

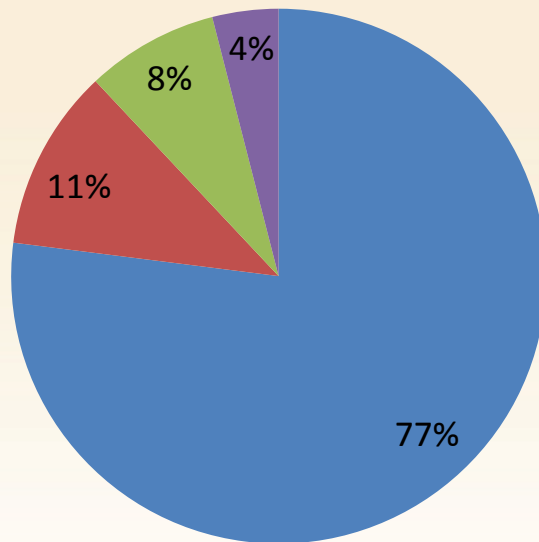
# Financial Planning in Uncertain Times:

The Approach Used at MICDS  
for FY 10

## A Bit of Background

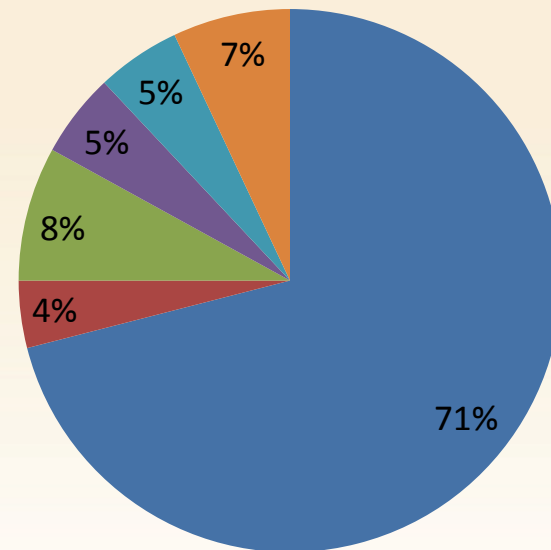
- 1210 Students Junior Kindergarten – 12<sup>th</sup> grade in Suburban St. Louis
- 275 employees
- 100 acres
- Endowment \$63 M as of June 2009
- Operating Budget \$28 M
- Annual Fund \$2 M
- Financial Aid \$3.4 M
- No debt

