

**Market rate** – the usual price charged for a good or service in a free market (i.e based off the relationship between supply and demand)

**Price per student** or **Tuition** – the sum of money charged for teaching or instruction by a school, college or university. In other words what you, the student, pays to attend the college.

Gustavus Adolphus College is a non-profit organization. This means that the college charges the **market rate** and allocates all revenue to cover their expenses. Knowing this, we can look at the **price per student**, through the **tuition**, and figure out where the spending goes.

The following figure displays the funding received from the students.

<u>Student Funding Sources (on a per student basis):</u>				FY22	
Tuition				\$ 51,758	
Average financial aid				<u>(32,694)</u>	
Total Net Tuition Revenue (NTR)					\$ 19,064
Room				\$ 6,910	
Board				4,100	
Miscellaneous revenue				<u>1,115</u>	
					<u>12,125</u>
Total student funded revenue					\$ 31,189
Total cost/student					<u>(44,355)</u>
<b>Loss from revenue received from students</b>					<b>\$ (13,166)</b>
<u>Other Funding Sources/Student:</u>					
Endowment				4,500	
Government/Grants				2,250	
Private gifts				4,250	
Other Sources				<u>2,166</u>	
<b>Total other funded revenue/student</b>					<b>\$ 13,166</b>

**Makes a loss** – The net amount the student pays is 31,189 and the cost for the student to attend is 44,355. If we subtract the first figure from the second figure we get -13,166. Which is a loss.

**Endowment** – a donation of money or property to a nonprofit organization, which uses the resulting investment income for a specific purpose.

There are a few things to take away from this:

1. The college charges \$51,758 in tuition and the average student receives \$32,694 in financial aid. This gives us an average of 63% financial aid per student. This is a very high in the MPCC (Minnesota private college council)
2. The college **makes a loss** on a per student bases and then makes it up through other sources. The total student funded revenue is \$31,189 and the cost per student is 44,355. That leaves \$13,166 which is funded through **Endowment**, Government/grants, Private gifts along with other sources. The recent financial challenge is due to the drop in the number of students, which

**Expenses** – the cost required to keep the college running. Total cost per student – from the first figure.

**Full time student equivalents** – the number of students that attend Gustavus full time. (In some cases students are only here for part of the year semester so we add those together to get one student equivalent)

**Operating expenses** – The ongoing cost for running the college.

**Statement of activities** – includes revenue and expenses during a nonprofit's reporting period (a fiscal or calendar year) and gives an overview of the changes to an organization's net assets during that time.

**Received 91,460,956 in revenue** – this is the sum of the money generated by the college.

**Approximately 70%:**  
(( $\$31,189 / \$44,355$ ) \* 100) approximately 70%  
The 31,189 is paid directly from your pocket and the 44,355 is the cost per student to attend the college.

**70% x \$91,460,956) = \$64,022,669.20**

- The 91,460,956 is the total revenue generated by the college on a per student bases. So, the students in total pay 70% of that. The calculation shows that the student body pays a total of roughly 64,022.669.20 to the college. We can then use the 70% to calculate the amount of money paid per student to each of the college faculties.

reduces the college's revenue without a corresponding drop in **expenses**.

3. Analysis says the college can confidently spend 4.5-5.0% annually from the endowment while maintaining the legally required original donation. This represents a 4.5% spend in FY22.

If we take the total cost per student and multiply it by the number of **full-time student equivalents**, we get:  
 $\$44,355 \times 2,062 = \$91,460,010$ .

When we compare this to the 2022 **operating expenses** value taken from the **statement of activities** (91,460,956), we get a difference of \$946, which is due to the rounding included in this calculation.

So, we can assume that the college **received \$91,460,956 in revenue**. Since the average student contributes) **approximately 70%** to the college, the students fund 70% of the college's operating expenses from their pocket. (**70% x \$91,460,956**) = **\$64,022,669.20** which I will round to \$64,022,669. If we look at the operating expenses of the college and apply the 70% student contribution rule again. We get the following expenditures:

Instruction \$27,467,548 (**cost per student** = 13,321)  
Academic support \$3,500,695 (**cost per student** = 1,698)  
Research \$191,195 (**cost per student** = 93)  
Public service \$1,707,175 (**cost per student** = 828)  
Student services \$12,661,729 (**cost per student** = 6,140)  
Auxiliary expenses \$9,452,395 (**cost per student** = 4,584)  
Institutional support \$9,041,932 (**cost per student** = 4,385)

Note:  
The faculty values are taken from the statement of activities.

**Cost per student summed** = \$31,049 → this represents the average paid per student. This number is close to the number shown in the (which is \$31,189). The difference is again rounding.

The definitions of these expenditure categories are as follows:

- Instruction – Direct cost of student education, including faculty compensation.
- Academic support – The indirect costs of student education, including library, provost's office, and academic support center.
- Research – research grants
- Public service – consists of Tennis and Life camps, Christmas in Christ's chapel, Nobel conference etc. These all generate offsetting revenue.

- Student services – Consists of athletics, admissions/financial aid, center for inclusive excellence, music tours, dean of students, CF compensation, counselling, Res life, campus activities, Health services, registrar, etc.
- Auxiliary services – dining service and the bookmark
- Institutional support – consists of administration, property and liability insurance, marketing, and communication, print and mail, etc.

This document should give students an idea on where their fees are going. Following this document, it should be obvious that the college is doing what it should be in terms of its [mission statement](#). The notes that I used to construct the document were provided to me by Curt Kowaleski – the Chief financial officer, Vice-president of finance and treasurer of the college.