



Office of the President

Dear Members of the Providence College Alumni Community,

In this communication, I want to provide information about the College's financial position and budget strategy.

You doubtless have heard about colleges which have drastically cut budgets because of losses in the value of their endowments. Because PC's endowment is relatively small, we historically have not relied upon it to fund our annual operations. The 25% decline in our endowment, from a high of \$160 million last spring to approximately \$120 million currently, has diminished our restricted scholarship funds and our ability to fund capital projects.

However, we will not compromise our strategic focus on student formation and will continue to invest in those priorities established in our 2012 Strategic Plan that relate to academic excellence and student development.

While many colleges are cutting faculty positions this year, we have recruited and retained talented new faculty who will advance the tradition of teaching excellence established by senior faculty who are retiring. We expect to continue faculty hiring to fill vacant positions.

We are moving forward with the expansion of the Slavin Center in order to provide students with more opportunities to build campus community and to promote student wellness. We are phasing in a multi-faceted transportation system to increase students' experiential learning in community service and other off-campus, co-curricular programming. And we have recruited new leadership to revitalize our career services operation.

Going forward, we also will increase our financial aid commitment by \$3.6 million, or approximately 9.1%, to \$43.8 million. These additional funds are needed to increase student aid, to respond to appeals from students of families experiencing a particular hardship in this economy, and to compensate for shortfalls in the value of donor-restricted scholarships resulting from decreased earnings in endowment funds.

With the needs of currently enrolled students in mind, Providence College has launched a new fundraising effort. The [*Angel Fund*](#) has been created to provide immediate help, in the form of financial aid, to current students of families in financial crisis. This is to ensure that every student is able to complete their studies and graduate from PC. The fund already has received over \$80,000 in donations from Providence College alumni and parents, enabling nearly 40 students to continue their studies this semester.

Tuition for the 2009-10 academic year will increase 4.9% to \$32,320, the lowest increase since 2001. Fees for room and board will increase from 5.0 to 5.3 %. Providence College's tuition and fees remain significantly lower when compared to most colleges within our Catholic cohort. Thus, while our rate of increase this year is slightly above the increase at some comparable institutions, Providence College remains competitively priced below the majority of our Catholic college cohort.

To balance budget needs with priority initiatives, we have developed a series of cost-saving measures. For the balance of the current fiscal year, we have restricted hiring for unfilled staff positions and redoubled efforts to identify and eliminate non-essential spending within each of the operating divisions.

To support the 4.9% tuition increase, provide an additional \$3.6 million in financial aid, and afford salary increases for faculty and staff, all division vice presidents have made significant non-personnel cuts to their proposed 2009-10 budgets.

We have instituted a hiring freeze for all new administrative positions. Only the most critical existing positions that become vacant will be filled. Capital projects that do not directly address critical student needs are being postponed at least until 2010-11.

The 2009-10 budget is based on a freshman enrollment target of 1,050. This year, we accepted more students to balance the number of upperclassmen who are studying abroad. We are maintaining academic quality by ensuring that the profile for our invited students remains virtually the same as last year.

What we cannot predict at this point is the impact of the uncertain financial market and the decisions students will make about attending public and private colleges. We do know that financial aid packages will be more competitive and more important than ever. Should we not meet the target enrollment, the budget will be adjusted accordingly, for review by the Board of Trustees.

The actions we have taken are designed as a one-year solution to an extraordinary and unexpected economic downturn. These measures will enable us, in the short-term, to retain our students, advance our most critical academic and student initiatives, and offer a stable employment environment. We simultaneously are monitoring key monthly economic indicators that impact enrollment and revenue streams.

Depending upon how quickly and strongly the economy recovers, we may need to impose even greater austerity measures in future budgets. No matter the outcome, we are appropriately focusing on new operational efficiencies at a time of renewed competition in the higher education marketplace.

We are ever mindful of the aspirations parents have for their children and of the sacrifices students and families make to achieve the goal of a college education. I am committed to ensuring that Providence College perseveres through this turbulent time in a position of strength. We have endured and flourished through past economic challenges. Through it all, we have placed our hope in God's providence. We do so again now.

Rev. Brian J. Shanley, O.P.