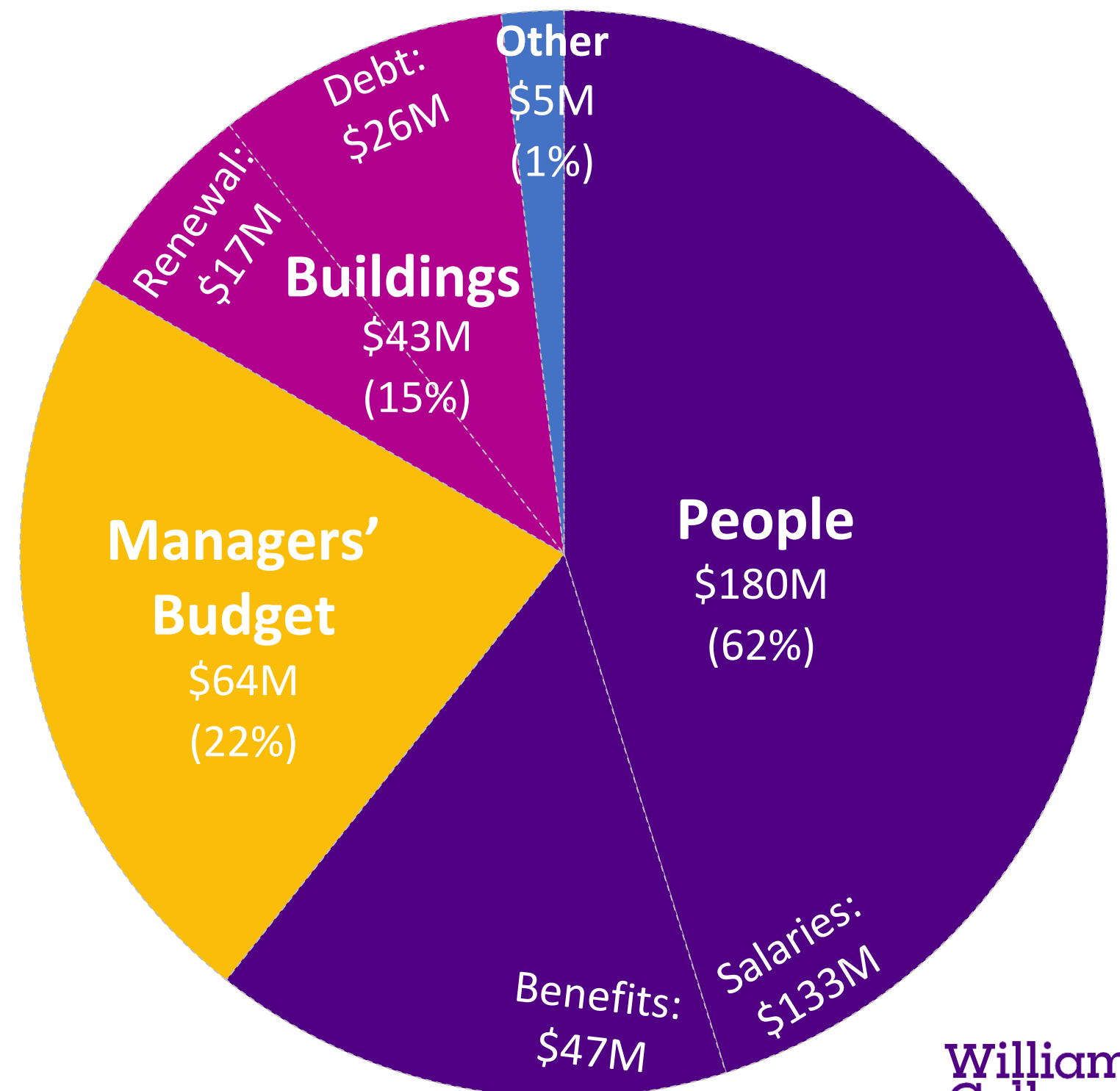
## Revenues

(\$292M, FY24 budget)

