

FY19 Operating Budget

April 6, 2018

BOARD APPROVED
APRIL 6, 2018
JANICE INDRUTZ
CORPORATE SECRETARY

GOALS / OBJECTIVES

- Identify the structural surplus or deficit by major unit
- Maintain student affordability
 - Tuition freeze
 - Boiler Affordability Grant
- Support key Purdue Moves operating and capital investments
- Recruit and retain world-class faculty and staff
 - Provide a competitive merit compensation pool

CHANGING THE FINANCIAL CULTURE

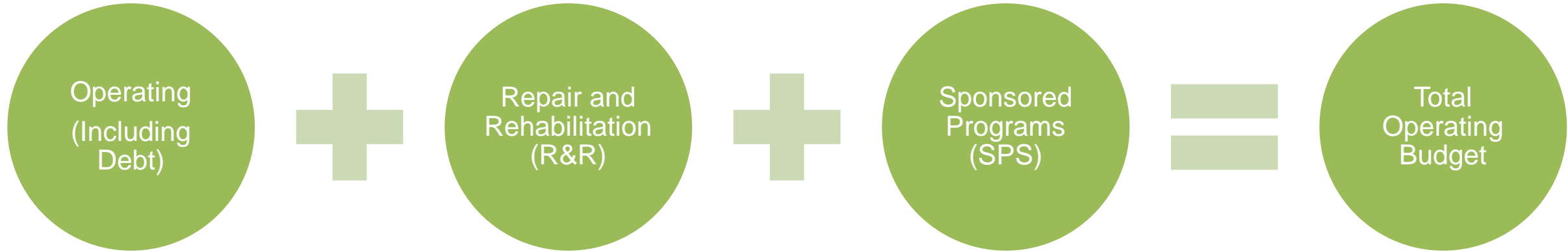
- Established Discipline, Transparency and Consistency, by Providing:
 - Monthly Trend Report with YTD and 3+ Historical Years
 - Quarterly Projections
 - Feedback required by DFAs and Department Heads
 - Quarterly Financial Health Stoplight
- Redefined Operating Reviews and Assessments
- Change has enabled simplified and streamlined FY19 Budget Process

PROCESS IMPROVEMENTS

Previous Years	FY19 Process
Multiple spreadsheets – slow and outdated system	1 Cloud Based System
Manually enter 36,000 lines	Automated load
Paper copies delivered across campus	Online process - no paper
Bottoms Up - inconsistent across units and campuses - units input 100%	Budget targets provided University-wide - based on trend - consistent across all units and campuses - only 10% manually adjusted
8 + months	3 months

OPERATING BUDGET

Included:



Not Included:



FY19 BUDGET KEY ASSUMPTIONS

West Lafayette Campus

- Student enrollment: freshman class of 7,700
- Merit increase salary policy of 2.5%
- Medical inflation of 7% for CY 2018 and 3% for CY 2019

