

BACONE COLLEGE
MUSKOGEE, OKLAHOMA



**REPORT TO THE
HIGHER LEARNING COMMISSION:**

FINANCIAL RECOVERY PLAN REPORT

JULY 2009

BACONE COLLEGE
FINANCIAL RECOVERY PLAN REPORT

Table of Contents

I.	Introduction	3
	HLC Requirement for A Financial Recovery Plan.....	3
	Financial Recovery Plan Report Structure.....	3
II.	Section One: Analysis of Enrollment Management	3
	Retention Efforts.....	3
	Table A: Bacone College Student Retention AY 2005-2006 to AY 2014-2015.....	4
	Consolidated Campus Tutoring.....	4
	Absenteeism Monitoring.....	5
	Using the Arno Profile for Mentoring and Counseling.....	5
	Enrollment/Revenue Projections AY 2005-2006 to AY 2014-2015.....	6
	Table B: Main Campus Student Enrollment – Freshmen/New Transfers/Continuing Student Headcount AY 2005-2006 to AY 2014-2015.....	6
	Table C: Division of Adult Education Enrollment – Annual Headcount Averaging 18 Credit Hours AY 2005-2006 to AY 2014-2015.....	6
	Table D: Resident Student Population Schedule AY 2005-2006 to AY 2014-2015.....	6
	Table E: Projected Tuition, Room, and Board Revenue FY 10.....	7
	Table F: Projected Tuition, Room, and Board Revenue FY 11.....	8
	Table G: Projected Tuition, Room, and Board Revenue FY 12.....	9
	Table H: Projected Tuition, Room, and Board Revenue FY 13.....	10
	Table I: Projected Tuition, Room, and Board Revenue FY 14.....	11
	Table J: Projected Tuition, Room, and Board Revenue FY 15.....	12
III.	Section Two: Analysis of Key Financial Ratios	13
	Projected Financial Growth.....	13
	Table K: Bacone College Projected Revenue and Expense Summary FY 10 to FY 15.....	13
	Primary Reserve, Equity and Net Income Ratios FY 06-08 and Projections through FY 15.....	14
	Table L: Primary Reserve, Equity, and Net Income Ratios FY 06 and FY 07.....	14
	Table M: Primary Reserve, Equity, and Net Income Ratios FY 08 and FY 09.....	15
	Table N: Primary Reserve, Equity, and Net Income Ratios Projections FY 10 and FY 11.....	16
	Table O: Primary Reserve, Equity, and Net Income Ratios Projections FY 12 and FY 13.....	17
	Table P: Primary Reserve, Equity, and Net Income Ratios Projections FY 14 and FY 15.....	18
	Table Q: Summary of Primary Reserve, Equity, and Net Income Ratios FY 06 and FY 07 and Projections through FY 15.....	19
IV.	Section Three: Strengthening Financial Stability through Development Efforts	20
	Comprehensive Campaign.....	20
	Table R: Projected Comprehensive Campaign Goals FY 10 – FY 15.....	20
V.	Conclusion	22
VI.	Institutional Authorization Signatures	22

INTRODUCTION

Higher Learning Commission Requirement for a Financial Plan Recovery Report

This report provides a detailed description of Bacone College's present and ongoing activities related to successfully addressing the College's financial ratios by raising them to a level that provides an appropriate Composite Financial Index (CFI) score. In April of this year, the HLC's Institutional Actions Council accepted the recommendation of the Commission's Financial Panel to require Bacone College to submit a Financial Plan Recovery Report that accomplishes two things:

- 1) Identifies the ratios contributing to the low composite scores and provide specific strategies with a timeline to raise the composite score without adversely affecting programs designed to facilitate student learning.
- 2) Identifies the revenue and expense components that have the greatest impact on the institution's financial health (e.g., enrollments, salaries and benefits, annual fund, and capital).

This report is the result of analysis, research, and contributions from the Board of Trustees, the Office of the President, the Office of Academic Affairs, the Business Office, the College's auditing firm, and financial consultants.

It is the assertion of this report that Bacone does have the financial resources, planning structure, and personnel necessary to achieve financial stability and viability evidenced by a strong CFI score over the next five fiscal years beginning in FY 10.

Financial Recovery Plan Report Structure

The narrative section of this report is divided into three primary segments. The first segment involves a ten year analysis of those components having the most significant impact on the College's overall financial health, student enrollment, retention, residence hall occupancy, etc. The second part examines the three financial ratios utilized by HCL in determining an institution's relative financial health and viability, i.e., Primary Reserve Ratio, Equity Ratio, Net Income Ratio and the resulting Composite Financial Index (CFI) Score. Section Three of the report discusses the College's projected fund-raising activities through FY 15.

SECTION ONE: ANALYSIS OF ENROLLMENT MANAGEMENT AY 2005 – AY 2015

Retention Efforts

Bacone College's Financial Recovery Plan is based in part by growing the undergraduate day enrollment to 1100 full tuition equivalent students by FY 2015. This growth will be accomplished by recruiting additional new students as well as improving student retention.

Conservative retention projections show that the Fall-to-Fall retention for 2009 will be 51.5%; Fall-to-Fall retention data for 2007 and 2008 are in the range of 50 to 51%.

The goal for the next 5 years is to increase Fall-to-Fall retention by 1.5% year to 58% by 2015. New and transfer students will be in the range of 460 to 480. The capacity of the undergraduate program is currently 1100 students so that new/transfer student annual goals will be based on the difference between 1100 and the anticipated retention for that fall. Recent efforts focused upon increasing student retention include enhanced tutoring services, closely monitoring student absenteeism, and providing better mentoring and counseling services.

