Macalester College

Finance Presentation

MACALESTER

April 2025

Agenda

- College Finances
  - Including peer comparison data
- Approved Fiscal Year 2026 Budget
- Questions

Peer Comparison Context

- Most recently available comparison data is for FY2023
- Macalester's 40-school peer group was created in 1997
- Student FTE range is 1,000 - 4,000
- Endowment size range is $85M - $3.5B
- Peer group data sources include:
  - IPEDS (Integrated Postsecondary Education Data System)
  - Published financial statements
  - Publicly available 990 tax returns
  - Public information on school websites

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Peer Comparison Context

- Amherst College
- Barnard College
- Bates College
- Beloit College
- Bowdoin College
- Bryn Mawr College
- Bucknell University
- Carleton College
- Claremont McKenna College
- Colby College
- Colgate University
- College of the Holy Cross
- Colorado College
- Connecticut College
- Davidson College
- Franklin and Marshall College
- Grinnell College
- Hamilton College
- Haverford College
- Kenyon College
- Lafayette College
- Lawrence University
- Middlebury College
- Mount Holyoke College
- Oberlin College
- Occidental College
- Pomona College
- Reed College
- Sarah Lawrence College
- Scripps College
- Smith College
- Swarthmore College
- The University of the South
- Trinity College
- Union College
- Vassar College
- Washington and Lee University
- Wellesley College
- Wesleyan University
- Williams College

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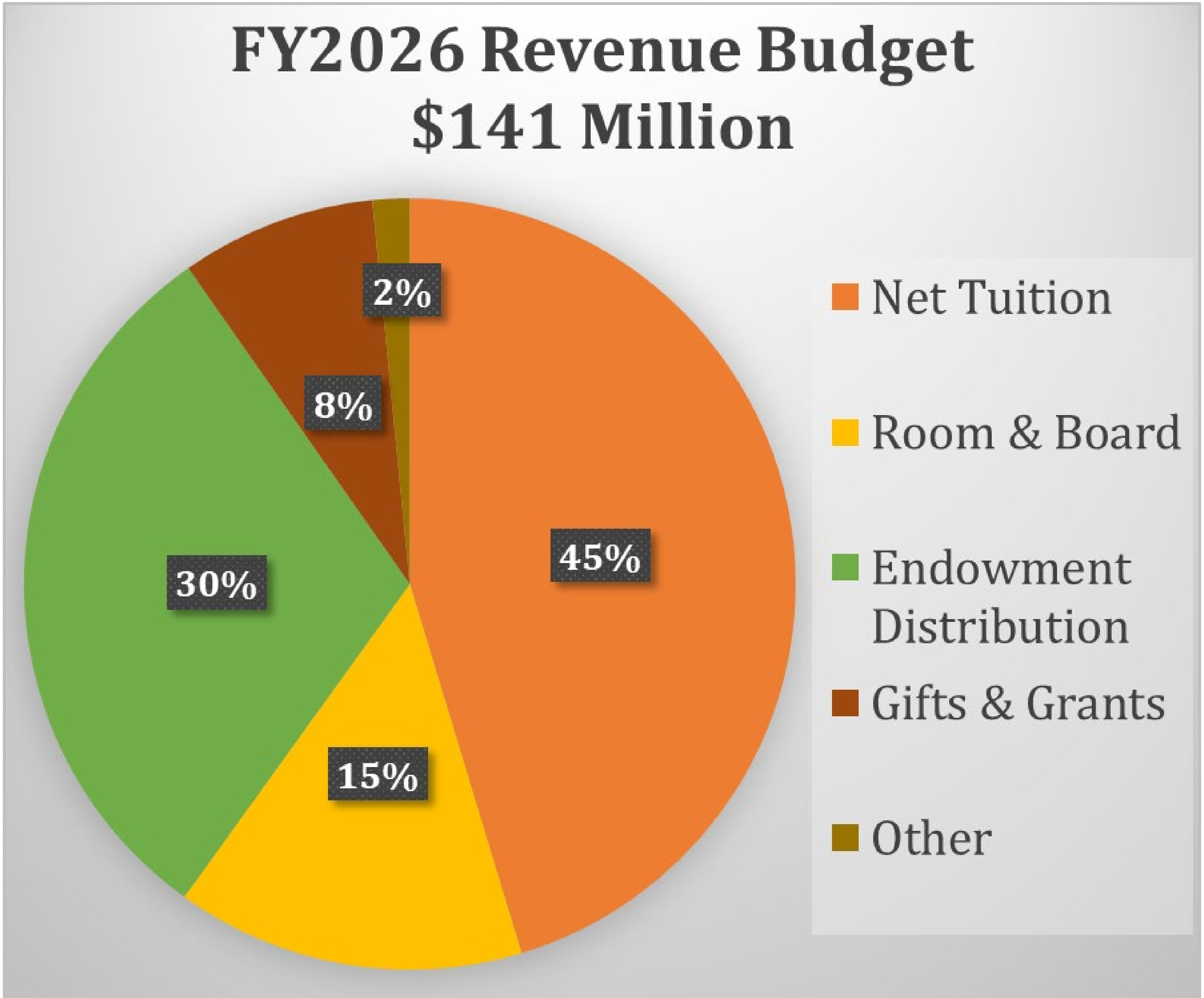
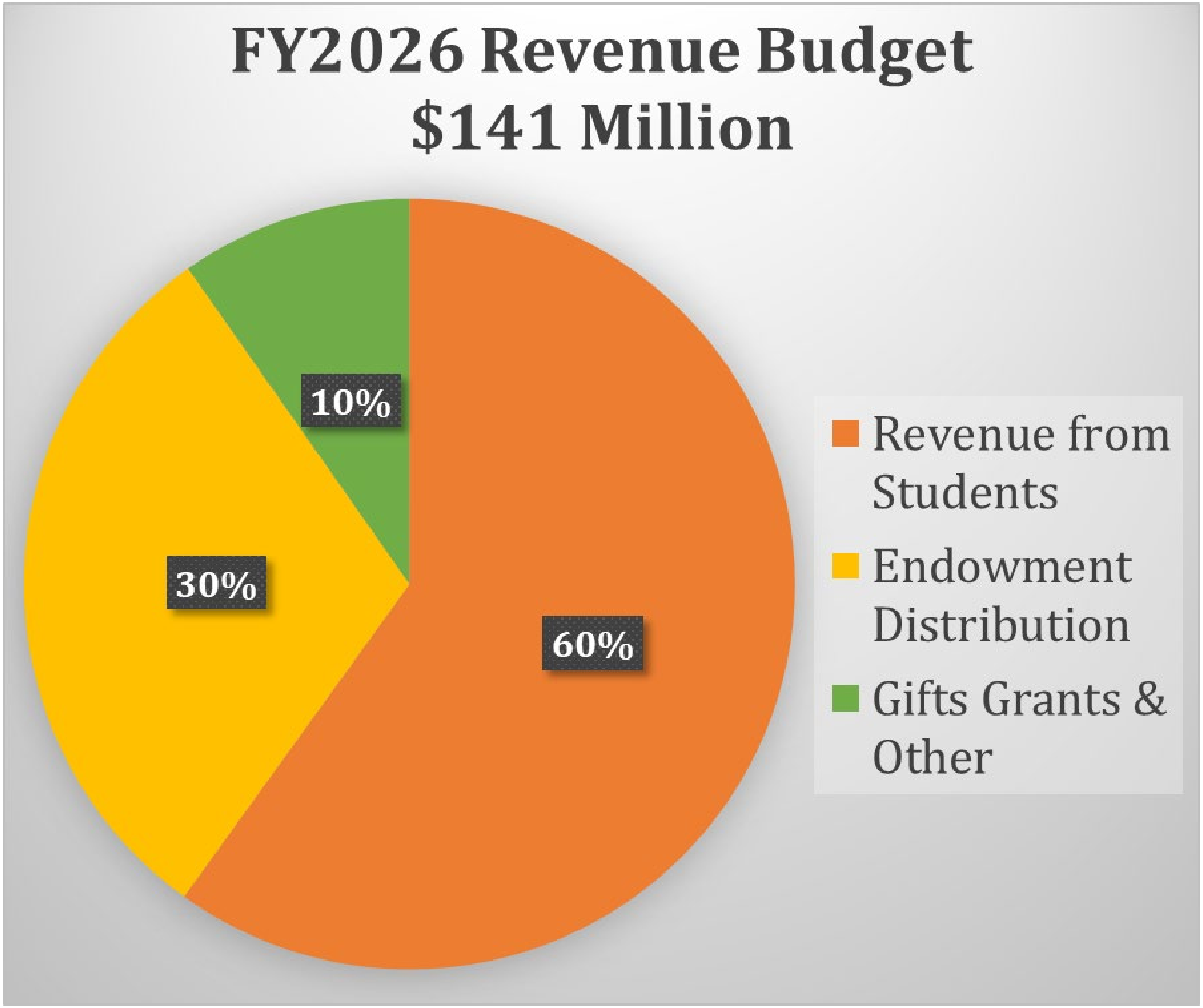
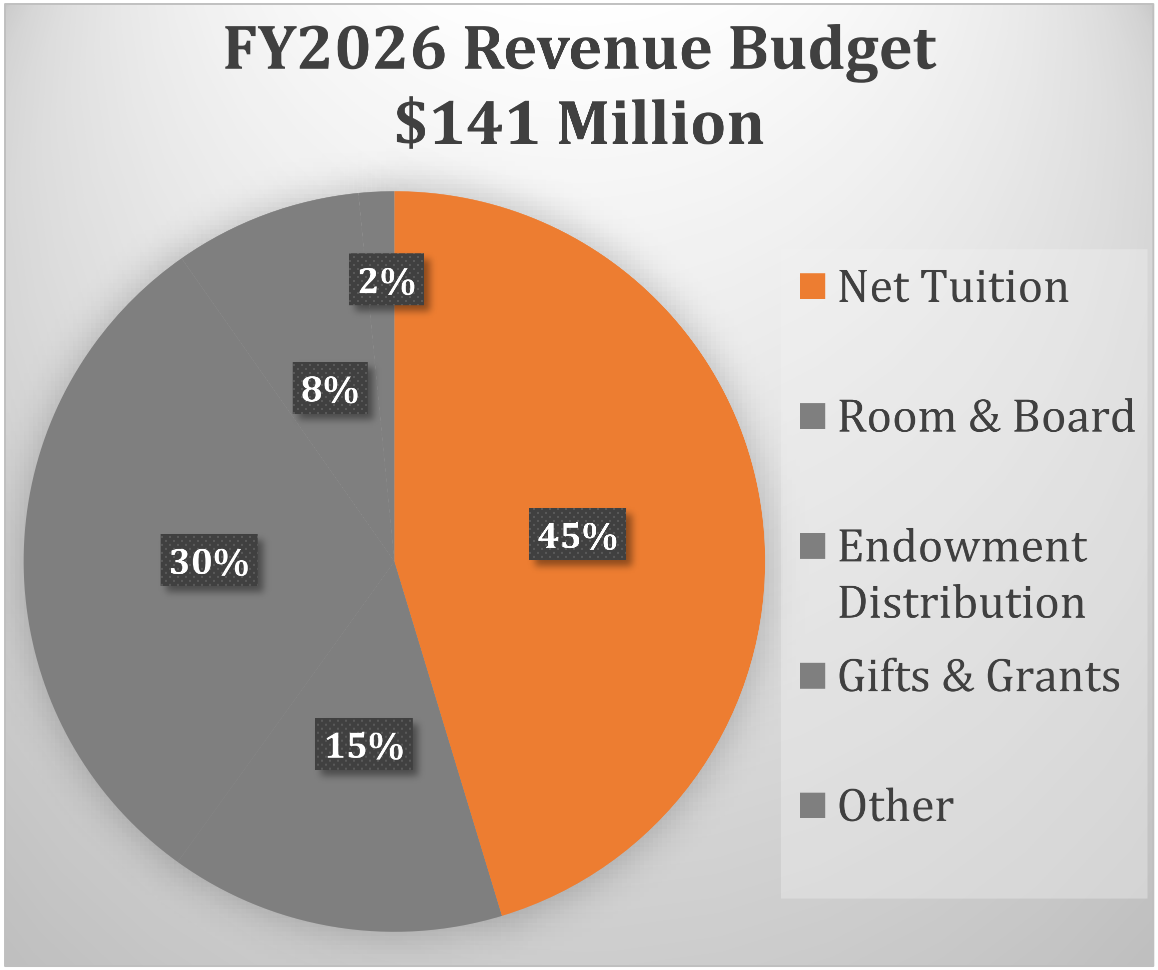
Revenue Assumptions


FY2026 Revenue Budget
$141 Million
45%
15%
30%
8%
2%
Net Tuition
Room & Board
Endowment Distribution
Gifts & Grants
Other


FY2026 Revenue Budget
$141 Million
10%
30%
60%
Revenue from Students
Endowment Distribution
Gifts Grants & Other

Net Tuition Revenue

45%



Net Tuition Revenue (NTR) FY2024

- Tuition + Mandatory Fee Less Financial Aid
- FY2024 Net Tuition Revenue/Student
  - Tuition and Fees Charged/Student
    - $64,908
  - Net Tuition Revenue/ Student
    - $28,529
  - Discount Rate
    - 56%

