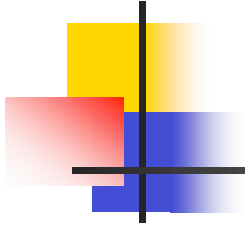


5 Year Plan

Budget to Actual Results (in 000s)

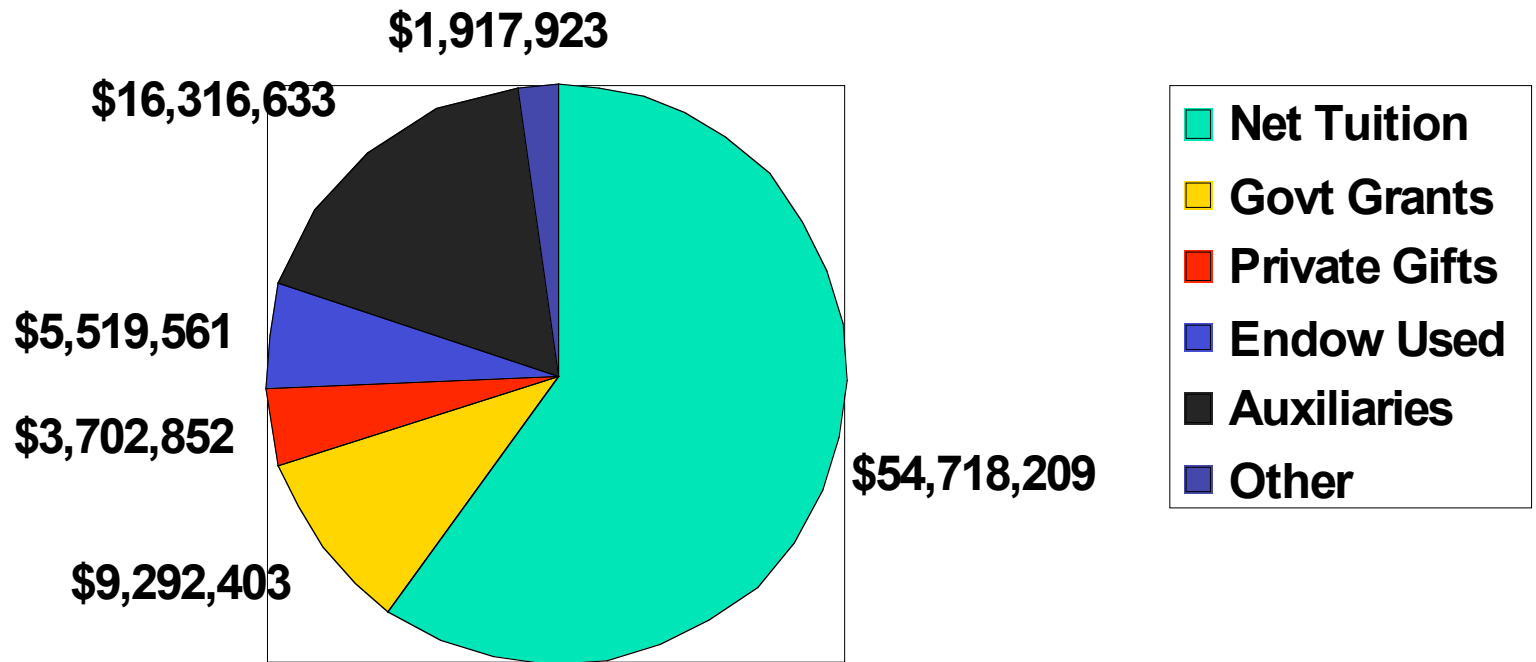
	FY01	FY02	FY03	FY04	FY05
Budget Target	-\$5,269	-\$5,080	-\$3,422	-\$1,354	\$102
Actual Result	-\$4,547	-\$2,610	-\$1,686	-\$ 576	\$337

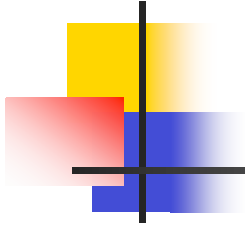


FY05 ended with a balanced budget!!!!
The operating budget bottom-line has steadily improved in each of the past 6 years. The FY05 surplus was \$337,622.

Operating Revenues, FY05

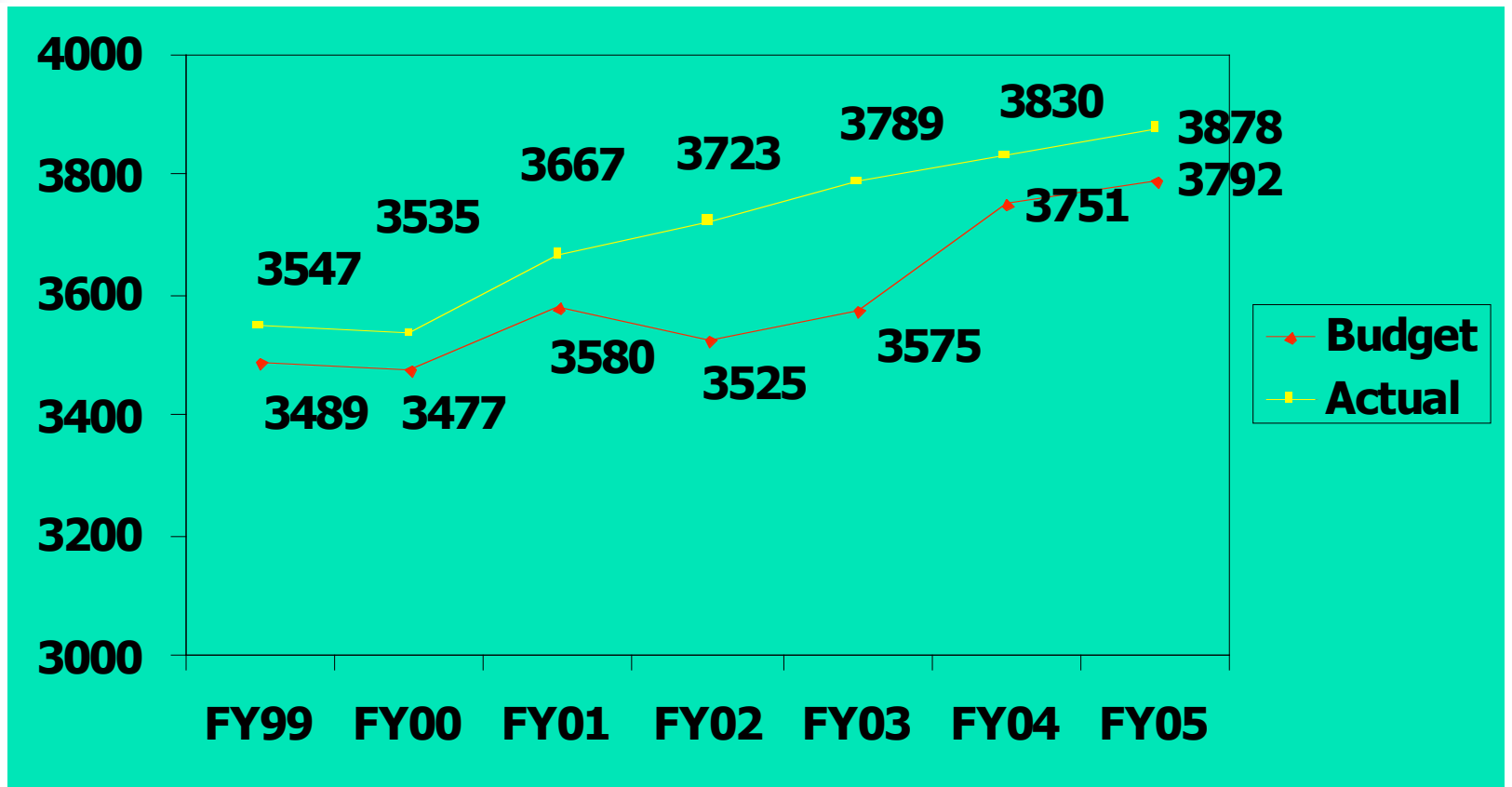
(\$92,766,273)

