

2018 OPEN BUDGET MEETING

Today's Agenda

- Overview of Financial Planning
 - Different Types of Plans
 - Annual Budget Cycle

- FY 2017-18 Forecast

- FY 2018-19 Budget
 - Operating Budget
 - Capital Budget

- Open Discussion

Lafayette College Strategic Direction

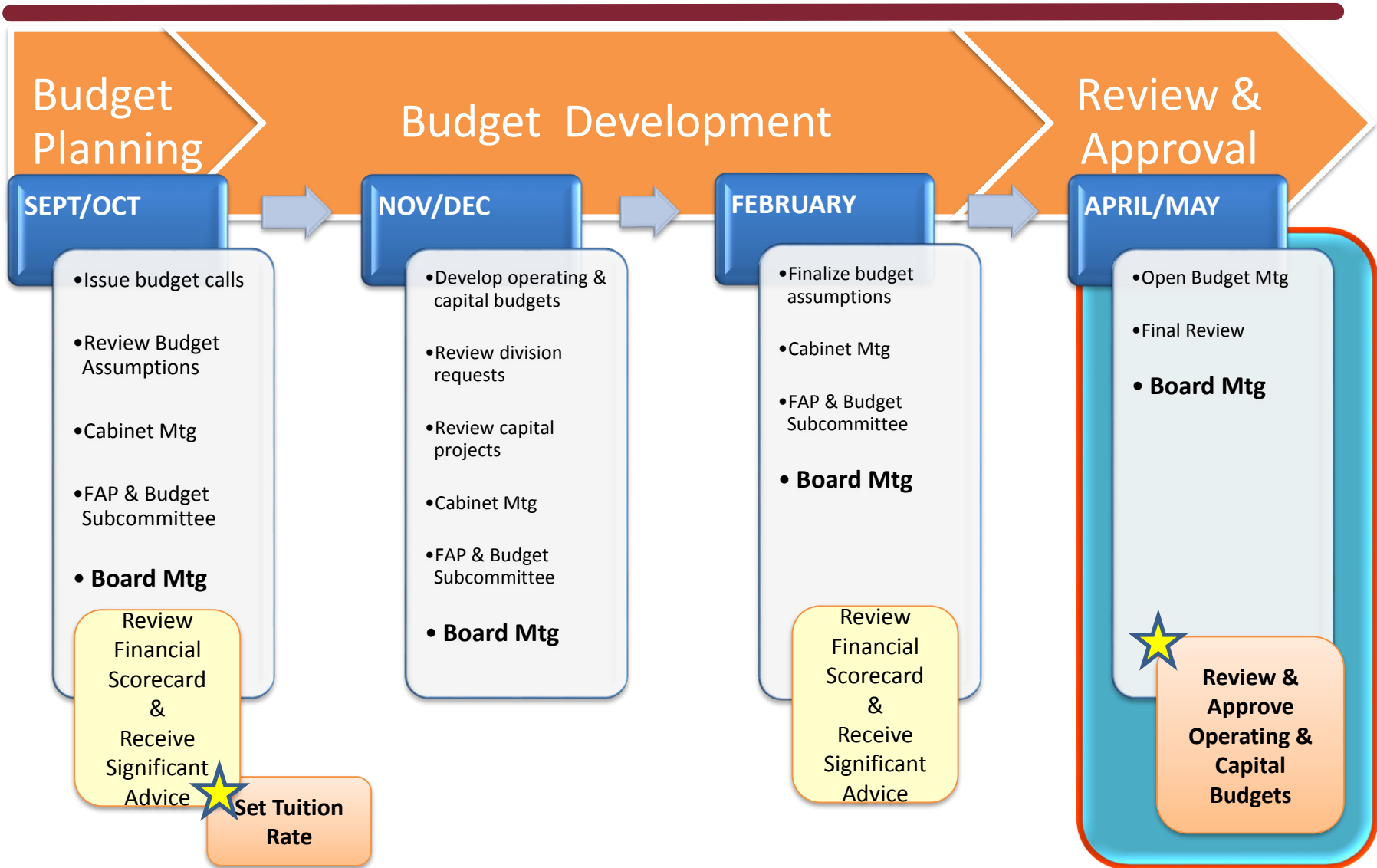
Operating Budget

- Budget pays for day-to-day expenses
- Revenue and expense recognized within the fiscal year
- Provides support for capital maintenance projects
- Contains majority of College's revenue and expense