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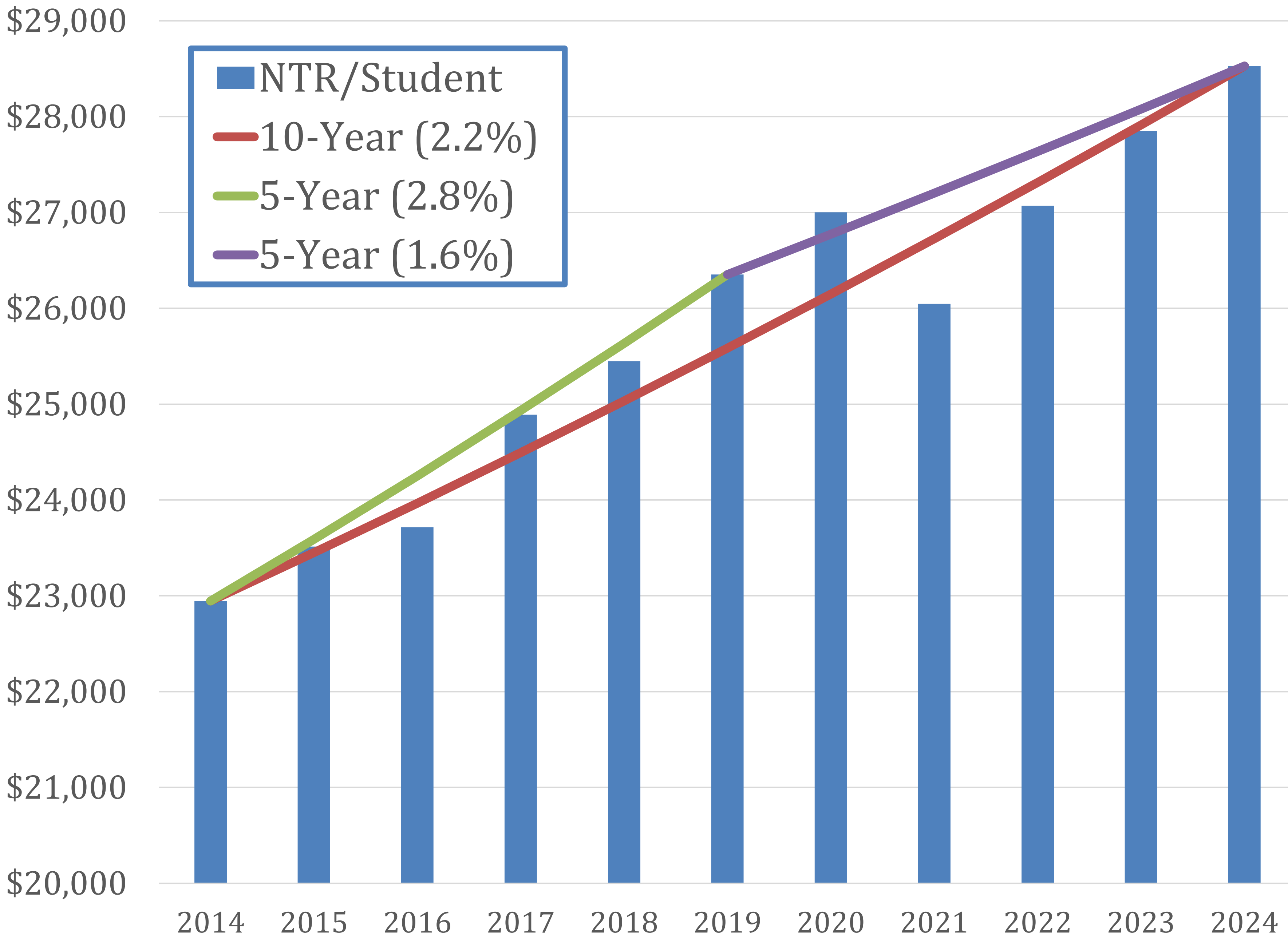
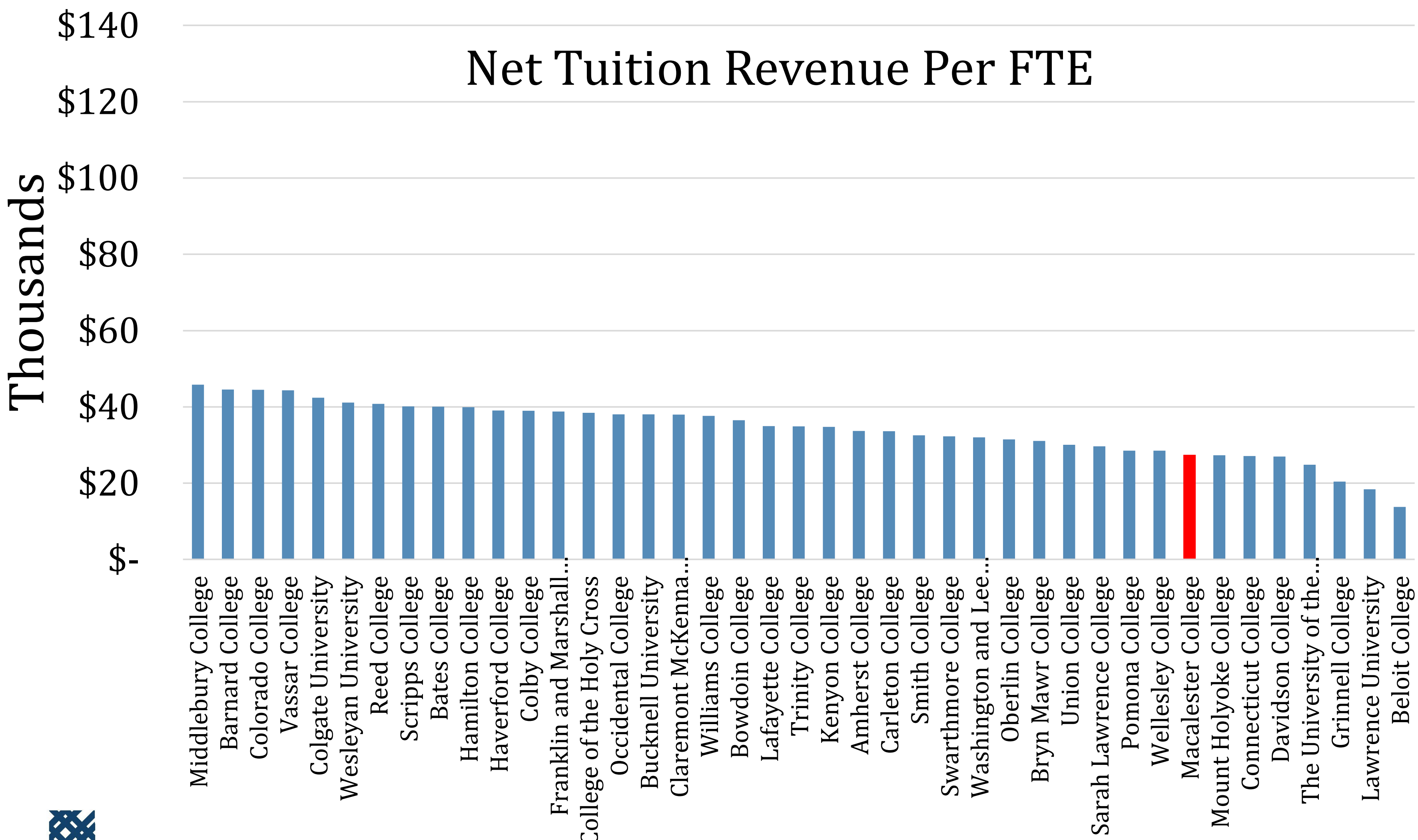

$29,000
$28,000
$27,000
$26,000
$25,000
$24,000
$23,000
$22,000
$21,000
$20,000
NTR/Student
10-Year (2.2%)
5-Year (2.8%)
5-Year (1.6%)
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024

Revenue Per Student
Peer Comparison



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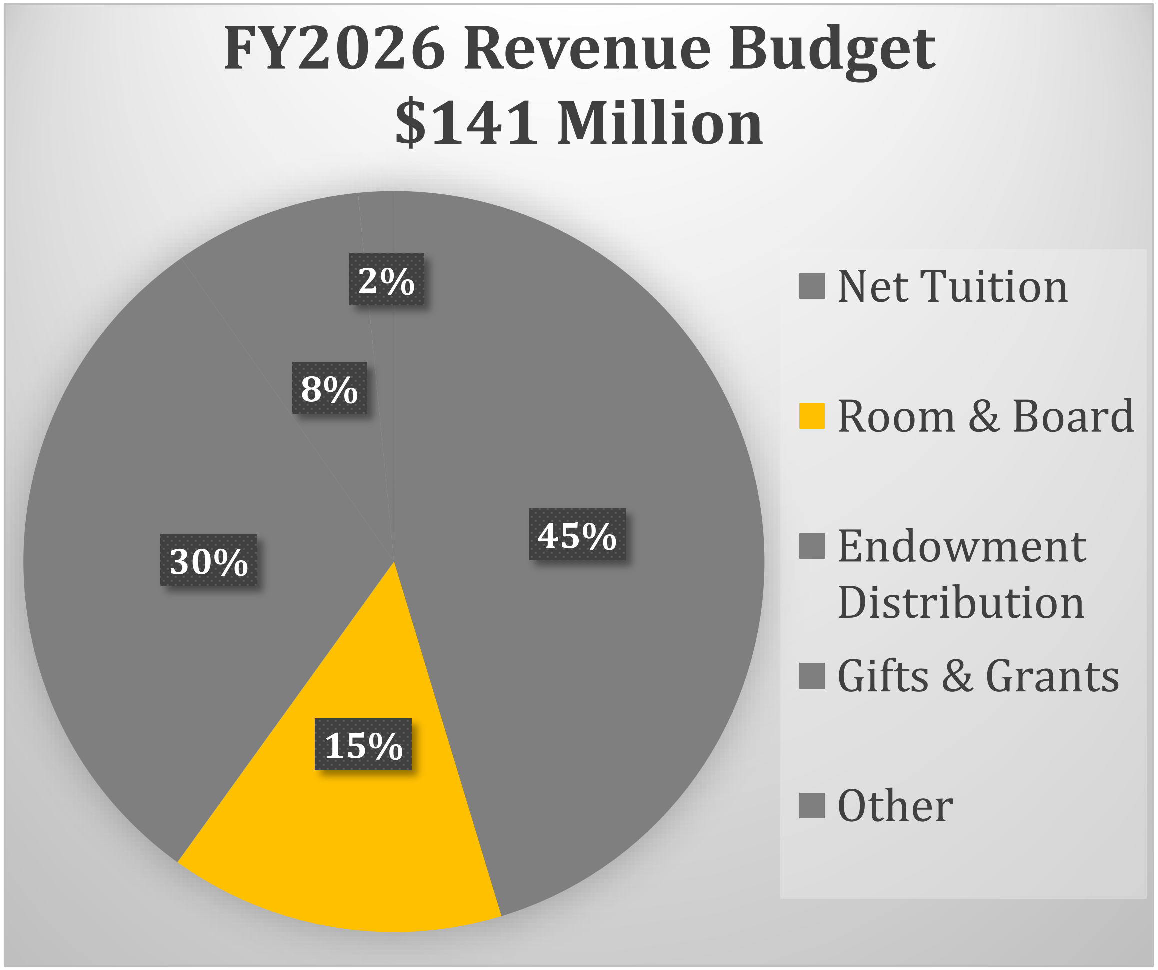
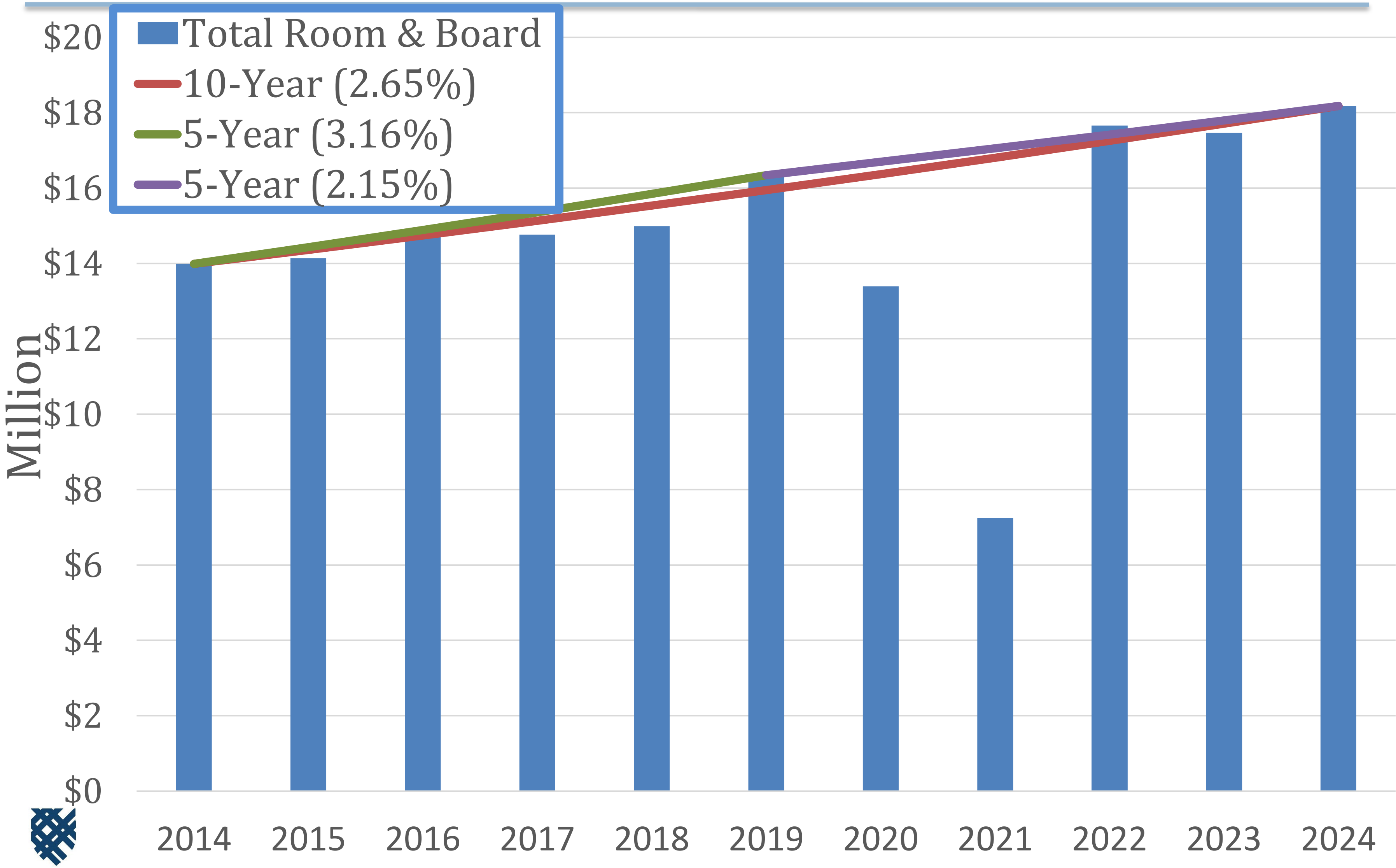
Room and Board Revenue 15%