### FY 2008-09 Revenue



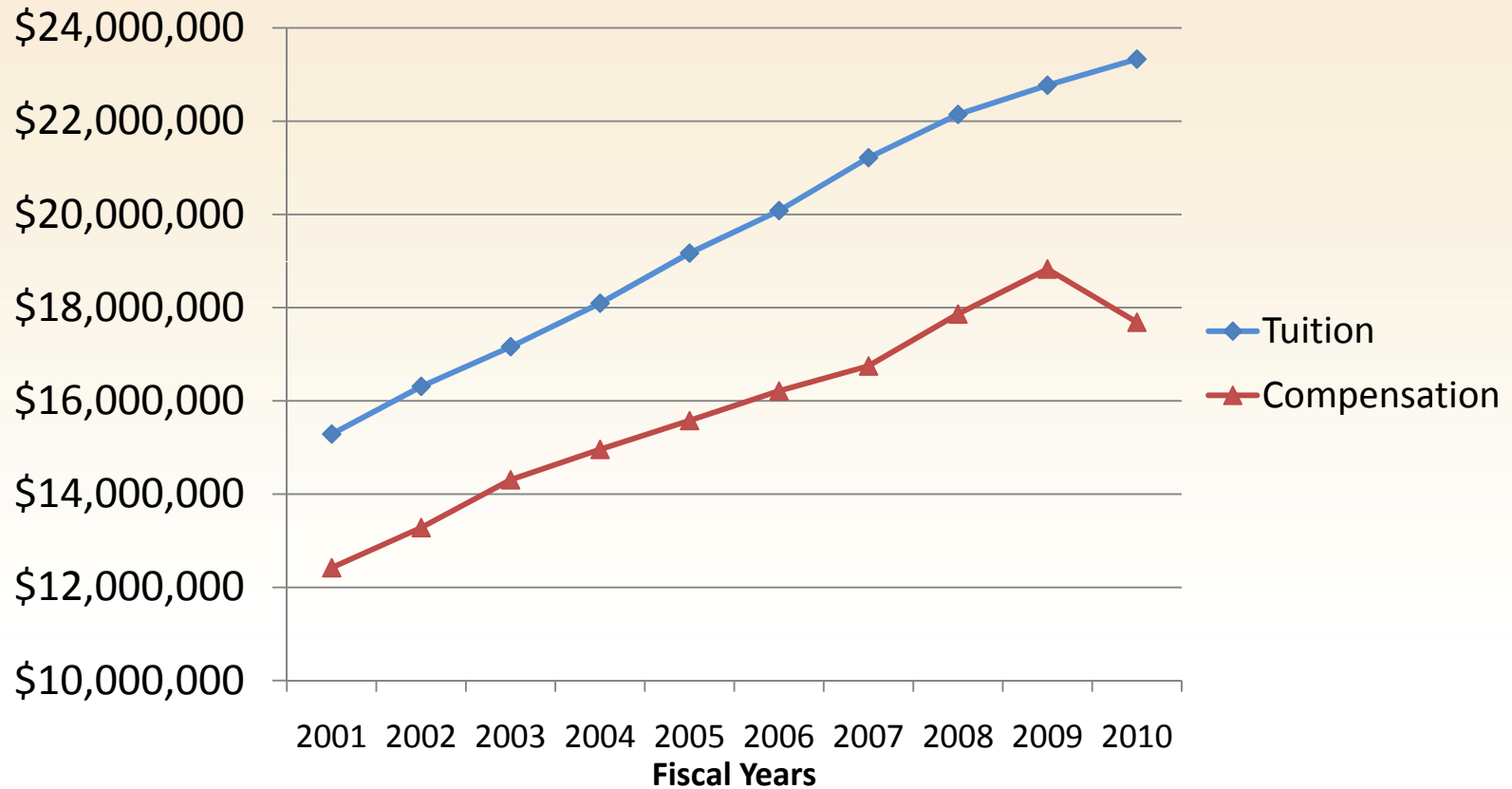
- Tuition, net of financial aid
- Endowment income
- Annual Fund
- Miscellaneous income

