

# ***FY 2021 Operating Budget***

Board of Trustees – June 11, 2020

# What is in our Annual Operating Plan?

## Included:



## Not Included:

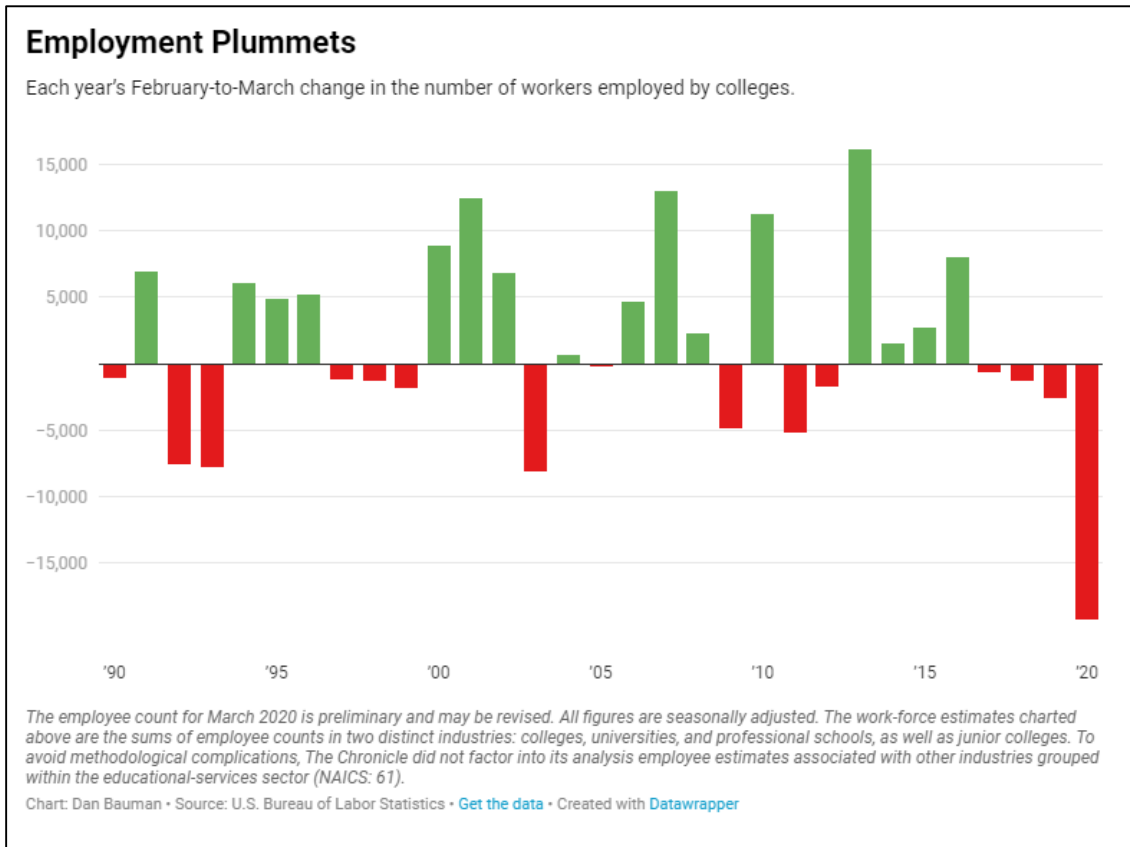


# FY 2021 Goals/Objectives

- 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
  - 8<sup>th</sup> 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
    - Enrollment growth in STEM
- Transparent and adaptive process during the fiscal year as additional data becomes available

# Impacts at Other Higher Education Institutions

Chronicle of Higher Education says over 19,200 fewer workers employed by colleges:



Source: Chronicle of Higher Education

- 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:

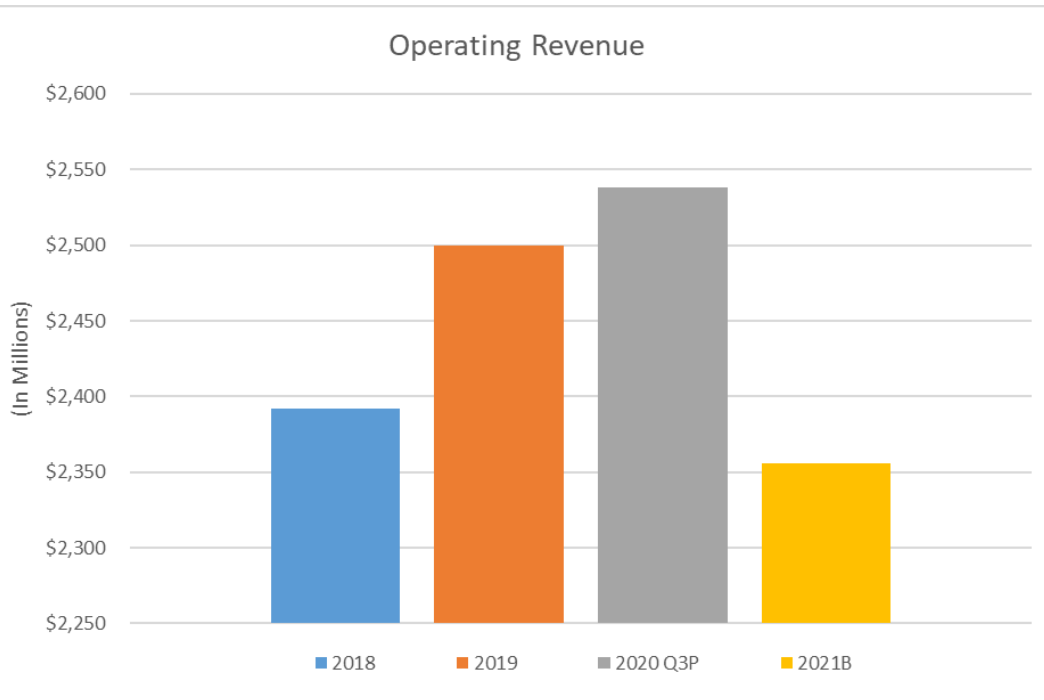
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The financial pain for schools is just starting. More layoffs are coming for faculty and staff.