Capital Budget

- Budget pays for larger projects that steward or improve the campus
- Expenses are generally capitalized and the expense is recognized over time
- Projects and funding may span multiple years
- Multiple funding sources

Lafayette's Annual Budget Cycle



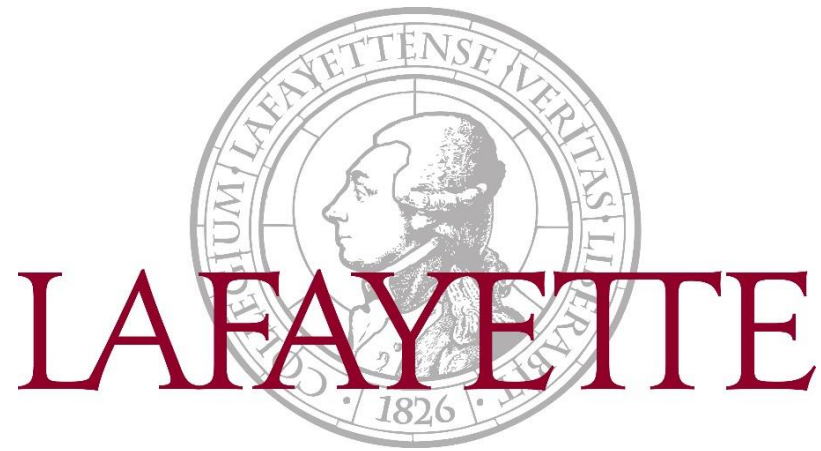


2017-18 FORECAST

Fiscal 2017-18 Update: Operating Results

The College's fiscal 2017-18 forecast is projected to be \$1.6 million favorable to the budget.

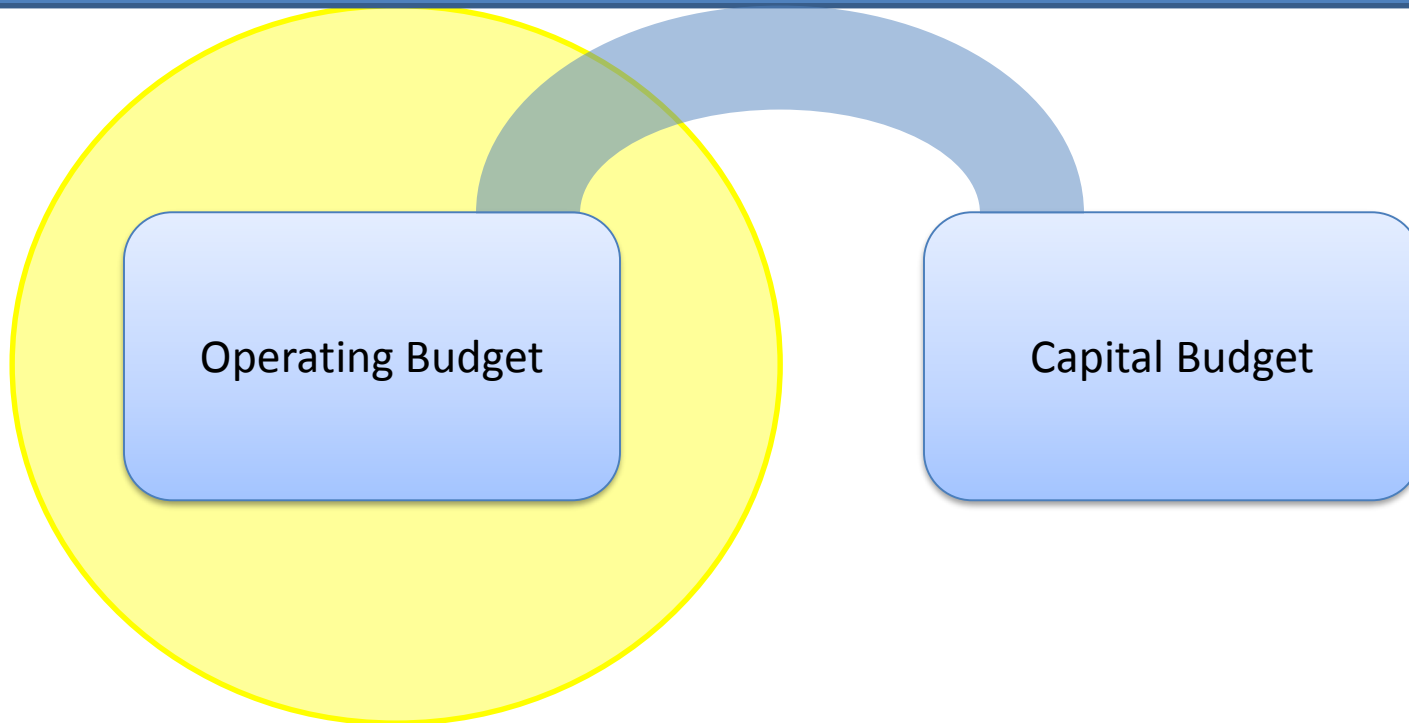
| In thousands | Approved Budget | Adjusted Budget | Forecast | \$ Variance Fav/(Unfav) | % Variance Fav/(Unfav) |
|--------------------------------------|--------------------|--------------------|----------------|----------------------------|---------------------------|
| Operating Revenues | \$ 208,483 | 208,483 | 207,678 | (805) | (0.4) |
| Expenditures | 199,543 | 199,857 | 197,430 | 2,426 | 1.2 |
| Transfers | 8,940 | 8,626 | 8,626 | - | - |
| Expenditures & Transfers | 208,483 | 208,483 | 206,056 | 2,426 | 1.2 |
| Operating Contribution | \$ - | - | 1,621 | | |
| <i>Operating Contribution Margin</i> | 0.0% | 0.0% | 0.8% | | |



