

Fordham University

Budget Forum

MARTHA K. HIRST | Senior Vice President, CFO and Treasurer

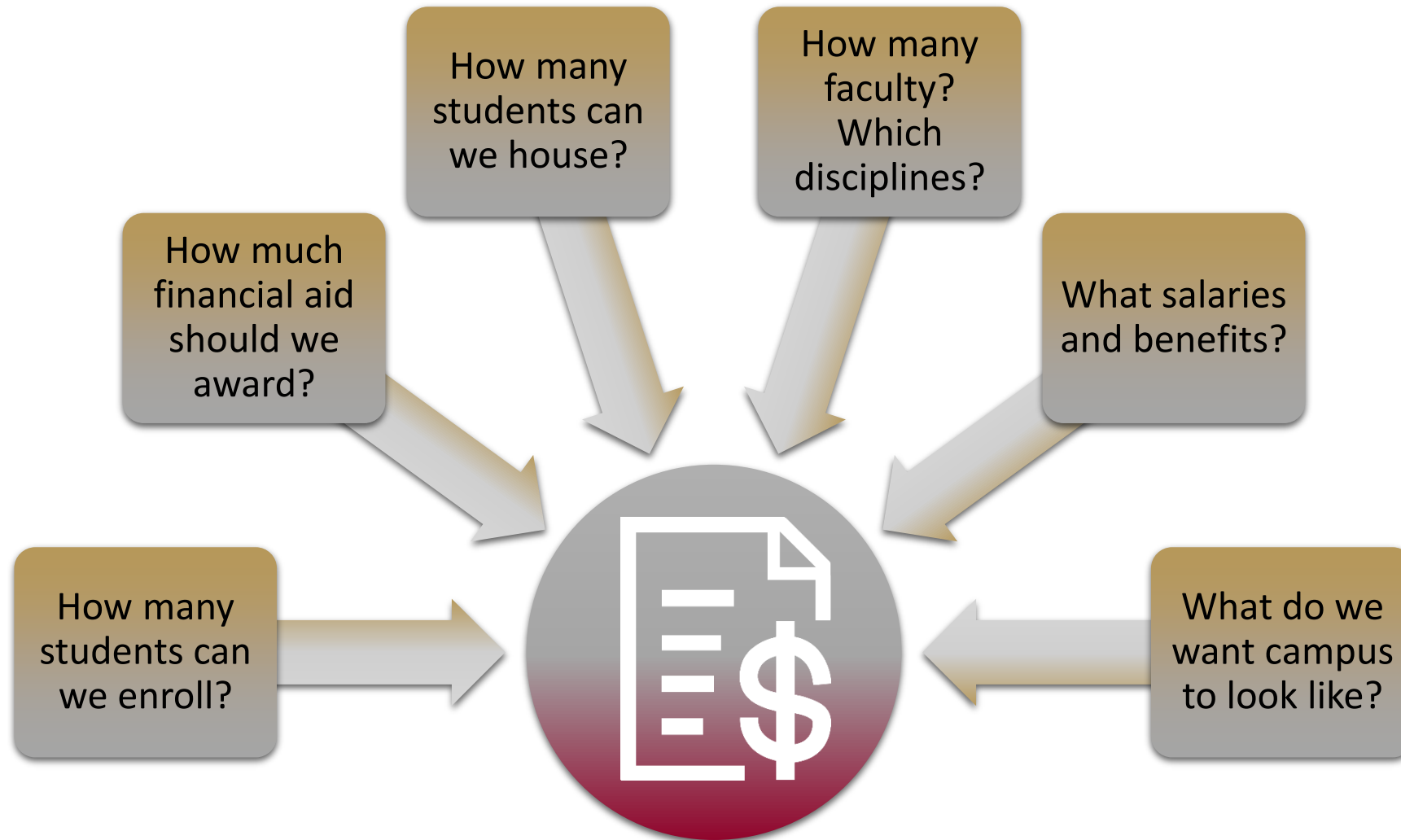
November 2017

What we will cover

- Role of the Budget
- Budget Development Process
- Overview of the Budget | Sources and Uses
- Making Strategic Choices

Role of the Budget

Helps Us Make Important Decisions



Helps Us Respond to Challenges and Pressures

How can we make our education more affordable for students and families?

What strategic priorities should we invest in?

Who reviews our finances and what do they expect to see?

How can we make the rising costs of health care sustainable?

Are we recruiting enough faculty in the right disciplines?

How do we fund the cost to comply with new regulations?

Are our academic programs and tuition rates competitive?

Are we prepared to help our students in the job market?



Helps Us Tell Our Story

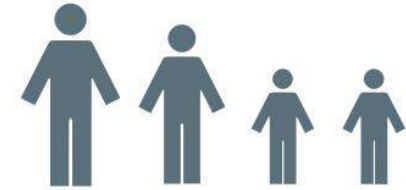


Prospective Students and Families



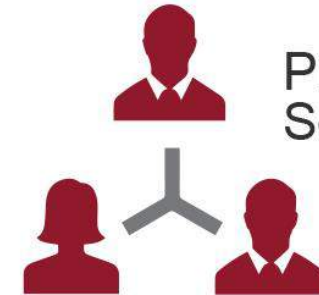
Donors

Students and Families



Alumni

Our Community



President and Senior Leadership

Regulators



Ratings Agencies



Budget Development Process

Budget Seasons

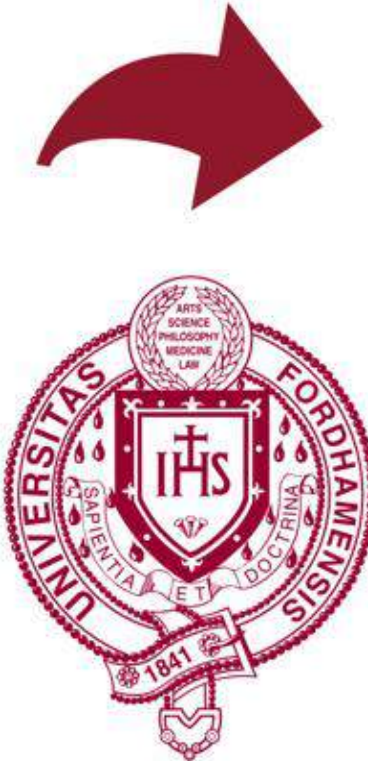
EXECUTE (Spring)

- Update operating budget for Spring enrollment results
- Update environmental scan
- Update long range plan
- Report to Board of Trustees



ADJUST (Winter)

- Adjust budget based on actual enrollment results
- Finalize tuition rates
- Evaluate and communicate budget gaps
- Update long range plans, as necessary



PLAN (Summer)

- Review internal and external environment
- Discuss strategic priorities
- Update long range financial plan to reflect prior year results



