

Committee on Priorities and Resources
Meeting Minutes – October 6, 2020

In attendance: Professor Javier Corrales; Professor Andrew Dole; Professor Jill Miller, chair; Professor Monica Ringer; Library Administrative Assistant/Bookkeeper Susan Bradley; Retail Dining Assistant Peter Charron; Director of Financial Planning Thomas Dwyer, *ex officio*; Provost and Dean of the Faculty Catherine Epstein, *ex officio*; Chief Human Resources Officer Maria-Judith Rodriguez, *ex officio*; Chief Financial and Administrative Officer Kevin Weinman, *ex officio*; Brooke Harrington '22, *ex officio*; Allie Ho '24; Sydney Ireland '23; Steven Hegarty, recorder

The meeting came to order at 8:30 am.

Proceedings

1. Introductions and welcome to new members of the committee, and an overview of the CPR's charge. Upcoming meetings in the Fall semester will address the current budget issues and include visits from various units at the college (Human Resources, Facilities, Admission & Financial Aid), as well as completing the annual faculty salary report.
2. Description and discussion of the college financial model (Tom)
 - a. Tom presented a breakout of the FY20 college operating budget. In the last fiscal year, the college endowment supported 53% of spending. This is among the highest percentages at colleges and universities.
 - i. Proportions of revenue sources have shifted significantly over time, and the college is now more reliant on the endowment returns than student fees.
 - ii. Increased endowment spending has supported new initiatives, including the need blind admissions policy for both domestic and international students.
 - iii. The Other Revenue category includes current restricted giving, auxiliary operations such as summer programs, and trust liquidations. There is a noted proportional decline in this category. However, total annual giving has remained consistent, and about 50% of alumni contribute each year.
 - iv. Creative, entrepreneurial ideas to broaden revenue from summer programs and similar initiatives are welcome. For example, consider creating alumni programming that builds on the new experience with remote education.
 - b. Review of expense categories.
 - i. The primary college expense is salary and benefits for faculty and staff, totaling 60% of overall expenditures.
 - ii. Between 25% and 33% of annual expenses are facility related. This includes capital expenditure, building maintenance, and utilities, as well as debt service for past construction borrowing.
 - iii. Regarding expense growth and what are the drivers of that are, Kevin replied that, over the past 8 years, the budget has grown significantly with investments in people and facilities.

- c. CPR requested a more granular breakdown of expense categories, as well as additional information on both the timeframe for creating the proportional trend, and the interpretation of the data.
 - d. Kevin noted that relying on endowment investment returns carries risk. However, the risk can be managed. Further, as the percentage of endowment support increases, the college will operate almost like a foundation, spending primarily investment returns.
- 3. Preview of Kevin's presentation at the faculty meeting, October 6, 2020
 - a. Focus is on current moment. While the endowment has recovered and performed well, there is severe pressure on student fee revenue and an increasing need for student aid and unknown continuing impacts from COVID-19.
 - b. During FY21, one-time spending related to the COVID-19 response will increase the reliance on the endowment. Currently it is expected to fund 62% of the operating budget.
 - c. Ongoing costs to manage health risks include continued testing, modifications to dining services, and the expansion of student health services.
 - d. The financial challenge will linger, with a need to identify structural budget actions in place of one-time measures.
- 4. Questions and discussion
 - a. Regarding the overall status of fundraising and giving, it is too soon to know. There were additional alumni gifts to support student needs in the Spring.
 - b. The working group formed in the spring, which included the CPR chair, is no longer active. That was created to make quick decisions.
 - c. Longer term ideas for budget changes will be formulated and discussed with CPR and additional working groups. The menu of options for structural adjustments may include positions, travel, and other strategic priorities.

Adjourned 9:30 am.

Respectfully submitted,
S Hegarty