REPORT OF THE CONTINGENCY PLAN COMMITTEE

Saint Mary’s College

Notre Dame, Indiana

October 2004

2004 CONTINGENCY PLAN COMMITTEE

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## REPORT OF THE 2004 CONTINGENCY PLAN COMMITTEE

I. Introduction

**A. Charge to the Committee:**

Colleges and universities are experiencing fiscal challenges that include a downturn in the stock market and the economy, increasing pressure to limit tuition increases, increasing financial need as well as consumers seeking tuition discounts, increasing cost and dependence on technology, and increasing expectations of parents and students for facilities and services. Saint Mary’s College is no exception. In the spring of 2003, the Board of Trustees directed the President to present to the Board an updated version of the College’s 1984 Contingency Plan. The President appointed a committee whose charge was to:

**Develop a plan that will enable the College to fulfill its mission while experiencing unanticipated change; to recommend alternative courses of action that will guide the College toward a positive, strong, and financially viable future**.

The Contingency Plan Committee (CP Committee) has attempted to solicit broad-based input and support from the College community to ensure thoughtful consideration of the issues and creative suggestions for inclusion in the plan. The success of Saint Mary’s College is due in large part to the dedication and valuable contributions of all community members. The CP Committee is thankful to all who contributed to this effort.

**B. Review of the 1984 Contingency Plan**

Initially the ’04 CP Committee hoped that it could complete its charge by updating the ’84 CP. The Committee sought input from original members of the ’84 CP Committee to get a historical perspective and background on the process used by the ’84 Committee.

***For several reasons, the ’04 CP Committee found the ‘84 CP to be dated and too limited in scope for the situations the College currently faces. A new CP follows.*** The CP Committee prepared a full response to the 1984 Contingency Plan. The CP Committee’s response highlights the strengths and limitations of the ’84 plan as well as changes in admissions, financial aid, campus support programs, and information technology since 1984. A copy of the response is attached as Appendix A.

# II. Conceptual Framework

**A. Nature of This Report**

This report, like its predecessor – the 1984 Contingency Plan – is in reality a set of recommendations for fashioning a specific plan in response to a specific set of circumstances that may confront the College. In short, the Committee recognizes that it is impossible to establish a plan that will respond in detail to the variety of actual circumstances that may arise. It is the Committee’s intent to be more general, so that this report can serve as a starting point not only for challenges that confront Saint Mary’s College today, but also for those that may arise several years from now.

**B. Guiding Principles**

The Committee recognized that it was important to base the Contingency Plan on specific principles that have guided our institution. One of our first tasks was to review all major documents of the College including the Charter, Bylaws, Mission Statement, Statement of Philosophy of Purpose, Strategic Plan, Master Plan, Governance Manual, North Central Accreditation Report, among others.

Documents were divided into primary and secondary sources. The primary sources that include the College’s legal documents – Charter and Bylaws – and Mission Statement help define who we are and what we are about. These descriptors also act as constraints and generally are not negotiable. For example, because the Bylaws describe Saint Mary’s as a women’s college, the ’04 CP Committee could not consider offering undergraduate degrees to men as a possible contingency response to declining enrollments. Secondary sources are not legally binding and, therefore, provide the Committee with some flexibility but should be afforded great weight.

**1. Descriptors from Primary Sources**

* 1. From the College’s Bylaws:
		1. Excellence in both liberal education and professional preparation.
		2. Commitment to the best expression of the Catholic tradition.
		3. Special emphasis and proficiency in the education of women.
	2. From the College’s Mission Statement:
		1. Saint Mary’s College is a Catholic, residential, women’s college in the liberal arts tradition.
		2. Saint Mary’s College promotes intellectual vigor, aesthetic appreciation, religious sensibility, and social responsibility.
	3. From the 2002 Audit (based on the College’s Bylaws):

“…the College reaffirmed that it will remain a Catholic institution and that its mission is an all-women’s institution providing education in the liberal arts tradition. Should the College cease to pursue its defined mission without prior approval of the majority of both Class I and II Trustees, title to all buildings and real property may be subject to reversion to the Congregation.”

**2.** **Descriptors from Secondary Sources**

* 1. Some documents make the assumption that Saint Mary’s College will remain a traditional, undergraduate institution.
	2. Some documents include statements recognizing the value of diversity and a holistic education model.
	3. The importance of maintaining academic standards (the quality issue) is emphasized.

As an additional consideration, the CP Committee attempted to articulate who we are and what we aspire to be as a community.

**3. A Community Perspective**

1. We are a Catholic residential college for women as described in the Mission Statement.
2. Given the College’s history and continued inter-relationship with the Sisters of the Holy Cross, our work should support and encourage positive relations with the Congregation.
3. Our work should encourage positive relations with alumnae, students, parents, the local community, and friends of the College.
4. For the College to be successful, it must attract and retain qualified and dedicated faculty, administrators, and staff. In this regard, our work should support Saint Mary's College as an excellent place to work. As a Catholic institution, the College should be especially sensitive to social justice issues in all areas, including its relations with its employees.

1. Given its mission, the College should also model “Catholic social responsibility” by being a good corporate citizen. This entails outreach to the South Bend community as well as to the larger world.

***The CP Committee recognized that the College’s major documents provide a principled foundation that is important in crafting the CP; and we have attempted to abide by***

***these principles to the extent possible, especially when fashioning contingency responses.***

**C. What Students Value**

**The Committee felt it was important, when fashioning a contingency plan, to be mindful of what students value about their Saint Mary’s experience**. As part of its work, the CP Committee reviewed a variety of opinion surveys completed by admitted, entering, and continuing students. On the biennial Sophomore-Senior Survey students consistently reported high levels of satisfaction with student-faculty and student-student interactions, class size, and overall quality of instruction. Other highly positive aspects of campus life indicated by students were the general education curriculum, library and computer facilities, opportunities for community service, and the ability to find a faculty or staff mentor. Students newly-admitted to the College report comparable characteristics as “very important” in making their college choice, and they rank our college higher on these characteristics than our competitor colleges.

The Committee also asked student leaders (Student Government, Board of Governance,

club officers, RAs, etc.) to complete a questionnaire in Fall 2003 in which students were asked to identify “the most important aspects of student life at Saint Mary’s” and characteristics they find “indispensable to the Saint Mary’s experience.” The responses were consistent with data reported in the ongoing research of continuing students and newly admitted students. Key elements of the Saint Mary’s experience as specified by these student leaders included:

* Variety of campus events and activities.
* Close-knit, friendly community.
* The people: faculty and staff, fellow students, student government.
* Quality, accessible faculty.
* Small class size – low faculty-student ratio.
* Strong academics.
* Student clubs and organizations.
* Residence life.
* Traditions.
* Safety of campus environment.
* Women’s college.
* Notre Dame/Saint Mary’s relationship.
* Resources in area community/service opportunities.
* Spiritual dimension/Campus Ministry.
* Beauty of campus.
* Traditional age students.
* High admission standards.
* Work-study program.

# D. Teaching and Learning: The College’s Core Business

***It is clear that the College’s core business is teaching and learning.***

For Saint Mary’s professors, teaching is more than a job, however demanding, and more than a career, however professional. Saint Mary’s College professors care deeply about their disciplines and the well being of the students they teach. College teaching is a very labor-intensive, value-added responsibility. “The professor must be familiar with the whole range and sweep of the field. He or she must be able to organize material, divide it into manageable segments, stress its relationships, introduce its principles, identify its assumptions, explore its ambiguities, reveal its implications, discuss its application, and explain, challenge, answer, interpret, (and) illuminate” (*The Role of the American University The Creation of the Future*, Frank Rhodes, Cornell University Press, 2001, p. 63). In addition, Saint Mary’s College professors spend a great deal of time with students outside the classroom, clearing up difficulties students have with the material; encouraging new directions in student learning; advising about courses, careers, and graduate school as well as about personal and world issues. Strong bonds form between Saint Mary’s College students and professors based on mutual regard. Alumnae frequently comment about the remarkable relationships they have with faculty. These relationships continue long after graduation.

From the student’s perspective, we know that “Education is not a spectator sport; it is a transforming encounter. It demands active engagement, not passive submission; personal participation, not listless attendance…Help, support, encouragement, advice, guidance – all these are at the student’s elbow. But …she must select the goal, must put in the effort, and must run the race. That expectation leavens the student-faculty relationship…Students are expected to pace themselves, plan their schedules, think for themselves, help themselves…seek out the professor…But once they do, all the vast resources of the institution are available to them, and they flourish. This is a quiet transformation. They will learn to think; they will grow in discernment, develop in leadership, and mature in judgment – even as they think they’re only studying physics or just taking a course in history, or merely playing on a team. It is often only in retrospect that most graduates realize what a transforming influence the undergraduate experience has proved to be” (Rhodes, p.65).

The High Cost of a Private College Education

***Parents value education, but many struggle with understanding why it is so much more expensive than it was a generation ago. In fact, the relative rise in tuition has been steep. Only health care costs have risen faster than college costs.*** Trends in college tuition present serious problems for most families, but especially for low to moderate-income families, which include the families of most first generation college students. There is a sense of public outrage over the high cost of a college education and a growing pressure to keep tuition costs in line. If academia does not respond to this issue, there is a chance that others who are less informed will do it for us, as seen in the healthcare field and recent proposed education legislation.

***Why have we seen such sharp increases?*** There are many reasons: high costs associated with information technology and admission, compliance with government regulations, rising employee health-care costs, costly maintenance of older buildings, increasing competition for students which result in ballooning financial aid costs as well as costs associated with offering students a “more enriching” college experience. One major concern is cutbacks in federal funding. Before 1980, 80% of federal funding was in the form of grants, 20% was in the form of loans. Currently, federal financial aid consists of 25% grants and 75% loans. This has required that colleges offer more institutional grant aid, especially to those with modest income. In recent years, colleges have given more merit aid, often resulting in bidding wars by some colleges for the best and brightest. Spiraling financial aid costs, due in large part to increasing tuition cost, have the unfortunate effect of causing, at least in part, even higher tuition cost.

# Should colleges be run like a business? What is the best model for us?

***Given the purpose of the CP, it is important to address the increasing phenomenon of treating colleges and universities like businesses. In some important ways colleges and businesses are similar. Both are interested in effective marketing, both must be concerned with cash flow, both should look for cost savings and process efficiencies, and both should look for additional revenue streams. But in many fundamental ways, colleges are not businesses and we should be very careful not to assume that what is best for a business enterprise in a given situation is best for a college. The following illustrates some of the differences.***

Colleges are not in business to make a profit for shareholders, although we certainly need to have sufficient revenues to cover expenditures. In fact, tuition revenue does not come close to covering the cost to operate the college, a fact that is not communicated effectively to parents, students, and the public.