Table A: Bacone College Student Retention AY 2005-2006 to AY 2014-2015

Bacone College Student Retention	Year 05-06	Year 06-07	Year 07-08	Year 08-09	Year 09-10	Year 10-11	Year 11-12	Year 12-13	Year 13-14	Year 14-15
Fall-to-Fall Freshmen to Sophomore	42.25%	33.33%	35.53%	38%	40%	42%	44%	46%	48%	50%
Fall-to-Fall All Full-Time Students	56.94%	46.41%	50.24%	51%	51.50%	52%	53.50%	55%	56.50%	58%

Consolidating Campus Tutoring

Bacone is continuing to escalate its efforts to positively and significantly impact student retention and academic success. One such effort employed in the spring of 2008 was through the greater integration and consolidation of tutoring opportunities offered through the College's Division of Academic Support (DAS); an academic division responsible for all remedial course experiences and student tutoring.

Many campuses, such as Bacone, enjoy the significant benefits to students of the federally-funded TRiO Student Support Services (SSS) program. However, often, these programs operate in complete isolation from other departments on campus that provide similar services to non-SSS participants. This isolation often results in conflict of services and needless duplication of efforts due to poor communication. As a means of further accomplishing the federal guidelines for SSS programs and ensuring better efficiency in providing similar support services to students, Bacone integrated its TriO SSS program into the Division of Academic Support and located each in the same physical location on campus. Not only did this move provide greater efficiency of service but it also significantly increased communication among departments and staff that provide like services and activities to students. The Director of SSS provides oversight for the division making sure that accounting procedures clearly delineate that the allocation of federal program funds are specifically and solely applied to SSS activities, staff, and participants and that college-designated funds support non-SSS students. The outcome of this integration has been a more consolidated, almost seamless approach in providing campus-wide tutoring services to our students.

Absenteeism Monitoring

Starting in the fall of 2008, Bacone adopted a new campus-wide, non-optional policy concerning absenteeism. The DAS staff and faculty meet weekly to review all students' absenteeism rates. Those students demonstrating excessive absenteeism are required to do as follows:

- Any student missing the cumulative average of one week of classes due to unexcused absences is required to go to the Division of Academic Support (DAS) upon notification by DAS to the student's coach, club sponsor, instructor, and to the student. The student will 1) meet with a DAS staff member to assess student's academic needs and/or issues, 2) review and sign a Student Attendance Contract, and 3) be required to schedule attendance, within one week of initial meeting with DAS, at an academic success workshop. The student will not be allowed to participate in their sport and/or club activities until these three actions are completed.
- Any student missing the cumulative average of two weeks of class due to unexcused absences is required to go to the Division of Academic Support a second time upon notification by the DAS to the student's coach, club sponsor, instructor, and to the student. The student will 1) meet with a DAS staff member to further review the student's academic needs and/or issues, 2) review/revise the previous contract signed by the student, 3) be suspended from further participation in his/her sport or club until perfect attendance (i.e., no unexcused absences) for two consecutive weeks has been achieved, and 4) attend scheduled weekly sessions in the DAS and receive academic support for the remainder of the semester.

Using the Arno Profile System for Mentoring and Counseling

The Arno Profile System (APS) Clinical Report is an inventory-based analysis that reveals an individual's temperament preferences. President Duncan has extensive experience with this model dating back to 1989 when he served as a Pastoral Counselor under appointment as a United Methodist minister.

Student mentoring is centered in the Christian Ministries Office. The mentoring program uses the APS personal report to review with students the results of their profile. The profiles are filled out in small group sessions scheduled by the Director of Student Ministries. The profiles are then scored and the clinical reports filed on a secure electronic drive in PDF format. The student's Personal Profile Report is completed using the Clinical Report Score and printed for use by the mentor. Mentors would meet with individual students to review their profile. The students keep their printed Personal Profile Report for personal use and development.

Student counseling is centered in the Chaplain's Office. The goal of on-campus counseling is to assist students with personal and inter-personal issues. The counseling follows a Pastoral Counseling model. All counseling is conducted within the scope of the NCCA Counseling model and uses the Clinical APS Report. Access to the Clinical APS Report is limited to the Pastoral Counseling Staff and the Director of Student Services. Appropriate referrals are made for all counseling that was outside the limited scope of this program.

Enrollment and Revenue Projections AY 05-06 through AY 14-15

The tables below conservatively demonstrate an annual, median main campus enrollment growth of 7.94% over the next six years compared to the 9% in annual growth experienced the past four years.

The drivers related to increased main campus enrollment over the next six years include a steady growth in enrollment in Health Science programs and a stronger fall-to-fall retention rate. Increased DAE enrollment is primarily based upon the implementation of bachelor degree completer program articulation agreements with tribal colleges starting in AY 09-10. In addition, student population growth in campus residence halls is projected to increase at annual rate of 4.76% reaching a current capacity of 600 students by 2014.

Table B: Main Campus Student Enrollment – Freshmen/New Transfers/Continuing Student Headcount AY 2005-2006 to AY 2014-2015

Main Campus Student Enrollment – Freshmen/ New Transfers/ Continuing Student Headcount	AY 05-06	AY 06-07	AY 07-08	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15
New First-time Freshmen/Transfers	346	438	439	455	400	446	466	470	482	505
Continuing Students	201	203	193	245	360	389	444	505	543	595
Full-Time	547	641	632	700	760	835	910	975	1025	1100
Median Annual Full-Time Growth	7.94%									

Table C: Division of Adult Education Enrollment – Annual Headcount Averaging 18 Credit Hours AY 2005-2006 to AY 2014-2015

Division of Adult Education Enrollment – Annual Headcount Averaging 18 Credit Hours	AY 05-06	AY 06-07	AY 07-08	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15
DAE Annual Enrollment – Headcount	168	213	209	183	230	275	325	375	425	475
Median Annual Full-Time Growth	15.38%									

Table D: Resident Student Population Schedule AY 2005-2006 to AY 2014-2015

Resident Student Population	Year 05-06	Year 06-07	Year 07-08	Year 08-09	Year 09-10	Year 10-11	Year 11-12	Year 12-13	Year 13-14	Year 14-15
Capacity	420	420	450	500	510	530	550	580	600	600
Resident Students/Undergraduate FT Headcount	404	380	444	475	500	525	550	575	600	600
Median Annual Growth in Residence Hall Population	4.76%									

The following tables demonstrate the areas of enrollment growth projected through FY 15 and the resulting revenue realized from that growth. In addition, the tables also include a breakdown of the revenue gained each year from enrollment growth as opposed to revenue realized from increases to tuition and fees.

