

APPENDIX A: LONG-TERM PROJECTIONS

A Modest Proposal

CASH SURPLUS/(DEFICIT) — POST INITIATIVES

Barry Drogin EE'83

(000'S)



	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Revenues:														
Real Estate	47,447	59,922	60,472	61,034	61,606	62,191	62,787	63,395	64,015	64,648	69,543	74,452	75,123	75,808
Undergraduate Tuition, Net	7,899	8,136	7,708	7,543	7,360	7,160	6,941	5,809	4,602	3,318	1,953	(748)	(748)	(748)
Graduate Tuition, Net	555	1,279	1,317	1,356	1,397	1,439	1,482	1,526	1,573	1,619	1,668	1,718	1,770	1,823
Fees	3,656	3,696	3,737	3,776	3,816	3,858	3,900	3,943	3,986	4,029	4,073	4,118	4,163	4,209
Rental Income and Other	2,980	3,310	3,704	3,800	3,900	4,000	4,105	4,215	4,324	4,440	4,558	4,679	4,805	4,934
Contributions	3,225	4,992	6,011	7,094	8,260	9,449	10,671	11,936	13,245	14,678	16,234	17,824	19,598	21,536
Endowment Payout	2,825	4,590	4,611	4,528	4,646	4,776	4,915	5,058	5,205	5,354	5,505	5,657	5,810	5,965
	68,587	85,925	87,560	89,131	90,985	92,873	94,801	95,882	96,950	98,086	103,534	107,700	110,521	113,527
Operating Expenses:														
Salaries & Wages	28,836	28,926	29,649	30,390	31,150	31,928	32,727	33,545	34,383	35,243	36,124	37,027	37,953	38,902
Benefits & Taxes	10,696	11,088	11,497	11,922	12,366	12,827	13,309	13,810	14,333	14,878	15,446	16,038	16,656	17,300
Utilities	1,951	1,990	2,029	2,070	2,111	2,154	2,197	2,241	2,285	2,331	2,378	2,425	2,474	2,523
Lease & Real Estate Taxes	2,083	2,125	2,168	2,211	2,255	2,300	2,346	2,393	2,441	2,490	2,540	2,590	2,642	2,695
Repairs & Maintenance	865	882	900	918	936	955	974	994	1,014	1,034	1,055	1,076	1,097	1,119
Legal & Audit	1,173	1,197	1,221	1,245	1,270	1,296	1,321	1,348	1,375	1,402	1,278	1,304	1,330	1,356
Consultants	605	617	629	642	655	668	681	695	709	723	737	752	767	782
Housekeeping	1,107	1,129	1,152	1,175	1,198	1,222	1,247	1,272	1,297	1,323	1,350	1,377	1,404	1,432
Security	991	1,011	1,032	1,052	1,073	1,095	1,117	1,139	1,162	1,185	1,209	1,233	1,257	1,283
Materials & Supplies	826	843	859	877	894	912	930	949	968	987	1,007	1,027	1,048	1,069
Insurance	494	504	514	524	535	545	556	567	579	590	602	614	627	639
Receptions & Events	590	602	614	626	639	652	665	678	691	705	719	734	748	763
Travel	549	560	571	583	594	606	618	631	643	656	669	683	696	710
Software	538	549	560	571	582	594	606	618	630	643	656	669	682	696
Program Initiatives	668	1,036	1,428	1,852	2,284	2,728	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other	2,822	3,324	3,388	3,451	3,519	3,584	3,652	3,722	3,793	3,866	3,938	4,014	4,091	4,170
Budget Cuts		(2,057)	(3,147)	(3,542)	(3,940)	(4,707)	(4,864)	(4,975)	(5,087)	(5,203)	(5,321)	(5,442)	(5,566)	(5,692)
	54,126	53,958	54,672	56,143	57,689	58,915	60,810	62,627	64,216	65,853	67,387	69,121	70,907	72,747
Operating Surplus/(Deficit)	14,461	31,967	32,888	32,988	33,296	33,958	33,991	33,255	32,734	32,233	36,147	38,579	39,614	40,780
Debt Service & Capital:														
Interest - MetLife Loan	10,273	10,225	9,926	9,574	9,200	8,804	8,384	7,939	7,467	6,966	6,435	5,872	5,276	4,643
Principal - MetLife Loan		3,253	5,842	6,195	6,568	6,964	7,384	7,829	8,302	8,802	9,333	9,896	10,493	11,125
Interest - Bridge Loan	2,703	2,703	2,703	2,703	2,703	2,703	2,703	2,690	2,635	2,575	2,507	2,430	2,343	2,247
Other - Bridge Loan	15	15	15	15	15	15	15							
Principal - Bridge Loan								1,159	1,282	1,437	1,626	1,828	2,043	2,271
Capital Expenditures	1,520	1,770	2,020	2,270	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520
	14,511	17,966	20,506	20,757	21,006	21,006	21,006	22,137	22,206	22,300	22,421	22,546	22,674	22,806
Cash Surplus/(Deficit)	(50)	14,001	12,382	12,231	12,290	12,952	12,985	11,118	10,528	9,933	13,726	16,033	16,940	17,974
CFI	(2.36)	(0.66)	(0.58)	(0.50)	(0.42)	(0.16)	0.59	1.34	2.12	2.93	4.02	5.26	6.22	6.84

