

Bard College

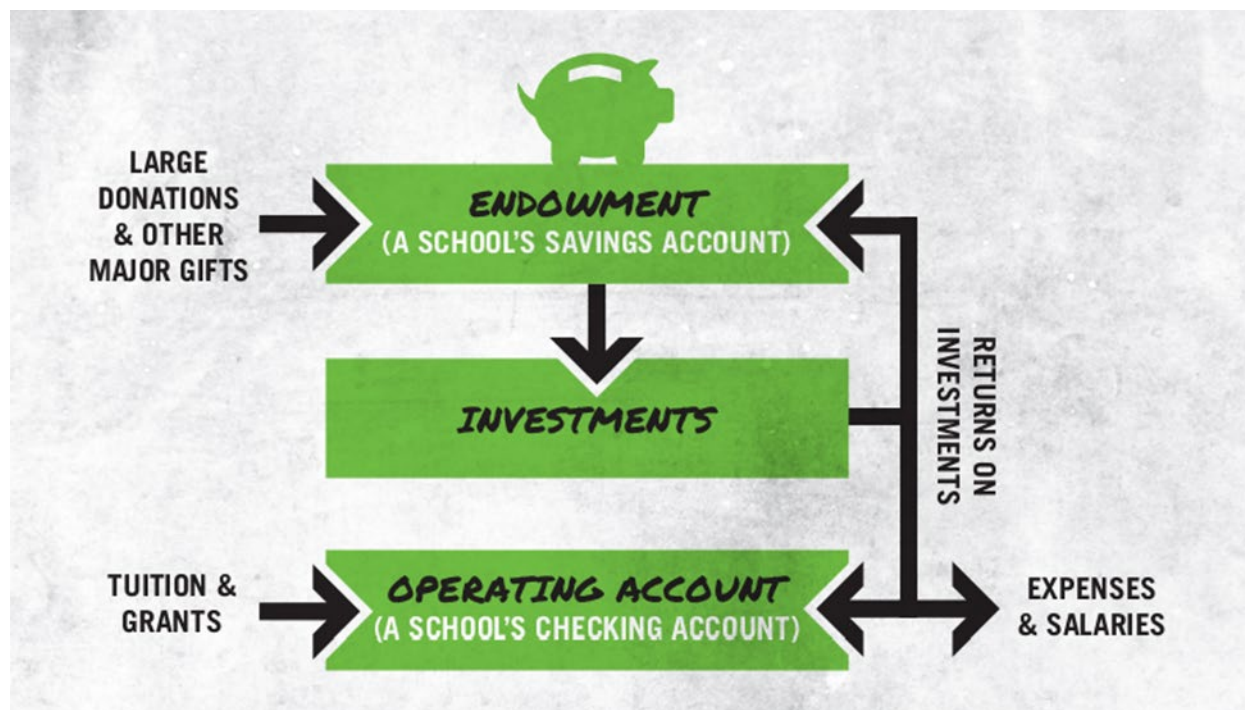
Senior Vice President and
Chief Financial Officer

As we start a new semester and important year for Bard College, I wanted to take a moment to share information about Bard's endowment and our strategic plan to grow these funds to help sustain the work of the College.

It is important to start by noting that Bard College, which was founded as a small Episcopal men's pre-seminary, has not had an operating endowment nor significant investments to manage throughout its history. Unlike many of its peer institutions that were founded by wealthy landowners, Bard was launched without major financial investments by its founders and its mission as a pre-seminary was closely tied to values of voluntary poverty and public service – values that determined how the College defined itself and operated for over 100 years and have left a lasting impact on the institution's identity and financial foundation. Given the longstanding lack of endowment for Bard's undergraduate program, the College has consistently operated by constantly raising money to meet current needs. However, due to [the changing financial structure of higher education](#) in America (in which colleges are more reliant on endowments to operate), the College is now working to build an endowment, which is intended to secure and sustain its extensive financial aid portfolio and decrease its historic reliance on less predictable annual giving.

Endowment 101

An endowment is essentially a collection of savings accounts for a non-profit institution, wherein the law dictates that the initial investment can never be spent, but a small portion of investment earnings can be drawn annually to support current operations. Most endowments are also governed by a series of further legal restrictions that require endowment investment earnings to be spent only on particular programs as specified by donors.

