

CSB|SJU Community

A newsletter for the faculty and staff of CSB/SJU

February Extra 2002

Coordinate Finance Committee Recommends Fiscal Year 2003 Budget

On Feb. 12, the Coordinate Finance Committee of the Board of Trustees and the Board of Regents recommended approval of the fiscal year 2003 budgets for CSB and SJU. The culmination of nine months of planning, the budgets total \$42,927,000 for CSB and \$48,185,000 for SJU. The Board of Trustees and the Board of Regents will act on the recommendations at their meeting on March 1.

Key elements of the fiscal year 2003 budget recommended by the Coordinate Finance Committee include:

- Combined undergraduate enrollment of 3,845 — 1,988 at Saint Benedict's and 1,857 at Saint John's. The budget for each institution is built on total expected enrollment less 25, allowing the colleges to sustain their enrollment reserve funds.
- A tuition increase of 5 percent. The comprehensive fee for undergraduate students, reflecting the sum total of tuition, room and board, will rise by 4.58 percent at CSB and by 4.83 percent at SJU. Overall tuition discount rates were set at 37 percent for Saint Benedict's and 35.4 percent for Saint

John's, offsetting a significant portion of the total increase in price.

- Faculty salary increases of 4.9 percent. The increase is provided in two parts: an across-the-board salary increase of 3.5 percent and an additional 1.4 percent for market and promotion adjustments.
- Administrative and support staff salary increases of 2.9 percent. The increase reflects a 2.5 percent across-the-board salary adjustment and .4 percent for market-related adjustments.
- Implementation of a significant reallocation plan, totaling \$2 million, or approximately 3 percent of the colleges' total operating budget. The plan reinvests resources into strategic initiatives for compensation, student accessibility, integrative learning, men's and women's development, national recruitment, institutional visibility, the capital campaigns, and physical infrastructure needs.

Fiscal year 2003 begins on July 1, 2002 and ends on June 30, 2003.

CSB/SJU FY 2003 Budget Summary

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On March 1, the CSB Board of Trustees and the SJU Board of Regents will approve the colleges' operating budgets for fiscal year 2003. Together those budgets will total \$90 million. In the making for nearly nine months, our budgets will not only provide resources for continuing operations but, more importantly, will reflect a series of strategic choices intended to differentiate and distinguish us from other institutions and secure our place as institutions of excellence. The priorities articulated in our strategic plan guided the budget process. The budget reflects our commitment to an exceptional integrative learning experience and renewed support for our primary resources, students, faculty and staff.

At the Budget Forum last December, the presidents indicat-

ed that private higher education has entered an enormously challenging economic period. They identified four key strategic challenges we must address not only in next year's budget but in budgets throughout the coming years:

1. The need to balance pricing, tuition discounting and enrollment strategies;
2. The need to increase revenue from non-tuition sources;
3. The need to increase compensation to attract and retain the highest quality faculty and staff; and,
4. The need for strategic reallocation of resources as our enrollment stabilizes.

The information that follows details the recommended budgets for CSB and SJU for fiscal year 2003. Taken in total, the budget reflects choices borne out of a changing external environment, the desire to secure our position in a changing marketplace, and our commitment to focus and improve services to our students.

Budget Summary:
Strategic Resource Allocations

Compensation

Faculty. Faculty are our key educational asset and central to the learning experience. Our ability to retain and attract high quality faculty is an imperative for learning excellence. The 2003 budget recommendations include funding for a 3.5 percent across-the-board salary increase for faculty as well as \$237,000 (including salary and fringe benefits) for market and promotion adjustments. The result is a total salary increase of 4.9 percent for faculty. We expect that the increase will allow us to continue to close the gap between salaries of our faculty and the average salary for our seven-school market basket comparison group.

Administrative and Support Staff. Staff provide essential support to the academic enterprise. As with the faculty, our ability to retain and attract exceptional staff is key to our success. The 2003 budget recommendations include a 2.5 percent across-the-board salary increase for administrative and support staff employees and \$77,000 (including salary and fringe benefits) for market adjustments necessary to ensure that administrative and support staff salaries remain competitive. The result is an overall salary increase of 2.9 percent for administrators and support staff.

