



Economics of the College

August 2017

Fred Rogers, Vice President and Treasurer

About Carleton College

- **Location:** Northfield, Minnesota
- **Population:** 21k incl 5k students
- **Enrollment:** ~2,050 Fall census
- **Demographics:** 49% men, 51% women
- **Resident Campus:** 96% live on campus
- **Campus:** 1,040 acres including an 880-acre arboretum
- **Built Area:** 1.7M sf on central utilities plus 200,000 sf
- **Annual Budget:** ~ \$141 M (FY18)
- **518 Staff and 272 Faculty**



#1 in Undergraduate Teaching for National Liberal Arts Colleges



Strategic Plan

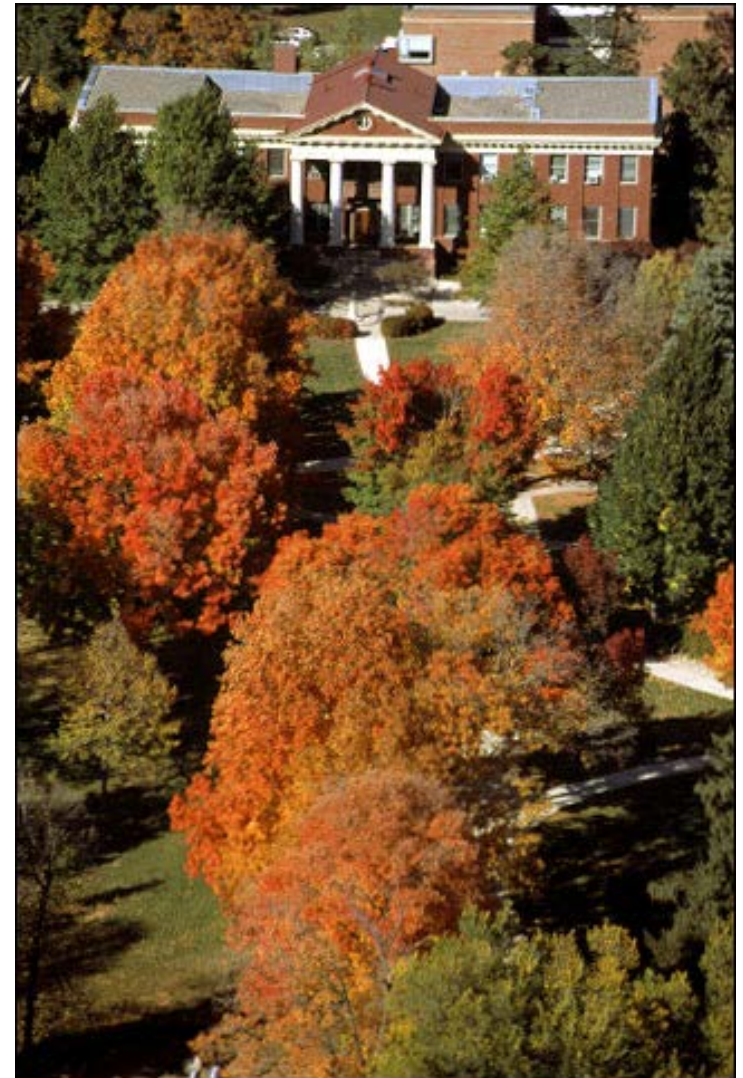
Critical Next Steps to Secure Carleton's Continued Distinction

We have settled upon a limited set of initiatives which, taken together, are a concrete and focused plan for Carleton's future. This plan has six core ideas, which are described in detail in the document:

- 1. Prepare students more robustly for fulfilling post-graduation lives and careers**
- 2. Enhance our curriculum to improve liberal arts teaching and learning**
- 3. Strengthen the socio-economic diversity of our student body**
- 4. Maintain a self-sustaining economy with a growing endowment per student**
- 5. Make focused investments in facilities that directly advance our mission**
- 6. Embrace collaborative opportunities with other institutions to enhance our academic programs and save costs**

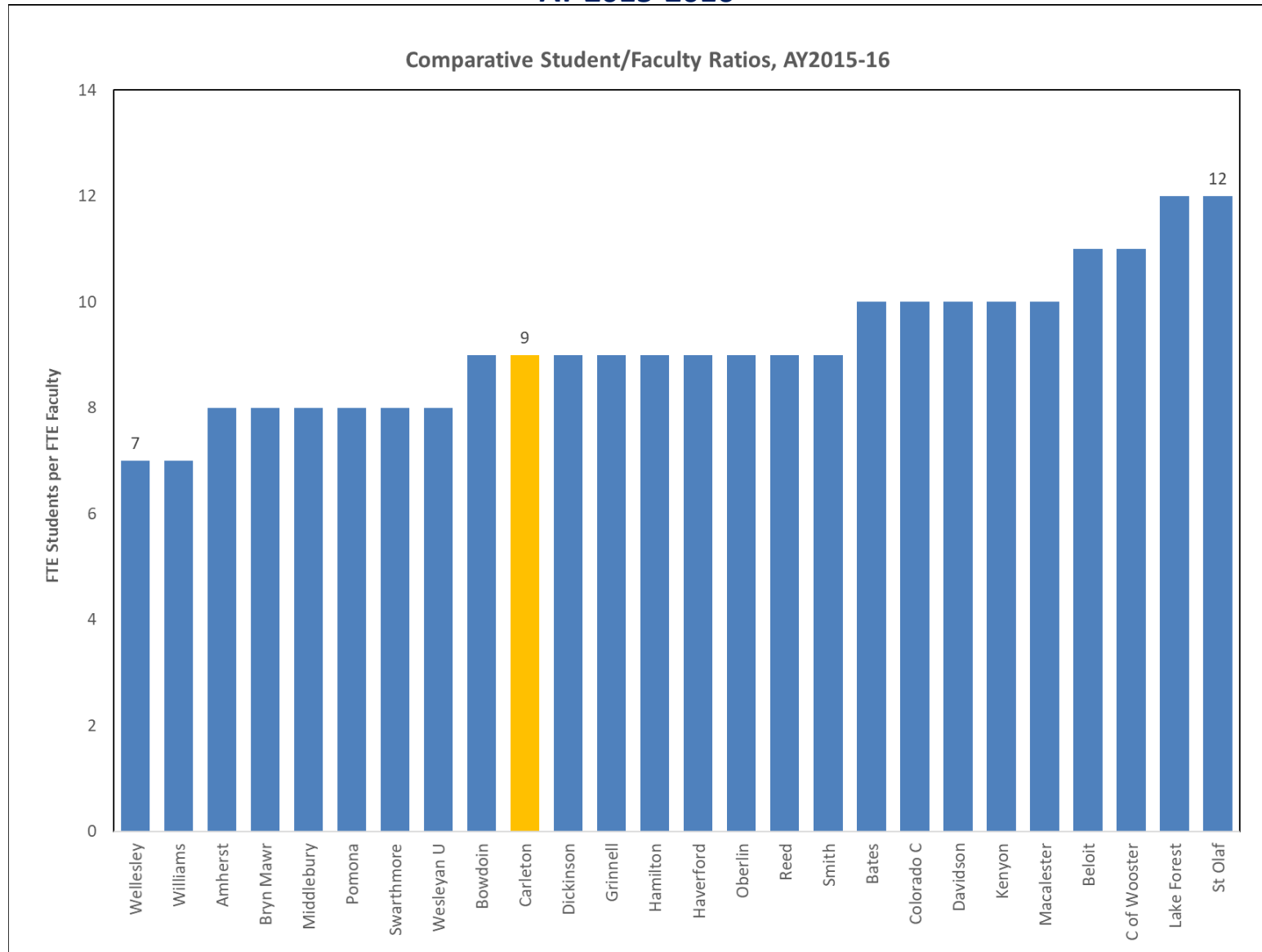
Key Resources of a College

- **Human Capital** – talent, experience and attitude
- **Facilities** – land, buildings, equipment; form & function
- **Financial** – endowment, reserves, income/expense
- **Reputational** – competitive standing and position to attract talent and resources



