February 1, 2021

Dear Members of the Campus Community,

As we step more fully into the second half of this truly extraordinary academic year and prepare for the next, I commend the members of the Budget Task Force (BTF) for engaging in a thorough and thoughtful process to recommend a FY22 operating budget that responds to short-term challenges while advancing our mission as a national liberal arts university committed to student success.

When I met with the BTF at the onset of their work last fall, we discussed the challenges, uncertainties, and opportunities before us in the context of both near- and longer-term planning. As we have discussed in other forums, one outcome of the pandemic is that undergraduate enrollment is less than expected, and this decline is not expected to quickly or fully rebound given an uncertain economy, reductions in the number of high school graduates, and the resulting intense competition for students.

Good work is underway throughout campus to strengthen student recruitment and retention, including ongoing curricular innovation, a committee focused on student success, the development of a strategic enrollment plan, and a branding refresh project. In addition, we will launch a university-wide program review process later this semester. These initiatives and our collective efforts to support student success will help stabilize and grow enrollment going forward.

Meanwhile, we must manage our way through a significant reduction in net tuition revenues that are used to fund our operations in this and subsequent years. Even with the targeted expense reductions and temporary savings we’ve realized to date, additional expense reductions and reallocations are required in the FY22 budget.

Because this is an extraordinary period, with the endorsement of our trustees, I made an exception to our balanced budget policy and charged the BTF with recommending a FY22 budget with an operating loss no greater than $2.5 million. This approach will provide the flexibility and time we need to align expenses with revenues with the expectation of returning to a balanced operating budget in FY23.

The following recommendation from the BTF is responsive to my charge, and I know the decisions were difficult to make. I encourage you to read the report in its entirety, and welcome your feedback. You will see that the recommendation includes investments to advance the strategic priorities of our Leadership for a Changing World strategic plan, particularly to:

- enhance institutional visibility and promote student success;
- support faculty and staff, including recommendations to:
increase faculty and staff salary pools by 1% at a time when many institutions have reduced staff and faculty salaries; and
increase the benefits budget by 9.3% to fund the cost of the medical plan for faculty and staff; and
continue funding 6% retirement contributions, even as some institutions have temporarily reduced retirement contributions to zero.

I support these recommendations, with the caveat that our ability to increase the faculty and staff salary pools must be contingent upon meeting enrollment and revenue targets for next year as outlined in the proposed budget. As a result, a decision on the salary pool recommendation will be made in October. However, as we did this year, salary increases associated with faculty and staff promotions will continue to be funded at the time of promotion.

I am appreciative of the BTF’s deliberative process to advance its recommendation for the FY22 budget. Though we are facing near-term challenges, I have never been more positive about our mission; our strategic plan; the dynamic and engaging liberal arts experience we offer our remarkable students; and the role our graduates—and all of you—play in meeting the challenges of the day and shaping tomorrow.

Please plan to attend one of the open forums hosted by BTF members in the coming days and share any feedback you have by **Feb. 12** so that I can give it my full consideration as I prepare to bring a budget recommendation to the trustees for approval later this month. Feedback can be sent to me at president@pugetsound.edu.

I deeply appreciate the commitment of our campus community in service to our mission, and in support of our students and one another. Thank you for your engagement in this process. I look forward to your good comments and advice.

Sincerely,

Isiaah Crawford, Ph.D.
President
This report is for University of Puget Sound students, faculty, staff, and trustees. It is confidential and proprietary and not to be shared beyond these constituent groups.

**PROCESS FOR DEVELOPING A BUDGET RECOMMENDATION FOR 2021-22**

The University of Puget Sound has long utilized a collaborative budgeting planning process that engages students, staff and faculty through the work of the Budget Task Force (BTF). The task force is charged by the President to develop a recommendation for the university’s unrestricted operating budget for the coming year that includes primary budget variables such as tuition, financial aid, and compensation pools, as well as other operating revenues and expenses. The task force is chaired by the Provost and includes the Executive Vice President and Chief Financial Officer, as well as two students, two faculty, and two staff members nominated by the ASUPS President, the Faculty Senate, and the Staff Senate, respectively, and appointed by the President. The BTF worked throughout the fall 2020 semester, hearing first from President Crawford regarding priorities and parameters, then reviewing comprehensive reports submitted by key campus leaders and groups, holding campus open forums, and engaging in more than 25 hours of meetings to listen, learn, analyze, deliberate and reach a consensus.

In developing its recommendations for the 2021-22 budget, the BTF considered many factors:

- Economic, demographic and competitive realities that are challenging the higher education sector
- Mission, core values, strategic plan priorities, trends, challenges and opportunities specific to Puget Sound
- The vision of an ever more meaningful, relevant, accessible, and distinctive educational experience for our students, and their success to graduation
- The complex operations of the university and the central role of faculty and staff in delivery of mission and implementation of vision
- Near-term impacts of the pandemic and recent trends, while mindful of intermediate and longer term institutional financial health
- Projected enrollment and available revenues for 2021-22 and ensuing years
- Benchmarks and metrics to assess efficiencies, effectiveness and market competitiveness
- Impacts of an investment or budget reduction would have on delivery of mission, strategic objectives, programs and services, and student success to graduation

The BTF appreciates the depth of information and analysis provided by campus leaders in their reports and presentations to the task force. The BTF also appreciates that colleagues throughout campus engage in an ongoing way to understand the higher education business model and financial realities at Puget Sound. In addition, the task force members are especially appreciative that we, as a community, embrace innovation, seek cost savings, and participate in thinking about how to best support student and university success in the near and long term. We recognize and are grateful for the hard work and dedication across the campus.

**CONTEXT IN WHICH THE BUDGET RECOMMENDATION WAS FORMED**

The global pandemic has intensified fiscal and other challenges, and underscored the need for change in higher education assumptions and practices. The public health crisis, declining numbers of high school graduates, skepticism about the value of higher education, heightened competition, and the potential of a tenuous economic recovery following the pandemic require institutions to make the difficult and necessary decisions that ensure long-term viability and relevance.
Puget Sound remains focused on its 10-year *Leadership for a Changing World* strategic plan, designed to make Puget Sound an even stronger institution with even greater student success in the future. A strategic enrollment planning and a branding refresh are underway to help strengthen and stabilize enrollment going forward. In addition, the university plans to conduct a university-wide academic, administrative, and auxiliary program review to support strategic plan success and secure a sound future.

Given the unprecedented and significant financial shock brought on by the pandemic, the university will temporarily lean on its strong balance sheet for support in 2020-21, and to a much lesser degree in 2021-22, by drawing on operating reserves and, as may be needed, unrestricted quasi-endowment. Operating reserves are part of operating cash accumulated over time to be available for one-time use in meeting emergency funding needs if income falls short of expenses. Unrestricted quasi-endowment are funds designated by the Board of Trustees – rather than restricted by donors – to act like permanently restricted endowed funds, but that can be re-designated or drawn on by the Board. Once spent, operating reserves and unrestricted quasi-endowment are gone until they can be replenished. Investment earnings on operating reserves and unrestricted quasi-endowment are an important funding source for Puget Sound’s annual budget, representing about 7% of total revenue. Drawing on operating reserves and unrestricted quasi-endowment means less investment earnings to support the annual budget going forward.

The recommendation by the Budget Task Force for 2021-22 is a transitional and exceptional budget. For 2021-22, the BTF was given the latitude to put forward a budget recommendation with an operating loss of $2.5 million. This provides the university an additional year to fully make the changes necessary to achieve a balanced budget in 2022-23 and thereafter.

This report presents an overview of the BTF’s recommended unrestricted educational and general operating budget for 2021-22, along with key assumptions and commentary. Also included is an Appendix containing 2020-21 budget overviews, key benchmarks and metrics, and other relevant information for each major area of the university, including ASUPS and auxiliary operations (self-supporting housing, Dining and Conference Services, and Logger Store). Funds for major construction and renovation projects are external to the unrestricted operating budget, as are other funds with specific donor-use restrictions.

We encourage all campus members to read this report; attend one of the BTF presentations to Faculty Senate, Staff Senate and ASUPS Senate; and provide comments to President Crawford via email to president@pugetsound.edu no later than Tuesday, February 12, 2021. The Board of Trustees will act on President Crawford’s budget recommendation at its February meeting.