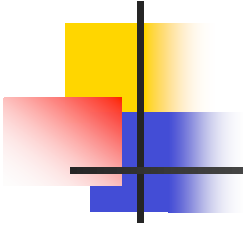




Student tuition/fees is the primary revenue budget driver. Net tuition and fees represents 60% of Drake's entire operating budget. When room & board charges are added, total student tuition/fees provides about 70% of all operating revenues.

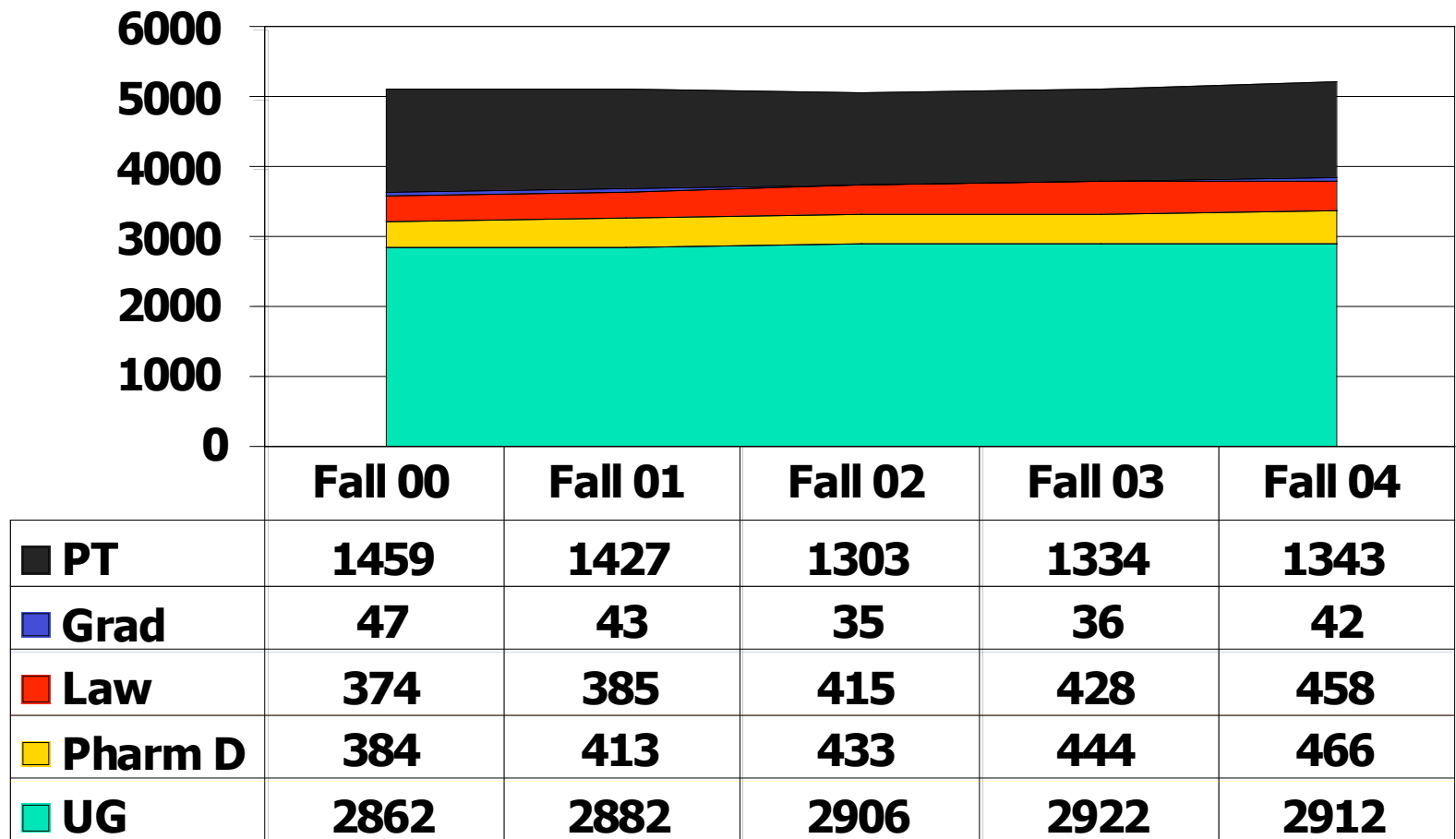
Actual vs. Budget (FT enrollment)

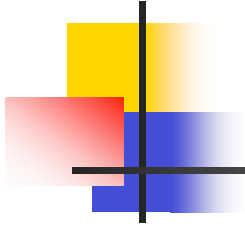




One of the primary strategies for achieving a balanced budget has been conservative revenue estimates. In particular, cautious enrollment projections resulted in the excess revenues necessary to close the deficit gap.