2018-19 BUDGET

Lafayette College

Strategic Direction



Fiscal 2018-19 Proposed Budget: Summary

The College's proposed fiscal 2018-19 budget is balanced based on \$217.7 million in operating revenues, a 4.4% increase.

Key budget assumptions include:

Tuition - 4% increase

3% supports operations and 1% directed toward financial aid

Enrollment

First Year Students: 696

Average Enrollment Target: 2,574

Endowment

Maintain 5% spending rate

Financial Aid

Includes 4% tuition increase plus \$1.3 million additional aid

Salary Pools

Faculty: 3.5%, Staff: 2.5%

| In thousands | FY 2017-18 Adjusted Budget | FY 2018-19 Proposed Budget | \$ Change Inc/(Dec) | % Change Inc/(Dec) |
|--------------------------------------|-------------------------------|-------------------------------|------------------------|-----------------------|
| Operating Revenues | \$ 208,483 | 217,667 | 9,184 | 4.4 |
| Expenditures & Transfers | 208,483 | 217,667 | 9,184 | 4.4 |
| Operating Contribution | \$ - | - | - | |
| <i>Operating Contribution Margin</i> | <i>0.0%</i> | <i>0.0%</i> | | |

Fiscal 2018-19 Proposed Budget: Summary of Funding Priorities

The budget provides approximately \$9.0 million in new funding. The priorities funded in the proposed operating budget are guided by the Strategic Direction.

Financial Aid **\$4.1 million**

- 36.7% financial aid rate for first year students, 37.7% overall

Salaries & Fringe Benefits **\$2.5 million**

- 3.5% faculty, 2.5% admin and staff salary pool
- 4% for health care costs (effective 1/2019)

Strategic Initiatives **\$1.6 million**

- RISC operating reserve \$0.5 million
- 3 new faculty for growth \$0.4 million
- Cabinet Initiatives \$0.4 million
- Dining plan enhancements \$0.2 million
- 1 Administrative FTE \$0.1 million

Other **\$0.7 million**

- Study abroad participation (190 participants) \$0.3 million
- Other operating \$0.4 million