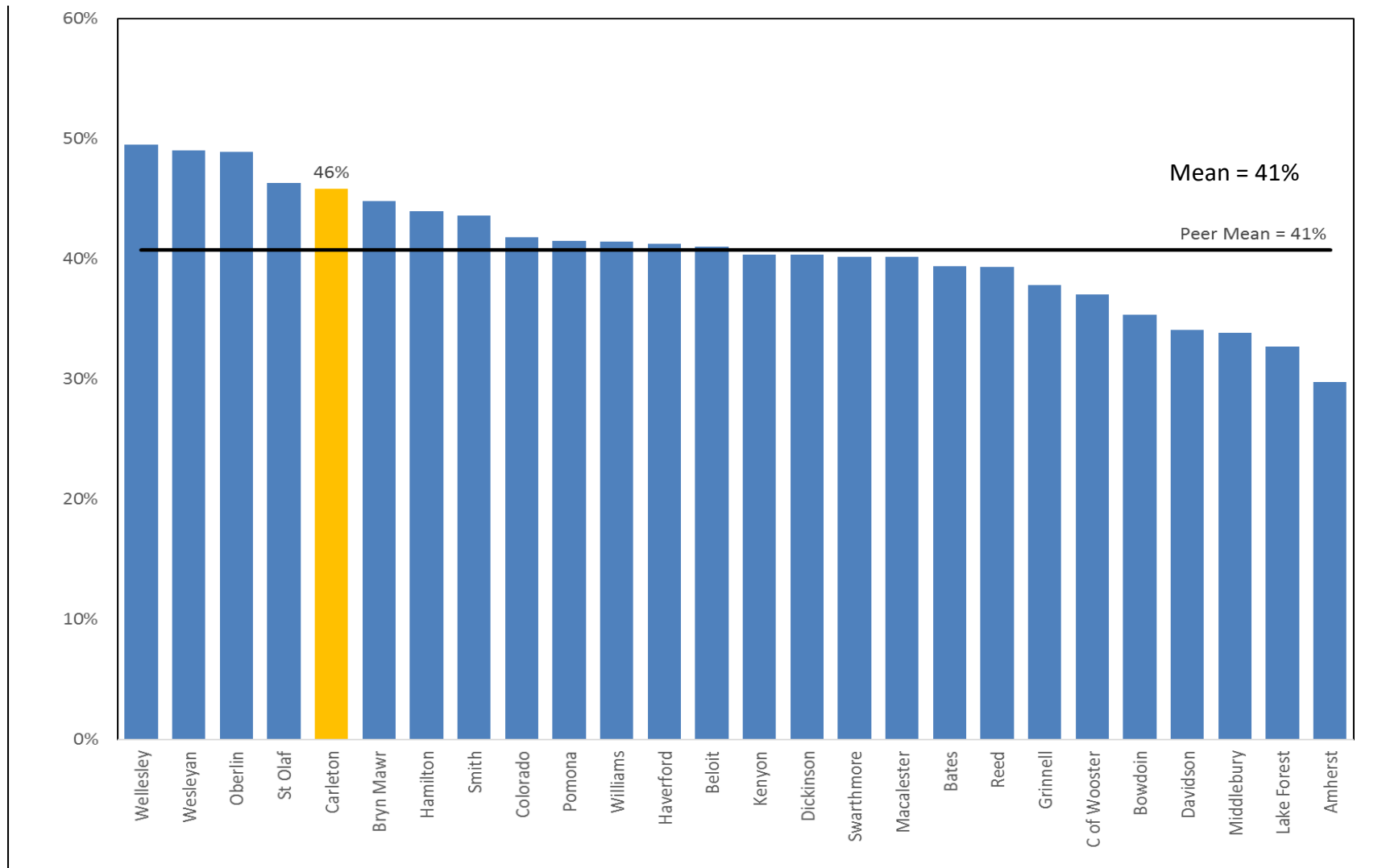
Comparative Student/Faculty Ratio

AY 2015-2016



Instruction, Research & Public Service as a Percentage of Total Expenditures

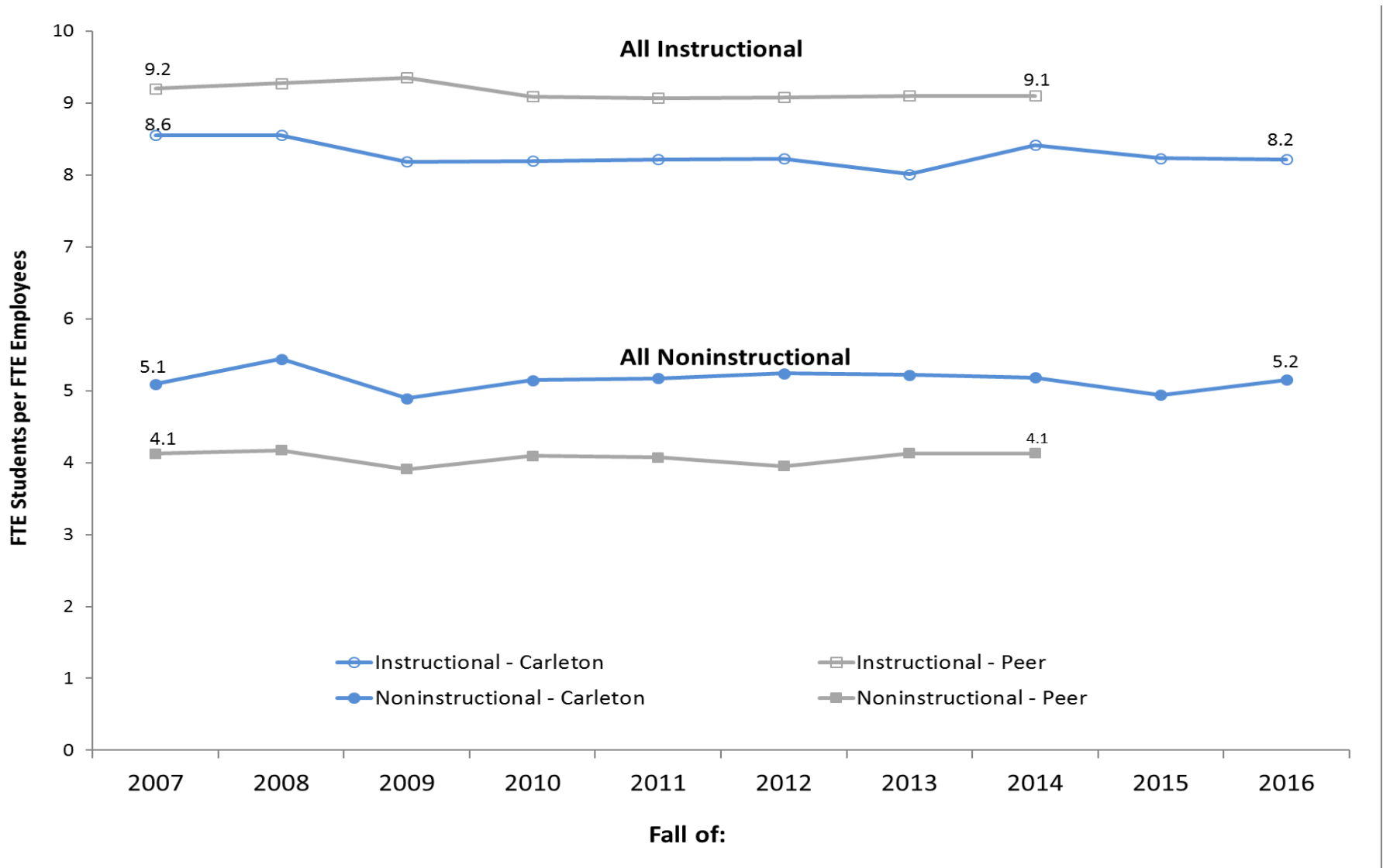
FY 2014 and 2015



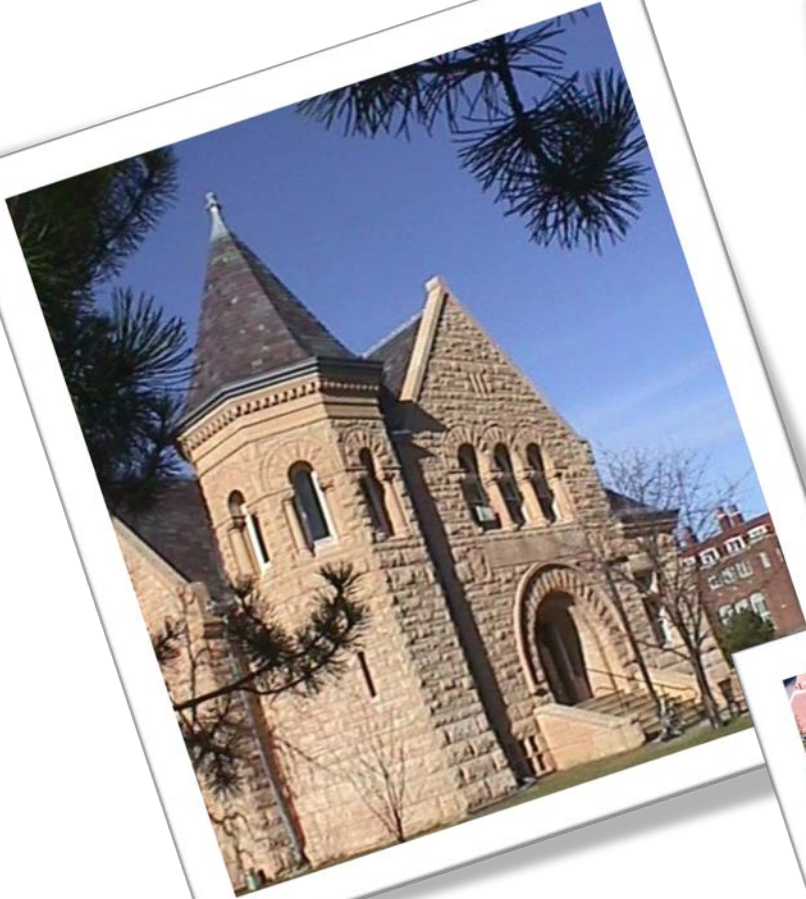
Source: IPEDS Finance Survey. The most recent available public IPEDS Finance data is for FY2014. (Carleton's percentage was also 46% in FY2014 and FY2015.)

