

## Budget Planning Process at Davidson College

### Planning for Fiscal Year 2007

Davidson College has instituted a new budget planning process that began in August 2005 with the planning for fiscal year 2007. The new structure includes two advisory bodies, the College's Principal Executive Staff (PES) and the College Advisory Council on Finance, Personnel and Development. The PES includes the President, the Vice President for Academic Affairs and Dean of Faculty, the Vice President for Business and Finance, the Vice President and Dean of Students, the Vice President of College Relations, the Vice President and Dean of Admissions, the Director of Athletics, and the Director of Institutional Research. The Advisory Council consists of six faculty members, three students, and two staff members, as well as the Vice President for Business and Finance, the Vice President for College Relations, the Controller, The Director of Human Resources, and the Director of Physical Plant as advisory members. The Controller, Associate Controller, and Assistant Controller provide support and information to both groups.

The process began on August 24, 2005 when the Principal Executive Staff (PES) met with the support of the Controller. The Vice President for Business and Finance and the Controller reviewed with the group the financial results for fiscal year 2005, including the results from the operating budget, capital budgets and changes in endowment and reserve accounts. The PES also reviewed continuing faculty compensation averages between Davidson College and its comparative institutions as well as tuition and fees between Davidson and its comparative institutions. They reviewed the budget for FY2006 and discussed how recent information on enrollment, financial aid, and recent grant funding might affect that budget. Finally, the PES began to consider significant factors that would have an impact on the fiscal year 2007 budget, including projected enrollment and long term revenue from endowment, gifts and grants. That same meeting took place with the Advisory Council on Finance, Personnel, and Development on September 14, 2005.

It is important to keep the Trustee Finance and Budget Committee informed of the budget planning process. The President and the Vice President for Business and Finance presented the principal issues to that committee on October 7, 2005. At the same time, the faculty Professional Affairs Committee presented to the Finance and Budget Committee its proposal for faculty compensation increases for FY2007, using the comparative data from Davidson's peer institutions. That presentation is based on a commitment made by the Trustees several years ago to raise faculty compensation such that it will reach the median faculty salaries at Davidson's peer institutions by 2010.

The budget planning process continues through the fall semester with each vice president making written and verbal presentations to the two advisory bodies including annual plans and objectives, budget increase proposals, and possible suggestions for savings.

During the final two meetings of the semester, the two advisory groups will discuss the proposals within the context of a five year planning model that projects enrollment, endowment revenue, and revenue from gifts and grants. They will then weigh the need for a tuition increase against the priorities of the various proposals made to them. They will then make their recommendations to the president for a balanced budget for FY2007. The president will review their recommendations and make his proposal to the Trustees for approval on February 3, 2006.