

Committee on Priorities and Resources
Meeting Minutes - September 13, 2022

In Attendance: Professor Nusrat Chowdhury, chair; Professor John Rager; Professor Frederick Griffiths; Professor Jonathan Obert; Interim Chief Financial Officer Thomas Dwyer, *ex officio*; Provost and Dean of the Faculty Catherine Epstein, *ex officio*; Steven Hegarty, recorder

Not in attendance: Chief Human Resources Officer, Kate Harrington, *ex officio*; Interim Director of Financial Planning, Ashley Travis, *ex officio*; Assistant Director of Family Giving, Emily Ziomek

The meeting came to order at 8:45 am.

Proceedings:

1. CPR kicked off the year with member introductions and a review of the CPR charge (see below).
2. Agenda items for Fall semester include the completion of the annual Faculty Salary Report. This will be presented to the Board at their February meeting. In addition, there are a few open items from 2021-22:
 - a. Consideration of increasing the annual capital budget
 - b. Including facilities for faculty and staff lunches or gatherings in the new student center
 - c. Further consideration of the faculty commons proposal from Alex George
 - d. Discuss changes to grant-in-aid, as proposed by JP Baird. Currently, HR is looking at options and peer schools
 - e. Fully address the student concerns brought to CPR last year, such as improving dorm mattresses and looking at extended options for off campus living
3. Tom presented an overview of the Amherst College budget:
 - a. Comparison of financial strengths and risks at Amherst:
Strengths include a strong endowment, a lower reliance on tuition revenue, an active and generous donor base, and a high credit rating.
Primary risks are the heavy reliance on endowments, a higher debt balance, the external and governmental scrutiny of the college, and institutional ambitions that challenge our financial capacity.
 - b. Overview of some metrics:
The FY23 operating budget is \$240M. The college endowment provides about 57% of the annual budget. Additional sources of income are the net comprehensive fee (34%), and other revenue, including the annual fund of about \$10M (9%).
The comprehensive fee is currently \$80,250. The net fee collected per student is \$41,477, reflecting a discount rate of 46%.
The primary expense driver is salary and benefits, comprising 62% of expenses. The remainder of the budget supports programmatic expenses (18%) and various other categories, including debt service, renovations, and utilities.
 - c. Endowments are there to be used as well as preserved forever, and are managed to balance those two needs. It can be invested aggressively for the long term, but also has to be liquid, accessible, and safe.

- d. The college takes a “smoothing” approach to endowment spending to avoid major budgetary swings year over year. Annual spend rate is based 70% on the prior year, adding the Higher Education Inflation Rate, and 30% on an average of the last 12 quarters of endowment market valuation. Spending target range of 3.5 to 5% of the overall endowment valuation, centering around 4.5%.
- e. Tom will distribute the presentation to CPR. Next week, current position of the college

Adjourned 9:40 am.

Respectfully submitted,
S Hegarty

CPR Charge:

Committee on Priorities and Resources

The purpose of the CPR is to bring a range of faculty, student, and staff opinion to bear upon (1) the process of annually budgeting the resources of the college, and (2) the long-term allocation of resources. To ensure the CPR's involvement in the annual budget process, the administration will bring the budget currently being formulated before the CPR while there is still ample time to affect it. The administration will also present its sense of the priorities among competing claims on the college's resources. The CPR will present to the Amherst College Board of Trustees the committee's views on the annual budget as it is being prepared and on long-term financial concerns. In the spring term, the CPR will also receive and respond to new large capital requests and review the ongoing list of capital priorities and deferred maintenance projects. To discharge its responsibility to assess the continuing ability of the college's financial resources to support its educational mission, the CPR will periodically review the long-term financial impact of such things as the relationship between resources and programs, the level of compensation and benefits, the level and rate of change of the comprehensive fee, and other pertinent matters. To that end, the committee will query other offices and committees about proposals that have financial implications.

Particular responsibilities of the faculty members of the CPR are to represent to the administration the views of the faculty concerning the budget and to report to the faculty each year concerning the status of faculty salaries and compensation.

The committee may request that the Committee of Six include CPR reports or recommendations on the agenda of meetings of the faculty.