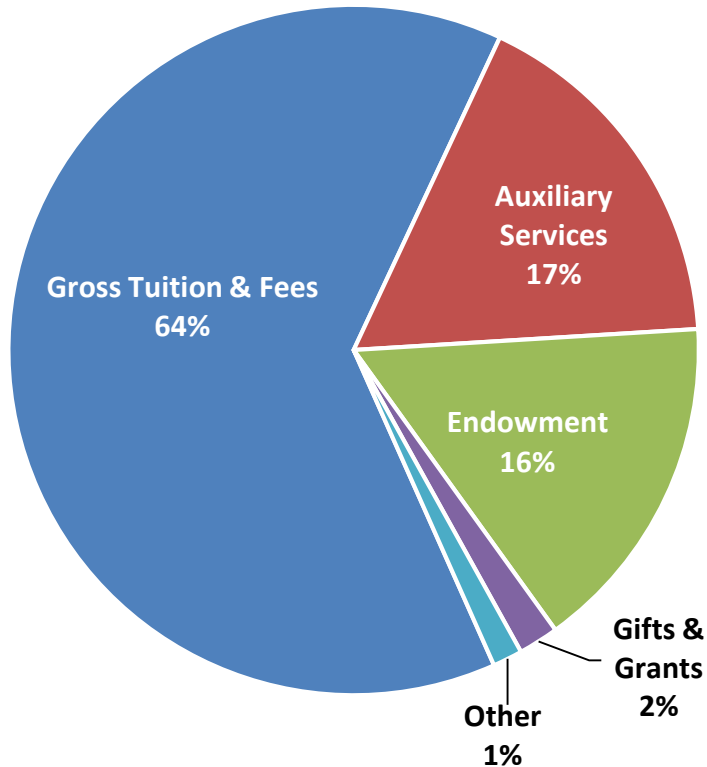
Contingency **\$0.1 million**

- Maintain 1% contingency of total operating revenue

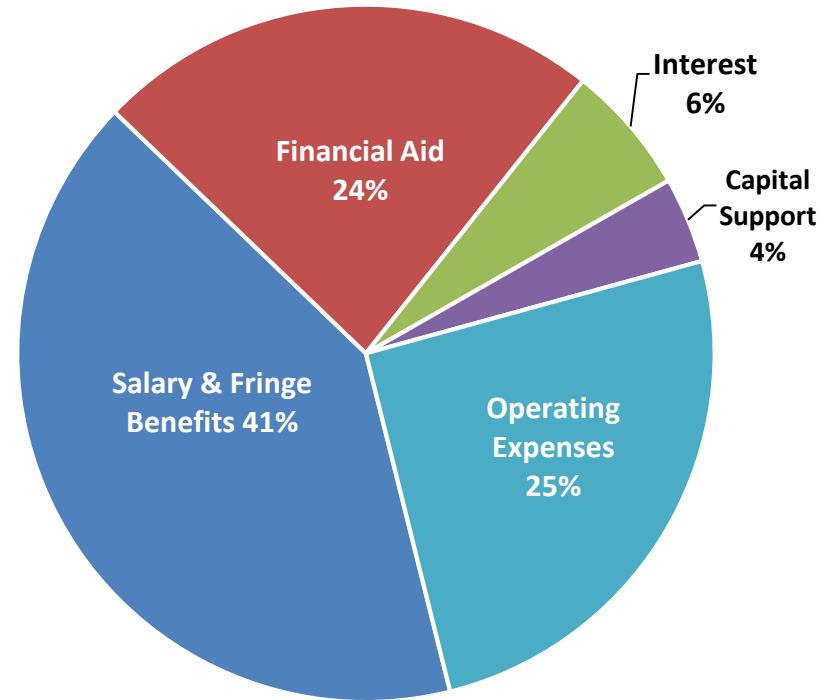
Fiscal 2018-19 Proposed Budget: Revenue and Expense Distribution