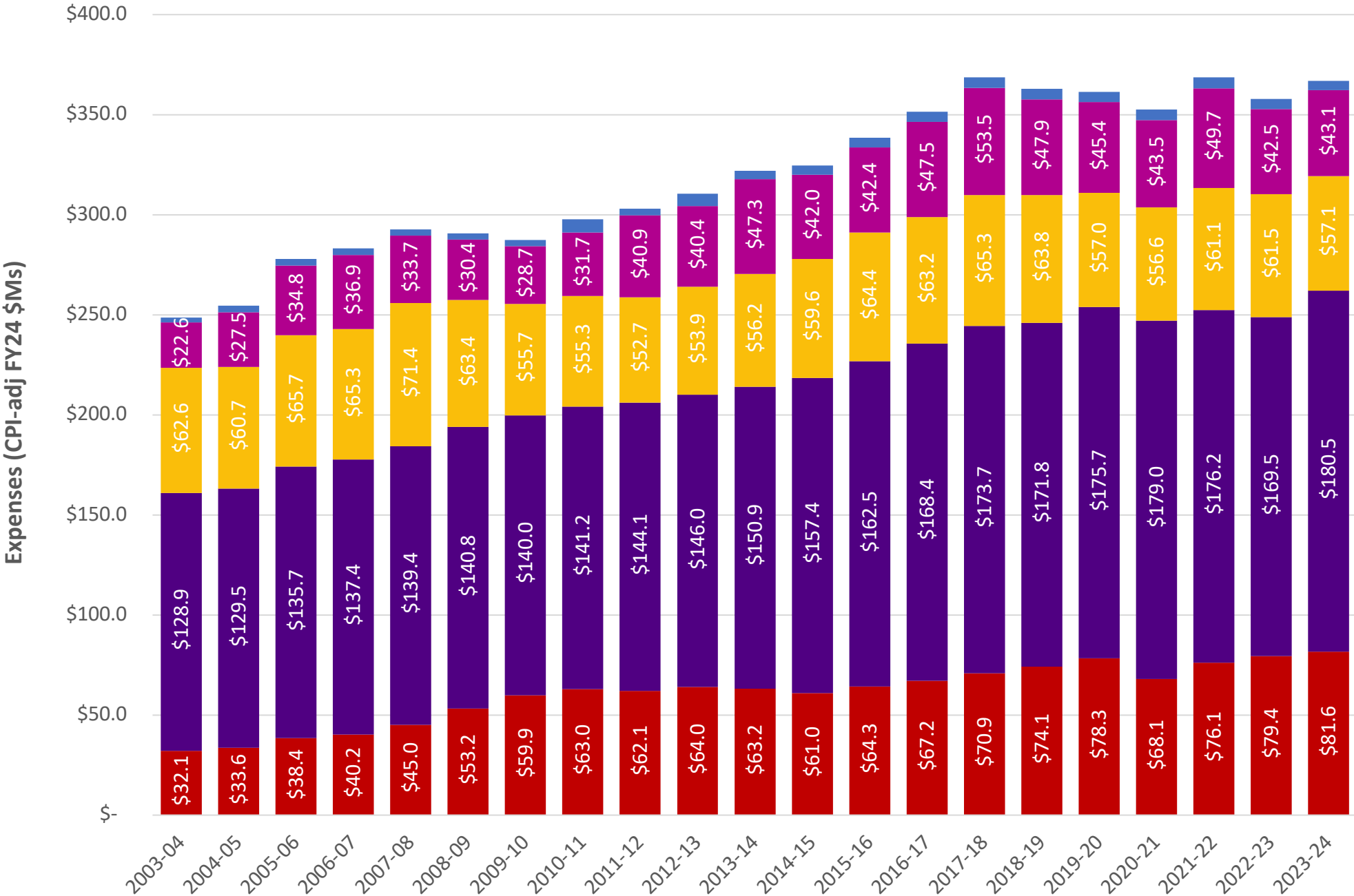


## Expenses

(\$292M, FY24 budget)