Total Room and Board Revenue



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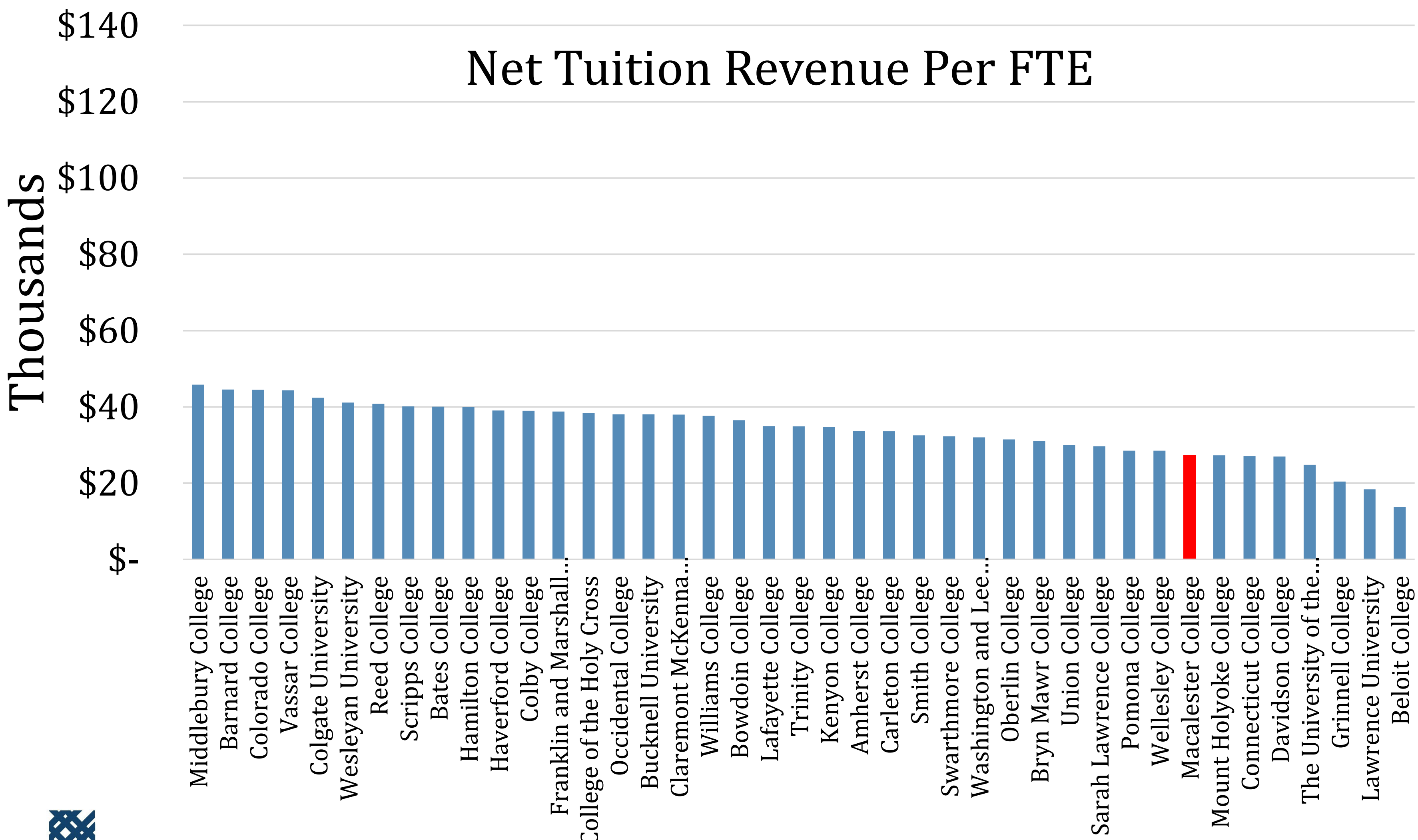
Revenue Peer Student Peer Comparison



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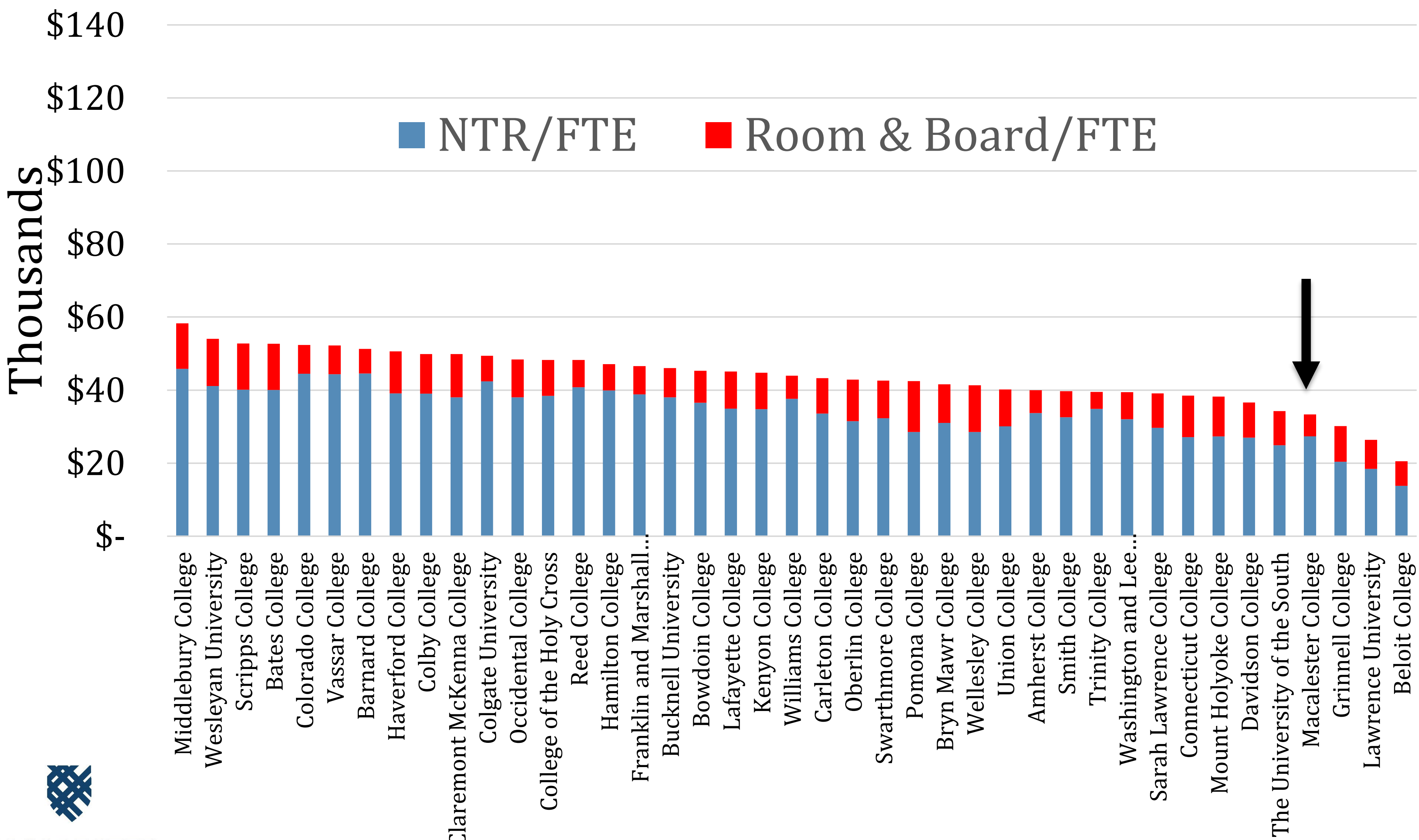
Revenue Per Student
Peer Comparison



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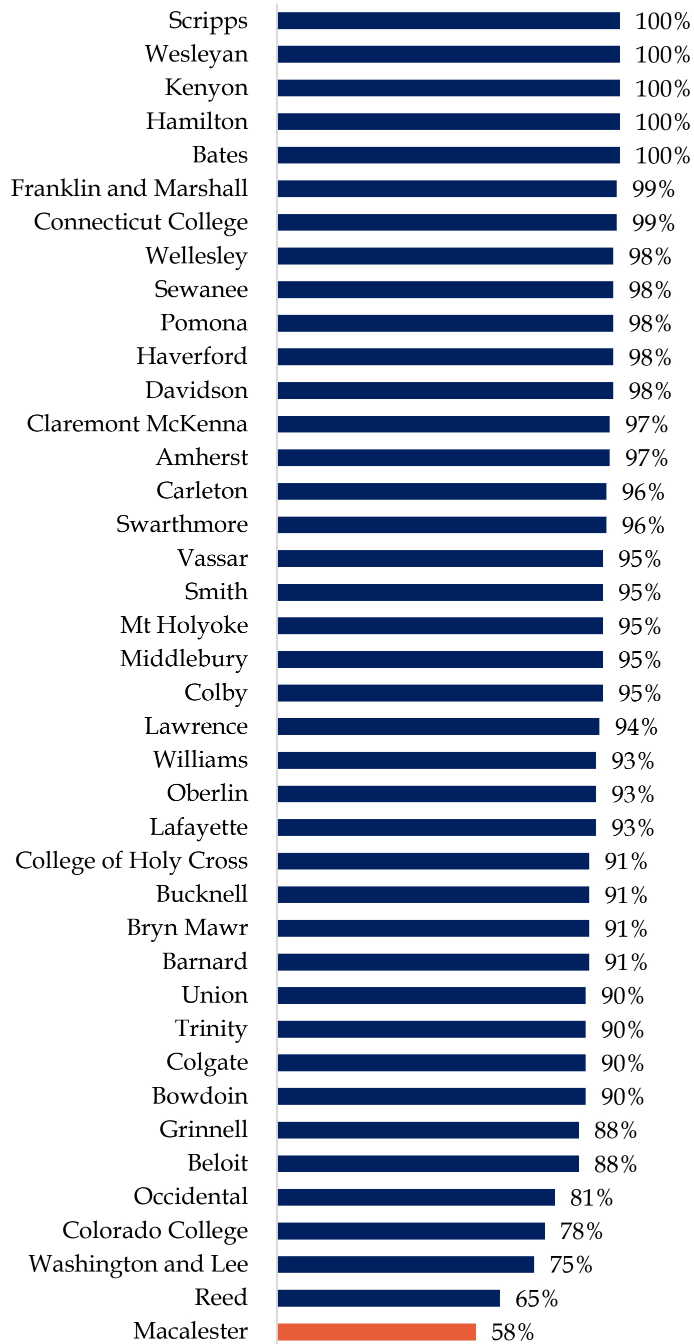
Percentage of students living on campus in Fall 2018 at Mac & 40 Peers