Table E: FY 2010 Tuition, Room, and Board Revenue

FY 2010 Tuition, Room, and Board Revenue	Annual Tuition Rate \$9700			Annual Fee Rate \$2000	Total Net Revenue	
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees	
420	Athletes	\$4,074,000	38%	\$2,525,880		
190	Health/Science	\$1,843,000	35%	\$1,197,950		
40	American Indian Clubs	\$388,000	35%	\$252,200		
30	AI Students of Promise	\$291,000	35%	\$189,150		
30	AI Learn/Work Community	\$291,000	50%	\$145,500		
50	CM/Other	\$485,000	35%	\$315,250		
760	Main Campus Sub-Total	\$7,372,000		\$4,625,930	\$1,520,000	\$6,145,930
AY Full Time Residential Students	Annual Rm and Board Rate					
	\$7,400	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue		
315	Athletes	\$2,331,000	38%	\$1,445,220		
30	Amer Ind Students of Promise	\$222,000	35%	\$144,300		
30	Amer Ind Learn/Work Comm	\$222,000	50%	\$111,000		
95	CM/Other	\$703,000	35%	\$456,950		
470	Residential Students Sub-Total	\$3,478,000		\$2,157,470		\$2,157,470
Summer Programs	Summer Tuition Rate \$280 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$500 per 8-Wk Session	
Total Summer Credit Hours	2100	\$588,000	0%	350	\$175,000	\$763,000
					Sub-Total	\$9,066,400
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$215 per Cr Hr at 18 Cr Hrs Annually	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$625	
DAE Main Campus Cr Hours	3600	\$774,000	0%	200	\$125,000	\$899,000
DAE Tribal College Cr Hours	540	\$116,100	0%	30	\$18,750	\$134,850
DAE Sub-Total	4140	\$890,100		230	\$143,750	\$1,033,850
				Total Net Revenue		\$10,100,250

Table F: FY 2011 Tuition, Room, and Board Revenue

FY 2011 Tuition, Room, and Board Revenue		Annual Tuition Rate \$10,100			Annual Fee Rate \$2200	Total Net Revenue
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees	
425	Athletes	\$4,292,500	37%	\$2,704,275		
215	Health/Science	\$2,171,500	35%	\$1,411,475		
45	American Indian Clubs	\$454,500	35%	\$295,425		
50	AI Students of Promise	\$505,000	35%	\$328,250		
30	AI Learn/Work Community	\$303,000	49%	\$154,530		
70	CM/Other	\$707,000	35%	\$459,550		
835	Main Campus Sub-Total	\$8,433,500		\$5,353,505	\$1,837,000	\$7,190,505
AY Full Time Residential Students	Annual Rm and Board Rate					
		\$7,700	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue	
320	Athletes	\$2,464,000		38%	\$1,527,680	
50	Amer Ind Students of Promise	\$385,000		35%	\$250,250	
30	Amer Ind Learn/Work Comm	\$231,000		51%	\$113,190	
120	CM/Other	\$924,000		35%	\$600,600	
520	Residential Students Sub-Total	\$4,004,000			\$2,491,720	\$2,491,720
Summer Programs	Summer Tuition Rate \$291 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$600 per 8-Wk Session	
Total Summer Credit Hours	2250	\$654,750	0%	375	\$225,000	\$879,750
					Sub-Total	\$10,561,975
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$224 per Cr Hr at 18 Cr Hrs Annually	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$700	
DAE Main Campus Cr Hours	4050	\$907,200		225	\$157,500	\$1,064,700
DAE Tribal College Cr Hours	900	\$201,600		50	\$35,000	\$236,600
DAE Sub-Total	4950	\$1,108,800		275	\$192,500	\$1,301,300
					Total Net Revenue	\$11,863,275

FY 2011 Net New Revenues	Main Campus	Summer Term	DAE	
Tuition/Fee Revenues Related to Increased Students	\$798,738	\$86,230	\$226,096	
Room/Board Revenues Related to Increased Students	\$247,951	0	0	
Sub-Total	\$1,046,689	\$86,230	\$226,096	\$1,359,015
Net New Expenses				
Additional Faculty Hires	\$153,409	\$13,500	\$36,450	
Additional Staff Hires	\$87,500	0	\$45,000	
Additional Board Costs	\$113,256	0	0	
Sub-Total	\$354,165	\$13,500	\$81,450	\$449,115
New Net Income Total	\$692,524	\$72,730	\$144,646	\$909,900

Table G: FY 2012 Tuition, Room, and Board Revenue

FY 2012 Tuition, Room, and Board Revenue		Annual Tuition Rate \$10,500			Annual Fee Rate \$2400	Total Net Revenue
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees	
430	Athletes	\$4,515,000	36%	\$2,889,600		
240	Health/Science	\$2,520,000	35%	\$1,638,000		
50	American Indian Clubs	\$525,000	35%	\$341,250		
60	AI Students of Promise	\$630,000	35%	\$409,500		
30	AI Learn/Work Community	\$315,000	53%	\$144,900		
100	CM/Other	\$1,050,000	35%	\$682,500		
910	Main Campus Sub-Total	\$9,555,000		\$6,105,750	\$2,184,000	\$8,289,750
AY Full Time Residential Students	Annual Rm and Board Rate					
		\$8,000	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue	
323	Athletes	\$2,584,000	38%	\$1,602,080		
60	Amer Ind Students of Promise	\$480,000	35%	\$312,000		
30	Amer Ind Learn/Work Comm	\$240,000	53%	\$112,800		
137	CM/Other	\$1,096,000	35%	\$712,400		
550	Residential Students Sub-Total			\$2,739,280		\$2,739,280
Summer Programs	Summer Tuition Rate \$303 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$700 per 8-Wk Session	
Total Summer Credit Hours	2400	\$727,200	0%	400	\$280,000	\$1,007,200
					Sub-Total	\$12,036,230
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$233 per Cr Hr	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$775	
DAE Main Campus Cr Hours	4500	\$1,048,500	0%	250	\$193,750	\$1,242,250
DAE Tribal College Cr Hours	1350	\$314,550	0%	75	\$58,125	\$372,675
DAE Sub-Total	5850	\$314,550		325	\$251,875	\$1,614,925
					Total Net Revenue	\$13,651,155

