
The New Strategic Plan & College Financial Operations

2016 Volunteer Leadership Conference

November 5, 2016

“Smith College: life in the present
continuous tense.

“Smith College: life in the present continuous tense. Going forward, Smith will continue to lead change in higher education. We will embrace challenges as opportunities for change.”

*President Kathleen McCartney
Smith College*

An Update on Strategy

Our Strategic Plan



Our Strategic Plan



1. Face-to-face education
2. Inclusion, diversity and equity
3. Experiential and applied opportunities
4. Emerging methods, fields and pedagogies
5. Complex, urgent problems

Study Group on Climate Change



Home > All Subjects > Social Sciences > Psychology of Political Activism: Women Changing the World



Psychology of Political Activism: Women Changing the World

Learn what motivates prominent women such as Gloria Steinem, Loretta Ross, and others to become involved in activism in this political psychology course.



About this course

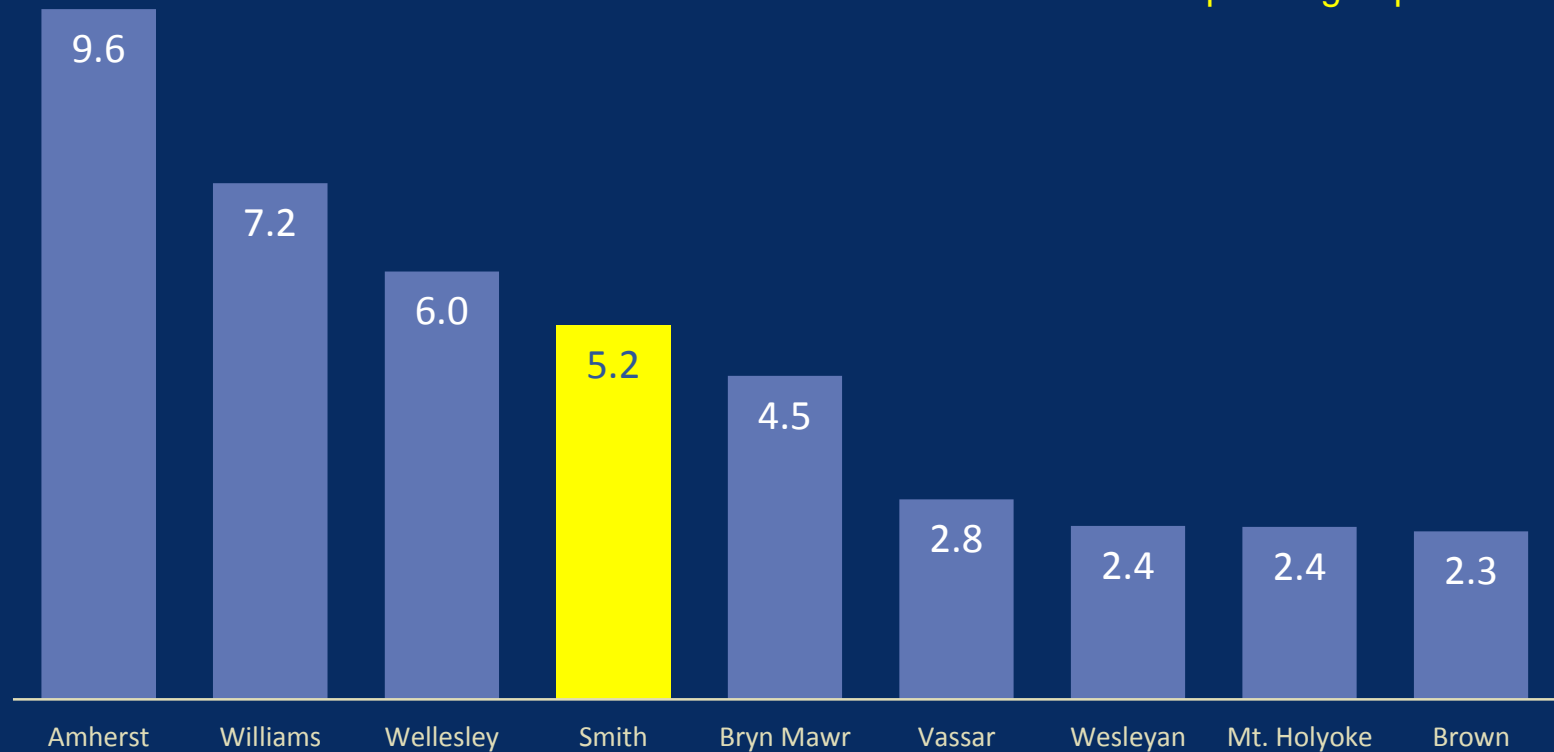
2 Reviews 4.5/5 ★★★★★

Have you ever wanted to change the world? Have you ever wondered what motivates some people to become activists? What experiences in your childhood or when you were a teenager may have shaped your political identity? Join us, along with Gloria Steinem, Loretta Ross, and others, in a seven-week exploration of these questions and more. In this course, you will analyze some of the psychological

Smith's Current Financial Position

Smith has a substantial base of expendable resources as compared to other liberal arts colleges.

FY15 Expendable Resources to Operating Expenses Ratio



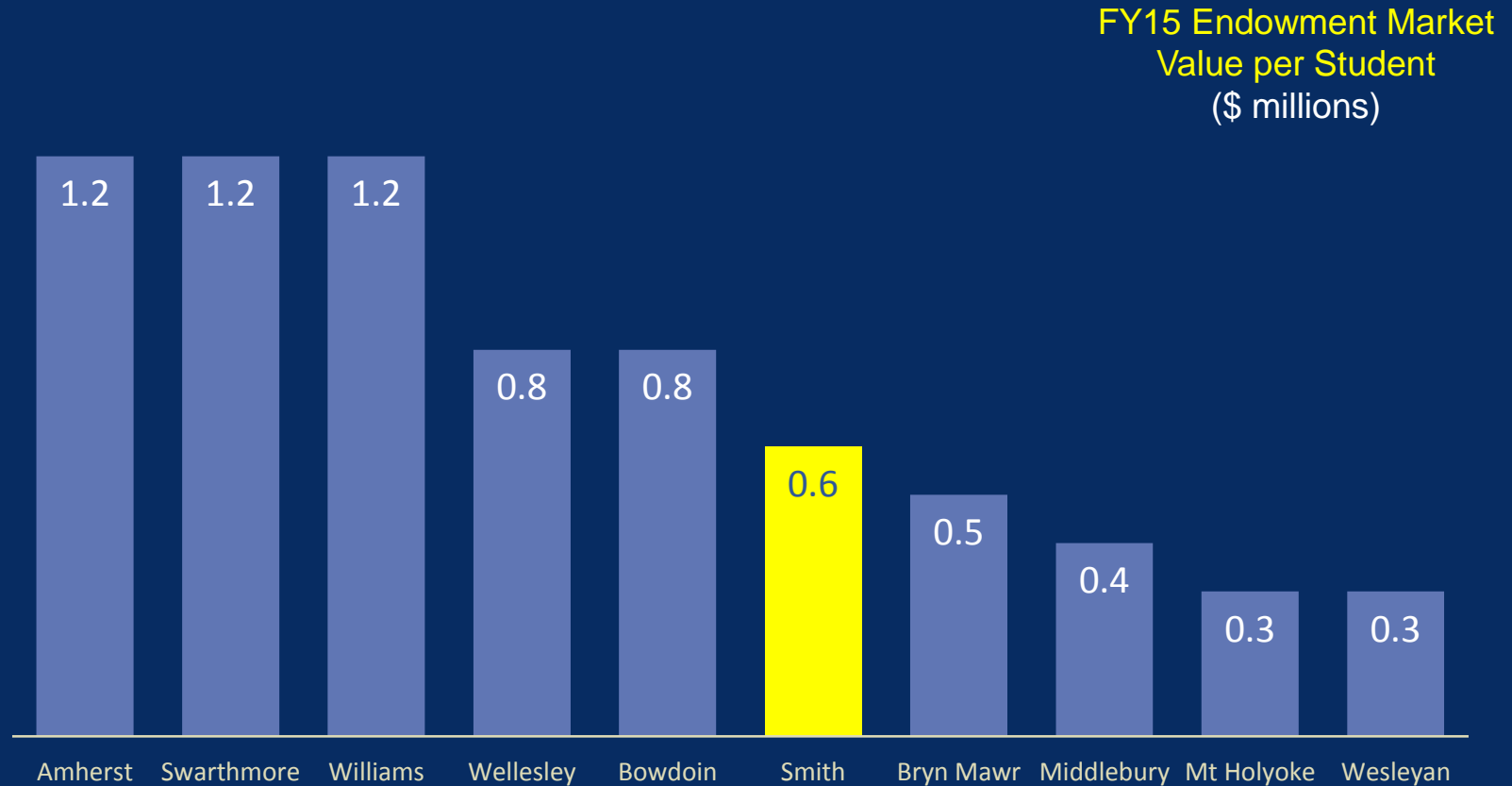
Note: Expendable resources = unrestricted and temporarily restricted net assets less unrestricted and temporarily restricted net investments in plant