To learn more about the BTF and the budgeting process, please visit: [https://www.pugetsound.edu/about/offices-services/finance-administration/budgeting-at-puget-sound/](https://www.pugetsound.edu/about/offices-services/finance-administration/budgeting-at-puget-sound/) (login required).

**Budget Task Force Members**
Laura Behling, Chair, Provost
Katie Barosky, Associate Vice President for Communications
Justin Canny, Associate Director of Orientation, Division of Student Affairs
Sara Freeman, Professor of Theatre
Anna MacLeod ’21, Majors: Business Leadership Program and Economics; Minor: Math
Sherry Mondou, Executive Vice President and Chief Financial Officer
Sophie Semenjuk ’22, Majors: Politics and Government and International Political Economy; Minor: Global Development
Nila Wiese, Professor of International Business & Marketing

Support provided by Associate Vice President for Financial Planning and Analysis Janet Hallman and Administrative Assistant Lori Johnson
The overview of the educational and general operating budget revenues and expenses shown above reflects the BTF’s recommendation. The chart on the left shows sources of anticipated revenues for fiscal year 2021-22. While Puget Sound has some diversification in its revenue streams, its primary source of revenue is net tuition (tuition less institutional financial aid), representing 84% of the educational and general revenue budget. The chart on the right shows how Puget Sound spends its revenues. On average, colleges and universities typically devote 65 to 75 percent of their spending to compensation. The recommended budget allocates 76 percent of budgeted revenues to the compensation of faculty, staff and student-staff.

In previous years, the BTF was charged with recommending a balanced budget with equal revenue and expense budgets. As shown in the charts above, expenditures for 2021-22 are anticipated to exceed available revenues by $2.5 million. Because the pandemic quickly exacerbated already constrained revenue sources, President Crawford gave the BTF the latitude to recommend this level of deficit for 2021-22 to be funded by an exceptional draw from unrestricted quasi-endowment, subject to Board of Trustee approval.

**SUMMARY OF KEY ASSUMPTIONS**

The BTF’s recommendation includes the following key assumptions discussed more fully in the balance of this report. As always, budget assumptions may need to be modified to align with subsequently updated projections and actual data.

- A decrease of about .5% in net revenues, reflecting the following:
  - Average fall and spring enrollment of 2,155 students (full-time equivalent or FTE), about 1% or 30 fewer FTE than the 2020-21 budget
  - A tuition increase of 3.49% (3.42% for tuition and fees), the 3rd lowest in 51 years
  - An increase in the student financial aid budget of $2,549,000
  - No increase in the level of unrestricted gifts, reflecting the economic and philanthropic environment nationally
  - A net decrease in investment income from the recent, significant decline in short-term interest rates earned on operating cash
  - An increase in the contribution from auxiliary operations for shared institutional costs
- An increase of about .1% in total expenses, including:
  - An increase of $1.8 million in the total compensation budget, including:
    - Faculty and staff salary pool increases of 1%
    - Benefit budget increase of $1.3 million, or 9.3%, including the rising cost of medical claims
Other strategic investments, as well as expense reductions throughout the university, as discussed herein.

### REVENUES

2021-22 revenues are projected to total $84,873,000, which is about .5% less than budgeted revenues in 2020-21. This is greater than actual revenues projected for 2020-21, which were negatively impacted by the pandemic. Please see commentary below for major sources of revenue and see the Appendix for additional information regarding revenue drivers, benchmarks, metrics and trends, which informed the BTF’s work.

#### Tuition, Fees, and Financial Aid

Consistent growth and dependability of net tuition revenues is essential for an operating budget that relies heavily on this revenue source. As shown in the chart above, 84% of Puget Sound’s revenues come from net tuition and fees, which are influenced by new student enrollment, student retention to graduation, tuition rates, and level of institutional financial aid offered to students.

**Enrollment:** The chart to the right shows actual enrollment for the years 2011-12 (FY2012) through 2019-20 (FY2020), plus projections as of fall 2020 through 2026-27 (FY2027). From fall 2011 to fall 2020, Puget Sound saw undergraduate student enrollment decline by more than 750. During this time, there have been fewer U.S. high school graduates, with fierce competition in recruiting students to college. Fall 2020 first-time-in-college enrollment was 393, or 67 below the revised budget target of 460 that was reduced from an earlier target of 615, the number of first-year students in Fall 2019. As of fall 2020, total enrollment was projected to be 2,099 in 2020-21 and 2,155 in 2021-22, forming the basis for the 2021-22 budget recommendation that assumes the following targets for new students in fall 2021:

- First-time-in-college students: 585
- Transfer students: 45
- New graduate students: 136 (32 MAT, 20 MEd, 40 MOST/OTD, 36 DPT, 8 MPH)

The recommended 2021-22 budget continues to incorporate a 1% (22 student) enrollment contingency to provide some level of protection against variations in enrollment and net tuition revenues that are possible in any given year.

**Tuition and fees:** The budget proposal reflects a 3.49% tuition increase over the tuition rates for 2020-21 (exclusive of the one-time discounts due to remote operations during the pandemic) and is the third lowest increase in 51 years. The aggregate recommended tuition and fees increase is 3.42%, as shown in the chart below. Puget Sound’s aggregate tuition and fees are lower than the averages of national peers and Northwest peers by 0.7% and 4.3%, respectively. We anticipate the proposed increase will keep Puget Sound near peer averages.
<table>
<thead>
<tr>
<th>Tuition and Fees:</th>
<th>2021-22</th>
<th>2020-21*</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition (full-time undergraduate)</td>
<td>$55,390</td>
<td>$53,520</td>
<td>3.49%</td>
</tr>
<tr>
<td>Room (double occupancy)</td>
<td>7,450</td>
<td>7,230</td>
<td>3.04%</td>
</tr>
<tr>
<td>Board (medium meal plan)</td>
<td>6,500</td>
<td>6,250</td>
<td>4.00%</td>
</tr>
<tr>
<td>Room and board combined</td>
<td>13,950</td>
<td>13,480</td>
<td>3.49%</td>
</tr>
<tr>
<td>ASUPS fee</td>
<td>280</td>
<td>280</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total tuition and fees</strong></td>
<td><strong>$69,620</strong></td>
<td><strong>$67,280</strong></td>
<td><strong>3.42%</strong></td>
</tr>
<tr>
<td>National peer average</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwestern peer average</td>
<td></td>
<td>$67,737</td>
<td></td>
</tr>
</tbody>
</table>

*Excludes Puget Sound’s temporary pandemic-related tuition reduction of $2,050 in 2020-21.

**ASUPS Fee:** Student government fees at national peer colleges range from $224 to $550, and average $343. ASUPS leadership recommended the ASUPS fee remain at $280 with no increase in 2021-22.

**Student Financial Aid:** The BTF recommendation provides $56,326,000 in institutional financial aid for students, an increase of $2,824,000 or 5.3% from the current budget and an increase of 77% over the past 12 years to help students access a Puget Sound education. This level of financial support is estimated to result in an average total discount rate of 48.32% (institutionally-funded aid as a percentage of academic year tuition revenues) that honors financial aid commitments to continuing students and positions the university to achieve net tuition revenue targets for new students. The actual discount rate may vary within the framework of achieving net tuition revenue goals and based on actual enrollment results.

**Gifts, Endowment and Other Revenues**

**Unrestricted donor gifts and government grants** represent 4% of the unrestricted educational and general budget. In 2021-22, these gifts and grants are projected to total $3,237,000, a modest increase of $15,000 over the 2020-21 budget.

**Endowment distributions and other investment income** represent 7% of the unrestricted educational and general budget. Endowment distributions are influenced by new gifts to the endowment, donor use restrictions and board designations, investment returns, and the endowment spending policy established by the Board of Trustees. Endowment distributions providing general support for university operations are estimated at $5,304,000 in 2021-22, a 4.9% or $247,000 increase above the 2020-21 budget. This does not include the draw of $2,500,000 from unrestricted quasi-endowment to cover the estimated shortfall in the 2021-22 budget. Additional endowment distributions (with donor restrictions or specific board designations) support student financial aid, specific academic programs and other mission-based activities.

