

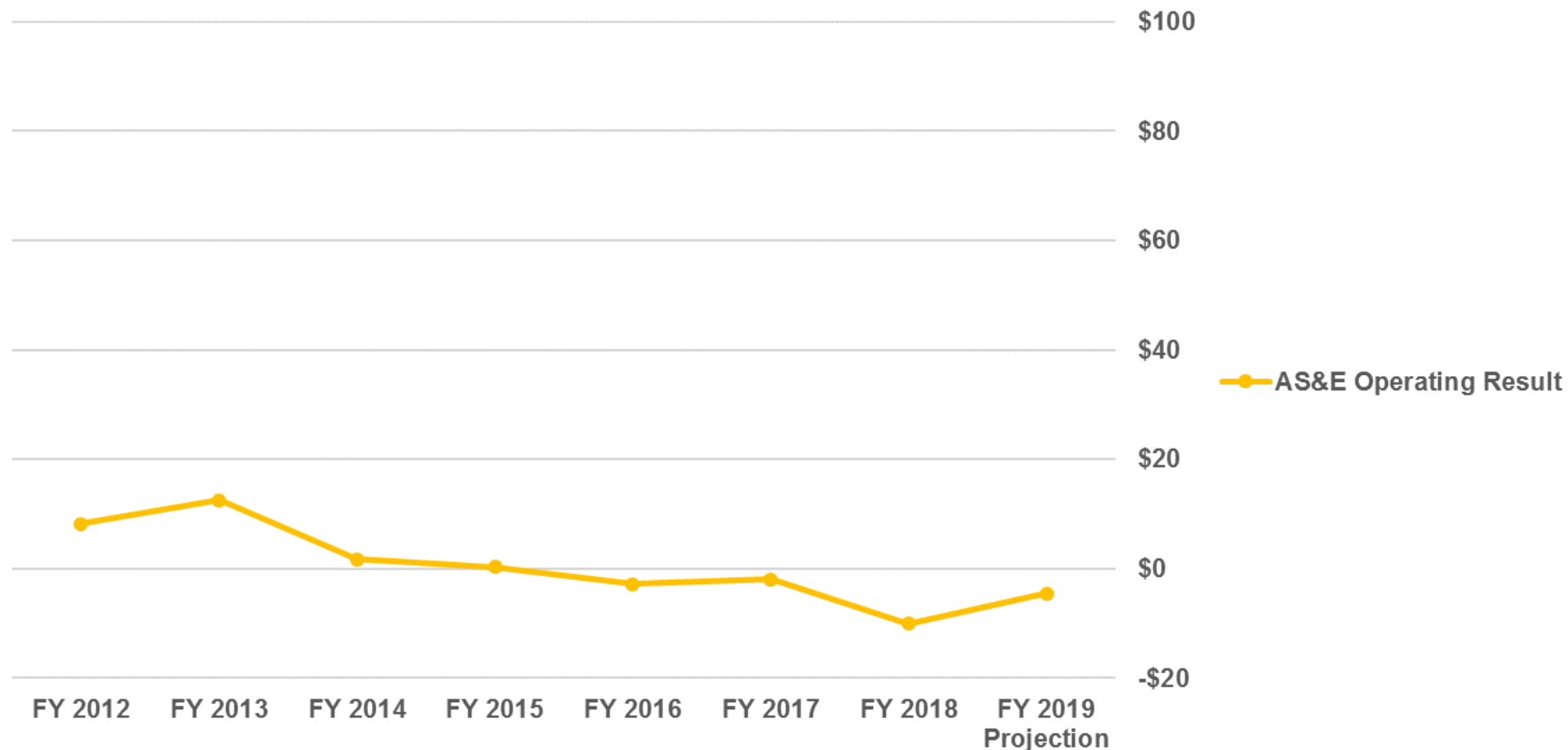
A&S Financial Update

October 24, 2018

AS&E Net Asset Operating Result

FY 2012 to FY 2019, \$ in millions

- Operating Result reflects difference between revenue and expenses in given fiscal year, including school funds, grants, and gifts and endowments