5 Year FT Enrollment History



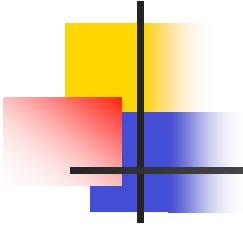


While FT enrollment increased by 6% in the past 5 years, primarily due to Pharmacy and Law. FT UG growth has been minimal, less than 2% since Fall 2000. PT enrollment has dropped 8% since Fall 2000 (*slight increase in Fall 2005*).



Institutional Financial Aid

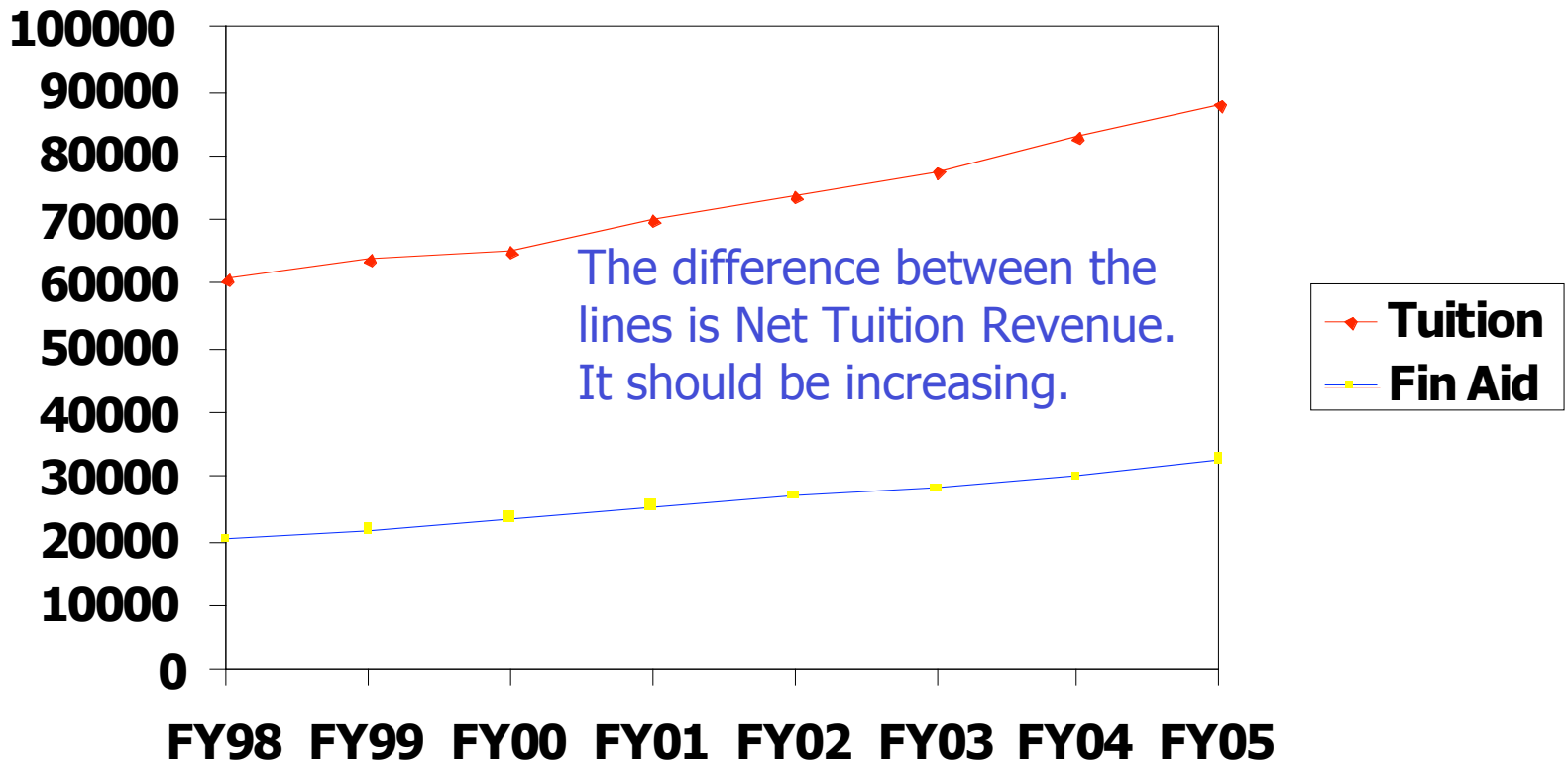
	Actual \$	% of Total Tuition & Fees
00-01	\$25,634,491	36.6%
01-02	\$26,930,699	36.6%
02-03	\$28,243,635	36.4%
03-04	\$30,203,745	36.4%
04-05	\$32,670,024	36.8%

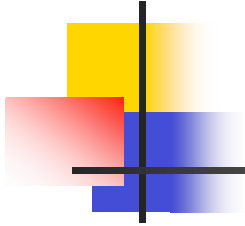


Drake's strategy of holding the line on institutional financial aid has worked well in recent years. Our overall discount factor edged up slightly in FY05. A comprehensive review of our pricing/discounting philosophy is currently in progress.

