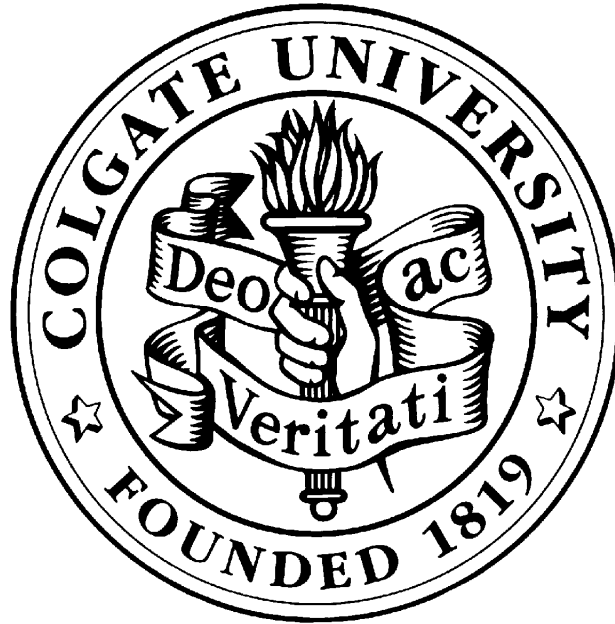


2019/20
OPERATING BUDGET



April 2019

Prepared by:

John H. Collins III – Associate Vice President for Budget, Financial Planning & Analysis

Drew Porter – Senior Budget Analyst

Severin Flanigen – Financial Analyst

Table of Contents

Highlights of Budget Proposal	page	1
Summary of Operating Income and Expense by Type		2
Five-Year Forecast		3-4
Revenue Highlights		5-12
Enrollment		7
Student Charges at Colgate and Other Schools		8-9
Financial Aid		10-12
Endowment		13-16
Compensation Summary		17-19
Expense by Type		20-21
Expense by Program Area		22-25
Expense Schedules		26-37
Program Summary		26
Instruction		27
Physical Education, Recreation, and Athletics		28-29
Library		30
Student Services		31
Institutional Support		32
ITS		33
Advancement, Career Services, Communications		34
Operation & Maintenance of Plant and		
Debt Service and Plant Renewal		35
Auxiliary and LLC Operations		36

Highlights of 2019/20 Budget Proposal

- An operating budget of \$217.8 million in expenditures is being proposed for 2019/20, or 7.0% more than the budget for the current year.
- Net tuition revenue, Colgate's principal stream of revenue, is projected to increase 9.5% from the prior year budget. This level of growth is higher than what we have experienced the previous two fiscal years, however, it is something we need to continuously monitor as the mix of full-pay vs. aided students is critical to our financial model. Furthermore, 25 additional incoming students were admitted in the first year class bringing our target enrollment for the incoming first-year class to 795. Overall enrollment (annual FTEs) for 2019/20 is budgeted at 2,915 which also includes the higher than anticipated prior year incoming Class of 2022.
 - Total student charges for 2019/20 are \$72,585. This represents a 3.9% increase over 2018/19 charges. The 3.9% overall increase for 2019/20 contains an increase of 3.9% for tuition, fees, room, and board.
 - The financial aid budget will grow by \$1.6 million or 2.6% over the current year approved budget. The Class of 2023 is targeted to consist of 470 full-pay students and 325 aided students, which translates into 40.9% of the class receiving financial aid.
- The Colgate Fund has been budgeted at \$8.2 million in 2019/20, an increase of \$238K or 3.0% over the current year approved budget.
- On January 26, 2019 the Board of Trustees approved endowment spending for 2019/20 at approximately \$50.5 million, holding the amount flat over 2018/19 spending. Flat spending was the result of much discussion and analysis, as spending under the normal constant growth formula breached the calculated cap.
- Salary pools for continuing faculty and staff are budgeted to increase by 3.3% in 2019/20 which is consistent with our PCDI guideline. In addition, increases beyond the salary pool, promotions and market adjustments, and a limited number of incremental staffing positions for 2019/20 explain the variance in this area.
- Fringe benefits are projected to decrease by 1.2% in 2019/20. The main reason behind the decrease is due to lower healthcare expense. Colgate continues to have favorable experience in our health plan costs and the budget was adjusted downward to reflect this positive trend.
- Net debt service is increasing by \$823K or 7.5% for 2019/20. This increase is in accordance with our current long-term debt strategy.
- Plant/other transfers (net) are currently expected to increase by 9.7% in 2019/20. Overall, Colgate has increased the capital contribution significantly over the past five years.
- A university contingency of \$1.5 million has been budgeted in 2019/20.

Summary of Operating Income

	2017-18 Actual	Approved 2018-19	2019-20 Proposed	Variance	Percent Change
<u>Income:</u>					
Tuition and Fees	\$ 154,437,000	\$ 159,657,855	\$ 170,503,443	\$ 10,845,588	6.8%
Approved Program Tuition	5,606,000	5,969,475	6,490,002	520,527	8.7%
Less: Financial Aid	60,583,000	62,456,194	64,064,396	1,608,202	2.6%
Net Tuition Revenue	99,460,000	103,171,136	112,929,049	9,757,913	9.5%
<i>Tuition Discount Rate</i>	37.9%	37.7%	36.2%		
Auxiliary Income	33,076,000	33,941,220	36,665,811	2,724,591	8.0%
LLC Income	987,000	1,201,412	5,264,812	4,063,400	338.2%
Government Sources	946,000	965,828	1,010,909	45,081	4.7%
Private Gifts & Grants					
Unrestricted	7,798,000	7,944,011	8,182,331	238,320	3.0%
Restricted - Other	5,916,000	4,222,191	4,662,041	439,850	10.4%
Endowment Income	47,435,863	50,431,400	50,517,424	86,024	0.2%
Endowment I to P	(420,863)	(1,185,052)	(1,521,122)	(336,070)	28.4%
Athletic Income	2,211,000	1,612,154	1,692,253	80,099	5.0%
Other Income Sources	1,674,000	1,144,050	1,251,650	107,600	9.4%
Total Income	\$ 199,083,000	\$ 203,448,350	\$ 220,655,158	\$ 17,206,808	8.5%

Summary of Operating Expense

	2017-18 Actual	Approved 2018-19	2019-20 Proposed	Variance	Percent Change
<u>Expenses:</u>					
Faculty Salaries	\$ 34,952,000	\$ 36,049,580	\$ 38,128,595	2,079,015	5.8%
Staff Salaries	48,470,000	50,791,063	53,761,715	2,970,652	5.8%
Fringe Benefits	25,039,000	28,540,191	28,206,952	(333,239)	-1.2%
Buildings & Grounds Chargebacks	(2,495,000)	(2,400,000)	(2,780,000)	(380,000)	15.8%
<u>Student Wages</u>	1,644,000	1,699,149	1,773,120	73,972	4.4%
Subtotal Compensation	107,610,000	114,679,982	119,090,382	4,410,400	3.8%
Contracted Services	7,843,000	5,854,542	6,066,774	212,232	3.6%
Dining Expense	6,587,000	6,690,230	7,329,383	639,153	9.6%
Utilities	5,339,000	5,099,915	5,176,631	76,716	1.5%
Equipment	3,927,000	2,600,546	2,676,177	75,632	2.9%
Library Acquisitions	2,935,000	2,882,573	2,995,382	112,808	3.9%
Repairs & Maintenance	5,023,000	3,690,116	4,153,619	463,503	12.6%
Travel & Entertainment	7,465,000	6,946,466	7,039,765	93,299	1.3%
Printing, Postage & Publications	2,443,000	2,379,384	2,359,963	(19,421)	-0.8%
Taxes, Contributions & Insurance	3,650,000	3,699,473	4,075,539	376,066	10.2%
General Program Expense	17,953,000	20,490,430	21,174,801	684,371	3.3%
General Program Expense - Off Campus	1,036,000	1,606,452	1,554,500	(51,952)	-3.2%
Approved Programs	3,487,000	3,326,907	4,045,518	718,611	21.6%
Cost of Goods Sold	2,477,000	2,198,094	2,371,781	173,686	7.9%
LLC Expense (including transfers)	1,621,000	1,290,270	5,305,810	4,015,540	311.2%
Debt Service	10,204,000	10,976,539	11,799,779	823,240	7.5%
Plant/Other Transfers (Net)	9,431,000	8,236,432	9,034,816	798,384	9.7%
Contingency	-	800,000	1,500,000	700,000	87.5%
Total Expenses	\$ 199,031,000	\$ 203,448,350	\$ 217,750,619	\$ 14,302,270	7.0%
Surplus (Deficit)	\$ 52,000	\$ 0	\$ 2,904,540		

Five Year Forecast

The five-year forecast is based on the 2019/20 proposed operating budget. The key assumptions used in the forecast include:

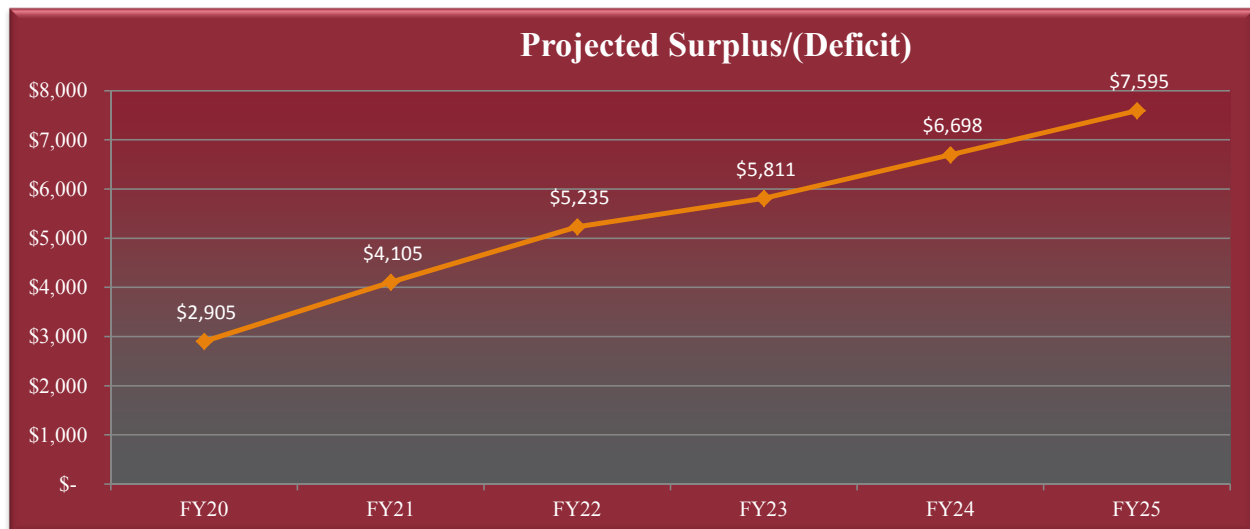
- First-year enrollment target of 795 students and total undergraduate enrollment of 2,915 in FY20. Total enrollment is increased by 25 in each year (FY21 through FY23) and then stabilizes at 2,945 for the remainder of the forecast.
- Total student charges are increasing at 3.5% throughout the forecast.
- Financial aid returns to a more consistent level once the heavily aided class of 2019 graduates.
- The Colgate Fund increases at 3.0% throughout the forecast.
- Endowment support is being held flat for a second consecutive year in FY21. In FY22 it is assumed to increase at 1.0% and then 2.0% in FY23 and beyond.
- Continuing faculty and staff salaries are increasing at 2.3% throughout the forecast.
- Fringe benefits increasing by 4.5% each year.
- Net debt service increases by 7.5% annually throughout the forecast.
- Non-compensation growth rates of 2.0% have been assumed in each year of the forecast.

