

Economics of the College

Carleton Alumni Volunteer Experience
August 2022



Carleton

Economics of the College:

1. Resources and stewardship
2. Budget and main budget drivers
3. Cost of Carleton
4. Endowment
5. Resources relative to peers

Poll / Participation:

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Sample Question: Carleton Class Year

1969 and prior

1970 - 1979

1980 - 1989

1990 - 1999

2000 - 2009

2010 and later

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Key Resources



Financial income / expense, reserves, endowment



Human talent, experience, dedication
faculty, staff, students, alums, parents, trustees



Physical land, buildings, equipment, technology



Reputational competitive position to attract resources

Stewardship of Resources

Strategic
Planning

Shared
Governance



Benchmarking,
Metrics & Peer
Comparisons



Fundraising
Goals



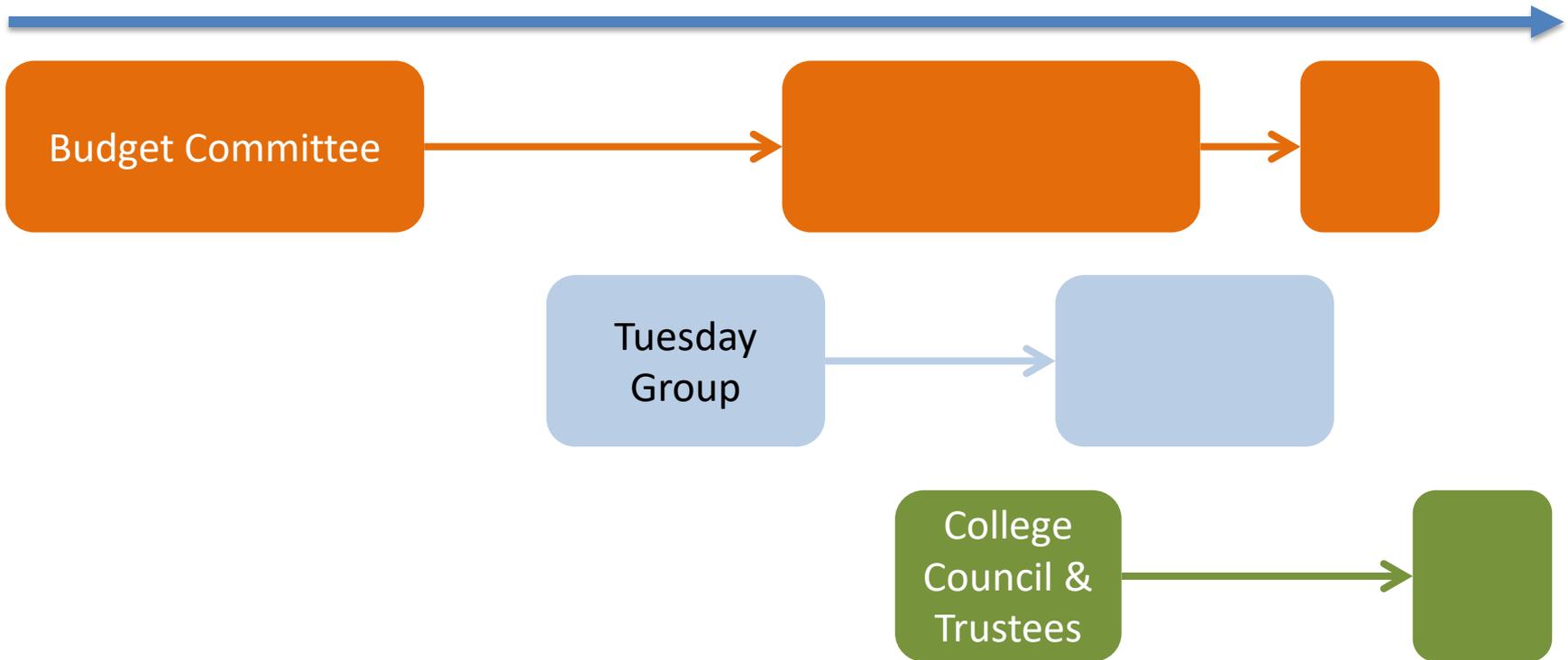
Dialog,
Strategy,
Adaptation



Internal &
External
Reviews

Budget Development

MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB



Carleton

Budget Committee = faculty, staff, students

College Council = faculty, staff, students, alums, parents, trustees

Budget Development

- Create a financial plan that reflects Carleton's priorities & values
- Plan one year at a time, within a five-year context
- Engage campus constituents to make informed decisions
- Utilize realistic assumptions and inputs
- Follow guidance from college fiduciaries (trustees) and financial best-practices
- Propose a balanced budget for fiscal responsibility

What is Carleton's total operating budget?

\$5.9 M

\$59 M

\$159 M

\$590 M

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What are Carleton's top two sources of revenue in the budget?

