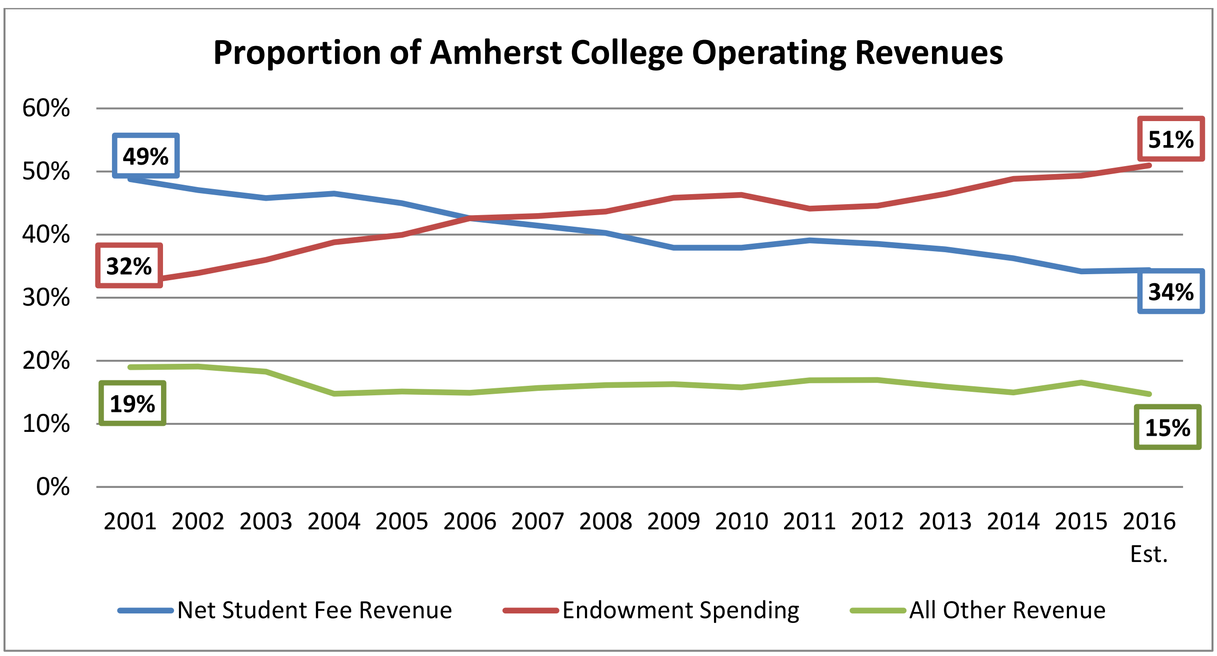
Amherst College
Post Office Box 5000
Amherst, Massachusetts 01002
April 1, 2016

The Honorable Orrin Hatch
The Honorable Robert Brady
The Honorable Peter Roskam
Congress of the United States
Washington, District of Columbia 20515

Dear Senator Hatch, Representative Brady and Representative Roskam:

It is our pleasure to respond to your letter of February 8, 2016 and answer your questions about the College's endowment and finances.

In less than a generation's time, Amherst College has transitioned from funding its budget primarily from student fee revenue (tuition, room, board, and mandatory fees) to funding over half of its operating expenses from the use of its endowment:



For many years, the College has aggressively deployed its endowment resources in pursuit of its educational mission to the benefit of its students, faculty, staff, and alumni. For nearly two centuries, the College has maintained an unwavering commitment to academic rigor and close colloquy. Class sizes are small, allowing students to engage actively with dedicated teacherscholars who are widely-recognized experts in their fields. Students have unfettered access to a wide variety of high-impact learning opportunities, including participation in faculty-led research, abundant study-abroad options, and one-to-one tutelage with skilled practitioners in the refinement of writing and quantitative skills.

Additionally, Amherst College aggressively deploys its endowment to fulfill an increasingly ambitious commitment to financial access and affordability for all students. On the basis of a bold strategic decision made years ago, the College identifies and admits the nation's most promising and talented students regardless of their financial circumstances. The College is one of just a small group of colleges and universities that maintains a need-blind admission policy and meets the full demonstrated need of all admitted students without requiring loans. Amherst College now admits one of the most socioeconomically, racially, and ethnically diverse student bodies in the country. As diversity has increased, the quality of the College's students has also risen by every standard measure.

As Amherst College's endowment has increased, scholarship grants to students with financial need have accelerated even faster. Since 2001, the College's endowment has grown nearly 146% in market value, but College-provided financial aid has increased at nearly double that rate, 268%. In 2016, Amherst will spend 50% more from its endowment than it collects in student fees. Fifty-seven percent of Amherst College students qualify for need-based scholarship grants from the College, and each of those students receives an average grant of over $49,100.

Yet, we acutely recognize that simply admitting talented students and providing the financial resources necessary for their attendance is not nearly enough. We aggressively deploy our endowment resources to support the success of every student once here. The College's four-year and six-year graduation rates are among the very highest in American higher education. Amherst graduates leave with little debt, and fare extremely well in their chosen pursuits after graduation. Many attend their top-choice graduate programs, and others begin distinguished careers in their fields.

Alongside its deep commitment to use its endowment aggressively, Amherst College endeavors to preserve the purchasing power of its endowment for generations to come. Over a period of many years, its alumni and friends have been extraordinarily generous to the College in general and to its endowment in particular. The College's investment team, including several dedicated and skillful members of its board of trustees, has delivered excellent investment returns over a long period of time. And the College's senior leaders and Board of Trustees have executed prudent and responsible endowment spending policies and practices with an eye as much toward the future as on the present. Maintaining this delicate balance between endowment spending and preservation is one of the greatest management challenges for the College, and one that we take very seriously every day.

We are thankful for this opportunity to provide you with the information you have requested, and to share the values of Amherst College through our responses.

Sincerely,

Carolyn (Biddy) Martin, President

NOTE ON PRESENTATION AND SCOPE:

Amherst College is part of a legal entity titled “The Trustees of Amherst College” (the “Entity”), which includes the activities of Amherst College (the “College”) and Folger Shakespeare Memorial Library (the “Library”). All public filings, including tax filings such as Form 990 and audited financial statements, are prepared for the Entity. However, the Library’s funds are restricted solely for utilization by the Library. While the audited financial statements provide a consolidated set of financial statements for the Entity, they also present separate audited financial information for the College and the Library, treating them as separate operating units.

In this response, all information relates to the College, unless otherwise indicated. This reflects the distinct character of the College within the Entity. It also maintains comparability of Amherst College’s response to this inquiry with those of other academic institutions.

Unless otherwise noted, “2013,” “2014,” and “2015” refers to the Colleges fiscal years. Each fiscal year begins on July 1st and ends of June 30th of the year noted above (for example, “2013” refers to the fiscal year beginning July 1st, 2012 and ending June 30, 2013).

