



NEW YORK UNIVERSITY

Fiscal 2019 Operating & Capital Plan

Senate Financial Affairs Committee Meeting

October 3, 2018



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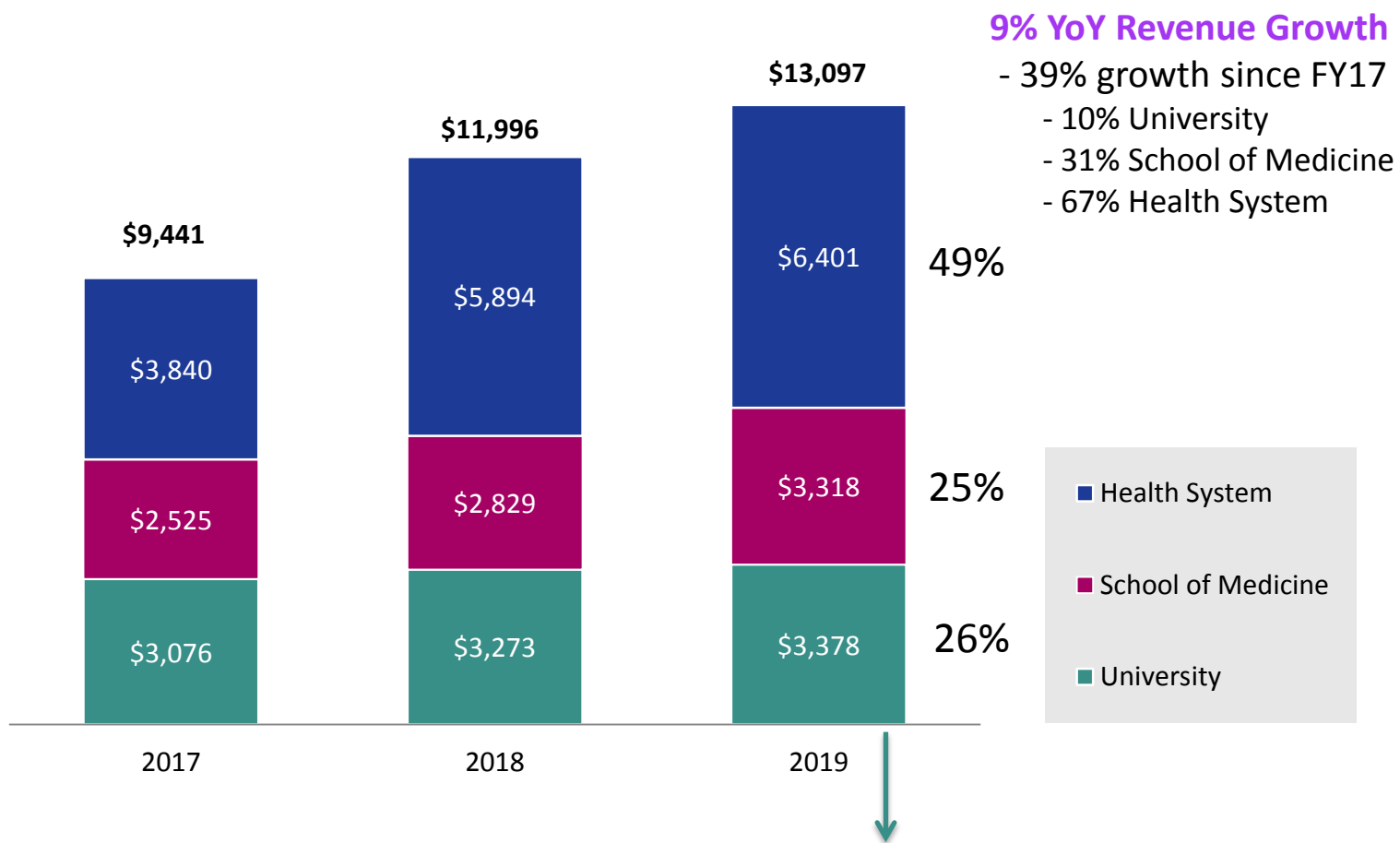
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NYU Consolidated Operating Budget - Revenues

2017 through 2019
(Amounts in Millions)



The presentation to follow is for the \$3.378 billion University budget that is exclusive of NYU Langone Health.

Note: Amounts are reported prior to eliminations for inter-company transactions



Executive Summary

Fiscal 2018 Forecast

Operating margin forecast of \$173 million, or **\$71 million better** than budget.

Fiscal 2019 Proposed Budget

Operating margin of \$112 million, which is **\$9 million lower** than the June 2017 projection, but higher than the FY2018 budget by \$11 million.

Key drivers of the financial plan adjustments for FY2019 are as follows:

1. Funding for Strategic Priorities:

- Affordability
- The Sciences (Chemical Biology)
- Student Success
- Equity, Diversity, Inclusion and Office of OEO
- Work/Life Office
- Sustainability



Executive Summary

2. Reset of School Financial Plans

- Many of the Schools' financial targets for revenue, expense and contribution margin were established 5-10 years ago
- Previous targets were not representative of recent operating performances and/or did not allow for investments in programs for future growth

3. Investment funding for new school programs (primarily online)

- Start-up costs for new on-campus and online masters and certificate programs in Stern, Steinhardt and Wagner

4. Other Key Initiatives

- Campus Safety
- IT Security
- University Development Office



Fiscal 2019 Operating Budget (Cash Basis)

(dollars in millions)

	FISCAL 2018 ORIGINAL BUDGET		FISCAL 2019 BUDGET		INCREASE / (DECREASE) FROM THE PRIOR YEAR	
REVENUE						
Tuition & Fees Net of Financial Aid	1,793	55%	1,910	57%	116	6%
Undergraduate	1,367		1,451		84	
Graduate & Professional	973		1,053		80	
Non-credit	45		27		(18)	
Fees	81		89		8	
Financial Aid	(672)		(710)		(37)	
Gifts & Pledges	162	5%	167	5%	5	3%
Endowment Distribution and Other Investment Income	131	4%	149	4%	18	13%
Sponsored Research	298	9%	295	9%	(4)	-1%
Sponsored Educational Programs	284	9%	280	8%	(4)	-1%
Real Estate	81	2%	82	2%	1	1%
Housing/Dining & Other Auxiliary Enterprises						
Student Housing & Dining	327	10%	341	10%	14	4%
All Other Auxiliary Operations	48	1%	19	1%	(29)	-60%
Dental Patient Care	49	2%	51	2%	2	4%
All Other Revenue ¹	99	3%	84	3%	(15)	-15%
TOTAL REVENUE	3,273	100%	3,378	100%	104	3%
EXPENSE						
Salaries & Fringe Benefits	1,816	56%	1,860	55%	44	2%
Building Related Costs	629	19%	679	20%	50	8%
General Operating Expenses	516	16%	552	16%	36	7%
Professional Services & Fees ²	188	6%	150	5%	(38)	-20%
Contingencies and Academic Investment Funds	23	1%	25	1%	2	11%
Transfers to Capital and Other Funds	102	3%	112	3%	10	10%
TOTAL EXPENSE	3,273	100%	3,378	100%	104	3%

Note:

1. A portion of All Other Revenue was reclassified in the Fiscal 2019 Budget from Revenue to Contra Expense.
2. Fixed Service Contracts and Fees which were reported as Professional Services & Fees in Fiscal 2018 have been reclassified to Building Related Costs in the Fiscal 2019 Budget.



