

# Business and Finance Division

## SAINT LOUIS UNIVERSITY

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### Business Manager Meeting

#### Minutes of the Meeting of October 13, 2005

Meeting minutes of the Saint Louis University Business Managers held at 9:00 a.m. on Thursday, October 13, 2005 at the Doisy School of Allied Health.

#### **Business & Finance Staff Present:**

Bob Woodruff	Gary Whitworth	Janice Crawford	Mary Drexl
Tim Kavanaugh	Lisa Zoia	Amy Orr	
John Riordan	Angela Jouglard	Lee Kniebert	
Linda Bantle	Mary Ann Loddeke	Dan Hitchell	

#### **Number of Business Managers Present: 53**

Bob Woodruff welcomed the Business Managers to the meeting and introduced Gary Whitworth. Gary announced the departure of Angela Reeves from his department.

#### **TRAVEL**

Linda Bantle announced the new Travel Program would go live on Monday, October 24, 2005. From that date forward, all travel must be booked using the on-line booking tool. There will be training sessions beginning on Monday, October 17, 2005 and the training will continue until everyone who needs to attend has done so. Additional dates are being added to accommodate all travel arrangers and travelers who are interested or need to attend. Unique travel situations will be addressed in a special training session during the last week of October. This session will address unusual travel situations such as student groups and guest travel.

#### **PURCHASING**

Janice Crawford, director of Purchasing, announced the selection of American Express for the new procurement card. American Express was selected due to the fact that of the 11,000 vendors SLU now does business with, American Express matched over 8800, whereas Visa and MasterCard had only 5300 vendor matches. There is unlimited protection on liability for unlawful charges made on the card. The program will roll out with a pilot program first and then go live in date December or early January of '06. Purchasing year-to-date savings are at \$430,000 - \$350,000 of that coming in the past 3 months.

#### **DIRECT DEPOSIT**

Charlie Caciano introduced Marsha McBride to review the new effort to increase the number of employees participating in payroll direct deposit. Beginning Monday, October 24, 2005, emails will be sent to all employees currently not participating in the payroll direct-deposit program. All employees qualify for a free-checking account with US Bank by participating in direct deposit. After January 1, 2006, pay stubs will no longer be distributed on campus. Those not participating in the direct-deposit program will have their paychecks sent out via US Mail. All information can be obtained on self-serve banner. The business managers requested that leave balances be added to the pay stub. Marsha will check into that with HR. Self-service Banner training is available through HR. For those employees not having computer access, there will be designated free print stations so pay stub information can be printed. Marsh McBride and Bob Chism will meet with Dee Marty to determine how to handle employees who are without a home address for check distribution.

## **TREASURER'S REPORT**

Bryan Pini, Treasurer, gave a report updating everyone on the Endowment Fund and University assets. Security is a top priority and they are making every effort possible to protect information. The Bursar's office had been dissolved with the cashiers remaining under the Controller's office and the remainder of the employees now reporting to financial services.

## **FINANCIAL PLANNING AND BUDGET**

Gary Whitworth gave a report on the CAPITAL BUDGET PROCESS. Gary asked that any business manager that anticipates running a deficit, alert him as soon as possible.

The meeting ended at 12:10 p.m.

Minutes respectively submitted by Mary Drexler.

## **Direct Deposit Enrollment Plan**

- 10/13/05     Announcement of Direct Deposit Enrollment Plan at Business Managers Meeting.
- 10/17/05     Email distribution to non-participants in direct deposit begins. The text of the message provided by Kathy Hagedorn and Bob Woodruff. Email will automatically run every other Monday beginning 10/17/05.
- 10/28/05     Printed copy of Kathy and Bob's message will be attached to each employee's check, not direct deposit recipients. Also, run Newslink announcement about Direct Deposit Enrollment Plan.
- 12/1/05       Email should be sent to employees not participating in direct deposit instructing them to verify their home (Main) mailing address as their checks will be mailed there on payday beginning 1/1/06.
- 12/15/05     Newslink announcement about how to retrieve direct deposit statements beginning 1/1/06.