FY 2012 Net New Revenues	Main Campus	Summer Term	DAE	
Tuition/Fee Revenues Related to Increased Students	\$811,625	\$92,260	\$261,573	
Room/Board Revenues Related to Increased Students	\$147,891	0	0	
Sub-Total	\$959,516	\$92,260	\$261,573	\$1,313,349
Net New Expenses				
Additional Faculty Hires	\$153,409	\$13,500	\$40,500	
Additional Staff Hires	\$87,500	0	\$45,000	
Additional Board Costs	\$67,954	0	0	
Sub-Total	\$308,863	\$13,500	\$85,500	\$407,863
New Net Income Total	\$650,653	\$78,760	\$176,073	\$905,486

Table H: FY 2013 Tuition, Room, and Board Revenue

FY 2013 Tuition, Room, and Board Revenue	Annual Tuition Rate \$10,910				Annual Fee Rate \$2600	Total Net Revenue
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees	
435	Athletes	\$4,745,850	35%	\$3,084,803		
240	Health/Science	\$2,618,400	35%	\$1,701,960		
50	American Indian Clubs	\$545,500	35%	\$354,575		
60	AI Students of Promise	\$654,600	35%	\$425,490		
30	AI Learn/Work Community	\$327,300	55%	\$147,285		
125	CM/Other	\$1,363,750	35%	\$886,438		
940	Main Campus Sub-Total	\$10,255,400		\$6,600,550	\$2,444,000	\$9,044,550
AY Full Time Residential Students	Annual Rm and Board Rate					
	\$8,320	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue		
326	Athletes	\$2,712,320	35%	\$1,763,008		
60	Amer Ind Students of Promise	\$499,200	35%	\$324,480		
30	Amer Ind Learn/Work Comm	\$249,600	55%	\$112,320		
159	CM/Other	\$1,322,880	35%	\$859,872		
575	Residential Students Sub-Total			\$3,059,680		\$3,059,680
Summer Programs	Summer Tuition Rate \$315 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$800 per 8-Wk Session	
Total Summer Credit Hours	2550	\$803,250	0%	425	\$340,000	\$1,143,250
					Sub-Total	\$13,247,480
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$242 per Cr Hr	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$825	
DAE Main Campus Cr Hours	4950	\$1,197,900	0%	275	\$226,875	\$1,424,775
DAE Tribal College Cr Hours	1800	\$435,600	0%	100	\$82,500	\$518,100
DAE Sub-Total	6750	\$1,633,500		375	\$309,375	\$1,942,875
					Total Net Revenue	\$15,190,355

FY 2013 Net New Revenues	Main Campus	Summer Term	DAE	
Tuition/Fee Revenues Related to Increased Students	\$423,210	\$95,762	\$263,353	
Room/Board Revenues Related to Increased Students	\$210,829	0	0	
Sub-Total	\$634,039	\$95,762	\$263,353	\$993,154
Net New Expenses				
Additional Faculty Hires	\$153,409	\$13,500	\$40,500	
Additional Staff Hires	\$87,500	0	\$45,000	
Additional Board Costs	\$56,628	0	0	
Sub-Total	\$297,537	\$13,500	\$85,500	\$396,537
New Net Income Total	\$336,502	\$82,262	\$177,853	\$596,617

Table I: FY 2014 Tuition, Room, and Board Revenue

FY 2014 Tuition, Room, and Board Revenue	Annual Tuition Rate \$11,350				Annual Fee Rate \$2800	Total Net Revenue
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees	
440	Athletes	\$4,994,000	35%	\$3,246,100		
270	Health/Science	\$3,064,500	35%	\$1,991,925		
60	American Indian Clubs	\$681,000	35%	\$442,650		
60	AI Students of Promise	\$681,000	35%	\$442,650		
30	AI Learn/Work Community	\$340,500	57%	\$146,415		
165	CM/Other	\$1,872,750	35%	\$1,217,288		
1025	Main Campus Sub-Total	\$11,633,750		\$7,487,028	\$2,870,000	\$10,357,028
AY Full Time Residential Students	Annual Rm and Board Rate					
	\$8,650	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue		
330	Athletes	\$2,854,500	35%	\$1,855,425		
60	Amer Ind Students of Promise	\$519,000	35%	\$337,350		
30	Amer Ind Learn/Work Comm	\$259,500	57%	\$111,585		
180	CM/Other	\$1,557,000	35%	\$1,012,050		
600	Residential Students Sub-Total			\$3,316,410		\$3,316,410
Summer Programs	Summer Tuition Rate \$328 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$900 per 8-Wk Session	
Total Summer Credit Hours	2700	\$885,600		450	\$405,000	\$1,290,600
					Sub-Total	\$14,964,038
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$252 per Cr Hr	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$900	
DAE Main Campus Cr Hours	5400	\$1,360,800		300	\$270,000	\$1,630,800
DAE Tribal College Cr Hours	2250	\$567,000		125	\$112,500	\$679,500
DAE Sub-Total	7650	\$1,927,800			\$382,500	\$2,310,300
					Total Net Revenue	\$17,274,338

FY 2014 Net New Revenues	Main Campus	Summer Term	DAE	
Tuition/Fee Revenues Related to Increased Students	\$950,696	\$101,620	\$289,710	
Room/Board Revenues Related to Increased Students	\$134,343	0	0	
Sub-Total	\$1,085,038	\$101,620	\$289,710	\$1,476,368
Net New Expenses				
Additional Faculty Hires	\$153,409	\$13,500	\$40,500	
Additional Staff Hires	\$87,500	0	\$45,000	
Additional Board Costs	\$56,628	0	0	
Sub-Total	\$297,537	\$13,500	\$85,500	\$396,537
New Net Income Total	\$787,501	\$88,120	\$204,210	\$1,079,831