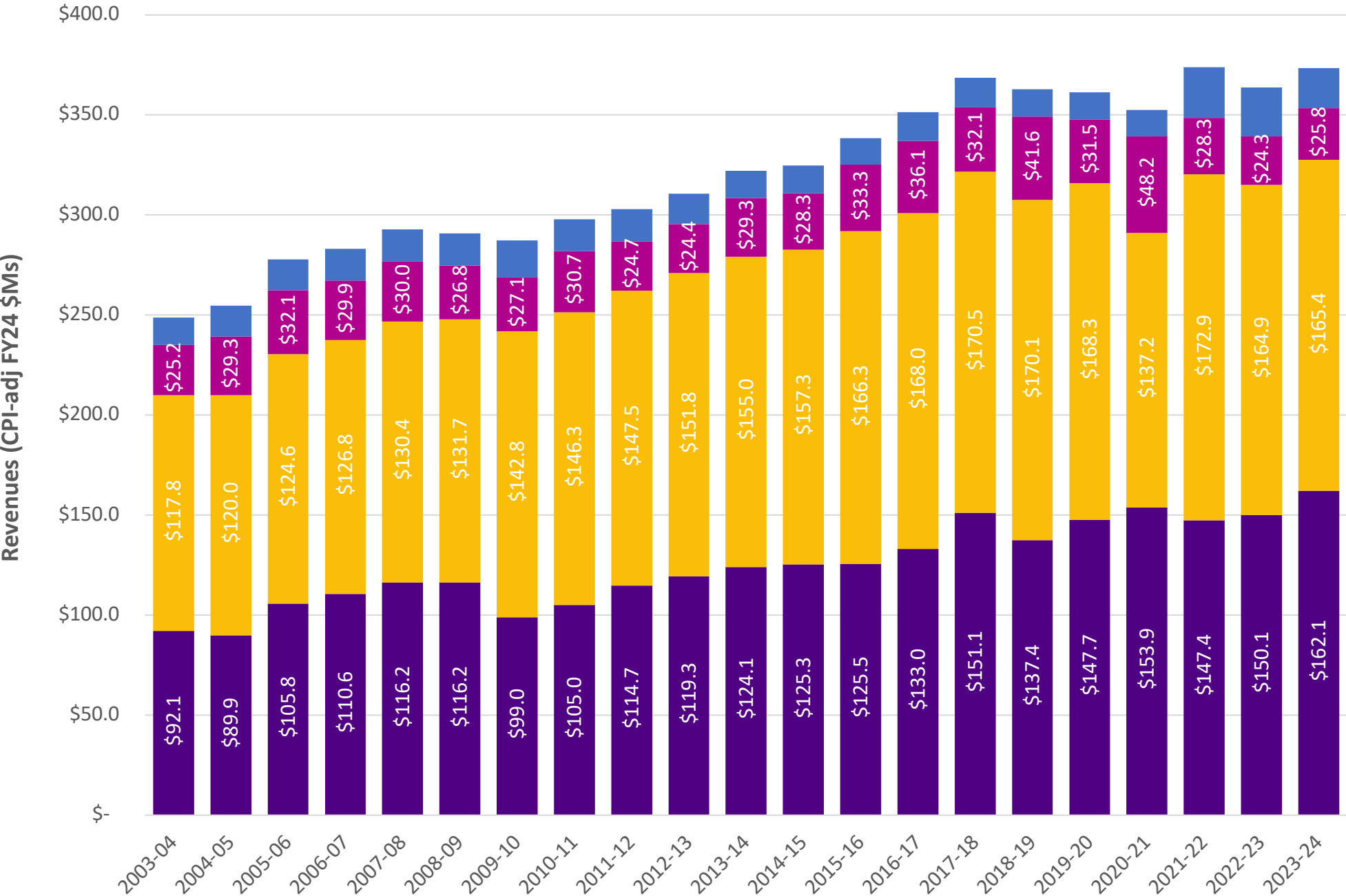


# Real Growth in Operating Expenses, FY04-FY24



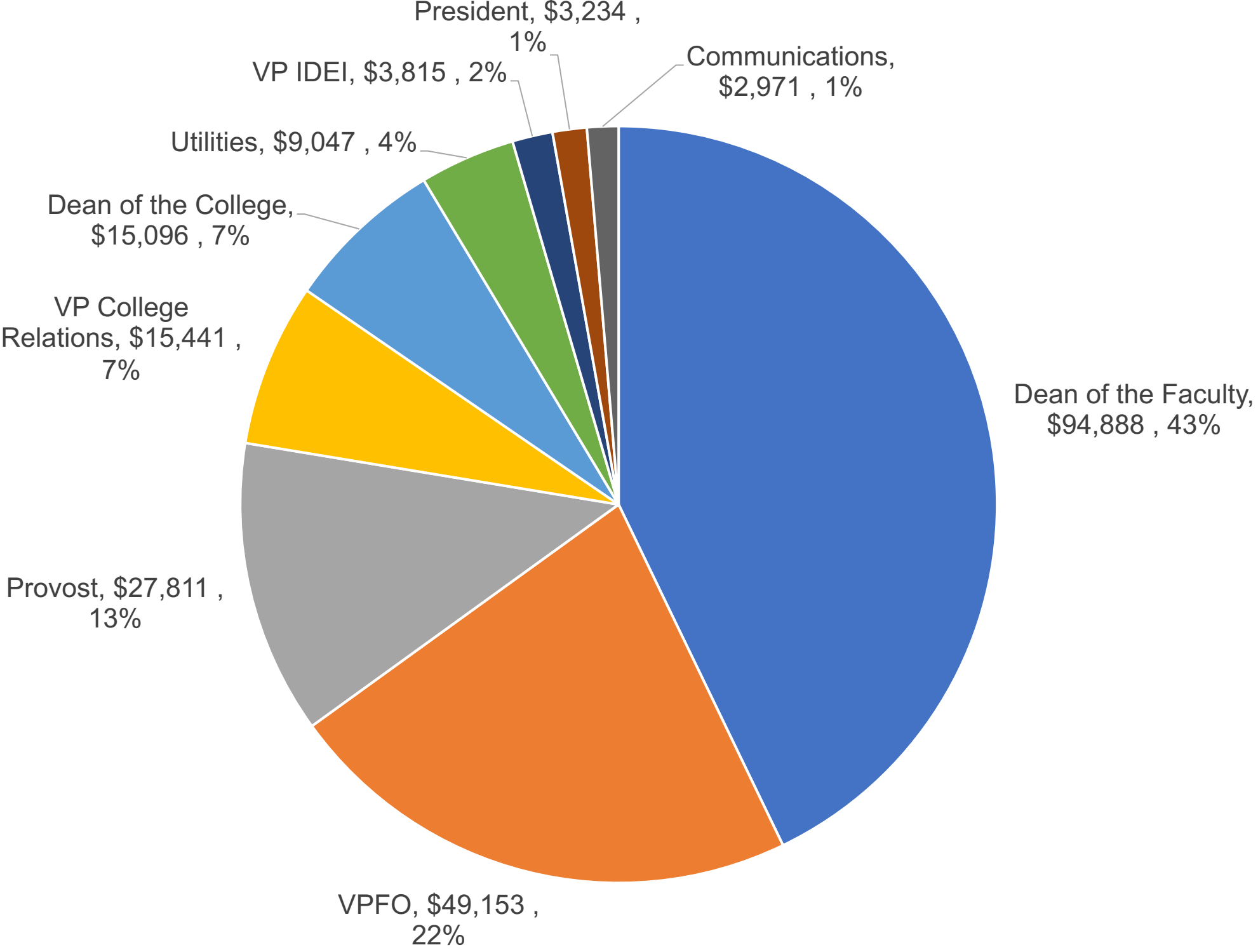
	Compound annual growth rate (20 year, real)
Other	3.0%
Buildings	3.3%
Managers	-0.5%
People	1.7%
Financial Aid	4.8%