The healthy surpluses projected in this forecast are a direct result of the incremental students that will be added over the next several years along with tempered expenditure growth projections. This forecast does not assume a great deal in terms of incremental revenue or expenditures associated with new strategic initiatives or programming. Future operating budget decisions and any new initiatives that are brought forward will need to be considered carefully and within the context of the larger strategic and financial framework.

Colgate University

Operating Budget Forecast (\$000's)

Income	FY20	FY21	FY22	FY23	FY24	FY25
Tuition and Fees	\$ 176,993	\$ 184,711	\$ 192,747	\$ 198,131	\$ 205,031	\$ 212,171
Less: Financial Aid	\$ (64,064)	\$ (66,650)	\$ (69,300)	\$ (70,695)	\$ (72,887)	\$ (75,146)
Net Tuition Revenue	\$ 112,929	\$ 118,061	\$ 123,447	\$ 127,436	\$ 132,144	\$ 137,025
<i>Tuition Discount Rate</i>	36.2%	36.1%	36.0%	35.7%	35.5%	35.4%
Auxiliary Operations	\$ 41,931	\$ 43,624	\$ 45,350	\$ 47,133	\$ 48,611	\$ 50,137
Private Gifts and Grants						
Unrestricted/Colgate Fund	\$ 8,182	\$ 8,428	\$ 8,681	\$ 8,941	\$ 9,209	\$ 9,486
Restricted	\$ 4,662	\$ 4,769	\$ 4,869	\$ 4,972	\$ 5,076	\$ 5,183
Endowment Support	\$ 48,996	\$ 48,996	\$ 49,486	\$ 50,476	\$ 51,486	\$ 52,515
Other Income	\$ 3,955	\$ 4,046	\$ 4,131	\$ 4,217	\$ 4,306	\$ 4,396
Incremental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income	\$ 220,655	\$ 227,924	\$ 235,964	\$ 243,175	\$ 250,832	\$ 258,742
Expenses						
Faculty Salaries	\$ 38,129	\$ 39,006	\$ 39,903	\$ 40,820	\$ 41,759	\$ 42,720
Staff/Other Salaries	\$ 52,785	\$ 53,999	\$ 55,243	\$ 56,515	\$ 57,817	\$ 59,149
Fringe Benefits	\$ 28,207	\$ 29,335	\$ 30,655	\$ 32,035	\$ 33,476	\$ 34,983
<i>Subtotal Compensation</i>	\$ 119,120	\$ 122,340	\$ 125,801	\$ 129,371	\$ 133,053	\$ 136,852
Non-compensation Expense	\$ 77,796	\$ 79,489	\$ 81,707	\$ 83,462	\$ 85,154	\$ 86,882
Gross Debt Service	\$ 17,672	\$ 17,690	\$ 17,997	\$ 18,455	\$ 20,004	\$ 20,002
Net Debt Service	\$ 11,800	\$ 12,685	\$ 13,636	\$ 14,659	\$ 15,758	\$ 16,940
Transfers to Capital Reserves	\$ 9,035	\$ 9,306	\$ 9,585	\$ 9,873	\$ 10,169	\$ 10,474
Incremental Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 217,751	\$ 223,819	\$ 230,729	\$ 237,364	\$ 244,134	\$ 251,147
Surplus/(Deficit)	\$ 2,905	\$ 4,105	\$ 5,235	\$ 5,811	\$ 6,698	\$ 7,595
Enrollment	2,915	2,940	2,965	2,945	2,945	2,945
Total Student Charges	\$ 72,585	\$ 75,125	\$ 77,755	\$ 80,476	\$ 83,293	\$ 86,208



Revenue Highlights

Colgate's operating budget revenue is projected to be \$220.7 million in 2019/20, an increase of 8.5% over the current year approved budget.

Total Student Charges

Total student charges for 2019/20 are \$72,585. This represents a 3.90% increase over 2018/19 charges, and is higher than the 3.3% per capita disposable income guideline. A detailed comparison by component of next year's student charges is as follows:

	<u>2018/19</u>	<u>2019/20</u>	<u>\$ change</u>	<u>% change</u>
Tuition	\$55,530	\$57,695	\$2,165	3.90%
Fees	340	350	10	2.94%
Room	6,755	7,020	265	3.92%
Board	<u>7,240</u>	<u>7,520</u>	<u>280</u>	<u>3.87%</u>
Total	\$69,865	\$72,585	\$2,720	3.89%

Through an electronic ballot on March 4, the Trustee Executive Committee approved total student charges for 2019/20. The 2019/20 charges, along with a historical comparison, are shown on page 8. Early indications are that our 3.9% price increase should keep Colgate competitively positioned on total student charges among national, highly selective private colleges and universities.

Net Tuition Revenue and Enrollment

Gross tuition and fee revenue is projected to increase by 6.8%, based on budgeted enrollment of 2,915 undergraduates and tuition charges of \$57,695. As you can see on page 2, we separated the tuition revenue from approved programs (study abroad) where participants will pay Colgate tuition for any of the approved programs offered. Gross tuition for approved programs is increasing at 8.7% which is mainly attributed to the projected number of participants. Overall, **net tuition revenue** is growing by 9.5% for a total of \$112.9 million in the proposed budget.

The budgeted undergraduate **enrollment** of 2,915 for 2019/20 includes 25 additional students in the incoming Class of 2023 as well as the higher number of students in the prior year class. To meet the enrollment target, Colgate aims to enroll a first-year class of 795 in the fall of 2019. Operating revenue is relatively sensitive to minor fluctuations in enrollment. A variation of 10 students can add or subtract approximately \$450,000-\$550,000 in net tuition revenue depending upon whether the enrollment variation occurs among aided or non-aided students. Factors that can affect enrollment include the ability to enroll a first year class on-target, success in transfer admission, retention rates, and changes in the pattern of other leaves of absence.

Financial aid is projected to be \$64.1 million with a projected tuition discount rate of 36.2% in 2019/20. The financial aid budget will grow by \$1.6 million or 2.6% over the current year approved budget. The Class of 2023 is targeted to have 325 aided students out of a total class of 795, which represents 40.9% of the class on aid. Once

the Class of 2019 graduates, we anticipate that the financial aid budget will increase modestly in the coming years, however, the Class of 2022 also was aided at a higher rate than budget. Due to a slightly higher enrollment in the Class of 2023, our financial aid budget is rising slightly.

Details of the financial aid budget are shown on page 10.

Non-Tuition Revenues

Auxiliary income totals \$36.7 million, which is derived primarily from room and board revenue. Other auxiliary income sources are from the Bookstore, Seven Oaks Golf Club, and Camp Colgate. Improved revenue and operating strategies have been implemented to improve overall bottom-line results in each of these areas. A detailed breakdown of auxiliary revenue and expense appears on page 36.

Colgate LLCs are the Colgate Inn, Palace Theater, Hamilton Movie Theater and Hamilton Initiative.

The **Colgate Fund** is budgeted at \$8.2 million for 2019/20. This represents a \$238K increase from last year's budget and a \$384K increase over 2017/18 actual results, reflecting a focused effort to emphasize unrestricted giving and recent momentum around the Colgate Fund.

The **restricted** giving budget represents grants and gifts known at the time the budget is prepared. Additional restricted giving is often achieved, however, it is usually accompanied by offsetting additional expense and therefore does not have any bottom line impact.

The amount of **endowment support** for operations will remain at \$50.5 million for 2019/20, essentially flat when compared to the approved spending amount in the current year. This level of endowment spending was approved by the Finance Committee at its January 26, 2019 meeting.

Athletic income is budgeted at \$1.7 million for 2019/20, an \$80K increase. This area includes revenue received from the NCAA, guarantee games, corporate sponsorship, rentals, and personal training programs.

Other income sources is budgeted at just over \$1.2 million, \$108K more than the current year budget. This area includes items such as interest income, credit card rebates, parking fines, and royalty and licensing agreements.

Enrollment

	Fall		Spring		Annual	
	*FTE	Colgate Study Group	*FTE	Colgate Study Group	*FTE	Colgate Study Group
Projected 2021-22	2,980		2,950		2,965	
Projected 2020-21	2,955		2,925		2,940	
Proposed 2019-20	2,933	(115)	2,897	(150)	2,915	(132)
Actual 2018-19	2,931	(124)	2,894	(96)	2,913	(110)
Budget 2018-19	2,854	(125)	2,826	(102)	2,840	(114)
Actual 2017-18	2,851	(109)	2,841	(132)	2,846	(121)
Actual 2016-17	2,867	(96)	2,848	(144)	2,858	(120)
Actual 2015-16	2,834	(93)	2,794	(117)	2,814	(105)
Actual 2014-15	2,864	(88)	2,817	(156)	2,841	(134)
Actual 2013-14	2,871	(86)	2,864	(129)	2,868	(108)
Actual 2012-13	2,850	(119)	2,855	(161)	2,853	(140)
Actual 2011-12	2,926	(142)	2,887	(128)	2,907	(135)
Actual 2010-11	2,868	(72)	2,906	(161)	2,887	(117)
Actual 2009-10	2,800	(141)	2,710	(119)	2,755	(130)
Actual 2008-09	2,804	(116)	2,764	(146)	2,784	(131)
Actual 2007-08	2,800	(143)	2,735	(120)	2,768	(132)
Actual 2006-07	2,757	(91)	2,713	(163)	2,735	(127)
Actual 2005-06	2,750	(147)	2,716	(141)	2,733	(144)
Actual 2004-05	2,798	(139)	2,716	(138)	2,757	(139)
Actual 2003-04	2,768	(155)	2,685	(86)	2,727	(121)
Actual 2002-03	2,793	(113)	2,642	(113)	2,718	(113)
Actual 2001-02	2,778	(163)	2,683	(145)	2,731	(154)
Actual 2000-01	2,772	(148)	2,638	(111)	2,705	(130)
Actual 1999-00	2,803	(143)	2,633	(145)	2,718	(144)
Actual 1998-99	2,767	(155)	2,649	(115)	2,708	(135)