Executive Summary - Financial Plan Parameters for FY19

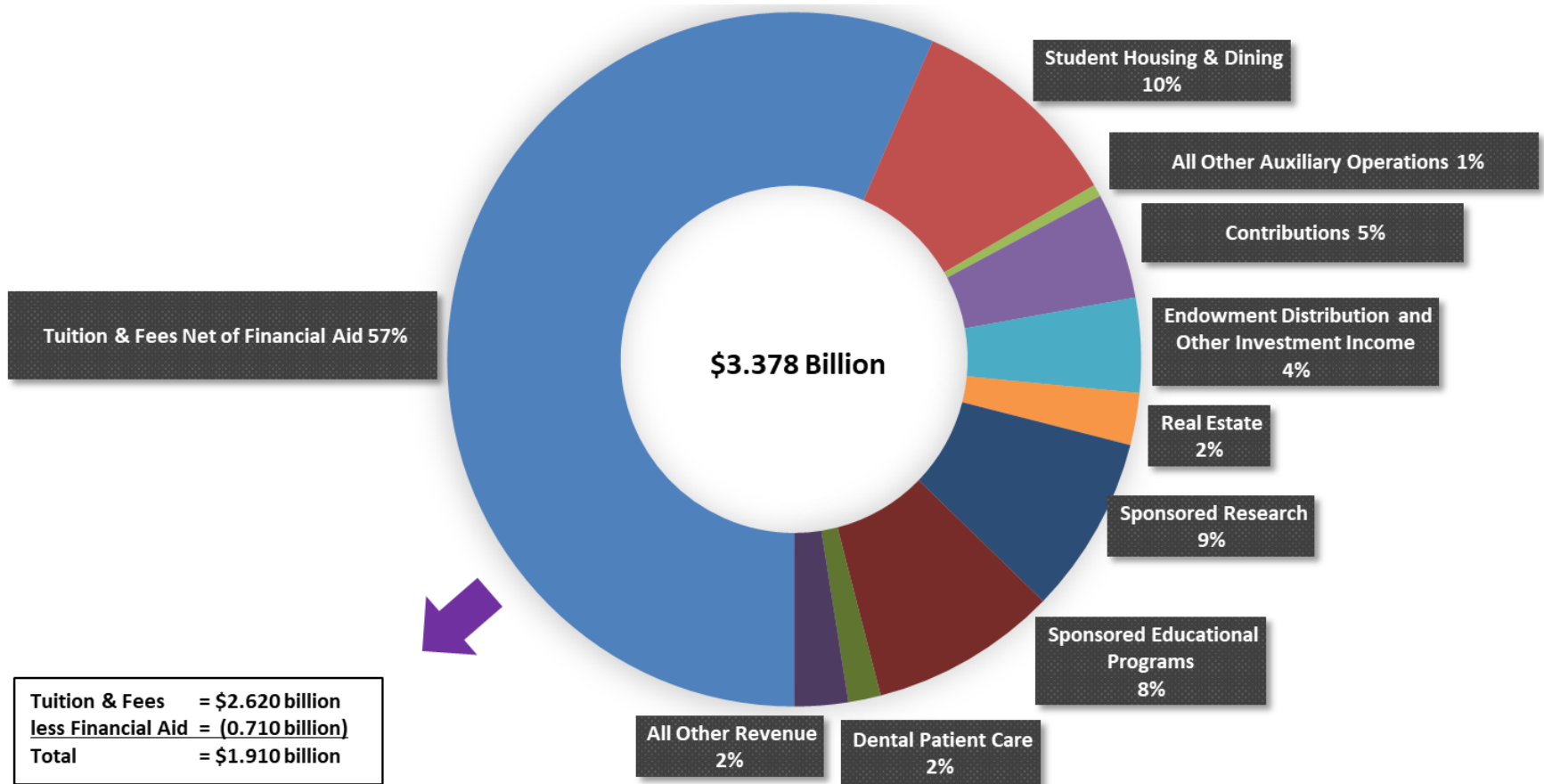
Undergraduate Tuition Increase	2.7%
Student Fees Increase	2.0%
Undergraduate Room Increase	2.7%
Undergraduate Board Increase	2.9%
Undergraduate Financial Aid Increase	3.9%
Graduate and Professional Tuition Increase	4.0%
Full-time Faculty Salary Increase	2.5%
Administrator Salary Increase	2.5%
Energy	-1.6%
Controllable OTPS Increase	1.5%



Fiscal 2019 Operating Revenue by Category

Total Revenues Up 3% from FY18 Budget

No material changes year over year with the exception of reclassifications and changes due to the Bookstore contract with Follett



Note: Operating Budget on a Cash Basis



Fall 2018 Preliminary Enrollment

Registrations of undergraduate and graduate degree-seeking students at all three portal campuses are currently at 108% of goal. We anticipate there will be some changes from these preliminary figures when the results of the Fall 2018 census are tabulated and analyzed. The census is the official count that is used for internal analysis and external reporting.

Undergraduate

- There were 75,216 applications for all three campuses – New York, Abu Dhabi and Shanghai – an increase of 11% from last year’s record number
- The credentials and diversity of the entering class in New York campus are impressive:
 - the median SAT is up 30 points (NYU-NY) over the prior year.
 - the class is more diverse than any other in NYU’s history, with the largest-ever representation of African Americans and Latinos, as well as an increase in the number of international students, breaking last years records
 - 20% of the freshman class is Pell-eligible, which exceeds the representation at most peer institutions
 - Undergraduate enrollment at NYU - NY of 26,776 exceeds plan by 374 students, due to an increase in new students against goal and improved retention.
- Total undergraduate enrollment of 29,450 includes NYU Abu Dhabi and NYU Shanghai students.



Fall 2018 Preliminary Enrollment (continued)

Graduate and Professional

- Total registrations for Master's and Doctoral students at the University (21,854 students) exceed goal by 348 full-time and part-time students.
- Professional registrations – Dentistry & Law – at Washington Square (2,914) exceed goal by 54.
- At the School of Medicine, Master's enrollment is 5, or 5 below goal, while enrollment in the professional degree is 499, or 27 below goal.

Non-Credit

- Non-credit enrollment primarily occurs within the School of Professional Studies and is currently expected to meet a goal of 8,100 students throughout the Fall semester. Enrollment typically increases in the Fall semester following Census as students enroll in courses of short duration that begin after the Census is completed.

Total Enrollment

- Grand total registrations across all campuses is 62,822, or 816 above goal.



Fall 2018 Preliminary Enrollment

	FISCAL 2018 FALL CENSUS ⁴	FISCAL 2019 BUDGET	FISCAL 2019 PROJECTION ¹	VARIANCE
UNDERGRADUATE				
NYU New York ¹	26,417	26,402	26,776	374
NYU Abu Dhabi	1,230	1,351	1,355	4
NYU Shanghai - Foreign Nationals	533	579	623	44
Subtotal	28,180	28,332	28,754	422
NYU Shanghai - Chinese Nationals ²	619	672	696	24
Total Undergraduate	28,799	29,004	29,450	446
GRADUATE AND PROFESSIONAL				
Masters & Doctorates - University	21,246	21,506	21,854	348
Professional - Dentistry & Law	2,884	2,860	2,914	54
Subtotal Graduate & Professional - University	24,130	24,366	24,768	402
Masters - Medicine	10	10	5	(5)
Professional - Medicine	540	526	499	(27)
Subtotal Graduate & Professional - Medicine	550	536	504	(32)
Total Graduate and Professional	24,680	24,902	25,272	370
TOTAL DEGREE-SEEKING³	53,479	53,906	54,722	816
NON-CREDIT⁴	8,187	8,100	8,100	-
GRAND TOTAL	61,666	62,006	62,822	816

Notes:

1. Fall 2018 figures are preliminary as of 9/16/2018, prior to official census.
2. Tuition, fees and financial aid budgets for Chinese nationals are not included in NYU's consolidated operating budget.
3. Total enrollment figures reported above include Consortium and Global Exchange students, which account for 214 students (37 UG & 177 Grad) in FY 2019.
4. Non-credit figures reported incorporate an increase to enrollment that occurs after Census date due to rolling admissions. In FY 2019, total post Census Fall enrollment for non-credit is expected to increase by 60% from the preliminary reported enrollment of 5,016.



