

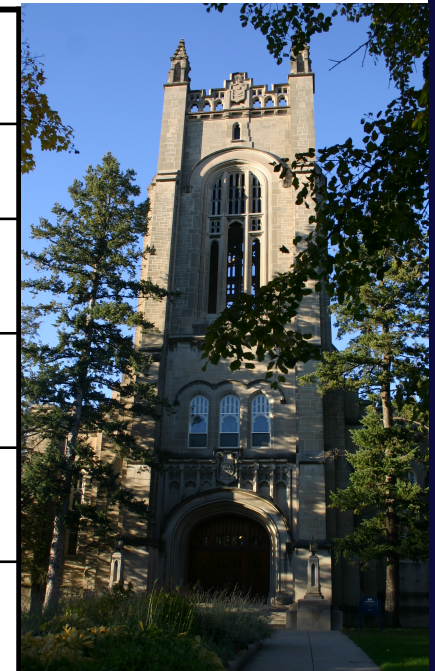


Economy of Carleton September 19, 2011

Carleton People

- Faculty committed to student learning
- Faculty and staff engaged in constant improvement and adaptation
- Staff who know and enjoy students and faculty

Yrs of Service	Faculty	Staff
< 10	116	264
10 - 20	68	127
20 - 30	59	78
> 30	26	30
Totals	269	499



Carleton Facilities

- 1,050 acres of campus and Arboretum
- 98 buildings w/ 43 acres of space (1.9 M sq ft)



Carleton Finances

- ~\$120 M annual Budget – no deficits
- Endowment ~\$650 Million
- Strong alumni support / participation



Carleton's Reputation

- Passionately focused on undergraduates
- Consistently ranked in top 10 by USNWR
- 90%+ Student Satisfaction at graduation
- Beloved by its alumni



Key Resources of a College

- **Human Capital** – talent, experience and attitude
- **Facilities** – land, buildings, equipment; form & function
- **Financial** – endowment, reserves, income/expense
- **Reputational** – competitive standing and position to attract talent and resources

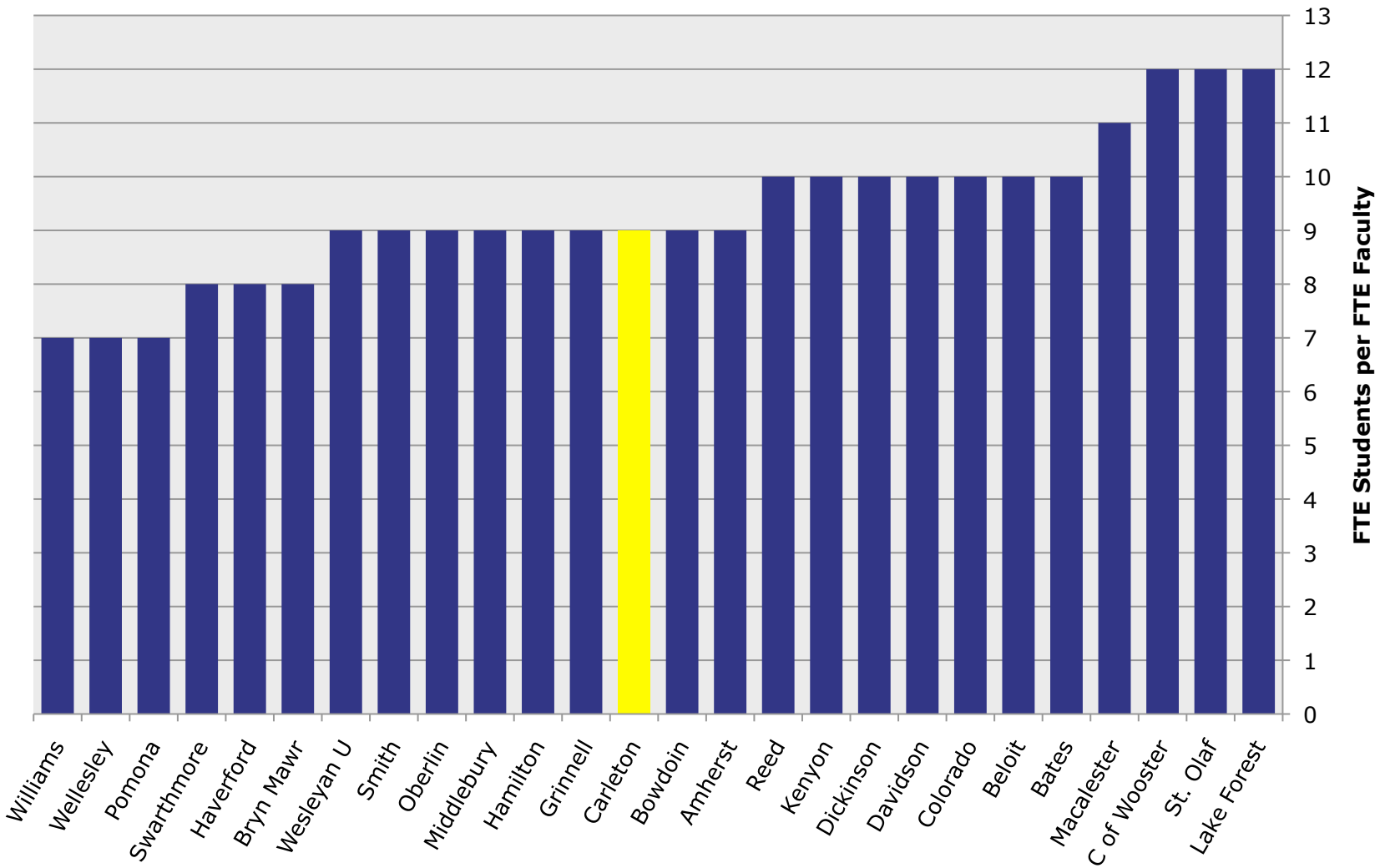


Topics

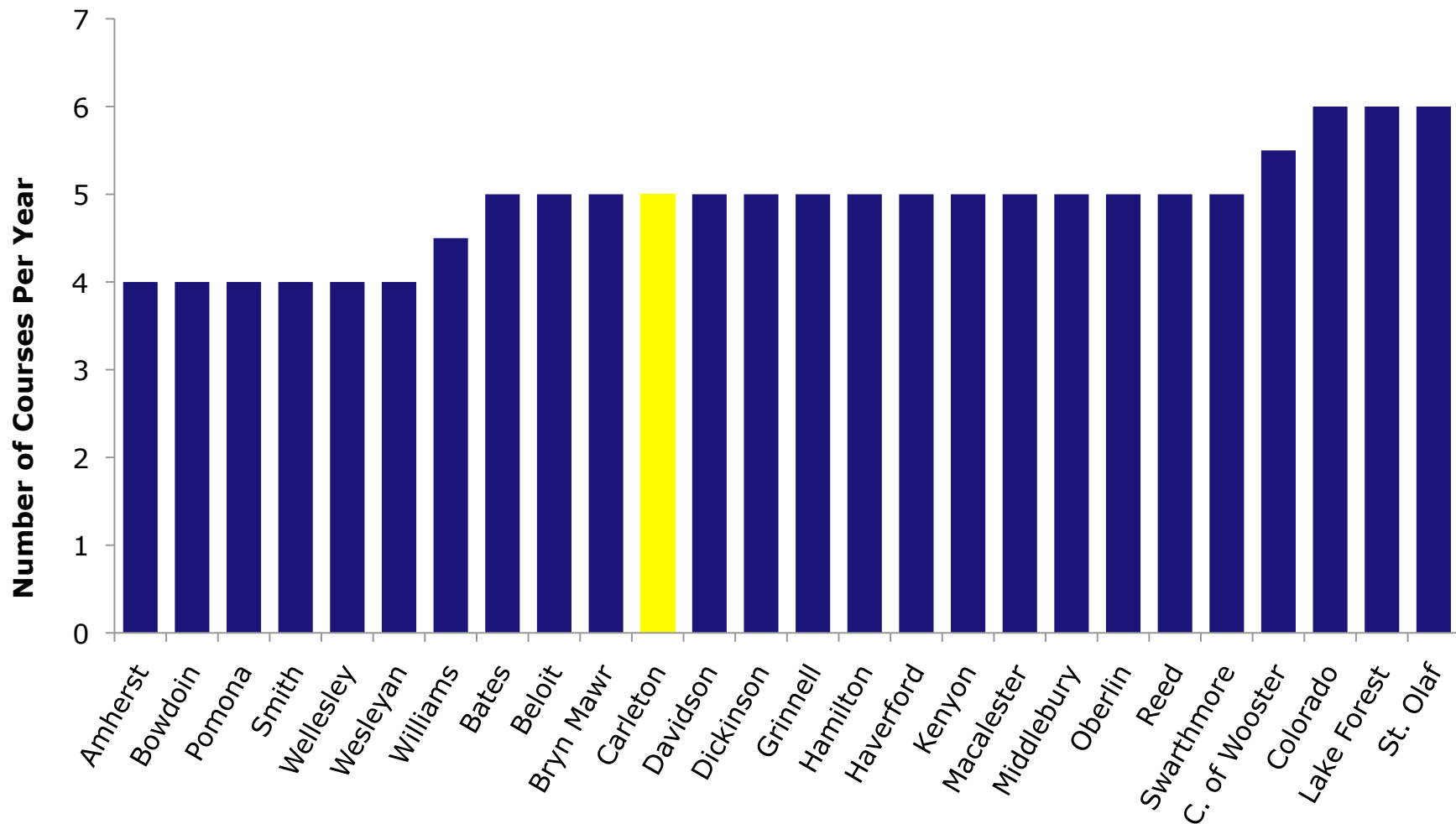
- Human Capital – faculty and staff
- Physical Capital – buildings, equipment
- Financial Capital
 - Budgeting
 - Endowment
 - Enrollment and Comprehensive Fee
 - Gifts
- Operational Choices
- Observations

Human Capital

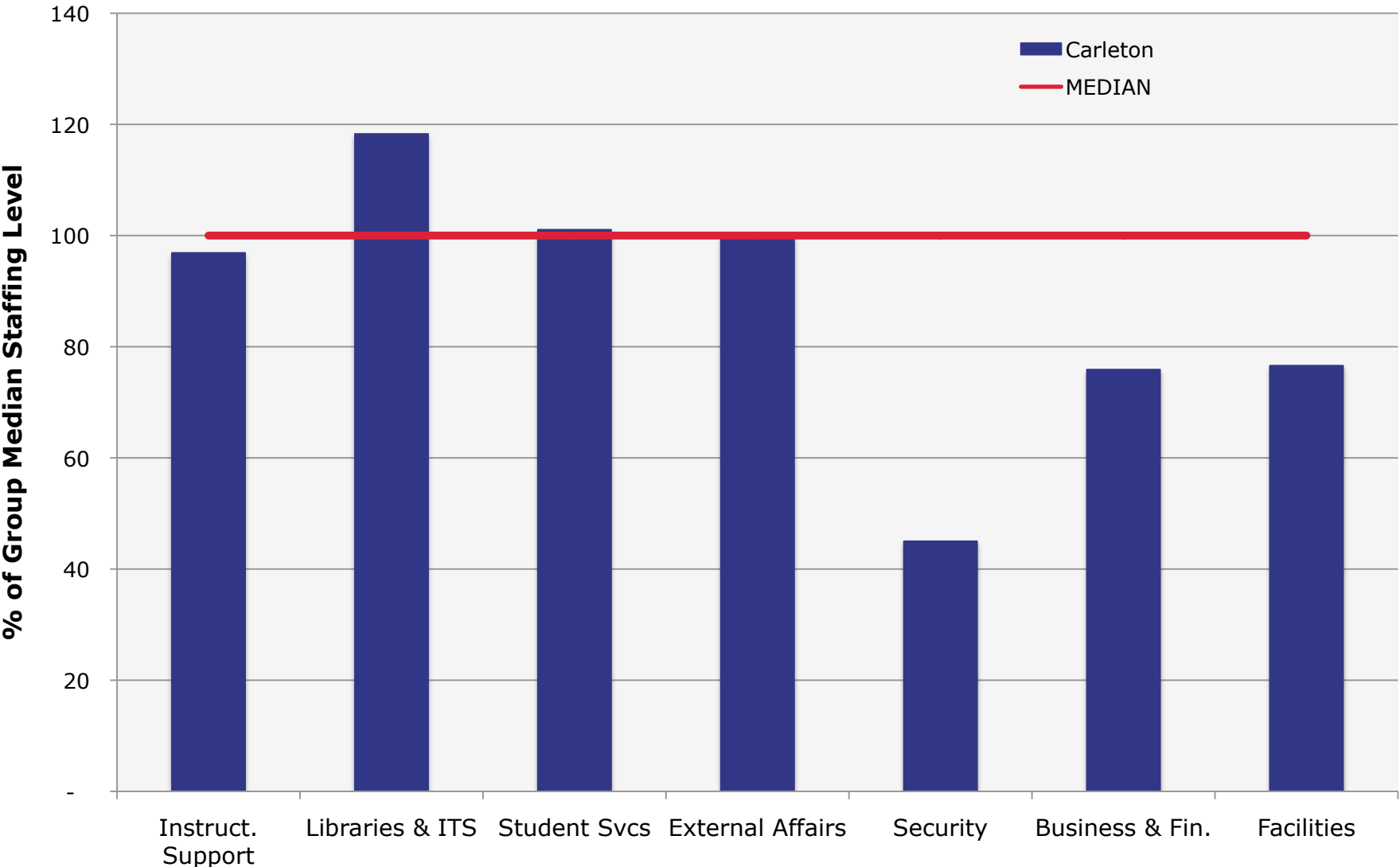
Student/Faculty Ratio, FY2010



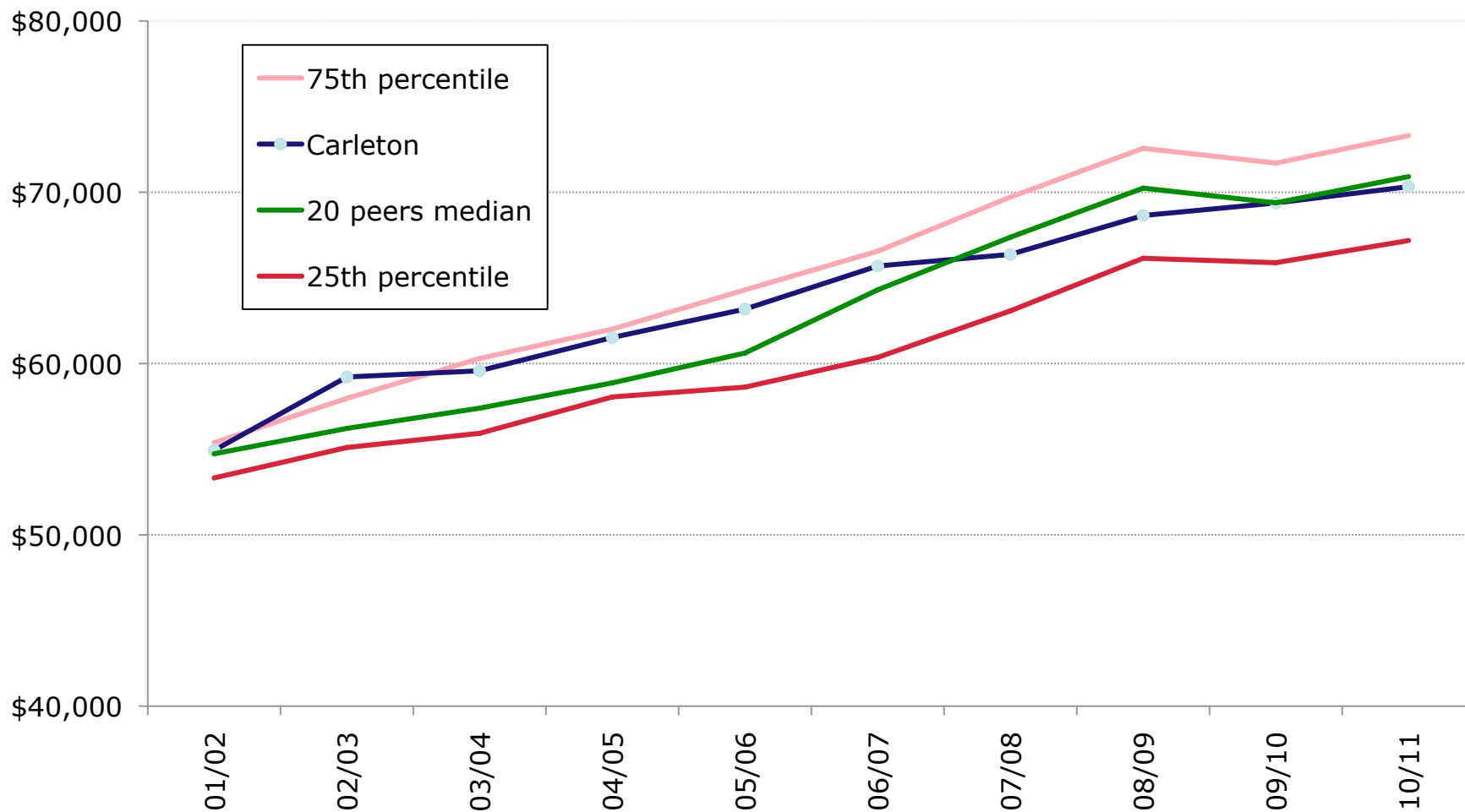
Standard Annual Faculty Teaching Load



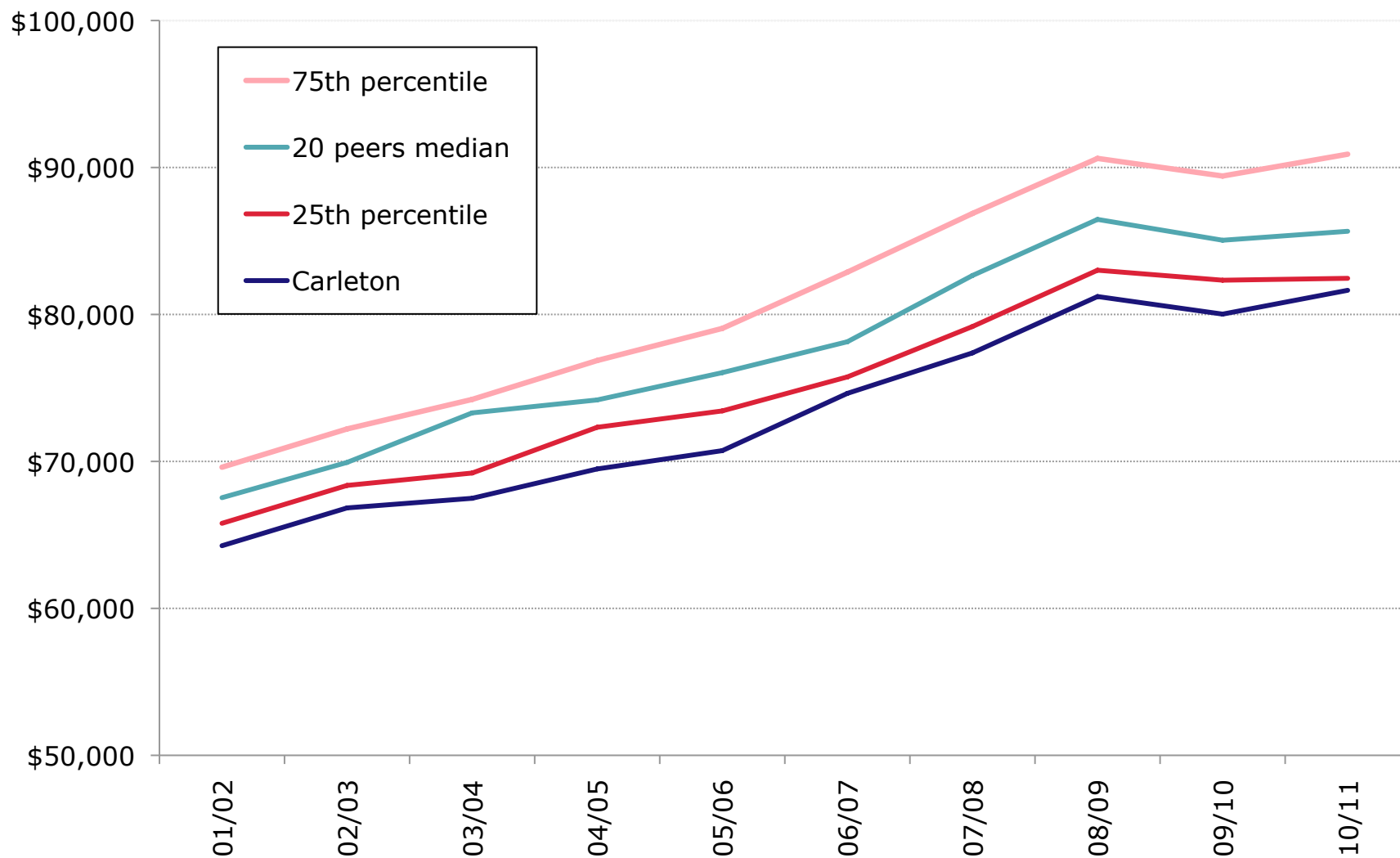
Staffing vs. Peer College Means



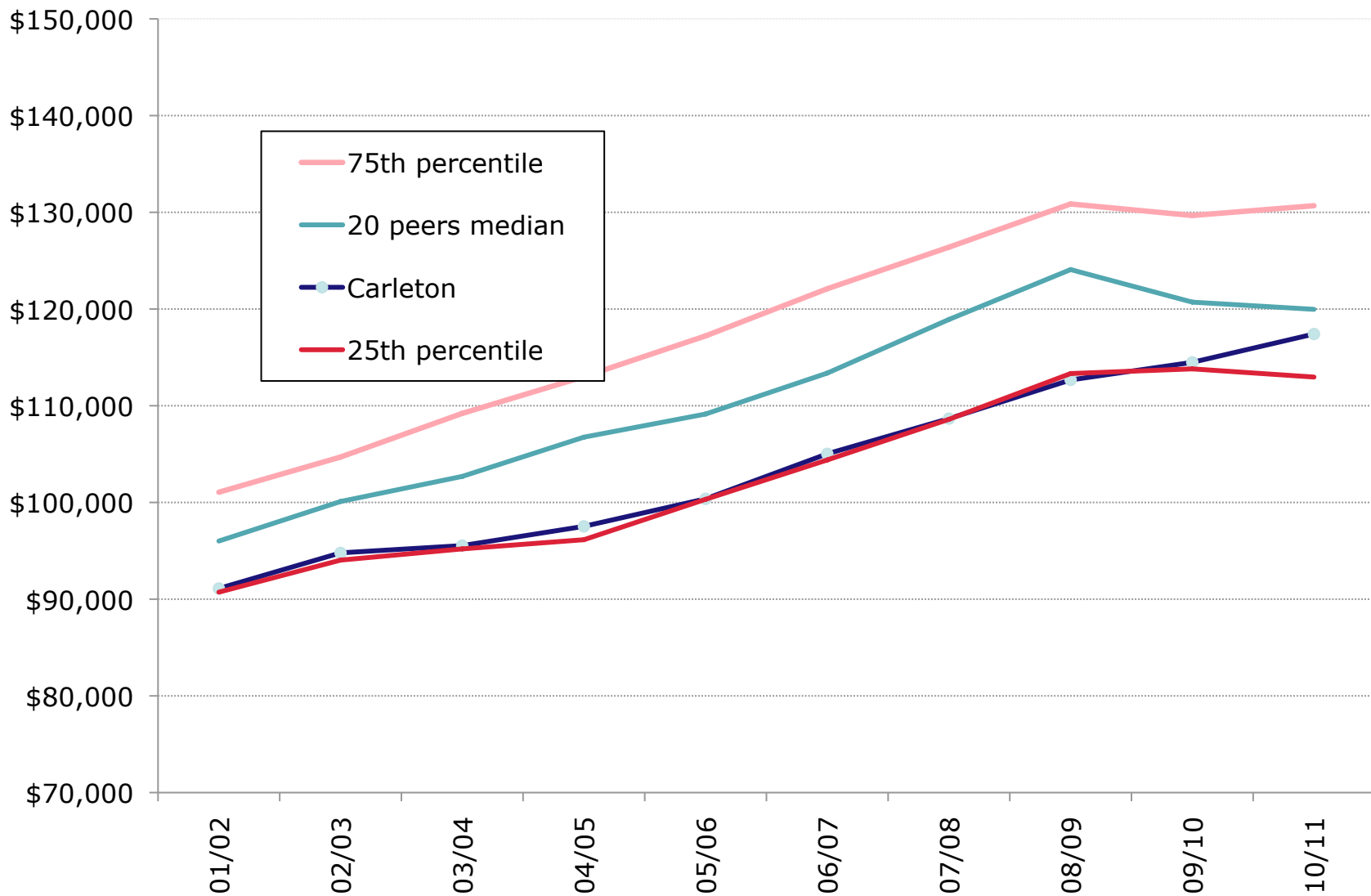
Average Salaries FT Assistant Professors



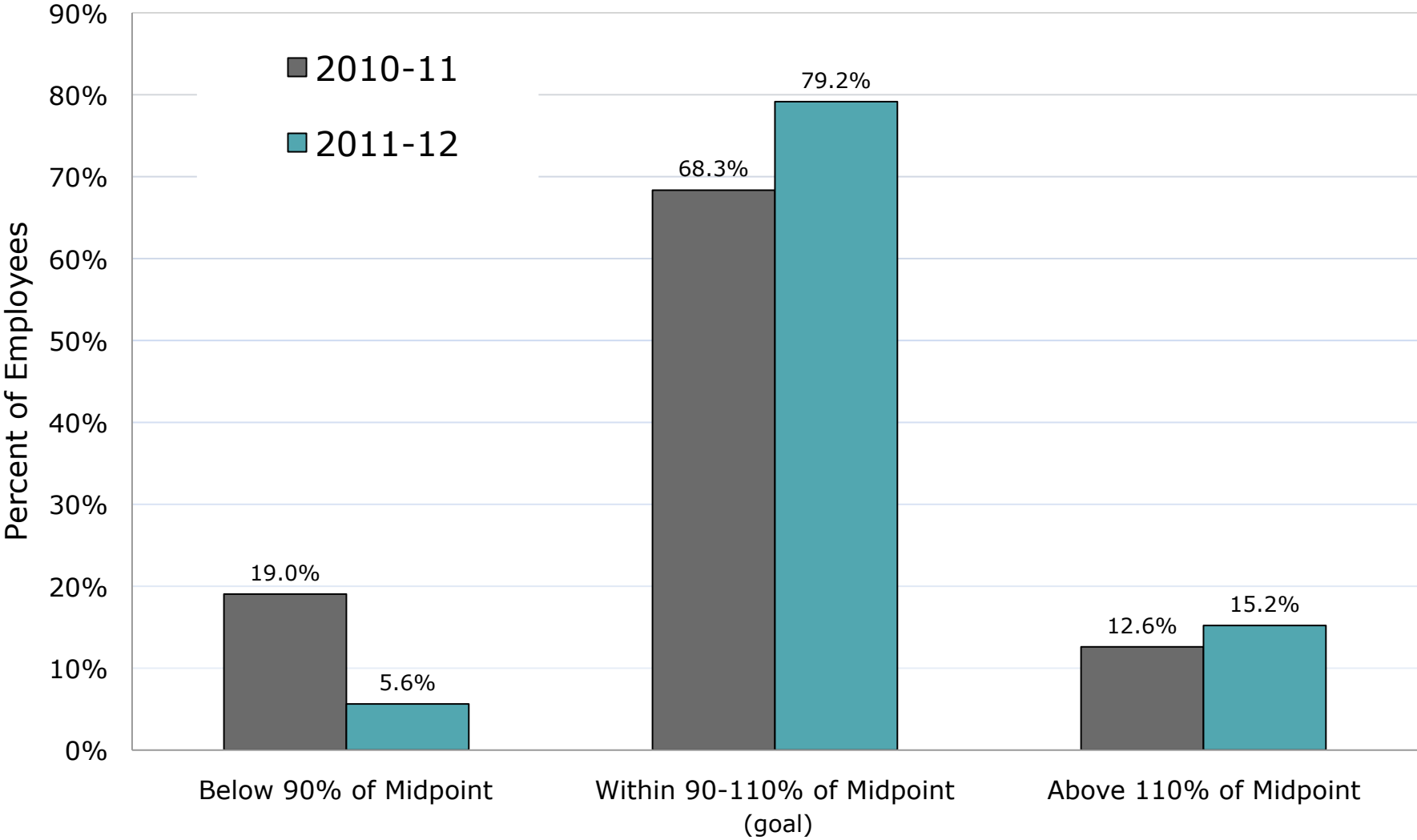
Average Salaries FT Associate Professors



