ANTIOCH UNIVERSITY

## College Financial Q & A

1. **How long has the College been operating at a loss?**
The College has been operating at a loss for several years. For the period of 2001-2006 the cash deficit exceeded $5.5 million. For the period 1995-2000, the College experienced losses of $4.5 million. Assuming level enrollments, the estimated cash deficit at the College would have been in excess of $5.6 million for the 2008-2009 fiscal year if operations would not have been suspended.

2. **Did the College receive support from the other five Antioch campuses and why couldn't they contribute more to save the College from suspending operations?**
Since the early 1990s, Antioch's five other campuses have directly contributed $600,000 or more, per year, to subsidize the College. Beginning in 2001-02, that amount was increased to $740,000 annually. Further, the College does not pay toward the University's central administration. In addition to their own campuses' overhead contribution toward central services, the five other campuses also pay approximately $800,000 annually to cover the contribution the College would be making. The presidents of the other campuses agreed to give the College a waiver. This brings the current support to the College by the other 5 campuses to approximately $1.5 million annually. In addition, the surpluses of the other campuses have been used to off-set the College's deficits to an amount of over $7 million over the past 15 years. Currently, these other campuses are unable to increase any further the amount of their annual support to the Collage due to the rising costs and increased needs they are experiencing at their respective campuses.

3. **How does the College compare to the other campuses of the University with regard to tuition revenue, student enrollment and total expenditures?**
The College accounts for 11% of total tuition revenue of the University; the College represents 8% of total enrollment and expends 24% of University-wide expenditures.

4. **When did it become apparent that the College could not sustain itself financially?**
The College has struggled financially for a long time. The College has seen enrollment, coupled with poor retention, decline from 515 students in 2000-01 to 330 students for 2006-07. Also, fund-raising for the College has not been at a level for sustainability. In October 2003, the Board noted in the resolution establishing the Renewal Commission that "persistent financial dis-equilibrium existing at the College" had been "previously identified and addressed by the Board in June 2001 with…its adoption of a Financial Stabilization Plan." While it was the hope and expectation of the Board that the Renewal

Plan would breathe new life into Antioch College, it must be noted that the five years prior to the implementation of the Renewal Plan (FY2000-FY2004) the College experienced losses of over $1.0 million annually. At the November 2006 and again at the February 2007 Board of Trustees meetings the enrollment and financial difficulties of the Colleges were discussed extensively. The June 2007 BOT meeting was devoted almost entirely to the financial condition of the College. Suspending operations was an action the Board determined was necessary.

5. **What is the annual operating budget of the College?**
   The current operating budget of the College for fiscal year 2006-2007 is approximately $21 million.

6. **What percentage of the total College budget is student tuition?**
   In 2001-2002 net tuition and fees represented 54% of total revenues compared to 32% in the 2006-2007 academic year. The remainder of the revenue comes from grants, federal financial aid funds, endowment income, auxiliary income, charitable giving, and subsidies from the other five campuses.

7. **Looking at the past five years, what has it cost to educate and house a student at the College?**
   In 2001-2002 the cost of educating and housing a student was approximately $34,000 compared to approximately $52,000 in 2006-2007. Antioch's tuition is approximately $28,000, but the average discount rate is nearly 50% for matriculating College students.

8. **How has enrollment changed in the past five years?**
   In the fall of 2002 the College had a headcount of 577 students. In May 2007, it was projected that 302 students would be on campus, excluding non-matriculating AEA students in the fall of 2007-08.

9. **What has impacted enrollment the most?**
   Some people would point to the condition of the College's facilities, some would point to the poor results of fund-raising, some would point to the difficulties imposed by the Renewal Plan, and some would point to the campus culture.

10. **What will be the impact of the suspension of operations on Yellow Springs Village?**
    The impact is unknown at this time. In the weeks ahead, we will be meeting with the Village Chamber, Village Council, and others on this issue. Re-opening the College in the future will be mutually beneficial.

11. **What would have happened to the College and the University if the suspension of operations decision was not made?**
    If the Board of Trustees had not suspended the operations at the College there is a strong possibility that the College and the entire University would have been faced with total and permanent closure. If this had been allowed to happen, the ability of the College to re-emerge, with or without the other five campuses, would have been highly unlikely.

