

Strategic Directions 2020

Campus Conversations – Financial Sustainability and Affordability

September 23, Quad 170, SJU

47 people attended

Dick Adamson opened the session with a brief presentation on the SJU financial picture for FY14 and FY15 and then also an outlook of where current projections suggest we're headed. The biggest challenge outlined is the anticipated lack of net tuition revenue and enrollment growth in the near future.

Dick stressed that SD2020 should drive the budget.

Questions that Dick asked the attendees to answer: Are those data clear? Have we missed anything? Does anything about what we have presented strike you as particularly compelling as we plan for our future?

- A topic that was brought up several times was the ratio of enrollment between CSB and SJU and what impact that has financially. Dick explained that this is a topic the cabinets are constantly in discussion about and that there is work underway to address the cost-sharing methodology. The current projections suggest we're moving somewhere close to a 54/46 split.
- Several attendees pointed out that they believe the tuition discounting is an unsustainable but also recognized that there are market pressures at play to enroll students.
- An attendee suggested that, given the demographics of the current workforce, we should be strategically using retirements as a way to reduce overall personnel costs.
- An attendee also suggested that the way to cut personnel costs is to reduce the size of the workforce and that we should remain committed to compensating employees competitively (wages and benefits)
- An attendee suggested that the SJU Board of Trustees revisit the endowment spending rate. The rate is set to decrease from 5.0% to 4.5% over a three year period and the suggestion was to go back to 5.0% in order to better support operations.
- It was suggested that the institutions budget on more than a one-year basis. Dick explained that the institutions do have longer-range planning tools and agreed that it makes sense to share those outlooks more broadly with the campus communities.
- There was a discussion regarding whether or not new revenue sources have been explored. There was some concern that new revenue sources may not fit with the missions of the institutions and that our relatively rural location might impede on our ability to create such additional programs (e.g. masters programs). In addition, there was a suggestion that we further explore academic programs that could generate more male enrollment.
- "What can we stop doing?" was an item that was brought to light several times. Rather than always adding programs, what programs should we stop doing in order to free up resources.
- Infrastructure – there was a concern raised that we're not doing enough to keep our facilities updated and that it may be having a negative impact on recruitment. In particular, the Freshman dorms were of

concern. Dick explained that there is a housing master plan in place for ongoing maintenance and that the dorms are being updated on a timeline that coincides with funding availability. He also pointed out that there are no plans currently to build any new dorms.

- An attendee asked if there is a place where they can submit additional ideas/suggestions regarding SD 2020.

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September 24, Quad 170, SJU

28 people attended

Dick Adamson and Sue Palmer opened the session with a brief presentation on the SJU and CSB financial picture for FY14 and FY15 and then also an outlook of where current projections suggest we're headed. The biggest challenge outlined is the anticipated lack of net tuition revenue and enrollment growth in the near future.

Questions that Dick and Sue asked the attendees to answer: Are those data clear? Have we missed anything? Does anything about what we have presented strike you as particularly compelling as we plan for our future?

- Infrastructure – there was a concern raised that we're not doing enough to keep our facilities updated and that it may be having a negative impact on recruitment. In particular, classroom conditions were a concern. Dick and Sue explained that in recent years, there has been a funding stream established to address this and that Richard Ice is working on a classrooms master plan that will help prioritize these needs across the campuses.
- A topic that was brought up several times was the ratio of enrollment between CSB and SJU and what impact that has financially. Dick and Sue explained that this is a topic the cabinets are constantly in discussion about and that there is work underway to address the cost-sharing methodology. The current projections suggest we're moving somewhere close to a 54/46 split. An attendee suggested we all consider the financial impact if this ultimately moves to a 60/40 split.
- Several attendees pointed out that they believe the tuition discounting is an unsustainable but also recognized that there are market pressures at play to enroll students. It was asked whether or not the increased discounting at SJU is purely a result of demographics. The answer is a combination of the demographics and the declining demand in the market among males for liberal arts.
- An attendee asked what share of the tuition discounting is need-based and what share is merit-based. This is a difficult thing to unbundle since, often times, the initial merit award actually ends up meeting financial need for the student. The individual suggested we need to be more deliberate about this and align the way we award aid with our mission.
- "What can we stop doing?" was an item that was brought to light several times. Rather than always adding programs, what programs should we stop doing in order to free up resources.
- There was a discussion surrounding Student to Staff/Faculty ratios. The concern raised is that there are specific targets in place for the Student:Faculty ratio, namely 12:1, but that there isn't such a target in

