

Swarthmore College
2019-2020 Operating Budget
(\$ in millions)

ENROLLMENT	2018-2019	2019-2020	Change in Enrollment
<u>Average Enrollment</u>			
On Campus	1550	1561	11
Off-Campus	80	84	4
	1630	1645	15

OPERATING BUDGET SUMMARY

	2018-19		2019-20		\$ Change from	% Change from
	Approved	% of	Approved	% of	FY19 Budget	FY19 Budget
	Budget	Total	Budget	Total		
<u>Revenues</u>						
Gross Student Revenues	\$110.3		\$115.6		\$5.3	5%
Less: Financial Aid*	(45.6)		(46.7)		(1.1)	2%
Student Revenues (net)	\$64.7	37%	\$68.9	38%	4.2	6%
Endowment Spending**	95.1	55%	97.1	54%	2.0	2%
Gifts and Grants	5.5	3%	5.3	3%	(0.2)	-4%
Other	8.7	5%	8.8	5%	0.1	2%
Total	\$173.9	100%	\$180.0	100%	\$6.1	4%
<u>Expenditures</u>						
<u>Operations</u>						
Compensation	\$91.1	52%	\$94.5	52%	\$3.4	4%
Departmental Expenses*	42.2	24%	44.8	25%	2.7	6%
Contingency	1.6	1%	1.8	1%	0.2	13%
Utilities	2.6	1%	2.8	2%	0.2	8%
	\$137.4	79%	\$143.8	80%	\$6.5	5%
<u>Non Operating Expenditures</u>						
Capital Expenditures	\$13.5	8%	\$13.9	8%	\$0.5	3%
Debt Service	23.9	14%	23.2	13%	-0.7	-3%
Other***	(0.8)	0%	(0.9)	-1%	(0.1)	18%
	\$36.5	21%	\$36.2	20%	-\$0.4	-1%
Total	\$173.9	100%	\$180.0	100%	\$6.1	4%

* Subsidized student health insurance reclassified to departmental expenses to conform to new financial reporting standards.

** Excludes the endowment distribution for the repayment of the College's 2011 Bonds Maturity.

*** Includes transfer from reserves.

SWARTHMORE COLLEGE
2019-20 BUDGET SUMMARY

At the Board Meeting held on May 11, 2019, Swarthmore College’s Board of Managers adopted a 2019-20 operating budget of \$180.0 million. The operating budget is the College’s general unrestricted revenues and expenses for the upcoming year and does not include other sources such as restricted funds. A summary of Swarthmore’s budget is posted on this website.

Highlights of the 2019-20 operating budget include:

Student Charges: The 2019-20 increase in student charges is 3.9%, bringing the cost for full-paying students to \$70,744. This is the first time student charges has reached the \$70,000 threshold. The components of charges are:

Tuition	\$	54,256
Student Activities Fee	\$	400
Room	\$	8,252
Board	\$	<u>7,836</u>
Total	\$	70,744

The College has reaffirmed its commitment to a need blind admission policy, to meeting all demonstrated financial need of admitted students, and to loan-free packaging of financial aid awards. The budget for financial aid is increasing by 2.4%, from \$45.6 million to \$46.7 million, a smaller increase than the prior year due to an accounting reclassification of the subsidized student health insurance to a departmental budget. Students’ expected term and summer earnings contributions remain flat.

The average on-campus enrollment for 2019-20 is expected to increase to 1,561 students. The actual average on-campus enrollment in 2018-19 was 1,525 students. The new student targets for 2019-20 are 415 first year students and 25 transfer students for next fall.

Endowment Spending: Distributed endowment support to the budget next year will increase 2% over FY 2018-19. The endowment distribution to the operating budget will comprise 54% of budgeted revenues. The anticipated endowment spending rate is 4.66%. The College remains committed to managing endowment spending within the target range of 3.5% to 5.0%.

SWARTHMORE COLLEGE
2019-20 BUDGET SUMMARY

Fundraising and Campaign Activity: Swarthmore Fund gifts are budgeted to raise \$5.0 million for 2019-20, a \$200K decrease from 2018-19, to reflect a trend in donor giving from unrestricted to restricted purposes such as endowments or gifts for specific purposes or activities. Gifts to the Swarthmore Fund are unrestricted in nature. For a complete picture of giving, please see the College's campaign [website](#).

Compensation: Overall faculty and staff compensation are budgeted to have modest growth, driven by an increase in headcount and benefit costs. The overall faculty salary budget will increase by 3.3%, with salary pool increases by faculty rank remaining competitive with our peer institutions. In addition, this year's budget includes no new tenure-track faculty lines.

Staff increases for continuing employees will be administered based on performance reviews and distributed through a 2.8% merit pool. The budget includes three new budgeted staff positions (in Information Technology Services, Environmental Services, and Facilities) and three adjustments to the hours of existing staff in two academic departments and the Provost's Office. Lastly, there are several limited-term positions that support special initiatives such as the comprehensive campaign. Many of these are supported through restricted sources of funding.

Departmental Expenses: Current expenses will increase by \$2.7 million or 6%. Included in this year's budget are maintenance of site licenses in Information Technology Services (ITS) and the OneCard office; budget support for student employment wage increases and new student worker requests; non-capitalized equipment for ITS, athletics, and academic departments. As mentioned earlier, the subsidized student health insurance budget has been reclassified to departmental expenses to conform to new financial reporting standards.

Specifically, \$511K will be provided in one-time budget additions for special events and temporary needs, including the funding of new waste bin stations and consulting as part of the College's waste reduction and diversion strategy.

Utilities: The College continues to implement energy conservation initiatives with the goal of achieving carbon neutrality by 2035. The base utilities budget will increase by \$200K or 8% due to the opening of additional square footage in 2020 with Phase I of the Biology, Engineering, and Psychology (BEP) building's completion.

SWARTHMORE COLLEGE
2019-20 BUDGET SUMMARY

Technology and Facilities Capital Budgets: The allocation from the endowment to the capital budget increased by 3% from 2018-19 to \$13.9 million. The increase continues a desire to reduce the College's deferred maintenance backlog, with the College's endowment spending formula for capital renewal and replacement tied to depreciation. The total capital budget for 2019-20, including all sources of funding, is \$57.6M. These sources include gifts for capital projects, spending of bond proceeds, and the appropriation from the endowment. The largest element of the capital budget is construction costs for the new Biology, Engineering, and Psychology (BEP) Building.

Debt Service: The budget reflects the full cost of principal and interest on the College's current debt. The budget includes \$13.5 million in interest costs and \$9.7 million in principal repayment.

Greg Brown and Alice Turbiville
May 23, 2019