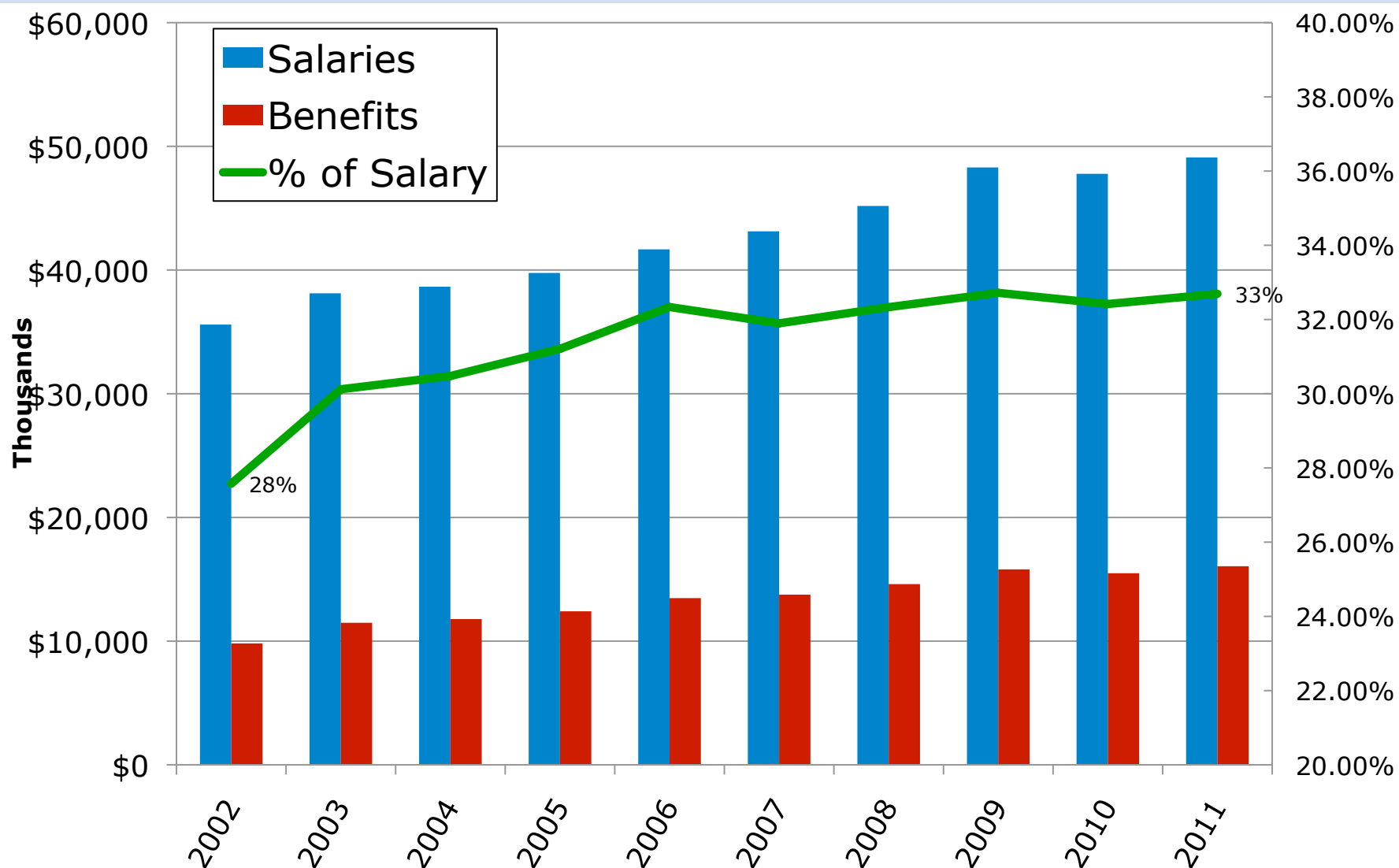
Average Salaries for FT Professors



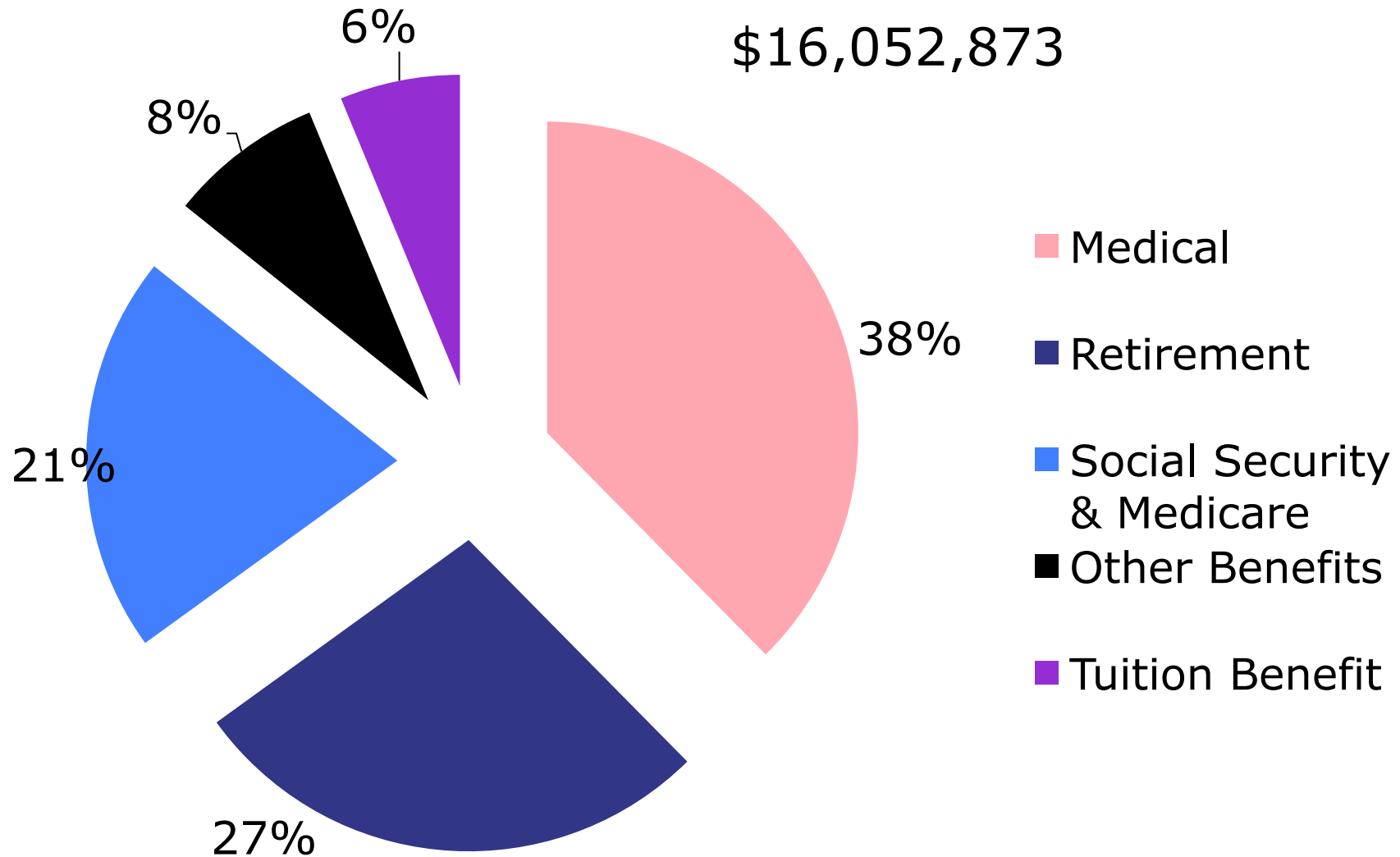
Staff Salary Compa Ratio Distributions



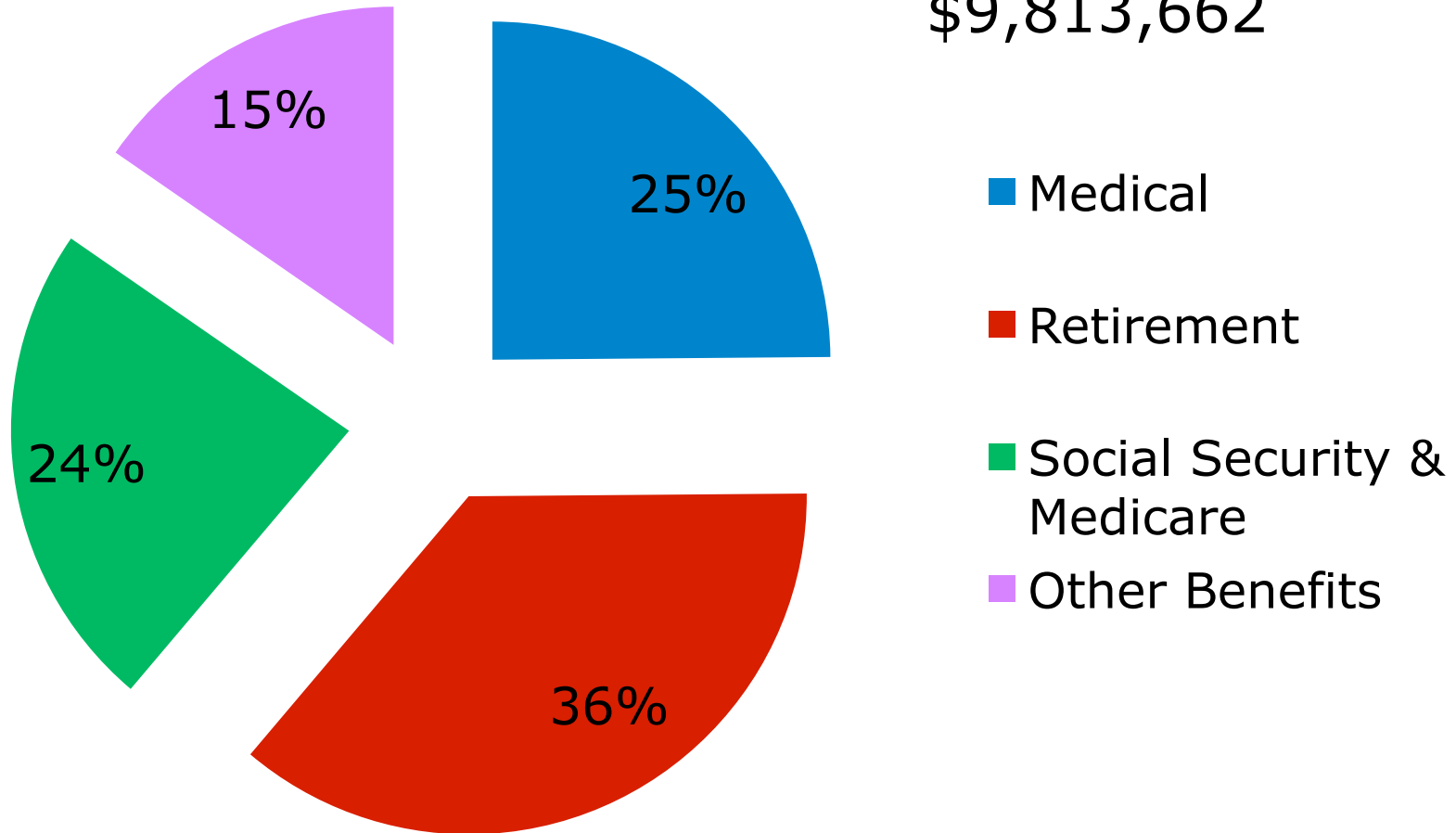
Carleton Benefits Over Time



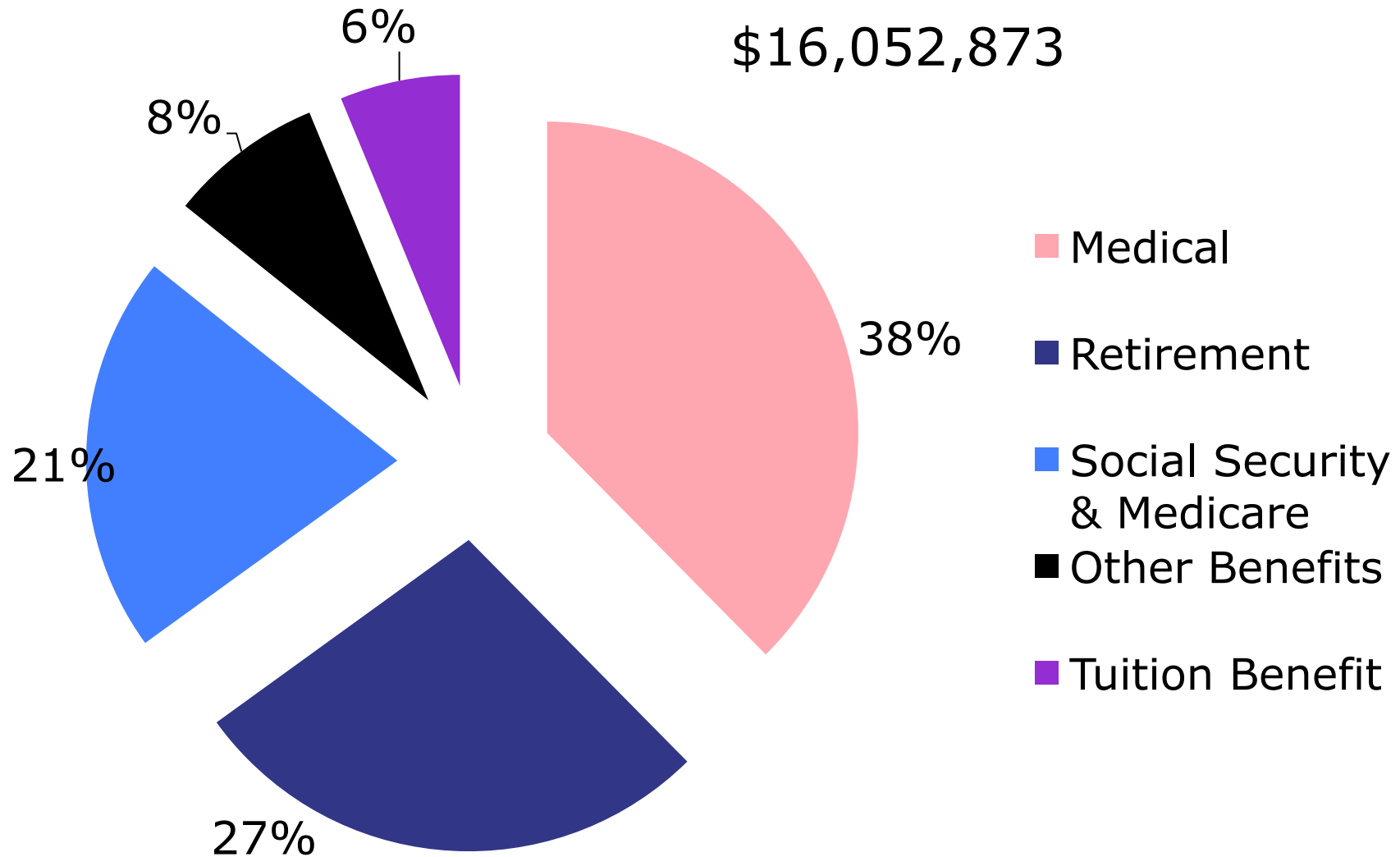
Carleton Benefits – FY 2011



Carleton Benefits – FY 2002



Carleton Benefits – FY 2011



Physical Capital – Bldg and Equip



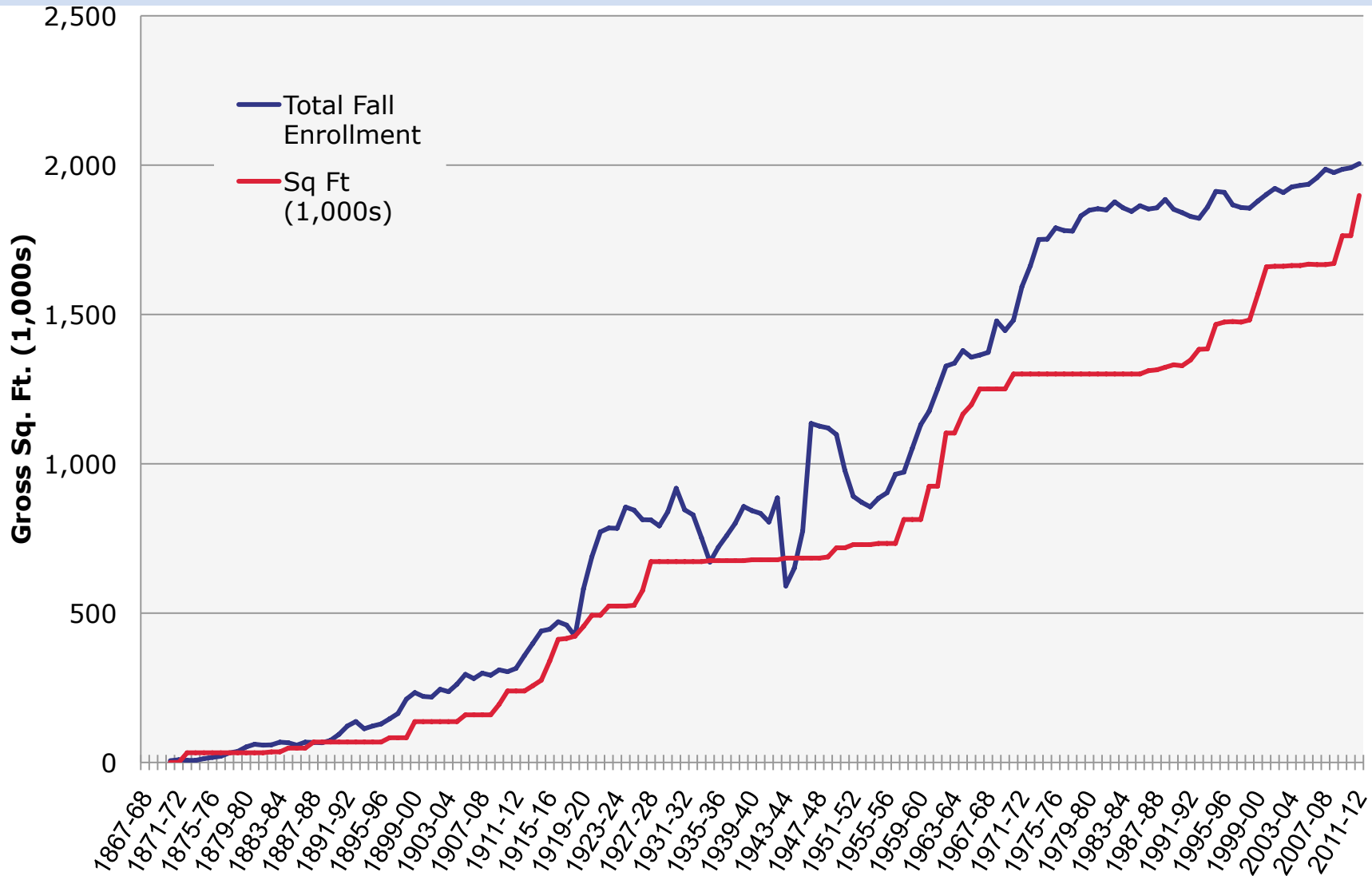
Carleton College



Carleton College ... has grown

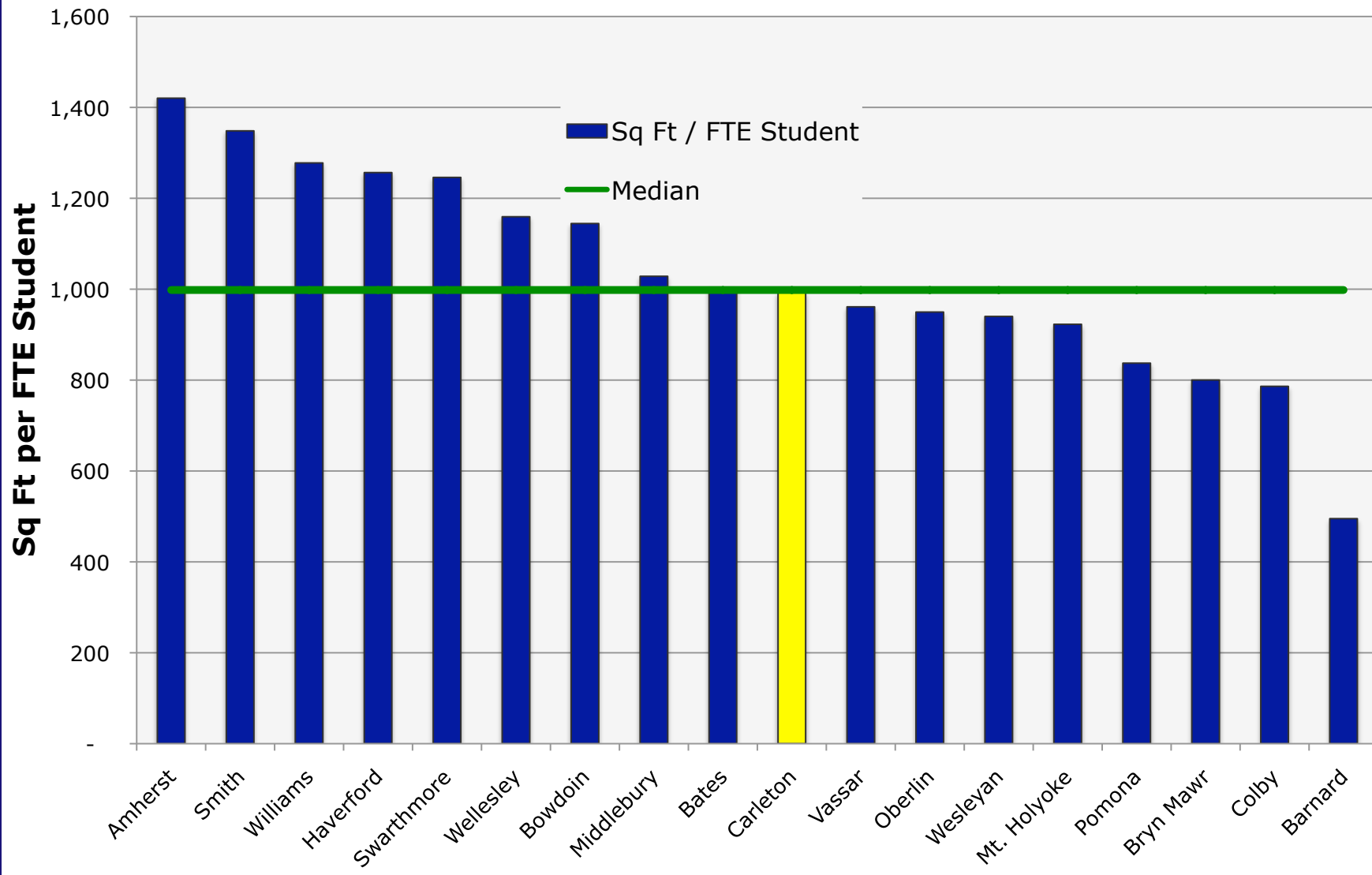


Growth of Space

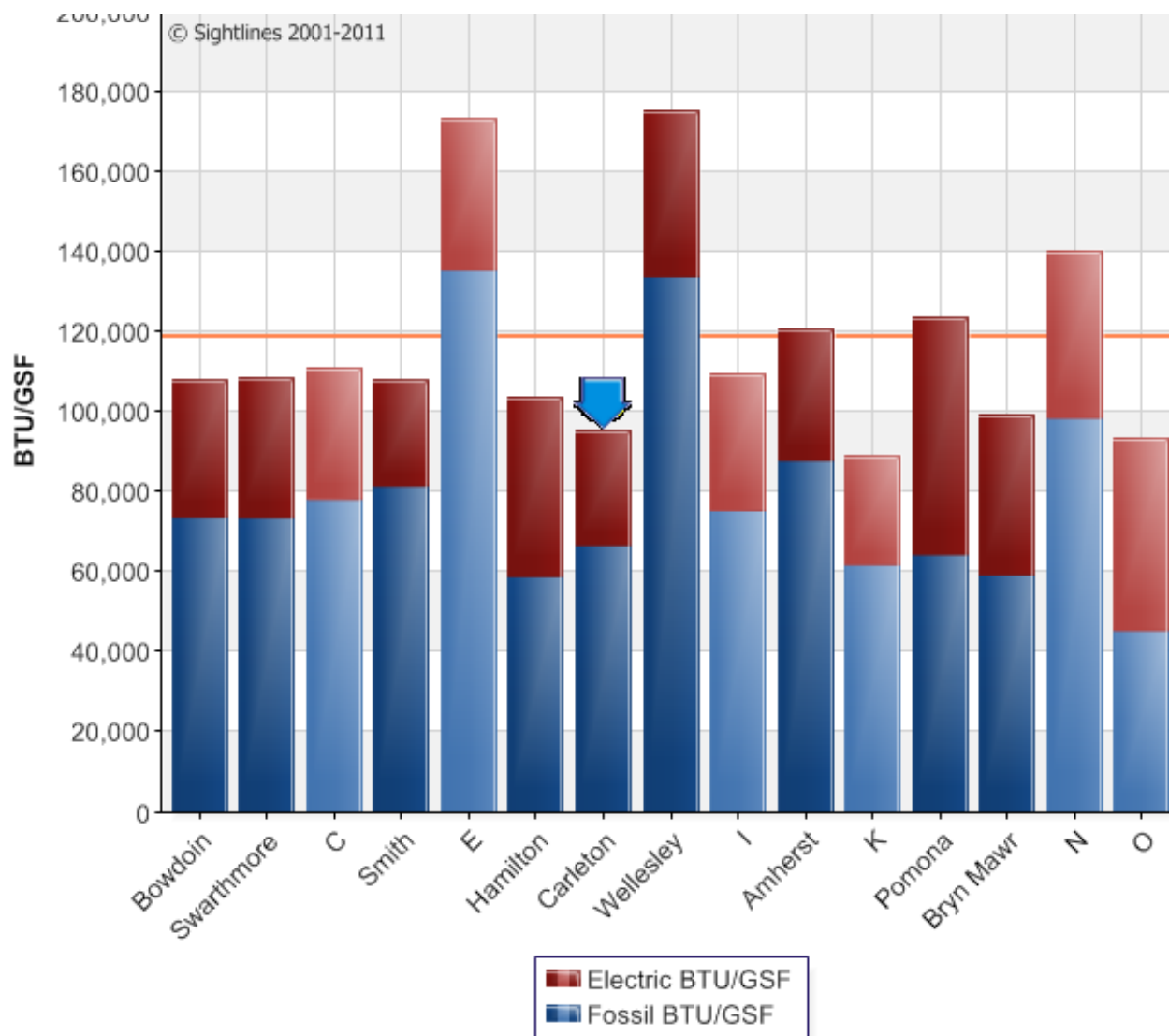


Space per student Comparisons – 2010

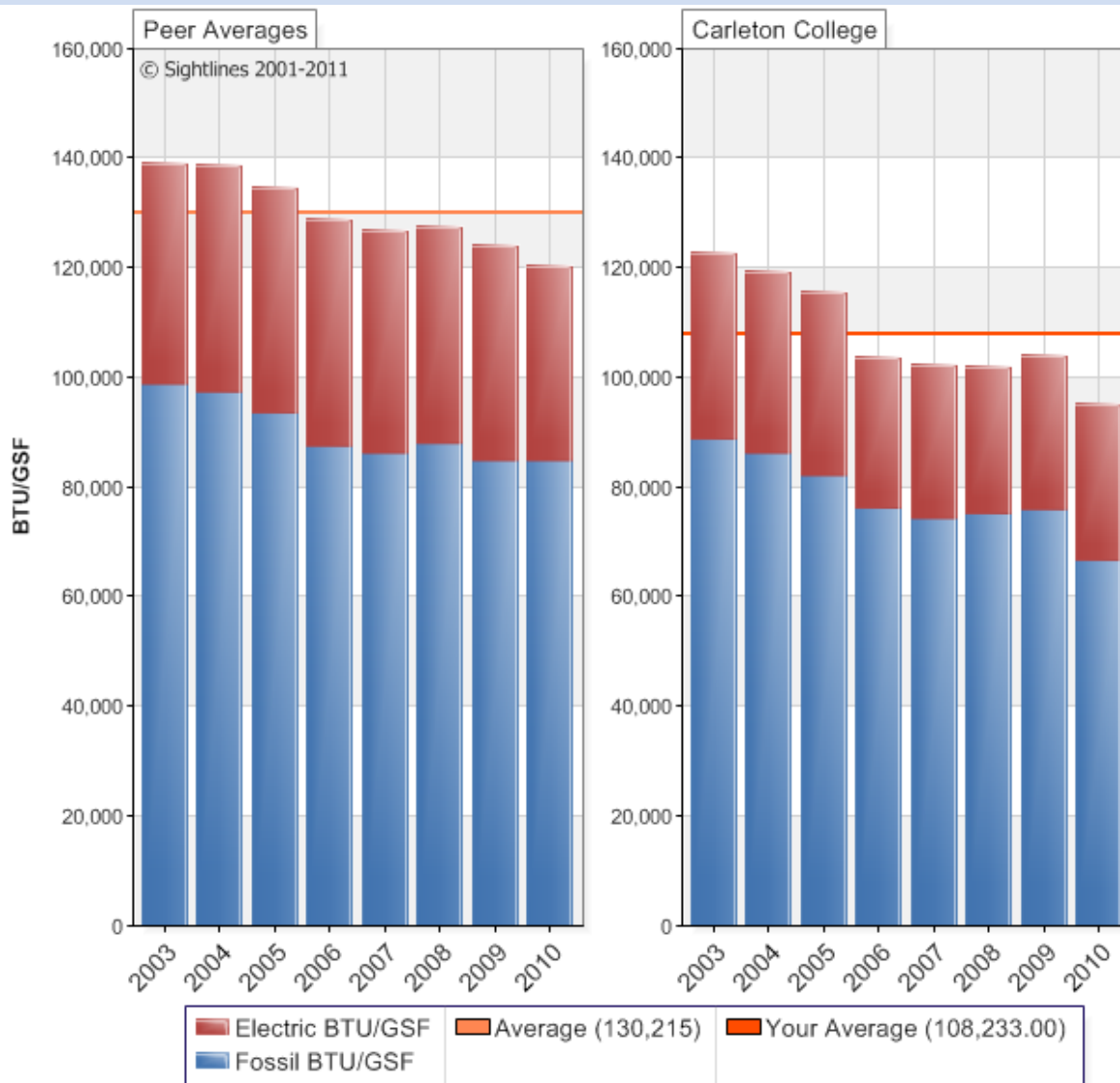
Carleton Adjusted to include Weitz Center