* FTE numbers include Colgate study group numbers

Total Student Charges at Colgate and Reference Colleges (Groups 1 and 2)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Increase Over Prior Year (\$)	Increase Over Prior Year (%)	Ratio Other/CU 2018-19	5 Yr. Avg. Inc. 2013-2014 to 2018-19
Trinity	59,810	61,756	63,920	66,440	68,970	71,660	2,690	3.9%	1.03	3.7%
Oberlin	59,474	61,788	64,224	66,012	69,372	71,390	2,018	2.9%	1.02	3.7%
Amherst	58,744	61,206	63,772	66,186	68,500	71,166	2,666	3.9%	1.02	3.9%
Haverford	59,236	61,564	63,986	66,490	68,712	70,994	2,282	3.3%	1.02	3.7%
Dartmouth	60,201	61,947	63,744	66,174	68,109	70,791	2,682	3.9%	1.01	3.3%
Vassar	59,070	61,140	63,280	65,490	68,110	70,510	2,400	3.5%	1.01	3.6%
Wesleyan	59,884	61,198	62,478	64,562	67,930	70,404	2,474	3.6%	1.01	3.3%
Middlebury	57,075	58,753	61,456	64,332	67,464	69,980	2,516	3.7%	1.00	4.2%
Connecticut	58,780	60,895	62,965	65,000	67,440	69,970	2,530	3.8%	1.00	3.5%
Williams	58,900	61,070	63,290	65,480	67,700	69,950	2,250	3.3%	1.00	3.5%
Smith	57,524	59,674	61,758	63,914	66,774	69,924	3,150	4.7%	1.00	4.0%
Colgate	57,890	60,145	62,540	65,030	67,500	69,865	2,365	3.5%	1.00	3.8%
Bucknell	58,160	60,140	62,368	64,616	67,136	69,754	2,618	3.9%	1.00	3.7%
Colby	57,510	59,500	61,730	64,060	66,780	69,400	2,620	3.9%	0.99	3.8%
St. Lawrence	57,900	59,982	62,150	64,390	66,646	68,980	2,334	3.5%	0.99	3.6%
Union	58,248	60,240	62,274	64,374	66,609	68,853	2,244	3.4%	0.99	3.4%
Bowdoin	57,814	59,568	61,354	63,500	65,980	68,620	2,640	4.0%	0.98	3.5%
Hamilton	57,790	59,970	62,070	64,250	66,170	68,490	2,320	3.5%	0.98	3.5%
Swarthmore	57,870	59,610	61,400	63,550	65,774	68,062	2,288	3.5%	0.97	3.3%
Mt. Holyoke	53,596	55,146	56,746	59,306	62,000	64,658	2,658	4.3%	0.93	3.8%
Average	\$58,274	\$60,265	\$62,375	\$64,658	\$67,184	\$69,671	\$2,487	3.7%	1.00	3.6%
Median	\$58,204	\$60,193	\$62,423	\$64,589	\$67,452	\$69,937	\$2,495	3.7%	1.00	3.6%
Colgate Rank	13	11	9	8	9	12	13	14	12	4
Colgate	\$57,890	\$60,145	\$62,540	\$65,030	\$67,500	\$69,865	\$2,365	3.5%	1.00	3.8%

Total Student Charges at Colgate and Overlap Colleges (Cross-Admit)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Increase Over Prior Year (\$)	Increase Over Prior Year (%)	Ratio Other/CU 2018-19	5 Yr. Avg. Inc. 2013-14 to 2018-19
Fordham University	59,420	61,203	63,667	65,918	68,431	70,656	2,225	3.3%	1.01	3.5%
Boston College	58,506	61,096	62,820	65,644	67,488	70,507	3,019	4.5%	1.01	3.8%
Cornell University	59,036	60,728	62,744	64,853	67,183	70,004	2,821	4.2%	1.00	3.5%
Colgate University	57,890	60,145	62,540	65,030	67,500	69,865	2,365	3.5%	1.00	3.8%
Bucknell University	58,160	60,140	62,368	64,616	67,136	69,754	2,618	3.9%	1.00	3.7%
Villanova University	58,244	60,320	62,373	64,832	67,328	69,724	2,396	3.6%	1.00	3.7%
Colby College	57,510	59,500	61,730	64,060	66,780	69,400	2,620	3.9%	0.99	3.8%
Bowdoin College	57,834	59,568	60,886	63,500	65,980	68,620	2,640	4.0%	0.98	3.5%
Hamilton College	57,790	59,970	62,070	64,250	66,170	68,490	2,320	3.5%	0.98	3.5%
College of the Holy Cross	56,232	58,042	59,924	63,065	65,220	67,290	2,070	3.2%	0.96	3.7%
University of Virginia	49,561	52,446	54,765	56,482	58,493	59,834	1,341	2.3%	0.86	3.8%
University of Vermont	47,048	48,654	50,310	51,942	53,378	54,978	1,600	3.0%	0.79	3.2%
SUNY Binghamton	32,209	33,830	36,371	38,941	38,980	41,398	2,418	6.2%	0.59	5.1%
Average	\$54,572	\$56,588	\$58,659	\$61,010	\$63,082	\$65,425	\$2,343	3.8%	0.94	3.7%
Median	\$57,834	\$59,970	\$62,070	\$64,250	\$66,780	\$69,400	\$2,396	3.6%	0.99	3.7%
Colgate Rank	6	5	4	3	2	4	8	9	4	3
Colgate	\$57,890	\$60,145	\$62,540	\$65,030	\$67,500	\$69,865	\$2,365	3.5%	1.00	3.8%

History of Student Charges at Colgate

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20 % growth by component
Tuition	\$42,625	\$44,330	\$46,060	\$47,855	\$49,650	\$51,635	\$53,650	\$55,530	\$57,695	3.90%
Room	5,140	5,345	5,555	5,775	6,065	\$6,310	\$6,525	\$6,755	\$7,020	3.92%
Board	5,510	5,730	5,955	6,195	6,505	\$6,765	\$6,995	\$7,240	\$7,520	3.87%
Activity Fee	295	310	320	320	320	\$320	\$330	\$340	\$350	2.94%
Total	\$53,570	\$55,715	\$57,890	\$60,145	\$62,540	\$65,030	\$67,500	\$69,865	\$72,585	3.89%
\$ growth	1,510	2,145	2,175	2,255	2,395	2,490	2,470	2,365	2,720	
% growth	2.90%	4.00%	3.90%	3.90%	3.98%	3.98%	3.80%	3.50%	3.89%	

Tuition Only at Colgate and Reference Colleges (Groups 1 and 2)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Increase Over Prior Year (\$)	Increase Over Prior Year (%)	Ratio Other/CU 2018-19	5 Yr. Avg. Inc. 13-14 to 18-19
Vassar	47,180	48,840	50,550	52,320	54,410	56,130	1,720	3.2%	1.01	3.5%
Bucknell	46,646	48,234	49,878	51,676	53,692	55,788	2,096	3.9%	1.00	3.6%
Colgate	46,060	47,855	49,650	51,635	53,650	55,530	1,880	3.5%	1.00	3.8%
Amherst	45,800	47,720	49,730	51,620	53,430	55,520	2,090	3.9%	1.00	3.9%
Williams	46,330	48,030	49,780	51,490	53,240	55,140	1,900	3.6%	0.99	3.5%
St. Lawrence	45,705	47,350	49,060	50,830	52,610	54,454	1,844	3.5%	0.98	3.6%
Oberlin	46,250	48,054	49,928	51,324	52,762	54,346	1,584	3.0%	0.98	3.3%
Trinity	45,300	46,796	48,446	50,350	52,280	54,340	2,060	3.9%	0.98	3.7%
Wesleyan	46,674	47,702	48,704	50,312	52,174	54,314	2,140	4.1%	0.98	3.1%
Haverford	45,018	46,790	48,656	50,564	52,278	54,100	1,822	3.5%	0.97	3.7%
Hamilton	45,620	47,350	49,010	50,730	52,250	54,080	1,830	3.5%	0.97	3.5%
Dartmouth	45,444	46,764	48,120	49,998	51,468	53,496	2,028	3.9%	0.96	3.3%
Bowdoin	45,004	46,354	47,744	49,416	51,344	53,418	2,074	4.0%	0.96	3.5%
Swarthmore	44,368	45,700	47,070	48,720	50,424	52,190	1,766	3.5%	0.94	3.3%
Smith	42,840	44,450	46,010	47,620	49,760	52,120	2,360	4.7%	0.94	4.0%
Mt. Holyoke	41,270	42,470	43,700	45,680	47,740	49,780	2,040	4.3%	0.90	3.8%
Average	\$45,344	\$46,904	\$48,502	\$50,268	\$52,095	\$54,047	\$1,952	3.8%	0.97	3.6%
Median	\$45,663	\$47,350	\$48,857	\$50,647	\$52,279	\$54,327	\$1,964	3.7%	0.98	3.6%
Colgate Rank	6	5	6	3	3	3	10	11	3	4
Colgate	\$46,060	\$47,855	\$49,650	\$51,635	\$53,650	\$55,530	\$1,880	3.5%	1.00	3.8%

Financial Aid

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Undergraduate Scholarships	\$60,173,124	\$61,999,259	\$63,603,210	2.6%
Graduate Scholarships	\$149,030	190,857	192,442	0.8%
Prizes and Special Awards	\$261,205	266,078	268,744	1.0%
Total	\$60,583,359	\$62,456,194	\$64,064,396	2.6%

Restated by Source of Funding	Percentage of Total			
Endowment	\$18,373,211	\$18,928,565	\$18,801,405	29.3%
Restricted Gifts	290,122	232,775	134,900	0.2%
Government Grants	270,925	270,925	270,925	0.4%
Unrestricted Funds	41,649,100	43,023,929	44,857,166	70.0%
Total	\$60,583,359	\$62,456,194	\$64,064,396	100.0%

