



**PRINCETON UNIVERSITY**  
**REPORT OF THE PRIORITIES COMMITTEE**  
**TO THE PRESIDENT**

**Recommendations Concerning the  
Operating Budget for 2023-2024**

**March 8, 2023**



**Office of the Provost**  
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**Deborah A. Prentice**  
*Provost*

March 8, 2023

President Christopher L. Eisgruber  
One Nassau Hall  
Princeton University  
Princeton NJ 08544

Dear President Eisgruber,

I am pleased to present the annual report of the Priorities Committee, with recommendations for the University's operating budget for fiscal year 2023-24 (FY2024).

Closing out my six-year tenure as Provost and chair of the Priorities Committee, I am struck by the resilience of the University's operations and finances in the face of outside pressures and volatility over the last few years. The Covid-19 pandemic was a shock to many aspects of the higher education system and forced rapid restructuring of the University's activities and operating budget in the spring of 2020. Just as the pandemic waned and the horizon brightened during last year's Priorities Committee cycle, war broke out in Ukraine and global supply chains strained under seesawing supply and demand factors, driving up some prices and reducing availability of some goods required on campus. Campus hiring and retention were challenged by post-pandemic retirements, resignations, and wage pressures from other employers.

During this period of extraordinary turbulence, Princeton has forged ahead in pursuit of its strategic goals. Next year's budget marks a university halfway into the second significant undergraduate population expansion during the last fifteen years, supported by the addition of Yeh College and the New College West, as well as many staffing and program adjustments in administrative and academic units. Princeton's national leadership in student financial support continues with an average increase of 25 percent for graduate student stipends in the current year's budget, and a projected \$10,000 increase for the typical undergraduate financial aid award in next year's budget. Higher than normal salary and wage increases this year and next ensure that Princeton remains a strong magnet for the best faculty and scholars, as well as a leading employer for the staff who support our world-class teaching, research, and co-curricular enterprise.

I look forward to witnessing Princeton's continued progress in the coming years as the University welcomes even more students; opens state-of-the-art facilities in the arts and humanities, sciences and

engineering, and student health and well-being; expands to include campuses on both sides of Lake Carnegie; celebrates its new Art Museum, and benefits from many other capital and programmatic improvements that are underway. None of this would be possible, of course, without the University's excellent management and stewardship of its resources and the extraordinary generosity of its alumni and other donors.

I am grateful to my colleagues on this year's Priorities Committee, who sought a deep understanding of the University's operations, brought their compassionate and analytical mindsets to every meeting, and provided valuable perspectives from their vantage points in the Princeton community. I also extend warm thanks to the University administrators who supported the Committee in its work, including Timothy Tayler, Steve Semenuk, Allissa Visconti, Richard Myers, Linda Nilsen, Shilpa Gupta, and the administrative teams from the Graduate School and University Services. Each of them played an important role in facilitating the Committee's meetings and getting this report over the finish line.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Prentice', with a long horizontal line extending to the right.

Deborah Prentice, Provost  
Chair, Priorities Committee

## **The Committee**

Deborah Prentice, Provost (Chair)

Dev Dabke, Graduate Student in Applied and Computational Mathematics

Jacob Dlamini, Associate Professor of History

Hannah Faughnan, Undergraduate Class of 2023

Kelsey Hatzell, Associate Professor of Mechanical and Aerospace Engineering

Gene Jarrett, Dean of the Faculty

Ive Jones, Undergraduate Class of 2024

Gil Joseph, Undergraduate Class of 2025

Tania Lambrozo, Professor of Psychology

James Matteo, Vice President for Finance & Treasurer

Emily Miller, Graduate Student in Population Studies and Social Policy

Seth Perry, Associate Professor of Religion

Jared Toettcher, Associate Professor of Molecular Biology

Beianka Tomlinson, Undergraduate Class of 2024

Stacey Sinclair, Professor of Psychology and Public Affairs; Head of Mathey College

Cecily Swanson, Associate Dean for Academic Advising, Office of the Dean of the College

Treby Williams, Executive Vice President

## **Meeting with the Committee**

Timothy Tayler, Associate Provost for Budget Planning (Secretary to the Committee)

Steven Semenuk, Assistant Vice President for Planning, Budget, and Analysis

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## I. Introduction

The Priorities Committee, established in 1969 as a charter committee of the Council of the Princeton University Community (CPUC), is a deliberative body that prepares and recommends the University's operating budget to the President and Board of Trustees each year. The Provost chairs the Committee, whose members include tenured and non-tenured faculty members, graduate and undergraduate students, and staff.

The Committee's work is guided by three fundamental principles: (1) a Princeton education should be affordable and accessible to any family; (2) Princeton's status as a world-class teaching and research institution depends on its ability to attract, support, and retain the very best academic talent; and (3) the University must manage its resources so that a Princeton student years from now will be as advantaged by Princeton support as a student today, taking into account inflation and other changes in family economic circumstances. These three principles—access and affordability, academic excellence, and intergenerational equity—provide the framework within which the Committee makes decisions about specific budgetary priorities in a given year.

The Committee reviews recommended rates and increases for most areas central to the University's budget, including student charges (composed of tuition, room, and board), graduate student stipends, faculty and staff salaries, and University housing rents. The Priorities Committee also provides feedback on the operating budget impact of initiatives that arise from the University's strategic planning efforts, the Committee on Undergraduate Financial Aid and Admission (CUAFA), and the committee on Strengthening University Management and Resources (SUMAR).

Following its usual practice, the Priorities Committee met weekly from October through December, with time spent on 'deep dives' into the University's finances and operations. Cabinet members provided written reports of their budget recommendations for FY2024, which Committee members read and evaluated outside of meeting time and then came together to deliberate. The Priorities Committee met with the Finance Committee of the Board of Trustees in late January to review a preliminary set of recommendations for student charges, salary pools, and other budget parameters, and finished out the FY2024 cycle with discussions of longer-term budgetary issues and an introduction to the new provost, Jennifer Rexford, who will serve as the Priorities Committee chair beginning in October.