Smith's endowment is among the largest for liberal arts colleges.

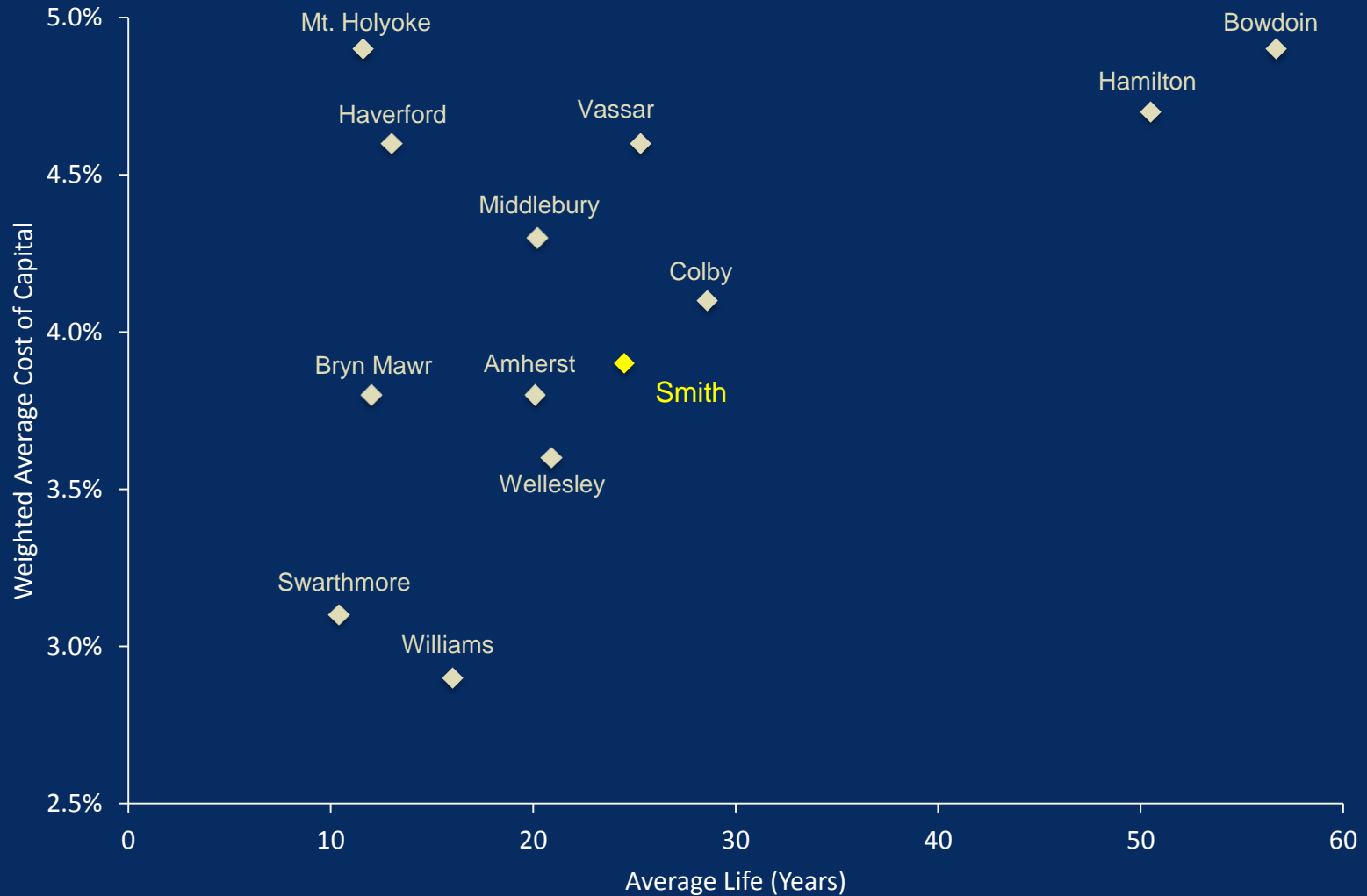
FY15 Endowment
Market Value
(\$ billions)