Freshman Student Charges for Fiscal 2019

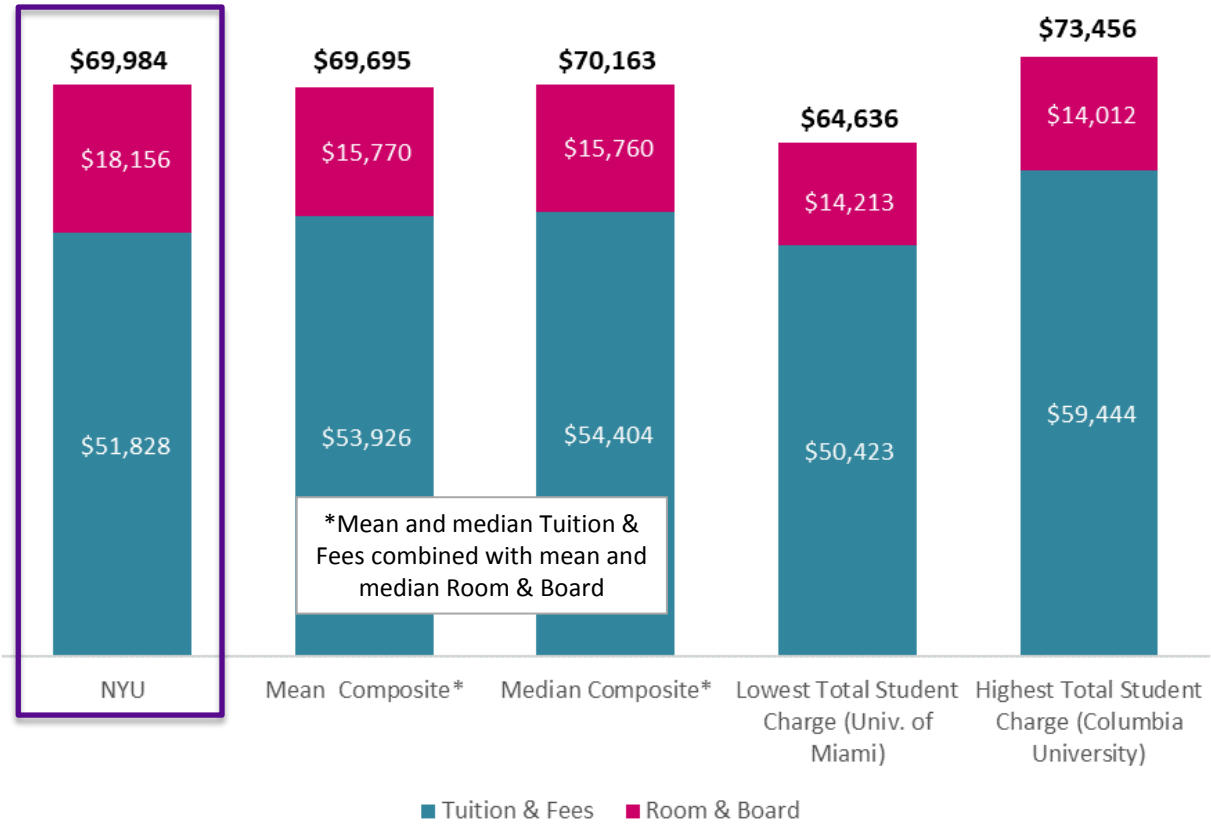
	Washington Square Schools and Portal Campuses ¹				Tandon School of Engineering			
	BUDGET FISCAL 2018	% INCREASE OVER PRIOR YEAR	BUDGET FISCAL 2019	% INCREASE OVER PRIOR YEAR	BUDGET FISCAL 2018	% INCREASE OVER PRIOR YEAR	BUDGET FISCAL 2019	% INCREASE OVER PRIOR YEAR
Tuition ²	\$47,942	2.9%	\$49,256	2.7%	\$47,054	4.1%	\$48,984	4.1%
Mandatory University Fee ³	2,522	2.0%	2,572	2.0%	1,696	16.5%	1,976	16.5%
Subtotal Tuition and Fees	50,464	2.9%	51,828	2.7%	48,750	4.5%	50,960	4.5%
Room (ex Abu Dhabi and Shanghai)	12,814	1.5%	13,166	2.7%	11,314	1.5%	11,642	2.9%
Board (ex Abu Dhabi and Shanghai) ⁴	4,850	-1.7%	4,990	2.9%	2,666	2.5%	2,744	2.9%
Subtotal Room and Board	17,664	0.6%	18,156	2.8%	13,980	1.7%	14,386	2.9%
Total Freshman Charges	\$68,128	2.3%	\$69,984	2.7%	\$62,730	3.9%	\$65,346	4.2%

Notes:

1. The tuition and fee charges for the Abu Dhabi portal campus and for international students at the Shanghai portal campus are the same as the charges for the College of Arts and Science at Washington Square. Room and board charges, however, are different than the charges at Washington Square.
2. The proposed tuition charge for Stern and the Tisch School of the Arts are \$49,836 and \$54,352 respectively, in fiscal 2019. Tandon's rate of increase will continue to be higher until tuition and the mandatory registration and services fee are the same as the College of Arts and Science in fiscal 2021.
3. School-based fees are in addition to the mandatory University fee and vary by school and course of study. In fiscal 2019, such fees range from a low of \$35 per semester to as high as \$6,056 per year for DDS students in the College of Dentistry who rent their dental instruments.
4. \$4,990 is the price of the default meal plan for freshmen, and provides 225 meals per semester in fiscal 2019.



Freshman Student Charges in Fiscal 2019 – Comparison with 25 Private Universities



- Among its 25 primary competitors, NYU is the 13th most expensive in total student charges (\$69,984) in AY 2018-2019.
- AY 2018-2019 student charges are preliminary estimates for some schools and are subject to change.
- Note on data collection: undergraduate student charges were collected from college and university websites, Phillips-Scholarship.org, and Collegeboard.org during spring 2018.



Freshman Student Charges – Comparison with 25 Private Universities

Fiscal 2019 Percentage Change over Fiscal 2018

INSTITUTION NAME	TUITION & FEES	ROOM & BOARD	TOTAL STUDENT CHARGES
Princeton University	4.6%	4.4%	4.6%
Cornell University	4.3%	5.3%	4.5%
Barnard College	4.5%	3.0%	4.1%
Brown University	4.0%	4.6%	4.1%
University of Miami	4.0%	4.0%	4.0%
Emory University	3.9%	4.4%	4.0%
University of Chicago	4.0%	4.0%	4.0%
University of Pennsylvania	3.8%	3.7%	3.8%
Yale University	3.9%	3.2%	3.8%
Duke University	3.9%	3.3%	3.8%
George Washington University	3.0%	6.5%	3.7%
Columbia University	3.9%	2.9%	3.7%
Stanford University	3.5%	4.3%	3.7%
Boston College	3.6%	3.6%	3.6%
Northwestern	3.6%	3.6%	3.6%
University of Southern California	3.5%	3.4%	3.5%
Boston University	3.6%	2.9%	3.4%
Washington University	3.6%	2.7%	3.4%
Northeastern University	3.9%	1.4%	3.3%
Georgetown University	3.4%	2.7%	3.3%
Carnegie Mellon University	2.9%	4.6%	3.2%
Harvard University	3.2%	3.0%	3.1%
Johns Hopkins	3.0%	2.8%	2.9%
New York University	2.7%	2.8%	2.7%
Dartmouth	2.3%	3.9%	2.7%
Fordham University	2.2%	3.1%	2.5%

Data sorted by Percentage Changes in Total Student Charges – Highest to Lowest

Notes:

1. Data sources: college and university websites, Phillips-Scholarship.org, Chronicle for Higher Education
2. Fiscal 2019 charges are preliminary and subject to change.

Mean	3.6%	3.6%	3.6%
Median	3.6%	3.5%	3.7%
Low	2.2%	1.4%	2.5%
High	4.6%	6.5%	4.6%

Note: Means, Medians, Lows, & Highs are specific to each category of student charge. Columns are not intended to add across to Total Student Charges.