This report summarizes the Committee's recommendations and discussions.

## II. Budgetary Background

Growth of the undergraduate student population, transformation of the physical campus, major financial support changes, and a strong rebound from the pandemic inform the operating budget proposal for FY2024.

Expanding access and affordability remain at the forefront of our plans, as witnessed by the 28 percent, \$128 million, addition to undergraduate and graduate student financial support since FY2022. This significant growth includes FY2023's substantial increase in graduate fellowship and stipend awards and

next year’s financial aid packaging changes that will significantly increase the size of scholarship awards to most students. In addition, the FY2024 budget incorporates robust salary and wage increases to ensure that Princeton maintains its compensation competitiveness across faculty and staff ranks during the current volatile and high-inflation environment.

Applying the key budget parameters outlined below, we project expense and allocations totaling \$2.92 billion for FY2024, with a slight General Fund surplus of \$1.3 million (0.04 percent) relative to revenues. Total operating expense and capital allocations are projected to grow by 7.1 percent, with adjusted “core expense growth” increasing by 5.9 percent.<sup>1</sup> Growth rates for undergraduate financial aid and graduate student support are higher than those for most other operating costs, enabled in part by extraordinary support from endowment and gifts.

The remainder of this memo explores each of the following primary budget parameters in greater detail.

<i>Key Budget Parameters</i>	<b>Change vs. Prior Year</b>	
	<b>FY2023</b>	<b>FY2024</b>
Undergraduate Student Charges	2.50%	4.00%
Endowment Payout Inflation	4.00%	4.00%
Graduate Apartments <sup>2</sup>	3.00%	4.00%
Faculty/Staff Housing	3.00%	4.00%
Faculty Salary Pools <sup>3</sup>	6.25%	5.95%
Staff Salary Pools	6.20%	5.45%
<i>Graduate Stipends</i>		
Fellowship Stipend	24.70%	5.00%
AR Stipend	26.10%	5.00%
AI Stipend	20.70%	5.00%
 <i>Employee Benefit Rates</i>		
	<b>FY2023 Rate</b>	<b>FY2024 Rate</b>
Base Department	29.30%	30.40%
Academic Department	36.00%	37.30%

<sup>1</sup> “Core Expenses” exclude graduate and undergraduate financial aid support, Princeton Plasma Physics Laboratory expenses, and transfers to the capital budget.

<sup>2</sup> Graduate dorms/annexes to increase 1.0% in FY2024

<sup>3</sup> Faculty and staff salary pools include promotion, retention, and reclassification pools, to be applied to FY2023 base salaries and wages that include the recently announced 2.5% mid-year adjustment.

<i>Major Expense Category*</i>	<b>Amounts in \$M</b>		
	<b>FY2023</b>	<b>FY2024</b>	<b>% Change</b>
Core Expenses	1,585.1	1,678.3	5.9%
Undergraduate Scholarships	212.0	267.9	26.4%
Graduate Student Support	299.0	321.0	7.4%
PPPL Expense	175.0	186.0	6.3%
Allocations to Capital Budget	458.8	470.2	2.5%
<b>Total Operating Budget</b>	<b>2,730.0</b>	<b>2,923.5</b>	<b>7.1%</b>

\* Current projections for FY2023 and FY2024

### III. Recommendations and Assumptions

#### A. Investment Income

Investment income remains the largest source of revenue to support the University’s operations, providing approximately two-thirds of the projected operating revenues for FY2024. The provisional budget projection applies the standard 4.0 percent Payout Inflation Assumption (PIA) in FY2024. At 4.53 percent, the FY2023 endowment spending rate is well within the 4.0 to 6.25 percent policy band. Total investment income, which also includes modest amounts from external trusts and faculty and staff mortgages, is projected to increase \$67 million, to \$1.68 billion, in FY2024. This amount also includes additional payout from recent and anticipated new endowment gifts.

#### B. Student Charges

We remain committed to ensuring that a Princeton education is affordable for all families and students. Although financial aid serves as the primary lever by which Princeton pursues affordability and accessibility for its undergraduate students, the University also is attentive to the cost borne by families who do not qualify for financial aid. The recommended student charges for FY2024 assume a 4.0 percent increase across tuition, room, and board rates. This would lift total student charges by \$3,050, to \$79,090, including \$59,710 for tuition, \$11,400 for room, and \$7,980 for board.

Graduate student tuition is recommended at the same rate—\$59,710—as that for undergraduate students. A reduced rate of \$4,320 for 2023-24 will be charged to graduate students in Dissertation Completion Enrollment (DCE) status. Given the University’s financial support model, only a small proportion of graduate students pay tuition directly—and those tend to be either in DCE status (paying the reduced rate) or enrolled in one of several master’s degree programs. University and external sources cover tuition for all Ph.D. students during regular enrollment. Overall, less than three percent of



the billed tuition across all graduate programs is borne by students. Additionally, Princeton provides substantial fellowships and stipends to most graduate students, as discussed in Section F below, to offset living expenses.

## C. Sponsored Research & Other Grants

Research grants and contract revenues are projected to reach \$499 million for FY2024, a 5.4% increase over current levels. This growth, which extends a longer-term growth trend, reflects the continuing growth of main campus and Plasma Physics Laboratory research projects. The pipeline of new awards also remains strong, with \$297 million awarded (excluding PPPL) in FY2022 while FY2023 award totals exceed last year's pace through January.

The grants and contracts total includes \$228.4 million of direct cost awards for sponsored research on main campus and \$180.5 million at the Plasma Physics Lab, \$72.2 million of indirect cost recoveries, and \$18.4 million of grants and contracts for non-research purposes. The [annual research reports](#) from the Dean for Research provide additional details and trend data on sponsored research at Princeton.

Federal government agencies provide the largest share of grants and contract awards to Princeton, accounting for 86 percent of the spending in FY2022. The Department of Energy, National Science Foundation and the National Institutes of Health provided \$319 million of the \$378 million total from government sources. Foundations and industry/private sources provide the remaining 10 percent and 4 percent, respectively, of total grant and contract revenue.

