

HIGHER EDUCATION



Finances, St. John's College
Hosted by Steven Roy Goodman, UDC-TV

Higher Education Today

Finances, St. John's College E-Booklet

Transcript of 29-minute conversation with Dr. Bronté Jones, Treasurer of St. John's College - Annapolis

Hosted by Steven Roy Goodman, Educational Consultant and Co-Author, *College Admissions Together: It Takes a Family*

Taped at the University of the District of Columbia: February 23, 2012

Aired in March 2012 and April 2012 (mornings and evenings) on UDC-TV, Channels 19 and 98, Washington, D.C.



Watch a video version of this episode online

On YouTube:

<http://www.youtube.com/watch?v=ZpSbhz1VhA8>

On Vimeo:

<http://vimeo.com/37339351>

Finances, St. John's College

Goodman: Hello. I'm Steven Roy Goodman, host of HIGHER EDUCATION TODAY, a production of the University of the District of Columbia. Welcome back to the education program that connects you to contemporary issues, people, and institutions involved in the world of higher education.

Today, we'll be talking about college and university finances.

Dr. Bronté Jones is Treasurer of St. John's College in Annapolis. She helps lead the college's long-term financial and management planning -- including the business office, IT and print shop operations, and building and grounds on campus. Dr. Jones earned her Ph.D. from the University of Texas at Austin. Welcome.

Dr. Jones: Good morning.

Goodman: Well good morning. Dr. Jones, if you wouldn't mind saying a word or two about what a treasurer does at a college.

Dr. Jones: It's funny you should ask. I think I told you; I recently did a presentation on what it means to have a chief business officer on campus. My short answer is, "everything that's not fundraising and teaching." But I work with the business office, personnel office, information technology, facilities -- meaning cleaning, the maintenance of the buildings and grounds, and also new construction projects. So it's a pretty full portfolio.

Goodman: But you said you don't do fundraising, and you don't do teaching?

Dr. Jones: I don't do fundraising, and I don't do teaching -- at St. John's.

Goodman: At St. John's. But how do you know how much money you have to work with then?

Dr. Jones: Well we're primarily a tuition-driven institution. And so I'm looking at the number of students that we have, monitoring our endowment performance, and then looking at what our fundraising activities are. I work very closely with our vice president for fundraising.

Goodman: In terms of tuition, how does that work exactly? Will you determine what the tuition will be next year?

Dr. Jones: That's a pretty lengthy conversation. We actually track ourselves against a very elite group of national liberal arts institutions. So there are, let's say, 30 of these such institutions. We monitor what happens with their tuition. We'd like to be, let's say, in the top ten, but not in the top five. So we monitor what's happening with Wellesley or Swarthmore, Kenyon or Reed. And we'll look at how much they increase their tuition, speculate about how much we think they're going to increase it in the subsequent year, and then make a calculated decision based on that.

Goodman: So if they were going to increase the tuition, let's say, six percent... you might say, "Well we'll go ahead and raise it five percent"?

Dr. Jones: We might do that. Again, we want to be in the top ten, but we don't want to be in the top five. We don't like the message that might send to our prospective students.

Goodman: But then, wouldn't that mean that in all likelihood, every year a student is at St. John's, the tuition would go up?

Dr. Jones: Yes, but that's an expectation that I think that all families come into higher education understanding.

Goodman: So then what's interesting, what I just heard you say – if I didn't misunderstand that – is that there's really very little external pressure to NOT raise tuition.

Dr. Jones: Well I wouldn't say that. The current economic environment has led us to a place where families need much more financial aid. For private institutions we call that the "discount rate" – the amount of grants we're giving to our students. And the discount rates have been growing drastically given the current economic environment. So we are more sensitive to tuition increases now than we've been in the last 20 years.

Goodman: You could look at that in two ways; you could either increase the amount of financial aid you give to students across the board or you could do bigger packages for certain students.