Freshmen Receiving Pell Grants – Comparison with 25 Private Universities

INSTITUTION NAME	Full Time, First-Time Freshman Cohort		
	FY16	FY15	FY14
New York University (excl. NYUAD/NYUSH)	21%	23%	23%
Barnard College	19%	20%	21%
Emory University	19%	18%	20%
Fordham University	19%	20%	19%
Columbia University in the City of New York	17%	18%	16%
Princeton University	17%	18%	15%
University of Southern California	17%	18%	18%
Yale University	17%	14%	11%
Harvard University	16%	15%	17%
Cornell University	15%	15%	15%
Dartmouth College	15%	14%	14%
Northwestern University	15%	12%	15%
George Washington University	14%	12%	14%
University of Pennsylvania	14%	13%	14%
Boston University	13%	14%	15%
Brown University	13%	19%	19%
Georgetown University	13%	12%	13%
Johns Hopkins University	13%	12%	13%
Stanford University	13%	15%	15%
Boston College	12%	12%	12%
Duke University	12%	12%	13%
University of Chicago	12%	11%	11%
University of Miami	12%	15%	17%
Carnegie Mellon University	11%	11%	14%
Washington University in St Louis	11%	8%	6%

Data sorted by FY16 percentage

- In general, students with a total family income up to \$50,000 may be eligible for Pell Grants, though most Pell funding in institutions across the nation goes to students with a total family income below \$30,000.
- Pell Grant maximums are established by the federal government; for fiscal 2019 the maximum is \$6,095 per academic year.

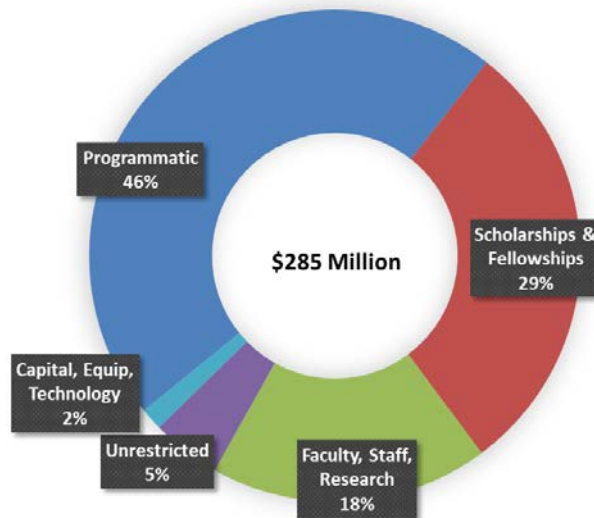
Source: National Center for Education Statistics (NCES)
 Note: FY17 data will be available in Fall 2018.



Fundraising

Fiscal Year 2018

- Overall NYU (including SOM) fundraising total in Fiscal 2018 was \$716 million, surpassing the fundraising goal of \$600 million, and \$123 million more than was raised in Fiscal 2017. Exclusive of the \$431 million fundraised for SOM, fundraising for the University in Fiscal 2018 was \$285 million. Below is a breakdown of the amounts that were raised by priority/purpose:



(dollars in millions)

Purpose	Amount Raised
Programmatic	\$ 132
Scholarships & Fellowships	83
Faculty, Staff, Research	52
Unrestricted	13
Capital, Equip, Technology	4
Total Fundraising	\$ 285

- Contributions (expendable gifts and pledge payments) to the Fiscal 2018 operating budget totaled \$175 million, an increase of \$20 million against budget.

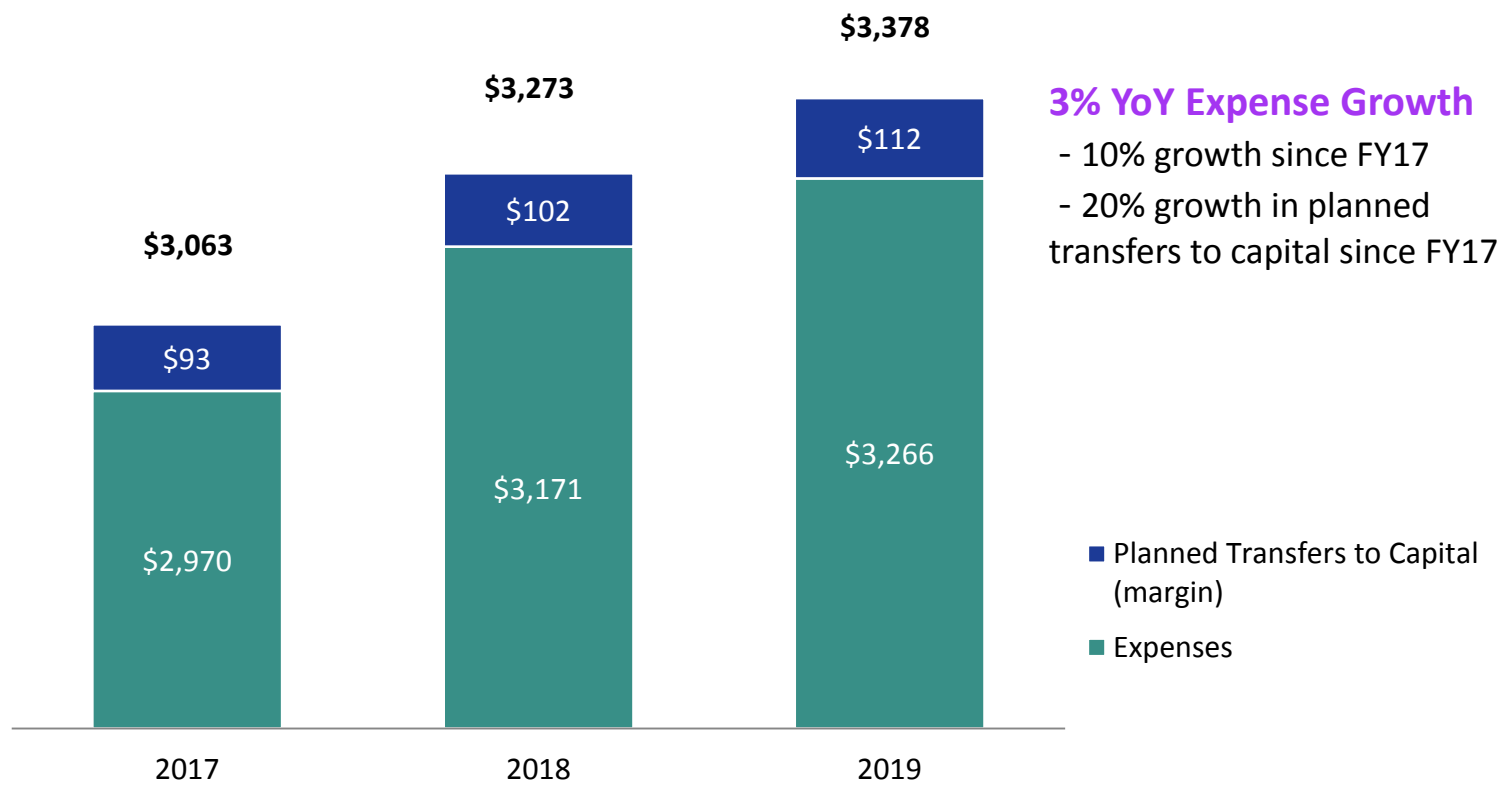
Fiscal Year 2019

- The overall NYU (including SOM) fundraising goal for Fiscal 2019 is currently under development.
- Expected contributions to the Fiscal 2019 operating budget are \$167 million.