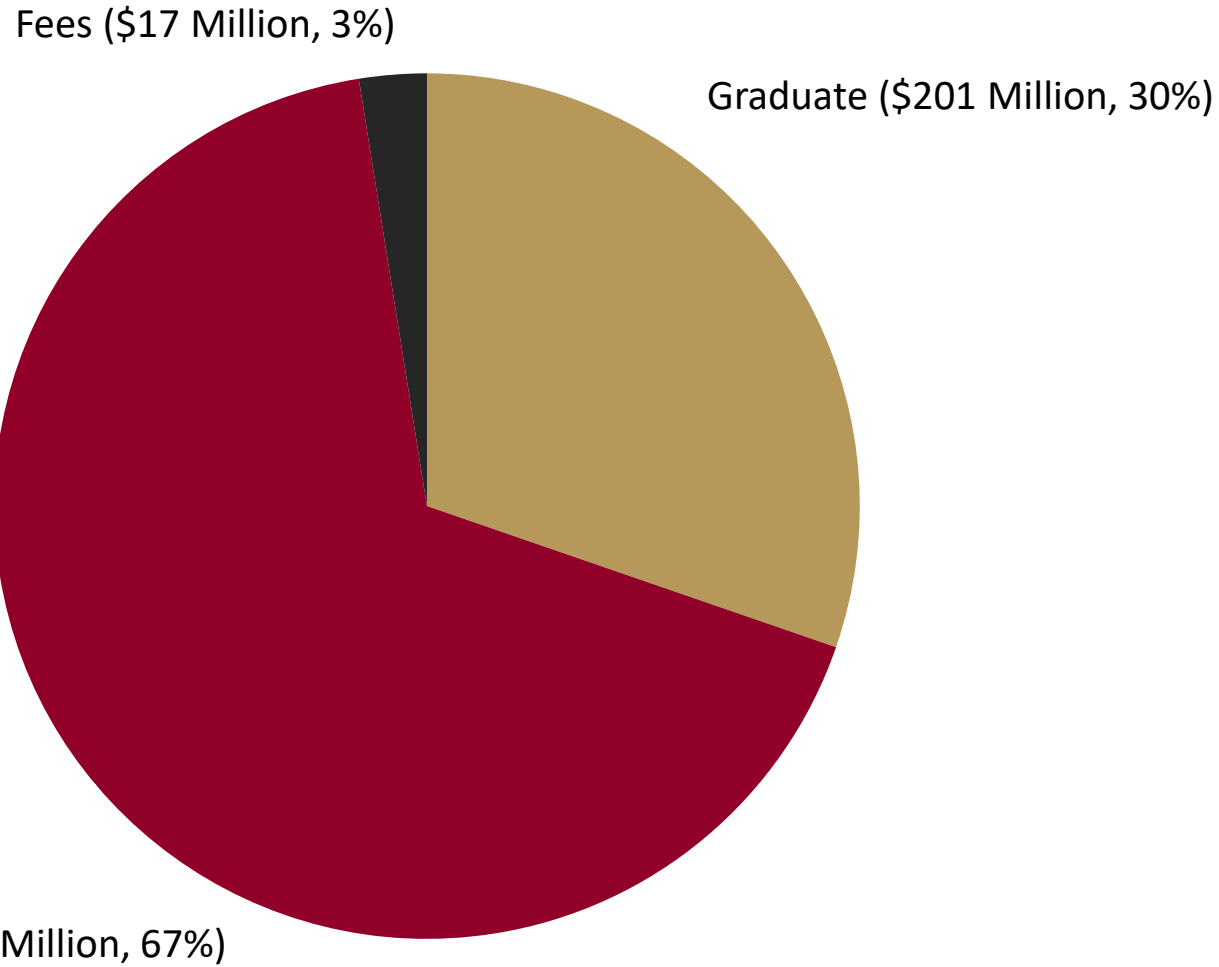
BUILD (Fall)

- Build base operating budget
- Evaluate and quantify strategic priorities
- Discuss preliminary tuition pricing strategy

Building the Operating Budget

Sources and Uses

Sources | Tuition and Fees



FISCAL YEAR 2018 BUDGET

TUITION & FEES \$ 663.3M

TOTAL ON HAND \$ 663.3M

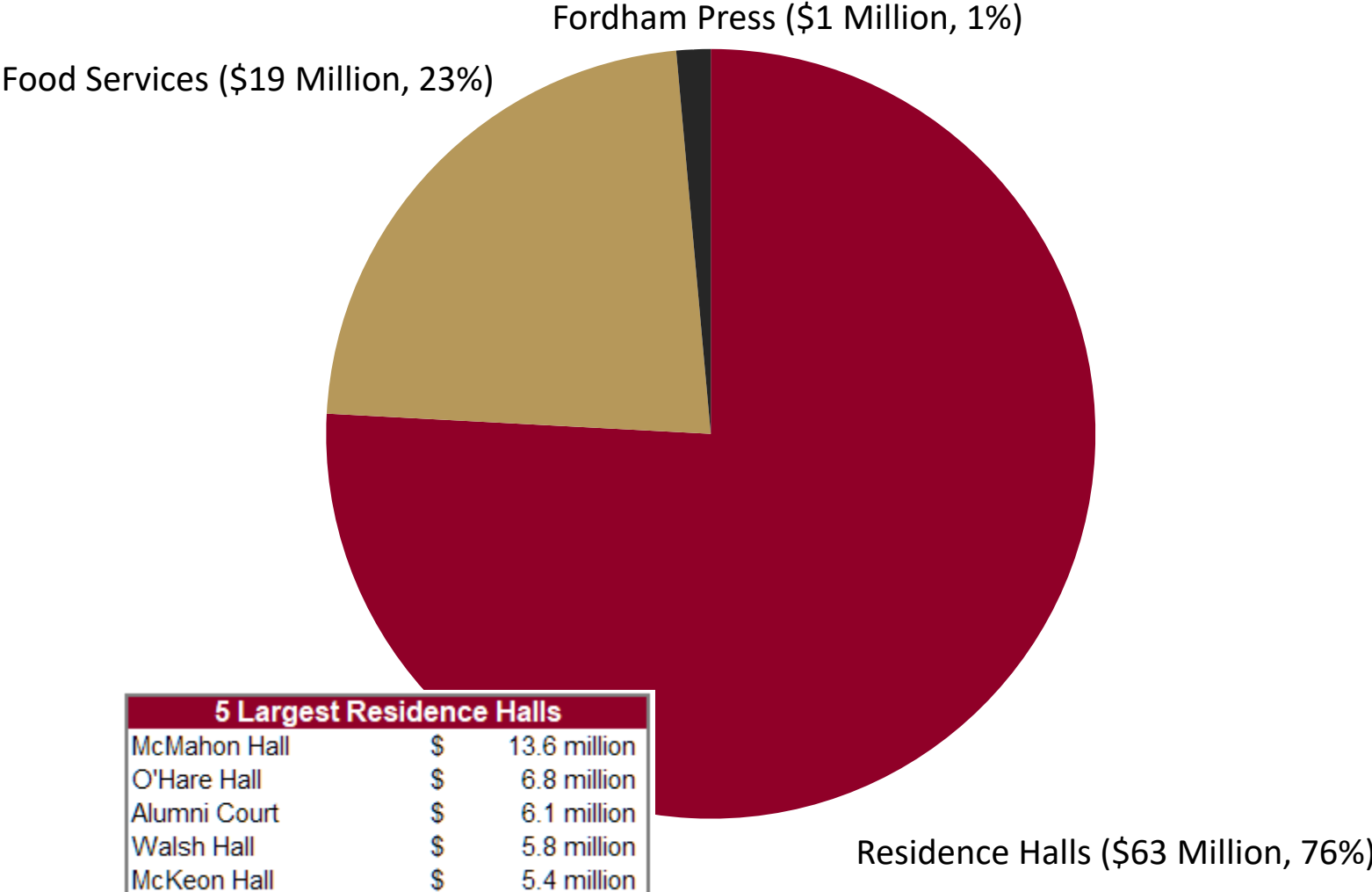
Tuition | Enrollment & Rates

School	Enrollment	Rate
Undergraduate ¹	8,410	\$ 49,645
School of Law ¹	1,324	\$ 57,385
Gabelli School of Business – Graduate ²	1,216	\$ 1,475
Graduate School of Education ²	771	\$ 1,367
Graduate School of Social Service ²	1,281	\$ 921
Graduate School of Arts & Sciences ²	664	\$ 1,471
Graduate School of Religion and Religious Education ²	142	\$ 876
¹ Full-time enrollment, rate per academic year		
² Full-time equivalent, rate per credit hour		

