



Annual Financial Update & FY13 Budget Review

Town Meeting
January 31, 2012

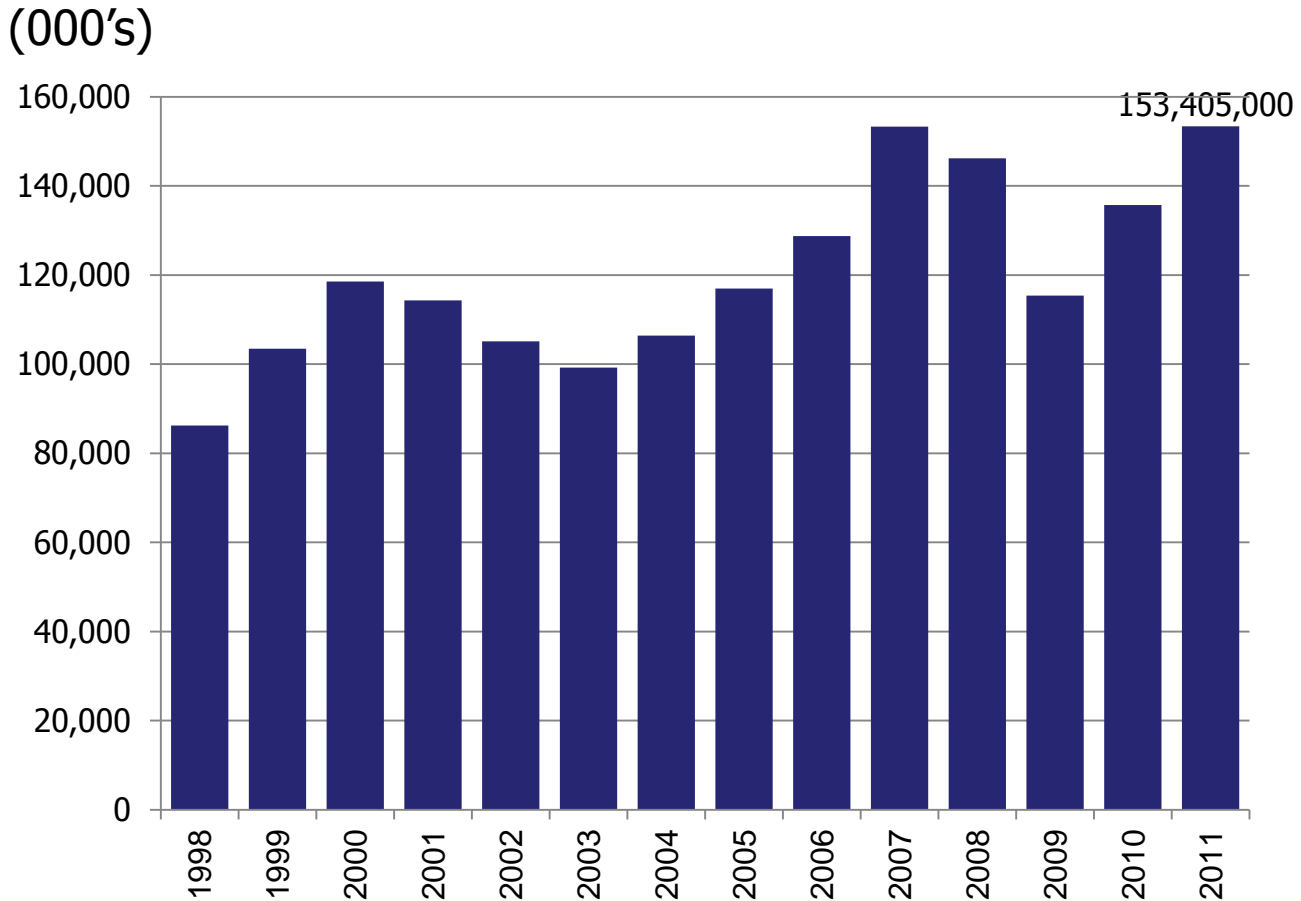
Annual Financial Report Cards

		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Balance Op Budget; Meet Surplus Target		X	X	X	X	X	X	X
Increase Net Assets		X	X	X	-	-	X	X
Create Positive Cash Flow		X	X	X	X	X	X	X
Meet or Exceed All Debt Covenants		X	X	X	X	X	X	X
Meet or Exceed Endowment Return & Spending Targets	R	X	X	X	-	-	X	X
	S	X	X	X	X	X	X	X
Renew & Replace Facilities		-	X	X	X	X	X	X
Receive Unqualified Audit Opinion		X	X	X	X	X	X	X

