

**TO:** Budget Advisory Committee  
**FROM:** Peter Harvey, Chief Financial Officer  
**DATE:** October 31, 2019

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### **Review of 2018-2019 Budget Results**

Attached is the 2018-2019 year-end budget report. Enrollment for the year was 1519 FTE, which was just above budgeted enrollment of 1504 FTE. The discount rate of 40.7% was above the budgeted rate of 39.9%. As a result, the college had a net tuition revenue shortfall of \$214,000. In addition, off campus studies had a \$237,000 program fee deficit due to increased student participation. These shortfalls were covered by the \$1,335,000 enrollment contingency.

Other than the net tuition revenue shortfall, the college had mostly positive operating results. The college had \$805,000 in department operating surpluses. There was a \$416,000 surplus in unrestricted Annual Fund gifts. These surpluses, combined with the unused enrollment contingency and unrestricted estate gifts, results in \$5,074,000 in surpluses available for trustee designation. The cabinet is recommending \$4 million in the surpluses be designated to endowment to support financial aid. The balance will be set aside to support future strategic priorities.

There was a \$440,000 surplus in fringe benefits. Residence Life had a \$756,000 surplus, and Food Service had a \$13,000 surplus. The bookstore had a \$103,000 deficit. These surpluses/deficits roll to their respective reserve accounts. The endowment return for the year was 3.9%.

### **2019-2020 Budget Forecast**

The first-year and transfer students for fall 2019 of 447 students is above the goal of 425 students. However, their financial aid costs of 49.4% discount rate are above the goal of 43.5%.

The following is a comparison of fall 2018 with fall 2019:

	<u>Fall 2018</u>	<u>Fall 2019</u>
FTE enrollment	1532	1590
Gross tuition	39,344,949	42,468,900
Financial aid	<u>(15,813,710)</u>	<u>(18,147,057)</u>
Net tuition revenue	23,531,239	24,321,843
Fall overall discount rate	40.19%	42.73%
Fall first year & transfer discount rate	43.20%	49.44%

The following is our forecast for net tuition revenue for the year:

	<u>Budget</u>	<u>Projected</u>
Enrollment	1540	1565
Discount rate	40.80%	42.6%
Gross tuition	82,226,800	83,590,225
Financial aid	<u>(33,570,780)</u>	<u>(35,598,818)</u>
Net tuition	48,696,020	47,991,407
<b>Estimated NTR shortfall</b>		<b>(704,613)</b>
1% variance NTR		480,000

There are many assumptions built into the forecast: attrition throughout the year; students participating in the pay-by-credit option their last semester; students returning from leaves of absence; the size of the spring class; and, the financial aid associated with all these students. Although the model is forecasting a \$704,000 shortfall, given the assumptions in the projection it is reasonable to expect a variance of up to 1% (\$480,000) in either direction. The budget includes a contingency of \$1,680,000.

### **Budget Modeling for 2020-2021**

Attached is a budget model to illustrate potential revenues and expenses for the next five years. The model indicates the key assumptions used in the projections. In our meeting, we will discuss the assumptions used and have the opportunity to change key variables in the model. The model projects a \$1.1 million shortfall in 2020-2021, before adding new expenses.

The model includes a sensitivity analysis showing the financial impact of changing key budget variables.

### **Compensation for Faculty and Staff**

Associate Dean for Faculty Development, Helen Kim and CFO Peter Harvey, will discuss the attached salary comparison data for faculty and staff.

### **Proposed 2020-2021 Planning Assumptions**

At their November meeting, the trustees will be asked to approve a set of planning assumptions for the cabinet to use in developing the 2020-2021 budget. The attached proposed assumptions are recommended by the President's Cabinet and are meant to be broad enough to provide reasonable flexibility in finalizing the budget. At our meeting, the committee will discuss the ranges so that the committee's input can be considered by the trustees.