Dear SLU Employee,

You have received this email message because you are not currently taking advantage of Saint Louis University's direct deposit program for payroll. We strongly encourage all SLU faculty, staff and student employees to participate in the direct deposit program and want to be sure you are aware of the many benefits of direct deposit, including:

- ✓ **Immediate access to funds on payday--no waiting for checks to clear deposit.**
- ✓ **Saves time, money and hassles—no trips to the bank or mailing in deposits.**
- ✓ **Eliminates lost, stolen, or “forgotten” paychecks.**
- ✓ **Deposits can be made even when you are on vacation or during University holidays.**

We also want to let you know that effective January 1, 2006 SLU will no longer distribute paychecks through the internal mail system. For employees not participating in direct deposit program, paychecks will be mailed to your home address. For employees participating in the direct deposit program, funds will be deposited directly into your bank account.

If you are interested in participating in the direct deposit program but do not have a checking account, please note that many local banking institutions offer free checking to their customers. For your information, there is a U.S. Bank branch in the Busch Student Center and 'Workplace Banking' is offered to all SLU employees. This includes free checking and other services.

To begin participating in the direct deposit program, please open this link:

<http://www.slu.edu/services/busfin/polpro/scannedforms/directdeposit05.doc> and follow the instructions on the form. The completed form and a voided, blank check or deposit slip should be returned to Payroll Services, 5<sup>th</sup> Floor, Salus Center. This information must be received by November 30 to ensure participation in the program by January 1, 2006.

Please contact Nila Mehta ([mehtans@slu.edu](mailto:mehtans@slu.edu) or 977-2470) if have any questions regarding Saint Louis University's direct deposit program. Thank you.

Sincerely,

Kathy Hagedorn  
Vice President, Human Resources

Bob Woodruff  
Vice President and Chief Financial Officer

# Business Manager Meeting

Treasury Department Overview

October 13, 2005





## Agenda

- Treasury Staff
- Responsibilities:
  - Managing Investments
  - Issuing Debt
  - Optimizing Cash Activity
- Objectives:
  - Identify the Objective
  - Keys to Success
- Initiatives



## Treasury Staff

- Bryan Pini Treasurer
- Tim Kavanaugh Assistant Treasurer
- Mindy Fenton Financial Analyst
- Paula Montgomery Accounting Assistant
- Tonya Gallina Administrative Clerk





## Managing Investments

- Maximize Return of Endowments
- Process Gifts with Donors
- Support Charitable Giving Programs





## Issuing Debt

- Construction Projects
- Acquisitions
- Capital Purchases - "Lease vs. Buy"



## Optimizing Cash Activity

- Maximize Banking Relationships:
  - Improve Services & Lower Fees
- Receipt of Funds:
  - Service Cash, Checks, Credit Cards
- Disbursement of Funds:
  - Initiate Wires & ACH's
  - Distribute Checks





## Identify the Objective

- Maintain “Balance”:
  - Maximum Process Efficiency and Customer Service;
  - Strong System of Internal Controls;
  - Reasonable Cost Structure.



## Keys to Success

- Interdepartmental Partnerships:
  - Knowledge of Department Processes
  - Treasury Background and Expertise
  - Open Line of Communication
- Strong Vendor Relationships:
  - Customer Service
  - Technical Expertise





## Initiatives

- Working with Departments:
  - Credit Card Processing
  - Cash Collection Points
  - Other Operating Efficiencies
- “Lease vs. Buy” Decisions
- Treasury Disbursement Procedures



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Questions/Comments



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# Business Manager Meeting

Treasury Department Overview

October 13, 2005



# Business Manager Meeting

Endowment Overview

October 13, 2005





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<u>(in Millions of \$)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Pooled Endowments:</u>					
Pooled Funds	404.1	337.5	316.8	346.0	375.2
HSC Funds	225.1	184.2	163.1	172.0	180.1
Total Pooled	629.2	521.7	479.9	518.0	555.3
<u>Non-Pooled Endowments:</u>					
Biochemistry Fund	155.1	135.0	129.9	147.3	154.2
Other Funds	40.2	38.7	38.9	40.5	41.2
Total Non-Pooled	195.3	173.7	168.8	187.8	195.4
Total Endowments	824.5	695.4	648.7	705.8	750.7



