March 13, 2009

Dear Parents and Guardians of Puget Sound Students:

With the conclusion of another successful academic year already on the horizon, I write today to provide a report on the state of the university and to anticipate the challenges and opportunities in the year to come. These are, to say the least, extraordinary times, confronting all of us with unprecedented challenges that will require extraordinary effort and imagination to address. At Puget Sound, we are committed to embracing those challenges with dedication and determination.

Recently, we conducted a series of meetings on campus with our board of trustees to evaluate the position of Puget Sound within the context of the global economic environment, and to make decisions about our budget, including tuition and financial aid, for 2009–10. Puget Sound’s long tradition of careful planning and conservative fiscal management places us in a stronger position than many institutions of higher education today; but we, like every college and university, will need to adjust to the impact of the economic recession. We are committed to adhering to our core values as a community and continuing our mission of providing the highest quality educational experience for our students, even as we acknowledge financial challenges and make thoughtful decisions about how to best deploy constrained resources.

Three elements of the economic equation that shape our planning—endowment value, fundraising, and tuition and financial aid—illustrate how Puget Sound is meeting its financial obligations. On the following pages, I will also share with you some important resources for your students and a brief overview of recent points of pride for the university community.

Endowment
Earnings from Puget Sound’s endowment are an important source of funding for financial aid and campus operations. In the last six months of 2008, our endowment sustained a 19.9 percent decrease. As sobering as this is, our performance in this area is strong in comparison to other college endowments of similar size (which were down an average of 23.8 percent from July to November alone) and to the market overall. The balanced operating budget we have created for 2009–10 takes into consideration the value of our endowment and resulting reduction in endowment distributions, which will be eased by an endowment spending formula that moderates the highs and lows of the market.

Fundraising
In our ongoing efforts to ease the pressure on tuition increases and to increase funding for financial aid, we continue our vigorous fundraising efforts and are heartened to note that while higher education philanthropic activity typically slows during economic recessions, it has a tendency to rebound quickly when recovery comes. While contributions to the Puget Sound Fund have slowed, I am pleased to report an increase in the number of alumni who are contributing gifts—in the first six months of this fiscal year, we’ve seen a nearly 8 percent increase in the number of alumni donors whose appreciation for their Puget Sound education is reflected in their
growing commitment to their alma mater. This investment in Puget Sound will sustain us and our students in the current year and for many years to come.

Tuition and Financial Aid
The budgeting process at Puget Sound relies on input and study from representatives across campus (including students, faculty, and staff) and is led by the academic vice president and the vice president for finance and administration. The Budget Task Force works diligently over the course of each fall to learn about and weigh competing demands for limited resources, and to recommend to me a set of budget parameters that will advance our mission while balancing the budget in the short and long term. The task force’s work this year was especially challenging.

Based on the recommendations from the Budget Task Force, I presented to the board of trustees last week a budget for 2009–10 that includes a combination of a lower-than-usual tuition increase and a substantial increase in financial aid. While we wish we could meet these economic times without tuition increases at all, losses in other revenue streams require some increases, even with our dedicated efforts to reduce costs and create new efficiencies.

The board approved a 4.91 percent increase in tuition, which will bring full-time undergraduate tuition to $35,440. In 2008–09, Puget Sound’s tuition was below the median of Northwest and national peers. The recommended tuition rate increase is the lowest in nine years, lower than the college’s 20-year average annual tuition increase, and, we anticipate, lower than many other college tuition increases. Standard room and board fees will also increase by 4.91 percent to cover cost increases in the housing and dining program, including food, supplies, maintenance, and amenities (such as increased bandwidth and expansion of wireless access) important to student success. These aggregated standard room and board fees are anticipated to be below or on par with Northwest and national peer institution averages. In addition, the Associated Students of University of Puget Sound fee will remain fixed at $195 in 2009–10, unchanged for the past three years. The annual cost of student health insurance offered through the university will also remain flat at $165, unchanged for the past four years.

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<th>FY2008–09</th>
<th>FY2009–10</th>
<th>% Increase</th>
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<tbody>
<tr>
<td>Tuition</td>
<td>$33,780</td>
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<tr>
<td>ASUPS Fee</td>
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<tr>
<td>Room*</td>
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<td>Board*</td>
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<td>Grand Total</td>
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* This assumes double or greater occupancy in a residence hall and a medium meal plan. There are other housing and meal options, each with pricing variations. Internet connection (ResNet) fee is included in the room charge.

We recognize that there is uncertainty about how the recession will impact families’ abilities to invest in higher education. While the need for investment in a college education has never been more important or its value greater, the capacity of many families to pay tuition has been shaken, and the level of funding available from nontuition sources has declined. Accordingly, we have allocated an additional $3.35 million for student financial aid to help continuing students most in
need and to recruit the next freshman class in a difficult economic environment. Approximately 91 percent of our students receive some form of financial aid. With the combined tuition rate and student financial aid budget, the university’s net tuition and fee revenues in the aggregate will increase by 2.54 percent, well below the change in the Consumer Price Index from 2007 to 2008. We continue to be frugal and fiscally responsible in our management of Puget Sound, and to execute cost-saving measures and smart investments in strategic areas to enhance our programs going forward.