Net Tuition Revenue (in 000s)

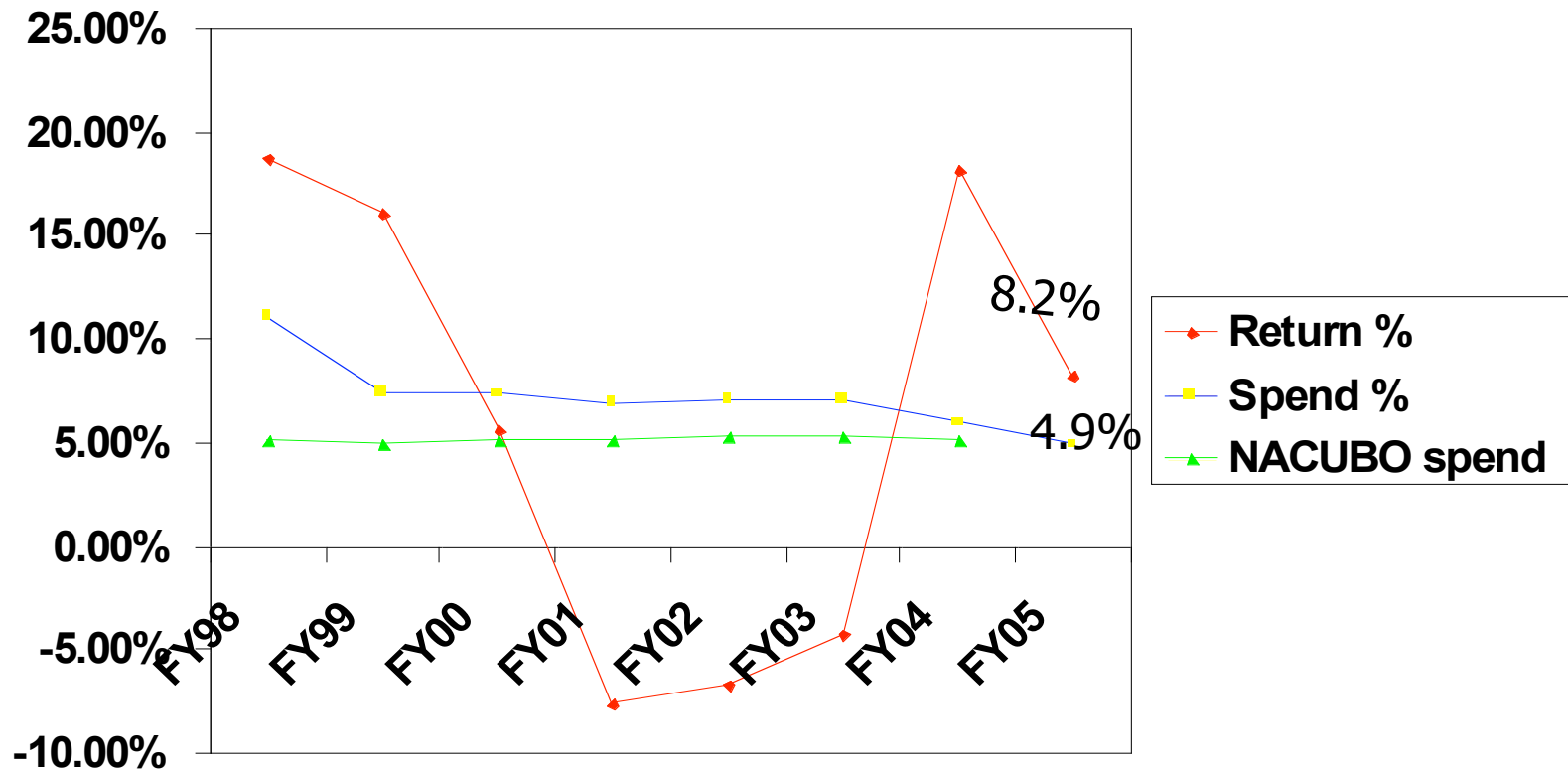
Financial Aid to Total Tuition & Fees

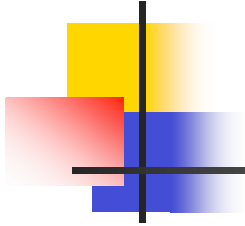




Net Tuition Revenue, gross tuition & fees less institutional financial aid, has increased by almost \$11 million or 24% in the past 5 years. The increase in net tuition for FY05 alone was \$2.8 million or 5% over FY04.

Endowment Return vs. Spending Rate (target spending is 5%)

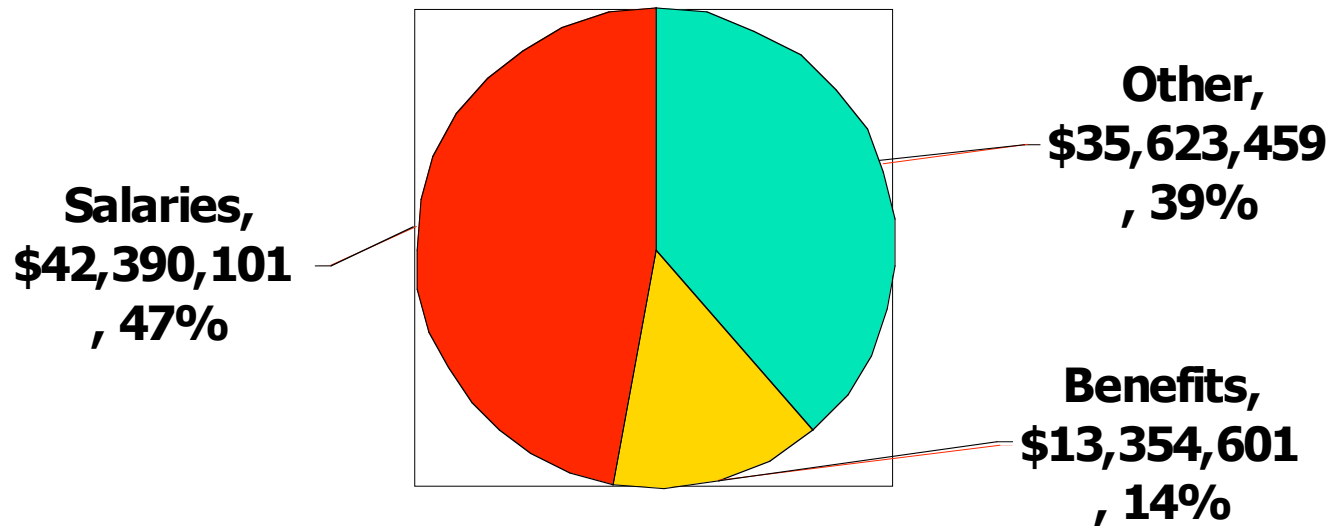


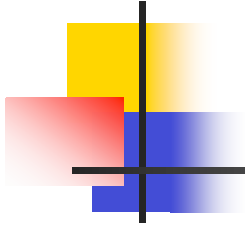


In order to cover deficit operating budgets, Drake's endowment spending rate was higher than its peers, starting at 11% in FY98 and steadily declining to 4.9% in FY05. This reduction in spending rate was achieved even as the endowment suffered negative returns in 3 out of the past 5 years.