Interest on operating cash is estimated to decrease by $510,000 from $610,000 to $100,000, based on estimated cash balances and lower interest rates. Since the start of the pandemic, short-term interest rates have declined significantly.
Auxiliary operations (dining and conference services, housing, and Logger Store) are projected to contribute an aggregate $3,165,000 to the educational and general budget for its share of institutional costs, representing 4% of the overall educational and general budget and an increase of $144,000 or 4.8% over 2020-21 budget levels.

All other revenues account for about 1% of the educational and general operating budget and are comparable to current levels.

**EXPENSES**

In the aggregate, total expenditures in support of educational and general operations are budgeted to increase by $114,000, or about .1%, to $87,373,000. The BTF commends departments on measures taken thus far to manage costs and secure savings where possible, and recognizes the difficulty of additional expense reductions. Ongoing efforts to reduce and manage costs responsibly within revenue levels is critical within the higher education sector and are necessary for Puget Sound’s ongoing success. Please see commentary below for major areas of expenditure and see the Appendix for additional information regarding key expense drivers, benchmarks, metrics and trends for the university as a whole, as well as for each major area of the university, to learn more about Puget Sound’s allocation of resources and level of efficiency.

**Compensation Expense**

Puget Sound’s approach to educating and supporting students relies on an exceptional and committed faculty and staff. Because of this highly engaged learning environment, the university seeks to have an appropriate number of faculty and staff relative to enrollment levels and seeks to offer fair and competitive compensation in the form of salaries and benefits. The budget proposal allocates 76%, or $66,685,000, of its educational and general budget to compensation, the single largest expenditure for the university. The BTF’s recommendation includes increases to salary and benefit pools described below.

**Faculty and Staff Salaries and Wages:** Consistent with the Faculty Compensation Philosophy, the university is working toward a goal of increasing faculty salaries over time to attain and sustain the 50th percentile (median) of geographically adjusted salaries of a national 50-institution peer group. Faculty salary pool increases over the past seven years have totaled 18.86%, which has supported progress toward that goal.

Consistent with the Staff Compensation Policy, the university seeks to offer fair and competitive compensation in the form of pay and benefits for a wide range of staff positions with markets ranging from local to regional to national, depending on the position. Staff salary and wage pool increases over the past six years have totaled 14.75%. In recent years (prior to the pandemic), the Puget Sound region has experienced a hyper-competitive job market and career recruiters and employers of all industries more aggressively targeted employees of non-profit organizations, particularly those in positions that are not higher-education specific.

Though the aforementioned seven-year cumulative salary pool increases for faculty (18.86%) and staff (14.75%) compare favorably to the cumulative national CPI increase of 10.5%, the regional CPI increase exceeded increases in faculty and staff salary pools in the three most recent years. The BTF understands the hardship this creates, especially for our lowest paid staff. We note that in the past two calendar years, the university implemented minimum wage increases of 9.3% and 1.4%, respectively, resulting in mid-year increases both years for a number of staff, primarily entry-level positions in Dining and Conference Services.

Given university goals and market position as an employer, and in support of faculty and staff particularly given this challenging year, it was important for the BTF to recommend salary pool increases even as it necessitated other expense reductions.
• Recommendation: The BTF is recommending faculty and staff salary/wage pool increases of 1%, which will cost $462,000.

The Provost, in consultation with the Faculty Salary Committee, will determine distribution of the faculty salary pool increase. The President, in consultation with the Cabinet after considering input from Human Resources and the Staff Compensation Committee, will determine distribution of the staff salary pool increase.

**Student Employment:** The student employment budget was reduced in the current year given the decline in the number of students enrolled and associated decline in revenues. This budget will remain unchanged from the current year and will need to incorporate City of Tacoma and Washington State minimum hourly wage requirements, which increased in January 2021 from $13.50 to $13.69 and is expected to increase again in January 2022. This level of budget will necessitate reductions in the number of student staff positions and/or hours relative to pre-pandemic levels. Career and Employment Services, in consultation with Student Financial Services and others, will determine the overall plan for distributing student employment funds.

**Faculty and Staff Fringe Benefits:**

• Recommendation: The 2021-22 benefit budget is increasing by $1,344,000 or 9.3% primarily to cover the increased cost of the medical plan benefit.

As a result of increased medical claims, medical premiums for calendar year 2021 increased 20%. Medical inflation is projected to be 10% in calendar year 2022; actual medical premiums for 2022 will not be known until fall 2021.

• Recommendation: The recommended budget for 2021-22 continues to include funding for a retirement contribution of 6% for eligible faculty and staff.

**Expenses Reductions and Targeted Increases**

Following careful review and consideration of operating budgets, applicable benchmarks and metrics, savings achieved, reductions offered, and specific requests for funding, the BTF’s recommendation includes the expense reductions throughout the university. The Provost and area Vice Presidents will determine how best to implement the expense reductions. The BTF also recommended these strategic increases to expense budgets for 2021-22.

• Recommendation: **Reductions totaling $2,393,000**
  - **Academic Affairs:** 3.75% or $1,708,000 reduction, including (among other adjustments) progress to return to a student to faculty ratio of 11:1 (from current 9:1) over two years
  - **Finance and Administration:** 2.82% or $520,000 reduction
  - **Enrollment:** 1% or $42,000 reduction
  - **University Relations:** 1% or $41,000 reduction
  - **General Institutional:** 1% or $35,000 reduction
  - **Student Affairs:** 1% or $30,000 reduction
  - **Communications:** 1% or $17,000 reduction

• Recommendation: **Increases totaling $417,000** (in addition to salary and benefit increases described above):
  - **Communications:** $194,000 funding for strategic marketing efforts including a web content developer position, agency partner for marketing collateral, and ongoing brand awareness campaign
  - **Academic Affairs:** $70,000 to supplement grant funding for experiential learning staff, fund student teacher mentor honoraria, and implement the Sound Scholars summer bridge program for incoming students
  - **Student Affairs:** $18,000 to establish three new Living Learning Communities
Insurance premiums: $135,000 to maintain adequate comprehensive coverage for Puget Sound operations and programs

Developing a recommendation that reduces budgets by more than $2 million during this BTF process was no easy task, particularly as it followed last year’s budget reductions in Fall 2019 and additional pandemic-related reductions of late spring/early summer 2020. All of the areas in the university reduced their budgets for this year, and the BTF is recommending that all university areas reduce their budgets for 2021-22, as well. BTF recommendations for increases to budgets connect directly to the “Principles to Guide Resource Allocation” as well as the 2021-22 budget considerations and parameters the BTF was required to work within, most notably:

“Take steps toward greater financial stability under extraordinary circumstances”

“Focus on educational experience, student retention and success to graduation, institutional visibility and revenue generating areas”

“Make progress on aligning expenses with lower enrollment”

Areas being recommended for reductions are necessary to align expenses across the campus with smaller student enrollments. Areas being recommended for budget increases align with enhancements to the student educational experience and institutional visibility.

Closing Comments

Our work required a significant investment of time to understand the complexities and financial challenges within higher education and Puget Sound. As those who have previously served on the BTF know, this works permits a greater understanding of the ways component parts of a complex university come together to support an exceptional educational experience for Puget Sound students. We also realize that there is more difficult work ahead for Puget Sound in order to achieve institutional goals and financial equilibrium. And we believe that the Budget Task Force’s recommendation is a responsible step toward achieving the financial stability needed to best deliver on mission and achieve goals.

Note: Certain assumptions outlined in this report were formulated based on information available in Fall 2020. As always, should actual data or updated projections, especially those concerning enrollment and net tuition revenues, vary from the budget assumptions described herein, modifications to the recommended 2021-22 budget may subsequently be necessary.
Appendix
REPORT OF THE BUDGET TASK FORCE

The contents in this appendix were among the extensive documentation reviewed and considered by the Budget Task Force during Fall 2020 as it developed its recommendations for the 2021-22 unrestricted operating budget. This information was very helpful to the task force in understanding Puget Sound’s sources of revenue and allocation of resources, as well as insights into the university’s level of efficiency and effectiveness.