**Whitman College  
Budget Report**

**2018/2019 Budget**

	2017/18 Approved Budget	% of Total	2017/18 Actual	2018/19 Approved Budget	% of Total	2018/19 Actual
<b>CURRENT FUND SOURCES</b>						
Full-time equivalent students	1,500		1,495	1,504		1,519
Annual tuition charge	49,390			51,370		
Annual tuition increase	4.00%			4.00%		
Discount rate	36.25%		38.50%	39.90%		40.70%
<b>TUITION &amp; FEES</b>	<b>74,102,886</b>		<b>73,819,906</b>	<b>77,281,006</b>		<b>78,012,496</b>
LESS UNRESTRICTED FINANCIAL AID	(18,461,759)		(18,375,959)	(22,229,830)		(21,131,466)
LESS RESTRICTED FINANCIAL AID	(8,398,835)		(10,018,579)	(8,604,630)		(10,648,246)
SUBTOTAL INSTITUTIONAL AID	(26,860,594)		(28,394,538)	(30,834,460)		(31,779,712)
NET TUITION REVENUE	47,242,292	62%	45,425,368	46,446,546	61%	46,232,784
INSTRUCTIONAL FEES	396,795	1%	421,832	402,391	1%	595,273
ANNUAL FUND GIFTS	1,350,000	2%	1,963,487	1,650,000	2%	2,066,463
FEDERAL FINANCIAL AID	330,000	0%	326,089	330,000	0%	326,089
ENDOWMENT INCOME	24,336,634	32%	24,336,634	24,447,951	32%	24,447,951
INVESTMENT INCOME	25,000	0%	576,445	200,000	0%	966,168
MISCELLANEOUS INCOME	230,000	0%	213,126	230,000	0%	196,628
ASWC FEES	550,680	1%	556,403	567,200	1%	559,253
SPONSORED PROGRAMS	425,000	1%	536,367	425,000	1%	547,895
AUXILIARY TRANSFER	1,004,000	1%	1,004,000	1,029,000	1%	1,029,000
USE OF RESTRICTED FUND BALANCES	0	0%	736,862	0	0%	1,122,264
SUBTOTAL EDUCATION & GENERAL	75,890,401	100%	76,096,613	75,728,088	100%	31,856,984
RESIDENCE HALLS	4,550,000	40%	4,532,878	4,640,000	40%	4,793,590
FOOD SERVICE	4,980,000	44%	4,963,361	5,250,000	45%	5,597,186
BOOKSTORE	1,050,000	9%	987,125	1,020,000	9%	983,039
OTHER AUXILIARY	710,000	6%	708,458	750,000	6%	783,233
SUBTOTAL AUXILIARY	11,290,000	100%	11,191,822	11,660,000	100%	12,157,048
<b>TOTAL CURRENT FUND SOURCES</b>	<b>87,180,401</b>		<b>87,288,435</b>	<b>87,388,088</b>		<b>90,246,816</b>

**Whitman College  
Budget Report**

**2018/2019 Budget**

	2017/18 Approved Budget	% of Total	2017/18 Actual	2018/19 Approved Budget	% of Total	2018/19 Actual
<b>CURRENT FUND USES</b>						
Faculty salary change	2.25%			2.25%		
Staff salary change	2.25%			2.25%		
Fringe benefit rate - OPE	39.00%			39.00%		
INSTRUCTION	29,841,589	41%	29,148,356	29,380,018	40%	29,335,029
ACADEMIC SUPPORT	9,809,399	14%	9,052,365	9,615,440	13%	9,218,150
SPONSORED PROGRAMS	430,744	1%	536,367	430,816	1%	547,895
STUDENT SERVICES	10,292,432	14%	9,799,566	10,483,880	14%	10,127,294
INSTITUTIONAL SUPPORT	12,128,782	17%	12,278,960	12,692,608	17%	12,966,187
PHYSICAL PLANT	9,758,455	13%	10,326,223	9,978,966	14%	9,759,963
FEDERAL FINANCIAL AID	180,000	0%	180,195	180,000	0%	172,694
SUBTOTAL EDUCATION & GENERAL	<u>72,441,401</u>	<u>100%</u>	<u>71,322,032</u>	<u>72,761,728</u>	<u>100%</u>	<u>72,127,212</u>
RESIDENCE HALLS	4,027,000	38%	3,202,154	3,900,000	36%	3,297,302
FOOD SERVICE	4,897,000	46%	4,752,279	5,164,510	48%	5,498,460
BOOKSTORE	1,045,000	10%	1,068,659	1,014,850	9%	1,081,070
OTHER AUXILIARY	710,000	7%	672,137	750,000	7%	719,676
SUBTOTAL AUXILIARY	<u>10,679,000</u>	<u>100%</u>	<u>9,695,229</u>	<u>10,829,360</u>	<u>100%</u>	<u>10,596,508</u>
SUBTOTAL OPERATING EXPENSES	<u>83,120,401</u>		<u>81,017,261</u>	<u>83,591,088</u>		<u>82,723,720</u>
CAMPUS REPLACEMENT RESERVE	2,114,000	78%	2,114,000	1,631,360	66%	1,631,360
AUXILIARY REPLACEMENT RESERVE	611,000	22%	611,000	830,640	34%	830,640
SUBTOTAL REPLACEMENT RESERVE	<u>2,725,000</u>	<u>100%</u>	<u>2,725,000</u>	<u>2,462,000</u>	<u>100%</u>	<u>2,462,000</u>
ENROLLMENT CONTINGENCY	<u>1,335,000</u>			<u>1,335,000</u>		
TOTAL CURRENT FUND USES	<u>87,180,401</u>		<u>83,742,261</u>	<u>87,388,088</u>		<u>85,185,720</u>
NET SOURCES / (USES)	<u>0</u>		<u>3,546,174</u>	<u>0</u>		<u>5,061,096</u>
Net surpluses and contingencies to be designated by Trustees			(1,819,871)			(3,526,390)
Department net (surplus) / deficit			(840,710)			(804,805)
Auxiliary net (surplus) / deficit			(885,593)			(729,901)
NET BUDGET BALANCE			<u>0</u>			<u>0</u>