Dr. Jones: That's correct. And in our case, we're a full-need institution and we're need blind. Meaning; if Steve and Bronté are both applying, I don't look at what aid package Steve needs versus Bronté, I admit them both. Then I provide whatever financial aid the two students will need to attend our institution. And again, in this economic environment, our students tend to be a little needier, so my financial aid budget has actually gone through the roof.

Goodman: And speaking of roofs, I'm interested in how one decides when to fix up a building – how you decide to spend money on a new facility of some sort. Can you walk us through how that happens?



Dr. Jones: Certainly. Typically your chief fiscal officer is involved in the campus master planning process. We just did such a thing at St. John's in 2009 where I did a buildings conditions assessment, looking at all of my

existing buildings, and also a spatialization study, where I looked at what my needs were. I then sat down with the other officers to prioritize which buildings should be fixed first or which buildings should be built next. And then, based on our fundraising activities—unless a roof starts to leak—that often dictates the order in which we'll complete those projects.

Goodman: But these are massive projects!

Dr. Jones: They're very massive projects.

Goodman: So, how will you finance a new building like that?

Dr. Jones: Well in some cases we do fundraising. We recently built two new dorms and we had very generous fundraising efforts where we got total funding for those projects. I'm about to build a new building on campus now; some will come from fundraising and the state of Maryland will actually fund a portion of that through a capital grants project that the state has.

Goodman: And why would the state of Maryland finance a capital project like that at a private college?

Dr. Jones: Well, for two reasons. First, we serve a certain population of Maryland students. And then secondly, because of the reputation of St. John's, we attract a large number of students to the state. And so it's incumbent upon the state to make sure that all of its institutions are stellar so that we can continue to attract quality students to the state.

Goodman: I think that not everybody who is watching this knows that much about St. John's. Could you say a word or two about the campus in Maryland and the one in New Mexico?

Dr. Jones: Certainly. St. John's College is a "Great Books" institution. We have campuses in Annapolis, Maryland and Santa Fe, New Mexico. It's an all-required curriculum, meaning, students major in liberal studies. There is only one major. They must take all of the courses that are part of our program, which includes four years of seminar, four years of language, four years of mathematics, three years of science and two years of music. So it's a very rigorous curriculum, but we're a very small institution with 500 students on both of our campuses.

Goodman: For those 500 students, would you mind saying what your budget is per year?

Dr. Jones: The budget in Annapolis is \$32 million and roughly \$30 million for our Santa Fe Campus.

Goodman: And does that mean that you need to raise \$30 or \$32 million dollars each year, in order to meet that budget?

Dr. Jones: It means through fundraising, tuition and fees and our endowment income, I bring in about \$32 million dollars worth of revenue to cover our expenses.

Goodman: And how does the endowment work, in terms of the revenue from the endowment?

Dr. Jones: All institutions have a spending formula. Our spending formula allows me to spend somewhere between four and a half to five and a half percent of our earnings on an annual basis. So we have a smoothing formula that actually dictates for me how much of the endowment earnings I can spend per year. And roughly we spend about five and a half percent of our earnings.

Goodman: Now why five and a half, why not six? Why not three? Where did that four and a half to five and a half number come from?

Dr. Jones: Well it's about responsibility. The purpose of the endowment is to sustain the institution into eternity, if you will. And so you don't want to raid the earnings because you want them to be there for future years. But you do want to take advantage of some of the earnings for current operations – especially in our case where the largest portion of our endowment is for financial aid, for the grants that I need to provide for my students to attend.

Goodman: Well my understanding is that there are a number of non-profits that have to spend a certain amount of money per year, in terms of money from the endowment.

Dr. Jones: Yes, most institutions have an investment policy. In my case, my investment policy allows me to spend between four and a half and five and a half percent, based on a smoothing formula.

Goodman: But other institutions that are not educational institutions—my understanding is that a number of institutions have a requirement of ten percent.

