

An Optimistic Outlook in Difficult Times

By Donald V. DeRosa, President

Recent months have brought unsettling news about our country's financial system and the availability of credit. The effect of the current economy on institutions of higher education has been well publicized through the media, which may have prompted Pacific alumni and friends to be concerned about the health of the University. We are not immune from these effects, which have colored our planning for this year and beyond.

Through a long history of careful financial management, balanced budgets, successful fundraising, and sound investment strategies, we have built sufficient financial strength to weather this economic storm. We also continue to experience strong enrollment, with 882 new freshmen — our largest class ever — this fall

on the Stockton campus and stable enrollment at the Law and Dental schools. We are continuing our investments in the quality of education through increases in scholarship and financial aid funds and in academic program development. And unlike other schools that are putting a variety of commitments on hold, we are moving forward to break ground on two new buildings on the Stockton campus this year.

But like most other institutions, the University's endowment is substantially invested in the stock market, and it has suffered significant losses. The endowment has dropped 22% since summer. As we are not heavily dependent upon the endowment, the effect of these losses is modest. We will be able to moderate the effect of lower distributions from the

endowment over several years, lessening the immediate effect on our operations.

But we are concerned about the impact of the economic situation on our students and their families. Affordability and access are extremely important to us at Pacific. More than 80% of our students rely on some form of financial assistance (grants, scholarships, loans or work-study). Last year, we distributed nearly \$45 million in financial aid to our students. We plan to do more next year, matching Cal Grants and awarding scholarships on the basis of merit and financial need. At the same time, we will do everything possible to keep costs down while investing in quality. US News and World Report has rated Pacific a top 50 "Best Value" for the past eight years,

and we intend to sustain that track record.

While the economic situation has caused us to be conservative and watchful, we are committed to ensuring that the value of a Pacific education continues to rise. Now more than ever, we greatly appreciate your partnership and your gifts to Pacific, helping us achieve that goal.



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