Key Financial Facts_(at 12/31/11)

- Budget: \$125 million (FY12)
- FT enrollment: 4,093 (official Sept. 2011 w/o grad)
- Endowment: \$150.5M (\$148.5M PY)
- Cash: \$20.5M (\$10.9M PY)
- LT Debt: \$55.5M (\$57.9M PY)
- Total Assets: \$432.6M (\$427.8M PY)
- Net Assets (Equity): \$264.9M (\$263.1M PY)

Endowment Market Value May 31, 2011



FY12 Budget Status

FY12 Budget Status at 12/31/11

	Budget	Actual	% of Budget
Total Revenues	\$125,000,000	\$71,620,599	57.3%
Total Expenditures	\$123,814,100	\$72,105,586	58.2%
Op Surplus	\$ 1,185,900	-\$ 484,987	7/12=58.3%

FT Enrollment History

	FY05 Actual Fall '04	FY06 Actual Fall '05	FY07 Actual Fall '06	FY08 Actual Fall '07	FY09 Actual Fall '08	FY10 Actual Fall '09	FY11 Actual Fall '10	FY12 Actual Fall '11	FY12 <i>Budget</i> Fall '12
EFR	782	809	781	924	902	860	864	812	<i>850</i>
Other FT UG	2,130	2,104	2,232	2,278	2,389	2,466	2,453	2,391	<i>2,372</i>
Pharmacy	466	499	496	474	460	447	462	464	<i>467</i>
FT Law	458	462	432	419	442	453	453	426	<i>448</i>
FT w/o Grad	3836	3,874	3,941	4,095	4,193	4,226	4,232	4,093	<i>4,137</i>
Growth ratio w/o Grad	1.1%	1.0%	1.7%	3.9%	2.4%	0.8%	0.1%	-3.3%	<i>-2.2%</i>
EFR Discount Rate	49.0%	48.9%	47.6%	51.1%	49.0%	49.0%	51.9%	46.8%	

FY12 Exec Summary

- Positive Net Tuition/Fee Revenue
(despite lower enrollment)
- Strong Cash position
- Reduced Debt
- Employee Benefits running ahead
- Predict Balanced Budget at YE
if departments stay within budget

FY 13 Budget Plan

FY13 Budget

- Final Year of 3-YR Budget Plan
- Status Quo Budget
 - Continuing Economic/Political Uncertainty
 - Pending new Strategic Plan
 - Leadership Transition
- 4 Enrollment Scenarios