Operating Expenditures, FY05

(\$92,428,651)



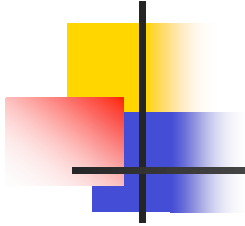


Employee compensation is the primary expenditure budget driver. Salaries and benefits totaled almost \$57 million in FY05 and represented over 61% of the total expenditure budget.



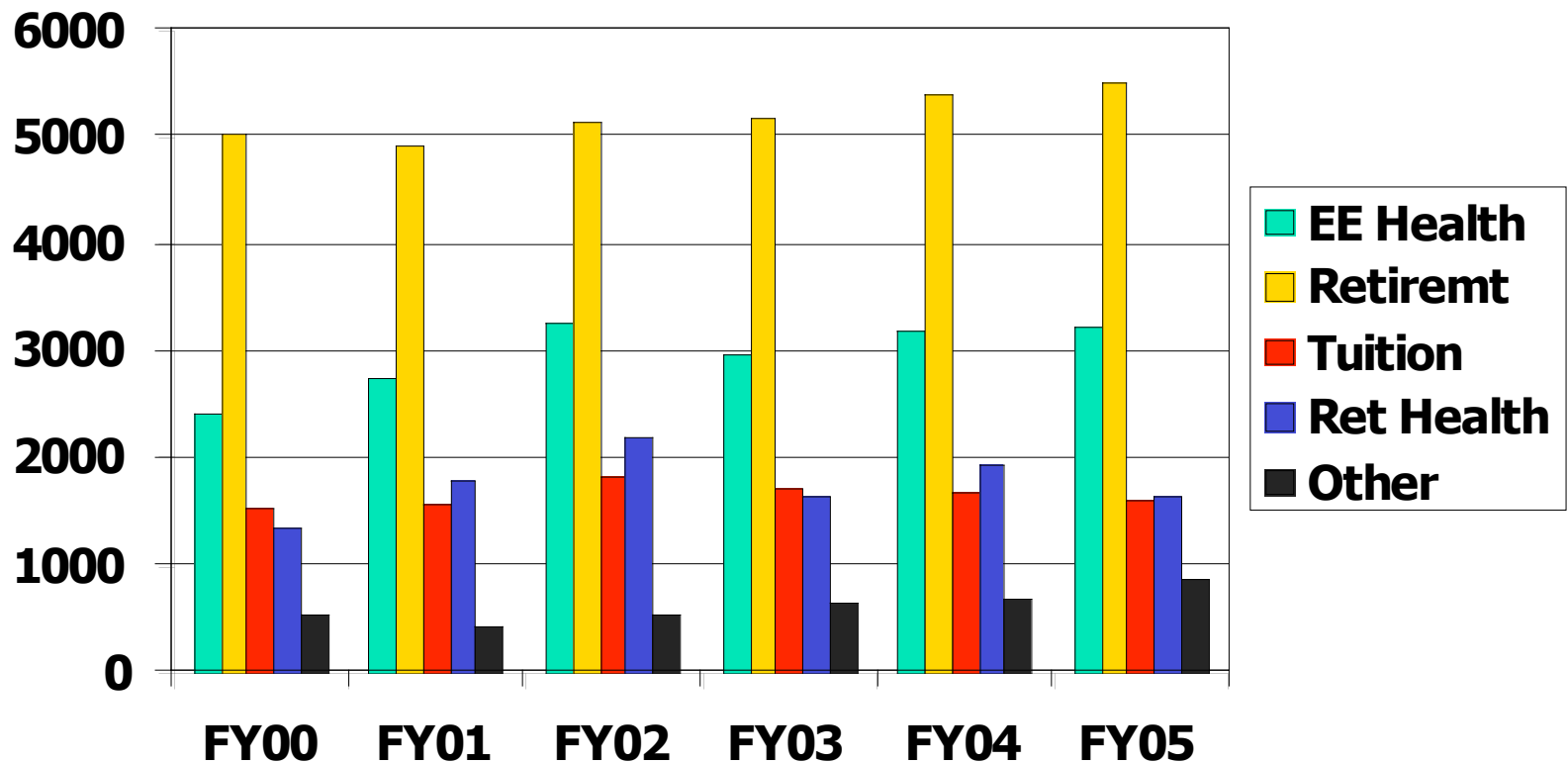
Historical Salary Increases

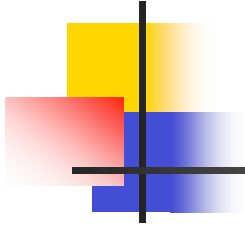
FY99/FY00	0%/2% pool
FY01	2.5% pool
FY02	3.5% pool (3% plus addl 2% for lowest paid)
FY03	3% pool (\$1.1 million)
FY04	\$1.6 million— for market & merit
FY05	\$1.8 million- for market & merit
FY06	\$1.9 million- for market & merit



Even as expenditure growth was necessarily curtailed in an effort to balance the budget, Drake's strategic commitment to attracting and retaining high quality employees is evidenced by our allocation of \$5.3 million to salary improvement in the most recent 3 years.