NYU Operating Budget - Expenses

2017 through 2019
(Amounts in Millions)

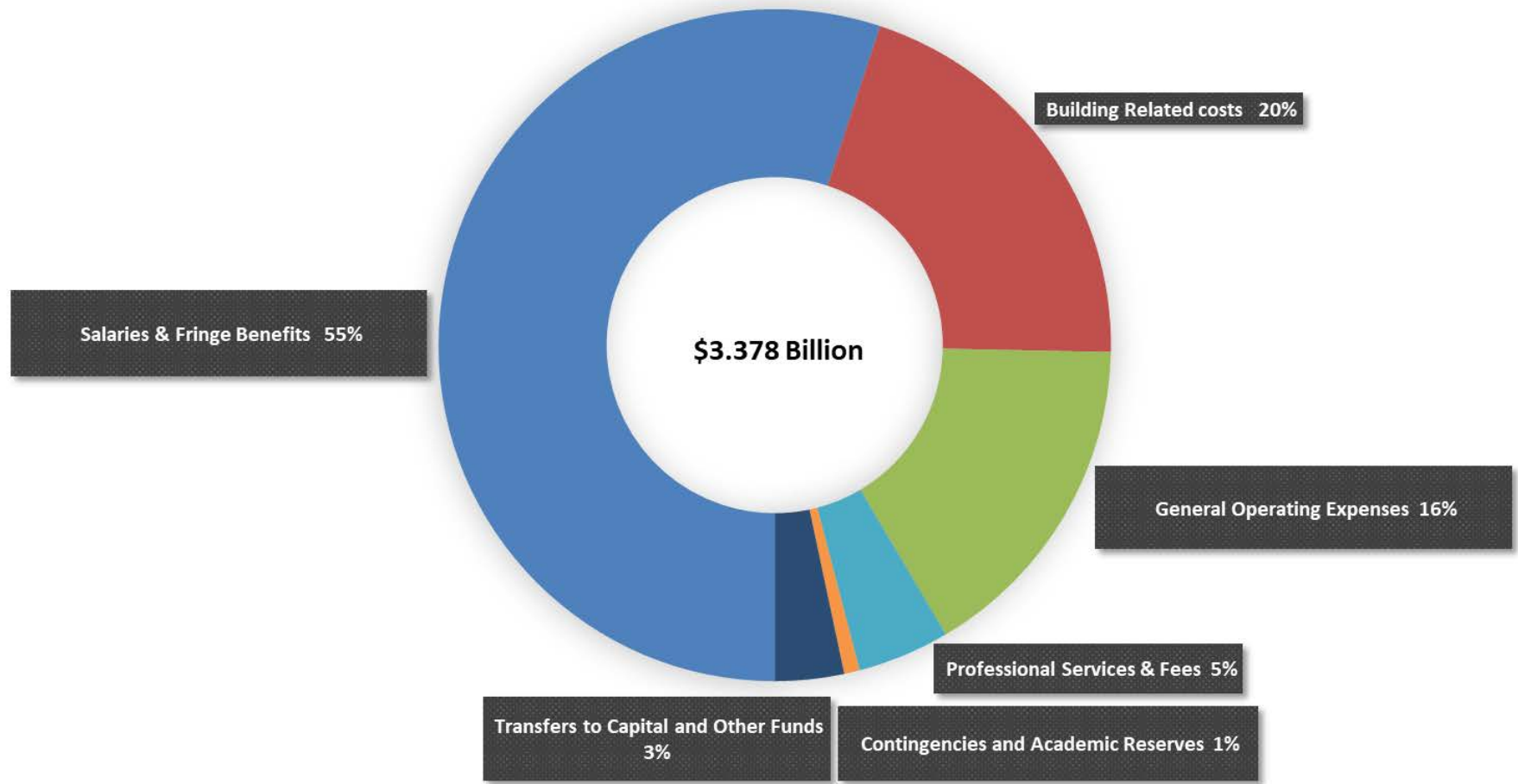


Note: Cash basis, includes transfers to capital (from planned Operating Margin)



Fiscal 2019 Operating Expense by Category

Total Expenses Up 3% from FY18 Budget
No material changes year over year, some changes due to reclassifications



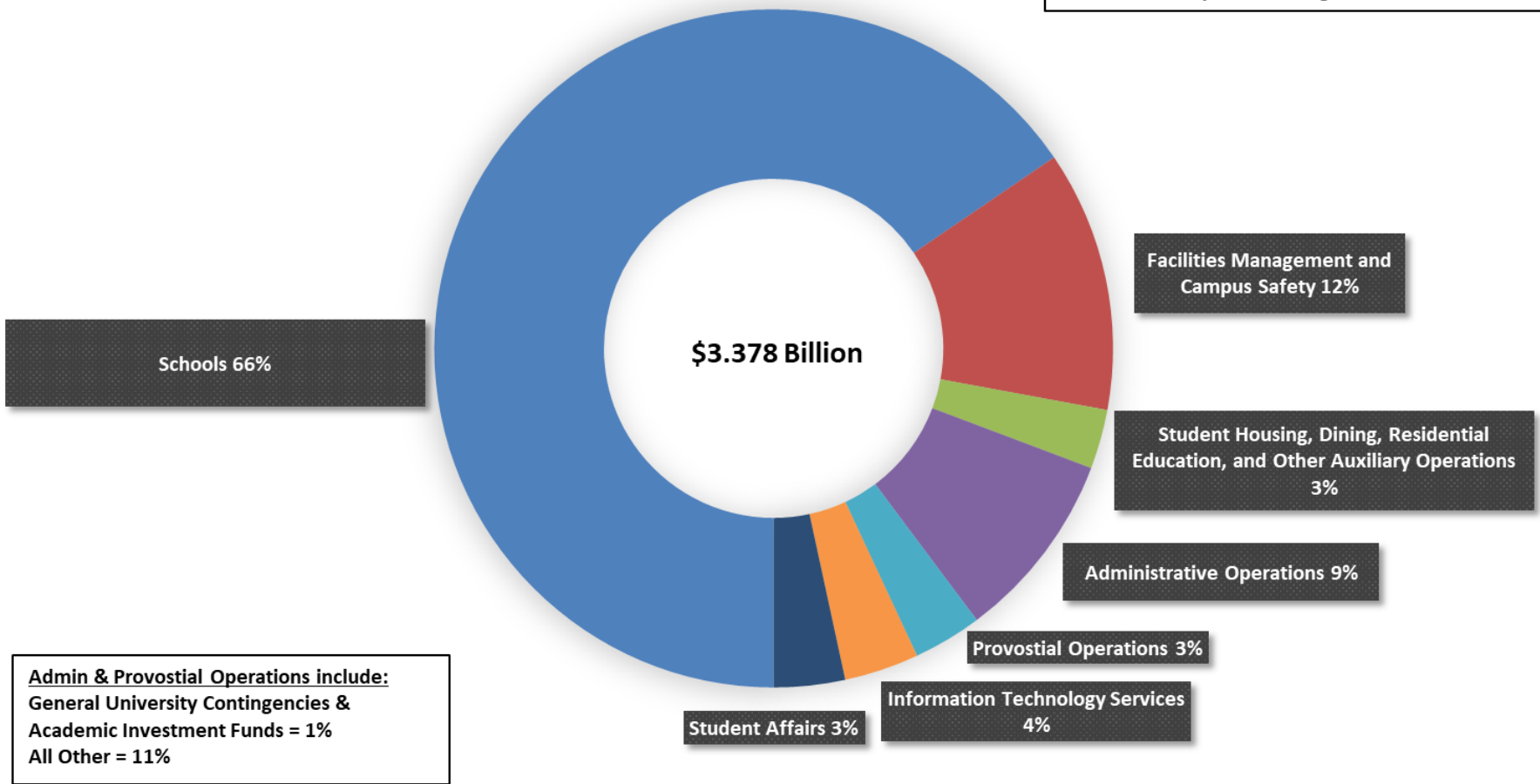
Note: Operating Budget on a Cash Basis



Fiscal 2019 Operating Expense by Purpose

School Based Expenses Remains Largest Category at 66% of Budget

Facilities Management and Campus Safety
Includes:
Student Housing Facilities Mgmt = 4%
Faculty Housing Facilities Mgmt = 1%
Other University Facilities Mgmt = 7%