1. What categories of assets are included in your college or university's endowment? For each category, please indicate the amount of funds that are:
   a. Unrestricted
   b. Permanently restricted by donors
   c. Temporarily restricted by donors
   d. Permanently restricted by your college or university (quasi-endowments)
   e. Temporarily restricted by your college or university (quasi-endowments)
   f. For each restricted asset, please describe the uses for which the funds are restricted and the amount of the fair market value of the endowment apportioned to each use. How and why were the restrictions put into place?

AMHERST COLLEGE ENDOWMENT BY RESTRICTION

All $s in 000s		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2013	Endowment Funds: Donor Restricted	$ 17,263	$ 880,166	$ 387,759	$ 1,285,188
	Endowment Funds: Board Designated (Quasi)	538,561	-	-	538,561
	Total Endowment Funds	$ 555,824	$ 880,166	$ 387,759	$ 1,823,749
2014	Endowment Funds: Donor Restricted	$ 20,888	$ 1,078,191	$ 423,423	$ 1,522,502
	Endowment Funds: Board Designated (Quasi)	626,701	-	-	626,701
	Total Endowment Funds	$ 647,589	$ 1,078,191	$ 423,423	$ 2,149,203
2015	Endowment Funds: Donor Restricted	$ 22,123	$ 1,099,732	$ 435,134	$ 1,556,989
	Endowment Funds: Board Designated (Quasi)	636,522	-	-	636,522
	Total Endowment Funds	$ 658,645	$ 1,099,732	$ 435,134	$ 2,193,511

a. *Unrestricted*: Endowment funds that are designated by the board (quasi) are unrestricted. These funds totaled $538.6 million, $626.7 million, and $636.5 million at the end of 2013, 2014, and 2015, respectively. Many of these funds were assigned to a particular purpose or priority by the board at the time of their creation, and an annual distribution from these funds is spent on the board's designated priority. However, there is no donor-imposed or other legal restriction with respect to the utilization of these resources. In addition, the College has added other monies to donor-restricted funds from time-to-time at the discretion of management; as such these are classified as unrestricted funds. These funds inclusive of cumulative gains totaled $17.3 million, $20.9 million, and $22.1 million at the end of 2013, 2014, and 2015, respectively.

b. *Permanently Restricted by Donors*: This represents the original gift value of endowment funds provided to the College by its donors. These funds totaled $387.8 million, $423.4 million, and $435.1 million in 2013, 2014, and 2015, respectively. The College seeks to preserve the original principal value of gifts to the endowment, and reports these amounts as permanently restricted. For a further discussion of the College's policies and practices regarding the spending of endowment principal, see the response to Question 7.

c. *Temporarily Restricted by Donors*: Accumulated income and investment return on permanently restricted principal from donor gifts to the endowment. These funds totaled $880.2 million, $1.078 billion, and $1.100 billion in 2013, 2014, and 2015, respectively. Funds are spent annually in accordance with the donor's intent.

d. *Permanently Restricted by the College (Quasi-endowment)*: Quasi-endowment funds are created at the direction of the board and do not carry a donor-imposed or legal restriction. All quasi-endowments are deemed unrestricted by the College.

e. *Temporarily Restricted by the College (Quasi-endowment)*: Quasi-endowment funds are created at the direction of the board and do not carry a donor-imposed or legal restriction. All quasi-endowments are deemed unrestricted by the College.

f. Donor-imposed restrictions on endowment assets (permanently restricted plus temporarily restricted) are designated for utilization on a wide range of priorities across the College. Restrictions were placed upon these funds at the direction of the donor at the time of the gift. Please refer to the response to Question 10 for a more complete discussion about the College's gift acceptance policy and its ongoing efforts to collaborate with donors to ensure that any restrictions placed upon a particular gift align well with the priorities of the College.

AMHERST COLLEGE DONOR-RESTRICTED FUNDS

$s in 000s	**2013**	**2014**	**2015**
Academic	$ 89,344	$ 106,254	$ 108,633
Administration	103,939	120,112	122,558
Alumni	5,095	5,890	5,975
Athletics	6,404	7,404	7,711
Emily Dickinson Museum	1,253	1,448	1,499
Fellowships	19,319	22,325	22,638
Instruction	428,546	495,882	509,179
Library	36,974	42,681	43,277
Non-Academic	2,006	2,319	2,351
Physical Plant	32,670	37,752	38,279
Prizes	4,164	4,815	4,887
Scholarships	268,045	315,063	325,631
Student Academic Services	16,192	19,276	19,853
General Purposes	271,237	341,281	344,518
	$ 1,285,188	$ 1,522,502	$ 1,556,989

2. Does your college or university hold any investments that are not included in the endowment? If so, what are they, and what are their fair market values and basis? How are they used to further the educational purpose of the college or university?

Funds designated as belonging to the College's endowment are invested in the long-term investment pool (LTIP). The LTIP is a unitized pool. New endowment gifts and resources are used to purchase shares in the LTIP at the time of receipt, and shares are liquidated when the endowment distributes funds for use on the College's operating expenditures. Share values will rise and fall with investment gains and losses over time.

The substantial majority of funds held in the LTIP are endowment funds. The endowment does not hold investments outside of the LTIP, including real property (see response to Question 11). In addition to endowment funds, the College invests other non-endowment funds in the LTIP as well. The College designates such investments as "other assets invested" and "life income assets."

AMHERST COLLEGE: SUMMARY OF ASSETS INVESTED IN THE LTIP

all $s in 000s	**2013**	**2014**	**2015**
Endowment assets	$ 1,823,748	$ 2,149,203	$ 2,193,511
Other assets invested	277,869	299,907	203,271
Life income assets	81,371	89,503	87,933
Total non-endowment assets in the LTIP	359,240	389,410	291,204
Total assets in the LTIP	$ 2,182,988	$ 2,538,613	$ 2,484,715

"Other assets invested" comprise long-term reserves designated by the College for specific purposes directly related to the advancement of the College's mission, including building construction and maintenance, faculty housing, and financial aid. Since these reserves either have a permanent and ongoing use or have a designated purpose at a time in the future, they are invested in the LTIP to generate returns over the long term. Gains and losses from investment in the LTIP accrue specifically to these reserves. In particular, some of these funds have been held to fund part of the costs of construction of a new integrated Science Center and several new dormitories (collectively, the "Greenway Projects"). Construction is nearly complete on the dormitories, and the Science Center will be completed in the summer of 2018. These funds were invested in the LTIP in the mid-2000s upon receipt of several bequests that were designated by the College for use on the Science Center. Consistent with its original plan, the College has recently liquidated investments held in the LTIP for use on this project. As a result, the total of non-endowment funds invested in the LTIP decreased substantially in 2015, to $203.3 million, and decreased to $174.0 million as of December 31, 2015.

Life income assets are gifted funds provided to the College by its donors. Per the terms of these gifts and in accordance with federal regulations, such funds are invested in the LTIP. The donor and named beneficiaries receive an annual distribution from these gifts. In accordance with the terms of these gifts, the College does not have access to these funds until the time of death of the donor or of the donor's named beneficiaries. At such time, ownership of the remaining funds transfers to the College's endowment.

