



NEW YORK UNIVERSITY

## **Fiscal 2020 Operating & Capital Plan**

Senate Financial Affairs Committee Meeting  
October 30, 2019



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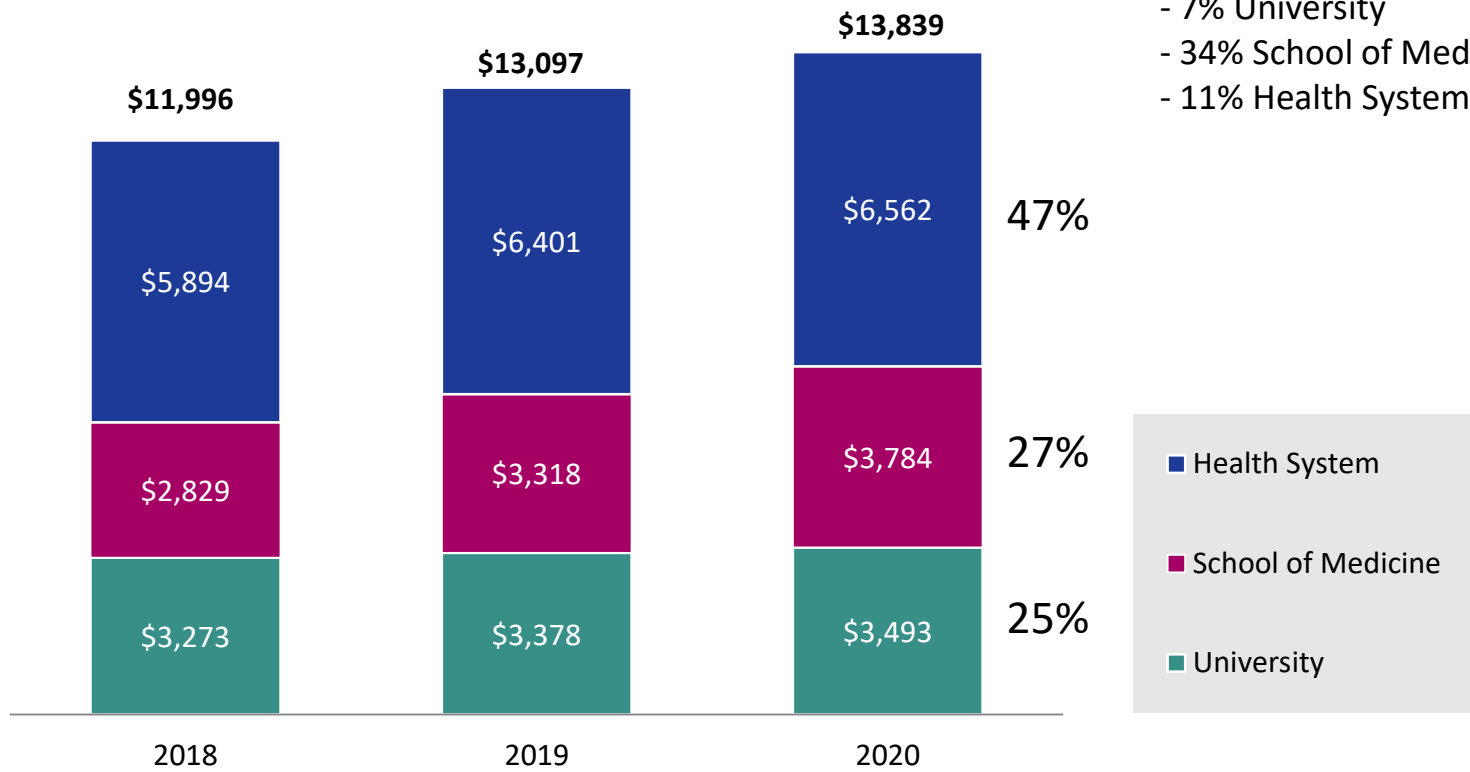


# NYU Consolidated Operating Budget - Revenues

2018 through 2020  
(Amounts in Millions)

6% YoY Revenue Growth

- 15% growth since FY18
- 7% University
- 34% School of Medicine
- 11% Health System



*The presentation to follow is for the \$3.493 billion University budget excluding NYU Langone Health.*

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



# Executive Summary

## Fiscal 2019 Forecast

- **Operating Margin** forecast of **\$254 million**, \$142 million better than budget driven by 2% higher revenue and 2% lower expense.
  - Revenue grew 5% year-over-year vs. expense growth of 4%

## Fiscal 2020 Budget

Operating margin of **\$120 million**, in line with **June 2018 commitment** and \$8M higher than FY2019 budget.

1. As part of the FY19 budget, **10 out of 17 school/institute** financial plan targets were **reset** (which represent approximately 40% of Total University revenue). **Of these 10 schools/institutes, 9 had additional requests** for target reductions in FY20. Before making new, significant investments, we are looking for schools to stabilize their operations and to **demonstrate ability to operate within revised targets**.
2. The focus on affordability has resulted in a 4-year CAGR **increase of 2.5% in undergraduate tuition**, which is **equal or below the rate of salary/medical cost increase**, leaving little room for incremental investments within committed margin envelope
  - The cumulative impact of four year of restrained growth in undergraduate student charges represents approximately **\$46M of foregone revenue in FY20**.



## Executive Summary

3. Schools and admin units budget **requests amounted to \$67M, \$77M incl. affordability funding**. Given limited resources available, the following areas were prioritized:
  - **Affordability**
  - **Research** – Buildout of research development function designed to increase the competitiveness of NYU’s portfolio; Increase the University’s data center capacity to serve an-ever increasing demand for high performance computing
  - **Investments in key academic priorities** (e.g., Tandon Faculty and Stern Creative Destruction Lab expansion)
  - **Enabling infrastructural investments** in the Library and Development office
4. These investments will be enabled by **lower debt service cost** and other resources.
5. Furthermore, we need to **create room to invest in future years** by pulling the following levers:
  - Review **budget model** to align incentives and drive desired behaviors
  - Address **administrative cost structure**
  - Better understand our **historical reinvestment rate** (both operating and capital)



# Financial Plan Parameters

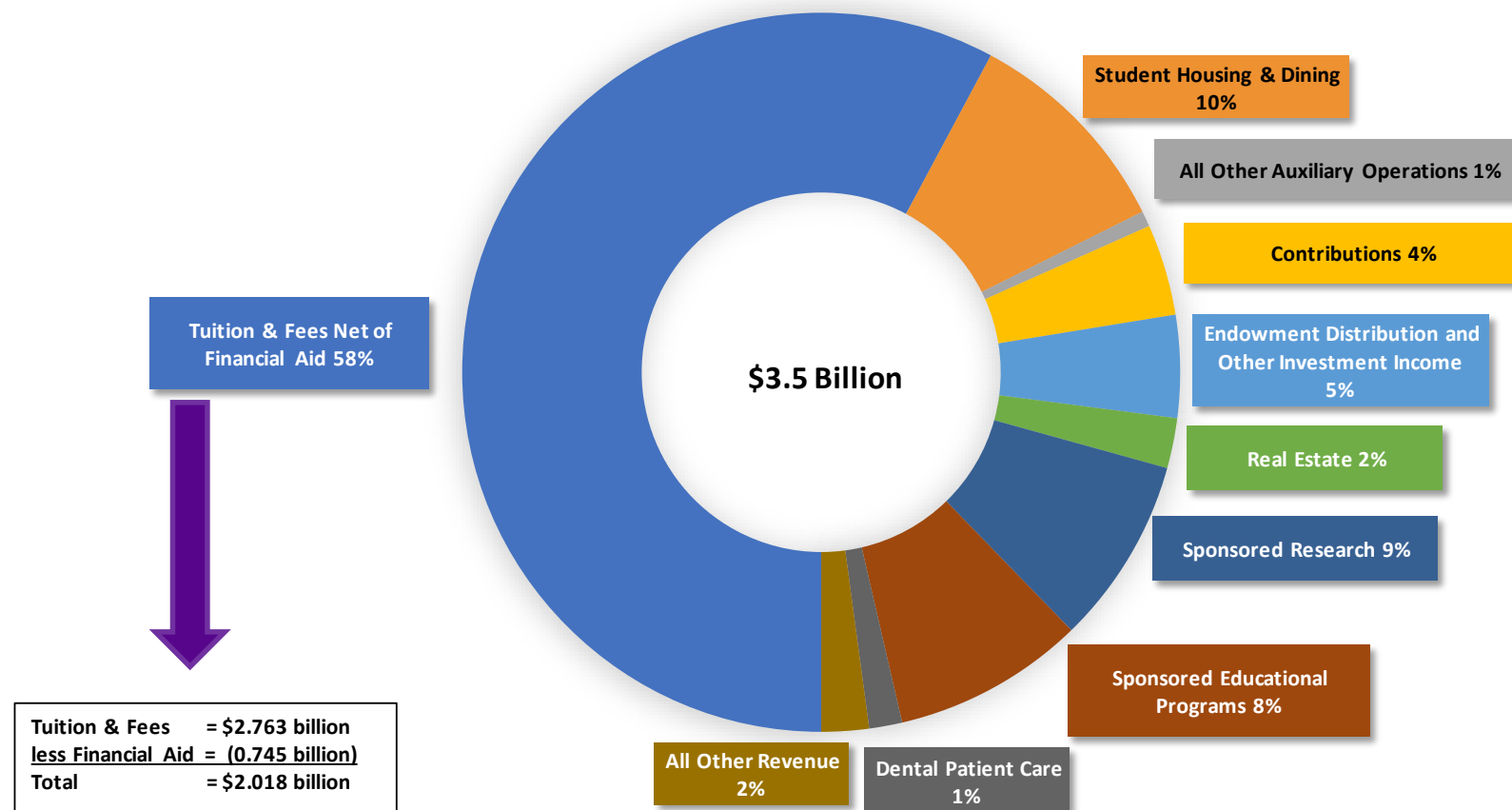
	FY 2019 BUDGET	FY 2020 BUDGET	FY 2021 PLAN		FY 2028 PLAN
1 Undergraduate tuition increase <sup>1</sup>	2.7%	2.9%	3.5%	>	3.5%
2 Student fees increase <sup>1</sup>	2.0%	2.0%	2.0%	>	2.0%
3 Undergraduate room increase	2.7%	2.9%	3.5%	>	3.5%
4 Undergraduate board increase	2.9%	2.9%	3.5%	>	3.5%
5 Undergraduate financial aid increase <sup>2</sup>	3.9%	4.0%	4.0%	>	4.0%
6 Graduate and professional tuition increase <sup>3</sup>	4.0%	4.0%	4.0%	>	4.0%
7 Full-time faculty salary increase	2.5%	2.5%	2.5%	>	2.5%
8 Administrator salary increase <sup>4</sup>	2.5%	2.5%	2.5%	>	2.5%
9 Energy	-1.6%	4.6%	4.6%	>	4.6%
10 Controllable OTPS increase <sup>5</sup>	1.5%	1.7%	2.5%	>	2.5%

