

BUDGET ADVISORY COMMITTEE

OCTOBER 28, 2011

**Whitman College
Budget Report**

	2009/10 Approved Budget	% of Total	2009/10 Actual	2010/11 Approved Budget	% of Total	2010/11 Actual
CURRENT FUND SOURCES						
Full-time equivalent students	1,445		1,460	1,455		1,494
Annual tuition charge	36,620			38,450		
Annual tuition increase	5.00%			5.00%		
Discount rate	37.00%		38.30%	37.50%		40.46%
TUITION & FEES	52,915,900		53,452,562	55,944,750		57,460,388
LESS UNRESTRICTED FINANCIAL AID	13,970,600		14,811,617	15,456,208		17,571,100
LESS RESTRICTED FINANCIAL AID	<u>5,608,283</u>		<u>5,661,952</u>	<u>5,523,073</u>		<u>5,678,266</u>
SUBTOTAL INSTITUTIONAL AID	<u>19,578,883</u>		<u>20,473,569</u>	<u>20,979,281</u>		<u>23,249,366</u>
NET TUITION REVENUE	33,337,017	64%	32,978,993	34,965,469	65%	34,211,022
INSTRUCTIONAL FEES	267,068	1%	378,311	267,068	0%	326,106
PRIVATE GIFTS & GRANTS	1,150,000	2%	1,285,331	1,150,000	2%	1,473,157
FEDERAL FINANCIAL AID	365,000	1%	411,329	365,000	1%	352,711
ENDOWMENT INCOME	15,175,000	29%	15,175,000	15,175,000	28%	15,175,000
INVESTMENT INCOME	150,000	0%	182,811	150,000	0%	55,181
MISCELLANEOUS INCOME	257,000	0%	293,143	257,000	0%	288,765
ASWC FEES	445,424	1%	470,059	458,786	1%	476,501
SPONSORED PROGRAMS	273,451	1%	367,811	250,000	0%	299,529
AUXILIARY TRANSFER	<u>922,140</u>	<u>2%</u>	<u>922,140</u>	<u>931,361</u>	<u>2%</u>	<u>931,361</u>
SUBTOTAL EDUCATION & GENERAL	<u>52,342,100</u>	<u>100%</u>	<u>52,464,928</u>	<u>53,969,684</u>	<u>100%</u>	<u>53,589,333</u>
RESIDENCE HALLS	3,473,644	38%	3,631,072	3,647,326	39%	3,837,088
FOOD SERVICE	3,716,307	41%	4,063,182	3,902,122	41%	4,186,052
STUDENT CENTER	1,232,471	14%	1,202,903	1,232,471	13%	1,201,165
OTHER AUXILIARY	<u>677,751</u>	<u>7%</u>	<u>603,225</u>	<u>683,350</u>	<u>7%</u>	<u>646,272</u>
SUBTOTAL AUXILIARY	<u>9,100,173</u>	<u>100%</u>	<u>9,500,382</u>	<u>9,465,269</u>	<u>100%</u>	<u>9,870,577</u>
TOTAL CURRENT FUND SOURCES	<u>61,442,273</u>		<u>61,965,310</u>	<u>63,434,953</u>		<u>63,459,910</u>