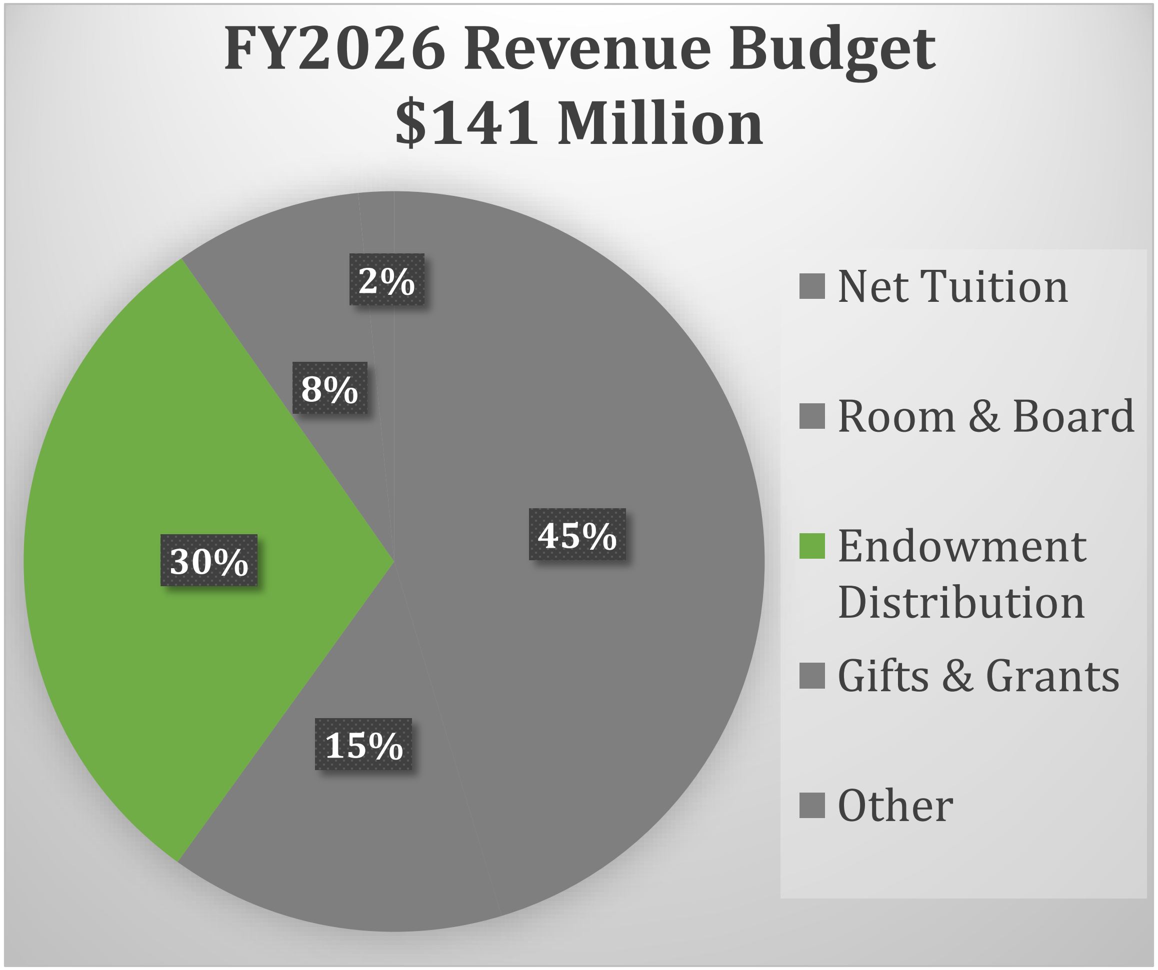
- This data comes from SPA's 2018 study
  More than Just Beds: Exploring the Dynamics of Campus Residency

- The percentage base excludes those who are on study away

- According to the study, 27 of 40 peers (68%) have a 4-year residency requirement

- Macalester's residency rate in fall 2018 (58%) is similar to our current residency rate in fall 2024 (57%)

Endowment
30%



Macalester’s Endowment

- As of February 28, 2025, the endowment value was 898,413,142
- The endowment is a collection of X separate accounts
- 91% of Macalester’s endowment is restricted for the purpose of the donor’s intentions
- 78% of these restrictions are for financial aid
- Overall, 71% of the endowment is restricted to financial aid

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Endowment Draw Formula

The Macalester endowment shall distribute spendable income equivalent to:

- Fifty percent calculated using previous year's draw increased by 2.0%
- Fifty percent calculated using 5% of the 16 quarter market value average of the endowment unit value
- The proposed draw per unit shall not be more than 6.0% or less than 4.0% of the November 30 value prior to the start of the fiscal year

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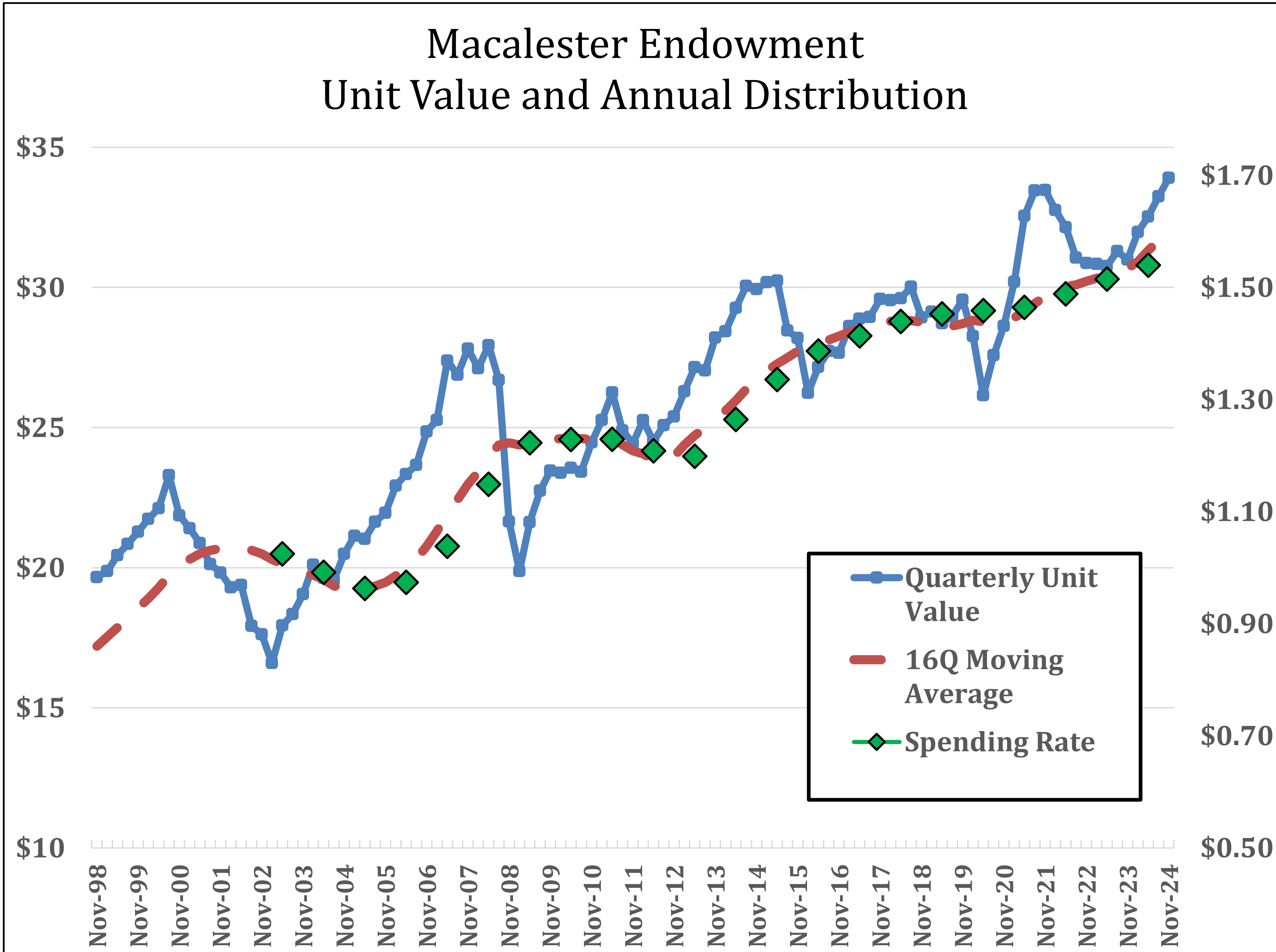
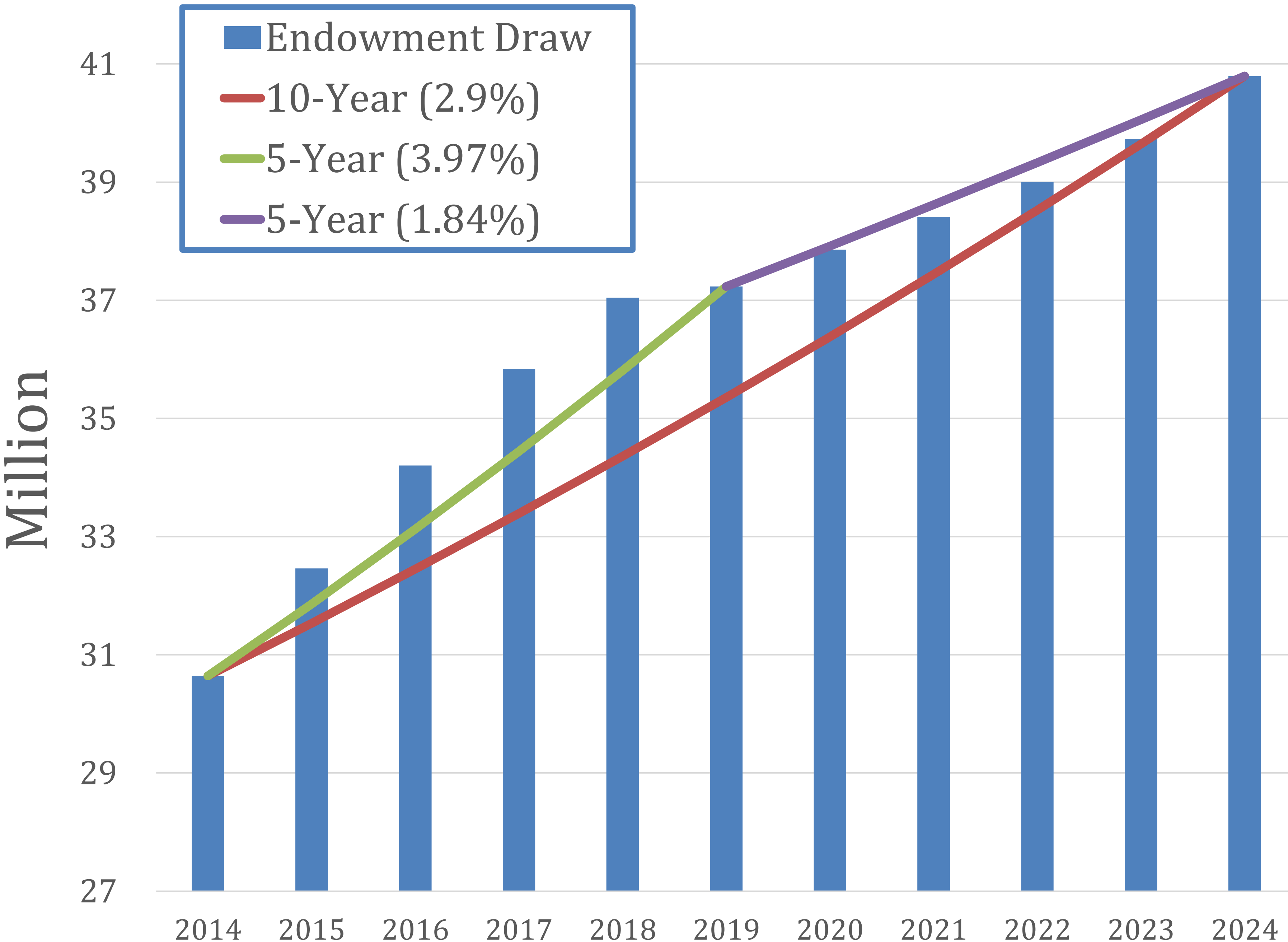
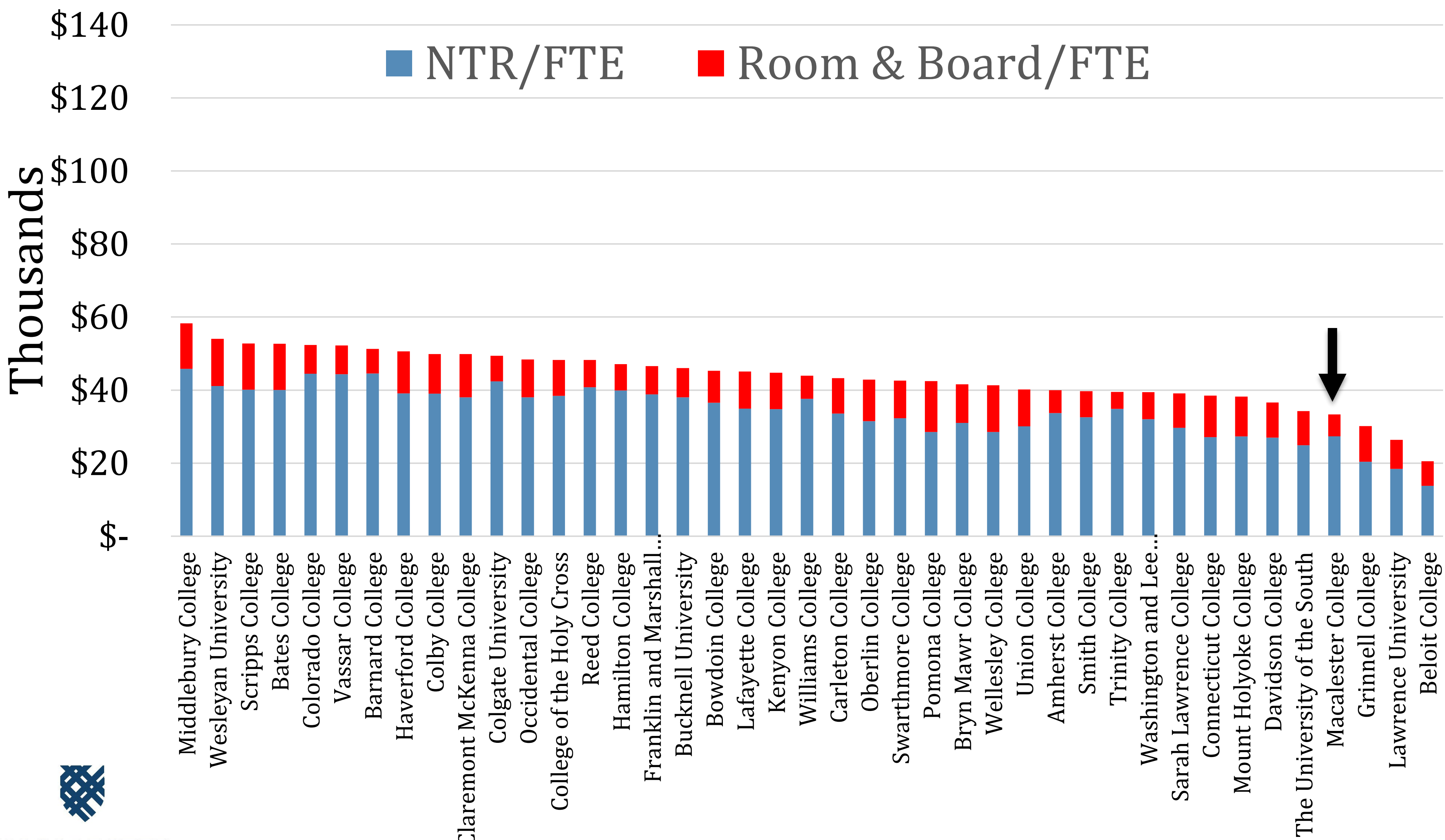

