

2022 - 2023 Proposed Budget

***Action Item:* Recommend approval of 2022 - 2023 budget**

BUDGET BUILDING PROCESS

The budget building process began in the summer with a retreat of the president's cabinet. The cabinet recognized a number of factors that have combined this year to allow the college to build a budget for next year that will provide strong support for our strategic priorities. Those factors include the financial sustainability review decisions that reduced our operating budget by \$3.5 million, outstanding performance of the endowment, and a much larger than anticipated entering class, which even with a higher-than-budgeted discount rate, yielded significantly higher net tuition revenue.

In the fall all administrative and academic departments were asked to identify opportunities to reallocate existing resources as well as make requests for new funding. Cabinet officers reviewed and prioritized all requests. The cabinet ranked requests and reviewed them with the President's Budget Advisory Committee, which is composed of representatives from Whitman staff, faculty, and students. The committee then provided input on the requests and key variables of the budget such as tuition increases, financial aid, and salary pools.

The proposed budget for 2022-2023 is recommended by the president's cabinet and reflects the input of the on-campus Budget Advisory Committee. The budget is consistent with the planning assumptions approved by the Resources Committee and the trustees in November.

Following are the key budget parameters for the proposed 2022-2023 budget:

	<u>2021-2022</u>	<u>Proposed 2022-2023</u>
Budgeted Enrollment (10 students = \$288,000)	1438	1488
Target first year & transfer students	425 FTE	430 FTE
Enrollment Contingency (2.5% of NTR)	\$1,031,000	\$1,062,000
Tuition Increase (1% = \$442,000)	11.0%	4.75%
Tuition Discount (Excluding Federal Support) (.50% = \$428,000)	48.42%	50.96%
Target first year & transfer discount rate (.50% = \$114,000)	50.00%	51.0%
Gross Tuition per student	\$55,560	\$58,200
Budgeted net tuition per student	\$28,657	\$28,541
Endowment Payout	5.0% \$27,388,000	5.0% \$30,779,000
The Whitman Fund Gifts	\$2,500,000	\$2,800,000
Life Cycle Contributions	(.49%) \$2,237,000	(.49%) \$2,327,000
Merit Salary Pool for Faculty (1% = \$236,000)	Restored Reductions	3.0%
Promotion Salary Pool for Faculty	\$50,000	3.5%
Merit Salary Pool for Staff (1% = \$255,000)	Restored Reductions	3.0%
Equity/promotion salary pool for staff	\$50,000	3.5%
Fringe Benefit Rate (.50% = \$184,000)	37.0%	35.5%
Room Increase (1% = \$48,000)	0.0%	3.0%
Board Increase (1% = \$54,000)	0.0%	3.0%
Reallocations & growing non-student revenue	\$4,203,000	\$868,000

Strategic Priorities Addressed in Proposed Budget

- 1. Invest in Whitman's People:** After two years of no salary increases due to financial constraints, and an increasingly challenging labor market with inflation now above 7%, the cabinet prioritized salaries to attract and retain quality faculty and staff. The budget includes a 6.5% salary pool increase to support merit and equity/promotion increases. The proposed budget also includes a new staff position in Human Resources to focus on more intentional training and onboarding for staff (requested by the Staff Advisory Council for the past two years) and to enhance our efforts around diversity equity and inclusion.
- 2. Access and Affordability:** Access and affordability is one of the college's strategic priorities. The budget includes an additional \$5.4 million in financial aid to support our students.
- 3. Enhance Diversity, Equity, Inclusion and Antiracist Efforts:** The proposed budget includes two new positions in the Intercultural Center to support more robust programming. These positions will also allow our Vice President Johnson to focus on strategic planning and work. The summer fly-in program for first generation and other diverse students has been fully funded in the operating budget (rather than relying on new gifts each year for half the budget). Funding has been increased to support our growing population of international students, including providing travel stipends for United World College students. In addition, the budget for Off-Campus Studies program fees is increasing to support the return to pre-COVID levels in support of students developing cultural competencies. As part of Whitman's commitment to diversity, equity, inclusion and antiracism, admitted students from the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) now receive generous scholarships that meet demonstrated need for the full cost of attendance, including tuition and fees, room and board, and books and supplies. Finally, the HR position referenced above will also support our DEI efforts with staff.
- 4. Curricular Innovation:** Two new endowed positions in computer science are being created to support the growing major and an expanded curriculum. The Economics Department restructured one of their vacant positions to support financial analytics. The President's Discretionary Fund is supporting curricular development of a program in Experience Design.
- 5. Life After Whitman:** A gift from Nancy and Greg Serrurier has allowed us to move forward with one of our most important Life After Whitman initiatives: the career coaching program. Staff from the Career and Community Engagement Center are being added to provide coaching and mentoring to every Whitman student. The college is using one-time surplus funding to supplement the program while the endowment grows over the next four years.
- 6. Growing Revenue:** Funding is increasing to enhance admissions communications efforts. We are building into the operating budget over three years funding to support assistant coaches who are vital in athletic recruitment efforts. The positions are currently funded by gifts from the W Club, which is not sustainable over the long term. The new Associate Athletic Director will also support athletics recruitment and retention efforts. The budget increases annual fund gifts to support operations by \$300,000.
- 7. Support New President:** An Executive Assistant position is being added to support the new president. The trustees will also be designating some year-end surplus funds for the new president's potential initiatives.

