

Committee on Priorities and Resources

Meeting Minutes – November 29, 2011

In attendance: Administrative Assistant Carol Allman-Morton, Prof. Rob Benedetto, Dean of the Faculty Gregory Call, *ex officio*, Diwa Cody '14, Technical Services Associate Mark Fiegenbaum, Adam Gerchick '13, Associate Treasurer/Director of the Budget Shannon Gurek, *ex officio*, Prof. Nasser Hussain, chair, Prof. Jagu Jagannathan, Luke Lavin '13, Director of Human Resources Maria-Judith Rodriguez, *ex officio*, Prof. Karen Sánchez-Eppler, Treasurer Peter Shea, *ex officio*, and Sarah Barr, recorder.

Not in attendance: none.

The meeting was called to order at 8:30 am.

1. Minutes – Minutes from November 8, 2011 were approved.
2. Spend Rate – Peter Shea and Shannon Gurek presented information about the current and projected college budget.
 - a. Budget FY10/11, Actual FY10/11, and Budget FY11/12 – Shannon Gurek presented the summary statement of resources and expenses. Revenues were generally flat, except for the comprehensive fee, which increased. The operating budget has increased by 2.4% for FY11/12 and the budgeted cost per student is approximately \$81,000.
 - b. Response to CPR Budget Requests – In May 2011, the CPR submitted a written request for additional funding to the President and Senior Staff. Shannon Gurek presented information about the outcome of the request.
 - i. Mead Art Museum – The request for 1.5 FTE was not granted but the Mead received additional funding for casual employees.
 - ii. Dining Services – Request for an increase in the food budget was approved.
 - iii. Valentine Dining Hall Renovations – Mechanical renovation was funded but larger renovation requested by students was not.
 - iv. Library Digitization Project – Funded.
 - v. Library Classroom Renovations – Not funded.
 - vi. IT/Film and Media Studies Position – The position was unfrozen and filled.
 - vii. Climate Survey – There are no immediate plans to pursue the Climate Survey.
 - c. Mix of Operating Resources and Expenses FY01/02, FY11/12, FY21/22 – Peter Shea went into detail about the history of and the projections for the college's operating budget. The current projections were established at the end of the ABC process, which brought down expenditures. Since the college had better than expected returns in 2009 and 2010, it stayed below a 5% spend rate. Going forward, the college needs to increase revenue and/or decrease expenses in order to stay within the 3.5% to 5% target range for the spend rate. The Board has set this target range in order to maintain the endowment's purchasing power over time, and thus sustain a measure of intergenerational equity in the use of the College's resources.

- d. Spend Rate – Over long periods of time a portfolio with a mix of stocks and bonds has earned, on average a 5% real return (i.e., a 5% return above inflation). This has been the basis for the “rule of thumb” that 5% is the prudent maximum that should be spent from endowments that wish to remain perpetual. In the projections, the college uses a lower projected real return over the next decade. In particular, a nominal return of 0% for the current fiscal year and 6% for the years that follow in the coming decade is used in the projections.
- e. Tuition and Mandatory Fees – The CPR reviewed the five year history of tuition and mandatory fees for COFHE schools. Amherst College fees are at the median of the 31 schools in COFHE and well within the range of the college’s peers.
- f. Financial Projections – The committee reviewed the detailed projections and the various assumptions that are used in the model. At future meetings, the committee will consider changes to the assumptions that will help to bring future expenditures in line with a 5% spending rate.
- g. Raising the Comprehensive Fee and Maintaining the “No Loan Policy” – The impact of the college’s “no loan” financial aid policy was discussed. The policy is seen as a pledge to socioeconomic diversity at the college but there was a concern expressed about the impact of budgetary pressures on lower income employees that may be the result of the policy, in that less is available for raises.
- h. Next Steps – The CPR will meet in the spring to discuss specific options based on data from the Treasurer’s Office.

The meeting adjourned at 9:37 am.

Next Meeting: Tuesday, December 13 at 8:30 am.

Respectfully Submitted,

Sarah Barr