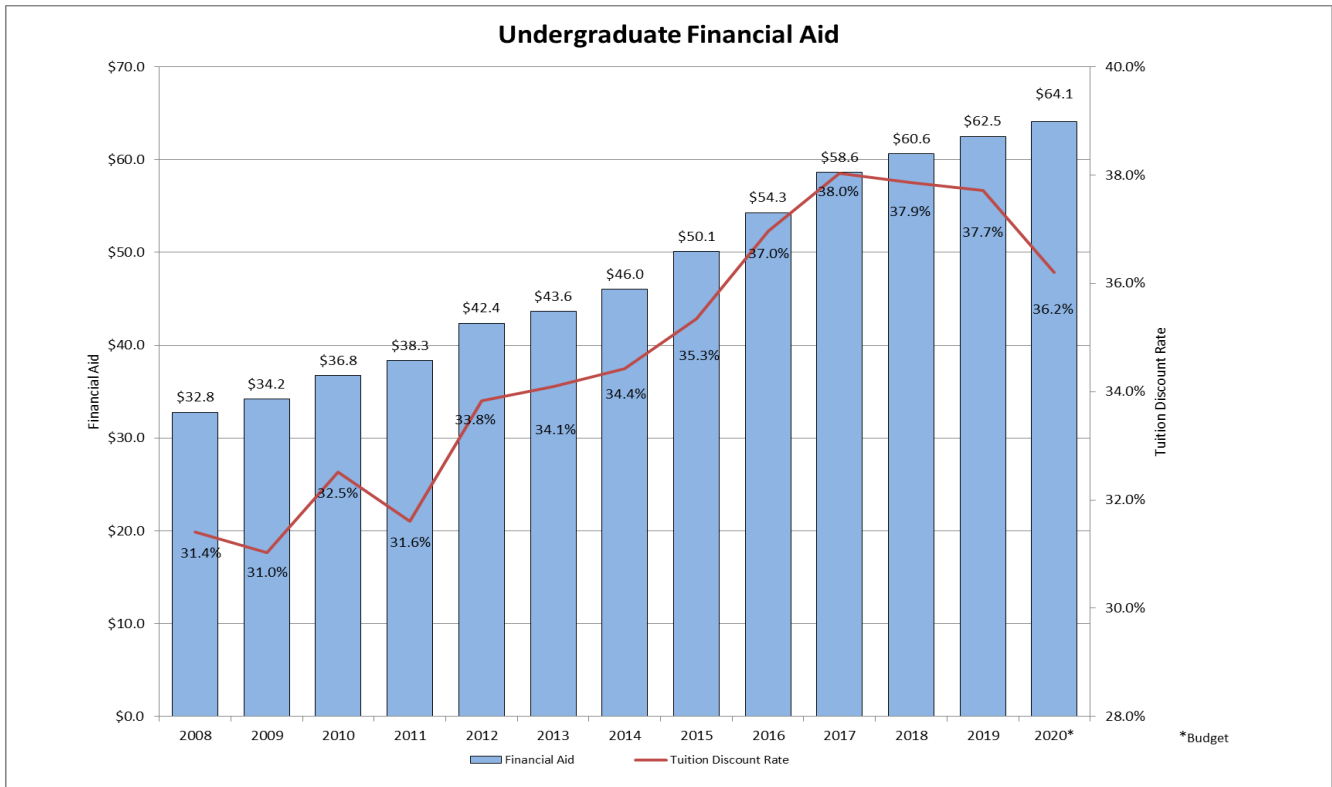
	Actual 2017-18	Budget 2018-19	<i>Projected Actual 2018-19</i>	Proposed 2019-20
Undergraduate Students with				
Institutional Grants:	1,338	1,293	1,337	1,326
Student Body (FTE)	2,846	2,840	2,913	2,915
% of Student Body with Grants	47.0%	45.5%	45.9%	45.5%
Total Financial Aid	\$60,583,359	\$62,456,194	\$62,900,000	\$64,064,396
Net Tuition Revenue	\$99,459,861	\$103,171,136	\$106,937,000	\$112,929,049
Net Tuition Revenue - Percent Change	4.1%	4.8%	7.5%	9.5%
Effective Tuition Discount	37.9%	37.7%	37.0%	36.2%
Amount of Aid from:				
Loans	\$3,255,499	\$3,500,000	\$3,150,000	\$3,275,000
Jobs	\$1,684,165	\$1,950,000	\$1,800,000	\$1,890,000
Outside Grants*	\$2,756,155	\$2,900,000	\$4,586,000	\$4,600,000
Colgate Grant Recipients:				
(First-Year Students Only)	322	315	346	325
First-Year Enrollment (FTE)	771	770	815	795
% of First-Year Students	41.8%	40.9%	42.5%	40.9%

* Mainly New York State and federal grants

Financial Aid

While Colgate takes a “need-aware” approach in its admission policy, the university, however, meets 100% of a student’s demonstrated need when it comes to financial aid. Financial aid can be considered a key tool used in the admission process to attract and yield high ability students, students of diversity, and athletically talented students.

Financial aid has been one of Colgate’s highest priorities in recent years. The graph below shows how our financial aid expenditures and tuition discount rates have increased over the years. Total financial aid expenditures have almost doubled over the last 10 years resulting in a tuition discount rate close to 37%. The combination of increases in student charges, growth in the number of financial aid slots, and increases in expected family contribution (EFC), which have been lower than our tuition increases, explain the rapid rise in tuition discount rate. Our financial aid strategy will be a key element in how we manage the institution's finances moving forward.



Net Tuition Revenue (\$000s)

	Tuition Gross Income (Aggregate)	Annual Growth	Colgate Grant Aid	Annual Growth	Net Tuition Revenue	Annual Growth	Tuition Discount Rate
Projected 2021-22	\$192,747	4.4%	\$69,300	3.8%	\$123,447	4.6%	36.0%
Projected 2020-21	\$184,711	4.4%	\$66,650	4.0%	\$118,061	4.5%	36.1%
Proposed 2019-20	\$176,993	6.9%	\$64,064	2.6%	\$112,929	9.5%	36.2%
Projected 2018-19*	\$169,813	6.1%	\$62,876	3.8%	\$106,937	7.5%	37.0%
Budget 2018-19*	\$165,627	3.5%	\$62,456	3.1%	\$103,171	3.7%	37.7%
2017-18	\$160,043	3.9%	\$60,583	3.4%	\$99,460	4.1%	37.9%
2016-17	\$154,101	4.9%	\$58,570	7.9%	\$95,531	3.2%	38.0%
2015-16	\$146,851	3.6%	\$54,275	8.3%	\$92,576	1.0%	37.0%
2014-15	\$141,750	6.0%	\$50,094	8.8%	\$91,656	4.5%	35.3%
2013-14	\$133,736	4.5%	\$46,041	5.6%	\$87,695	4.0%	34.4%
2012-13	\$127,935	2.2%	\$43,612	2.9%	\$84,323	1.6%	34.1%
2011-12	\$125,238	3.2%	\$42,366	10.5%	\$82,872	-0.2%	33.8%
2010-11	\$121,344	7.3%	\$38,345	4.3%	\$82,999	8.1%	31.6%
2009-10	\$113,041	2.6%	\$36,750	7.5%	\$76,291	0.4%	32.5%
2008-09	\$110,193	5.6%	\$34,188	4.4%	\$76,005	6.2%	31.0%
2007-08	\$104,329	8.6%	\$32,761	8.4%	\$71,568	8.7%	31.4%
2006-07	\$96,043	6.1%	\$30,221	5.8%	\$65,822	6.3%	31.5%
2005-06	\$90,502	4.3%	\$28,577	4.3%	\$61,925	4.2%	31.6%
2004-05	\$86,797	6.0%	\$27,391	7.3%	\$59,406	5.3%	31.6%

* Annual growth rate over 2017-18 actuals

Endowment

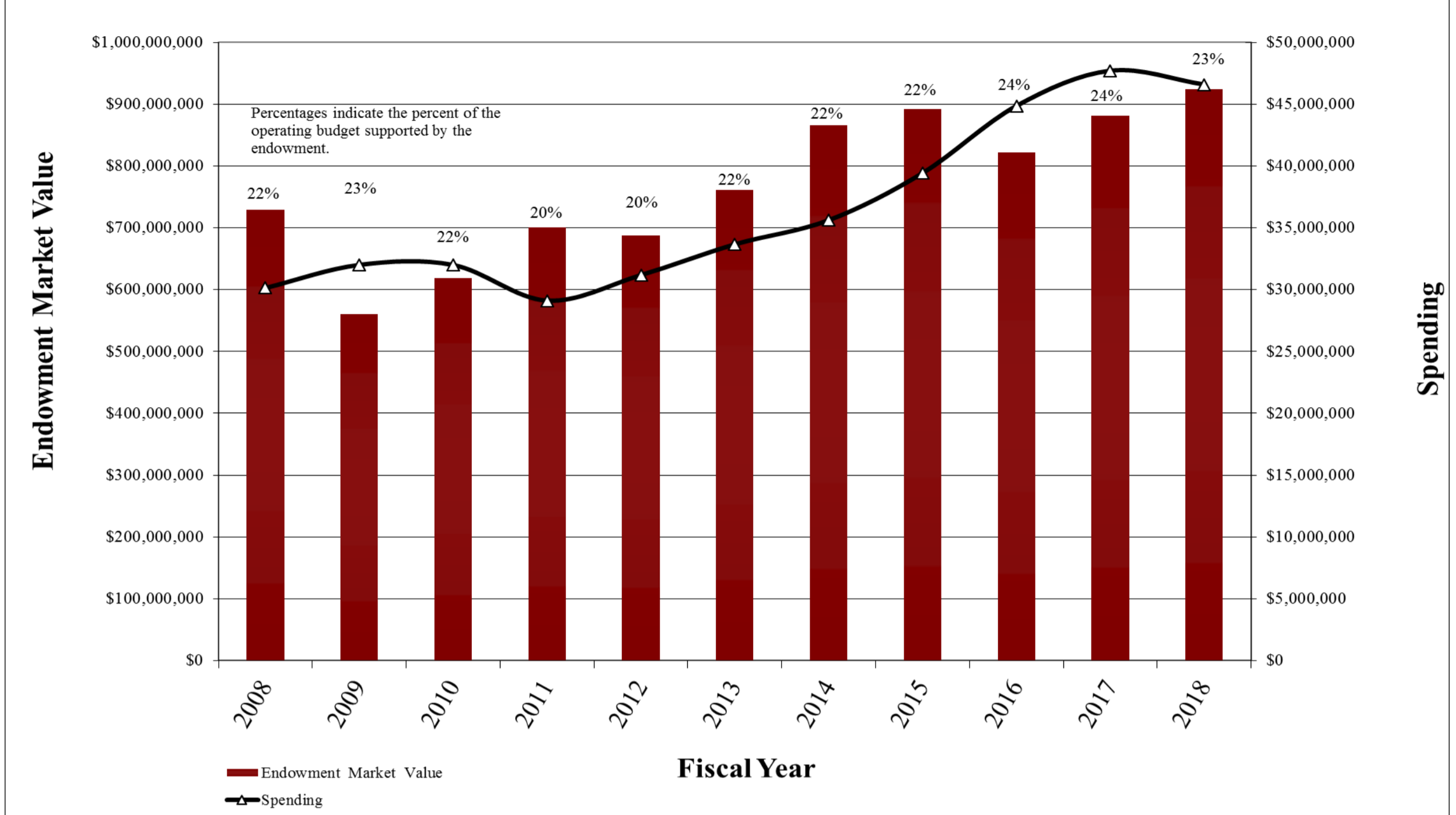
The endowment continues to provide invaluable support to the university and its students. Currently, the endowment accounts for approximately 25% of Colgate's total annual revenue. As context to this in dollar terms, the endowment has contributed approximately \$350 million in support over the past decade. The day to day management has been consistent over time. Find the best investment managers across the globe across asset classes, build relationships, and gain capacity. The following represent the core principles of the endowment.