Macalester Endowment
Unit Value and Annual Distribution
$35
$30
$25
$20
$15
$10
$1.70
$1.50
$1.30
$1.10
$0.90
$0.70
$0.50
Nov-98
Nov-99
Nov-00
Nov-01
Nov-02
Nov-03
Nov-04
Nov-05
Nov-06
Nov-07
Nov-08
Nov-09
Nov-10
Nov-11
Nov-12
Nov-13
Nov-14
Nov-15
Nov-16
Nov-17
Nov-18
Nov-19
Nov-20
Nov-21
Nov-22
Nov-23
Nov-24
Quarterly Unit Value
16Q Moving Average
Spending Rate


Endowment Draw
10-Year (2.9%)
5-Year (3.97%)
5-Year (1.84%)
Million
41
39
37
35
33
31
29
27
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024

Revenue Per Student
Peer Comparison



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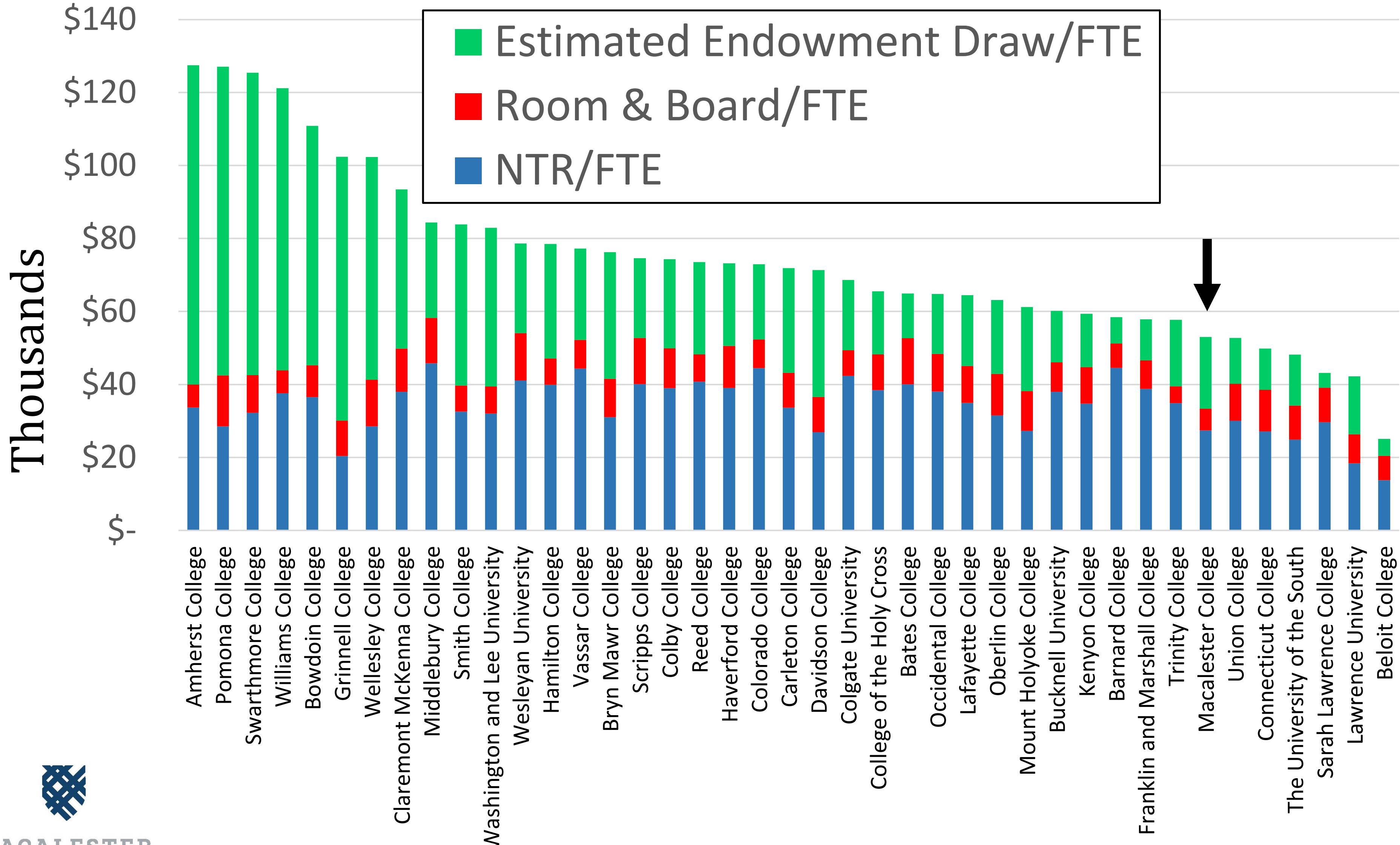
Revenue Per Student Estimate



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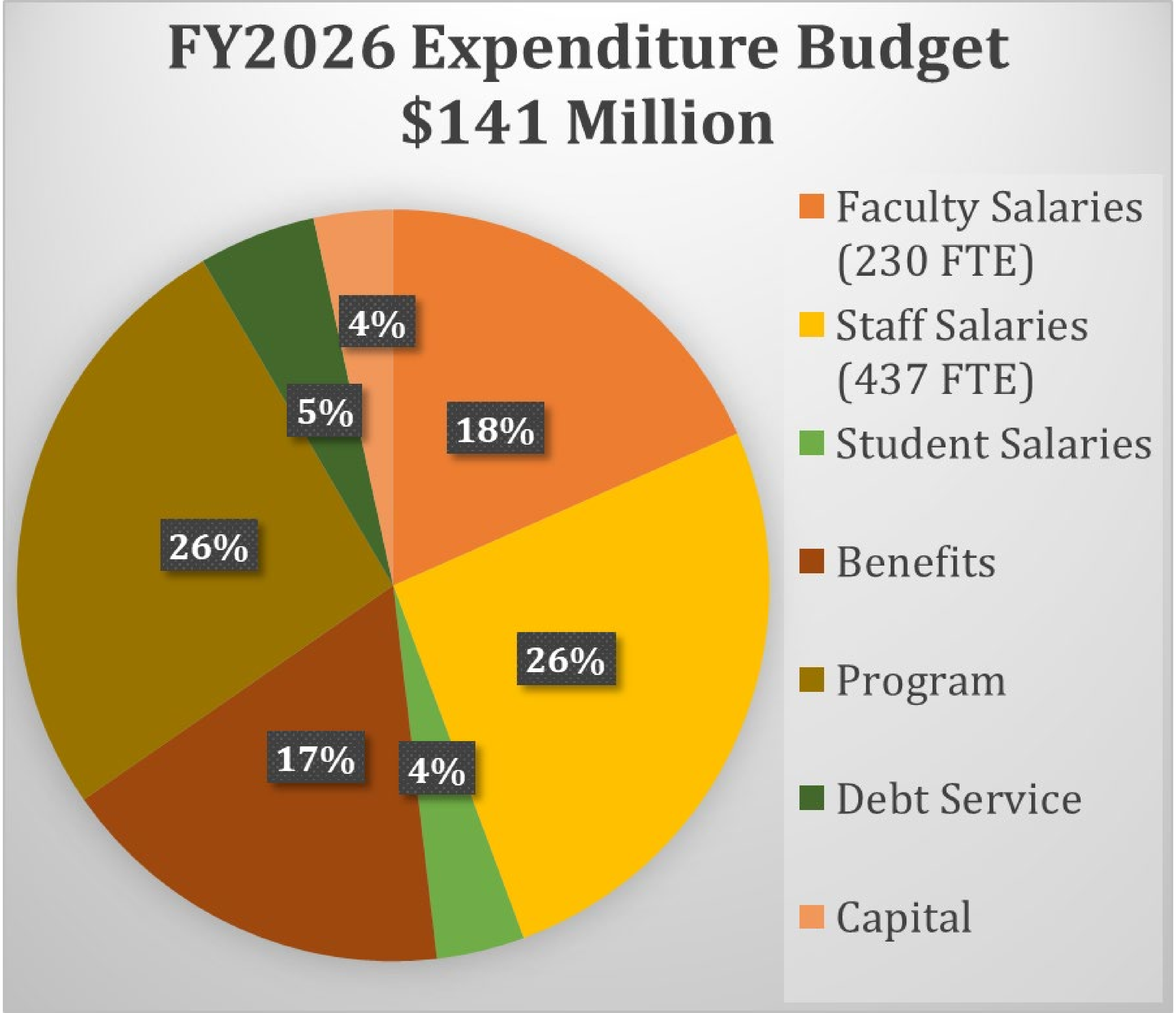
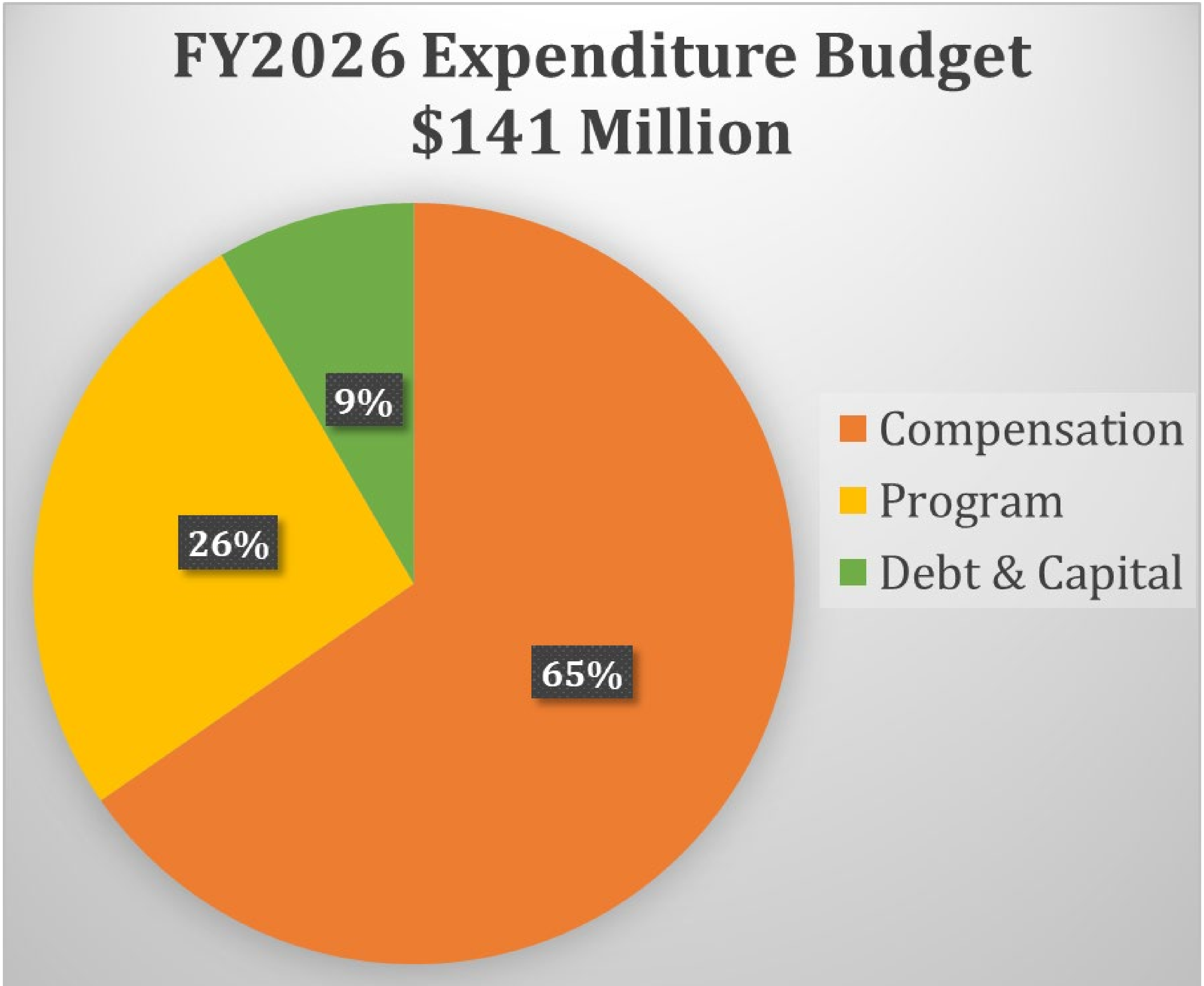
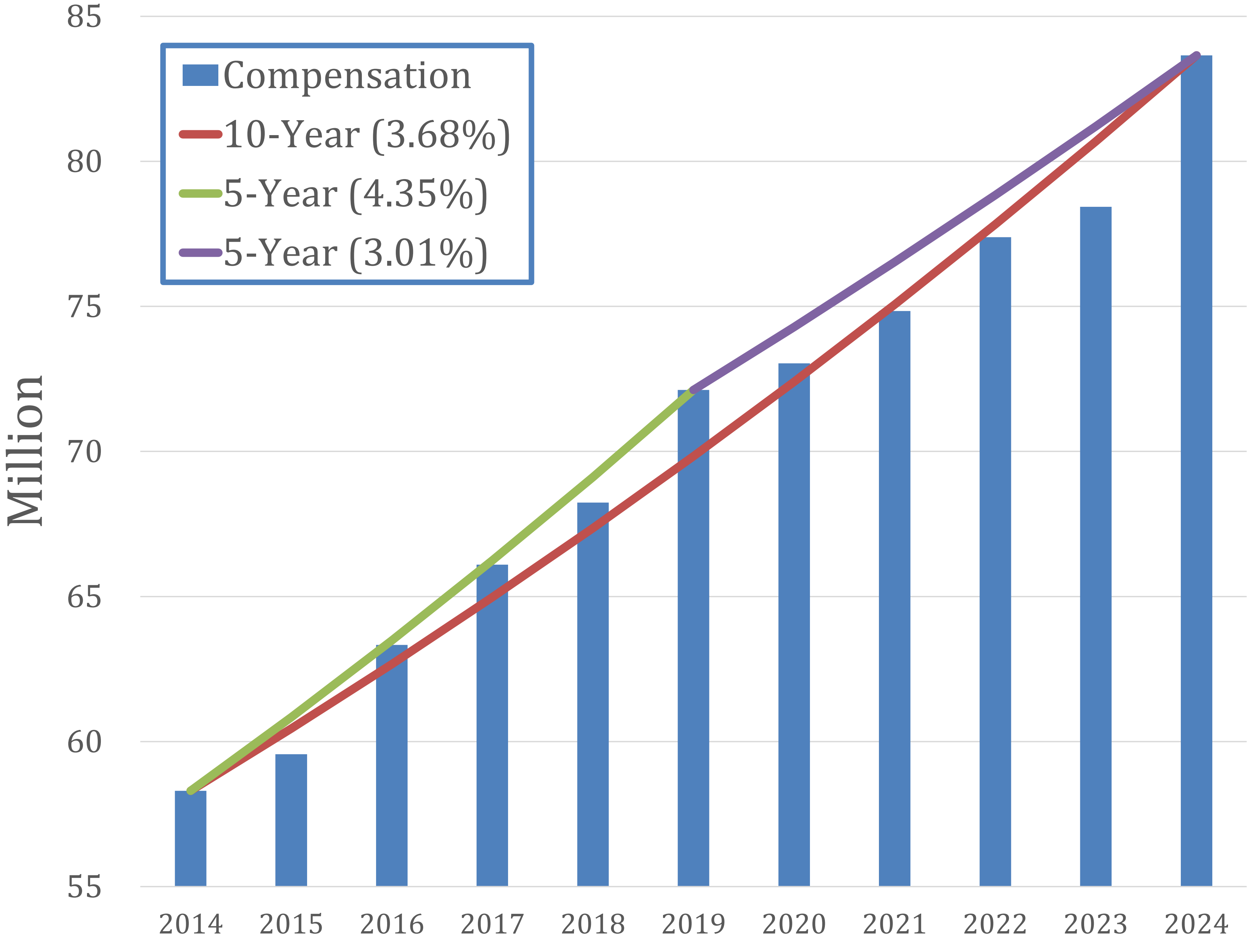
Expenditure Assumptions