FTE Students Per FTE Employees

Carleton and 25 Peer Means



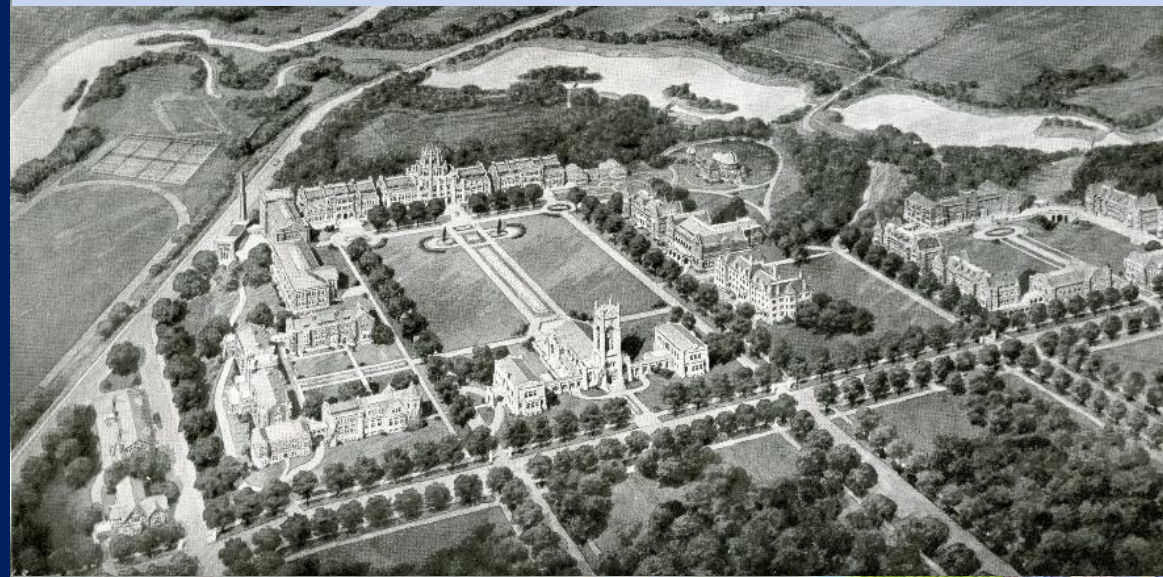
Carleton's Campus = ~ 2M square feet



Carleton College



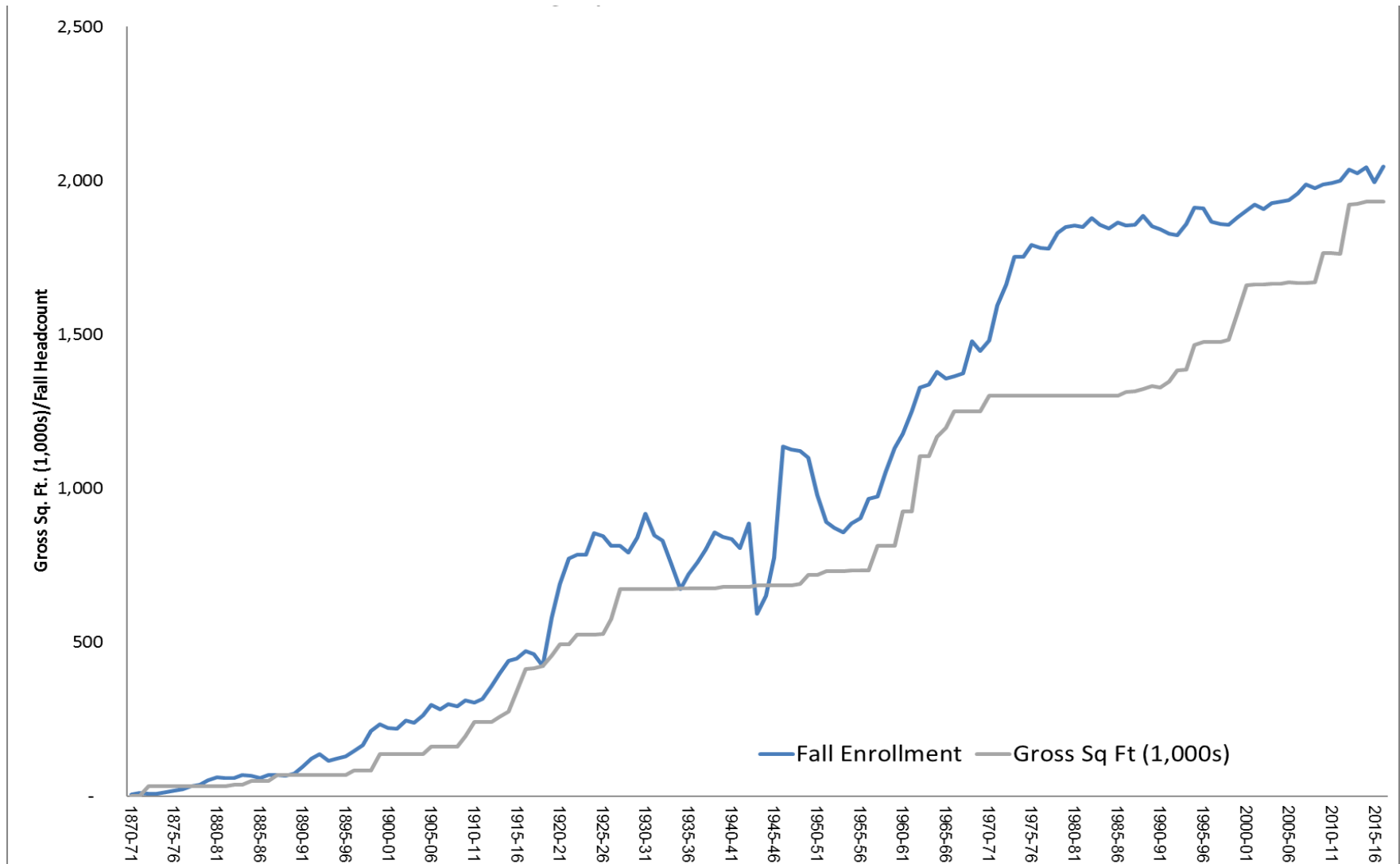
Carleton College



Carleton College ... has grown

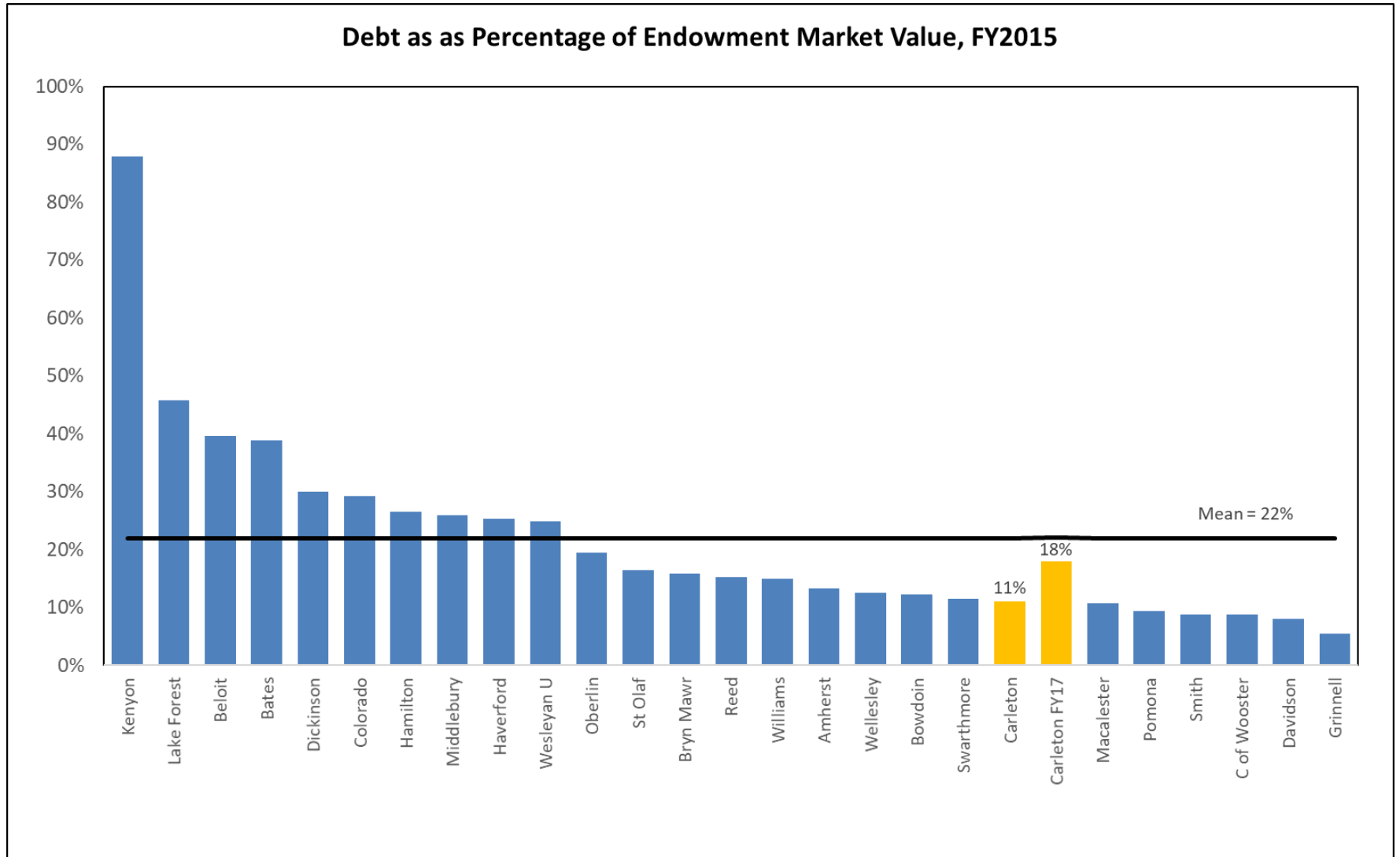


Growth of Space vs. Student Enrollment



Source: Facilities and IPEDS Fall Enrollment reports. (Updated to 2016-17 New facilities will be added when completed. Enrollment: 2,045 GSF: 1,931,000)

Debt as Percentage of Endowment Market Value FY2015

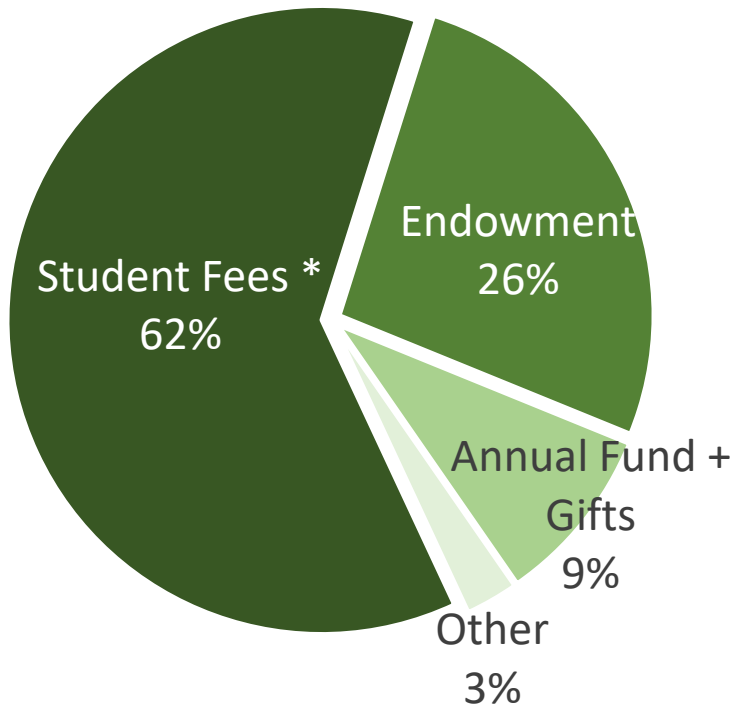


Budgeting is Planning

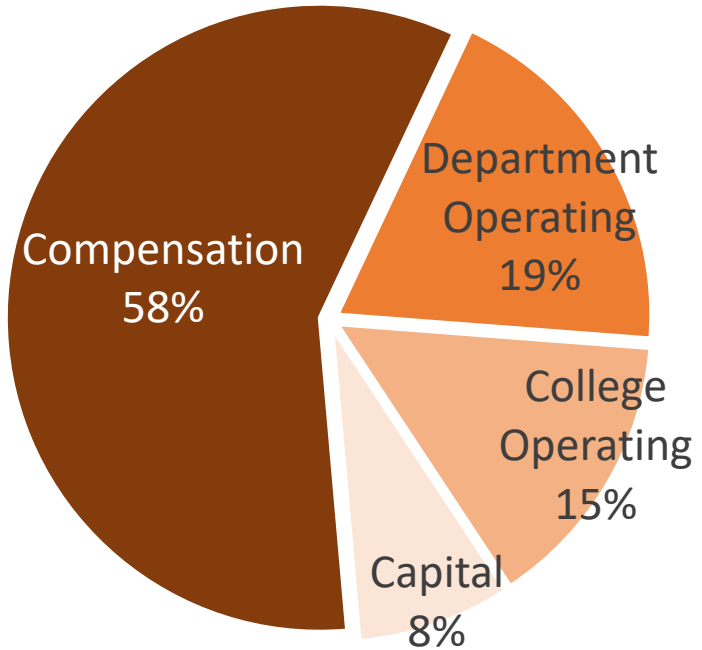


FY18 Proposed Budget

Income
\$ 141 M



Expense
\$ 141 M



* Student Fees shown net of Scholarships

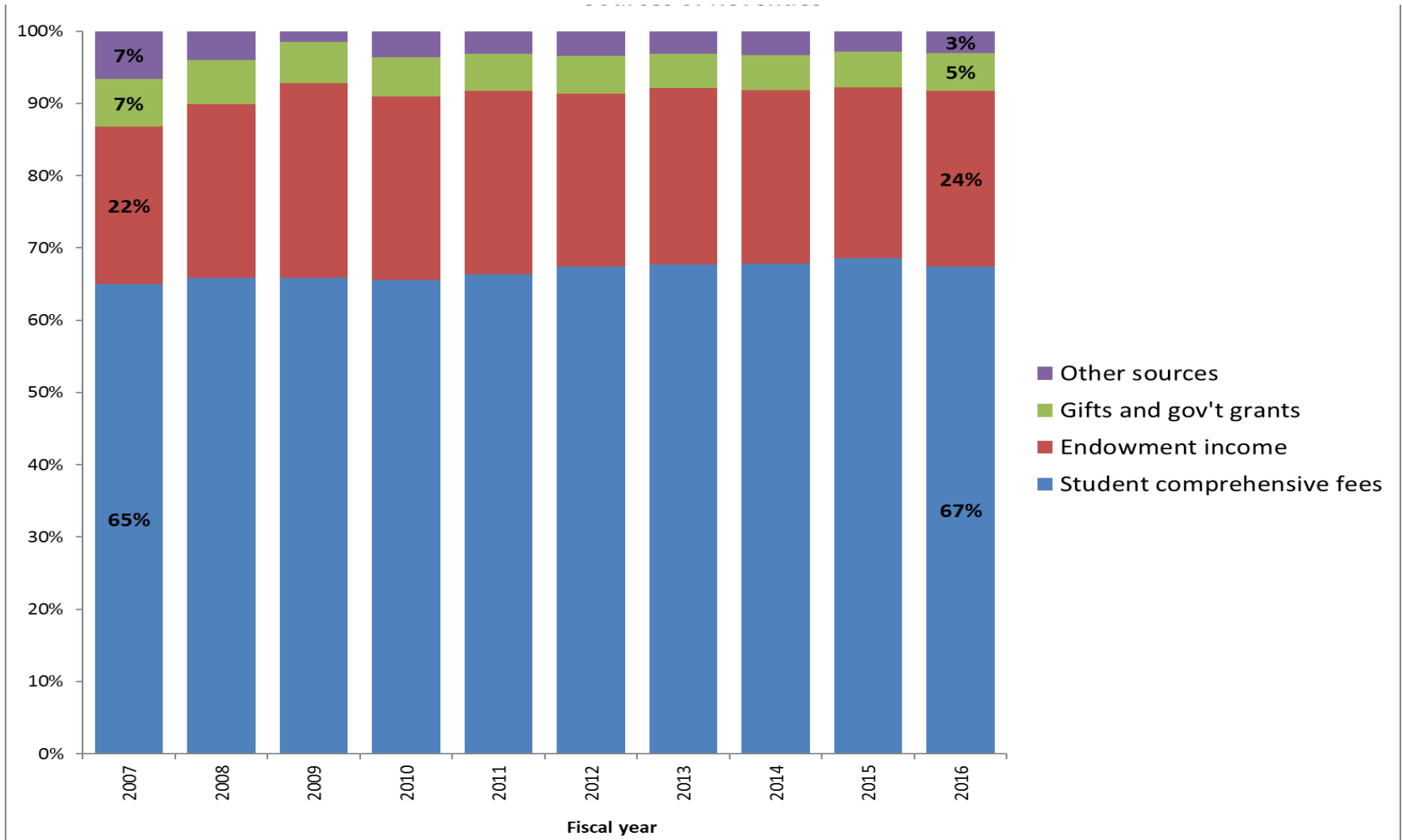


Carleton Budget Governance

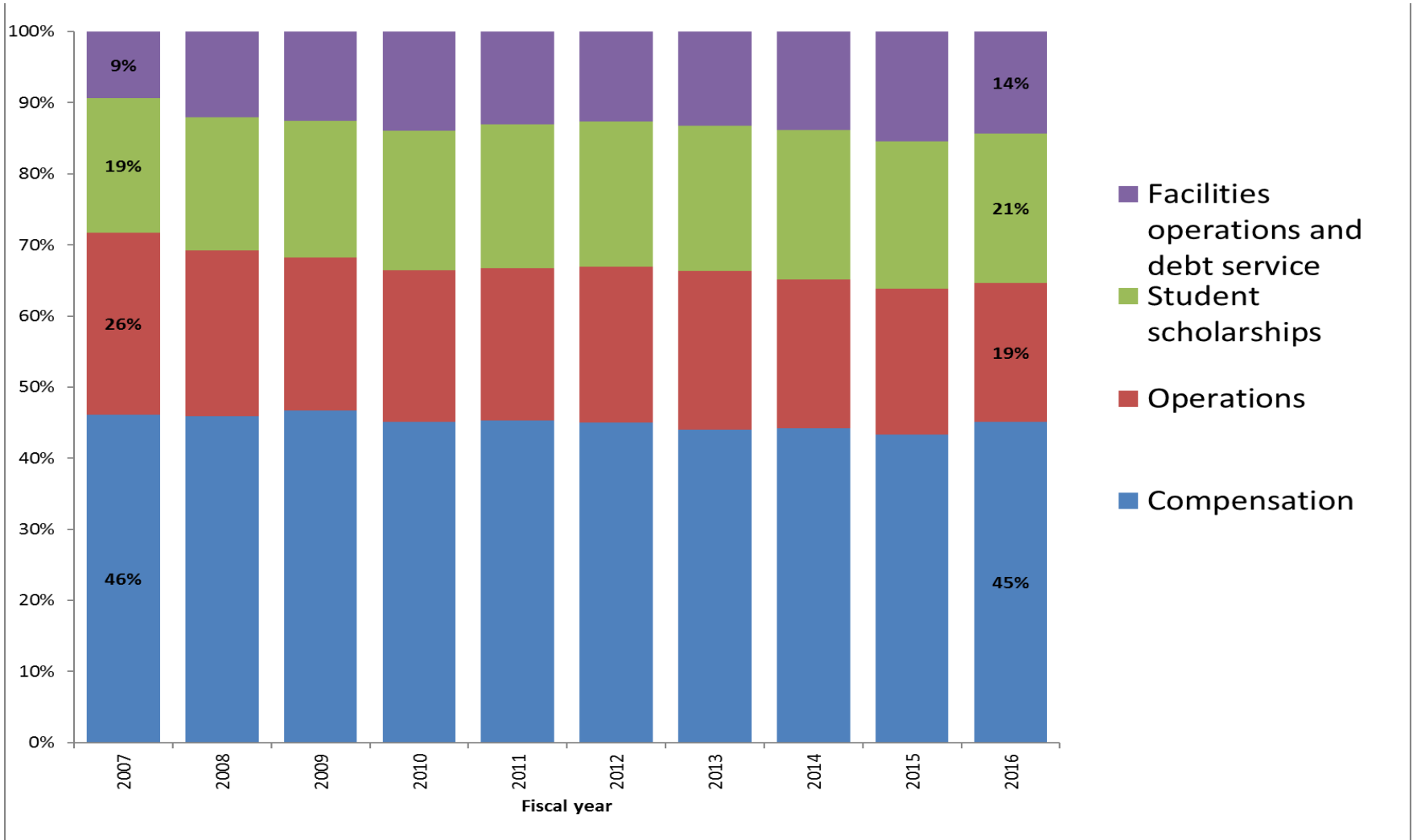
- Budget Committee (*includes students*)
- The Tuesday Group
- College Council (*includes students*)
- Finance & Planning Committee, BoT
- Board of Trustees (BoT)
- Every Year is in context of Six years