Endowment

Annual Fund / Gifts

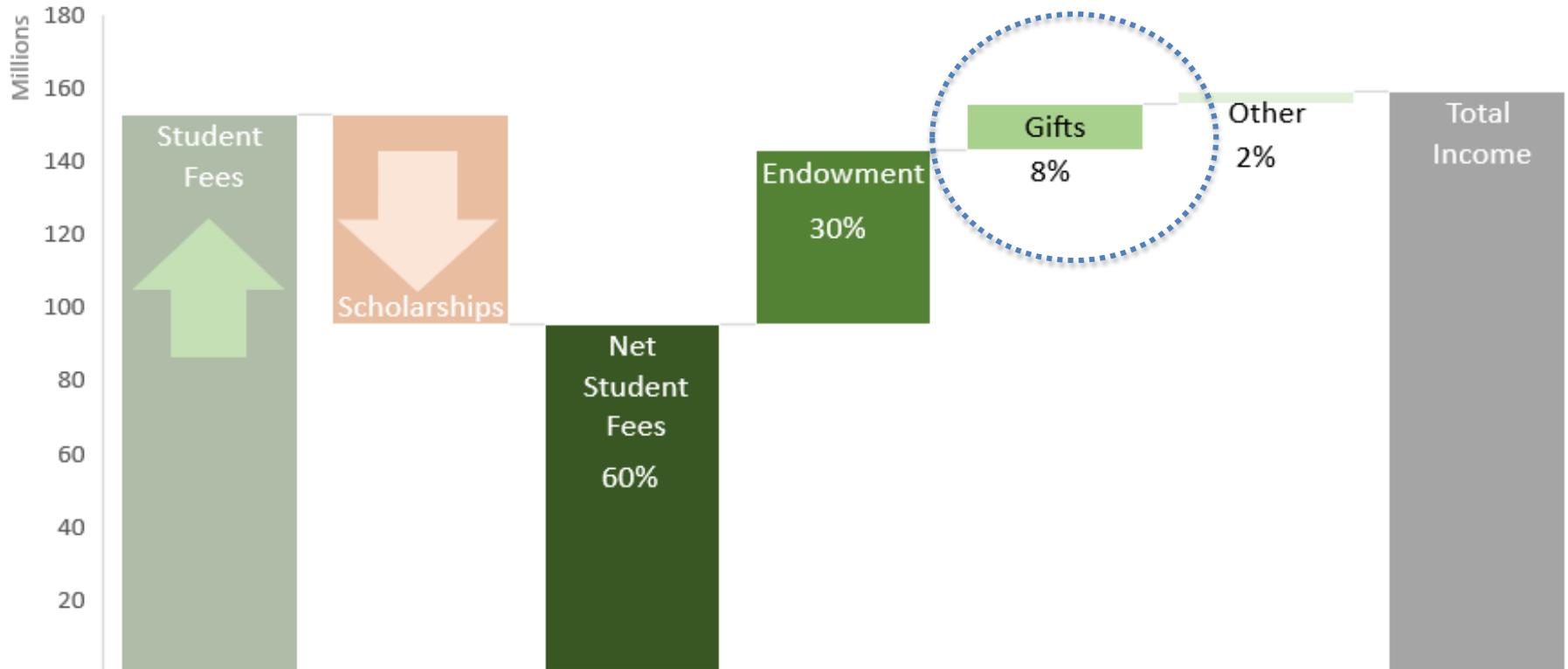
Summer Programs

Government Grants

Student Fees

Space Rental

Carleton's Budget Drivers: Income



FY23 Income Budget



Carleton

What is Carleton's largest expense?

