
May 13, 2014
FACTORS IMPACTING PRIVATE HIGHER EDUCATION AND SAINT MARY’S COLLEGE

- Growing Public Concern Over Affordability, Student Loan Debt Levels and Business Model of Higher Ed

- Increasing Federal Oversight of Higher Ed and Student Loan Programs

- Scheduled 11% Decrease in Cal Grant Levels

- Mission Focused Commitment to Enroll New Undergraduate Class with at Least 25% of Students Pell Grant Eligible
FACTORS IMPACTING PRIVATE HIGHER EDUCATION AND SAINT MARY’S COLLEGE (Continued)

• Improved Outlook for Public Higher Ed in California, Which is Impacting Enrollment

• Commitment to Implement Board Approved Faculty and Staff Salary Policies

• Phase-in of Operating Costs for Alioto Recreation Center

• Increased Costs for Enhanced NCAA Compliance Efforts
FACTORS IMPACTING PRIVATE HIGHER EDUCATION AND SAINT MARY’S COLLEGE (Continued)

• Slow But Steady National Economic Recovery and Accelerating Bay Area Economy

• Improving SMC Finances with Growing Endowment MV and Shrinking Interest Rate Swap Agreement Collateral

• Increased National Interest in SMC Related to CTCL Designation and Recent AACSB Accreditation

• Improving Undergraduate Retention and Graduation Rates
FACTORS IMPACTING PRIVATE HIGHER EDUCATION AND SAINT MARY’S COLLEGE (Continued)

• Continuing Commitment to Strategic Initiatives Including Library Services, Technology and New Initiatives Likely to Result from Institutional Strategic Planning Process Currently Underway

• Continuing Commitment to Reinvest in Existing Campus Facilities
FORMULATION OF BUDGET ASSUMPTIONS AND PROJECTIONS FOR FY 2014-2015

• Developed with Input and Recommendation from College Budget Committee During Fall Semester

• President and Cabinet Make Recommendation to Finance Committee in January

• Finance Committee Makes Recommendation to Full Board of Trustees for Adoption in January

• Operating Budget Updated as Necessary in October
KEY SAINT MARY’S COLLEGE REVENUE BUDGET ASSUMPTIONS FOR FY 2014-2015

• Net Tuition Revenue from Undergraduate Students Provides 53.9% of Total Revenues, while Room and Board Fees Provide 15.9% of Total Revenues

• Level Undergrad Enrollment Target of 2,870 (775 New), which Recognizes Campus Physical Space Limitations

• Continued Shaping of Academic Profile of New Class to Foster Academic Success and Improve Retention and Graduation Rates
KEY SAINT MARY’S COLLEGE REVENUE BUDGET ASSUMPTIONS FOR FY 2014-2015 (Continued)

• Tuition and Fee Increases with Undergrad Tuition Increasing 3.75% to $41,230

• Room and Board Increasing 3.5% to $14,142

• Comprehensive Fee Increasing 3.7% to $55,522

• “List Price” of SMC Comprehensive Fee Remains Near Average of Selected California Colleges and Below Average of Western CTCL Schools
TUITION, FEES, ROOM AND BOARD AT SELECTED PRIVATE CALIFORNIA COLLEGES
FY 2013-2014
Financial Aid Budget Maintains Goal of 25% of New Undergraduate Students Pell Grant Eligible

New Student Tuition Discount Rate Increases from 37% to 38%, while Net Tuition (“Net Price”) Per New Student Increases 2.1% from $25,036 to $25,563

Non-Athletic Financial Aid Increases 4.4%, while Athletic Grants-in-Aid Increases 2.5% to Reflect Tuition and Fee Increases and Reductions in Total Grants from 107.39 to 106.39 (Last Planned Reduction)
KEY SAINT MARY’S COLLEGE REVENUE BUDGET ASSUMPTIONS FOR FY 2014-2015 (Continued)

• Graduate and Professional Programs Provide 21.8% of Total Revenues

• Total Graduate and Professional Programs Revenue Increase 4.8%

• Total Graduate and Professional Programs Net Income Increases 8.3%, which Reflects Continued Revenue Growth in Most Programs
KEY SAINT MARY’S COLLEGE REVENUE BUDGET ASSUMPTIONS FOR FY 2014-2015
(Continued)

• Endowment, Unrestricted Giving and Other Revenue Equal 8.4% of Total Revenues

• Endowment Income Increases 5.7% to $6.5 Million

• Reflects 12-Quarter Average, Gradual Investment Growth, Additions from Gifts, and 5.0% Spending Rate

• Unrestricted Giving Decreases 3.8%, which Reflects Focus of Fundraising Efforts on Capital Projects and Impact of Improving Economy
SUMMARY OF REVENUE BUDGET ASSUMPTIONS FOR FY 2014-2015