## Notes

1. The Tandon School of Engineering rates of increase are planned to be higher than the inflators for other schools until tuition and fees are at parity with the College of Arts and Science in FY 2021. In FY 2020, Tandon’s planned rates of increase for tuition and fees are 3.5% and 24.6% respectively.
2. This is the target growth in the Undergraduate Financial Aid budget. May vary slightly based on actual yield.
3. Graduate tuition increases may vary by program but are targeted at 4.0% for schools. Tandon rates of increase are planned to be higher than the inflators for other schools until tuition and fees are at parity with the Graduate School of Arts and Science in FY 2021.
4. In addition to the AMI pool, there will be a bonus pool equal to 0.5% of the salary base.
5. The proposed parameter for the Controllable OTPS increase for FY 2020 is 1.65%.



# Fiscal 2020 Operating Revenue by Category



## Key Variances from FY19

- Net Tuition & Fees are now 58% of the University's total operating revenue, compared to 56% in FY19
- Contributions are now 4%, compared to 5% in FY19.



# Fall 2019 Preliminary Enrollment

Registrations of undergraduate and graduate degree-seeking students at all three portal campuses are **472 students, or 1%, above target**. *We anticipate there will be some changes from these preliminary figures when the results of the Fall 2019 census are finalized. The census is the official count that is used for internal analysis and federal reporting.*

## Undergraduate

- There were **over 84,000 applications for all three campuses** – New York, Abu Dhabi and Shanghai – an increase of **12% from last year's all time high**.
- **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 **no more than 20% of the New York entering class from any single ethnic or racial group**.
  - Undergraduate enrollment at NYU - NY of 26,953 exceeds plan of 26,838 by 115 students, primarily due to **improved retention**.
- Total undergraduate enrollment of 29,887 includes NYU Abu Dhabi and NYU Shanghai students.





# Fall 2019 Preliminary Enrollment (continued)

## Graduate and Professional

- Total registrations for Master's and Doctoral students at the University (22,422 students) exceed goal by 373 full-time and part-time students.
- Professional registrations – Dentistry & Law – at Washington Square (2,903 students) exceed goal by 51.

## Non-Credit

- Non-credit enrollment primarily occurs within the School of Professional Studies and is currently **expected to meet the goal of 5,025 students**. Enrollment typically increases during the Fall semester as students enroll in courses of short duration that begin after the Census is completed. Based on historical trends of non-credit enrollment between Fall Census and end-of-term, we believe this is a conservative projection.

## Total Enrollment

- **As of September 10, grand total registrations across all campuses is 60,728, or 472 students above target**, when accounting for the non-credit projection explained above.



# Fall 2019 Preliminary Enrollment

	FISCAL 2019 FALL CENSUS	FISCAL 2020 BUDGET	FISCAL 2020 Preliminary Enrollment	VARIANCE
<b>UNDERGRADUATE</b>				
NYU New York	26,733	26,838	26,953	115
NYU Abu Dhabi	1,355	1,501	1,482	(19)
NYU Shanghai - Foreign Nationals	622	694	692	(2)
<b>Subtotal</b>	<b>28,710</b>	<b>29,033</b>	<b>29,127</b>	<b>94</b>
NYU Shanghai - Chinese Nationals <sup>2</sup>	696	761	760	(1)
<b>Total Undergraduate</b>	<b>29,406</b>	<b>29,794</b>	<b>29,887</b>	<b>93</b>
<b>GRADUATE AND PROFESSIONAL</b>				
Masters & Doctorates - University	21,655	22,049	22,422	373
Professional - Dentistry & Law	2,915	2,852	2,903	51
<b>Subtotal Graduate &amp; Professional - University</b>	<b>24,570</b>	<b>24,901</b>	<b>25,325</b>	<b>424</b>
Masters - Medicine	5	10	25	15
Professional - Medicine	499	526	466	(60)
<b>Subtotal Graduate &amp; Professional - Medicine</b>	<b>504</b>	<b>536</b>	<b>491</b>	<b>(45)</b>
<b>Total Graduate and Professional<sup>3</sup></b>	<b>25,074</b>	<b>25,437</b>	<b>25,816</b>	<b>379</b>
<b>TOTAL DEGREE-SEEKING<sup>4</sup></b>	<b>54,480</b>	<b>55,231</b>	<b>55,703</b>	<b>472</b>
<b>NON-CREDIT<sup>5</sup></b>	<b>5,497</b>	<b>5,025</b>	<b>5,025</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>59,977</b>	<b>60,256</b>	<b>60,728</b>	<b>472</b>

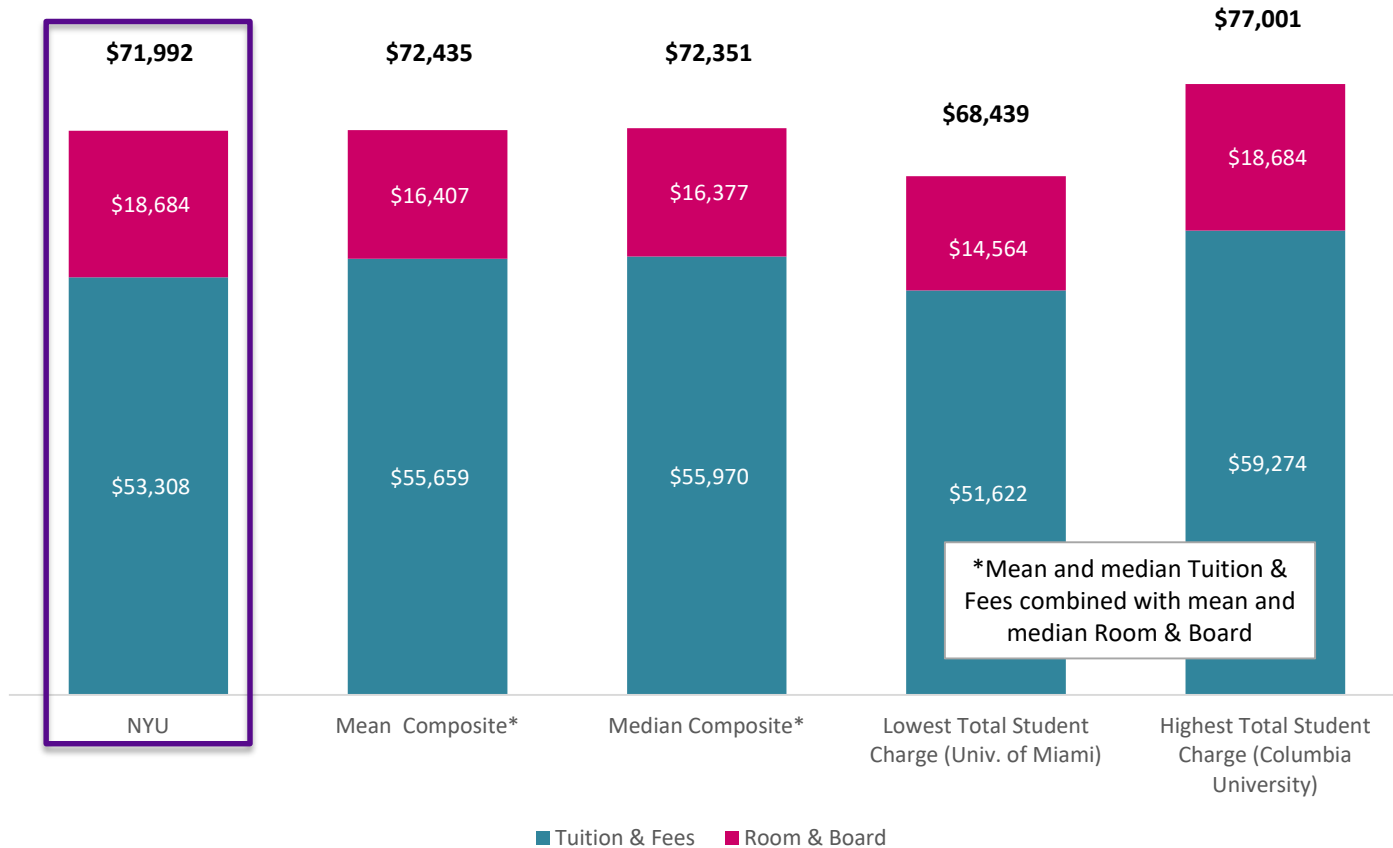
*The resulting net revenue of over-enrollment vs. plan (which is driven primarily by points taken on the graduate side and impacted by financial aid rates on both undergraduate and graduate) will translate into a risk or opportunity vs. FY20 budget.*

Notes:

1. Fall 2019 figures are preliminary as of 9/10/2019, prior to official census.
2. Tuition, fees and financial aid budgets for Chinese nationals are not included in NYU's consolidated operating budget.
3. Graduate and Professional Fiscal 2019 exclude 40 Graduate students who were registered in more than one school, in order to limit headcount to distinct students.
4. Total enrollment figures reported above include Consortium and Global Exchange students, which account for 206 students (33 UG & 173 Grad) in FY 2020.
5. Non-Credit Fiscal 2019 figures exclude 496 Undergraduate students who were enrolled in a non-credit "Residential College" course and counted in the Undergraduate figures above.