TUITION AND FEES \$ 663.3M

AUXILIARY REVENUE 83.6M

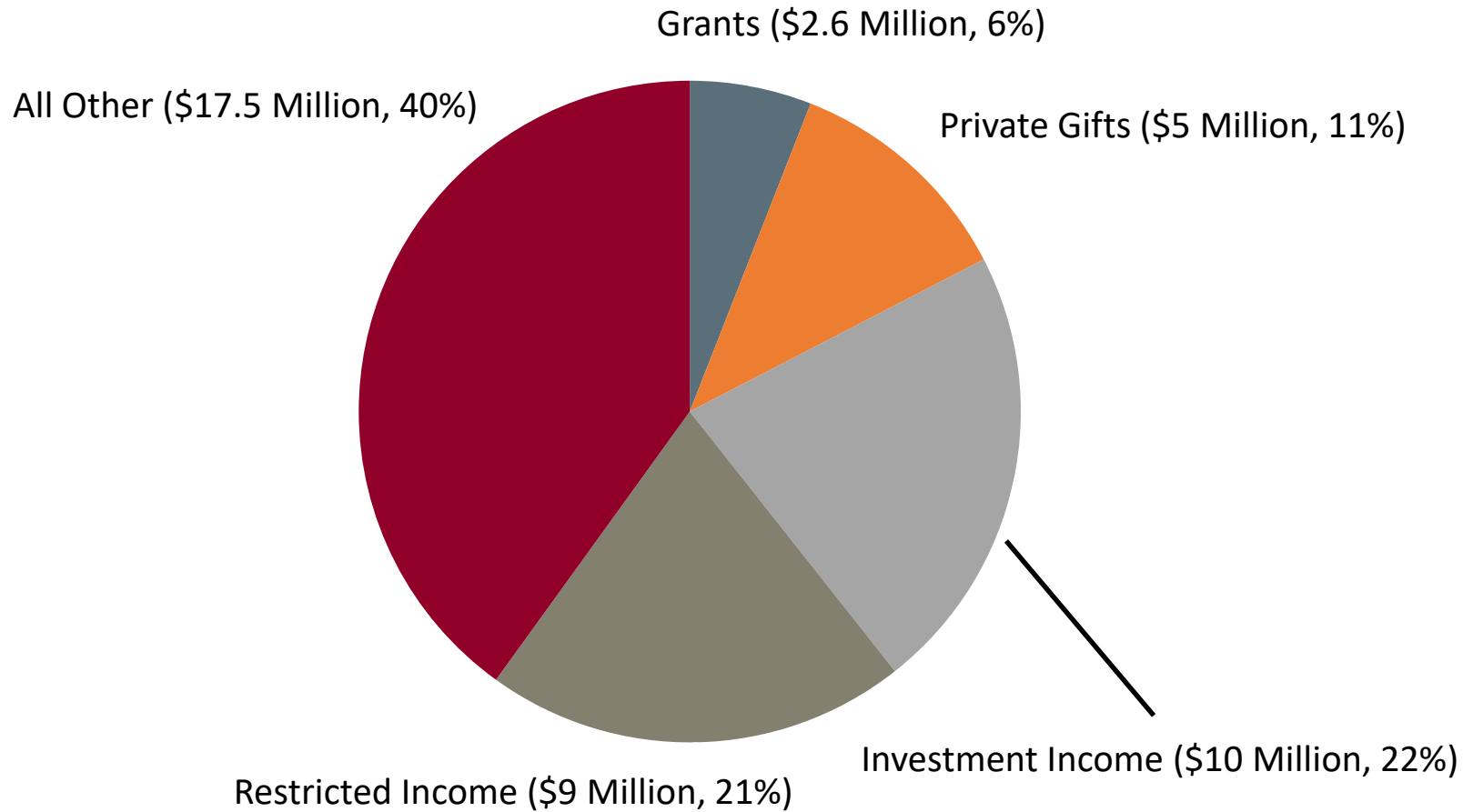
Sources | Auxiliary Revenue



5 Largest Residence Halls		
McMahon Hall	\$	13.6 million
O'Hare Hall	\$	6.8 million
Alumni Court	\$	6.1 million
Walsh Hall	\$	5.8 million
McKeon Hall	\$	5.4 million

TOTAL ON HAND \$ 746.9M

Sources | Other Revenue



FISCAL YEAR 2018 BUDGET

TUITION AND FEES \$ 663.3M

AUXILIARY REVENUE 83.6M

OTHER REVENUE 43.7M

TOTAL ON HAND \$ 790.6M

Sources | Total



Tuition
and Fees



Auxiliary
Revenue



Other
Revenue

FISCAL YEAR 2018 BUDGET

TUITION AND FEES \$ 663.3M

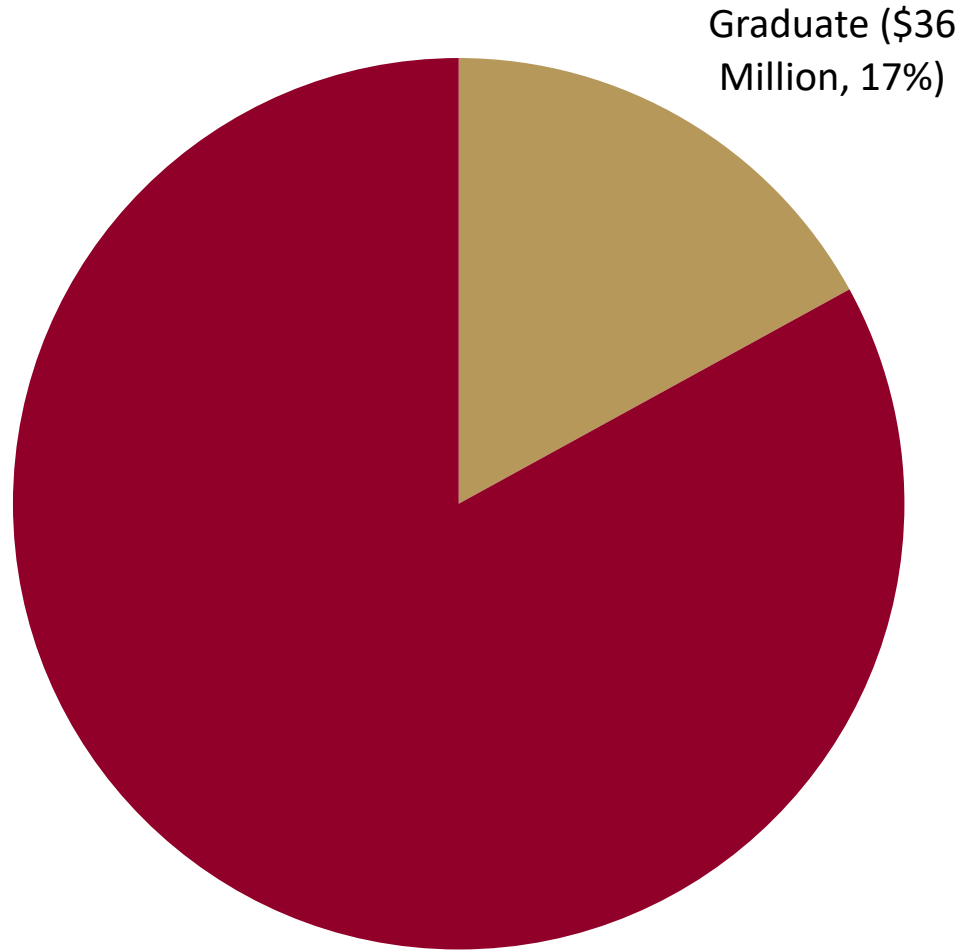
AUXILIARY REVENUE 83.6M

OTHER REVENUE 43.7M

TOTAL SOURCES \$ 790.6M

TOTAL ON HAND \$ 790.6M

Uses | Financial Aid



Undergraduate (\$176 Million, 83%)

Graduate (\$36 Million, 17%)

FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
<hr/>	
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M