Food Service

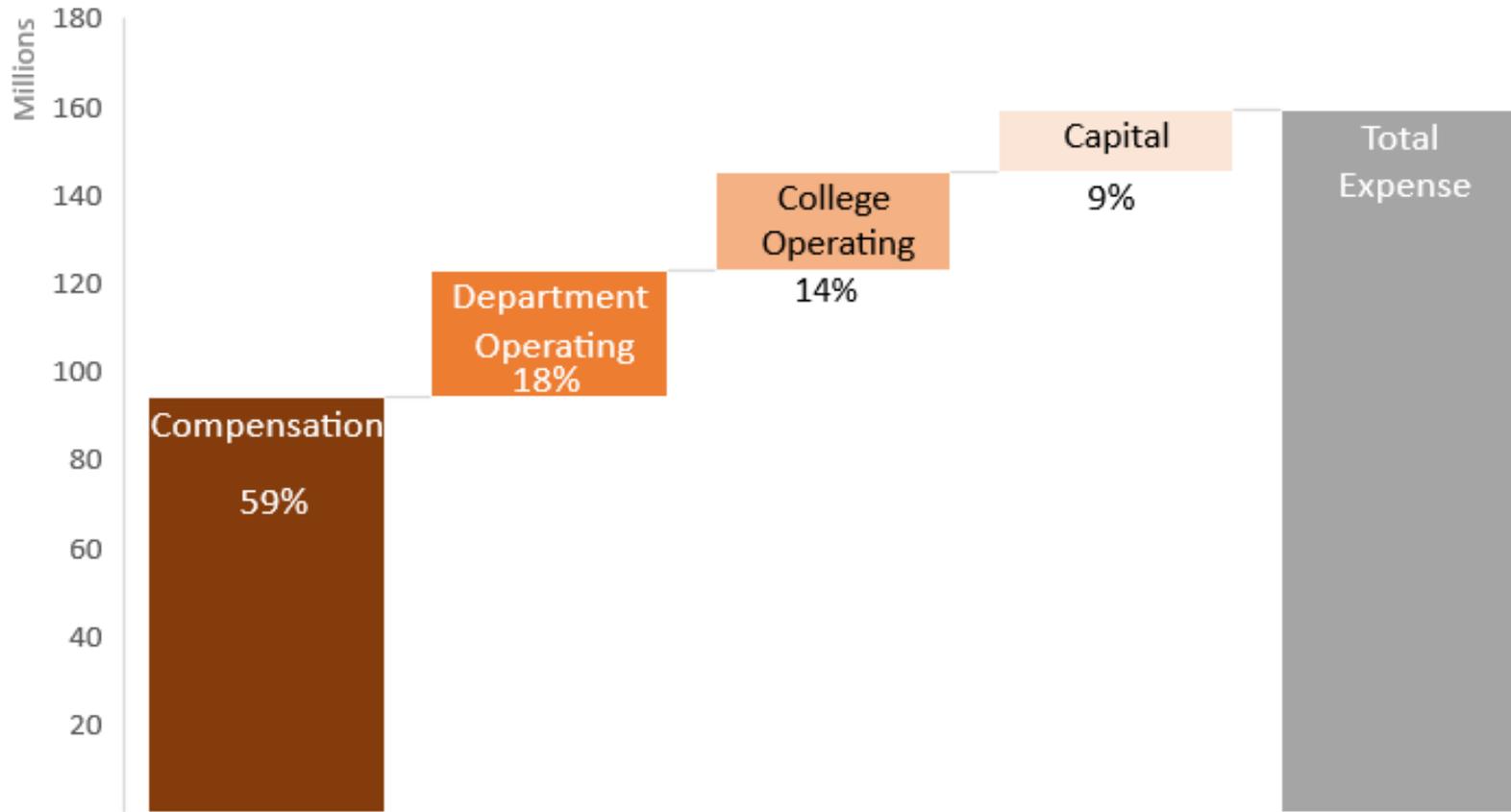
Travel for OCS

Compensation

Utilities

Debt

Carleton's Budget Drivers: Expense



FY23 Expense Budget



Carleton

What is the current Comprehensive Fee?

How much does the average student pay?