In business, fixed costs per unit go down as production increases with resulting economies of scale. To some extent this is true in academia as well, but for a college that depends on its endowment and revenue from other operations to support its student subsidies, increased size spreads those resources over more and more students, reducing the average subsidy per student unless the college is willing to increase its discount rate (The University in a Corporate Culture by Eric Gould, Yale University Press, 2003, p. 76). In short, endowment per student is a very important factor in the financial health of a higher education institution, a factor without a close parallel in industry.

It is also important to recognize that students are educated one by one. “Production” is limited to how many students a professor can teach. At Saint Mary’s, we differentiate ourselves and justify tuition cost by our low student-teacher ratio. It is expensive but critical to the educational experience of our students.

Similarly, students are not consumers in the business sense. To think otherwise is to undermine the faculty-student relationship, which is critical in transforming the student to her best self. It is important to recognize and preserve the expertise and authority of the faculty. Although students are collaborators in the learning process, it is not in their best interest to place them in full control of the educational process as the metaphor “student as consumer” would imply. However, to the extent that students believe that a degree from “State College A” is as valuable as a degree from “Private College B”, the consumer model forces private educational institutions to differentiate themselves and justify the price difference.

***The College is not a business in the traditional sense. Our approach to the individual and the process of education requires that we recognize this difference and transform the best that the business world has to offer without sacrificing our special mission.***

Market Pressures and the Academy

***Given market pressures, it is important that we not forget who and what we are. In the end, it is the faculty who give the College its credibility as a credentialing body*** (Gould, p. 83). It is important to recognize that tenure and academic freedom protect this effort and allow colleges to protect their distinctive identity as academic institutions.

***That said, the faculty must and do realize that the College will continue to exist only if it offers perceived value to students and their parents.***  In a larger context, we will continue to grow “only in response to the ‘needs’ of the economy, society, technology, or some other great force” (Gould, p. 134). Given the high cost of tuition and the debt loads of many of our students, it is no wonder that our students feel tremendous pressure to obtain high paying employment after graduation. (Financial aid data for the class of 2004 shows that the average indebtedness from federal Stafford loans is $15,504; the average indebtedness from alternative private loans is $22,774; and, the average indebtedness from parent loans is $29,739.) We would be naïve to assume otherwise. We want our graduates to be prepared for the job market, to earn a good living for themselves and their families.

***How does a College best prepare graduates “for a future in which the average American will change jobs, and even careers, six times; where specialized knowledge has a half-life as short as five years; where societal and ethical questions are deeply entwined with technical ones; and where relentless self-learning over a lifetime is a prerequisite for professional and personal success?”*** (Rhodes, p. 86).

***There has been and will continue to be a demand for professional programs. Saint Mary’s has a long tradition of offering professional education*** – nursing, education, art, social work, and business administration – and it is possible that additional programs will need to be added in the future. Each year approximately one-half of Saint Mary’s graduates earn their bachelor degrees in professional programs.

Saint Mary’s also has consistently prided itself on providing a liberal arts basis for the education of all its students, whether they major in a liberal arts discipline or pursue a professional degree. (When speaking about the liberal arts, we mean to include: humanities, social sciences, mathematics, fine arts, and sciences.) Pursuit of the liberal arts has been under fire in the popular press and culture, which seem to place higher value on specific professional preparation. Skills developed in liberal arts courses (the ability to think, write, analyze, criticize, consider ethical dimensions, etc.) stay with a graduate regardless of the position held and are valuable assets in a time when it is common to change careers multiple times. Indeed, some recent surveys indicate that CEOs show a preference for broadly educated employees. Apart from career concerns, the liberal arts curriculum is the vehicle through which one studies the major issues confronting society: social, cultural, political, scientific, and ethical issues. The liberal arts are key to understanding the world in an integrated way and to preserving and building a culture.

Saint Mary’s needs to improve its articulation of the value of its core curriculum, in which all students, regardless of major, take courses in the humanities, sciences, social sciences, and modern languages. Is Saint Mary’s College doing as much as it can to model interdisciplinary problem-solving approaches to key social and intellectual issues? ***Do the current financial and organizational structures of the College make it more difficult to pursue this integrated approach?*** If so, what can we do about it? Beyond professional and liberal arts programming, are there other holistic educational experiences that would benefit the “well rounded” graduate, regardless of major, such as personal financial literacy, experience in social justice, service learning and diversity, and expanded opportunities for internships? Like a kaleidoscope, the patterns of a vibrant academy do, in fact, evolve over time.

*It is important that all community members are aware of and engaged in creative problem solving regarding fiscal issues, but it is especially important for the faculty to recognize their unique responsibility in framing solutions that involve the academy.*

# III. Contingency Planning: A Two-Pronged Approach

**The CP Committee recommends a two-pronged approach to managing potential contingency situations:**

1. **A proactive response**: In this section, the plan makes recommendations that have the potential to make the College stronger institutionally and fiscally. The purpose of the proactive measures is to avoid retrenchment, or if retrenchment is required, proactive measures that can be implemented within a 3-5 year time period can help return the College to a position of fiscal stability. The proactive recommendations have the added advantage of abiding by the guiding principles articulated in part II. A of this report.
2. **A reactive response**: In the event that it is necessary to implement a retrenchment mode, the plan provides recommendations for short term and long-term retrenchment. Responses in this section may violate one or more of the guiding principles, but every attempt will be made to minimize this effect.

**IV. Proactive Measures**

## A. Revenue Generation as a Proactive Measure

***Colleges that thrive financially exhibit some or more of the following characteristics:***

* *Strong academic reputation,*
* *High endowment per student,*
* *Thoughtful and targeted marketing, and*
* *Creative programs.*

*The ongoing consideration of the strength of the College’s existing academic programs and consideration of new and ancillary programs, as well as the development of potential new revenue, are important responsibilities of the College and a necessary complement to a contingency plan.*

*On an on-going basis, the College should evaluate its existing programs and investigate and endorse creative new programs that may enhance or expand the College’s fields of study; attract new students; provide more programming for alumnae and regional community members; create partnerships with regional high schools, businesses, and organizations; and generate new revenue streams.*

Students and their families are more willing to pay for perceived quality. Saint Mary’s College needs to distinguish itself from other small colleges. What changes can we make so that we are viewed as a top tier college? There are many possibilities. We may, for example, consider ways to capitalize on our position as a women’s college by gaining national attention for our focus on women’s issues.

When considering particular ideas, the College must discuss the relationship of the idea to the College’s mission, identity, goals and strategic priorities. In addition, the College’s mission and guiding principles should play a prominent role in establishing priorities between programs that compete for money and space. The CP Committee recommends that whenever the College investigates a new program, the College should conduct a formal cost-benefit analysis that considers, among other things, the impact of a new program on other departments. The College must also be sure to adhere to the existing Governance Manual and committee structure prior to adopting a new program. The CP Committee recognizes that the generation of new revenue streams takes time and urges the College to make this issue an immediate and on-going priority. It is expected that new ideas will be solicited on a consistent and regular basis.

***Given the College’s tuition dependence, recruitment of students must always be given a high priority. The College’s marketing of itself to external constituencies, including prospective students and benefactors, must also be the subject of ongoing evaluation for continued improvements***

# B. Operations, Cost, and Human Resources Related Proactive Measure

# 1. Operations and cost-related measures

As previously mentioned, there is increasing pressure on the College to limit tuition increases. Related to this effort***, the Vice President for Finance and Administration, working with appropriate vice-presidents, should, on a regular basis, lead an effort that requires department chairs and directors to examine operations and implement practices that promote efficiency and cost savings.*** The results of this effort should be reported to the President and the President’s Cabinet prior to developing the next year’s budget.

In addition, future contingency situations can sometimes be anticipated. ***The CP Committee acknowledges the Vice President for Finance and Administration’s efforts to develop and implement, in conjunction with the other members of the President’s Cabinet, a forecasting process to anticipate potential fiscal challenges. The effort should be updated annually and incorporated into the multiple year operating and capital budgets.***

**2.** **Human resources-related measures**

For the College to be successful, it must attract and retain qualified and dedicated faculty, administrators, and staff. In this regard, the Contingency Plan should support, to the extent possible, Saint Mary’s College as a good place to work. This means that it is important to take care of the people we have before adding new staff by offering competitive salaries and an attractive benefit package. Administrators and staff salaries are generally compared to prevailing market conditions. Faculty salaries are compared to other AAUP IIB institutions.

Accordingly, the ***CP Committee recommends the President regularly consider implementation of proactive measures aimed at ensuring appropriate and optimal staffing levels; making more efficient use of faculty, staff, and administrators; and requiring staffing projections.*** We recommend that these measures be fully considered before implementing any of the retrenchment measures that follow in the Reactive Section.

Student workers play an important role in the running of the College and student employment obviously has financial aid implications. *The CP Committee recommends that the President’s Cabinet regularly consider the staffing, funding, budgetary, and financial aid impact and efficient use of student workers.*

C. Development Priorities as a Proactive Measure

The College Relations Division is involved in many activities including grant proposal writing and gift solicitation. Saint Mary’s solicits gifts under these three areas: annual fund, major gifts, and planned and special gifts.

Saint Mary's College women map to current information on women and giving. We use a relationally based model that is a very "hands on" approach. The focus is: connect, collaborate, commit, and celebrate at the end. Developing a donor base is a long-term investment. Because of this relations-based model, it is important to keep staff over the long-term to foster relationships. It is important to establish a pattern of giving early, even if in small amounts. There is concern that an increase in student loan obligations may negatively impact the ability or willingness of younger alumnae to give to Saint Mary's College.

***The CP Committee recognizes that the development efforts of the College are often determined or constrained by what donors are interested in funding.*** Donors want money used wisely, managed well, and they want to see the impact of their gift. Unrestricted fundraising is harder to attain because donors want to know how their gift is being used. It is important for the College and donors to understand the College’s dreams vis-à-vis the donor’s dreams. Women like to create change and are particularly attracted to scholarship fundraising efforts. Women give more often through bequests.

## Saint Mary’s College donors like to leverage dollars through matched gifts, such as the recent Lilly Endowment match. It should be noted, however, that many employers have stopped matching gifts.

### *From a contingency planning standpoint, it is important to understand the impact of development priorities on the operating budget.* When the College increases the number of endowed scholarships or grows the general endowment fund, the income from these funds provides positive cash inflow to the operating budget. The income from the endowed scholarships offsets the use of tuition dollars to fund financial aid expenditures. The College’s operating budget includes approximately 5% of the endowment’s market value as income each year. The exact percentage is based on a rolling average, but is not less than the amount included in the prior year. College Relations also pursues grant opportunities, which, if funded, can impact the budget by providing operating funds.

Capital campaigns increase restricted funds but unrestricted funds usually remain constant. When a new building is erected, the College incurs new operational expenses such as staffing, utilities, and maintenance and must transfer cash-funded depreciation over the building’s useful life to the plant fund. This results in substantial cash outflows from operations.