Near-term, Long-term & contingency planning

Sources of Revenues



Functional Uses of Expenditures



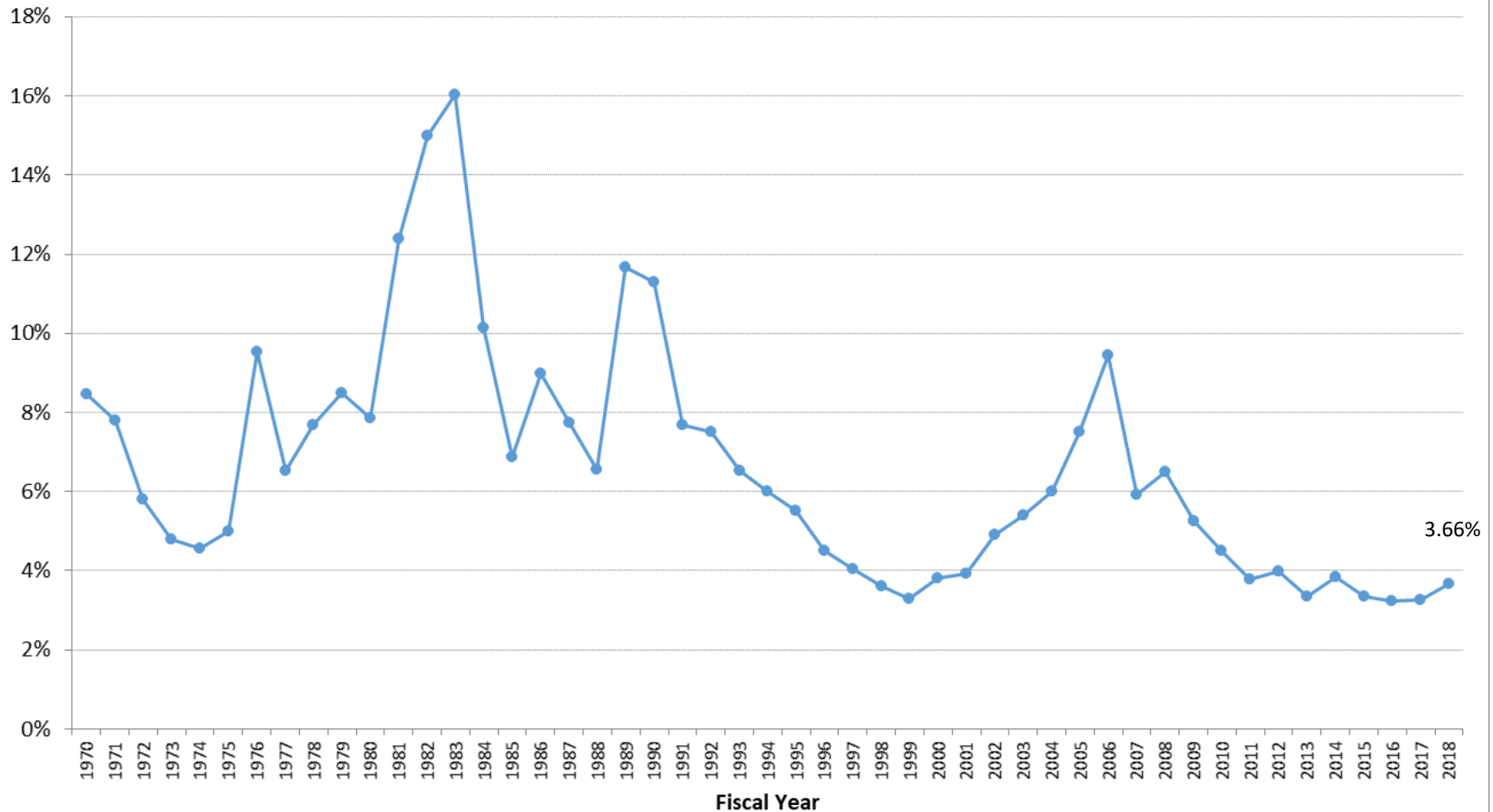
Comprehensive Fee

Enrollment is the key driver of the Carleton Budget

Access and Affordability is a key Goal

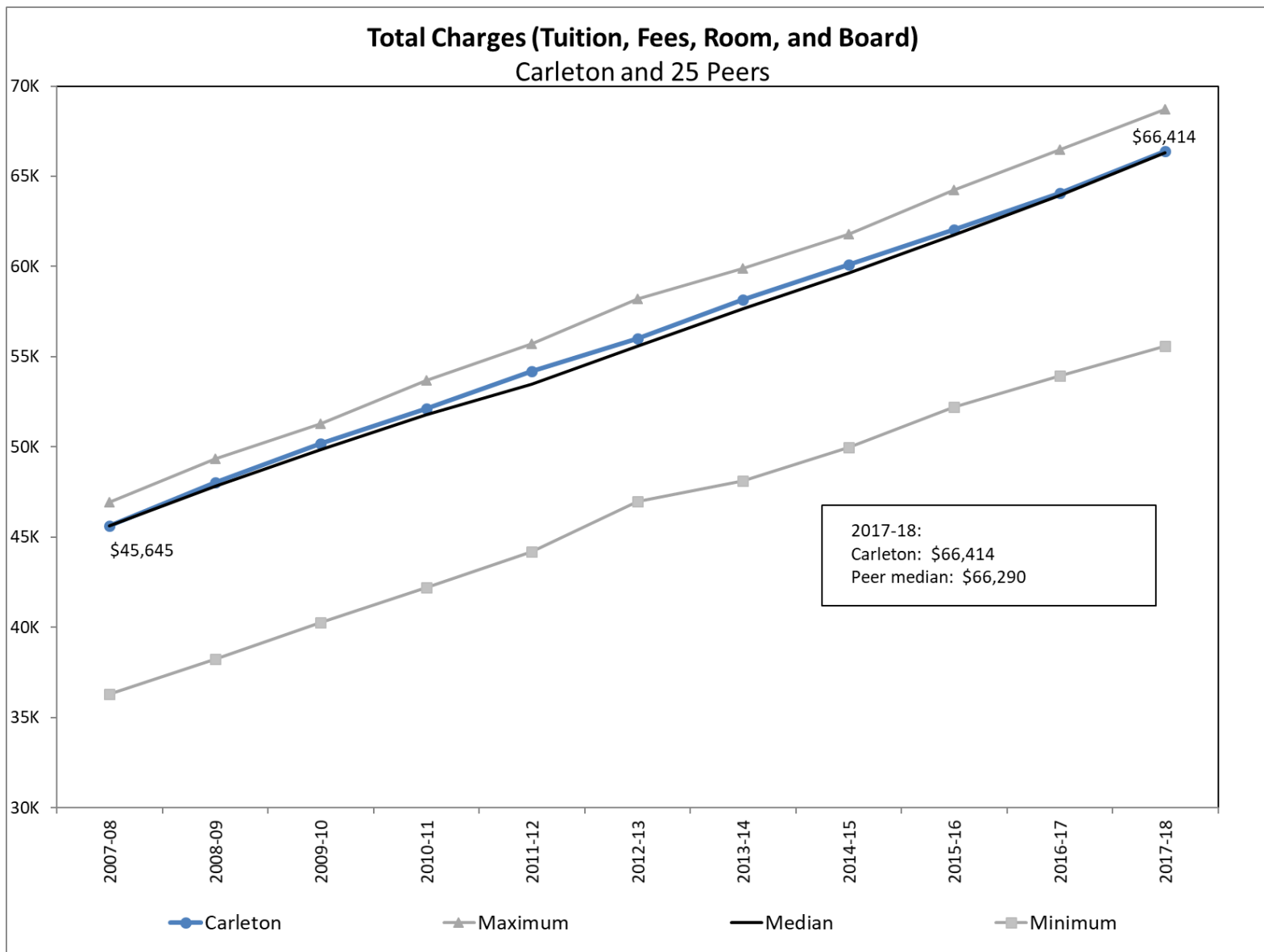
Comprehensive Fee Increase History

Comprehensive Fee Increase History

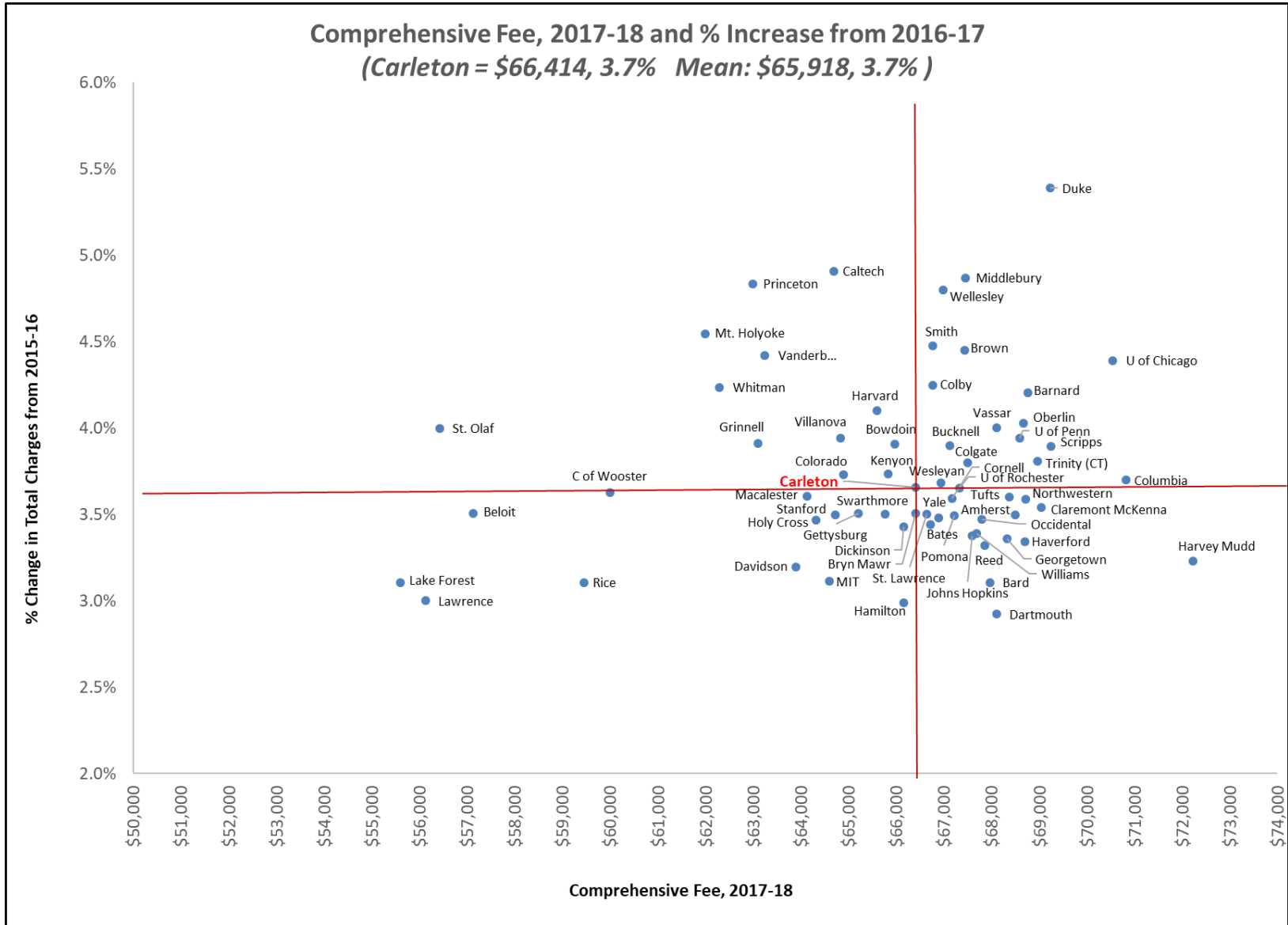


Total Charges (Tuition, Fees, Room & Board)