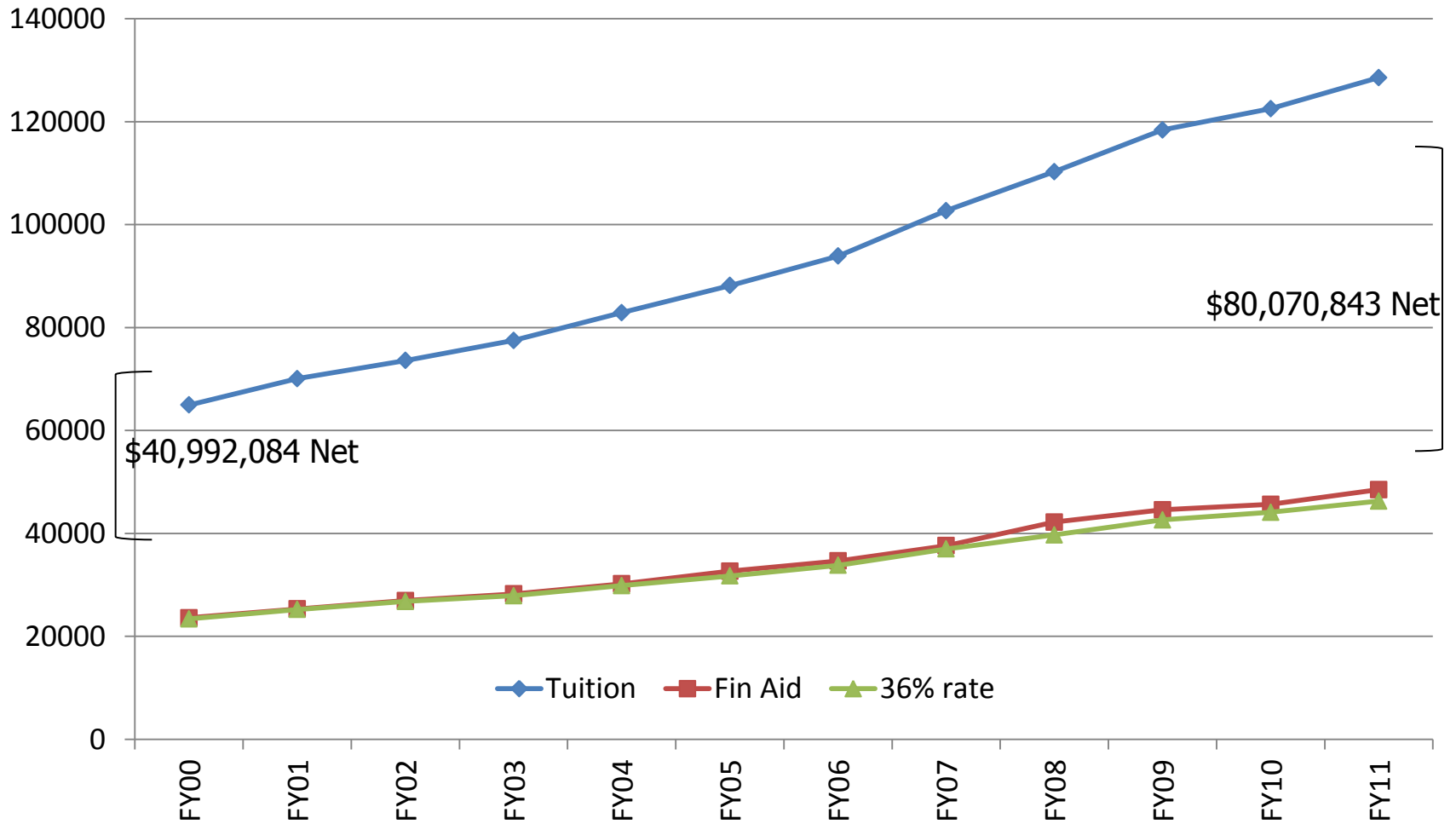
Budget Drivers

- Enrollment (75% of Op Rev)
 - Tuition Rates
 - Financial Aid Discount Rate
 - Room & Board
- Salaries & Benefits (62% of Op Exp)