Fee = \$78,624
Paid = \$49,016

Fee = \$78,624
Paid = \$69,016

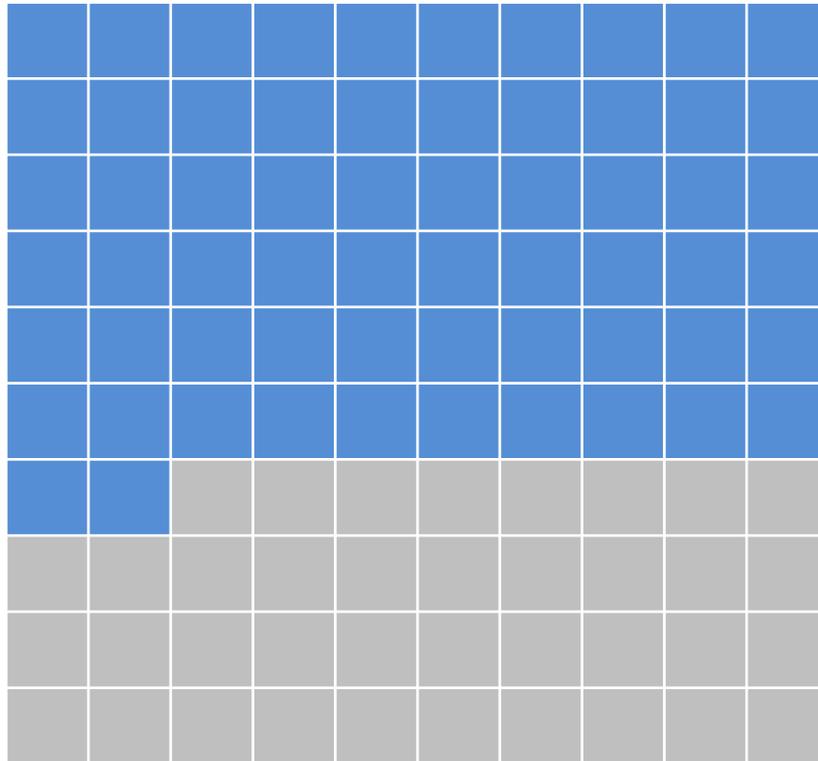
Fee = \$58,624
Paid = \$49,016

Fee = \$88,624
Paid = \$69,016

Cost of Carleton

Carleton's comprehensive fee for 2022-23 is \$78,624

The average price per student, after financial aid, is \$49,062

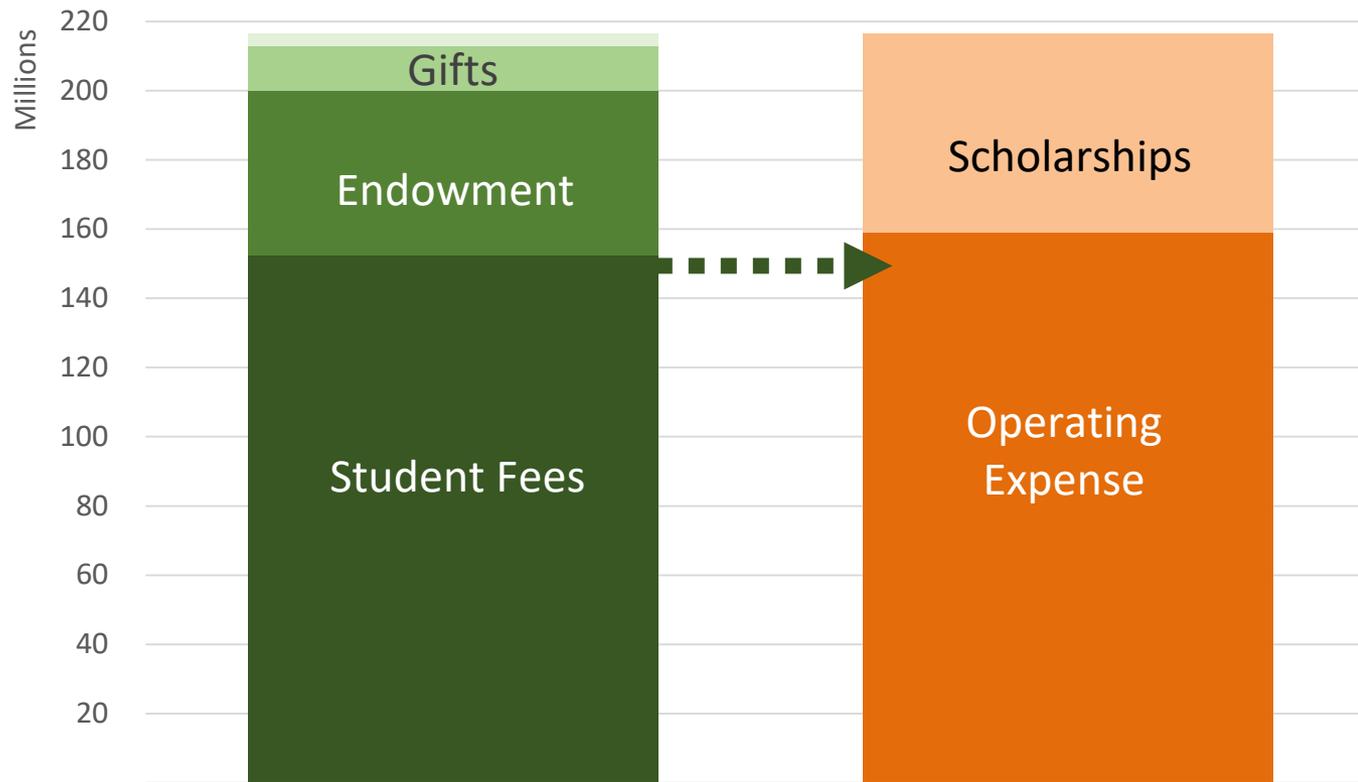


Average =
62% of
“sticker price”

Typical pricing model for
institutions like Carleton

Income and Expense Comparison

All students benefit from Endowment and Gifts



FY23 Operating Budget



Carleton

What was the balance of the Carleton Endowment at the end of June?

\$1.1 Million

\$1.1 Billion

\$110 Million

\$11 Billion

I have no idea

How does Carleton determine how much to spend from the Endowment each year?

Annual decision by
Board of Trustees **A**

Annual decision by
the President **B**

Determined by
formula **C**

Based on the results
of the Kentucky Derby **D**

Endowment



Restricted

Endowment is not a rainy-day fund



Perpetual

Designed to keep the principal intact while spending only proceeds; encourages legacy gifts



Complex

Endowment is not one fund but 800+ different funds, each with unique directives on their use;

Majority are donor restricted (scholarships, professorships, faculty development, etc.)

Endowment



Regulated

Spending is calculated using a Board of Trustees policy: the rate changes annually, but the formula does not.