# 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%

# 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 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

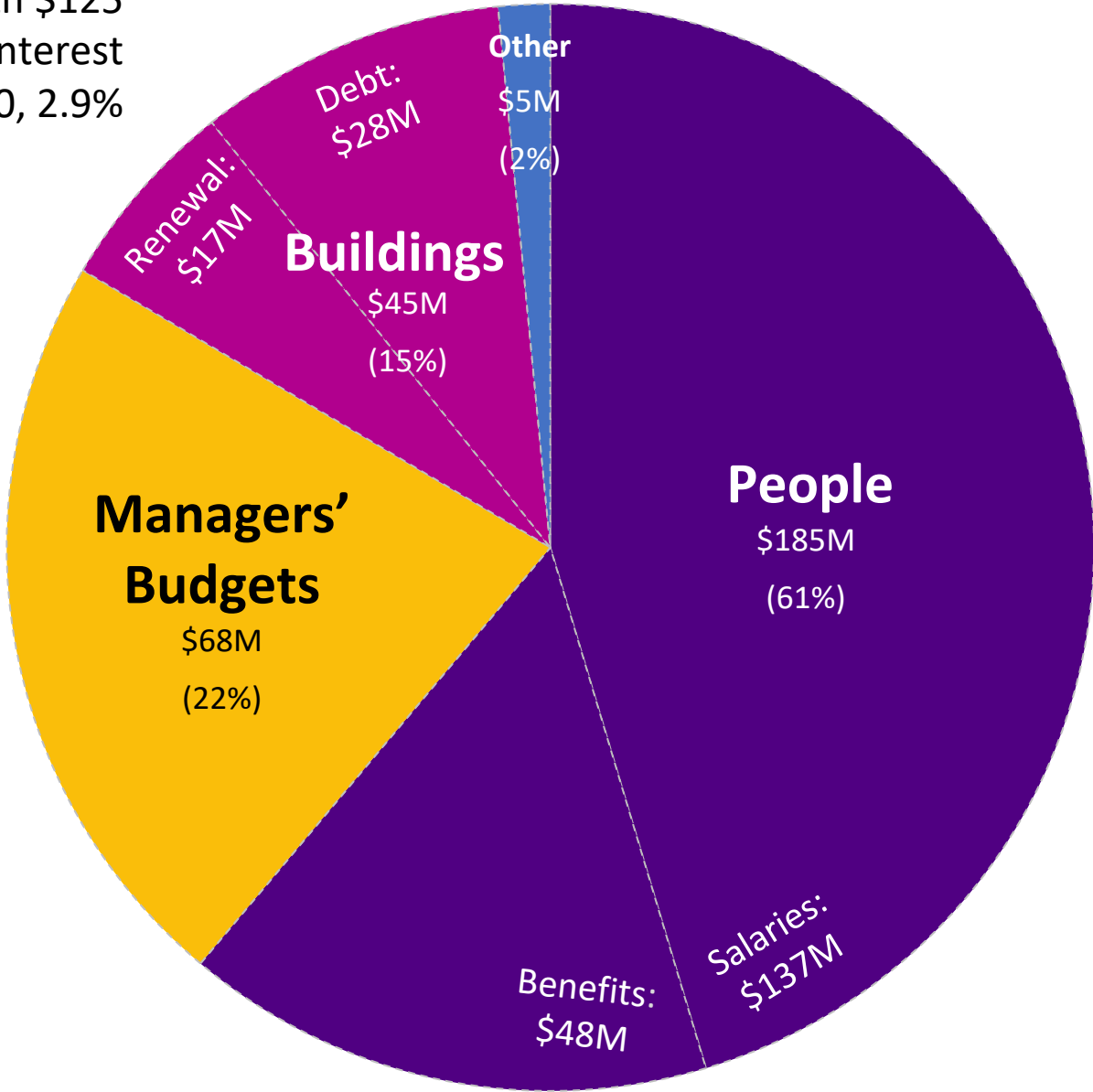
- Information technology: licenses and subscriptions
- Finance: auditor, financial advisor, and insurance