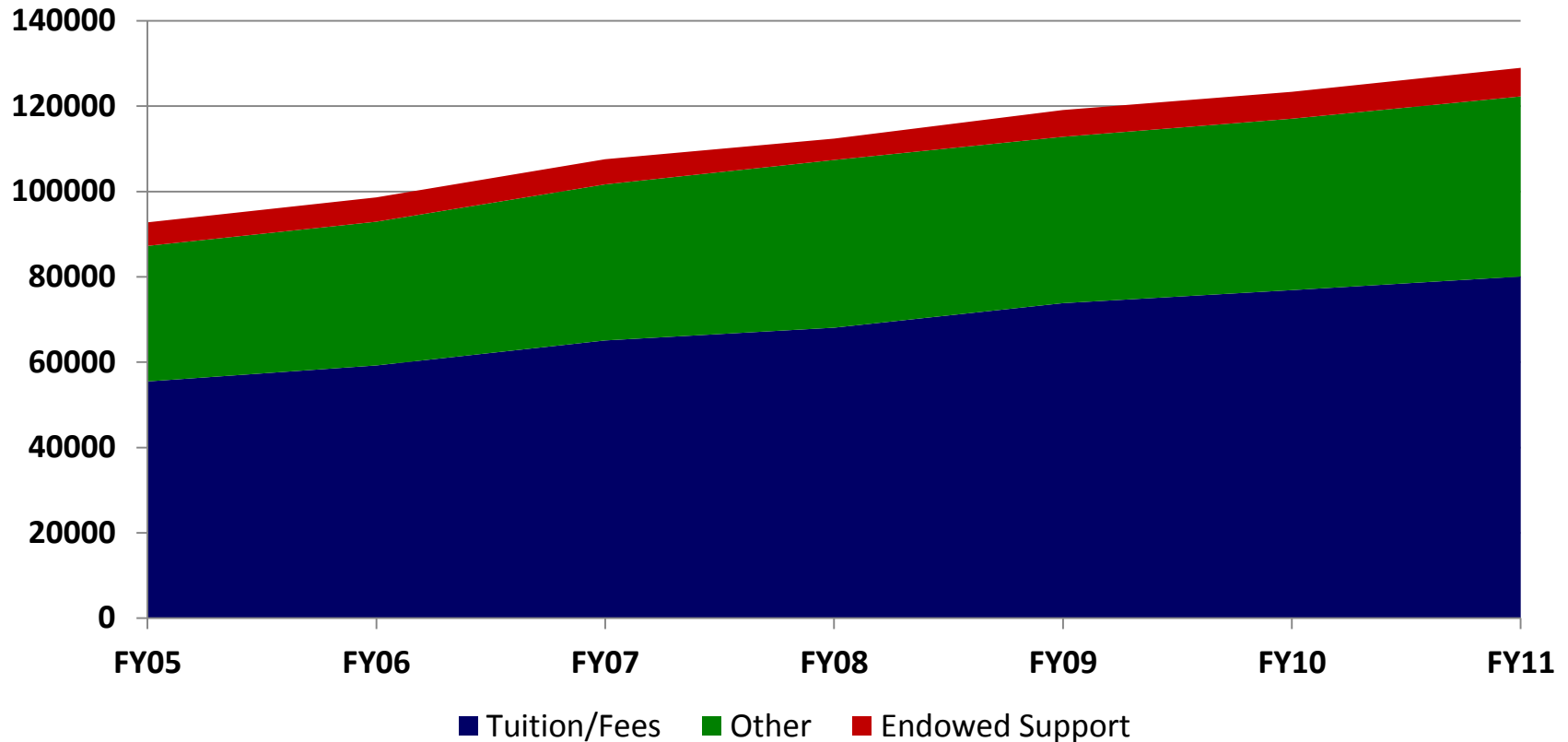
1% Change

- **Tuition:**
1% increase in FT tuition rate with flat enrollment & historic discount rate = \$720,000
- **Salaries:**
1% increase in FT salaries = \$560,000

Net Tuition Revenue (in 000s)



Portion of Operating Budget Supported by Endowment



BOT Approved Tuition/Fees

2011-12 Tuition and Fees Undergraduate

		2011-12	Proposed 2012-13		
Undergraduate:					
Tuition 10-18 hrs. per sem.		\$ 28,250	\$29,410	\$ 1,160	4.11%
Room (double)	(any hall)	\$ 4,420	\$ 4,560	\$ 140	3.17%
Board (all residential plans)		\$ 3,990	\$ 4,120	\$ 130	3.26%
Student Activity Fee		\$ 132	\$ 146	\$ 14	10.61%
Comprehensive		\$ 36,792	\$38,236	\$ 1,444	3.92%

1% of FT UG Tuition Increase

- 2010-11 Student Senate approved:
1% FT UG tuition increase to be used to fund and implement January Term Experience, beginning in 2012-13 (FY13)