## D. Other Revenues

Annual giving and miscellaneous department gifts, accounting for 4 percent of total revenue, are projected to increase by 2.9 percent, or \$3.6 million, to \$125.9 million. While expendable departmental gift receipts can be variable, as seen in the surge experienced in FY2022, the gift projection applies a steady rate of increase based on recent years' compound average growth rate, adjusting for such lumpiness.

Housing, dining, and event income is projected increase by 6.0 percent, or \$6.9 million, accounting for 4 percent of the total operating inflow. Beyond the effect of the recommended rate increases on undergraduate housing and dining contracts, this also includes the effect of recommended rental rate increases for graduate student apartment and dormitory rate increases of 4.0 percent and 1.0 percent, respectively; as well as a 4.0 percent increase in faculty and staff apartment rental rates. According to data and recommendations received from the Vice President for University Services, these increases should hold Princeton's rental rates within local market ranges.

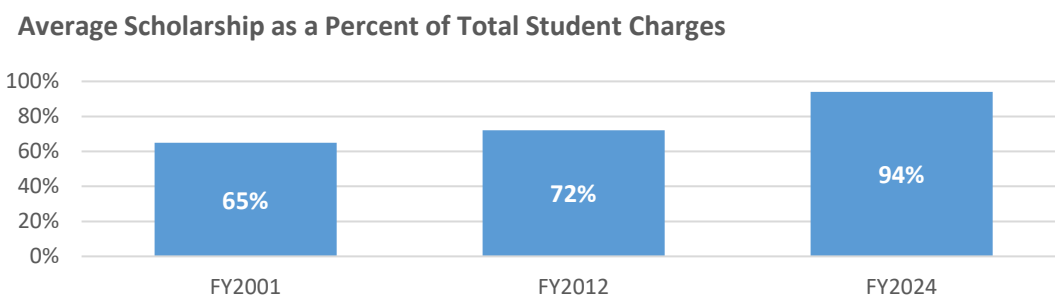
Royalties, commercial rents, and miscellaneous other income streams round out the remaining revenues, and are expected to increase by 3.0 percent

## E. Undergraduate Financial Aid

FY2024 marks another major milestone in Princeton’s national leadership on undergraduate financial aid as the changes approved by the trustees last spring go into effect this coming fall. These adjustments include the elimination of the \$3,500 student contribution; simplification of family contribution factors (25% of income over \$100,000 plus 5% of any non-excluded assets<sup>4</sup> over \$150,000); more generous packaging for most students; and an increased personal expense and book allowance, to \$4,050.

With these changes, the average scholarship is expected to climb by 20 percent—to nearly \$75,000—and total scholarship expense to rise by 26 percent. In addition to the changes in packaging, the projected increase in the scholarship budget for next year also reflects the effects of enrollment expansion and more students qualifying for financial aid under the new methodology.

The average scholarship grant covered 65 percent of total student charges in FY2002. By FY2024, that coverage will reach 94 percent. Many students receive a scholarship grant that fully covers the costs of attendance. Most families earning up to \$100,000 a year with typical assets will pay nothing for their undergraduate students to attend Princeton: the number and proportion of students paying \$0 will increase to more than 1,500 students, or 27% of enrollment. Most families with income above \$100,000 will also receive considerably more aid than in prior years, including those at higher income levels with multiple children in college. The typical aided student will see an average benefit of more than \$10,000 annually from the changes.

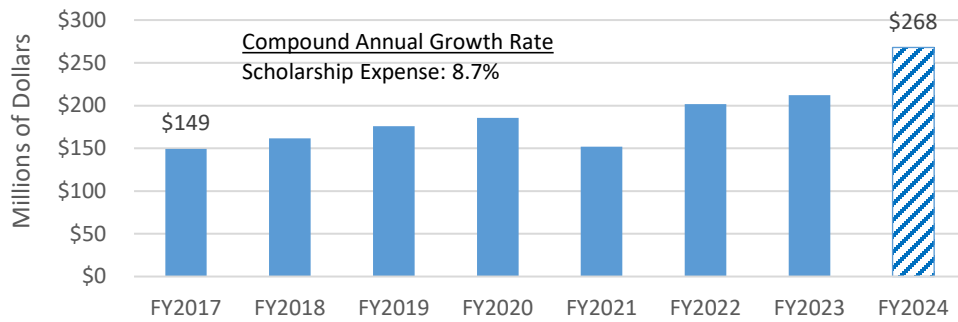


While the precise number of scholarship recipients remains uncertain until after the admission cycle concludes in the spring, we estimate that the proportion of students receiving aid will increase to 64 percent, up from 62 percent this year. This increase in the aided percentage occurs as Princeton continues to admit undergraduate classes with even more socioeconomic diversity and as the aid packaging methodology extends to cover more families in higher income ranges. We estimate that 3,588 undergraduate students will receive financial aid next fiscal year.

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<sup>4</sup> “Assets” includes non-retirement investments and savings, including college savings plans; business and farm equity; equity in other real estate (beyond the primary residence); and student assets.