# FY25 Proposed Operating Budget: Expenses

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

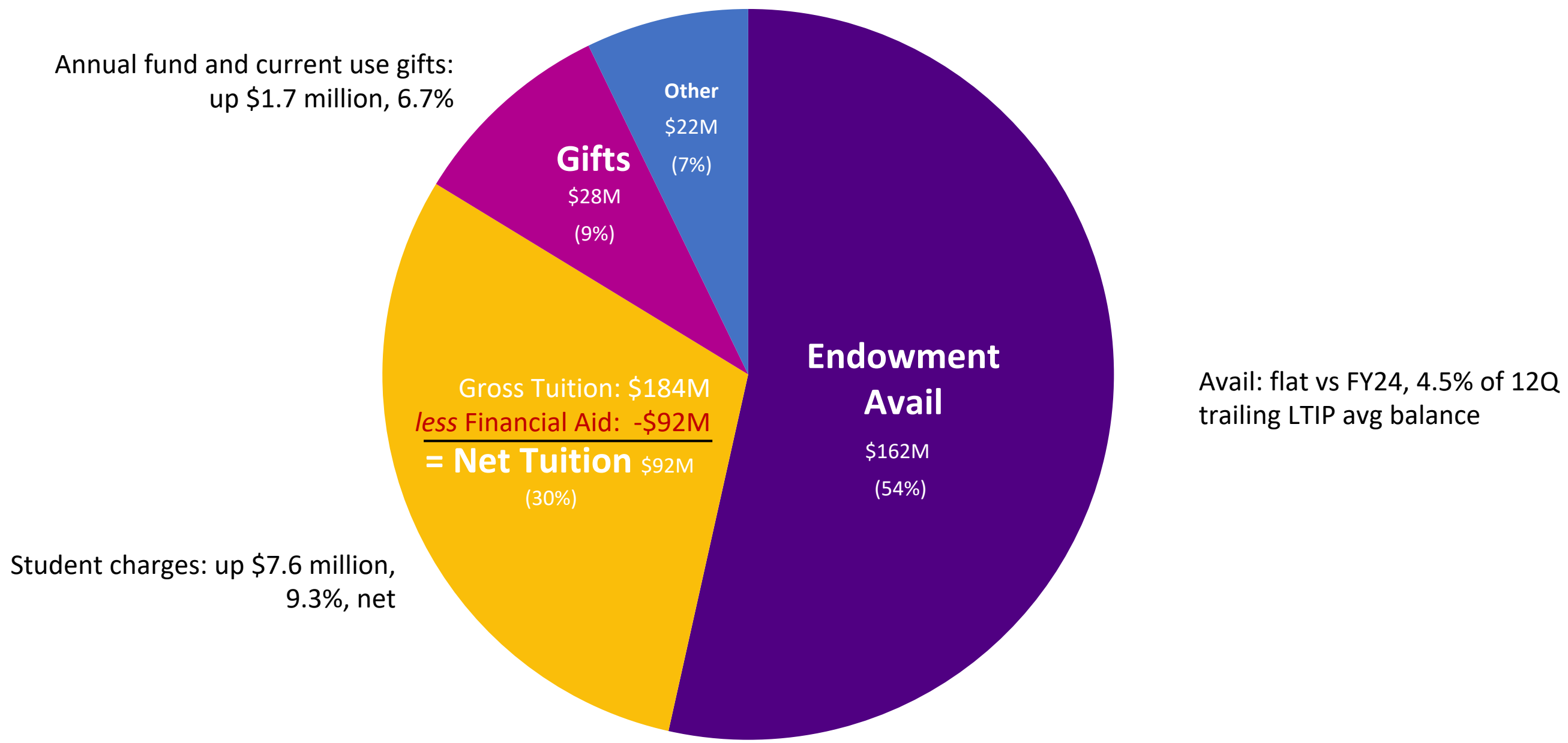
Manager spend: up \$4.2 million, 7.4%; 1.8% from unrestricted funds