# Freshman Student Charges in Fiscal 2020 – Comparison with 25 Private Universities



- Among its 25 primary competitors, NYU projects to be the 19th most expensive in total student charges (\$71,992) in AY 2019-2020.
- AY 2019-2020 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 2019.



# Freshman Student Charges – FY20 (Proforma)

## Comparison with 25 Private Universities

### Fiscal 2020 Percentage Change over Fiscal 2019

INSTITUTION NAME	TUITION & FEES	ROOM & BOARD	TOTAL STUDENT CHARGES
1 Princeton University	4.6%	4.4%	4.6%
2 Cornell University	4.3%	5.3%	4.5%
3 Columbia University	4.9%	1.8%	4.3%
4 Brown University	4.0%	4.6%	4.1%
5 Barnard College	4.5%	3.0%	4.1%
6 Northeastern University	4.1%	3.9%	4.0%
7 Emory University	3.9%	4.4%	4.0%
8 University of Chicago	4.0%	4.0%	4.0%
9 University of Pennsylvania	3.8%	3.7%	3.8%
10 Yale University	3.9%	3.2%	3.8%
11 Duke University	3.9%	3.3%	3.8%
12 George Washington University	3.0%	6.5%	3.7%
13 Stanford University	3.5%	4.3%	3.7%
14 Boston College	3.6%	3.6%	3.6%
15 Northwestern	3.6%	3.6%	3.6%
16 University of Miami	3.6%	3.2%	3.5%
17 University of Southern California	3.5%	3.4%	3.5%
18 Boston University	3.6%	2.9%	3.4%
19 Washington University	3.6%	2.7%	3.4%
20 Georgetown University	3.4%	2.7%	3.3%
21 Fordham University	3.3%	3.0%	3.3%
22 Carnegie Mellon University	2.9%	4.6%	3.2%
23 Harvard University	3.2%	3.0%	3.1%
24 Johns Hopkins	3.0%	2.8%	2.9%
25 <b>New York University</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>
26 Dartmouth	2.3%	3.9%	2.7%

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

- NYU’s FY20 total student fees increased 2.9% and,
- If all competitors raise their charges consistent with FY19’s increase for their institution,

Then:

- NYU would rank **2<sup>nd</sup> lowest** (tied with one other) in terms of annual increase on student charges, which is **one position better than FY19**.

Note: Data sources for FY19 rates: college and university websites, Phillips-Scholarship.org, Chronicle for Higher Education



# Freshmen Receiving Pell Grants – Comparison with 25 Private Universities

INSTITUTION NAME	Full Time, First-Time Freshman Cohort		
	FY17	FY16	FY15
<b>New York University (excl. NYUAD/NYUSH)</b>	<b>21%</b>	<b>21%</b>	<b>23%</b>
Princeton University	21%	17%	18%
Barnard College	19%	19%	20%
Northwestern University	18%	15%	12%
Fordham University	17%	19%	20%
Columbia University in the City of New York	17%	17%	18%
University of Southern California	17%	17%	18%
Yale University	16%	17%	14%
George Washington University	16%	14%	12%
Emory University	15%	19%	18%
Harvard University	15%	16%	15%
Dartmouth College	15%	15%	14%
Cornell University	14%	15%	15%
Boston University	14%	13%	14%
Georgetown University	14%	13%	12%
Stanford University	14%	13%	15%
Boston College	14%	12%	12%
Duke University	14%	12%	12%
Carnegie Mellon University	14%	11%	11%
University of Pennsylvania	13%	14%	13%
Brown University	13%	13%	19%
Johns Hopkins University	13%	13%	12%
University of Miami	13%	12%	15%
Washington University in St Louis	13%	11%	8%
University of Chicago	10%	12%	11%

◀ Data sorted by FY17 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.

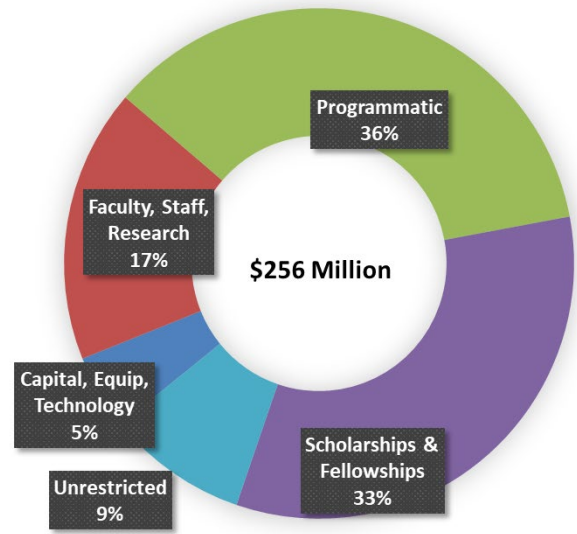
Source: National Center for Education Statistics (NCES)  
 Note: FY18 data will be available in Fall 2019.



# Fundraising

## Fiscal Year 2019

- Overall NYU (including SoM) fundraising total in Fiscal 2019 was \$490 million, below the \$610 million goal, and \$226 million less than was raised in Fiscal 2018, which was the final year of a major campaign. Exclusive of the \$234 million fundraised for SOM, fundraising for the University in Fiscal 2019 was \$256 million. Below is a breakdown of the amounts that were raised by priority/purpose:



(dollars in millions)

<u>Purpose</u>	<u>Amount Raised</u>
Capital, Equip, Technology	\$ 12
Faculty, Staff, Research	\$ 44
Programmatic	\$ 91
Scholarships & Fellowships	\$ 85
Unrestricted	\$ 23
<b>Total Fundraising</b>	<b>\$ 256</b>

- Contributions (expendable gifts and pledge payments) to the Fiscal 2019 operating budget is approximately \$168 million.

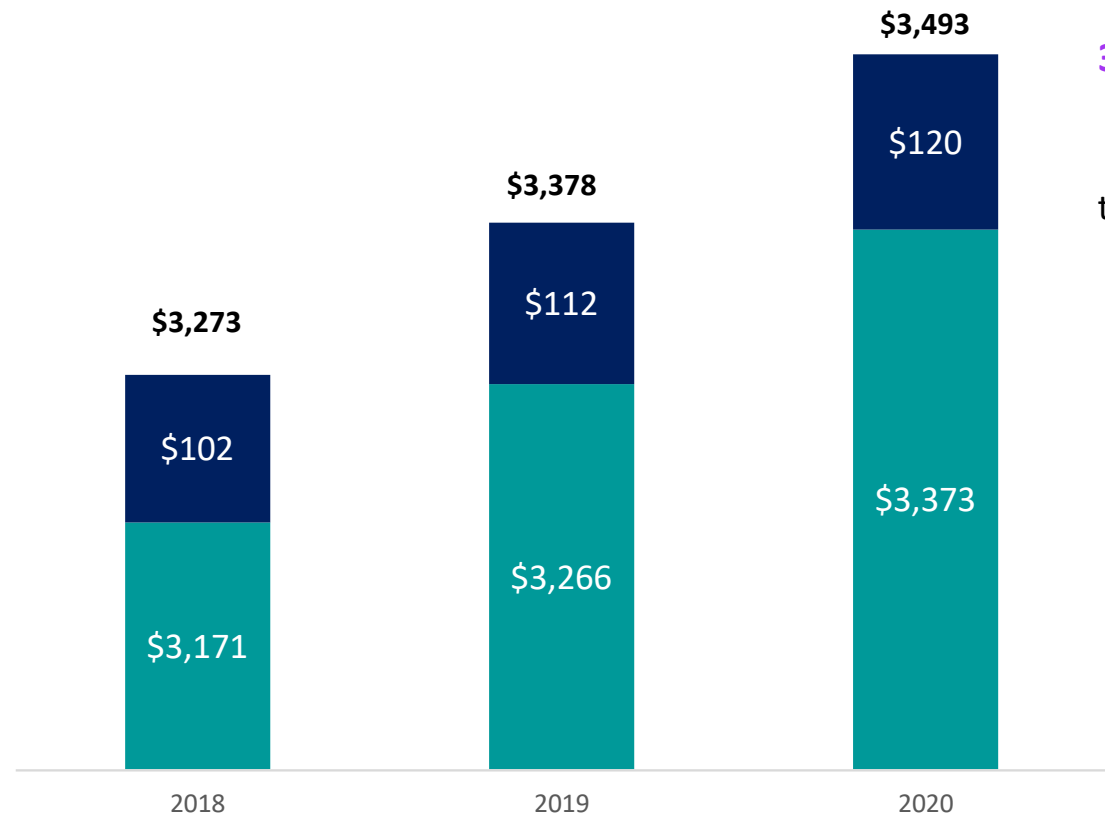
## Fiscal Year 2020

- The overall NYU (including SOM) fundraising goal for Fiscal 2020 is currently under development.
- Expected contributions to the Fiscal 2020 operating budget are \$144 million.



