

community

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

Boards Approve Fiscal Year 2010 Budget

On March 13, the Board of Trustees of the College of Saint Benedict and the Board of Regents of Saint John's University approved the fiscal year 2010 budgets for CSB and SJU. The budgets total \$60,990,200 for the College of Saint Benedict and \$69,378,275 for the undergraduate College of Arts and Sciences at Saint John's University.

Key elements and planning assumptions for the fiscal year 2010 budget include:

- Combined undergraduate enrollment of 3,939 students, 26 fewer than enrolled in fall 2008. First-year to senior enrollment is expected to total 2,028 at Saint Benedict and 1,911 at Saint John's. We expect to enroll new entering classes of 515 at CSB and 475 at SJU, each incrementally smaller than goals for fall 2008.

- Continuing a practice begun five years ago, the colleges have 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 4.5 percent for all students, the smallest rate increase in at least a generation and a reflection of our continuing concern about the economy and its impact on affordability. Tuition next year for first-year and sophomore students will total \$29,388, an increase of \$1,266. For junior and senior students, tuition will total \$28,978, an increase of \$1,248. The average comprehensive price of attendance for new students, which includes tuition, fees, room, and board,

will rise by 5.23 percent at CSB and by 4.83 percent at SJU. Together, the colleges will provide \$51 million in student financial aid.

- A salary increase of 1.0 percent for faculty and administrative and support staff.

- At Saint John's, the Board of Regents also approved a budget of \$5,288,497 for the School of Theology•Seminary, Hill Museum & Manuscript Library, and the Artist in Residence Program for fiscal year 2010. The SOT budget was built on projected enrollment of 85 full-time equivalent (FTE) students for the academic year and 75 FTE for summer. The budget reflects a 4 percent tuition increase.

Fiscal year 2010 begins on July 1, 2009, and ends on June 30, 2010.

Fiscal Year 2010 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 2010 budgets for the College of Saint Benedict and College of Arts and Sciences at Saint John's University total \$130 million. Our budget process this year worked to balance the economic uncertainty that we and our students and families face with our continuing need to focus on the education of our students. Even in challenging times, our priority and focus must remain on student learning. With careful planning oriented to mission and aspiration, we expect to emerge from the economic downturn as stronger more focused institutions.

Budget Environment

More than 15 years of favorable demographic and economic conditions came to a crashing close in 2008. As we have reported frequently in recent years, the number of high school graduates locally and nationally peaked in spring 2008. We have now begun a slow period of decline that will continue through at least 2015. Not only will the number of high school graduates change, but also the racial and ethnic and socioeconomic characteristics of those graduates. While changing demography does not predict our enrollment destiny, it will change the

marketplace. We expect an increasingly competitive enrollment market for years to come, driven by the efforts of both public and private colleges to enroll high achieving students. Extraordinary price competition (which

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Saint Benedict



Saint John's
UNIVERSITY

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.

At the same time the demographic outlook flattened, the economic bubble apparently burst. The Dow Jones Industrial Average and the S&P 500 each declined by more than 30 percent in 2008, not only impacting the value of our investments and endowments but also influencing the real and perceived ability-to-pay of our students and families. Our students and students everywhere are on average considerably less well off today than they were even six months ago. Our challenge is to chart a course through the most significant economic downturn in generations to provide the high quality learning experience our students and families expect and value.

Budget Summary

The information that follows details key allocations and assumptions reflected in the fiscal year 2010 budget approved by the Board of Trustees and the Board of Regents.

Enrollment

Our projections of first-year to senior enrollment at both CSB and SJU indicate slowly downward trending undergraduate enrollment between fall 2009 and fall 2011. Those projections reflect our judgment about the prospective impact of demographic change and economic uncertainty as well as our desire to begin taking incremental action to right-size both institutions for the long-term.

We expect to enroll a new entering class of 515 women at CSB and 475 men at SJU in fall 2009, each ten fewer than the goal for fall 2008. In total, we have planned for enrollment of 2,028 students

Undergraduate Enrollment History		
Fiscal Year	SJU Enrollment	CSB Enrollment
2010 (projected)	1,911	2,028
2009	1,897	2,068
2008	1,917	2,049
2007	1,886	2,027
2006	1,842	1,992

at the College of Saint Benedict and 1,911 students at Saint John's University (a total first-year to senior headcount of 3,939, compared to 3,965 actually enrolled in fall 2008). The reduction in projected undergraduate enrollment at CSB in fall 2009 reflects the graduation of the college's largest class ever — and the subsequent decision to right-size the college with a smaller first-year class.