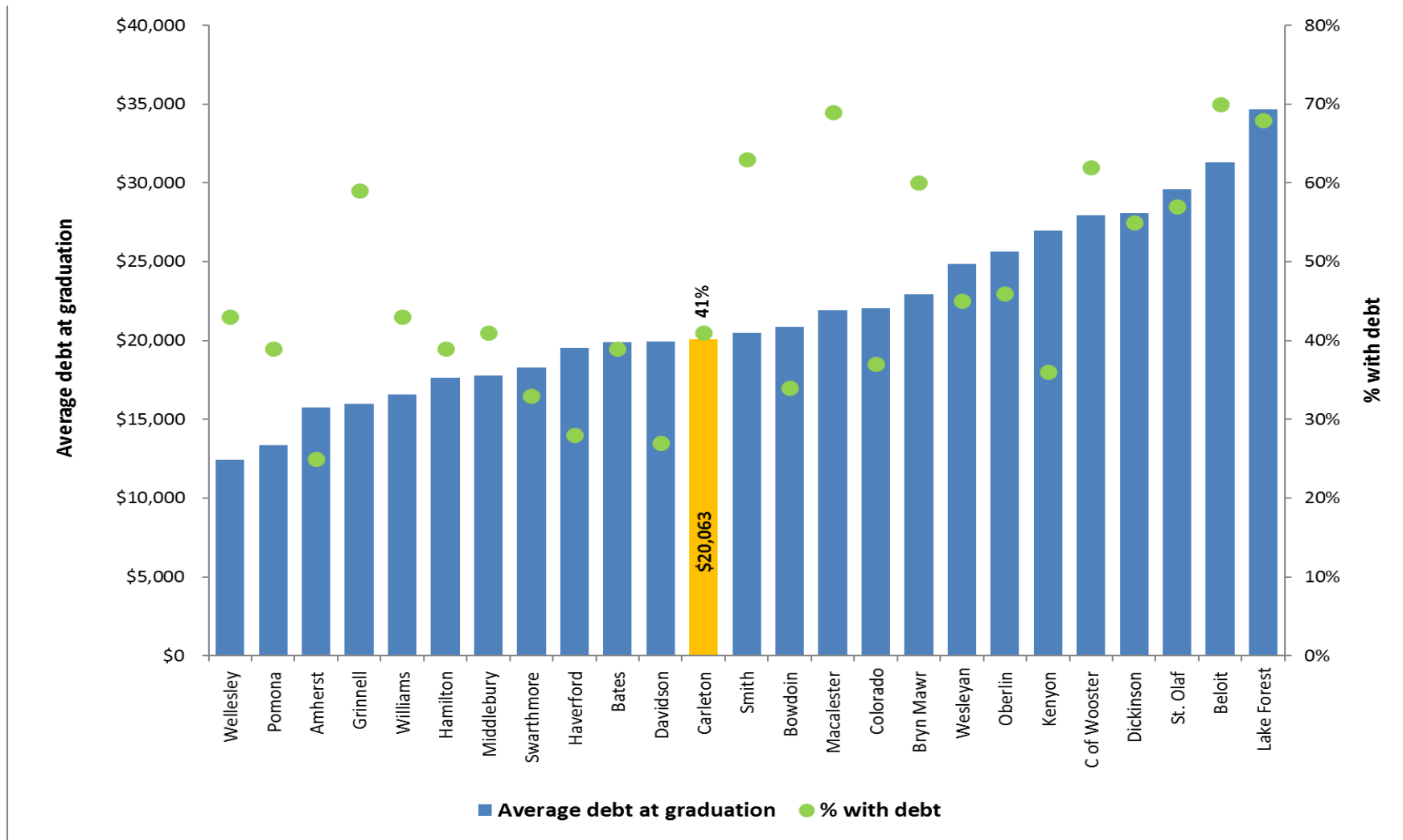
Carleton and 25 Peers



Comparative Fees 17-18 and % Increases



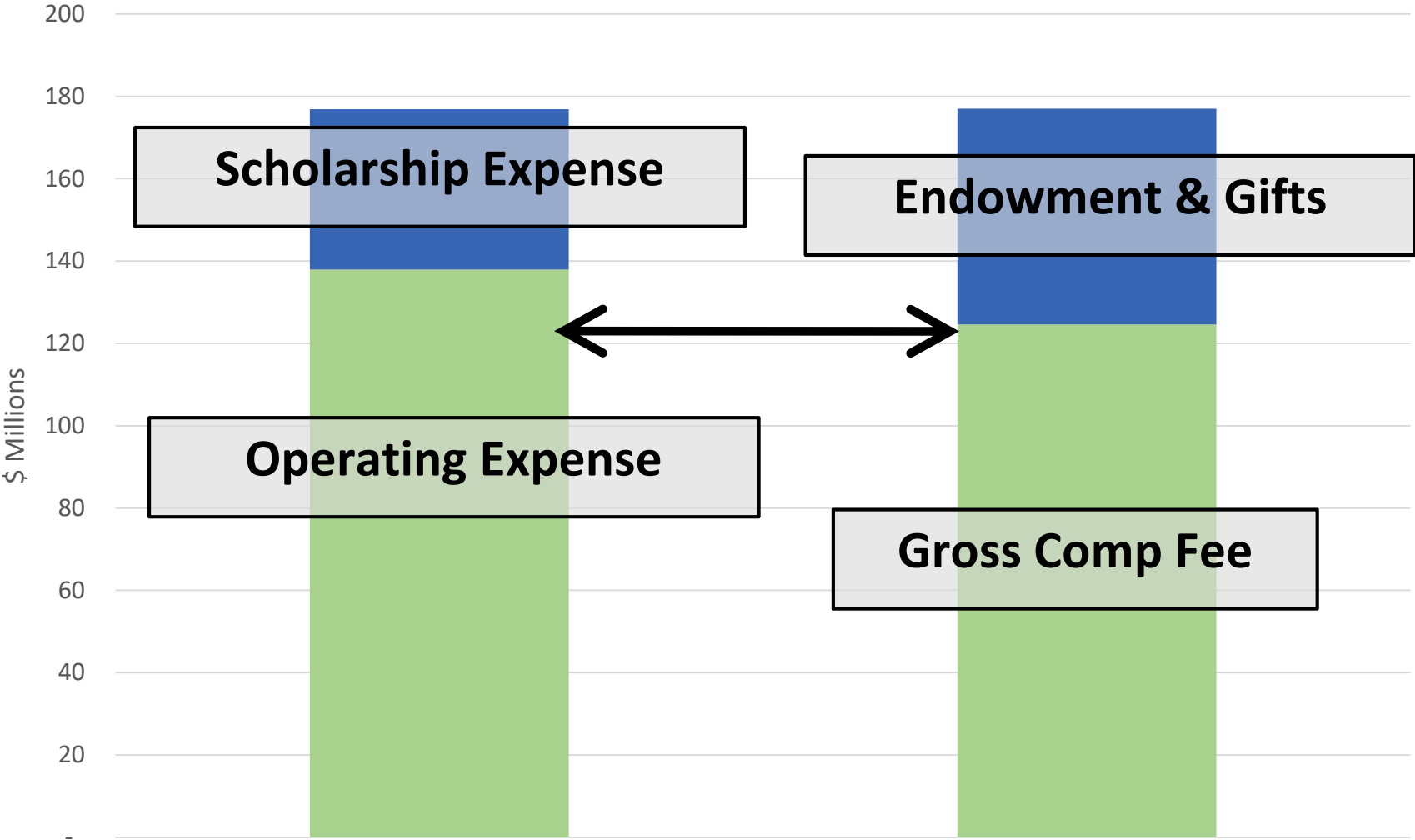
Average Debt at Graduation, Class of 2015



Source: U.S. News and World Report, America's Best Colleges. Fall 2016 (2017 ed.) (No data is available for Reed.)

Cost of Carleton example

(\$ in Millions)



One Way of Keeping Carleton Affordable



www.privatecollege529.com

- Only National Prepaid 529 Plan for Private Colleges
- Guarantee Tuition at Today's level
- Guaranteed by the 270+ member schools
- Includes Carleton and all of the ACM schools



Financial Aid

- Guided by Financial Aid goals:
 - *Strategic Plan for socio-economic diversity*
 - *Financial Aid guardrail for middle income*
 - *Campaign goal of increasing aid for students*



Financial Aid

- FY18 Proposed Budget = **\$41.8 Million**
- Increase of 7.2% = \$2.8M
- Continuing pressure as need rises
- Campaign success and timing will influence future budgets

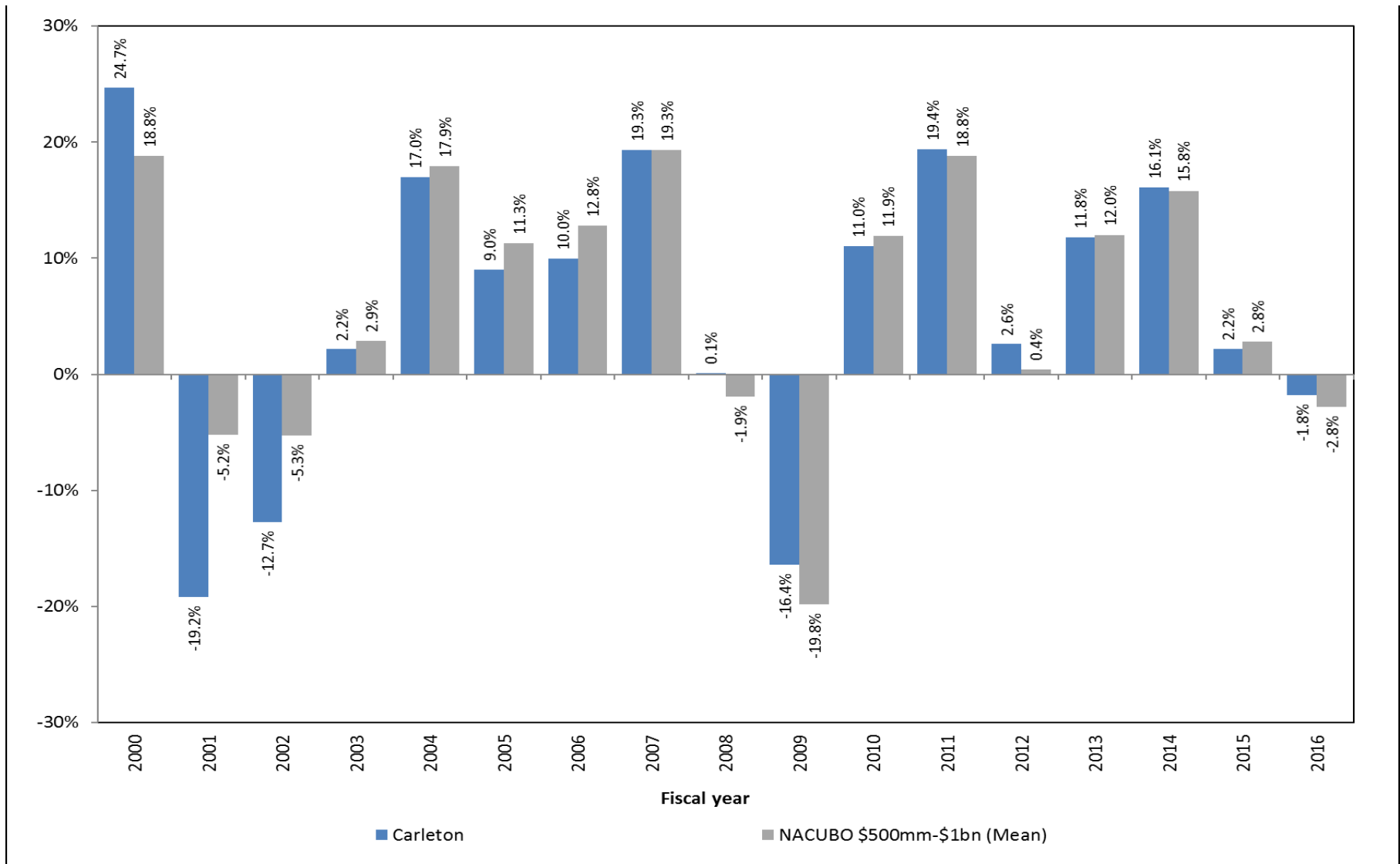
Endowment – Financial Capital

What is it really and how does it work?