Energy Consumption 2010

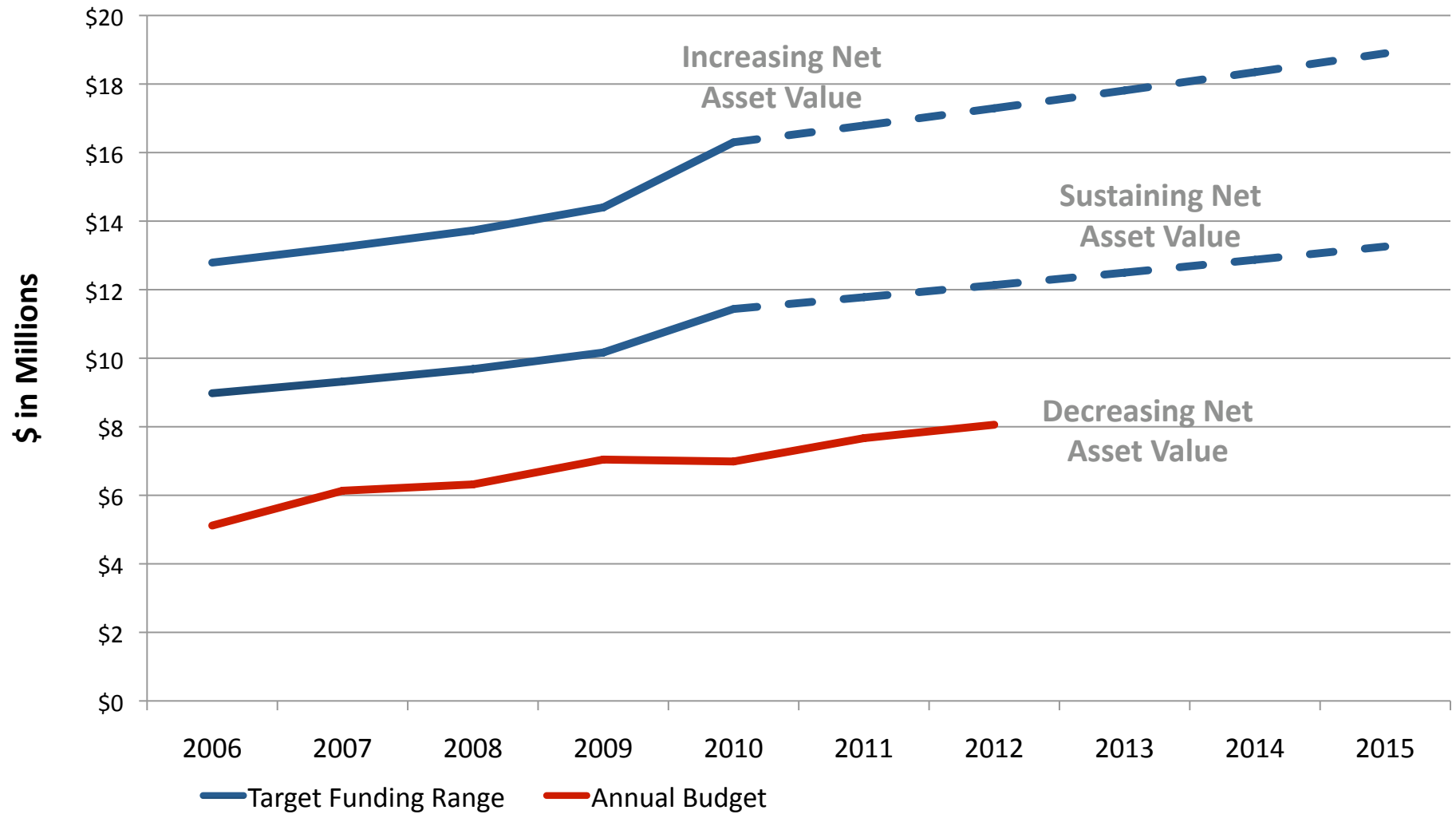


Energy Consumption Trends



“Chasing a moving target”

Target does not remain stagnant



Renovation Needs Model

Carleton College

31 Core Campus Buildings

50 Year Renovation Cycle

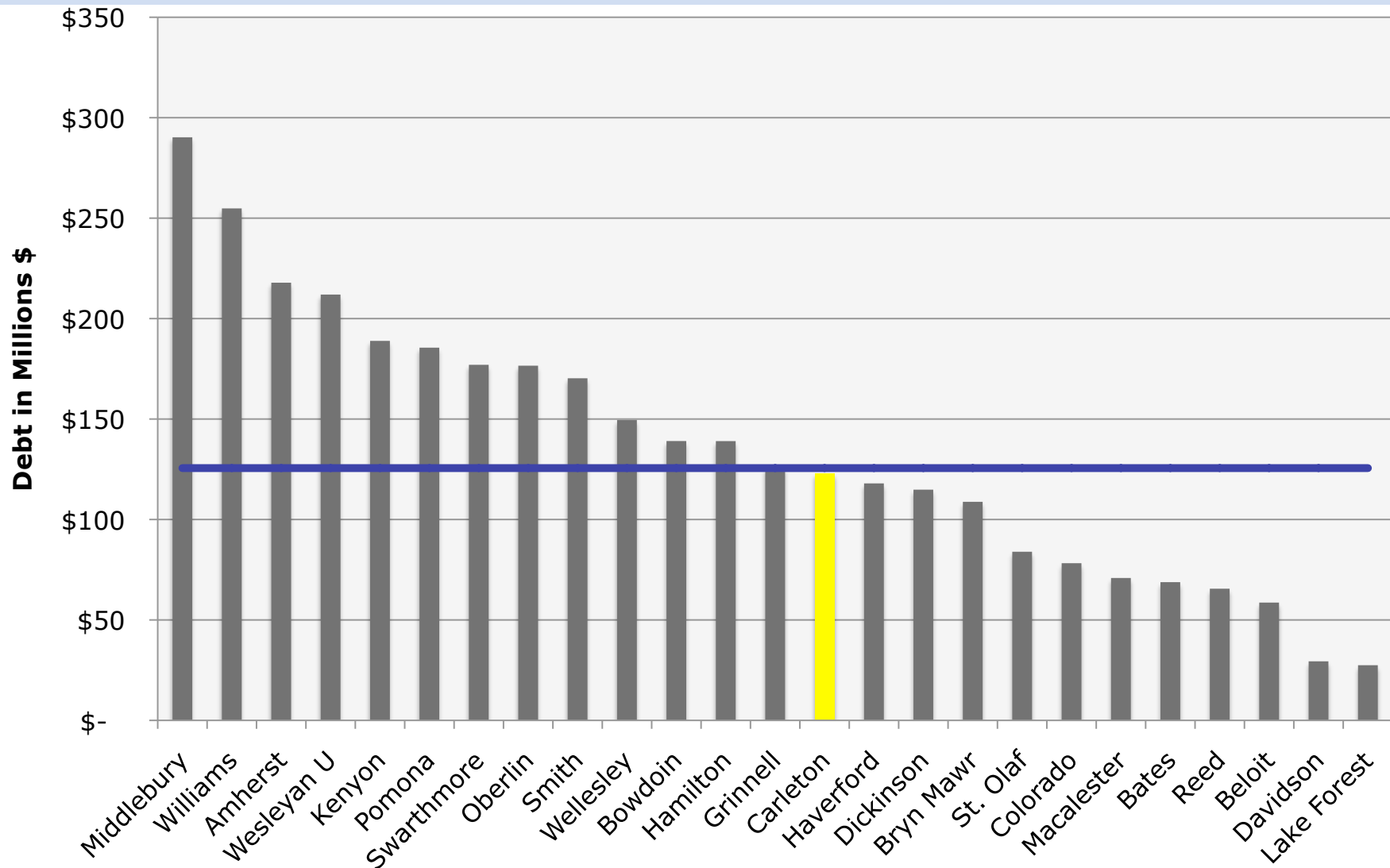
48,848 Sq Ft Average

@\$125/sq ft

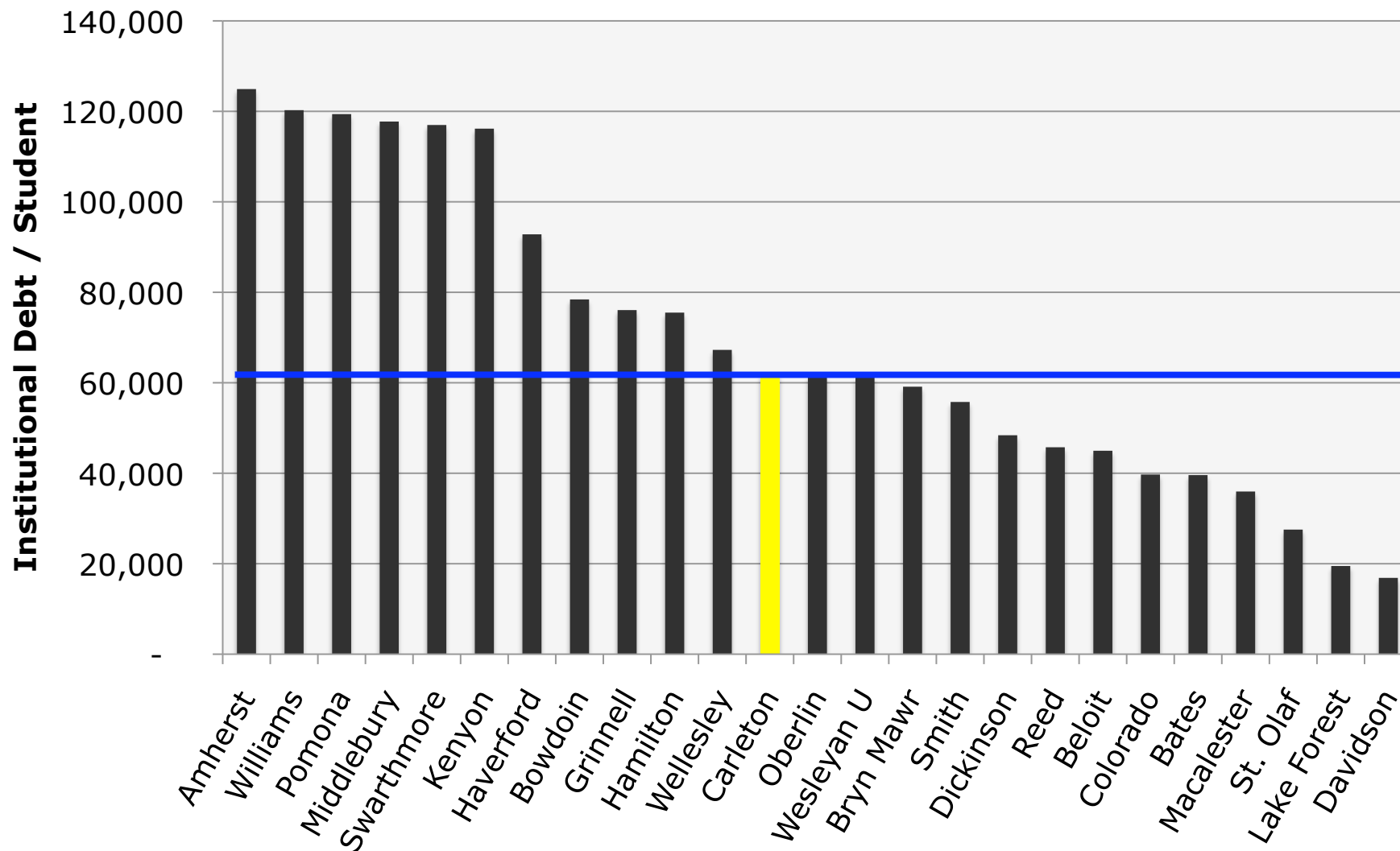
\$6.1M/Yr

Renovation Frequency = 2 every 3 years
Last renovation was Severance in 2003

Institutional Debt @ 6/30/2010



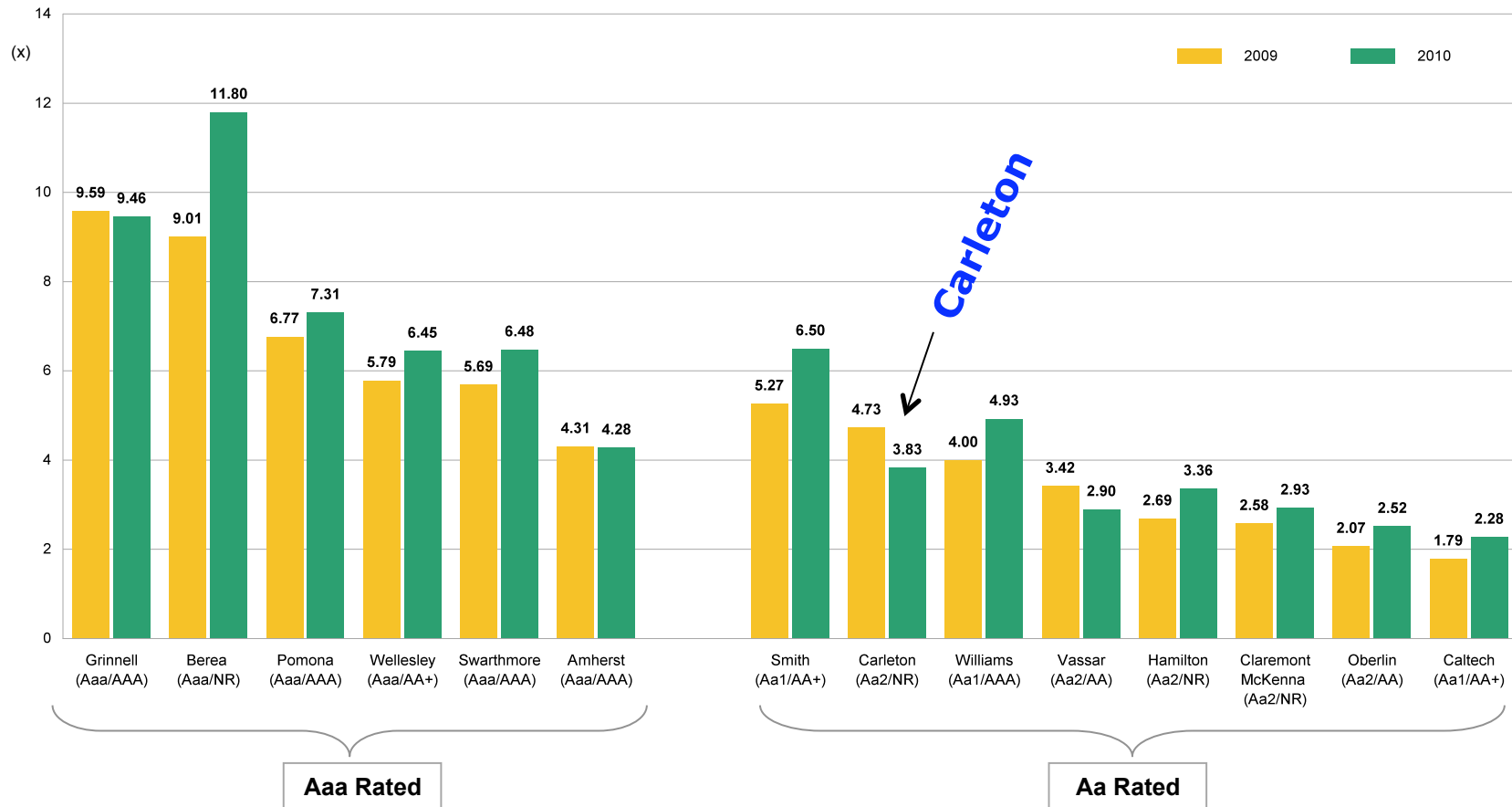
Institutional Debt/Student



Expendable Resources to Debt

Fiscal Year 2009 and 2010 data

(Total Unrestricted & Temporarily Restricted Net Assets Less Net Investment in Plant) / Direct Debt



Where do New Buildings Come From?

- Driven by Institutional Priorities
 - Long planning cycle and reconciliation of program, budget, funding, siting and design choices
 - Absence of campus master plan makes it harder
 - Trustee approval
- May require partial or majority gift support
- Typically require debt to finance construction before gifts are received
- Require new or reallocated resources for ongoing operation and maintenance

Examples of Recent Building Projects

- **LDC** – funded almost entirely with debt
- **Rec Center** – funded almost entirely with debt
- **Cassat & Memorial** – major gift plus debt
- **Weitz** – funded with major gift, many other gifts; construction financed 3/4 with debt

Financial Capital

Budgeting
Endowment
Enrollment
Gifts

Budgeting at Carleton

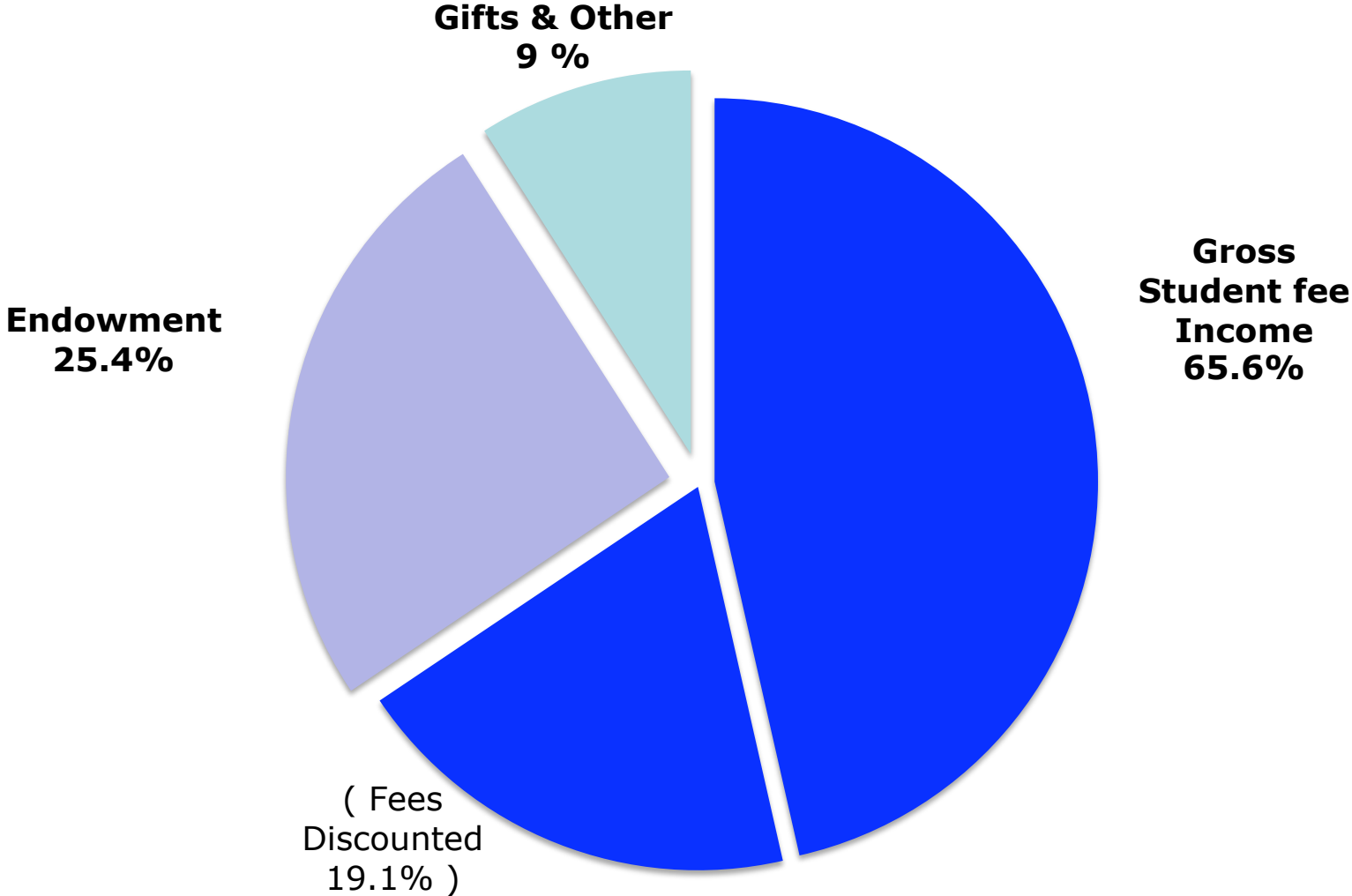
The Annual Budget Year is July-June
Budget is approved in February

Carleton Budget Governance

- Budget Committee
- The Tuesday Group
- College Council
- Finance & Planning Committee, BoT
- Board of Trustees (BoT)

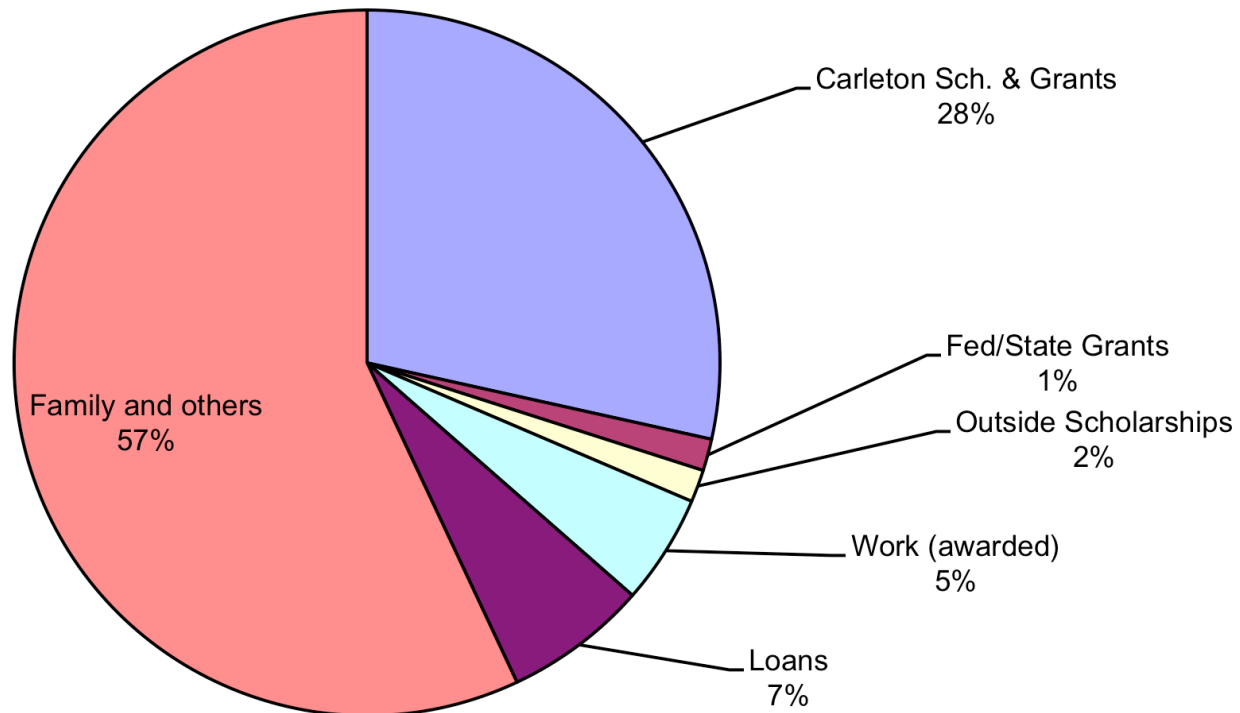
Near-term, Long-term & contingency planning

Gross Revenue Composition – FY 2010



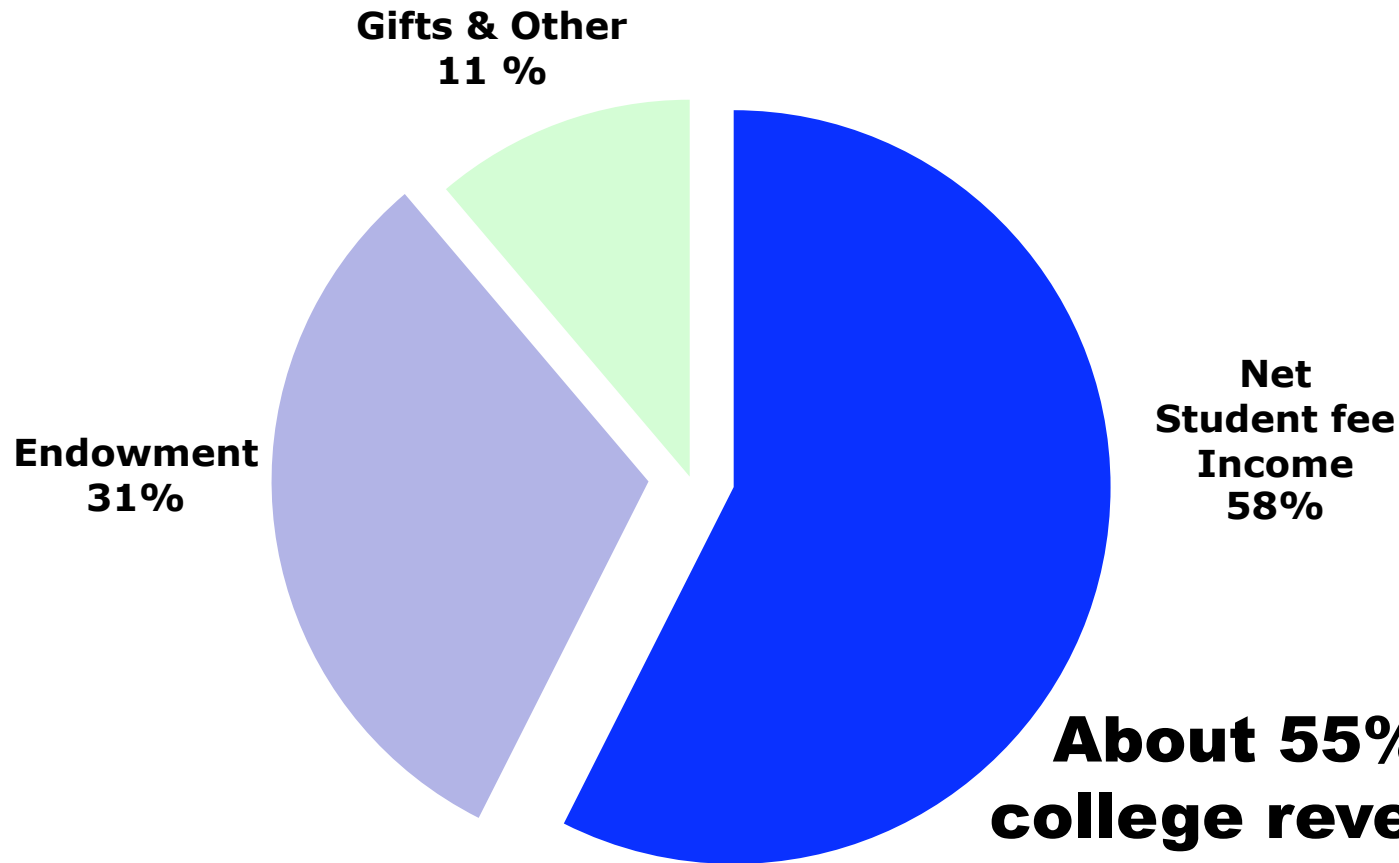
Who Pays the Fee?