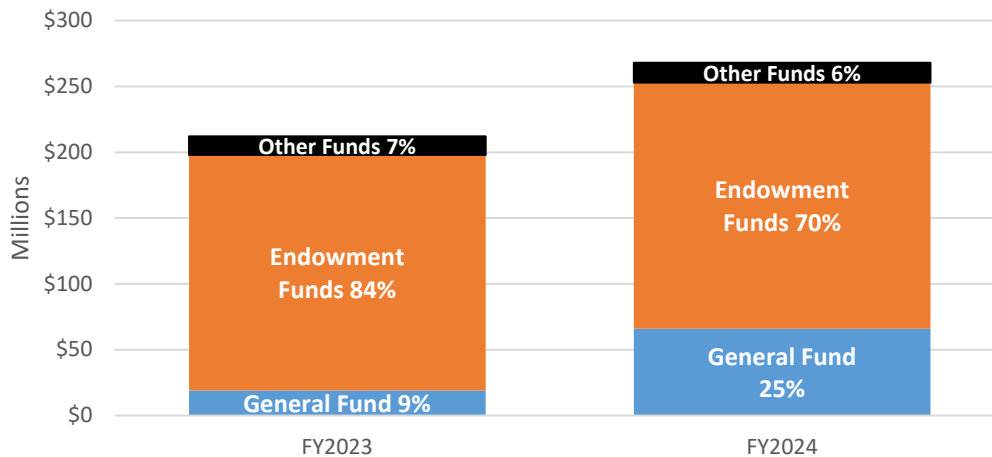
### Scholarship Expense



Scholarship grants are projected to increase by \$56 million next year, with the new packaging methodology accounting for \$32 million of the increase, and the increases to student charges and higher numbers of students qualifying for aid each adding \$12 million.

Endowments that are either restricted or designated for financial aid will cover an estimated \$187 million, or 70 percent, of the scholarship total for FY2024. Outside scholarships, governmental grants, and other miscellaneous funds offset \$15 million, or 5 percent. The General Fund, which receives support from unrestricted Annual Giving and flexible endowments, will cover the remaining 25 percent, or \$66 million. This marks a notable uptick in the share and absolute amount borne by the General Fund, results that will be moderated over time by continued support from Annual Giving, unrestricted central endowment, and accelerated scholarship fundraising through the Venture Forward campaign.

### Scholarship Expense by Year and Source Group



## F. Graduate Fellowships and Stipends

Graduate fellowships and stipends have received heightened attention from the Priorities Committee during the past two years. Last spring, the trustees approved a Committee-recommended 25 percent average increase in stipends and fellowships to position Princeton on par with its highest peers in an effort to provide increased support for graduate students and increase yields on its admission offers, particularly in natural sciences and engineering.

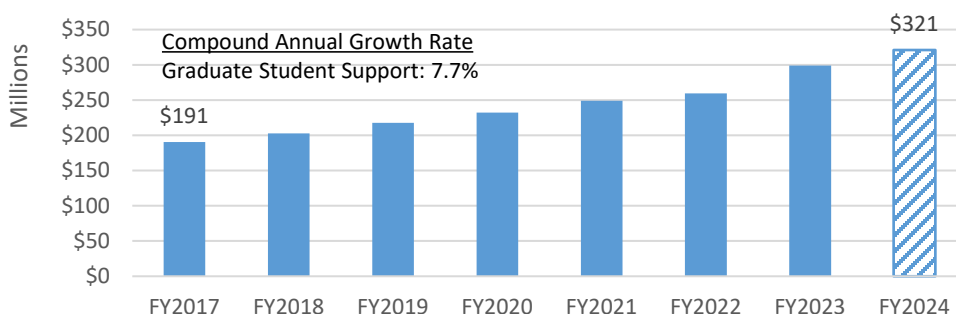
Princeton sets standard stipend and fellowship rates consistently across the University’s departments and funding sources, in contrast to the wide variability found at many other institutions. In December and January, the Committee engaged in extended discussion of graduate student stipend levels and costs of living, including housing options and family support provisions. Rental rate increases are a primary component in annual graduate student affordability studies. With planned graduate student apartment and dormitory rate increases of 4.0 percent and 1.0 percent, respectively, the recommended stipend increases provide coverage for living expense increases and an allowance for the other components of their typical costs of attendance. The Dean of the Graduate School reports that the estimated local cost of living for graduate students had been increasing in the 2.5 percent range for a number of years, before increasing to 4.25 percent last year. The Graduate School projects further increases in FY2024.

The Committee discussed the planned addition of nearly 400 additional apartment units on the new Lake Campus and heard about other ways that the University is proactively working to ensure flexible and affordable housing options for graduate students in a variety of living arrangements.

To maintain Princeton’s strong financial support position for FY2024, the Priorities Committee endorses the Dean of the Graduate School’s recommendation of 5.0 percent increases for all categories of graduate stipends. These increases seek to maintain the recent gain in Princeton’s competitive stipend position and will help graduate students to continue to weather the current higher inflation environment. The Finance Committee of the Board of Trustees approved the following recommendations in late January:

- the 12-month University fellowship from \$45,600 to \$47,880
- the 12-month Assistantship in Research (AR) stipend from \$48,000 to \$50,400;
- the 10-month Assistantship in Instruction (AI) stipend from \$42,000 to \$44,100 (most such students also will earn average summer stipends<sup>5</sup> that bring their 12-month total to \$52,290).

### Graduate Student Support



Under these recommendations, total graduate student financial support will grow to an estimated \$321 million in FY2024, a 7.4 percent increase.

<sup>5</sup> Students who receive AI stipends during the academic year typically receive additional payments from other University sources during the two-month summer period.

Approximately 63 percent of the graduate support package falls on the University's central funds; 26 percent on departmentally managed gifts, endowments, and designated funds; and 11 percent on sponsored research and other grants and contracts. The latter share reflects the policy approved for FY2023, which relieved grants of tuition charges for graduate students.

## G. Salary Pools

Princeton makes every effort to maintain and enhance the competitiveness of its support for its faculty and staff. In their reports to the Priorities Committee, the Dean of the Faculty and the Vice President for Human Resources emphasized the continuing need to position Princeton's salaries and wages competitively to recruit and retain top talent. Three primary factors inform the annual salary recommendations:

- recruitment and retention trends;
- economic indicators, such as inflation (Consumer Price Index) and the Employment Cost Index (ECI); and
- market salary data and surveys.

Staff turnover at Princeton averaged just below 12 percent in FY2022, which falls in the middle of the national range for similar positions. The University is not experiencing general hiring or retention challenges based on salary considerations, though ongoing vigilance to this issue is required, with market responses where needed. Human Resources continues to monitor closely a select group of staff categories, for which hiring markets remain particularly challenging.