# 2020.2021 Budget Model

Whitman College  
Budget Model Summary

		Greater than baseline > Less than baseline >		Greater than baseline > Less than baseline >		Greater than baseline > Less than baseline >		Greater than baseline > Less than baseline >		Greater than baseline > Less than baseline >	
	19/20 Approved		20/21 Estimated		21/22 Estimated		22/23 Estimated		23/24 Estimated		24/25 Estimated
<b>ASSUMPTIONS</b>											
Tuition Charge	53,420		55,560		57,780		60,090		62,490		64,990
Tuition Charge Increase +/- .25%	4.00%	▲ ▼	4.00%	▲ ▼	4.00%	▲ ▼	4.00%	▲ ▼	4.00%	▲ ▼	4.00%
Total Student Enrollment Forecast	1,565		1,546		1,581		1,556		1,540		1,540
Budgeted Total Student Enrollment	1,540		1,540		1,540		1,540		1,540		1,540
Entering New Students +/- 5	425	▲ ▼	430	▲ ▼	430	▲ ▼	430	▲ ▼	430	▲ ▼	430
Overall annual discount rate	40.81%		45.54%		46.56%		47.38%		46.95%		46.94%
New Student Discount Rate +/- .25%	43.50%	▲ ▼	47.00%	▲ ▼	47.00%	▲ ▼	47.00%	▲ ▼	47.00%	▲ ▼	47.00%
Assumed Endowment Growth +/- .5%	10.10% Actual		3.98% Actual	▲ ▼	7.00%	▲ ▼	7.00%	▲ ▼	7.00%	▲ ▼	7.00%
Unrestricted Endowment Gifts +/- \$500,000	10,271,297 Actual		1,399,518 Actual	▲ ▼	2,000,000	▲ ▼	2,000,000	▲ ▼	2,000,000	▲ ▼	2,000,000
Annual Fund Gifts +/- \$50,000	1,850,000	▲ ▼	2,200,000	▲ ▼	2,300,000	▲ ▼	2,400,000	▲ ▼	2,500,000	▲ ▼	2,500,000
Faculty Salary Change +/- .25%	3.50%	▲ ▼	2.00%	▲ ▼	3.00%	▲ ▼	3.00%	▲ ▼	3.00%	▲ ▼	3.00%
Staff Salary Change +/- .25%	4.50%	▲ ▼	2.00%	▲ ▼	3.00%	▲ ▼	3.00%	▲ ▼	3.00%	▲ ▼	3.00%
Fringe Benefit Rate - OPE +/- .25%	39.00%	▲ ▼	38.00%	▲ ▼	38.00%	▲ ▼	38.00%	▲ ▼	38.00%	▲ ▼	38.00%
<b>MODELED SURPLUSES / (DEFICITS)</b>	<b>0</b>		<b>(1,090,198)</b>		<b>(1,034,577)</b>		<b>(1,145,100)</b>		<b>283,831</b>		<b>740,425</b>
<b>NET CHANGE TO / (FROM) BASELINE MODEL</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>