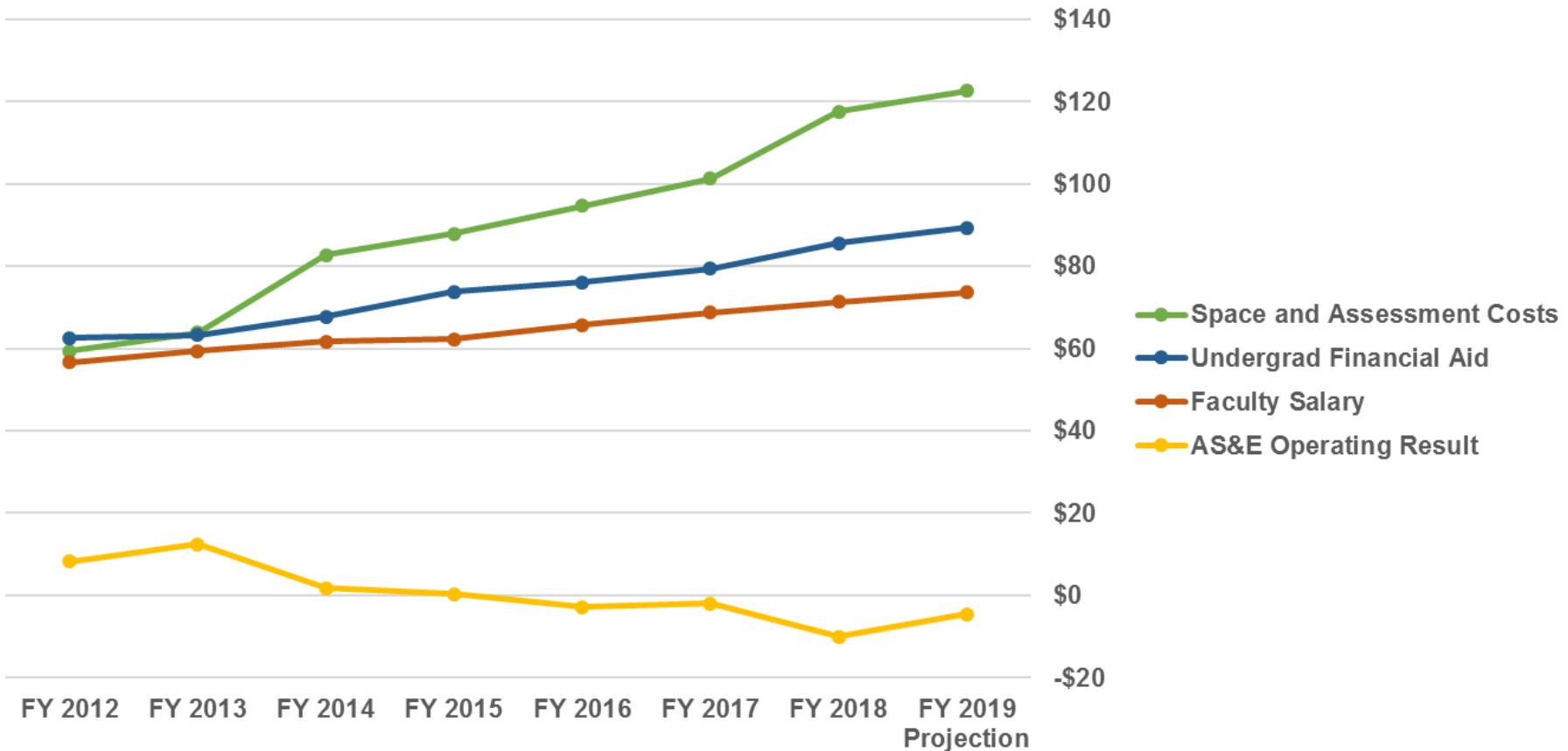


Causes of the Budget Deficit

- Tuition increases are constrained by affordability concerns
- Total space-related costs have more than doubled since FY 2012
 - AS&E Operations and Maintenance costs grew \$10 million from FY 2013 to FY 2017 as university invested in deferred maintenance
 - SEC debt service of \$5 million annually starting in FY 2018
 - CLIC debt service of \$2 million annually starting in FY 2015
- AS&E cost for university assessment (costs for central services) increased from \$31 million on FY 2012 to \$62 million in FY 2019
- Reduction in spending rate of endowment in FY 2018 resulted in decrease of ~\$3.4 million in revenue for AS&E