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<u>(in Millions of \$)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Proj.</u> <u>2006</u>
Beginning Value	929.7	824.5	695.4	648.7	705.7	750.7
Additions	3.5	4.1	12.5	7.1	15.3	15.0
Total Return	(55.1)	(78.9)	(5.6)	100.7	65.8	63.8
Spending Draws	(53.6)	(54.3)	(53.6)	(50.8)	(36.1)	(31.1)
Total Change	(105.2)	(129.1)	(46.7)	57.0	45.0	47.7
Ending Value	824.5	695.4	648.7	705.7	750.7	798.4



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<u>(in Millions of \$)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Proj.</u> <u>2006</u>
Beginning Value	929.7	824.5	695.4	648.7	705.7	750.7
<u>(% of BV)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Proj.</u> <u>2006</u>
Additions	0.4%	0.5%	1.8%	1.1%	2.2%	2.0%
Total Return	(5.9%)	(9.6%)	(0.8%)	15.5%	9.3%	8.5%
Spending Draws	(5.8%)	(6.6%)	(7.7%)	(7.8%)	(5.1%)	(4.2%)
Total Change	(11.3%)	(15.7%)	(6.7%)	8.8%	6.4%	6.3%



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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Proj.</u> <u>2006</u>
<u>Spending Methodology:</u>						
Pooled Funds	5.75%	5.75%	5.75%	5.75%	5.75%	5.00%
HSC Funds	7.75%	7.75%	7.25%	6.75%	6.25%	5.75%
SLU2000	2.00%	2.00%	2.00%	2.00%	N/A	N/A

- An additional 0.50% decrease in both the Pooled and HSC Funds to 4.50% and 5.25% would decrease the spending rate for Pooled Endowments approximately \$2.8 million or 10.2% in Fiscal 2007 in the following areas:

General Unrestricted	660,000
HSC	894,000
Designated/Restricted	<u>1,244,000</u>
Total	2,798,000