Carleton Endowment Uses

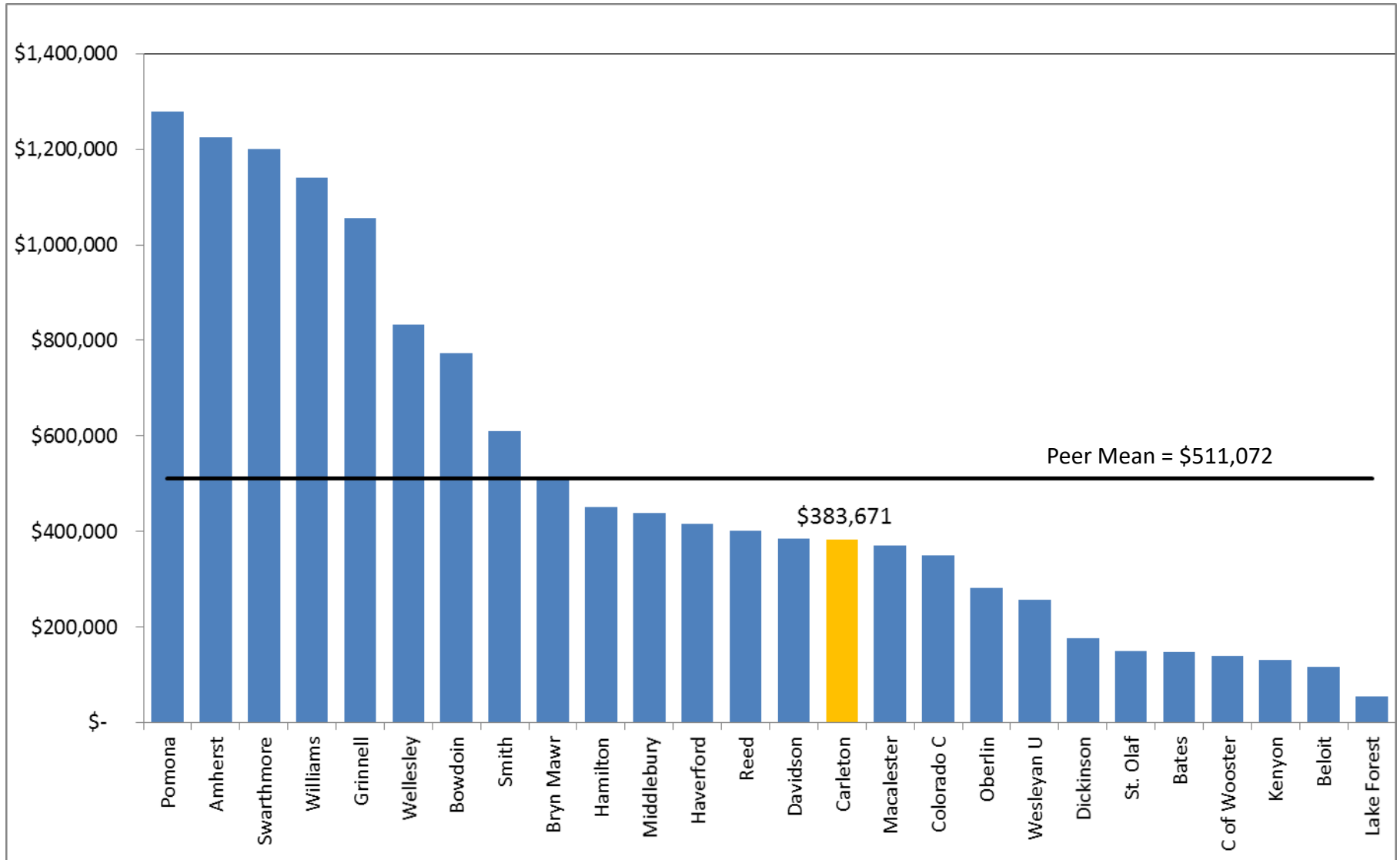
- **73% Restricted purposes**
 - 51 faculty salary funds
 - 269 scholarship funds
 - 49 prizes and student research funds
 - 42 Speaker and program funds
 - 57 Library funds
 - 19 Building and Grounds funds
- **27% Unrestricted for general college**

Annual Endowment Returns



Endowment Market Value per FTE Student

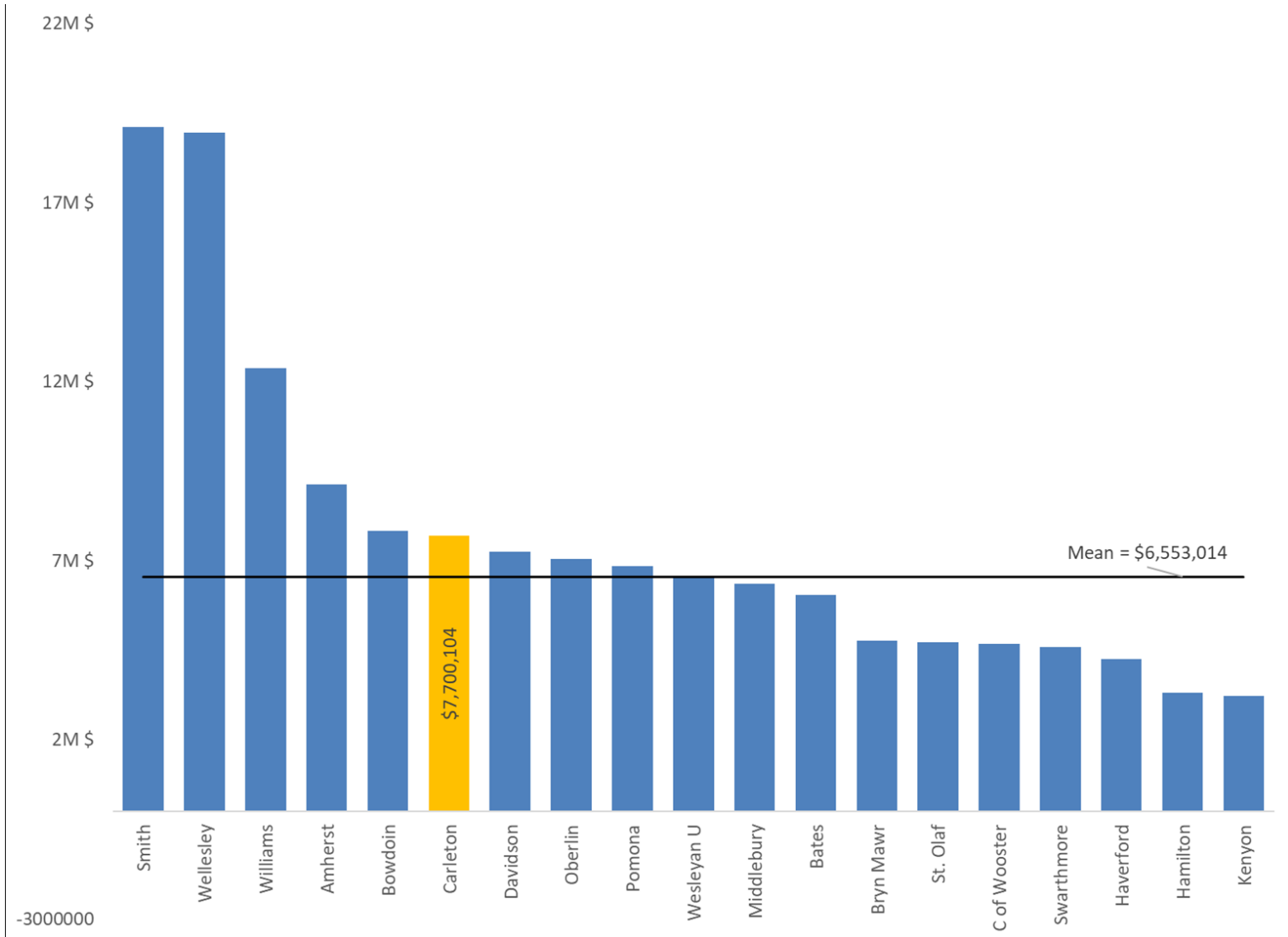
FY2015



Fund Raising and Gifts

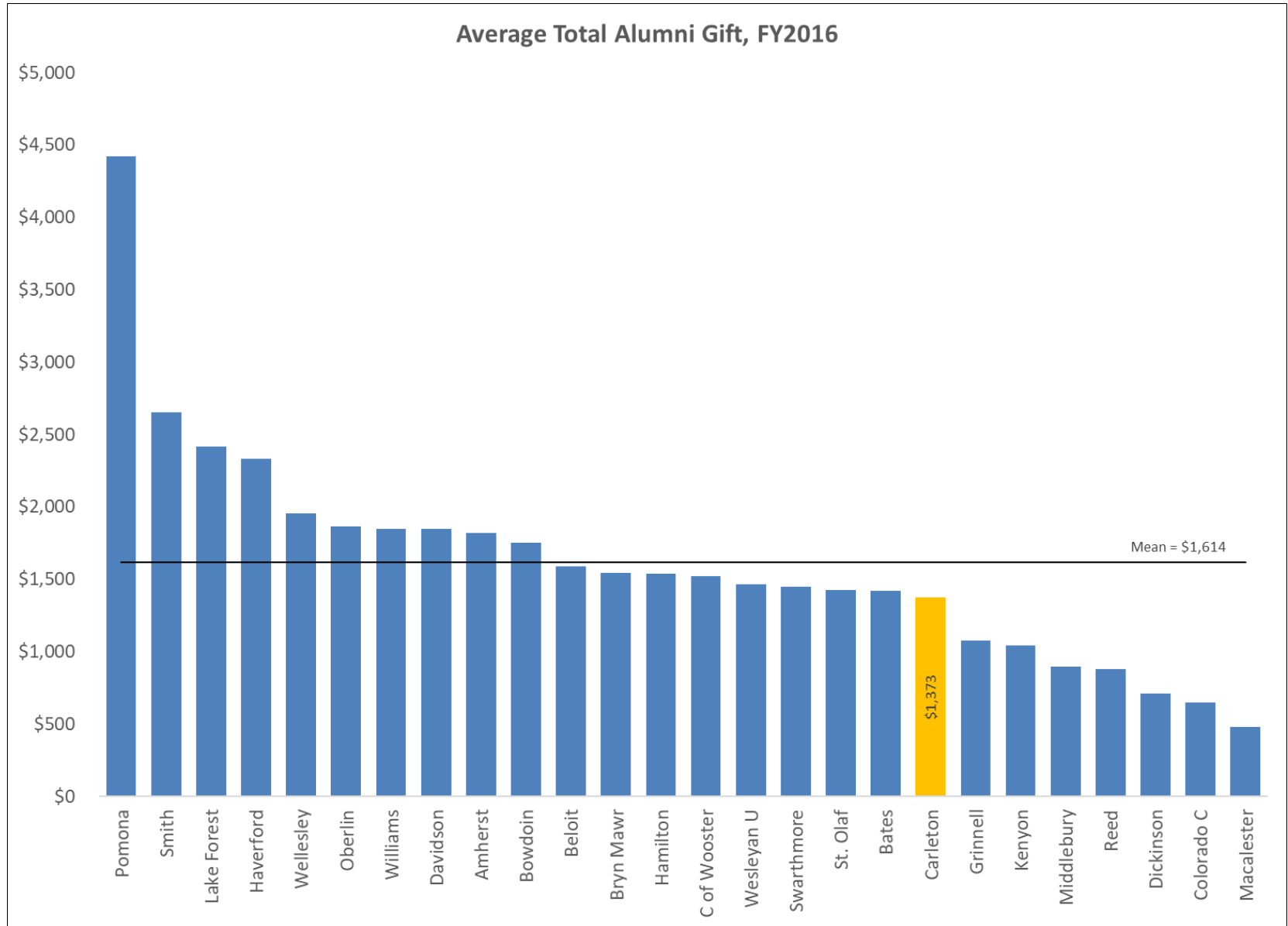
Total Alumni Giving for Current Operations