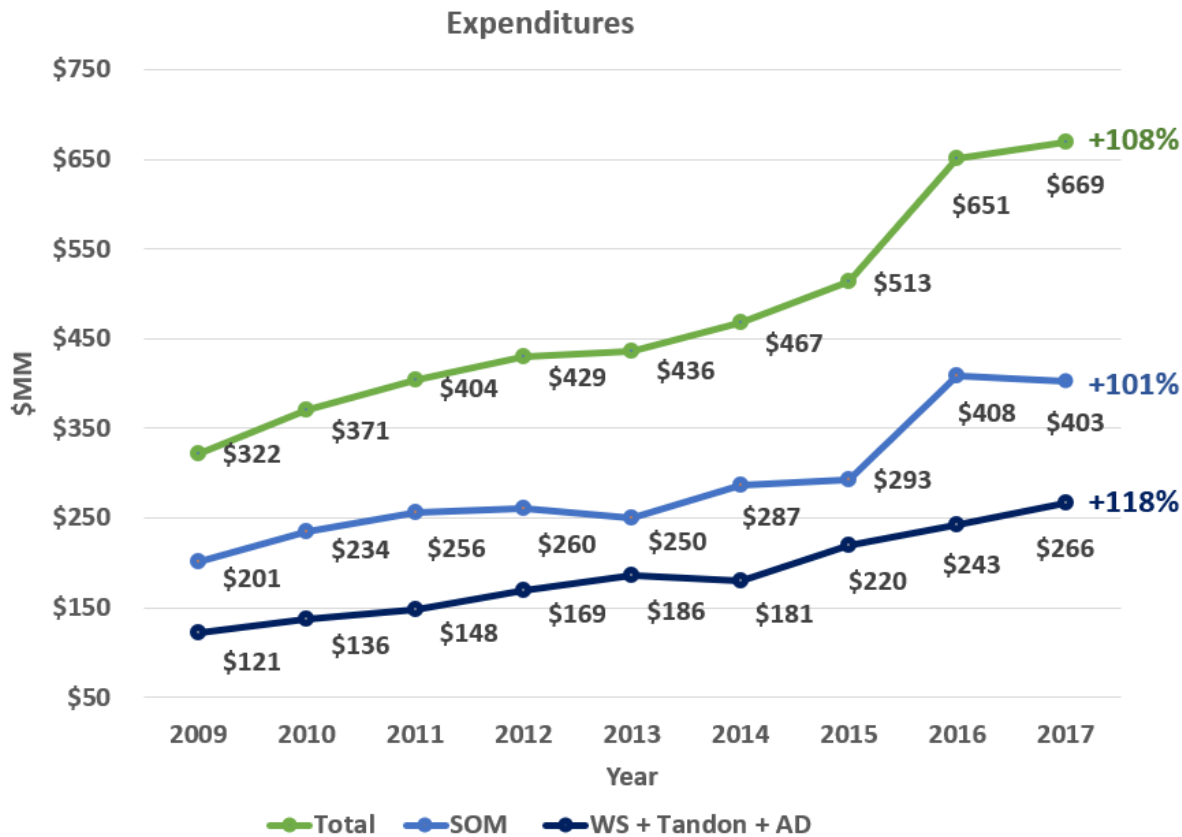


Admin & Provostial Operations include:
General University Contingencies &
Academic Investment Funds = 1%
All Other = 11%

Note: Operating Budget on a Cash Basis



Externally Funded Research Expenditures, Fiscal 2009 - 2017

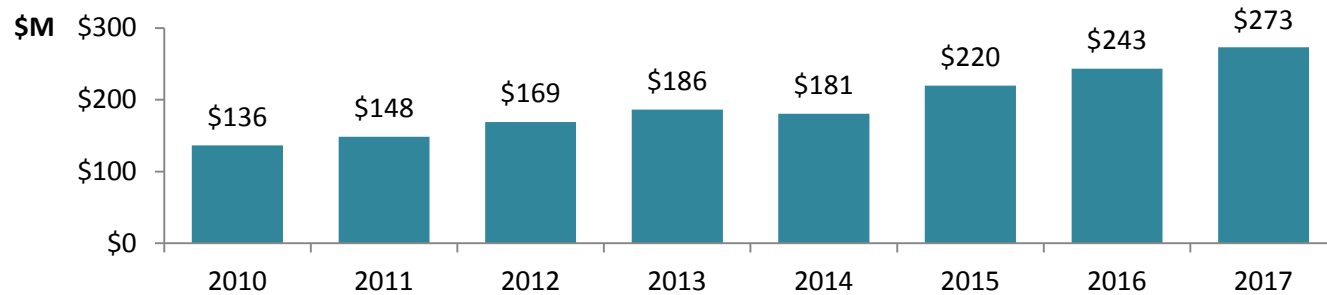


- NYU is ranked #23 in the National Science Foundation's Higher Education Research and Development (HERD) survey as of 2016, an improvement from #59 in 2009
- The Fiscal 2018 operating budget for NYU-NY, Tandon, & Abu Dhabi is expected to close the year with approximately \$275 million in externally funded research
- The Fiscal 2019 operating budget projects \$295 million of externally funded research
- University's Indirect Cost Recovery Rate ex. SoM is 58.5% for FY16; SoM's ICR is 69.5%

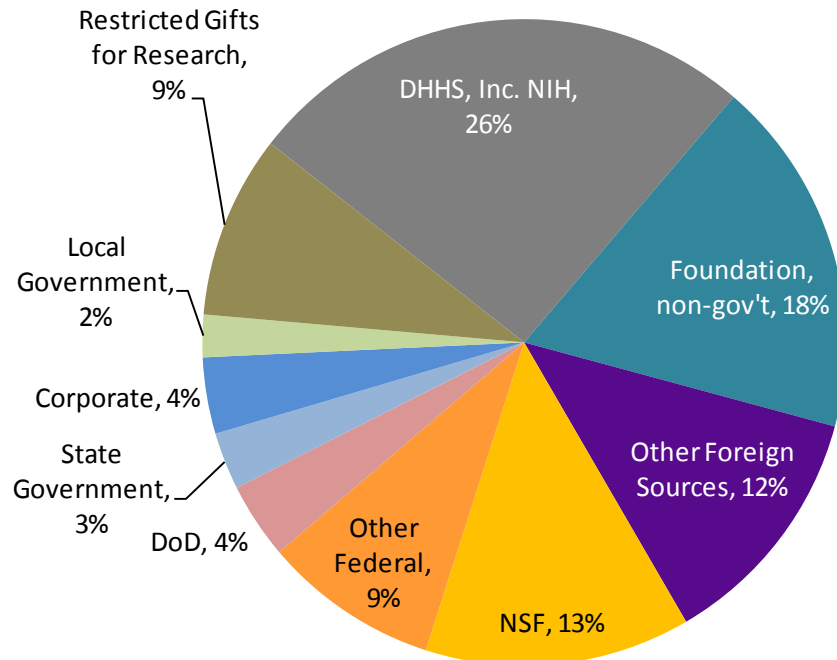


Financial Overview

Externally Funded Research Expenditures for WSQ & Abu Dhabi by Fiscal Year



Externally Funded Research Expenditures: FY 2017



<u>Funding Category</u>	<u>Expenses</u>	<u>%</u>
DHHS, Inc. NIH	\$ 70,226,710	26%
Foundation, non-gov't	48,877,185	18%
Other Foreign Sources	33,894,994	12%
NSF	36,417,041	13%
Other Federal	24,081,814	9%
DoD	10,409,202	4%
State Government	7,811,640	3%
Corporate	10,430,539	4%
Local Government	5,795,587	2%
Restricted Gifts for Research	25,037,903	9%
Grand Total	\$ 272,982,615	100%



Administrator and Faculty Salary Compensation

- The compensation for Faculty and Administrators who have been continuously employed for the past four years has tended to exceed the Annual Merit Increase pool amount due to adjustments for promotion and retention (faculty) and for external equity adjustments (administrators).
- Represented employees will see increases as per collective bargaining agreements.