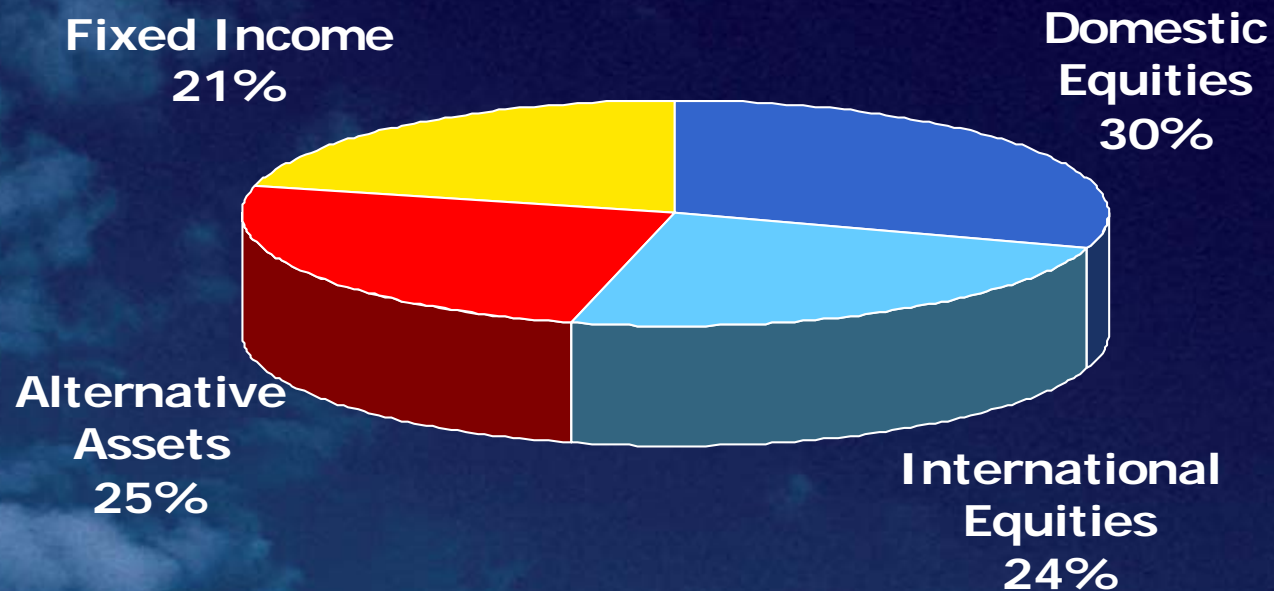


	<u>Pooled</u>	<u>HSC</u>
Spending Rate	5.00%	5.75%
Inflation Rate	2.50%	2.50%
Growth Rate	<u>1.00%</u>	<u>1.00%</u>
Required Investment Return	8.50%	9.25%

- The expected long-term return for the Pooled Endowments, assuming the Policy Asset Allocation, is estimated between 8.0% and 8.5%.