The College holds other operating funds in cash and cash-equivalents. Such funds are held to meet the operating obligations of the College and are not managed as investments.

3. What is your endowment size, as measured by total fair market value of its assets? What has been the net growth and net investment return on your endowment each year?

As of the end of 2015, the Amherst College endowment totaled $2.194 billion.

AMHERST COLLEGE ENDOWMENT GROWTH AND RETURNS: 2012 THROUGH 2015

all $s in 000s	2012	2013	2014	2015
Endowment Fair Market Value: End of Year	$ 1,640,666	$ 1,823,748	$ 2,149,203	$ 2,193,511
Net (Decline)/Growth in Market Value	(0.1%)	11.2%	17.8%	2.1%
Net Weighted-Average Investment Return	1.3%	13.0%	19.5%	5.4%

Net (decline)/growth in market value incorporates the year's gain/(loss) on investment of endowment assets, plus new endowment gift receipts, less endowment resources distributed for operating expenditures.

Net weighted-average investment return calculates the percentage gain/(loss) of endowment valuation as a result of investment activities, net of fees.

Endowment investment return varies widely based upon overall investment market conditions and the specific performance of the individual investments that constitute the Amherst College endowment. The College endeavors to deliver positive returns on the investment of its endowment, and it has had success in doing do most years. However, the College can, and does, experience periods of negative market returns. In 2009, for example, the College experienced negative returns of -20.3%. As of the end of February 2016, preliminary endowment returns for the fiscal year are negative. The College deploys a "smoothing" approach to endowment spending across years that helps insulate the budget from the effects of short-term investment market fluctuations. Despite these efforts, the effects of endowment market declines, particularly as severe as those experienced in 2009, have an unavoidably disruptive impact on the College's operations. This is particularly true for Amherst College since its endowment funds roughly half of its operating budget.

As a result, Amherst College deploys policies for the investment of endowment assets and the utilization of endowment resources that emphasize preservation of the purchasing power of the endowment over the long term. See the response to Question 6 for a description of the policies and procedures in place to determine annual utilization of endowment resources to fund operations, given the inherent volatility in endowment valuation.

4. How much has your college or university spent each year to manage the endowment, and how many staff and contractors are employed to manage the endowment? For any fees paid to nonemployees for investment advice, asset management, or otherwise, please provide detail on the amounts paid, to whom, and the fee arrangement.

In order to obtain the desired investment exposure across many asset classes and geographies, and to optimize its overall risk profile, the College chooses to diversify its investment of endowment funds across a wide variety of investment management firms. These managers deploy a range of different fee structures, including a flat-rate charge on assets under management (AUM), and a flat fee plus an incentive fee. Incentive fees may be based on absolute returns or returns in excess of a relevant benchmark. Since some management fees are tied to investment performance, fees as a percentage of endowment market value are higher in years of stronger investment performance.

AMHERST COLLEGE ENDOWMENT MANAGEMENT COSTS

All $s in 000s	2013	2014	2015
Investment management fees	$ 34,047	$ 37,497	$ 29,779
Custody fees	67	64	70
Consulting fees	90	94	91
Investment office expenses	2,320	1,733	1,810
Total	$ 36,524	$ 39,388	$ 31,750
As a % of average endowment market value	2.1%	2.0%	1.5%
Investment office full-time staff	6	6	6
Investment management firms	78	81	81
Other outside firms	3	3	3

The Amherst College endowment is overseen by a seven-member Investments Committee of the Board of Trustees. Each generously provides extensive time, attention, and counsel to the College's investment decisions. Collectively, the committee sets overall investment policies, makes the final determination on manager selection, and determines key parameters such as asset allocation targets, liquidity guidelines, and benchmark selection. The College's Investment Office is a team of six skilled professionals who oversee and manage all aspects of endowment operations. This team is currently composed of a chief investment officer, an investment officer, a senior investment analyst, an investments manager of operations, a performance analyst, and an investments assistant.

5. If your endowment is required to file a Form 990 separately from your college or university's Form 990, please provide the endowment entity name(s) and Employment Identification Number.

The Amherst College endowment is not a separate entity. Endowment assets are fully included within the Form 990 filed by The Trustees of Amherst College, EIN 04-2103542.

6. How does your college or university determine what percentage of the endowment will be paid out each year? If any, what has been the target payout as a percentage of the endowment's beginning balance each year? If that answer differs from the percentage paid out, please explain why. Please attach any payout policies or guidance.

Amherst College has one of the largest endowments per student of any institution of higher education in the nation, totaling approximately $1.2 million as of the end of 2015. In addition, it deploys what it believes to be the most robust set of financial aid policies and practices of any liberal arts college, and among the most generous of any college or university in the nation (see the response to Question 9 for more information about financial aid at Amherst College). As a result of its large endowment and extensive financial aid policies and practices, Amherst College is perhaps the most endowment-reliant institution of higher education. In 2015, the College's endowment distribution of $83.5 million funded 49% of the College's $169.3 in operating expenditures. The College projects this figure will reach 51% in 2016.

The College's endowment reliance creates an acute need to invest and utilize endowment assets in a way that preserves its purchasing power over the long term. For many years, Amherst College has targeted an annual distribution rate between 3.5% and 5.0% of market value, using a three-year rolling average market value of its endowment. A three-year rolling average approach to endowment spending, rather than beginning market value, helps avoid overreaction to the inherent volatility in investment markets. As a result, the College maintains a relatively smooth and predictable flow of endowment funds to the budget. In this manner, the College can pursue its mission over time with minimal disruption to current operations. This insulates today's students, faculty, and staff from the effects of any temporary sharp movements in endowment valuation.

Despite a relatively wide target range of 3.5% to 5.0%, the College's distribution rate from its endowment has occurred in a much tighter range for many years now. Since 2003, the College's endowment distribution rate has ranged from a minimum of 4.1% to a maximum of 4.7%.

In recent years, the College has utilized a distribution formula to determine its endowment payout percentage. This formula applies an inflation factor to last year's distribution amount using a higher education price index, or HEPI, as published by the Commonfund Institute. It also applies the College's targeted long-term payout rate, currently 4.8%, to an average of market values over the last three years.

As a result of the formula's intended smoothing effect on annual endowment utilization, the actual distribution rate produced by the formula may deviate substantially from the long-term target rate. For example, after a prolonged period of high endowment investment returns, the formula will yield an effective endowment rate below this long-term target. Conversely, when market returns stagnate or decline, the College's actual distribution rate, as determined by the formula, will exceed its long-term target. In recent years, the College's distribution rate has been below this long-term target as a result of strong investment returns on the endowment in 2013 and 2014. Lower returns in 2015 and 2016 year-to-date will, taken by themselves, have the effect of increasing the distribution rate over the coming years.