First Principles

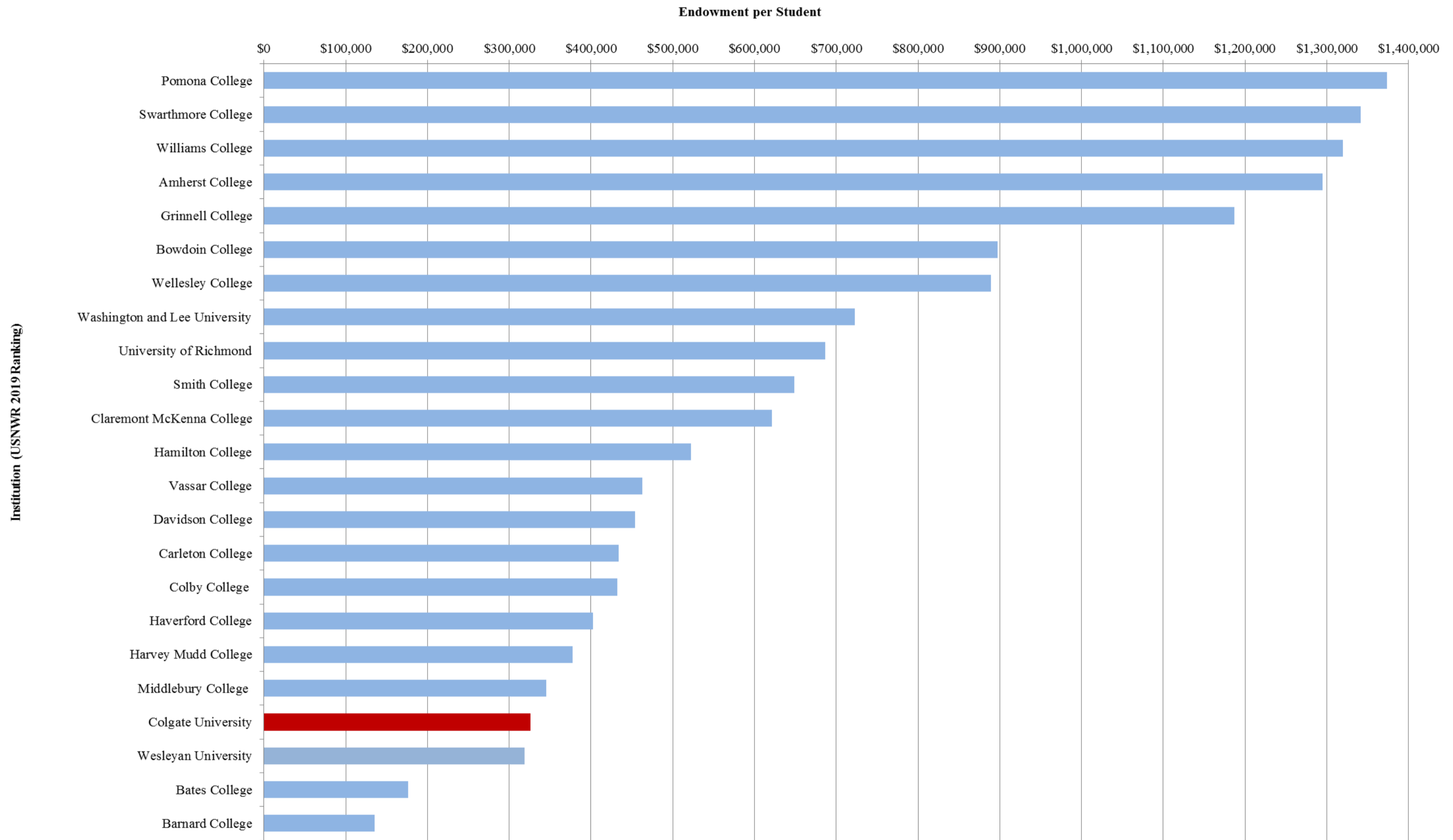
- The overriding principle for endowment management (investment and spending decisions) is intergenerational equity. The current generation of students will not be advantaged or disadvantaged relative to future generations. As a result, the endowment will maintain or enhance its real value (adjusted for inflation) over the long-term.
- The endowment is a portfolio of assets established to provide a source of operating revenue into the future. Accordingly, its performance will be measured over rolling long-term periods and compared to an equivalent benchmark appropriately weighted in accordance with the asset allocation policy.
- Spending from the endowment is not predicated on income but instead is principally based upon the underlying value of the portfolio. Therefore, the endowment portfolio will be invested for total return.
- The asset allocation policy will be constructed to maximize total risk adjusted return. The pursuit of maximizing total return will be tempered by the University's need to preserve capital and minimize the volatility of returns. As such, the endowment portfolio will seek broad diversification among assets having different characteristics and is willing to endure lower relative performance when compared to benchmarks in strong markets in exchange for greater downside protection in weak markets.
- Various asset classes or strategies serve distinctly different roles and will be included only if they add value to the overall portfolio. For that reason, the asset allocation policy will define the role of each asset class or strategy in achieving the principles set forth above.
- Management and investment decisions about individual assets will not be made in isolation, but must instead be made in the context of the endowment's portfolio of investments as a whole and as part of the overall investment strategy described above.

Endowment

Colgate's Endowment Market Value vs. Spending: 2008-2018

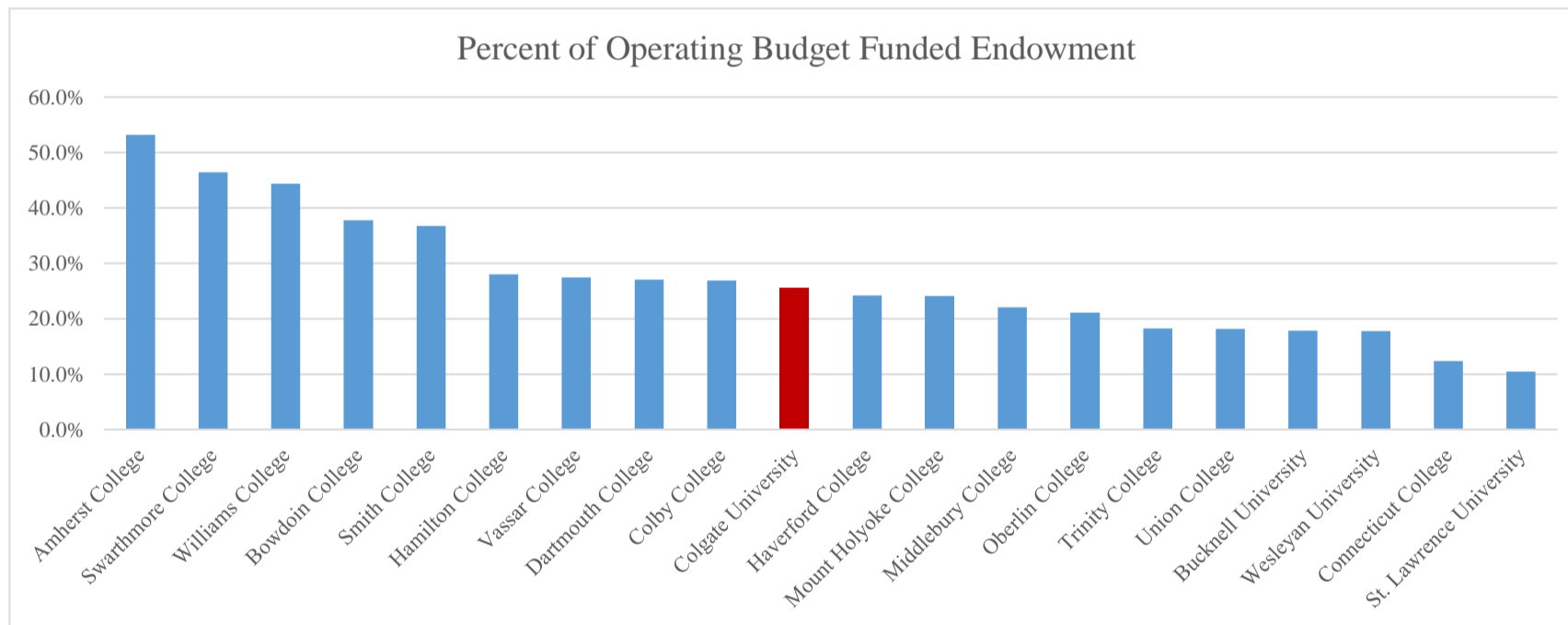


2018 Endowment per Student for USNWR Top 25 National Liberal Arts Colleges



Endowment

2019 USNWR Rank	Reference Group 1 & 2	2018 Endowment ('000s)	Enrollment (2017)	Endowment per Student	2018 Operating Budget ('000s)	2018 Endowment Support ('000s)	Percent of Operating Budget Funded by Endowment
2	Amherst College	\$2,377,537	1,836	\$1,294,955	\$203,408	\$108,149	53.2%
3	Swarthmore College	\$2,115,768	1,577	\$1,341,641	\$169,078	\$78,503	46.4%
1	Williams College	\$2,749,653	2,084	\$1,319,411	\$249,007	\$110,406	44.3%
5	Bowdoin College	\$1,628,165	1,814	\$897,555	\$167,456	\$63,241	37.8%
11	Smith College	\$1,875,093	2,891	\$648,597	\$236,297	\$86,860	36.8%
16	Hamilton College	\$964,170	1,847	\$522,019	\$138,803	\$38,874	28.0%
11	Vassar College	\$1,082,831	2,340	\$462,748	\$194,598	\$53,437	27.5%
n/a	Dartmouth College	\$5,494,203	6,513	\$843,575	\$874,106	\$236,534	27.1%
18	Colby College	\$828,013	1,917	\$431,932	\$154,010	\$41,373	26.9%
16	Colgate University	\$934,827	2,867	\$326,065	\$205,551	\$52,482	25.5%
11	Haverford College	\$521,538	1,295	\$402,732	\$104,337	\$25,272	24.2%
30	Mount Holyoke College	\$777,739	2,263	\$343,676	\$147,957	\$35,621	24.1%
5	Middlebury College	\$1,124,144	3,258	\$345,041	\$278,222	\$61,304	22.0%
30	Oberlin College	\$905,947	2,827	\$320,462	\$186,550	\$39,338	21.1%
46	Trinity College	\$614,782	2,174	\$282,788	\$145,116	\$26,444	18.2%
39	Union College	\$452,304	2,212	\$204,477	\$132,229	\$23,976	18.1%
36	Bucknell University	\$851,309	3,645	\$233,555	\$241,253	\$42,987	17.8%
18	Wesleyan University	\$990,039	3,103	\$319,059	\$219,470	\$39,044	17.8%
46	Connecticut College	\$318,346	1,783	\$178,545	\$112,677	\$13,968	12.4%
56	St. Lawrence University	\$305,689	2,386	\$128,118	\$130,160	\$13,566	10.4%



Compensation Summary

Compensation Expense

Colgate, as with any college or university, is a labor-intensive operation, with approximately 55% of expenses allocated to compensation. A breakdown of the compensation budget is shown on page 19.