Included in the following pages are budget overviews for the university as a whole and for each major division of the university listed below. The overviews include allocation of revenues and expenses, number of employees, key benchmarks and metrics, key revenue and expense drivers, and highlighted budget changes over the past eleven years from fiscal year 2010-11 to fiscal year 2020-21.

### Educational and General (E&G) Budget, the primary focus of the BTF’s work, funded largely by net tuition and unrestricted and budget-relieving gifts and endowment distributions

- Total aggregate E&G budget
- Academic division
- Student Affairs
- Enrollment
- University Relations
- Communications
- Finance and Administration

### Auxiliary Self-Supporting Budget, funded largely by the room and board rates addressed in BTF’s report

### Associated Students of the University of Puget Sound, funded largely by the ASUPS fee addressed in BTF’s report

Also included is an overview of university-wide compensation, Puget Sound’s single largest expense.

### Combined Compensation Budget (Salaries/Wages and Benefits) for E&G, Auxiliary, and ASUPS
Budget Overview for Puget Sound Educational & General (E&G) Operations

Revenue (Funding Sources): Net tuition in the chart below is net of financial aid tuition discount of 39.9%, or $45,636,000; Expense Budget is on Page 2

Revenue (Funding Sources):  
- Net Tuition & Fees: $71,475,000  
- Investment Income: $6,163,000  
- Gifts & Grants: $3,222,000  
- Other Revenue: $1,378,000  
- Overhead Contribution from Auxiliary: $3,021,000  
- Draw from Reserves: $2,000,000

Key Benchmarks:
- 2020-21 Tuition rate: Puget Sound $52,495; National Peer average $53,359; NW Peer average $56,001
- Percentage of first time in college students (FTIC) with no financial need (at one time targeted at 50%):
  - 2020-21 (Fall 2020): 46%
  - 2019-20 (Fall 2019): 37%
  - 2018-19 (Fall 2018): 37%
- Graduation rates (most recent available):
  - 4-year: cohort entering Fall 2016 (preliminary) 69%; highest rate past 7 years 72%
  - 5-year: cohort entering Fall 2015 (preliminary) 73%; highest rate past 7 years 78%

Key Metrics:

<table>
<thead>
<tr>
<th>Revised Budget</th>
<th>Estimated Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Students (Tuition-Paying):</td>
<td></td>
</tr>
<tr>
<td>Total enrollment FTE</td>
<td>2185</td>
</tr>
<tr>
<td>Fall freshman class size</td>
<td>460</td>
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<tr>
<td>Undergraduate FTE</td>
<td>1945</td>
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<tr>
<td>Graduate FTE</td>
<td>240</td>
</tr>
<tr>
<td>Fall first time in college discount rate</td>
<td>54.1%</td>
</tr>
</tbody>
</table>

Key Revenue Drivers:
- Changes in net tuition, Puget Sound’s primary revenue source, is impacted by:
  - Overall economic conditions (and pandemic)
  - Demand for a Puget Sound education
  - Competition
  - Student and family ability and willingness to pay
  - Meeting student enrollment, retention, and graduation rate targets
  - Setting tuition rates (sticker price)
  - Changes in financial aid discount rate
- Gifts to Puget Sound Fund (annual gifts) and to the endowment for financial aid and unrestricted or budget-relieving use
- Endowment investment returns and spending policy
- Short-term interest rates earned on operating cash balances

Revenue Budget Changes over Past 11 Years:

E&G Budget increased $9 million (12.3% total increase compared to cumulative CPI of 18.9%-22.5%):
- Tuition rate (sticker price) increased an average of 3.8% per year or 42% total
- Financial aid to students (that is not gift or endowment funded) increased an average of 6.9% per year or 75.6% total
- Revenue budget changes compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
  - Net tuition revenue increased 5.3%*
  - PS Fund gift revenue increased 1.0%*
  - Federal and WA state funding for student work study decreased 25.9%
  - Investment income increased 32.6% (endowment returns, additions by Board to quasi-endowment, and modest increase in short-term interest)
  - Other revenue sources decreased by 54.7%*  
*Impacted by 2020-21 decrease due to the pandemic
### Budget Overview for Puget Sound E&G Operations (Continued)

#### Expense (Cost Components):

**2020-21 Expense Budget - $87,259,000**
- Academic: $45,543,000
- Admin Services: $10,267,000
- Communications: $1,698,000
- Enrollment: $4,204,000
- Facilities: $9,538,000
- Student Affairs: $3,048,000
- Student Wages: $2,941,000
- Technology Services: $5,388,000
- University Relations: $4,632,000

**2020-21 Expense Budget - $87,259,000**
- Compensation-Faculty: $30,669,000
- Compensation-Student: $2,941,000
- Compensation-Staff: $31,534,000
- Operating & Capital: $22,115,000

#### Key Cost Drivers:
- Mission requires highly educated work force; labor-intensive process for holistic student development
- Quality expectations—small class sizes, low faculty-to-student ratio, excellent teaching, services to support student success, experiential learning and career guidance, excellent facilities, strong student outcomes
- Higher discount rate helps recruit the class, but results in less money for programs and operations
- Competitive compensation needed to recruit, engage, retain exceptional faculty and staff
- Residential mission requires investment in facilities and support and services outside of classroom, some 24/7
- Expectation that higher education will be current and relevant—scholarship, curricula, technology, equipment
- Healthcare costs trending at three times inflation rate
- Extensive and growing regulatory burdens

#### Key Benchmarks and Metrics:
- Budget Results: consistently balanced budget over many decades, in good and bad economic times (pandemic is exception)
- Level of Spending: Puget Sound E&G expenses per student $41,742; national peer average $42,673 per student (2018-19 most recent peer data available)
- Allocation of Resources: focus on mission-critical and strategic areas with targeted investments, cuts, and redeployment over several years
- % Allocated to Student Programs and Services (vs. general expense): Puget Sound $34,255 per student or 83.4% of total; national peers $33,318 per student or 81.2% of total (2018-19 most recent peer data available)
- Student to Faculty Ratio: Puget Sound 11.1:0; national peer average 10.1:1; NW peer average 10.1:1 (Fall 2019 most recent available) (Puget Sound ratio has since declined as enrollment has declined)
- Student to Staff Ratio: Puget Sound 6.3:1; national peer average 5.1:1; NW Peer average 5.5:1 (Fall 2019 most recent available) (PS ratio has since declined as enrollment has declined)

#### Number of Employees (E&G only; excludes Auxiliary and ASUPS):
- Faculty FTE (Fall 2020 IPEDS)*: 242.67
  - Full-time, tenure-line: 174
  - Full-time, non-tenure-line: 53
  - Part-time adjunct: 15.67
*See Academic Division Budget Overview for break out between undergraduate and graduate faculty FTE
- Dean of Faculty & Associate Deans: 3
- E&G Staff FTE (Budget): 359.96
  - Academic: 108.09
  - Admin Services: 63.85
  - Communications: 11
  - Enrollment: 32
  - Facilities: 47.94
  - Student Affairs: 28.68
  - Technology Services: 31.5
  - University Relations: 36.9
- Excludes Student Staff FTE

#### Expense Budget Changes Over Past 11 Years (FY11-FY21):
- E&G Budget increased $9 million (12.3% total increase compared to cumulative CPI of 18.9%-22.5%): Compensation (see also compensation budget overview report):
  - Total faculty, staff, student staff salary/wage and benefit budget increase $9.2 million or 17% (1.5% annual average; 102% of total E&G budget increase)
  - Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
    - Faculty salary pool increase: 28.5%
    - Staff salary pool increase: 22.8%
    - Student staff salary pool increase: 25.7%
    - Benefit pool increase: 18.8%
- Faculty budget (undergraduate) reduced by 42 visiting/sabbatical replacement positions; 1 faculty position added to OT (graduate) program
- Eliminated 34.74 staff FTE and strategically added 31.58, for a net decrease of -3.16

**Operating & Capital (non-compensation):** net decrease – see individual E&G area reports
### Budget Overview for Academic Division

#### Cost Components:

- **2020-21 Expense Budget - $45,543,000**
  - Athletics: $2,974,000
  - Library: $2,982,000
  - Other Academic Support: $4,716,000
  - Study Abroad: $1,984,000
  - Teaching Departments: $32,887,000

- **2020-21 Expense Budget - $45,543,000**
  - Compensation-Faculty: $30,656,000
  - Compensation-Staff: $8,868,000
  - Operating & Capital: $6,019,000

#### Key Cost Drivers:

- Competitive compensation to attract & retain faculty and staff
- Curricular innovations and program development needed to remain competitive in the marketplace
- Demand for academic student support
- Inflation and overall costs in travel (faculty, ensembles, teams)
- Equipment replacement and currency (start-up, science instrumentation, music instruments, athletics)
- “Top-heavy” faculty in terms of salary and longevity of service
- Increasingly complex regulatory environment (ACA, ADA, HIPAA, Title IX,...)