2018-19 Balanced Operating Budget: \$217.7 million

Revenues



Expenditures



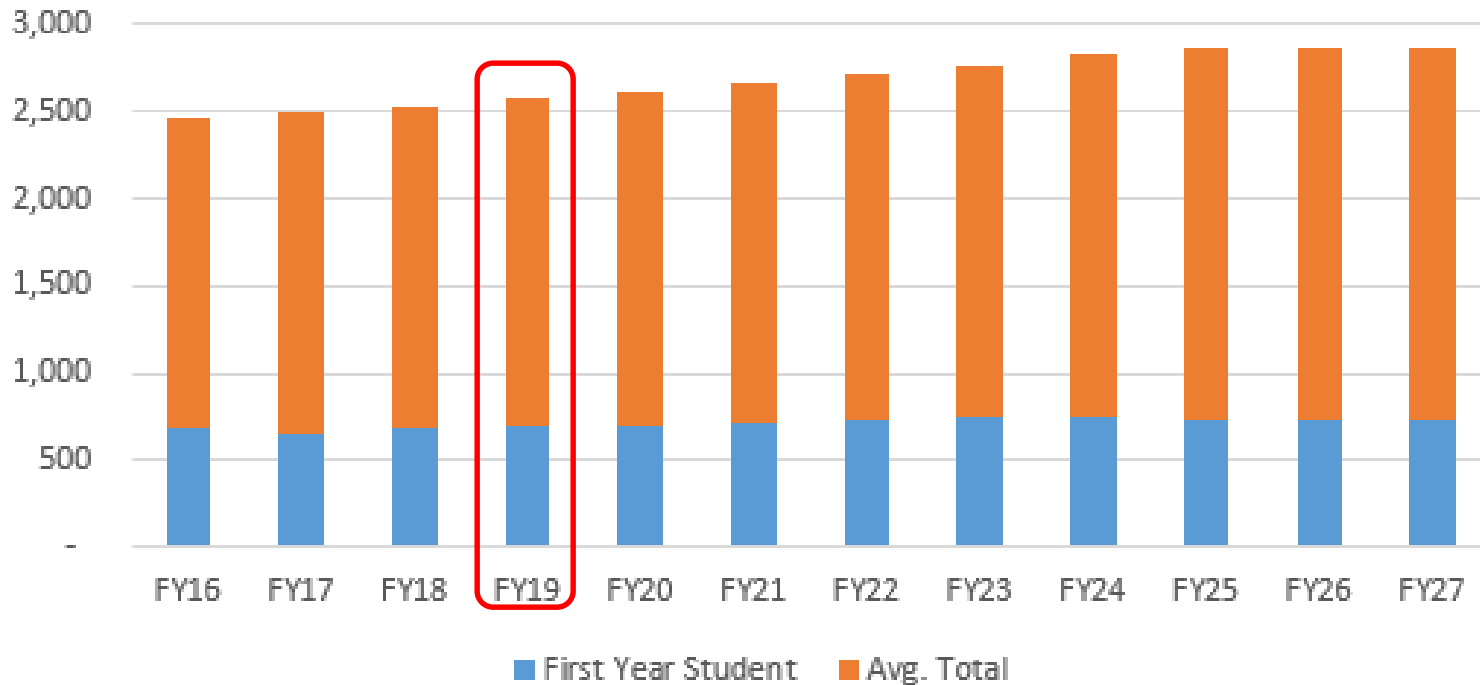
Fiscal 2018-19 Proposed Budget: Enrollment

Enrollment growth in line with strategic financial projection

Total fall enrollment projected at 2,599 (+51 average students from 2018)

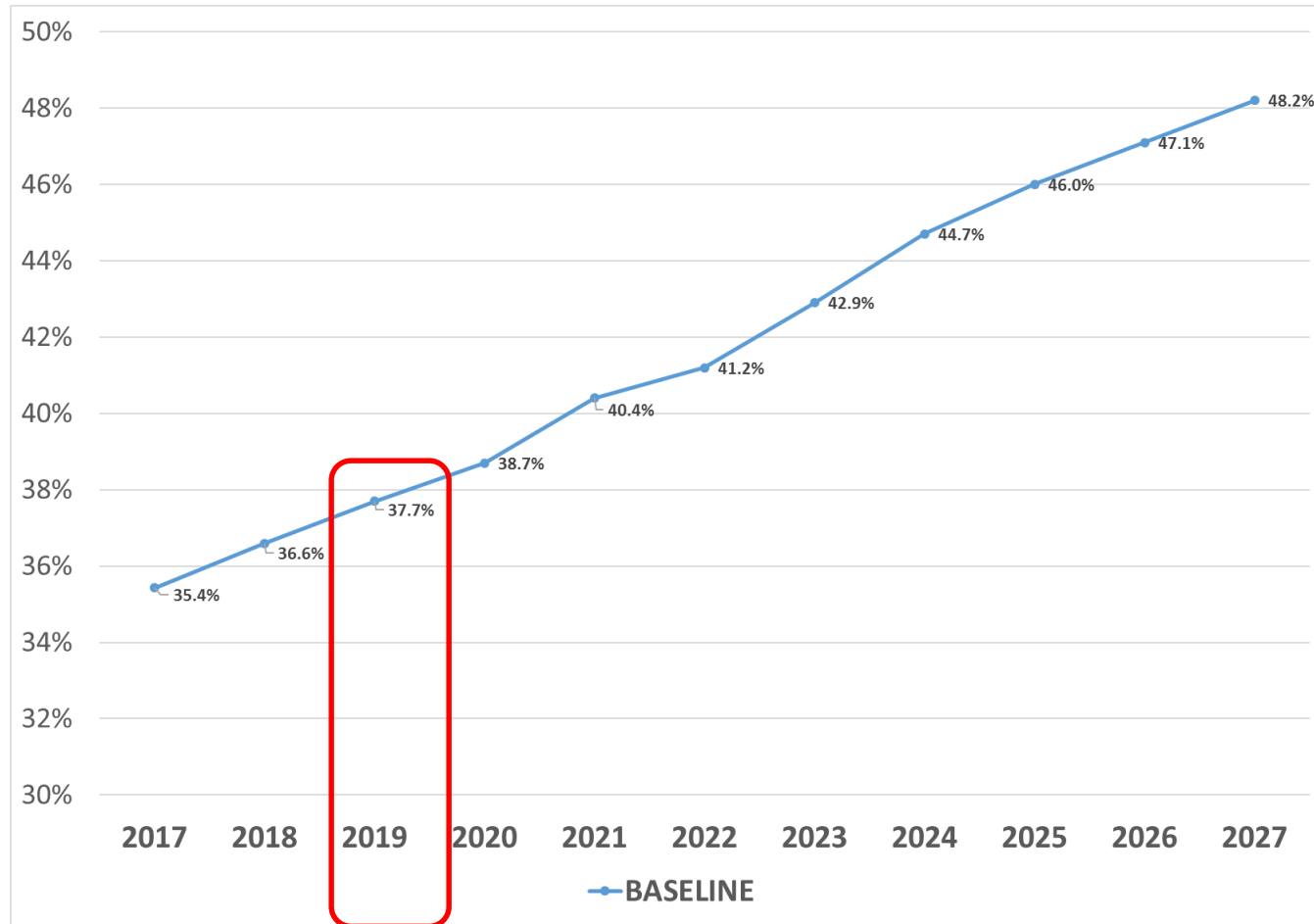
- Increased first year student target to 696 to compensate for greater than anticipated fall to spring melt in fiscal 2018