- Operating Revenues Total $128.4 Million

- Student Related Revenues Comprise 91.6% of Total Operating Budget Revenues

- Undergraduate Comprehensive Fee Increases by 3.7%

- Undergraduate Financial Aid Increases 4.4%

- Net Tuition Revenue Per New UG Student Increases by 2.1%, while G&P Net Student Revenues Increase by 8.3%
SAINT MARY'S COLLEGE
REVENUE BUDGET FY 2014-2015
TOTAL: $128,398,000

Net Undergraduate Tuition and Fees 53.9%
Adult and Graduate Tuition 21.8%
Auxiliary Enterprises 15.9%
Endowment and Interest 5.0%
Gift Revenue 1.6%
Other 1.8%
KEY SAINT MARY’S COLLEGE EXPENSE BUDGET ASSUMPTIONS FOR FY 2014-2015

• Salaries and Benefits Equal 62.8% of Total Expenditures

• Faculty Salary Pool Increases 4.9%, which Reflects Additional Full Professor Step, Scheduled Steps and Promotions, and 2.5% Base Salary Increase

• Staff Salary Pool Increases 4.8%, which Reflects 2.5% Base Salary Increase, Expected Promotions and Salary Adjustments, and Several New Positions

• Employee Benefits Increases 5.6%, which Reflects Continuation of 8.25% Employer Pension Contribution and 8.0% Increase In Employer Health Ins. Contribution
KEY SAINT MARY’S COLLEGE EXPENSE BUDGET ASSUMPTIONS FOR FY 2014-2015 (Continued)

• $1.3 Million Provided for Strategic Initiatives (SI)

• Initiatives Include Increased Support for Library Operations, Campus-wide Technology, and Alioto Recreation Center, as well as Funds for One-Time and Continuing New Initiatives; likely Informed by New Strategic Plan

• New Allocation of $789,000 for Operation of Alioto Recreation Center (offset by $467,000 of SI Funds) and $175,000 for Enhanced NCAA Compliance Efforts
KEY SAINT MARY’S COLLEGE EXPENSE BUDGET ASSUMPTIONS FOR FY 2014-2015 (Continued)

• Utilities Increase 5.0%, with Savings to Additional Conservation Measures

• Major Maintenance of Facilities Level at $1.9 Million

• Depreciation Expense (Reinvestment in Existing Facilities) Down at $2.0 Million, but to be Supplemented at Fiscal Year-end

• Debt Service Increased by 3.4% to $4.2 Million Related to Potential Costs of Bridge Financing for Rec. Center
SUMMARY OF EXPENSE BUDGET ASSUMPTIONS FOR FY 2014-2015

• Operating Expenses Total $127.9 Million

• Faculty and Staff Compensation Comprise 62.8% of Total Operating Budget Expenditures and Reflects Last of Four-Year Implementation of New Faculty Salary Policy

• $1.3 Million Provided for Strategic Initiatives

• Reinvestment in Existing Campus Facilities to be Supplemented at Fiscal Year-end
SAINT MARY’S COLLEGE EXPENSE BUDGET
BY OBJECT FOR FY 2014-2015
TOTAL: $127,928,000

- Faculty Salary: 23.5%
- Staff Salary: 25.1%
- Employee Benefits: 14.2%
- Debt Service: 3.3%
- Non-Salary Expenses: 31.1%
- Depreciation Funding: 1.6%
- Strategic Initiatives: 0.4%
- Other Expenses: 0.8%
- Debt Service: 3.3%
- Strategic Initiatives: 0.4%
- Other Expenses: 0.8%
SAINT MARY’S COLLEGE EXPENSE BUDGET
BY FUNCTION FOR FY 2014-2015
TOTAL: $127,928,000
KEY SAINT MARY’S COLLEGE
BUDGET ASSUMPTIONS FOR FY 2014-2015
SUMMARY

• Total Operating Budget Revenues Increase 3.4% to $128.4 Million

• Total Operating Budget Expenses Increase 3.3% to $127.9 Million

• Positive Net Income of $0.5 Million

• Budget Formulated to Reflect External Factors, Challenges, and Opportunities
Budget Questions?
STAFF SALARIES FOR FY 2014-2015
Staff Compensation Philosophy

• Staff Salary Policy Reflects Mission, Traditions, and Values of Saint Mary’s College as They Relate to the Larger World and to Internal Operations

• College Committed to Paying Salaries According to Guiding Principles of:
  - Equity (Internal Fairness)
  - Stewardship (Financial/Fiscal Prudence)
  - Market Forces (External Competitiveness)
  - Sustained Quality Education
FY 2014-2015 Staff Salaries

• Salary Scales Established in FY 2011-2012 with Assistance of Hay Group

• Scales Increased in FY 2012-2013 by 1% with No Increases to Scales in FY 2013-2014

• Scales to Increase by 2% in FY 2014-2015 based on Research and Analysis Conducted by Hay Group
## Staff Salary Ranges

