

MARQUETTE UNIVERSITY

Fiscal Year 2022 Approved Operating Budget

At the December meeting, the Board of Trustees approved the operating budget for the fiscal year ending June 30, 2022 (FY22). For FY22, the university has a positive budget of \$12.1 million with total revenues of \$452.6 million and expenses of \$440.5 million. Relative to the fiscal year 2021 (FY21) budget, revenues will decrease by \$28.9 million and expenses will decrease \$41.0 million. The schedules accompanying this report present both the approved FY22 and FY21 operating budget.

Enrollment and Tuition Revenue

Total gross tuition and fees revenue is projected to be \$457.3 million, which represents a decrease of \$22.2 million compared to the FY21 budget. Enrollment totals used in calculating tuition revenues are shown on the “Fiscal Year 2022 Operating Budget Assumptions” schedule. Freshman enrollment for FY22 is budgeted at 1,770 compared to the freshman budget of 2,014 in FY21. The transfer student budget is to remain steady at 160 for FY22. These assumptions are driven by current student demographics and the pandemic. By comparison, actual fall FY21 freshman enrollment was 1,647 and transfer student enrollment was 135.

Budgeted graduate credit hours for FY22 of 20,693 are projected to be lower by 722, compared to the budget of 21,415 in FY21.

Tuition Discount

Total tuition discount is anticipated to be \$192.8 million, which represents an increase of \$3.1 million over the FY21 budget. Unfunded discount is \$171.0 million or relatively the same as the budget last year despite the lower enrollment volumes. Demand for discount continues to grow as families become more price sensitive in their selection of college education. Total net tuition and fee revenue of \$264.4 million is \$25.3 million less than the FY21 budget.

The undergraduate unfunded discount budget was based on trend analysis and enrollment goals established by the university. Marquette’s financial goals continue to be multi-faceted: meet net tuition budget, enhance student quality, provide diversity, and maintain first generation and legacy students.

Other Revenues

Federal, state, and private grants are budgeted at \$37.2 million for FY22, an increase of \$1.1 million over FY21.

Contributions are budgeted at \$27.3 million, of which annual giving is expected to be \$4.3 million. This funding supports the university’s daily operations.

Auxiliary enterprises revenues are projected at \$71.6 million, which represents a decrease of \$4.1 million over the FY21 budget. Room and board revenues, included in auxiliary revenues, are \$47.0 million, \$4.5 million lower than the prior year, driven by the decline in freshman enrollment. The average room & board rate increase for FY22 is 3.5%.

Projected sales by educational departments will be decreased by \$475 thousand to \$10.5 million due to reduced clinical activity.

Investment income is projected to be \$1.8 million, an increase over the FY21 budget of \$1.3 million due to higher cash balances.

Endowment spendable is projected to decrease by \$770 thousand for FY22.

Other Income is relatively consistent with the prior year budget at \$17.6 million.

Employee Headcount and Compensation

For FY22 overall compensation will decrease by \$34.2 million versus the prior year budget. A reduction of approximately 225 staff and faculty lines will result in \$22.6 million of salary elimination and \$11.6 million of reduced fringe benefits. Other budgeted headcount changes include 19 positions that will be created to support areas of strategic growth and student need. These additions are to establish permanent lines to support areas of growth, including health sciences (6), nursing (4), and graduate programming (3). The remaining 6 additions will primarily support student services within student affairs, mission and ministry, and IT services.

Discretionary Expenses

Discretionary expenses are projected to be \$89.6 million for FY22, which is a decrease of \$4.6 million compared to the FY21 budget. Future state planning initiatives to align university expenses with lower enrollment expectations will drive discretionary expenses approximately \$10.8 million lower. These planned reductions are partially offset by increased expenses related to Nursing Direct Entry MSN program growth as well as other investments towards online course development.

Non-Discretionary Expenses

Non-discretionary expenses, which include utilities, insurance, interest, food, contract maintenance, and depreciation, are projected to be \$87.0 million, or relatively flat to the budget last year. Activity in non-discretionary includes lower food costs of \$1.6 million, lower utilities of \$1.2 million, lower depreciation of \$2.7 million, higher insurance expense of \$1.2 million, and higher interest expense of \$4.3 million.

For FY22, the university contingency is \$8.0 million, or a decrease of \$2.0 million compared to FY21.

Operating Profit

Compared to a balanced budget last year, the FY22 budget projects an operating profit of \$12.1 million. This 3% surplus is consistent with Board of Trustee guidelines and will provide room for investing in projects of strategic priority.