AS&E Key Cost Trends and Operating Result

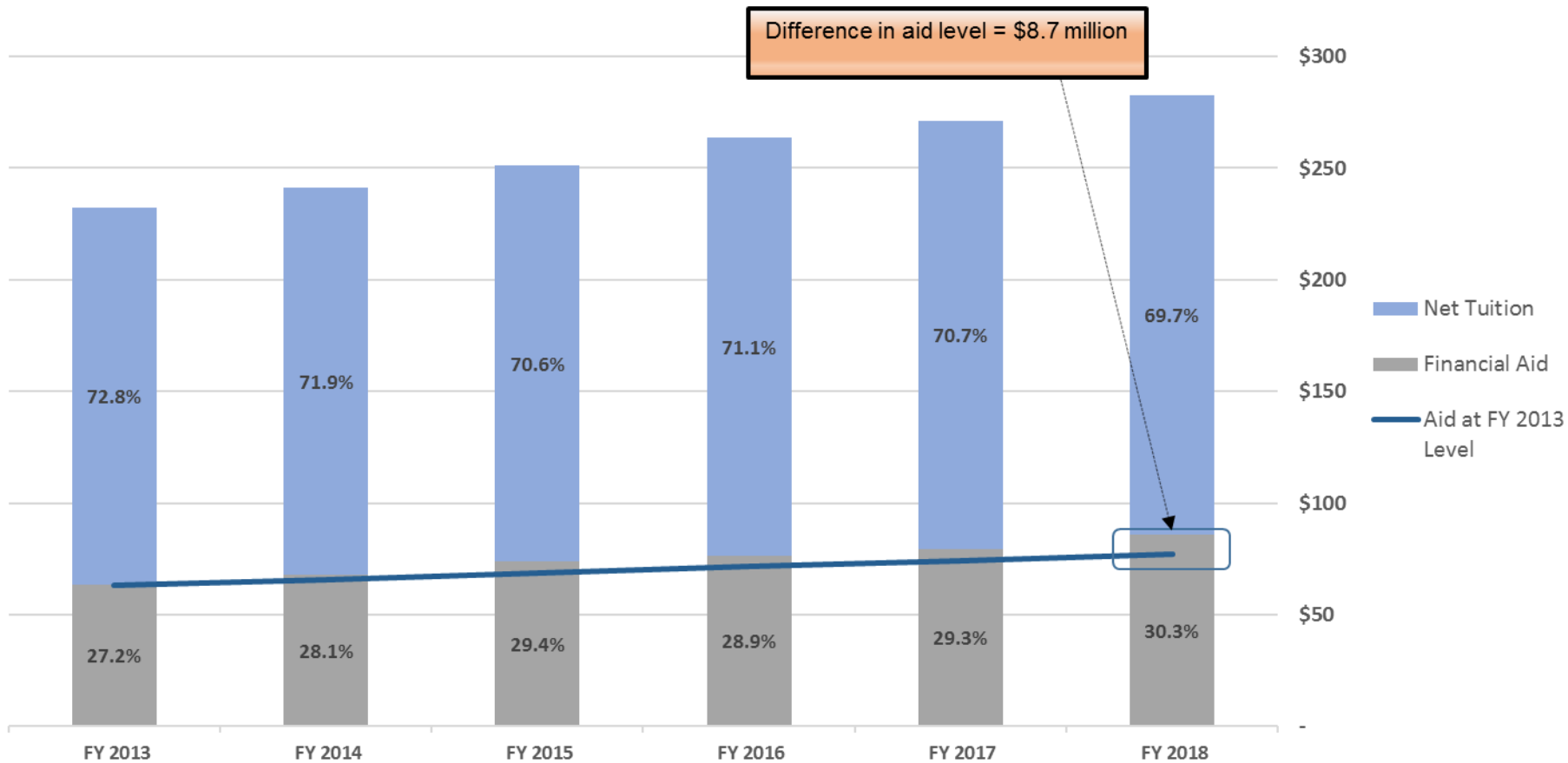
FY 2011 to FY 2019, \$ in millions



Disproportionate Growth of Financial Aid

FY 2013 to FY 2018, \$ in millions

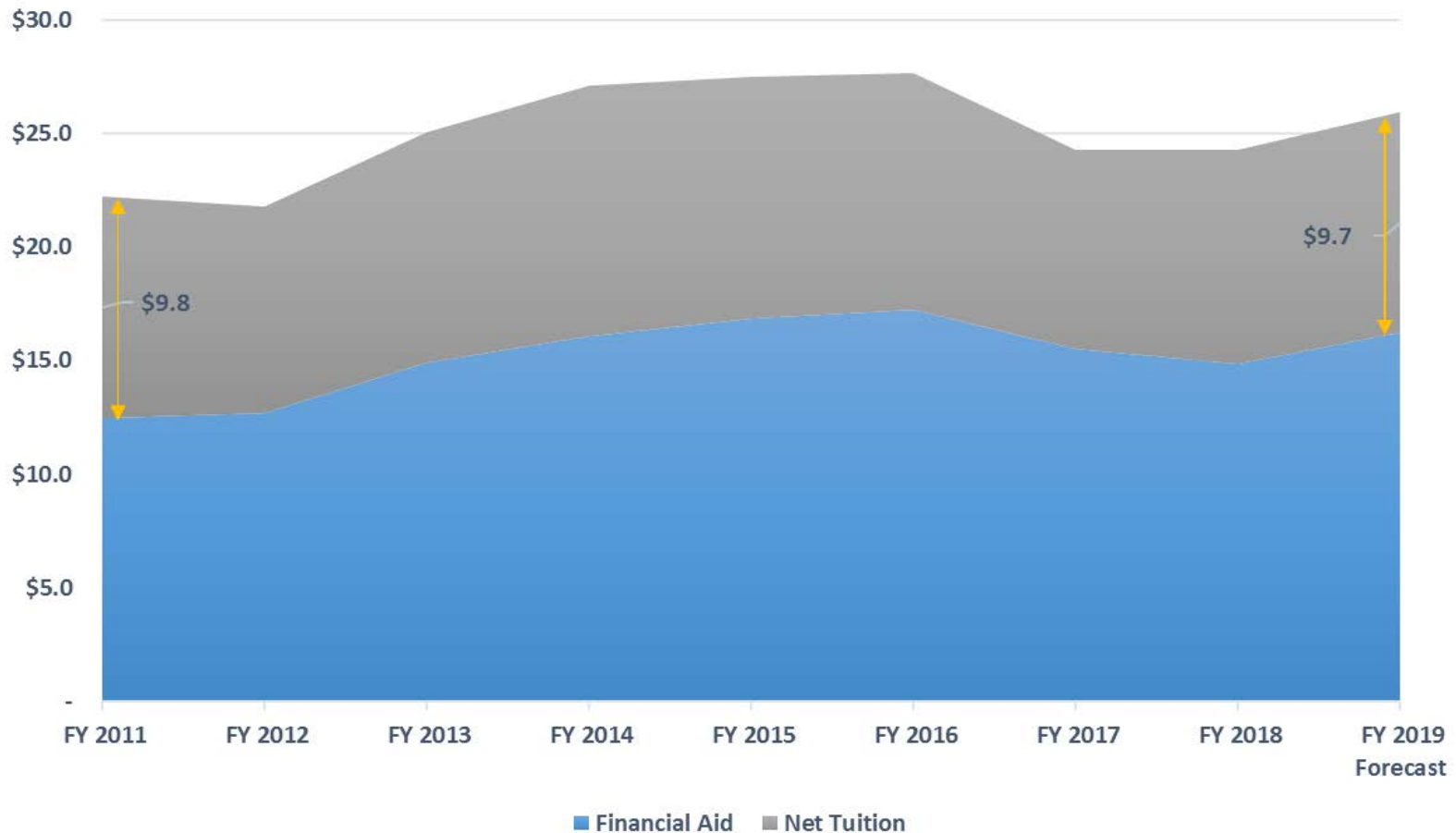
- Un-sponsored aid as a percentage of tuition has increased from 27.2% in FY 2013 to 30.3% in FY 2018, a difference of \$8.7 million