Despite utilizing a distribution formula as the basis for determining its endowment spending, the College reserves the right to settle upon a different distribution rate during its budget process. Recognizing the demands of an ambitious mission and the need to maintain intergenerational equity in the utilization of its endowment, the College recently authorized a modest increase in its endowment distribution rate over the formula for the 2016 budget. This permitted the College to address key budgetary needs, including student advising and support, campus safety, and student research. Strong investment returns on its endowment from 2011 through 2014 made this decision possible while maintaining an endowment spend rate below the long-term target.

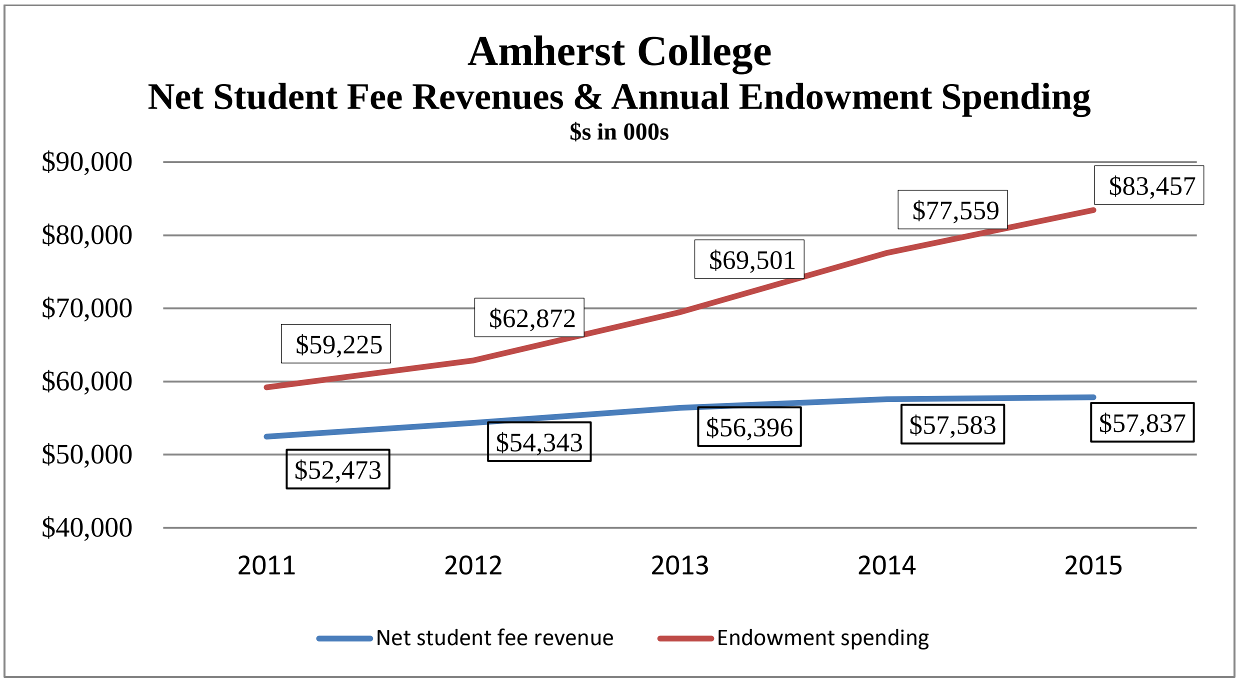
7. Does your college or university have policies regarding spending the endowment principal? Has your college or university ever spent endowment principal? If so, under what circumstances?

The College's policies and practices follow the requirements and principles of the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA), signed into law on July 2, 2009. The Act requires an institution to spend endowment resources as it deems prudent after taking into account a variety of factors, including general economic conditions, the duration of the fund, and the expected long-term return on investments, among others.

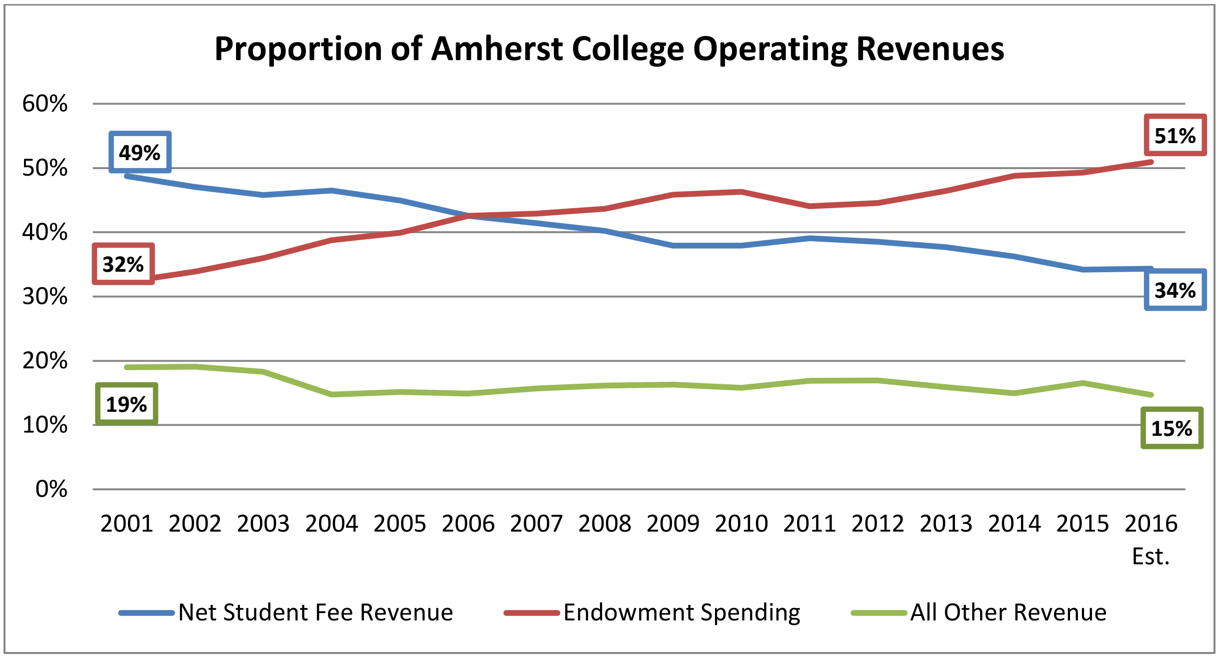
In accordance with commonly-accepted best practices as well as a desire to preserve the purchasing power of its endowment over the long term, the College endeavors not to spend endowment principal. However, it also seeks to put donor-provided funds aggressively to use in the pursuit of the College's mission. The College begins distribution from a new fund soon after the receipt of the gift. As a result, the valuation of a newly received gift might, at times, fall below the original principal received from the donor if investment market conditions decline in the period immediately after the gift receipt. The College monitors the status of these "underwater" funds carefully, and may opt to temporarily suspend spending from such funds to preserve principal valuation. In 2013, 2014, and 2015, spending of endowment principal was infrequent, minimal, and temporary. During a period of prolonged investment market decline that coincides with new endowment gift activity, the College would take more assertive measures to preserve core endowment principal for the long term.