MARQUETTE UNIVERSITY

FY2022 Operating Budget

(Dollars in Thousands)

	FY 2021 Operating Budget			FY 2022 Operating Budget		
	Total Unrestricted Operating	Grant & Temporarily Restricted	Total Budget	Total Unrestricted Operating	Grant & Temporarily Restricted	Total Budget
Revenues:						
Student tuition & fees	\$479,515	\$0	\$479,515	\$457,275	\$0	\$457,275
Less-tuition discount	(170,740)		(170,740)	(171,040)		(171,040)
Net tuition & fee revenue	308,775	0	308,775	286,235	0	286,235
Federal, state and private grants	5,120		5,120	5,195	0	5,195
Contributions	6,845		6,845	4,345	0	4,345
Auxiliary Enterprises:						
Spirit Shop	3,000	0	3,000	3,000	0	3,000
Intercollegiate athletics	19,835	0	19,835	20,250	0	20,250
Residence life - room & board	51,535	0	51,535	46,980	0	46,980
Residence life - other	1,360	0	1,360	1,360	0	1,360
Total auxiliary enterprises	75,730	0	75,730	71,590	0	71,590
Sales by educational departments	10,940	0	10,940	10,465	0	10,465
Investment income	410	0	410	1,750	0	1,750
Endowment income used in operations	6,770		6,770	6,000	0	6,000
Other income*	17,755	0	17,755	17,640	0	17,640
Total Operating Revenues	432,345	0	432,345	403,220	0	403,220
Expenditures:						
Compensation:						
Salaries	201,695		201,695	178,680	0	178,680
Fringe benefits	63,890		63,890	52,230	0	52,230
Total compensation	265,585	0	265,585	230,910	0	230,910
Discretionary Expenses:						
Total discretionary	68,050		68,050	63,660	0	63,660
Non -Discretionary Expenses:						
Food purchases	13,085	0	13,085	11,465	0	11,465
Contract maintenance	8,660	0	8,660	8,620	0	8,620
Utilities	11,810	0	11,810	10,600	0	10,600
Insurance	3,820	0	3,820	5,000	0	5,000
Interest	8,545	0	8,545	12,865	0	12,865
Depreciation*	41,090	0	41,090	38,405	0	38,405
Total non discretionary	87,010	0	87,010	86,956	0	86,956
Other Expenses:						
University contingency	10,000	0	10,000	8,000	0	8,000
Opportunity fund	420	0	420	420	0	420
Provost contingency fund	780	0	780	675	0	675
Incubator	500	0	500	500	0	500
Total other expenses	11,700	0	11,700	9,595	0	9,595
Sub Total Expenditures	432,345	0	432,345	391,121	0	391,121
Operating Income (Loss)	\$0	\$0	\$0	\$12,100	\$0	\$12,100

* Fiscal Year 2021 is restated to reflect inclusion of restricted assets and Orbis Professional Fees.

MARQUETTE UNIVERSITY
FY2022 Unrestricted Operating Budget Assumptions

	Unrestricted Operating Budget		
	FY2020	FY2021	FY2022
ENROLLMENT			
Undergraduate Students Headcount:			
New Freshmen	2,077	2,014	1,770
New Undergraduate Advanced Standing	175	160	160
Total New Students	2,252	2,174	1,930
Average Undergraduate Enrollment (Fall & Spring)	7,984	7,840	7,261
Law School New & Continuing Headcount	494	494	525
Dental School New & Continuing Headcount	400	400	407
Credit Hours:			
Graduate Credit Hours	19,977	21,415	20,693
Law Part-time Credit Hours	668	600	400
Summer Credit Hours	11,777	11,645	10,935
J Term Credit Hours	700	810	1,350
On-Line	520	625	945
REVENUES			
Tuition Increase:			
Undergraduate	5.00%	3.75%	0.00%
Summer School	0.00%	5.60%	2.00%
Part-time	0.00%	0.00%	0.00%
J Term	0.00%	5.60%	2.00%
Law School:			
First Year	3.00%	3.00%	1.50%
Continuing	3.00%	3.00%	1.50%
Graduate School	3.50%	3.00%	1.25%
Graduate School of Management	3.50%	3.00%	1.25%
Dental In-State	2.30%	2.00%	1.50%
Dental Out-of-State	2.00%	2.00%	1.50%
Room and Board Increase (Halls)	3.50%	3.50%	3.50%