A&S Tuition and Aid

FY 2011 to FY 2019, \$ in millions

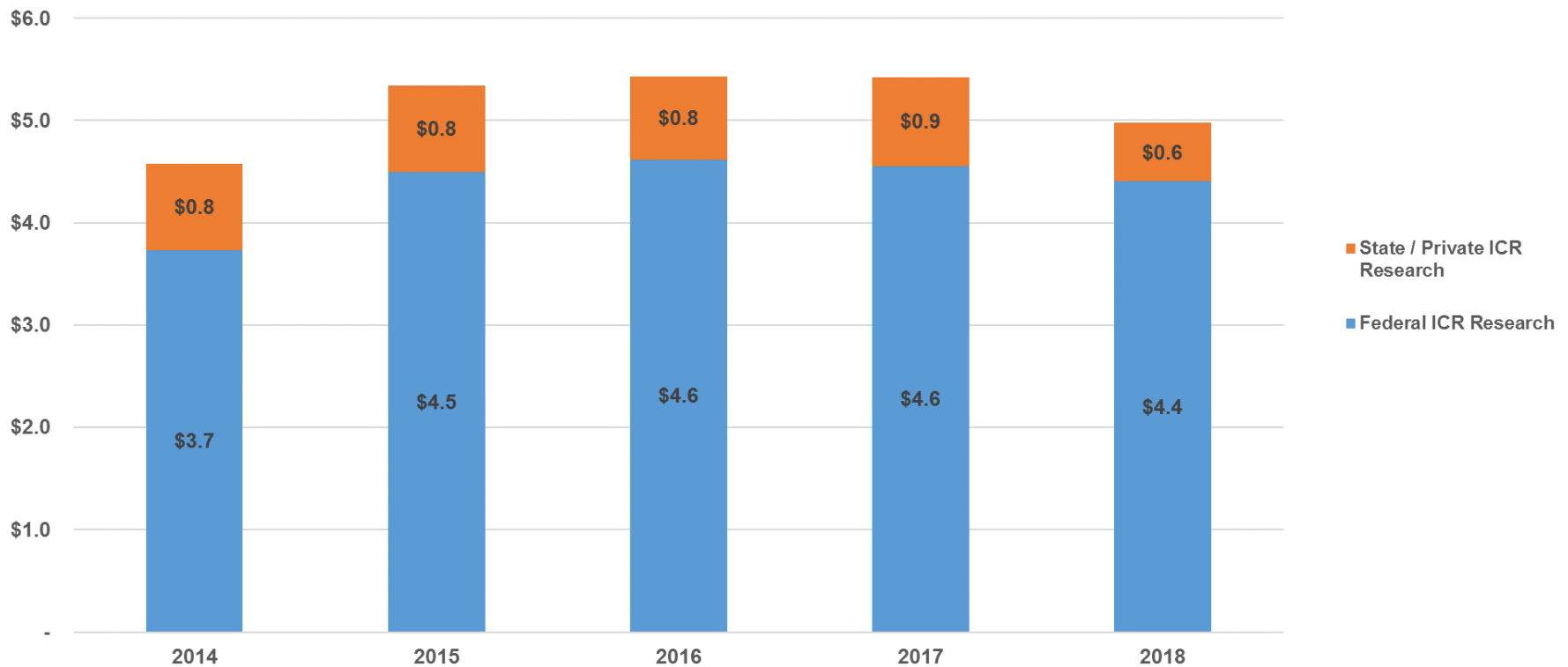
- Graduate aid, including health fees, has grown along with revenue, keeping net revenue flat