#### Number of Employees (Full-Time Equivalent/FTE):

<table>
<thead>
<tr>
<th></th>
<th>Undergrad</th>
<th>Graduate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faculty FTE (Fall 2020 IPEDS):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time, tenure-line</td>
<td>157.00</td>
<td>17.00</td>
<td>174.00</td>
</tr>
<tr>
<td>Full-time, non-tenure-line</td>
<td>44.00</td>
<td>9.00</td>
<td>53.00</td>
</tr>
<tr>
<td>Part-time adjunct</td>
<td>9.67</td>
<td>6.00</td>
<td>15.67</td>
</tr>
<tr>
<td><strong>Total Faculty FTE</strong></td>
<td>210.67</td>
<td>32.00</td>
<td>242.67</td>
</tr>
<tr>
<td>Dean of Faculty &amp; Associate Deans</td>
<td>3.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Staff FTE (Budget):</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics</td>
<td>21.46</td>
</tr>
<tr>
<td>Library</td>
<td>18.19</td>
</tr>
<tr>
<td>Other Academic Support</td>
<td>37.50</td>
</tr>
<tr>
<td>Teaching Departments</td>
<td>30.94</td>
</tr>
<tr>
<td><strong>Total Staff FTE</strong></td>
<td>108.09</td>
</tr>
<tr>
<td>Excludes Student Staff</td>
<td></td>
</tr>
</tbody>
</table>

#### Key Benchmarks and Metrics:

- **Teaching Load:**
  - NWSC peers teach 5 courses per year (“3:2 load”)
  - Puget Sound faculty teach 6 courses (“3:3 load”)
- **Student: Faculty Ratio** (Fall 2019 CDS): 11.1:1
  - National Peers: 10.1:1; NW5C Peers: 10.1:1
- **Faculty salaries:** PS/Nat’l peer ave./NW5C ave. excl. L&C (AAUP 2019-20):
  - Professor: $113,700 / $112,178 / $121,833
  - Associate: $90,600 / $86,917 / $93,633
  - Assistant: $75,700 / $73,217 / $77,300
- **Faculty Profile** (Fall 2019 IPEDS):
  - 60% tenured, among all FT faculty (NW5C 62%)
  - 78% tenure-line, among full-time faculty (NW5C 78%)
  - 80% full-time (NW5C 73%; range 50%-97%)
- **Staff:**
  - 39 student/academic staff ratio compared with L&C at 41, Reed at 31, Whitman at 29, and Willamette at 46 (2018 NW5C staffing survey, appendix 4); 23.0 student/academic staff ratio compared with Reed at 15.0, Whitman at 17.5, Occidental at 20.3 (2017 Whitman staffing survey)

#### Budget Reductions and Increases Over Past 11 Years:

<table>
<thead>
<tr>
<th>Reductions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>42 visiting faculty/sabbatical replacement FTE</td>
<td></td>
</tr>
<tr>
<td>3.22 staff FTE in Library</td>
<td></td>
</tr>
<tr>
<td>Operating &amp; Capital budgets (non-compensation) reduced $1,206,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increases:</th>
<th>Compensation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 faculty position in Occupational Therapy</td>
<td></td>
</tr>
<tr>
<td>11.58 staff FTE: Academic Support +6.22; Athletics +3.35; Teaching Depts +2.01</td>
<td></td>
</tr>
</tbody>
</table>
| Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
  - Faculty salary pool increased: 28.5%
  - Staff salary pool increased: 22.8%
  - Student staff salary pool increase: 25.7%
  - Benefit pool increased: 18.8% |

<table>
<thead>
<tr>
<th>Operating &amp; Capital (non-compensation):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics: $148,000 [57,000/year team fundraising]</td>
<td></td>
</tr>
<tr>
<td>Library acquisitions: $49,000</td>
<td></td>
</tr>
<tr>
<td>Academic/teaching support: $201,000</td>
<td></td>
</tr>
</tbody>
</table>
## Budget Overview for Division of Student Affairs
### Within the Educational & General Budget

**Cost Components:** (Excludes $1.4 million Residential Experience expense budget with 7.8 Staff FTE funded by Housing Revenue in the Auxiliary Budget)

### Key Cost Drivers:
- Growth in mental health service demand
- Programs and services to improve retention of students, including minoritized students
- Programs and services related to sexual violence prevention and response
- Activism accompanied by specific, unfunded demands
- Programs and services related to improving residential occupancy
- Decrease in revenue generating options

### Key Benchmarks and Metrics:
**Comparable Institutional Size Staffing Comparison**
- 18 school comparison
- Average enrollment size: 2136
- Average divisional staffing size: 40.5 FTE
- Puget Sound divisional size: 34.8 FTE
- Student/staff ratio for peer group: 56 to 1
- Puget Sound student/staff ratio: 71.6 to 1

### Number of Employees (Full-Time Equivalent/FTE):

<table>
<thead>
<tr>
<th>Category</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean of Students</td>
<td>3</td>
</tr>
<tr>
<td>Residential Experience (E&amp;G)</td>
<td>1.5</td>
</tr>
<tr>
<td>Student Involvement &amp; Programs</td>
<td>7</td>
</tr>
<tr>
<td>Student Support (incl. CHWS)</td>
<td>16.18</td>
</tr>
<tr>
<td>University Chaplaincy</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Student Affairs Staff FTE (E&amp;G + Auxiliary):</strong></td>
<td>36.48</td>
</tr>
<tr>
<td><strong>Total Residential Exp. Staff FTE:</strong></td>
<td>9.3 (7.8 in Auxiliary Budget)</td>
</tr>
<tr>
<td>Contracted: Physician, Psychiatrist, Dietician</td>
<td></td>
</tr>
<tr>
<td>Excludes Student Staff</td>
<td></td>
</tr>
</tbody>
</table>

### 2020-21 Expense Budget - $3,048,000

- Dean of Students: $547,000
- Student Involvement & Programs: $809,000
- Student Support: $1,465,000
- University Chaplaincy: $104,000
- Residential Experience: $123,000

### 2020-21 Expense Budget - $3,048,000

- Compensation-Faculty: $13,000
- Compensation-Staff: $2,432,000
- Operating & Capital: $603,000

### Budget Reductions and Increases Over Past 11 Years:

**Reductions:**
- .12 staff FTE reduction in areas other than CHWS and Residential Experience
- Operating (non-compensation) budgets reduced $183,000

**Increases:**

**Compensation:**
- +3.4 CHWS staff FTE for student health/safety
- +1.92 Residential Experience staff FTE to improve housing occupancy and programming (funded by housing revenue in Auxiliary budget)

**Operating & Capital (non-compensation):**
- Residential Experience program funded by Auxiliary housing revenue (student leader room & board increases; new Thomas Hall leaders & programming): $377,000
- CHWS (consulting physician; accreditation; medical record system reporting): $35,000
- Sexual assault prevention: $5,000
- Social justice programming: $20,000
- Conduct office & ePortfolio software: $17,000
- Orientation, multicultural services, alternative fall/spring break, staff professional development: $61,000
## Budget Overview for Enrollment Division

