

Committee on Priorities and Resources  
Meeting Minutes – April 12, 2022

In attendance: Professor Nusrat Chowdhury; Professor Andrew Dole, chair; Professor Jill Miller; Retail Dining Supervisor Peter Charron; Interim Chief Financial Officer Thomas Dwyer, *ex officio*; Chief Human Resources Officer, Kate Harrington, *ex officio*; Interim Director of Financial Planning, Ashley Travis, *ex officio*; Assistant Director of Family Giving, Emily Ziomek; Allie Ho '24; Steven Hegarty, recorder

Not in attendance: Professor Monica Ringer; Provost and Dean of the Faculty Catherine Epstein, *ex officio*; Dania Hallak '24, *ex officio*

The meeting came to order at 8:30 am.

Proceedings

1. Tom presented the budget slides from Board of Trustee Finance Committee meeting on April 8:
  - a. Currently, the projected budget gap is \$8.3m, based on refined revenue assumptions and reviewing/prioritizing expense requests.
  - b. As discussed at recent CPR meetings, the college endowment projection incorporates anticipated market fluctuations, and is updated regularly. The college is currently projecting a 10% decline compared to the ending FY21 endowment value. The FY22 return will have a greater impact on future years than in FY23, given the very positive returns in FY21.
  - c. Review of strategic investments announced in the fall:
    - i. Enhanced financial aid;
    - ii. For staff, conversion of casual positions and salary support for lower paid employees;
    - iii. Faculty research support; and
    - iv. Competitive faculty and staff salary pools for FY23.
  - d. Additional expense factors are inflationary cost increases, restoration of pre-pandemic budgets (such as travel), and a small number of new programs and enhancements.
  - e. Given the size of the funding gap, a supplemental endowment distribution of up to \$7m is being considered. Most expenses in the budget are fixed and recurring, and not one-time. The trustees preferred a lower supplemental that would be phased out over time. A \$7m supplement would still leave a budget shortfall of \$1.3m to be addressed, likely through budget reductions.
  - f. Senior staff will consider options to reduce funding gap.
2. Tom also shared the endowment update presentation from the investments office, including a review of the endowment, its value over time, and the rolling returns using the college smoothing formula. The college reliance on the endowment as a percentage of its budget has grown over time.
3. Amherst pays a tax on endowment earnings that reduces the return. The results presented are net of the tax, which can be between \$0 and \$5m per year, based on the return.
4. Vacancy savings from open positions is smaller than expected, especially given the recent enhancements to hiring and retention. Also, since the long-term goal is to fill vacant positions, the budget allocations cannot be redeployed.

Adjourned 9:20 am.

Respectfully submitted,

S Hegarty