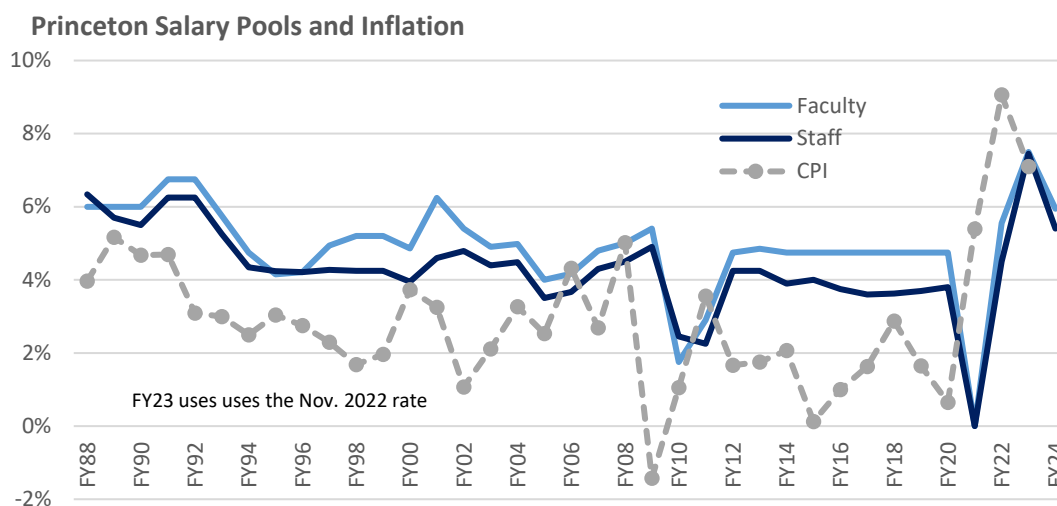
Economic indicators, especially of inflation, have been a more pressing concern. Nationwide CPI-U has been trending downward since June's peak, reaching 6.4 percent for January 2023. Nationwide annual CPI growth peaked in June 2022 and has since fallen below the 7 percent level recorded year ago when the Priorities Committee was deliberating the FY2023 budget recommendations. CPI measures for local regions also show downward trends, and typically record smaller year-over-year increases than the national measure: both the New York-Newark-Jersey City metro area as well as the broader Northeast region reported a 6.0 percent increase over last January's level.

While CPI dominates as the headline inflation figure, the Employment Cost Index (ECI) normally is more influential in setting Princeton's salary increase factors. The ECI measures the change in labor costs over time: how employers translate inflation and other economic factors into compensation levels. While the University is mindful of the impact of inflation on the purchasing power of wages for its faculty and staff, it treats the ECI as a more direct measure of general salary market movements by which to guide personnel cost rate-setting.

The relationship between inflation (CPI) and ECI is not constant or linear. ECI tends to exceed inflation when the CPI is lower (e.g., < 2 percent), as it was for most of the decade before 2021. Since 2001, ECI has not followed as sharply upward as inflation has increased, but has instead moderated at about 60

percent of the CPI rates over the past couple of years. For example, when the CPI hit 4.9 percent in 2008, the ECI only reached 3.0 percent.

As with the CPI indices, we have witnessed a declining ECI in recent months, hitting 5.1 percent as of December 2022 (ECI rates are released quarterly). Headline inflation and ECI are trending downward, though the pace and shape of the return to more normal inflation levels remain uncertain. Given this, the Committee emphasized the need to provide salary adjustment pools for faculty and staff salaries above typical ranges again this year to mitigate current and future negative impacts of higher inflation, and to ensure that our pay levels remain competitive in markets.



Moreover, the decision by the University to provide a 2.5 percent mid-year salary increase for faculty and staff, which took effect in February 2023, also influenced the Committee’s views on the specific scale of salary increases for next year. The mid-year increase, which was influenced by the persistence of higher inflation through much of FY2023, advanced a portion of the FY2024 salary increases that the Priorities Committee had envisioned during its initial deliberations. Factoring in the 2.5 percent higher FY2023 salary base on which the FY2024 increases will be derived, the Committee recommends the following faculty and staff salary and wage increase parameter for next fiscal year.

### Staff Salaries

The Priorities Committee endorses the recommendation from the Vice President for Human Resources for a 5.45 percent increase to the FY2024 base salary pool for non-union staff. This includes a basic staff merit pool increase of 4.75 percent, and a promotion and adjustment pool increase of the typical 0.70 percent. As usual, the latter is targeted for reclassifications of existing positions, equity adjustments, retentions, and other off-cycle pay adjustments, applying to only a small percentage of staff salaries and wages. Under this recommendation, base merit pool increases for the third year in a row will be notably above the average 3.18 percent increase and previous one-year maximum (4.29 percent) increase during the twenty years leading up to the pandemic. The target increase for re-classification, equity, and market adjustments falls back to the typical range that prevailed prior to FY2023.

Two main considerations guide the Priorities Committee in recommending these increases to expected salaries and wages for next year:

- 1) We assume that inflation and ECI levels will remain elevated over longer-term norms into the next year. The four survey sources that Human Resources uses to gauge market increases report an average project increase of 4.2 percent for FY2024. All current indicators suggest that the recommended increase should maintain Princeton's position relative to the labor market.
- 2) Princeton's staff salaries match closely to market levels across pay bands and position types. The 1.45 percent increase in the special salary adjustment pool for FY2023 has allowed Human Resources to re-align with market certain job categories that faced significant market pressures after the pandemic, especially in lower wage ranges that were experiencing much higher demand. The 0.70 percent pool increase recommended for FY2024 is expected to be sufficient to address a more regular level of adjustments moving forward.

The base staff salary pool rate increase adds \$18.3 million to the General Fund budget, including benefits. The Committee also endorses continuation of the Tiger and Stripe Awards pool sized at 0.36 percent of total HR staff salaries and wages for FY2024; this translates to a \$1.7 million pool. These one-time awards are not added to employees' recurring base salaries; they are to provide special recognition for one-time exceptional achievements or contributions to the University mission above and beyond the employee's normal job responsibilities.