As noted above, one of the strategies adopted by colleges who thrive financially involves substantially increasing the college’s endowment. These funds secure the college’s future, provide income for the operating budget, and decrease tuition dependence. ***The CP Committee strongly recommends that the President consider directing future fund-raising efforts toward substantially increasing endowed scholarships or growing the general endowment as a powerful proactive measure.***

**D. Tuition Increase Study**

As mentioned earlier, there is increasing pressure to limit tuition increases and increasing need for financial aid. During the 2003-04 academic years, only 14.2% of full-time undergraduates who were enrolled at 4-year public and private colleges in the United States were enrolled at institutions that charged more than $20,000 in tuition. Of those who attended private colleges, 44.7% attend colleges that charge more than $20,000. That still means that Saint Mary’s tuition places it among the more expensive choices for college bound students. (Source, *The Chronicle of Higher Education*, Almanac Issue 2004-05, August 27, 2004.)

Cost of attendance continues to be a prime concern of students admitted to Saint Mary’s. Over 50% of Saint Mary’s first-year students in Fall 2003 reported that the offer of financial assistance was a “very important” influence in their decision to attend the College. ***The College should continue to use a strategic approach to pricing based on benchmark and price sensitivity data. Examination of the effects of lowering tuition and financial aid should be conducted, particularly if it can be done on a neutral net revenue basis. The study should include research on the correlation between price and perceived quality and address how tuition increases can best be managed.***

# V. Managing in a Contingency Situation

**A. Triggering Events**

There are an unlimited number of possible events that could trigger a contingency situation. A few more likely examples include:

1. Substantial enrollment decline.
2. Substantial decrease in endowment income.
3. Foreseen and unforeseen physical plant needs.
4. Substantial increase in benefit costs.
5. Substantial increase in liability insurance and/or liability cost.
6. Environmental cleanup/ hazard/accident.
7. Political or world events.
8. Change in the relationship with the University of Notre Dame.
9. Substantial increase in financial aid need.
10. Change in the relationship with the Congregation of the Sisters of the Holy Cross.

***Given the unlimited triggering possibilities, the CP Committee recommends that the College consider the reactive measures recommended in this report only if there is a triggering event that will severely affect the College’s finances for more than one year; for example, the event will cause a substantial operating budget deficit or will require an extraordinary use of quasi-endowment or undesignated plant funds.***

# Defining the Level of Contingency

The President and the President’s Cabinet need to assess the situation to determine if it is sufficiently serious to cause the CP to be invoked and to further determine whether the situation is one that can be resolved by budget tightening or one that requires more drastic measures such as the elimination of programs or the general downsizing of the institution. It is important that the President define the scope of the situation. There are three levels of contingency:

* 1. Short Term Contingency situation is one that is in place for a limited time, can be instituted on relatively short notice, does not fundamentally alter the programs that are central to the College’s mission, and may be readily reversed or cancelled.
	2. Long Term Contingency is a more serious situation involving options that may be in place over a longer time period but does not fundamentally alter programs central to the College’s mission.
	3. Retrenchment involves more serious options that may be in place over a longer time period and may fundamentally alter or eliminate programs that are central to the college’s mission.

While this entire plan is called a “Contingency Plan,” hereafter, we will distinguish between short term contingency situations, long term contingency situations and retrenchment situations.” All three situations call for “contingency planning.”

### The President’s Plan: A Positive Vision for the Future

*The President must communicate to the College community what the current condition is, what we must do to resolve the situation, what the President needs from the community, and what will be the positive future all will enjoy if we pull together and sacrifice now. The President’s plan should be time sensitive. Community members need to know that the situation is under control and that a positive future lies ahead. A positive vision and implementation strategy can help to avoid the negative impact on morale that typically accompanies a contingency situation.*

* 1. **Controlling the Message: The Role of Public Relations in Contingency Planning**

Public relations has a role at each stage of a contingency/retrenchment situation. In the first stage, the President and the Cabinet consider implementing the CP. In the second stage, the decision is made to implement the plan. The Office of Public Relations can help shape the message, determine who the spokesperson will be, and what audiences need to be addressed. In the third stage, various constituencies are told of the situation. There should be as little lag time as possible between stages two and three to get ahead of rumors. Public Relations can help to make this communication as effective as possible. Public Relations should be kept informed throughout the process.

#### A proactive approach is the best way to manage a contingency/retrenchment situation and it will help the College to positively shape the message. Externally, it is important to have a plan for addressing the press, including The Observer. The College’s reputation can suffer if it appears to be fiscally at risk. This can have a negative impact on admissions and fundraising efforts.

***Internally, it is best for the President to communicate the situation personally and lay out the facts and answer questions. If the contingency/retrenchment situation will take a long time to resolve, there should be periodic internal updates. Internal constituencies need to understand that it is in the best interest of the College that public relations issues be appropriately managed. Open, honest dialogue between the President and employees helps to engender understanding, cooperation, and trust.***

### Implementation Mechanism and Guiding Principles

***The President and the President’s Cabinet have primary responsibility for implementation of the CP.***

It is anticipated that:

The President will assess the situation and make the decision to implement the CP.

In a retrenchment situation, the President will constitute an advisory committee to assist the President and the President’s Cabinet in this effort. The CP Committee recommends that this be a small representative body comprised, for example, of two faculty members, one administrator and one staff member. The President is free to ask the advisory committee to join the deliberations of the President’s Cabinet.

All efforts will be coordinated with the head of Public Relations to ensure positive communications internally and externally.

The President, in collaboration with the Cabinet, will develop a vision and strategy for addressing the contingency or retrenchment situation, including time frames for completion.

The President will communicate the vision and implementation strategy to the College community and request input from appropriate bodies as outlined in the Governance Manual. This might include, for example, the Faculty Compensation Committee, the Curriculum Committee, the Academic Affairs Council, and the Student Affairs Council, among others.

The President will implement the plan strategies.

The President will regularly communicate and update the College community regarding progress and any positive achievements.

The College community will celebrate successes.

The following represent important guiding principles for implementing the CP.

1. Maintain the College’s mission and core values, identity and goals. Every effort should be made to sustain the College’s high academic standards, support student learning, and the advancement of scholarship. There should be a commitment to the guiding principles described on pages five and six of this report.
2. Place the common good above individuals and departments.
3. When implementing the plan, every effort should be made to be consistent, fair, and reasonable.
4. Towards this end, quality data will be collected, analyzed, and interpreted.
5. The planning and implementation process will involve regular and open communication and the sharing of good information with people in all areas of the College.
6. This process should encourage institutional collaboration and promote responsible, creative solutions.
7. To be effective, the implementation process must involve faculty, administrators, and staff in meaningful and collaborative ways that respect the expertise of all constituents.
8. To be effective, there must be a sense of “shared pain” by those at all levels of the institution. That does not imply, however, that cuts must be shared proportionately by each division of the College. Correction of the situation will likely require more strategic decision-making.
9. If cuts are made that affect a particular department, the chair or director should have input as to how the cuts can be best implemented.
10. Faculty should have a significant voice in the addition, elimination, revision, or reduction of academic programs and the tenure system should be maintained.
11. Changes affecting personnel should be done with as much lead time as possible and involve input from appropriate bodies as required by the Governance Manual.
12. Those charged with implementation should lead with generosity, respect others, and seek ways to advance mutual interests by putting the common good first, being informed, and striving to be fair and reasonable in every negotiation.

**F. Strategic Options**

Proactive options have been discussed in earlier sections of the report. Proactive options, particularly those that can be implemented in a three to five year time period, can play an important role in returning the College to a position of fiscal strength.

In this section, the following additional options will be discussed:

1. ***Use of Debt Financing***
2. ***Use of the Quasi-Endowment or Other Cash Reserves***
3. ***Changing Development Priorities***
4. ***Operational Cost Reduction***
5. ***Employee Cost Reduction***

1. Use of Debt Financing

In some rare situations it may be appropriate to make use of short term financing to manage cash flow issues associated with the triggering event. However, it is not advisable to take on additional long-term debt unless the debt is associated with a legitimate long-term funding priority. One exception would be refinancing of existing debt that would result in more favorable terms to the College.

It is important to maintain a high bond rating to ensure the best borrowing conditions for the College. High bond ratings are an indicator, both internally and externally, of the College’s fiscal strength. Bond rating agencies consider many factors when determining the institution’s rating: the College’s net worth; the collateral available to support the loan, including the condition of the collateral; the ability to repay the debt; and how the College stands relative to other academic institutions. Raters, of course, do a great deal of financial analysis but they also want to know if our buildings are maintained, if we have good student retention, high graduation rates, and a quality faculty and student body.

Clearly proactive measures have the potential to positively impact our bond rating. However it is possible that an event that triggers the implementation of reactive measures could negatively impact the bond rating. *When considering appropriate responses to a triggering event, every effort should be made to maintain our positive bond rating and avoid the use of debt to resolve the situation if at all possible.*

2. Use of the Quasi-Endowment or Other Cash Reserves

Clearly, the endowment secures the College’s future. Transfers from the endowment to fund budget deficits should be avoided if at all possible. Indeed, because of donor restrictions, the restricted endowment is unavailable for such purposes and use of the unrestricted endowment should be disfavored. Use of quasi-endowment or other cash reserves is permitted for such purposes. *It may be preferable to use quasi- endowment funds or other cash reserves before implementing any reactive measure that would, by its nature, fundamentally alter the programs that are central to the College’s mission.*

*The CP Committee recognizes that even if the College is in a contingency/ retrenchment mode, it could be appropriate to use quasi-endowment funds to implement changes that could result in increased revenues (such as adding carefully selected academic programs that could attract students.)*

3. Changing Development Priorities as a Response to a Contingency Situation

If the College is in a contingency/retrenchment mode, it generally should re-examine the current campaign or development plans.There should be a willingness to table some initiatives to concentrate on revenue enhancement. Priorities should be reconsidered for the good of the College. However, changing priorities can take time and, to a certain extent, donors decide which initiatives they will fund.

#### Priorities should come from the true needs of the College. Scholarships are a strong pull for donors and the College should reexamine unrestricted funding goals. It is also important to continue to emphasize donor retention and donor acquisition.

The CP Committee recognizes that there are expenses associated with donor acquisition and general fund-raising. However, Saint Mary's College’s expenditures compare very favorably (the SMC cost per dollar raised for the 02-03 AY was $.17 for cash and $.13 for cash pledges) relative to the industry standard as monitored by the Better Business Bureau, which is $.35/$1 raised. ***Because College Relations serves as a revenue center, it is important to maintain some appropriate level of funding to that division even if the College is in a contingency/retrenchment mode.***

4. Operational Cost Reduction

**Operational cost reduction items are listed below in layers (short term contingency, long term contingency and retrenchment.) The expectation is that measures that appear in an earlier layer should be considered before measures appearing in a later layer.**

It is also important to make the distinction between a budget freeze and a budget cut. If funding is currently unavailable to cover an expenditure but it is not in the best interest of the college to permanently reduce the budget for that expenditure, it will be frozen until such time that there are funds available to reinstate the budget for that expenditure. Budgets that are frozen retain their funding but activity is not allowed. The budget manager for the account that has been frozen must be formally notified of any changes to its status.