1. Undergraduate Tuition, Net – In order to reach zero in FY29, all freshmen, sophomores, juniors, and seniors must not be paying undergraduate tuition. Under the principle that any student’s scholarship level will not change after admission, the “ten-year plan” is actually a seven-year plan, with all freshmen admitted in FY26 given 100% full-tuition scholarships. This modest proposal is to accelerate that to FY24, so that the BoT plan is announced to the media (and to donors and prospective students) as a 5-year plan.

2. Graduate Tuition, Net – The consent decree does not distinguish undergraduates from graduates. Any notion that transfer students should pay 100% tuition is not a true path back to free. In addition, with all freshmen given 100% full-tuition scholarships in FY24, all graduate students should be given 100% full-tuition scholarships in FY28.

3. Rental Income and Other – The change to market rate freshman dorm rate should be delayed until the first rise in the base scholarship level past 50%. For paying students, this will net to less money owed to Cooper in four years. The plan should be modified so that all 100% students are provided with additional scholarship money so that all students benefit from the return to free, not just those with no financial need.

4. Contributions – For some reason, these fundraising goals continue past \$17MM to \$21MM, with the CFI zooming past 4.0 to 6.84. Since, by FY29, the retirement fund, the maintenance fund, the capital reserve fund, and the bridge loan are paid off, why does this plan require millions more in reserve, with an ever-rising CFI? Once the Cash Surplus hits \$13MM, contributions could fall precipitously and still maintain the 4.0 CFI. The plan should be readjusted to reach and maintain a CFI of 4.0. This might not happen in FY24. The bridge loan must be paid off, the maintenance fund is next in priority, funding retirement is third, and building a capital reserve is the final priority to reach the 4.0 CFI. The plan should readjust the Contribution goals and establish the date to reach and maintain a CFI of 4.0.

5. Benefits & Taxes – The FEC Plan seeks to modify health benefits, but does not mention that health benefits are subject to union negotiation for all unionized employees, or mention when those contracts are next due for negotiation. Current contracts require that unionized employees get health benefits equal to non-unionized (managerial) employees. The Board could unilaterally reduce non-unionized (managerial) health benefits, with the consent of the unions.

6. CFI – As noted above, the plan should not be dependent on reaching and surpassing a CFI of 4.0, and the reputational impact of waiting 7 to 10 years before it is announced that all incoming students receive 100% full-tuition scholarships should be disconnected from the target date for building the reserves to the level needed to satisfy the Financial Monitor and Attorney General.