Dr. Jones: Ten percent is actually relatively high. According to the prudent rule, seven percent should be the max of the earnings that you might take per year. But that would really be dictated by the board of that particular non-profit.

Goodman: And, speaking of the board, what's your relationship with the board?

Dr. Jones: It's funny you ask, I'm just coming back from our winter board meeting in Santa Fe. I act as the liaison with the Audit Committee, the Buildings and Grounds Committee, the Investment Committee, the Finance Committee and the Compensation Committee. Anything that has to do with the operational matters of a college, I interface with those committees.

Goodman: And in terms of compensation? Let's assume a professor would like a raise. Do they come to you and say, "I would like a raise"?

Dr. Jones: [Laughing] I wish. At St. John's we actually have a very intricate salary system where there's a base salary for all faculty members and then there's an increment for every year of service on campus. So every member of our faculty, depending on their years of service, can calculate their colleague's salary based on the base salary.

Goodman: Well what would a new faculty member, who just started, make at St. John's?

Dr. Jones: Roughly \$70,000 dollars.

Goodman: Do they have a housing allowance as well or that's the salary?

Dr. Jones: That's the salary. But we have a very generous benefits package which attracts a very solid group of new faculty members.

Goodman: So it's interesting you've got the pressure on one hand of not raising the tuition, because students obviously are saving a lot of money and parents are taking out a lot of loans to send their kids to schools like St. John's...

Dr. Jones: Yes.

Goodman: You also have the pressure of faculty members who need the money to support their families. And you probably have competition from other colleges that, if you were going to pay considerably less, then faculty members might go to other colleges.

Dr. Jones: Yes, but again, because we have a very attractive benefits package that same group of institutions who we track ourselves with, in terms of tuition, we track ourselves against in terms of salary. And we actually measure up quite well against our competitors.

Goodman: Well what would be some of the benefits that a faculty member would get at St. John's?

Dr. Jones: The tuition benefit is very attractive. If your child attends St. John's we'll pay their full tuition to attend St. John's, but if they were to go elsewhere, we'll pay 50% of that. Well if you take into consideration my tuition is \$46,000 – 50% of that is \$23,000 towards your child attending another institution. That's very generous.

We have a very generous retirement package, health insurance benefits that are unheard of in this time... so again once you put all of those together, it's a very attractive package.

Goodman: How many faculty members are there at St. John's?

Dr. Jones: There are roughly 90 on the Annapolis campus, and I'd say 80 on the Santa Fe campus.

Goodman: And can professors go back and forth between the two campuses?

Dr. Jones: That's the beauty of having a program such as ours where it's all required. All of our faculty members have to learn to teach across the curriculum. So you don't solely teach Mathematics or Science, you teach across the curriculum. So both our faculty and students transfer between the two campuses.

Goodman: If I can walk you through a question in terms of donations... Let's assume I went to St. John's College, I had a good experience, and I want to donate \$1000 to St. John's... Who do I give it to? What happens with that \$1000?

Dr. Jones: Well you'd give it to the Advancement Office. And it would depend on whether you restricted that gift or you gave it to us as an unrestricted gift. (We'd prefer unrestricted gifts.) And if that were the case, that would go into our annual fund and go towards our operating budget.

Again, given our focus on providing scholarship opportunities or grant opportunities to our students, it is a fair bet that your donation would go to fund a student's scholarship to St. John's College.

Goodman: What percentage of the budget then is for scholarships?

Dr. Jones: Oh I'd easily say 30% of our budget goes toward financial aid.

Goodman: So 70% goes for things other than financial aid?

Dr. Jones: Yes.

Goodman: So if 30% is going toward financial aid, what percentage is going toward faculty salaries?

Dr. Jones: Well I'd look at salaries comprehensively. So for faculty and staff I'd say roughly 48%.

Goodman: So half the budget, more or less, is going for salaries and benefits!?

