FY2020 OPERATING BUDGET

Board of Trustees – June 11, 2019
WHAT IS IN OUR ANNUAL OPERATING PLAN?

**Included:**

- Operating (Including Debt)
- Repair and Rehabilitation (R&R)
- Sponsored Programs (SPS)

**Total Operating Budget**

**Not Included:**

- Capital (New Building and Major Renovations)
- Endowment (Gifts and Investment Gain/Loss)
- Agency Funds (Pass through Student Aid)
FY 2020 GOALS / OBJECTIVES

• Maintain a reasonable annual surplus
  – By unit, maintain or identify a path to a structurally balanced budget
  – Maintain sufficient surplus to fund strategic investments (operating + non-operating)

• Strategic use of resources
  – Student affordability
  – Competitive merit increase
  – Investments targeted to key strategic initiatives
    ▪ Enrollment growth in STEM
    ▪ Transformative education – Data Science
    ▪ Grow fundraising through expansion of UDO
    ▪ Krannert growth/BSIM focus

• Sustain enhancements to our financial culture
  – Transparent, consistent and simple
  – Quarterly projections and reviews
  – Complete capture of recurring BPR savings
FY 2020 BUDGET KEY ASSUMPTIONS

West Lafayette Campus
- Student enrollment: freshman class of 8,000
- Merit increase salary policy of 2.5%

Regional Campuses
- Enrollment budgeted down 3.47% at PNW and Flat at PFW
- Merit increase policy 2% one-time at PNW and 2% recurring at PFW

University-Wide
- State appropriations based on final budget
- No new or increases to State Line Items
  - With the exception of ADDL, already approved by the State Board of Animal Health
- Medical inflation of 5% for CY 2019 and 5.7% for CY 2020
- Budget based on 3+ years historical data and run-rate, adjusted by units for known differences

TUITION AND FEES:
West Lafayette Campus
- 0% Tuition Increase
- Flight Program fees
  - FY20 – 3.0% increase
  - FY21 – 5.6% increase

Regional Campuses
- 1.65% Tuition Increase for both campuses
- Fort Wayne (new fees):
  - International Tuition
    - $24.90 per credit hour; or $373.50 per semester for undergraduates
    - $31.57 per credit hour for graduates
  - College of Visual and Performing Arts Differential Fee
    - $25 per credit hour for undergraduates
    - $31.57 per credit hour for graduates
    - 2 year phase-in; 50% per year
OPERATING REVENUE

Drivers for FY20:
- Tuition and Fees – $23.5M
  - Continued increased enrollment WL
- Increase Athletics Income- $5M
- Increase Sales & Service - $7M
  - Online B2B contract income
- Increase Grants - $24M
Drivers for FY20:
- Salary, Wages and Fringes - $60M
  - Medical inflation - $8M
  - Merit/salary increase - $38M
- Additional faculty and staff - $14M
- Increase in scholarships – $4M
  - Replaces PU-administered student loans
FY 2019 TO FY 2020 SURPLUS CHANGE

Steady State Surplus

- FY 2019 Projected: $87M
- Central Tuition: $24M
- Merit Salary Increase: $3M
- Strategic Investments: $114M
- Staff Appreciation Payment: $76M
- One-time activity: $15M
- Increases to surplus: $91M
- Decreases to surplus: $76M
## FY 2020 Annual Operating Plan by Campus

<table>
<thead>
<tr>
<th>Source/Money Type</th>
<th>West Lafayette</th>
<th>Fort Wayne</th>
<th>Northwest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>857,737</td>
<td>68,610</td>
<td>73,261</td>
<td>999,608</td>
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<tr>
<td>Appropriations</td>
<td>328,043</td>
<td>47,964</td>
<td>52,662</td>
<td>428,669</td>
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<td>Sales &amp; Services</td>
<td>353,848</td>
<td>14,874</td>
<td>6,718</td>
<td>375,440</td>
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<tr>
<td>Gifts</td>
<td>69,257</td>
<td>1,469</td>
<td>1,158</td>
<td>71,884</td>
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<tr>
<td>Grants &amp; Contracts</td>
<td>440,127</td>
<td>15,319</td>
<td>21,269</td>
<td>476,714</td>
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<tr>
<td>Investment Income &amp; Distributions</td>
<td>124,548</td>
<td>4,711</td>
<td>3,539</td>
<td>132,798</td>
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<tr>
<td>Other Operating Revenue</td>
<td>7,117</td>
<td>2,260</td>
<td>659</td>
<td>10,035</td>
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<tr>
<td>Recovery</td>
<td>34,991</td>
<td>-</td>
<td>-</td>
<td>34,991</td>
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<tr>
<td><strong>Revenue Total</strong></td>
<td>2,215,667</td>
<td>155,206</td>
<td>159,266</td>
<td>2,530,140</td>
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<td><strong>Expenses</strong></td>
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<td></td>
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<tr>
<td>S&amp;W</td>
<td>975,358</td>
<td>64,486</td>
<td>75,912</td>
<td>1,115,756</td>
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<tr>
<td>Fringes</td>
<td>353,167</td>
<td>21,052</td>
<td>24,047</td>
<td>398,266</td>
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<td>Supplies &amp; Services</td>
<td>449,106</td>
<td>31,522</td>
<td>23,750</td>
<td>504,378</td>
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<tr>
<td>Overhead</td>
<td>(4,960)</td>
<td>2,174</td>
<td>2,785</td>
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<td>Capital - Equipment and R&amp;R</td>
<td>129,181</td>
<td>3,881</td>
<td>4,472</td>
<td>137,534</td>
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<td>Scholarships, Fellowships &amp; Awards</td>
<td>156,723</td>
<td>22,190</td>
<td>20,553</td>
<td>199,466</td>
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<td>Debt and Financing Expenses</td>
<td>81,123</td>
<td>10,263</td>
<td>7,572</td>
<td>98,958</td>
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<td><strong>Expenses Total</strong></td>
<td>2,139,697</td>
<td>155,570</td>
<td>159,092</td>
<td>2,454,358</td>
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<td>FY 20 S/(D)</td>
<td>75,971</td>
<td>(364)</td>
<td>175</td>
<td>75,782</td>
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<td>FY 20 One-times</td>
<td>12,962</td>
<td>435</td>
<td>1,624</td>
<td>15,021</td>
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<td>Steady State S/(D)</td>
<td>88,933</td>
<td>71</td>
<td>1,799</td>
<td>90,803</td>
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FY 2020 RISKS AND OPPORTUNITIES

RISKS:
- Faculty Recruitment/Retention
  - STEM faculty vs student growth
  - Faculty Start-Up Costs
- Regional Enrollment
- R&R Expenses

OPPORTUNITIES:
- Gift Revenue with new UDO capacity
- Expense management
- Research/F&A recovery