If funding is currently unavailable to cover an expenditure and it is considered in the best interest of the college to permanently reduce the budget for that expenditure, the related budget’s funding is cut. The budget manager for the account that has been cut must be formally notified of any changes to its status.

Generally, a frozen budget’s status is considered to be temporary and budget cuts are considered to be permanent. The CP Committee strongly recommends that, after a long-term contingency or retrenchment situation has been addressed, the status of budgets that have been cut be reviewed to determine if the reduction should be reinstated.

* 1. **Short Term Contingency Situation**

Response options may vary but generally include reductions that do not affect the core mission of the College or violate any of the guiding principles. Examples of short term contingency options include:

* 1. Income transfers from the Plant Fund
	2. Request for savings from departments
	3. Operating efficiencies
	4. Operating budget reductions
	5. Improved load efficiencies. Academic programs should be reviewed to make the most beneficial use of current faculty. Increasing student-teacher ratios and eliminating low enrollment courses may be required.

**b. Long Term Contingency Situation**

Response options may vary but generally include reductions that do not affect the core mission of the College but may violate guiding principle(s). Examples of long term contingency options include:

1. Deeper cuts at the department level
2. Transfers from cash reserves or the quasi-endowment to fund operations

**c. Retrenchment Situation**

Response options may vary but generally include reductions that may affect the core mission of the College and may violate guiding principle(s). Examples of retrenchment options include:

1. Cuts in essential services
2. Transfers from the unrestricted endowment to fund operation
3. Elimination of academic programs

When facing a retrenchment situation, the College should determine which activities are essential and which are non-essential. Retrenchment measures should focus on non-essential activities before taking actions that could negatively impact essential functions of the College.

Peer group benchmarking analysis indicates that the distribution of College expenditures by functional classification is well balanced in comparison to institutions of similar mission and size. Thus any retrenchment effort requires very serious consideration, as it could alter the form and format of service delivery. Such a reduction might also significantly impact students, the perceived value of an alumna’s Saint Mary’s degree, and faculty/staff retention.

***Any retrenchment involving the elimination of academic programs or reorganization of academic departments should only be implemented after consultation with the affected departments and input from the Curriculum Committee.*** The Curriculum Committee is intended to afford the faculty, as a group having primary responsibility for the academic programs of the College, a means of assessing the impact of proposed changes on the overall character and direction of the College.

***The Committee on Student Affairs should offer input on cuts in essential services and other retrenchment measures affecting the quality of student life.***

**5. Employee Cost Reduction**

In order to maintain morale and to attract and retain qualified faculty, administrators, and staff, it is critically important that operational cost reductions be fully considered (see last section) before implementing employee-related cost reductions. When considering options that negatively impact faculty, administration, and staff, it is important, to the extent possible, to maintain the community principle of Saint Mary’s College as a good place to work. It is also important to consider Catholic social justice implications of proposed options. If it becomes necessary to cut positions, it is very important to give employees as much lead-time as possible. It is also important that public relations issues are fully considered and that, especially on an external basis, communications be controlled. Negative publicity could have an impact on admissions, development, and the general reputation of the College. The Expectation is that earlier layer options will be considered before considering options in a later level, for example, that short term contingency options will be fully considered before long term contingency options.

1. **Short Term Contingency Situation**

Response options may vary but generally include reductions that do not affect the core mission of the College or violate any of the guiding principles. Examples of short term contingency options may include:

1. Reduce use of consultants
2. Strategically freeze new positions

3. Restructure positions on a voluntary basis, for example, from twelve months to ten months, five day to four day workweek just during the summer, five day to four day workweek full year; or from a full-time to a reduced academic load. Restructuring assumes the needs of the department will still be met after the change and that employee benefits will continue to be covered. To make this option more affordable for administrators and staff, the CP Committee recommends consideration of a plan that would allow the employee to spread their pay over 12 months.

1. Strategically freeze open positions
2. Offer an early retirement incentive program
3. Provide no pay increase. Note: every effort should be made to consider staff’s ability to support their families, including the ability to cover increases in health care premiums.

**b. Long Term Contingency Situation**

Response options may vary but generally include reductions that do not affect the core mission of the College but may violate guiding principle(s). Examples of long term contingency options may include:

1. Restructure positions on a mandatory basis similarly to examples in the staffing step one measures noted above. If the restructuring is done on an involuntary basis, it is important to give affected employees as much lead-time as possible to make personal budgetary adjustments.
2. Eliminate non-critical positions. A structural review should be conducted to prioritize various functions from most to least critical. Positions added in the past five years could be looked at first. Note: employees who are cut because of retrenchment are entitled to two months notice or pay per the employee handbook.
3. Reduce salaries. Given Catholic social justice principles, the College should, depending on the circumstances, consider reducing salaries in a way that protects the lowest paid workers. Every effort should be made to consider employees’ ability to support their families, including the ability to pay for any increases in health care premiums.
4. Reduce benefit subsidies or reduce benefit coverage.
5. Eliminate benefits.

**c. Retrenchment**

Response options may vary but generally include reductions that may affect the core mission of the College and may violate guiding principle(s). Examples of retrenchment options may include:

* 1. Reduce untenured faculty.
	2. As a last resort, reduce tenured faculty. In the event this becomes necessary, the President should refer to the 1984 CP for guidance. Terminated faculty are entitled to a terminal contract.

**G. Contingency and Retrenchment Review**

The CP Committee strongly recommends that strategies implemented during a contingency or retrenchment situation be reviewed after an appropriate period of time to determine if these steps continue to be in the best interest of the College.

**VI. Need to Review and Update the CP**

It is recommended that the Vice President for Finance and Administration be charged with the responsibility to lead a review and update of the CP. The Vice President for Finance and Administration shall report annually on the status of the CP to the President and the President’s Cabinet.

### VII. Sample Contingency Response Plan

Note: A **Sample** Contingency Response Plan follows. It is an example of a plan that includes proactive and reactive options for responding to a contingency situation. Note that consideration is given to whether a particular option affects the core mission of the College and whether it violates any guiding principles. It is recognized that although proactive measures are listed first, some of these options may require three or more years to generate positive income flow. In the meantime the College will most likely have to implement short term contingency measures and quite possibly long term contingency and retrenchment measures to meet the immediate fiscal needs of the College. The expectation, however, is that short term contingency options will be fully considered before implementation of long term contingency measures, and long term contingency measures will be fully considered before implementation of retrenchment measures. The goal is to do as much as possible in an earlier level before resorting to options in the next level of response. Note: options in the sample plan that are within a level have not been presented in priority order and are not meant to be exhaustive.

## SAMPLE CONTINGENCY RESPONSE PLAN

**PROACTIVE RESPONSE**

**Strategy Affect Core Mission Violate Principles Financial Impact**

1. Change development

Priorities – fund scholarships Positive No $?

2. Appoint committee

 to develop new academic

programs (See App. A) Positive No $?

3. Increase student enrollment

through improved marketing

efforts, etc. Positive No $?

4. Appoint a committee to

develop new non-academic

revenue streams (See App. A) Positive No $?

5. Use quasi – endowment

 to fund new revenue streams Positive No -$

**REACTIVE RESPONSE**

Short Term Contingency:

1. Income transfer from Plant

Fund No No $

2. Request savings from depts. No No $

3. Operating budget reductions/

Operating efficiencies No No $

4. Reduce use of consultants No No $

5. Freeze new positions No No $

6. Restructure positions –voluntary No No $

7. Strategically freeze open

positions No No $

8. Offer early retirement program No No $

9. Offer no pay increases No Yes $

10. Improve load efficiencies No No $?

Long Term Contingency:

1. Reduce salaries No Yes $

2. Reduce benefits No Yes $

3. Deeper cuts at dept. level No Yes $

4. Transfers from cash reserves/

quasi-endowment to fund operations No ? $

Retrenchment:

1. Cut essential services Yes Yes $

2. Transfer from endowment

to fund operations Yes Yes $

3. Eliminate academic programs Yes Yes $

Appendix A

**A Reaction to the 1984 Contingency Plan**

The Contingency Planning Committee is not yet ready to recommend a new contingency plan and believes that doing so without additional study would be irresponsible. We do however offer the following observations on the current plan and some very general recommendations for the future. In what follows we critique the 1984 Contingency Plan and discuss the current position of the College relevant to that plan. We also identify both short and long-term options of the 1984 Plan that are already in implementation.

The Contingency Planning Committee appointed by the President to study the report of the 1984 Contingency Planning Committee (CPC84) began its work in May 2003. The Committee has reviewed the 1984 plan and found it to be dated in several ways and too limited in scope for the situations we currently face.

The 1984 plan was developed in a period of strength for the College. Enrollment was at a desired level and no extraordinary financial challenges were imminent. Accordingly, the charge for CPC84 was to develop a method of action for a potential drop in enrollment that might result from census studies showing a decline in our target population through 1992. Not only did the Committee limit its investigation to these demographic facts but also the underlying assumption for its recommendations was that any enrollment problems would self-correct when the population decline made its predicted recovery. With this approach there is little wonder that the Committee had but one triggering mechanism for its recommendations -- a decline in enrollment to specified levels -- and forwarded recommendations focusing principally on the academic arena.

Recent developments at the College indicate that financial challenges can be set off by a variety of mechanisms. Because more than 75% of our revenue is enrollment dependent, a decline in enrollment would clearly present the largest financial challenge. However other triggering mechanisms include the broad categories of governmental regulations and the economy.

A contemporary contingency plan will need to recognize the variety of possible triggering events, provide a framework for determining when and how to implement the plan, and provide flexible response options. It must also address solutions through revenue enhancement as well as cost containment procedures.

While the 1984 Contingency Plan was, as indicated earlier, narrow in scope and dated, it does contain several good recommendations and procedures, many of which are still viable. To begin, ’04 CP Committee reaffirms the commitment on student quality, “…that Saint Mary’s College should, even in difficult times, maintain its commitment to excellence--a majority of the College community favors the view that the academic quality of the student body should be maintained by reducing the size of the student body if necessary.” This commitment to academic quality is maintained by the admission criteria, which is monitored by the Admission and Scholarship Committee.