FY 2011 Comprehensive Fee Revenue by Source



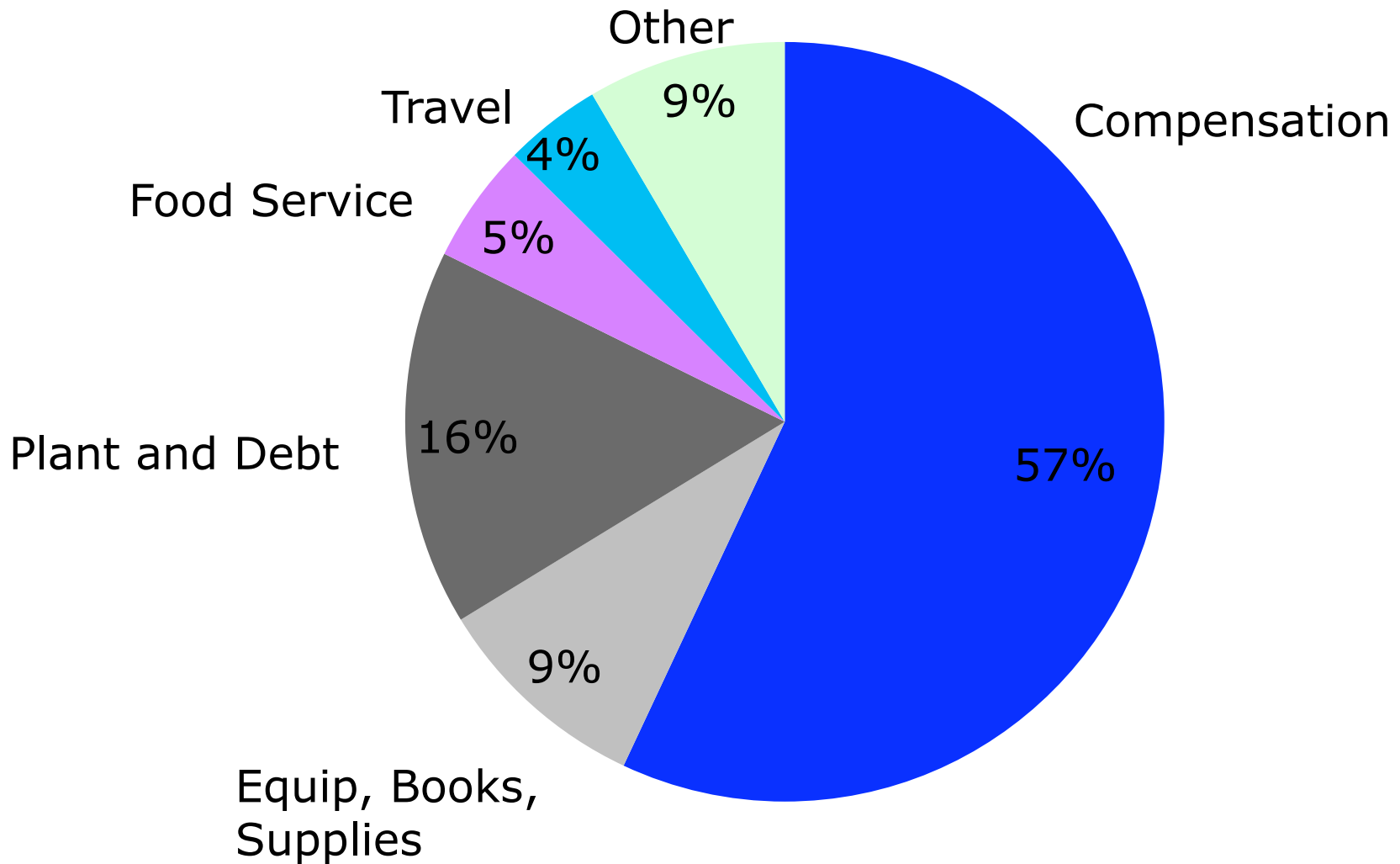
■ Carleton Sch. & Grants ■ Fed/State Grants ■ Outside Scholarships ■ Work (awarded) ■ Loans ■ Family and others

Net Revenue Composition - 2010

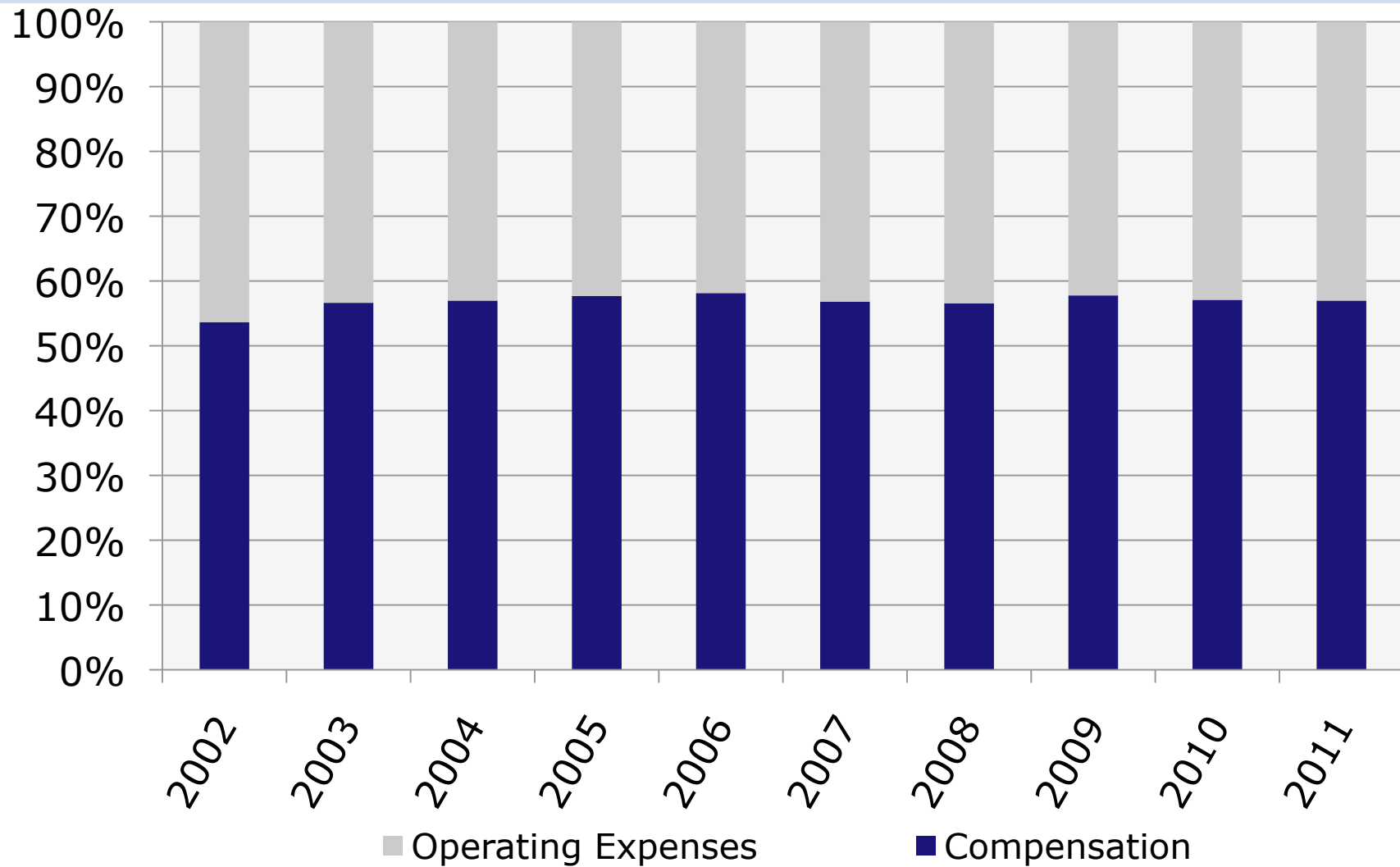


About 55% of net college revenues are paid by our students and families on an annual basis

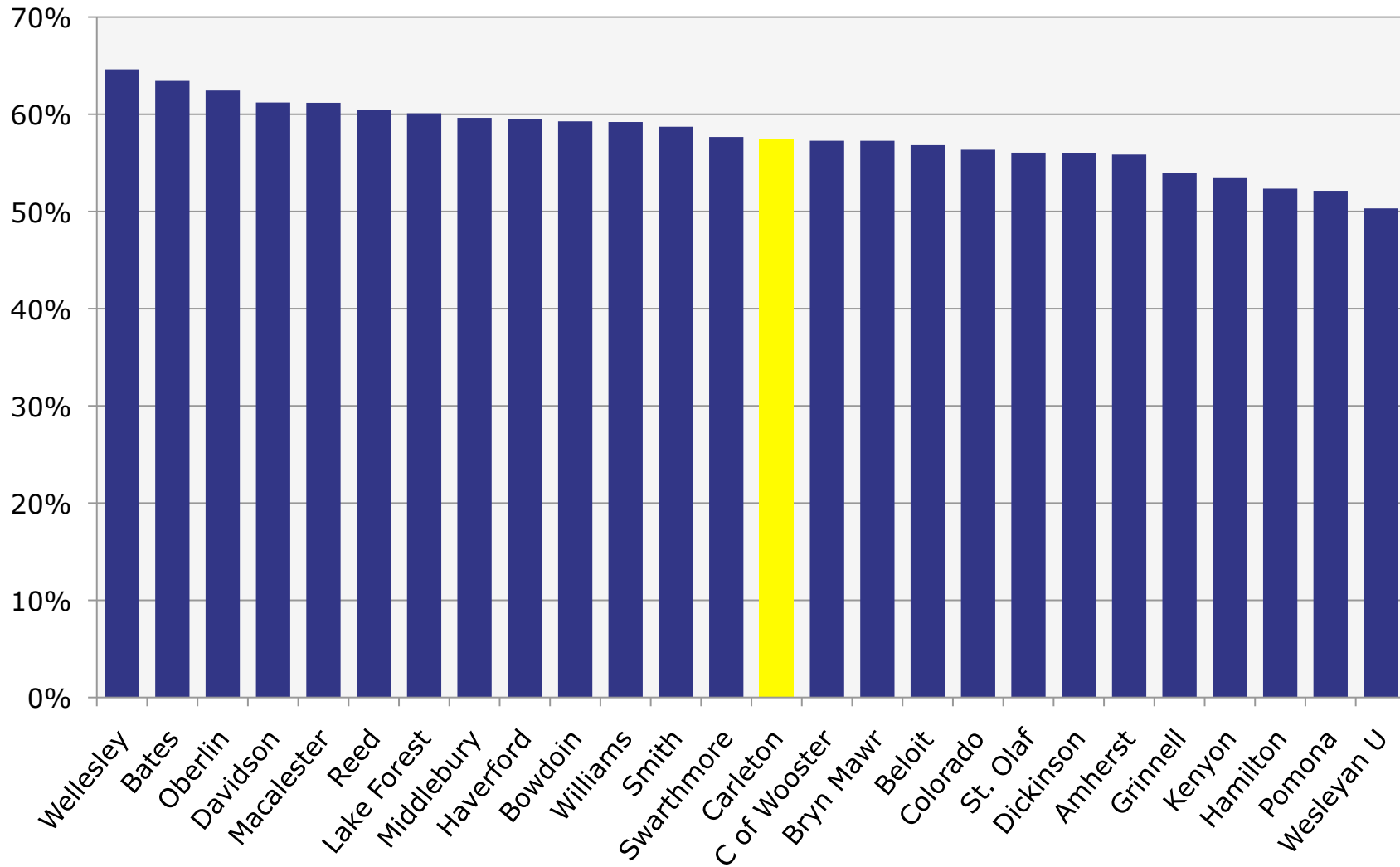
Carleton Expenses – 2010



Operating Expense Trend



% of Expense as Compensation vs Peers FY 2010



Endowment – Financial Capital

What is it really and how does
it work?

Definition

Endowment – The accumulation of gifts given to the College with the provision that they be preserved and invested so that the income there from may be used to support the purposes of the College.

Endowment Types

- True Endowments – donor specified
 - Permanent – the principal may not be expended
 - Term – the principal may be spent after some defined term or after the occurrence of some stipulated event
- Quasi Endowment– Unrestricted monies set aside by the Board as 'funds functioning as endowment'

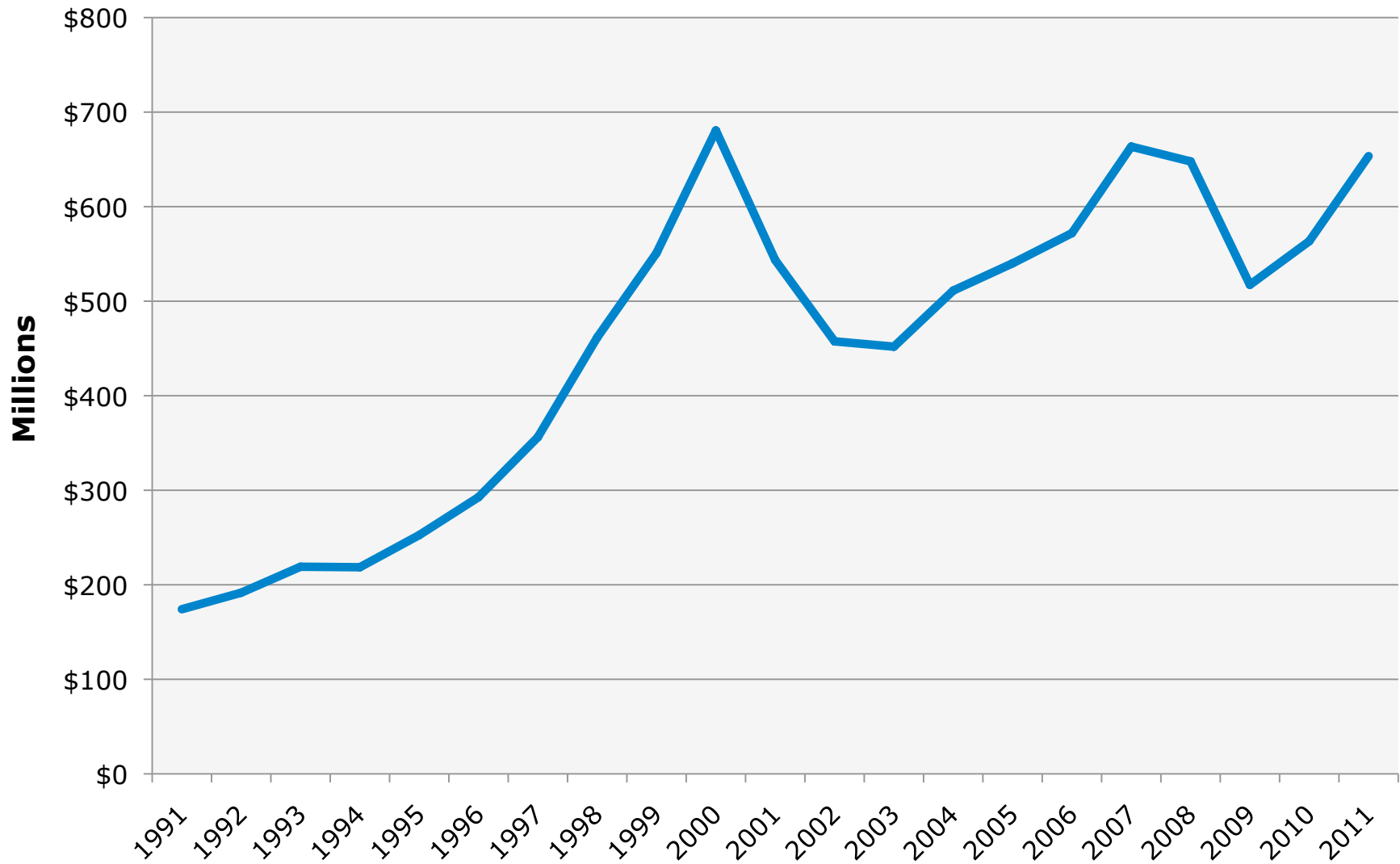
Carleton Endowment Uses

- 73% Restricted purposes
 - 51 faculty salary funds
 - 269 scholarship funds
 - 49 prizes and student research funds
 - 42 Speaker and program funds
 - 57 Library funds
 - 19 Building and Grounds funds
- 27% Unrestricted for general college

Endowment Investments

- Endowment funds are largely invested in the Investment Pool managed by the Investment Committee of the Board of Trustees
- Intended to provide steady, reliable income over the long term
- Market Value as of 06/30/2011 = \$653M
- Market Value as of 08/31/2011 = \$630M

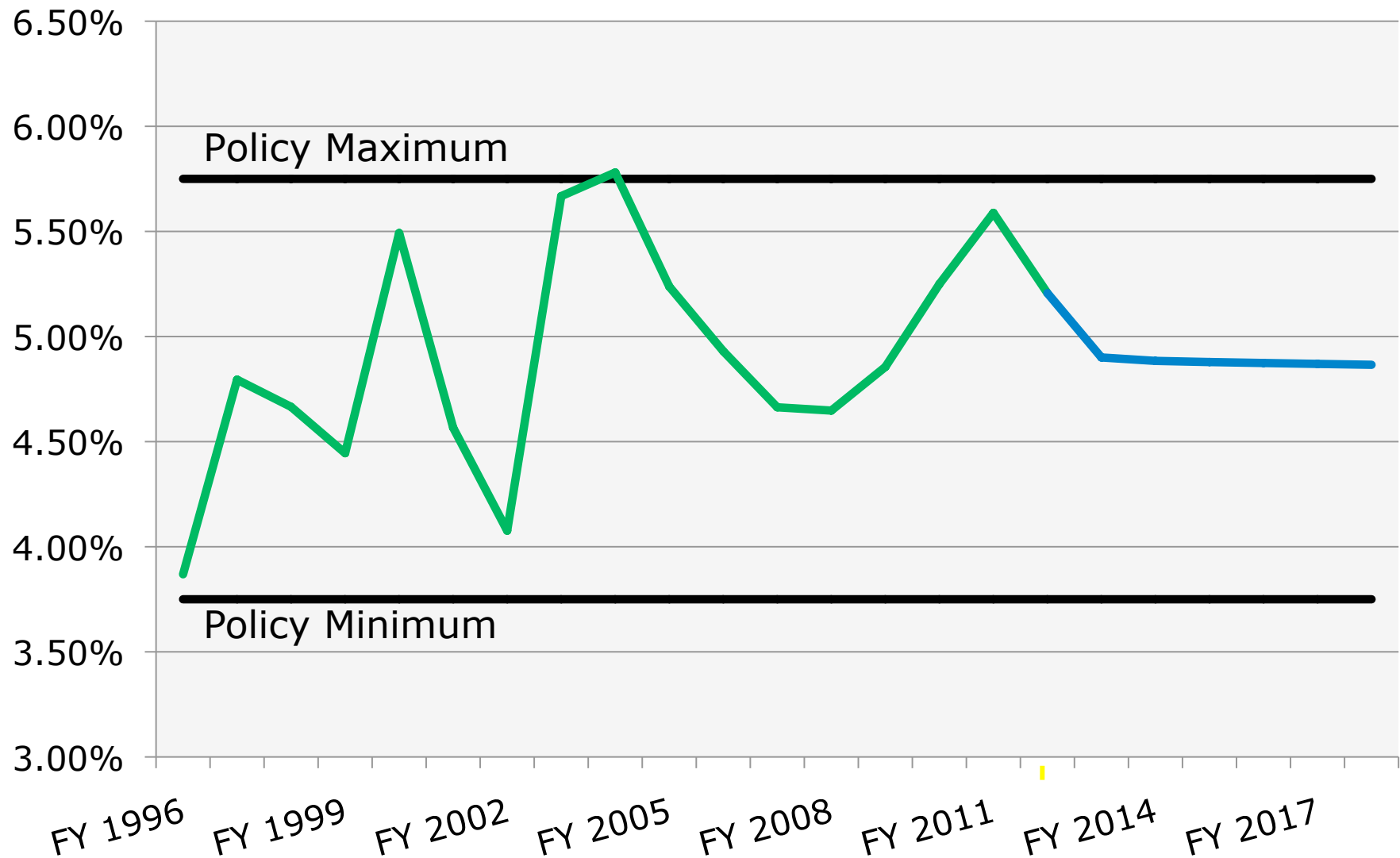
Market Value History



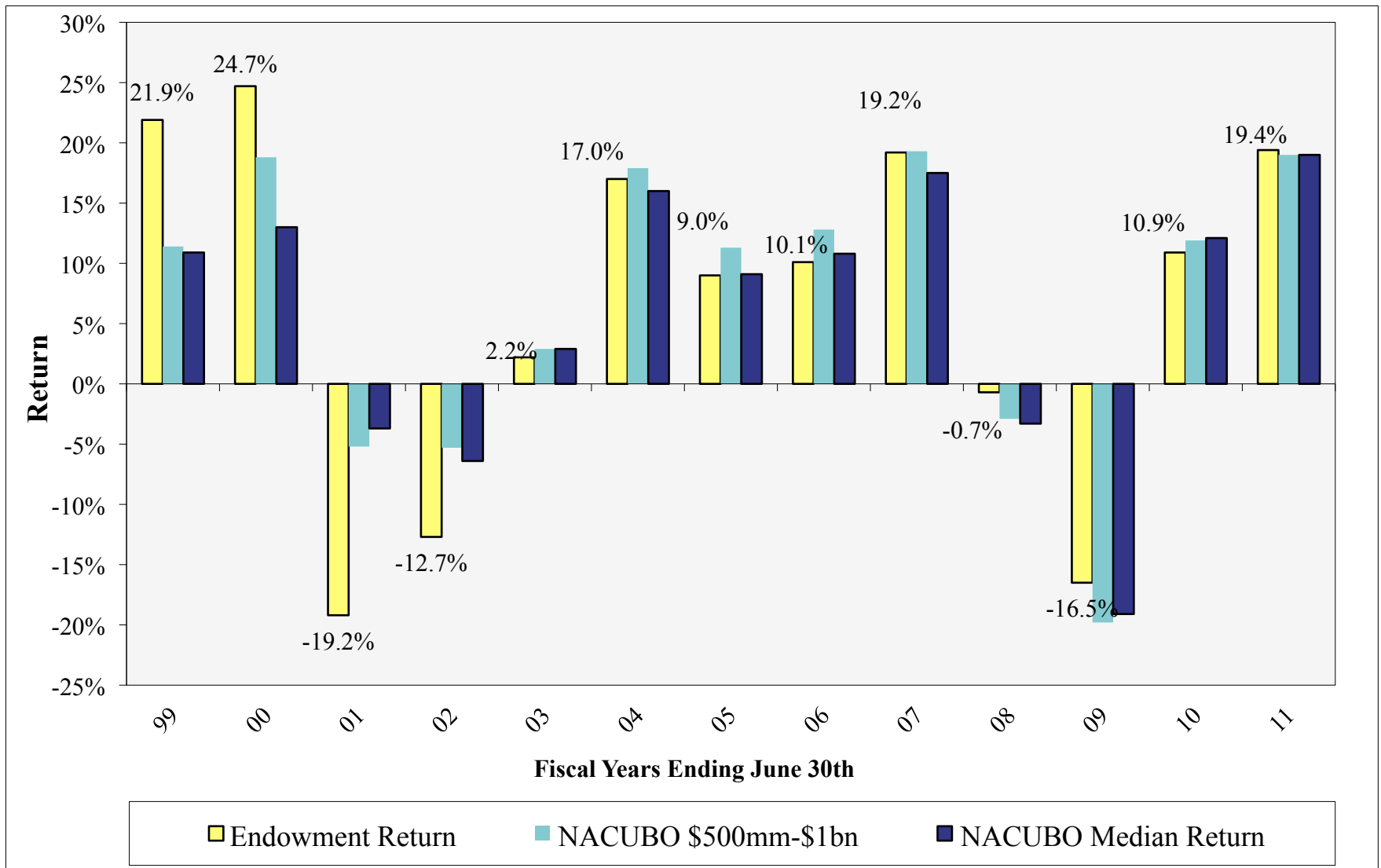
Endowment Spending Model

- Historically assumed **9%** average return
 - Spending at an average of 4.5-5.0%
 - Growth (covering inflation) at an average of 4.0%
- Currently assume **7%** average return
 - Spending at an average of 5%
 - Growth (covering inflation) at an average of 2%
- Limits
 - Max = 5.75% of 9/30/prior FY market value
 - Min = 3.75% of 9/30/prior FY market value