FY2026 Expenditure Budget
$141 Million
4%
5%
18%
26%
26%
17%
4%
Faculty Salaries (230 FTE)
Staff Salaries (437 FTE)
Student Salaries
Benefits
Program
Debt Service
Capital


FY2026 Expenditure Budget
$141 Million
9%
26%
65%
Compensation
Program
Debt & Capital



Compensation
10-Year (3.68%)
5-Year (4.35%)
5-Year (3.01%)
Million
85
80
75
70
65
60
55
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024

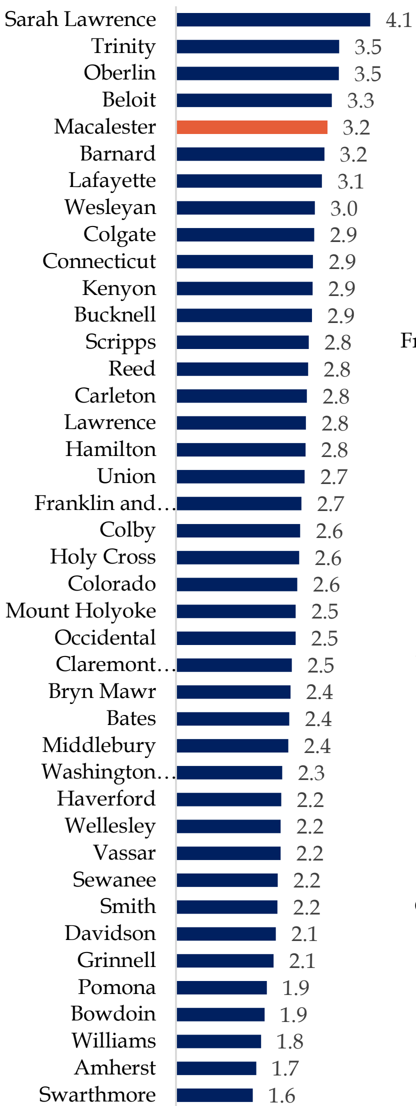
Compensation Peer Context

- Macalester is in the top 1/3rd among our 40 Peers in terms of the percentage of total expenses that go toward employee compensation (salaries, wages, and benefits, excluding student employment)
- For FY 2023, among our 40 Peers, Macalester ranked:
  - 12th highest in the percent of total expenses spent on total compensation
  - 15th highest in the percent of total expenses spent on salaries and wages
  - 11th highest in the percent of total expenses spent on benefits

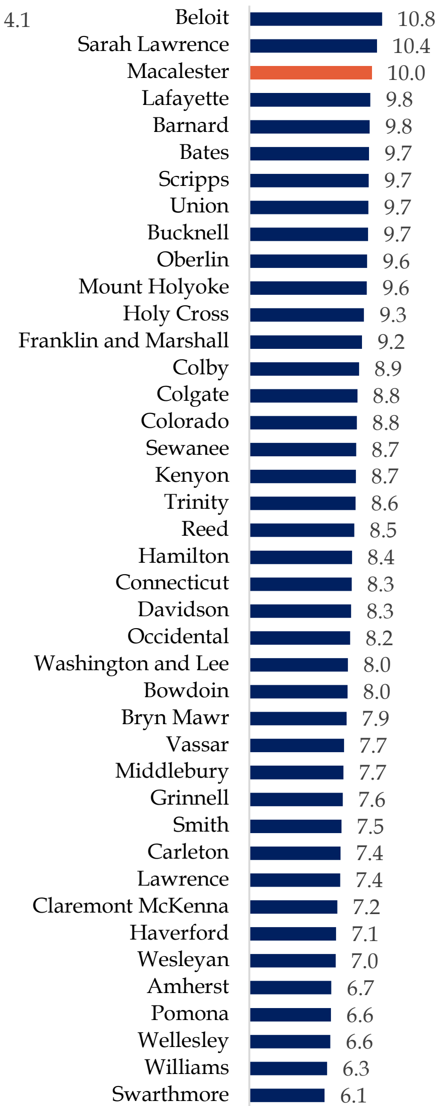
Data Source: IPEDS Finance Survey
Office of Institutional Research & Assessment

2023-24 Student FTE Per Employee FTE at Mac & 40 Peer Colleges

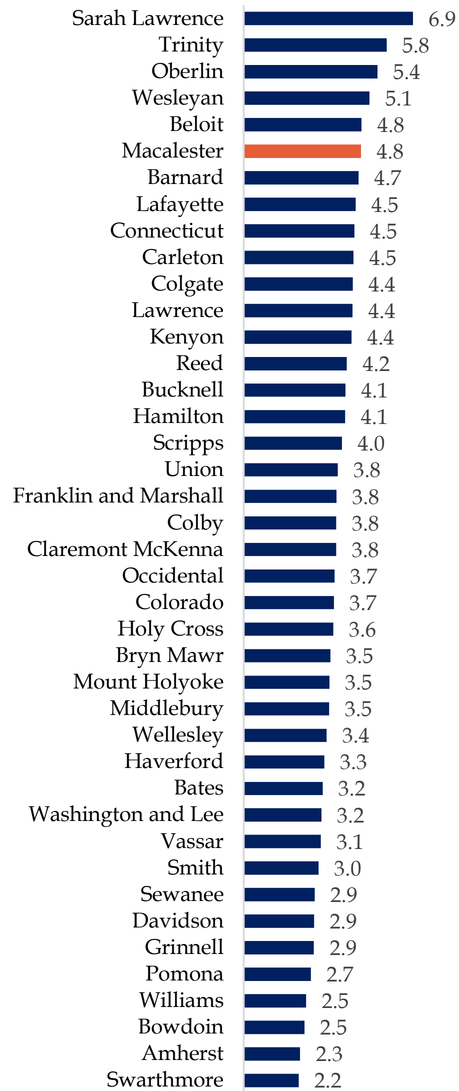
Student FTE per Total Employee FTE



Student FTE per Instructional Staff FTE
(Faculty)



Student FTE per Non-Instructional Staff FTE
(Staff)



Macalester's staffing is lean compared to our 40 peers
(relative to student body size)

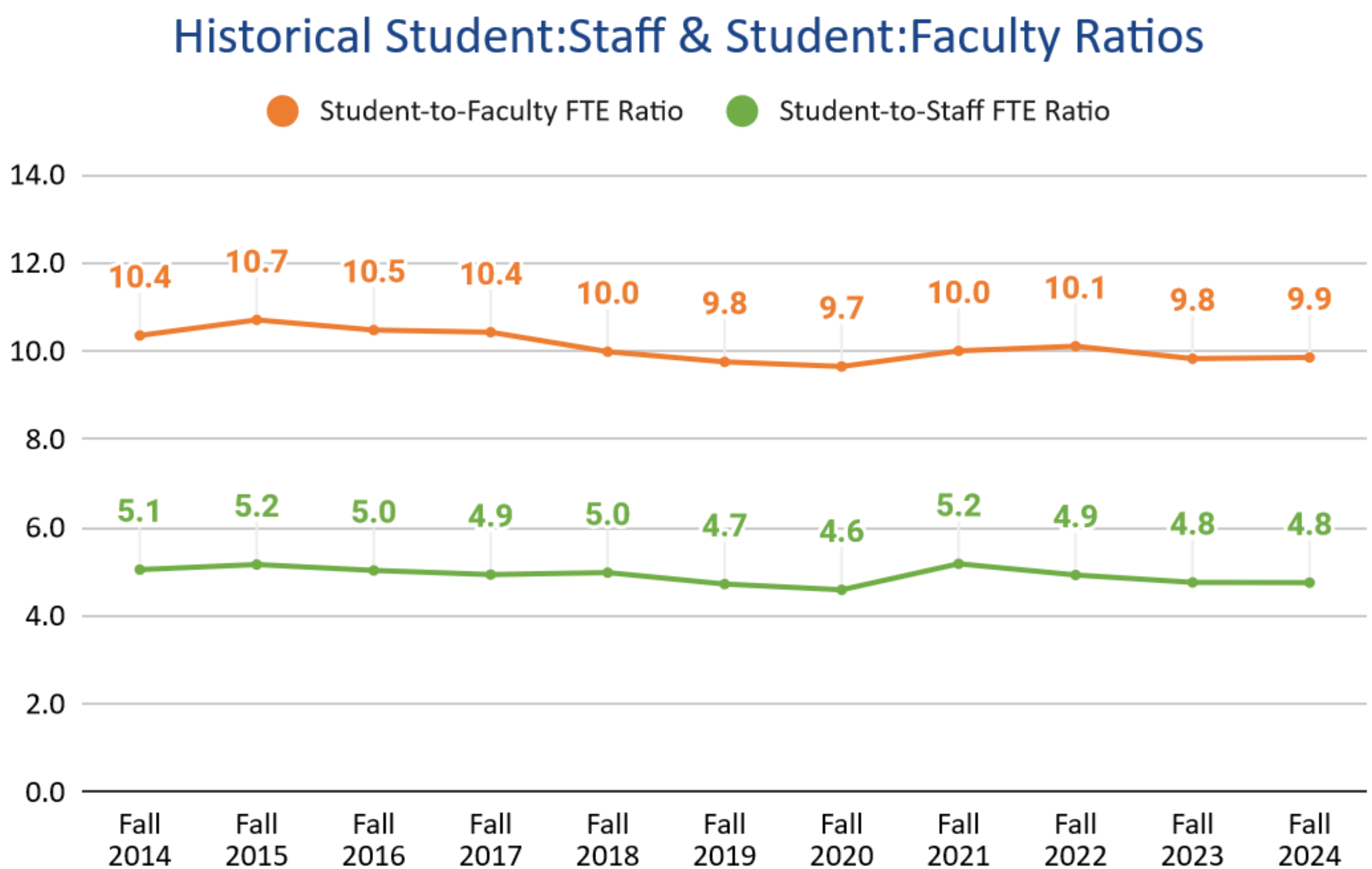
Macalester's Student-to-Employee ratio is 5th highest among our peers
(only 4 schools have fewer employees per student)