**Admission**

The CPC84 affirmed the principle that the academic quality of the student body should be maintained even in the face of an enrollment decline. While ’04 CP Committee reaffirms that principle, it is not convinced that a reduction in quality, such as accepting a limited number of at-risk students, would increase enrollment significantly. The recruitment environment in 2003 is markedly different from that of 1984 and suggests that other factors affecting enrollment patterns, including the following, need be considered:

* Despite declines in the number of U.S. high school graduates, enrollment in higher educational institutions has increased substantially, largely through enrollment of non-traditional students.
* First-time, first year enrollment was relatively stable with recent high school graduates. On the average they are applying to multiple colleges, more than in previous years.
* With the dramatic increase in tuition over the last two decades, it appears that more families are basing their college choice on cost and are willing to consider state universities and two-year college options.
* In reaction to these and other trends in higher education, that community has responded by implementing aggressive recruitment and financial aid strategies.

**Financial Aid**

CPC84 affirmed the principle of granting need-based aid to encourage those to attend college who otherwise might not financially be able to do so. In addition, the 1984 CPC suggested a limited use of merit based financial aid to students in science and the arts. Response to this recommendation and other external forces has resulted in an increase in the percent of Saint Mary’s students receiving assistance from 34% in 1985 to 87% in 2003.

The following recommendations of the CPC84 regarding the Financial Aid program have also been implemented:

* “That it develop as soon as possible a good financial aid brochure, so as to advertise effectively and clearly explain financial aid availability at Saint Mary’s;
* That a computer-based operation with requisite personnel be installed in the Financial Aid Office as soon as possible; and
* That scholarship funds be aggressively pursued by the Development Office.”

CPC04 recognizes that the climate surrounding the use of financial aid has changed significantly since 1984 at the national, state, and institutional level.

* The commitment to need-based aid has eroded and merit-based aid represents a

significant source of assistance.

* Cost of attendance has risen faster than family income and has had a significant impact on the need for financial assistance. Consequently, families of all income levels are more sensitive to changes in price. The published cost of tuition at Saint Mary’s has risen from $5,470 in 1984 to $20,400 in 2003.
* The tuition discount rate has risen from 9.4% for the 1983-84 academic year to 32.5% for the 2002-2003 academic year. The discounts resulted in an average per student tuition income of approximately $5,000 in 1984 and $14,000 in 2003.
* Family attitudes have changed from willingness to pay to an expectation they will be given scholarship aid.
* Federal loan programs have expanded to offer loans to students without regard to financial need.
* Federal and state grant appropriations, with their increasingly burdensome administrative procedures, have not increased significantly since 1984 and likely will not provide significant increases to supplement institutional funding.

**Campus Support Programs**

The CPC84 encouraged additional support for students at the upper end of the academic spectrum. Opportunities for students through tandem courses, Center for Academic Innovation programs such as the SISTAR Program, departmental special courses (e.g. mathematics honors course offered by invitation only), and the substantial numbers of Presidential Scholars attending the College have all influenced the academic environment in positive ways. The CPC04 believes that we still need to remain attuned to this group.

CPC04 recognizes that the breadth of on-campus support programs has changed substantially along with societal changes since 1984.

* A significant increase in the level of safety and security concerns is required by governmental regulations and expected by parents reflecting the national reality.
* As students consider college choices with their families, they are increasingly looking at what the total campus experience is going to provide. The significant increase of student involvement in athletics and wellness activities mirrors national trends.
* Societal and personal pressures contribute to increased emotional and psychological struggles of the current cohort of college age students.
* The desire for diversity and a multi-cultural education requires additional efforts of these support programs.
* Fostering Catholic women leaders to make a difference in the world has become more critical and complicated in this era of national ethical scandals and the declining emphasis on personal integrity.

**Information Technology**

The metamorphosis of information technology at Saint Mary’s College since CPC84 has been dramatic. Today the campus infrastructure relies on the Department of Information Technology systems for communication, business processes, registrar operations, course management, research, and other College operations. In 1984, many of these tasks (including most of the business processes) were not managed by the College. In developing a revised Contingency Plan we must be cognizant of these vital technological needs and the agreements to which we are already contractually committed.

**Short term options**

CPC84 offered both “long term options” and “short term options/stop gap measures” for dealing with enrollment declines. The short term options included six areas:

* Department operating budgets.
* Travel budgets.
* Reduction of compensation budget.
* Redistribution of institutional resources.
* Personnel cuts.
* Miscellaneous

CPC04 concurs with their definition of “short term” but emphasizes that they might be used for dealing with any financial aberration. By short term we mean “no more than a year in duration and that:

may be instituted on relatively short notice by the President of the College when enrollment/budgetary considerations require an adjustment in expenditures,

do not fundamentally alter the programs that are central to the College’s mission, and can be readily reversed or cancelled.”

CPC04 feels that many of these “short term” options have been implemented, some for more than a year. Those already implemented include:

* “Modest (5 – 10%) across the board cuts in departmental operating budgets…”
* A cutback in travel for the Admission Office even though CPC84 stated, “We believe it a foolish economy to cut back travel associated with the admission or development operations…”
* “Lessening the amount available for merit increases” (neither faculty nor staff have received merit increases in at least twelve years).
* “Reduction of salary increases below that of cost of living” (Increases for 2003-04

are 1.5%.).

* “Increase in the proportion of endowment income that is transferred into the

operating budget.”

* “Transfer of some endowment funds to the operating budget.”
* “Hiring freeze.”

Under “Miscellaneous” CPC84 listed several items. We suggest that the items on this list continue to be examined, but that it should not be considered exhaustive. The development of the campus facilities since 1984 is among other concerns that should be addressed in a Contingency Plan. In particular, a new Contingency Plan must consider the costs of new construction and the obligation to maintain and service new, additional buildings.

**Long-term Options**

CPC04 has reviewed the long-term options suggested by the CPC84 committee and, while concurring in substance, notes their recommendations to be lacking in the following ways:

Under its plan of action, CPC84 states “In situations not involving declared conditions of retrenchment (defined as a significant drop in overall enrollment requiring cutbacks in expenditures), review and reallocation of resources occur as part of the normal operation of the College.” We recommend that this statement should reflect a broader definition of financial difficulty in the following way. In situations not involving declared conditions of retrenchment (defined as a significant drop in overall income or significant increase in expenditures requiring allocation of endowment to the operating budget, abnormal increases in tuition or a change in criteria for student acceptance), review and reallocation of resources occur as part of the normal operation of the College.

* CPC84 recommended that staffing changes which do not affect faculty appointments be monitored by the Student Affairs Council. We believe that a more inclusive monitoring committee would need to be developed for this situation.
* The CPC04 believes the information gathering recommended by CPC84 is currently available for academic departments but we are not aware of its availability from all non-academic departments. We recommend that all non-academic departments make this information available.
* CPC04 agrees with the spirit of the 1984 Committee’s general guidelines for the action committee. In the absence of time for further research, the Committee feels that these guidelines would still be workable today. However, before endorsing the specifics, the Committee needs times to conduct appropriate research.
* CPC84 agreed to the recruitment of Hispanic students under the provision that, “a decision to recruit in this area must be based on our Catholic affiliation and the commitment to fill society’s needs.” The 1988 Diversification Task Force has since made a strong commitment to the recruitment of Hispanic women.

* CPC84 recommended “The College continue to develop an acceptable, voluntary, flexible retirement program in order to provide this option for tenured faculty in retrenchment situations.” The development of such is still in progress.
* CPC04 agrees that the Administrative Council of the College should be the group that monitors the financial conditions and enrollment patterns of the College and report their assessment of the status of the College to its councils as well as the Faculty Assembly according to the time frames outlined by CPC84.
* CPC04 recommends that any revised Contingency Plan contain provision for its broad and continued review.

## Appendix B

**2004 Proactive Revenue Generation Ideas**

*In this appendix we have summarized and prioritized recommendations that we believe merit further investigation.* The recommendations come from investigative research done by the Committee members as well as from questionnaire responses (see Appendix F) received from College department chairs, administrative department heads, and student leaders in the fall semester of 2003. *The ideas that follow are not meant to be an exhaustive list. The CP Committee recognizes that it will take real leadership at all levels to fully consider and implement revenue-enhancing recommendations. The CP Committee recommends that sound revenue-enhancement ideas be implemented even if it requires a financial commitment and even if the College is in a retrenchment mode.*

***1. To increase student numbers, we need to investigate our competitor institutions.***

If we are going to adequately compete in today’s admission’s market, we need to know our competitors better. We need to go to their campuses and conduct a site visit, putting ourselves in the shoes of a prospective high school student and her parents. A check list should be developed to rate factors such as, overall impression, type and condition of facilities, the availability of majors, student- faculty ratio, the introductory admission experience, quality of food in dining hall, social life on campus, impression of residence halls, etc. What do the competitor institutions have that we don’t? The College can use this data to develop a strategy, within the context of who and what we are, to best use our resources to attract students.

***2. To increase student numbers, consider ways to increase perceived quality of the Saint Mary’s College.***  This may require thinking “outside the box”. Each department should be asked to brainstorm impressive ideas that may or may not be a stretch for the College and then the College should consider ways to make selected ideas a reality. For example, the Political Science Department might say having our students serve as interns at the White House, the Biology Department might say having our students involved in real cancer research, the Business Administration Department might say having our students serve on the Board of Directors of real companies or having students serve as a resource for women who want to start small businesses.

***3. Investigate and expand the number of available majors and concentrations.***

Rationale: Students admitted to the College consistently cite “availability of majors” as a very important characteristic in choosing the college that they will attend. Those same prospective students rate Saint Mary’s College significantly lower than its competitors on this measure (Appendix D, Table 2). ***Among the top ten women’s colleges, in terms of enrollment, Saint Mary’s ranks ninth in the number of academic programs offered.***

Desired fields of study mentioned in exit comments from transferring students over the past five years and from input from prospective high school students include:

* Art-related concentrations (graphic arts/digital media; other applied arts).
* Allied health professions (occupational therapy, dietetics, medical technology, respiratory therapist).
* Speech pathology/audiologist (liberal arts program in Communications).
* Special education.
* International affairs.
* Forensic science.
* Journalism/ broadcast journalism.
* Environmental affairs (combines political, sociological, and scientific disciplines)/environmental science.
* Dance and/or integrated art.
* Mediation (business/social work).
* Other interdisciplinary combinations.

Programs that could be introduced without addition of new faculty would be easiest to implement. Alternatively, new programming might serve as a substitute or repackaging to current programming. Some programs will require additional funds to implement. The Committee recommends that these program ideas be seriously considered despite any existing financial pressures and not be dismissed out of hand.

**4. In addition to developing new undergraduate programs, the College should consider offering five year BA/BS – MA/MS degree programs.** The following are examples of programs that might be investigated. In several of these disciplines, a student could be attracted to enroll at SMC as an undergraduate if she is assured admission to the graduate program (assuming pre-requisite courses have been taken and the required GPA attained), especially if she can complete both degrees in a five-year period. The Committee recognizes that offering graduate programs would be a significant departure for us as an institution. However, we have awarded graduate degrees in the past and we know that one of the two primary strategies of colleges that continue to thrive is that they offer creative programming. Here are some suggestions:

* Speech pathology/audiology.
* Occupational therapy.
* Curriculum and instruction and/or educational leadership.
* Art therapy.
* Physician assistant.
* Masters in Nursing.
* Masters in Social Work (marriage and family therapy, school counselor, substance abuse counselor, mediation).