TOTAL ON HAND **\$ 579.0M**

Financial Aid | Significance



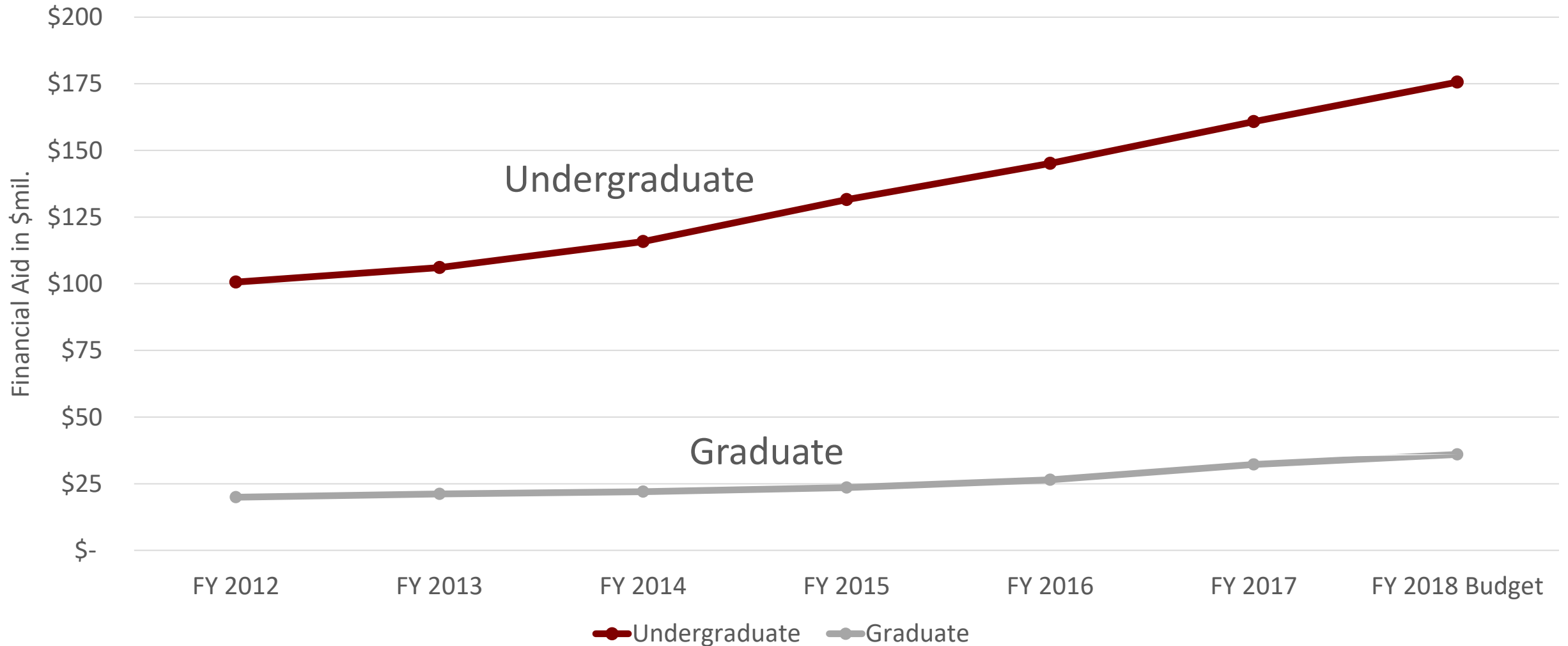
~~**\$49,645**~~

**Average
Net Price**

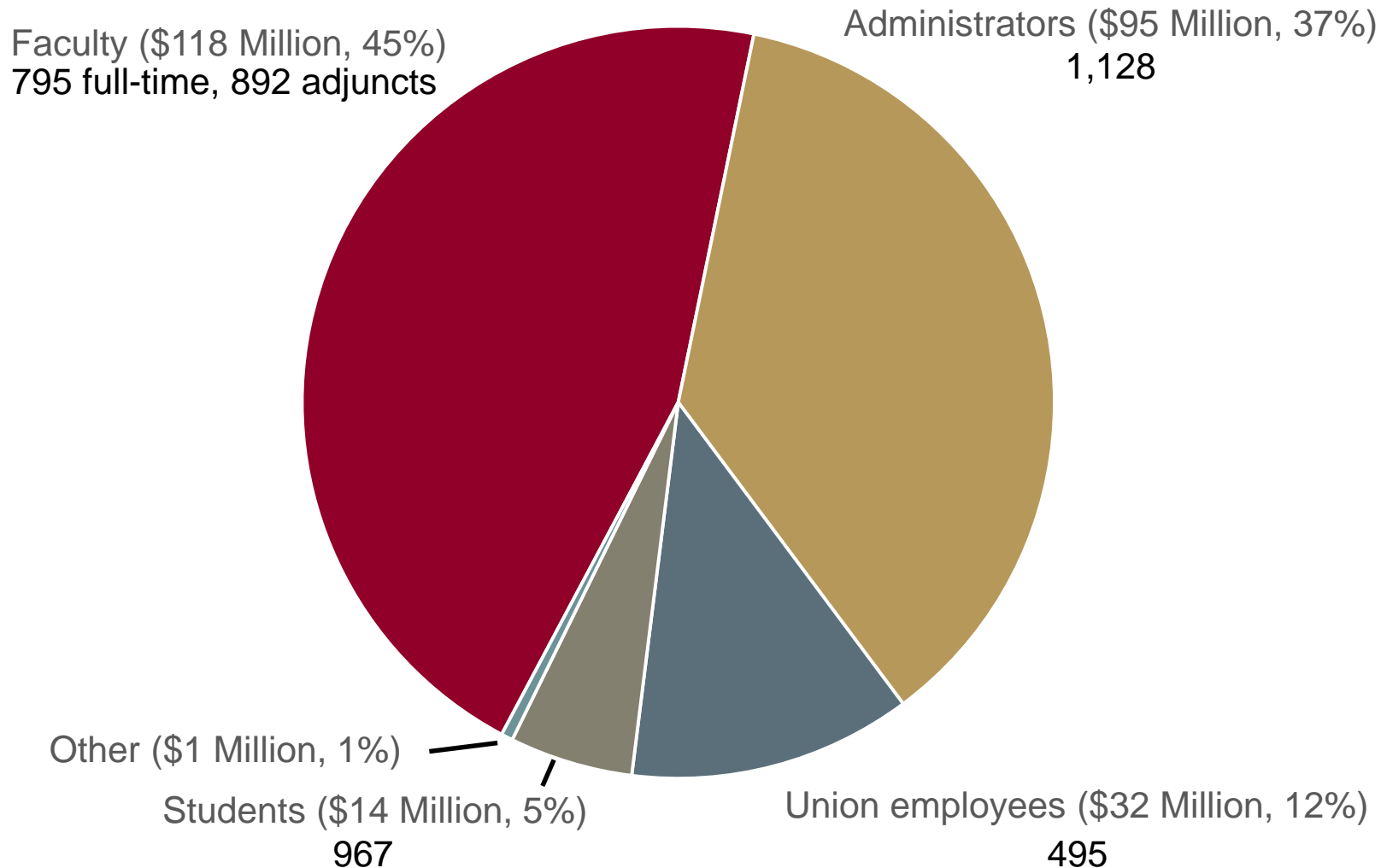


\$26,611

Financial Aid | Growth Over Time



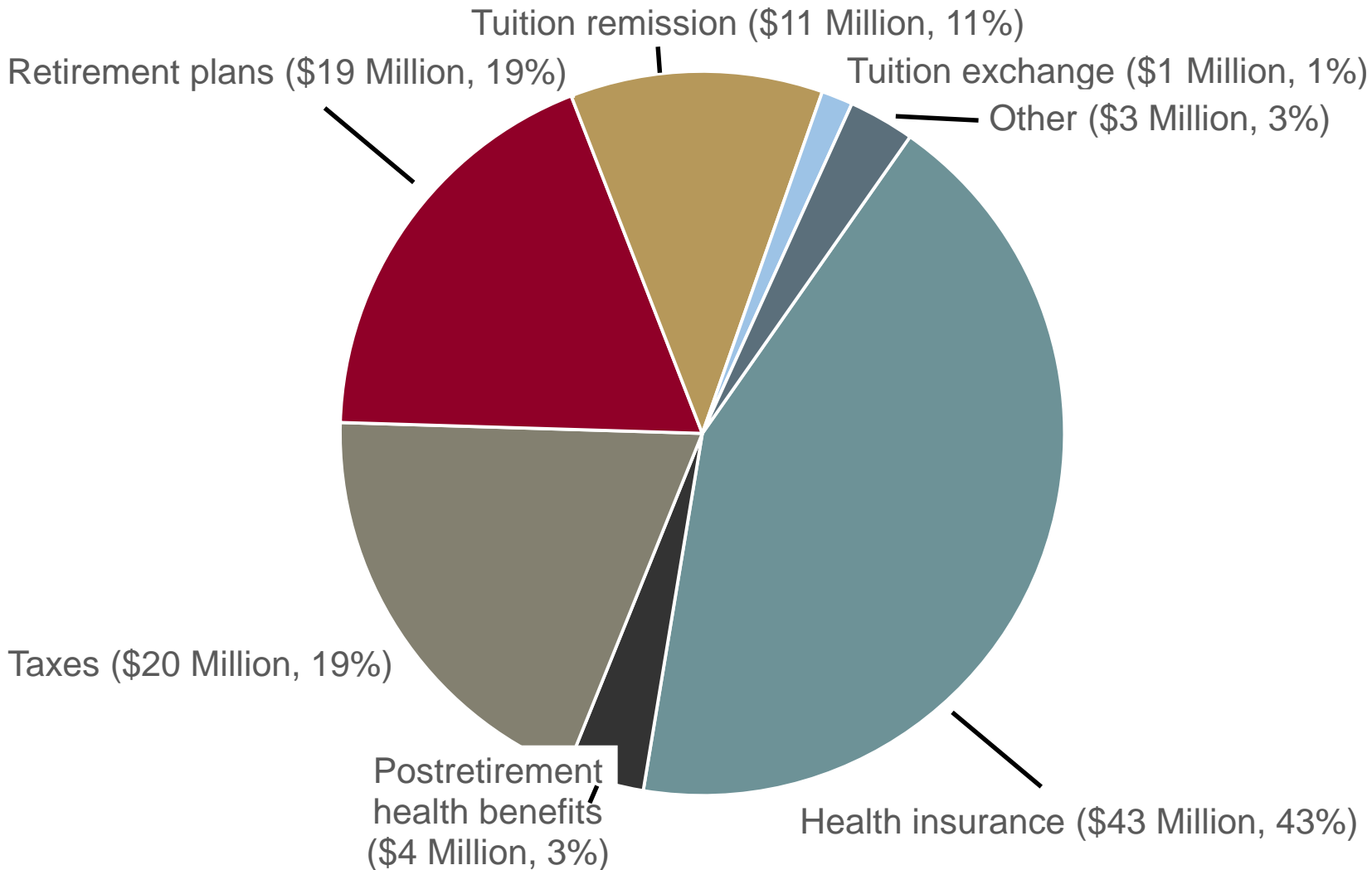
Uses | Salaries & Wages



FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
TOTAL ON HAND	\$ 318.7M

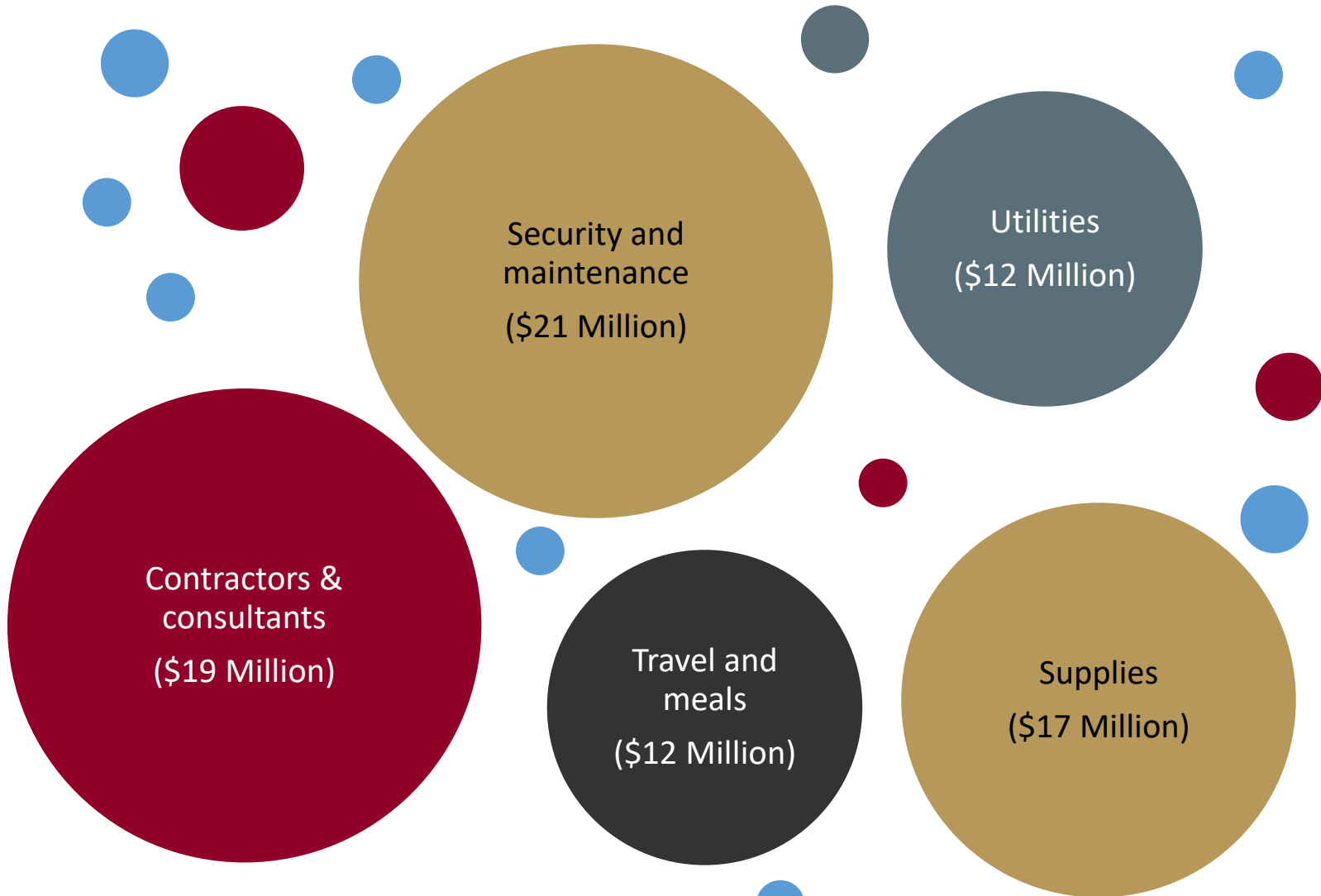
Uses | Fringe Benefits



FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
TOTAL ON HAND	\$ 218.0M

Uses | Other Operating



FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
OTHER OPERATING	145.9M
TOTAL ON HAND	\$ 72.1M

Uses | Depreciation



NEW ISSUE

DASNY

DAC Bond

\$146,465,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
FORDHAM UNIVERSITY
REVENUE BONDS, SERIES 2016A

Dated: Date of Delivery Due: July 1, as shown on the inside cover

FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
OTHER OPERATING	145.9M
DEPRECIATION	54.0M
TOTAL ON HAND	\$ 18.1M

Uses | Interest on Debt

FISCAL YEAR 2018 BUDGET

Debt "series"	FY 2018 interest