# NYU Operating Budget - Expenses

2018 through 2020  
(Amounts in Millions)



## 3% YoY Expense Growth

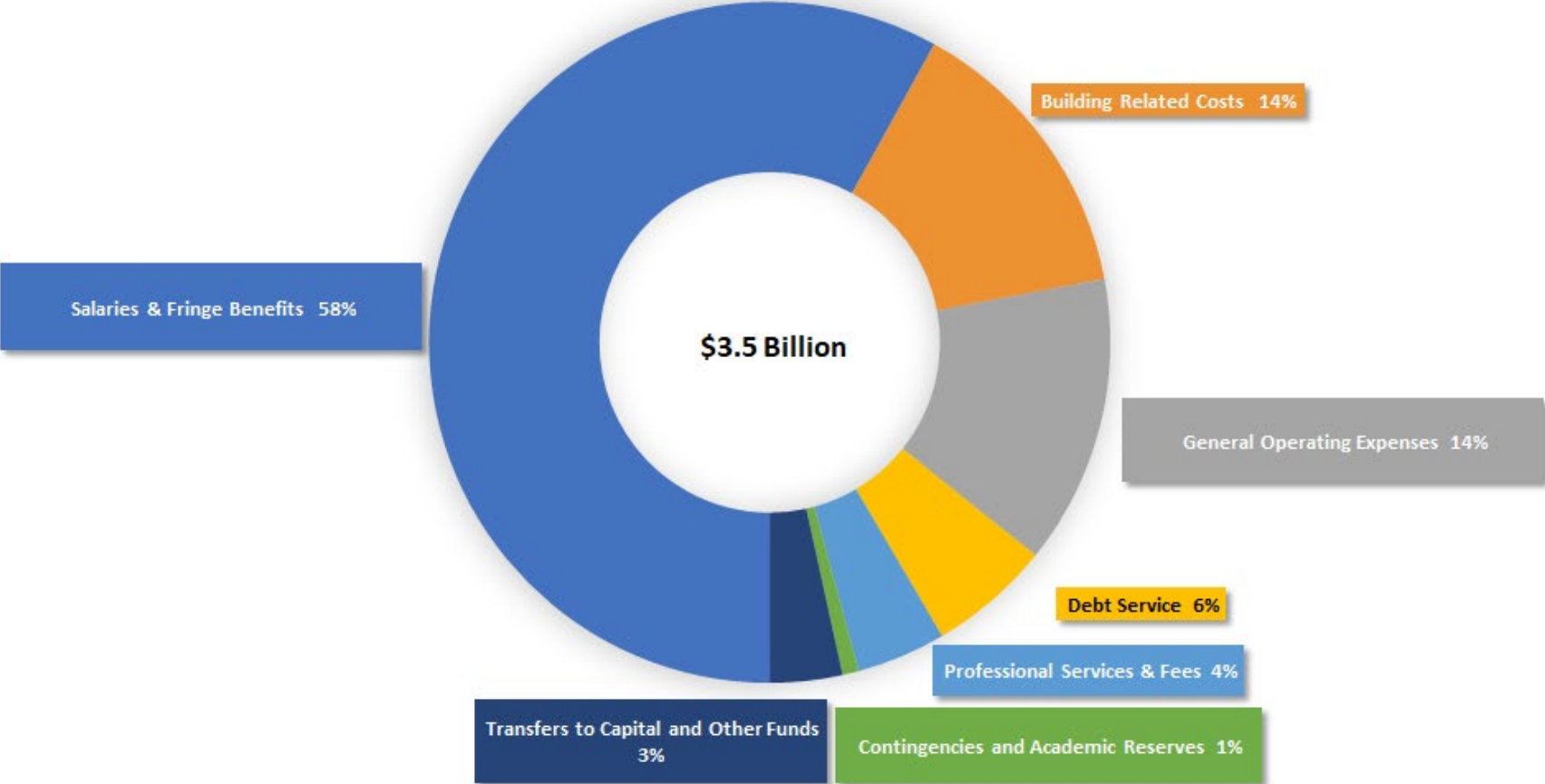
- 6% growth since FY17
- 18% growth in planned transfers to capital since FY18