5. Expand summer school and off-term (January/May) offerings. (Need for an expanded summer school program was a frequent response by current student leaders responding to our questionnaire.)

6. Recruit more rigorously non-SMC students for our abroad programs. Consider inclusion of Saint Mary’s sponsored summer and semester abroad programs with the Council on International Educational Exchange (CIEE). All abroad programs should be thoroughly evaluated to consider the impact on the College’s revenues.

7. Consider offering summer international internships with tuition credit. The Centers for Academic Programs Abroad (CAPA) is an organization that will take care of all logistics including making a match between students and international companies. Students in a variety of majors could take advantage of this program. Obviously, there are many advantages to the student including international exposure, cultural diversity, and learning within a discipline. In addition, there would be an increase in tuition revenue to the College and provide students an international experience that does not diminish regular tuition, room and board revenue.

8. Offer credit for summer internships even if the student is paid. Often, companies will not accept a summer internship unless the student is enrolled in a College course. Offering students this option recognizes that there is a learning component associated with summer internships. We would expect the College to incorporate some academic requirements to justify the granting of College credits. In addition to providing a learning opportunity, the College will generate additional tuition revenue.

9. Encourage departments to develop relationships with local high schools. Consider offering talented local high school women the opportunity to take a class at Saint Mary’s during summer school (assuming the summer school program is expanded) or the fall of their senior year.

10. Explore the possibility of starting a Summer Scholars program for high school sophomores and juniors to better promote the College as a leader in women’s academics and scholarship. This program would in turn act as a great feeder program for first year student enrollment. A follow-up program for top scholars in their senior year as a “think-tank” would be beneficial to yield students most eligible for admission at Saint Mary’s College. (A program similar to the Paula Program but aimed at older students).

11. Develop and expand CEU/CPE credit programs for professionals in psychological counseling, social work, accounting, education, etc.

12. Explore “lifelong learning” opportunities for alumnae and the local community. This could include intellectual and/or spiritual renewal seminars. Another idea would be to offer alumnae (especially baby boomer retired alumnae) the opportunity to live on campus for a semester and take classes at Saint Mary’s on an audit basis (“Saint Mary’s for Life”). In addition to charging for room and board, alumnae may serve the College on a volunteer basis or otherwise participate in the life of the College by attending events, lectures, interacting with students, etc. Directly involving alumnae on campus increases the chances of those alumnae donating to the College.

13. Investigate expansion of courses offered for home-schooled children.

14. Consider a development campaign directed at Study Abroad Program alumnae.

15. Establish “Friends of the Library” and “Friends of Technology” development programs with alumnae, corporate, and foundational contacts to provide ongoing funding of library and technology-related acquisitions.

16. Consider offering Saint Mary’s excess residence hall capacity to Holy Cross or Notre Dame to house their women students if Holy Cross or Notre Dame residence halls are at full capacity.

**Appendix C**

**Proactive Operations, Cost, and Human Relations Related Recommendations**

*In this appendix we have summarized and prioritized recommendations that we believe merit further investigation.* The recommendations come from investigative research done by the Committee members as well as from questionnaire responses (see Appendix F) received from College department chairs, administrative department heads, and student leaders in the fall semester of 2003. *The ideas that follow are not meant to be an exhaustive list.*

###### Operations-Related Proactive Recommendations

###### 1. Develop a forecasting process to anticipate potential fiscal challenges (building maintenance, employee benefits issues, etc.). Incorporate the results of the forecasting process in multiple year operating and capital budgets.

###### 2. Create an emergency fund to deal with future contingency situations.

###### 3. Review organizational structure to ensure that the structure encourages collaboration and fiscally responsible behavior. Included in this effort should be development of a representative body for administrators and staff similar to the Faculty Assembly.

4. Implement a flexible budget process that begins in September of the fiscal year. The flexible budget should provide a reasonable range of student enrollment numbers that will allow the College to fiscally plan for a number of different student enrollment scenarios. Actual revenues and expenditures should be then be compared to the budget figures for the actual enrollment achieved.

5. Implement calculation of the ratios and other data analysis found in the Appendixes of The Small College Guide to Financial Health: Beating the Odds by Michael K. Townsley, PhD (Nacubo 2002) to prepare trend analysis, benchmark comparisons, and identify possible problems. Consider establishing a “balanced scorecard” process for the College.

6. Develop a tuition increase and related financial aid policy that can drive the budget instead of having the budget drive tuition and financial aid.

7. Consider adoption of a budget and perhaps a governance structure that supports interdisciplinary academic programming. The current departmentally based budgets make this very difficult. One alternative would be to retain the current structure but add a line item for interdisciplinary programming.

8. Determine the appropriate debt load for the College that would allow the College to borrow money for an unforeseen circumstance, if necessary, and still maintain a positive bond rating.

9. The College’s Strategic Plan initiatives should be reviewed and prioritized in light of the College’s current situation. In addition, cost data associated with SP initiatives should be developed.

**Human Resources Recommendations and Concerns**

Survey respondents (See Appendix D) and individuals meeting with the Committee noted the following patterns and employee-related concerns:

* There are a number of departments that will experience faculty/staff retirements over the next five to ten years. On the academic side, this should result in a reduction of tenured faculty and a reduction of fully tenured-in departments.
* Several departments indicated a need for additional staff/faculty. On the administrative side, this was often related to the addition of new buildings (building services, grounds, residence life, College bookstore, etc.). Some anticipated additional staffing is related to government compliance. Some indicated a need for additional staff to cover employees who are sick or on vacation/other leave. Some academic departments expressed a need to add faculty because of new disciplinary needs or prior lost positions.
* Turnover in staff in some departments is anticipated (building services staff, hall directors, nurses in Health Services). Often the staff turnover is related to low wages or lack of promotion opportunities.
* Some positions are funded by CWIL and will be affected when the grant runs out.
* Many expressed frustration caused by serving on too many committees that often do not result in action or change.
* There have not been College-wide merit raises in over ten years.
* Some respondents recommended that the Contingency Plan not compromise teaching effectiveness.
* Many noted the need for a restoration mechanism if the Contingency Plan is implemented and recognition of previous cuts taken by departments.

Accordingly, the Contingency Plan Committee recommends the President consider implementation of proactive measures aimed at making the best use of faculty, staff, and administrators. We recommend that these measures be fully considered before implementing any of retrenchment measures.

Staffing

1. On a best practices basis, formally review staffing needs of the College. There should be a periodic comprehensive review at least every five years. The College should develop a plan to move toward appropriate staffing levels. If necessary, positions should be restructured and/or individual employees re-trained to better meet the College’s current needs. Moving toward appropriate staffing levels is best achieved through attrition.

2. Individual positions should be reviewed when a position becomes open. Is the position still needed? Have the skills necessary for the position changed? Is it possible to move another already employed staff member to this position? Should the position be filled at all if there is an unfilled position that is more critical and should be filled first?

3. Require a rolling five-year staffing projection and budget from each department each year. The plan will encompass faculty, administrator, and staff.

4. Analyze cyclical needs of various departments. Is it possible to cross train and share staff with complementary busy seasons?

5. ***Consider the impact on the College’s operating budget of grant-funded positions that are no longer covered when the grant expires. This analysis needs to be done very soon.*** A policy should be developed to consider this issue before a position is created or filled using grant funding. Consider having persons hired into temporarily funded positions sign a statement acknowledging the position is temporary.

6. Analyze the impact of projected faculty turnover. Due in part to the merger/de-merger situation, a great number of current faculty were hired in the mid to late seventies. The average age, tenure, and salary for current faculty is well above the median. At some point, senior faculty will retire and the average age, tenure, and salary for faculty as a whole will be well below average. This will have a positive impact on the budget but a negative impact on our standing relative to IIB institutions. The College should consider developing a plan to manage this phenomenon to provide as much as possible for staggered retirements/hiring.

7. Offer reduced workload options for highly compensated faculty, administrators, and staff.

8. Many departments noted they were under-staffed. We are not in a position to add staff so it is important to make the most efficient use of the staff we have. One way to increase available staff time is to reduce the amount of time spent on committee assignments. We recommend that all current committees be reviewed and the work prioritized. Which are most critical? Which ones have work that must be completed now and which have work that can be delayed to a later time? Are individual committees operating in an efficient manner? Is there a clear understanding of the committee’s purpose? Is there an end game plan in place for the committee’s work? What is the work product of the committee? Do we have the money to pay for any initiatives that the committee might recommend?

9. Consult the Director of Human Resources whenever someone has a negative review, whenever a vacancy occurs, before someone is hired/fired, and before a new position is created. The Director has a good overview of the institution from a staffing standpoint, has conducted hiring and exit interviews, has knowledge of HR laws and regulations, and has knowledge of the employee handbook. The Director can help ensure that procedures required by the handbook and by law are being followed.

10. Ensure that employee handbook procedures are being followed when an employee is let go for cause to ensure against arbitrary decisions and to protect the College from liability costs.

Salaries

1. Allow staff to buy additional vacation time.

Benefits

1. Conduct a survey to determine if the benefits of the College are still valued by employees. Should certain benefits be added or subtracted?

2. Conduct a survey to determine if offering employees an incentive for opting out of Saint Mary’s health care in favor of a spouse’s healthcare would save the College money.

3. Prepare an analysis to determine if offering a benefit cafeteria plan would save the College money.

4. Educate and encourage employees to make greater use of flexible spending plans for healthcare and daycare expense to save the College employee taxes. Convert to a “debit card” system.

5. Consider adopting a phased in retirement plan for all new employees similar to that used for staff. This would include requiring all employees to be employed one year before they can participate in the retirement program.

**Cost Reduction Proactive Measures**

Data suggests that our expenditures are comparable to peer institutions. See Table 4, Appendix D. It should be noted that the College has already significantly reduced expenditures and may have already explored some of the ideas that follow. Opportunities for further cost efficiencies may be limited but should continue to be explored.

Energy Use

The College is a signatory to the Earth Charter. ***There are several energy conservation actions the College can take that will result in significant energy cost savings.***

1. Conduct an energy audit**.** Facility managers need to have adequate data regarding the campus utility load profile on an hourly, daily, and seasonal basis. This may be done by strategic placement of sub-meters at various locations. Sometimes local utility companies will conduct energy audits for free. The CP Committee recognizes that some utility usage is difficult to measure because of shared usage with the Sisters. However, this issue must be seriously addressed to the extent feasible.

