

FY22 OPERATING BUDGET

Board of Trustees - June 11, 2021

Operating Budget Components

Included:



Not Included:



FY22 Goals & Objectives

Student affordability

- 9th year of tuition freeze at West Lafayette campus
- Small tuition increases at Northwest and Fort Wayne campuses

Fiscal responsibility

- Sizeable savings in certain expense categories and new revenue streams allow for reinvestment
- Modest steady-state operating surplus












Strategic Investments

- Support instructional needs for growth to 37,000+ undergrads
- 3% Merit for employees at West Lafayette Campus
- Year 1 of 5-year investment in Next Moves – new research, learning and student access initiatives
- Continued Protect Purdue activities to mitigate pandemic risk

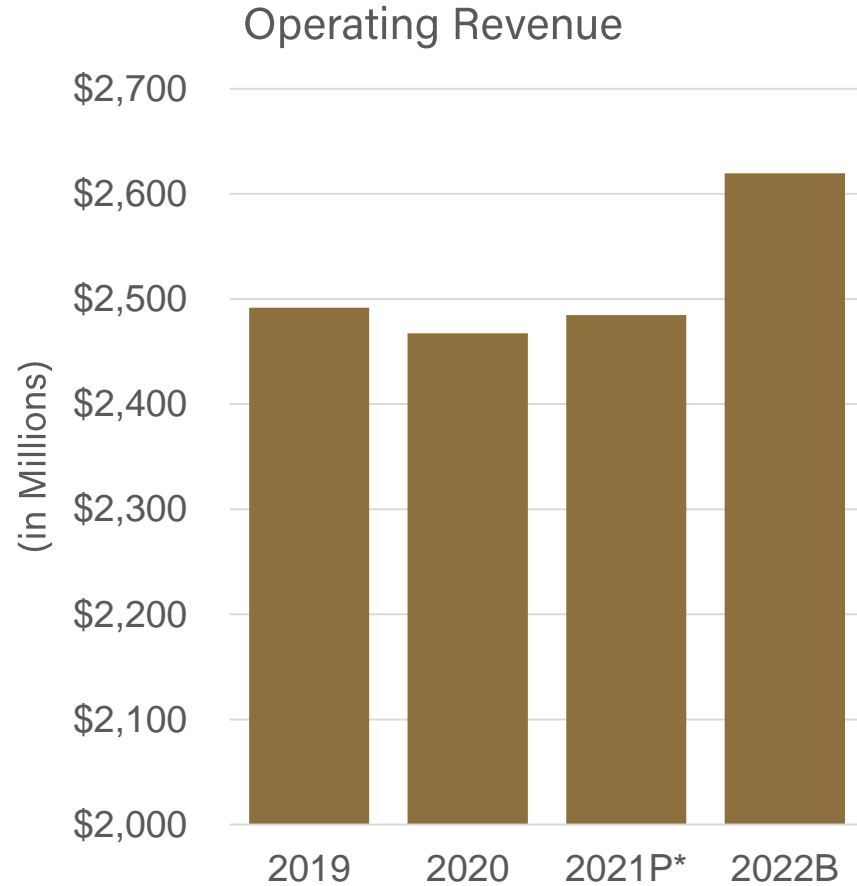
Transparent and adaptive financial culture



FY22 Key Assumptions – West Lafayette

Category	FY22 Change	Notes
Revenue		
Tuition & Fees		9th year Tuition freeze ; AY 20-21 online pricing discontinued; 37K+ undergrads (+2,386 vs. FY21)
State Operating		FY21 operating/line item appropriation cuts restored; no new operating \$
Auxiliaries		Student Life/Athletics revenue restored to pre-COVID levels
F&A Recovery		Modest growth in grant activity
Federal Stimulus		HEERF I & II claims completed in FY21, HEERF III in FY22
Expenses		
Strategic Initiatives		Enrollment Growth, Next Moves
Compensation		3% merit increase, faculty hiring, market wage adjustments for some hourly operations staff
R&R		Project activity begins return to pre-COVID levels
Protect Purdue		Significant decrease but some residual continues
Purchasing/Travel		Travel at 3x FY21 levels but only 60% of FY19; purchasing restrictions eased
Student Aid		HEERF III student aid

System Operating Revenue



Drivers of change in FY22 vs. FY21

Tuition and Fees (+\$65.6M)

- West Lafayette
 - 0% tuition increase, discontinuation of online pricing
 - 37k+ undergraduates (10K new beginners)
- Regionals
 - 1.45% tuition increase
 - Enrollment changes (-8%)

State Appropriations (+\$23.2M)

- Restoration of 7% FY21 operating reduction
- New PFW Academic Expansion line item (+\$2.45M)

Sales & Services (+\$73.6M)