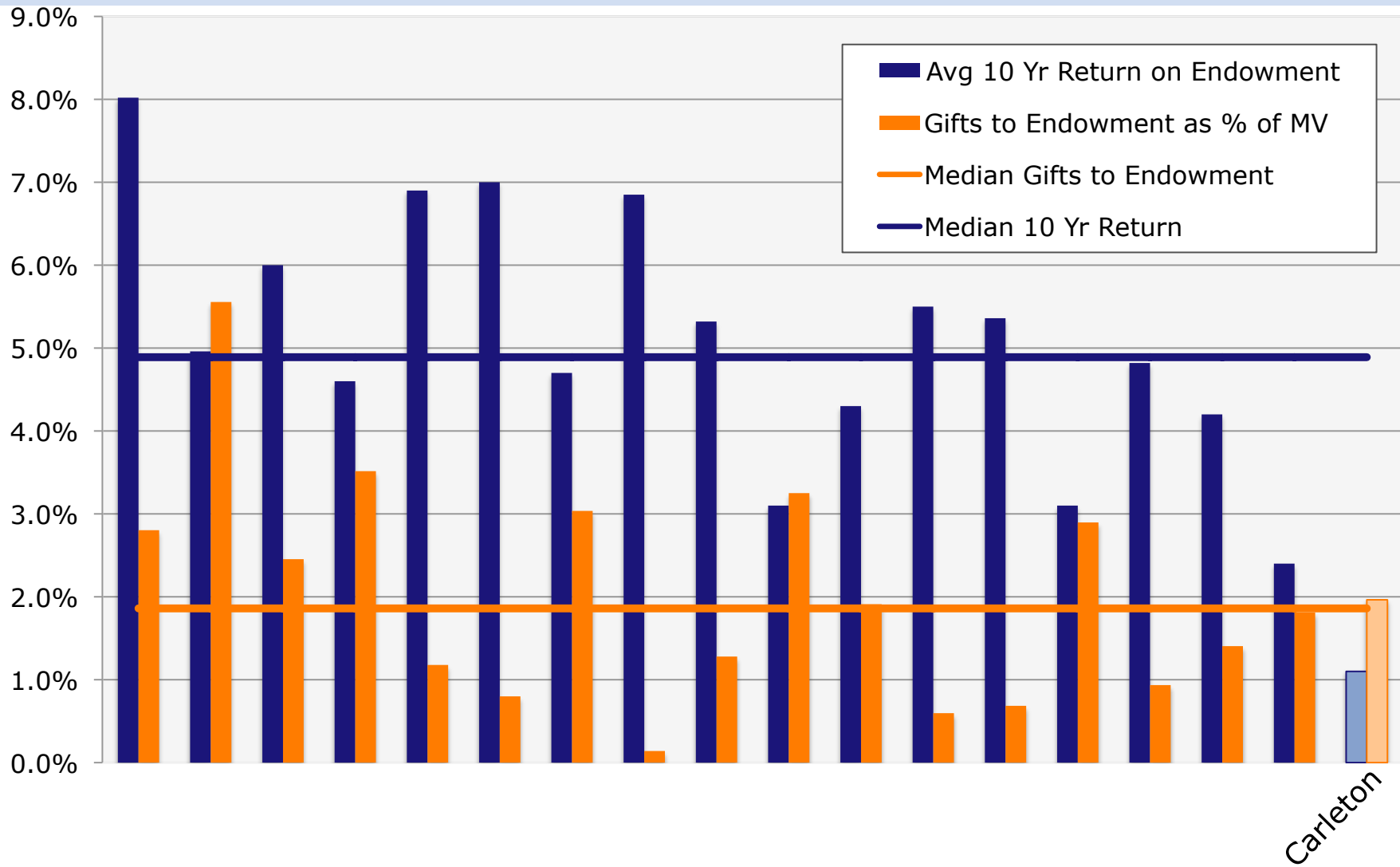
Endowment Spending as % of Sept. 30



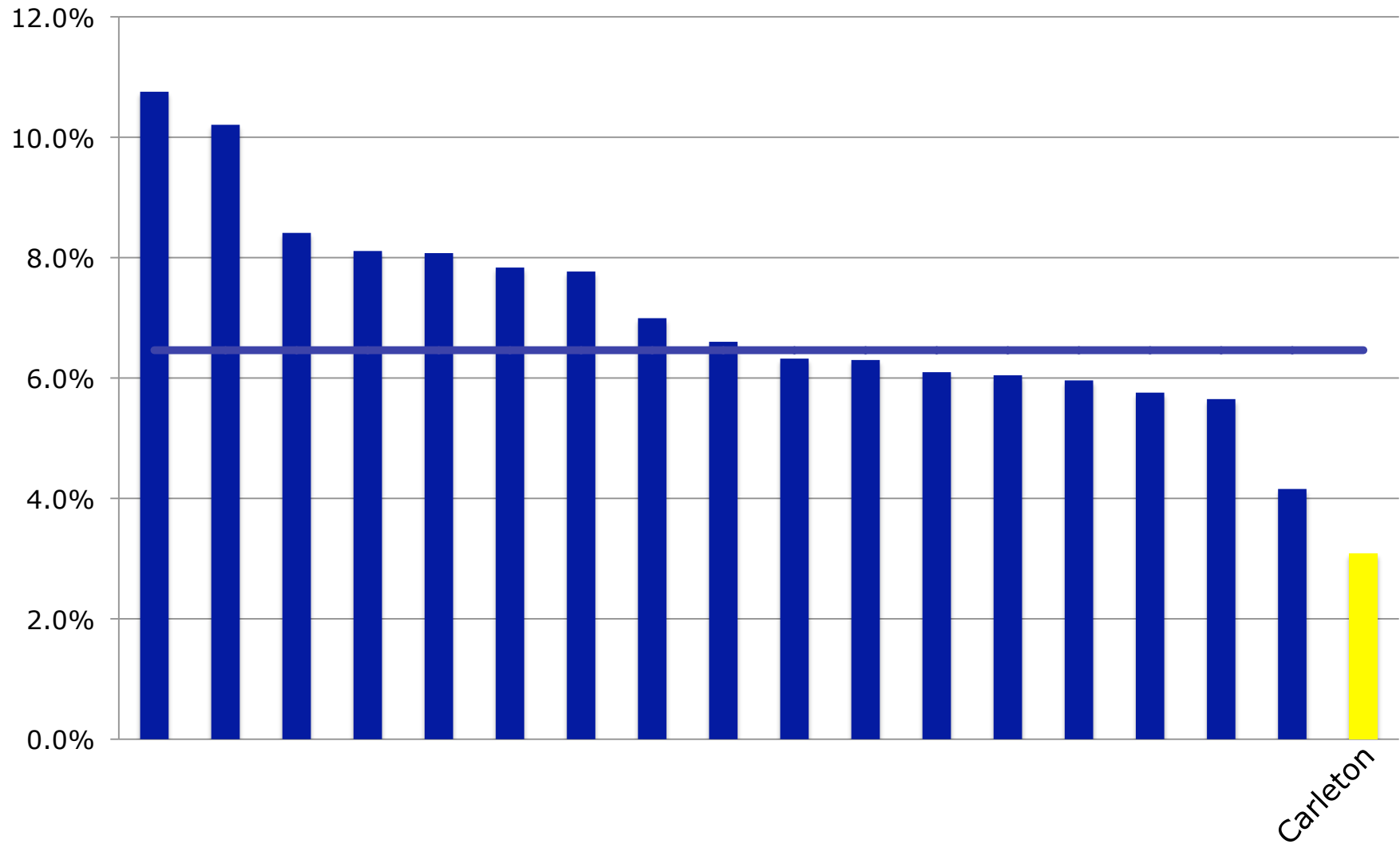
Annual Endowment Returns



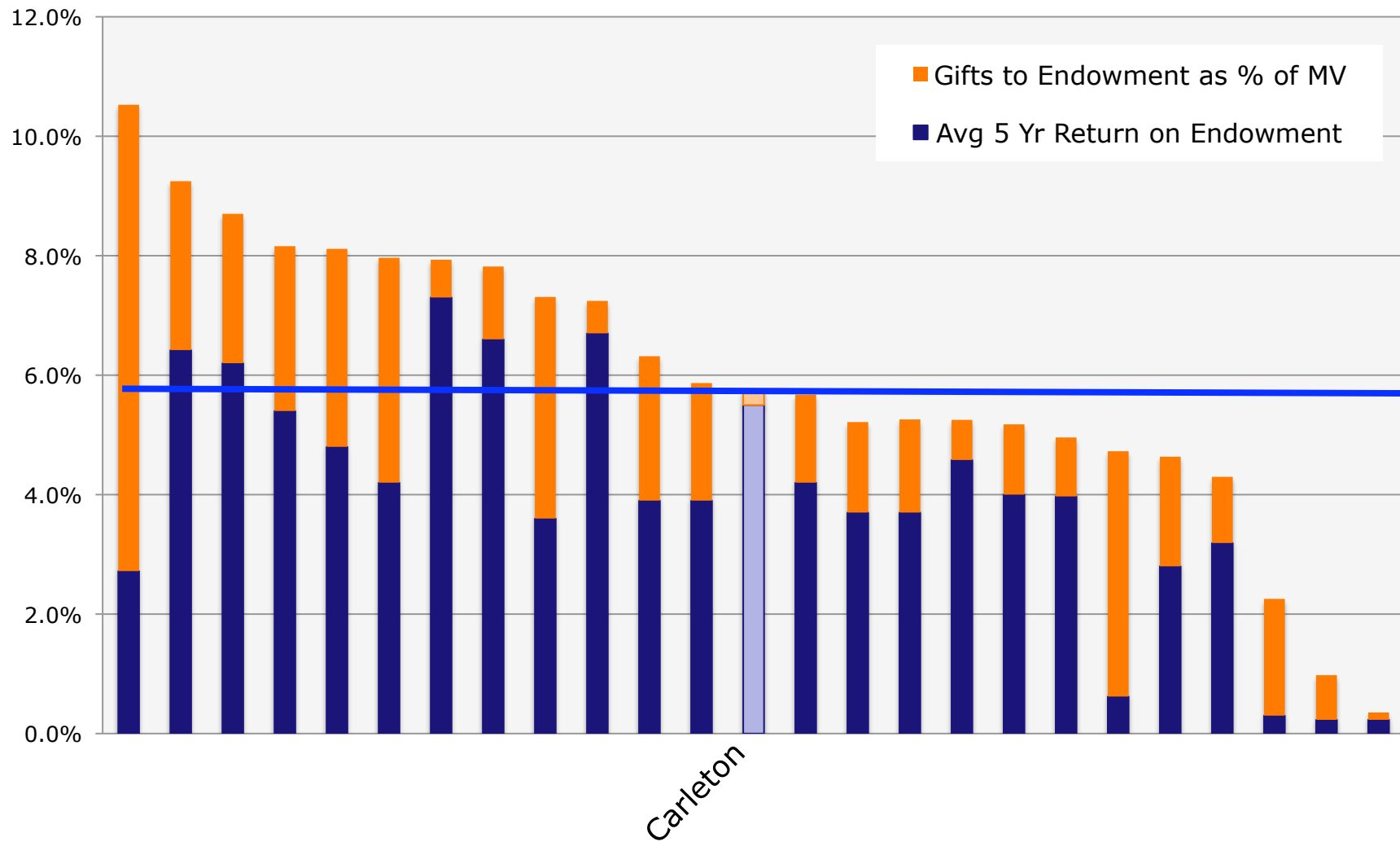
10 Yr Average Endowment Additions



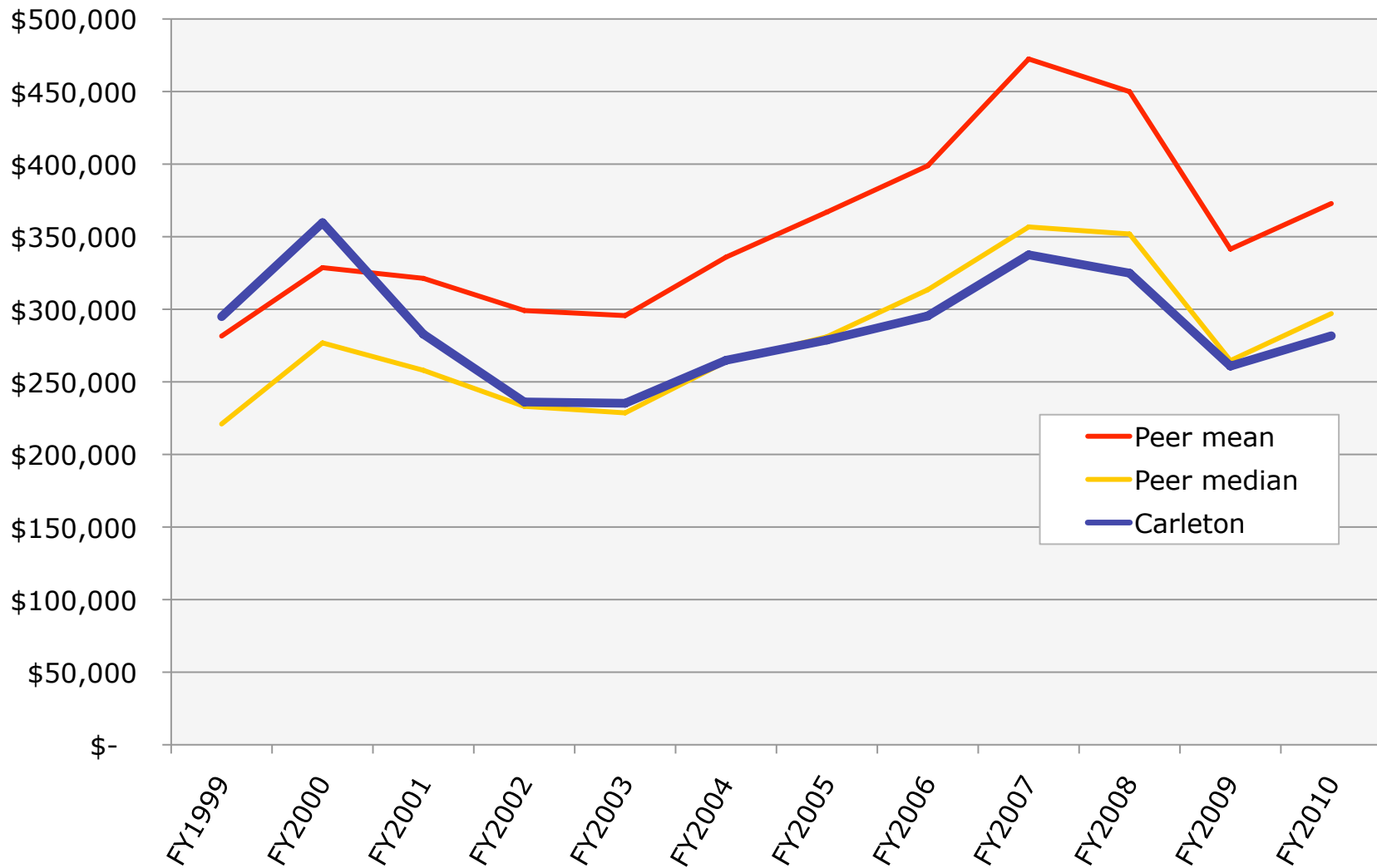
Total 10 Yr Annualized Growth Rates ending 6/30/2010



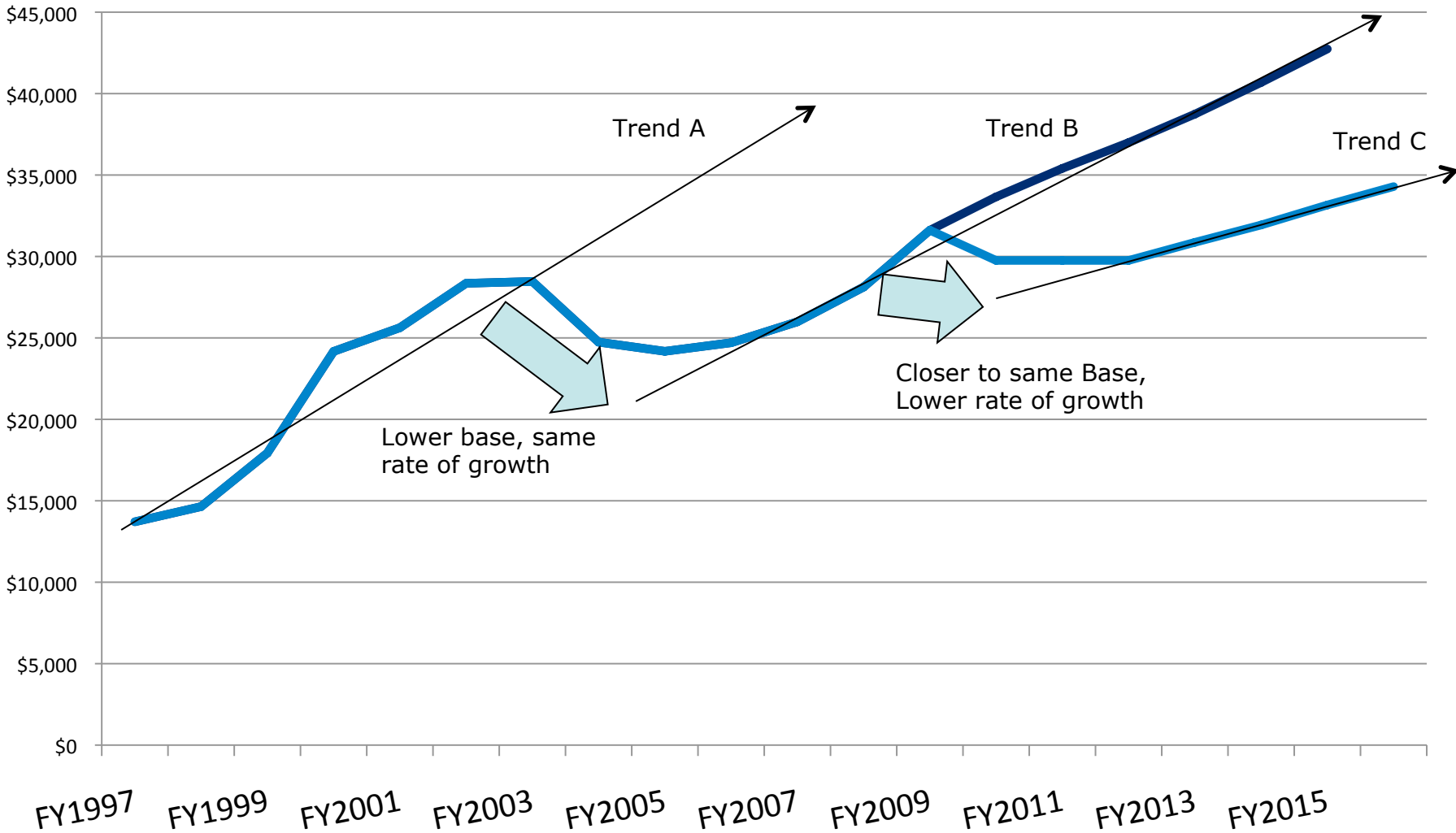
Total 5 Yr Annualized Growth Rates ending 6/30/2010



Endowment Market Value Per FTE Student Trends



Endowment Payout Changes after Two Market Corrections



An aerial photograph of a campus, likely Carleton College, showing a river, green fields, and buildings. The image is overlaid with a semi-transparent blue rectangle.

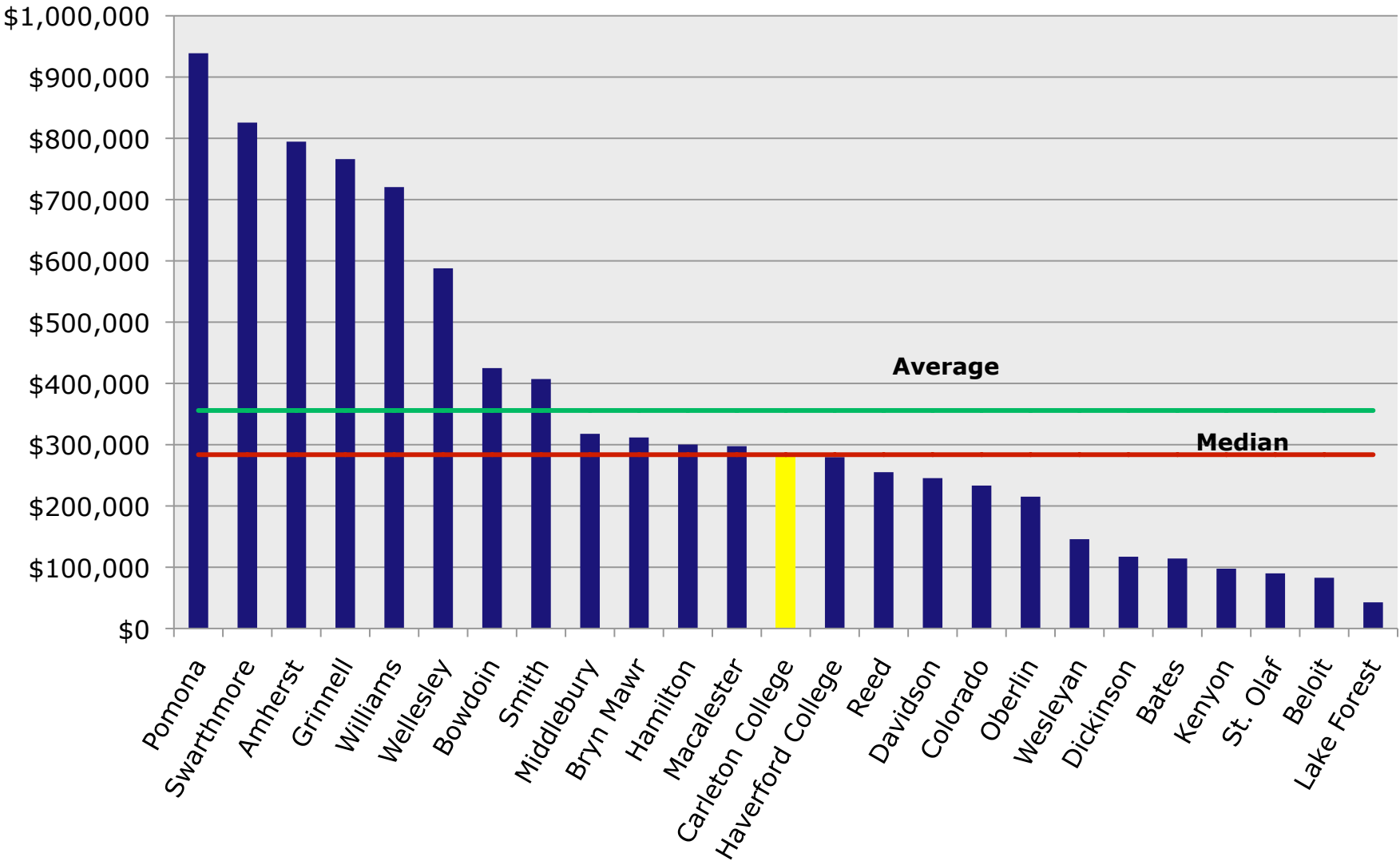
How much does it matter?