2008A (Campbell, Salice-Conley Halls)	\$3 Million
2011 (Law School, McKeon Hall)	\$4 Million
2012 (Refinancing)	\$1 Million
2014 (Martino Hall)	\$3 Million
2016 (Refinancing, 140 West)	\$6 Million

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M

TOTAL SOURCES \$ 790.6M

FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
OTHER OPERATING	145.9M
DEPRECIATION	54.0M

INTEREST 17.0M

TOTAL ON HAND \$ 1.1M

Depreciation and Interest | Some Examples



Name: Campbell, Salice-Conley Halls

Constructed: 2010

Cost: \$108 million

How funded: Debt

Budget impact: Depreciation and interest

Depreciation and Interest | Some Examples



Name:	Law School/McKeon Hall
Constructed:	2014
Cost:	\$256 million
How funded:	Debt, donations, cash
Budget impact:	Depreciation and interest

Depreciation and Interest | Some Examples



Name: Martino Hall

Purchased: 2015

Cost: \$52 million

How funded: Debt

Budget impact: Depreciation and interest

Uses | Contingency



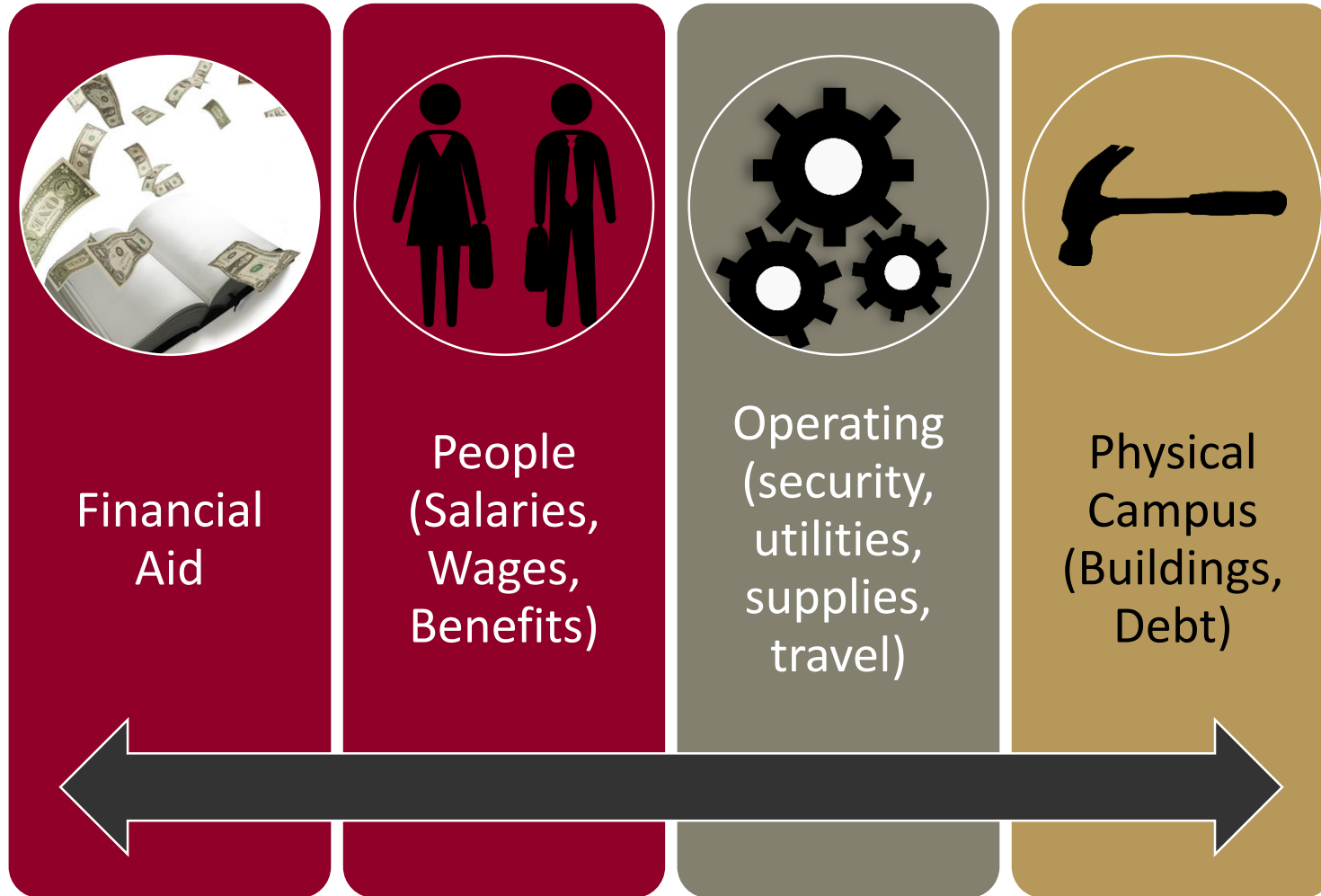
- “Unfunded mandates”
- Unplanned or unanticipated costs
- Non-routine, critical expenses