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



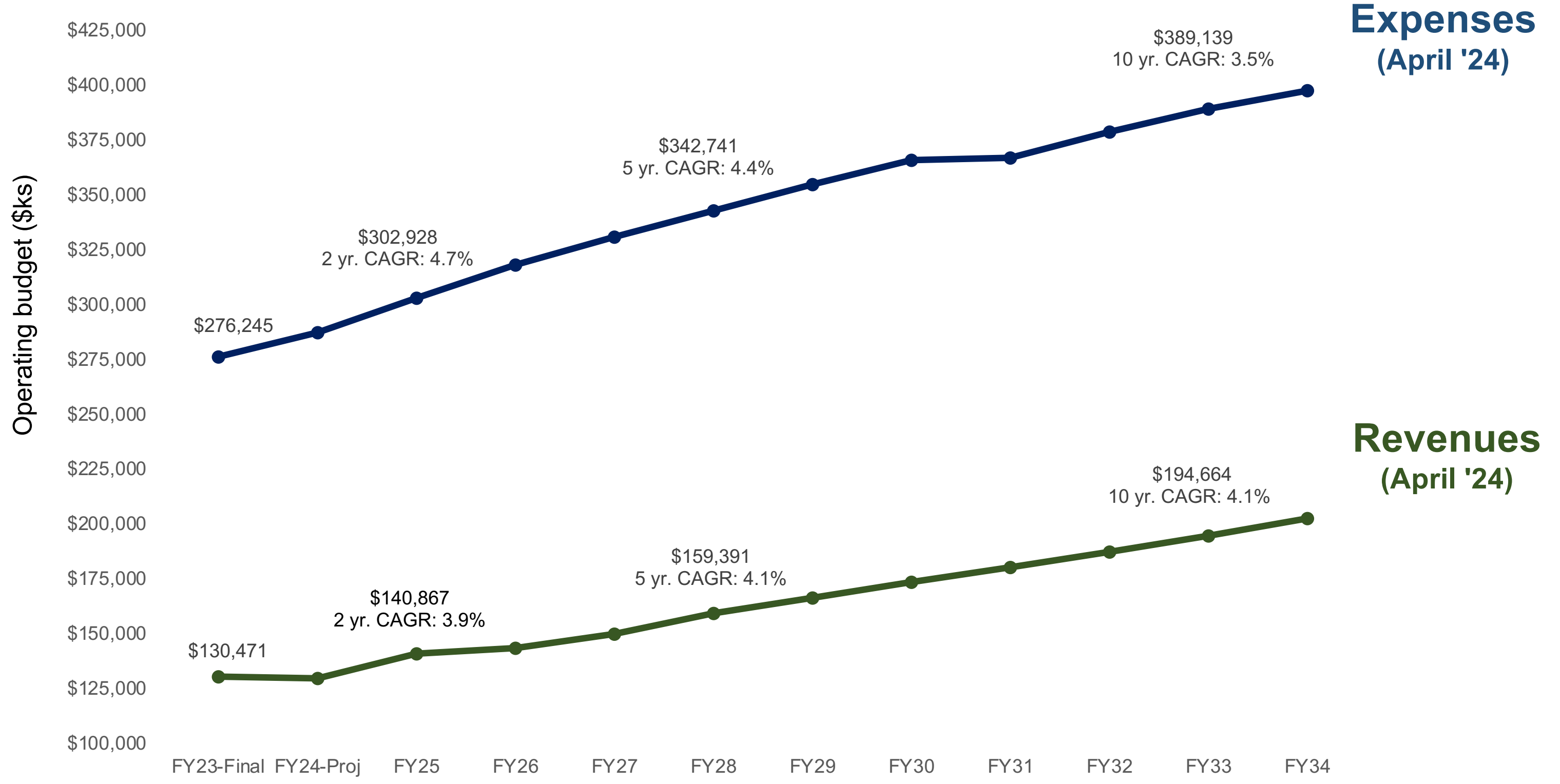
**Total = \$303M**  
**3.8% growth**

# FY25 Proposed Operating Budget: Revenues and Avail