First Year & Average Total Enrollment



Fiscal 2018-19 Proposed Budget: Financial Aid

The College's commitment to financial aid continues an upward trend reaching a targeted 48.2% in fiscal 2027.

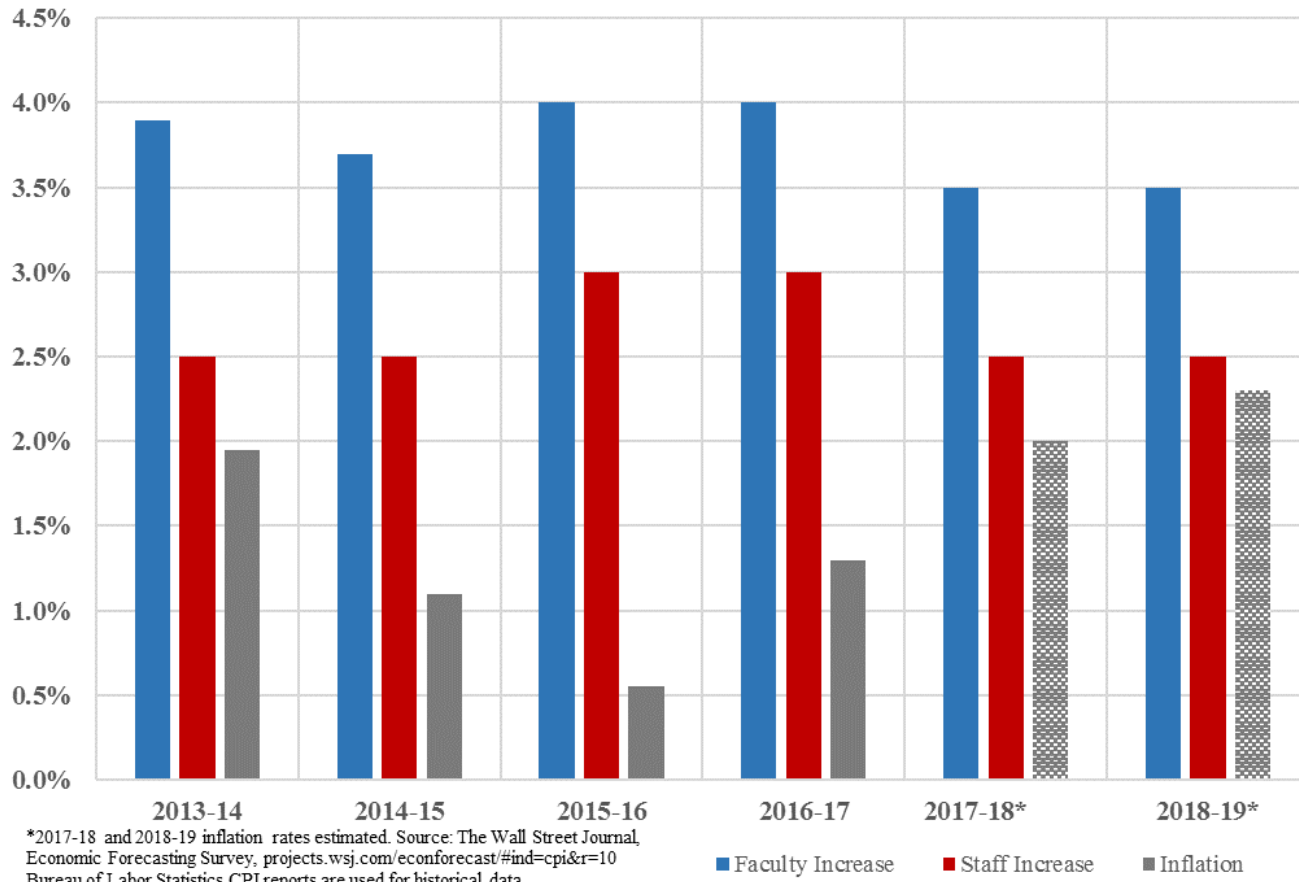