Stable

Policy is a long-term tool that separates budget discussions from short-term investment results and vice-versa, in order to provide smoother and more predictable income to the operating budget

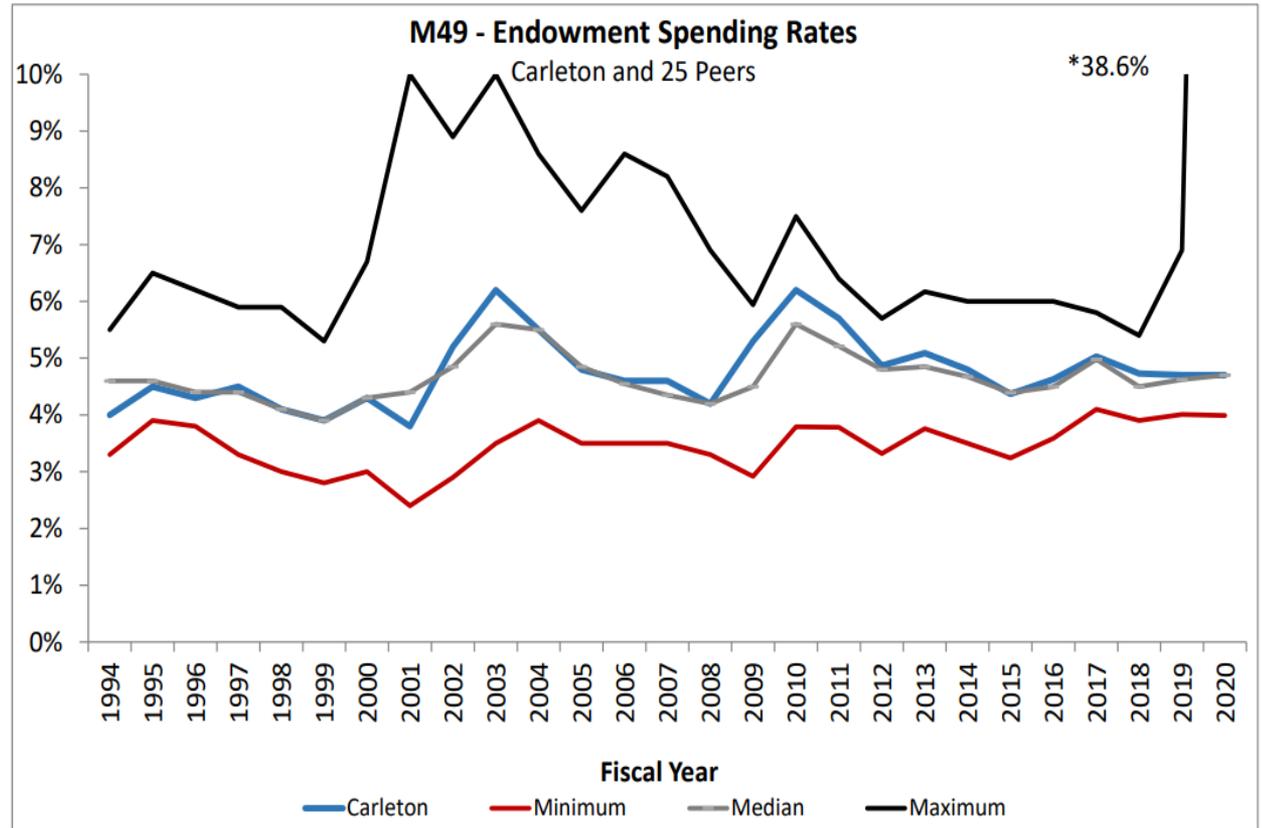


Equitable

Investment returns (7%) and responsible spending (5%) in order to keep up with inflation (2%) leads to equity between generations