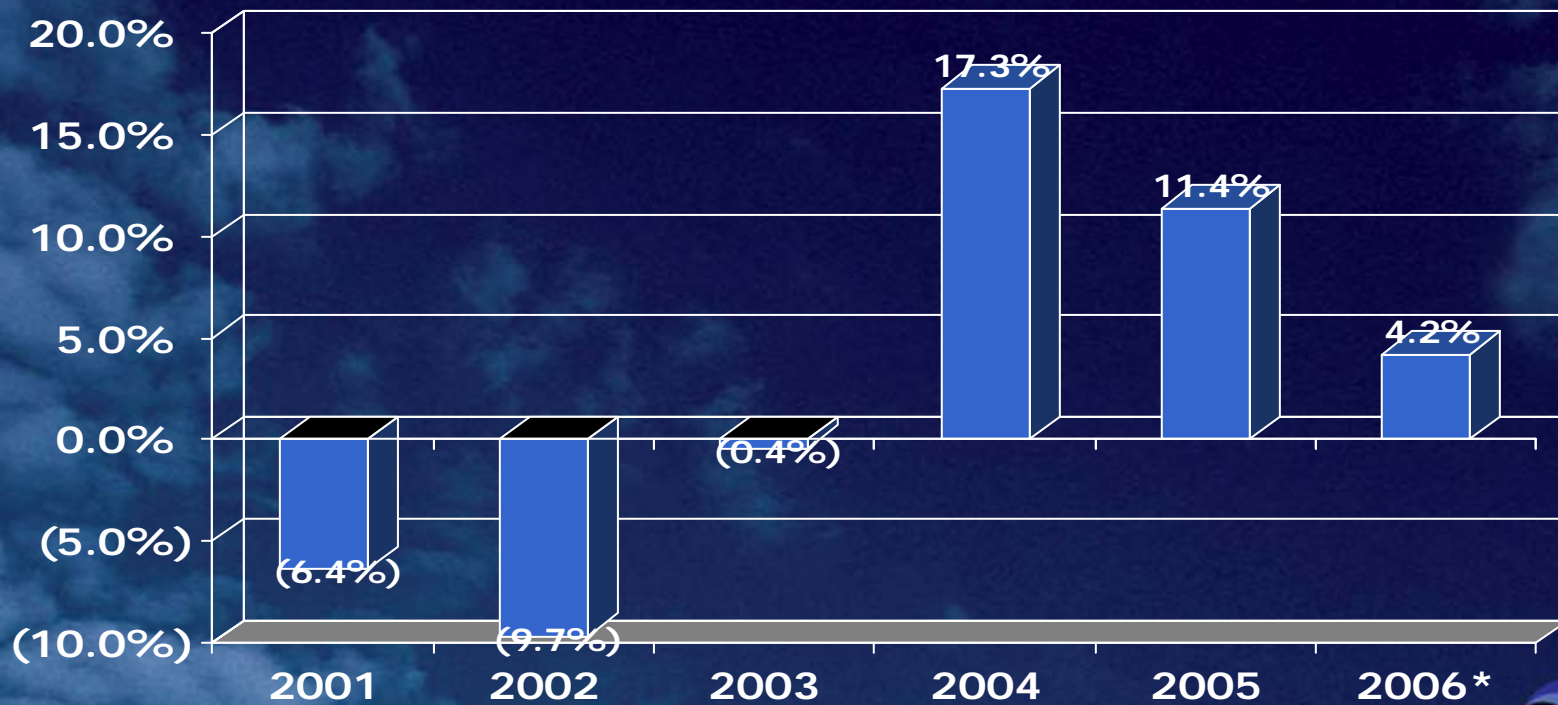


## Policy Asset Allocation for Pooled Endowments





## Portfolio Return for Pooled Endowment



\* Fiscal 2006 Through August 31, 2005.





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# Business Manager Meeting

Endowment Overview

October 13, 2005





# SLU Business Manager Meeting

October 13, 2005

## Financial Review and Budget Planning





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(in \$000's)	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Operating Revenues						
Education & Related	266,494	288,739	301,569	320,283	347,116	341,628
Patient Care	131,458	144,577	146,488	153,277	175,641	190,091
Net Assets Released	5,494	12,641	3,972	2,836	9,913	4,753
Total Revenues	403,446	446,957	452,029	476,396	532,670	536,472
Operating Expenses						
Salaries & Benefits	277,006	295,984	303,280	320,718	344,237	348,566
General Expense	110,278	108,388	111,069	119,093	132,895	135,665
Depreciation	15,728	16,105	19,535	21,462	23,044	23,799
Interest Expense	7,730	8,524	9,031	9,811	9,397	9,175
Total Expense	410,742	429,001	442,915	471,084	509,573	517,205
Surplus/(Deficit)	(7,296)	16,956	9,114	5,312	23,097	19,267



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(in \$000's)	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assets						
Cash & Investments	979,283	884,193	740,006	688,417	760,328	834,028
Land, Building, Equip.	317,262	353,944	365,678	383,366	382,849	375,675
All Other Assets	206,957	164,751	165,252	167,174	169,547	168,049
Total Assets	1,503,502	1,402,888	1,270,936	1,238,957	1,312,724	1,377,752
Liabilities & Net Assets						
Total Liabilities	314,394	301,623	288,177	319,362	311,087	313,970
Net Assets:						
Unrestricted	970,771	885,993	764,671	703,669	780,637	824,347
Temporarily Restricted	24,572	21,714	29,315	24,365	19,019	24,812
Permanently Restricted	192,765	193,558	188,773	191,561	201,981	214,623
Total Net Assets	1,188,108	1,101,265	982,759	919,595	1,001,637	1,063,782
Total Liabilities & Net Assets	1,503,502	1,402,888	1,270,936	1,238,957	1,312,724	1,377,752



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## SLU 2000 Update

	Fall 1997	Fall 2004
Student-faculty ratio	16:1	12:1
Freshman-to-sophomore retention rate	84%	88%
6-Year graduation rate	61%	74%
Average ACT score	25.7	26.1
Grade point average	3.41	3.63
Percentage of students outside St. Louis region	42%	55%