Student accessibility. We have long committed ourselves to accessibility to students of all means. Our 2003 budget recommendations maintain that commitment by investing \$25.4 million in student financial aid, an increase of 5.8 percent over the prior year. Our investment in student financial aid will ensure that the "real" price of tuition will rise by an average of only 3.3 percent.

Integrative learning. Learning that occurs inside and outside of the classroom and across disciplinary boundaries is both a signature characteristic and key commitment of CSB and SJU. The 2003 budget recommendations include \$20,000 in new resources for integrative learning activities. These resources are provided in addition to institutional and grant-supported resources already in place in support of integrative learning.

Women's and Men's Development. CSB and SJU are distinguished by their commitment to women's and men's development within the context of a unified co-educational academic experience. CSB has been a leader in women's athletics for more than a decade, both competitively and in relation to women's development. The 2003 budget recommendations include \$19,000 in new resources in support of the women's athletics program. SJU seeks to provide a national model for development of men's leadership skills, enhanced opportunities for the personal development of men and gender awareness. The 2003 budget recommendations include \$18,000 in support of the continuing development and implementation of the Saint John's Men's Project and \$5,000 for assessment of student development programs.

Student profile. The academic profile of our student body has improved significantly over the past decade. We seek to maintain our student profile in the future, a commitment made vastly more difficult by the intensely competitive nature of today's higher education marketplace. To maintain both our

CSB FY 2003 Budget Recommendation With FY 2002 Comparison

Budget Summary	(\$000)	
	FY 2002 Revised Budget	FY 2003 Budget Rec
Revenue Summary:		
Tuition and Fees	\$37,511	\$38,138
Tuition Discount	(\$12,919)	(\$13,467)
Net Tuition and Fees	\$24,592	\$24,671
Government Grants	\$1,113	\$1,113
Private Gifts and Grants	\$2,779	\$3,007
Endowment Income	\$901	\$946
Other Revenue	\$301	\$371
Auxiliary Enterprises	\$12,617	\$13,159
Total Revenue	\$42,303	\$43,267
Expenditure Summary:		
<i>Compensation</i>		
Faculty	\$8,625	\$9,066
Administrative and Support	\$10,596	\$10,635
<i>Market Adjustments</i>		
Faculty	\$0	\$120
Administrative and Support	\$0	\$51
Compensation Total	\$19,221	\$19,872
General Non-Compensation	\$8,831	\$8,915
Change in CSB/SJU Cost Sharing	\$0	(\$125)
Base Budget Adjustments	\$0	\$160
Capital Expenditures	\$113	\$113
Budget Adjustment Factor	\$100	\$100
Debt Service	\$530	\$533
Other Expenditures	\$200	\$200
Auxiliary Enterprises	\$12,617	\$13,159
Total Expenditures	\$41,612	\$42,927
Contribution to Quasi-Endowment for Future Enrollment/Net Tuition Change	\$691	\$340
Net Revenue Over/(Under) Expenses	\$0	\$0

enrollment and our undergraduate profile will require us to identify new student markets outside of Minnesota. The 2003 budget recommendations include \$40,000 in new resources in support of national recruitment activities.

Visibility. Our ability to attract exceptional students, faculty, and staff, as well as to meet our capital campaign goals, requires that we take steps to increase the colleges' recognition and visibility. Market research conducted in fall 2001 indicated that CSB and SJU were neither well enough known nor perceived to have a distinctive academic reputation vis-à-vis key competitors. The 2003 budget recommendations include \$100,000 for new marketing and visibility activities.

Capital Campaign. We recognize that tuition revenue will grow more slowly in the future and that our endowments are not currently sufficient to indefinitely secure our commitment to learning excellence. Both colleges have established ambitious capital campaign goals that identify endowments for faculty salaries and student financial aid as central priorities. The 2003 budget recommendations include \$200,000 in new resources in support of each college's capital campaign activities.