# 2020.2021 Budget Model

## Whitman College Budget Model Summary

	19/20 Approved	20/21 Estimated	21/22 Estimated	22/23 Estimated	23/24 Estimated	24/25 Estimated
<b>REVENUES</b>						
Tuition & Fees	82,266,800	85,562,400	88,981,200	92,538,600	96,234,600	100,084,600
Institutional aid	<u>(33,570,780)</u>	<u>(38,962,194)</u>	<u>(41,427,465)</u>	<u>(43,840,321)</u>	<u>(45,181,820)</u>	<u>(46,980,861)</u>
Net tuition revenue	<u>48,696,020</u>	<u>46,600,206</u>	<u>47,553,735</u>	<u>48,698,279</u>	<u>51,052,780</u>	<u>53,103,739</u>
Endowment support	25,467,600	26,455,061	27,394,861	27,943,078	28,669,066	29,228,898
All other revenues	<u>16,968,938</u>	<u>17,604,451</u>	<u>18,046,795</u>	<u>18,499,410</u>	<u>18,962,603</u>	<u>19,336,692</u>
<b>TOTAL REVENUES</b>	<u>91,132,558</u>	<u>90,659,718</u>	<u>92,995,391</u>	<u>95,140,767</u>	<u>98,684,449</u>	<u>101,669,329</u>
<b>EXPENSES</b>						
Tenure and tenure track faculty compensation	13,427,221	13,793,907	14,208,843	14,633,014	15,071,145	15,520,982
Non-tenure track faculty compensation	4,024,453	4,104,942	4,228,090	4,354,933	4,485,581	4,620,148
Staff compensation	19,886,652	20,284,385	20,892,916	21,519,704	22,165,295	22,830,254
Fringe benefits on all compensation	14,449,045	14,405,901	14,921,372	15,368,370	15,829,157	16,303,327
All other expenses	<u>39,345,187</u>	<u>39,160,782</u>	<u>39,778,747</u>	<u>40,409,845</u>	<u>40,849,439</u>	<u>41,654,193</u>
<b>TOTAL EXPENSES</b>	<u>91,132,558</u>	<u>91,749,916</u>	<u>94,029,968</u>	<u>96,285,866</u>	<u>98,400,618</u>	<u>100,928,904</u>
<b>MODELED SURPLUSES / (DEFICITS)</b>	<u>0</u>	<u>(1,090,198)</u>	<u>(1,034,577)</u>	<u>(1,145,100)</u>	<u>283,831</u>	<u>740,425</u>
<b>Net change to / (from) baseline</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>BASELINE SURPLUSES / (DEFICITS)</b>		<u>(1,090,198)</u>	<u>(1,034,577)</u>	<u>(1,145,100)</u>	<u>283,831</u>	<u>740,425</u>
<b>SENSITIVITY</b>						
Change staff and faculty salary pools by 1%						
Change tuition charge by 1%		433,519	862,366	1,314,538	1,848,515	2,406,368
Change student FTEs by 10		287,823	297,205	314,035	252,745	339,562
Change incoming student discount rate by 1%		225,403	445,560	674,760	920,564	967,744

# 2020.2021 Budget Model

## Whitman College Budget Model

	19/20 Approved	% Total	20/21 Estimated	% Total	21/22 Estimated	% Total	22/23 Estimated	% Total	23/24 Estimated	% Total	24/25 Estimated	% Total
<b>CURRENT FUND REVENUES</b>												
<b>ASSUMPTIONS</b>												
Tuition Charge	53,420		55,560		57,780		60,090		62,490		64,990	
Annual Full-Time Paid Equivalent Students	1,540		1,540		1,540		1,540		1,540		1,540	
Tuition Charge Increase	4.00%		4.00%		4.00%		4.00%		4.00%		4.00%	
Tuition Discount Rate	40.81%		45.54%		46.56%		47.38%		46.95%		46.94%	