Investment in new programs: SLU 101, University 101, & SLU Inquiry Courses



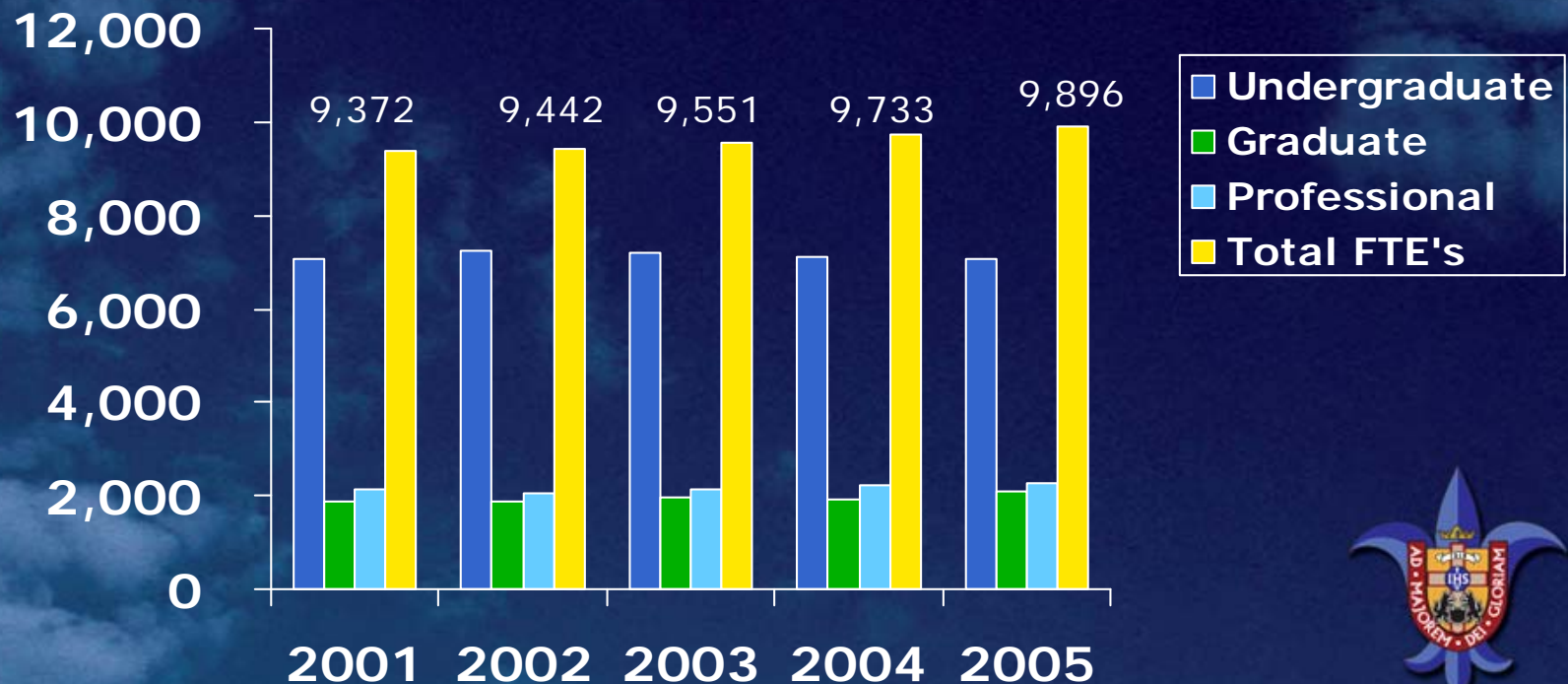


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- FTE Enrollment has increased steadily since 2001
- 51% of the University's undergraduate students are from out of state