Carleton Endowment

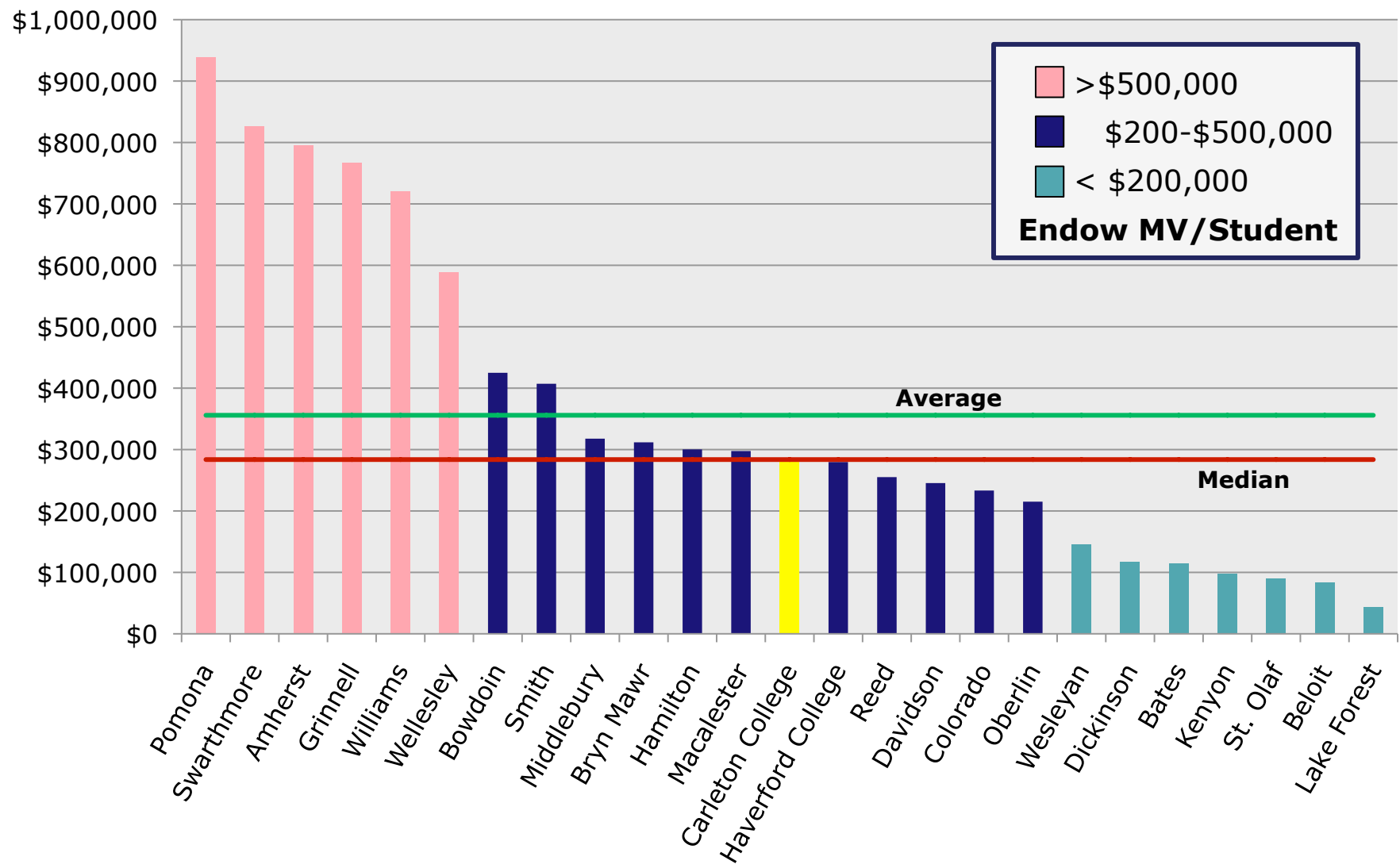
vs

Others

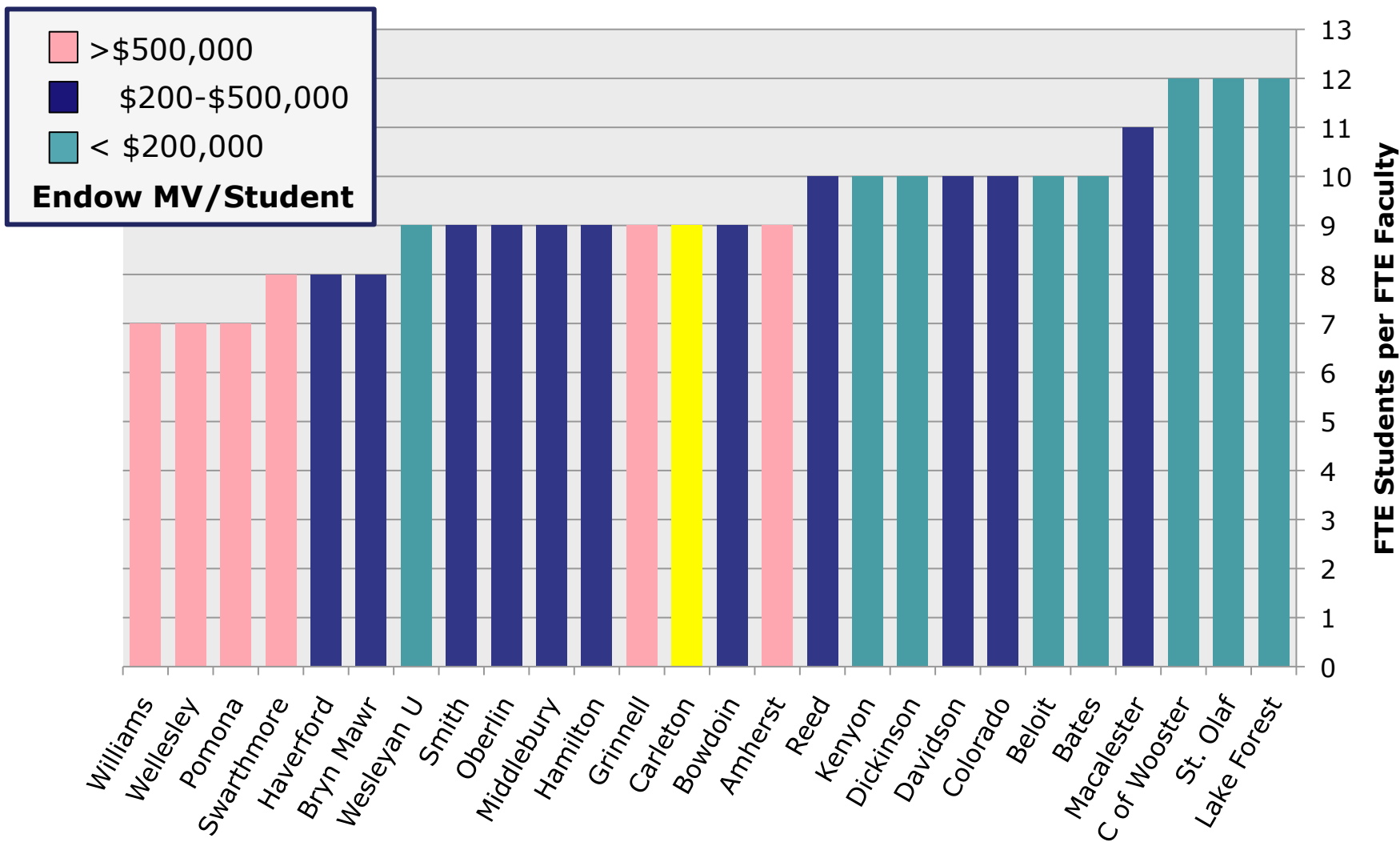
Endowment / FTE - FY 2010



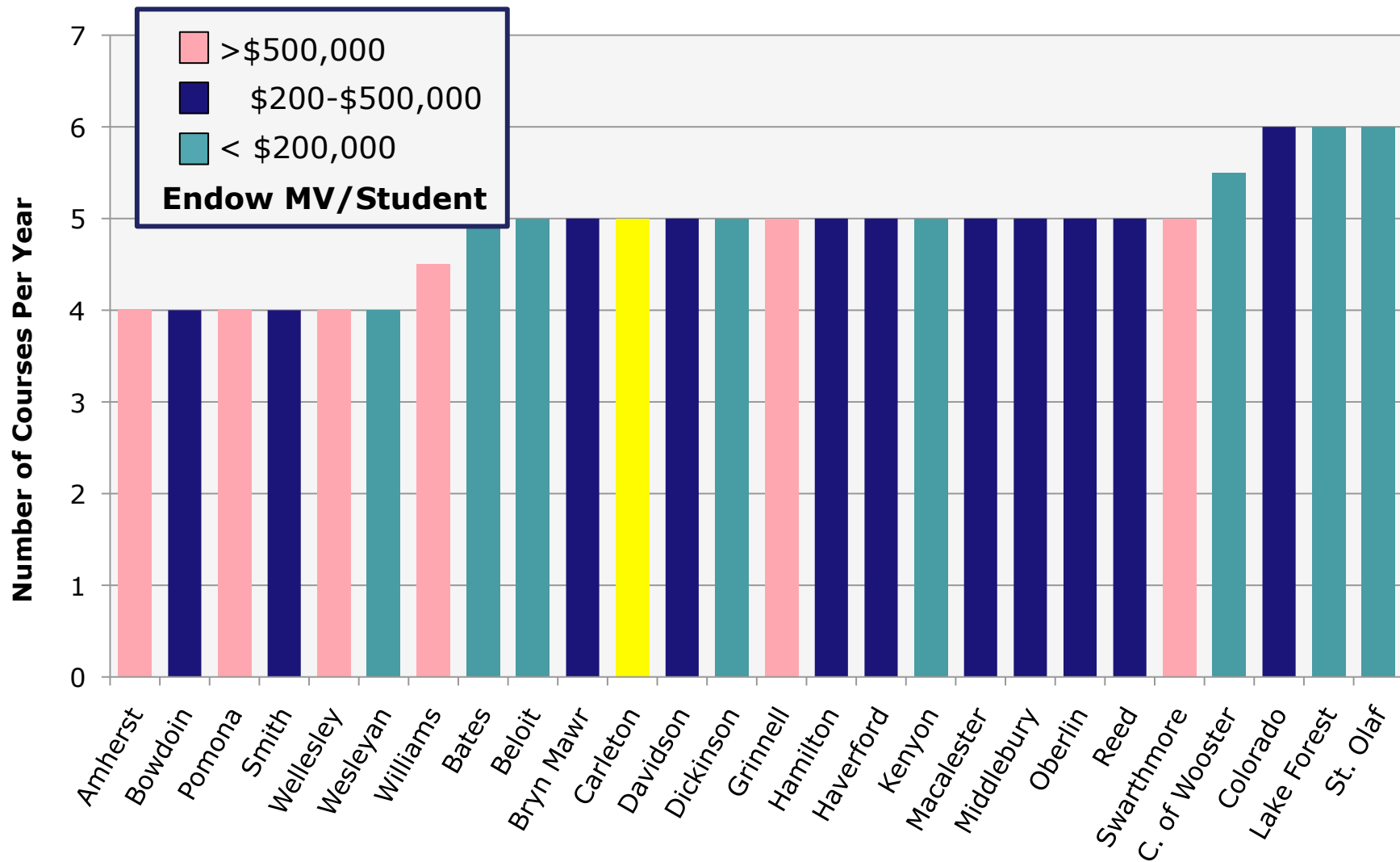
Endowment / FTE - FY 2010



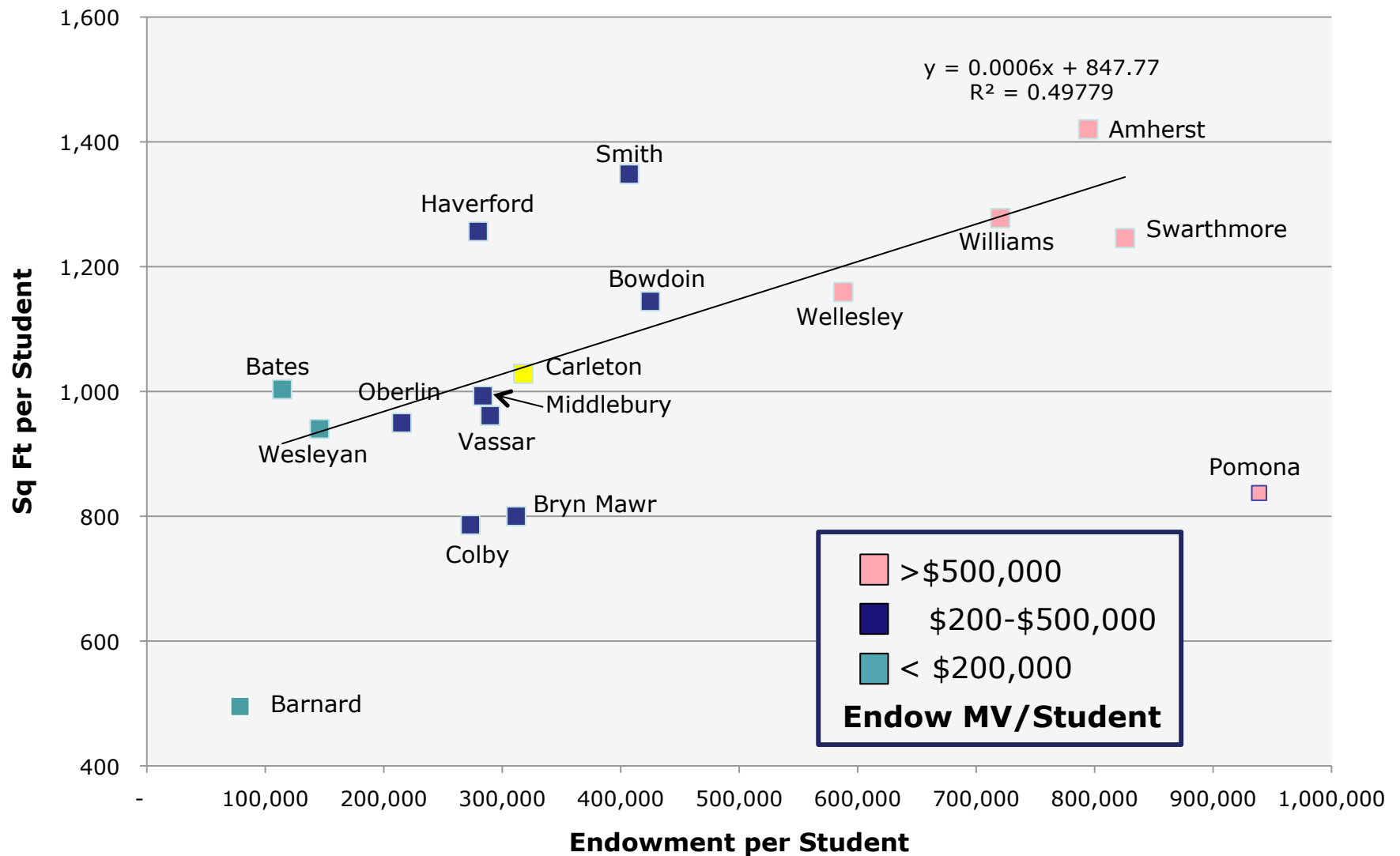
Student/Faculty Ratio, FY2010



Standard Faculty Teaching Load



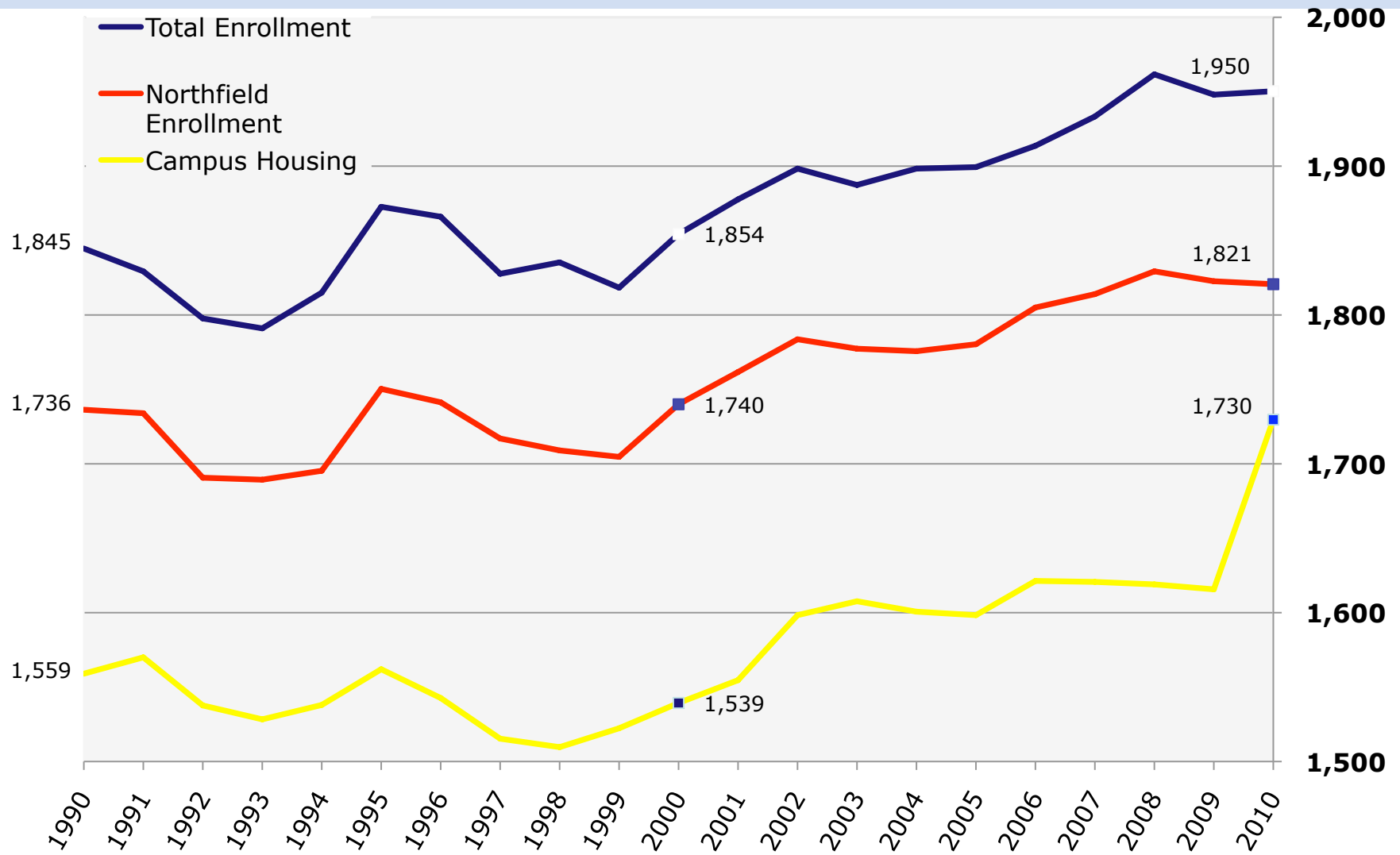
Space vs Endowment per FTE



Comprehensive Fee

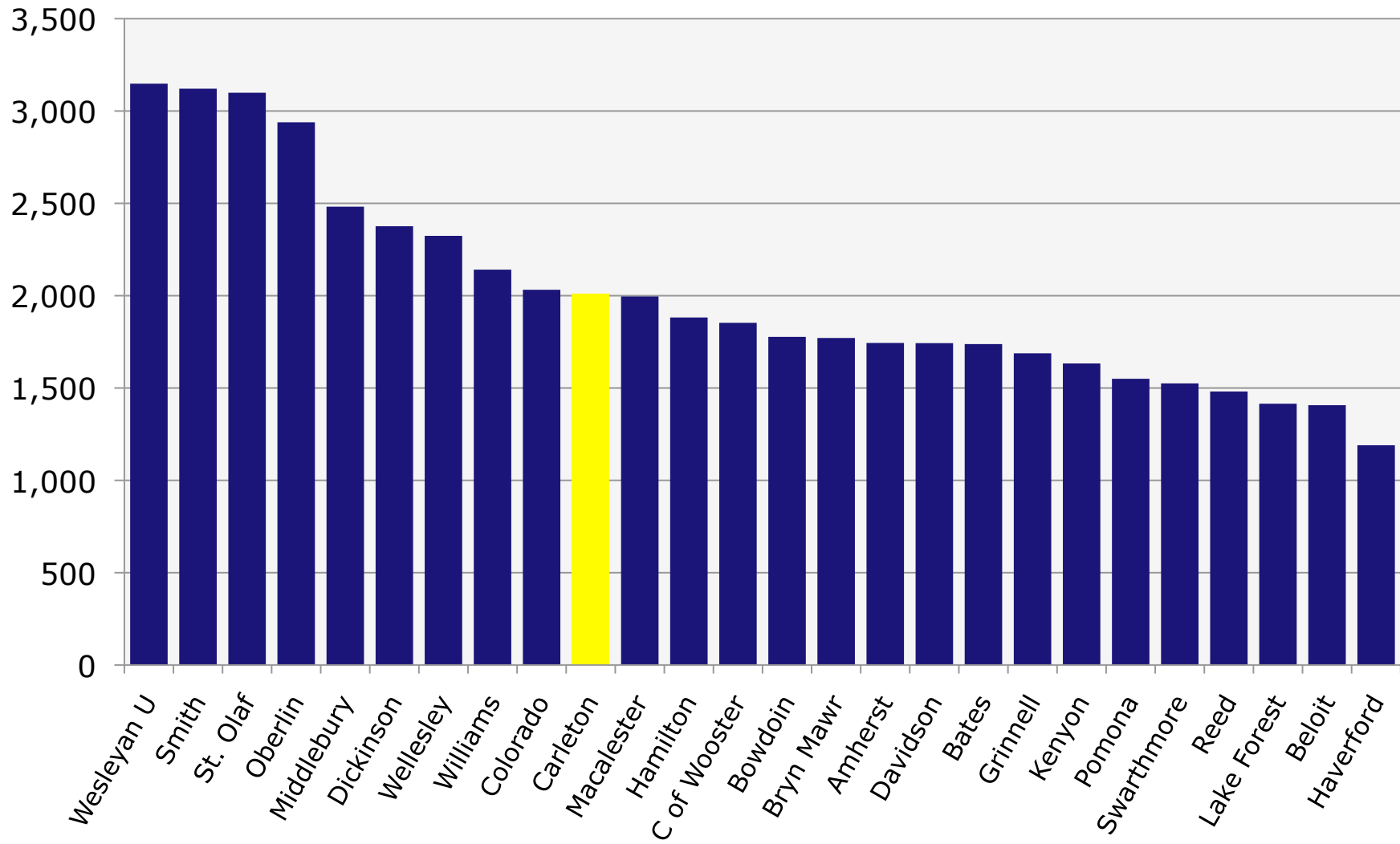
Enrollment is the key driver of
the Carleton Budget

Carleton Enrollments (3 Term Avg)



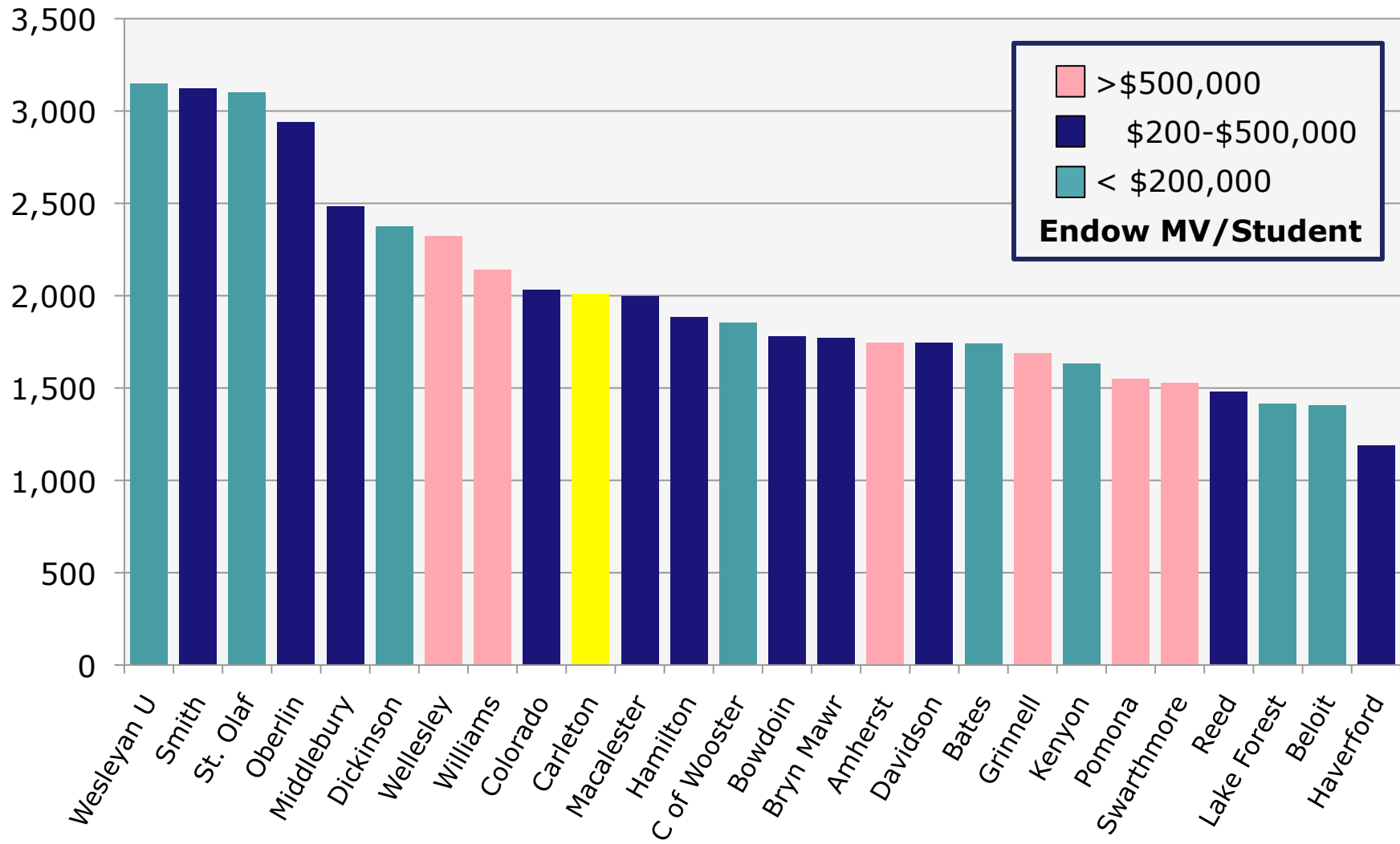
Peer Group Enrollments - Fall 2010

(for credit only)

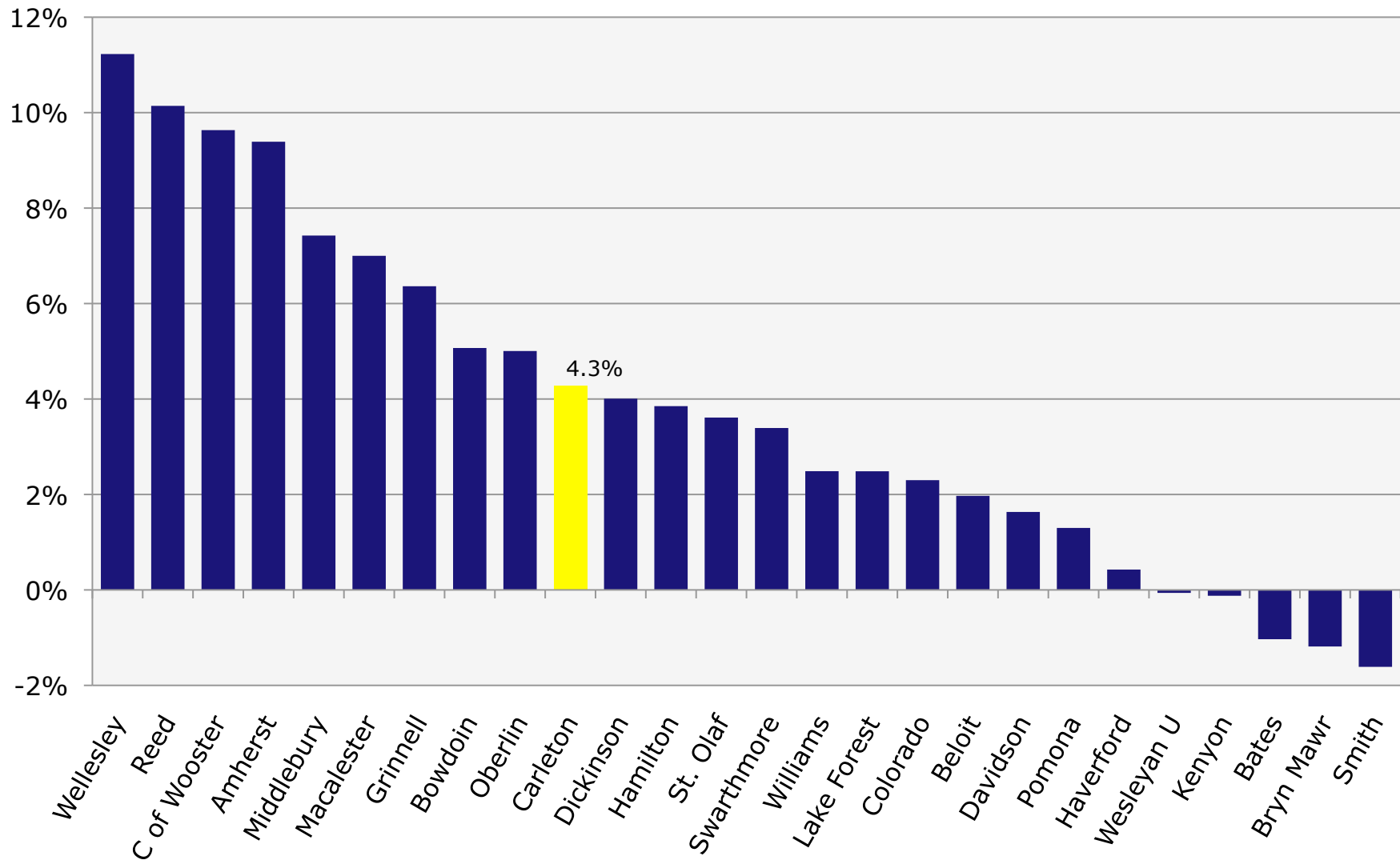


Peer Group Enrollments - Fall 2010

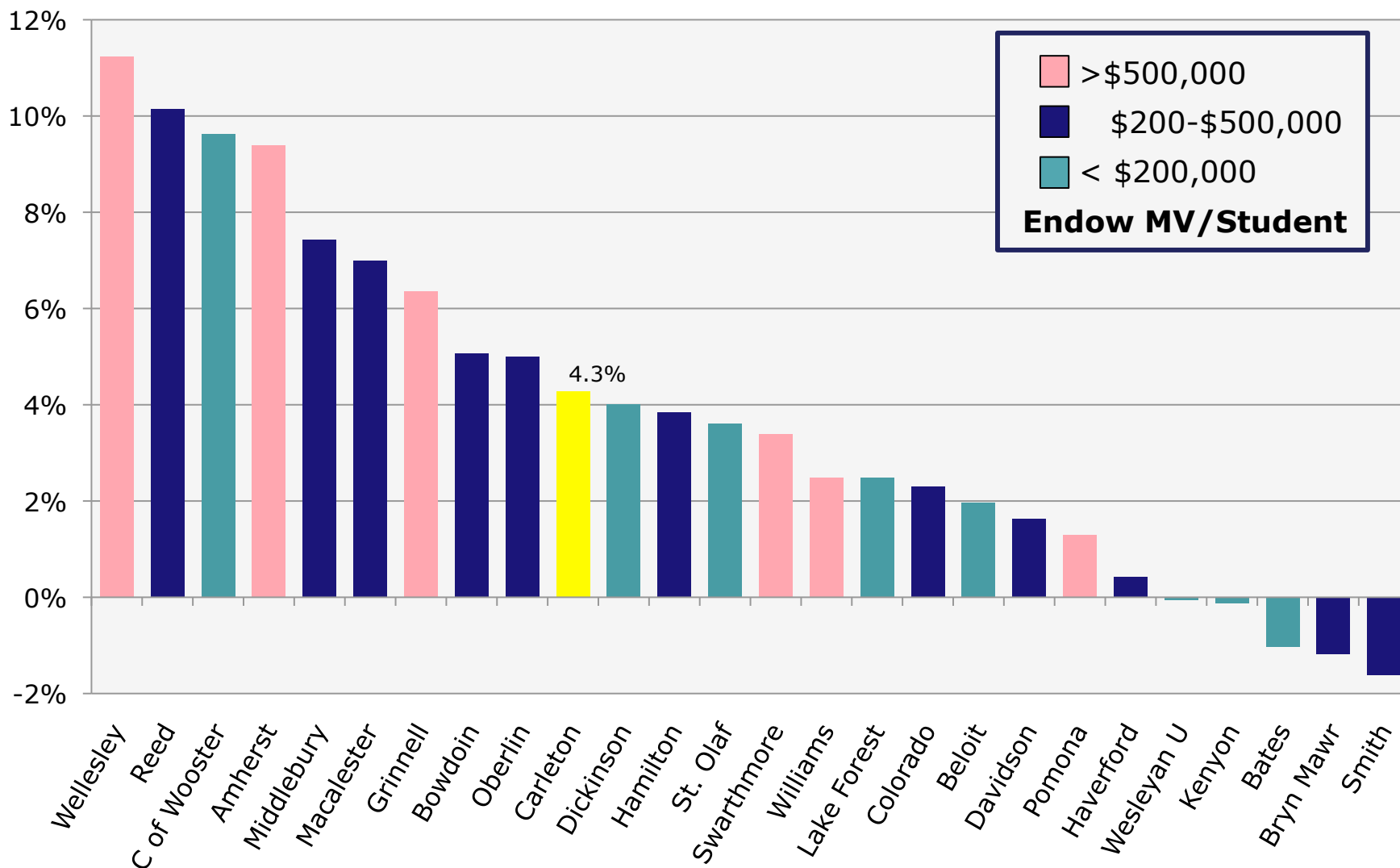
(for credit only)



