

# community

*A newsletter for the faculty and staff of the College of Saint Benedict and Saint John's University*

## *Boards Approve Fiscal Year 2008 Budget*

On March 9, the Board of Trustees of the College of Saint Benedict and the Board of Regents of Saint John's University approved the fiscal year 2008 budgets for CSB and SJU. The budgets total \$53,266,820 for the College of Saint Benedict and \$63,763,285 for Saint John's University.

Key elements and planning assumptions for the fiscal year 2008 budget include:

- Combined undergraduate enrollment of 3,868 students, similar to the number of students who enrolled in fall 2006. First-year to senior enrollment is expected to total 2,027 at Saint Benedict and 1,841 at Saint John's. The colleges have again built their budgets on total projected enrollment less 20 students at CSB and less 18 students at SJU to

sustain reserve funds on each campus in the event enrollment goals are not met.

- A tuition increase of 6.5 percent for both institutions. Tuition and required fees next year will total \$26,038, an increase of \$1,590. The comprehensive price of attendance, which includes tuition, fees, room, and board, will rise by 6.7 percent at CSB and by 6.3 percent at SJU. Together, the colleges will provide more than \$42 million in student financial aid, an increase of 11 percent over the prior year. The overall tuition discount rate for all students was set at 43.5 percent at the College of Saint Benedict and at 42.5 percent at Saint John's University.

- A salary pool of 5.5 percent for faculty and 4 percent for administra-

tive and support staff. In addition, the colleges have allocated funding for a 15 percent increase in health insurance costs.

- At Saint John's, the Board of Regents approved a budget of \$3,399,581 for the School of Theology•Seminary for fiscal year 2008. The SOT budget was built on projected enrollment of 85 full-time equivalent (FTE) students for the academic year and 70 FTE for summer (compared to 79 and 77, respectively, in 2006-07). The budget reflects a 4 percent tuition increase and includes a salary increase of 5 percent for faculty and 3.4 percent for administrative and support staff.

Fiscal year 2008 begins on July 1, 2007, and ends on June 30, 2008.

## *Fiscal Year 2008 Budget Summary*

Prepared by Susan Palmer, vice president of finance and administration, CSB; Dick Adamson, vice president of finance and administration, SJU; Jon McGee, vice president for enrollment, planning and public affairs, CSB/SJU

The combined fiscal year 2008 budgets for the College of Saint Benedict and Saint John's University total \$117 million. Our budgets not only provide resources for continuing operations, they also reflect investments in support of the aspirations articulated in *Strategic Directions 2010*. They seek to advance the quality of the student learning experience inside and outside of the classroom. Similar to the choices at most private colleges, our fiscal year 2008 budget again had to balance our commitment to excellence with resource realities.

### **Strategic Directions 2010**

*Strategic Directions 2010*, endorsed by the Boards in fall 2004, is a blueprint designed to secure the colleges' position as premier, Catholic, undergraduate liberal arts institutions. The plan was designed around five learning designs (liberal learning, residential learning, spiritual learning, gender learning, and intercultural learning) and two critical support designs (student composition and national visibility). A summary of major *Strategic Directions 2010* is available on-line at <http://www.csbsju.edu/institutionalresearch/plan/default.htm>.

The seven points of focus identified in *Strategic Directions 2010* help to focus the work and energy of the Strategic Directions Council, and provided a guide for resource prioritization and allocation. We will continue to engage

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COLLEGE OF  
Saint Benedict



Saint John's  
UNIVERSITY

the community to identify our highest action priorities within each design and make choices that clearly establish CSB and SJU as premier liberal arts institutions.