Physical Infrastructure. Our physical plant infrastruc-

SJU FY 2003 Budget Recommendation With FY 2002 Comparison

Budget Summary	(\$000)	
	FY 2002 Revised Budget	FY 2003 Budget Rec
Revenue Summary:		
Tuition and Fees	\$33,626	\$34,602
Tuition Discount	(\$11,103)	(\$11,941)
Net Tuition and Fees	\$22,523	\$22,661
Government Grants	\$1,015	\$1,015
Private Gifts and Grants	\$2,267	\$2,542
Abbey Grant	\$737	\$661
Endowment Income	\$2,539	\$2,668
Other Revenue	\$686	\$793
School of Theology	\$1,425	\$1,305
Sponsored Programs	\$2,494	\$2,272
Auxiliary Enterprises	\$13,741	\$14,314
Total Revenue	\$47,427	\$48,231
Expenditure Summary:		
<i>Compensation</i>		
Faculty	\$8,288	\$8,740
Administrative and Support	\$10,090	\$9,963
<i>Market Adjustments</i>		
Faculty	\$0	\$117
Administrative and Support	\$0	\$26
Compensation Total	\$18,378	\$18,846
General Non-Compensation	\$10,391	\$10,813
Change in CSB/SJU Cost Sharing	\$0	\$125
Capital Renewal/Debt Service	\$1,140	\$1,270
Contribution from Auxiliary Enterpr	(\$463)	(\$860)
Budget Adjustment Factor	\$100	\$100
School of Theology	\$1,425	\$1,305
Sponsored Programs	\$2,494	\$2,272
Auxiliary Enterprises	\$13,741	\$14,314
Total Expenditures	\$47,206	\$48,185
Contribution to Quasi-Endowment for Future Enrollment/Net Tuition Change	\$221	\$46
Net Revenue Over/(Under) Expenses	\$0	\$0

ture must be maintained in reliable operating condition. The SJU budget recommendation includes a \$150,000 addition to the Capital Renewal Fund to pay for renewal of the University's wastewater treatment facility.

Our budget investments for 2003 require us to balance our opportunities for new revenue with our need to reallocate current resources. We do not believe the marketplace will support the tuition increases we have been accustomed to in recent years. The 2003 budget includes a tuition increase of 5 percent, a significant portion of which will be reduced by our increased investment in student financial aid. New tuition revenue alone, however, will not be sufficient to support our budget investments and aspirations. Consequently, the 2003 budget also includes \$2.0 million in resource reallocations drawn from all management areas at both institutions. Together, the resources generated from new revenue and resource reallocations allow us to invest in our future and more clearly focus our energy and activities in support of our strategic planning objectives.

Revenue and Expense Summary

Revenue Highlights

Tuition provides the majority of our operating revenue. At CSB, tuition will account for 82 percent of all operating income in FY 2003. At SJU, undergraduate and graduate tuition will provide 76 percent of all operating income (excluding income from both auxiliary enterprises and sponsored programs). Our reliance on tuition as an income source requires us to carefully set and then achieve our enrollment goals. It also requires that we continually monitor and assess changing market conditions with respect to enrollment, pricing and student financial aid.

Enrollment. The FY 2003 budget is based on first-year student enrollment of 475 at SJU and 493 for CSB in fall 2002. We expect total first-year through senior-year enrollment of 1,857 at Saint John's and 1,988 at Saint Benedict's. Our combined undergraduate enrollment of 3,845 is within our long-term enrollment planning goal of 3,700 to 3,900 students. Both Saint Benedict's and Saint John's will continue to build their budgets on their actual projected enrollment less 25 students to sustain their enrollment reserve funds should external forces negatively impact enrollment beyond the budget planning assumptions.

Undergraduate Enrollment History

Fiscal Year	SJU Enrollment	CSB Enrollment
2003	1,857	1,988
2002	1,860	2,029
2001	1,838	1,975
2000	1,756	1,963
1999	1,687	1,923

Comprehensive Fee. Our comprehensive fee has increased at an average annual rate of 5.6 percent since 1999 — more than twice the average rate of inflation. Even though the overall income profile of our students has risen in recent years, the gap between what our students have been either willing or able to pay has declined during the last decade. The FY 2003 budget recommends that our comprehensive fee, inclusive of tuition, room, and board, rise by 4.58 percent increase at CSB and by 4.83 percent increase for SJU. Tuition alone will rise by 5 percent at both institutions. We believe those increases will be common among high-quality private colleges regionally and nationally. A significant portion of the price increase will be offset by increases in student financial aid. After tuition discounting, the average price of attendance will rise by just 3.3 percent increase for both CSB and SJU students.