## **Faculty Salaries**

All available data and signals indicate that Princeton's faculty salaries remain very competitive, positioned at or near the top for most disciplines. Recruitment and retention activity during the year provides timely evidence of how salary levels are moving in particular fields. Department chairs and the Office of the Dean of the Faculty often and directly receive input from the market as they recruit new faculty and counter outside offers. Retention-related increases account for approximately ten percent of the faculty salary pool each year.

Having reviewed available market position and other data provided by the Dean of the Faculty, the Priorities Committee supports his recommendation to increase the faculty salary pool by 5.95 percent for FY2024. This increase is considerably higher than the 4.75 percent total available increase pool that prevailed for many years before the pandemic. The proposed pool consists of a 4.10 percent increase in the "basic salary pool," plus 1.85 percent for promotions, retentions, and other special adjustments. As always, the University will adjust the promotion and retention pool during the year the Dean of the Faculty notes any unexpected surge in salary adjustments for faculty retention needs. The Dean also controls a portfolio of other non-salary retention and recruitment incentives that are important tools in maintaining and attracting the highest caliber faculty.

The basic faculty salary pool rate translates into a General Fund budget increase of \$10.8 million, including benefits.

The provisional FY2024 budget projection incorporates the benefits rates expected under the regular federal agency review process. These include a slight increase in the base employee benefits rate, to 30.4 percent of eligible salaries and wages, from 29.3 percent this year. Prior-year recoveries lowered benefits rates in FY2022 and FY2023 below recent averages. The benefits rate for academic departments

will be 37.3 percent, up from 36.0 percent, reflecting the base benefits rate change and a slight uptick in the amount needed to cover approved sabbaticals.

Although the central salary increase process does not apply to stipends paid to the postdoctoral researchers and visitors that faculty and various centers welcome to campus each year, the Committee applauds the recent announcement by the Dean of the Faculty to institute a minimum pay level for all postdocs. Princeton's new \$65,000 minimum stipend level is considerably above the \$54,835 required by the National Institutes of Health for postdocs. Postdoc salaries are charged to many different funding sources across the University's operating budget, with the majority charged to external sponsored research grants. The increase was the result of active collaboration between Princeton's academic community and central administration to address concerns about postdoc compensation.

## **H. Allocations to the Capital Budget**

Princeton's Operating Budget provides annual transfers to support the University's Capital Budget, which funds campus construction and renovation projects as well as regular maintenance of buildings. These transfers are augmented by additional funding from donors and borrowing to support the overall Capital Budget. For FY2024, the amount transferred from operations to capital is projected to increase from \$459 million to \$470 million. These transfers have more than doubled since FY2018, coinciding with the launch of the University's most recent Capital Plan.

Princeton is in the midst of an extraordinary period of investment in the campus, as evidenced by the recently completed residential colleges; new buildings underway for the sciences and engineering and the Art Museum; a renovation and expansion of Guyot Hall into Schmidt Hall to serve as the new home for Computer Science and other data science-related units; the development of Lake Campus; sustainability and infrastructure improvements and many other projects.

## **I. Outlook for the Future**

As we look to the future, the University's first order of business is to finish what it has started. The new residential spaces in Yeh College and New College West, each with 510 additional beds, enabled Princeton to accommodate a larger-than-expected undergraduate student population this year. Operating budgets in Facilities, Campus Life, University Services, and other administrative areas that provide service and programming for the new complement of undergraduates have been incorporated in the current budget, but we will continue to monitor needs and service levels and may make further modifications by FY2026. We expect the full cohort of 500 additional students to be completely absorbed in the operating budget by FY2026, including additional financial aid for at least 330 more students. Beyond expansion of the undergraduate student body, we already are investing and planning for new academic initiatives in critical and crosscutting new areas of research, including Bioengineering, Quantum Science and Engineering.

Inflation will likely remain a concern into the next fiscal year, though its impacts on the operating budget remain moderate relative to the overall budget at this time. Personnel cost increases place more pressure on the operating budget as they reflect more than 40 percent of total spending. If above-normal compensation pressures persist beyond FY2025, we will look to different cost-sharing and cost-saving approaches, as well as increases to endowment payout inflators, as potential dials to turn to re-



align the operating budget's overall position. In addition, as the transformation of the main Princeton campus and development of the new Meadows campus hits full stride over the next three years, inflationary pressures on capital construction costs and additional programmatic and operating costs for these facilities may require larger allocations of operating budget sources than have already been planned.

Finally, it is important to note that, even with all of the growth and expansion that is happening on campus now, Princeton has the financial wherewithal to do more. The reported endowment spending rate remains well inside the trustee-established policy band, standing at 4.53 percent at the beginning of this fiscal year. Departmental balances accumulated after the last major spending rule change and the pandemic slowdown will likely remain available for several years or more, as events, travel, and other activities slowly return to pre-pandemic level. There is still room in the University's resource envelope to consider new initiatives that expand its research and education mission.