2. The College must develop a physical plant plan for energy conservation conversion. For example, the College could develop a five-year plan to replace high water use toilets to toilets that use less water. Motion detectors could be placed in rooms to automatically turn on or off lights. Energy saving light bulb and light fixtures could replace bulbs and fixtures requiring more energy. These are just a sample of energy conservation conversions that could result in significant energy savings to the College.

3. Some utility companies offer energy saving devices at no cost through rebates and interest free loans. Development should explore grant opportunities to fund energy conservation devices. Savings realized in monthly energy bill reductions can be used to pay back loan or original cost of the investment.

4. Conduct a major energy conservation campaign. Educating students, faculty, staff, and administrators about more careful use of water, electricity, and gas can result in significant savings to the College. Provide reports to people in a particular building to show results of energy conservation efforts. Related to this effort is the need to provide utility use guidelines for energy conservation – last one out turn off lights, copier, etc. Turn off computers at night, lights out in restroom and conference rooms when not in use, etc.

5. Turn down the thermostat (winter) by a degree or two. Turn up the thermostat (summer) by a degree or two. Temperature setting guidelines should be in place.

6. Renewable energy, such as wind, geothermal, and solar power, should be fully explored from a cost/benefit and environmental standpoint, particularly in the construction of new buildings.

Travel

Travel/conference expense: It is not advisable to reduce travel expense in some areas, such as Admissions and Development because travel is integral to the work of those departments. Other departments could reduce travel/conference expense for a short time but not longer without negative consequences to the department (academic and administrative) or individuals in the department (especially un-tenured faculty, faculty seeking promotion, or faculty/administrators attempting to stay current in their field). Travel expense reduction ideas include:

1. Eliminate travel office and authorize employees to arrange own travel on line. An off-campus travel agency can still be used for complicated travel arrangements.

2. Qualify someone in the organization to be a travel agent. Several travel agencies offer independent agent status (Inteletravel International – 1-800 873 5353). Travel agents get reduced rates on car rentals, hotels, etc.

3. Always ask hotels directly for discounts. Does the hotel offer discounts to non-profit organizations? Can local hotel taxes be waived because of Saint Mary’s tax-free status? Does the employee qualify for AARP, AAA, or military rates?

4. Set travel caps on administrators similar to faculty, subject to rule waiver by superior.

5. Encourage employees to use their own cars for travel to reduce the number of cars purchased by the College.

6. If the College is going to purchase vehicles, consider buying cars that are one year old, with low mileage and still under warranty. Cars depreciate approximately one-third in the first year.

Telecommunications and Technology Related Expenses

1. Retrain and encourage use of SUVON. Sometimes SUVON does not work from certain office phones. This should be investigated.

2. Encourage employees to send documents via e-mail attachment instead of using the fax machine or regular mail. This saves long distance and postage expense. Note mailings are still important for many departments to fulfill their charge (Courier, Alumnae, Development, Admissions, Financial Aid, etc.) although some departments are exploring alternatives.

3. Renegotiate long distance rate plan.

4. Develop a marketing plan to encourage students to save their cell phone minutes and use their residence hall phone by providing an affordable flat rate long distance plan per residence hall room.

5. Reduce computer replacement expense by extending the replacement cycle and not buying more capability than is needed. Many employees use computers for word processing and e-mail only.

6. Provide e-mail training that covers best practices, related legal issues, how to save paper, postage and printer usage.

7. Do not replace a computer before asking individual staff or faculty members if he or she wants a computer replacement. In some cases, it is advisable that the department head make this decision rather than the employee.

Printing and Postage Expense

1. It might be possible to reduce copying expense by giving administrators and faculty members an individual copying budget and then holding them accountable. The CP Committee recognizes that this might not work in all departments.

2. Guidelines should be set for charging students for extensive in-class handouts.

3. Encourage employees to think about their use of copy machines and printers. Do you really need a hard copy of a particular document? Are more copies being made than necessary? Can the syllabus and other course material be put on Blackboard to avoid making printed copies? It was noted by some that greater use of Blackboard by faculty would not necessarily result in fewer print copying because students can and do make hard copies of documents placed on Blackboard. This may be reduced by the new system that caps the number of copies a student can make without additional charge.

4. Copier expense codes should be changed more frequently.

5. Install and require use of RIZZO machines if more cost effective.

6. Do in house addressing of invitations, perhaps with student help.

7. Eliminate or reduce multi-color printing.

8. The Bookstore noted it could reduce its postage expense if textbook purchase orders were more accurate and un-bought textbooks did not have to be returned. Perhaps the Bookstore can explore having students order books in advance to increase purchase order accuracy. Perhaps the students who “pre-order” and pre-pay can receive a discount of some kind to encourage Bookstore textbook purchases.

Food Expense

1. Reduce the availability of food at some events.

2. Many noted the high cost of having Sodexho provide the food for internal events. Using an alternative source could significantly reduce food expense.

3. Consider having potluck employee picnics and Christmas parties. Replace employee dinners with catered lunches instead.

4. Negotiate reduced dining hall meal rates when blue meal cards are used and/or encourage use of department “munch money” accounts that do not expire and have an attached cost reduction feature.

Academic

1. Reduce credit hours required for graduation from 128 to 120 credit hours.

2. Require user departments to share part of the cost of certain journals to provide an incentive to more carefully evaluate how library resources are spent. Investigate whether certain electronic materials might be less expensive to purchase if bought at the department level rather than have College-wide access.

3. Speakers, artists in residence, extra-curricular programming can be reduced in the short term but in the long-term this would have negative consequences on the quality of the educational and holistic experience for students, the College, and South Bend community.

**Appendix D**

**Contingency Planning Faculty & Administration/Student Questionnaires**

**Executive Summary**

From the Faculty/Administration Survey Data:

Academic Department Chairs and Administrative Department Heads were asked to complete surveys during the fall of 2003. Respondents were assured that confidentiality would be maintained. As a result, response data that would identify a particular respondent or respondent department has not been included in this summary but is being fully considered by the Contingency Plan Committee. Approximately 54 completed surveys were received.

***Help us understand your department by describing the forces (internal and external) that will affect the future of your department.***

* Internal Forces:
	+ Enrollment numbers.
	+ New president/ CFO.
	+ Budget constraints/ reductions.
	+ Inadequate administrative staffing.
	+ Administrative staff turnover/wage inadequacy.
	+ Increased complexity cost/ support needs related to technology.
	+ Programs supported by grant funding that will expire.
	+ Increase in number of buildings on campus affects operating budget and demand on staff (increased cost of utilities, need for building services, increase in required depreciation, maintenance).
	+ Increases in salary/ benefit costs.
	+ Need for additional and/or more adequate office space.
	+ Faculty retirements.
	+ Need for additional classroom space, especially tech classrooms.
	+ Classroom/studio space (particularly those located in basement levels) need to be renovated.
	+ Increased dependence on adjuncts, need to hire full-time faculty in certain departments.
	+ Demand for new academic majors/programs.
	+ State of internal fiscal management.
	+ Relations with the Sisters of the Holy Cross/ alumnae/ ND.
	+ Student population that is more ethnically and religiously diverse.
	+ Cost of offering foreign study programs.
* External Forces:
* The economy (lack of increase in federal and state funding for student financial aid, increased need for institutionally funded financial aid, impact on enrollment, increased demand for career services, increased demand for counseling services, decrease in corporate giving, decrease in endowment income, increased competition for fund-raising dollars).
* Federal policy and appropriations.
* Government regulations – federal/state (HIPPA, Americans with Disabilities Act, financial aid reporting requirements, HR related, EPA, OSHA).
* Price increases (off campus programming, library publications, utilities, insurance premiums, etc.).
* Demographics of student population.
* Job market for our graduates.
* The perceived value of different majors that shifts from time to time.
* The requirements of college accrediting bodies (North Central) and individual academic accrediting bodies (chemistry, art, nursing, education, etc.).
* Expectations of employers and graduate schools.
* The growing role of Spanish as a second language in the US.
* World events.
* Notre Dame decisions that impact SMC (performing arts facility, availability of facilities to SMC students, education program, engineering, etc.).
* Local community clinical institutions – able to meet needs of increasing number of nursing majors?
* Collaborative/articulation agreements with other colleges and universities (community college students to Saint Mary’s and Saint Mary’s students to graduate programs)

***The Contingency Committee is not charged to address or remedy specific departmental situations. Knowing the needs of your department will help us deliver a more informed report. With this in mind, please identify any critical needs that are not currently being met.***

**Answers were specific to individual departments but general concerns included:**

* Staff turnover, the inability to offer promotions to staff that have proven themselves.
* Faculty/staff positions cut in previous cost retrenchment efforts have not been restored.
* More faculty/staff needed to adequately fulfill department mission. (Many departments mentioned this.)
* Space concerns emphasized. (Many departments mentioned this.)
* Technology support.

**Revenue:**

It should be noted that specific ideas are currently being considered by the Contingency Planning Committee. The Committee recognizes that after consultation with affected department heads, it may determine that it is not in the best interest of the College to move an idea forward. The Committee also recognizes that there are additional ideas not included in the survey data that should also be considered for inclusion in the report.

***Can you suggest any revenue generating ideas that could be implemented by your department or the College?***

* Create a task force to study revenue enhancement. Develop policy/procedure for new program approval that would include feasibility, Saint Mary’s fit, and costs/benefit analysis. It is important that all costs are included and the impact on various departments (Building Services, Registrar, Financial Aid, etc.) be considered when a revenue enhancement idea is being explored.
* In this section, respondents provided some ideas for possible new degree/majors/minors programs, summer/off-term programs, and miscellaneous revenue-related ideas that are currently being explored by the Committee.

### Expenses:

The answer to the following questions varied by department. After excluding salaries and benefits, most departmental operating budgets are relatively small (there are exceptions, of course) and College savings would be modest. Many indicated that they are already operating at a bare bones level and the opportunities for cuts are limited.

It should be noted that the ideas generated are currently being considered by the Contingency Planning Committee. The Committee recognizes that after consultation with affected department heads, it may determine that it is not in the best interest of the College to move an idea forward. The Committee also recognizes that there are additional ideas not included in the survey data that should be considered.

***If you were asked to make a long-term reduction of your budget that could potentially be permanent, what areas would you target? What would be the outcome of these reductions?***

* Many departments indicated that long-term cuts would seriously undermine the work of the department. Programs would have to be eliminated, buildings shut down, standards lowered, etc. One responded that long-term budget and expense reduction would require very serious consideration, as it would alter the form and format of service delivery. Such a reduction might also significantly impact student as well as staff retention.
* Some indicated an across the board cut with individual departments having control over what gets cut. Others indicated reductions should not be across the board but instead be related to some formula that analyzes cost/benefits of a department. The relative size of the budget should be considered as well.