PROPOSED OPERATING BUDGET HIGHLIGHTS

6.5% Salary Pool (including OPE)	\$3,000,000
Human Resources Generalist Salary	65,000
Increased Financial Aid	5,400,000
Two DEI Staff Positions	133,000
Summer Fly-In Program	68,450
International and DEI Student Program Support	76,000
OCS Program Fees	145,000
Admissions Communications	20,000
Assistant Coaches	60,000
Executive Assistant to President	80,000
Student Wage Budgets	100,000
Increases in PT Staff Hours in Multiple Departments	128,000
Assistant Athletic Director Position	70,000
Liability and Property Insurance Increases	125,000
Utilities	60,000
Service Contracts and Supplies in Multiple Departments	115,000

INITIATIVES FUNDED THROUGH SURPLUSES, GIFTS, AND NEW ENDOWMENTS

Supporting Student Internships: It is projected we will receive \$150,000 in operating gifts to support student internships.

Computer Science Positions: \$215,000 in funds from the former Medica endowments will support the first year of these two positions while waiting for the endowment payouts to begin.

Life After Whitman \$125,000 in surpluses will support the CCEC coaching initiative while awaiting full funding from the Serrurier endowment.

New Admissions Viewbook: \$200,000 in year-end surpluses will be used to design and produce a new admissions viewbook.

DEI Efforts: It is projected there will be \$125,000 in gifts to the Whitman Fund to support DEI training, lectures and community dialogue programs.

Whitman Athletics: It is projected the W Club will raise \$300,000 in gifts to support varsity athletics programs.

Student Mental Health: A \$42,000 gift from the Dawson family supports developing a systematic approach to student mental health and suicide prevention (becoming a JED Campus). A \$60,000 grant from Washington State is supporting substance recovery and student mental health.

Sustainability: \$163,000 in surpluses is being used to upgrade Fouts Center for Visual Arts to LED lighting (a recommendation from the FSR report).

Enhancing Internal Communications: Fiscal year 2022-2023 is the third and final year of funding the internal communications specialist position from a \$250,000 gift. The position has been extremely successful and will be built into the operating budget in fiscal year 2023-2024.

CONCLUSION

The proposed budget invests in the top strategic priorities of the college:

- Our people, with a 6.5% salary pool
- Accessibility and affordability for our students, with a \$5.4 million increase in financial aid
- Strengthening our DEI efforts
- Innovating the curriculum
- Life After Whitman
- Growing revenues
- Supporting the new president

After two years of constrained resources and over \$3.6 million in FSR budget reallocations, other operating budget increases have been kept to a minimum. An additional \$868,000 in savings has been identified from previous FSR recommendations (see FSR Update). The Whitman Fund Gifts to support operations has been increased by \$300,000. Strategic use of surpluses and gifts are vital for jump starting new initiatives and supporting our strategic priorities. The cabinet recognizes that diligent stewardship of our resources and continuing strategic investments in strengthening the college are vital to our continued success. Whitman is well positioned for the future.