MARQUETTE UNIVERSITY

FY2022 Tuition, Fees, Room and Board Rates

UNDERGRADUATE TUITION

<u>Full-Time Rates</u>	FY21	FY22	Change
Undergraduate	\$44,970	\$44,970	\$0

<u>Credit Hour Rates</u>	FY21	FY22	Change
Summer School	\$750	\$765	\$15
J-Term	\$750	\$765	\$15

GRADUATE/PROFESSIONAL TUITION

<u>Full-Time Rates</u>	FY21	FY22	Change
Law School:			
Full-Time	\$48,980	\$49,710	\$730
Dentistry:			
In-State	\$56,600	\$57,450	\$850
Dental Capitation	\$8,660	\$8,660	\$0
Out-State	\$65,260	\$66,110	\$850

<u>Credit Hour Rates</u>	FY21	FY22	Change
Graduate:			
MBA	\$1,205	\$1,220	\$15
Education	\$900	\$915	\$15
Graduate	\$1,205	\$1,220	\$15

ROOM AND BOARD

	FY21 Double With Meal Plan	FY22 Double With Meal Plan	Change
Carpenter Tower	\$13,420	\$13,890	\$470
Cobeen	\$13,180	\$13,640	\$460
Eckstein Tower	\$14,620	\$15,130	\$510
Mashuda	\$13,960	\$14,440	\$480
O'Donnell	\$13,180	\$13,640	\$460
Schroeder	\$13,380	\$13,840	\$460
Straz Tower	\$14,360	\$14,860	\$500
Commons	\$14,620	\$15,130	\$510

MARQUETTE UNIVERSITY

Full-time Employee Headcount Supported by Unrestricted Operations By Year Compared to Enrollment FTE

	FY18	FY19	FY20	FY21	FY22*
Faculty (all Provost)	675	685	690	710	719
Exempt:					
Academic	392	426	432	427	430
Non-Academic	323	345	352	322	325
	<u>715</u>	<u>771</u>	<u>784</u>	<u>749</u>	<u>755</u>
Non-exempt:					
Academic	441	450	451	434	436
Non-Academic	238	243	245	239	241
	<u>679</u>	<u>693</u>	<u>696</u>	<u>673</u>	<u>677</u>
Workstream Reductions					(225)
Total Employees	<u><u>2,069</u></u>	<u><u>2,149</u></u>	<u><u>2,170</u></u>	<u><u>2,132</u></u>	<u><u>1,926</u></u>
Enrollment FTE (fall semester)	10,603	10,795	10,959	10,689	10,415
Enrollment/Total Employees	5.12	5.02	5.05	5.01	5.41

