

May 2009

Dear Bates Students and Families:

This is the time of year when we normally write to you to announce the comprehensive fee for Bates College for the coming academic year. In these unprecedented financial times, we want to couple that announcement with a more detailed explanation than usual, highlighting the efforts we have made to keep our cost and our price as low as possible without affecting our students' experience or compromising the lasting value of a Bates education. You may have already seen a number of messages and updates from the President to the campus community, printed both on our website and in the most recent Bates magazine. We draw here on those materials to emphasize that both the financial condition and the fiscal management of the College is sound, and that our top priority remains clear and compelling: providing the most talented students with an undergraduate education second to none, preparing them to realize their fullest potential and build a better world.

As you know, private colleges and universities depend for their revenues on two basic sources--the fees that current students pay, and the gifts that both past and present donors generously provide. Some of those gifts are for current spending on immediate needs, and some are designated for our endowment, a savings account of sorts intended to support the college in perpetuity, from which we may spend only earnings, not the principle. At Bates in recent years, about 70% of our revenues has come from the first source, student fees, and the rest has come from gifts to the Annual Fund, foundation grants, and spending from the earnings on our endowment. In rough current dollars, gifts, grants, and endowment spending provide almost an additional \$15,000 per student, on top of student fee revenues, for us to spend annually on the costs of a Bates education.

As we have reminded you in many previous letters, even before the current financial crisis the Bates endowment was significantly lower than that of the colleges and universities we compete with for students and faculty. Our nearest peers, for example, have recently held endowments two to four or five times the size of ours. While we have been working hard in recent years to raise funds and close that gap, we are also proud of the sound fiscal management, together with the dedication of our faculty and staff that has earned Bates a reputation for academic excellence disproportional to our financial resources. We remain well positioned among our most prestigious and far wealthier peers for selectivity and yield, which are just two ways of measuring the quality of our students and the character of a Bates education.

Our prudent and efficient fiscal management will be critical to our ability to sustain this quality in the current financial environment. Endowment spending will be down by about \$2 million from what we anticipated when we first began to build the budget for next year several months ago. While we could try to make up for this entire shortfall through our largest source of revenue, students fees, we have been working very hard to find other ways to cut costs without affecting our mission.

Thanks to the efforts of many people at the College, we are pleased to announce that next year's increase will therefore be the lowest in over 35 years. Our comprehensive fee will increase 3.95%, for a total of \$51,300.

Moreover, and in accord with our founding mission of expanding educational opportunities, we will continue to seek to attract and retain the most talented students regardless of financial need, as we believe that all students learn best in a richly diverse and inclusive community. We have for several years increased our financial aid budget at a rate higher than the increase in our comprehensive fee, and we have spent a higher percentage of our operating budget on our need-based aid than many of our peer institutions. Next year we will honor our commitment to meeting 100% of the demonstrated financial need of all admitted students. We have increased the financial aid budget by 14.2%, the highest percentage increase in many years. Given the fact that there is still at this point great uncertainty about the effect of the economic climate on our current students and families, as well as on other elements of spending next year, we have also more than doubled our contingency funds (to \$1.5 million, or 1.7% of the budget).

To assist families seeking additional information about available payment options for the upcoming year, we have enclosed a brochure describing our fee and payment policies and various ways students and parents can finance the costs of college. In particular, you may wish to pay attention to the ten-month payment plan offered through Tuition Management Systems (TMS), as well as the education loan programs offered through the Federal Family Education Loan Programs (FFELP). We hope you will find this material informative and helpful for your family's planning purposes.

Should you have any questions concerning the information provided, please feel welcome to contact the Student Financial Services Office at (207) 786-6096 or e-mail at finoff@bates.edu.

Sincerely,

Terry J. Beckmann
Vice President for Finance & Administration
and Treasurer

TJB:cbs