- Planned Transfers to Capital (margin)
- Expenses

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



# Fiscal 2020 Operating Expense by Category



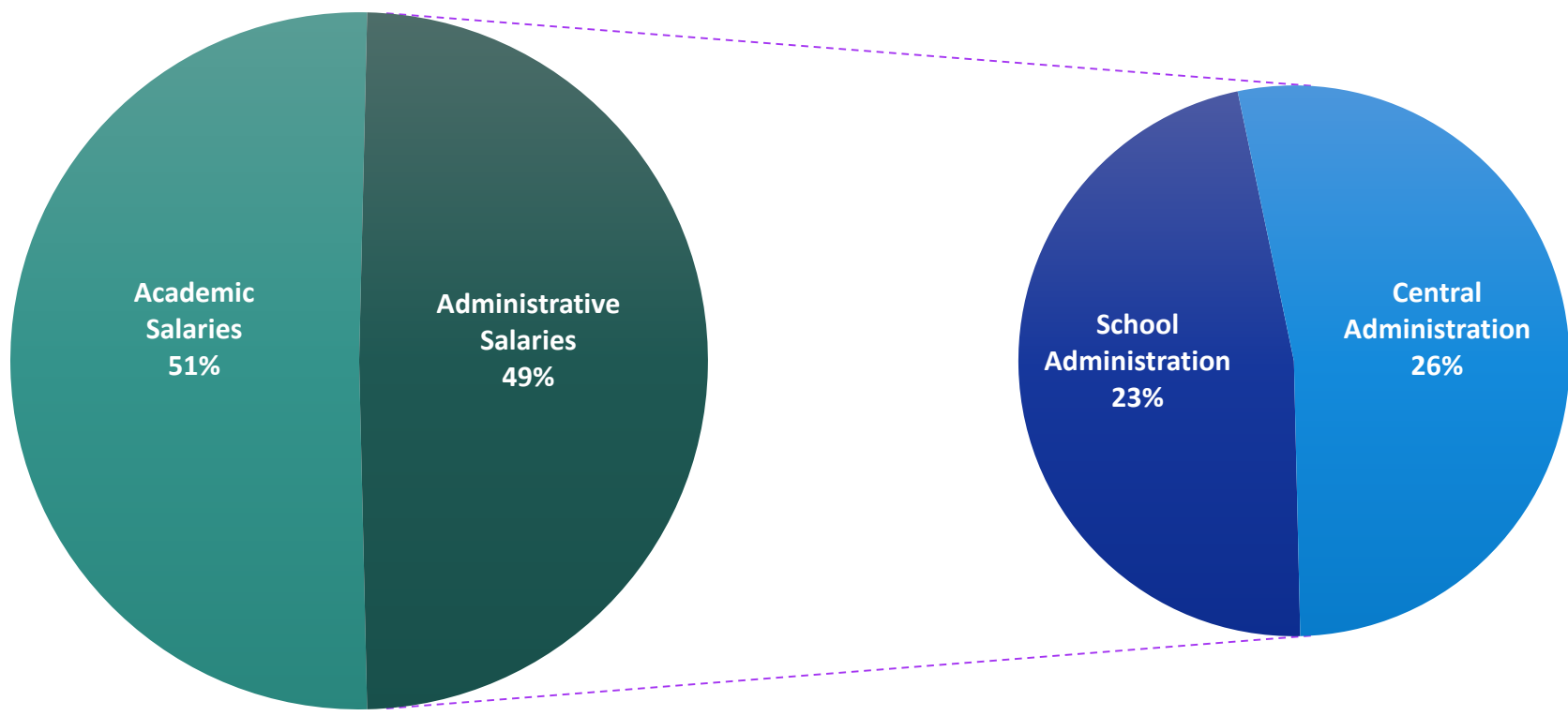
Key Variances from FY19

- No material change





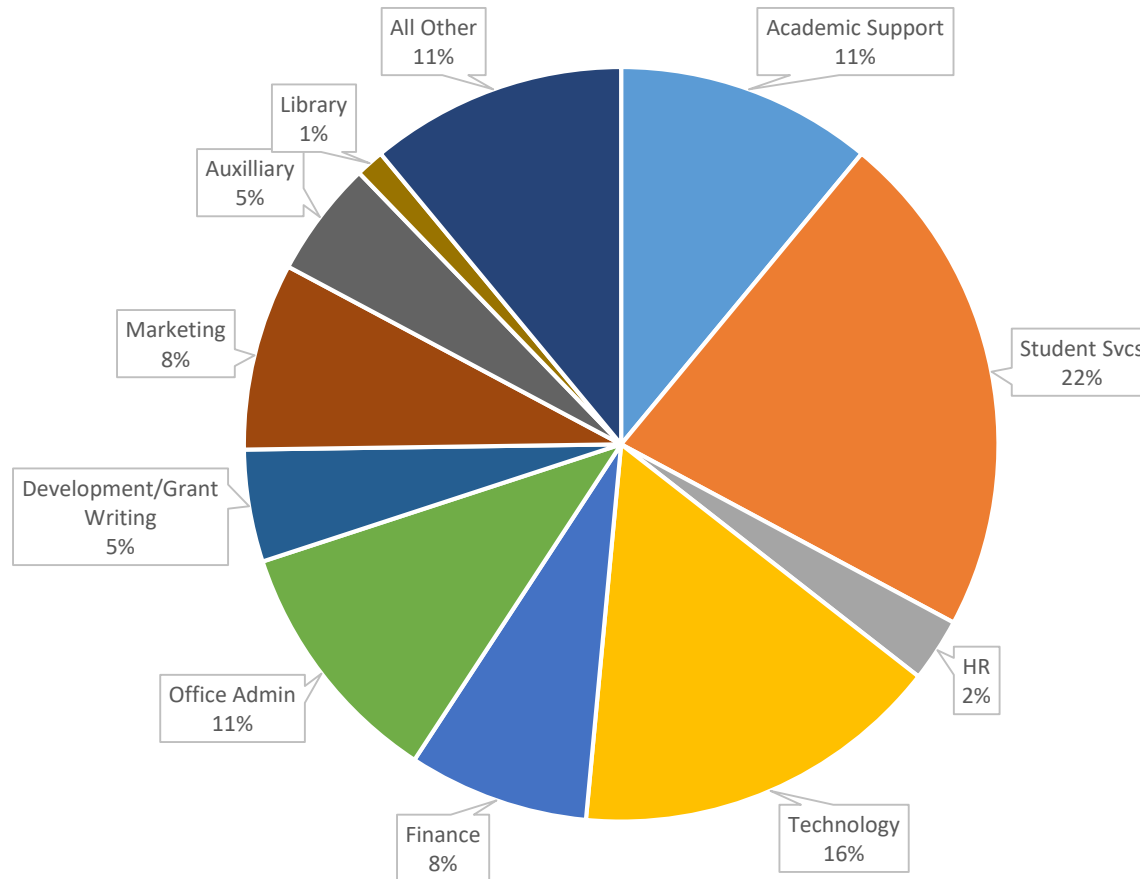
# Nearly half of all salary expense is devoted to administration



*FY19 Actual Activity; Administrative includes union and casual student employees; Academic includes grad assistants*



# Breakdown of Administrative Functions (School & Central Combined)



- Within administration, **31%** of headcount is related to Academic/Student Support\*, while **26%** is for Finance, HR and IT

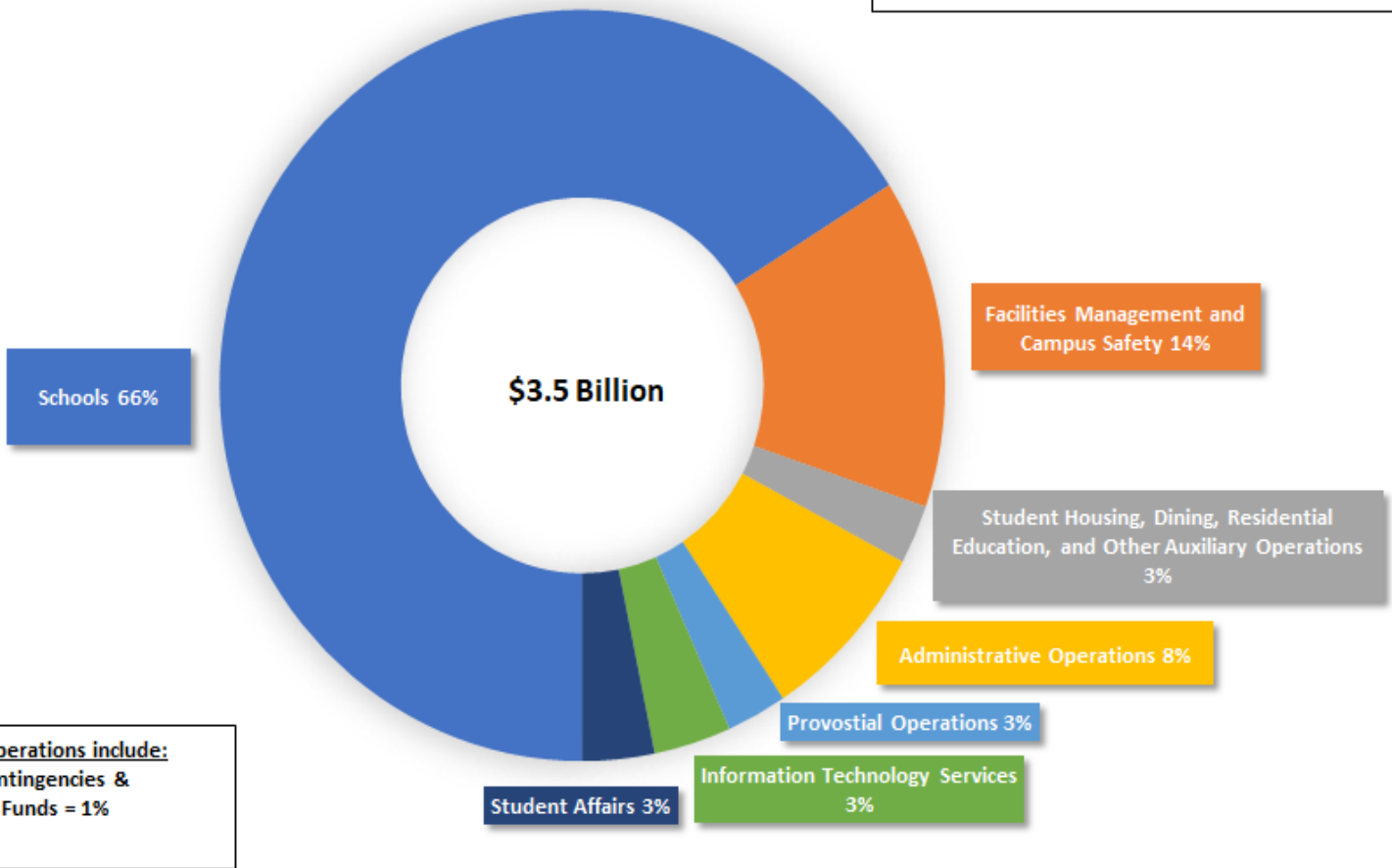
*\*Includes Student Affairs, Provost Office and Development*

Source: FSC Reports; FY19 Workday Staffing Data (Excludes portal campuses)



# Fiscal 2020 Operating Expense by Purpose

**Facilities Management and Campus Safety**  
Includes:  
 Student Housing Facilities Mgmt = 4%  
 Faculty Housing Facilities Mgmt = 1%  
 Other University Facilities Mgmt = 9%



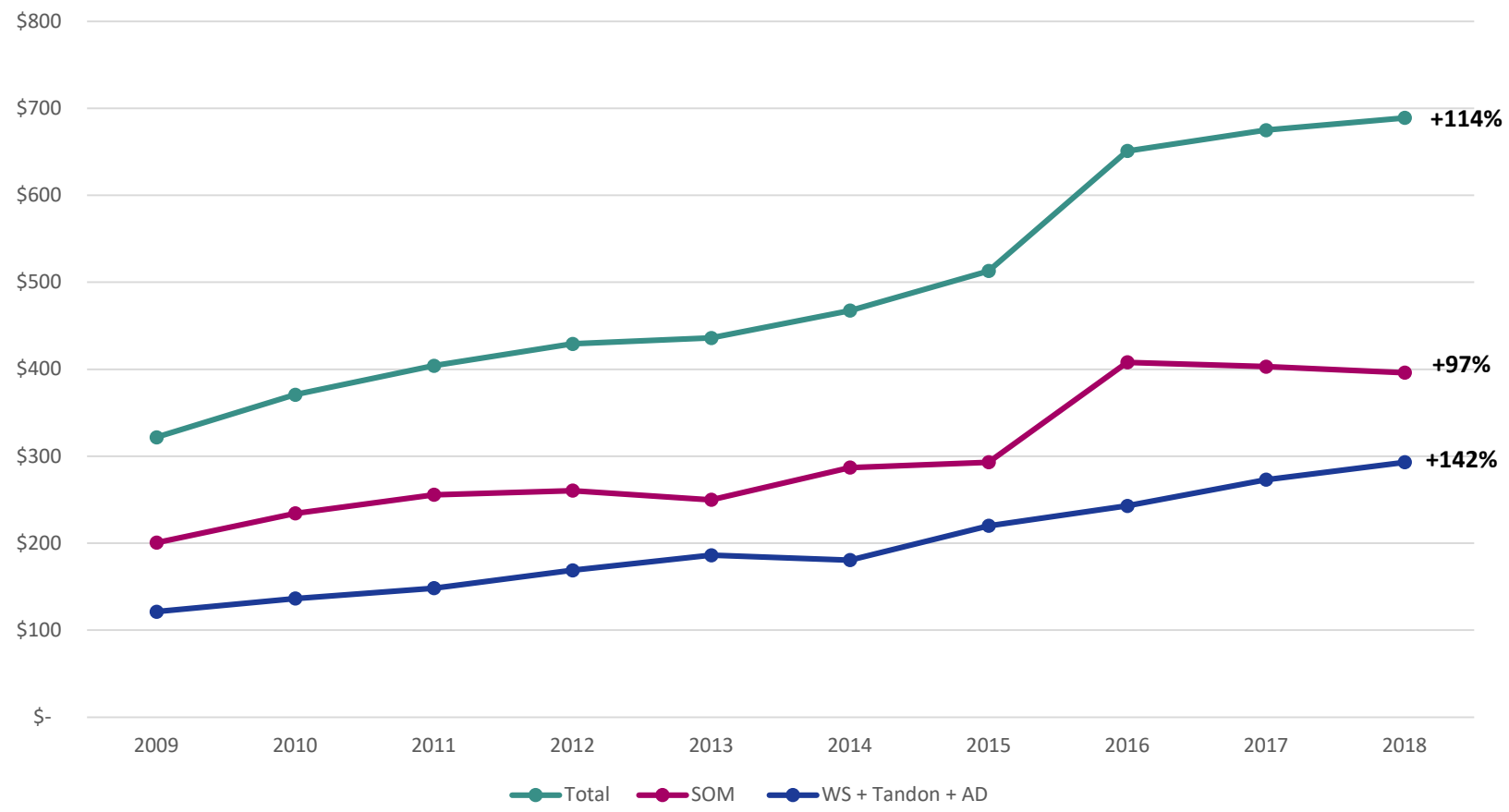
**Admin & Provostial Operations include:**  
 General University Contingencies &  
 Academic Investment Funds = 1%  
 All Other = 10%

## Key Variances from FY19

- Facilities Mgmt. & Campus Safety are now 14% of the University’s total operating expense, compared to 12% in FY19
- Administrative Operations are now 8%, compared to 9% in FY19.
- Information Technology Services are now 3%, compared to 4% in FY19.