**Student Resources**

Puget Sound offers strong support to both our graduating students and our continuing students, and we encourage your student to take advantage of a wide variety of resources offered on campus, such as:

- Career and Employment Services staff provides comprehensive and individualized assistance to help all students (not just seniors) with career planning, networking, internships, and job searches. Puget Sound has a network of more than 2,000 alumni volunteers to help students with career issues and offers support, as well as password-protected online resources, providing students with career assessment and research tools that can be personalized to fit each student’s interests.

- Puget Sound offers advising programs for health professions, pre-law, engineering, graduate schools, teaching, and counseling professions.

- Our fellowships office provides support and counseling for those students who wish to pursue undergraduate or graduate fellowships, such as the Fulbright or Watson programs.

- The Office of International Programs offers opportunities for international education and provides study abroad opportunities in 50 countries.

- The Center for Writing, Learning, and Teaching provides tutoring and other academic assistance in all subject areas.

- Student Financial Services staff is available to work with students and families with financial concerns, assist families in assessing if they qualify for additional federal or state financial aid, and help families explore financing solutions.

Please feel free to contact any of these areas directly or via our Web site, www.ups.edu, for more information.

**Campus Life**

While considerable resources have been devoted to effective management of college finances, the campus has continued to see a vibrant mix of exceptional academic and athletic achievement this year. A few highlights:

- We are delighted to announce that James Evans, professor of physics, has been selected as the 2008 Washington Professor of the Year, making Puget Sound a five-time winner of this distinction, more than any other college or university. Last year, Nancy Bristow, professor of history, was honored with this distinction.

- Puget Sound was named one of the top 15 “up and coming colleges to watch” for innovative learning and facilities in a national survey of college presidents conducted by *US News & World Report*. Also, Puget Sound faculty and students were honored by the Pierce County AIDS Foundation for our campus’s work in this critical health area, and by the Tacoma-Pierce County Coalition for the Homeless for our faculty’s research and contributions to the county’s strategic plan for reducing homelessness.
• The spring calendar is filled with events that enrich campus intellectual life, made possible by donors endowing annual arts and lectures series. Some of our spring visitors include award-winning authors Sherman Alexie, Michael Cunningham, and Rebecca Solnit; financial analyst and former CNN financial editor Todd Benjamin ’73; Mexican political artists Rina Lazo and Arturo Garcia Bustos; the Drepung Loseling monks of Tibet; British classicist Edith Hall; and author-activist Sister Helen Prejean. In addition, this month we will host a statewide “Curriculum for the Bioregion” conference, bringing together faculty from 32 participating campuses throughout the region to develop innovative curricula in sustainability.

• During the past few months, we have continued to engage in training and emergency response exercises, and have enhanced security measures under the guidance of homeland security experts as part of our comprehensive plan to ensure student safety.

• In December, we completed structural repairs and seismic upgrades to Memorial Fieldhouse, restoring its original natural wood and open-beamed ceiling, and installing new lighting. The basketball teams responded with an inspiring, record-breaking season: the men’s team sustained a 19-game winning streak, and both men’s and women’s teams advanced to Northwest Conference (NWC) championship play, while recording an impressive cumulative GPA of 3.29. Senior forward Jason Foster ’09 was voted NWC Most Valuable Player, and third-year men’s basketball coach Justin Lunt was voted Coach of the Year. The women’s swim team won the NWC title and the men’s team placed second, earning coach Chris Myhre Coach of the Year honors—twice!

The culminating event of the academic year, Commencement, is soon upon us and graduation plans are taking shape for the Class of 2009. On that day, graduates will join a vibrant network of more than 35,000 alumni throughout the nation and around the globe. The Class of 2009 joins a network of Loggers who are making transforming contributions to their communities and to our world. We take pride that, throughout our history, we at Puget Sound have always set our sights high, overcome challenges, and discovered over and over again that the Puget Sound community is indeed capable of great things.

These are exciting and challenging days, a time that presents us with complex problems and tremendous opportunities. Critical thinking, informed problem solving, and principled decision-making are the hallmarks of a liberal arts education; these are the talents we are calling upon now and in the months to come. I am convinced that we are positioned well for these circumstances, and that our students—your sons and daughters—will gain precisely what they need from their experience at Puget Sound to meet the highest tests of democratic citizenship. Our aim is to provide an education that liberates each student’s fullest intellectual and human potential to assist in the unfolding of creative and useful lives. We are committed to doing nothing less.

Thank you for your support and commitment to Puget Sound. It truly is an extraordinary place.

Sincerely,

Ronald R. Thomas
President