Relative Resources

Spending Rate:
Carleton is on par
with peers

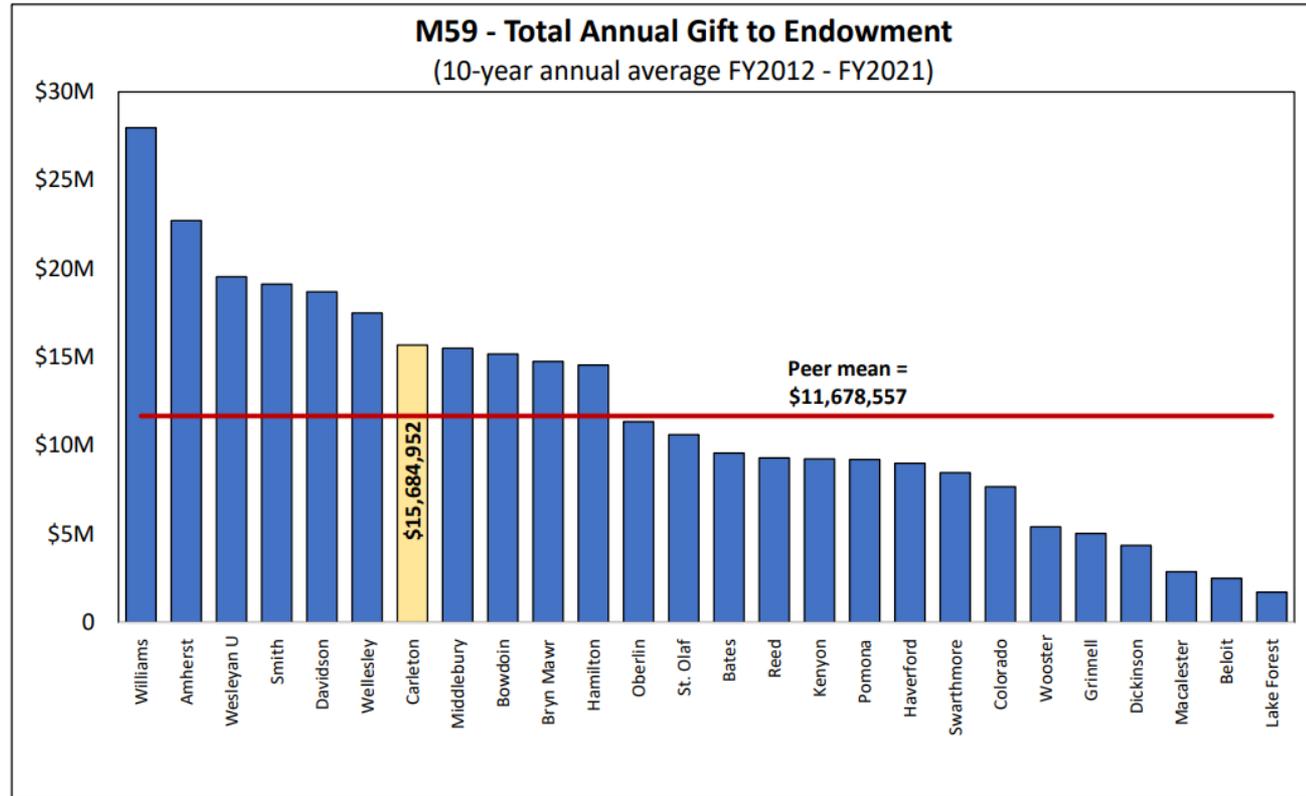


Source: Compiled from annual NACUBO Commonfund Study of Endowments and NACUBO-TIAA Study of Endowments special data request . Please note that one of the colleges reported an endowment spending rate of 38.6% and is well outside the normal range of the chart.