# Research and Other Sponsored Activities, Fiscal 2009 - 2018



- NYU is ranked #18 in the National Science Foundation's Higher Education Research and Development (HERD) survey as of 2017, an improvement from #59 in 2009



# 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 their respective 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 1<sup>st</sup> each year. Only nine-month average salaries of non-medical school faculties are reported. The data combine tenured and non-tenured salaries. **The value of faculty housing or fringe benefits is not included.**
- The mean salary of NYU **full professors** for academic year **2018-2019** was **\$218,317**. The salary ranked 9<sup>th</sup> among our primary competitor universities and 9<sup>th</sup> both among all 950 AAUP and 215 AAUP Doctoral institutions that reported in AY 2018-2019. In the prior year, the NYU full professor ranking was 8<sup>th</sup> in all three groupings.
- The mean salary of NYU **associate professors** in **AY 2018-2019** was **\$128,011** and ranked 15<sup>th</sup> among our competitors, 25<sup>th</sup> overall in the AAUP universe and 21<sup>st</sup> among doctoral institutions. In the prior year, the rankings were 13<sup>th</sup>, 22<sup>nd</sup>, and 19<sup>th</sup>, respectively.
- The mean salary of NYU **assistant professors** in AY **2018-2019** was **\$113,427** and ranked 13<sup>th</sup> among our competitors, 23<sup>rd</sup> overall in the AAUP universe and 20<sup>th</sup> among doctoral institutions. In the prior year, the rankings were 9<sup>th</sup>, 14<sup>th</sup>, and 11<sup>th</sup>, respectively.



## Fiscal 2020 Endowment Spending Policy

The NY Prudent Management of Institutional Funds Act (“NYPMIFA”) requires institutions to approve annually a “spending policy” with regard to the amount of endowment funds to be used each year.

The Finance Committee has considered the following factors:

- Duration and preservation of the endowment fund
- Purposes of the institution and the endowment fund
- General economic conditions
- Possible effect of inflation or deflation
- Expected total return from income and the appreciation of investments
- Other resources of the institution
- Where appropriate and circumstances warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution



## Endowment Spending Policy

Based on these considerations, the following spending policies have been approved:

### Main Fund

- Spending per endowment unit for the 2020 fiscal year will remain equal to the appropriation per unit for the 2019 fiscal year, except for new gifts to the endowment
- This results in a per unit appropriation amount of **4.5%** of the 12-quarter average market value of the Main Fund, and **4.3%** of its market value at 12/31/2018

### Law School Fund

- The annual appropriation amount from the Law School Fund is 6.0% of the 12-quarter average market value of each account
- No appropriation will be made from certain accounts holding funds functioning as endowment
- This results in a total appropriation amount of **5.3%** of the 12-quarter average market value of the Law School Fund, and **5.4%** of its market value at 12/31/2018



# Fiscal 2020 Capital Budget and Financial Plan

## Ten-Year Plan Overview

The Ten-Year Capital Plan amounts to \$4.1 billion, **an increase of \$294 million** over the June 2018 Plan (June 2018 Plan assuming inclusion of FY28). **Net new incremental capital investments account for \$344 million** in the Ten-Year Plan, which will not require incremental debt issuance.

### Of the \$4.1B plan:

- \$3.53 billion is committed (funds are to be provided by the operating budget or fundraising and are reflected in the Financial Plan, or debt for a project has been approved by the Board).
- \$0.55 billion is proposed (meaning the Board has not acted on or approved financing)
- Six projects across academic, housing, campus infrastructure and administrative initiatives account for 46% of the projected capital spend between FY2019 and FY2028
  - a) 181 Mercer, 370 Jay, Rogers Hall Master Plan, College of Global Public Health at 404 Lafayette, Chemical-Biology at Brown, Waverly and Silver buildings and 27 Washington Square North
    - 181 Mercer (including the unlocking costs) is projected to incur \$123 million in FY2019 and \$303 million in FY2020
- Planned investments in capital replacement account for an additional 25% of the total capital plan

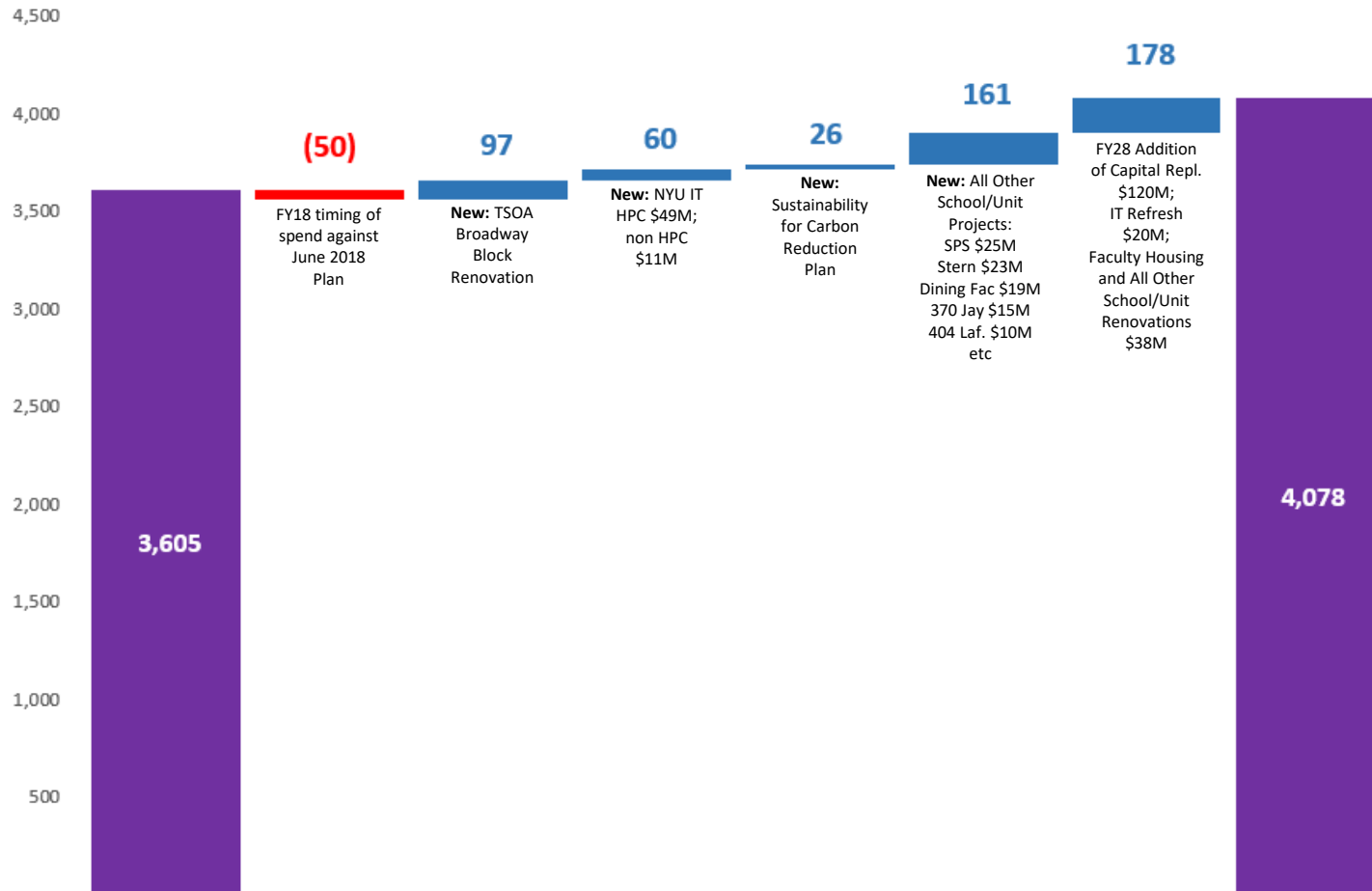




# Fiscal 2020 Capital Budget and Financial Plan

## Executive Summary (cont.)

Approved changes from June 2018 Plan (dollars in millions)