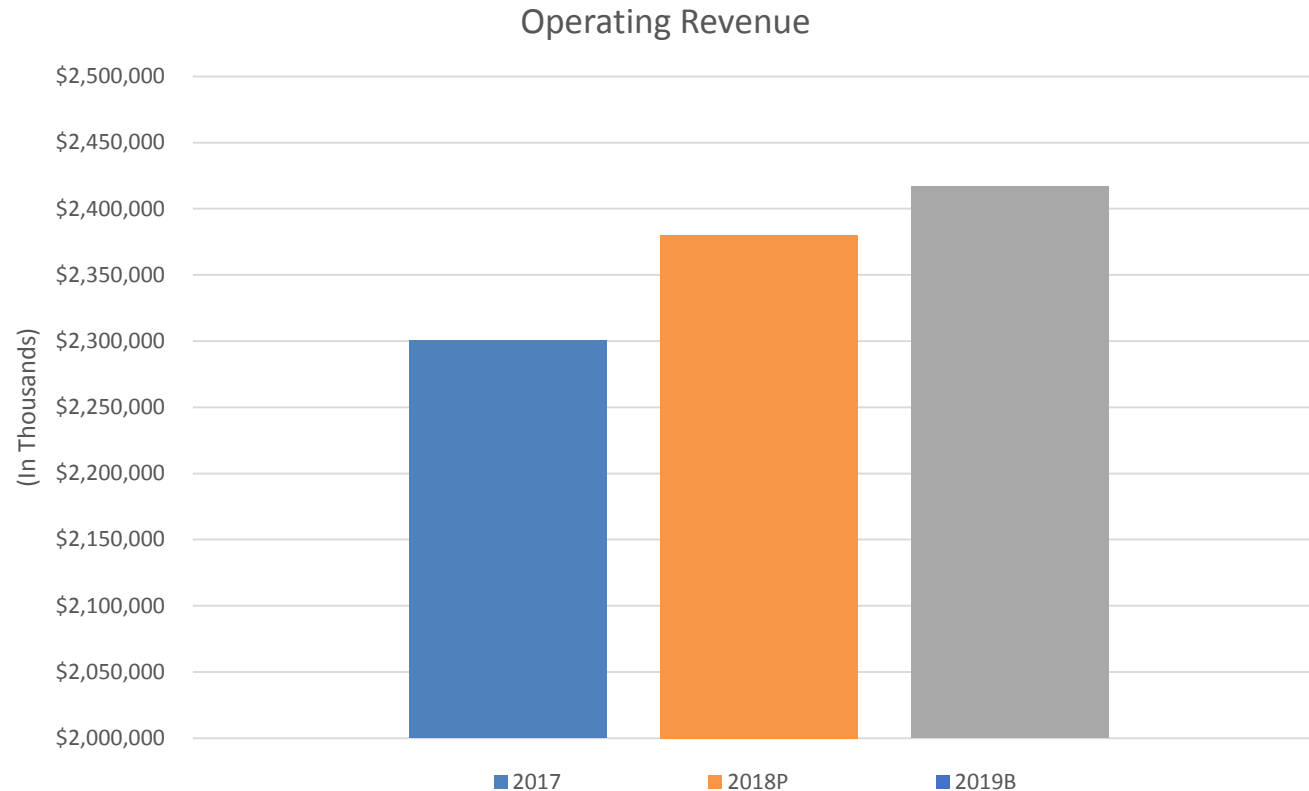
Regional Campuses

- Tuition and Fees increase 1.4% for PNW and PFW as previously approved
- Implementing banded tuition at PNW and PFW
- Enrollment budgeted down 3% at PNW and 2.8% at PFW
- Merit increase policy 2% recurring at PNW and 2% one-time at PFW
- Budget reductions at each campus implemented to balance budget
- PFW includes impact of realignment of Health Sciences with Indiana University

University-Wide

- Budget based on 3+ years historical data and run-rate
- Eliminations were estimated to remove duplication of inter-university activities
- 0.25% reduction in endowment distribution