Endowment Payout Rate	5.00%		5.00%		5.00%		5.00%		5.00%		5.00%	
Assumed Endowment Growth	10.10% Actual		3.98% Actual		7.00%		7.00%		7.00%		7.00%	
Room Rate Change	3.00%		0.00%		3.00%		3.00%		3.00%		3.00%	
Board Rate Change	3.00%		3.00%		3.00%		3.00%		3.00%		3.00%	
<b>TUITION &amp; FEES</b>	<b>82,266,800</b>		<b>85,562,400</b>		<b>88,981,200</b>		<b>92,538,600</b>		<b>96,234,600</b>		<b>100,084,600</b>	
UNRESTRICTED INSTITUTIONAL AID	(24,280,196)	72.3%	(29,163,378)	74.9%	(31,280,552)	75.5%	(33,490,351)	76.4%	(34,562,948)	76.5%	(36,154,630)	77.0%
RESTRICTED INSTITUTIONAL AID	(9,290,584)	27.7%	(9,798,816)	25.1%	(10,146,913)	24.5%	(10,349,970)	23.6%	(10,618,872)	23.5%	(10,826,231)	23.0%
<b>SUBTOTAL INSTITUTIONAL AID</b>	<b>(33,570,780)</b>		<b>(38,962,194)</b>		<b>(41,427,465)</b>		<b>(43,840,321)</b>		<b>(45,181,820)</b>		<b>(46,980,861)</b>	
<b>NET TUITION REVENUE</b>	<b>48,696,020</b>	<b>61%</b>	<b>46,600,206</b>	<b>59%</b>	<b>47,553,735</b>	<b>59%</b>	<b>48,698,279</b>	<b>59%</b>	<b>51,052,780</b>	<b>60%</b>	<b>53,103,739</b>	<b>60%</b>
INSTRUCTIONAL FEES	402,391	1%	402,391	1%	402,391	0%	402,391	0%	402,391	0%	402,391	0%
ANNUAL FUND GIFTS	1,850,000	2%	2,200,000	3%	2,300,000	3%	2,400,000	3%	2,500,000	3%	2,500,000	3%
FEDERAL FINANCIAL AID	330,000	0%	330,000	0%	330,000	0%	330,000	0%	330,000	0%	330,000	0%
ENDOWMENT INCOME	25,467,600	32%	26,455,061	34%	27,394,861	34%	27,943,078	34%	28,669,066	33%	29,228,898	33%
INVESTMENT INCOME	400,000	1%	500,000	1%	500,000	1%	500,000	1%	500,000	1%	500,000	1%
MISCELLANEOUS INCOME	150,000	0%	150,000	0%	150,000	0%	150,000	0%	150,000	0%	150,000	0%
ASWC INCOME	584,217	1%	601,742	1%	619,795	1%	638,389	1%	657,540	1%	677,266	1%
SPONSORED PROGRAMS	425,000	1%	425,000	1%	425,000	1%	425,000	1%	425,000	0%	425,000	0%
AUXILIARY TRANSFER	940,000	1%	940,000	1%	940,000	1%	940,000	1%	940,000	1%	940,000	1%
<b>SUBTOTAL EDUCATION &amp; GENERAL</b>	<b>79,245,228</b>	<b>100%</b>	<b>78,604,400</b>	<b>100%</b>	<b>80,615,782</b>	<b>100%</b>	<b>82,427,136</b>	<b>100%</b>	<b>85,626,777</b>	<b>100%</b>	<b>88,257,294</b>	<b>100%</b>
RESIDENCE HALLS	4,779,000	36%	4,779,000	36%	4,922,370	36%	5,070,041	36%	5,222,142	36%	5,378,807	36%
FOOD SERVICE	5,407,500	41%	5,569,725	41%	5,736,817	41%	5,908,921	41%	6,086,189	41%	6,268,775	41%
BOOKSTORE	939,363	8%	941,830	8%	947,749	8%	953,847	8%	960,127	7%	966,596	7%
OTHER AUXILIARY	761,467	6%	764,763	6%	772,673	6%	780,821	6%	789,213	6%	797,858	6%
<b>SUBTOTAL AUXILIARY</b>	<b>11,887,330</b>	<b>100%</b>	<b>12,055,317</b>	<b>100%</b>	<b>12,379,610</b>	<b>200%</b>	<b>12,713,630</b>	<b>300%</b>	<b>13,057,672</b>	<b>400%</b>	<b>13,412,035</b>	<b>500%</b>
<b>TOTAL CURRENT FUND REVENUES</b>	<b>91,132,558</b>		<b>90,659,718</b>		<b>92,995,391</b>		<b>95,140,767</b>		<b>98,684,449</b>		<b>101,669,329</b>	