## IV. Appendices

**PRINCETON UNIVERSITY**  
**Operating Budget: ALL OPERATING FUNDS SUMMARY**  
(dollars in millions)

	(a)	(b)	(c)	(c) - (b)	(c) / (b)
	FY22	FY23	FY24	24 Proj.	24 Proj.
	Actual	Budget	Projected	v.	v.
	Final	Current		23 Bud.	23 Bud.
				\$ Chg.	% Chg.
<b>Revenue and Transfers</b>					
1	Investment Income--Operating Budget	1,526.7	1,605.6	1,677.8	72.2 4.5%
2	Tuition-Undergraduate	292.5	309.4	327.4	18.0 5.8%
3	Tuition-Graduate	142.8	152.2	161.4	9.2 6.1%
4	<b>Total Tuition</b>	<b>435.3</b>	<b>461.5</b>	<b>488.8</b>	<b>27.2 5.9%</b>
5	Other Student Fees	2.1	3.4	3.6	0.3 7.4%
6	Grants & Contract Revenue	453.5	473.7	499.4	25.7 5.4%
7	Gift Revenue	144.2	122.3	125.9	3.6 2.9%
8	Housing, Dining, Rental, & Event Income	105.0	114.8	121.7	6.9 6.0%
9	Other Income	69.2	86.3	89.5	3.3 3.8%
10	Transfers (to)/from non-operating	(64.4)	(106.6)	(46.9)	59.7 -56.0%
11	Transfers (to)/from departmental balances	(147.5)	(28.5)	(35.1)	(6.6) 23.2%
12	<b>Total Revenue and Transfers</b>	<b>2,524.0</b>	<b>2,732.5</b>	<b>2,924.8</b>	<b>192.3 7.0%</b>
<b>Footnote on Annual Giving</b>					
	<i>Annual Giving-Gifts</i>	68.9	64.5	66.4	1.9 3.0%
	<i>Annual Giving-Endowment Payout</i>	8.5	8.9	9.2	0.4 4.1%
	<b>Annual Giving Gifts and Endowment</b>	<b>77.5</b>	<b>73.3</b>	<b>75.6</b>	<b>2.3 3.1%</b>

**PRINCETON UNIVERSITY**  
**Operating Budget: ALL OPERATING FUNDS SUMMARY**  
(dollars in millions)

	(a) FY22 Actual Final	(b) FY23 Budget Current	(c) FY24 Projected	(c) - (b) 24 Proj. v. 23 Bud. \$ Chg.	(c) / (b) 24 Proj. v. 23 Bud. % Chg.
<b>Expense and Allocations</b>					
1	Academic Departments	954.3	1,056.0	1,124.1	68.1 6.4%
2	Princeton Plasma Physics Laboratory	161.7	175.0	186.0	11.0 6.3%
3	Financial Aid - Undergraduate	201.8	212.0	267.9	55.9 26.4%
4	Financial Aid - Central Graduate	27.3	31.1	33.7	2.6 8.4%
5	University Library	74.9	80.9	85.3	4.4 5.5%
6	Office of Information Technology	74.9	80.8	85.9	5.1 6.3%
7	University Art Museum	17.8	19.8	21.4	1.6 8.0%
8	Academic Admin. and Student Services	143.7	160.0	165.8	5.8 3.6%
9	Athletics	39.9	45.5	48.2	2.7 6.0%
10	General Administration & Univ. Expense	143.5	167.8	176.6	8.8 5.2%
11	Facilities Services	142.2	164.6	176.0	11.3 6.9%
12	University Services (Housing, Dining, Other)	63.0	77.6	82.4	4.8 6.2%
<b>13</b>	<b>Total Expense before allocations</b>	<b>2,045.1</b>	<b>2,271.1</b>	<b>2,453.3</b>	<b>182.2 8.0%</b>
14	Capital Budget Allocation--Strat. Co-Investment Pool	180.0	182.0	184.1	2.1 1.1%
15	Capital Budget Allocation--Endowment	113.8	114.2	118.7	4.6 4.0%
16	Capital Budget Allocation--Annual Programs	162.4	162.6	167.4	4.7 2.9%
<b>17</b>	<b>Total Allocations to Capital Budget</b>	<b>456.2</b>	<b>458.8</b>	<b>470.2</b>	<b>11.3 2.5%</b>
<b>18</b>	<b>Total Expense and Allocations</b>	<b>2,501.3</b>	<b>2,730.0</b>	<b>2,923.5</b>	<b>193.5 7.1%</b>
<b>19</b>	<b>Transfer To Later/ (From) Prior Periods</b>	<b>22.7</b>	<b>2.5</b>	<b>1.3</b>	<b>(1.2) -48.2%</b>
<i>Footnote on Graduate Student Support by Category, All Departments Above</i>					
	<i>Assistants in Instruction</i>	41.6	49.1	52.7	3.6 7.4%
	<i>Assistants in Research</i>	60.4	70.8	75.6	4.8 6.8%
	<i>Graduate Fellowships</i>	157.5	179.1	192.7	13.6 7.6%
	<b>Total Graduate Student Support</b>	<b>259.5</b>	<b>299.0</b>	<b>321.0</b>	<b>22.0 7.4%</b>

## NOTES TO SUMMARY TABLES

### Revenue

1 Investment Income Operating Budget. This line includes income earned from investments, mainly the University's endowment, as well as income from external trusts and faculty and staff loans. The estimate reflects the regularly planned 4% increase in endowment payout per unit for FY2024 and the effect of typical levels of new gifts to endowment principal. Overall operating budget investment income is projected to increase \$69.0 million, to \$1.68 billion, and provide half of the total increase across all gross operating revenue sources. Minimal growth is projected for external trusts and other investment income streams that are not governed by the University's endowment spending rule.

2, 3 and 4 Tuition-Undergraduate and Graduate. Total tuition revenue is projected to grow by 5.9%, the combined result of the provisional 4.0% tuition rate increase; addition of 96 undergraduate students toward the 300-student, second-year expansion target; and 63 more graduate students, following typical recent growth patterns. Revenue is presented at gross, before deduction of tuition and other forms of undergraduate and graduate student aid (see undergraduate financial aid, expense line 3, and the total graduate student support footnote on page 2 of the expense summary table).

5 Other Student Fees. Other student fees, primarily for summer study abroad, grow by a larger-than-normal inflator as summer activity returns fully to pre-pandemic levels.

6 Grants & Contract Revenue. Direct and indirect expenses of main campus sponsored research are projected to grow by 4.5% for FY2024. Overall growth in this line is projected at 5.4% because sponsored expenditures at the Princeton Plasma Physics Laboratory continue to grow at higher rate than their pre-pandemic baseline. This line also includes government student aid revenue, such as Pell Grants; these lines do not normally increase appreciably.

7 Gift Revenue. This line includes unrestricted Annual Giving and expendable gifts for specific departmental programs, research, and other initiatives. Unrestricted Annual Giving gifts—about 53% of the total—are assumed to grow by 3.0%; departmental and program gifts are estimated to increase by 2.8%.