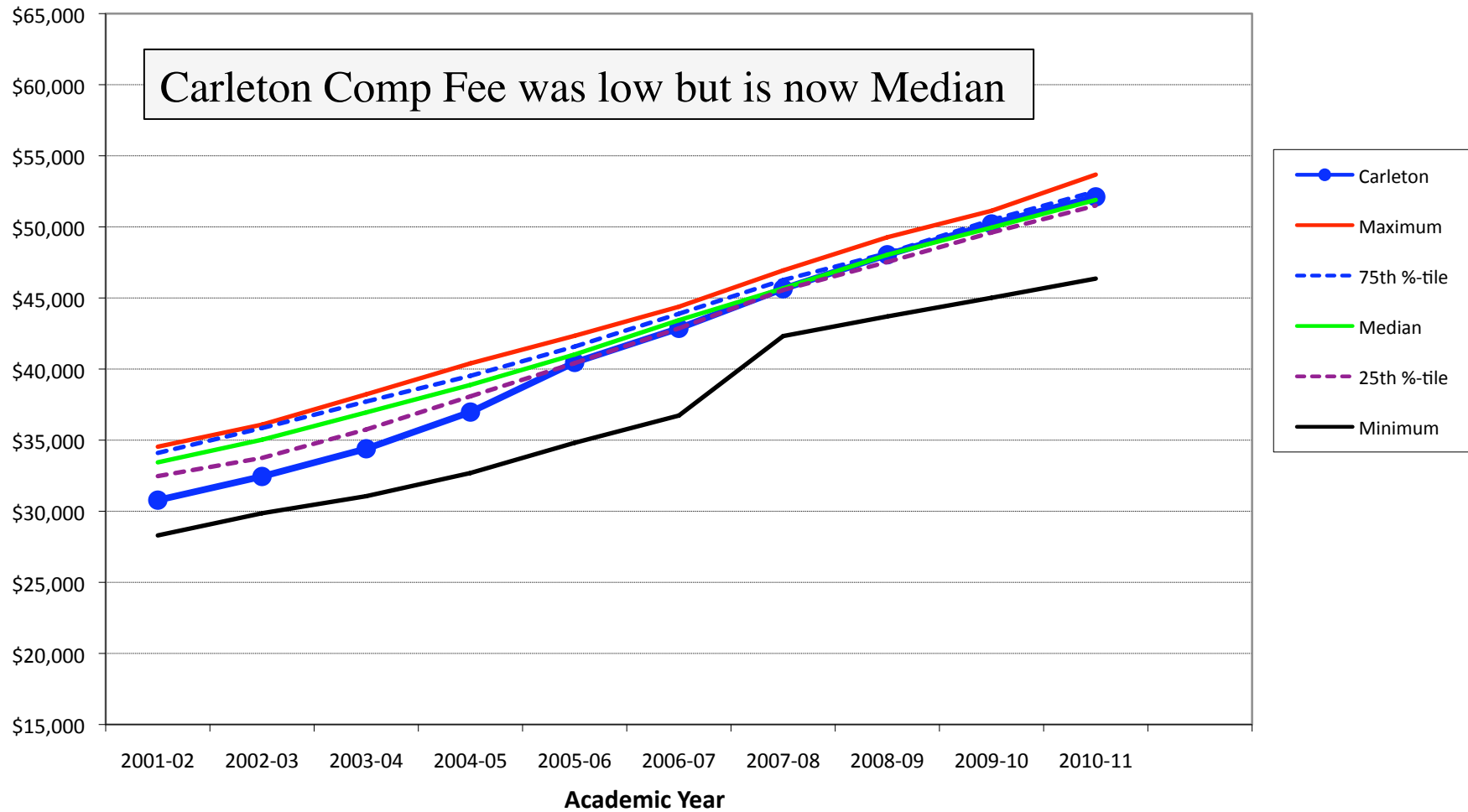
Change in Total Fall Enrollment 2004-10



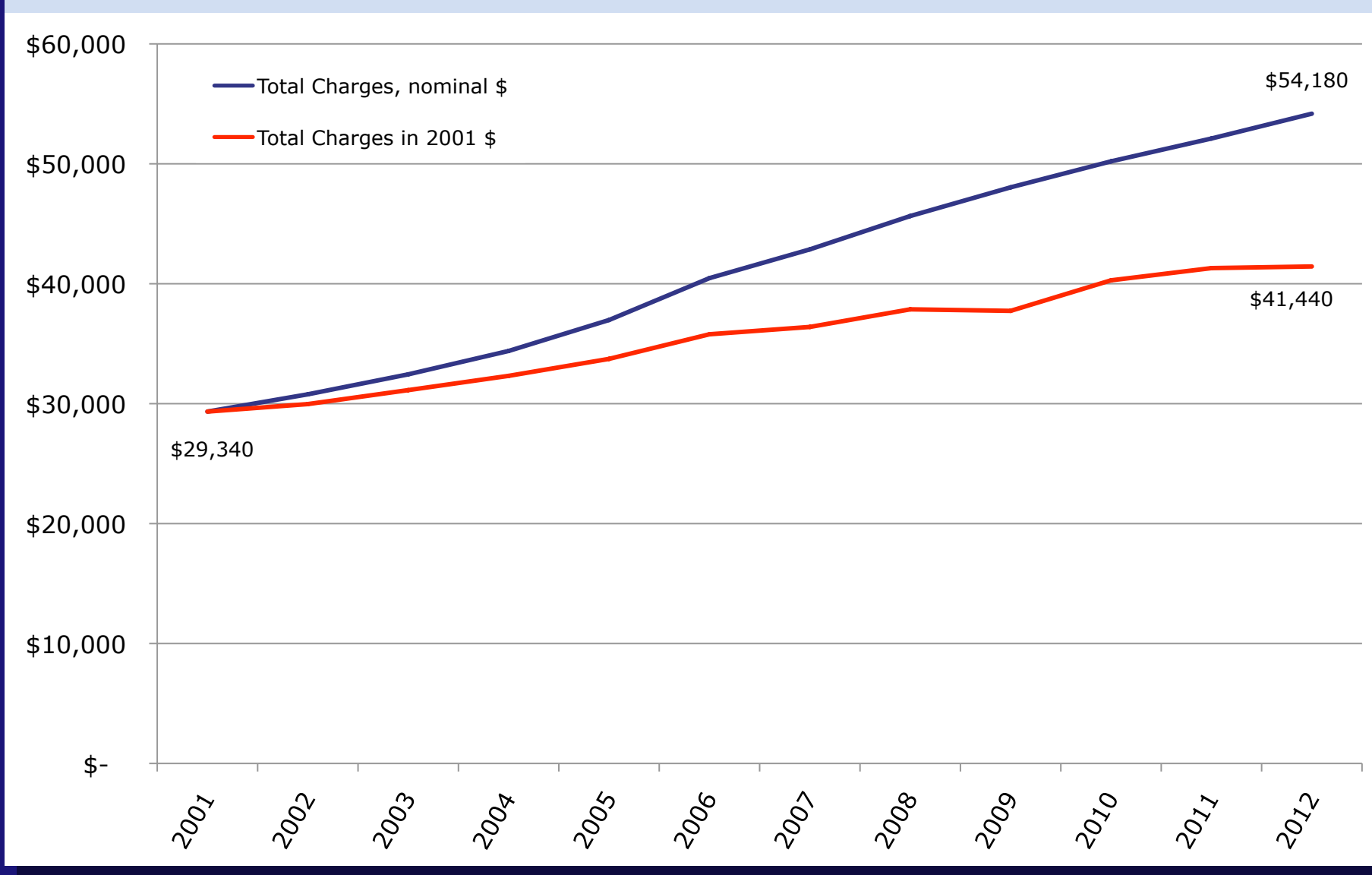
Change in Total Fall Enrollment 2004-10



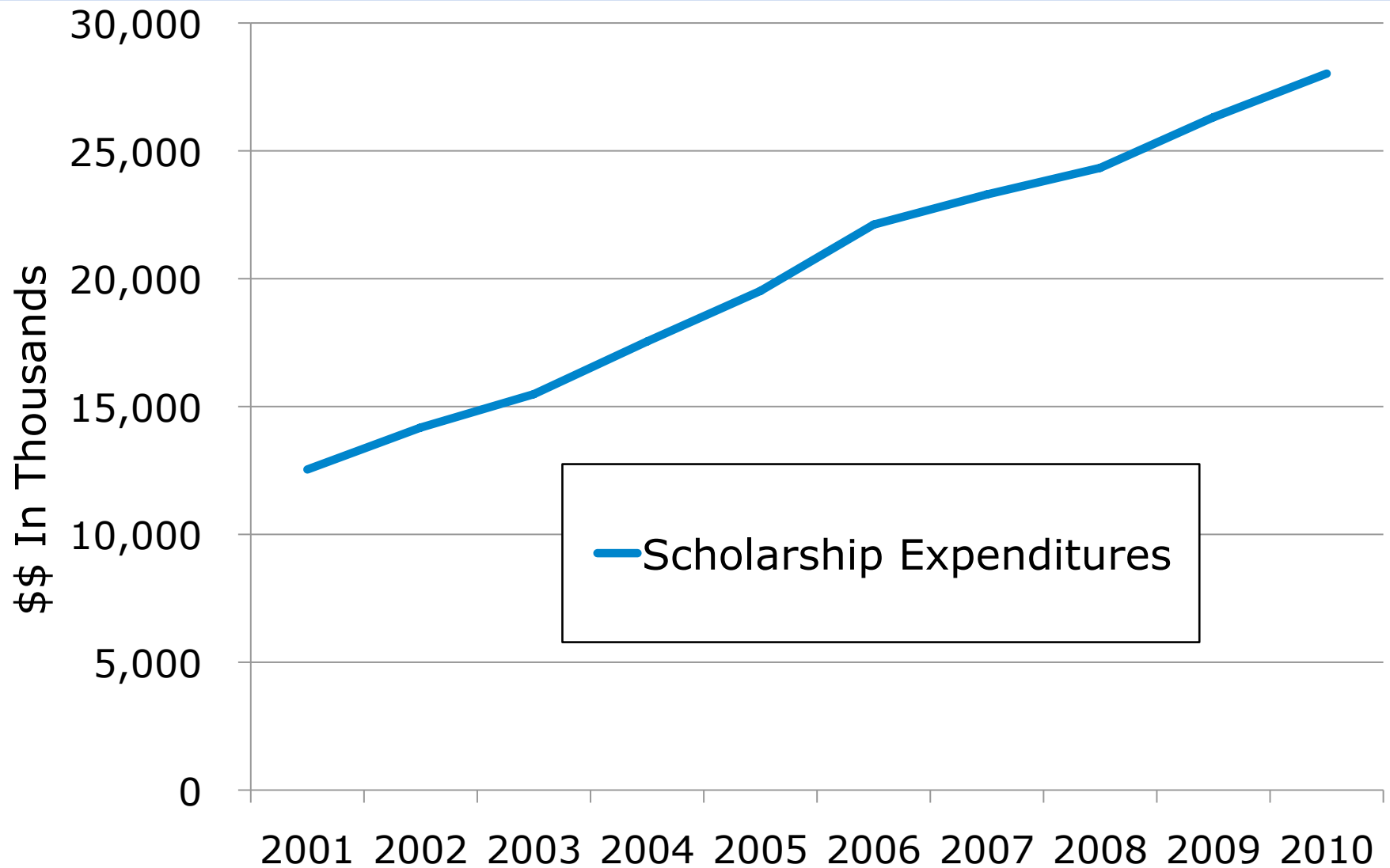
Comprehensive Fees vs 16 Peers



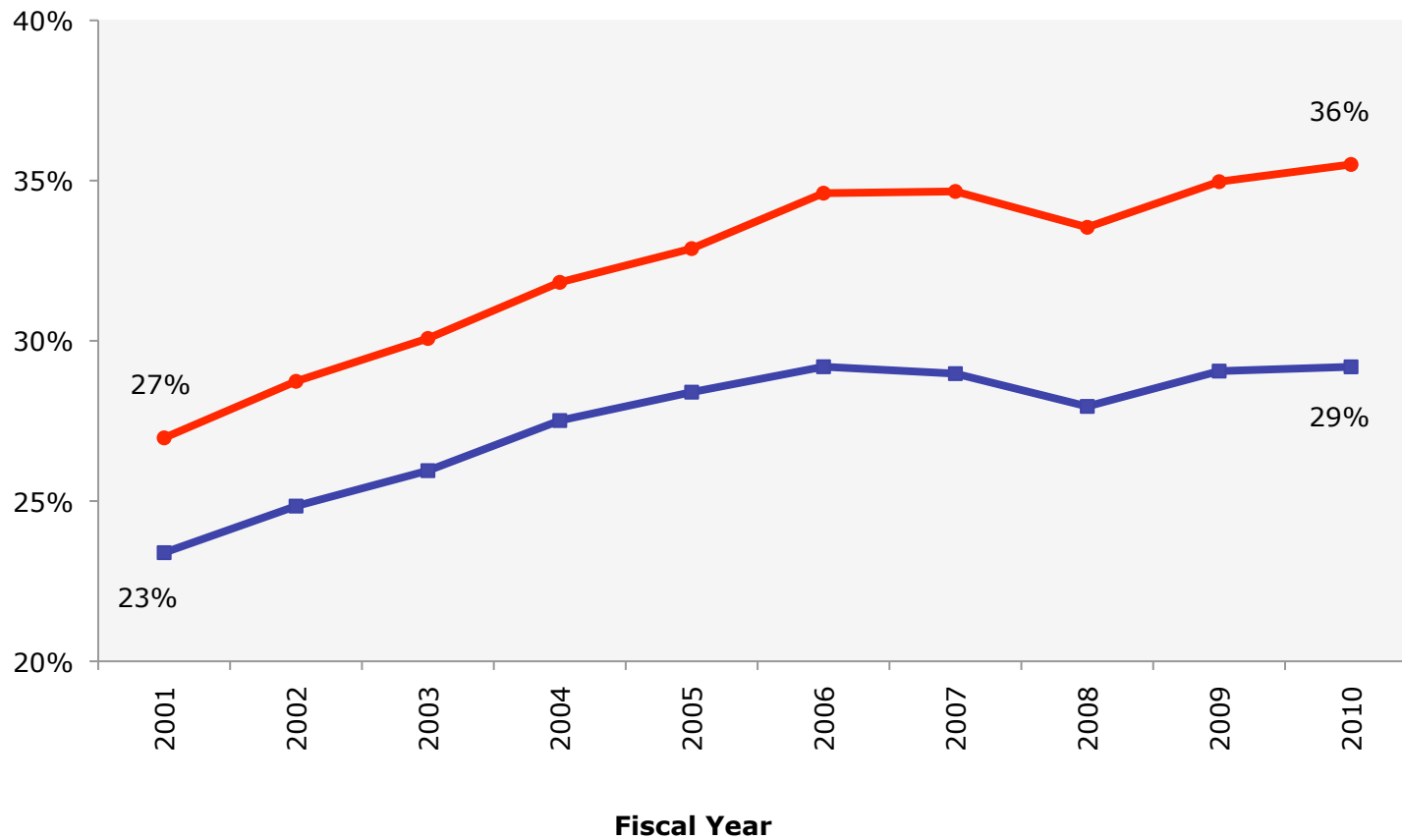
Carleton Fee History



Carleton's Scholarship Budget



Carleton's "Discount Rate"

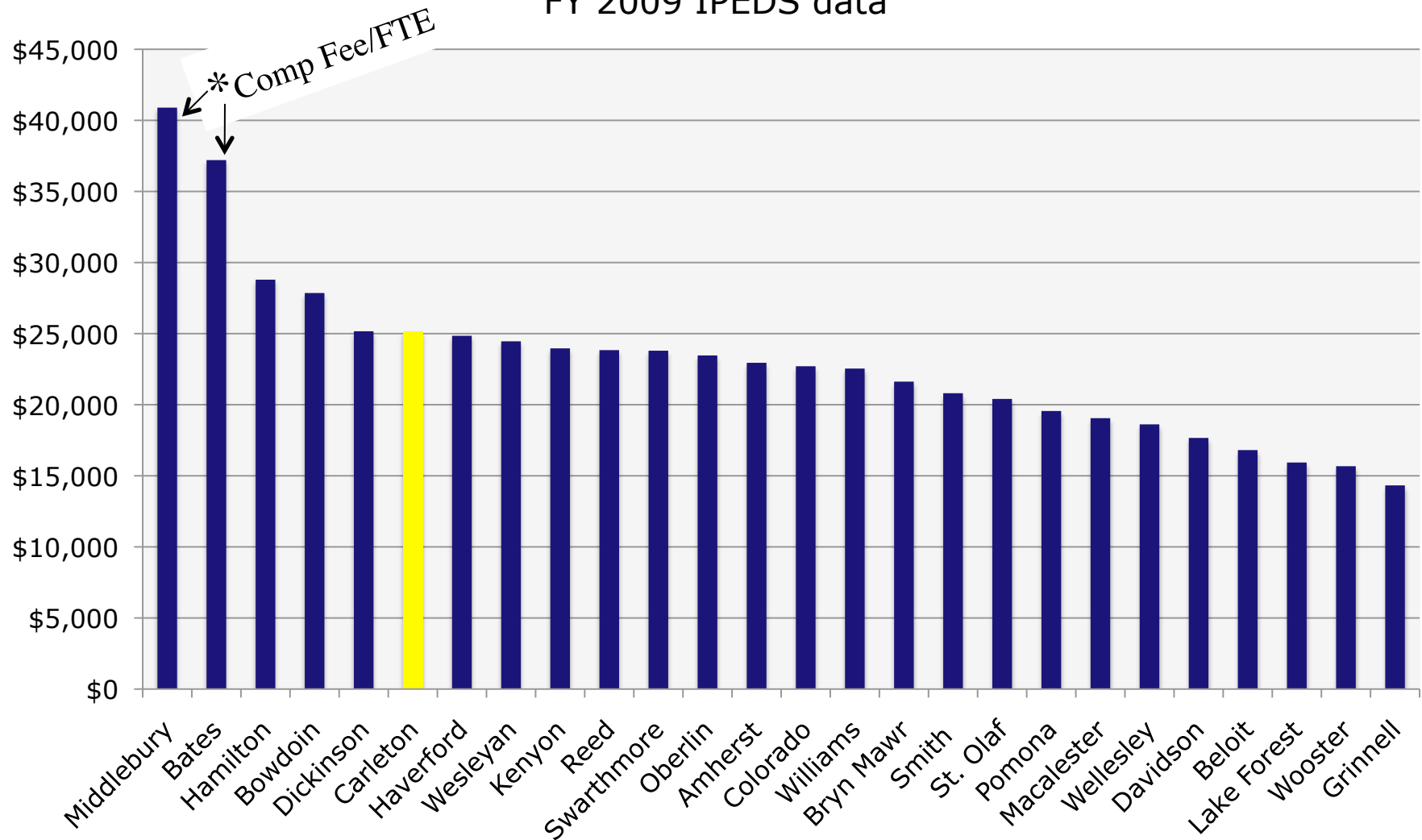


—●— Tuition Discount = Scholarships / Gross Tuition and Fees Revenues

—■— Comprehensive Fee Discount = Scholarships / Gross TFRB Revenue

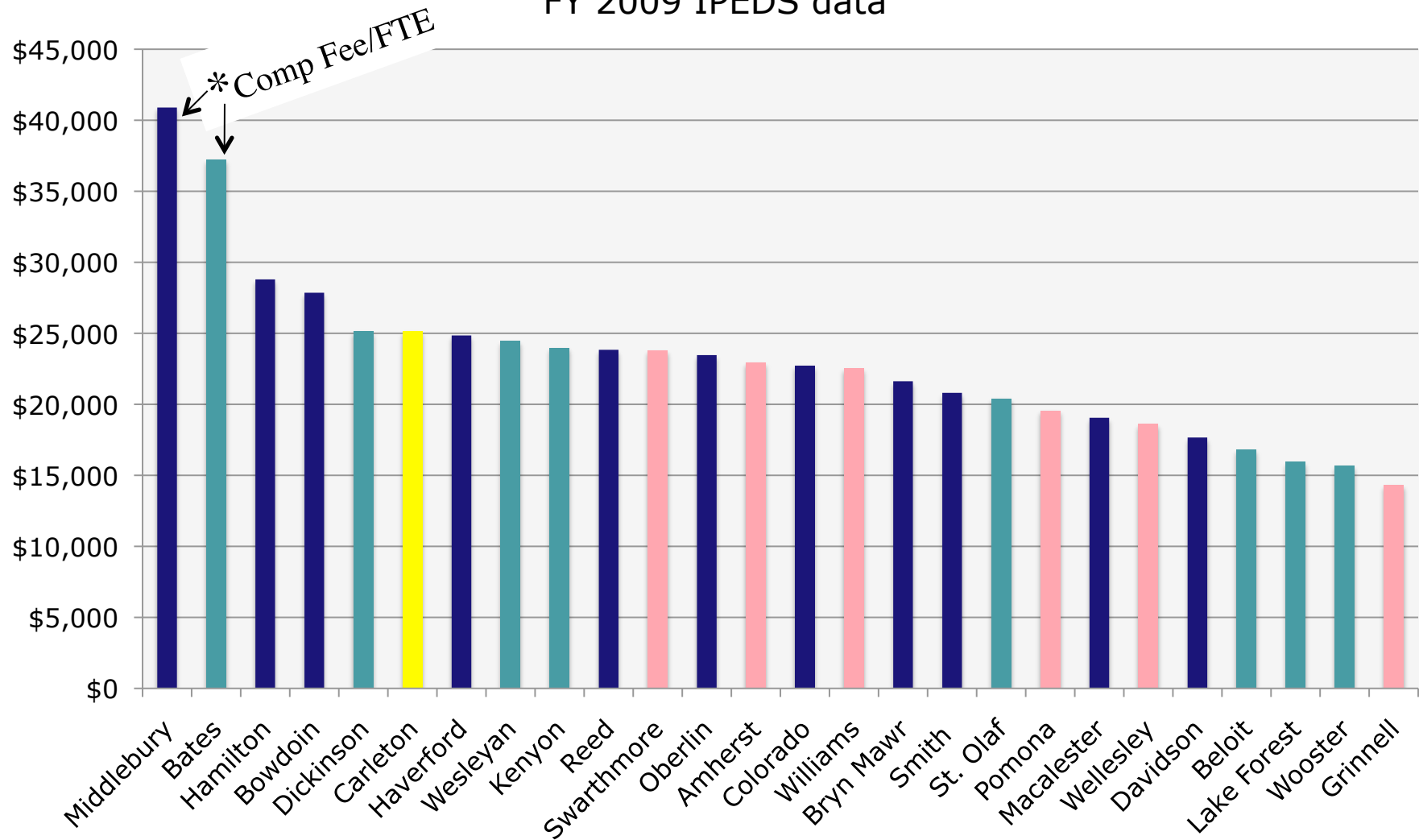
Net Tuition and Fees per FTE*

FY 2009 IPEDS data

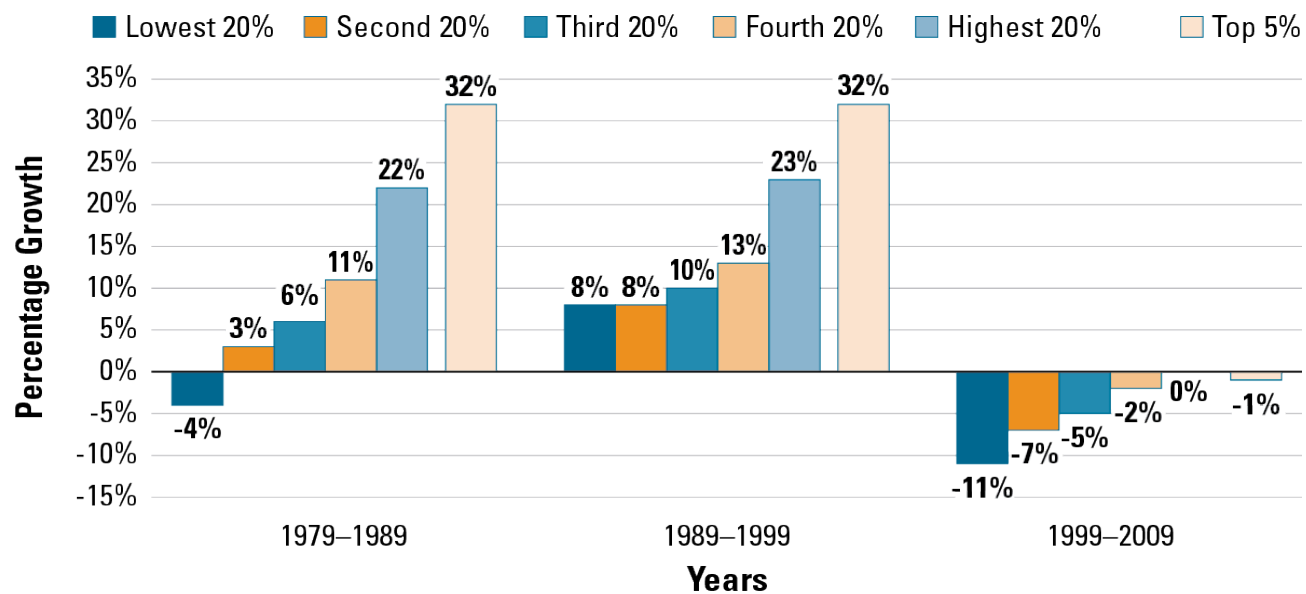


Net Tuition and Fees per FTE*

FY 2009 IPEDS data



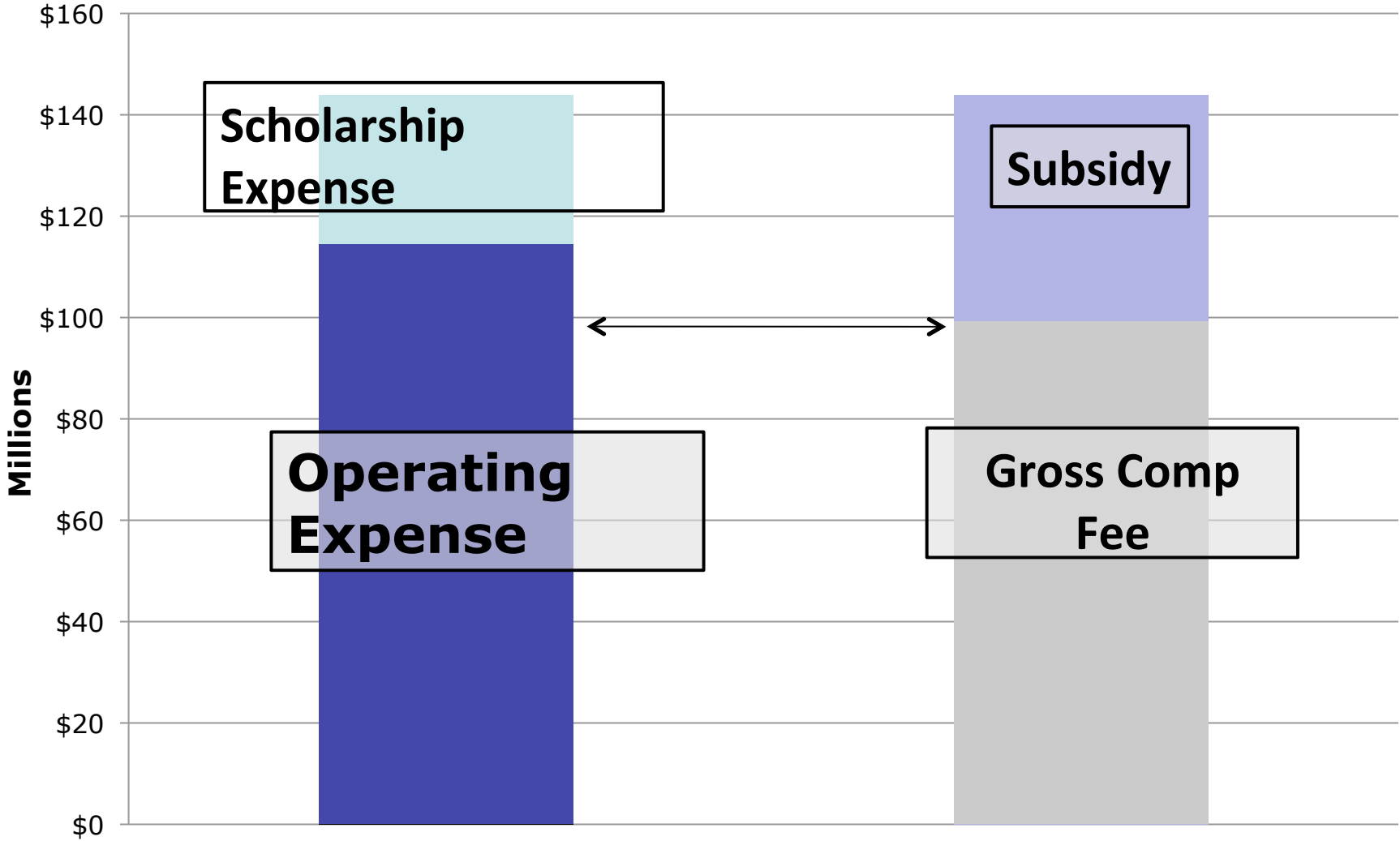
Percentage Growth in Mean Family Income by Quintile in Constant 2009 Dollars, 1979–1989, 1989–1999, and 1999–2009



SOURCE: The College Board, *Trends in College Pricing 2010*, Figure 16A.

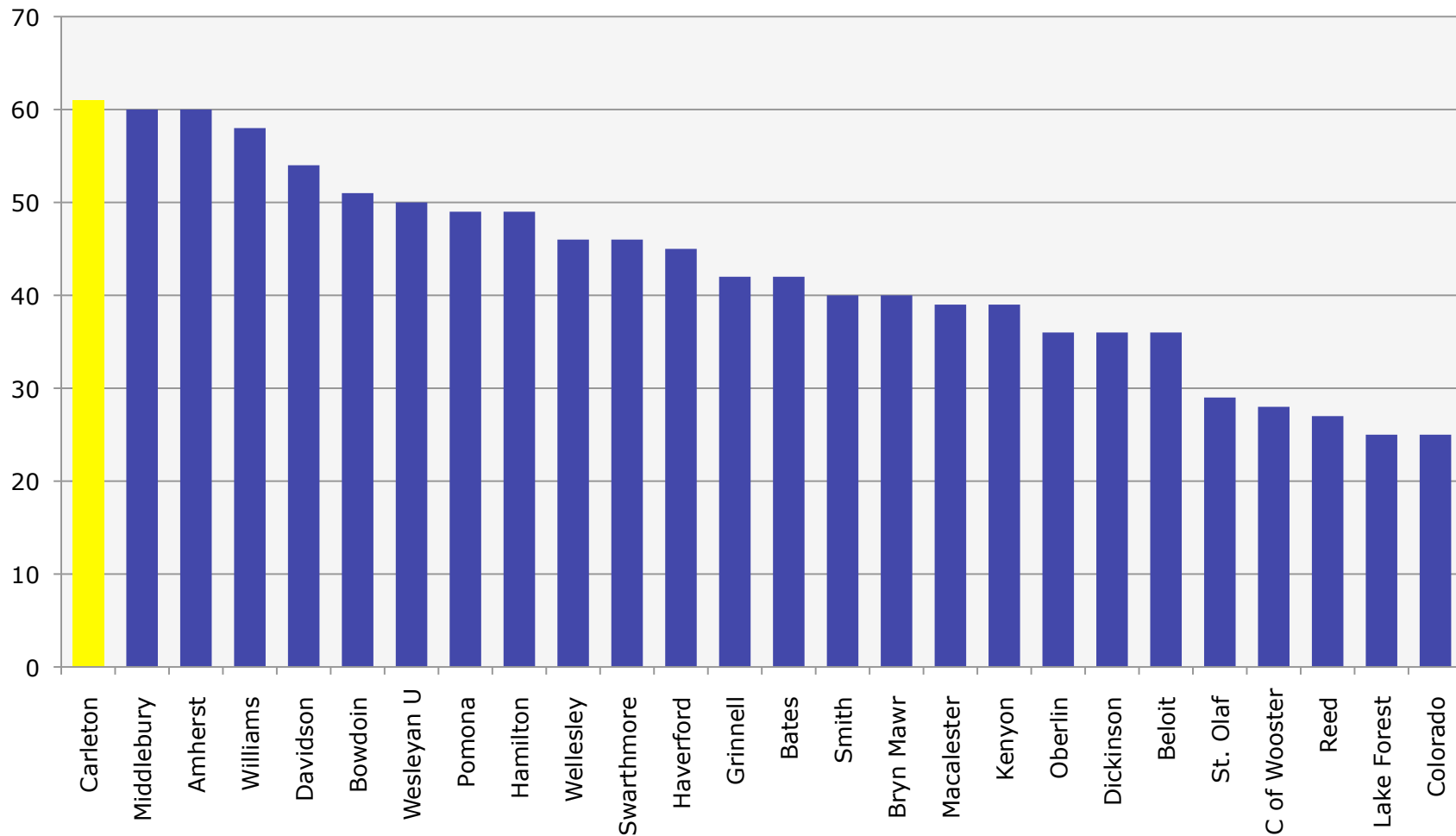
Cost of Carleton (FY 2011)

(\$ in Millions)



Fund Raising and Gifts

Average Percent of Alumni Graduates Giving to College, FY08 and FY09

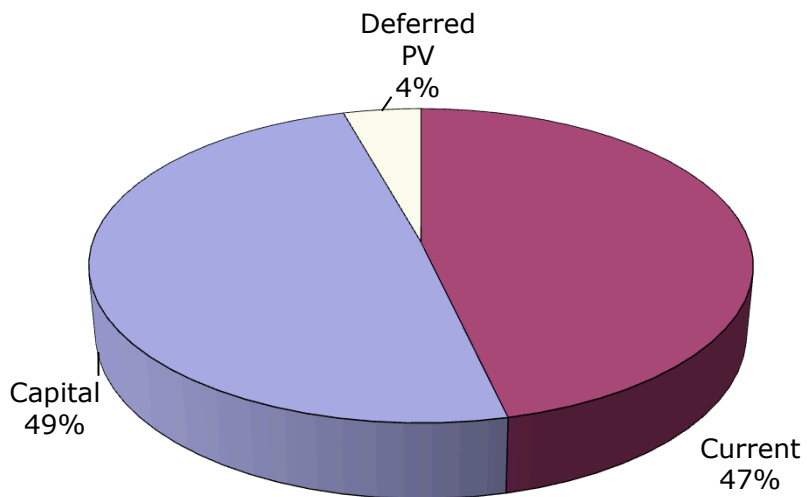


U.S. News and World Report, Fall 2010.