place for Student:Staff ratios. It was agreed that the Student:Staff ratio needs to increase from current levels, but that there is not set target.

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September 26, 2014, Gorecki 204
39 people attended

Sue Palmer opened the session with a review of the budget for CSB and SJU. Attendees were asked to question if anything needs clarification, if anything was missed or more information was needed and to think what about this information is compelling when doing the Strategic Directions 2020.

Sue reviewed the amount of tuition through the years and the need to moderate our tuition increase. CSB has and will continue to target enrollment at 525 first year students. The tuition discount is changing because of the changing student composition. How do we manage the tuition discount? How do we get the resources needed to continue to offer the education we offer?

Eighty percent of the revenue comes from net tuition and fees. Seventy percent of the expense is from compensation costs.

In order to balance the budget allocations were needed. Allocations in the amount of \$520,000 were done in academic affairs with \$360,000 coming from other areas.

- Was the student to faculty ratio higher? No, it had gone down but we are 250 students smaller. The ratio had gone down to 11.4, there were a higher number of faculty relative to the size of the student body.

Reviewed the peer group, CSB compares favorably on tuition, the endowment at CSB is quite a bit lower. Efforts are being made to change that.

Sue then reviewed the budget for SJU. Looking at a smaller tuition discount. Has much more variability in their enrollment. Future projections are for a slightly smaller first year class. The discount rate is around 60 percent. There were many colleges who missed their enrollment. SJU is slightly less tuition dependent. Reviewed what SJU had to do to balance their budget. Both CSB and SJU will do a five pay period premium holiday to help balance the budget.

- How tuition dependent are peer institutions? While CSB is around 80 percent, peer institutions are probably closer to 70 percent.
- Does comparisons of the endowment include all men or women colleges? The comparison is of colleges with men and women. However, CSB is grossly underfunded as a women's college.

- Is there any one thing that effects the 80 percent more, if had more endowment. There are two things, both have to do with fundraising; the size of the endowment and how to increase the annual fund. CSB has had a tremendous increase in the annual fund. Can we do something else to diversify revenue? A committee has been formed to look at other ways to generate revenue. Some institutions have done this through graduate school. But it needs to fit with the mission of the college.
- As we begin the budget process, and have done significant cuts, what are your thoughts for next budget year to at least maintain but hopefully get in a better position? As we look at next year, SJU will begin with a \$1 million deficit that needs to be covered on an ongoing basis. Any decisions made about compensation and strategic priorities will affect that. May need to look at how can we do things differently, are there things that we don't need to do which would result in savings. We all have to be constantly thinking how to be more efficient and how to increase other revenue sources.
- How do we look at budgeting in the context of demographics of students and the services that we need to support how successful students are in this changing demographic? The work will come through Strategic Directions 2020, the Strategic Directions Counsel, through the VP. The cabinet is aware there are challenges and that there may be things that need to change. These changes need to be incorporated in the strategic plan, together with a financial plan.
- How much does the budget actually rely on auxiliary enterprises to add to the budget? \$3.5 million is transferred from auxiliaries. Seven percent of the total revenue is from auxiliaries. How much is represented by non-student income? The seven percent is total auxiliaries, with the biggest portion coming from room and board.

If there are any additional questions or thoughts email Dick and sue. As a campus community how to move forward, we have a challenge not in a crisis, relative to other institutions, almost every higher ed are in the same position.