**Whitman College
Budget Report**

	2009/10 Approved Budget	% of Total	2009/10 Actual	2010/11 Approved Budget	% of Total	2010/11 Actual
CURRENT FUND USES						
Faculty salary change	0.0%			2.0%		
Staff salary change	0.0%			2.0%		
Fringe benefit rate - OPE	37.0%			37.0%		
INSTRUCTION	20,031,897	40%	19,625,610	20,525,680	40%	19,709,032
ACADEMIC SUPPORT	7,038,700	14%	6,705,950	7,089,811	14%	6,570,296
SPONSORED PROGRAMS	273,451	1%	367,957	250,000	0%	215,452
STUDENT SERVICES	6,644,653	13%	6,484,984	6,796,502	13%	6,663,263
INSTITUTIONAL SUPPORT	8,885,400	18%	9,039,981	9,308,849	18%	9,177,998
PHYSICAL PLANT	6,641,984	13%	6,441,808	7,120,363	14%	6,923,457
FEDERAL FINANCIAL AID	180,000	0%	225,997	180,000	0%	176,772
SUBTOTAL EDUCATION & GENERAL	<u>49,696,085</u>	<u>100%</u>	<u>48,892,287</u>	<u>51,271,205</u>	<u>100%</u>	<u>49,436,270</u>
RESIDENCE HALLS	3,023,644	35%	3,181,072	3,185,326	36%	2,745,247
FOOD SERVICE	3,690,307	43%	4,037,182	3,877,570	43%	4,013,912
STUDENT CENTER	1,206,721	14%	1,177,153	1,206,721	13%	1,155,449
OTHER AUXILIARY	677,751	8%	603,225	683,350	8%	640,597
SUBTOTAL AUXILIARY	<u>8,598,423</u>	<u>100%</u>	<u>8,998,632</u>	<u>8,952,967</u>	<u>100%</u>	<u>8,555,205</u>
SUBTOTAL OPERATING EXPENSES	<u>58,294,508</u>		<u>57,890,919</u>	<u>60,224,172</u>		<u>57,991,475</u>
CAMPUS REPLACEMENT RESERVE	2,069,250	80%	2,069,250	2,097,698	80%	2,097,698
AUXILIARY REPLACEMENT RESERVE	501,750	20%	501,750	512,302	20%	512,302
SUBTOTAL REPLACEMENT RESERVE	<u>2,571,000</u>	<u>100%</u>	<u>2,571,000</u>	<u>2,610,000</u>	<u>100%</u>	<u>2,610,000</u>
ENROLLMENT CONTINGENCY	<u>576,765</u>		<u>358,024</u>	<u>600,781</u>		<u>600,781</u>
TOTAL CURRENT FUND USES	<u>61,442,273</u>		<u>60,819,943</u>	<u>63,434,953</u>		<u>61,202,256</u>
NET SOURCES / (USES)	<u>0</u>		<u>1,145,367</u>	<u>0</u>		<u>2,257,654</u>
Net tuition revenue (surplus) / deficit			(218,741)			153,666
Unrestricted gift income (surplus) / deficit			(135,331)			(323,157)
Department net (surplus) / deficit			(791,295)			(2,088,163)
NET BUDGET BALANCE			<u>0</u>			<u>0</u>

2011 - 2012 FALL FORECAST

The following is a comparison of fall 2010 with fall 2011:

	<u>Fall 2010</u>	<u>Fall 2011</u>
FTE Enrollment	1537	1578
Gross Tuition	29,555,165	31,701,167
Financial Aid	(11,827,726)	(11,788,110)
Net Tuition Revenue	17,727,439	19,913,057
Fall Overall Discount Rate	40.0%	37.19%
Fall First Year Discount Rate	39.5%	31.4%

Net Tuition Revenue Forecast

Preliminary forecasts indicate an overall discount rate for the year of 37.5% to 38% and average enrollment of 1510 to 1520. There are still many unknown variables including spring transfer students, students going on and returning from leaves of absence, spring study abroad participation, and the financial need of these students. We are currently forecasting a net tuition revenue surplus of between \$1.8M and \$2.2M.

TO: Budget Advisory Committee

FROM: Peter Harvey, Treasurer

DATE: October 27, 2011

Re: Budget Modeling and Planning Assumptions

Budget Model

Attached is a budget model that illustrates the financial impact of one set of assumptions for developing the 2012 - 2013 budget. This is not meant to be a proposal, but rather illustrates that if the College increases tuition by 4%, targets a 34% financial aid discount rate for new students, and raises staff and faculty salaries by 3%, there is a projected \$2.1M surplus available for additional priorities. Those additional priorities could include changing any of the above assumptions as well as funding new budget requests for a variety of programs and initiatives. The good news is it appears we have some money to work with in developing next year's budget. This is a welcome change from the last few years.

Budget Sensitivity

Following is the financial impact of changing the key budget assumptions in the model:

10 FTE students	\$263,000
1% change in tuition	361,000
.5% change in discount rate	299,000
1% change in faculty and staff salary pools	364,000

Proposed 2012-2013 Planning Assumptions

At the November governing board meetings, the Trustees will be asked to approve a set of planning assumptions for the administration to use in developing the proposed 2012 - 2013 budget. The attached proposed ranges are centered on current estimates of the key variables in the budget. The ranges are meant to be broad enough to provide reasonable flexibility in finalizing the budget proposal, but at the same time should provide a reasonable expectation of the anticipated changes to these key budget components.

At our meeting we will discuss these variables and get the committee's input on the ranges before they are finalized and presented to the Trustees.