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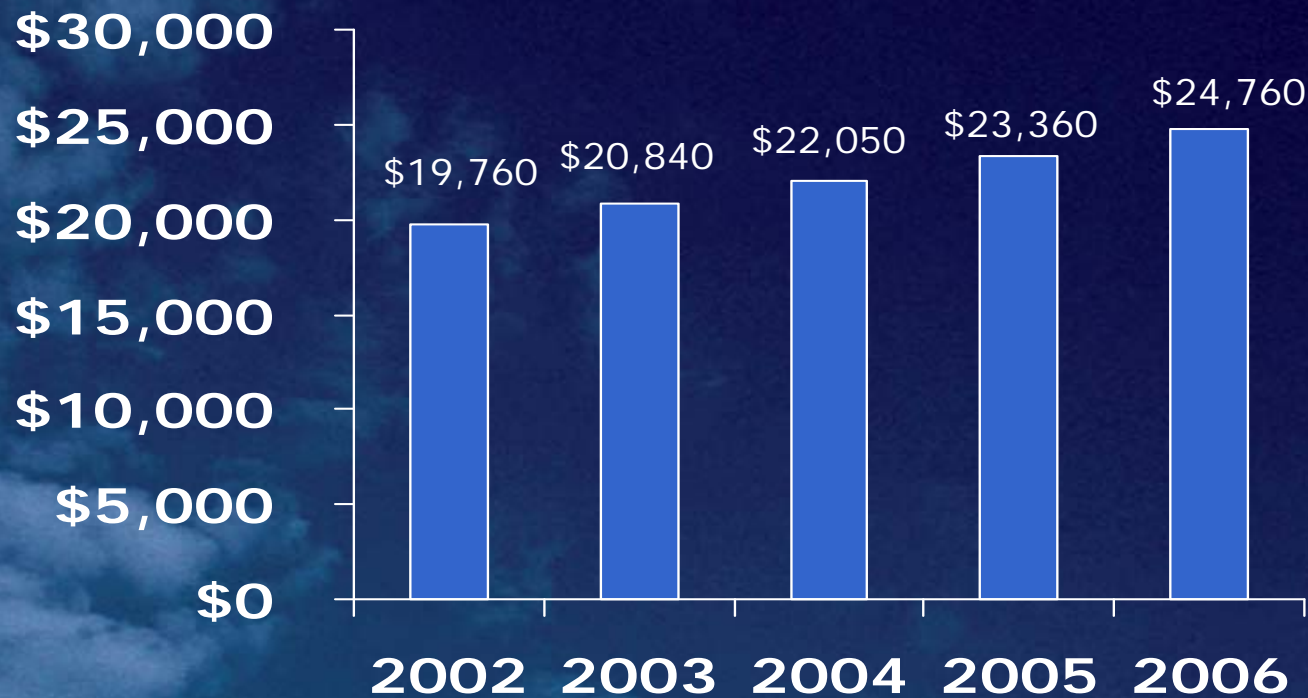
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According to U.S. News & World Report SLU is:

- best educational buy among all Jesuit institutions
- among the top five Catholic universities in the country



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Net Tuition and Fees, (excluding room and board)

- Increased by 38.4% since 2001





## Endowment Market Values & (effective spending rates)

(in millions)



## Endowment Spending Rates

	Pooled	HSC	SLU 2000
2001	5.75%	7.75%	2.00%
2002	5.75%	7.75%	2.00%
2003	5.75%	7.75%	2.00%
2004	5.75%	6.25%	2.00%
2005	5.75%	6.25%	n/a
2006	5.00%	5.75%	n/a





## Multi-Year Forecast Assumptions

Key Assumptions	FY06	FY07	FY08
Freshman Enrollment	1,550	1,600	1,650
Undergraduate Tuition Increase	6%	6%	6%
Freshman Discount Rate	40%	40%	40%
Housing Increase	4%	4%	4%
General Pool Endowment Rate	5.00%	4.50%	4.00%
HSC Endowment Rate	5.75%	5.25%	4.50%
Compensation	3.00%	3.50%	3.50%
New Spending (in \$000's)	4,946	5,500	5,500
New Capital Expenditures (in \$000's)	2,000	2,000	2,000





# Feedback from Joint CADD/PCC meetings

- IT – wireless & overall support
- Enrollment growth
- Planning
- Compensation
- Endowment spending rates
- Diversity