FY19-FY27 Capital Plan – June 2018 Plan, 9 years, \$400M/yr

### The \$4.1B Ten-Year Plan includes:

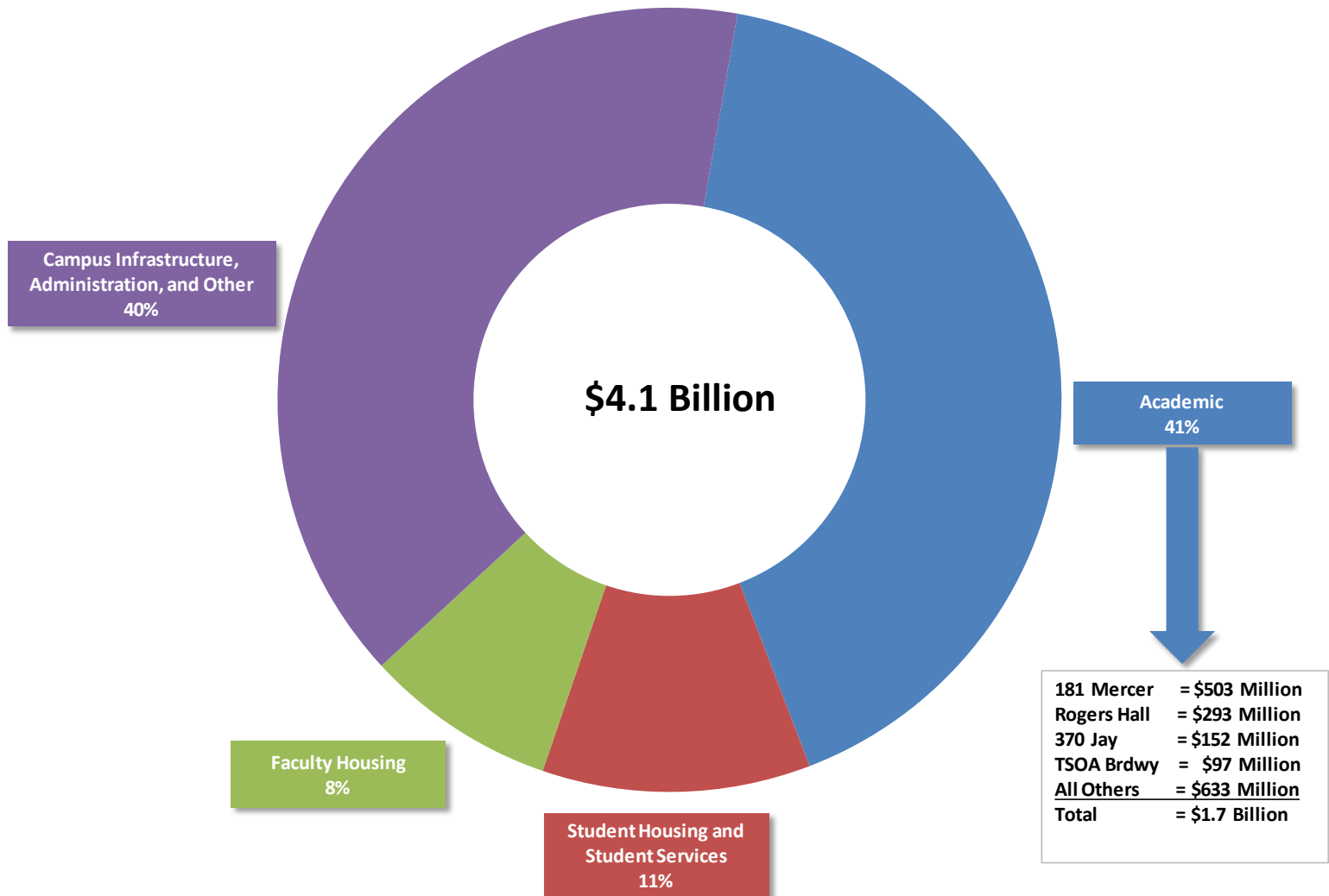
- \$50 million spending moved from FY2019 to FY2018
- Net new projects of \$344 million over the Ten-Year Plan
- The addition of a new year, FY2028, of \$178 million

FY19-FY28 Capital Plan – June 2019 Proposal, 10 Years, \$408M/yr



# Capital Uses

## Proposed Investments by Category



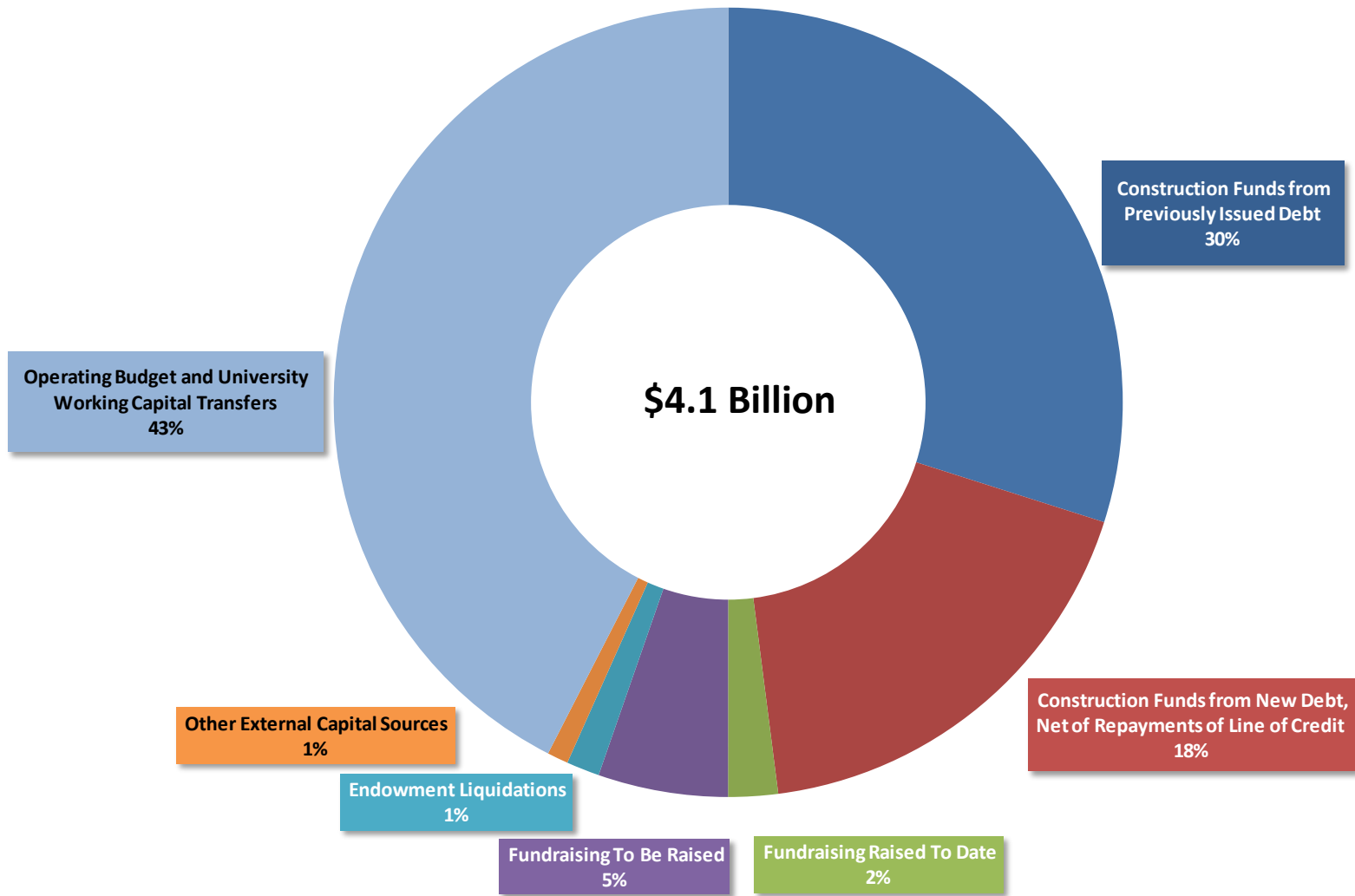
**Total incremental capital investment from FY2020 to FY2028 of \$344 million**

- 64% (\$220 million) is academic / mission driven
- 36% (\$124 million) is for housing, campus infrastructure and administration (IT etc.)



# Capital Sources

## Proposed Investments by Category



### Total incremental capital investment from FY2020 to FY2028 of \$344 million

- 81% (\$277 million) are funded by University Working Capital or School / Unit Operating Budgets
- 12% (\$42 million) are to be fundraised
- 7% (\$25 million) are funded by endowment liquidations and other external sources



# Debt Summary

## Current Outlook and 2019AB Transaction

### Current Outlook

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- In February 2019, NYU issued debt that meets our anticipated capital spending through mid-FY2021. **Both Moody's and Standard & Poor's affirmed NYU's existing ratings (Aa2/AA-, respectively) and reassigned the Stable Outlook**
- Assuming no adverse change in the University's financial condition and that market conditions remain favorable, we anticipate that **NYU will be able to raise funds in the capital markets at the times and in the amounts required for authorized projects**. Price and terms will be dependent on market conditions at the time of financing.
- **All debt service** for both authorized and proposed debt has been **factored into the 10-year Financial Plan**.
  - a) **Rating Strengths:** Student demand metrics, net tuition revenue growth, a solid management team, effective risk management, conservative (fixed rate) debt structure, growth in research and a history of successful fundraising
  - b) **Rating Weaknesses:** NYU's high financial leverage relative to resources as well as in the context of similarly-rated peers