2011-12 Tuition and Fees Law & Pharmacy

		2011-12	Proposed 2012-13		
Graduate, FT:					
Law		\$ 33,900	\$ 35,170	\$ 1,270	3.75%
Student Activity Fee (FT Law)		\$ 56	\$ 62	\$ 6	10.71%
SBA Fee (Law only)		\$ 50	\$ 50	\$ -	0.00%
Pharmacy Professional (P1-P		\$ 31,730	\$ 33,030	\$ 1,300	4.10%
Pharm Professional, P4		\$ 35,600	\$ 37,170	\$ 1,570	4.41%

2011-12 Tuition and Fees PT Graduate

		2011-12	Proposed 2012-13		
MBA,MAcc, MFM		\$ 578	\$ 595	\$ 18	3.03%
MBA, MAcc, MFM, MCL Web		\$ 599	\$ 620	\$ 22	3.59%
MPA		\$ 515	\$ 530	\$ 16	3.01%
MPA, Web		\$ 536	\$ 555	\$ 20	3.64%
Masters, Comm Leadership		\$ 578	\$ 595	\$ 18	3.03%
Technology Fee, per semester		\$ 60	\$ 60	\$ -	0.00%
Summer Tech Fee		\$ 60	\$ 60	\$ -	0.00%

10 Year Average Rate Increase

FT Undergraduate

- Tuition: 4.2%
- Room: 5.6%
- Board: 3.5%
- Comprehensive: 4.9%

FT Graduate

- Law: 5.6%
- Pharmacy: 5.2%

4 Enrollment Scenarios for FY13

FY13 Budget Projections for FT Enrollment

	FY 13 FALL 2012						
	FY10 Actual Fall 2009	FY11 Actual Fall 2010	FY12 Actual Fall 2011	#1	#2	#3	#4
EFR	860	864	812	820	850	880	890
Other FT UG	2,466	2,453	2,391	2,299	2,311	2,311	2,331
Pharmacy	447	462	464	471	471	471	471
FT Law	453	453	426	418	418	418	418
FT w/o Grad	4,226	4,232	4,093	4,008	4,050	4,080	4,110
Growth ratio w/o Grad		0.1%	-3.3%	-2.1%	-1.1%	-0.3%	.4%

FY13 Budget Assumptions

Revenues	FY 09 Actual	FY 10 Actual	FY11 Actual	FY12 Budget	#1	FY13 Budget #2	#3	#4
Net Tuition				(blue=actual) 4137/4093	4008	4050	4080	4110
Enrollment (FT)	4193	4226	4232		820	850	880	890
EFR					4.105%	4.105%	4.105%	4.105%
FT UG Tuition Rate Incr	4.94%	2.99%	4.93%	5.0%	3.75%	3.75%	3.75%	3.75%
Law Tuition Incr	5.48%	6.59%	4.0%	4.5%	4.105% & 4.4%	4.105% & 4.4%	4.105% & 4.4%	4.105% & 4.4%
Pharm Grad Tuition Incr	4.96%	3.99%	4.0%	5.0%	37.8%	37.8%	37.8%	37.8%
Overall Fin Aid Discount Rate	37.6%	37.2%	37.7%	38.0%	\$1.1M	\$1.6M	\$2.1M	\$2.69M
Net Tuition Incr (Decr)	+\$5.75M	+\$3.05M	\$3.18M	\$2.64M				
Endowment Spending								
Spending Rate	5.0%	5.3%	4.6%	5.2%	5.0%	5.0%	5.0%	5.0%
Spending Distribution	\$6.275M	\$6.302M	\$6.7M	\$6.6M	\$6.5M	\$6.5M	\$6.5M	\$6.5M
Grants & Gifts								
Grants	\$10.6M	\$10.98M	\$9.5M	\$9.7M	\$9.5M	\$9.5M	\$9.5M	\$9.5M
Gifts, Annual Fund	\$3.0M	\$2.9M	\$3.4M	\$3.115M	\$3.1M	\$3.2M	\$3.3M	\$3.3M
Gifts, Temp Restricted Operat	\$1.47M	\$3.51M	\$4.8M	\$1.5M	\$1.5M	\$1.8M	\$2.0M	\$2.5M
Auxiliaries								
Room Rate Incr	13.1%	3.5%	4.4%	3.27%	3.16%	3.16%	3.16%	3.16%
Board Rate Incr	3.5%	4.5%	4.05%	3.64%	3.2%	3.2%	3.2%	3.2%
Expenditures Increases (Decreases)								
Salary Increase Pool	\$2.2M	\$1.5M	\$1.1M (4.2%)	\$1.146M	n/a	\$560k 1%	\$1.12M 2%	\$1.4M 2.5%
Health Benefit Incr	\$700K	0	\$271K	300K	8.5% \$480K	8.5% \$480K	8.5% \$480K	8.5% \$480K
Utilities/Int/Deprec Incr	\$950K	\$450K		\$350K	\$50K	\$50K	\$50K	\$50K
New Faculty/Staff Positions*			\$458K	\$814K	\$50K	\$50K	\$50K	\$50K
Strategic Commitments	\$1.9M	\$497K	\$230K	new positions	\$425k	\$525k	\$525K	\$725K
					incl \$375K J term			
Capital Budget	\$1.65M	\$1.0M	\$2.0M	\$1.7M	\$2.0M	\$2.5M	\$2.5M	\$3.0M
Surplus Budgeted	\$6.7M	\$2.4M	\$2.8M	\$1.066M	\$1.3M	\$1.5M	\$1.5M	\$1.6M
Surplus Target at 2% of Operating UNR Revenues					\$2.5M	\$2.62M	\$2.7M	\$2.8M

