Topics

• What is a Budget & What is It Used For?
• Operating Budget Process & Timeline
• Revenue Sources
  o Enrollments
  o Discount rates
  o Net tuition revenue
• Expense Categories
  o Elastic and Inelastic Expenses
• Endowment
  o What is an endowment?
  o How does it affect the operating budget?
• Questions & Discussion
High-Level Timeframe of Clark’s Budget Process

**2017**

- **June**
  - FY17 final close transactions

- **July**
  - Auditors reviewing FY17 financial statements

- **Aug**
  - Start of Fall 2017 classes

- **Sept**
  - Official student census
  - FY18 budget update reviewed by BOT, based on Fall 17 enrollments

- **Oct**
  - Develop projections on: Size of incoming FY class, discount rate, returning student retention, graduate enrollments & discount rates

- **Nov**
  - Auditors reviewing FY17 financial statements

- **Dec**
  - Auditors reviewing FY17 financial statements

**2018**

- **Jan**
  - Application deadline for FY19 UG, IDCE grad, and some GSOM grad programs

- **Feb**
  - Draft Revenue Budget and proposed FY19 Tuition & Fees sent to BOT

- **March**
  - Regular decision emails sent to UG applicants
  - Proposed FY19 Budget sent to BOT
  - BOT approves FY19 Budget
  - “High water mark” for First Year deposits. Summer “melt” begins

- **April**
  - Revise Revenue budget, based on EA/ED and RD admissions figures

- **May**
  - BOT approves FY19 Budget
FY2017-18 Revenue Budget

Total Revenue $113.2M

- Undergrad Net Tuition & Fees $52,273 (46%)
- Gross UG Tuition & Fees $98,400
  - Less Financial Aid $(46,126)
  - Net Tuition $52,273

- Gross Grad Tuition & Fees $29,754
  - Less Financial Aid $(16,553)
  - Net Tuition $13,201

- Room & Board $15,287 (13%)
- Endow Distrib $18,821 (17%)
- Gifts $5,550 (5%)
- Grants & Contracts $6,557 (6%)
- All Other $1,495 (1%)
<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY17 vs FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Undergrads</strong></td>
<td>2,174</td>
<td>2,202</td>
<td>2,243</td>
<td>2,186</td>
<td>2,268</td>
<td>2,178</td>
<td>0.2%</td>
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<tr>
<td><strong>Tuition Rate</strong></td>
<td>$37,000</td>
<td>$38,100</td>
<td>$39,200</td>
<td>$40,380</td>
<td>$41,590</td>
<td>$42,800</td>
<td>15.7%</td>
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<tr>
<td><strong>Avg Discount Rate</strong></td>
<td>43.1%</td>
<td>43.1%</td>
<td>45.5%</td>
<td>45.7%</td>
<td>47.6%</td>
<td>47.3%</td>
<td>9.7%</td>
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<tr>
<td><strong>Avg NTR/Student</strong></td>
<td>$21,053</td>
<td>$21,665</td>
<td>$21,367</td>
<td>$21,910</td>
<td>$21,793</td>
<td>$22,559</td>
<td>7.1%</td>
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<tr>
<td><strong>Net Tuition Revenue (000s)</strong></td>
<td>$45,770</td>
<td>$47,707</td>
<td>$47,926</td>
<td>$47,896</td>
<td>$49,416</td>
<td>$49,121</td>
<td>7.3%</td>
</tr>
</tbody>
</table>
Total Expense $113.1M

- Salaries & Wages: $55,247 (49%)
- Benefits: $14,105 (13%)
- O&M, Depr, Interest: $16,122 (14%)
- Food Service: $4,724 (4%)
- Grants & Contracts: $4,586 (4%)
- Non-Comp, All Other: $18,288 (16%)
## Elastic & Inelastic Expenses

<table>
<thead>
<tr>
<th>Budget Line Items</th>
<th>$000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation &amp; Debt Service</td>
<td>$11,796</td>
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<tr>
<td>Food Service</td>
<td>$4,724</td>
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<tr>
<td>Grants &amp; Contracts</td>
<td>$4,586</td>
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<tr>
<td>Full-time Staff Salaries</td>
<td>$25,436</td>
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<tr>
<td>Full-time Faculty Salaries</td>
<td>$19,741</td>
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<tr>
<td>Benefits</td>
<td>$14,105</td>
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<td>Study Abroad Tuition Pmts</td>
<td>$1,975</td>
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<tr>
<td>Maintenance &amp; Utilities</td>
<td>$4,326</td>
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<td>Equipment &amp; Library</td>
<td>$3,279</td>
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<td>Student Council</td>
<td>$750</td>
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<tr>
<td>All Non-Compensation Items</td>
<td>$10,613</td>
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<tr>
<td>PT Faculty &amp; Staff; Extra Comp</td>
<td>$5,570</td>
</tr>
<tr>
<td>All Student Wages</td>
<td>$4,499</td>
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<tr>
<td>Travel</td>
<td>$1,771</td>
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</tbody>
</table>

### Elasticity of Expenses

![Elasticity of Expenses Pie Chart]
Endowment

• What is an endowment?
  o Donated funds that are permanently invested to generate annual returns to help support operating budget
  o Clark has about 550 individual endowed “funds”, each with its own set of restrictions for use established by the donors

• How does the endowment work?
  o The individual funds are pooled together for investment purposes, much like a mutual fund. Each fund owns “shares” that represent its claim on the total endowment
  o The original gifts can never be spent. Only a portion of the investment earnings are sent to the budget each year, based on a distribution rate

• Distribution to Operating Budget
  o Market value as of May 31st was $410.7 million. Annual distribution rate, approved by the Trustees, is 5% of rolling 20-quarter average market value
  o FY18 distribution to budget is $18.8 million or 16.6% of total revenue
Questions?
Comments?
Let’s discuss!