Faculty

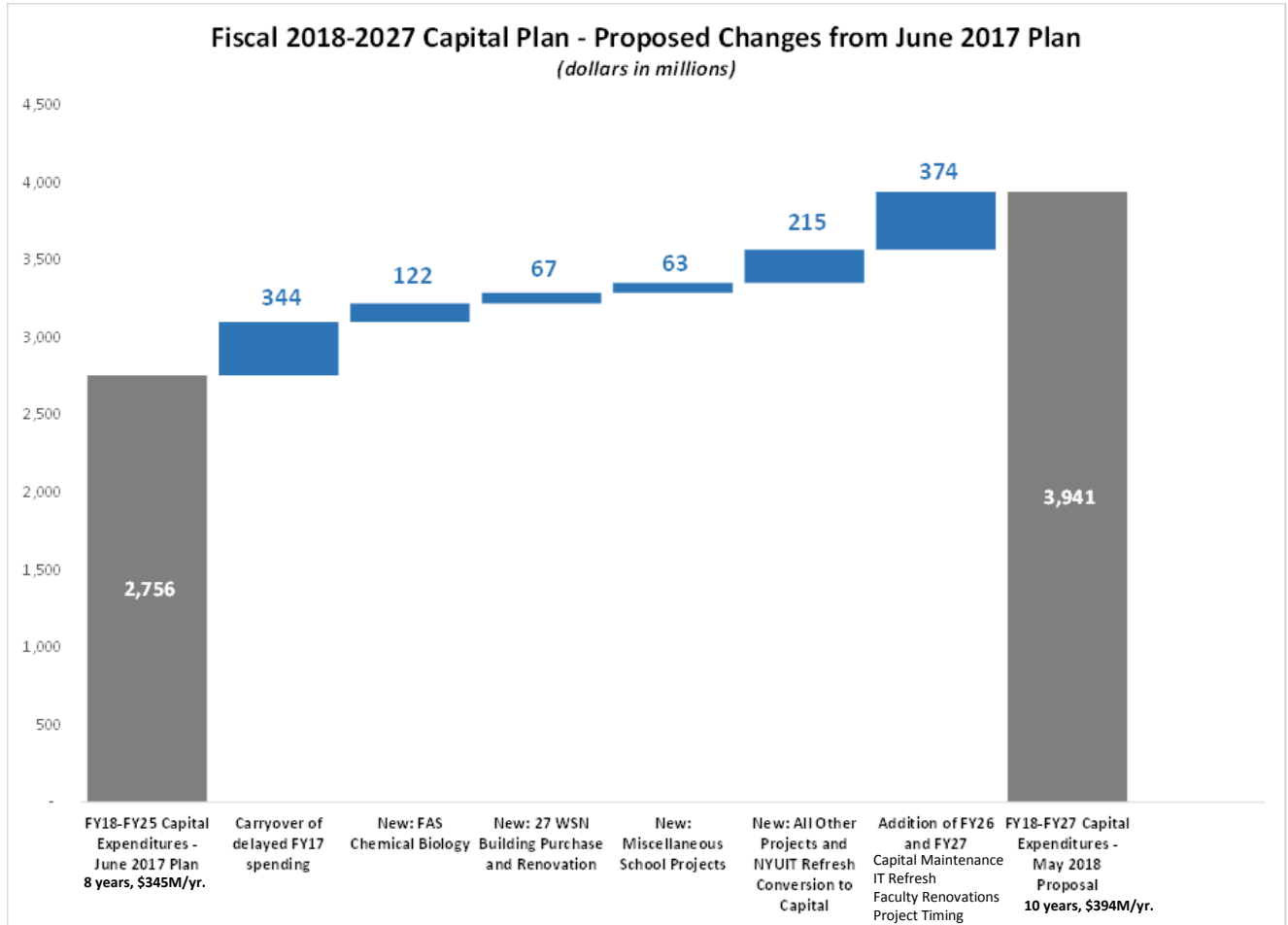
The NYU administration annually reviews data from all universities that submit their salaries for Full Professors, Associate Professors, and Assistant professors to the American Association of University Professors (AAUP) as of November 1st each year. Only nine-month average salaries of non-medical school faculties are reported. The data combine tenured and non-tenured salaries.

- The mean salary of NYU **full professors** for academic year **2017-2018** was **\$214,523**. The salary ranked 8th among our primary competitor universities and 8th both among all 950 AAUP and 215 AAUP Doctoral institutions that reported in AY 2017-2018. In the prior year, the NYU full professor ranking was 7th in all three groupings.
- The mean salary of NYU **associate professors** in **AY 2017-2018** was **\$124,884** and ranked 13th among our competitors, 22nd overall in the AAUP universe and 19th among doctoral institutions. In the prior year, the rankings were 13th, 19th, and 17th, respectively.
- The mean salary of NYU **assistant professors** in **AY 2017-2018** was **\$115,190** and ranked 9th among our competitors, 14th overall in the AAUP universe and 11th among doctoral institutions. In the prior year, the rankings were 7th, 10th, and 8th, respectively.



Capital Budget and Ten Year Plan

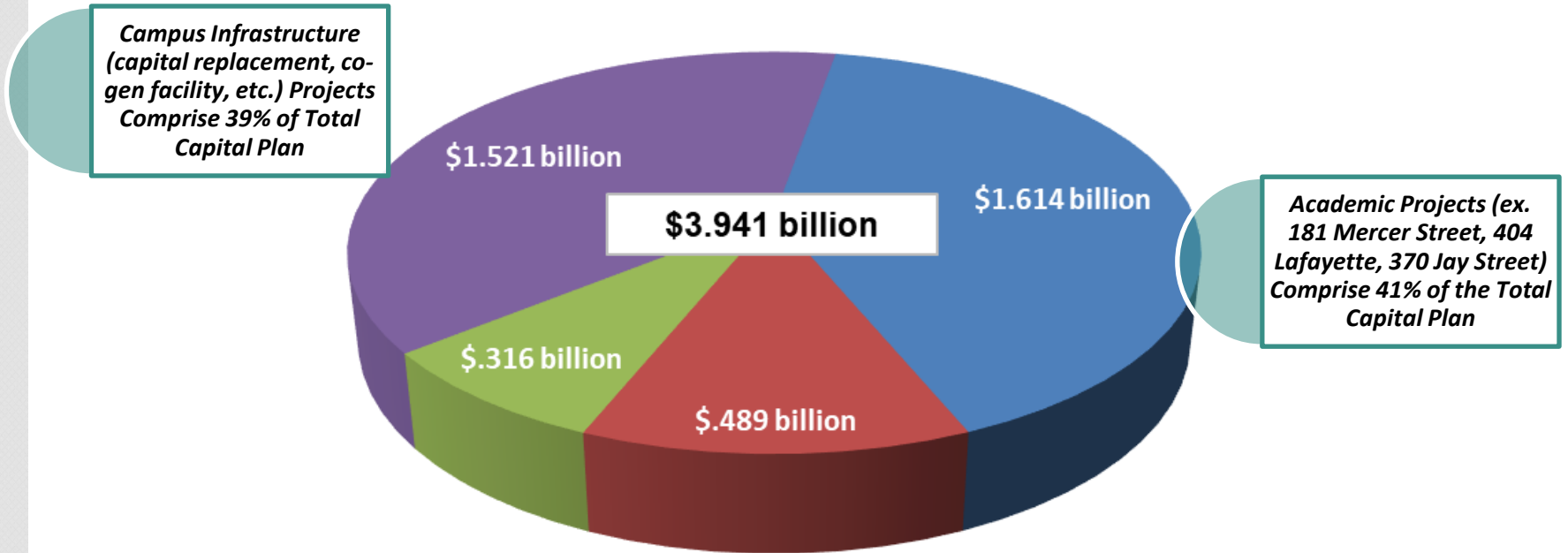
- Capital spending for FY2018 is forecast at \$335 million and projected to be **\$3.605 billion** for fiscal years 2019 through 2027. The plan proposes capital investments of \$3.941 billion, **an increase** of \$1.184 billion over the June 2017 plan. The increase includes \$344 million in carryover of delayed spending from FY2017 to FY2018 and beyond, plus the addition of two years to the plan, FY2026 and FY2027. Net **new projects** of **\$467 million** in the ten year plan.