## Budget Environment

As we have reported in a variety of venues in recent years, demographic and competitive market forces continue to shape, influence, and change the environment for the College of Saint Benedict and Saint John's University. The number of high school graduates in the region has already peaked and will stay essentially flat until 2009. Between 2009 and 2015 the number of graduates will decline and the characteristics of those graduates will change – becoming much more racially and ethnically, and economically, diverse. At the same time, intense competition among public and private colleges to enroll high achieving students shows no signs of abating. Extraordinary price competition (which manifests itself through rising tuition discount rates, particularly for high achieving students) will continue, acting as a brake on resource growth at most private colleges.

Net revenue from tuition will support 80 percent of educational operating expenses at CSB and two-thirds of educational operating expenses at SJU next year. In addition, operating income from non-tuition sources, will rise by 8 percent at both Saint Benedict and Saint John's next year. While the fiscal year 2008 budget does not include an institution-wide resource reallocation, together we have reallocated \$3.9 million in the last five years. We have been able to fund new and continuing investments through the combined impact of tuition increases, growth in non-tuition revenue, and reallocation. We will continue to face revenue pressures. Consequently, we must make focused spending choices that improve the quality of the learning experience within the confines of those constraints.

## Budget Summary

*The information that follows details key allocations and assumptions reflected in the fiscal year 2008 budget approved by the Board of Trustees and the Board of Regents.*

### Revenue

As we do every year, we began our budget process by assessing revenue and income opportunities. We examined market conditions and enrollment, pricing trends and opportunities, and fundraising potential. In fiscal year 2008, total net revenue will rise by \$1,742,000 at the College of Saint Benedict (a gain of 4.7 percent) and by \$1,095,000 at Saint John's University (a gain of 2.7 percent).

**Enrollment.** Because tuition is our most significant income source, our enrollment expectations are critically important. We have planned for nearly no change in enrollment at both institutions in 2007-08. Our planning assumption is based on our assessment of expected changes in high school graduates in Minnesota and the region, our current enrollment market share in the state, our national market reach, and enrollment trends for men and women. We expect to enroll a new entering class of 525 women at CSB and 475 men at SJU in fall 2007, identical to the goals for fall 2006. In total, we have planned for enrollment of 2,027 students at the College of Saint Benedict and 1,841 students at Saint John's University (a total first-year to senior headcount of 3,868, compared to 3,832 in fall 2006). We also have assumed no change in our retention rates, which already are well above state and national averages for private colleges. Similar to what we have done in prior years, we built our budgets on projected total enrollment less 20 students at CSB and less 18 students at

SJU in the event we do not achieve our overall enrollment goal. The enrollment budget reserve is somewhat smaller at both institutions next year. In prior years, the reserve was set at projected total enrollment less 25 students at each campus.

### Tuition, Fees, Room and Board.

The fiscal year 2008 budget includes a comprehensive fee increase – inclusive of tuition, fees, room, and board – of 6.7 percent at CSB and 6.3 percent at SJU. Tuition alone will rise by 6.5 percent, compared to six percent one year ago. Comprehensive fee increases of six to eight percent likely will be common among Minnesota's private colleges. The average price of attendance for CSB and SJU students before financial aid (including tuition, required fees, room, and board) will total more than \$33,000.

We have aggressively raised tuition at

#### Undergraduate Comprehensive Fee History

Fiscal Year	SJU Comp Fee	Percent Change	CSB Comp Fee	Percent Change
2008	\$33,440	6.3%	\$34,000	6.7%
2007	\$31,420	5.7%	\$31,822	5.6%
2006	\$29,749	5.6%	\$30,129	6.3%
2005	\$28,175	6.4%	\$28,356	6.3%
2004	\$26,473	6.8%	\$26,672	6.6%

CSB/SJU over the last decade. Tuition has risen at an average annual rate of six percent since 1996. Between 2001 and 2006, tuition at Saint Benedict and Saint John's increased by 37 percent, faster than the average for all private colleges nationally and faster than the average for liberal arts colleges similar to us, though it still remains lower than the price at our key liberal arts competitors. It is not clear how much longer we will be able to price aggressively. Public pressure to contain tuition increases – from families and lawmakers alike – has become an important issue in Minnesota and nationally. New laws or regulatory changes designed to limit the rate of increase in tuition will remain a threat we will continue to monitor. Our preliminary budget models assume tuition increases of less than six percent through 2011.