### FY 2008-09 Expenses

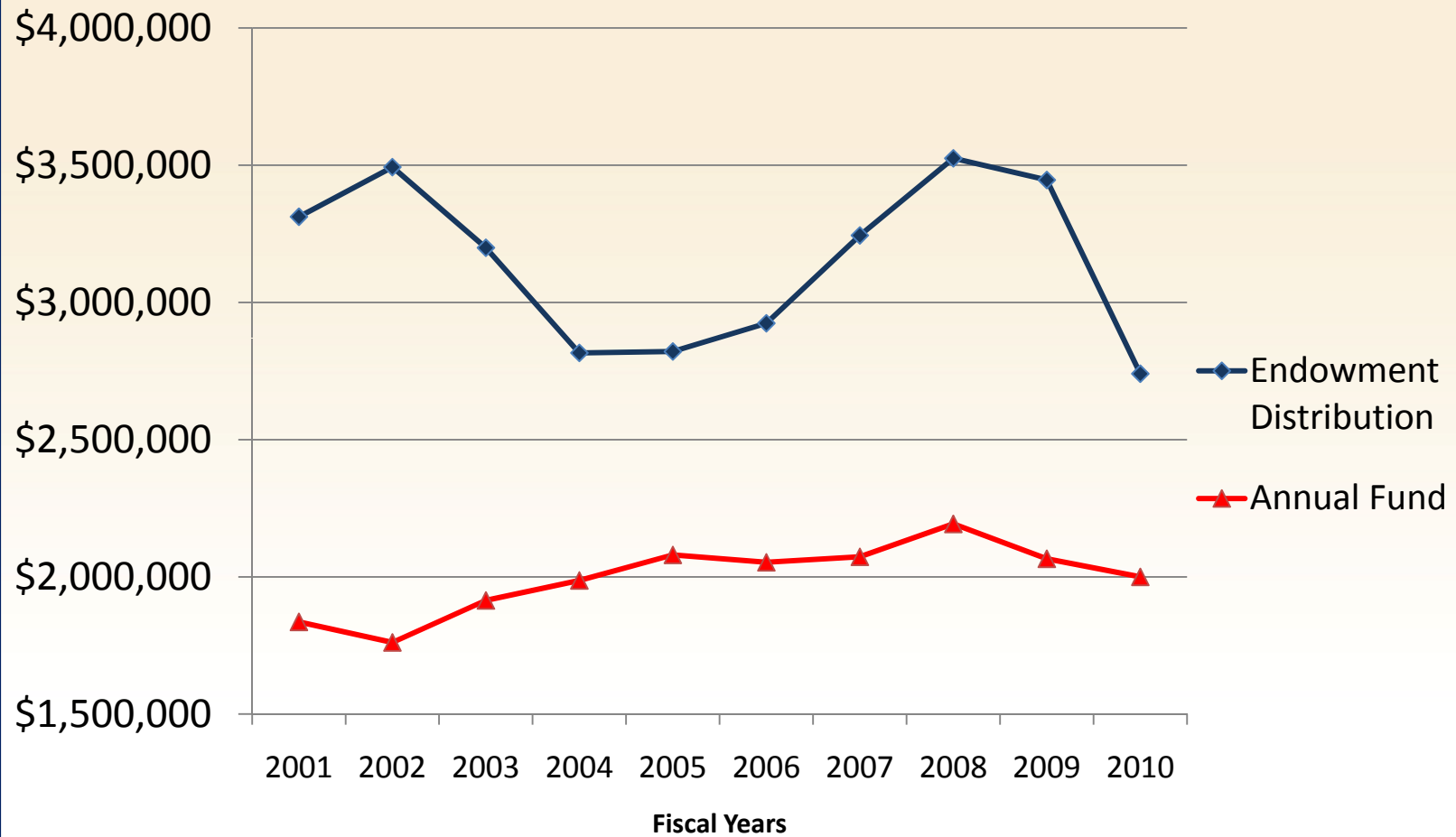


- Salaries and benefits
- Instructional
- Administrative
- Maintenance, security and utilities
- Lunch program and bookstore
- Technology and capital expenses

## Tuition & Compensation History



## Endowment Distribution & Annual Fund History



# A Shrinking Pie During 08-09

- ✓ Balanced the Operating Budget
- ✓ Significant Shortfall in Revenue During 08-09
  - ✓ Annual Fund
  - ✓ Investment Income
  - ✓ Endowment
  - ✓ Underwater Restricted Funds
- ✓ Cut 08-09 expenses enough to balance budget despite significant shortfall
  - ✓ Reduced non-critical operating expenses
  - ✓ Didn't fill vacancies
- ✓ Developed a new approach to budget creation for FY 10

## Decisions Made During Winter and Early Spring of 08-09 for FY 10

- Changed the Budget Calendar for FY 10 > preliminary budgets voted in January, preliminary in effect until August, voted final in Sept once enrollment was known.
- 3 budgets based on 3 levels of enrollment with a new budget calendar
- Knew we'd have to live with a much smaller pie (due to reductions in endowment draw, investment income, annual fund, enrollment)
- Food Service RFP and process, moved 19 Eee postions off our books, but only a modest decrease in food service costs because of better product
- Reduced Non-Mission Critical Operating Budgets by 10%

# Transparency in Communication

- Shared what we knew with faculty and staff starting in November: possible winter storm
- Board and Admin Meetings (Nov-Jan): Determine Strategy
- Reconvened employees Mid-Feb: full disclosure, contracts send day before
- Strove to give confidence to as many employees as possible, but not mislead others with uncertain enrollment
  - Three choices: delay contracts, include caveat, or hold some
- Explained the Necessity of Reductions
  - Staff Cuts Possible: know more by May
  - Faculty Contracts: 90% issued, 10 % held until confident
- Lots of Communication with Parents/Alumni
  - Magazine, Town Hall Forums, Division-Specific Communications about Individuals
- What was true for one employee (no raise) was true for EVERY employee

## This Year

- Voted final budget in September
- Opened with 1210 students, down 8 from last year
- Reduced FTEs: 16 positions have been restructured and eliminated about 5% (6 faculty, 4 admin + prof staff, 6 operations) > \$1 M reduction
- Offered a modest holiday bonus—huge win
- Annual Fund trailing YTD 08 and 09
- Once again using a flexible budgeting process and new budget calendar

## Thinking Ahead to Next Year

- Give a modest raise and maintain current benefits
- Set a reasonable overall tuition increase
- Lower endowment distribution
- Budget for contingency
- Create budgets that flex for enrollment
- Develop a new approach to deferred maintenance
- Maintain morale through continued transparency
- Hold some contracts until we know more about enrollment (PT folks, or first-year hires—perhaps a little restructuring TBD)