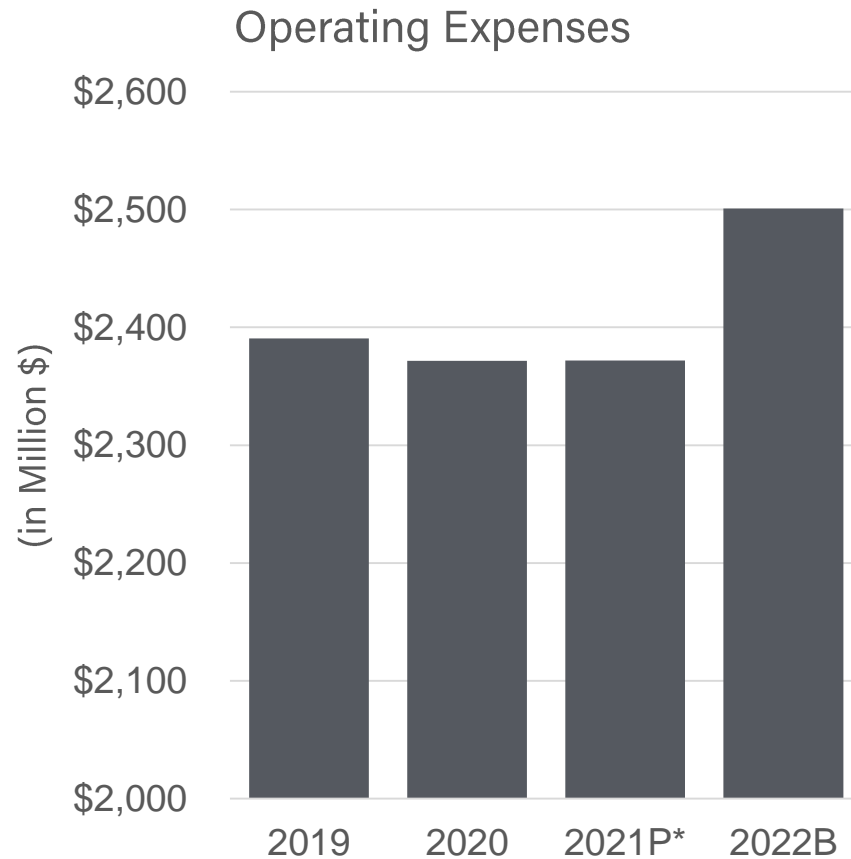
- Athletics (+\$40.9M) – conference distributions and game day sales
- Student Life (+\$22.5M) – residences, dining, and hotel

Gifts (-\$25.9M)

- Decline attributable to special circumstances in FY21:
 - Two large, one-time gifts
 - Two “Purdue Days of Giving”
 - Athletics “More Than A Game” campaign

*FY21Q2 projection plus CRRSAA award

System Operating Expenses



Drivers of change in FY22 vs. FY21

Strategic Investments

- Next Moves (+\$28.1M)
- Enrollment Growth (+\$21.2M)
- 3% WL Merit Program (+\$31.6M)

Normalization of COVID-impacted operations

- R&R (+\$8.1M)
- Healthcare Claims (+\$16.4M)
- Travel & Hospitality (+\$25.1M) – 40% below pre-COVID levels

Program Growth

- New and Expanded Vet Teaching Hospital
- Purdue Online Growth

Savings

- Debt Retirements and Restructuring



*FY21Q2 projection plus CRRSAA award

FY22 Operating Budget By Campus

Steady-State Operations (in millions)

		West Lafayette	Fort Wayne	Northwest	Total
Revenue					
Tuition & Fees		928	59	60	1,047
Appropriations		337	51	52	440
Sales & Services		341	13	5	359
Gifts		54	1	1	56
Grants & Contracts		472	29	36	537
Investment Income & Distributions		110	4	3	117
Other Revenue		9	1	2	12
Recovery		23	-	-	23
	Revenue Total	2,274	158	159	2,591
Expenses					
S&W		1,030	62	62	1,154
Fringes		350	20	20	390
Supplies & Services		469	24	24	517
Overhead		(5)	2	3	-
Capital		101	5	2	108
Scholarships, Fellowships & Awards		185	34	36	255
Debt and Financing Expenses		76	10	7	93
	Expenses Total	2,206	157	154	2,517
FY22 Surplus/(Deficit)		68	1	5	74

Risks & Opportunities

Risks

- Enrollment disruptions
 - International travel restrictions
 - Retention
 - Long-term trends with international and graduate students
- Economic recovery progress
 - Impact to state revenues/appropriations
 - Gift volatility
- Fewer/smaller events
 - Revenue impact of long-term shift away from large in-person conferences and events

Opportunities

- Next Moves investments in research and learning generate new revenue streams
- Online growth
 - Purdue Online – new program launches in several colleges
 - Increased WL undergrad content available online
- Purdue For Life impact on fundraising
- Shift to virtual/remote work
 - Less travel to meetings
 - More efficient/lower cost space utilization
- Public-private hospitality partnerships operating in a post-pandemic environment