Relative Resources

Gifts:
Carleton is better
than average

Great measure of
alumni / student
experience

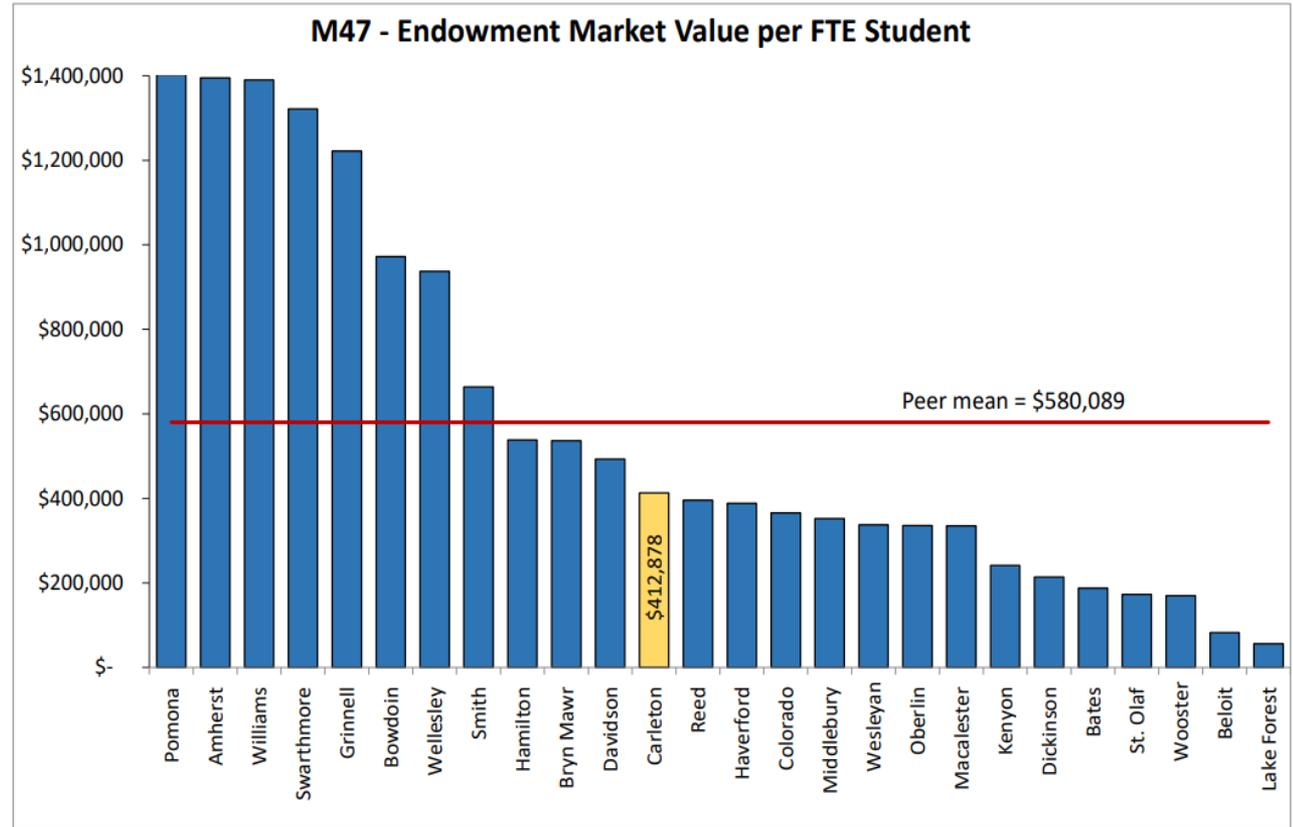


Source: As reported on Council for Aid to Education, Voluntary Support of Education Surveys. Includes gifts where spending is restricted and unrestricted. Note: A ten-year annual average is used to compensate for typical annual fluctuations in giving amounts.

Relative Resources

Per Student:
Carleton is middle
of the pack

Larger endowment =
more opportunities



Sources: NACUBO-TIAA Study of Endowments, January 2021 (FY2020 and IPEDS Fall 2019).

Economics of the College:

1. Strong stewardship and comprehensive planning processes
2. People-focused budget drivers
(income is tuition dependent, compensation drives expense)
3. Cost to students is determined by need
4. Endowment is a vital resource for longevity and stability
5. Under-resourced, but competitive, compared to our peers

Questions?