Salaries

The *faculty salary* pool for continuing faculty is increasing at 3.3%, which mirrors the calculated rate of increase in Per Capita Disposable Income over the last two years. The salary pool includes increases for merit, promotion, and structural adjustments supplemented by funds generated by resignations and retirements. Individual faculty salary increases will vary based on merit, length of service and academic rank. Colgate's goal is to maintain the competitive standing of average compensation within its reference groups.

The *staff salary* pool for continuing staff will increase by 3.3% with an additional \$264K set aside for promotions and market adjustments for the year. Many market adjustments have been made across campus over the last two years as part of a targeted approach to realign salaries within the appropriate compensation ranges. Moreover, \$160K has been included to fund the staff bonus program and staff excellence awards. Beyond these increases, staff positions were added subsequent to the 2018/19 approved budget.

A limited number of incremental positions will be added in 2019/20. These include an Associate Vice President for Principal Gifts, Associate Director of Stewardship, Senior Writer in Advancement, Institutional Research/Qualitative Researcher, National Fellowships Advisor, and two custodial positions for the new dormitories.

The previously mentioned staff excellence program was created recently to recognize staff members who displayed outstanding achievement in the areas of communication, innovation, leadership, change management, and embracing diversity and inclusion. These employees are peer-nominated and publically acknowledged annually.

Benefits

Fringe benefits are budgeted to decrease by 1.2% in 2019/20. The main reason behind the decrease is due to savings in healthcare and the Colgate Higher Education Grant, which offset increases in Pension and FICA.

Colgate's Health Plan benefit is decreasing \$319K due to savings from favorable plan experience particularly with lower than expected high claims. The lower claims appear to be a consistent trend and not an anomaly so the budget was adjusted to reflect the realized savings. The Prescription Drug benefit is decreasing by \$59K with savings realized also due to lower claims experience.

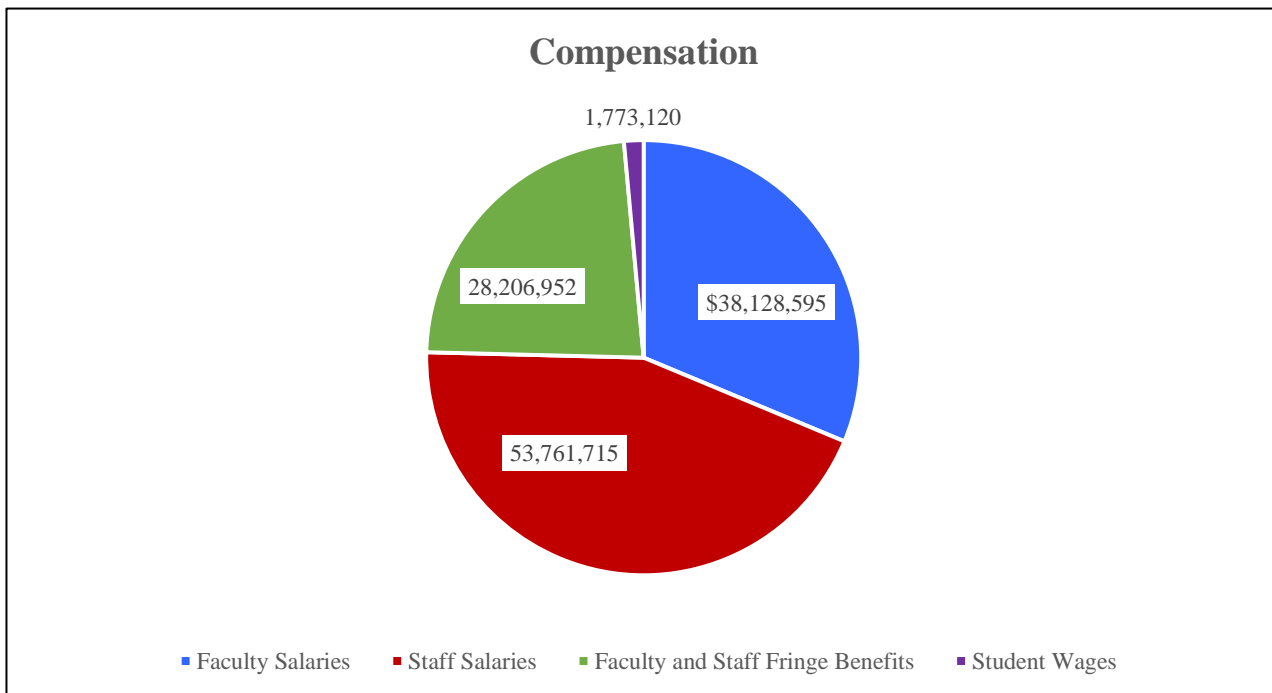
Colgate Higher Education Grant, or CHEG, is decreasing by \$239K, due to a slightly lower number of college eligible participants than we have seen in recent years.

Pensions will increase by \$197K in the 2019/20 budget. We budgeted for the 2019/20 fiscal year by following historical trends. Additionally, a number of high level positions that were vacant the past few years are now filled contributing to the increase.

FICA increases by \$147K as salaries and wages increase.

Compensation Analysis

	2017-18 Approved	2018-19 Approved Budget	2019-20 Proposed Budget	Variance	Percent Change
Faculty Salaries	\$34,952,260	\$36,049,580	\$38,128,595	\$2,079,015	5.8%
Staff Salaries	48,469,924	50,791,063	53,761,715	\$2,970,652	5.8%
Faculty and Staff Fringe Benefits	25,038,937	28,540,191	28,206,952	(\$333,239)	-1.2%
Buildings & Grounds Chargebacks	(2,494,612)	(2,400,000)	(2,780,000)	(\$380,000)	15.8%
Student Wages	1,644,224	1,699,149	1,773,120	\$73,972	4.4%
Total Compensation	\$107,610,733	\$114,679,982	\$119,090,382	\$4,410,400	3.8%



Expense by Type (see page 2)

Non-Compensation Expense

Contracted services will increase \$212K, or 3.6%. Increases in this category include professional fees (\$133K), contract maintenance (\$102K), and other fees/contractual (\$55K). Lecturer/consultant decreased by -\$95K; legal fees and bank fees had slight decreases.

Dining expense increases 9.6% or \$639K. The actual expense paid to Chartwells increases 3.99% while the remaining increase is due to higher enrollment and the requirement that all first-year students, sophomores, and anyone living in traditional residence halls must be on the Premier Gold meal plan. Also in this budget line is food for special events such as commencement. In addition, our meal plan has experienced noticeable growth in recent years which is reflected in the 2019/20 budget. For clarity, dining expense, formerly in contracted services, is now on its own line item in the budget summary. Offsetting meal plan revenue appears in the area of auxiliary income.

Utilities will increase slightly by \$77K or 1.5% in 2019/20. Work continues on optimizing our systems, improving building envelop performance, and fine tuning the use of various fuel sources now available due to our heating plant conversion to natural gas. Colgate continues to benefit from using wood-chips as one of its primary fuel sources for steam heat for the main campus and has recently negotiated significantly better pricing through a competitive bid process. We continue to reduce our consumption of heating oil as we consume more natural gas.

Equipment expense will increase by \$76K or 2.9% in 2019/20. Much of that increase was for major equipment at Seven Oaks and for Chemistry equipment in the Dean of Faculty area. While there were slight decreases for minor computer equipment, those decreases were not enough to offset the increases in the major equipment category.

Library acquisitions will rise by \$113K or 3.9% from the current year budget. The increase is primarily related to serials inflation.

Repairs and Maintenance will increase 12.6% or \$464K. All of the increase is in general repairs as part of a renewed effort to maintain existing facilities and proactively repair problem areas before greater damage occurs. This has been an area of concern in recent years and we need to take steps to insure that the budget is commensurate with the activity we have experienced.

Travel and entertainment (overall, including Colgate study groups) will increase by \$93K or 1.3% in 2019/20. While room and board expenses related to study groups decreased by \$160K, it was offset by an increase in employee travel, student travel, and entertainment. Other accounts such as team meals, off-campus recruiting, and mileage are all relatively unchanged for the 2019/20 budget.

Printing, postage and publications will decrease by \$19K in 2019/20. This was primarily due to a decrease in postage charges. Many departments on campus continue to look for ways to reduce paper dependency and taking advantage of electronic methods is one example of a cost-effective measure.

Taxes, contributions and insurance rises by \$376K in 2019/20. Student medical insurance (\$400K), for which the university is a pass through, and property insurance (-\$35K) explain the variance in this area.

General program expense increases by \$684K or 3.3% in 2019/20. The majority of the increase is associated with restricted funds (roughly \$549K) and most of the unrestricted increase is in the advertising (\$90K), student internships (\$88K), program support (\$83K), and special events (\$63K). General program also includes areas such as student internships in the Career Planning office and student internships/fellowships.

Approved programs increases by \$719K as we budgeted more participants in non-Colgate study abroad programs this year with offsetting revenue shown in the income section of the budget summary. In addition, as we collect more data with approved programs, we align the budget with actual program costs.

LLC expense is increasing 4.0 million or 311%. This is primarily due to a change in accounting for the Colgate Inn's revenue and expense. As shown in the revenue section, the LLC income rises similarly to the expense as Colgate now fully accounts for both revenue and expenses related to the Inn.

A more detailed summary of the performance of all of Colgate's auxiliary operations including **LLC expenses** is shown on page 36.

Net debt service rises by \$823K or 7.5% in 2019/20 which is accordance with our debt service forecast. The operating budget does not fully absorb the entire cost of our debt service payments. The Third Century Fund is a tool at our disposal to help bridge the gap until payments are fully incorporated.

Plant/other transfers (net) are currently expected to increase by 9.7% in 2019/20.

A central **contingency** of \$1.5 million is budgeted for 2019/20. This is an increase of \$700K from the current year budget as we slowly try to increase our contingency to a more appropriate level.

Expense by Program Area

A summary of expense by program is shown on page 26.

Program expense budgets also include compensation.

Instruction

Instruction includes most faculty compensation and other costs directly related to teaching.