Employee Benefit Trend (in 000s)

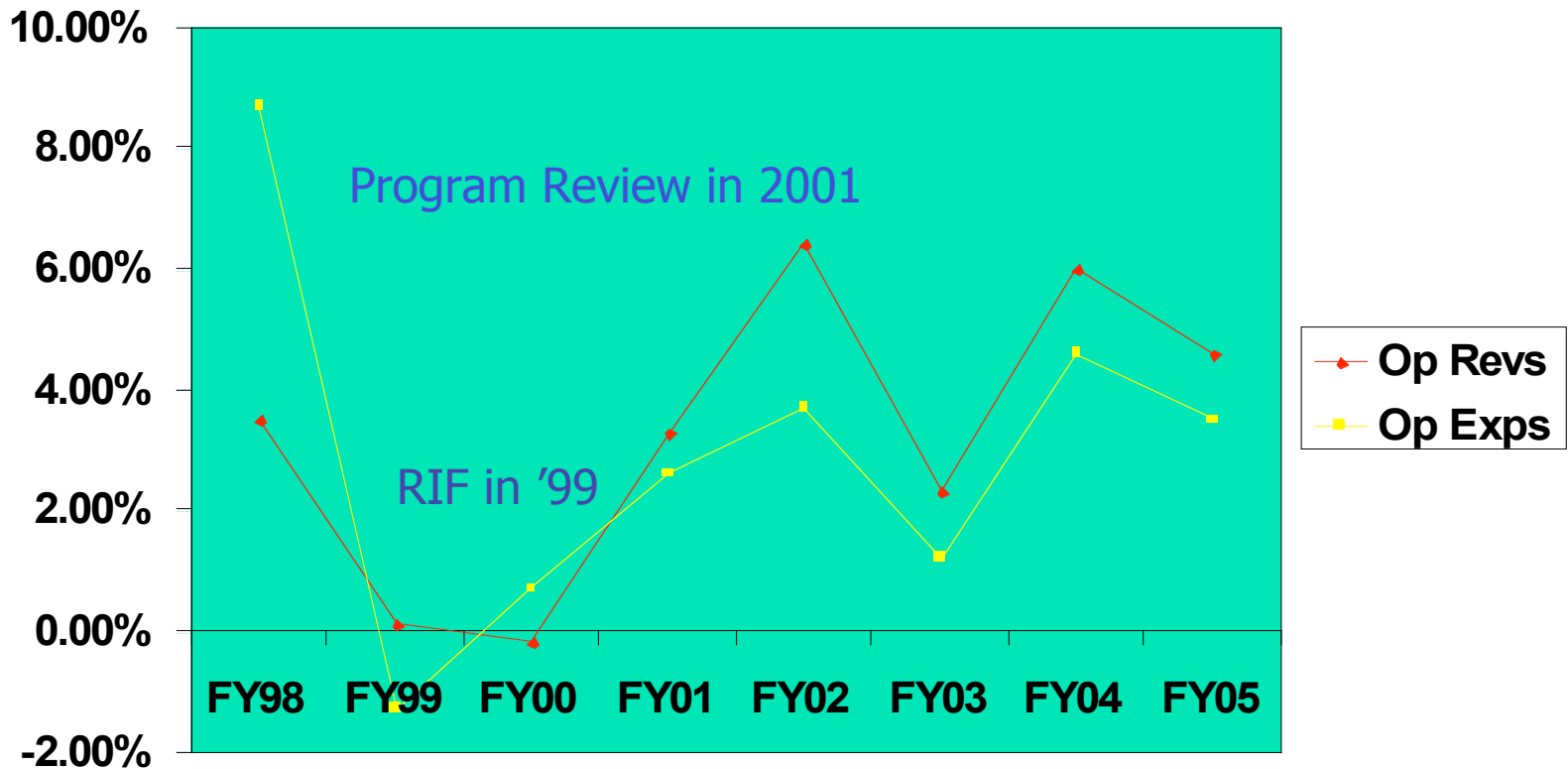


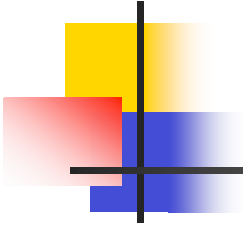


Employee Benefits cost Drake \$13.4 million in FY05. In FY01, those same benefits cost \$11.5 million. Our total benefit costs in FY05 were steady with FY04 and slightly under budget due to reduced health claims by active employees during FY05.