# 2020.2021 Budget Model

## Whitman College Budget Model

	19/20 Approved	% Total	20/21 Estimated	% Total	21/22 Estimated	% Total	22/23 Estimated	% Total	23/24 Estimated	% Total	24/25 Estimated	% Total
<b>CURRENT FUND EXPENSES</b>												
<b>ASSUMPTIONS</b>												
Faculty Salary Change	3.50%		2.00%		3.00%		3.00%		3.00%		3.00%	
Staff Salary Change	4.50%		2.00%		3.00%		3.00%		3.00%		3.00%	
Fringe Benefit Rate - OPE	39.00%		38.00%		38.00%		38.00%		38.00%		38.00%	
<b>INSTRUCTION</b>	30,027,541	40%	30,434,058	40%	31,413,928	40%	32,379,148	40%	33,112,985	40%	34,251,118	41%
<b>ACADEMIC SUPPORT</b>	9,917,272	13%	10,014,442	13%	10,216,110	13%	10,390,154	13%	10,582,361	13%	10,765,258	13%
<b>SPONSORED PROGRAMS</b>	430,933	1%	431,180	1%	431,400	1%	431,528	1%	431,698	1%	431,829	1%
<b>STUDENT SERVICES</b>	11,243,911	15%	11,416,313	15%	11,665,682	15%	11,908,226	15%	12,163,545	15%	12,420,119	15%
<b>INSTITUTIONAL SUPPORT</b>	13,981,114	18%	14,115,964	18%	14,430,814	18%	14,751,809	18%	15,083,703	18%	15,424,075	18%
<b>PHYSICAL PLANT</b>	10,137,457	13%	10,184,642	13%	10,291,924	13%	10,400,135	13%	10,512,471	13%	10,627,153	13%
<b>FEDERAL FINANCIAL AID</b>	180,000	0%	180,000	0%	180,000	0%	180,000	0%	180,000	0%	180,000	0%
<b>SUBTOTAL EDUCATION &amp; GENERAL</b>	<u>75,918,228</u>	<u>100%</u>	<u>76,776,599</u>	<u>100%</u>	<u>78,629,859</u>	<u>100%</u>	<u>80,441,001</u>	<u>100%</u>	<u>82,066,764</u>	<u>100%</u>	<u>84,099,552</u>	<u>100%</u>
<b>RESIDENCE HALLS</b>	4,019,000	36%	4,019,000	36%	4,139,570	36%	4,263,757	36%	4,391,670	36%	4,523,420	36%
<b>FOOD SERVICE</b>	5,317,500	48%	5,479,725	49%	5,644,117	49%	5,813,440	49%	5,987,843	49%	6,167,479	50%
<b>BOOKSTORE</b>	934,363	8%	936,830	8%	942,749	8%	948,847	8%	955,127	8%	961,596	8%
<b>OTHER AUXILIARY</b>	761,467	7%	764,763	7%	772,673	7%	780,821	7%	789,213	7%	797,858	6%
<b>SUBTOTAL AUXILIARY</b>	<u>11,032,330</u>	<u>100%</u>	<u>11,200,317</u>	<u>100%</u>	<u>11,499,110</u>	<u>100%</u>	<u>11,806,865</u>	<u>100%</u>	<u>12,123,854</u>	<u>100%</u>	<u>12,450,352</u>	<u>100%</u>
<b>SUBTOTAL OPERATING EXPENSES</b>	86,950,558		87,976,916		90,128,968		92,247,866		94,190,618		96,549,904	
<b>CAMPUS REPLACEMENT RESERVE</b>	1,647,000	66%	1,753,000	67%	1,831,500	68%	1,914,235	68%	2,000,182	68%	2,089,318	68%
<b>AUXILIARY REPLACEMENT RESERVE</b>	855,000	34%	855,000	33%	880,500	32%	906,765	32%	933,818	32%	961,682	32%
<b>SUBTOTAL REPLACEMENT RESERVE</b>	<u>2,502,000</u>	<u>100%</u>	<u>2,608,000</u>	<u>100%</u>	<u>2,712,000</u>	<u>100%</u>	<u>2,821,000</u>	<u>100%</u>	<u>2,934,000</u>	<u>100%</u>	<u>3,051,000</u>	<u>100%</u>
<b>ENROLLMENT CONTINGENCY</b>	<u>1,680,000</u>		<u>1,165,000</u>		<u>1,189,000</u>		<u>1,217,000</u>		<u>1,276,000</u>		<u>1,328,000</u>	
<b>TOTAL CURRENT FUND EXPENSES</b>	<u>91,132,558</u>		<u>91,749,916</u>		<u>94,029,968</u>		<u>96,285,866</u>		<u>98,400,618</u>		<u>100,928,904</u>	
<b>NET SURPLUSES / (DEFICITS)</b>	<u>0</u>		<u>(1,090,198)</u>		<u>(1,034,577)</u>		<u>(1,145,100)</u>		<u>283,831</u>		<u>740,425</u>	



# 2020.2021 Budget Model

## Whitman College Staff Salaries and Market Analysis 2019

### Recent History of Staff Salary Budget

	July 2015	July 2016	July 2017	July 2018	July 2019
<b>Total Sal. Budget Increase</b>	<b>3.50%</b>	<b>3.00%</b>	<b>2.25%</b>	<b>2.25%</b>	<b>4.50%</b>
<b>Merit Increase Pool</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00 %</b>	<b>2.00%</b>	<b>3.00%</b>
<b>Equity Increase Pool</b>	<b>1.50%</b>	<b>1.00%</b>	<b>0.25%</b>	<b>0.25%</b>	<b>1.50%</b>

### 2019 Overview

In 2019, Whitman used multiple sources of data to assess individual and overall compensation relative to the market. Using a more inclusive matching standard, the College compared **94% of exempt positions** and **97 % of non-exempt positions** to survey data. The data source for exempt surveys comes from the CUPA (College and University Professionals in Human Resources) compensation surveys, filtered for our select peer groups. The primary data for non-exempt positions was the CUPA non-exempt survey, validated against a limited number of positions in the Whitman College Local Non Exempt Salary Survey and the Washington State Occupational Employment Survey.

While all positions are subject to an annual salary review, we use these matched positions to assess Whitman's position relative to the market. Beginning in July 2019, Whitman College has strategically placed the target for a fully competent individual with several years of experience to be at **100% of the median** for the CUPA survey. The target was previously 90% of the median.

For more than seven years, Whitman has used a portion of the overall salary increase budget to bring identified individual positions, and overall salaries, closer to the external market, and to apply extra funds to those positions whose salary is increasing faster than the general market. For 2019-20, the budgeted staff salary increase pool was 4.5%. The College allocated 3% to regular staff salary increases. The College allocated 1.5% to individual market equity issues, including the rising minimum wage and some corresponding wage compression concerns.