### Cost Components:

<table>
<thead>
<tr>
<th>2020-21 Expense Budget - $4,204,000</th>
<th>2020-21 Expense Budget - $4,204,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Recruitment: $3,306,000</td>
<td>Compensation-Staff: $2,610,000</td>
</tr>
<tr>
<td>Student Financial Services: $898,000</td>
<td>Operating &amp; Capital: $1,594,000</td>
</tr>
</tbody>
</table>

### Key Cost Drivers:

- Competitive compensation to attract & retain staff
- Communications expansion (social media, digital marketing, redefining print and electronic media)
- Rising travel expenses (airfare, hotel and auto rental costs)
- Expenses related to additional events (hosting students on campus and hosting regional events)
- Regulatory compliance (software licenses, reporting requirements)
- Technology advances (communications, financial transactions and requirements)
- Third-party vendor cost increases

### Number of Employees (Full-Time Equivalent/FTE):

- Staff FTE (Budget): 32
  - Student Recruitment: 22
  - Student Financial Services (SFS): 10
- Excludes Student Staff

### Key Benchmarks and Metrics:

- **FTIC Applications:**
  - 2020: 5,202
  - 2019: 5,182
  - 2018: 5,730

- **Transfer Class Size:**
  - 2020: 31
  - 2019: 47
  - 2018: 55

- **FTIC Class Size:**
  - 2020: 393 (460 Goal)*
  - 2019: 615 (660 Goal)
  - 2018: 653 (645 Goal)

- **FTIC Discount Rate:**
  - 2020: 54.7% (Goal 54.1%)
  - 2019: 54.68% (Goal 50.5%)
  - 2018: 49.72% (Goal 48.5%)

- **FTIC Net Tuition:**
  - 2020: $11.4M ($13.3M Goal)
  - 2019: $14.3M ($16.8M Goal)
  - 2018: $16.2M ($16.4M Goal)

### Budget Reductions and Increases Over Past 11 Years:

#### Reductions:

- 3 staff FTE reduction in Student Financial Services
- PeopleSoft replaced financial aid software: $7,000

#### Increases:

- Compensation:
  - 2.17 staff FTE added for student recruitment
  - Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
    - Staff salary pool increased: 22.8%
    - Student staff salary pool increase: 25.7%
    - Benefit pool increased: 18.8%

- **Operating & Capital (non-compensation):**
  - Ongoing funding for student recruitment consulting, programs, travel, and technology to further strategic initiatives: $298,000 (net increase)
## Budget Overview for University Relations Division

### Cost Components:

<table>
<thead>
<tr>
<th>Cost Components</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020-21 Expense Budget - $4,632,000</strong></td>
<td></td>
</tr>
<tr>
<td>- Alumni &amp; Parent Relations:</td>
<td>23%</td>
</tr>
<tr>
<td>- Annual Giving:</td>
<td>16%</td>
</tr>
<tr>
<td>- Capital Giving:</td>
<td>9%</td>
</tr>
<tr>
<td>- Corporate &amp; Foundation Relations:</td>
<td>7%</td>
</tr>
<tr>
<td>- Donor Relations:</td>
<td>6%</td>
</tr>
<tr>
<td>- Information Services:</td>
<td>5%</td>
</tr>
<tr>
<td>- Campaign:</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>

### Key Cost Drivers:

- Direct fundraising expenses (mail, phone, web, travel)
- Alumni and parent relations programming (Reunion, Homecoming Family Weekend, Commencement, regional clubs, volunteer support)
- Rated prospect engagement programming (regional fundraising events, key constituent receptions, special events)
- Marketing and communications materials (case statement, video, website)
- Stewardship programming (events, publications)

### Number of Employees (Full-Time Equivalent/FTE):

- **Staff FTE (Budget):** 36.9
  - Alumni & Parent Relations: 7
  - Annual Giving: 6.9
  - Capital Giving: 8
  - Corp/Foundation Relations: 3
  - Donor Relations: 4
  - Information Services: 4
  - Research: 2
  - VP OUR: 2
- Excludes Student Staff

### Key Benchmarks and Metrics:

- **Cash-in total:** $13,741,375 FY 20 (10 yr rolling ave)
  - $10,194,526 FY 10 (10 yr rolling ave)
  - (+35%; +14% inflation adjusted)
- **Commit total:** $12,544,206 FY 20 (10 yr rolling ave)
  - $12,306,792 FY 10 (10 yr rolling ave)
  - (2%; -14% inflation adjusted)
- **PSF total:** $2,510,410 FY 20 (fiscal year total)
  - $2,002,214 FY 10 (fiscal year total)
  - (+25%; +6% inflation adjusted)
- Alumni donor count: -32% (over 10 years)
- Cost per dollar raised (cash-in): 27 cents (10 year ave)
  *(Education standard is 15 to 25 cents per dollar raised)*

### Budget Reductions and Increases Over Past 11 Years:

#### Reductions:

- Operating budget (non-compensation) reduced $207,000

#### Increases:

- **Compensation:**
  - 1.5 staff FTE added for successful fundraising
  - Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
    - Staff salary pool increased: 22.8%
    - Student staff salary pool increase: 25.7%
    - Benefit pool increased: 18.8%

- **Operating (non-compensation):**
  - Sustain successful fundraising: $76,000
  - Backup Commencement venue (Fieldhouse): $30,000 Funded by source other than operating budget:
  - Capital giving and campaign 20-21 (est.): $496,000
  - Post-campaign 15-16 thru 19-20 (actual): $898,000
  - Campaign 06-07 thru 15-16 (actual): $2,600,000
### Budget Overview for Office of Communications

**Cost Components:**

- **2020-21 Expense Budget - $1,698,000**
  - Compensation-Staff: $1,247,000
  - Editorial: $211,000
  - Communications & Marketing: $240,000

- **2020-21 Expense Budget - $1,698,000**
  - Compensation-Staff: $1,247,000
  - Operating & Capital: $451,000

**Key Cost Drivers:**

- **Staffing.** Rapidly changing field; not all needed expertise in house; outsourcing expensive.
- **Technology.** Continual investments required in training, equipment/software, especially for graphic, video, web design. Outsourced web support costs in particular are rising ($200/hr); not sustainable at current budget levels.
- **Print Production.** Increasing need; difficult to accommodate all needs in house. Full-time photographer converted to part photography/videography.

**Number of Employees (Full-Time Equivalent/FTE):**

- Staff FTE (Budget): 11
  - VP for Communications and Chief of Staff: 1 (.5 each role; effective staffing 10.5 FTE)
  - Associate VP: 1
  - Editorial: 3 (on position currently open)
  - Design/Production/General: 6

- Excludes Student Staff

**Communications FTE at NW peers, Oct. 20:**

- Whitman: 16 (includes 2 mail room staff)
- PLU: 15
- Lewis & Clark: 13
- Reed: 12
- Willamette: 11 (down from 12 last year)

**Key Benchmarks and Metrics:**

- As part of the 10-year institutional communications plan, we are instituting a formal program to measure and analyze the impact of communications efforts and reduced printing costs over the past year. As of Oct. 20 each issue distributed to 43,414 domestic (19: 45,023; 18: 45,677; 17: 44,975); and 349 foreign addresses.
- **Video production.** Increasing need; difficult to accommodate all needs in house. Full-time photographer converted to part photography/videography.

**Budget Reductions and Increases Over Past 10 Years:**

- **Redeployed cost savings:** Eliminated full-time media relations and brand manager positions; created full-time social/digital media content position in FY20; eliminated one issue of Arches. Public events eliminated-- FY17 retirement redeployed as .5 FTE Music, budget split between both areas; $7,000 in FY16-onward for president’s annual report redirected to online content development; $10,000 savings annually in online photo site hosting in FY15; $3,000 reduction in media monitoring, FY16 - ongoing; graphic design chargeback discontinued (budget neutral university wide). Chief of Staff responsibilities added w/o hiring additional staff.