Dr. Jones: Yes and that's very common in higher education.

Goodman: Really!?

Dr. Jones: Yes.

Goodman: Wow, that's very high, I think.

Dr. Jones: Yes. That's why when you're in an economic environment such as this it gets very difficult to make cuts to your budget that ultimately do not impact people.

Goodman: How could a university ever really cut their expenses?

Dr. Jones: Well you have other things. You've got travel and entertainment, you've got supplies – there are other places that you can cut. When you're making cuts you think about what are the “sacred cows” on your campus. Financial aid is that thing on our campus, so that's the very last thing I would cut when I'm looking for opportunities to balance the budget.

Goodman: Couldn't you balance the budget then basically by asking one faculty member to not return?

Dr. Jones: We could do that, but we have a very strong sense of community at St. John's College. So that would be pretty low on my list of options to exercise.

Last year, for example, when we were looking at the increase in our financial aid, it was interesting to see that we were having conversations about potential adjustments to faculty salaries, and our senior faculty were willing to take cuts so that the junior faculty would be less impacted. That's the sense of community that we have at St. John's.

Goodman: And that in fact happened?

Dr. Jones: In fact we did not and we've not had to cut any salaries or make any salary adjustments over the last three years.

Goodman: Well let's say I'm a faculty member at St. John's, and I come to you Bronté, and I say, “I know you're the person who's in charge of all the money. I have an offer to increase my salary considerably at the University of Texas,” let's say, where you used to be. What would you say?

Dr. Jones: I would be having a conversation with the dean on our campus who's equivalent to the provost, to look at ways that we might encourage that particular faculty member to stay on campus. We would not make an adjustment to an individual's salary, but we would look at other ways that we might encourage that faculty member to stay on campus.

Goodman: Can you give an example or two?

Dr. Jones: We might give release time. There might be a specific area that you have an interest in. So you might like to teach one or two less courses so that you could learn more about Beethoven. Or you'd like to know more about the Brontë Sisters. You might want to help us rewrite our calculus manual. So we might look at other ways or other opportunities to maintain your attention and interest in the college.

Goodman: Would you ever give a housing allowance?

Dr. Jones: Actually we have a faculty home loan program at the college that's very attractive where we offer our faculty up to \$150,000 towards the purchase of their first home in Annapolis or in Santa Fe. So that's another one of those benefits that make the college a pretty attractive place to work.

Goodman: Could you say a word or two about where St. John's students go after they leave St. John's?

Dr. Jones: Certainly. Our students go on to spend a considerable amount of time in education, whether that's K-12 or higher education. And as you might suspect we have doctors, lawyers, not quite Indian chiefs... but quite a large number of entrepreneurs. They're free thinkers. So we're always interested to see where they go.

Goodman: In terms of the departments, I know St. John's doesn't have departments like traditional colleges, but I know you've worked at other universities. At Texas—which we talked about a second ago, and I know you got your PhD there—let's say you had the same job you have at St. John's but at Texas. I assume that's a massively bigger budget?

Dr. Jones: Yes.

Goodman: In that instance, would one department be essentially competing against another department for financial resources?

Dr. Jones: Well at the University of Texas it's a very de-centralized budget process. Meaning each school has its own budget. So there really isn't the competition.

In the state of Texas there's a lot of formula-based budgeting. So it's based on the number of students that are in a chair. It's based on the program of instruction. So each institution within the university has to meet a number of standards in order to get funding.

Goodman: So the number of students, who would take a certain course, from certain big universities, then matters a lot?

Dr. Jones: Oh most definitely. Again at a number of the large institutions it's formula-based. So it's the number of credit hours, it's the number of bodies that are sitting in a chair. And at an institution the size of the University of Texas with 50,000 students that's how the state of Texas appropriates their funds.

Goodman: You must be friends with many CFO's from around the country?

Dr. Jones: Yes.

