

To: Members of the Board of Trustees

From: Christopher A. Ruhl, Chief Financial Officer and Treasurer
Eva M. Nodine, Associate Vice President, Finance

Re: FY 2021 University Operating Budget

Date: June 1, 2020

At the June 11, 2020 public session we will be seeking approval of the University's FY 2021 operating budget.

Attached is the presentation we plan to review at the meeting.

Highlights:

- System-wide operating revenues of \$2.366 billion
- System-wide operating expenses of \$2.372 billion
- The FY21 Annual Plan budgets expenses equal to revenue for West Lafayette. PFW and PNW are budgeting \$1 and \$5 million deficits, respectively, primarily attributable to COVID-19 related revenue impacts
- As a result of COVID-19, revenue is budgeted to decline by 7% compared to FY20 Q3 projections, driven by:
 - Reduced tuition and fee revenue, both undergraduate and graduate
 - Expected state cuts to operating and R&R appropriations
 - Declines in gift revenue, cost recovery on research expenditures and investment income
 - Lower receipts from sales and services and other government appropriations
- As discussed in April, this plan uses the expected 3% pre-COVID operating surplus from the West Lafayette campus to mitigate the expected revenue losses at the main campus, as described above
- Expenses are also budgeted to decline compared to FY20 Q3 projection, driven by the cost containment measures previously endorsed by the Board and being implemented across all three campuses, including:
 - Deferring salary increases scheduled for July 1
 - Hiring freeze
 - Travel and purchasing restrictions
 - Postponing non-essential R&R projects
- The FY21 Annual Plan funds \$5 million in strategic investments targeted to enrollment growth in STEM areas on the West Lafayette campus, notably in the College of Engineering, College of Science and PPI. This investment includes new full-time faculty and academic advisors to maintain high-quality student to faculty and student to advisor ratios. This also includes funding for new faculty promotions and retention packages
- Approximately \$53 million is included in the Annual Plan related to direct expenses for Protect Purdue, including additional residential and online instructional capacity to facilitate smaller classroom capacity and enhanced online offerings, COVID-19 testing, contact tracing, PPE and safety equipment and additional cleaning staff and supplies

- Tuition rates remain frozen at the West Lafayette campus for the eighth consecutive year. Tuition increases at the regional campuses are at the 1.65% rate recommended by the Indiana Commission for Higher Education and approved by the Board in 2019

If you have any questions in advance of the meeting, please let us know.