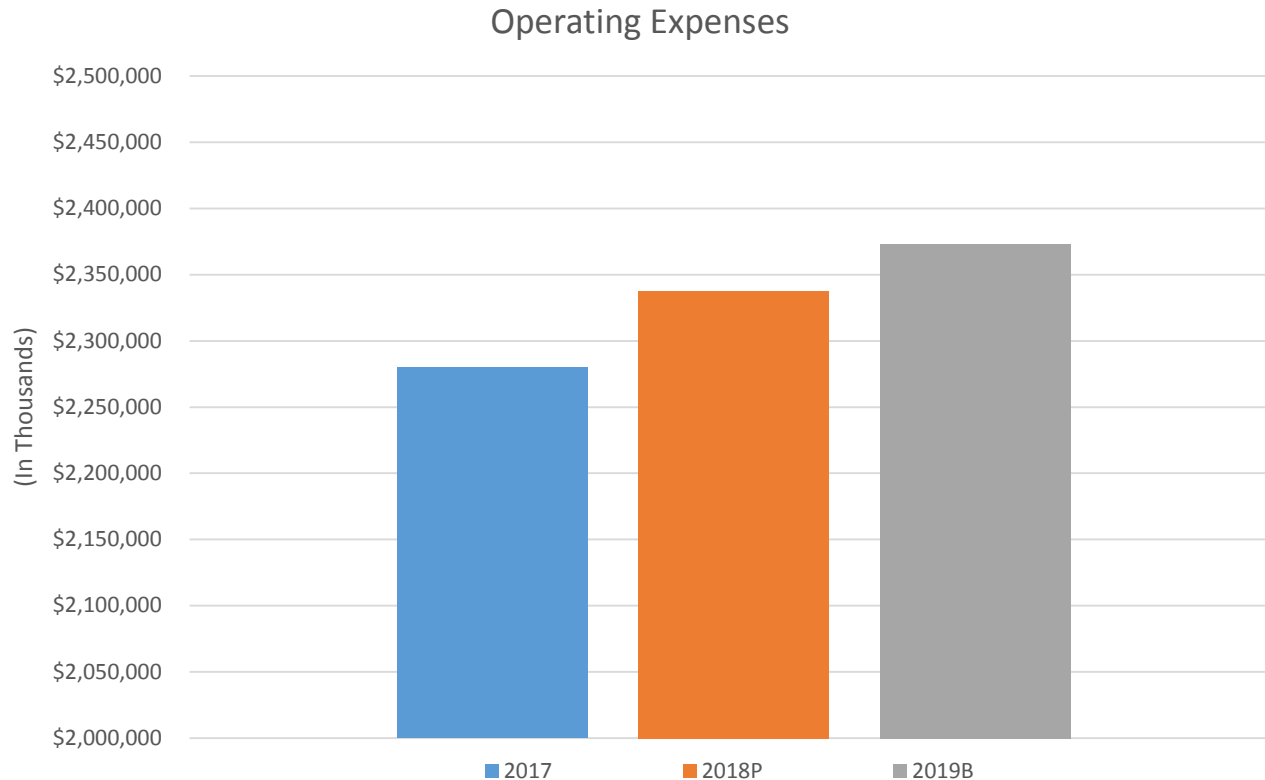
OPERATING REVENUE



Drivers for FY19:

- Continued increase in enrollment - \$12.5M
- Increase in State Appropriations - \$6M
- Increased Sales and Service - \$7M
- Increased Grants - \$35 M
- Reduction in Gifts – (\$12M)
- Reduction in Endowment– (\$8M)

OPERATING EXPENSES



Drivers for FY19:

- Salary and Wages- \$40M
 - Merit pool
 - Additional faculty and staff for Purdue Moves expansion
- Increase in fringe benefit costs - \$14M
 - Medical inflation
 - Merit increases
- Reduction in Supplies and Services – (\$12M)

OPERATING BUDGET

(\$ in thousands)

	Operating		
	FY17A	FY18P	FY19B
Revenue	\$ 1,933,374	\$ 1,983,172	\$ 1,989,296
Expenses	\$ (1,828,897)	\$ (1,885,545)	\$ (1,881,977)
Pre-Transfer Surplus/Deficit	\$ 104,476	\$ 97,627	\$ 107,319
Transfers	\$ (9,905)	\$ (9,296)	\$ (9,493)
Post-Transfer Surplus/Deficit	\$ 94,572	\$ 88,331	\$ 97,826
One-Times	\$ 37,386	\$ 45,078	\$ 27,211
Steady State Surplus/Deficit	\$ 131,958	\$ 133,409	\$ 125,037

	Repair & Rehabilitation		
	FY17A	FY18P	FY19B
Revenue	\$ 11,757	\$ 12,751	\$ 13,251
Expenses	\$ (63,645)	\$ (62,165)	\$ (61,266)
Pre-Transfer Surplus/Deficit	\$ (51,889)	\$ (49,414)	\$ (48,014)
Transfers	\$ -	\$ -	\$ -
Post-Transfer Surplus/Deficit	\$ (51,889)	\$ (49,414)	\$ (48,014)
One-Times	\$ 8,900	\$ -	\$ 2,498
Steady State Surplus/Deficit	\$ (42,989)	\$ (49,414)	\$ (45,516)