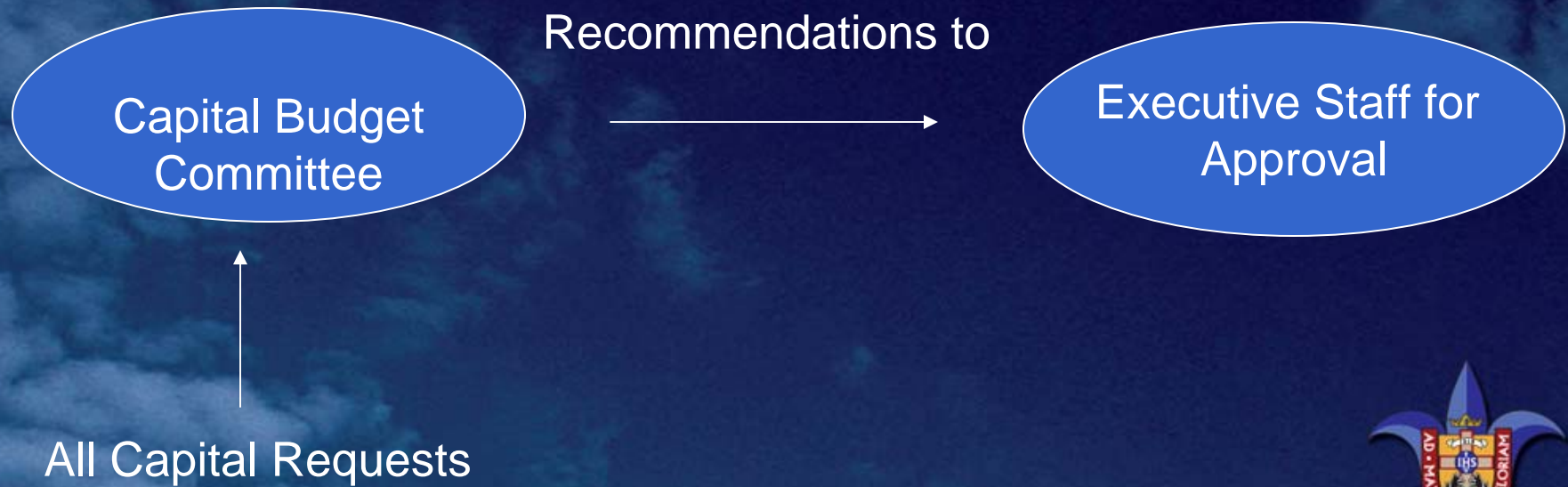
## Changes for FY07

- Student Fees – proposed changes will be reviewed & approved during November PCC meetings
- Business Plans for designated funds
- Refresher training in Jan-Feb
- Enhanced reporting will be available





# Overview of Capital Budget Process





# Capital Budget Committee Has Been Formed

Members include:

1. Academic and Related (Paul Jackson)
2. Facilities (Denise Taylor & Chuck Smith)
3. IT (Keith Hacke)
4. UMG (Mary Souris)
5. Student Development (Van Vieregge)
6. Business & Finance (Gary Whitworth, Dan Hitchell & Karen Wamhoff)



## Capital Budget Committee

### Responsibilities include:

1. Development and maintenance of policies
2. Review of all capital requests, excluding Sponsored Programs
3. Recommendations to the Executive Staff
  - a. Prioritization of capital requests
  - b. Sources of funding for capital requests
4. Monitor progress of capital projects
5. Provide monthly reporting





## Capital Budget Committee

- Each Committee member will be responsible for submitting capital requests from their respective areas. (Academic & Related, IT, Facilities, UMG, Student Development)
- Business and Finance will coordinate with all remaining areas within the University.
- Representation from key functional areas (Academic & Related, Facilities, IT, UMG, Student Development) insures coordination between the areas and provides for a more thorough review process.



## Executive Staff

### Responsibilities include:

1. Review/approval of all recommendations from the Capital Budget Committee.
2. Determine priorities.
3. Insure capital spending is funding strategic goals.
4. Approval of all capital budgets and expenditures.
5. Recommend Annual and Multi-Year University-wide capital budgets to the Board of Trustee's.





## Timing...

- The Capital Budget Committee has started meeting on a biweekly basis during FY06 to:
  - Finalize recommendations for the FY06 Capital Budget.
  - Develop a list of priorities for FY07 & beyond.
  - Develop policies and procedures for a University-wide capital budget process.
  - Develop reporting to support management of the Capital Budget process.



# SLU Business Manager Meeting

October 13, 2005

## Financial Review and Budget Planning