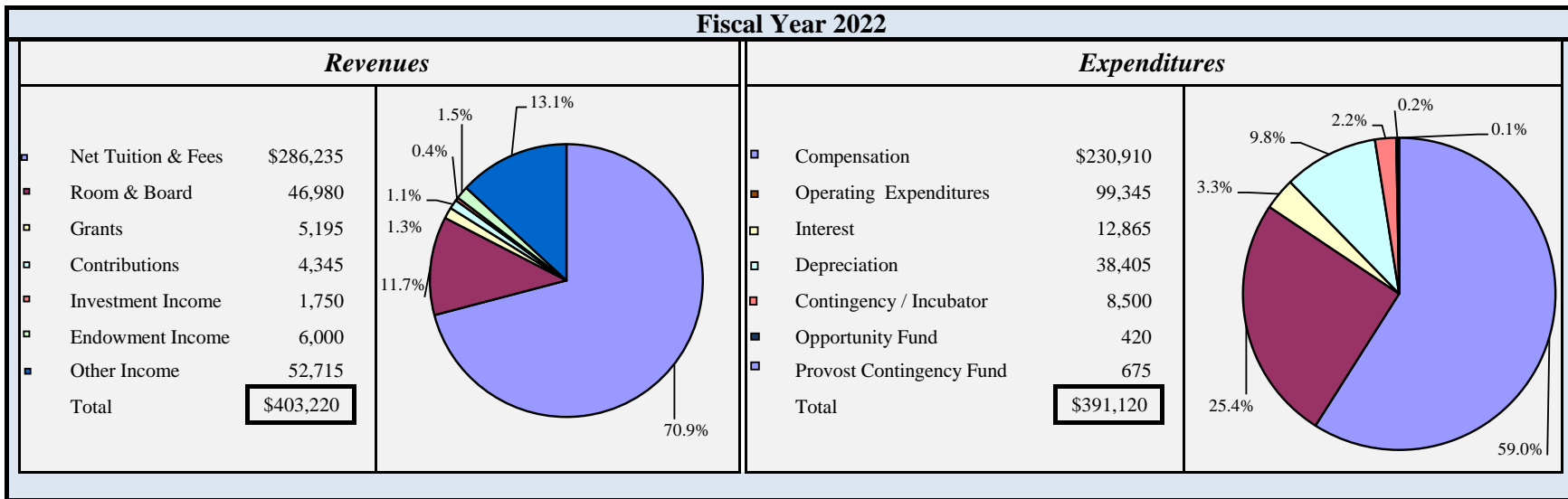
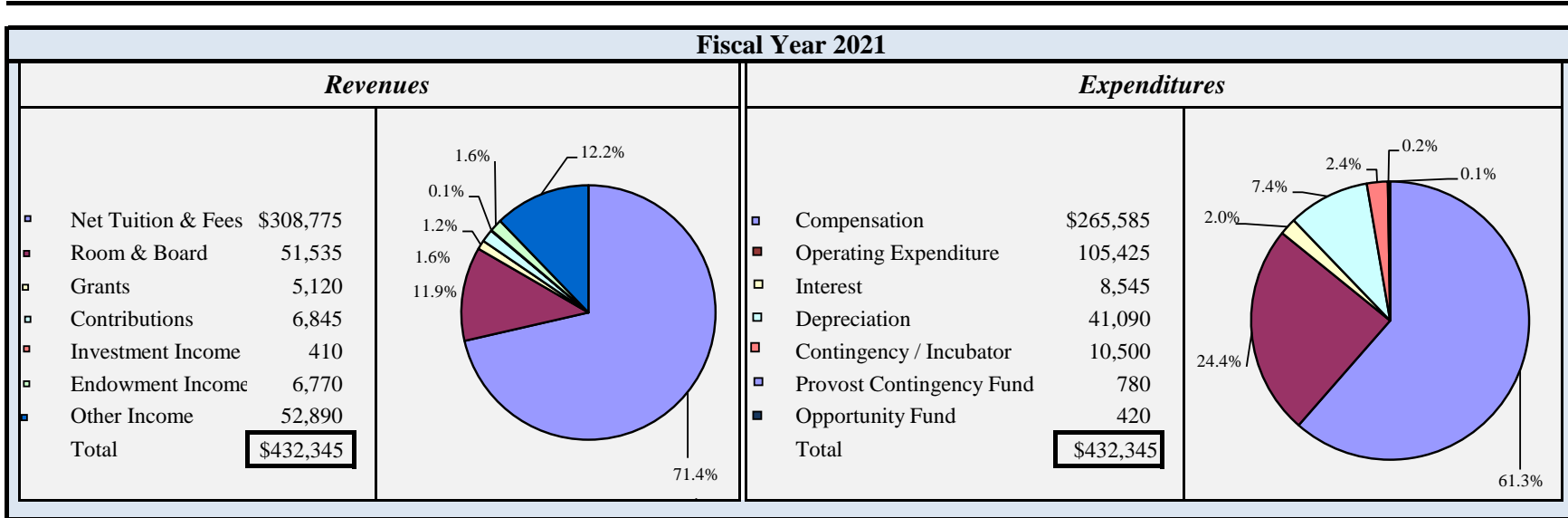
+ Total includes a reduction of 225 staff and faculty, partially offset by 19 headcount additions.

* Estimate of Student FTE

MARQUETTE UNIVERSITY

Unrestricted Budgeted Operations*

(Dollars in Thousands)