Goodman: I assume this is a topic of discussion that you guys have?

Dr. Jones: Oh most definitely.

Goodman: Do other universities say, "Well, I don't really feel like financing the philosophy department with the economics department?"

Dr. Jones: Again it goes back to understanding what the core drivers are for a particular institution. Obviously, on many campuses there are some programs that are more attractive or more popular than others. But that goes back to the management of the institution and where you place your priorities. So that could be different at a number of institutions.

Goodman: But then the CFO would need to be sensitive to what those priorities are, in order to be effective on that particular campus.

Dr. Jones: Exactly and I mean the CFO is a critical player with the other vice presidents or officers on campus. It's critical to be a part of the conversations because in my case I often say, "I never want the business decisions to trump the academic decisions," but my role *is* to discuss the business implications of any decisions that we might make. But we are, after all, an institution of higher education. That is what we are there to provide, that service.

Goodman: That's a fair point. But what about faculty members who say to you, "Well Bronté, I really like what you do and you're a nice person, but you know we're an institution of higher learning. What's all this business stuff about?"

Dr. Jones: Again it goes back to the presentation that I made a few weeks ago with some of our donors. It's very important that I'm concerned about keeping the lights on and the heat on. It is very important that the cleaning staff is there to clean up the labs or to have the trash removed from the classrooms, or that the dining hall is running appropriately so that the students can be focused when they're in the classroom. In this age of technology it's important that the Internet is working or that Wi-Fi connections are up and functional.

I think I spend a fair amount of time talking to my colleagues about the operational needs of the campus and why those cannot be disrupted because they will challenge the academic program. It's an inter-relationship. And I think my colleagues appreciate the operational needs of our institution.

Goodman: What about your students? Do you ever interact with students who say, "Well it would be really neat if we had 'such and such' thing on campus?"

Dr. Jones: Yes. I have very active relationships with the students on campus—our student polity, which would be the student government association—and providing their funding and talking about the needs of the institution and ways in which we can be helpful to them. Conversely we also discuss ways in which the students can be helpful to the overall mission of the college. So I'm actively engaged with the students.

Goodman: So what are some things that students tend to ask you for?

Dr. Jones: We talk a lot about becoming a completely wireless campus, which is a slight challenge for us at St. John's because computers are not allowed into the classroom. And so technology, from that standpoint, has not been a priority, but as we have more and more faculty members bringing tablets and notebooks to campus, we have done a comprehensive study of what it would mean to make the campus wireless. So I would say that's the greatest concern of the students. And they're also concerned about constantly increasing the bandwidth so they can stream their music and their videos. Being responsive to their technology needs, I would say, is at the top of their list.

Goodman: And you also mentioned that you had things that you were asking them. What are the things that you tend to be asking students?

Dr. Jones: One of the things I asked the students for, which got me into the student newspaper, was an audit of the funds that we provide to the student organizations. We give the student organizations a considerable amount of money each semester, and so we made a deal that before I give you your next disbursement, you have to turn in receipts to show me how you spent the first disbursement.

That's actually been a very interesting process. But the students have come to appreciate that these are college resources and I have to be sure that they're accounted for appropriately and in compliance with our institutional rules. It wasn't popular when I first instituted it, but they understand the need.

Goodman: So students were coming to you, asking for money, and they didn't expect that they were going to have to turn in any receipts?

Dr. Jones: Well I actually write a check to the president of the student government association, and then basically it was in their hands and there was no further accountability with the business office. But under my reign, let's just say, I don't disperse funds to any entity on campus without the expectation of receipts. And so we implemented that about four years ago and they've learned to happily live with it.

Goodman: I'm going to guess that the Board of Trustees, when they watch this show, is going to be very happy with that answer...

Dr. Jones: [Laughing] I'm sure they will.

Goodman: In terms of the board, how much turnover is there on the St. John's board?