Fiscal 2018-19 Proposed Budget: Salary & Fringe Benefits

Salary and Fringe Benefits \$2.5 million

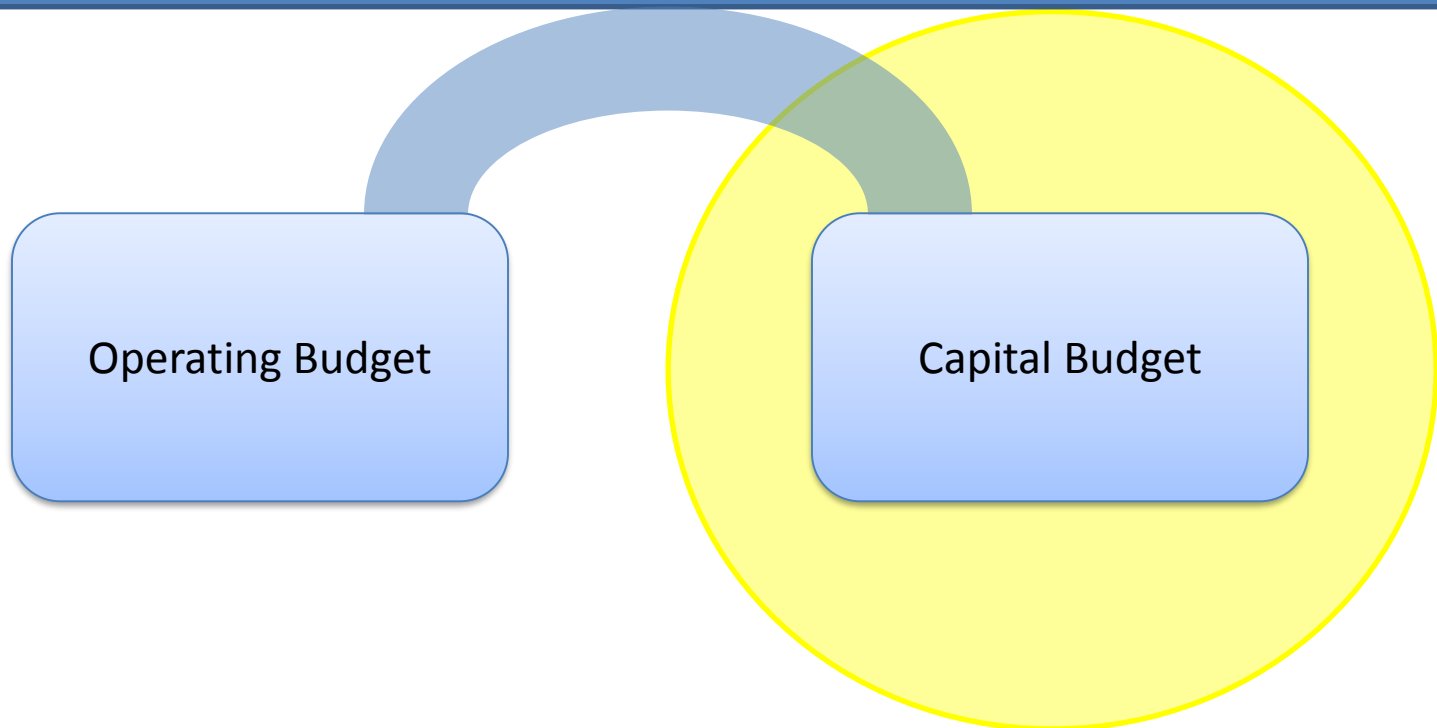
- 3.5% faculty, 2.5% non-faculty pool
- 4% for health care costs (effective 1/2019)