Table J: FY 2015 Tuition, Room, and Board Revenue

FY 2015 Tuition, Room, and Board Revenue		Annual Tuition Rate \$11,800				Annual Fee Rate \$3000	Total Net Revenue
AY Full Tuition Students	Category	Gross Tuition	Discount Rate	Net Tuition Revenue	Fees		
450	Athletes	\$5,310,000	35%	\$3,451,500			
300	Health/Science	\$3,540,000	35%	\$2,301,000			
60	American Indian Clubs	\$708,000	35%	\$460,200			
60	AI Students of Promise	\$708,000	35%	\$460,200			
30	AI Learn/Work Community	\$354,000	58%	\$148,680			
200	CM/Other	\$2,360,000	35%	\$1,534,000			
1100	Main Campus Sub-Total	\$12,980,000		\$8,355,580	\$3,300,000		\$11,655,580
AY Full Time Residential Students	Annual Rm and Board Rate						
	\$9,000	Gross Rm/BD	Discount Rate	Net Rm/BD Revenue			
338	Athletes	\$3,042,000	35%	\$1,977,300			
60	Amer Ind Students of Promise	\$540,000	35%	\$351,000			
30	Amer Ind Learn/Work Comm	\$270,000	58%	\$113,400			
172	CM/Other	\$1,548,000	35%	\$1,006,200			
600	Residential Students Sub-Total			\$3,447,900			\$3,447,900
Summer Programs	Summer Tuition Rate \$341 per Cr Hr	Gross Tuition	Discount Rate	Summer Student Enrollment per 8-Wk Session	Summer Fee Rate \$1000 per 8-Wk Session		
Total Summer Credit Hours	2850	\$971,850		475	\$475,000		\$1,446,850
					Sub-Total		\$16,550,330
Academic Year Full-Time Students in the Division of Adult Education	DAE Tuition Rate \$263 per Cr Hr	Gross Tuition	Discount Rate	DAE Student Annual Enrollment	DAE Annual Fee Rate \$1000		
DAE Main Campus Cr Hours	5850	\$1,538,550		325	\$325,000		\$1,863,550
DAE Tribal College Cr Hours	2700	\$710,100		150	\$150,000		\$860,100
DAE Sub-Total	8550						\$2,723,650
						Total Net Revenue	\$19,273,980

FY 2015 Net New Revenues	Main Campus	Summer Term	DAE	
Tuition/Fee Revenues Related to Increased Students	\$884,271	\$104,626	\$320,938	
Room/Board Revenues Related to Increased Students	0	0	0	
Sub-Total	\$884,271	\$104,626	\$320,938	\$1,309,835
Net New Expenses				
Additional Faculty Hires	\$153,409	\$13,500	\$40,500	
Additional Staff Hires	\$87,500	0	\$45,000	
Additional Board Costs	\$0	0	0	
Sub-Total	\$240,909	\$13,500	\$85,500	\$339,909
New Net Income Total	\$643,362	\$91,126	\$235,438	\$969,926

SECTION TWO: ANALYSIS OF KEY FINANCIAL RATIOS FY2006 – FY 2015

Projected Financial Growth

The College's projects its total revenue to increase annually by 11% with total expenses increasing annually by 5% through FY 15. In FY 09, \$1,010,000 was received from the Palmer Trusts and used to address operational expenses. In FY 10 an additional \$5.9M from the Palmer Trusts will be received. Nine-hundred thousand of those funds will go to paying off short-term debt in FY 10 with the remaining \$5M used to create a quasi-endowment specifically for the purpose of providing the primary reserve funding necessary to aid in financial emergencies due to unforeseen events having an impact on the College's financial condition.

Stable growth in revenues coupled with well-managed operational expenses, using the Palmer Trusts gifts as a good foundation result in strong Primary Reserve, Equity, and Net Income ratios with a Composite Financial Index Score of 3.0 reached by FY 10 and continuing through FY15.

Table K: Bacone College Projected Revenue and Expense Summary FY 10 to FY 15

Projected Revenue and Expense Summary	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Revenue						
Tuition and Fees	10,545,100	12,128,850	13,826,850	15,507,025	17,109,350	19,167,175
Room and Board	3,478,000	4,004,000	4,400,000	4,784,000	5,190,000	5,400,000
Contributions	1,000,000	1,040,000	1,081,600	1,124,864	1,169,858	1,216,653
Palmer Endowment	0 ¹	250,000	250,000	250,000	250,000	250,000
Other Income	1,138,774	1,184,325	1,231,698	1,280,965	1,332,204	1,385,492
Total Revenue	16,161,874	18,607,175	20,790,147	22,946,854	25,051,413	27,419,320
		Average Annual Increase in Total Revenue				11%

Expenses						
Salaries and Benefits	6,426,000	7,110,944	7,397,543	7,643,437	7,884,390	8,265,393
Supplies	594,829	618,622	643,367	669,102	695,866	723,701
Travel and Special Events	355,000	369,200	383,968	399,327	415,300	431,912
Utilities	648,485	674,424	701,401	729,457	758,636	788,981
Professional and Contractual Services	2,015,000	2,134,500	2,101,964	2,102,539	2,114,463	2,072,413
Student Aid	3,500,000	4,134,055	4,251,015	4,324,422	4,547,940	4,760,433
Other	1,096,852	1,140,726	1,186,355	1,233,809	1,283,162	1,334,488
Depreciation	907,868	944,183	981,950	1,021,228	1,062,077	1,104,560
Cost of Goods Sold	400,000	416,000	432,640	449,946	467,943	486,661
Total Expense	15,944,034	17,542,655	18,080,204	18,573,266	19,229,776	19,968,542
		Average Annual Increase in Total Expenses				5%

Projected Net Income	217,839	1,064,519	2,709,943	4,373,588	5,821,636	7,450,778
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¹ The FY 10 Revenue contains revenue from the Palmer Trusts not reflected in the budget. The FY 10 Operating Budget excluded one-time occurring revenues that were restricted by the Bacone Board of Trustees. These funds have been designated by the Board to establish a quasi-endowment of \$5M with a spending rate of 5% annually generating approximately \$250K and \$900K to be used to pay down short-term debt in FY 10.