* New positions includes \$50,000 for new faculty positions; other new positions will be the result of restructuring

FY13 Proposed Budget Scenarios

		4008 FT 820 EFR #1	4050 FT 850 EFR #2	4080 FT 880 EFR #3	4110 FT 880 EFR #4
	<i>FY12 Budget</i>				
FT Tuition	\$ 116,290,000	\$ 117,340,000	\$ 118,625,000	\$ 119,480,000	\$ 120,345,000
PT Tuition	\$ 6,580,000	\$ 6,670,000	\$ 6,670,000	\$ 6,670,000	\$ 6,670,000
Summer Tuition	\$ 4,710,000	\$ 4,910,000	\$ 4,910,000	\$ 4,910,000	\$ 4,910,000
Fees & non Credit tuition	\$ 2,505,000	\$ 2,680,000	\$ 2,680,000	\$ 2,680,000	\$ 2,680,000
Total Tuition & Fees	\$ 130,085,000	\$ 131,600,000	\$ 132,885,000	\$ 133,740,000	\$ 134,605,000
Less Financial Aid, 37.8%	\$ (49,400,000)	\$ (49,725,000)	\$ (50,230,000)	\$ (50,555,000)	\$ (50,880,000)
Net Tuition & Fees	\$ 80,685,000	\$ 81,875,000	\$ 82,655,000	\$ 83,185,000	\$ 83,725,000
Incremental Net Tuition Revenues > FY12 Budget		\$ 1,190,000	\$ 1,970,000	\$ 2,500,000	\$ 3,040,000

FY13 Operating Budget with Strategic Plan Linkage

Budgetary Changes from FY12 to FY13, #1

FY12 Budgeted Revenues **\$125,000,000**

Change in Revenues from FY12:

Tuition and Fee Increases \$ 1,515,000

Student Financial Aid Increase \$ (325,000)

Government Grants Decrease \$ (190,000)

Gift & Grant Increases \$ -

Endowment Distribution Decrease \$ (100,000)

Miscellaneous Revenues \$ -

Room & Board Increases \$ 145,000

Other Auxiliaries \$ 155,000

FY13 Revenues Increase **\$ 1,200,000**

FY13 Budgeted Revenues **\$126,200,000**

Strategic Plan	
Enhance Learning Envir Student Access	Goals I, II, & III Op Precept
Increase Student Access	Op Precept
Non-renewed government contract- Foreign Language	
Endowment Payout that balances ST w/ LT	Op Precept