Cost of *instruction* increases by 5.7% in 2019/20 (details on page 27). The increases in instruction are largely due to increases in faculty and staff salaries, however, a modest amount of incremental spending was approved for the highest priority items.

Compensation accounts for 80% of the total cost of instruction. As explained on page 17, the salary pool for continuing faculty will rise by 3.3%. To augment this increase, funds have been set aside to reward promotions and strong performance as well as to address any necessary adjustments.

Athletics

Athletics includes both intercollegiate and physical education expenditures (details on page 28). The overall athletics budget is increasing by 4.0% (\$623K) for 2019/20. The majority of that increase is compensation (\$667K) followed relatively flat expenses in other areas.

During the last several years the Division of Athletics has been working to budget a higher level of support from restricted funds (support groups) and become less reliant on unrestricted sources of support.

Division I athletics at a small, private liberal arts institution is extremely rare but it is partly what makes Colgate different and special from its peers. Every athletic program receives a portion of its financial support from the university's operating budget. In addition, each coach is expected to raise additional funds for their program through donor contributions. And there are even a number endowment funds that support certain athletic programs and their operating expenditures.

While this comes as no surprise, perhaps the most costly piece of running a Division I program is athletic aid. NCAA rules mandate the amount of athletic aid slots that each team is allowed. While some programs at Colgate are almost at their cap, some fall short. One way to help gain a competitive advantage on the playing field is to increase the number of aided slots that we offer.

Research

Research includes Colgate-sponsored research and outside (non-federal) grants (i.e. it does not include National Science Foundation grants to faculty members). The budget number fluctuates substantially from year to year as it reflects grants known at the time the budget is prepared (often these are continuations of multi-year grants). Actual grant-funded research expense tends to be higher than budget, but has no bottom line impact.

Academic Support

Academic Support costs are increasing by 3.0% or \$313K. Salary expense remains fairly stable while unrestricted spending rises slightly. Faculty recruiting and the library account for much of the increase in unrestricted expenses, offsetting a slight decrease in Environmental Health and Safety. Of note, Academic support shows a decrease from FY2018 actual expense due to a reclassification of ITS. Traditionally, the ITS budget was split between academic programming and administrative programming and this change allows ITS to consolidate its budget in one area. Since the part of the ITS budget that was previously in the academic support program is now in institutional support, institutional support will show a larger increase in budget.

Academic Support also includes the cost of Colgate's libraries, the Picker Art Gallery, resources for curriculum development, and other administrative expenses that support, but are not part of direct instructional expense.

The *library* budget shows an increase of 1.8% (details on page 30). As stated earlier, this increase is due to the level of inflation experience with serials. The library has worked on reducing expenditures in many areas in order to accommodate the increase in serials without jeopardizing student and faculty research needs. In addition, the library continues to seek ways to improve operational efficiencies by taking advantage of consortia arrangements and other cost-cutting strategies.

Student Services

Student services budget increases 8.0% or \$1.2 million (details on page 31). Salary increases account for half of the increase, followed by student health insurance (Colgate is a pass-through for student health insurance). Student Services includes the majority of the Dean of the College operations, and also the offices of Admission, Financial Aid, and Chaplain.

The Dean of the College area will receive approximately \$105,000 of incremental funding in 2019/20. Commencement programming will see increased funding along with Counseling and Psychological Services. The counseling center will look to implement an after-hours, telephonic behavioral health service to assist with the growing number of students facing crisis situations. The use of "ProtoCall" would allow greater access by students on campus and abroad during emergencies. The SANE program will also receive funding to meet contractual obligations.

The Office of Admission will continue working with its vendors to expand recruitment efforts and will receive a modest amount of funding to do more in-house outreach. The investments will allow Admission to target under-represented areas with the goal of increasing applications. In addition, Admission will continue its relationship with Slate (CRM) providing improved communications with prospective students and their families. The Slate system has provided much more flexibility and data management capabilities related to the admission process.

Institutional Support

Institutional Support is budgeted to increase by 3.2% (details on page 32) or \$1.3 million. Salaries and benefits are increasing 2.2% or \$590K. Institutional Support includes the central administrative offices of the President, the Provost, the Secretary of the Board, Finance and Administration, Information Technology Services, Human Resources, Institutional Advancement, Alumni Affairs, Career Services, Communications, Purchasing, and the undistributed portion of Printing and Mail Services and Information Technology Services.

Information technology services (ITS) budget is increasing by 2.0% (details on page 33). The budget for 2019/20 will allow ITS to continue offering high levels of service to students, faculty, and staff. In addition, ITS has been supporting many university and departmental academic initiatives as well as supporting the administrative areas.

Operation & Maintenance of Plant

The cost of *operation and maintenance of plant* decreases 0.6 % (details on page 35) with the largest percentage increase being unscheduled repairs. As the buildings age, preventative maintenance increases and Facilities is taking a more proactive approach to unscheduled repairs by repairing the source of the issue rather than just the visible damage. This approach may result in a more costly repair upfront, however, should mean less significant repairs in the future.

Debt Service and Plant Renewal

Colgate is able to smooth its actual debt payments (details on page 35) by drawing on unrestricted funds that are invested with the endowment. *Net debt service* will increase by 7.5% in fiscal year 2019/20. This annual growth is consistent with our planned increase associated with our existing debt structure.

Effective and responsible debt portfolio management enables Colgate to take advantage of market opportunities and execute long term capital strategies. The university supports a portion of its debt service through the operating budget. Each fiscal year, the amount of operating budget support is increased by an agreed upon percentage, normally 4%. However, in recent years, that percentage has been bumped to 7.5% in order to catch up based on \$157M of new debt that has been raised in the past three years. However, there remains a shortfall between actual debt service and what is afforded through the operating budget. That gap has been filled with an annual draw from the Third Century Fund, formerly called Fund B.

The Third Century Fund is an unrestricted endowment fund that was created in 1999 with unrestricted gifts from a small number of trustees and donors. It is invested alongside the endowment but does not participate in the same spending formula as the rest of the pool. The Third Century Fund has been used to underwrite the portion of debt service that the operating budget does not support. This fund has been used to “smooth” new debt issuances in to the operating budget. This allows the university to capitalize on opportunities that arise in the debt market without disrupting normal academic operations that would be created when additional unbudgeted debt service is taken on during the year.

Colgate also provides for the future renewal and improvement of the physical plant and equipment by transferring funds to reserve accounts. *Plant/other transfers* (net) will increase by 9.7% as previously explained. The majority of the transfer to plant is allocated to the capital project reserves.

Auxiliary and LLC Operations

Auxiliary and LLC Operations encompasses Colgate’s student residences and dining halls; residential properties rented to faculty and staff; various retail operations such as the Bookstore, Hamilton Theater, Movie Theater, and the Colgate Inn. Various recreational facilities such as Seven Oaks Golf Course and Colgate Camp at Saranac Lake are also included. The costs associated with Hamilton Initiative are grouped in this category as well. Auxiliary operations are distinguished from most other activities at Colgate as each has its own separately identifiable revenue stream. While all direct costs are allocated, there are examples where indirect costs are not

fully distributed. For that reason, Auxiliary Operations produce positive operating margins that support administrative expenses in the “Educational and General Expense” area (details on page 36).

Room and board expense increases by a combined 3.9% in 2019/20. Both housing and dining are largely dependent on the number of students projected to be living in Colgate housing as well as the number of meal plan participants. Looking at recent history, participation numbers are improving significantly – both from increased participation as well as the greater number of students, which has led to the increase in meal plan revenue and expenses.

The second category of auxiliary operations is **student services**. As the names suggests these are seen primarily as services to students rather than businesses run for their ability to generate a surplus. Entities included here are the Hamilton Theater and the Palace Theater.

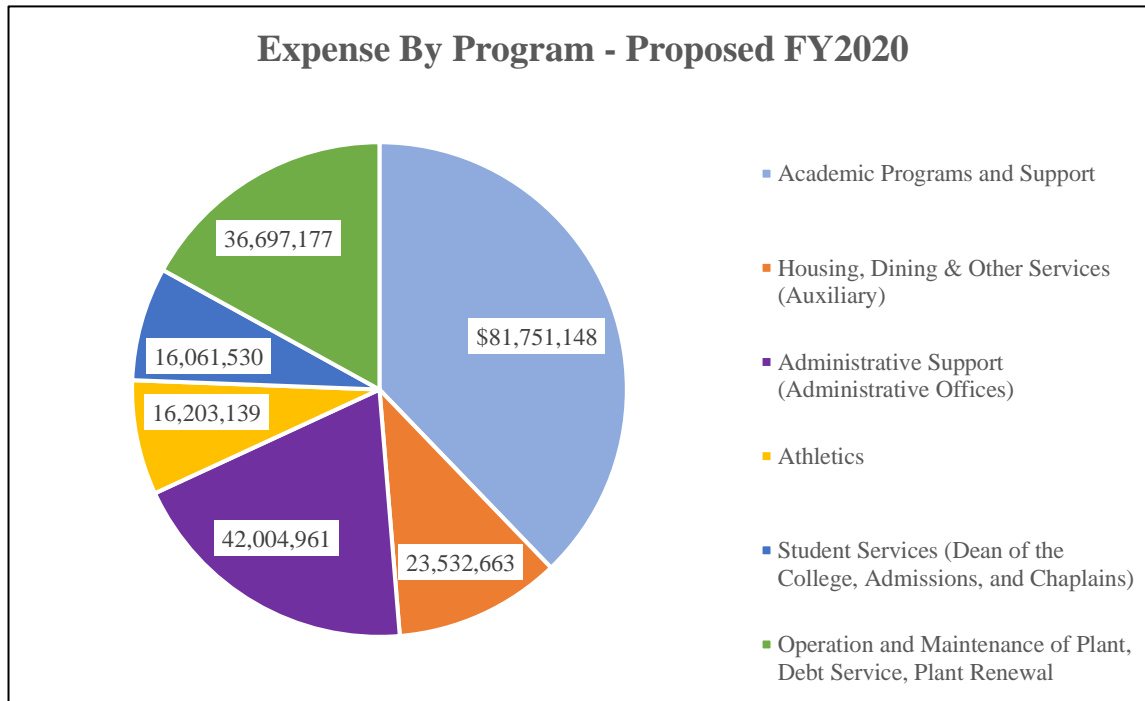
The third category is **other enterprises**. These are closer to stand-alone businesses and encompass a wide variety of services. The Colgate Bookstore, Colgate Inn, Hamilton Initiative, Rental Dwellings, Seven Oaks Golf Course, and Camp Colgate make up the other enterprises category. A major change in the operation of the Colgate Inn accounts for a large increase in both LLC income and LLC expense. Now, Colgate will receive the full share of both the income and expense for the operation of the Colgate Inn.