****Not for recurring costs****

FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
OTHER OPERATING	145.9M
DEPRECIATION	54.0M
INTEREST	17.0M
CONTINGENCY	0.8M
TOTAL ON HAND	\$ 0.3M

Uses | Total



FISCAL YEAR 2018 BUDGET

TUITION AND FEES	\$ 663.3M
AUXILIARY REVENUE	83.6M
OTHER REVENUE	43.7M
TOTAL SOURCES	\$ 790.6M
FINANCIAL AID	\$ 211.6M
SALARIES & WAGES	260.3M
FRINGE BENEFITS	100.7M
OTHER OPERATING	145.9M
DEPRECIATION	54.0M
INTEREST	17.0M
CONTINGENCY	0.8M
TOTAL USES	\$ 790.3M
TOTAL ON HAND	\$ 0.3M

The background of the entire image is a repeating pattern of light gray graduation caps (mortarboards) with tassels, arranged in a grid.

84%

OF WHAT WE COLLECT

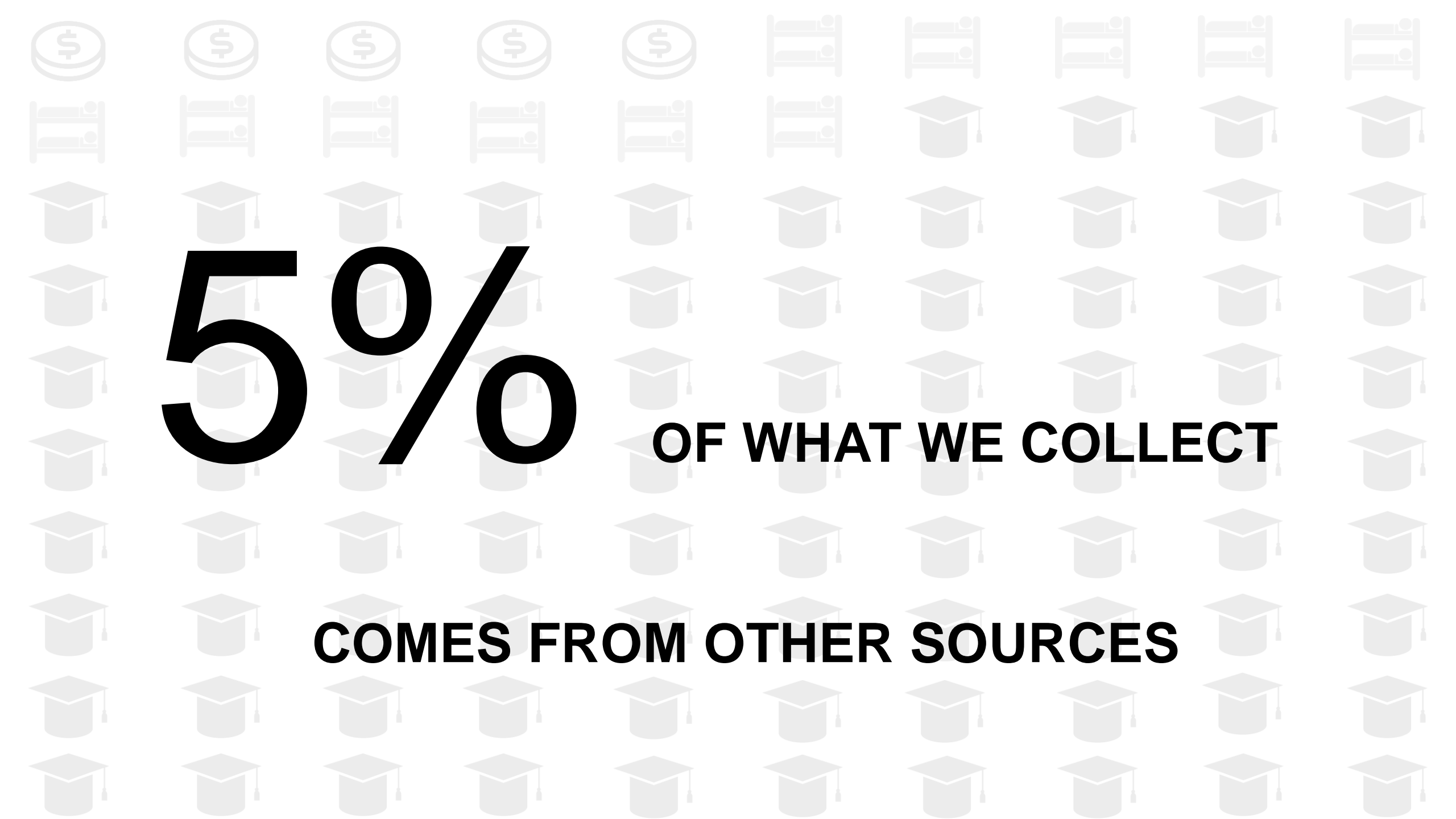
COMES FROM TUITION AND FEES

The background features a repeating pattern of two types of icons: a graduation cap (mortarboard) and a bunk bed. The graduation caps are arranged in a grid, while the bunk beds are arranged in a separate grid, creating a textured, light gray background.

11%

OF WHAT WE COLLECT

COMES FROM ROOM AND BOARD



5%

OF WHAT WE COLLECT

COMES FROM OTHER SOURCES

The background features a repeating pattern of two types of icons: a graduation cap (mortarboard) and a dollar sign inside a circle. The icons are arranged in a grid and are rendered in a light gray color. The graduation caps are positioned in the top two rows of the grid, while the dollar signs fill the remaining rows.