#### Undergraduate Enrollment History

Fiscal Year	SJU Enrollment	CSB Enrollment
2008	1,841	2,027
2007	1,837	1,995
2006	1,842	1,992
2005	1,865	1,963
2004	1,903	1,991

**Undergraduate Student Financial Aid.** A CSB/SJU education requires an extraordinary financial investment for the families of most of our students. Our total price of attendance this year (before financial aid) was equal to at least one-third of the family income of fully one-half of our students. The increasing demand for financial aid – awarded on the basis of ability-to-pay and academic achievement – reflects changes in both the willingness and ability to pay for private higher education. Over the past decade, Minnesota’s private colleges collectively have tripled their annual commitment to student financial assistance. Financial aid spending trends at the College of Saint Benedict and Saint John’s University have mirrored trends and choices at most other private colleges in the state and nation.

Our financial aid policies are designed to assist students with demonstrated financial need and to position the colleges to successfully enroll high achieving students. Tuition discount rates reflect not only what individual families are able to pay but also what they are willing to pay for a CSB or SJU education. In other words, they reflect both economic and competitive conditions. Unless barring a change in a family’s financial circumstances, institutional scholarship and grant awards typically are not adjusted for returning students. Consequently, the vast majority of the increase in student financial aid spending reflected in the fiscal year 2008 budget will be awarded to new entering students at both colleges.

The fiscal year 2008 budget includes more than \$42 million for institutional grants and scholarships. Approximately 90 percent of all CSB and SJU students will receive an institutional grant next year. The average tuition discount for all students will total 42.5 percent at Saint John’s and 43.5 percent at Saint Benedict. Our average tuition discount rates are typical for private colleges locally and somewhat lower than rates for similarly-ranked national liberal arts colleges. Only a small portion of all institutional financial aid is funded by gifts or endow-

ment. Gifts and endowment support 6 percent of all grants and scholarships at CSB and 12 percent at SJU. These percentages clearly demonstrate the importance of achieving the financial aid goals included in each of our capital campaigns.

**Non-Tuition Income.** Operating income from non-tuition sources, the largest of which is private gifts and endowment, will rise by 8 percent at both CSB and SJU between fiscal year 2007 and fiscal year 2008. Non-tuition income will comprise 18 percent of total operating income at Saint Benedict next year and 32 percent of operating income at Saint John’s.

**Saint John’s School of Theology•Seminary Tuition and Financial Aid.** The fiscal year 2008 budget includes a 4 percent increase in tuition for students enrolled at the School of Theology•Seminary, identical to the increase last year. Tuition at the school will total \$12,400 for the 2007-2008 academic year. The budget also reflects an average tuition discount rate of 59 percent, nearly identical to the rate for fiscal year 2007.

*Expenditures*

**Compensation.** People are our primary asset and compensation is the highest priority in the fiscal year 2008 budget. The colleges have together allocated \$2.7 million for faculty and staff compensation. All of the total increase in net revenue – from tuition and non-tuition – was allocated for compensation.

Compensation expenditures make up approximately two-thirds of all educational operating expenditures at the College of Saint Benedict and Saint John’s University. The salary pool reflects a base adjustment of 5 percent for faculty and 3.4 percent for administrative and support staff. In addition, the salary pool

includes funding for market and promotional adjustments totaling .48 percent for faculty and .54 percent for administrative and support staff. The budget also includes funding for a 15 percent increase in health insurance costs.

**Health Insurance.** Health insurance claims over the first several months of fiscal year 2007 have run high compared to the past several years. A projection to the end of fiscal year 2008 would suggest the need for a health insurance premium increase of 34 percent. The joint benefits committee recommended plan design changes that would reduce the projected premium increase to 28 percent. After careful review, the Strategic Directions Council concluded that that premium increase would be too large for a single year. Consequently, the fiscal year 2008 budget was built using a 15 percent premium increase with the hope that our claims will moderate. The more moderate increase in fiscal year 2008 will allow us to spread the impact of rising premiums over two years.