8 Housing, Dining, Rental, & Event Income: This line's growth includes the effect of the recommended 4.0% rate increases for undergraduate room and board contracts, as well as expansion-related changes in undergraduate enrollment. Faculty, staff, and graduate apartment revenue incorporates the provisional 4.0% rate increases. Overall income for the category is pulled up to 6% with the full expected rebound of event-related and summer camps and conference revenue in FY2024.

9 Other Income. This line includes income in sale-of-service units, recharge centers, as well as royalties and miscellaneous other external revenue streams.

10 Transfers (to)/from non-operating. The primary components of this line are a transfer to cover working capital taxable debt service and reserves, investments of spendable balances in quasi-endowment principal, and departmentally funded capital project activity; the latter two categories fluctuate significantly from year

to year, as the case here, when a large re-investment made this year is not expected to be repeated in FY2024.

11 Transfers (to)/from departmental balances. This line records net income and balance increases in departmental funds. The largest categories are additions to endowment balances held for spending in future periods and faculty research and other specially designated internal fund balances, including committed but not expended faculty recruitment and retention allocations. Expendable gifts awaiting expenditures on specific programs and purposes in future years also are recorded here. Balances are projected to accumulate more slowly in FY2024, as departments have resumed pre-pandemic levels of travel, events, and other activities. Central balances decline as some are directed to help cover the significant increase in undergraduate student financial aid that exceeds available restricted financial aid funds.

### Expense

An appropriate share of the salary pools recommended by the Priorities Committee appears on each line except 2, 3, 4, 13, 14, 15, and 16. The exception lines are student aid and capital budget allocations, as well as the Princeton Plasma Physics Laboratory, which operates under its own budget-setting process.

1 Academic Departments. The 6.4% academic department increase reflects planned changes in faculty staffing levels, including new faculty positions supported by gift and endowment income, as well as the salary increases recommended for faculty, technical/research, and administrative staff in these departments. The tuition component of graduate student teaching and research assistantships rises in line with the proposed 4.0% tuition increase, while the stipend portion increases by the recommended 5.0% rate increase. The increase also includes inflationary adjustments to academic departmental budgets and projected expenditure growth in departmentally managed gift, endowment, and internally designated funds, such as those for faculty research, recruitment, and retention.

2 Princeton Plasma Physics Laboratory. Estimated expenditures at the Laboratory increase, funded almost solely by increased externally funded research contracts.

3 Financial Aid - Undergraduate. The 26.4% increase from FY2024 reflects the recommended 4.0% growth parameter for student charges, and a 172-student increase in the aid population. The number of students receiving aid grows substantially due to expansion of the undergraduate population and the new aid methodology that will result in grants to more students who currently do not qualify for support from the University. The estimated average scholarship rises 20.3%, to \$74,679. Endowment/trust fund income restricted for scholarships is growing at just over 4% as a result of the payout inflator assumption and the effect of new scholarship endowment gifts. With scholarship expense growing much more quickly than endowment payout from restricted financial aid funds in FY2024, the percentage of the aid budget supported by these endowments falls to 70%. \$48 million is expected to fall on the General Fund—25% of the total. Government, gift, and outside aid funds, which normally see little to no growth, support the other 5% of the \$268 million total.

4 Financial Aid - Graduate. This line includes only graduate aid expenses charged to the Graduate School—most graduate student expenses are recorded directly in academic departments, line 1. As indicated in the “Footnote on Graduate Student Support by Category,” graduate student support across all departments is projected to increase by 7.4%, the result of 5.5% rate increases for combined tuition and student health charges, 5.0% increases in stipend rates, and an estimated 64 additional graduate students. Approximately 26% of the total is charged to departmental restricted and designated funds, and 11% to outside grants, primarily sponsored research. The remaining 63% is projected to fall on the General Fund.

5 University Library. Reflects normal inflationary adjustments (including a 5% increase in the acquisitions budget) and an appropriate share of the HR staff and DOF library staff recommended salary pools.

6 Office of Information Technology. Includes technical, administrative, and programming support of University enterprise systems, including research computing.

7 University Art Museum. Includes all curatorial, exhibition, preservation, storage, and other operating costs. Regular museum spending has declined during the construction of the new building, but FY2024 includes significant non-recurring expenditures to provide alternate exhibition space and prepare collections before the re-opening in late 2024 (FY2025).

8 Academic Administration and Student Services. Includes the Deans of the Faculty, College, Graduate School, Religious Life, and Undergraduate Students; the offices of the Provost, Admission, and Financial Aid; the Vice President for Campus Life, Career Services, and University Health Services; and other offices primarily devoted to central support of the academic mission.

9 Athletics. Includes activity for varsity and recreational sports as well as Friends groups.

10 General Administration and Expenses. This includes central business functions such as the offices of the President, Provost, Executive Vice President, Human Resources, General Counsel, Vice President for Finance and Treasurer, Development, Public Safety, and the like. Other central costs such as certain employee benefits and disability expense not allowed in the federally approved benefits pool also are recorded here.

11 Facilities Services. Staff and operating expenses directly associated with the operating and maintenance of the physical plant, including the costs of property taxes, water and sewer charges, insurance, and energy costs.

12 University Services. Includes Housing, Dining, Conference and Event Services, and Transportation Services. Most of the revenues associated with these units are shown under Revenue line 8.

13 Total Expense Before Allocations. Direct operating budget expense, before annual allocations to help fund the capital budget.

14 Capital Budget Allocation—Strategic Co-Investment Pool. This row records additional allocations to the Capital Budget, to augment Capital Plan II, from the central payout earmarked in the Strategic Co-Investment Pool.

15 and 16 Capital Budget Allocation—Endowment and Annual Programs. These rows report regular transfers from the Operating Budget to the Capital Budget, to help cover the costs of new construction, major maintenance, and renovation projects, including debt service on previous such projects.