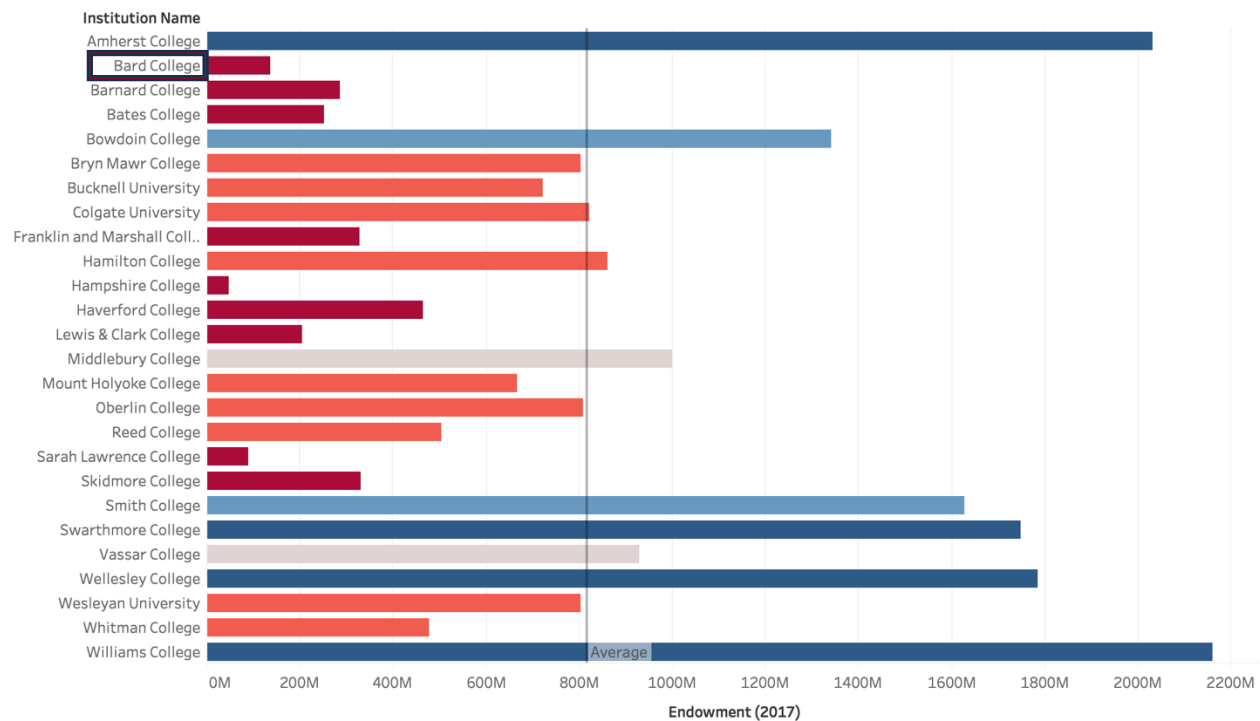


It is possible, but unusual, to have an unrestricted endowment where the institution has the power to decide how the endowment’s annual earnings can be spent. That is what Bard is working to create now: an unrestricted endowment to support the undergraduate experience at Bard.

The Need to Change our Funding Model

Bard spends over \$70 million on financial aid every year to ensure access for our students, raising most of that money from individuals, foundations, and state and federal government entities. Raising that amount every year is difficult, so Bard is attempting to shift to an endowment model where a large portion of the \$70 million+ that we currently raise annually would be provided in perpetuity by an endowment. Prior to the pandemic, we sized this need at \$1 billion, which would produce annual investment earnings of \$50 million to support financial aid, and put Bard near the average of our peer group for endowment size (see the graph below).

Endowment (Peer Group)



In response to this need, the Open Society Foundation (OSF) recognized the unique and outsized contribution of Bard to education—in the U.S. and abroad—and created a \$500 million endowment challenge grant. The terms of the challenge require Bard to raise \$500 million by the end of 2025, in order to receive \$500 million in an endowment gift from OSF. Bard will not receive any money from OSF if the full \$500 million fundraising challenge is not met. To date, Bard has succeeded in raising over two-thirds of this target in the form of pledges (i.e. a binding promise to make a donation at a future date). It is important to note that pledges only start to generate financial support one year after they are paid, which is the minimum time necessary to “vest” an endowment, i.e. the time it takes an investment to begin to earn some returns.

The Path Ahead

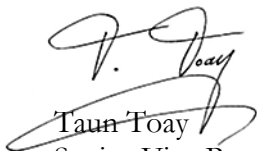
Assuming Bard succeeds in raising the \$500 million challenge by the end of 2025, the College will then be able to create a \$1 billion endowment, whose annual earnings will be used to sustain Bard's current mission and continued financial aid to those with the most need. Bard is unique among liberal arts colleges insofar that our student body includes – and the College's financial aid supports – a much larger percentage than our peer institutions of economically challenged students (labeled "Pell eligible" by the federal government and defined as those who come from households earning below \$60,000 annually). Bard is also singular in its commitment to displaced students, where we host the largest number of forced migrants of ANY college or university in the United States. These are points of pride, but it is also extremely expensive to deliver education regardless of ability to pay. This is the most important motivation for building an endowment: to ensure continued access for all to a Bard education.

The OSF challenge grant enables Bard to build an appropriately sized undergraduate endowment for the first time, and also creates a unique opportunity for members of the community to express shared values in where the endowment is invested. Currently, the unrestricted endowment is invested entirely in two investments, a stock fund called the MSCI All-World Index for 75 percent of the portfolio and a fixed-income index (or bond-fund) called the Fidelity Intermediate Bond for the remaining 25 percent. The fact sheets for each fund are attached.

This strategy is governed by the College's Investment Policy Statement. The Socially Responsible Investment Committee (SRIC), a student-elected arm of Student Government, is charged with providing input and feedback to the College on its investments. SRIC has a long and successful history at Bard in shareholder engagement across a host of issues, including: climate change; pesticide use; divestment; workers' rights; and labor conditions. If you are interested in getting involved in the feedback process on the College's Investment Policy or issues around shareholder activism in general, contact the SRIC directly at src@bard.edu. I will make myself available for the Student Government's open meeting, where I understand one meeting is devoted to fiscal transparency. In the interim, I look forward to hearing your feedback via the SRIC.

In the meantime, we still need to raise a TON of money to support current students and programs at Bard. The pledges that are helping us meet the \$500 million challenge will be paid gradually over many years, so Bard will continue to rely on annual donations from generous donors at significant levels for the next decade. Anyone who believes in the Bard mission has an important role to play in helping the College during this critical time, especially with scholarship dollars that help us fund each successive generation of Bardians.

Sincerely,



Taun Toay

Senior Vice President and Chief Financial Officer