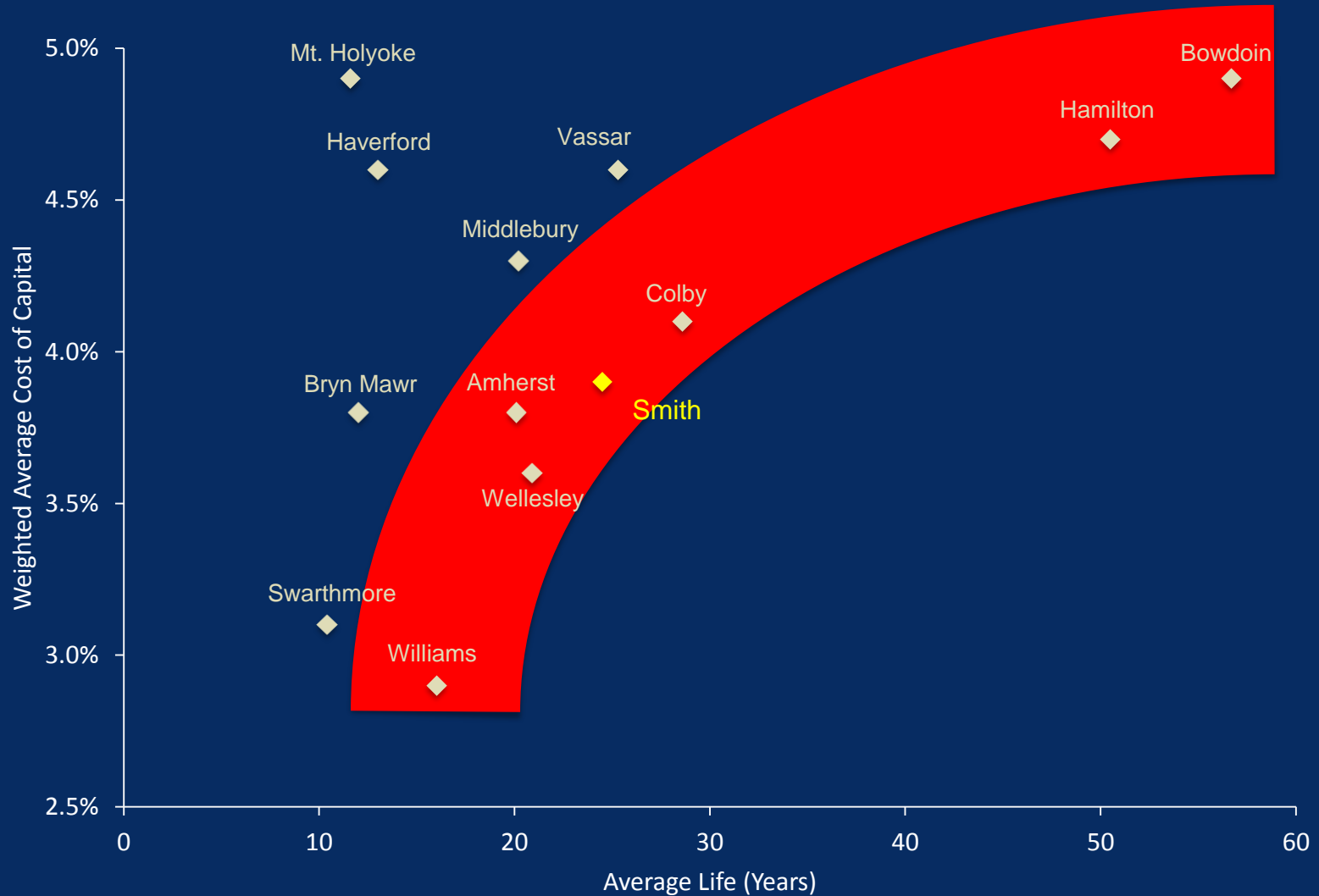
Smith's endowment per student is among the largest for liberal arts colleges.



Our debt portfolio is fixed, low rate and long duration.



Our debt portfolio is fixed, low rate and long duration.



Smith's credit rating is among the highest in higher education.