Rising health care costs will make it difficult for us to maintain even modest compensation increases in the future. Consequently, this spring we will begin a comprehensive review of departmental cost structures, employee salary market baskets, and institutional fringe benefits.

**New Investments for 2008.** The goals and objectives defined in *Strategic Directions 2010* require new and targeted investments. In addition to compensation investments, the fiscal year 2008 budget includes resources for key activities in support of our strategic direction, including: investments in the common curriculum and faculty travel, new funding for student recruitment initiatives, resources for expansion of the I-LEAD program, and funding for technology improvements.

In total, the fiscal year 2008 budget includes \$1.7 million in new education and general spending at the College of Saint Benedict and \$1.1 million in new education and general spending at Saint John’s University. Total educational spending per student will rise by 4.5 percent at CSB and by 5.4 percent at SJU.

Compensation History	
Fiscal Year	Compensation increase from prior year (excluding tuition remission)
2008	Faculty: 5.9%; Admin/Supp Staff: 4.6%
2007	Faculty: 4.3%; Admin/Supp Staff: 4.1%
2006	Faculty: 3.5%; Admin/Supp Staff: 2.3%
2005	Faculty: 4.7%; Admin/Supp Staff: 4.6%
2004	Faculty: 7.9%; Admin/Supp Staff: 5.2%

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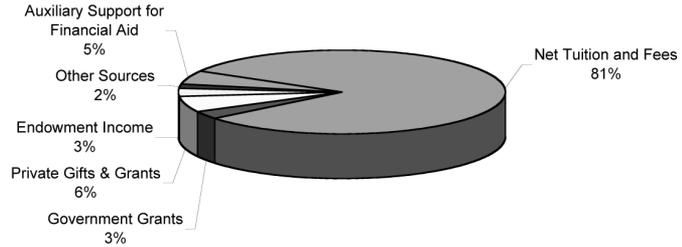
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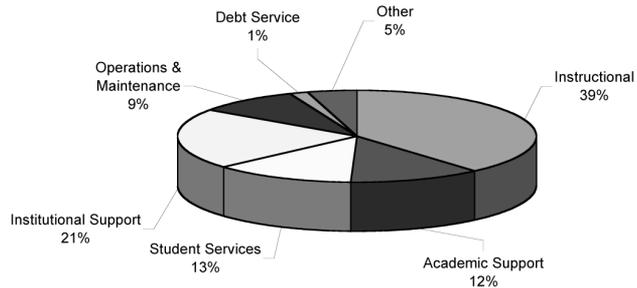
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## COLLEGE OF SAINT BENEDICT FY '08 BUDGET E & G REVENUES AND EXPENDITURES FY '08

Projected Revenue

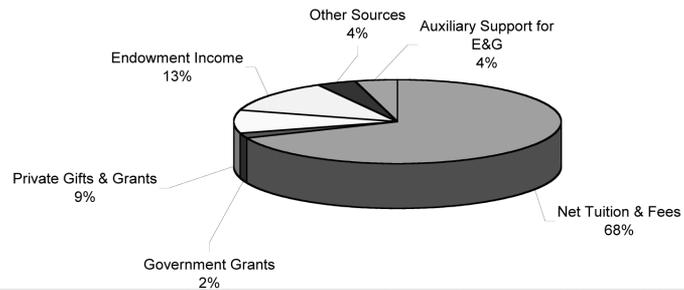


Projected Expense



## SAINT JOHN'S UNIVERSITY COLLEGE OF ARTS AND SCIENCES FY '08 BUDGET E & G REVENUE AND EXPENDITURES FY '08

Projected Revenue



Projected Expense