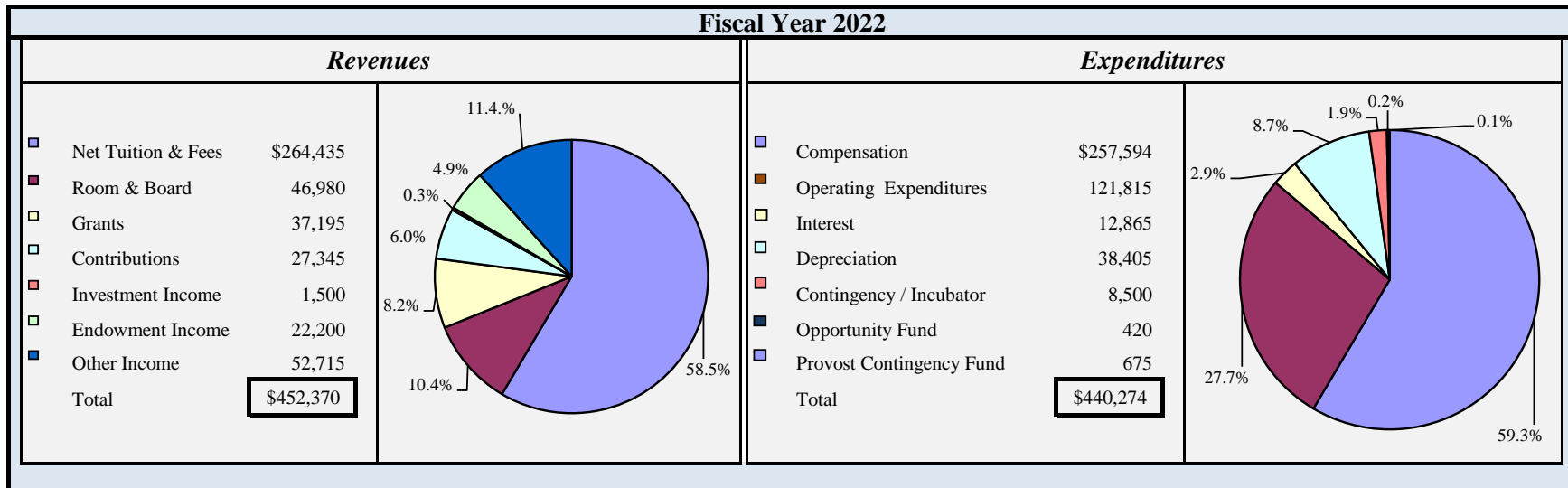
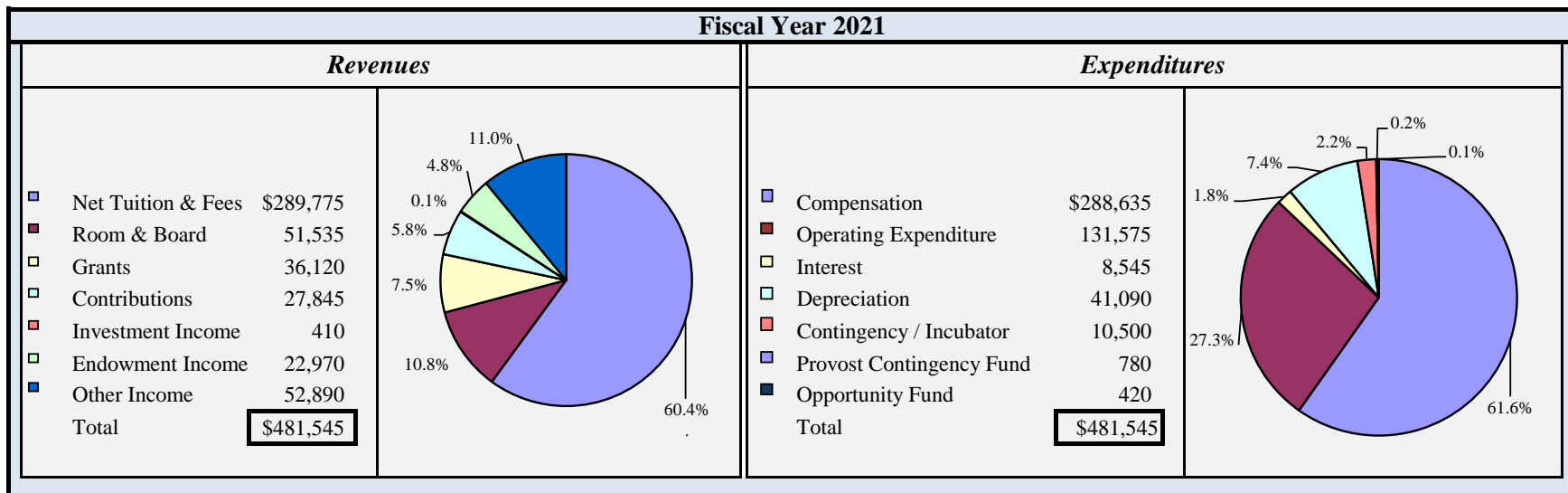


* Does not include budgeted grant or temporary restricted activities

MARQUETTE UNIVERSITY

Total Budgeted Operations*

(Dollars in Thousands)



* Includes grant and temporary restricted activities