- **Reductions:**
  - 2 staff FTE (.5 to enrollment, 1.5 returned to help balance budget)
  - Operating (non-compensation): $8,000

- **Increases:**
  - Compensation:
    - 2.25 staff FTE (1.75 Creative, .5 Production)
  - Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
    - Staff salary pool increased: 22.8%
    - Student staff salary pool increase: 25.7%
    - Benefit pool increased: 18.8%
  - Operating: web design & publications: $120,000
### Key Cost Drivers:
- Competitive salaries and benefits to attract and retain high performing staff, many in specialized fields in high demand; rising minimum wage and resulting compression
- Properly maintain buildings, grounds & infrastructure; managing deferred maintenance; addressing programmatic space needs
- Delivering secure, effective, and up-to-date technology solutions; rising number of computers on campus; ongoing replacement of hardware, software, networks; software licensing fees
- Inflationary cost increases in essential areas, e.g. insurance, audit, specialized legal services, software, treasury
- Regulatory and compliance requirements
- Rising expectations for services, e.g. career, mentoring, etc.

### Key Benchmarks and Metrics:
- **Institutional Support as % of E&G Exp:** PS 16.6%; Nat'l peers 18.8%
- **Security Services:** PS 17.5 FTE, NW urban 21 FTE; PS residents to security FTE = 88, NW urban = 68
- **Sustainability:** STARS gold rating
- **Insurance:** competitive pricing through consortium of 133 colleges
- **Facilities Services:**
  - Facility Condition Index (deferred maintenance/replacement value): PS 8%; APPA standard: good 0-5%; fair 5-10%; poor 10-30%; critical >30%
  - Operating cost/sq ft: PS $4.38; similar-size institutions $4.96; with Utilities PS $5.85; similar-size institutions $6.49
  - Staff FTE: PS 68 (Total E&G + Auxiliary); APPA standard for comparable cleanliness and maintenance expectation 95-138
- **Finance:** Balanced budgets prior to pandemic, clean audits, regulatory compliance
- **Human Resources/Career and Employment Services:**
  - See compensation budget overview for applicable metrics
  - Projected 2020 Puget Sound staff turnover of 13.02% remains below all-industry regional turnover of 19.4%
  - Career advisors called all 2020 graduates to offer support and spoke with 50%; 104 referrals to alumni were made
  - Career outcome rate is 90% for class of 2019 (7 mos. post grad)
  - 19 ASK a Logger videos were create as a way for students to conned with alumni to learn about career paths
- **Technology Services:**
  - Total IT spend as % of total institutional budget: PS 4.35%; Peer median 4.27%; Peer range 1.51% - 6.09%
  - Total central IT spending growth year over year % growth since FY15 per institutional FTE: PS 11.89%; Peers 25.76%

### Budget Overview for Finance & Administration and General Institutionalwithin the Educational and General (E&G) Budget

#### 2020-21 Expense Budget - $28,134,000
- **Campus Services:** $2,927,000
- **Debt Service-Academic Bldgs:** $3,315,000
- **General Institutional:** $3,448,000
- **Facilities:** $6,223,000
- **Finance:** $1,766,000
- **Human Resources & Career Services:** $2,126,000
- **Student Compensation:** $2,941,000
- **Technology Services:** $5,388,000

#### 2020-21 Expense Budget - $28,134,000
- **Compensation-Staff:** $12,857,000
- **Compensation-Student:** $2,941,000
- **Operating & Capital:** $12,336,000

### Number of Employees (Full-Time Equivalent/FTE):
- **Staff FTE (Budget):** 143.29
  - Campus Services: 21.8
  - Executive VP/CFO’s Office: 2
  - Facilities (E&G only): 47.94
  - Finance: 14
  - Human Resources & CES: 19.55
  - President’s Office: 4.5
  - Technology Services: 31.5
  - University Counsel: 2
- Excludes Student Staff FTE

### Budget Reductions and Increases Over Past 11 Years:
- **Reductions:**
  - 28.52 staff FTE reduction: Facilities(E&G)-21.69; Tech Svcs-2.75; Mail Services-1.25; Finance-1;Community Engagement-1; President’s Office-.5;Board of Trustees-.33
  - Operating & Capital (non-compensation): -$898,000 including:
    - $285,000 presidential & trustee budget reductions
    - $247,000 facilities maintenance net reductions
    - $76,000 energy conservation savings
    - $111,000 P-Card rebate budget increase
    - $104,000 technology/telephone budget reductions
    - $75,000 other reductions (Business Services, Finance, Human Resources, General Institutional)
- **Increases:**
  - Compensation:
    - 10.8 staff FTE added: Security Services+6.8; University Counsel+2 budget neutral; Human Resources+2 budget neutral
  - Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
    - Staff salary pool increased: 22.8%
    - Student staff salary pool increase: 25.7%
    - Benefit pool increased: 18.8%
  - Operating & Capital (non-compensation): +$875,000 including:
    - Debt service for academic buildings: $153,000
    - Software, e-meeting rooms/labs, equipment: $432,000
    - Property and liability insurance increases: $190,000
    - Credit card fees, institutional memberships and other fees: $100,000

A-9
Budget Overview for Auxiliary Self-Supporting Operations
Finance and Administration

Revenue and Cost Components:

- **Room & Board:** $18,477,000 (88%)
- **Conference, Catering, & Other:** $1,268,000 (6%)
- **Logger Store:** $1,304,000 (6%)

Key Cost Drivers:

- Maintaining student housing and Wheelock Student Center in good condition and in ways that support student success
- Residential amenities and services
- Dining food costs
- Bookstore merchandise costs
- Competitive staff compensation, including minimum wage requirements (Tacoma & WA State)

Key Benchmarks and Metrics:

- **2020-21 Room & Board fees:**
  - PS standard room $7,230+meal plan C $6,250=$13,480 vs. national peers $13,889 and NW peers $13,728
- **Housing:**
  - % of students living on campus: goal 70%; 18-19 actual 69.2%
  - Housing occupancy: goal 97%; 18-19 actual 88.2%
- **Dining:**
  - 500 voluntary student meal plans
  - Food costs as a % of revenues decreased from 36% in 2011-12 to 31% in 2019-20. CHI partnership brought higher quality at lower cost.
  - PS student staff compensation as a % of revenue 6.4% vs. 4.2% at similar sized private institutions (greater opportunity for student earnings – we don’t outsource dining like most institutions)
- **Conference Services:**
  - PS hosts 10,000 guests annually, 60% are overnight guests. High volume vs. 11 other NW private colleges. Helps generate funds to support Educational and General budget.
  - Avg. of 2018 and 2019 revenues net of expenses, before overhead: $917,874 and $866,482, a 247.6% increase over the prior two years (2018 high of $917,874)
- **Logger Store:** Cost of goods sold as % of revenues was reduced from 74% in 2014-15 to 68% in 2019-20

2020-21 Expense Budget - $21,049,000

- Compensation-Staff: $5,353,000 (26%)
- Compensation-Student: $695,000 (3.3%)
- Facilities: $4,639,000 (22%)
- Cost of Goods Sold: $3,724,000 (18%)
- Other Expense: $3,617,000 (17%)
- Overhead Contribution to E&G: $3,021,000 (14%)

Number of Employees (Full-Time Equivalent/FTE):

- **Staff FTE (Budget):** 92.44
  - Dining, Conference, & Catering Services: 57.2
  - Logger Store: 5.13
  - Facilities (Auxiliary only): 20.06
  - Residential Experience (Student Affairs): 7.8
  - Student Services and Technology: 2.25
Excludes Student Staff

Budget Reductions and Increases Over Past 11 Years:

- **Reductions:**
  - -6.44 staff FTE: Facilities-2.81; Logger Store-1.62; Dining-1.21; Admin-0.8
  - Facilities maintenance and renovation budget: -$1,608,000
- **Increases:**

  **Student Room & Board Rate Increases (Revenue):**
  - 2020-21: Room 2.99%; Board 4.52%; Combined 3.69%
  - 2019-20: Room 2.93%; Board 4.55%; Combined 3.67%
  - 2018-19: Room 3.02%; Board 4.00%; Combined 3.47%
  - 2017-18: Room 2.48%; Board 3.00%; Combined 2.71%
  - 2016-17: Room 2.54%; Board 3.09%; Combined 2.79%
  - 2015-16: Room 2.44%; Board 2.98%; Combined 2.68%
  - 2014-15: Room 3.54%; Board 3.93%; Combined 3.71%
  - 2013-14: Room 3.48%; Board 4.09%; Combined 3.75%