Whitman College Budget Report

	2020/21		2021/2022		2022/2023	
	Approved Budget	% Total	Approved Budget	% Total	Proposed Budget	% Total
CURRENT FUND SOURCES						
Full-time equivalent students	1,287		1,438		1,488	
Annual tuition charge	50,000		55,560		58,200	
Annual tuition increase	0.00%		0.00%		4.75%	
Discount rate	45.51%		48.42%		50.96%	
TUITION & FEES	64,350,000		79,918,651		86,617,516	
LESS UNRESTRICTED FINANCIAL AID	(19,487,504)		(28,586,188)		(32,673,676)	
LESS RESTRICTED FINANCIAL AID	(9,798,816)		(10,110,380)		(11,466,013)	
SUBTOTAL INSTITUTIONAL AID	(29,286,320)		(38,696,568)		(44,139,689)	
NET TUITION REVENUE	35,063,680	55%	41,222,083	56%	42,477,827	54%
INSTRUCTIONAL FEES	376,236	1%	376,236	1%	376,237	0%
ANNUAL FUND GIFTS	2,300,000	4%	2,500,000	3%	2,800,000	4%
FEDERAL FINANCIAL AID	330,000	1%	330,000	0%	330,000	0%
ENDOWMENT INCOME	26,645,061	42%	27,387,965	37%	30,779,307	39%
INVESTMENT INCOME	200,000	0%	25,000	0%	0	0%
MISCELLANEOUS INCOME	150,000	0%	150,000	0%	188,000	0%
ASWC FEES	562,629	1%	579,508	1%	596,893	1%
SPONSORED PROGRAMS	425,000	1%	425,000	1%	425,000	1%
AUXILIARY TRANSFER	(2,225,799)	-3%	1,044,620	1%	1,119,240	1%
SUBTOTAL EDUCATION & GENERAL	63,826,807	100%	74,040,412	100%	79,092,504	100%
RESIDENCE HALLS	304,000	26%	4,436,013	40%	4,569,093	44%
FOOD SERVICE	0	0%	5,035,031	46%	5,186,082	50%
BOOKSTORE	564,000	48%	846,360	8%	0	0%
OTHER AUXILIARY	300,000	26%	715,244	6%	672,397	6%
SUBTOTAL AUXILIARY	1,168,000	100%	11,032,648	100%	10,427,572	100%
TOTAL CURRENT FUND SOURCES	64,994,807		85,073,060		89,520,076	

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	2020/21		2021/2022		2022/2023	
	Approved	%	Approved	%	Proposed	%
	Budget	Total	Budget	Total	Budget	Total
CURRENT FUND USES						
Faculty salary change	Tiered Reductions		Reintstate reductions		6.50%	
Staff salary change	Tiered Reductions		Reintstate reductions		6.50%	
Fringe benefit rate - OPE	28.50%		37.00%		35.50%	
INSTRUCTION	24,842,564	39%	28,003,276	39%	29,955,968	39%
ACADEMIC SUPPORT	8,833,074	14%	8,954,070	12%	9,406,438	12%
SPONSORED PROGRAMS	441,691	1%	431,526	1%	432,717	1%
STUDENT SERVICES	9,023,111	14%	10,900,545	15%	12,092,251	16%
INSTITUTIONAL SUPPORT	10,637,580	17%	13,308,928	19%	14,270,885	19%
PHYSICAL PLANT	9,490,787	15%	9,997,068	14%	10,423,280	14%
FEDERAL FINANCIAL AID	180,000	0%	180,000	0%	180,000	0%
SUBTOTAL EDUCATION & GENERAL	<u>63,448,807</u>	<u>100%</u>	<u>71,775,413</u>	<u>100%</u>	<u>76,761,539</u>	<u>100%</u>
RESIDENCE HALLS	304,000	26%	3,528,013	35%	3,601,058	38%
FOOD SERVICE	0	0%	4,945,030	49%	5,096,082	54%
BOOKSTORE	564,000	48%	841,360	8%	0	0%
OTHER AUXILIARY	300,000	26%	715,244	7%	672,397	7%
SUBTOTAL AUXILIARY	<u>1,168,000</u>	<u>100%</u>	<u>10,029,647</u>	<u>100%</u>	<u>9,369,537</u>	<u>100%</u>
SUBTOTAL OPERATING EXPENSES	<u>64,616,807</u>		<u>81,805,060</u>		<u>86,131,076</u>	
CAMPUS REPLACEMENT RESERVE	0	0%	1,234,000	55%	1,282,930	55%
AUXILIARY REPLACEMENT RESERVE	0	0%	1,003,000	45%	1,044,070	45%
SUBTOTAL REPLACEMENT RESERVE	<u>0</u>	<u>0%</u>	<u>2,237,000</u>	<u>100%</u>	<u>2,327,000</u>	<u>100%</u>
ENROLLMENT CONTINGENCY	378,000		1,031,000		1,062,000	
TOTAL CURRENT FUND USES	<u>64,994,807</u>		<u>85,073,060</u>		<u>89,520,076</u>	
NET SOURCES / (USES)	<u>0</u>		<u>0</u>		<u>0</u>	