8. How much and what percentage of the endowment's beginning balance has your college or university spent each year? How much and what percentage of the endowment's return on investment has your college or university spent each year?

Amherst College has aggressively deployed endowment returns over the years into increasing support of the College's budget. Over the four-year period from 2011 through 2015, for example, the College increased its endowment spending by 41%, a compounded annual growth rate of 9%. This has permitted the College to decrease its reliance on net student fees (tuition, room, board, and other fees, less financial aid). Over this same period of time, net student fees grew just over 10%, a compounded annual growth rate of 2.5%.



Over a longer period of time, Amherst College has transitioned from an institution primarily dependent upon student fee collections to one that instead relies far more upon endowment spending. As recently as 2001, nearly 50% of the College's revenues were derived from net student fees while the endowment provided roughly one-third of total revenues. By 2015, those ratios had nearly exactly flipped, with the endowment now providing roughly half of the College's revenues and net student fees contributing roughly one-third:



As previously noted, the College calculates its endowment spending rate on a rolling three-year basis, rather on a beginning market value basis.

Over the prior three years, the College's endowment spending rate on a rolling three-year basis has remained relatively consistent around 4.5%. As a result of higher-than-usual endowment returns from the 2011 through 2015 period, the College's spending rate calculated on a beginning market value basis has been lower:

	2013	2014	2015
Endowment Spending, Rolling Three-Year Basis	4.47%	4.56%	4.46%
Endowment Spending, Beginning Market Value Basis	4.24%	4.26%	3.88%

However, the College experienced lower returns in 2015 than average returns from 2011 through 2014. In addition, as previously noted, fiscal year-to-date returns in 2016 through February are negative. As a result, future endowment distribution rates will likely be higher than in the recent past. In particular, future distribution rates calculated on a beginning market value basis may be significantly higher.

9. What percentage of your endowment does your college or university devote to financial aid for student tuition? How much for other forms of financial aid? Please specify the types of non-tuition financial aid provided.

Amherst College is a national leader amongst higher education institutions in financial access and affordability. In 2015, 57% of Amherst College students qualified for need-based scholarship grants from the College. On average, each of those students received a need-based scholarship grant of $49,134.

The College is one of the very few colleges and universities in the nation that offers the following range of major financial aid policies:

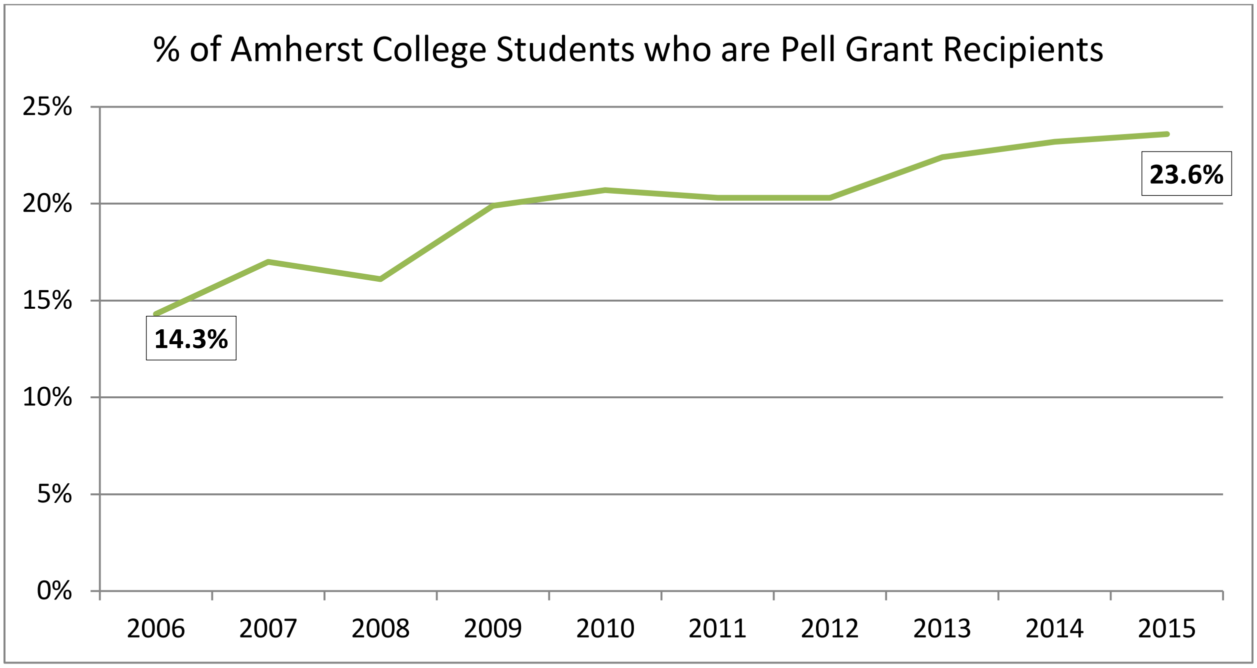
- Conducts a fully need-blind admissions process for all applicants (early decision, regular decision, wait list, transfer applicants)
- Meets 100% of every admitted student's demonstrated financial need
- Does not presume borrowing through loans when determining scholarship grants (i.e., the College deploys a "no loan" policy)
- Does not provide non-need-based financial aid (i.e., "merit" scholarships). All financial aid resources are devoted to meeting the financial needs of admitted students

In addition, Amherst College maintains generous financial aid practices in determining the financial need of its admitted students. Some examples of these practices include:

- Approving students to study abroad without increasing the costs that families pay beyond what they would pay if the student were on campus
- Considering individual family expenses including secondary school tuition, unusual medical expenses, and support for extended family
- Requiring a relatively modest contribution from student summer and in-term employment towards cost of attendance. When students participate in an unpaid internship or do volunteer work for the summer, a portion of their contribution is replaced with a grant from the College on a one-time basis.
- Providing grants for all students receiving financial aid to cover the full cost of the student medical insurance plan if they don't otherwise have sufficient coverage
- Removing further financial barriers for high need students by covering their out-of-pocket medical and emergency dental costs, as well as providing assistance toward employment search expenses such as travel and clothing or graduate school testing fees

These policies allow Amherst College to admit any qualified student from anywhere in the nation, and in fact the world, regardless of financial condition. They also allow every student the opportunity to experience and enjoy the Amherst College experience to the fullest extent.

