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

- How many students can we enroll?
- How much financial aid should we award?
- How many students can we house?
- How many faculty? Which disciplines?
- What salaries and benefits?
- What do we want campus to look like?
Helps Us Respond to Challenges and Pressures

- How can we make our education more affordable for students and families?
- How can we make the rising costs of health care sustainable?
- Are we recruiting enough faculty in the right disciplines?
- Are our academic programs and tuition rates competitive?
- How do we fund the cost to comply with new regulations?
- Who reviews our finances and what do they expect to see?
Helps Us Tell Our Story

- Prospective Students and Families
- Donors
- Our Community
- Alumni
- President and Senior Leadership
- Regulators
- Ratings Agencies

Budget Forum | November 2017 | 6
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

**PLAN** (Summer)
- Review internal and external environment
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- 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

- Undergraduate ($446 Million, 67%)
- Graduate ($201 Million, 30%)
- Fees ($17 Million, 3%)

FISCAL YEAR 2018 BUDGET

TUITION & FEES $ 663.3M

TOTAL ON HAND $ 663.3M
## Tuition | Enrollment & Rates

<table>
<thead>
<tr>
<th>School</th>
<th>Enrollment</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate ¹</td>
<td>8,410</td>
<td>$ 49,645</td>
</tr>
<tr>
<td>School of Law ¹</td>
<td>1,324</td>
<td>$ 57,385</td>
</tr>
<tr>
<td>Gabelli School of Business – Graduate ²</td>
<td>1,216</td>
<td>$ 1,475</td>
</tr>
<tr>
<td>Graduate School of Education ²</td>
<td>771</td>
<td>$ 1,367</td>
</tr>
<tr>
<td>Graduate School of Social Service ²</td>
<td>1,281</td>
<td>$ 921</td>
</tr>
<tr>
<td>Graduate School of Arts &amp; Sciences ²</td>
<td>664</td>
<td>$ 1,471</td>
</tr>
<tr>
<td>Graduate School of Religion and Religious Education ²</td>
<td>142</td>
<td>$ 876</td>
</tr>
</tbody>
</table>

¹ Full-time enrollment, rate per academic year
² Full-time equivalent, rate per credit hour
Sources | Auxiliary Revenue

- Residence Halls ($63 Million, 76%)
- Food Services ($19 Million, 23%)
- Fordham Press ($1 Million, 1%)

FISCAL YEAR 2018 BUDGET

TUITION AND FEES $ 663.3M

AUXILIARY REVENUE 83.6M

TOTAL ON HAND $ 746.9M
**Sources | Other Revenue**

- **Grants** ($2.6 Million, 6%)
- **Private Gifts** ($5 Million, 11%)
- **Investment Income** ($10 Million, 22%)
- **Restricted Income** ($9 Million, 21%)
- **All Other** ($17.5 Million, 40%)

**TOTAL ON HAND** $790.6M

**FISCAL YEAR 2018 BUDGET**

- **Tuition and Fees** $663.3M
- **Auxiliary Revenue** 83.6M
- **Other Revenue** 43.7M
Sources | Total

FISCAL YEAR 2018 BUDGET

TUITION AND FEES $ 663.3M
AUXILIARY REVENUE 83.6M
OTHER REVENUE 43.7M
TOTAL SOURCES $ 790.6M

Tuition and Fees
Auxiliary Revenue
Other Revenue

TOTAL ON HAND $ 790.6M
Uses | Financial Aid

Graduate ($36 Million, 17%)

Undergraduate ($176 Million, 83%)

FISCAL YEAR 2018 BUDGET

<table>
<thead>
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<td><strong>Total Sources</strong></td>
<td><strong>$790.6M</strong></td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$211.6M</td>
</tr>
</tbody>
</table>

**Total On Hand** $579.0M
Financial Aid | Significance

Average Net Price

$49,645

$26,611
Financial Aid | Growth Over Time

Undergraduate

Graduate

Financial Aid in $mil.


- $100
- $125
- $150
- $175
- $200

- $25
- $50
- $75
- $100
- $125
- $150
- $175
- $200
Uses | Salaries & Wages

Faculty ($118 Million, 45%) 795 full-time, 892 adjuncts
Administrators ($95 Million, 37%) 1,128
Union employees ($32 Million, 12%) 495
Students ($14 Million, 5%) 967
Other ($1 Million, 1%) 495

TOTAL SOURCES $790.6M
FISCAL YEAR 2018 BUDGET
TUITION AND FEES $663.3M
AUXILIARY REVENUE $83.6M
OTHER REVENUE $43.7M
TOTAL ON HAND $318.7M
FINANCIAL AID $211.6M
SALARIES & WAGES $260.3M
Uses | Fringe Benefits