12. **Is there an estimate of how much money is needed to bring the facilities to an acceptable condition?**
The current College capital request to address minimum physical facility needs over the next five years is approximately $30 million.

13. **Why wasn't the endowment cashed in to fund the College deficits until funds could be identified to sustain it forever?**
An endowment is a fund set up to carry out the specific wishes of a donor. Without donor consent the endowment cannot be redirected. In many cases the donor is deceased and so getting permission is impossible. Earnings and appreciation on endowment gifts can be used to support expenses at the College consistent with the donor's intent. Unfortunately, Antioch's endowment is relatively small for a private liberal arts college and it does not adequately cover the College's needs.

14. **Could the College have remained open by selling off one or more of the adult graduate campuses?**
Antioch's five other campuses are fulfilling the University's education mission and serving the needs of 4,500 students. They employ 300 faculty and staff and now have 18,000 alums. These campuses are operating on a self-sustaining basis and produce funds to subsidize the College and the central administration. It is difficult to sell such operations as "going concerns." Three campuses owned by the University are encumbered with bonded indebtedness that reduces the equity in those facilities. This option was discussed but it was determined that it would not garner sufficient funds to sustain the College.

15. **Why was Antioch McGregor allowed to build a new campus building in Yellow Springs when the College was in financial trouble?**
Each Antioch campus submits an annual budget to the BOT that must be balanced which is based on the premise that expenditures do not to exceed revenues. McGregor presented a plan that was approved by the BOT for the construction of the new building while operating with a balanced budget including debt retirement. McGregor is obligated to repay the total bond indebtedness of the new building. The McGregor building had little affect on the College finances, nor did it draw donor money away from the College. No physical asset at any other campus of the University, including the College, was pledged as collateral for the McGregor project.

16. **Why was the decision to close the College made at the June BOT meeting?**
There is never a good time to announce the suspension of operations at a distinguished institution. Over the years, the BOT has been briefed at every meeting regarding the financial position of the College. This has consumed the focus of the past three BOT meetings. It was apparent that enrollment and donor solicitation goals were not going to be met and the financial forecasts indicated the inability to pay for operations and payroll beyond next fiscal year. The BOT acted responsibly and courageously when it saw that there were no other solutions and all prior efforts had not resulted in the required financial sustainability for the College.

**17. What information was given to the BOT for them to make the closure decision?**

For the past two years in particular, the BOT has been provided a massive amount of information including fund-raising activity, recruitment and retention data, and detailed financial information and analyses. The enrollment and financial forecasts provided to the BOT were projected into the future and included assumptions that were agreed upon by the College and University leadership. The assumptions used included modest enrollment and retention gains, increased donor gifts and personnel reductions to faculty and staff. Despite these assumptions, the forecasts resulted in a scenario that would not have allowed the University and College to operate for an extended period of time.

**18. Why was there no decision made to merge the College with McGregor?**

This option was analyzed by a group consisting of College and McGregor leadership. The savings to the College was not significant. Additionally, such a move at this time could result in a decline in McGregor's enrollment which would adversely affect McGregor's ability to help the College during the suspension of operations. The ULC and the Board are considering how best to operate the Yellow Springs campuses in the future.

**19. How is the University going to maintain the physical facilities of the College during the period operations will be suspended?**

The University is currently exploring options for the protection of the physical facilities. The University is committed to protecting the College assets until the reopening in the future. The other five campuses will continue to contribute funds that will be directed toward the preservation of College facilities during the suspension of operations.

**20. How much money was raised by the College's Institutional Advancement Office in the past several years?**

The College Institutional Advancement Office has worked diligently to raise as much money as possible but the overall giving by alumni and friends of the College has not increased in a number of years.

**21. If College operations had not been suspended at the end of next fiscal year what would have happened financially?**

The cash flow projections for the University indicated that the College, along with the University, would have depleted its available liquid resources to meet obligations within the next 18-24 months. If the Board of Trustees had not suspended the operations at the College at the end of June 2008, there is a strong possibility that the College and the University would have been faced with total and permanent closure. This would have eliminated any real possibility that the College would re-open again and severely impacted the lives and education of the 4,500 students at the other 5 campuses.