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.

# System Wide Operating Revenue

## 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

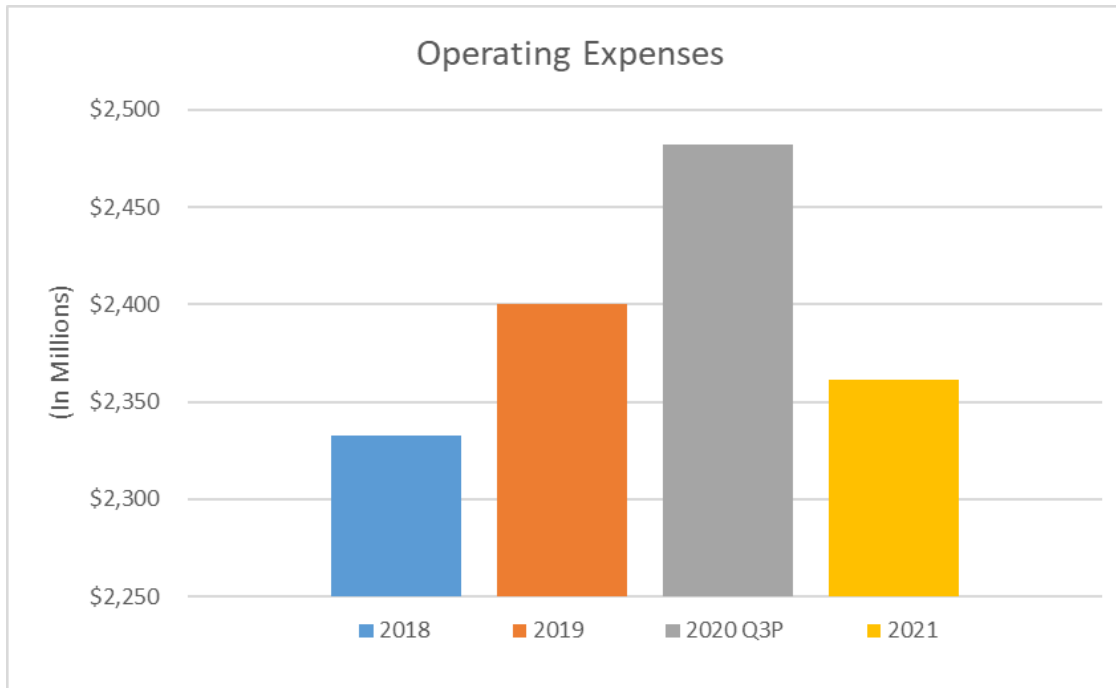
### Sales & Services (\$54.8M)

- Athletics
- Conferences & Events
- Retail Dining operational change

### Investment Income (\$11M)

# System Wide Operating Expenses

## 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	Fort Wayne	Northwest	Total
<b>REVENUE</b>				
TUITION & FEES	832	60	58	951
APPROPRIATIONS	298	43	47	389
SALES & SERVICES	308	14	4	325
GIFTS	61	1	1	62
GRANTS & CONTRACTS	435	14	20	469
INVESTMENT INCOME & DISTRIBUTIONS	119	4	3	126
OTHER OPERATING REVENUE	10	2	1	13
RECOVERY	32	-	-	32
<b>REVENUE Total</b>	<b>2,094</b>	<b>138</b>	<b>134</b>	<b>2,366</b>
<b>EXPENSES</b>				
S&W	965	60	63	1,087
FRINGES	345	20	24	389
SUPPLIES & SERVICES	478	25	19	523
OVERHEAD	(5)	2	3	0
CAPITAL - EQUIPMENT AND R&R	79	2	4	86
SCHOLARSHIPS, FELLOWSHIPS & AWARDS	149	19	19	188
DEBT AND FINANCING EXPENSES	82	10	7	99
<b>EXPENSES Total</b>	<b>2,094</b>	<b>139</b>	<b>139</b>	<b>2,372</b>
<b>FY21 S/(D)</b>	<b>(0)</b>	<b>(1)</b>	<b>(5)</b>	<b>(6)</b>

(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