- Health insurance ($43 Million, 43%)
- Postretirement health benefits ($4 Million, 3%)
- Tuition remission ($11 Million, 11%)
- Tuition exchange ($1 Million, 1%)
- Other ($3 Million, 3%)
- Retirement plans ($19 Million, 19%)
- Taxes ($20 Million, 19%)

TOTAL SOURCES $790.6M
FINANCIAL AID $211.6M
SALARIES & WAGES $260.3M
FRINGE BENEFITS $100.7M

TOTAL ON HAND $218.0M
Uses | Other Operating

- Security and maintenance ($21 Million)
- Utilities ($12 Million)
- Travel and meals ($12 Million)
- Supplies ($17 Million)
- Contractors & consultants ($19 Million)

TOTAL SOURCES $790.6M

FISCAL YEAR 2018 BUDGET

- Tuition and Fees $663.3M
- Auxiliary Revenue $83.6M
- Other Revenue $43.7M
- Financial Aid $211.6M
- Salaries & Wages $260.3M
- Fringe Benefits $100.7M
- Other Operating $145.9M

TOTAL ON HAND $72.1M
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

<table>
<thead>
<tr>
<th>Debt “series”</th>
<th>FY 2018 interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A (Campbell, Salice-Conley Halls)</td>
<td>$3 Million</td>
</tr>
<tr>
<td>2011 (Law School, McKeon Hall)</td>
<td>$4 Million</td>
</tr>
<tr>
<td>2012 (Refinancing)</td>
<td>$1 Million</td>
</tr>
<tr>
<td>2014 (Martino Hall)</td>
<td>$3 Million</td>
</tr>
<tr>
<td>2016 (Refinancing, 140 West)</td>
<td>$6 Million</td>
</tr>
</tbody>
</table>

### FISCAL YEAR 2018 BUDGET

**TOTAL SOURCES** $790.6M

- **TUITION AND FEES** $663.3M
- **AUXILIARY REVENUE** 83.6M
- **OTHER REVENUE** 43.7M

**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

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</tr>
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<tr>
<td>Other Operating</td>
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<td>Depreciation</td>
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<tr>
<td>Interest</td>
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<td>Contingency</td>
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<tr>
<td><strong>Total Uses</strong></td>
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</table>

### Uses | Total

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Aid (Salaries, Wages, Benefits)</td>
<td></td>
</tr>
<tr>
<td>People (Salaries, Wages, Benefits)</td>
<td></td>
</tr>
<tr>
<td>Operating (security, utilities, supplies, travel)</td>
<td></td>
</tr>
<tr>
<td>Physical Campus (Buildings, Debt)</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL SOURCES**: $790.6M  
**TOTAL USES**: $790.3M  
**TOTAL ON HAND**: $0.3M
84% OF WHAT WE COLLECT COMES FROM TUITION AND FEES
11% OF WHAT WE COLLECT COMES FROM ROOM AND BOARD
5% of what we collect comes from other sources.
26% of what we collect is used to give financial aid.
32% of what we collect is used to pay salaries and wages.
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...

Tuition increases ($27 Million) + Room and board increases ($2 Million) = Revenue increases ($29 Million)

...and expect to pay it all out

Financial aid increases ($18 Million) + Salary increases ($9 Million) + Fringe benefit increases ($2 Million) = Expense increases ($29 Million)
Operating Results Have Declined Over Time

- FY 2014: $5.4 Million, 1.1%
- FY 2015: $0.6 Million, 0.1%
- FY 2016: $1.3 Million, 0.2%
- FY 2017: $0.3 Million, 0.1%
- FY 2018 Budget: $0.5 Million, 0.1%
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

<table>
<thead>
<tr>
<th>Efficiencies</th>
<th>Cost Reduction</th>
<th>Revenue Growth</th>
<th>Real Estate</th>
</tr>
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<tbody>
<tr>
<td>Review financial aid allocations</td>
<td>Eliminate less valuable programs</td>
<td>Optimize dorm capacity</td>
<td>Grow international enrollment</td>
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<tr>
<td>Giving for non-endowment purposes</td>
<td>Voluntary separation and early retirement programs</td>
<td>Eliminate redundant infrastructure</td>
<td>Selling/leasing assets (e.g. real estate)</td>
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<tr>
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<td>Outsourcing niche programs and services</td>
<td>Enhance teaching loads</td>
<td>Monetize assets (parking, technology, infrastructure)</td>
</tr>
<tr>
<td>Reduce capital spending</td>
<td>Reduce other operating expenses</td>
<td>Optimize space/block schedule</td>
<td>Optimize enrollment and retention</td>
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<td>Create new programs (e.g. cyber, health care)</td>
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Looking Ahead
Fordham’s Strategic Plan

A Strategic and Agile Institution

- Contemporary Teaching and Learning Infused with Ethics and Justice
- Strategically Focused Research
- A Diverse and Inclusive Community
- A Global Perspective
- The Inspiration and Challenge of New York City
In a dynamic University community, perspectives abound.
Thank you.