**Total = \$303M**  
**3.8% growth**

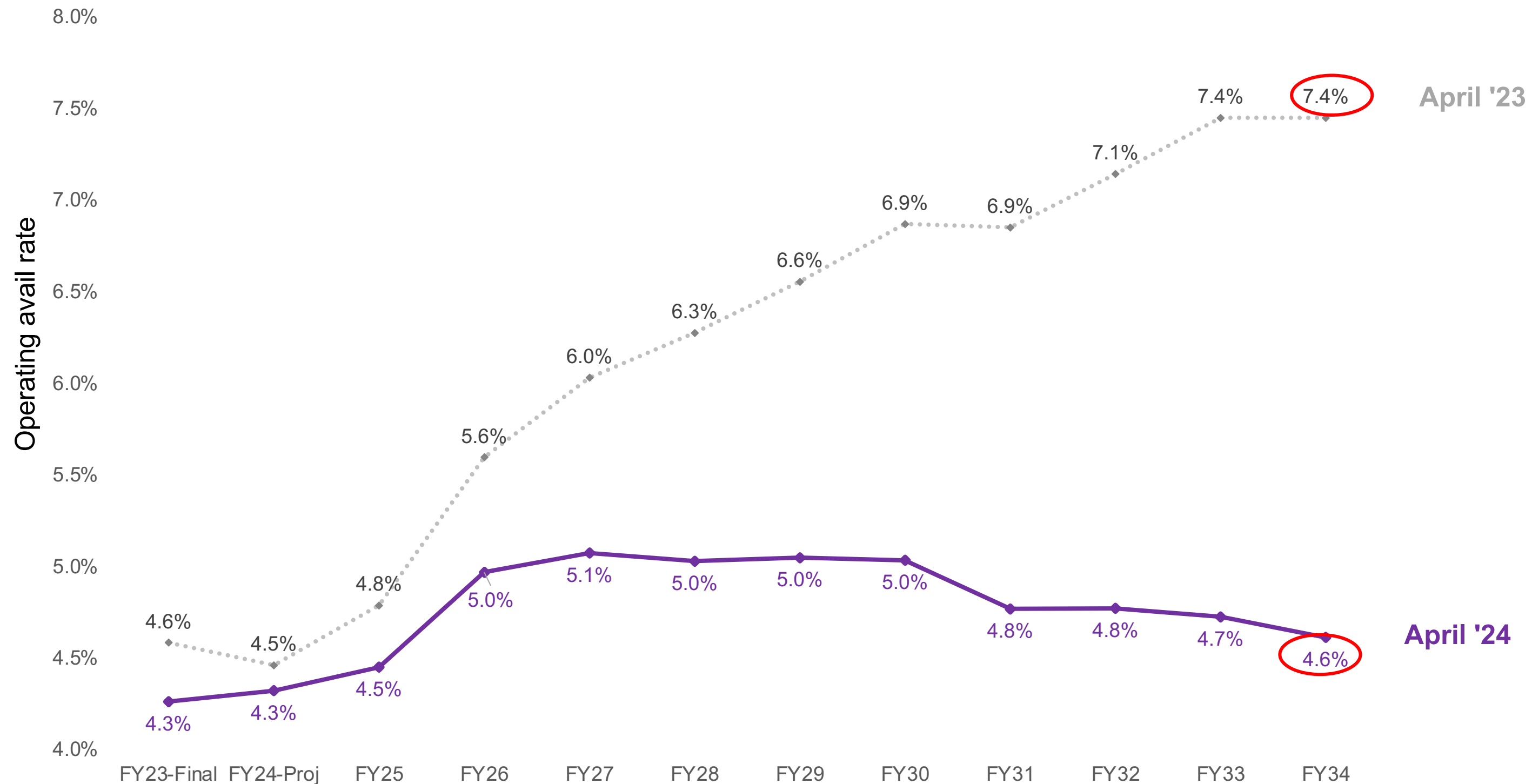
# Ten-Year Projection of Revenues and Expenses, FY24-FY34



**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**