FY 2021 Operating Budget

Board of Trustees – June 11, 2020
What is in our Annual Operating Plan?

**Included:**

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

**Not Included:**

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

Total Operating Budget
FY 2021 Goals/Objectives

• Mitigate revenue declines from COVID-19 by strategically reducing non-essential spend
  ▪ Defer merit increases
  ▪ Reduce travel and purchasing
  ▪ Defer repair and rehabilitation expenses
  ▪ Hiring freeze
• Avoid painful decisions occurring at other colleges and universities (furloughs, benefit changes, reduced pay, etc.)
• Student affordability
  ▪ 8th year of tuition and fee freeze on WL Campus
  ▪ Modest tuition increase at Regional Campuses
  ▪ Online option for Fall
• Strategic use of resources
  ▪ Protect Purdue implementation
  ▪ Investments targeted to key strategic initiatives
    o Enrollment growth in STEM
• Transparent and adaptive process during the fiscal year as additional data becomes available
Chronicle of Higher Education says over 19,200 fewer workers employed by colleges:

- Stanford announced “unavoidable workforce reductions”, including furloughs
- University of Arizona announced pay cuts, furloughs for all faculty, staff – 15,000 employees impacted
- John Hopkins suspended contributions to employees’ retirement accounts
- University System of Georgia announced pay cuts and furloughs for almost all staff
- Kansas State University mandated furloughs for 350 auxiliary employees

From the Kiplinger Letter:

The financial pain for schools is just starting. More layoffs are coming for faculty and staff. Tens of thousands of employees have been laid off or furloughed already. Some will be brought back, but sweeping, permanent cuts will hit most schools.
Major drivers for change in FY 2021 revenue:

Tuition and Fees ($42.6M)
- West Lafayette
  - 34,000 Undergraduates
    - 30,000 Residential; 4,000 Online
    - 8,100 New Beginners
  - 0% Tuition Increase
- Regional
  - Enrollment Impact
    - PNW - (16.5%); PFW (7%)
    - 1.65% Tuition Increase

State Appropriations ($37.1M)
- (10%) Operating and no R&R – all campuses
- Debt Service – West Lafayette new projects

Sales & Services ($54.8M)
- Athletics
- Conferences & Events
- Retail Dining operational change

Investment Income ($11M)
Major drivers for change in FY 2021 expenses:

**Salary and Fringe ($43.7M)**
- Deferring salary increases July 1
- Hiring freeze on non-essential positions

**Supplies, Service & Equipment ($84.8M)**
- Reduce travel and purchasing
- Defer non-essential R&R
- Operational changes
  - Transfer of retail dining operations
  - New residence halls availability payment

**Enrollment Growth Investments $4.9M**
- New Faculty
  - 11 Science; 10 Engineering; 4 Polytechnic; 3 Krannert
- New Advisors
  - 1 HHS; 1 Science; 2 Provost
- Faculty Promotion and Retention

**Protect Purdue Investments $52.6M**
- Net of CARES funding
- Online Instruction
- Safety Initiatives (PPE, facilities)
- Testing/Tracing
Protect Purdue Investments

TESTING / TRACING

ONLINE INSTRUCTIONAL EFFORTS

ADDITIONAL HEALTHCARE COSTS

PHYSICAL BUILDING CHANGES

ADDITIONAL SANITIZING AND CLEANING

PPE / COVID-19 SUPPLIES

QUARANTINE ROOMS FOR STUDENTS

SAFETY EQUIPMENT INSTALLATION & LABOR

WORK FROM HOME
## FY 2021 Annual Operating Plan by Campus

### West Lafayette

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Total</th>
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<tr>
<td>TUITION &amp; FEES</td>
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<td>APPROPRIATIONS</td>
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<td>SALES &amp; SERVICES</td>
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<td>GIFTS</td>
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<td>GRANTS &amp; CONTRACTS</td>
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<td>INVESTMENT INCOME &amp; DISTRIBUTIONS</td>
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<tr>
<td>OTHER OPERATING REVENUE</td>
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<tr>
<td>RECOVERY</td>
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<td><strong>REVENUE Total</strong></td>
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<td>S&amp;W</td>
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<td>FRINGES</td>
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<td>SUPPLIES &amp; SERVICES</td>
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<td>OVERHEAD</td>
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<td>CAPITAL - EQUIPMENT AND R&amp;R</td>
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<td>DEBT AND FINANCING EXPENSES</td>
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<td>West Lafayette</td>
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<td>Fort Wayne</td>
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<td><strong>Total</strong></td>
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*(In millions)*
# Risks and Opportunities

## Risks
- Significant revenue uncertainties
  - Enrollment
    - West Lafayette – will students who want to join us be able?
    - Regional Campuses
  - State Appropriations
- Additional Protect Purdue expenses

## Opportunities
- West Lafayette enrollment
  - Continued strong demand for STEM programs
  - Online offerings could expand enrollments, both undergraduate and new masters programs
- Private sector partnerships on lodging and dining increase auxiliary revenues
- Space management and facility efficiencies
- Positive long-term impact of targeted expense reductions