### Cumulative Staff Salaries

<b>EXEMPT</b>	<b>July 2015</b>	<b>July 2016</b>	<b>July 2017</b>	<b>July 2018</b>	<b>July 2019***</b>
Median of Salaries as a percent of targets (excl .Budget Officers)***	95.7%	97.1%	96.4%	99.0%	94.8%
Sum of distance between salaries and target	(\$158,296)*	(\$ 33,154) *	(\$120,554)*	(\$92,531)*	(\$595,200)*
<b>NON EXEMPT</b>	<b>July 2015</b>	<b>July 2016</b>	<b>July 2017</b>	<b>July 2018</b>	<b>July 2019</b>
Median of Salaries as a percent of targets***	101.80%	102.2%	102.6%	103.01%	94.14%
Sum of distance between salaries and target	164,662**	\$173,254**	\$196,726**	\$162.146**	(\$359,254)*

\*\*\* The Median is calculated from the individual salaries of all the matched positions, those above, below, and at the market target.

\* (negative number is below target)

\*\*positive number is above target

\*\*\* In 2019 the target was redefined to 100% of median. For prior years, the target was 90% of median.

### 2019 Results

In 2019, the College set and achieved some bold goals with the 4.5% staff salary increase budget.

1. **Create a Whitman Minimum Wage of \$15/hr.** For 2019, we set the minimum starting rate for any regular staff position on campus at \$15/hour. As a comparison, the state minimum wage in January 2020 will be \$13.50/hour. Last year, in 2018, 10% of our total regular staff positions earned less than \$15/hour. This affected 37 staff positions.

2. **Raise salaries for those under \$20/hr. by additional 1.5%.** Raising the minimum Whitman wage to \$15, created upward wage compression. Last year 35% of our employees earned between \$15 - \$20/hour. The College was able to increase these salaries by 4.5% (instead of roughly 3%) for 130 employees..

3. **Raise the target to 100% of Market Median** In 2019, Whitman College strategically placed the market target to be at 100% of the median for the CUPA survey. This moved the target a full 10% from the prior year and one might have expected at least a 10% decrease in the overall median of salaries relative market survey data. In fact, the Median of Salaries measure did not fall by a full 10% for either exempt or non-exempt staff.

...**And leave no satisfactory performer under 80% of the new market median** With the new salaries,

- About 1% are below 80% of the median;
- 26% between 80 - 90% of the median;
- 39% between 90-100% of the median;
- 23% are above 100%;
- Market data was not available for some positions.

4. **Respond to local market pressures on non-exempt positions** In some instances, local data reflected higher compensation for non-exempt positions than the CUPA data. The compensation plan was adjusted, raising the lower rungs of the administrative job family to new matches, and allocating additional increases to custodians, security and landscape specialists to stay competitive in the local market.

## 2020-2021 Challenges

- Review mid-level positions for wage compression due to focus on lower level compensation in 2019-20.
- Be aware that growing worker shortages may require attention to increased competitive compensation to assure successful retention and recruitment.
- Federal FLSA may require a few modest increases for exempt salary threshold. New threshold is \$35,568 (\$684/week).
- Washington State has proposed a significant increase for the exempt salary threshold to **\$49,000 (\$945/week) effective as of July 2020**. This threshold would increase at least yearly through 2026 to a high of \$79,872 (\$1536/week). The threshold is a calculation based on minimum wage and may continue after 2026. If an exempt employee's salary is below the new threshold, the employee will not be exempt from Washington State's overtime rule. The employee will need to keep track of the hours worked, and will be paid overtime for work in excess of 40 hours per week. Continued monitoring and review is necessary as the future of this proposed change becomes more certain. This would likely affect a vast number of exempt employees and will require projections of the cost of overtime for positions formerly exempt, or the cost of salary increases to assure some positions retain their exempt status.

Comparative Salary Data 2018-19								
Peer Schools								
Professor			Associate			Assistant		
School	N	Average	School	N	Average	School	N	Average
Colby	63	147,362	Colby	52	106,990	Colby	59	89,212
Colorado	70	138,805	Colorado	59	103,993	Carleton	39	86,627
Carleton	107	138,144	Carleton	51	101,381	Colorado	52	85,337
Occidental	74	134,136	Davidson	32	99,131	Davidson	41	82,363
Union	86	133,643	Union	60	98,913	F + M	44	80,479
Davidson	98	133,338	Occidental	48	95,102	Occidental	28	80,305
Macalester	76	125,461	F + M	74	94,621	Macalester	34	79,412
Reed	77	124,893	Macalester	41	93,543	Reed	28	78,034
F + M	73	122,623	<b>Whitman</b>	<b>54</b>	<b>92,060</b>	Dickinson	54	77,052
<b>Whitman</b>	<b>41</b>	<b>118,237</b>	Reed	36	91,357	Union	30	76,975
Dickinson	60	110,530	Dickinson	81	88,219	<b>Whitman</b>	<b>41</b>	<b>74,086</b>
Rhodes	32	106,465	Kenyon	52	85,746	Kenyon	48	69,231
Kenyon	68	104,151	Rhodes	71	76,488	Rhodes	67	66,083
Median		\$125,461			\$94,621			\$79,412
% Difference		-6.1%			-2.8%			-7.2%