### 2019AB Transaction Summary

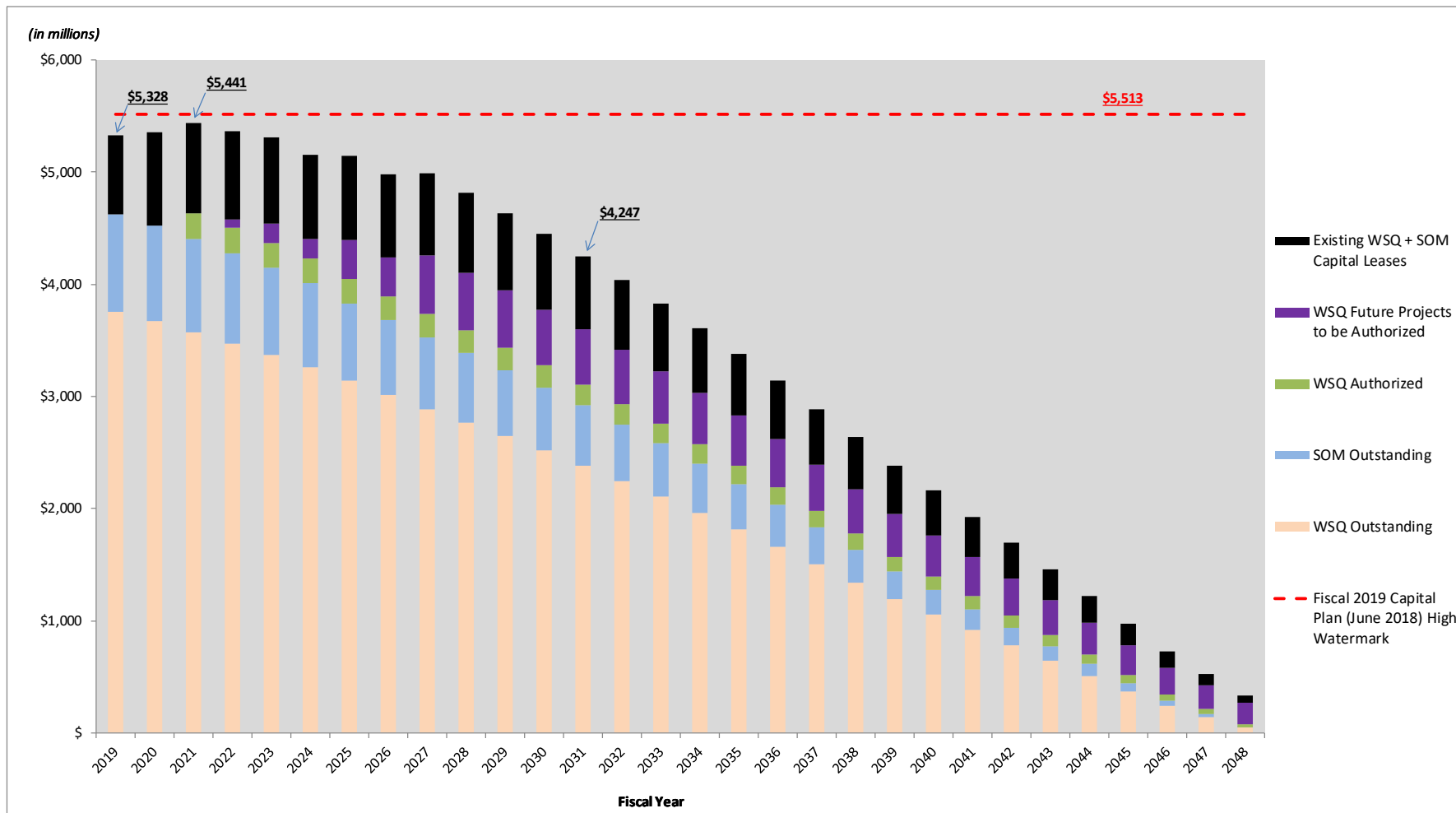
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The University (WSQ and SOM) sold \$862.8 million on February 12, 2019 structured as 30-year fixed rate, amortizing bonds comprised of par amounts of:

- \$603.5 million **tax exempt bonds**
- \$259.3 million **taxable bonds**, including the University's first issuance of **Green Bonds** (\$83.2 million)
- The bonds have a blended all-in **interest rate of 3.74%**, inclusive of fees.
- Total bond proceeds, inclusive of premiums, are approximately **\$964 million**, of which \$171 million was used to refinance short-term debt (Line of Credit balances). \$744 million will be used to net-fund planned capital project expenditures. The remaining \$49 million will be used to pay for capitalized interest and costs of issuance.
- Compared with the debt service payments assumed in the University's financial plan for future debt issuances (including an interest rate of 6%), the transaction is expected to deliver these savings
  - a) PV Savings over the Plan Years (through FY28) = \$88.1M
  - b) PV Savings through Maturity = \$161.8M

# Debt Outlook – Obligated Group

## Long-Term Debt & Capital Leases

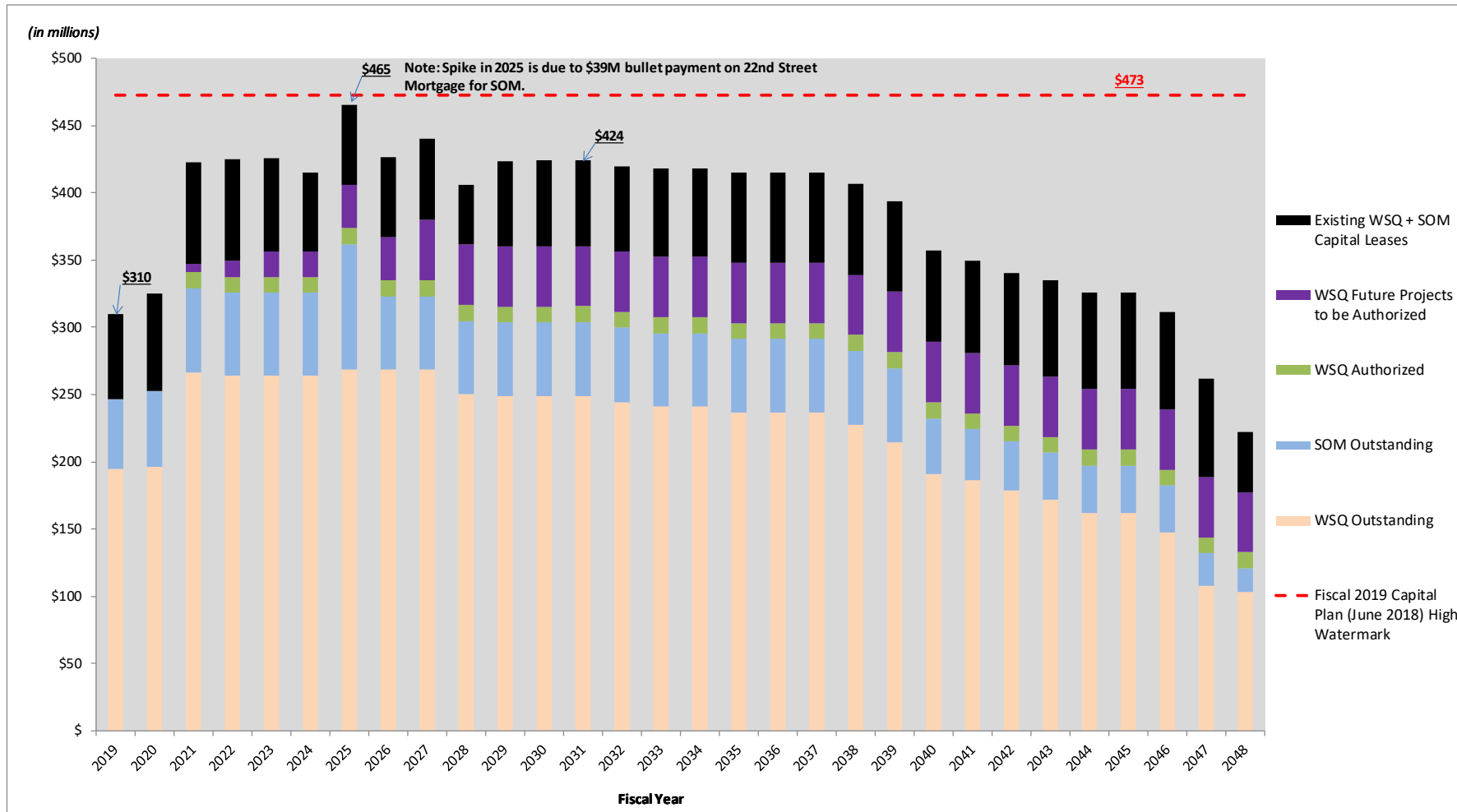


**Note:** Starting in FY2021, total debt outstanding is projected to be lower compared to the June 2018 Plan. The University was able to reduce the par amount borrowed to fund capital expenditures projected in the Capital Plan by using premium pricing on the 2019 bond transaction. Also, a \$44M project (SOM Meridian) that was scheduled to be borrowed in FY2019 has been restructured as a short-term loan utilizing the line of credit (not included in the outlook above). **Compared to the high watermark from June 2018 Plan (FY2021), the new high watermark is \$72 million lower.** Total debt outstanding in fiscal year 2019 is **\$5.3B**, an increase of \$849 million over June 2018 Capital Plan: \$862.8 million of new debt issuance, reducing the plan's proposed debt by \$59 million. All of the projects funded with the 2019 issuance were proposed in the June 2018 Plan but the majority were scheduled for borrowing in fiscal years 2020 and beyond. The capital leases for the University and School of Medicine **increased by \$46M**, largely due to the revised estimate for SOM's East 53<sup>rd</sup> St lease net against a reduction in cost of SOM's 41<sup>st</sup> St lease with the monetization of the right-of-first offer on the space.



# Debt Service Outlook – Obligated Group

## Long-Term Debt & Capital Leases



**Note:** Due to the acceleration of the issuance of long-term debt (\$862.8M) into fiscal year 2019, **total debt service in fiscal year 2019 will be \$1.9M higher than expected.**

In the outer years of the plan, **the University benefits from locking in an interest rate of 3.7%, well below the assumption in the Capital Plan (6%).** For example, compared to the June 2018 Plan, the high watermark (FY2025) declined by \$7 million from the interest rate savings (~\$11 million), net against the revised estimates for debt service on the capital leases at School of Medicine (~\$4 million).



# Debt Outlook Scenarios for 2028 and Beyond

## University + SOM (excl. capital leases)