Macalester's Student-to-Faculty ratio is 3rd highest among our peers
(only 2 peers have fewer instructional staff per student)

Macalester's Student-to-Staff ratio is 6th highest among our peers
(only 5 peers have fewer non-instruc. staff per student)

Data Source: IPEDS HR Survey & Fall Enrollment Survey
Office of Institutional Research & Assessment

Over the past 10 years, Mac's ratios of Students-to-Faculty FTE and Student-to-Staff FTE seem to track each other



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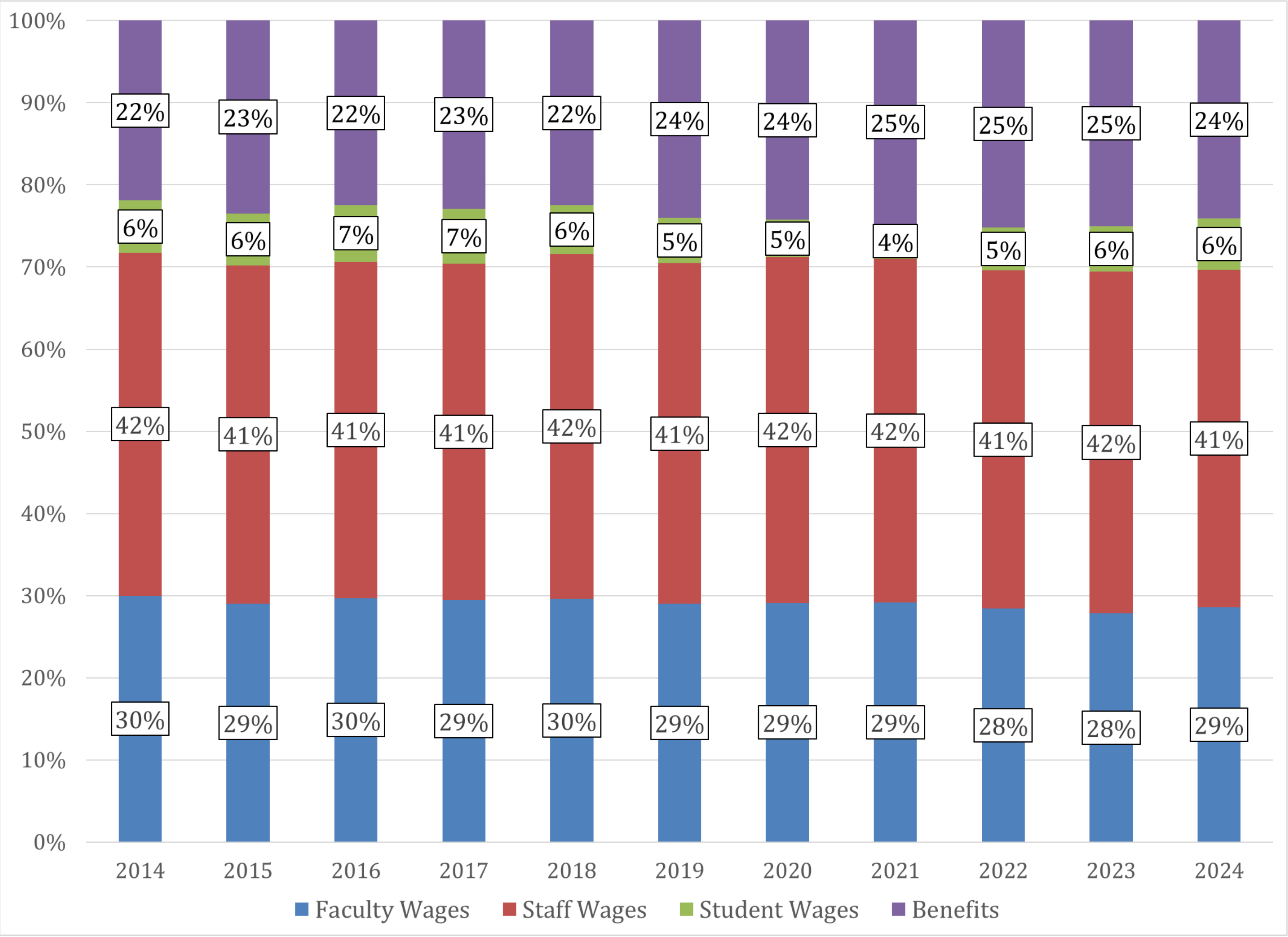
Data Source: Macalester All-College Data by Department
Office of Institutional Research

Total Compensation Distribution Over Time



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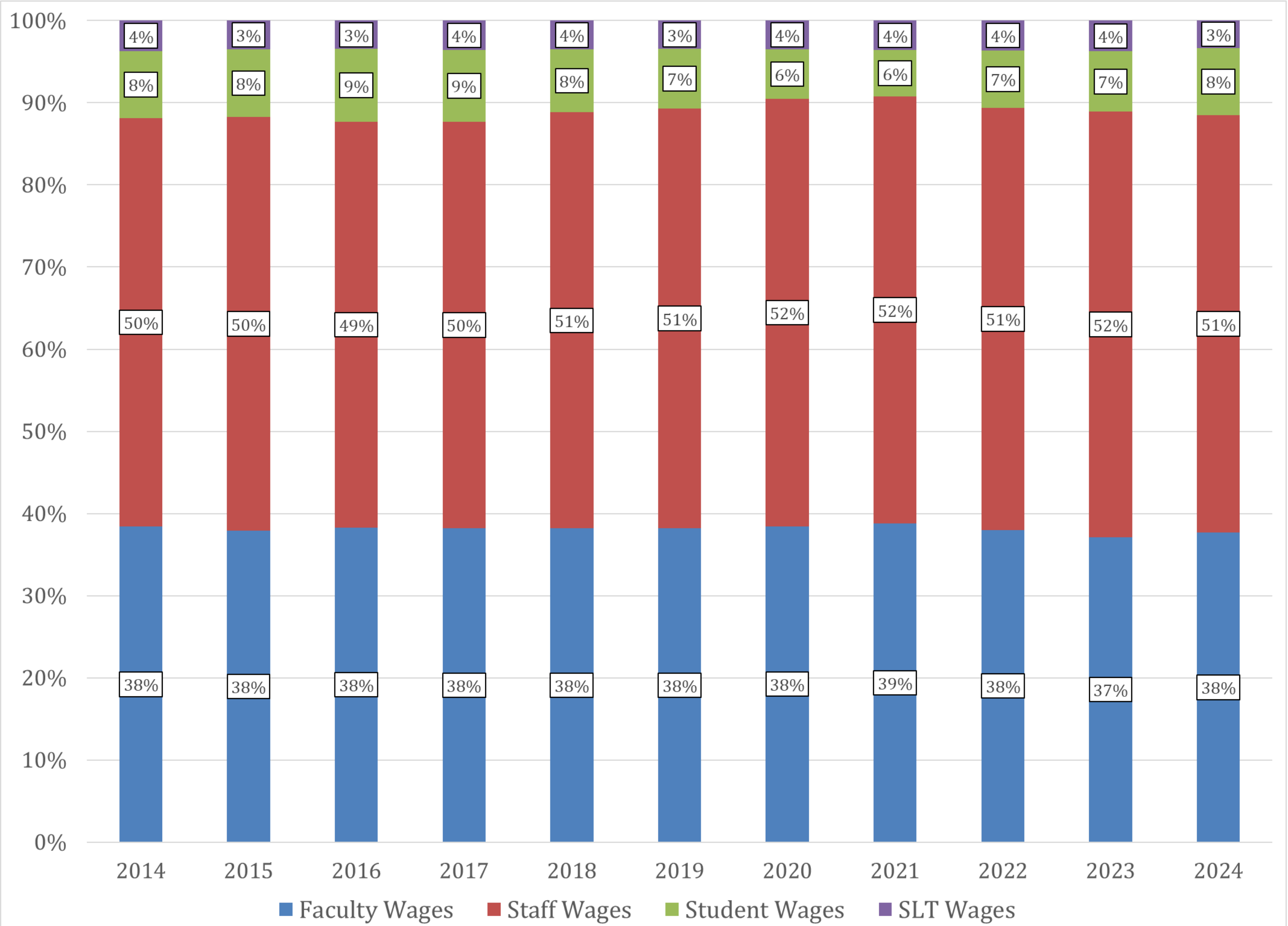
Wages Distribution Over Time



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FY2026 Approved Budget

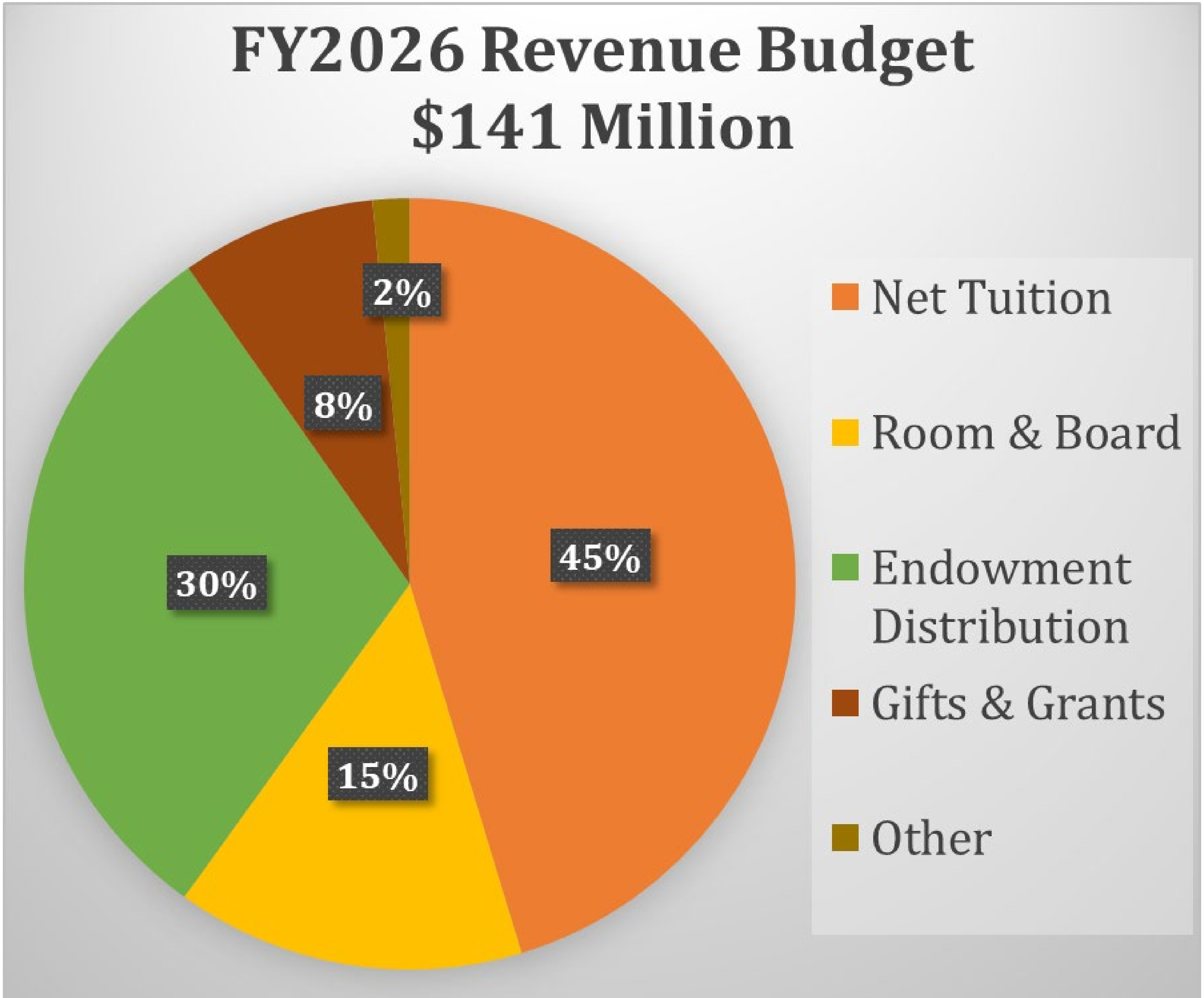
Task Force on Budget Representation

- Jonathan Cardenas, Planning and Implementation Manager, Office of Student Affairs
- Shirley Jiang, Student Representative
- Erik Larson, Faculty Representative, Professor of Sociology and Chair
- Brian Lindeman, Assistant Vice President of Admissions and Financial Aid
- Marga Miller, Assistant Provost
- David Moore, Strategic Planning and Analysis Committee Chair, Associate Professor of International Studies & English
- Kate Roarty, Staff Advisory Council Representative, Library Operations Specialist
- Deanna Seppanen, Director of the High Winds Fund
- Kelly Stone, Chaplain; Associate Dean
- Carley Stuber, Assistant Vice President of Development
- Ramon Rentas, Associate Director, ITS
- Dave Berglund, TFOB Staff Assigned, Associate Vice President for Finance
- Adam Johnson, TFOB Staff Assigned, Director of Institutional Research
- Patricia Langer, TFOB Chair, Vice President of Administration and Finance