Comparative Salary Data 2017-18								
Peer Schools								
Professor			Associate			Assistant		
School	N	Average	School	N	Average	School	N	Average
Colby	66	144,657	Colby	51	104,634	Colby	53	85,554
Carleton	101	135,914	Carleton	50	101,167	Carleton	43	83,697
Colorado	66	135,662	Colorado	59	100,514	Colorado	52	82,680
Occidental	71	133,490	Davidson	30	98,753	Union	31	78,911
Davidson	100	130,385	Union	57	95,126	F + M	48	78,706
Union	88	130,137	Occidental	48	94,004	Occidental	28	78,636
Macalester	68	124,219	Macalester	45	91,607	Macalester	29	77,684
<b>Whitman</b>	<b>40</b>	<b>121,902</b>	<b>Whitman</b>	<b>53</b>	<b>90,945</b>	Davidson	52	74,841
F + M	74	119,850	F + M	71	90,814	Dickinson	73	72,359
Reed	75	114,864	Reed	37	89,765	<b>Whitman</b>	<b>50</b>	<b>71,350</b>
Dickinson	57	111,416	Dickinson	77	88,482	Reed	27	69,179
Rhodes	32	105,414	Kenyon	53	83,465	Kenyon	42	68,632
Kenyon	71	102,415	Rhodes	72	75,659	Rhodes	69	65,489
Median		\$124,219			\$91,607			\$77,684
% Difference		-1.9%			-0.7%			-8.9%

**Comparative Salary Data 2016-17**

**Peer Schools**

<b>Professor</b>			<b>Associate</b>			<b>Assistant</b>		
School	N	Average	School	N	Average	School	N	Average
Colby	68	141,280	Davidson	29	100,588	Carleton	39	83,869
Colorado	67	135,013	Colby	50	100,360	Colby	66	81,032
Occidental	72	132,536	Carleton	49	98,501	Colorado	47	79,987
Carleton	102	131,873	Colorado	56	98,030	Union	30	78,713
Davidson	96	129,674	Union	58	93,075	Occidental	30	77,059
Union	86	127,733	Occidental	43	92,583	F + M	48	76,815
<b>Whitman</b>	<b>33</b>	<b>122,526</b>	<b>Whitman</b>	<b>54</b>	<b>90,934</b>	Macalester	31	75,024
Macalester	67	121,300	Macalester	47	89,695	Reed	27	74,277
F + M	72	118,316	F + M	70	89,077	Davidson	55	73,180
Reed	74	117,725	Reed	35	87,426	<b>Whitman</b>	<b>51</b>	<b>70,786</b>
Dickinson	55	111,626	Dickinson	91	87,123	Dickinson	61	70,509
Rhodes	31	105,494	Kenyon	47	82,476	Rhodes	49	68,305
Kenyon	75	102,058	Rhodes	73	76,120	Kenyon	42	67,478

Median	\$122,526		\$90,934		\$75,024
% Difference	0.0%		0.0%		-6.0%

## 2020 - 2021 PROPOSED PLANNING ASSUMPTIONS

	<u>Actual 2019-2020</u>	<u>Proposed 2020-2021</u>
Budgeted Enrollment (Forecast: 1546) (10 students = \$288,000)	1540	1540 - 1555
Target first year & transfer students	425 FTE	425 - 435 FTE
Enrollment Contingency (target 2.5% of NTR)	\$1,650,000	\$1,000,000 - \$1,250,000
Tuition Increase (1% = \$434,000)	4.0%	3.0% - 4.0%
Tuition Discount (Excluding Federal Support) (Forecast: 45.54%) (.50% = \$394,000)	40.81%	44.5% - 46.5%
Target first year & transfer discount rate	47.0%	46.0% - 49.0%
Endowment Payout	5.0% \$25,468,000	5.0% \$26,445,000-\$26,645,000
Annual Fund Gifts	\$1,850,000	\$2,100,000-\$2,300,000
Life Cycle Contributions (.1% = \$417,000)	(.59%) \$2,502,000	(.59%) \$2,608,000
Merit Salary Pool for Faculty (1% = \$238,000)	3.0%	0% - 2.0%
Promotion Salary Pool for Faculty	.5%	0% - 1.0%
Merit Salary Pool for Staff (1% = \$254,000)	3%	0% - 2.0%
Equity Salary Pool for Staff	1.5%	0% - 1.0%
Fringe Benefit Rate (.50% =\$182,000)	39.0%	37% - 38.5%
Room Increase (1% = \$48,000)	3.0%	0% - 3.0%
Board Increase (1% = \$54,000)	3.0%	2.0% - 4.0%
Potential reallocations and growth of revenues	\$903,000	\$750,000 - \$1,500,000