A&S Indirect Cost Recovery

FY 2014 to FY 2018, \$ in millions

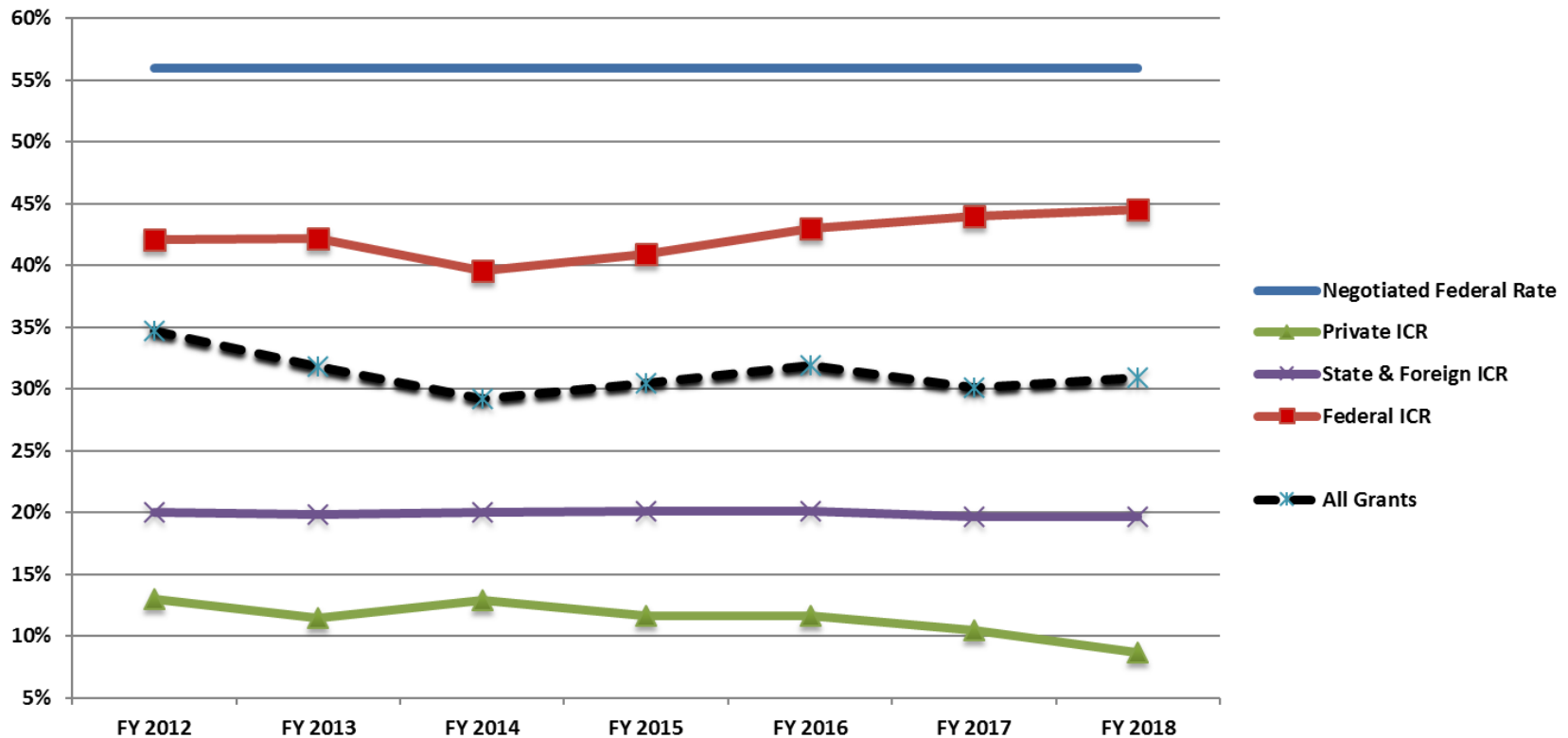
- Indirect costs are funds recovered from sponsors to offset research facilities and administrative costs
- ICR revenue from David Walt's projects totaled \$0.7m in FY 2017



A&S ICR Rate of Recovery

Indirect Costs/Modified Total Direct Costs

- The difference between the negotiated federal rate (56%) and the effective A&S rate of recovery in FY 2018 (30.9%) is \$4.1 million



Faculty Departures and Hires

Arts & Sciences

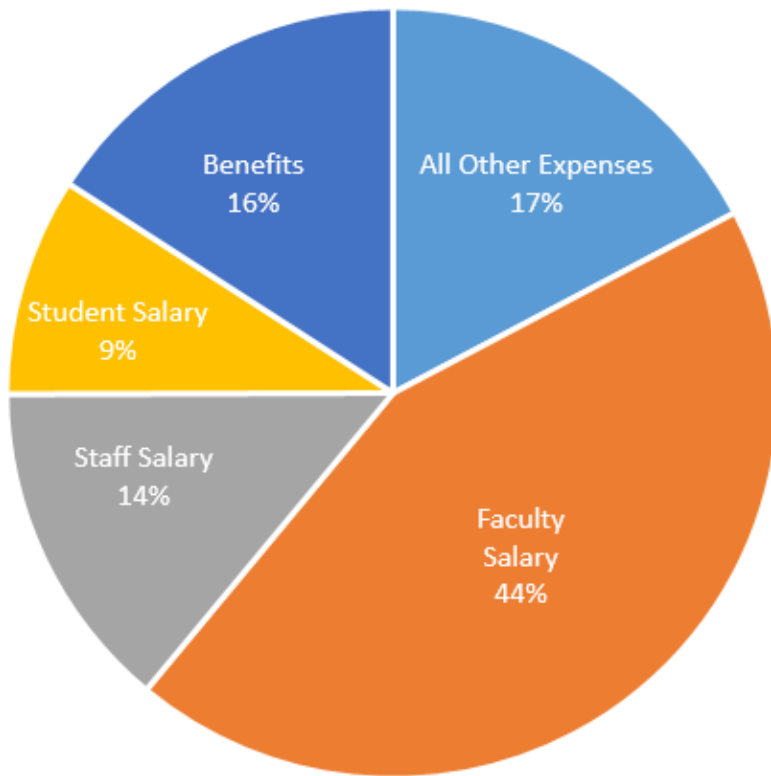
AVERAGE FY 2010-FY 2017	Hires	Resignations	Other Departures	Net Change
White	16.1	3.4	7.5	5.2
Latino	2.0	0.4	0.6	1.0
Black/African American	1.7	0.5	0.6	0.5
Asian/Asian American	3.0	1.0	0.6	1.4
TOTAL	22.8	5.3	9.4	8.2