BACONE COLLEGE -- Primary Reserve, Equity and Net Income Ratios FY 06-08 and Projections through FY 15

Table L: Primary Reserve, Equity and Net Income Ratios FY 06 and FY 07

Financial Ratios		2006				2007			
		Data	Strength	WT	CS	Data	Strength	WT	CS
Primary reserve ratio calculation:									
unrestricted net assets	+	4,780,876				4,575,462			
temporarily restricted net assets	+	1,477,383				1,464,571			
annuities, term endowments & life income funds temporarily restricted	-	0				0			
intangible assets	-	0				0			
net property and equipment	-	18,007,497				13,630,482			
all debt obtained for long-term purposes	+	5,956,220				6,462,615			
post-employment & retirement liabilities	+	0				0			
unsecured related-party receivables	-								
Expendable Net Assets sub-total		-5793018				-1127834			
Total unrestricted expenses		10,738,310				10,965,521			
<i>Primary reserve Ratio =</i>	÷	-0.539	-1.000	0.40	-0.40	-0.103	-1.000	0.40	-0.40
Equity ratio calculation:									
net assets (unrest + temp + permanent)	+	13,248,919.00				13,081,767.00			
intangible assets	-								
unsecured related-party receivables	-	0				0			
Modified Net Assets sub-total		13248919				13081767			
total assets	+	20,249,214.00				19,544,382.00			
unsecured related-party receivables	-	0				0			
intangible assets	-								
Modified Assets sub-total	+	20249214				19544382			
<i>Equity Ratio =</i>	÷	0.654	3.000	0.40	1.20	0.669	3.000	0.40	1.20
Net Income ratio calculation:									
Change in unrestricted net assets		(86,794.00)				(205,414.00)			
Total unrestricted revenue		10,651,516.00				10,760,107.00			
<i>Net Income Ratio =</i>	÷	-0.008	0.796	0.20	0.2	-0.019			
COMPOSITE SCORE (CS)					1.0				0.9

BACONE COLLEGE -- Financial Ratios FY 06-08 and Ratio Projections through FY2015

Table M: Primary Reserve, Equity and Net Income Ratios FY 08 and FY 09

Financial Ratios		2008			2009				
Primary reserve ratio calculation:		Data	Strength	WT	CS	Data	Strength	WT	CS
Unrestricted net assets	+	3,463,970.00				3,195,069.00			
Temporarily restricted net assets	+	1,763,338				2,062,105			
annuities, term endowments & life income funds temporarily restricted	-	0				0			
intangible assets	-	0				0			
net property and equipment	-	12,934,470				12,000,407			
all debt obtained for long-term purposes	+	4,747,256				4,547,256			
post-employment & retirement liabilities	+	0				0			
unsecured related-party receivables	-								
Expendable Net Assets sub-total		-2959906				-2195977			
Total unrestricted expenses		10,571,073				11,794,259			
<i>Primary reserve Ratio =</i>	÷	-0.280	-1.000	0.40	-0.40	-0.186	-1.000	0.40	-0.40
Equity ratio calculation:									
net assets (unrest + temp + permanent)	+	12,310,773.00				12,382,370.00			
intangible assets	-								
unsecured related-party receivables	-	0				0			
Modified Net Assets sub-total		12310773				12382370			
total assets	+	18,818,252.00				17,755,786.00			
unsecured related-party receivables	-	0				0			
intangible assets	-								
Modified Assets sub-total	+	18818252				17755786			
<i>Equity Ratio =</i>	÷	0.654	3.000	0.40	1.20	0.697	3.000	0.40	1.20
Net Income ratio calculation:									
Change in unrestricted net assets		(1,111,492.00)				(268,901.00)			
Total unrestricted revenue		9,459,581.00				11,525,358.00			
<i>Net Income Ratio =</i>	÷	-0.117	-1.000	0.20	-0.2	-0.023	0.417	0.20	0.1
COMPOSITE SCORE (CS)					0.6				0.9

BACONE COLLEGE -- Financial Ratios FY 06-08 and Ratio Projections through FY2015

Table N: Primary Reserve, Equity and Net Income Ratios Projections FY 10 and FY 11

Financial Ratios		2010			2011			
Primary reserve ratio calculation:	Data	Strength	WT	CS	Data	Strength	WT	CS
unrestricted net assets	+ 8,952,908				9,617,478			
temporarily restricted net assets	+ 2,360,872				2,659,639			
annuities, term endowments & life income funds temporarily restricted	- 0							
intangible assets	- 0							
net property and equipment	- 11,066,344				10,132,281			
all debt obtained for long-term purposes	+ 4,547,256				4,047,256			
post-employment & retirement liabilities	+ 0							
Unsecured related-party receivables	-							
Expendable Net Assets sub-total	4794692.45				6192091.933			
Total unrestricted expenses	12,309,084				13,359,200			
<i>Primary reserve Ratio =</i>	÷ 0.390	3.000	0.40	1.20	0.464	3.000	0.40	1.20
Equity ratio calculation:								
<i>net</i> assets (unrest + temp + permanent)	+ 18,480,707.45				19,485,774.93			
intangible assets	-							
Unsecured related-party receivables	- 0							
Modified Net Assets sub-total	18480707.45				19485774.93			
total assets	+ 22,020,060.45				21,591,064.93			
Unsecured related-party receivables	- 0							
intangible assets	-							
Modified Assets sub-total	+ 22020060.45				21591064.93			
<i>Equity Ratio =</i>	÷ 0.839	3.000	0.40	1.20	0.902	3.000	0.40	1.20
Net Income ratio calculation:								
Change in unrestricted net assets	5,757,839.45				664,569.48			
Total unrestricted revenue	18,066,923.56				14,023,769.50			
<i>Net Income Ratio =</i>	÷ 0.319	3.000	0.20	0.6	0.047	3.000	0.20	0.6
COMPOSITE SCORE (CS)				3.0				3.0