26%

OF WHAT WE COLLECT

IS USED TO GIVE FINANCIAL AID



32%

OF WHAT WE COLLECT

IS USED TO PAY SALARIES AND WAGES

12%

OF WHAT WE COLLECT

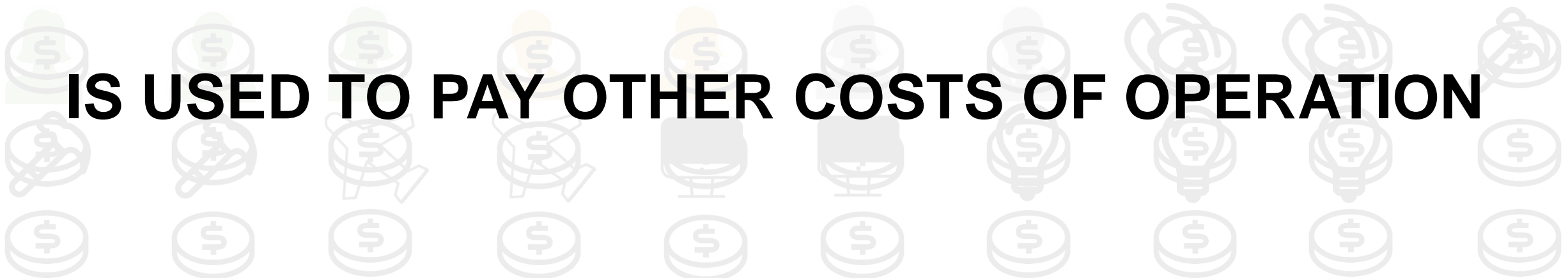
IS USED TO PAY FRINGE BENEFITS



19%

OF WHAT WE COLLECT

IS USED TO PAY OTHER COSTS OF OPERATION



9%

OF WHAT WE COLLECT

**IS USED TO FUND BUILDING COSTS,
DEPRECIATION AND INTEREST**



1%

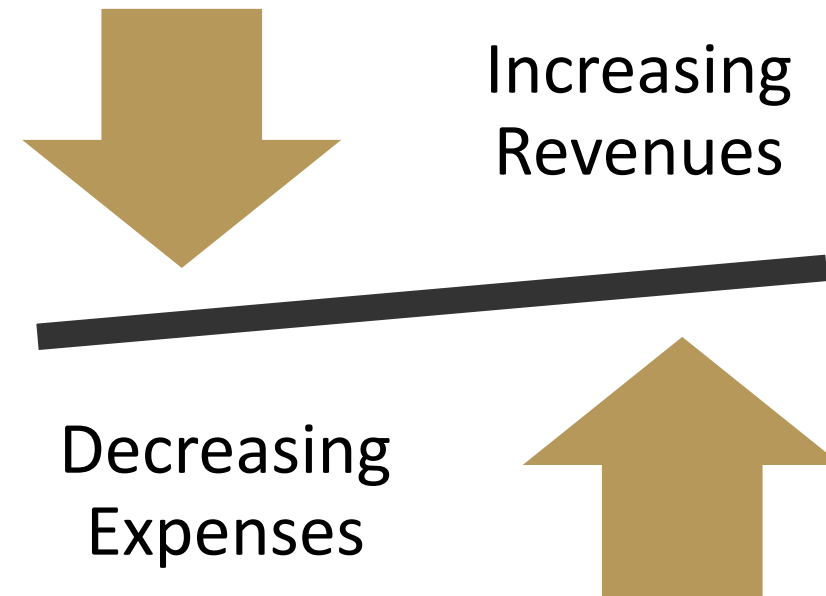
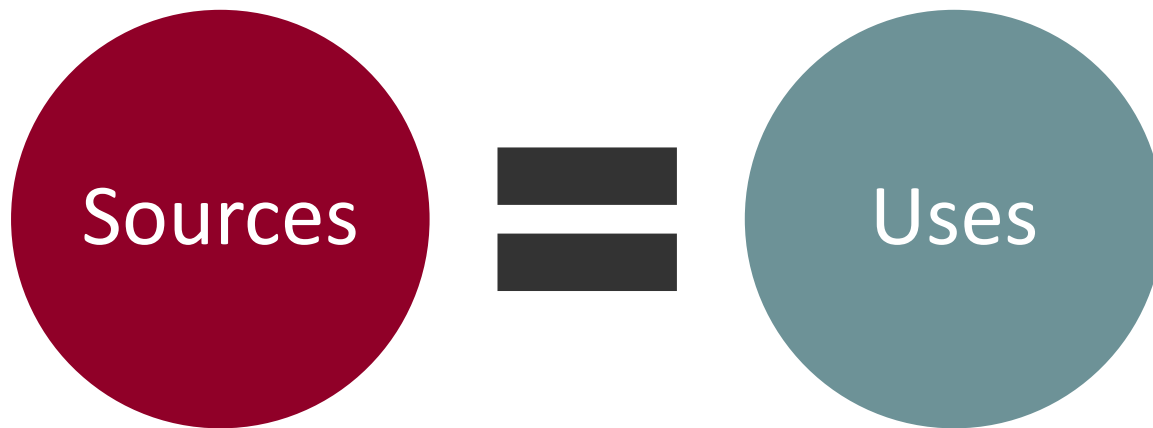
OF WHAT WE COLLECT

IS RESERVED FOR UNEXPECTED COSTS



The budget is balanced...so what's the problem?

We spend what we collect – little opportunity for saving or new initiatives. **\$300,000 on-hand is not enough. More is needed.**

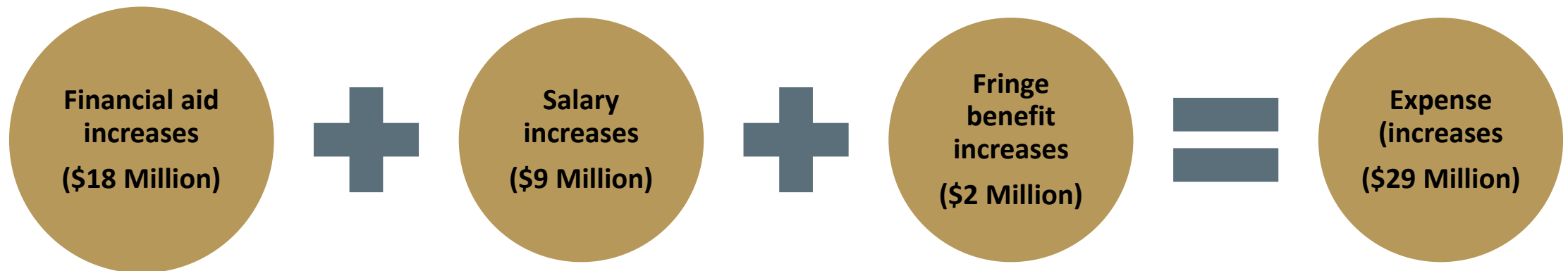


Why On-Hand Amounts are Thin

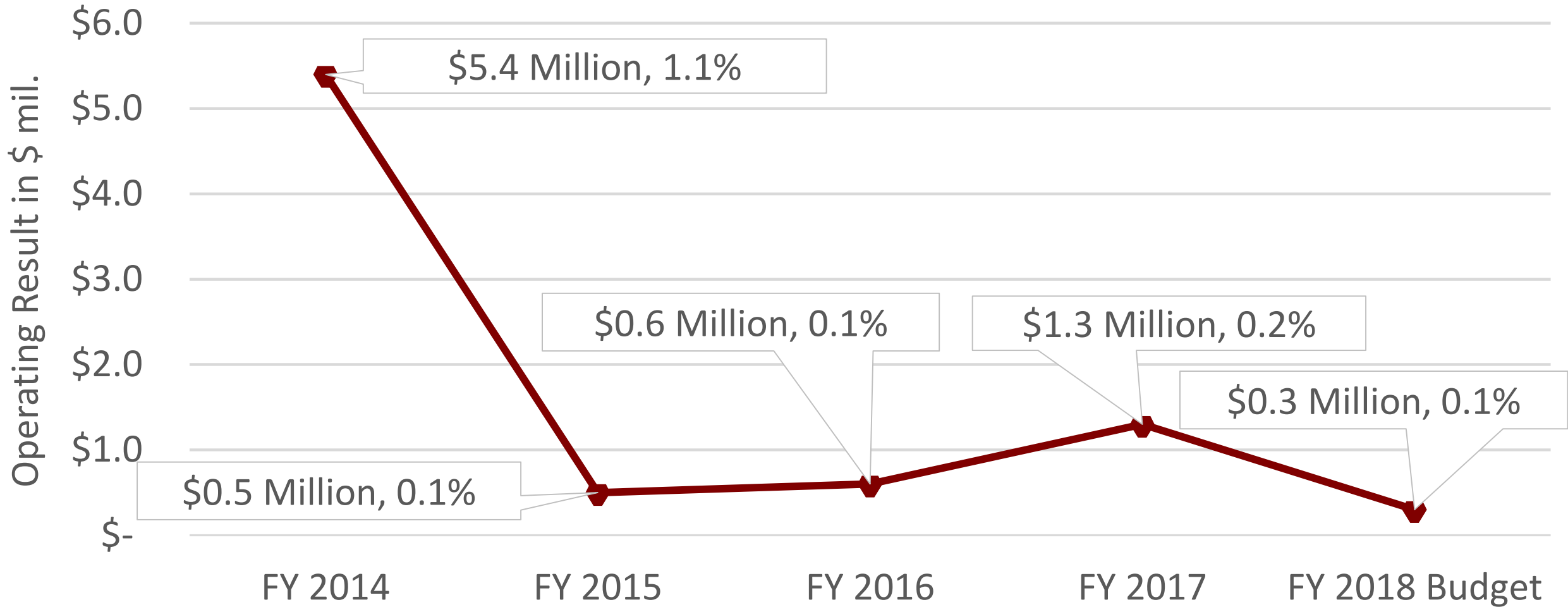
We expect to collect more in FY 2018 than 2017...



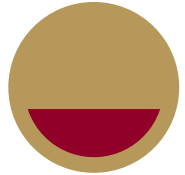
...and expect to pay it all out



Operating Results Have Declined Over Time



How Much On-Hand is Enough?