We also have planned for stable retention rates, which already significantly exceed 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 to sustain enrollment reserve funds in the event we do not achieve our undergraduate goals.

Revenue

The College of Saint Benedict and Saint John's University receive their revenue from three primary sources: student tuition, fees, room, and board charges; income from our endowments and investments; and income from the generous gifts of individuals, organizations, and foundations.

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 2010, total net revenue (inclusive of E&G and Auxiliary income) will rise by \$1.6 million at the College of Saint Benedict (a gain of 2.8 percent) and by \$2.3 million at the College of Arts and Science at Saint John's University (a gain of 3.8 percent, excluding income from The Saint John's Bible Heritage Edition).

Price of Attendance. The fiscal year 2010 budget includes a comprehensive fee increase — inclusive of tuition, fees, room, and board — of 5.2 percent at CSB and 4.8 percent at SJU. Tuition will increase by 4.5 percent for all students, the smallest rate increase in at least a generation and a reflection of our continuing concern about the economy and its impact on affordability. Tuition next year for first-year and sophomore students

will total \$29,388, an increase of \$1,266. For junior and senior students, tuition will total \$28,978, an increase of \$1,248. The average price of attendance for new entering CSB and SJU students before financial aid (including tuition, required fees, room, and board) will total \$38,500 at CSB and \$37,600 at SJU. The average total price of attendance will be approximately \$400 lower for returning students.

Between fall 2003 and fall 2008, tuition and fees increased by 38.6 percent at the College of Saint Benedict and Saint John's University, rising at an average annual rate of approximately 6.7 percent over that period. Our average annual rate of price growth has been similar to the rate for all of Minnesota's private colleges over the same period and faster than the average for peer liberal arts colleges nationally. Our tuition price remains lower than the average for our national liberal arts peers and lower than at our two primary liberal arts competitors in Minnesota (Gustavus and St. Olaf). Our price position not only must generate sufficient revenue to allow for continuous improvement, it also must reflect the value of the experience we provide to our students. Value-based pricing, which balances our aspirations with affordability, will continue to drive our pricing decisions.

Undergraduate Comprehensive Fee History				
Fiscal Year	SJU Comp Fee	Percent Change	CSB Comp Fee	Percent Change
2010	\$37,650	4.8%	\$38,554	5.2%
2009	\$35,916	7.4%	\$36,627	7.7%
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%

Undergraduate Student Financial Aid. A CSB/SJU education requires a significant financial investment for the families of most of our students. This year, the average family at CSB and SJU will pay more than \$23,000 in tuition, fees, room, and board for their daughter or son's education after grants from all sources. 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 of families to pay for private

higher education. We remain committed to financial accessibility for our students. Over the past decade, Minnesota's private colleges have more than tripled their annual commitment to student financial assistance. Financial aid spending 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 practices are designed to assist students with demonstrated financial need and to position the colleges to successfully enroll high achieving students. Tuition discount rates reflect the summation of what individual students are able to pay and willing to pay. They are tuned to address both economic and competitive conditions.

The vast majority of the increase in student financial aid spending reflected in the fiscal year 2010 budget will be awarded to new entering students at both colleges. Barring a change in a family's financial circumstances, institutional scholarship and grant awards typically have not been adjusted for returning students. However, we expect that the economic downturn will result in higher than usual demand for additional financial aid from returning students next fall. We will make every effort to insure that CSB and SJU remain affordable for returning students.

The fiscal year 2010 budget includes \$51 million for institutional grants and scholarships, an increase of 6.5 percent at CSB and 9.8 percent at SJU. Approximately 90 percent of all CSB and SJU students will receive an institutional grant next year. Our tuition discount rates — now in the mid-40 percent range — are typical among our Minnesota private college peers and have been lower than the average for our national liberal arts peers. Only a small portion of all institutional financial aid is funded by gifts or endowment. Gifts and endowment support 5.3 percent of all grants and scholarships at CSB and 18 percent at SJU. These percentages clearly demonstrate the importance of our Capital Campaigns and increasing endowment support for financial aid.

Non-Tuition Income. Operating income from non-tuition sources, the largest of which is private gifts and endowment, will rise by 5 percent at CSB and stay flat at SJU between fiscal year 2009 and fiscal year 2010. Non-tuition income will comprise 19 percent of total operating income at Saint Benedict next year and 30 percent of operating income at Saint John's.