AAA

Amherst

Swarthmore

Pomona

AA1

Williams

Smith

Wellesley

Brown

AA2

Middlebury

Bryn Mawr

AA3

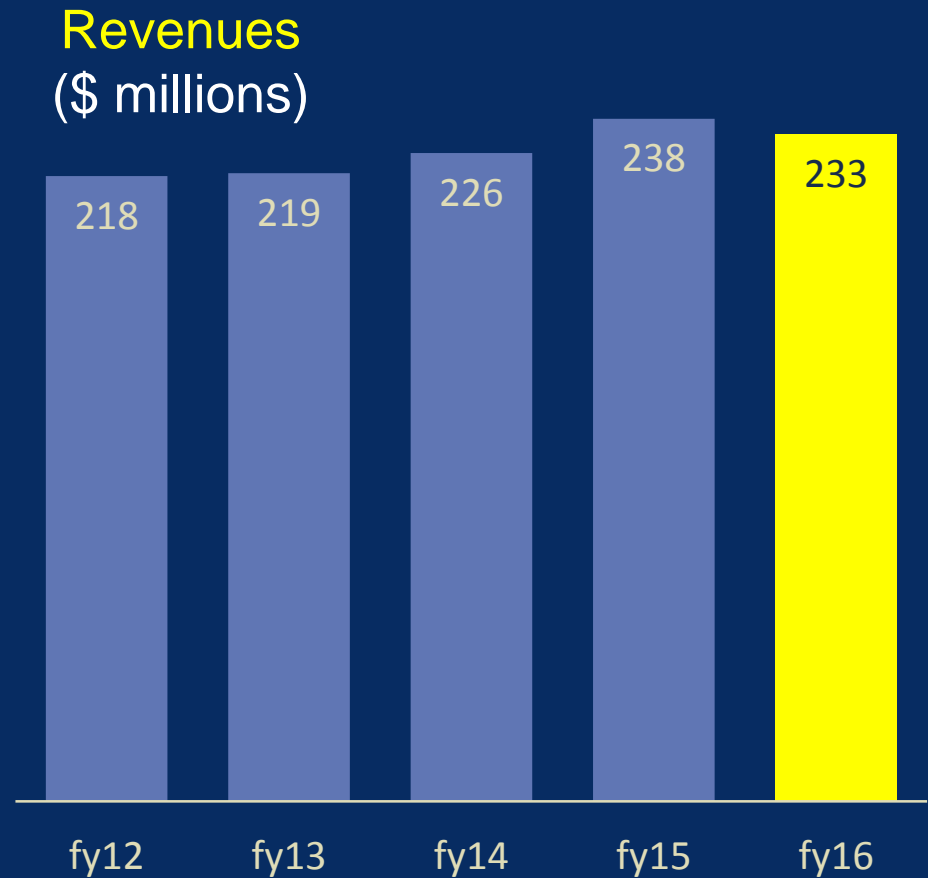
Mount Holyoke

Wesleyan

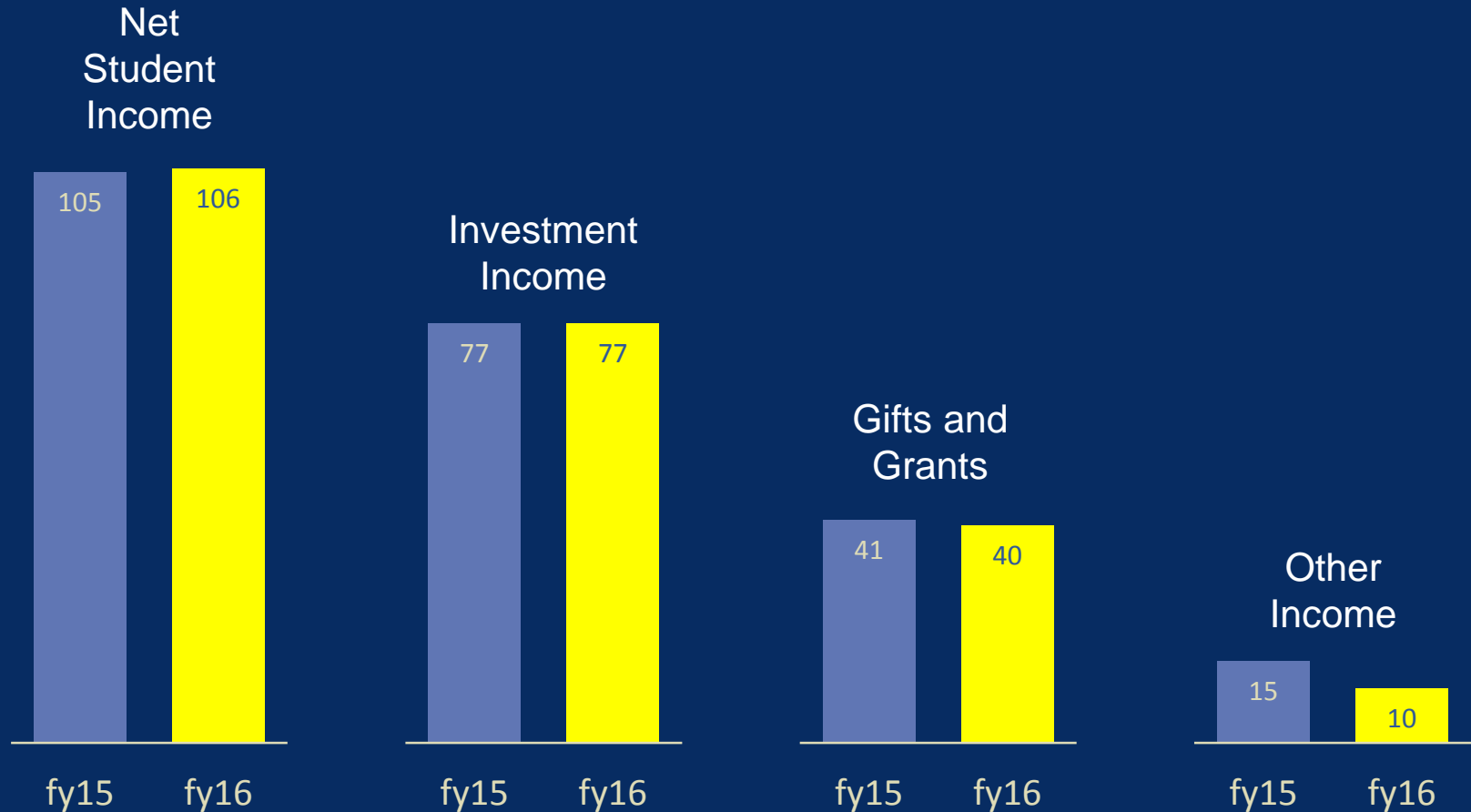
Vassar

FY16 Financial Results

Our revenues were slightly lower than last year.

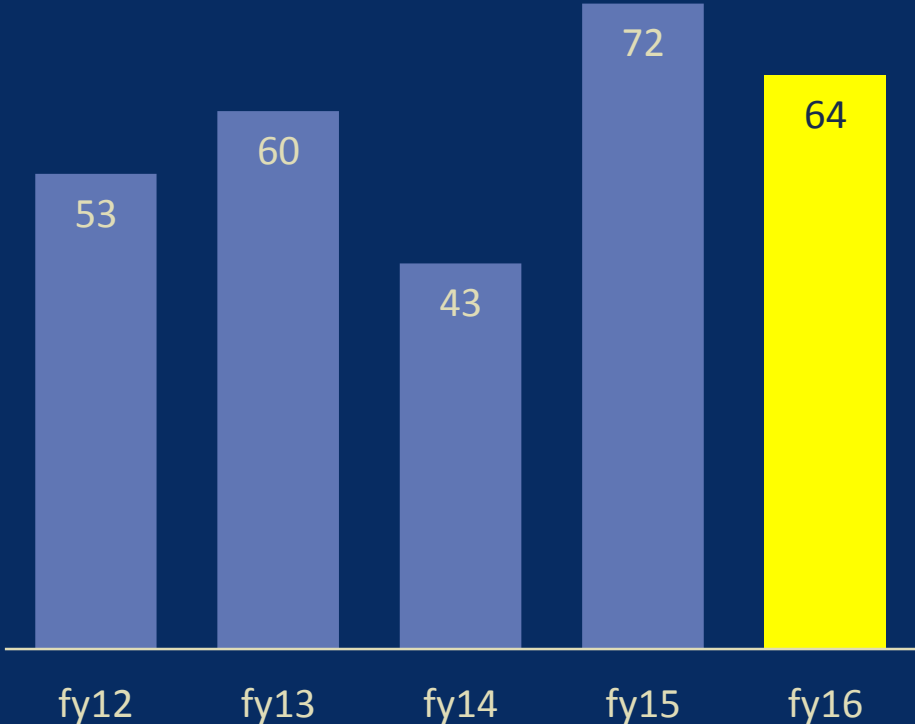


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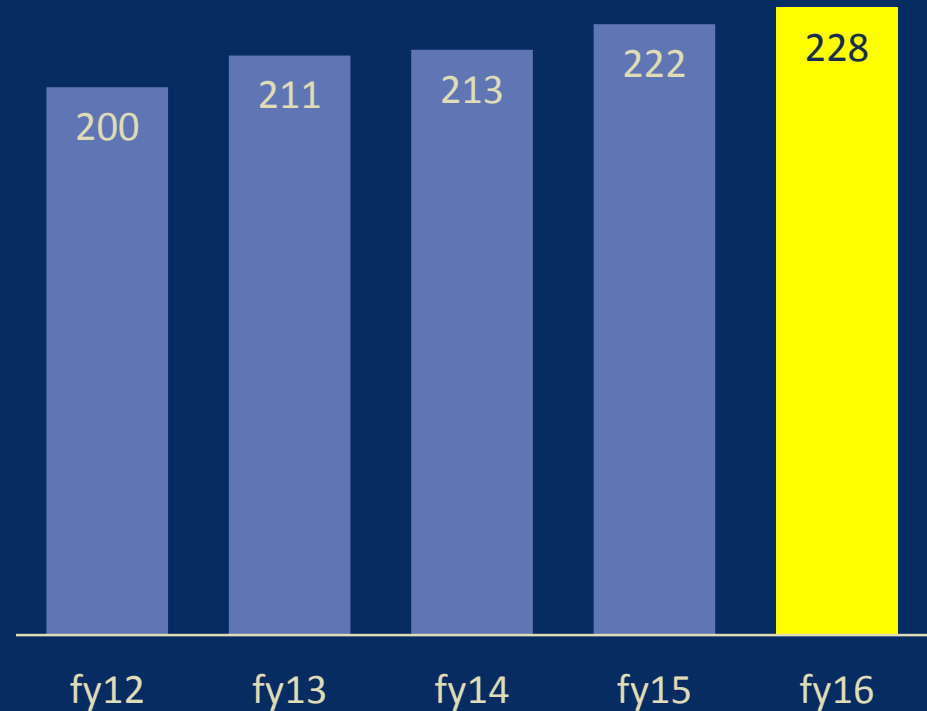
We had another very strong fundraising year.

Gifts and Pledges
(\$ millions)



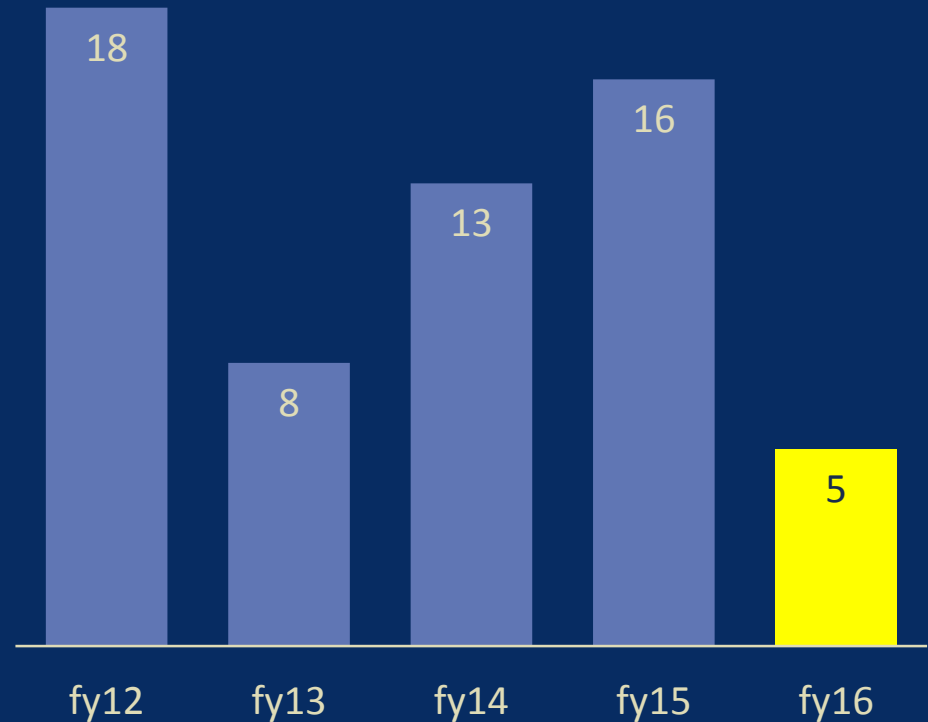
Our operating expenses grew modestly.