Multi Year Review

Growth in Operating Revenues vs. Expenses



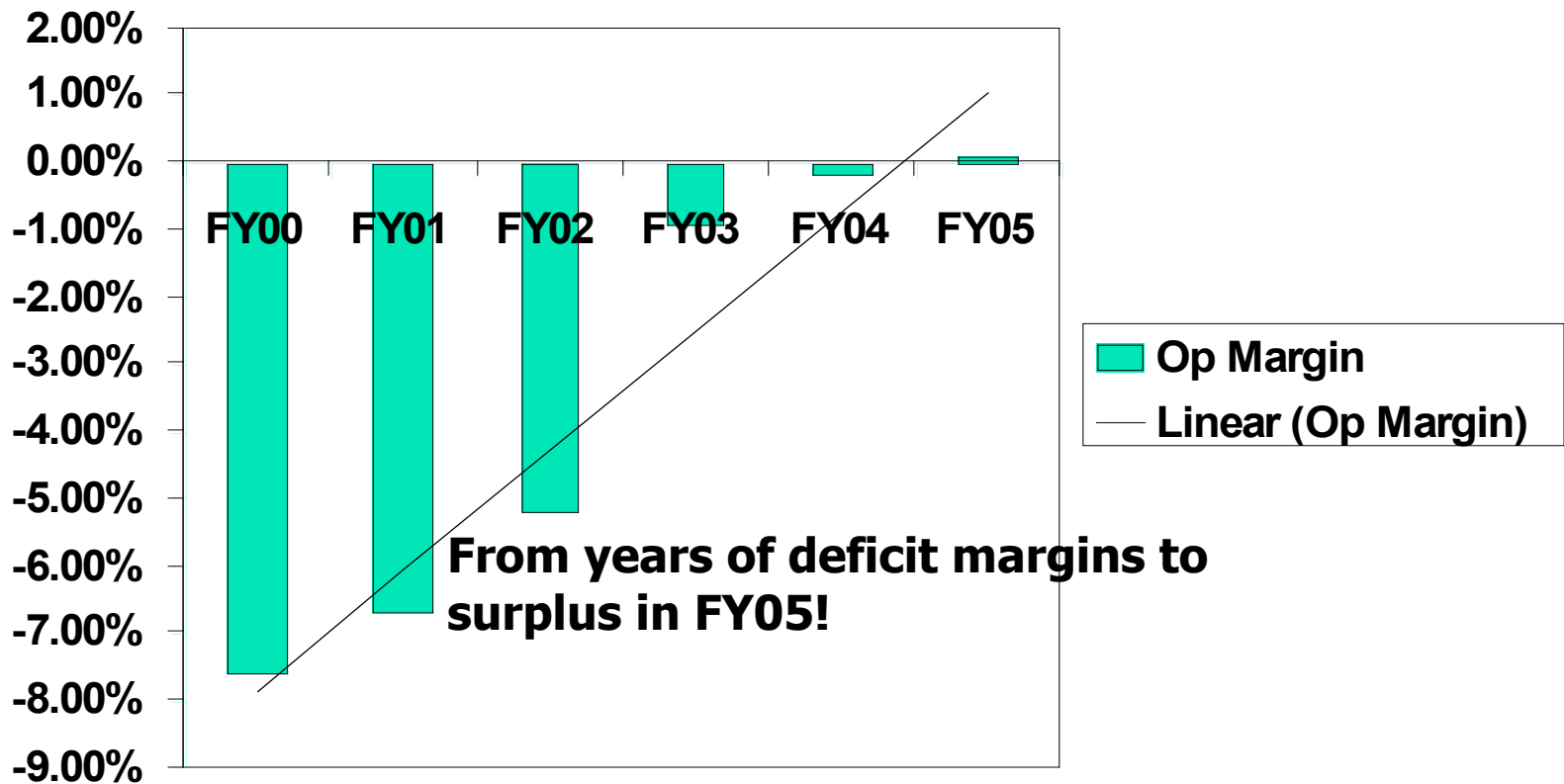


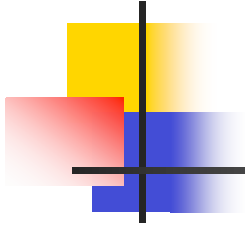
A major cause of Drake's historical budget woes was expenditure growth in excess of revenue growth. Through conservative revenue budgeting and selective expenditure growth, we have been able to maintain at least a 1% differential between revenues and expenditures in the past 4 years.

Multi Year Review

Annual Operating Margin%

(Unrestricted Op Deficit as % of Unrestricted Op Revenues)



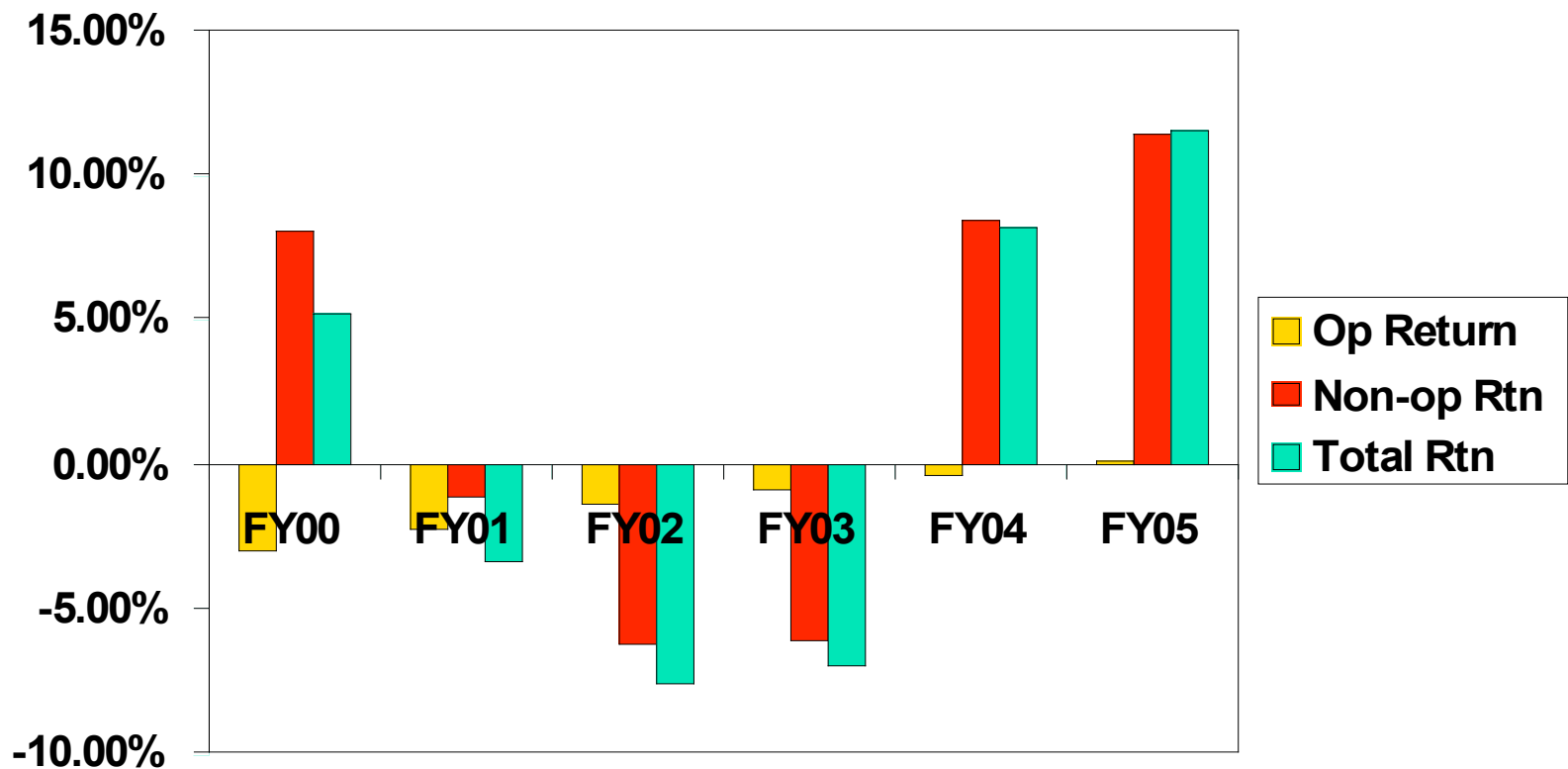


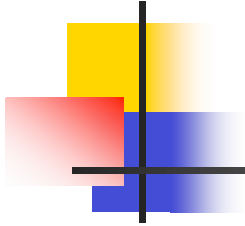
The graph at left shows the dramatic shift from a negative 7.6% operating margin in FY00 to a positive surplus of .1% in FY05.