AVERAGE FY 2018 and FY 2019	Hires	Resignations	Other Departures	Net Change
White	13.0	2.5	8.0	2.5
Latino	4.5	0.5	0.0	4.0
Black/African American	3.0	1.0	0.0	2.0
Asian/Asian American	1.5	1.5	0.5	-0.5
TOTAL	22.0	5.5	8.5	8.0

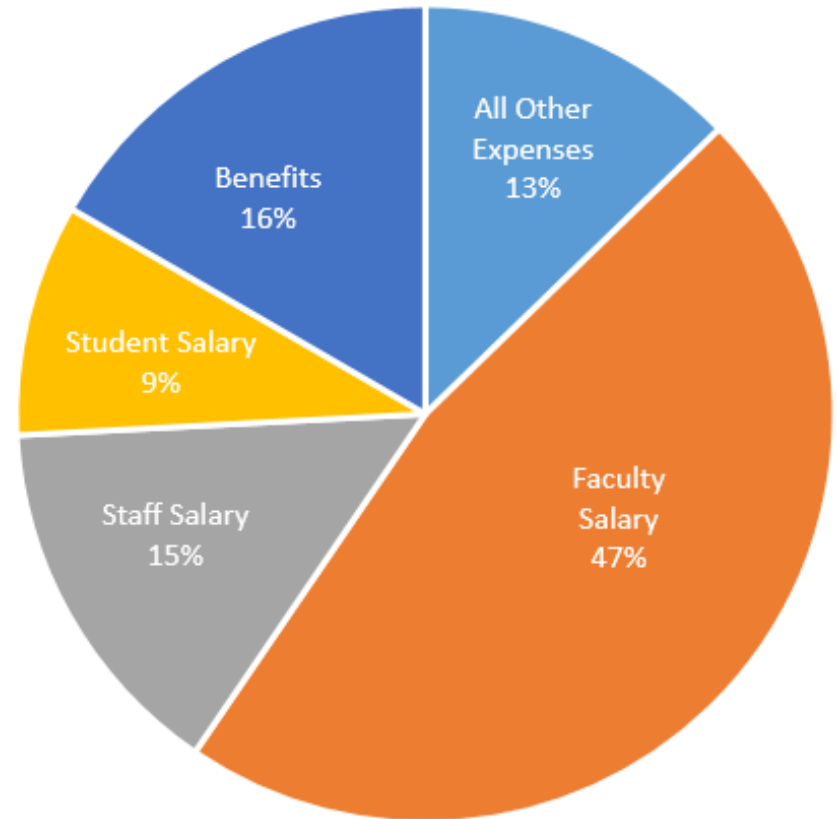
Proportional Expenses, FY 2011 v FY 2019