Historical Salary Increases vs. Average Inflation



Lafayette College

Strategic Direction



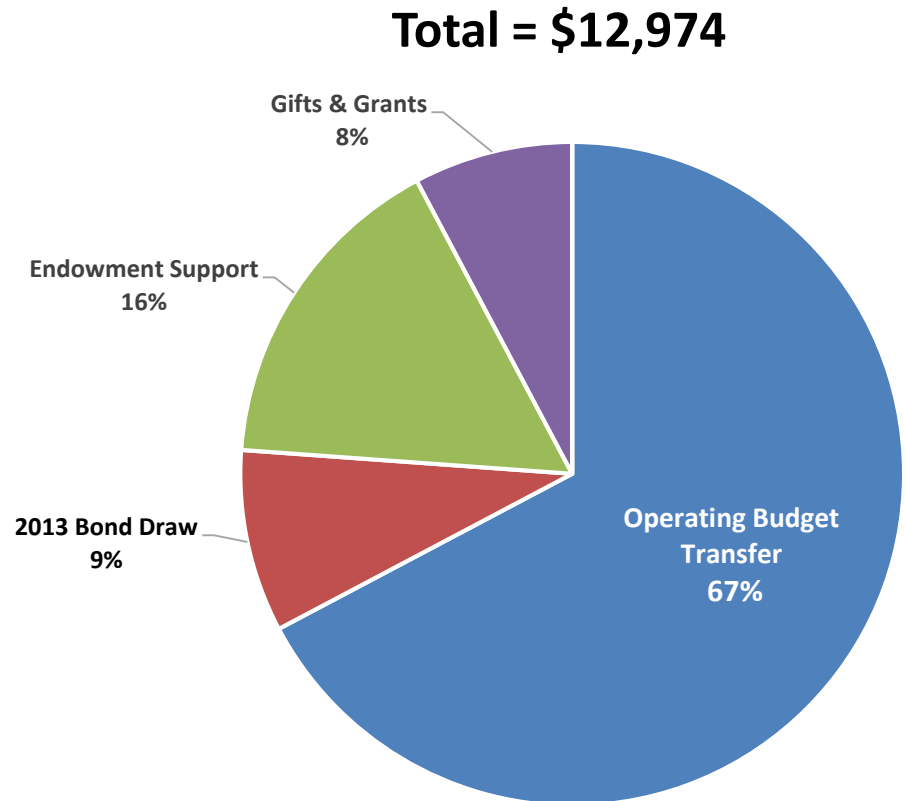
Fiscal 2018-19: Capital Budget Summary

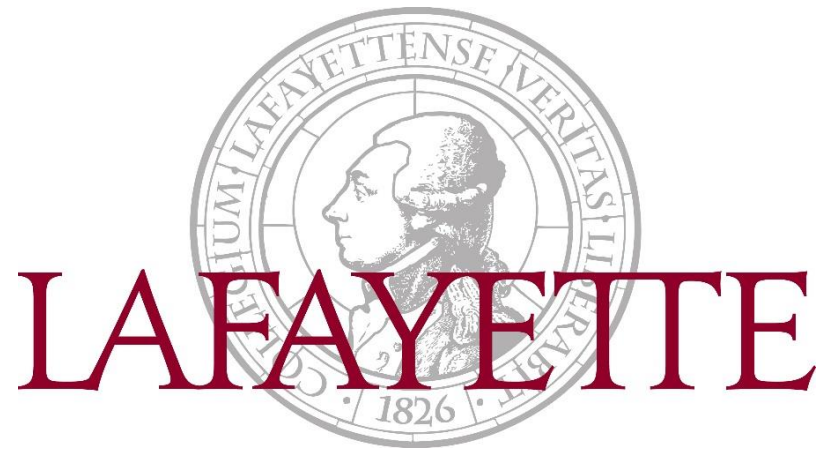
➤ **28% of the total \$47 million projects requested are funded in the budget**

In thousands

Five Sources Supporting the Capital Budget

- 1. Operating Budget Transfer - \$8,678**
- 2. Debt - 2013 Bond Draw - \$1,166**
2017 RISC is tracked separately
- 3. Gifts and Other Funds - \$1,018**
From annual capital budget
Additional gifts tracked separately
- 4. Endowment Support - \$2,112**
- 5. Prior Year Project Savings**
Determined annually





DISCUSSION