Capital Plan Uses

Fiscal 2018 through Fiscal 2027
Committed and Proposed Projects



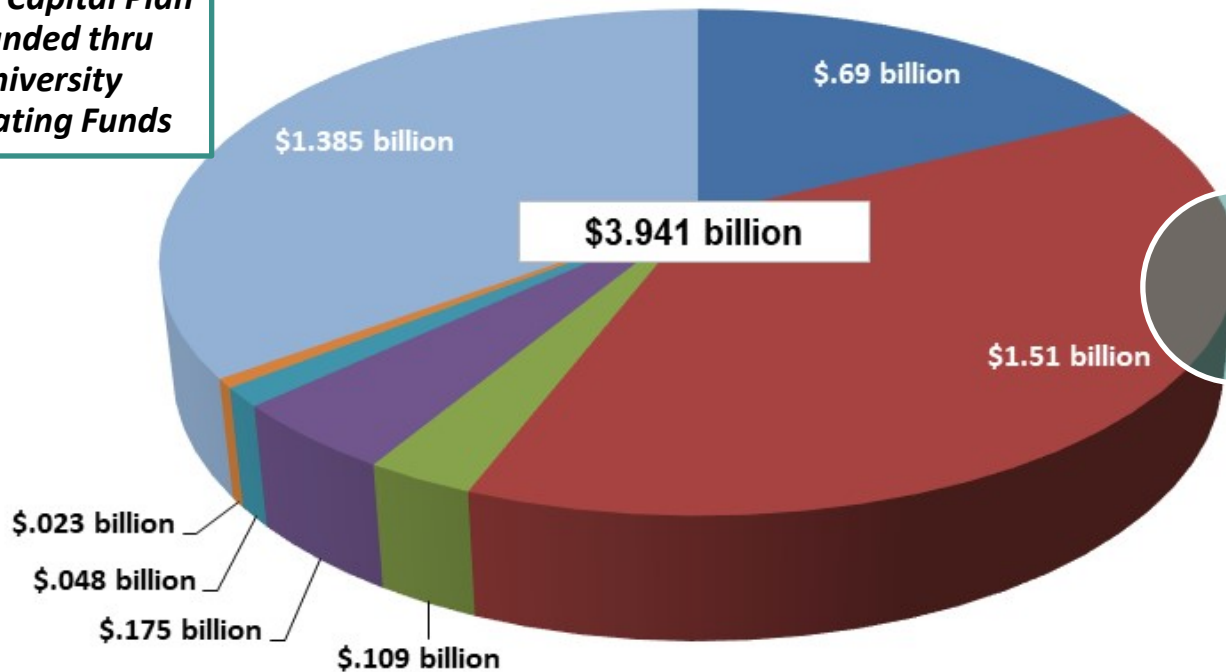
- Academic
- Student Housing and Student Services
- Faculty Housing
- Campus Infrastructure, Administration, and Other



Capital Sources

Fiscal 2018 through Fiscal 2027
Committed and Proposed Projects

**35% of Capital Plan
is Funded thru
University
Operating Funds**



**38% of Capital Plan
is Funded thru new
Debt Issuance**

- Construction Funds from Previously Issued Debt
- Construction Funds from New Debt, Net of Repayments of Line of Credit
- Fundraising Raised To Date
- Fundraising To Be Raised
- Endowment Liquidations
- Other External Capital Sources
- Operating Budget and University Working Capital Transfers



Debt and Credit Rating Summary

- All debt service for authorized and proposed debt is factored into the 10-yr Financial Plan.
- Interest rate on 30 year debt is assumed to be 6.0% (debt issued in May 2018 ~ 3.95%)
- On April 30th and April 27th, 2018, both Moody's and Standard & Poor's affirmed NYU's existing ratings (Aa2/AA-, respectively) and reassigned the Stable Outlook
- Rating Strengths:
 - Size and scope of operations,
 - Exceptional enrollment and student demand profile,
 - Successful history of fundraising,
 - Value of real estate assets,
 - Revenue growth driven by healthcare enterprise and strong clinical demand,
 - Quality of management,
 - Strategy and risk management
- Rating Weaknesses:
 - Relatively high leverage and low levels of financial resources relative to peers,
 - Relatively low endowment per student,
 - Relatively high exposure to clinical care on a consolidated basis



Key Budget and Planning Dates for Fiscal 2020 Cycle

Functional Area	Task/Meeting	Primary Responsible Party	Month	Target Dates/Deadlines
Planning/Budgeting	Annual School Strategic Plans due to the Provost (Provost and Deans review together October through December)	Schools/Units	September 2018	9/17/2018
Board of Trustees	NYU Finance Committee of the Board of Trustees (preliminary FY18 results; preliminary FY19 fall enrollment)	Budget Office	October 2018	10/2/2018
Senate Financial Affairs Com.	FY19 University budget; preliminary FY19 fall enrollment; other analysis and topics TBD	Budget Office	October 2018	10/4/2018
Senate Financial Affairs Com.	Analysis and topics TBD	Budget Office	November 2018	11/8/2018
Board of Trustees	NYU Finance Committee of the Board of Trustees (final FY18 results; final FY19 fall enrollment and financial aid; preliminary FY20 planning parameters)	Budget Office	December 2018	12/5/2018
Senate Financial Affairs Com.	Analysis and topics TBD	Budget Office	December 2018	12/13/2018
Planning/Budgeting	FY20 Budget Memo released (FY20 financial plan + budget instructions, key policy changes, preliminary planning parameters, AMI and fringe, tuition balance of trade, other miscellaneous guidelines)	Budget Office	February 2019	2/4/2019
Senate Financial Affairs Com.	Final FY18 results and historical snapshots; FY20 planning parameters; preliminary FY20 budget recommendations from faculty, administrators and students; other analysis and topics TBD	Budget Office	February 2019	2/14/2019
Board of Trustees	NYU Finance Committee of the Board of Trustees (FY19 year-end projections; preliminary FY20 operating and capital budgets and FY21-FY28 operating and capital plans)	Budget Office	February 2019	TBD
Senate Financial Affairs Com.	Final FY20 budget recommendations from faculty, administrators and students; other analysis and topics TBD	Budget Office	March 2019	3/28/2019
Various	Annual Principals meetings (Administrative and Auxiliary) - presentations due to Budget Office 5 days prior to meeting	Schools/Units	March 2019	individual meeting invitations sent to
Various	Annual Principals meetings (Academic) - presentations due to Budget Office 5 days prior to meeting	Schools/Units	March 2019	individual meeting invitations sent to
Senate Financial Affairs Com.	Analysis and topics TBD	Budget Office	April 2019	4/25/2019
Board of Trustees	NYU Finance Committee of the Board of Trustees (FY19 year-end projections; preliminary FY20 operating and capital budgets and FY21-FY28 operating and capital plans)	Budget Office	May 2019	5/7/2019
Senate Financial Affairs Com.	Preliminary University response to FY20 budget recommendations (final responses sent after June 2019 Board of Trustees meeting); other analysis and topics TBD	Budget Office	May 2019	TBD
Board of Trustees	NYU Finance Committee of the Board of Trustees (recommends approval of FY19 operating and capital budgets, reviews FY20-FY27 operating and capital plans)	Budget Office	June 2019	6/11/2019
Board of Trustees	NYU Board of Trustees (approves FY20 operating and capital budgets)	Budget Office	June 2019	6/12/2019
Planning/Budgeting	FY20 budget decision memos distributed to school/unit Deans and Vice Presidents	Budget Office	June 2019	6/17/2019
Planning/Budgeting	FY20 Budget Submission: Deadline for submission of all accounts	Schools/Units	August 2019	8/23/2019
Planning/Budgeting	FY20 Budget Submission: Budgets available in UDW+ and position budgets available in WorkDay	Budget Office	September 2019	9/1/2019