### Personnel:

***What faculty/staff personnel changes do you anticipate in the next five years?***

* There are a number of departments that will experience faculty/staff retirements over the next five to ten years. On the academic side, this should result in a reduction of tenured faculty and a reduction of fully tenured-in departments.
* Several departments indicated a need for additional staff/faculty. On the administrative side, this was often related to the addition of new buildings (Building Services, Grounds, Residence Life, College Bookstore, etc.) Some academic departments expressed a need to add faculty because of new disciplinary needs or prior lost positions. Some anticipated additional staffing is related to government compliance. Some indicated a need for additional staff to cover employees who are sick or on vacation/other leave.
* Turnover in staff in some departments is anticipated (Building Services staff, hall directors, nurses in Health Services, etc.). Often the staff turnover is related to low wages or lack of promotion opportunities.
* Some positions are funded by CWIL and will be affected when the grant runs out.
* Note: Staffing projections were often presented on a “best guess” basis.

***Is it possible to restructure faculty/staff positions (on a voluntary basis) to reduce department employee expense? (such as reducing staff positions from twelve to ten month)***

* The Contingency Plan Committee is currently looking to see if we can formulate any staff-related recommendations for inclusion in the report. As regards restructuring:
	+ - Restructuring assumes that benefits will be safeguarded.
		- Restructuring assumes the needs of the department will still be met after the change.
		- Some departments indicated restructuring would not be possible because staff time has been reduced as much as possible.
		- This question assumes the restructuring is voluntary. If the restructuring was done on an involuntary basis, it would be important to give an affected employee as much lead time as possible to make personal budgetary adjustments.

***Other than restructuring positions, can you offer alternative ways to reduce employee expense? Can you suggest any non-cash rewards/benefits that would be of interest to your faculty/staff?***

* Responses varied. Non-cash rewards/benefits ideas generally involved improving morale by recognizing employees for positive contributions to the College.

**Concerns:**

* Concerns about the new Contingency Plan:
	+ Recommends that the plan be regularly reviewed.
	+ Believes there should be an equitable/universal implementation of plan (shared pain by all departments).
	+ Recommends that affected departments be consulted prior to plan implementation.
	+ Concern that the Committee’s work is valued by the new administration.
	+ Concerns about the criteria used to make the really hard choices.
	+ Wonders what a “contingency situation” is.
	+ Concern that the plan will be used even in non-emergency situations
	+ Recommends the plan not compromise admission standards, teaching effectiveness, salaries or benefits.
	+ Recommends that there be a restoration mechanism in the plan to restore cuts once the crisis has passed.
* Fiscal Concerns
	+ - That there is a recognition of current understaffing/lean budgets.
		- Concern about the College’s current weak financial situation.
		- Lack of financial leadership (no VP for Finance).
		- Concern that top leadership does not support financial controls and accountability.
		- That there haven’t been merit raises in at least a decade.

 Concerns about the Committee

* + - That the Committee be mindful of strategic issues facing the College
		- A lack of understanding about the Committee’s “real purpose” by some members of the College community.
		- Fear that the Committee will not fully appreciate/understand the work of some departments (academic and administrative).

### Other Comments:

* Favor revenue enhancement efforts over retrenchment. \*
* Concern about the apparent excessive use of consultants.
* Encourages development of new academic programs to recruit new student.\*
* Concern expressed about further cuts when many departments are already understaffed/under funded.\*
* Concerns about program elimination.
* Concern about the transfer of endowed funds.

\* Indicates multiple responses.

**From the Student Survey Data:**

**Student leaders (BOG, club officers, RA’s etc.) were requested to complete a survey. Confidentiality was assured. Approximately 45 completed surveys were returned.**

What do you, as a student, feel are the most important aspects of student life at Saint Mary’s? What do you find indispensable to the Saint Mary’s experience?

* Variety of campus events and activities. (x14 comments)
* Close-knit, friendly community. (x 9 comments)
* The people: faculty and staff, fellow students, student government. (x8)
* Quality, accessible faculty. (x 8)
* Small class size – low faculty-student ratio. (x7)
* Strong academics. (x 6)
* Student clubs and organizations. (x 5)
* Dorm/residence life . (x 4)
* Traditions. (x 3)
* Safety of campus environment. (x 3)
* Women’s college. (x 2)
* ND/SMC relationship. (x 2)
* Shuttle service. (x 2)
* Resources in area community/service opportunities. (x 2)
* Spiritual dimension/Campus Ministry. (x 2)
* Alumnae programs/resources. (x 2)
* Beauty of campus.
* Traditional age students.
* High admission standards.
* Strong science program.
* Work-study program.

## Appendix E

**Implementation Points from Harvard Business Press Publications**

The following implementation ideas are directly from the John Kotter book: Leading Change (HBS Press, 1996)

1. It is important to establish a sense of urgency in order to gain needed cooperation. If others don’t feel the same sense of urgency, the momentum for change will probably die far short of the finish line. People will find a thousand devious ways to withhold cooperation from a process they sincerely think is unnecessary or wrongheaded.

2. Ways to increase urgency level:

A. Financial crisis (problem: gets people’s attention but fewer resources available to support new initiatives.)

 B. Send out data about performance and/or financial situation

 C. Stop the happy talk (everything is great…)

 D. Encourage honest discussion

3. A majority of employees, perhaps 75% of management overall and virtually all of top executives need to believe change is essential.

4. Kotter recommends creating a guiding coalition. Because major change is so difficult to accomplish, a powerful force is required to sustain the process. From the outset, the taskforce must have the credibility necessary to provide strong leadership. The taskforce members have to have a commitment to the process and the time to devote to the work at hand. It is necessary to have key players on board so that those left out cannot easily block progress. It is important that members have needed expertise so informed intelligent decisions can be made. Group should include proven leaders with credibility so that others will take their pronouncements seriously. The team must have a common goal - a commitment to excellence, a real desire to make the organization perform to the very highest levels possible. Leaders know how to encourage people to transcend short term parochial interests.

5. Kotter recommends developing a vision and strategy for implementing a change. The vision is a picture of the future with some implicit or explicit commentary on why people should strive to create that future. It motivates people to change even if it is initially painful. (This is how our world is changing and here are compelling reasons why we should set these goals and pursue these new initiatives to accomplish these goals.) A good vision helps to overcome reluctance to do what is often painfully necessary in the short term by being hopeful and motivating. A good vision acknowledges that sacrifices will yield benefits better than the situation we have today.

6. Characteristics of an effective vision:

 A. Imaginable: conveys a picture of the future

B. Desirable: appeals to long-term interests of administrators, faculty, staff, students, and alumnae

 C. Feasible: realistic and attainable

 D. Focused: Clear enough to provide guidance in decision-making

 E. Communicable: easy to communicate.

7. Communicating the vision: Accepting a vision of the future can be a challenging intellectual and emotional task. Our mind generates a lot of questions: What will this mean for me? My friends and colleagues? The college? What other alternatives are there? Are any of the other options better? If I’m going to have to operate differently, can I do it? Will sacrifices from me be required in the process of achieving the vision? How do I feel about those sacrifices? Do I really believe in this new direction for the future or are others playing some game perhaps to improve their position at my expense? The emotional work involves letting go of the status quo, letting go of other options, coming to grip with sacrifices, coming to trust others. The guiding coalition will have to answer these questions and must realize that others in the organization will go through the same process. The magnitude of the task can unnerve people.

8. How can the vision be successfully communicated?

 A. Keep it simple, focused, jargon free

 B. Use metaphors, analogies – a picture is worth a thousand words

 C. Use many different forums - large group meetings, memos, newsletters, etc.

 D. Repeat, repeat, repeat

E. Walk the talk - lead by example. The president and the Cabinet can’t ask for sacrifice if they are not doing it too. They can’t tell people one thing and do another. Nothing undermines communication of the vision more than behavior on part of key players that seems inconsistent with the vision.

F. Explicitly address seeming inconsistencies. For example, “With all the cost cutting that is going on out of necessity throughout the company, it is inexcusable for any of us to be wasting money, especially on unneeded luxuries. Within this context, we have decided that offices and furnishings of our executives are not justifiable. At present, selling headquarters and moving to less luxurious surroundings would cost more than it would save. But we will continue to look for cost-effective and practical ways to reduce signs of excess.” Employees really appreciate this and it helps to increase trust.

G. Solicit feedback – this helps to fix problems with the plan, where it might be flawed.

9. Kotter believes that people need to have some control over the process.

10. Kotter recommends generating short term wins to build credibility and sustain the effort over the long haul. Naysayers need proof early on that the organization is on the right track. Short term wins don’t just happen. The guiding coalition should identify a few specific efforts - mini-projects that can be planned, organized, and successfully implemented. Results should be communicated to the college community. Keep the community informed throughout the process.

The following points are directly from the Jeanie Duck article “Managing Change: The Art of Balance”, The Harvard Business Review on Change (HBS Press, 1998)

1. When it comes to managing change, the model for dealing with operational issues doesn’t work. It’s like the company is undergoing five medial procedures at the same time - one person is in charge of the root canal, one setting the broken foot, one the displaced shoulder…each operation is successful but the patient dies of shock. The proper metaphor for managing change is balancing a mobile. In managing change, the critical task is understanding how pieces balance off one another, how changing one element changes the rest, how sequencing and pace affect the whole structure.

2. Duck recommends a team to manage the plan. Managing change means managing conversation between the people leading the change effort and those who are expected to implement the new strategies, managing the organizational context in which change can occur, and managing the emotional connections…

3. Remember that everything that is or is not done sends a message. Typically the President announces – we need to make some changes so I am going to appoint a taskforce that will come up with a plan. The taskforce goes to work and is under a deadline. Nothing is yet communicated to the community. This alone sends a message - we are busy figuring out your future - we’ll tell you what it is when we’re ready. Gossip fills the vacuum. Usually rumors are much worse and more negative than anything that is actually going on. When taskforce members put off communicating with the rest of the organization, they prevent people from understanding the design principles that guided them, the lessons they learned from previous experience and the trade-offs they had to make. They unwittingly prevent the people who are expected to implement the plan from participating or buying in. The crucial lesson here is that everything mangers say or don’t say delivers a message. This is particularly true during a change effort, when rumors run rampant. It is important for the messages to be consistent, clear and endlessly repeated.

4. When it comes to change, people don’t believe in the new direction because they suspend their disbelief. They believe because they’re actually seeing behavior, action, and results that lead them to conclude that the program works.

5. One of the paradoxes of change is that trust is hardest to establish when you need it most. If the organization is in trouble, or if it is in the middle of a change effort, lack of trust automatically emerges as a serious barrier. This is explained in part by Maslow’s Pyramid, the hierarchy of human needs. At the top of the pyramid, where people would like to be focusing, is our need to be self-actualized, to realize and integrate our talents, intellect, values, and physical and emotional needs. At the bottom of the pyramid, Maslow put physical security, the need everyone has to feel safe from danger, harm or risk. Feeling a sense of job security is important to meeting this most basic need. Trust in a time of change is based on two things - predictability and capability. What are the ground rules? Will I be able to influence what happens to me? My department?