Whitman College Budget Model-2

	11/12 Approved	% Total	12/13 Estimated	% Total
CURRENT FUND SOURCES				
ASSUMPTIONS				
Tuition Charge	40,180		41,790	
Annual Full-Time Paid Equivalent Students	1,475		1,475	
Tuition Charge Increase	4.50%		4.00%	
Tuition Discount Rate	39.50%		37.00%	
Endowment Payout Rate	4.80%		5.20%	
Assumed Endowment Growth	13.38% Actual		19.60% Actual	
Room Rate Change	5.00%		4.00%	
Board Rate Change	4.00%		4.00%	
TUITION & FEES	59,265,500		61,640,250	
LESS UNRESTRICTED INSTITUTIONAL AID	17,477,152	74.7%	17,283,820	75.8%
LESS RESTRICTED INSTITUTIONAL AID	5,932,721	25.3%	5,523,073	24.2%
SUBTOTAL INSTITUTIONAL AID	23,409,873		22,806,893	
NET TUITION REVENUE	35,855,627	64%	38,833,358	64%
INSTRUCTIONAL FEES	379,616	1%	379,616	1%
PRIVATE GIFTS & GRANTS	1,150,000	2%	1,150,000	2%
FEDERAL FINANCIAL AID	340,000	1%	340,000	1%
ENDOWMENT INCOME	16,457,962	29%	17,848,436	29%
INVESTMENT INCOME	100,000	0%	50,000	0%
MISCELLANEOUS INCOME	266,000	0%	266,000	0%
ASWC INCOME	470,840	1%	484,965	1%
SPONSORED PROGRAMS	250,000	0%	269,952	0%
AUXILIARY TRANSFER	991,339	2%	1,001,440	2%
SUBTOTAL EDUCATION & GENERAL	56,261,384	100%	60,623,766	100%
RESIDENCE HALLS	3,829,693	36%	3,982,880	36%
FOOD SERVICE	4,058,207	41%	4,220,536	41%
BOOKSTORE	1,232,471	13%	1,240,746	12%
OTHER AUXILIARY	630,995	6%	653,787	6%
SUBTOTAL AUXILIARY	9,751,366	100%	10,097,949	100%
TOTAL CURRENT FUND SOURCES	66,012,750		70,721,715	

Whitman College Budget Model-2

	11/12 Approved	% Total	12/13 Estimated	% Total
CURRENT FUND USES				
ASSUMPTIONS				
Faculty Salary Change	0.50%		3.00%	
Staff Salary Change	0.50%		3.00%	
Fringe Benefit Rate - OPE	39.00%		39.30%	
INSTRUCTION	21,043,283	40%	21,734,375	40%
ACADEMIC SUPPORT	7,252,468	14%	7,462,182	14%
SPONSORED PROGRAMS	250,000	0%	269,952	0%
STUDENT SERVICES	7,013,818	13%	7,322,550	13%
INSTITUTIONAL SUPPORT	9,540,808	18%	9,803,081	18%
PHYSICAL PLANT	7,691,308	15%	8,237,979	15%
FEDERAL FINANCIAL AID	183,750	0%	183,750	0%
SUBTOTAL EDUCATION & GENERAL	<u>52,975,435</u>	<u>100%</u>	<u>55,013,870</u>	<u>100%</u>
RESIDENCE HALLS	3,364,693	36%	3,497,503	37%
FOOD SERVICE	4,025,906	44%	4,194,488	44%
BOOKSTORE	1,206,721	13%	1,213,428	13%
OTHER AUXILIARY	630,995	7%	653,787	7%
SUBTOTAL AUXILIARY	<u>9,228,315</u>	<u>100%</u>	<u>9,559,206</u>	<u>100%</u>
SUBTOTAL OPERATING EXPENSE	62,203,750		64,573,076	
CAMPUS REPLACEMENT RESERVE	2,205,949	81%	2,287,257	81%
AUXILIARY REPLACEMENT RESERVE	523,051	19%	538,743	19%
SUBTOTAL REPLACEMENT RESERVE	<u>2,729,000</u>	<u>100%</u>	<u>2,826,000</u>	<u>100%</u>
ENROLLMENT CONTINGENCY	1,080,000		1,158,419	
TOTAL CURRENT FUND USES	<u>66,012,750</u>		<u>68,557,495</u>	
NET SOURCES / (USES)	<u>0</u>		<u>2,164,220</u>	

PROPOSED 2012 - 2013 PLANNING ASSUMPTIONS

	<u>2011 - 2012</u>	<u>Proposed 2012 - 2013</u>
Budgeted Enrollment	1475	1475 - 1500
Target first year and transfer students	405	405
Enrollment Contingency	44 FTE \$1,080,000	40 - 48 FTE \$1,053,000 - \$1,264,000
Tuition Increase	4.5%	3.5 - 5.5%
Tuition Discount (Excluding Federal Support)	39.5%	36.5 - 37.5%
Target first year and transfer students	33%	34%
Endowment Payout	4.8% \$16,458,000	5.1 - 5.3% 17,848,000 - 18,498,000
Investment Income	\$100,000	\$50,000 - \$75,000
Private Gifts and Grants	\$1,150,000	\$1,150,000 - \$1,350,000
Life Cycle Contributions	\$2,729,000	\$2,826,000
Salary Pool for Faculty	.5%	2 - 4%
Salary Pool for Staff	.5%	2 - 4%
Fringe Benefit Rate	39%	39 - 39.5%
Room Increase	5%	3.5 - 5.5%
Board Increase	4%	3.5 - 5.5%