FY2016



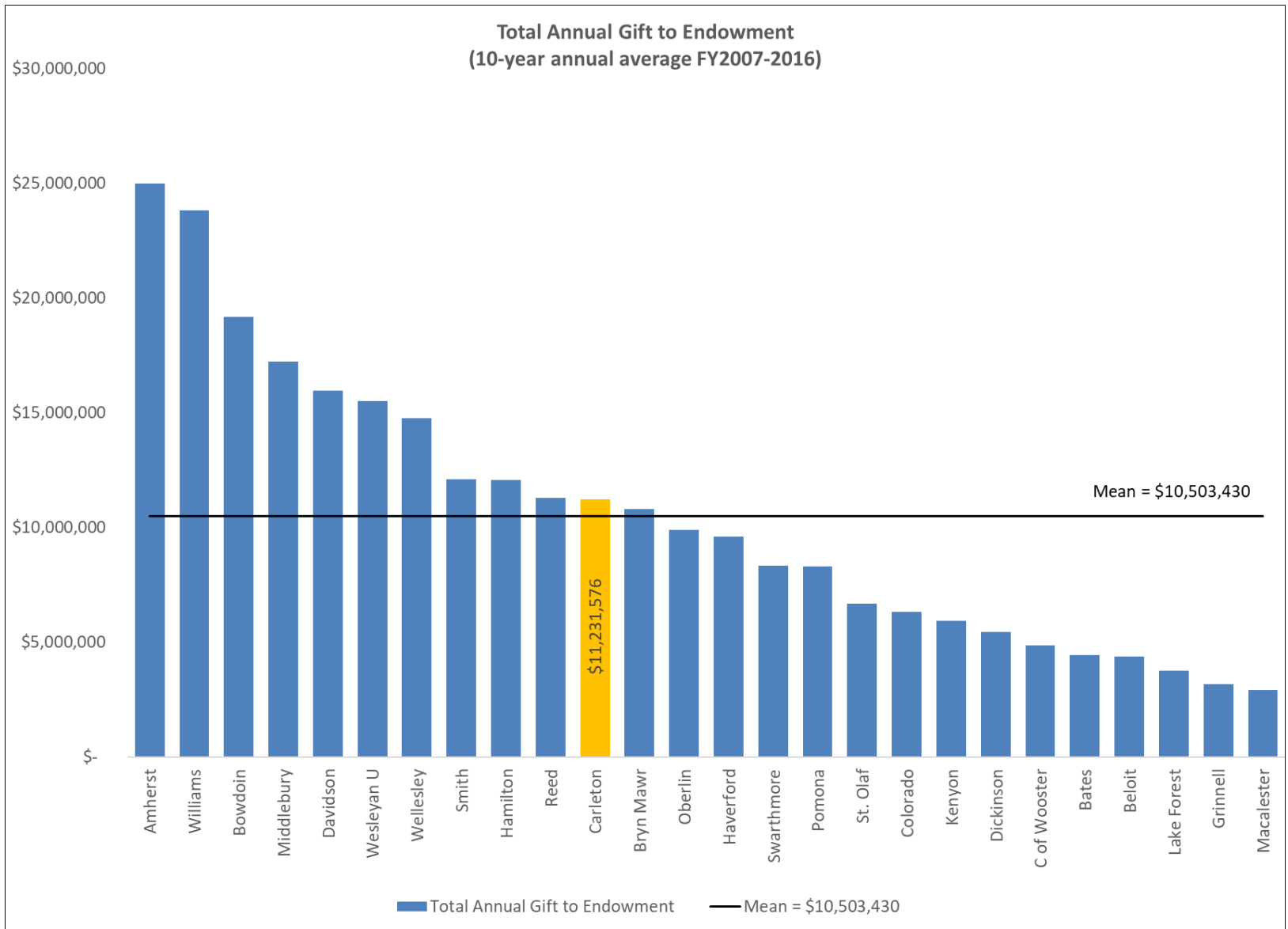
Average Alumni Gift per Person

FY 2016



Total Annual Gifts to Endowment

(10 year annual average FY 2007-2016)



Carleton Finances vs. Outcomes

Rankings National Liberal Arts Colleges	2000	2015	2016
Overall	6	8	7
Graduation & Retention	10	4	4
Alumni Giving Participation	4	7	7
Faculty Recourses	10	12	12
Financial Resources	23	27	33

Carleton has consistently “out-performed” its apparent resources.

Observations

- Carleton's excellence comes from focus
- Carleton resources are not likely to grow faster than inflation
- Carleton's resource growth has not outpaced its competition
- Carleton's reputation and academic excellence 'outperform' its apparent resources

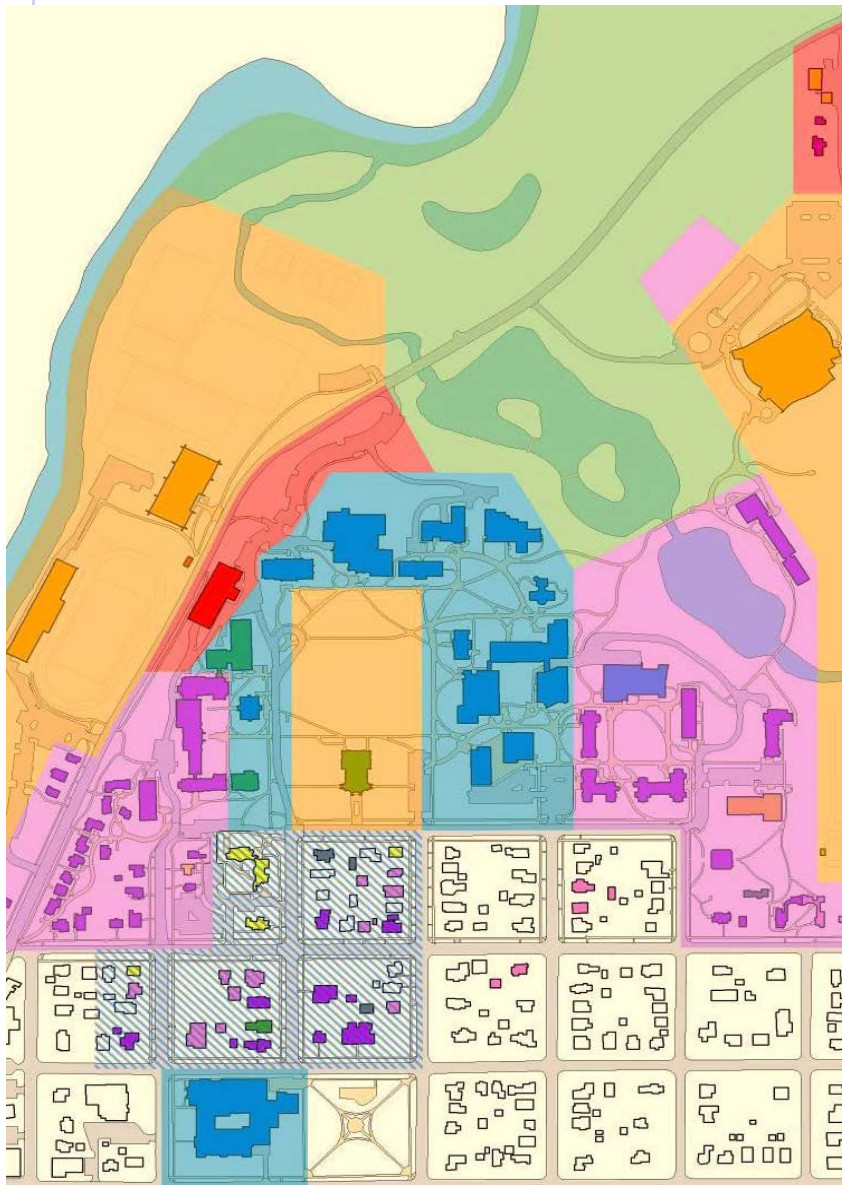
Strategic Plan - 2012










- 1. Prepare students more robustly for fulfilling post-graduation lives and careers**
- 2. Enhance our curriculum to improve liberal arts teaching and learning**
- 3. Strengthen the socio-economic diversity of our student body**
- 4. Maintain a self-sustaining economy with a growing endowment per student**
- 5. Make focused investments in facilities that directly advance our mission**
- 6. Embrace collaborative opportunities with other institutions to enhance our academic programs and save costs**

Facilities Master Plan - 2014

- Long-term precinct plan for the campus
- Investment in Science facilities
- Investment in Music and Public Events facilities
- Number, location, and size of needed classrooms
- Other needs incl. Admissions and Academic Support Center



Zones

- | | |
|---|---|
|  Academic (with Admin) |  Arboretum |
|  Athletic / Recreation |  Chapel/Student Ctr |
|  Facilities |  Student Residential |
|  New Connector Zone | |