Expenses
(\$ millions)

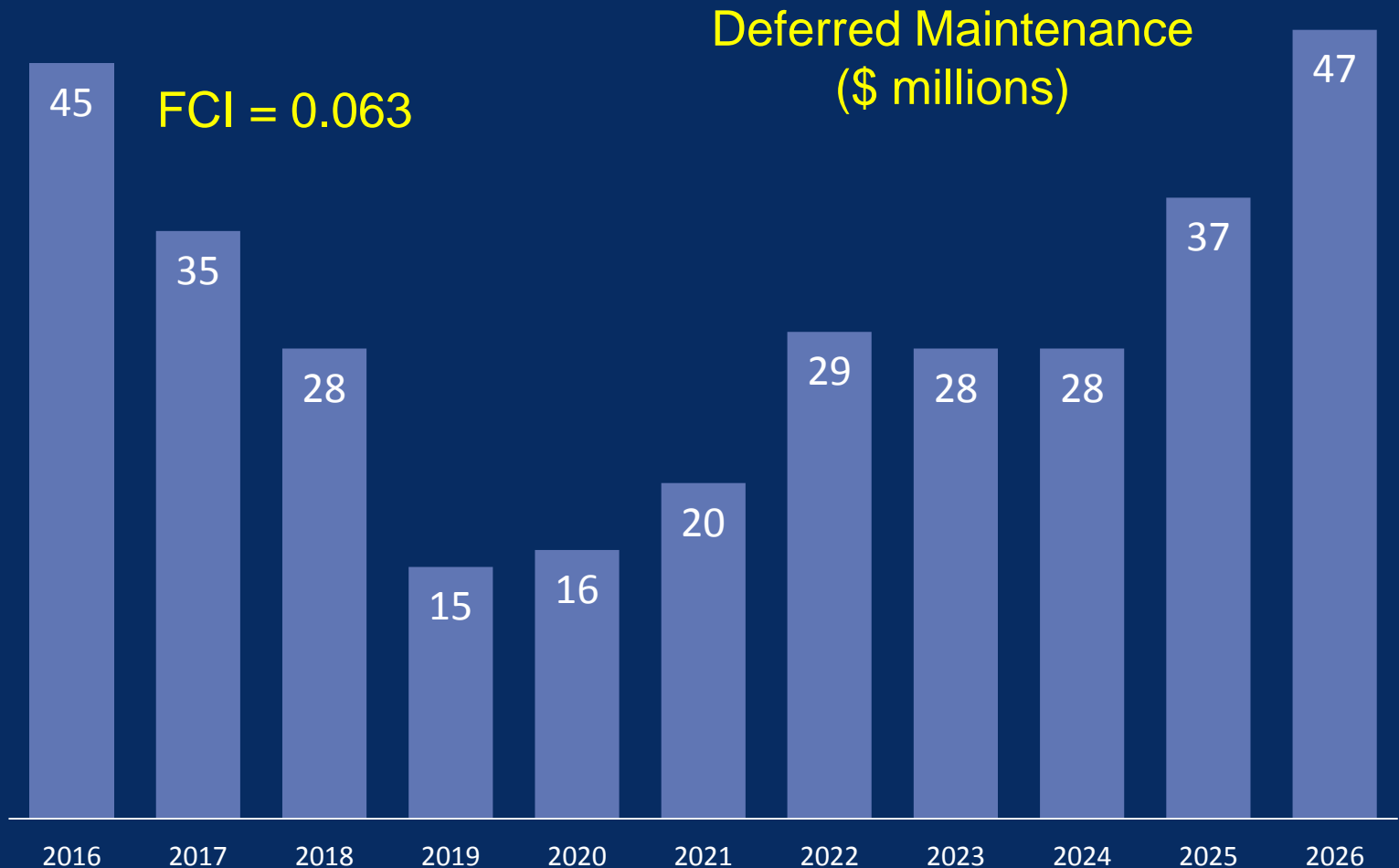


We continue to generate a modest operating surplus each year.

Operating Results (\$ millions)



Our campus has an exceptionally low level of deferred maintenance.

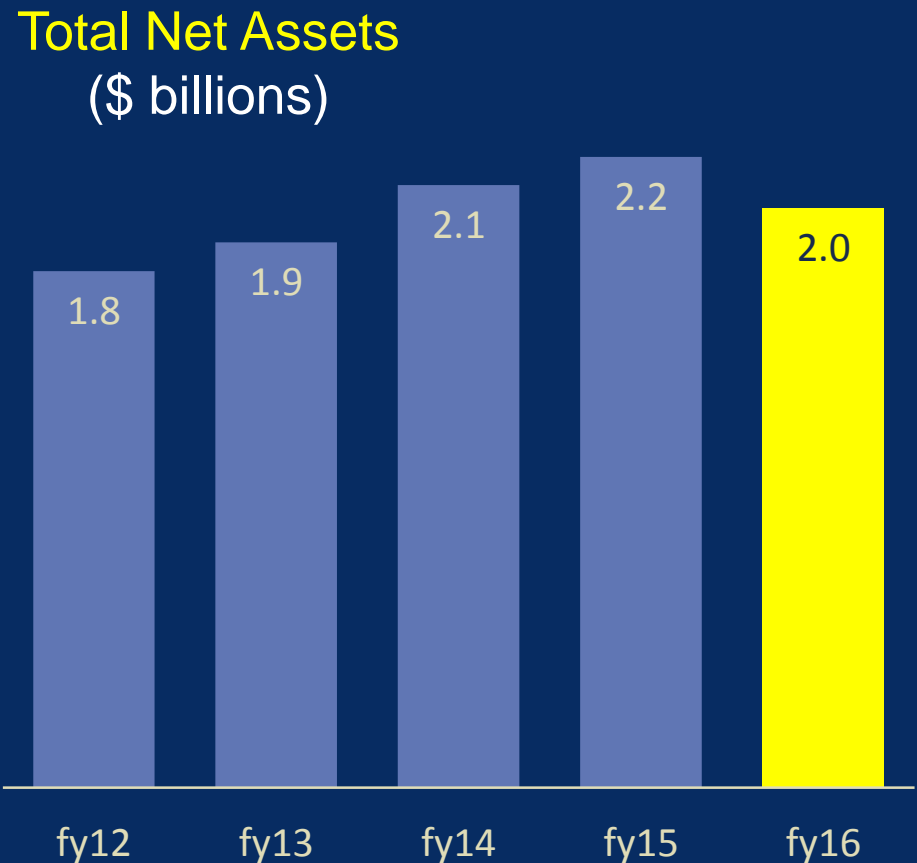


Note:

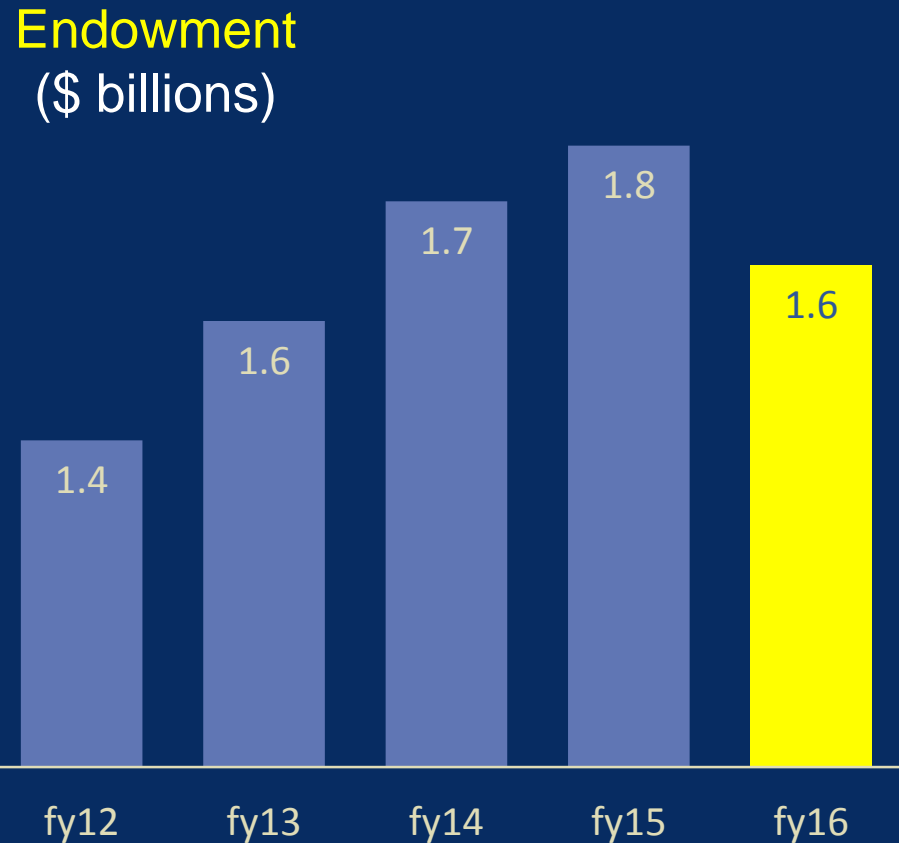
Deferred Maintenance = Estimated cost of renewal and replacement of building systems based on observed condition, age, obsolescence and predicted failure.

Facility Condition Index (FCI) = Cost of the maintenance work needed over the next two years divided by the replacement cost of the building.

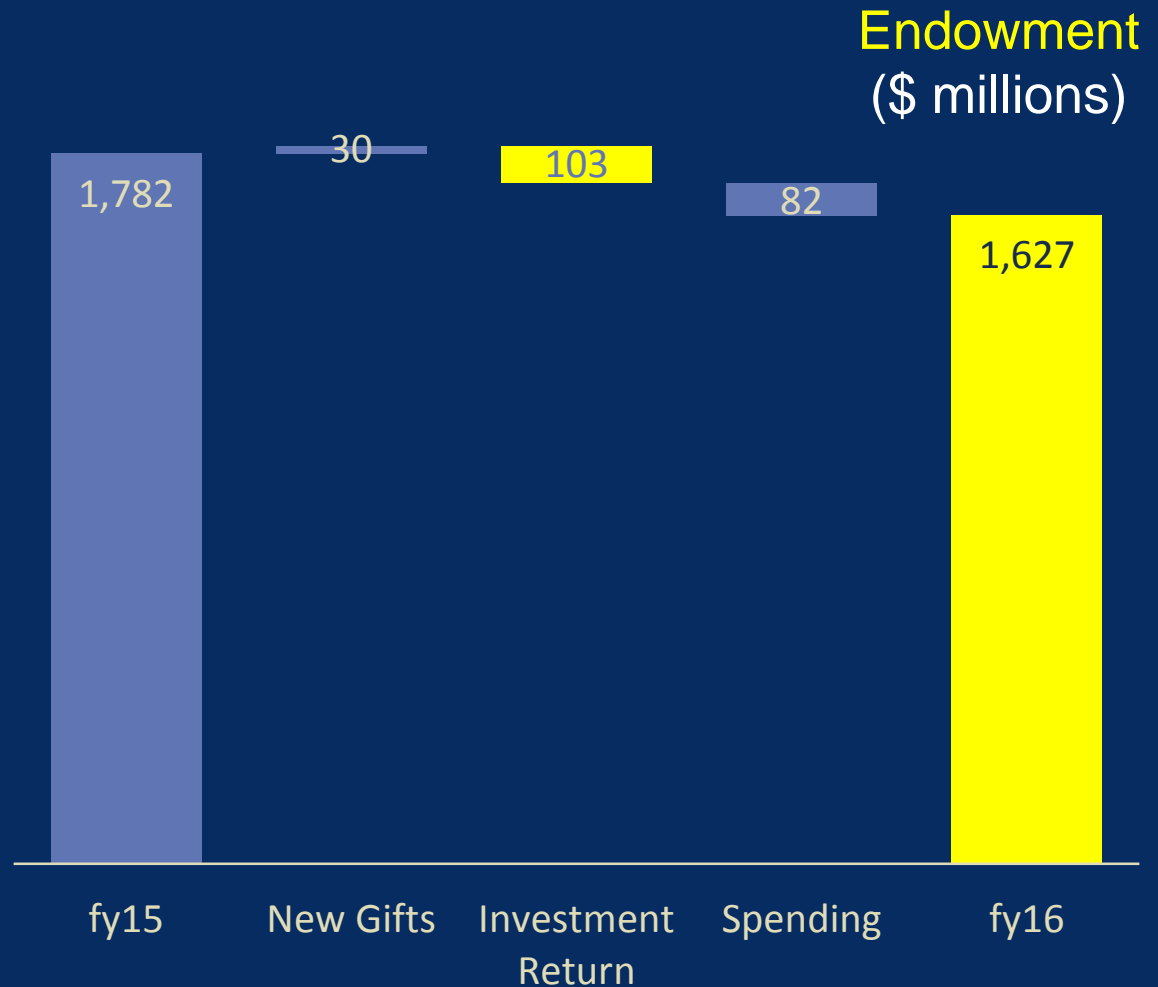
Total Net Assets, our “Net Worth”, declined due to a drop in our endowment market value.