	SPS		
	FY17A	FY18P	FY19B
Revenue	\$ 355,407	\$ 384,056	\$ 414,266
Expenses	\$ (387,675)	\$ (389,947)	\$ (430,052)
Pre-Transfer Surplus/Deficit	\$ (32,268)	\$ (5,891)	\$ (15,785)
Transfers	\$ 9,905	\$ 9,296	\$ 9,493
Post-Transfer Surplus/Deficit	\$ (22,363)	\$ 3,405	\$ (6,292)
One-Times	\$ -	\$ -	\$ -
Steady State Surplus/Deficit	\$ (22,363)	\$ 3,405	\$ (6,292)

(\$ in thousands)

	Total Budget		
	FY17A	FY18P	FY19B
Revenue	\$ 2,300,537	\$ 2,379,979	\$ 2,416,814
Expenses	\$ (2,280,217)	\$ (2,337,657)	\$ (2,373,295)
Pre-Transfer Surplus/Deficit	\$ 20,320	\$ 42,322	\$ 43,519
Transfers	\$ -	\$ -	\$ -
Post-Transfer Surplus/Deficit	\$ 20,320	\$ 42,322	\$ 43,519
One-Times	\$ 46,286	\$ 45,078	\$ 29,709
Steady State Surplus/Deficit	\$ 66,606	\$ 87,400	\$ 73,228

OPERATING BUDGET BY CAMPUS

(\$ in thousands)

	West Lafayette	Northwest	Fort Wayne	Total
Revenue				
Appropriations	\$ 321,990	\$ 50,231	\$ 46,800	\$ 419,021
Gifts	\$ 61,164	\$ 1,558	\$ 1,630	\$ 64,352
Grants & Contracts	\$ 426,659	\$ 21,231	\$ 16,427	\$ 464,318
Investment Income & Distributions	\$ 103,512	\$ 3,267	\$ 4,561	\$ 111,339
Other Non Operating Revenue	\$ 5,743	\$ 358	\$ 73	\$ 6,175
Other Operating Revenue	\$ 1,060	\$ 268	\$ 1,989	\$ 3,317
Recovery	\$ 29,253	\$ -	\$ -	\$ 29,253
R&R	\$ 9,208	\$ 1,928	\$ 2,115	\$ 13,251
Sales & Services	\$ 331,283	\$ 7,034	\$ 13,731	\$ 352,048
Tuition & Fees	\$ 808,126	\$ 80,586	\$ 65,026	\$ 953,739
Revenue Total	\$ 2,097,999	\$ 166,463	\$ 152,352	\$ 2,416,814
Expenses				
S&W	\$ 934,326	\$ 75,560	\$ 63,470	\$ 1,073,356
Fringes	\$ 329,644	\$ 25,950	\$ 21,640	\$ 377,233
Overhead	\$ 3,660	\$ 2,559	\$ 1,845	\$ 8,064
Supplies & Services	\$ 451,825	\$ 26,304	\$ 31,986	\$ 510,115
Capital	\$ 53,757	\$ 802	\$ 39	\$ 54,599
Debt	\$ 80,032	\$ 5,956	\$ 10,463	\$ 96,451
R&R	\$ 56,075	\$ 1,936	\$ 3,255	\$ 61,266
Financing Expenses	\$ 61	\$ 13	\$ 5	\$ 79
Scholarships, Fellowships & Awards	\$ 150,832	\$ 20,517	\$ 20,783	\$ 192,132
Expenses Total	\$ 2,060,212	\$ 159,596	\$ 153,486	\$ 2,373,295
Grand Total	\$ 37,786	\$ 6,867	\$ (1,134)	\$ 43,519
Total One-Time Activity	\$ 24,911	\$ 908	\$ 3,890	\$ 29,709
Steady State Operating S/(D)	\$ 62,698	\$ 7,775	\$ 2,756	\$ 73,228