Undergraduate Comprehensive Fee History

Fiscal Year	SJU		CSB	
	Comp Fee	% Change	Comp Fee	% Change
2003	\$24,780	4.8%	\$25,016	4.6%
2002	\$23,640	5.7%	\$23,921	6.6%
2001	\$22,370	4.7%	\$22,513	4.9%
2000	\$21,370	5.1%	\$21,466	5.0%
1999	\$20,332	5.2%	\$20,435	4.9%

COMMUNITY

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Deadline for the March issue is Feb 22. To share your information and story ideas, simply e-mail them directly to Community at: community@csbsju.edu.

Undergraduate Student Financial Aid. Over the past decade, Minnesota's private colleges, including CSB and SJU, nearly tripled their annual commitment to student financial aid. Our financial aid policies have been designed both to encourage enrollment by students from all financial backgrounds and to respond to the competitive demands of the marketplace. The FY 2003 budget recommendation includes \$25.4 million for institutionally-supported student financial aid, an increase of almost 6 percent over the prior year. Approximately 90 percent of all CSB and SJU students will receive an institutional grant award next year. The average price discount will total 37 percent at Saint Benedict's and 35.4 percent at Saint John's.

School of Theology•Seminary Tuition and Financial Aid. The FY 2003 recommended budget includes a 4 percent tuition increase for the Saint John's School of Theology•Seminary. Tuition at the School will total \$10,168 next year. The budget also recommends raising the SOT•SEM tuition discount rate from 57 percent to 58 percent.

Expenditure Highlights

People are the principal asset of both CSB and SJU. Compensation expenditures at both institutions will account for 63 percent of all operating expenditures in FY 2003 (excluding auxiliary enterprises and sponsored programs).

Compensation. The FY 2003 budget recommends salary increases of 3.5 percent for faculty and 2.5 percent for administrative and support staff. The budget also provides an additional 1.4 percent for faculty market and promotion adjustments and an additional .4 percent for administrative and support staff market adjustments. In total, average salaries will rise by 4.9 percent for faculty and by 2.9 percent for administration and support staff.

The recommended budgets also include additional resources to address the rising costs of health care. At Saint John's, the health care adjustment totals .27 percent of the compensation pool. At Saint Benedict's, the adjustment totals .12 percent of the compensation pool. The colleges are self insured for health and dental benefits. Projected increases in health care costs required us to identify a number of plan design changes that will reduce the employers' share of cost but increase the cost for faculty and staff. The colleges will implement a program in FY 2003 that would waive a portion of the increased cost of health insurance for employees for whom the increase creates a financial hardship.

Compensation History

Fiscal Year	Compensation Pool
2003	Faculty: 5.2% Admin/Supp Staff: 3.1%
2002	5.9%
2001	4.5%
2000	4.8%
1999	3.0%

Reallocation Plans. The FY 2003 budget recommendation reflects reallocations totaling \$1,110,814 at Saint John's and \$837,419 at Saint Benedict's. In total, the reallocations — which both increase revenues and reduce expenditures — represent approximately 3 percent of the colleges' total operating budgets. Only half of the reallocated total is the product of expenditure reductions. The other half will be provided by revenue enhancements.

The reallocation options were drawn from all management areas of the institutions and developed in the context of fiscal planning for 2003 through 2006. The approved plan required many difficult decisions. However, in combination with general revenue growth, the reallocation plan provides us with the resources and focus to strategically invest in our future.

Vacated Positions on Hold. Both institutions have a policy of reviewing all open positions to determine if the position responsibilities can be fully or partially reassigned. The FY 2003 budget recommendations include estimates of \$100,000 at Saint John's and \$125,000 at Saint Benedict's for reduced compensation costs through the position review program.

Budget Adjustment Factor. The budget recommendations for both CSB and SJU include an adjustment factor of \$100,000 as a contingency for budget omissions and errors in estimation or variations in actual performance against budget.

Auxiliary and Service Enterprises. Our auxiliary operations include Dining Services, Housing, Bookstore, Camps, Conferences, Telecommunications and Transportation. These entities enhance the quality of the student experience while providing low cost, high value services. Together, auxiliary and service enterprises will contribute \$3,079,000 to Saint John's Education and General budget in FY 2003 (representing 9.7 percent of total budgeted expenditures for the University), and \$1,656,237 to Saint Benedict's Education and General budget (representing 5.5 percent of total expenditures). At SJU, revenue contributions from auxiliary and service activities support student financial aid, instruction and support, and debt service. At CSB, auxiliary enterprises support student financial aid.