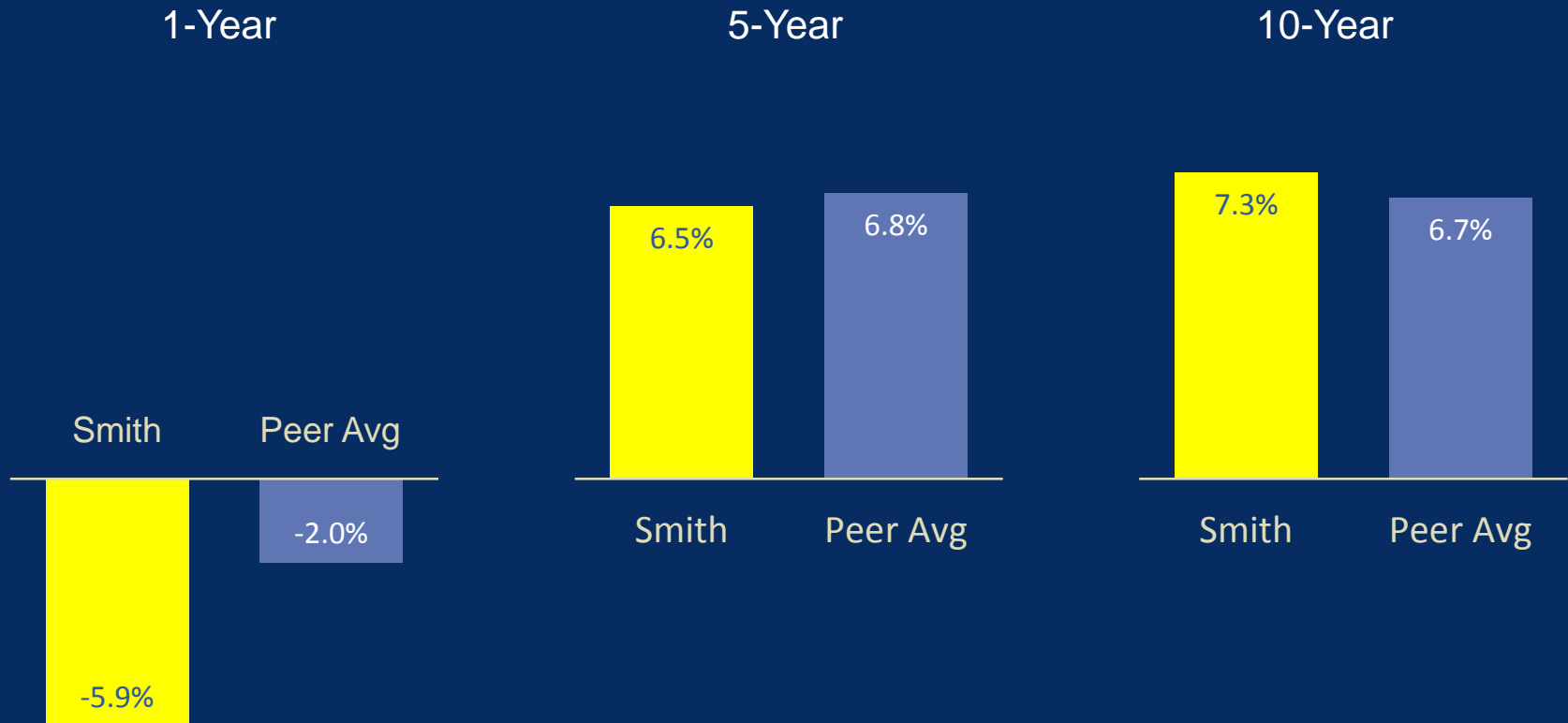
Total Net Assets, our “Net Worth”, declined due to a drop in our endowment market value.



The endowment decline was the result of a -5.9% annual return.



Our investment performance has been strong over the last decade.

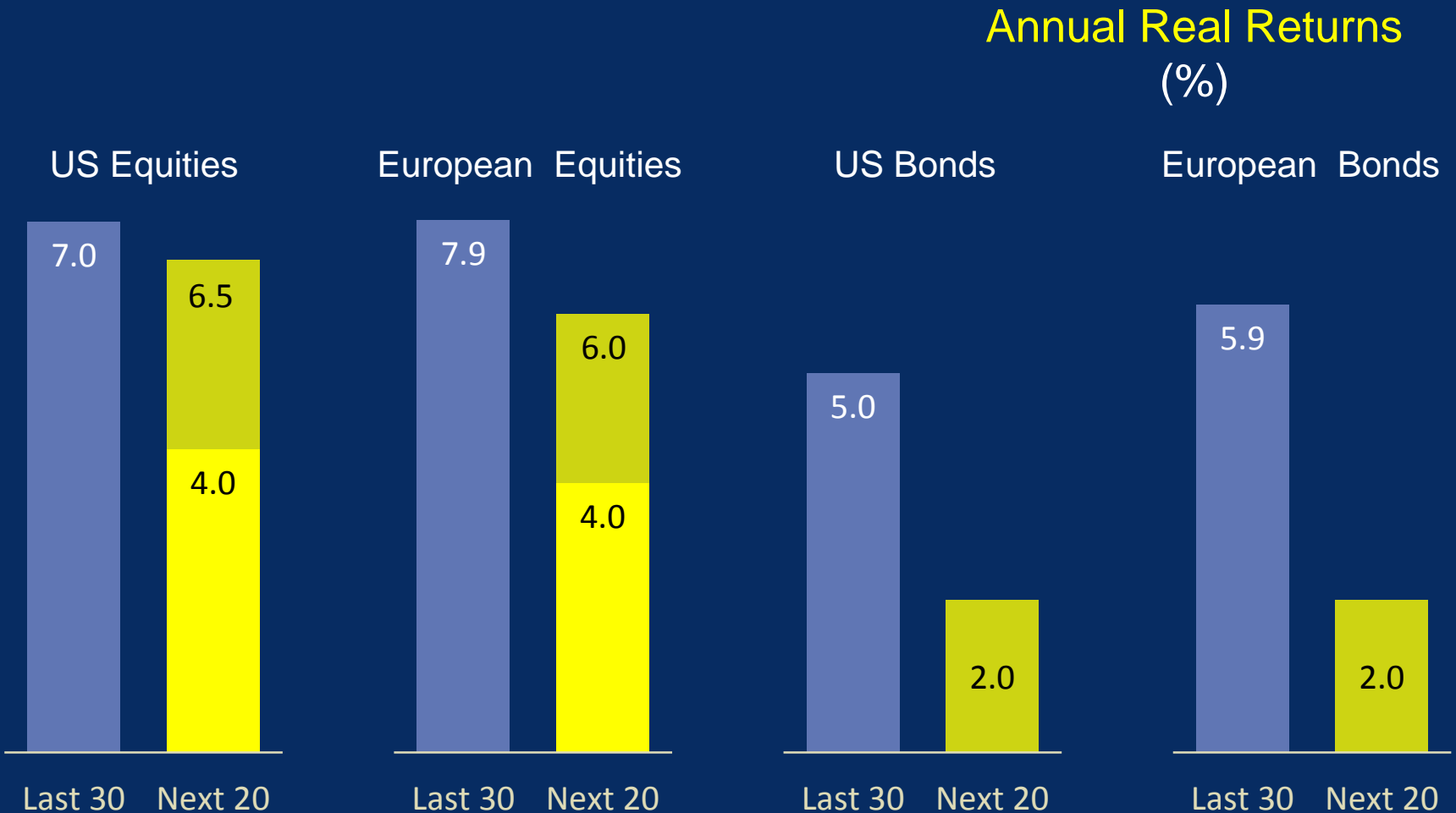


Note: Average returns ending June 2016. Peers include Yale, MIT, Stanford, U Penn, Bowdoin, Swarthmore, Dartmouth, Harvard, Cornell, Amherst, Oberlin, Middlebury, Barnard and Trinity.