BACONE COLLEGE -- Financial Ratios FY 06-08 and Ratio Projections through FY2015

Table O: Primary Reserve, Equity and Net Income Ratios Projections FY 12 and FY 13

Financial Ratios		2012			2013			
Primary reserve ratio calculation:	Data	Strength	WT	CS	Data	Strength	WT	CS
unrestricted net assets	+ 11,686,701				15,132,034			
Temporarily restricted net assets	+ 2,958,406				3,257,174			
annuities, term endowments & life income funds temporarily restricted	-							
intangible assets	-							
net property and equipment	- 9,198,218				8,264,156			
all debt obtained for long-term purposes	+ 3,547,256				3,047,256			
post-employment & retirement liabilities	+							
Unsecured related-party receivables	-							
Expendable Net Assets sub-total	8994145.303				13172307.94			
Total unrestricted expenses	13,553,994				13,606,074			
<i>Primary reserve Ratio =</i>	÷ 0.664	3.000	0.40	1.20	0.968	3.000	0.40	1.20
Equity ratio calculation:								
<i>net</i> assets (unrest + temp + permanent)	+ 21,895,496.30				25,681,327.94			
intangible assets	-							
Unsecured related-party receivables	-							
Modified Net Assets sub-total	21895496.3				25681327.94			
total assets	+ 22,566,723.30				24,918,492.94			
Unsecured related-party receivables	-							
intangible assets	-							
Modified Assets sub-total	+ 22566723.3				24918492.94			
<i>Equity Ratio =</i>	÷ 0.970	3.000	0.40	1.20	1.031	3.000	0.40	1.20
Net Income ratio calculation:								
Change in unrestricted net assets	2,069,223.37				3,445,332.63			
Total unrestricted revenue	15,623,217.48				17,051,406.98			
<i>Net Income Ratio =</i>	÷ 0.132	3.000	0.20	0.6	0.202	3.000	0.20	0.6
COMPOSITE SCORE (CS)				3.0				3.0

BACONE COLLEGE -- Financial Ratios FY 06-08 and Ratio Projections through FY2015

Table P: Primary Reserve, Equity and Net Income Ratios Projections FY 14 and FY 15

Financial Ratios		2014			2015			
Primary reserve ratio calculation:	Data	Strength	WT	CS	Data	Strength	WT	CS
unrestricted net assets	+ 19,900,373				26,507,566			
temporarily restricted net assets	+ 3,555,944				3,854,717			
annuities, term endowments & life income funds temporarily restricted	-							
Intangible assets	-							
net property and equipment	- 7,330,095				6,396,035			
all debt obtained for long-term purposes	+ 2,547,256				2,047,256			
post-employment & retirement liabilities	+							
unsecured related-party receivables	-							
Expendable Net Assets sub-total	18673477.77				26013504.13			
Total unrestricted expenses	14,148,439				14,256,813			
<i>Primary reserve Ratio =</i>	÷ 1.320	3.000	0.40	1.20	1.825	3.000	0.40	1.20
Equity ratio calculation:								
<i>net</i> assets (unrest + temp + permanent)	+ 30,790,167.77				37,737,865.13			
Intangible assets	-							
unsecured related-party receivables	-							
Modified Net Assets sub-total	30790167.77				37737865.13			
total assets	+ 28,593,271.77				34,106,909.13			
unsecured related-party receivables	-							
Intangible assets	-							
Modified Assets sub-total	+ 28593271.77				34106909.13			
<i>Equity Ratio =</i>	÷ 1.077	3.000	0.40	1.20	1.106	3.000	0.40	1.20
Net Income ratio calculation:								
Change in unrestricted net assets	4,768,338.84				6,607,193.35			
Total unrestricted revenue	17,051,406.98				20,864,006.68			
<i>Net Income Ratio =</i>	÷ 0.280	3.000	0.20	0.6	0.317	3.000	0.20	0.6
COMPOSITE SCORE (CS)				3.0				3.0

BACONE COLLEGE -- Financial Ratios Summary FY 06-FY15

Table Q: Summary of Primary Reserve, Equity and Net Income Ratios FY 06-08 and Projections through FY 15

Bacone College Financial Ratio and Composite Financial Index (CFI) Calculations	FY 06				FY 07		
	Ratio	Strength Factor	Composite Score		Ratio	Strength Factor	Composite Score
Primary Reserve Ratio	-0.53	-1.00	-0.40		-0.10	-1.00	-0.40
Equity Ratio	0.65	3.00	1.20		0.67	3.00	1.20
Net Income Ratio	-0.01	0.75	0.15		-0.02	0.52	0.10
Composite Financial Index (CFI) Score			0.95				0.90

Bacone College Financial Ratio and Composite Financial Index (CFI) Calculations	FY 08				FY 09		
	Ratio	Strength Factor	Composite Score		Ratio	Strength Factor	Composite Score
Primary Reserve Ratio	-0.28	-1.00	-0.40		-0.19	-1.00	-0.40
Equity Ratio	0.65	3.00	1.20		0.70	3.00	1.20
Net Income Ratio	-0.12	-1.00	-0.20		-0.02	0.42	0.1
Composite Financial Index (CFI) Score			0.60				0.90

Bacone College Financial Ratio and Composite Financial Index (CFI) Calculations	FY 10				FY 11		
	Ratio	Strength Factor	Composite Score		Ratio	Strength Factor	Composite Score
Primary Reserve Ratio	0.390	3.00	1.20		0.464	3.00	1.20
Equity Ratio	0.839	3.00	1.20		0.902	3.00	1.20
Net Income Ratio	0.319	3.00	0.6		0.047	3.00	0.60
Composite Financial Index (CFI) Score			3.00				3.00

Bacone College Financial Ratio and Composite Financial Index (CFI) Calculations	FY 12				FY 13		
	Ratio	Strength Factor	Composite Score		Ratio	Strength Factor	Composite Score
Primary Reserve Ratio	0.664	3.00	1.20		0.968	3.00	1.20
Equity Ratio	0.970	3.00	1.20		1.031	3.00	1.20
Net Income Ratio	0.132	3.00	0.60		0.202	3.00	0.60
Composite Financial Index (CFI) Score			3.00				3.00