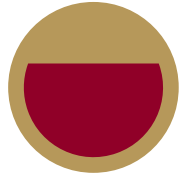


Little On-Hand

\$0 to \$5 Million

Little cushion for
unplanned costs

Little room for
strategic growth

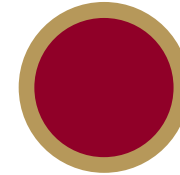


Some On-Hand

\$6 to \$14 Million

Strong finances

Sources begin to
significantly
outweigh uses



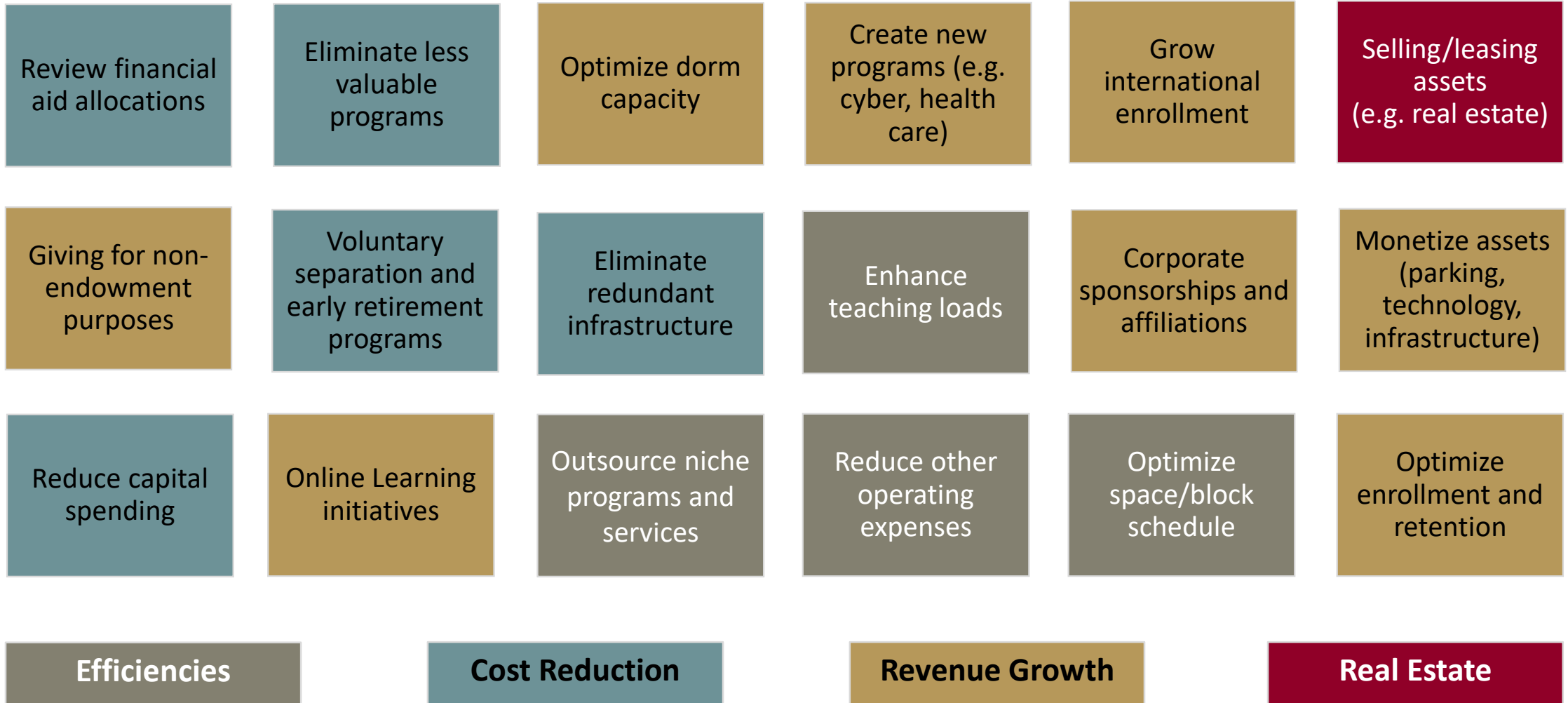
Sufficient On-
Hand

\$15 to \$20 Million

Significant
capacity for
strategic growth
and bold
initiatives

Making **Strategic** Choices

Strategic Choices | Higher Education Possibilities for Adding Sources and/or Trimming Uses



Budget Seasons

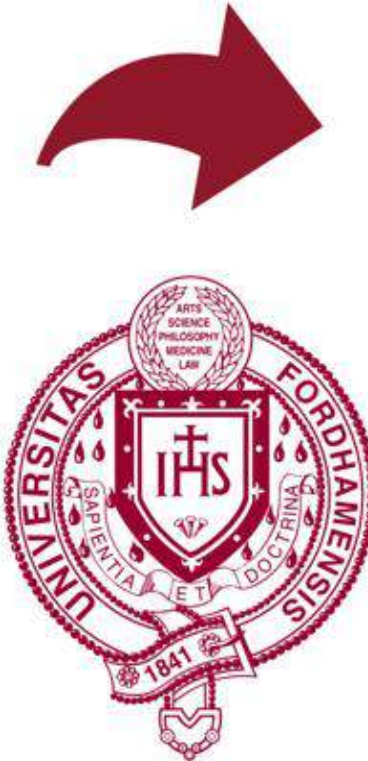
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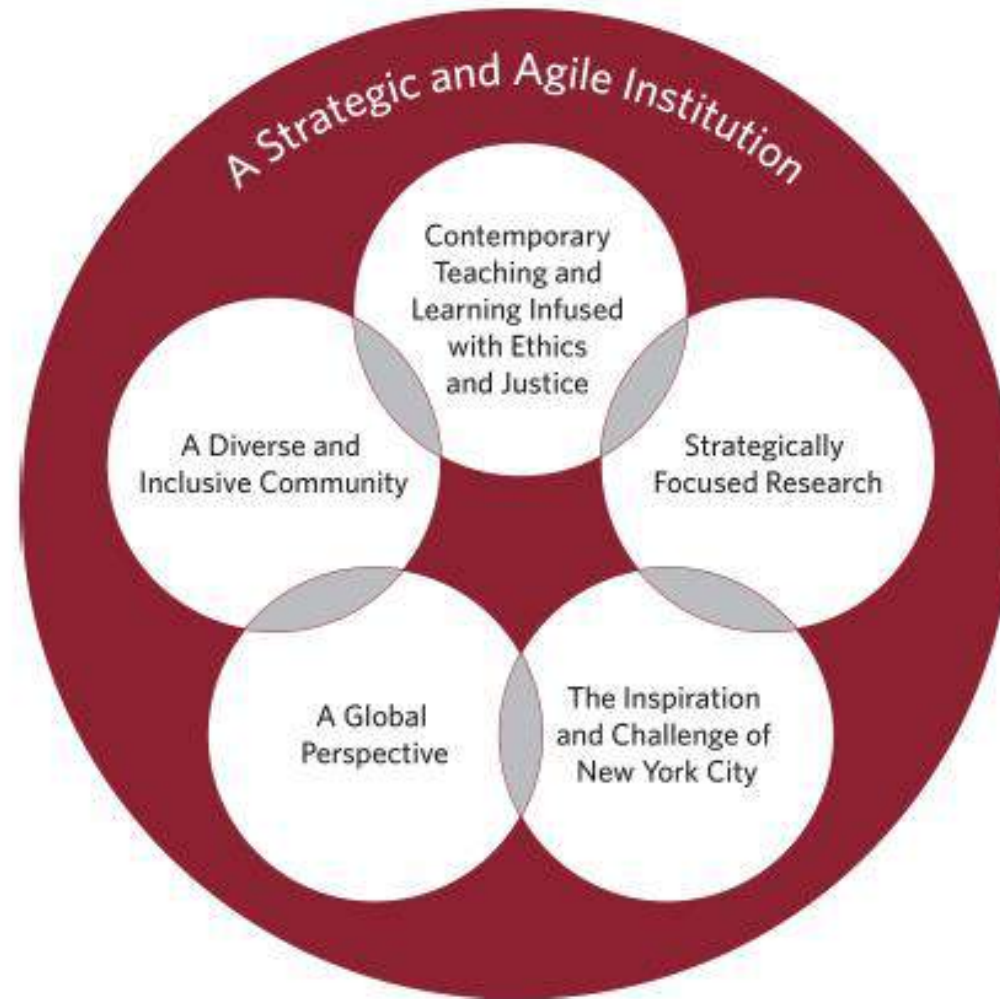
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Looking Ahead

Fordham's Strategic Plan



In a dynamic University community, perspectives abound.



Thank you.

FORDHAM