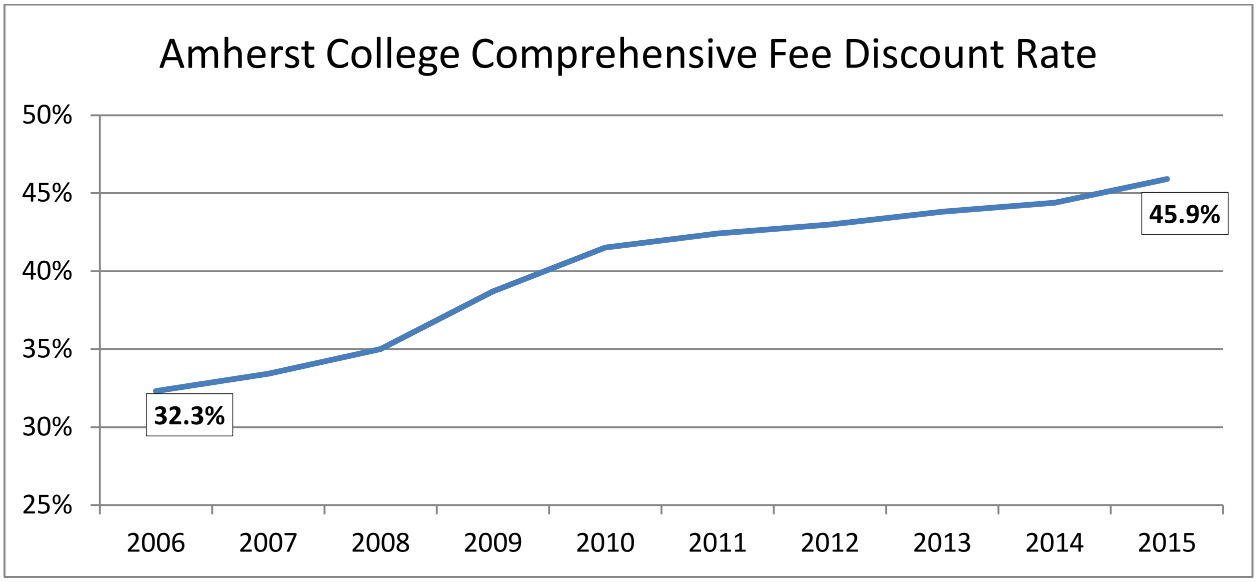
Amherst College's growing commitment to financial access and affordability has had a significant and measurable impact on the College's ability to admit the very best students from all financial backgrounds. As an example, the proportion of Amherst College students who are federal Pell Grant recipients, a marker of significant financial need, has increased significantly in recent years:



These students succeed at the same rate as the student body as a whole, graduating at a 94% rate within six years. Additionally, Amherst's Pell Grant recipient population experiences very low net student fee obligations as a result of the College's financial aid policies and practices, particularly its exclusion of loans from family contribution expectations. According to a recently-published study, Amherst is the only school among those asked to respond to this inquiry that enrolls Pell Grant recipients at a rate exceeding 20% and charges those students an average net price of less than $5,000 annually.[1]

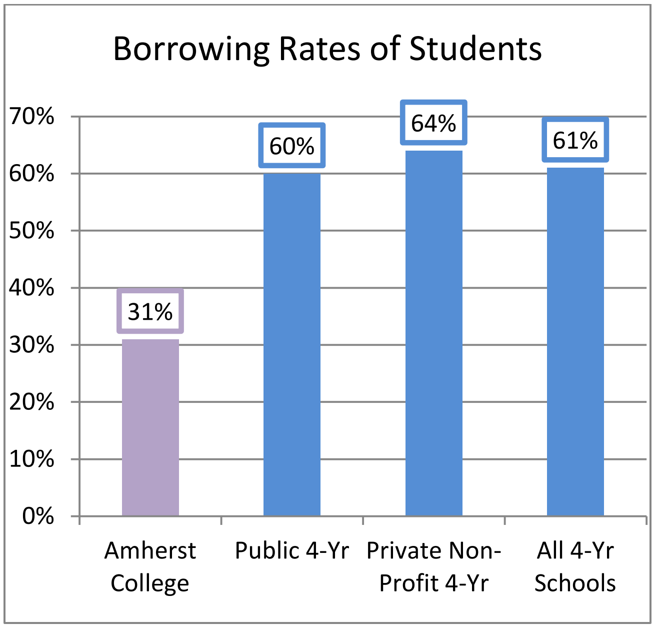
Over this same period, Amherst College's "discount rate," calculated by the average revenues paid to the College by each student divided by the College's published comprehensive fee (or "sticker price"), has decreased dramatically, as the College's commitment to financial aid has increased:

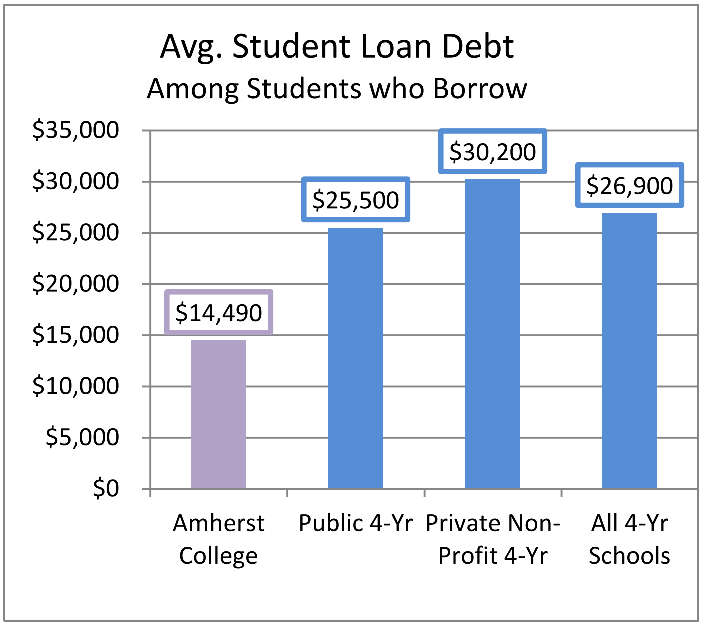
[1] *Undermining Pell: Volume III*, New America (March 2016), https://static.newamerica.org/attachments/12813-undermining-pell-volume-iii/Undermining-Pell-III-3.15bba9018bb54ad48f850f6f3a62a9fc.pdf



In addition, Amherst College graduates assume far less debt than the overall average of students at other colleges and universities. Although the College provides full grant support without presuming loans to cover the demonstrated financial need of admitted students, some families choose to utilize student loan programs to borrow during the student's time at the College. On average, approximately 31% of Amherst College students leave the College with a student loan balance. Of those students who borrow, their average loan balance due is $14,490. Nationwide, the borrowing rate among college graduates is 61%, roughly twice the rate for Amherst College students. On average, each of those students leaves with a loan balance of $26,900. Students at private colleges borrow even higher amounts, and at a higher proportional rate.[2]

[2] All information relates to 2014 graduates, the most recent year that comparable data is available. http://trends.collegeboard.org/student-aid/figures-tables/cumulative-debt-bachelor%E2%80%99s-degree-recipients-four-year-institutions-over-time. https://www.amherst.edu/system/files/H%2520Financial%2520Aid.pdf





The College's financial aid policies and practices are possible only because of the Amherst College endowment. The endowment provides direct support to financial aid in the form of named, restricted scholarship funds that distribute funds annually to meet student financial need. As reported in the response to Question 1, these funds totaled $325.6 million in market value in 2015, 14.8% of total endowment market valuation. In addition, the remainder of the College's endowment, including unrestricted board-designated funds and donor-restricted funds, enables the College's financial aid policies and practices by directly covering other expenses and permitting the College to forgo net student fee collections from its students with financial need.