Gifts by Purpose

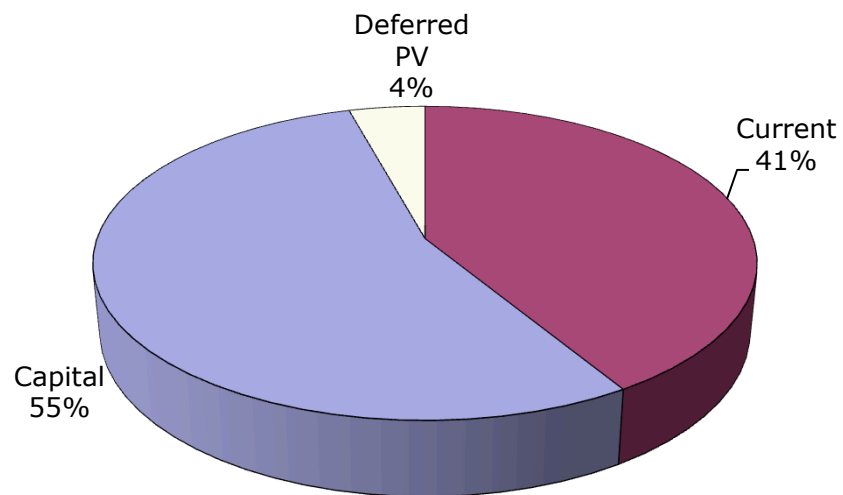
Carleton Gift Composition

10 year average from 2001-2010

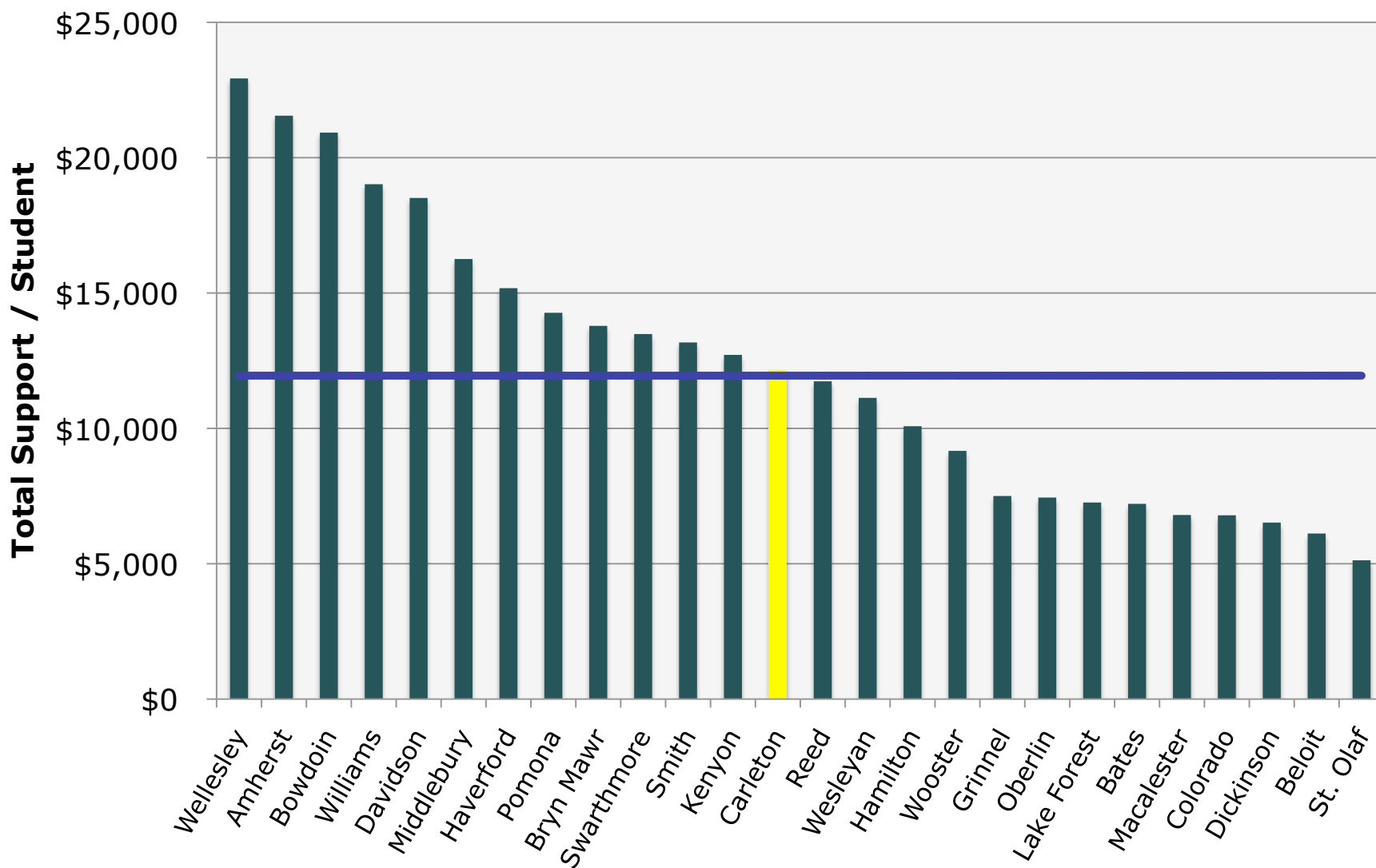


Comparison Group Gift Composition

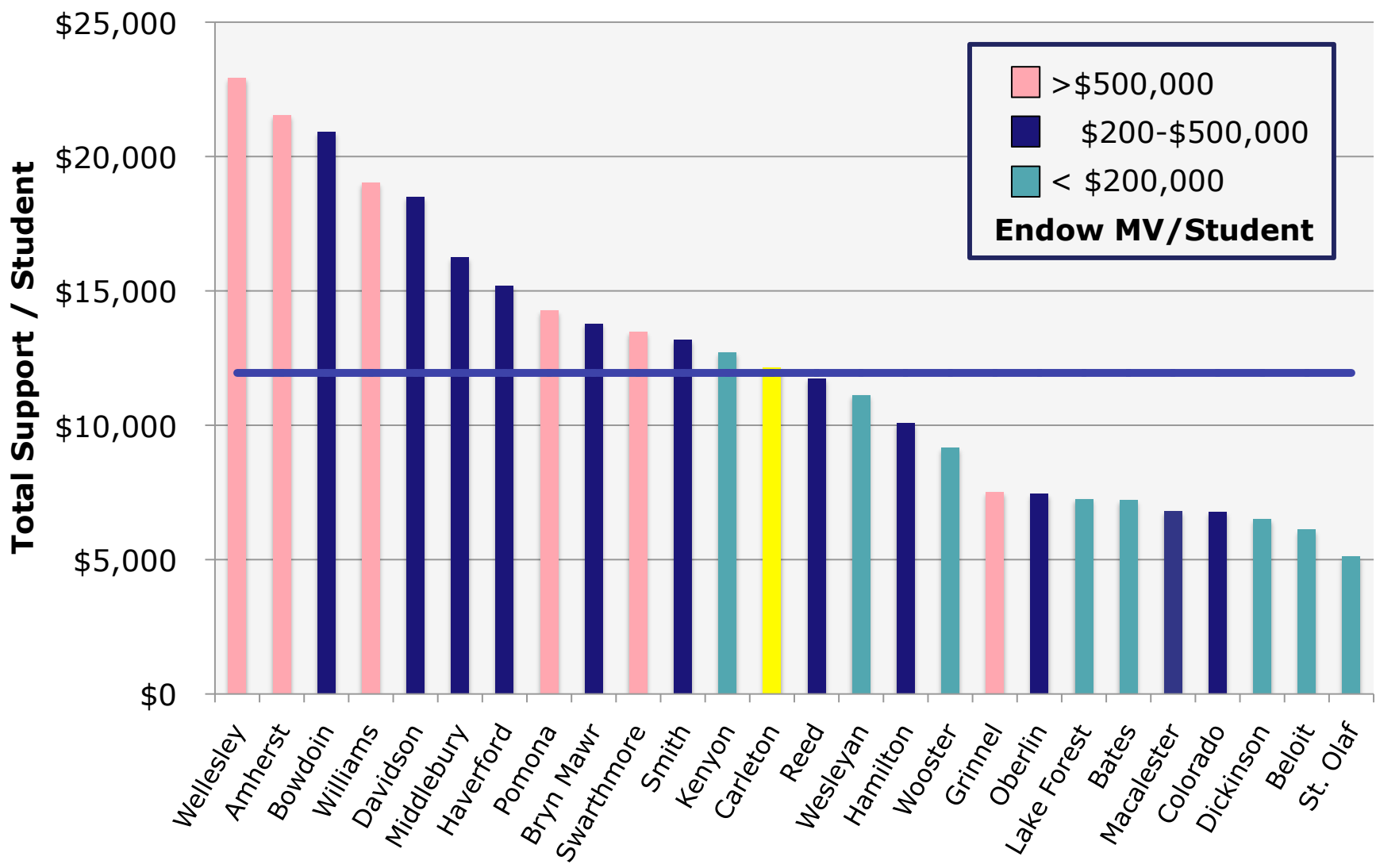
10 year average from 2001-2010



10 Yr Avg Total Gift Support per Student



10 Yr Avg Total Gift Support per Student



What Did the Capital Campaign Do?

Breaking Barriers/Creating Connections

Ended June 30, 2010

\$ in Millions	Raised	Available by end of Campaign	Pledged @6/30/10 (pd in 5 yrs)	Deferred (Estates etc)
Current Unrestricted Gifts	\$ 45.4	\$ 42.4	\$ 3.0	\$ -
Current Restricted Gifts	26.8	21.3	4.8	0.6
Endowment Gifts	166.7	71.9	21.3	68.7
Plant Gifts	41.4	11.3	22.0	26.2
Deferred Gifts (not specified)	20.1	-	-	20.1
Total	\$ 300.4	\$ 146.9	\$ 56.0	\$ 97.5

Carleton Finances vs Outcomes

US News Rankings

Rankings	2000	2005	2010	2011
National Liberal Arts Colleges				
Overall	6	5	8	6
Graduation & Retention	10	11	4	4
Alumni Giving Participation	4	1	1	1
Faculty Resources	10	7	19	12
Financial Resources	23	20	24	25

Carleton has consistently “out-performed” its apparent resources.

Operational Factors of the College that Shape our Economy

Academic Calendar

Institution	Academic Calendar
Amherst College	4-1-4 with January Interterm
Bates College	4-4-1 with May "Short Term"
Beloit College	Semesters
Bowdoin College	Semesters
Bryn Mawr College	Semesters
Carleton College	Trimester
Colorado College	Quarter/ Eight Blocks
Davidson College	Semesters
Dickinson College	Semesters
Grinnell College	Semesters
Hamilton College	Semesters
Haverford College	Semesters
Kenyon College	Semesters
Lake Forest College	Semesters
Macalester College	Semesters
Middlebury College	4-1-4 with January Winter Term
Oberlin College	4-1-4 with January Winter Term
Pomona College	Semesters
Reed College	Semesters
Smith College	4-1-4 with January Interterm
St. Olaf College	4-1-4 with January Interim
Swarthmore College	Semesters
The College of Wooster	Semesters
Wellesley College	4-1-4 with January Wintersession
Wesleyan University	Semesters
Williams College	4-1-4 with January Winter Study Period

24 Semester systems

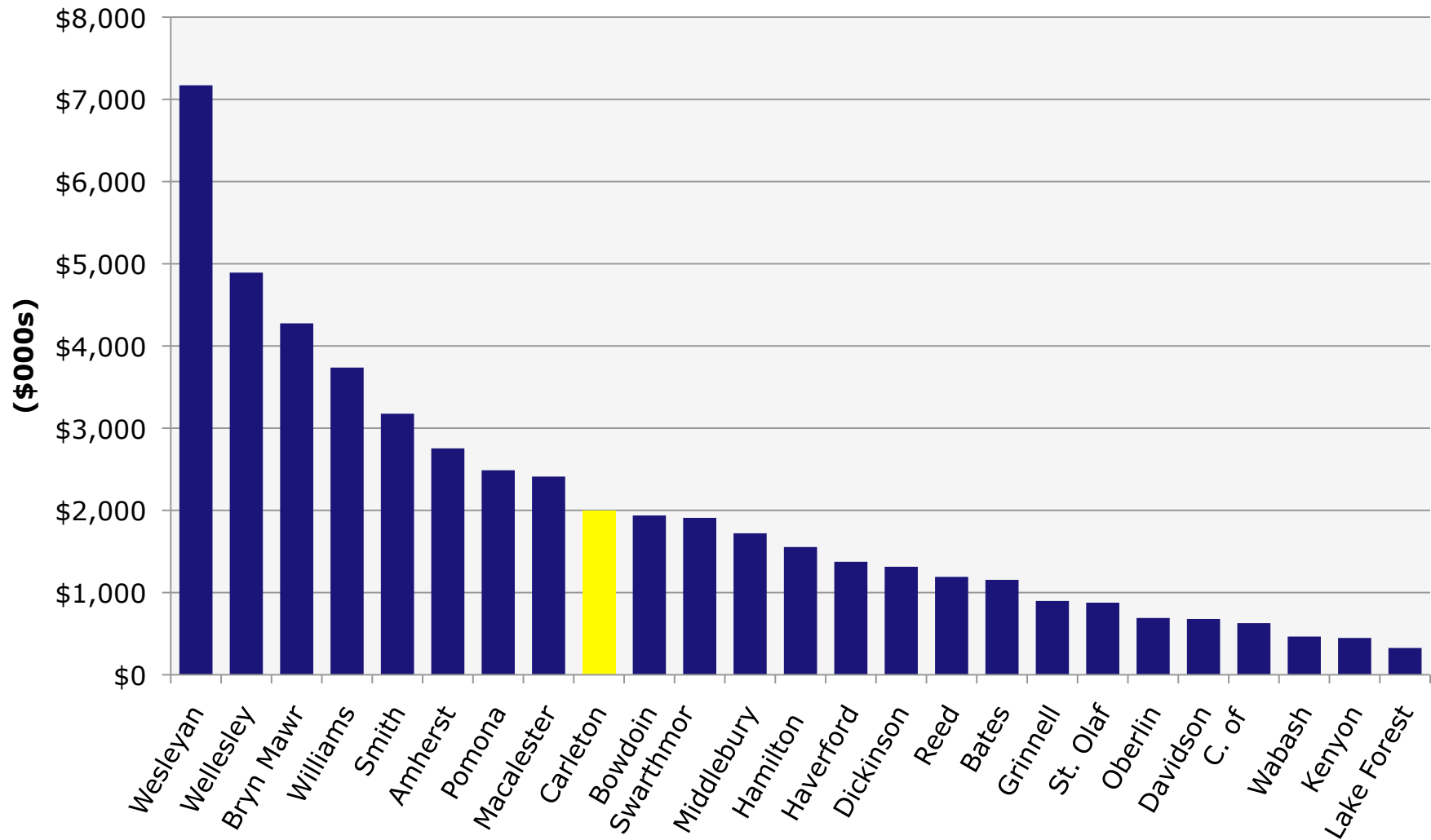
8 of those have a formal intercession in January or May

1 Block system (8 one course blocks/yr)
(Colorado)

1 Trimester system (Carleton)

Research / Development Expenditures

(Yearly Average, FY2002-09, in \$000s ; Federally Financed)



Source: National Science Foundation, Science and Engineering Indicators, 2010.
(no data for Beloit)

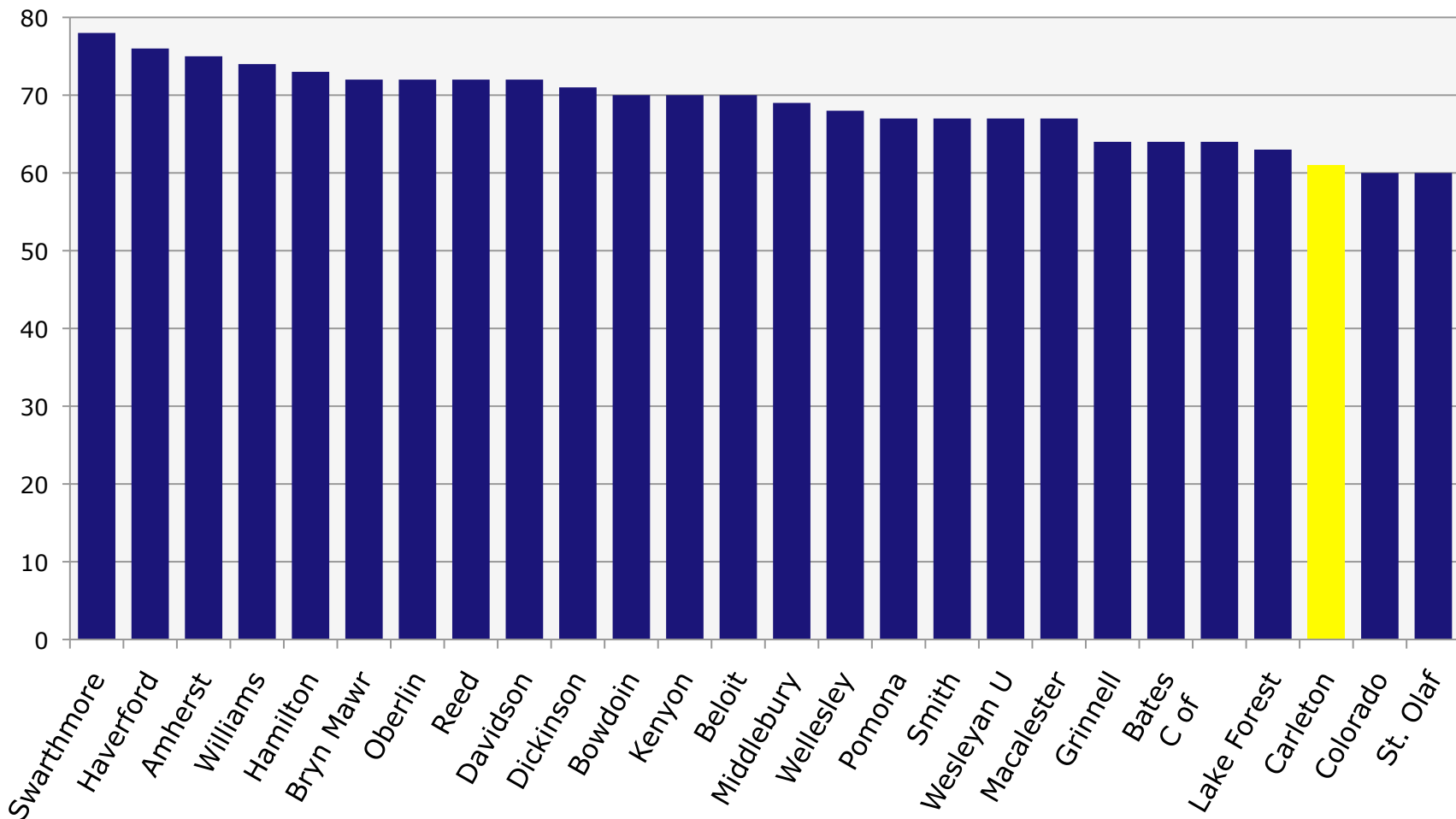
Carleton College

Number of Listed Majors and Minors

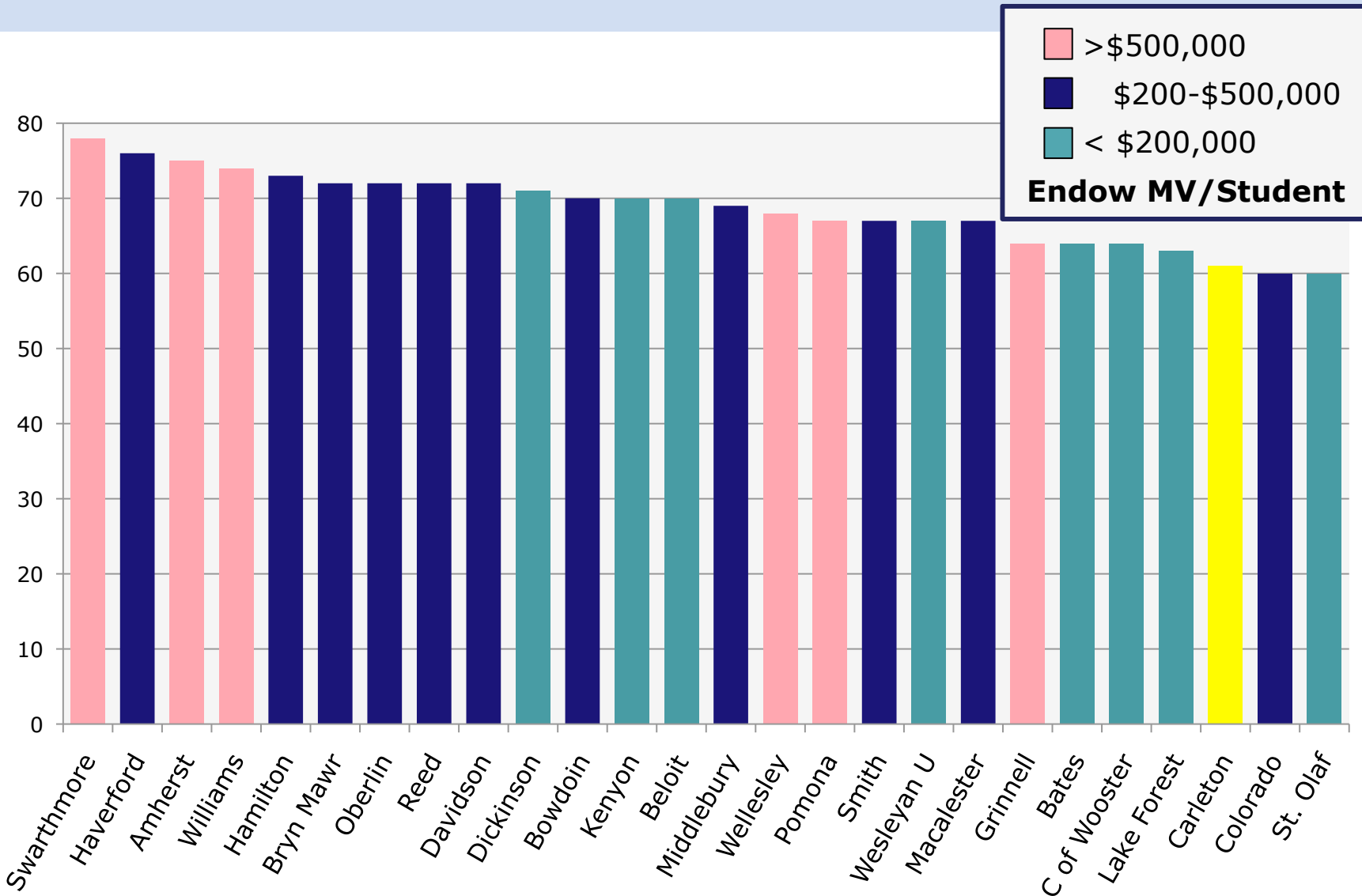
Institution	# Majors	# Minors/Secondary Concentrations
Beloit College	52	39
Wellesley College	51	31
Smith College	49	33
Oberlin College	47	49
Wesleyan University	46	7
St. Olaf College	45	21
Dickinson College	43	8
Middlebury College	43	58
Bowdoin College	42	34
Hamilton College	42	8
Pomona College	42	33
Colorado College	41	75
Carleton College	40	15
Swarthmore College	39	41
The College of Wooster	39	44
Reed College	38	0
Amherst College	36	0
Bates College	34	26
Williams College	33	12
Grinnell College	31	12
Kenyon College	31	27
Lake Forest College	30	39
Bryn Mawr College	29	39
Macalester College	28	31
Davidson College	23	14
Haverford College	20	12
Maximum	52	75
Mean	38	27
Minimum	20	0

Class Size % < 20

Percentage of Classes Under 20 Students, Fall 2010

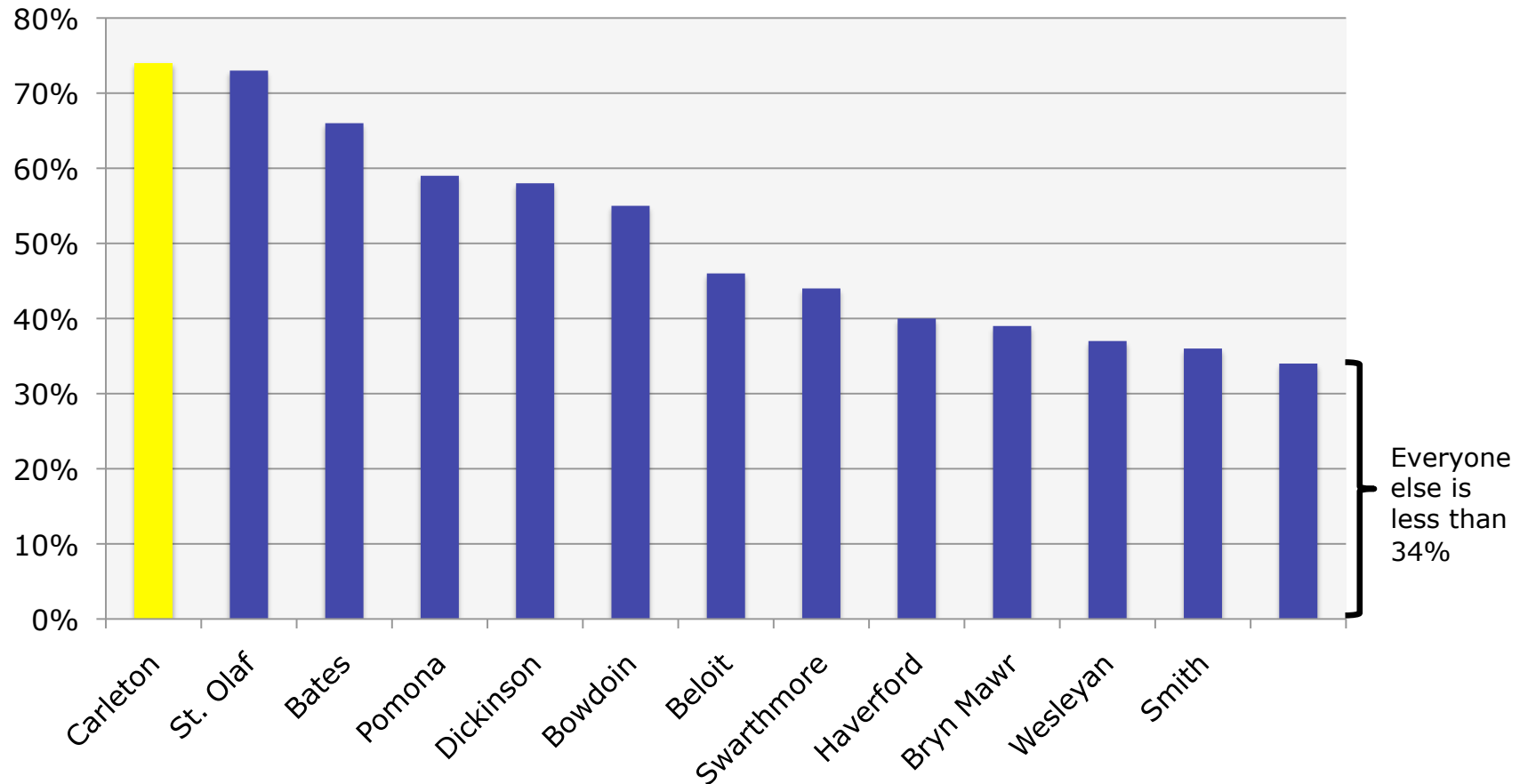


Class Size % < 20



Participation in Off-Campus Study

% of 2010 Graduates with Study Abroad/Off-campus study



Source: USNWR, Fall 2011. (Figures for Carleton and some other institutions may include some domestic programs.)

Observations

- Carleton's excellence comes from focus
- Carleton resources are not likely to grow faster than inflation
- Carleton's resource growth has not outpaced its competition
- Carleton's reputation and academic excellence 'outperform' its apparent resources

An aerial photograph of Carleton College campus and its surrounding area. The campus is a dense cluster of red-brick buildings, interspersed with green lawns and trees showing autumn foliage. A prominent feature is a large, dark blue pond in the center. To the left, a baseball field with a red track is visible. The campus is bordered by a road and a river. Beyond the campus, the landscape opens up into large, flat agricultural fields in shades of brown and gold, with scattered trees and a winding road. The overall scene is captured from a high angle, providing a comprehensive view of the college's grounds and its rural setting.

Thank You

Carleton's Economy

As we step back further to engage in Strategic Planning...

**Understand the value of our
differentiation...to
Create our Future Together**

Time for Questions

Thank you to:

Julie Anderson

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Peer Groups and Available Data

Intended

- 1 Amherst College
- 2 Bates College
- 3 Beloit College
- 4 Bowdoin College
- 5 Bryn Mawr College
- 6 Colorado College
- 7 Davidson College
- 8 Dickinson College
- 9 Grinnell College
- 10 Hamilton College
- 11 Haverford College
- 12 Kenyon College
- 13 Lake Forest College
- 14 Macalester College
- 15 Middlebury College
- 16 Oberlin College
- 17 Pomona College
- 18 Reed College
- 19 Smith College
- 20 St. Olaf College
- 21 Swarthmore College
- 22 The College of Wooster
- 23 Wellesley College
- 24 Wesleyan University
- 25 Williams College

Staffing Study

- 1 Amherst
- 2 Bates
- 3 Barnard
- 4 Bowdoin
- 5 Bryn Mawr
- 6 Colby
- 7 Haverford
- 8 Mt. Holyoke
- 9 Middlebury
- 10 Oberlin
- 11 Pomona
- 12 Smith
- 13 Trinity
- 14 Swarthmore
- 15 Vassar
- 16 Wellesley
- 17 Wesleyan
- 18 Williams

Energy Study

- 1 Amherst
- 2 Bowdoin
- 3 Bryn Mawr
- 4 Davidson
- 5 Grinnell
- 6 Hamilton
- 7 Macalester
- 8 Middlebury
- 9 Pomona
- 10 Smith
- 11 Swarthmore
- 11 Wellesley
- 12 Wesleyan
- 13 Williams