The sharp downturn in financial markets has negatively impacted endowment and investment earnings at both CSB and SJU. Between June 30, 2008, and January 31, 2009, endowment values fell by 25 percent at both CSB and SJU. While significant losses for us, they create far smaller short-term problems for us than similar losses have created for wealthier colleges and universities. In response to the decline, the CSB Board of Trustees has reduced the endowment draw for 2010. SJU expects no change in its endowment draw next year, but will adapt that position if markets remain volatile. Both CSB and SJU remain cautiously optimistic about their annual fund prospects. The CSB budget includes a 14 percent increase in annual fund giving. While SJU remains on pace to meet unrestricted annual fund giving levels achieved last year, the University is not budgeting an increase for fiscal year 2010.

Saint John's School of Theology• Seminary Tuition and Financial Aid. The fiscal year 2010 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 \$13,416 for the 2009-2010 academic year, an increase of \$516 from the prior year. The budget also reflects an average tuition discount rate of 58 percent.

Expenditures

Compensation. Compensation expenditures make up approximately two-thirds of all educational operating expenditures at the College of Saint Benedict and Saint John's University. Both institutions plan to implement a one percent salary increase for faculty and administrative and support staff effective on October 1.

Compensation History

Fiscal Year	Compensation increase from prior year (excluding tuition remission)
2010	Faculty: 1.0%; Admin/Supp Staff: 1.0%
2009	Faculty: 4.8%; Admin/Supp Staff: 4.7%
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%

Health Insurance. CSB and SJU are self-insured for health and dental benefits. In fall 2007, we contracted with Wells Fargo Insurance Services of Minnesota (WFIS) to review our employee benefit programs, primarily the health and dental plans. They have helped us with strategic benefit planning, plan design, funding, administration, and employee communication. The fiscal year 2010 budget includes a projected increase of 13.9 percent in health insurance premiums and a .8 percent increase in dental insurance premiums. Employees will receive more information about our health and dental care benefits this spring.

Strategic Priorities for 2010.

The economic downturn notwithstanding, we will continue to invest in activities that support our students' learning experience and the college's strategic direction. The fiscal year 2010 budget includes funding to continue implementation of the Common Curriculum, increased support for capital funding on both campuses, additional funding for I-LEAD and the Intercultural Directions Council, and new funding for sustainability initiatives. New strategic investments totaled \$671,919 at CSB and \$552,000 (inclusive of a \$200,000 increase in financial aid for new entering students) at SJU. They were funded principally through reallocation of existing departmental and divisional resources.

Both colleges completed a budget review this winter and developed contingency plans in the event total fall 10th day undergraduate enrollment or net revenue falls by more than three percent below projection. Plans include institutional and divisional reductions and cost-saving measures that will be implemented depending on the severity of the shortfall.

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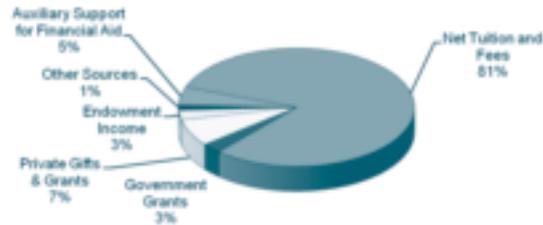
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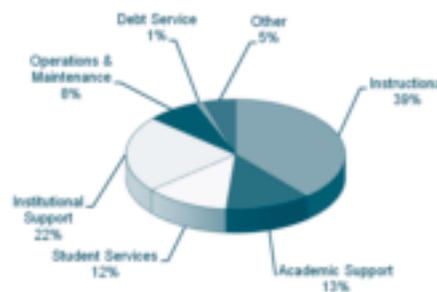
College of Saint Benedict

Fiscal Year 2010 Budget
E&G Revenues and Expenditures

Projected Revenue



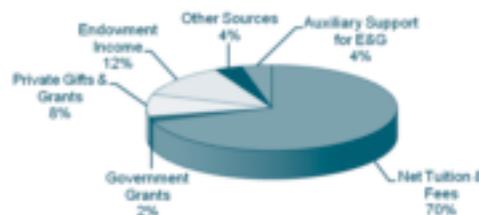
Projected Expense



Saint John's University (College of Arts and Sciences)

Fiscal Year 2010 Budget
E&G Revenues and Expenditures

Projected Revenue



Projected Expense

