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## Statement by President Bahls on the Impact of the Nation's Financial Crisis on the College

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# Statement by President Bahls on the impact of the nation's financial crisis on the college

October 6, 2008

The financial crisis on Wall Street is having an impact on almost everyone in America, including America's colleges and universities. It is increasingly clear that Augustana College is not immune from the crisis. This situation will challenge each of us at the college to work together, as a community, to provide the best quality education for our students in a time of potentially shrinking resources.

We are seeing evidence of the crisis in these ways at Augustana:

- **Substantial increases** in our interest rates on our variable interest rate debt due to tightening credit markets.
- **Reduction in value of our endowment**, due to declines in the value of the stock market.
- **Concerns about the impact of the recession** on students and their families.

The college has several policies in place to help it through a short-term economic crisis.

- **Strengthened Financial Position over the Past Five Years.** Four factors have combined to strengthen Augustana to meet the current financial challenges and to continue to attract highly qualified students: a) the college is at record enrollment, having increased from 2275 students to 2531 students over the past five years; b) because of the value and prestige of an Augustana degree, placement rates into jobs and graduate schools have remained very strong; c) graduation and student retention rates are very high, far higher than state schools; and d) gifts and grants to the college have doubled to more than \$10 million over the past five years and we have raised more than \$92 million in our capital campaign. As a result, Augustana has the strength to weather a downturn in the economy.
- **Conservative Budgeting.** The college budgeted for a 2% contingency fund in recent years, to provide a financial cushion in times like this.
- **Early announcement of smaller tuition increases.** To assure our students' families that the college is sensitive to the economic conditions, the Board determined that the tuition increase for the next year will be the smallest percentage in 25 years (3.9%). The Board, as well as the Cabinet, believes that an earlier statement of a lower increase will provide some assurance to current and future students that the college is taking steps to remain affordable. Holding tuition increases to the smallest level in 25 years is possible because of the strengthened financial condition of the college.

Though Augustana's financial resources may be strained by the nation's economic crisis, our human resources are not. We enjoy record enrollment, record graduation rates and record diversity. It is clear to me that we are a community of committed and imaginative people who care about each other and our students. Working together, I have no doubt that we will preserve and strengthen this wonderful college.



Accounting	Communication Studies	Geography	Music	Pre-Optometry
Africana Studies	Computer Science	Geology	Music Education	Pre-Pharmacy
Anthropology	Creative Writing	German Studies	Music Performance	Pre-Physical Therapy
Art	Economics	Greek	Neuroscience	Pre-Physician Assistant
Art History	Elementary Education	Graphic Design	Non-Profit Leadership	Pre-Seminary
Asian Studies	Engineering	History	Development	Pre-Veterinary Medicine
Biochemistry	Engineering Physics	International Business	Philosophy	Psychology
Biology	English (Literature)	Japanese	Physics	Religion
Business Administration	English (Writing)	Landscape Architecture	Political Science	Scandinavian Studies
Chemistry	Environmental Management	Latin	Pre-Dentistry	Secondary Education
Chinese	& Forestry	Library and Information	Pre-Law	Sociology
Classics	Environmental Studies	Science	Pre-Medicine	Sociology (Social Welfare)
Communication Sciences	Ethics	Mathematics	Pre-Music Therapy	Spanish
& Disorders	French	Multimedia Journalism	Pre-Nursing	Theatre
		& Mass Communication	Pre-Occupational Therapy	Women's & Gender Studies