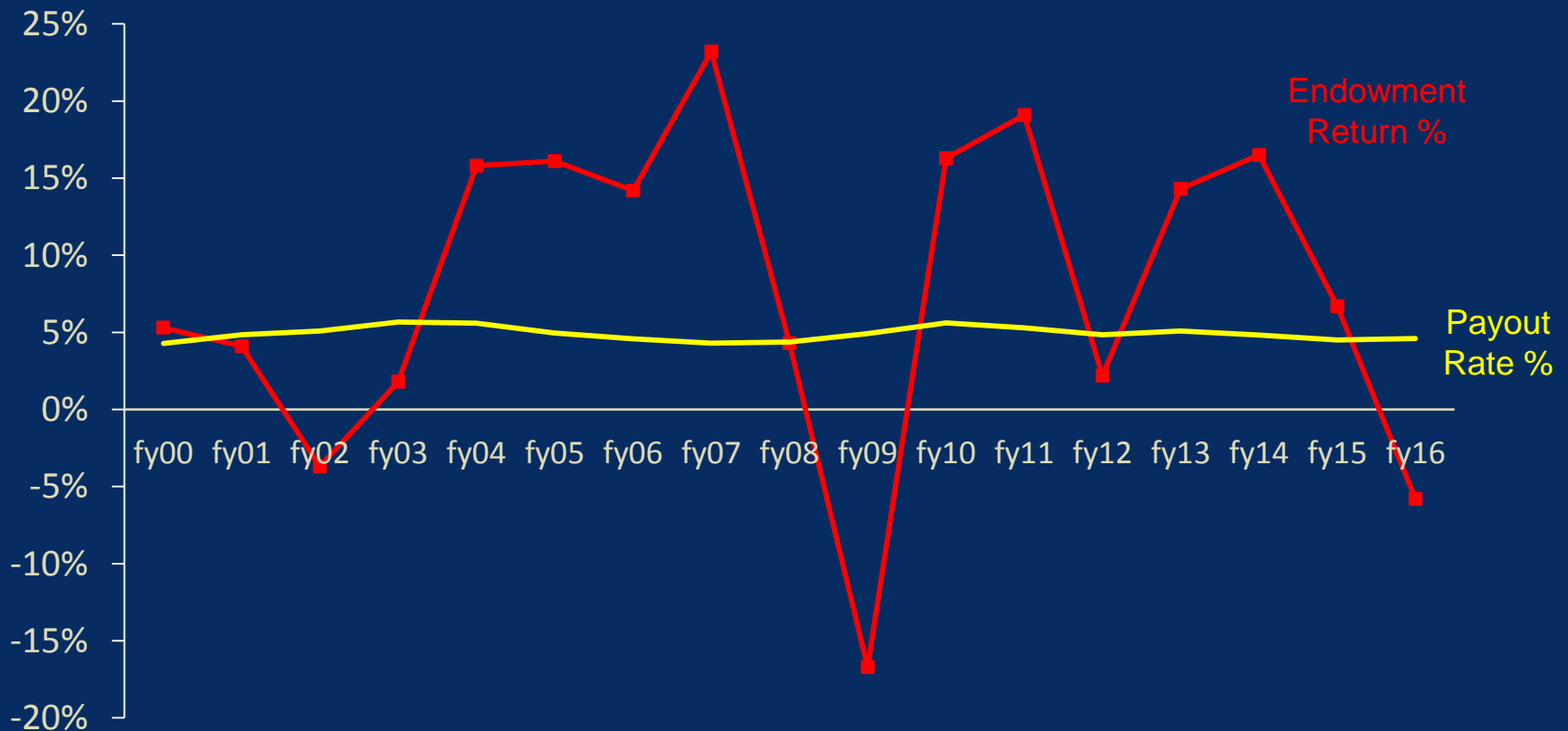
Positioning for Financial Success in the Future

Looking ahead, we need to be prepared for lower investment returns over the next decade .

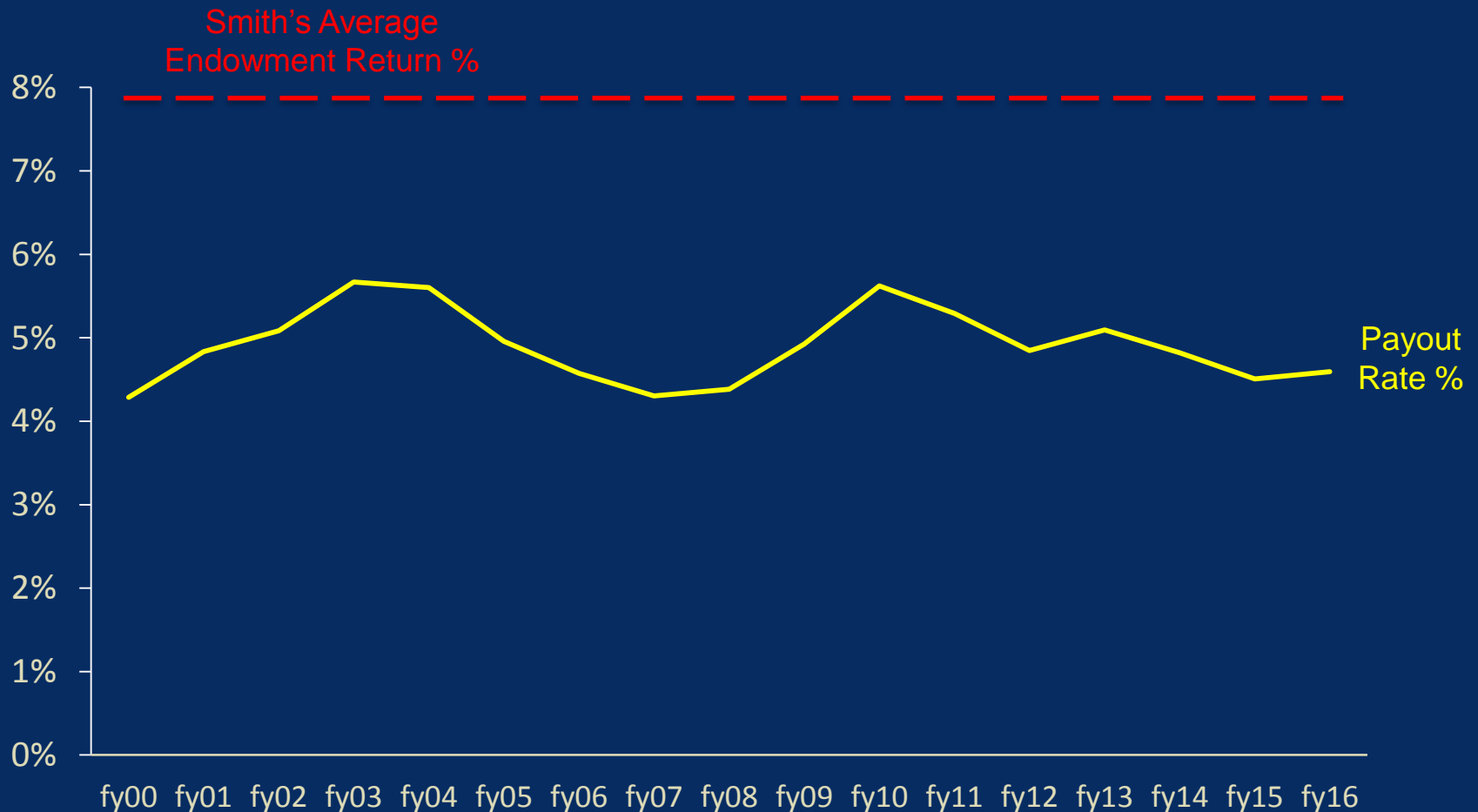
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Like other institutions, Smith strives to maintain a payout rate that does not exceed the average real return on the endowment



A lower return environment could require a reduction in our targeted payout rate



In this new environment, competitive and financial success will be more dependent on:

- 1 Strategic prioritization
- 2 Operating model renewal
- 3 Revenue optimization

We are currently establishing a **new financial equilibrium** that will allow Smith to advance its strategic priorities and maintain our financial strength in this **new financial environment**.

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