FY2026 Key Messages

- The college financial foundation is good
- The Strategic Plan implementation will help build on that foundation
- Community-wide understanding of our opportunities and challenges is key
- Employee compensation remains a primary focus of our budget discussions
- The budget shows a positive bottom line
- It does not fundamentally change basic operations

Revenue Assumptions


FY2026 Revenue Budget
$141 Million
2%
8%
45%
30%
15%
Net Tuition
Room & Board
Endowment Distribution
Gifts & Grants
Other

Net tuition revenue
(45% of revenue)

- AY2026 Required Tuition and Fees = $70,862
  - AY2025 Required Fees are 101% and 100% of peer group mean and median
- New first year goal of 545 & Transfer goal of 15
- Discount rate budgeted assumption for new first year students = 55.5%
- Budget built on 2,025 student FTE
- FY2026 overall budgeted discount rate of 55.5%
  - 55.0% Fall 2022
  - 56.0% Fall 2023
  - 55.0% Fall 2024
  - 55.5% Fall 2025 (budgeted)

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Room and Board
(15% of revenue)

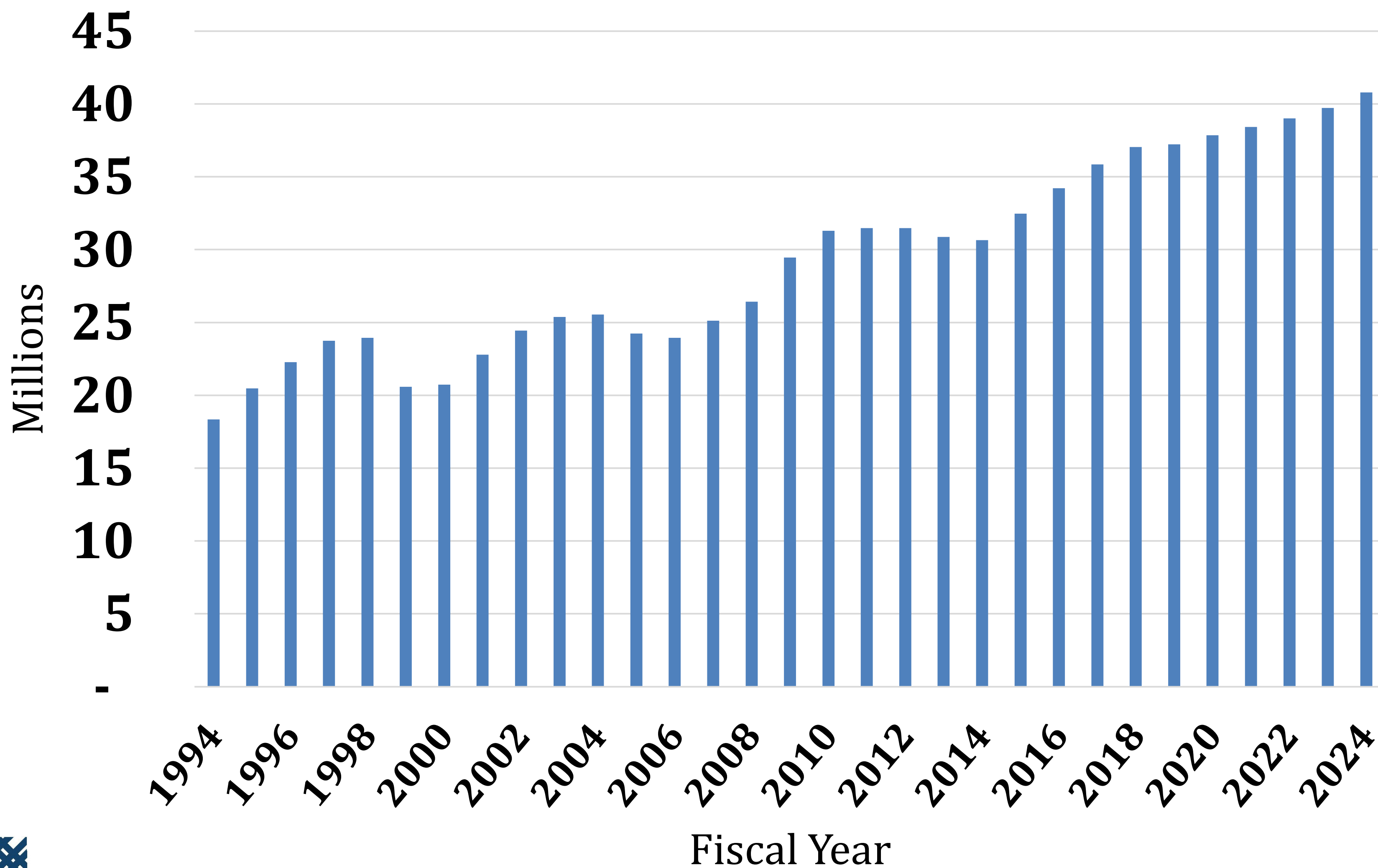
- AY2026 Room & Board Fee = $16,476
  - AY2025 Room & Board Fees are 86.2% and 85.2% of peer group mean and median
- Room Occupancy expectation is 92.5%
  - Vacancies are necessary for illness, roommate issues, etc.

- Total Comprehensive Fee = $87,338
  - AY2025 Comprehensive Fee is 98% and 96.7% of peer group mean and median

Endowment draw
(30% of revenue)

- Endowment value on November 30 mark date was $904,416,722
- Draw ($) increases by 3.1%
  - Moving 16 quarter average of Market Value (50% of spending formula) increased by 4.3%
  - Growth portion increases by 2% (50% of spending formula)
- Projected future 4 year compound growth for endowment draw = 2.1%
- Forecasted draw on total value of the endowment value as of 6/1/2025 = 4.8%
- These projections were calculated prior to April 1st of this year

Endowment Draw Over Time



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Gifts, Grants and Other income
(10% of revenue)

- 7.9% Expected overall growth from the 2024/25 budget
- Annual unrestricted giving of $5.15M
- Davis grants for UWC Scholars up 16.7% budget to budget (1% above current year actual)
- Small growth in state or federal student programs (recognizing previous not future growth)
- Steady return of short-term interest income and outside facilities rentals

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Expenditure Assumptions

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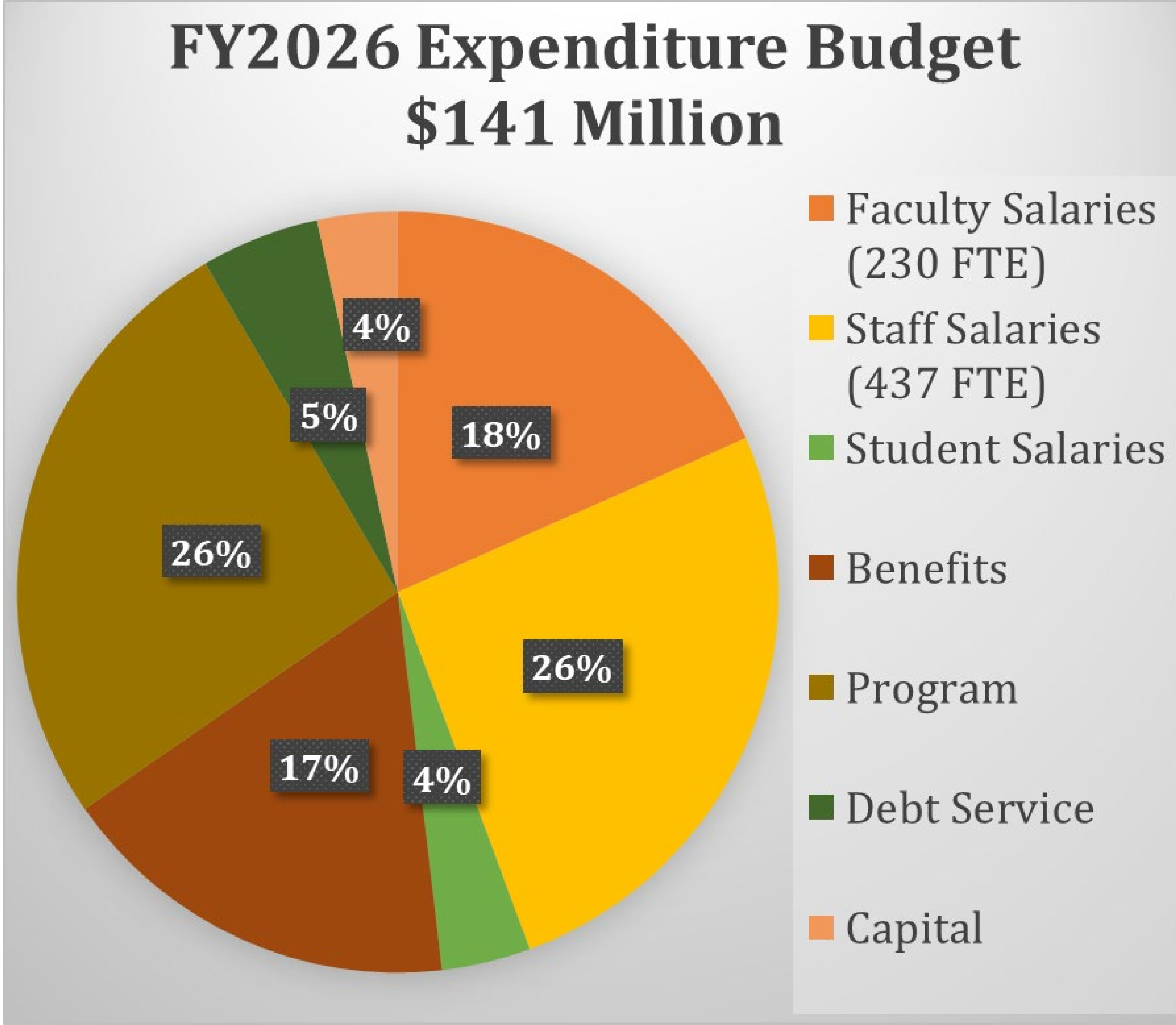
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Staff Salaries (437 FTE)
Student Salaries
Benefits
Program
Debt Service
Capital
18%
26%
4%
17%
26%
5%
4%

Compensation
(65% of expenditures)

Attracting and Retaining Faculty and Staff at Macalester

- Slow growth revenue model = smaller salary pools
- Our strong commitment to financial aid has a sizeable impact on the operating budget
- Faculty salaries continue to persist below benchmarks though are right among expected salaries when controlling for total revenue/student FTE
- Competition for staff talent remains intense
- The Task Force on Budget worked to devote as much of the new budget as was possible to compensation for 2025/26

Compensation
(65% of expenditures)

- Staff for 2025/26 (3.25% pool)
  - 3.0% across the board increase for all eligible staff
  - .25% for internal and external (market) equity adjustments
- Faculty for 2024/25 (3.25% pool)
  - 3.0% across the board increase for all eligible faculty
  - 0.25% for internal and external (market) equity adjustments

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Compensation
(65% of expenditures)

- Student salaries (financial aid) grow by 5.0%
  - Tied to St. Paul minimum wage that resets every July 1
  - Includes some catch-up as St. Paul unexpectedly raised the wage twice in the current fiscal year
  - Current wage is $15.97 with no anticipated increase on July 1
  - ~9.0% funded by federal & state work study funding
- Benefits grow by 8.7%
  - 15% increase in health insurance (3rd year of double digit increases)
  - DTAP has leveled off to annual tuition increase
  - Wage-based benefits grow at rate of comp pools

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Program Budgets
(26% of expenditures)

- Departmental Program Budgets will remain flat
  - TFOB priority was to have 3.0%+0.25% wage pool increases
  - SLT will continue to use ZBB expenditure data to inform future needs
- Campus Software Contracts +9.4%
  - Includes funding for data lake software and increased costs in housing software
- Utilities +5.0%
- Study Away
  - Approved budget assumes 311 students will study away
- General Institutional +5.0%
  - Campus Insurance, food service, legal, memberships
  - General Liability remains a driver of overall cost increases

Debt and capital
(9% of expenditures)

- Debt
  - 1.0% increase includes an anticipated first interest payment on the Welcome Center/Residence Hall debt issue + anticipated savings from 2015 debt issue
    - Long Term Model includes new $50M issue
  - Total outstanding at current FY end $62.4M
- Capital consumption
  - 2.0% increase
  - TEM Committee has prioritized $6.9M in requests to fund $4.8M in projects

Summary

- TFOB prioritized faculty and staff compensation in the current year's proposal
- Long-Term modeling supports current year decisions
- 2,025 Remains long-term target for student body size
- Projected Net operating income: $19K

Budget summary
Fiscal Year 2025 to 2026 Comparison

Macalester College
FY2026 Operating Budget Proposal

	FY25 Budget	FY26 Budget	$ Change Bgt-to-Bgt	% Change Bgt-to-Bgt
Total Income	**135,886,000**	**141,119,000**	**5,232,000**	**3.9%**
			Variances	
Average Annual FTE	2,062	2,025	(37)	-1.8%
Discount Rate	56.0%	55.5%	-0.5%	-0.9%
Net Tuition per Student	$29,991	$31,581	$1,590	5.3%
Total Personnel	**87,965,000**	**92,218,000**	**4,253,000**	**4.8%**
Total Program	**36,183,000**	**36,987,000**	**804,000**	**2.2%**
Total Capital & Debt	**11,727,000**	**11,894,000**	**167,000**	**1.4%**
Total Expenses	**135,875,000**	**141,099,000**	**5,224,000**	**3.8%**
BASE BUDGET OUTCOME	**11,000**	**19,000**	**8,000**	**72.7%**

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Questions?