Dr. Jones: We have a very large board. And they rotate every three years. They can serve two consecutive terms, but I would say the vast majority of the board members have been on the board in some form or fashion in my six-year tenure at the institution. Particularly with the committees I work with, Investment and Finance, you don't want a lot of turnover, you want a lot of continuity so they understand the rhythm and the patterns that have existed with both the endowment and our budgets.

Goodman: And in terms of the endowment, who's managing the endowment?

Dr. Jones: We have a very active investment committee of our Board of Visitors and Governors. We meet quarterly. But we actually have the bulk portion of our endowment invested with TIFF, The Investment Fund for Foundations. They provide monthly reports. Those go out to members of the committee and I'm actively engaged with them in terms of our asset allocation and our returns.

Goodman: Do students ever speak with you about that asset allocation?

Dr. Jones: Yes. I would say I'm interviewed by the student newspaper once or twice a year. They like to know about the budget, they like to know about the endowment performance. They also like to know about buildings and grounds, "What are the latest projects? What are we

renovating? What are we going to build?" I have a very open door policy so any question that they have, I'll entertain.

Goodman: How do you interact with the other CFO's in the state and around the country?

Dr. Jones: I'm very active with NACUBO, the National Association of College and University Business Officers. There's a Small Institutions Council -- I was on that body. We are engaged through email contact, through regional conferences, the national convention, on a regular basis. We're asking one another about discount rates, about audit firms, about construction firms. It's a very active dialogue because we're all facing the same challenges in this economic environment.

Goodman: And do you ever interact with universities in other countries?

Dr. Jones: Actually, I do. I'm a commissioner on the Middle States Commission of Higher Education. So I actually do accreditation visits for all institutions that are within our region. Last year I had the great pleasure of being at the University of Puerto Rico which was a very hard assignment.

Goodman: In the winter, I assume?

Dr. Jones: [Laughing] It was a very hard assignment to drive around the country and assess the financial resources of the university. But I do get to get out of the country to assist in that manner.

Goodman: I thought Puerto Rico was part of the United States?

Dr. Jones: It is, but there are a number of other campuses that are affiliated with the American university, with a number of institutions that have campuses in Chile for example, and other regions of other countries.

Goodman: And in terms of study abroad, if a student at any campus wants to study abroad, how is it made sure that those dollars are spent properly?

Dr. Jones: Well at St. John's we do not have a study abroad program.

Goodman: Which I knew but I thought that Texas has a very active one.

Dr. Jones: Texas does have a very active study abroad program. Again those are treated as restricted funds and they can only be used for the students to attend certain institutions and there are compliance officers within the institution to make sure those funds have been appropriated properly.

Goodman: We only have one minute left. What bit of advice would you have for somebody who is thinking about hopefully having a job like yours someday?

Dr. Jones: I would say more important than having strong accounting and financial acumen, my communication skills in this current economic environment have been absolutely paramount to my role at St. John's College and within the Higher Education community.

Goodman: Well you are a very clear communicator, and I've enjoyed chatting with you, so thank you for coming on the show.

Dr. Jones: It's been my pleasure.

Goodman: If you would like additional information about Dr. Bronté Jones, or St. John's College, please visit www.sjca.edu. If you have comments or suggestions about HIGHER EDUCATION TODAY, please send an email to our viewer mailbox at highereducationtoday@topcolleges.com.

Thank you for watching. We will continue to bring you quality discussions about important matters in today's college and university world. Please join me again for another edition of HIGHER EDUCATION TODAY. I'm Steven Roy Goodman and you've been watching HIGHER EDUCATION TODAY.

(c) 2010-2012 Steven Roy Goodman, Host of *Higher Education Today*

Higher Education Today is an education program on UDC-TV that connects viewers to contemporary issues, people, and institutions involved in the world of higher education.

3554 Appleton Street, NW
Washington, DC 20008
(202) 986-9431
steve@topcolleges.com
www.topcolleges.com