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**From:** Messages of Immediate concern [FLASH-ALL@LISTSERV1.COLORADOCOLLEGE.EDU] on behalf of FLASH President [FLASH-President@COLORADOCOLLEGE.EDU]  
**Sent:** Tuesday, November 18, 2008 11:00 AM  
**To:** FLASH-ALL@LISTSERV1.COLORADOCOLLEGE.EDU  
**Subject:** An Update for the Campus Community

Since my initial letter to the campus the economic forecasts have become gloomier. We have heard from the presidents of Stanford (cutting \$45 million from a general fund budget of \$800 million) and of Harvard (preparing to cut planned spending across the campus). We have learned that our sister ACM school Beloit is eliminating 40 positions.

What does this mean for CC?

Last Wednesday the senior staff and I met for three hours to review our situation. We know, for the time being, that our variable rate bonds are being marketed at favorable rates and our cash position is manageable. At the same time, we estimate that the value of our endowment has declined from \$530 million at its peak on September 30<sup>th</sup>, 2007, to an estimated \$405 million as of the end of last month.

This means that the distribution from our endowment will be substantially less than what we had anticipated for our budget over the next several years. For planning purposes we are assuming that we have not seen the bottom of the financial plunge and that our economy will take at least two years to begin to recover lost ground.

In September we were planning on a budget deficit whose dimensions we understood reasonably clearly. That has changed. We must calculate, with far less certainty, the impact of a reduced endowment payout, flat-lined gifts and grants, unpredictable enrollment, and increased need for financial aid.

As a starting point, we will continue to concentrate on our core mission of teaching and learning, and on assuring accessibility for our talented and diverse student body. Specifically:

- 1) The efforts of our Working Group on Stewardship and Cost Containment now assume an even greater importance and urgency. I have asked this group, working with others on campus, to examine a number of large campus-wide expenditures such as printing and copying, food and entertainment, travel, and cell phones, and to make recommendations for savings.
- 2) Since we face a very different challenge from the one we contemplated at the beginning of the school year—namely, that of addressing a deficit likely to be at least \$4 to \$5 million per year for the next several years—I believe we need a second, smaller working group comprised of faculty and staff to study the larger issues. I will be asking the FEC and Staff Council to help in shaping this process promptly.
- 3) Because salaries and benefits comprise more than half of our total expenses, this smaller group will need to examine carefully our staffing levels and our compensation decisions—keeping in mind the value we place on every member of our community. They should also look at reducing our R & R (renewal and replacement) budget for the next several years, at transferring additional funds from Auxiliaries, and at other steps that can yield substantial savings.

For all these efforts, I envision a process that should produce several models of a college-wide response and provide opportunities for faculty, staff, and student input as we proceed.

Last Tuesday the New York Times headlined a story, “Colleges Struggle to Preserve Financial Aid.” We are dedicated to that struggle. While I believe that Mark Hatch and Jim Swanson can find ways to save some financial aid dollars, I also know that the need for financial aid—both for current students and incoming classes—will grow. Thus, we must understand that every dollar we save will allow us to maintain the high quality of our block plan education and the equally high caliber of our student body. In fact, *we should start immediately to save resources wherever and whenever we can in the normal course of business.*

This is a significant, perhaps unprecedented, financial challenge for Colorado College. It is one we share with our sister institutions and, for that matter, with families and businesses across the country. We have enormous assets, starting with our faculty, staff, students, and their families. We have substantial financial strength, even though it has been diminished in recent weeks. Our challenge is—with good will and confidence—to make tough decisions together that will enable us to weather this storm and emerge stronger as a consequence. To be successful, this must be a community effort.

I intend to continue to do my best to keep you informed about our circumstances and the decisions we confront, and to engage you in every way possible in shaping a successful outcome. Please share your thoughts about any aspect of this message with me, Dean Ashley, senior staff members, the FEC and/or Staff Council.

I am deeply grateful for your commitment to Colorado College and our mission.

Richard F. Celeste  
President

November 18, 2008