Bacone College Financial Ratio and Composite Financial Index (CFI) Calculations	FY 14				FY 15		
	Ratio	Strength Factor	Composite Score		Ratio	Strength Factor	Composite Score
Primary Reserve Ratio	1.320	3.00	1.20		1.825	3.00	1.20
Equity Ratio	1.077	3.00	1.20		1.106	3.00	1.20
Net Income Ratio	0.280	3.00	0.60		0.317	3.00	0.60
Composite Financial Index (CFI) Score			3.00				3.00

SECTION THREE: Strengthening Financial Stability through Development Efforts

Comprehensive Campaign

The College has experienced significant success in its last comprehensive campaign ending in FY 09 having raised over \$15M since 2005. The upcoming comprehensive campaign focuses on growing the Annual Fund, matching the portion of the Palmer Estate Gift designated to support the American Indian Center, obtaining Federal Grants for infrastructure, and implementing special projects funded by grants and/or foundations.

Table R: Projected Campaign Goals - FY 2010 – FY 2015

Annual Fund		\$10,000,000
Palmer Endowment	\$900,000	
Contributions	\$9,100,000	
American Indian Center		\$10,000,000
Palmer Endowment	\$5,000,000	
Projects and Programs	\$5,000,000	
Federal Appropriations and Grant Funding		\$3,000,000
Special Project Funding		\$2,000,000
TOTAL		\$25,000,000

Campaign Staffing

President

The Trustees have directed the President to re-prioritize his time from day-to-day management toward development and leadership. The President has served as the Chief Development Officer during his tenure. It is clear that the Trustees expect the President to reorganize the Development Office Staff with an Assistant Vice President of Development or Institutional Advancement. Given the unique challenges associated in our relationships with the ABC-USA denomination, the Daughters of the American Revolution, and various Tribal Nations, it is desirable to grow a person into this position. This will be a process that will take several years to accomplish.

The President has worked with the Vice President and Dean of Faculty to develop a plan to move the latter's managerial authority toward a Provost model of the day-to-day campus management tied to the next accreditation cycle. This process will include continued modification of the Organizational Chart and incremental migration of all Assistant Vice President/TEAM members eventually reporting to the Provost. This will allow the President to focus on issues of leadership and major development. During this transition the President will distribute his time as follows:

- 25% Management
- 25% Leadership
- 50% Development

Consultants

To accomplish short-term goals during this transition plan the President will make use of two Consulting Firms – The Angeletti Group and Russ Reid. Their respective areas of expertise and involvement are as follows:

The Angeletti Group – New Vernon, New Jersey

- 1) Training for the Director of Development
- 2) Direct Management of the Annual Fund
- 3) Grant Proposal Management & Training
- 4) Admissions Training and Consultation

Russ Reid – Washington, D.C.

- 1) Singular focus on Federal Funding
 - a. Appropriations
 - b. Earmarks, and
 - c. Grants

Institutional Staffing for the Campaign

Bacone has been taking steps over the past two years to develop current staff and create new staff positions to ensure the necessary personnel are in place to make the College's advancement efforts successful. These steps involve recently promoting a promising, current staff member, Melissa Foutch, to the position of Interim Director of Development. This promotion includes a three year professional development plan that prepares Ms. Foutch to move into the Director of Development position with administrative responsibility for the department. A Director of Institutional Advancement, Ryan Hardaway, is in place and has oversight of alumni relations, press releases, and community relations. Kathy Street is the Assistant Director of the Annual Fund and is responsible for data entry and correspondence. A new entry level position has been created, the Coordinator of Volunteer in Mission Projects, and is in the process of being filled. This person will recruit and coordinate volunteer groups from various American Baptist Churches across the country in accomplishing various beautification and renovation projects on campus. Furthermore, the Department of Advancement oversees the use of student interns in conducting fund-raising campaigns through phonathons held periodically throughout the academic year.

The College has also employed independent contractors to assist with necessary advancement activities. These contractors include: a) Mr. Eugene Blankenship who serves as the Director of Governmental Relations and works with local and state governments in development of joint ventures and grant funding, b) Reverend Will Brown, who serves as Special Assistant to the President for American Baptist Churches Native American Concerns, and assists with keeping communication strong between the College and Native American churches within the ABC denomination, and c) Mr. Cedric Sunray who serves as Special Assistant for Tribal Enrollment and supports the College's efforts in providing educational services to tribes and tribal colleges across the country.

Conclusion

Bacone is strengthening its financial stability and viability over the next six years by conservatively increasing annual full-time enrollment by less than 8% and at the same time incrementally increasing freshmen retention and retaining the rest of its student population annually by 2% and 1.5% respectively. The College's residence hall population is projected to grow at a modest 4.76% by FY14 reaching total residence hall capacity at that time. In addition, these projections lead to annual new net revenue growth averaging \$900K from FY 10 to FY15. Furthermore, the College projects its revenue to increase annually by 11% with expenses increasing annually by 5% through FY 15.

Further stability is to be gained from an upcoming twenty-five million dollar comprehensive campaign built upon the \$6.9M gift from the Palmer Trusts and following a five-year capital campaign ending in FY 09 that raised over \$15M. The Palmer Trusts gifts also provide the College in FY 10 the opportunity to create a \$5M quasi-endowment specifically for the purpose of providing the primary reserve funding necessary to shield it from unexpected events in enrollment or fund-raising.

All of these factors collectively allow Bacone College to conventionally project Composite Financial Index Scores of 3.0 by FY 10 and to remain at that level through FY 15.

Bacone College

Report to the Higher Learning Commission: Financial Recovery Plan

Institutional Authorization Signatures

Rev. Robert J. Duncan, Jr. , D.Min.
President

Ms. Ann Ong
Chair, Board of Trustees

Robert K. Brown, Ph.D.
Vice President and Dean of Faculty