FY13 Operating Budget with Strategic Plan Linkage

Budgetary Changes from FY12 to FY13, #1

FY12 Budgeted Expenditures	\$123,814,000	Strategic Plan	
Change in Expenditures from FY12:			
Salary Increases (1% pool including benefit impact=\$560,000)	\$ -	Equitable & Competitive	Op Precept
Faculty Promotions	\$ 87,500	Compensation	
Strategic Initiatives:			
New Positions:			
Faculty Positions	\$ 50,000	Distinctive Learning Exp	Goal I Obj B
PT Faculty pay enhancement (2 year commitment)	\$ 50,000	Equitable & Competitive	Op Precept
		Compensation	
January Experience	\$ 375,000	Distinctive Learning Exp	Goal I Obj B
Other strategic changes:			
Disability Services	15,000	Excptl Learning/Work Env	Goal II
Rec Center in Olmsted, staffing & ops	22,500	Excptl Learning/Work Env	Goal II
Outsource Credit Card Fees, net	(100,000)	Efficient Use of Resources	Op Precept
	\$ (62,500)		
Contracted Service Increases:	\$ 55,000	Excptl Learning/Work Env	
Grant Expenditure Reductions	\$ (190,000)	Corresponds to reduced Grant Revenues	

FY13 Proposed Budget Scenarios

			4008 FT 820 EFR #1	4050 FT 850 EFR #2	4080 FT 880 EFR #3	4110 FT 880 EFR #4
	<i>FY12 Budget</i>					
FT Tuition	\$ 116,290,000	\$	117,340,000	\$ 118,625,000	\$ 119,480,000	\$ 120,345,000
PT Tuition	\$ 6,580,000	\$	6,670,000	\$ 6,670,000	\$ 6,670,000	\$ 6,670,000
Summer Tuition	\$ 4,710,000	\$	4,910,000	\$ 4,910,000	\$ 4,910,000	\$ 4,910,000
Fees & non Credit tuition	\$ 2,505,000	\$	2,680,000	\$ 2,680,000	\$ 2,680,000	\$ 2,680,000
Total Tuition & Fees	\$ 130,085,000	\$	131,600,000	\$ 132,885,000	\$ 133,740,000	\$ 134,605,000
Less Financial Aid, 37.8%	\$ (49,400,000)	\$	(49,725,000)	\$ (50,230,000)	\$ (50,555,000)	\$ (50,880,000)
Net Tuition & Fees	\$ 80,685,000	\$	81,875,000	\$ 82,655,000	\$ 83,185,000	\$ 83,725,000
Incremental Net Tuition Revenues > FY12 Budget		\$	1,190,000	\$ 1,970,000	\$ 2,500,000	\$ 3,040,000
Incremental Expenditures > FY12 Budget		\$	(1,064,000)	\$ (1,064,000)	\$ (1,064,000)	\$ (1,064,000)
Balance Available		\$	126,000	\$ 906,000	\$ 1,436,000	\$ 1,976,000
Salary Increases	1%=\$560,000 (reduced by fac promo)			\$ (510,000)	\$ (1,070,000)	\$ (1,350,000)
Available for Strategic Initiatives				\$ (100,000)	\$ (100,000)	\$ (300,000)
Increase in Planned Surplus		\$	126,000	\$ 296,000	\$ 266,000	\$ 326,000

FY13 Budget Overview

FY13 Proposed Budget

- Conservative, but Flexible
- Transitional
- Strategically focused
- Maximizes Fiscal Options
- Creates a solid financial bridge to the future

Next Steps

- Final Assumptions to BOT in April
- Cabinet will determine most Likely Enrollment Scenario by 2nd week in May
- Depending upon enrollment scenario: 1% to 2.5% Salary Pool
- FY13 Capital Budget will be finalized

Final Comments for Future Budgets

- Flexibility & Contingency Plans are “the new normal”
- Expanded Debt and Endowment Spending are not the answer
- Financial Discipline remains critical for future Success