



# CONNECTICUT COLLEGE

LEO I. HIGDON, JR.

*President*

November 19, 2008

Dear Parents and Guardians,

In recent weeks, a number of colleges and universities have announced that they will cut spending, freeze positions or impose other fiscal limitations in response to the economic situation. In this context, I want to share with you how we are reacting to present conditions and planning for the future.

First, I want to emphasize that Connecticut College entered this difficult economic environment from a position of financial strength—much stronger, in fact, than we were in the last major downturn of 2001-2002. We manage the College's budget, operations and long-term debt position very conservatively, with a number of built-in contingencies. As a result, we are not planning any reductions in programs or services at this time. In fact, we are moving ahead, cautiously but deliberately, with key strategic initiatives.

We recognize that you are making a significant investment in your student's education at Connecticut College, and that the economy may also be affecting your family in many ways. We encourage students to contact their class dean or the financial aid office in case of economic hardship. We will do our best to work with you within the limits of our resources.

The three main sources that fund our operating budget each year are the students' comprehensive fee, income from the endowment and gifts to the College through the Annual Fund. Each of these could be affected as the year unfolds. We will also face challenges on the cost side. Many of our expenses are rising much faster than inflation—including facilities upkeep, food, study abroad, electricity and employee health care.

As is the case for all our peer schools, our endowment has declined in recent months, though much less than the overall decline in equity markets. Our spending from the endowment is based on a rolling average of 12 quarters of endowment values set each June 30. That means this year's declines in endowment value will not affect our spending in the current budget year. Next year, we will see an impact, but it will be moderated, as always, by our practice of averaging multiple years' results.

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Annual giving from alumni, parents and friends funds nearly \$5 million of the College's budget. These dollars flow directly into the current year operating budget and support every aspect of the student experience. In addition, many of the investments made in the campus, faculty and students over the past two years have been funded by the Campaign for Connecticut College, which we launched publicly last month.

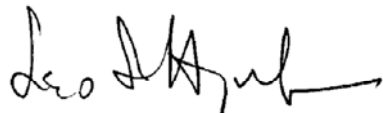
Our policy is to undertake capital projects only if we have funding in place to build the facility and provide an ongoing endowment for its operation. We used this conservative approach, for example, when we broke ground last April for a new fitness center. As a result, we can continue construction despite the economic downturn. We expect the new center will be up and running next fall, supporting our athletics and physical fitness programs as well as general campus health and wellness. Other recent Campaign gifts will support new programming in the residence halls and our international programs.

Looking ahead, we recognize that the economy may affect fundraising. Yet, I feel confident that the College's educational mission and prudent management will continue to win financial support. Certainly, we will take every opportunity to vigorously make the case for support. Troubled times only heighten the value and importance of this education, for the success of individual students and for society as a whole.

Of course, we can't predict the future, and we don't know where the economy will be next year. We will continue to monitor our endowment, fundraising, enrollment and expenses, and we will adjust our approach as necessary. I will keep you updated as the year unfolds.

I wish you well in these difficult times. Please be assured that we will continue to manage the College carefully, with the quality of education first and foremost in our minds.

Sincerely,

A handwritten signature in black ink, appearing to read "Leo Higdon", with a long horizontal flourish extending to the right.

*Note: For additional details about the College's finances, please read President Higdon's Nov. 4 update to the campus community. You can find it online at [www.conncoll.edu/about/president](http://www.conncoll.edu/about/president) on the "Campus Updates" page.*