5 Year Review

Return on Net Assets

(heavily influenced by investment markets)

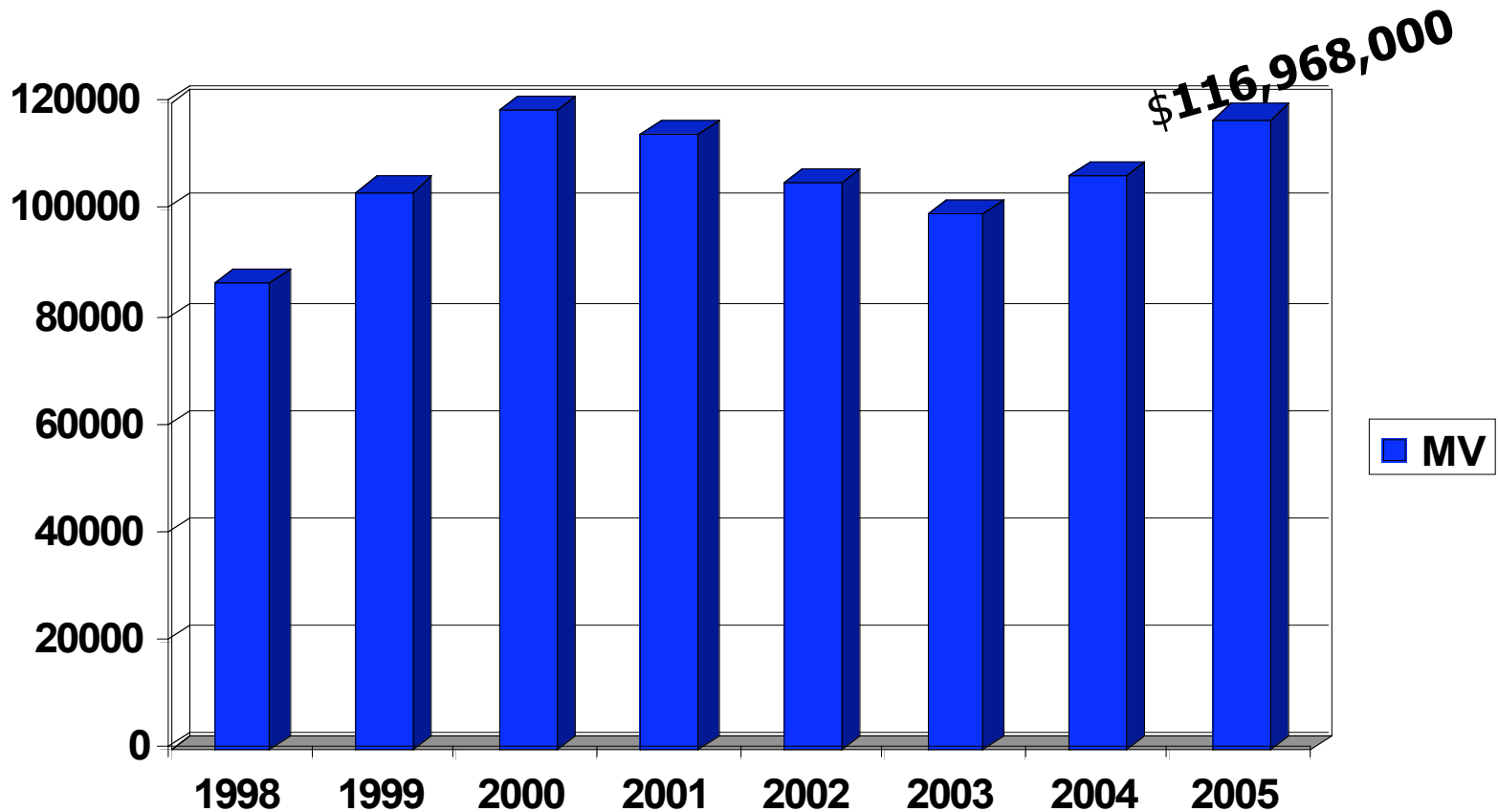


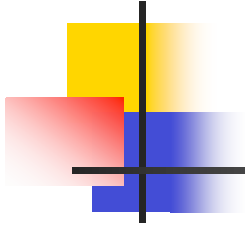


While operating returns have seen dramatic improvement in the past 5 years, the non-operating returns have been extremely volatile due to changing investment market conditions.

The overall return on net assets is affected by both components.

Endowment Market Value at May 31 (000's)



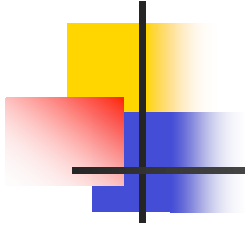


Negative operating results and negative market returns in FY01, FY02 & FY03 played havoc with Drake's net assets. The impact is illustrated particularly by the change in the endowment market value over the same period.

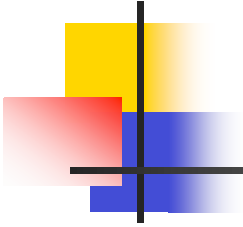


Increase in Net Assets, FY05

Net Assets at 5/31/04 (restated)	\$ 186,624,634
Increase from Operations	\$ 337,622
Increase from Non-operating Activities	\$ 21,247,915
Net Assets at 5/31/05	\$ 208,210,171



In FY05, both operating results and overall investment returns were positive. Drake's net assets increased by over \$21.5 million during FY05 to provide a total return on net assets of 11.6%.



If positive investment returns continue and a balanced budget is maintained, Drake is in a strong fiscally position for the long-term. Balanced budgets are critical to our long-term success and our ability to fulfill our academic mission.



Endowment Fund

- A “true” endowment is a fund with provisions that prohibit spending principal—the principal is to be held in perpetuity.
- Only the investment income generated from the principal is used to support operations.
- Quasi endowment is Board designated funds deposited into the endowment.



2005 Year-end Results

A Key Indicators Report
For the
Business, Finance & Investment Committee
October 7, 2005