Amherst College's financial aid offering to students with demonstrated financial need includes an allowance not only for tuition, but also for room, board, mandatory fees (including a student activity fee that students charge themselves and utilize for student-run programs), medical insurance, travel expenses, books and supplies, and other personal expenses. In addition, the College may grant incremental funds in hardship or other unique situations to students upon request and appropriate demonstration of need. It is not possible to separate the amount of financial aid for tuition, other College charges (room, board, fees), and external expenses (medical insurance, travel, books, supplies, personal expenses). Amherst College treats all student costs to attend the College the same in its determination of financial need.

10. Does your college or university have policies regarding whether it is allowed to accept funds restricted to a specific purpose? Has your college or university ever declined a donation because it was restricted to a certain purpose? If so, please describe those specific scenarios in which your school rejected a donation.

Amherst College maintains a Gift Acceptance Policy (GAP). It was first adopted in 1999, with revisions in 2001, 2004, and 2014. The policy governs all aspects of the consideration, acceptance, and disposition of gifts. In general, the College seeks to be collaborative with its prospective donors to arrive at gift agreements that meet the philanthropic interests of donors and address important priorities within the College's mission. It is the intent of the College to be as accommodating as possible in the acceptance of proposed gifts, yet to have clear guidelines and policies in place to govern the consideration and potential rejection of gifts with donor-imposed restrictions.

When possible, the College encourages gifts without restrictions, to allow Amherst College to utilize gift proceeds to address its highest priorities. The majority of unrestricted giving is assigned to Amherst College's Annual Fund, a recurring gift fund with extraordinary participation and success over the decades. Amherst College alumni, parents, grandparents, staff, friends, and students make contributions each year to this fund. Each year, about 50% of Amherst College's alumni donate to the Annual Fund, one of the highest alumni giving rates in the country. The College also encourages and accepts unrestricted gifts to its endowment.

When a donor has a preference to place a spending restriction on a gift, the College encourages such restrictions to be broadly defined to general-purpose categories: financial aid, student life, instruction, the library, athletics, administration, or facilities. In this manner, the gift can meet the donor's interest in directing funds to a particular need, yet remain flexible enough for the College to spend those proceeds on a wide variety of priorities.

Amherst College recognizes that many donors find particular aspects of the College's mission more appealing to support than others. These donors prefer to attach a more specific restriction to the direction of their philanthropic funds. The College is pleased to accept such gifts that align closely with its priorities. Specific policies and practices govern the consideration of gifts that donors prefer to provide with a more refined restriction. Professionals from Amherst College's Advancement office work very closely with donors to develop jointly agreeable restrictions and conditions for donor-directed gifts.

There are a number of restricted gift proposals that the College cannot and will not accept under any circumstance, including those that involve unlawful discrimination; violate applicable laws or regulations; violate the College's by-laws; conflict with the Council for Advancement and Support of Education (CASE) "Statement of Ethics"; are directed to a specific student, staff member, or faculty member; or conflict in any way with the College's mission and values.

Gifts that may expose the College to adverse publicity; require additional expenditures of College resources; or involve the College in unexpected responsibilities because of their source, conditions, or purposes are referred to a Gift Acceptance Committee (GAC), which will convene to consider all such proposals. This consideration may lead to modification of the gift proposal before acceptance, or rejection of the gift. The committee may also reject gifts that are inconsistent with the priorities of the College, or that create inequitable conditions for students as a result of a restriction of a certain benefit to a particular subset of the student population.

Amherst College's donors are inspired to support the mission of the College, and are fully aware of the limitations on the College's ability to accept a gift as described above. In cases in which an initial proposal is made in conflict with gift acceptance limitations, donors and College administrators generally collaborate successfully to modify key aspects of the proposal to make it satisfactory both to the donor and to Amherst College. In rare and minor instances, the College has rejected gifts where unacceptable donor limitations could not be modified.

11. How much and what percentage of your college or university's endowment is invested in real property (not including REITs or other publicly-traded securities)? Please list and describe your college or university's real estate holdings, including real estate held by the college or university, the endowment, and all related entities. If the college or university has made any Payments in Lieu of Taxes, please provide the date and amount of payment.

The College does not hold real property in its endowment investment pool.

All real estate held by the Entity is deployed in operations, not for investment purposes. Land and buildings consist of the College's physical campus; the Library's facility in Washington D.C.; and the Lord Jeffery Inn, a hotel property owned by the College through the Amherst Inn Company. Real estate holdings, net of depreciation, as of academic year 2015 were as follows:

TRUSTEES OF AMHERST COLLEGE: REAL PROPERTY

all $s in 000s	Land	Land Improvements	Buildings	Faculty Residences	Total Real Estate
Endowment Investment Pool	$ -	$ -	$ -	$ -	$ -
Amherst College (excl AIC)	7,524	9,659	309,093	7,705	333,981
Amherst Inn Company (AIC)	1,028	699	15,089	-	16,817
Folger Shakespeare Library	908	-	18,262	-	19,170
Total Entity	$ 9,461	$ 10,358	$ 342,444	$ 7,705	$ 369,968

Although Amherst College does not consider its support to local governments and organizations to be payments in lieu of taxes, the College has a strong record of supporting its local communities, and in particular, the Town of Amherst, Massachusetts town government, the school district, and other quasi-governmental entities. The College does so through a variety of voluntary cash payments primarily for support of local schools and town government. For example, the College provided $92,000, $120,000, and $130,000 to provide funding support for the Town of Amherst's 2013, 2014, and 2015 budgets, respectively. In addition, the College regularly and readily consents to making its resources available for usage, pro bono, for town gatherings and events. Amherst College also offers free tuition for local high school students to take College classes. At times, the College has paid for sidewalk and road repair work in areas of the town adjacent to campus.

In addition to these voluntary payments, we believe that Amherst College is the largest single taxpayer in town, averaging over $450,000 in annual payments to the Town of Amherst over the last three years.

Summary of Payments to Local Governments/Quasi-Governmental Agencies

	2013	2014	2015
Property Taxes	$ 435,409	$ 485,872	$ 454,355
Other Payments to Local Entities			
Town of Amherst	92,000	120,000	130,000
Amherst Public Schools	50,000	85,000	75,000
Amherst Business Improvement District	15,000	15,000	15,000
Amherst Area Chamber of Commerce	2,380	3,857	3,870
Hampshire County Chamber of Commerce	-	20,000	-
Total Payments	$ 594,789	$ 729,729	$ 678,225

12. Does your college or university grant naming rights to donors based on certain donation levels? If so, please describe the naming rights program, including how much and what percentage of any naming rights donations your college or university has used for tuition assistance.