**FY 2013-2014**

<table>
<thead>
<tr>
<th>Grade</th>
<th>minimum</th>
<th>midpoint</th>
<th>maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>24,179</td>
<td>30,224</td>
<td>36,369</td>
</tr>
<tr>
<td>2</td>
<td>26,725</td>
<td>33,406</td>
<td>40,087</td>
</tr>
<tr>
<td>3</td>
<td>29,270</td>
<td>36,587</td>
<td>43,905</td>
</tr>
<tr>
<td>4</td>
<td>33,300</td>
<td>41,625</td>
<td>49,950</td>
</tr>
<tr>
<td>5</td>
<td>36,709</td>
<td>47,723</td>
<td>58,736</td>
</tr>
<tr>
<td>6</td>
<td>42,398</td>
<td>54,881</td>
<td>67,546</td>
</tr>
<tr>
<td>7</td>
<td>46,702</td>
<td>60,714</td>
<td>74,725</td>
</tr>
<tr>
<td>8</td>
<td>55,880</td>
<td>72,644</td>
<td>89,408</td>
</tr>
<tr>
<td>9</td>
<td>63,426</td>
<td>82,454</td>
<td>107,825</td>
</tr>
<tr>
<td>10</td>
<td>73,011</td>
<td>94,915</td>
<td>124,119</td>
</tr>
<tr>
<td>11</td>
<td>82,393</td>
<td>107,111</td>
<td>140,068</td>
</tr>
<tr>
<td>12</td>
<td>103,399</td>
<td>134,419</td>
<td>175,778</td>
</tr>
</tbody>
</table>
Distribution of Staff
## Staff Salary Ranges

### FY 2014-2015 (2.0% Scale Inc.)

<table>
<thead>
<tr>
<th>Grade</th>
<th>minimum</th>
<th>midpoint</th>
<th>maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25,156</td>
<td>30,828</td>
<td>37,096</td>
</tr>
<tr>
<td>2</td>
<td>27,260</td>
<td>34,074</td>
<td>40,889</td>
</tr>
<tr>
<td>3</td>
<td>29,855</td>
<td>37,319</td>
<td>44,783</td>
</tr>
<tr>
<td>4</td>
<td>33,966</td>
<td>42,458</td>
<td>50,949</td>
</tr>
<tr>
<td>5</td>
<td>37,443</td>
<td>48,677</td>
<td>59,911</td>
</tr>
<tr>
<td>6</td>
<td>43,246</td>
<td>55,979</td>
<td>68,897</td>
</tr>
<tr>
<td>7</td>
<td>47,636</td>
<td>61,928</td>
<td>76,220</td>
</tr>
<tr>
<td>8</td>
<td>56,998</td>
<td>74,097</td>
<td>91,196</td>
</tr>
<tr>
<td>9</td>
<td>64,695</td>
<td>84,103</td>
<td>109,982</td>
</tr>
<tr>
<td>10</td>
<td>74,471</td>
<td>96,813</td>
<td>126,601</td>
</tr>
<tr>
<td>11</td>
<td>84,041</td>
<td>109,253</td>
<td>142,869</td>
</tr>
<tr>
<td>12</td>
<td>105,467</td>
<td>137,107</td>
<td>179,299</td>
</tr>
</tbody>
</table>
FY 2014-2015 Staff Salaries

• Staff Below Salary Grade Minimum will be Adjusted to Minimum of Salary Range

• Staff at Minimum to Midpoint of Salary Grade will Receive 2.5% Base Salary Increase

• Staff at Midpoint to Maximum of Salary Grade will Receive 2.0% Base Salary Increase

• Staff Above Maximum of Salary Grade will Receive One-time Lump Sum Payment of 1.5% of Base Pay
FY 2014-2015 Staff Salaries

• Staff Hired or Promoted After March 31, 2014 Will Not Be Eligible for an Increase on July 1, 2014

• Staff Receiving a Performance Review that Indicates an Overall Rating of “Needs Improvement” are Eligible to Receive a Non-retroactive Increase if Performance Expectations improve to “Achieves Expectations” No Later than March 31, 2015
FY 2013-2014 Staff Salary Profile (Current Wage Scale)

- Total staff headcount (Excludes Coaches, Deans, Cabinet Members) = 406
- 214 (53%) Staff Below Current Scale Midpoints
- 192 (47%) Staff at or Above Current Scale Midpoints
2014-2015 Staff Salary Profile
(2.0% Scale Inc.)

- Total Staff Headcount (Excludes Coaches, Deans, Cabinet Members) = 406
- 213 (53%) Staff Below Scale Midpoints
- 193 (47%) Staff at or Above Scale Midpoints
Staff Recognition

• Staff Recognition Task Force to Formulate and Implement Program(s)

• Taskforce Made Up of Staff Council Members, Supervisors, HR, and Other Staff Members

• Recognition Program(s) to Leverage Work of Staff Performance Review Taskforce; Which Built Upon PSD System, Staff Salary Task Force, Hay Group Data, and GaelPerform System

• Possibilities Include Individual/Departmental Programs, Merit Based Pay, Non-monetary Programs, and Peer Nominated Staff of the Year Award(s)
Salary Questions?

May 13, 2014