Arts & Sciences only

FY 2011, \$92.9 million

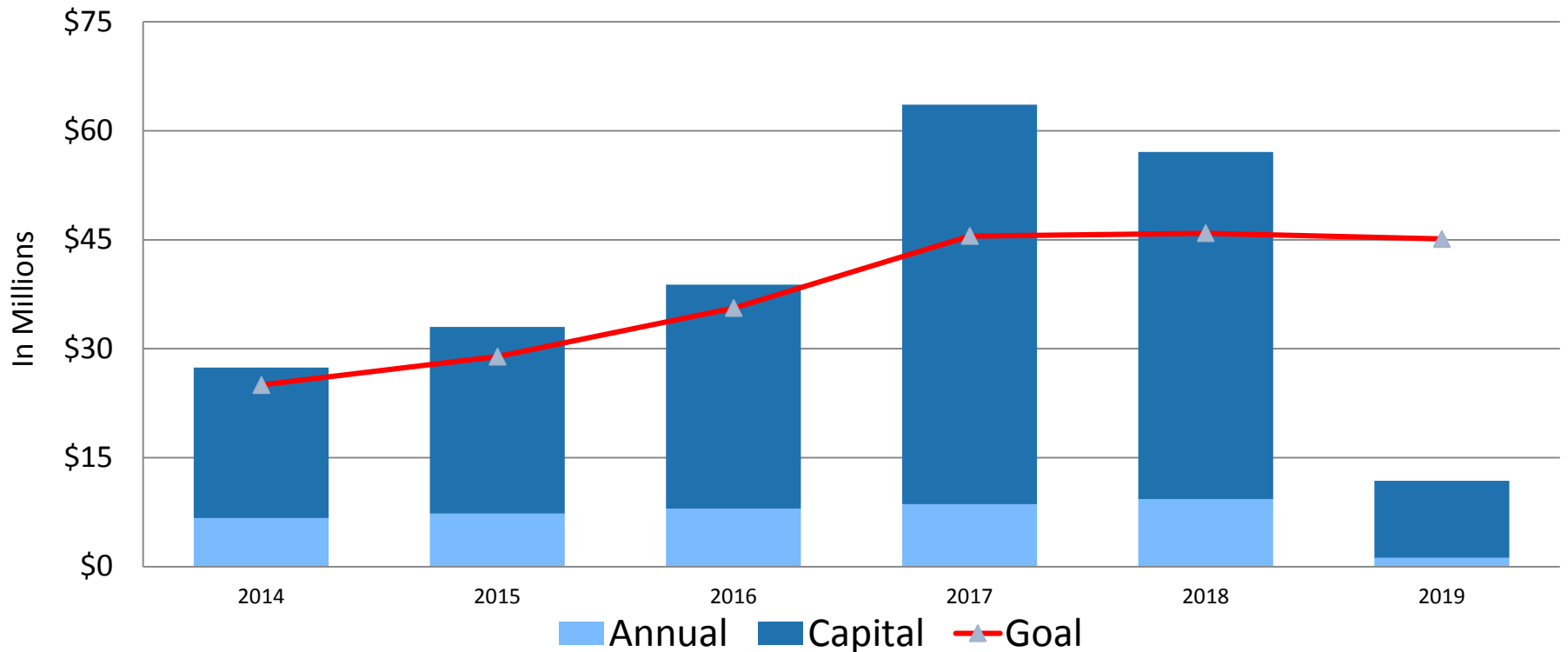


FY 2018, \$111.4 million



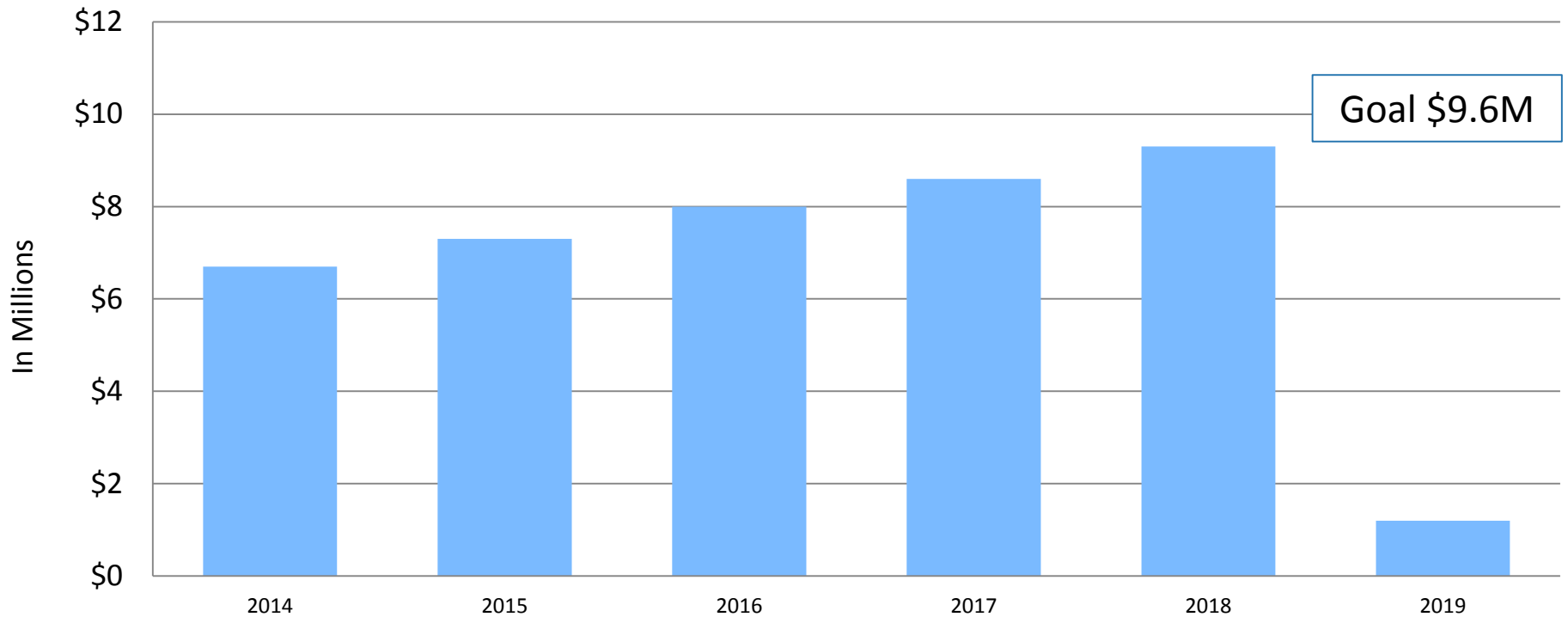
A&S Campaign Achievement - \$236 million