In recognition of generous support and/or devoted service to the College, Amherst College has consented to naming opportunities since its earliest days. Often, the College chooses to honor an individual who has served with distinction through a naming event, even absent donor funding. In other cases, donors seek the opportunity to honor an individual, a relative, or their family name through a donation to the College. The College permits the naming of a variety of activities and physical items, including student scholarships; fellowships; new or existing buildings or spaces; professorships; and certain programs.

In granting naming rights to donors, the College maintains policies and funding thresholds that govern the naming event depending on the activity or item to be named. All naming decisions must be reviewed and authorized by senior College officials. In some cases, naming rights are ultimately approved by the President and Board of Trustees.

Amherst College strongly encourages gifts that support financial access and affordability, and over the years, the College's donors have responded enthusiastically. They have supported financial aid scholarships through endowment and current use gifts. All endowed scholarships are named funds, some of which provide scholarship support to specific students. Many of these students reach out to the donor(s) of their scholarship fund to express appreciation for the donor's generosity in supporting their Amherst College education. In addition, several donors fund prestigious fellowship programs that provide selected recipients with funds not only to meet their financial need, but also to pursue an ambitious research or other scholarly agenda.

From 2013 through 2015, the College's donors established 22 new endowed scholarship funds, and made gifts that added to another 139 existing endowed scholarship funds. Cash receipts during this period for these 161 endowed scholarship funds totaled $16.4 million. Donors funded another six non-endowed fellowship funds benefitting multiple students with financial need, totaling $3.0 million. During this same period, the College received cash donations for nine named facility and space projects totaling $21.4 million. The College received donations of $10.1 million for all other named endowed and non-endowed restricted funds (including professorships, prizes, internships, lectures, and academic programs).

13. What conflict of interest policies does your college or university have in place to address financial interest in endowment investments (including potential conflicts of interest among and between governing boards, trustees, executives, internal employees tasked with overseeing the endowment, and external asset managers of endowment assets)? How do you vet board members' potential conflicts of interest? What are your policies if a conflict arises with a member of the board of trustees?

See Appendix 1 for the Amherst College Conflict of Interest Policy. Every trustee, honorary trustee, officer, and key employee must disclose any conflict of interest or potential conflict of interest immediately upon the existence of such a conflict. Each of these individuals is required to complete and submit a filing annually disclosing all relationships and activities which may create a conflict of interest. Should a conflict of interest exist, the trustee, officer, or employee shall refrain from participating in the consideration of any proposed transaction which may be impaired by the potential conflict, unless specifically requested to provide information regarding the transaction in question. Such person shall not vote on or take any position for or against the proposed transaction.

In addition, the Amherst College Investment Committee of the Board of Trustees maintains the following policy regarding endowment conflicts of interest:

"The Investment Committee will generally not consider investments with affiliated firms or in funds directly managed by a member of the Committee and/or Board of Trustees. In addition, a member of the Committee employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The Committee recognizes, however, that certain exceptions to this policy may be appropriate. Such exceptions will be made only upon a majority vote of the disinterested members of the Committee. Once such an investment is approved by the Investment Committee, it will be sent to the Audit Committee and the full Board for review and approval before the investment is made. The entire diligence, review and approval process should be well documented and the minutes of the Board and all committees shall reflect how the conflict of interest was managed."

In recent years, the College has invested in only one fund in which a College board member participated in its management. The requirements of the respective conflict of interest statements of both the College and the Investment Committee were followed in their entirety throughout the evaluation, selection, and subsequent managing of the fund as part of the endowment.

APPENDIX 1

Amherst College

Conflict of Interest Policy

1. Policy

This policy covers all members of the Board of Trustees and honorary trustees that participate in board or committee meetings, Officers and Key Employees (as determined by the Conflict of Interest Review Committee, described in Section 3) of Amherst College (the "College"). Further, it is intended to serve as a guide to all persons employed by the College, regardless of position.

Trustees and others with significant responsibilities for the College have a fiduciary duty of loyalty to the College. At all times they should act in a manner consistent with this fiduciary obligation and shall exercise particular care that no detriment to the interests of the College (or the appearance of such detriment) may result from a conflict between those interests and any personal interests which the individual or members of his or her family may have.

Conflicts of interest may arise, for example, through acting as an officer or director of, or the ownership, direct or indirect, of a material financial or other interest (including that of a creditor or debtor) in an organization supplying goods or services to the College; the performance of services to other organizations which do business with the College; the receipt or acceptance of benefits from any organization doing, or seeking to do business with the College; or participation in or taking advantage of any business opportunity or activity in which the College has an interest. Employees covered by this policy are expressly prohibited from using their employment position to gain favorable or preferential access to vendors, investment advisors, or organizations for their own benefit.

2. Disclosure

All individuals covered by this policy shall complete and file a Conflict of Interest Disclosure Statement with the Secretary of the Board of Trustees (the "Secretary") annually. In order to aid in completing the statement, the College will prepare a list of companies that had material transactions with the College in the prior year and a list of investments held at the end of the fiscal year.

In the period between the filing of the annual statements, if an individual covered by this policy believes that he or she may have a conflict of interest as described in this policy, he or she shall promptly and fully disclose in writing the potential conflict to the Secretary and shall refrain from participating in any transactions or decisions of the College that may be impaired by the potential conflict until its review and conclusion by the Conflict of Interest Review Committee.

The College is aware that it may not be possible to completely avoid all relationships between those individuals covered by this policy and certain third parties that the College transacts with. One of the keys to evaluating the potential conflict is full disclosure. No Trustee, Officer or Key Employee shall be disqualified from holding office by reason of any interest.

3. Disclosure Review

The Secretary will accumulate all disclosure statements and furnish them, or a summary thereof, to the Conflict of Interest Review Committee. This three-member committee is comprised of the Chairman of the Board of Trustees, the Chairman of the Audit Committee and a Trustee to be named by the Chairman of the Board of Trustees. The Secretary will be responsible for ensuring compliance by the full population covered by this policy and report to the Conflict of Interest Review Committee those individuals failing to furnish an annual statement.

4. Conflict Resolution

In all instances where the Conflict of Interest Review Committee determines that a conflict of interest does exist, such conflicts, and their remedy, shall be disclosed to the Board of Trustees at the next meeting. The Conflict of Interest Committee will report to the Board at least annually in any case.

In general, when those covered by this policy are deemed to be in a conflict of interest situation with respect to any matter before the Board or administration, that individual shall refrain from participating in the consideration of any proposed transaction which may be impaired by the potential conflict, unless specifically requested to provide information regarding the transaction in question. Such person shall not vote on or take any position for or against the proposed transaction. When deemed appropriate, a notification shall be made in the minutes of the meeting that the person involved neither participated in the consideration of the proposed transaction nor voted on the matter.

5. Confidentiality

The individual disclosure statements shall be held confidential by the Secretary and the Conflict of Interest Review Committee. The statements shall be open for inspection by the public only: (a) by official action of the Board of Trustees upon showing of good cause; (b) with the consent of the person who submitted the data which is to be disclosed; (c) by court order; or (d) as otherwise required by Massachusetts or federal law or regulation.