  - 135-bed capacity added with Thomas Hall
  - 2012-13: Room 3.42%; Board 4.03%; Combined 3.69%
  - 2011-12: Room 2.97%; Board 4.93%; Combined 3.83%
  - 2010-11: Room 5.07%; Board 4.93%; Combined 5.01%

**Compensation:** Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):

- Staff salary pool increase: 22.8%
- Student staff salary pool increase: 25.7%
- Benefit pool increase: 18.8%

**Operating & Capital (non-compensation):**

- Debt Service, including Thomas Hall: $665,000
- Other expenses, incl. food and store merchandise, related to increases in revenues (inflation/volume): $197,000
Budget Overview for Associated Students of Puget Sound

Revenue and Cost Components:

<table>
<thead>
<tr>
<th>2020-21 Revenue Budget - $592,000</th>
<th>2020-21 Expense Budget - $592,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Government Fee: $544,000</td>
<td>ASUPS Media: $145,000</td>
</tr>
<tr>
<td>Gifts, Grants, &amp; Fundraising: $21,000</td>
<td>ASUPS Operations: $284,000</td>
</tr>
<tr>
<td>Club Dues: $6,000</td>
<td>ASUPS Programs: $113,000</td>
</tr>
<tr>
<td>Events (Ticket Sales/Concessions): $8,000</td>
<td>ASUPS Clubs: $28,000</td>
</tr>
<tr>
<td>Other Revenue: $12,000</td>
<td>ASUPS Club Sports: $22,000</td>
</tr>
</tbody>
</table>

Key Cost Drivers:
- Total Number of Active ASUPS Clubs: 164*
  - New Clubs (so far in 2020-21): 3
  - Total number of higher cost clubs (over $1,000 from ASUPS): 5
  - Total number of club sports: 10
- Total Number of Medias: 6
- Total ASUPS Initiatives: $34,740.04
- ASUPS Student Leadership stipends: $115,385
- Publication printing: $30,782.63
- Regulatory Compliance Requirements
  - KUPS Copyright permission fee: $1,300
  - Campus Films permission fee: $11,515

Key Benchmarks and Metrics:

<table>
<thead>
<tr>
<th>Student Government Fee Comparison</th>
<th>2020-21</th>
<th>Student Government Fee (revenue) – Total increase per student $85.00 (average annual increase 4%):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puget Sound</td>
<td>$280</td>
<td>- 2020-21: $10.00 or 3.7% increase</td>
</tr>
<tr>
<td>Northwest Peers (4):</td>
<td></td>
<td>- 2019-20: $4.00 or 1.5% increase</td>
</tr>
<tr>
<td>Average</td>
<td>$326</td>
<td>- 2018-19: $16.00 or 6.4% increase</td>
</tr>
<tr>
<td>Lewis &amp; Clark College</td>
<td>$360</td>
<td>- 2017-18: $8.00 or 3.3% increase</td>
</tr>
<tr>
<td>Reed College</td>
<td>$310</td>
<td>- 2016-17: $6.00 or 2.5% increase</td>
</tr>
<tr>
<td>Whitman College</td>
<td>$408</td>
<td>- 2015-16: $8.00 or 3.5% increase</td>
</tr>
<tr>
<td>Willamette University</td>
<td>$224</td>
<td>- 2014-15: no increase</td>
</tr>
<tr>
<td>National Peers (18):</td>
<td>$343</td>
<td>- 2013-14: $18.00 or 8.6% increase</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>- 2012-13: no increase</td>
</tr>
<tr>
<td>Lowest (Willamette University)</td>
<td>$224</td>
<td>- 2011-12: $15.00 or 7.7% increase</td>
</tr>
<tr>
<td>Highest (Dickinson College)</td>
<td>$550</td>
<td>- 2010-11: no increase</td>
</tr>
</tbody>
</table>

Note: published rates above for peers may reflect temporary pandemic-related rate reductions

Number of Employees:
- Staff Full-Time Equivalent (FTE): 1.3
  - ASUPS Office Manager: 0.8
  - KUPS Advisor: 0.5
  - Temporary (Trail Advisor, Club Sport Coaches): 9 people (fraction of an FTE)
- Student Staff (less than 1 FTE):
  - 5 work-study students
  - 9 campus films ushers
- # of ASUPS Student Leaders:
  - Officers: 2
  - Directors: 4
  - Media: 40 (including 6 Media Heads)
  - Programmers: 7

Budget Increases Over Past 11 Years:
- Compensation – Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
  - Staff salary pool increase: 22.8%
  - Student staff salary pool increase: 25.7%
  - Benefit pool increase: 18.8%
Budget Overview for Compensation at Puget Sound  
(Educational & General, Auxiliary, ASUPS)

Cost Components:

- 2020-21 Compensation Budget - $71,312,000
  - Faculty Salaries: $23,552,000
  - Student Wages: $3,562,000
  - Staff Salaries: $27,696,000
  - Total Benefits: $16,502,000

- 2020-21 Benefits Budget - $16,502,000
  - Social Security & Medicare: $3,801,000
  - Medical: $5,664,000
  - Retirement: $4,171,000
  - Education Benefits: $1,971,000
  - Other Benefits: $895,000

Key Cost Drivers:

- Competitive compensation, including benefits, to attract and retain high performing faculty & staff, many in specialized fields in high demand
- Healthcare industry inflation (medical cost trends)
- Claims experience (medical, workers’ compensation, unemployment)
- State & local minimum wage increases
- Washington State Paid Family Medical Leave Act
- Regulatory compliance and risk management

Number of Employees:

- Faculty FTE (Fall 2020 IPEDS)*: 242.67
  - Full-time, tenure-line: 174
  - Full-time, non-tenure-line: 53
  - Part-time, adjunct: 16
- *See Academic Division Budget Overview for break out between undergraduate and graduate faculty FTE
- Dean of Faculty & Associate Deans: 3
- Staff FTE (Budget): 453.7
  - E&G 359.96, Auxiliary 92.44, ASUPS 1.3
- Excludes Student Staff FTE

Key Benchmarks and Metrics:

- Per CUPA and Milliman surveys, staff positions (on average) are paid ~97% of the median of all private colleges, ~99% of the median of national peers, and ~83% of general industry market medians for our region (plus PS strong benefit package) for positions not specific to higher education
- Per AAUP data for 2019-2020, professors are paid at 98.3% of the geographically-adjusted 50-institution peer group median; associates at 99%; and assistants at 98.5%.
- Over the past 11 years, increases to faculty pools (salary + benefits) have outpaced national and regional CPI increases; increases to staff pools have outpaced national CPI, but lagged regional – see chart on next page
- Projected 2020 staff turnover of 13% is below all-industry regional turnover of 19.4%
- Puget Sound 11-year average increase in medical premiums of 7.1% vs. medical cost trend of 10%

Budget Reductions & Increases Over Past 11 Years:

- Compensation budget reduced by 83.18 FTE:
  - 42 faculty positions: visiting faculty/sabbatical replacement
  - 41.18 staff positions: Facilities-24.5; Auxiliary-3.63; Library-3.22; Student Financial Services-3; Tech Services-2.75; Mail Services-1.25; Community Engagement-1; Finance-1; President’s Office-; Trustees (General Institutional) - 0.33
- Compensation budget increased by $7.2 mill & 32.58 FTE:
  - 1 clinical faculty position for new DrOT program
  - 33.5 staff positions: Security Services-6.8; Academic Support+6.22; Athletics+3.35; Student Affairs-CHWS+3.28; Communications+2.25; Student Recruitment+2.17; Teaching Depts+2; Human Resources+2; University Counsel+2; Student Affairs-Res Exp+1.92; University Relations+1.5
- Total pool increases compared to cumulative inflation of 18.9% (national) and 22.5% (regional):
  - Faculty salary pool increase: 28.5%
  - Staff salary pool increase: 22.8%
  - Student staff salary pool increase: 25.7%
  - Benefit pool increase: 18.8%
Change in Faculty and Staff Compensation Pools (Salary + Benefits) Compared to Change in CPI (Inflation)

Calendar Year Staff Turnover Compared to Puget Sound Regional Industry

Calendar Year Medical Plan Premium Increases