As of 9/30/18



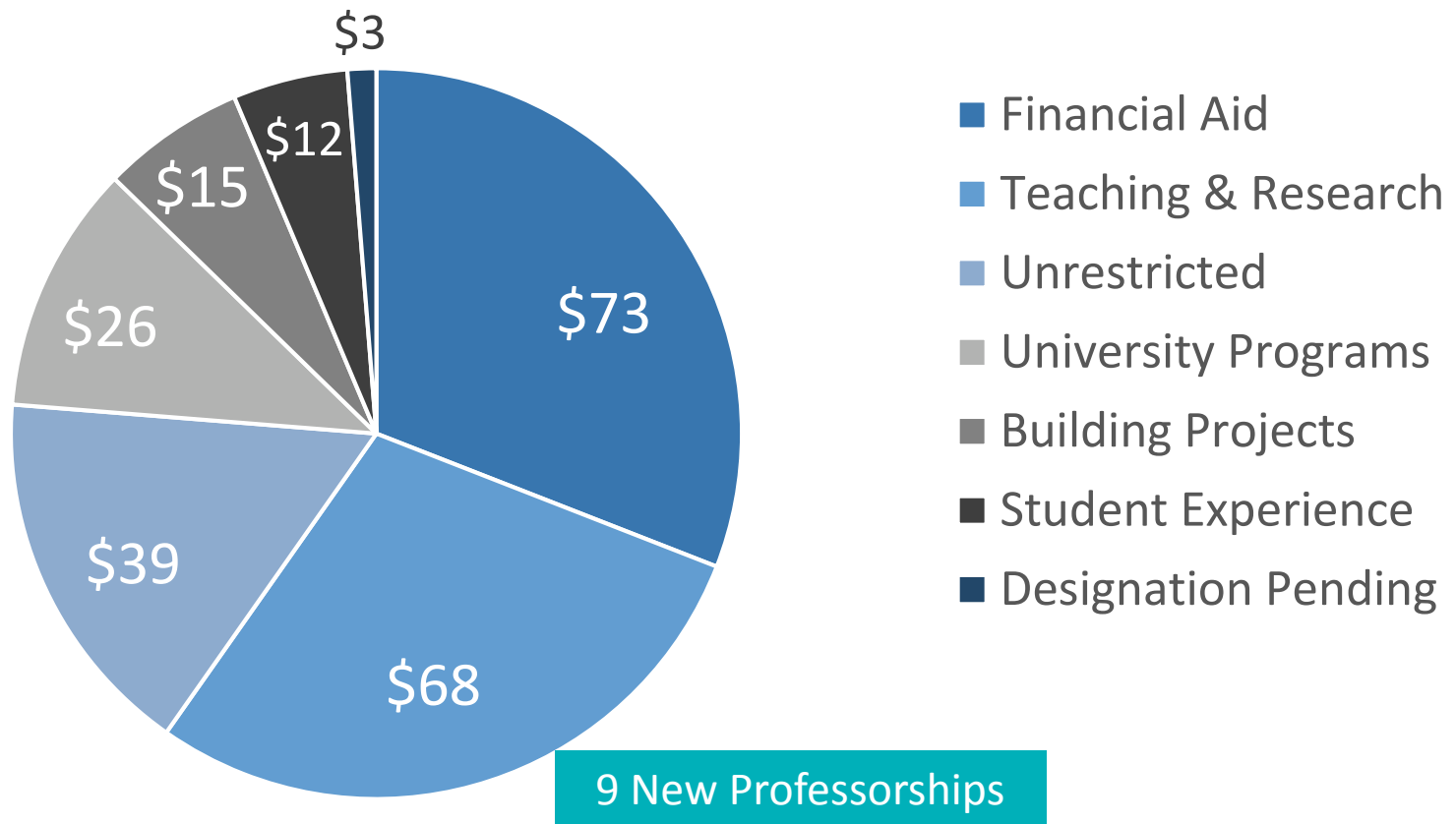
A&S Campaign Achievement – Annual Fund

As of 9/30/18



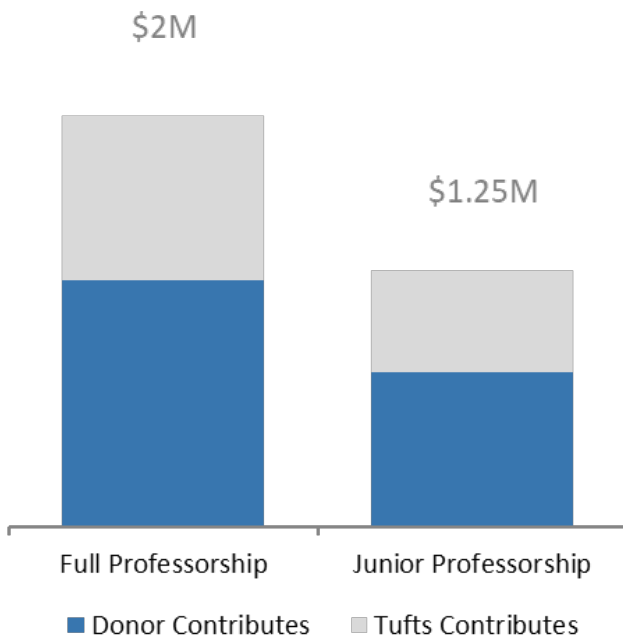
A&S Campaign Achievement - \$236 million

By Area of Need (Restriction), \$ in millions



Professorship Partnership Challenge

Donor contributes 60%, Tufts contributes 40%. Through June 30, 2019



Keys to Financial Sustainability

- **Increased undergraduate enrollment**
- **Constrained growth of undergraduate financial aid**
- **Revenue generation through master's and non-traditional educational programs**
- **Efficient space management and utilization**
- **Realization of campaign targets**

Short-term deficit reduction actions

- **Reduced discretionary and non-compensation spending**
- **Prioritization of resources for areas with increased enrollment**
- **One year pause in faculty searches***
- **Negotiation with Central and Engineering regarding new assessment model**

Change in Undergraduate Enrollment

- **First year class size increased by ~100 in order to maintain overall growth of ~400 (financial FTEs) for entire undergrad population once population reaches targeted sized in FY 2021**
- **Additional resources allocated to departments affected by enrollment increases**
- **Further investments in dining and housing under development**

Undergraduate Financial FTE*	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Forecast	FY 2020 Plan	FY 2021 Plan	FY 2022 Plan	FY 2023 Plan
Medford	4914	4982	4948	5032	5110	5207	5304	5304	5304

**Excludes study abroad*

Cummings Building

- **Anticipated that Economics, Math, Computer Science, and other occupants will move into building in 2021**
- **Donor funds will reduce AS&E debt service and fund portion of operating costs**
- **Estimated long term increased cost impact on AS&E is anticipated to be \$5 million by FY 2026**