Campaign Projects - 2016

Science

Plan Elements

-  New
-  Construction
- Planned
- Renovations



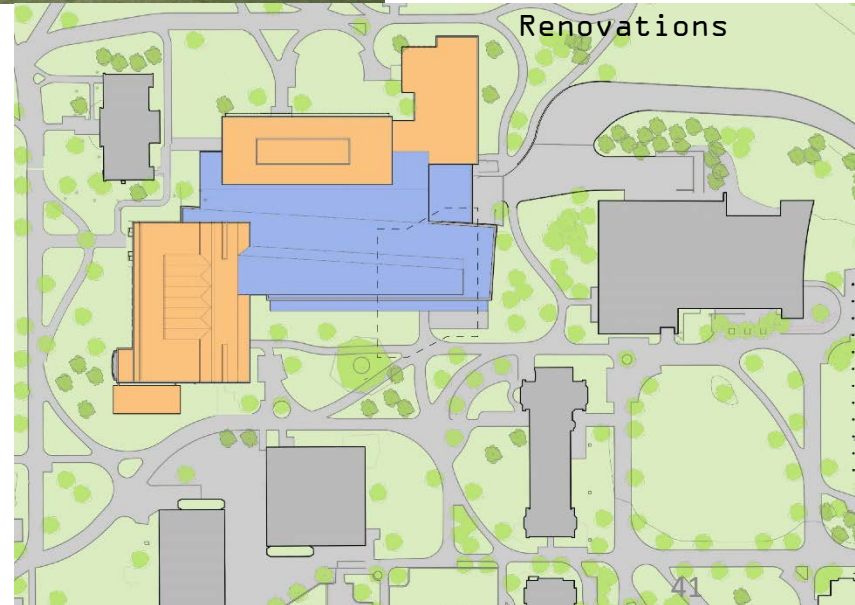
Music/Performance

New Science Building Plan

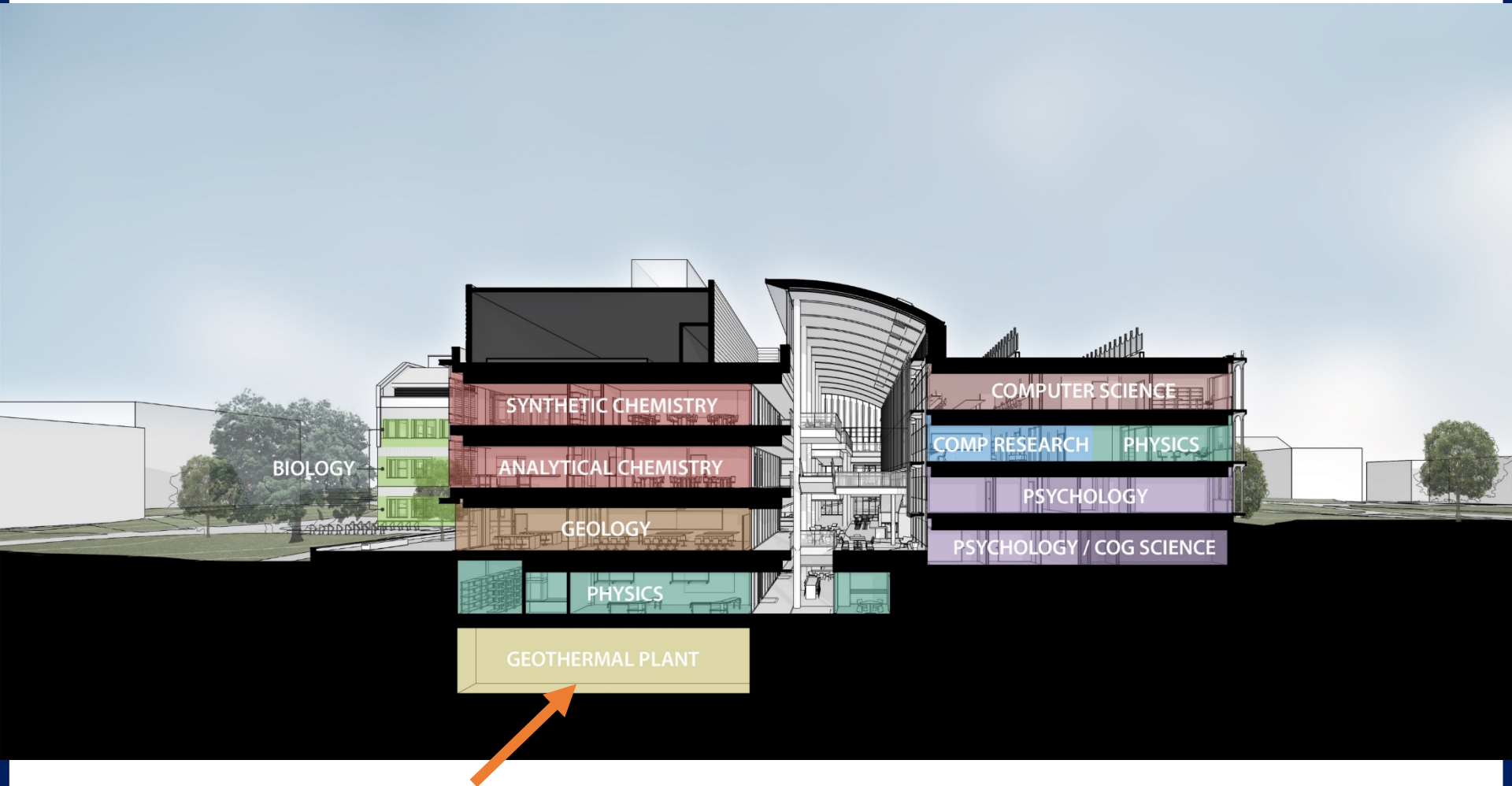


Plan Elements

-  New
-  Construction
- Planned Renovations



Science Building Sectional View



New East Energy Station

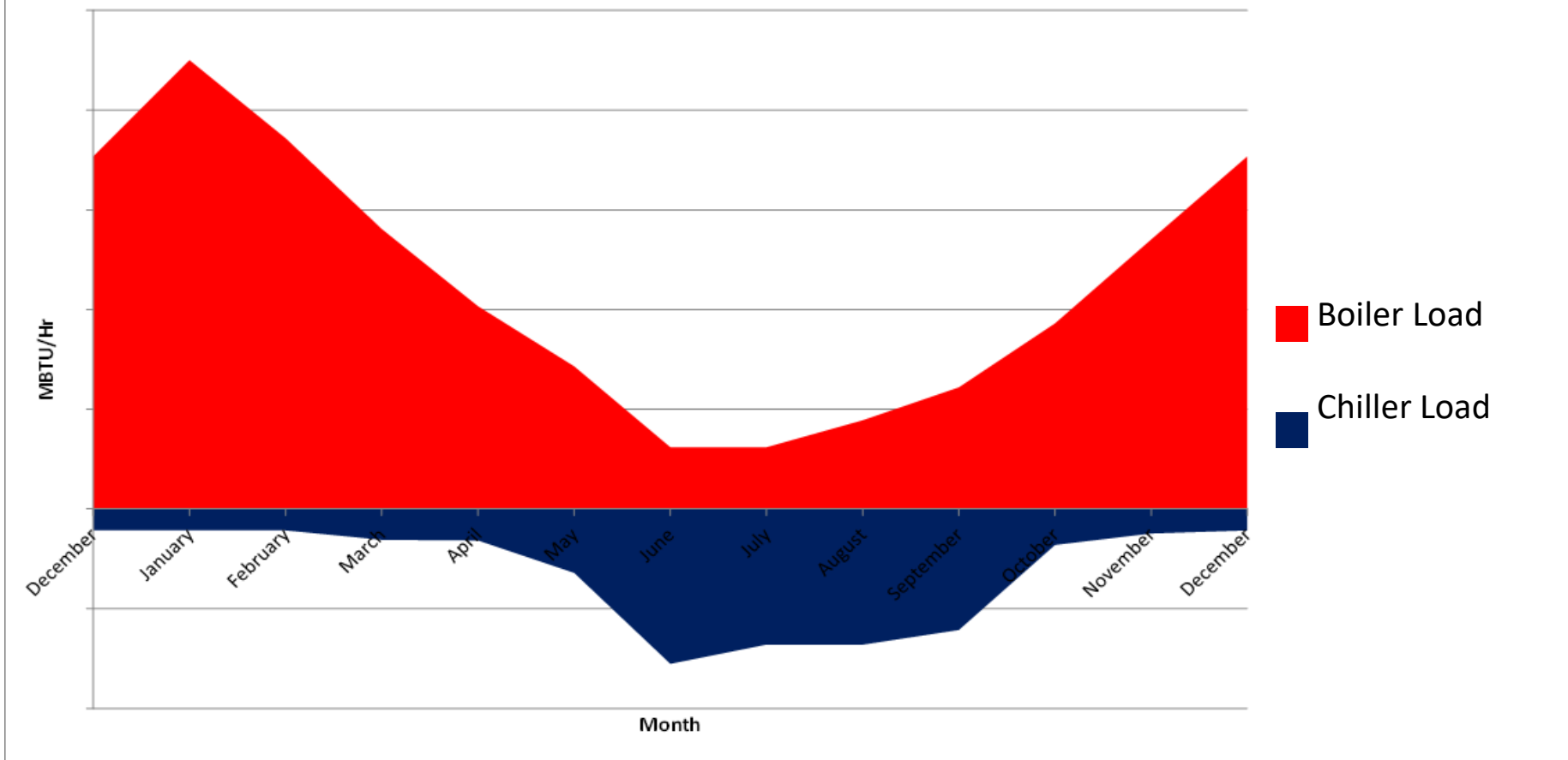
Energy Technology Bets

1. Low Temperature Hot Water Distribution
2. Electricity as green energy
3. The Earth as a renewable heat source and sink



Energy Profile: Current Systems

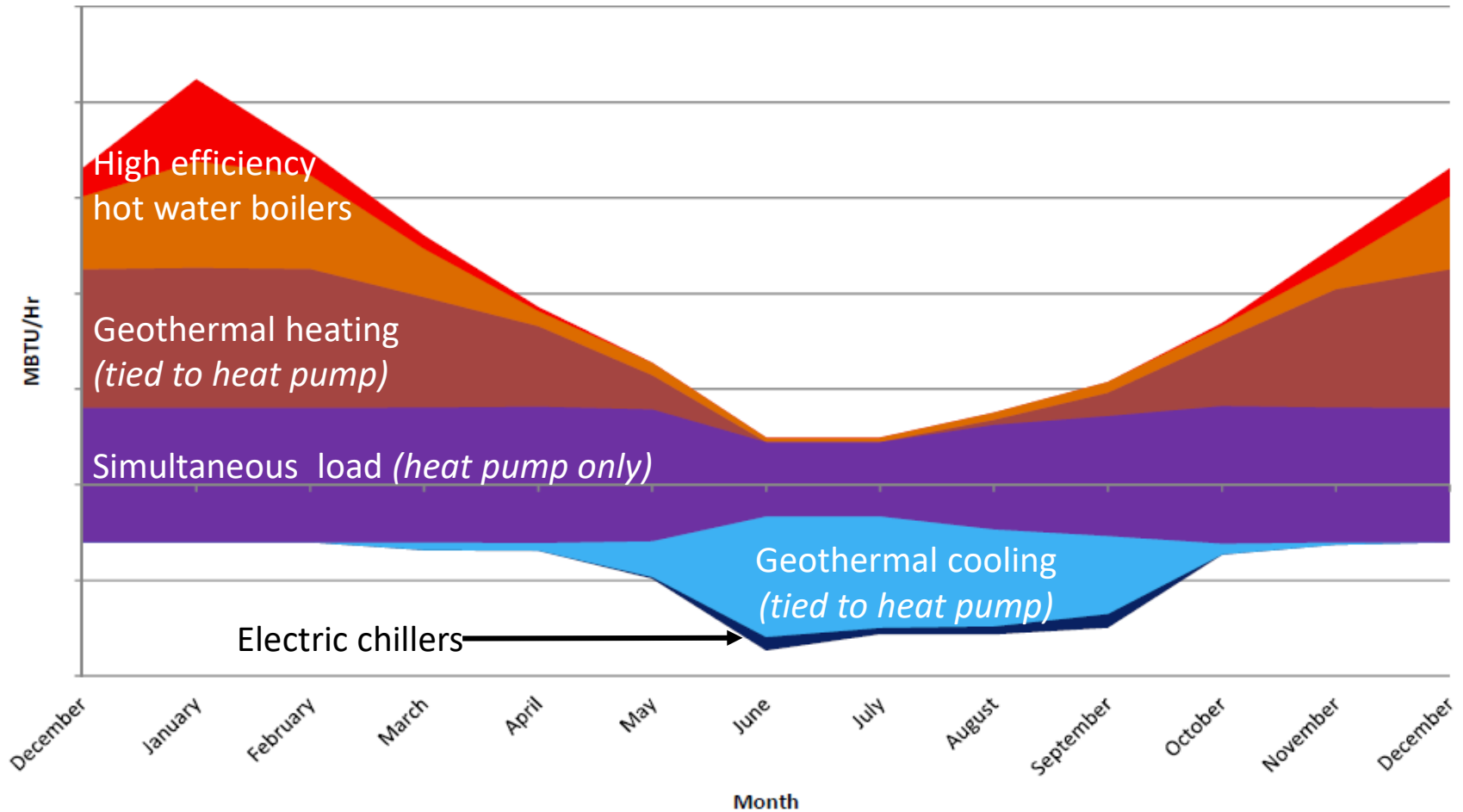
Carleton College - Existing Campus
Total Heating & Cooling Energy Load Profiles



Carleton's campus is significantly heating dominant

Energy Profile: Future Systems

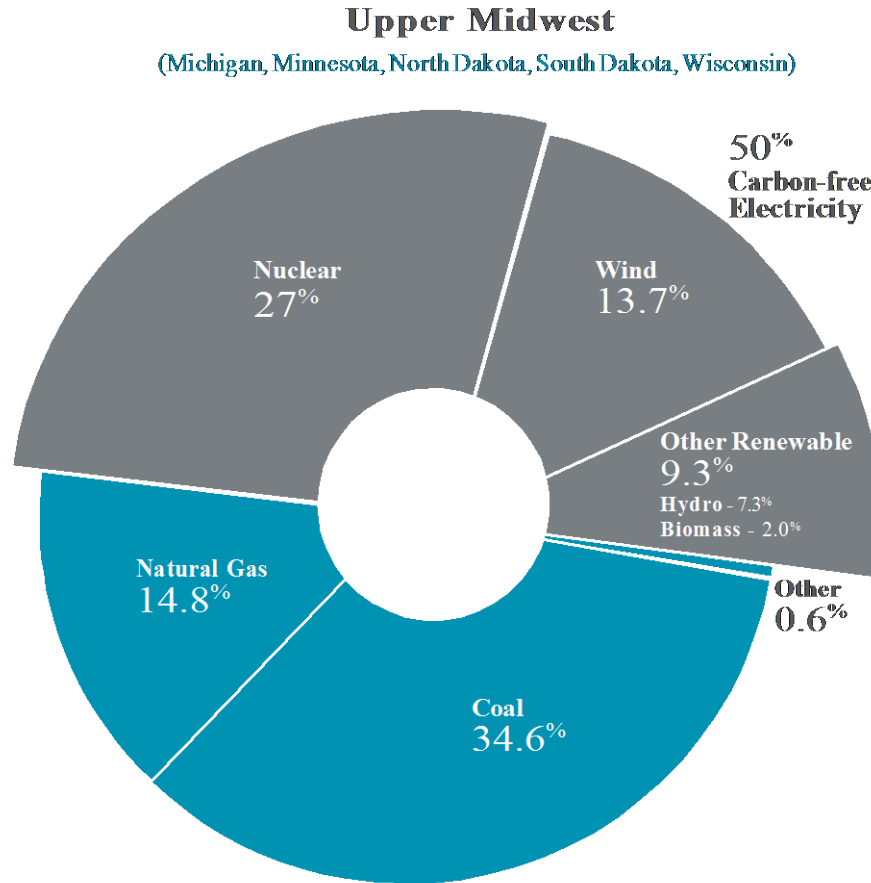
Carleton College - 2021
Total Heating & Cooling Energy Load Profiles



Moving to multiple forms of production increases diversity and flexibility

Xcel Energy 2015 Electricity Fuel/Energy Sources

Upper Midwest

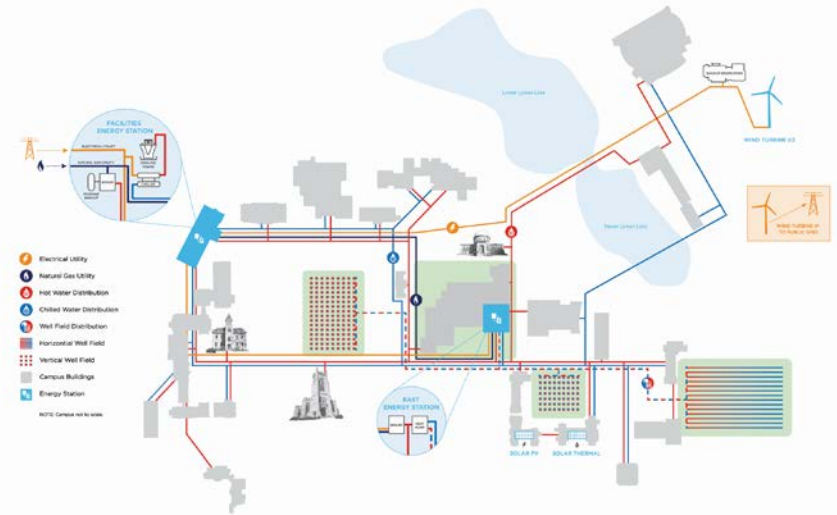


Carleton Utility Plan

- **Phase 1 - East:** (\$24.1 M finished 6/2019) **Approved**
 - Geo-thermal Energy Station (within Science) & well fields
 - Replace east side steam distribution with hot water
- **Phase 2 - West:** (Est. \$12 -16 M projected 6/2021)
 - Replace west side steam distribution with hot water
 - Small hot water boilers in Facilities Building
 - **Decommission steam boilers**
- **Phase 3 - Electrical:** (Est. \$2 - 4 M projected 6/2022)
 - CHP, Solar PV, Wind



Utility Plan Estimates (all 3 phases)



- 30%+ Reduction in Scope 1 & 2 Carbon Emissions
- 40 - 45% Reduction in Plant operating costs
- ~18 year payback vs. Base Case
- Replaces 100 year old steam infrastructure

CARBON
FREE
BY
2050

Time for Questions