The **Bookstore** revenue increases by 8.1% and expenses increase by 4.6% in 2019/20. The Bookstore continues to face challenges surrounding textbook sales and computer sales with increased competition from outside sources. In order to compensate for the increased pressure to their revenue base, the Bookstore is responding with greater focus on retail opportunities.

Expense by Program

<u>Expense by Function</u>	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Education and General				
Instruction	\$62,574,914	\$66,412,859	\$70,207,140	5.7%
Athletics	16,866,301	15,579,785	16,203,139	4.0%
Research	1,393,994	794,567	958,766	20.7%
Academic Support*	15,389,771	10,272,168	10,585,242	3.0%
Student Services	13,522,202	14,877,785	16,061,530	8.0%
Institutional Support*	33,579,899	40,705,600	42,004,961	3.2%
Operation and Maintenance of Plant	15,900,612	16,369,279	16,275,366	-0.6%
Debt Service Transfers	10,510,968	10,561,315	10,577,092	0.1%
Debt Service Funded by Reserves	(3,750,122)	(6,238,198)	(3,935,193)	-36.9%
Plant Renewal Transfers	7,343,987	6,056,872	6,790,056	12.1%
Total Education and General	173,332,527	175,392,032	185,728,100	5.9%
Auxiliaries				
Operating Expense	17,675,760	18,661,236	23,532,663	26.1%
Debt Service Transfers	7,091,923	7,112,335	7,114,328	0.0%
Debt Service Funded by Reserves	(1,155,304)	(696,813)	(2,369,232)	240.0%
Plant Renewal Transfers	2,086,738	2,179,560	2,244,760	3.0%
Total Auxiliaries	25,699,117	27,256,318	30,522,519	12.0%
Contingency				
		800,000	1,500,000	
Total Expense	\$199,031,643	\$203,448,350	\$217,750,619	7.0%

* The major decrease in Academic Support is due to a shifting of budget in Information Technology Services from the academic program to the administrative program, which increases the Institutional Support budget.



Instruction

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Faculty Compensation	\$34,806,460	\$36,253,564	\$38,428,195	6.0%
Staff Compensation	14,739,579	15,906,014	17,051,474	7.2%
Student Wages	\$450,615	426,304	466,607	9.5%
Subtotal Compensation	49,996,654	52,585,882	55,946,275	6.4%
Contracted Services	705,319	726,137	628,191	-13.5%
Equipment	487,458	335,462	342,618	2.1%
Travel & Entertainment	3,093,753	3,488,796	3,363,885	-3.6%
General Program Expense/Other	8,291,731	9,276,581	9,926,170	7.0%
Total Expense	\$62,574,914	\$66,412,859	\$70,207,140	5.7%

	Actual 2017-18	Approved 2018-19	Proposed 2019-20
Academic Faculty			
Continuing Faculty Positions	271.4	272.6	275.2
Total Faculty Teaching (FTE)	263.0	270.5	268.8
Paid Faculty Leaves (FTE)	26.5	32.9	36.0
Other Teaching Load Reductions (FTE)	34.6	34.7	35.4
Total FTE Faculty Paid	324.1	338.1	340.2
Instruction Cost/Undergraduate FTE	\$21,987	\$24,021	\$24,085
growth rate:	4.9%	6.9%	0.3%
Students			
Undergraduate Enrollment (FTE)	2,846	2,890	2,915
Undergraduates per Faculty Paid	8.8	8.5	8.6
Undergraduates per Faculty Teaching	10.8	10.7	10.8
Off-Campus Study Groups			
Number of Colgate Study Groups	19	18	18
Students on Colgate Study Groups	242	227	251
Colgate Extended Study Programs	5	8	5
Students on Colgate Extended Study Groups	81	136	87
Number of Students per Colgate Study Group	12.7	12.9	13.8
Participants in Non-Colgate Approved Programs	220	241	220

Physical Education, Recreation, and Athletics

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$9,657,722	\$9,470,324	\$10,301,578	8.8%
Student Wages	226,516	238,343	239,733	0.6%
Subtotal compensation	9,884,238	9,708,667	10,541,311	8.6%
Contracted Services	449,330	272,055	291,955	7.3%
Equipment	356,409	175,885	222,500	26.5%
Travel & Entertainment	3,045,173	2,625,862	2,579,177	-1.8%
General Program Expense/Other	3,131,152	2,797,317	2,568,197	-8.2%
Total Expense	\$16,866,301	\$15,579,785	\$16,203,139	4.0%

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Restated by Fund				
Restricted	\$4,559,913	\$3,376,759	\$3,734,982	10.6%
Unrestricted	\$12,306,388	\$12,203,026	\$12,468,278	2.2%
Total	\$16,866,301	\$15,579,785	\$16,203,260	4.0%
% of Budget Supported by Restricted Funds	27.0%	20.3%	23.1%	
Total Athletics Expense as % of Net E & G	9.7%	8.9%	8.7%	

	Actual 2017-18	Projected 2018-19	Proposed 2019-20
Intercollegiate Sports Participation			
Men	320	325	325
Women	272	265	265
Number of Intercollegiate Teams			
Varsity Men	12	12	12
Varsity Women	13	13	13



This chart represents the total number of scholarships that are permitted per NCAA rules and the current number of scholarships that each program currently has.

Scholarships		
TEAM	NCAA Limit	Current Scholarships
Football	60 (PL)	60
Men's Basketball	13	13
Men's Ice Hockey	18	17
Women's Basketball	15	14
Men's Lacrosse	12.6	9
Women's Soccer	14	14
Women's Ice Hockey	18	18
Women's Lacrosse	12	11
Men's Soccer	9.9	8
Volleyball	12	10.50
Softball	12	10
Women's S/D	14	3
Field Hockey	12	4
Men's S/D	9.9	0
Men's Golf	4.5	0
Women's Tennis	8	0
Men's Tennis	4.5	0
Women's Rowing	20	0
Women's XC / TR	18	0
Men's XC / TR	12.6	0
Men's Rowing	N/A	0
TOTAL	300	192

Academic Support

Library

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$2,647,105	\$2,951,449	\$2,926,786	-0.8%
Student Wages	211,012	220,336	234,336	6.4%
Subtotal Compensation	2,858,117	3,171,785	3,161,122	-0.3%
Contracted Services	173,181	166,046	166,046	0.0%
Library Acquisitions	2,721,352	2,814,653	2,936,292	4.3%
Travel & Entertainment	54,639	40,562	50,272	23.9%
General Program Expense	354,958	350,185	358,213	2.3%
Other Expense	40,290	36,435	25,340	-30.5%
Total Expense	\$6,202,537	\$6,579,667	\$6,697,284	1.8%

	Actual 2017-18	Approved 2018-19	Proposed 2019-20
FTE Positions			
Faculty/Professional (FTE)	18.6	17.6	18.55
Clerical/Technical (FTE)	18.09	18.1	18.09
Total Staff	36.6	35.7	36.64
Library Expense as % of Net E & G	3.6%	3.7%	3.6%
Collections			
Volumes	849,899	841,000	851,000
Periodicals - print only	385	279	279
Microforms	438,500	438,500	438,500
Digital Books	706,530	670,000	672,000
Periodicals/Serials - digital	145,811	126,950	126,950
Circulation & Library Use			
On-Campus Regular & Reserve	42,362	50,000	50,000
Interlibrary Lending	13,406	9,500	9,500
Interlibrary Borrowing (includes ConnectNY)	11,536	9,000	9,000
Interlibrary Borrowing as % of Circulation	27.0%	20.0%	20.0%
Digital Searches (e-books, e-periodicals/serials)	809,642	1,600,000	1,600,000
Digital Downloads (e-books, e-periodicals/serials)	755,521	630,000	630,000

Student Services

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$7,776,526	\$8,775,722	\$9,328,919	6.3%
<u>Student Wages</u>	198,862	252,262	244,752	-3.0%
Subtotal Compensation	7,975,388	9,027,984	9,573,671	6.0%
Contracted Services	1,281,398	1,030,000	1,101,975	7.0%
Travel & Entertainment	678,094	630,924	695,295	10.2%
Printing, Postage & Publications	695,047	821,502	774,246	-5.8%
General Program Expense/Other	3,587,322	4,188,877	4,690,590	12.0%
Total Expense	\$13,522,202	\$14,877,785	\$16,061,530	8.0%

Restated by Department:

Dean of College	\$3,275,273	\$3,837,587	\$3,852,352	0.4%
Registrar	393,835	432,921	509,947	17.8%
Admissions Office	4,278,744	4,664,463	5,008,425	7.4%
Chaplain	546,849	524,778	568,710	8.4%
Center for Leadership & Student Involvement	665,815	878,129	916,787	4.4%
Financial Aid Office	459,931	487,652	497,696	2.1%
Residential Education	573,835	669,676	769,684	14.9%
ALANA Cultural Center	134,056	219,135	224,321	2.4%
University Counseling	831,849	821,810	900,625	9.6%
Health Services	2,231,451	2,240,837	2,676,383	19.4%
Gate Card	130,565	100,798	136,599	35.5%
Total Student Services	\$13,522,202	\$14,877,785	\$16,061,530	8.0%

Institutional Support

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$22,694,200	\$25,854,858	\$26,429,412	2.2%
Student Wages	361,999	396,702	412,549	4.0%
Subtotal Compensation	23,056,199	26,251,560	26,841,961	2.2%
Contracted services	4,422,812	2,517,882	2,809,319	11.6%
Equipment*	2,590,032	1,863,208	1,829,017	-1.8%
Travel & Entertainment	1,641,942	1,258,638	1,280,474	1.7%
Printing, Postage & Publications	1,241,399	1,149,475	1,186,087	3.2%
Taxes, Contributions & Insurance	1,260,616	1,248,914	1,256,548	0.6%
General Program Expense/Other	(633,101)	6,415,922	6,801,555	6.0%
Total Expense*	\$33,579,899	\$40,705,600	\$42,004,961	3.2%

* The major increase in Institutional Support is due to a shifting of budget in Information Technology Services from the academic program to the administrative program, which increases the Academic Support budget.

Restated by Function:

Advancement and Alumni Affairs	\$8,662,595	\$8,249,768	\$8,856,039	7.3%
Career Services	\$2,353,034	\$2,485,994	\$2,551,340	2.6%
Communications	3,178,235	2,724,266	2,807,013	3.0%
Campus Safety	1,810,445	1,910,100	1,853,962	-2.9%
a) Administrative Offices	8,693,756	9,250,205	10,343,372	11.8%
b) Information Technology	4,044,263	10,226,849	10,430,788	2.0%
c) Other - Institutional Support Services	4,837,571	5,858,418	5,192,447	-11.4%
Total	\$33,579,899	\$40,705,600	\$42,034,961	3.3%

a) Administrative Offices includes President, VP for Finance and Administration and Human Resources.

b) Information Technology expense was split between Institutional support and Academic support areas.

In 2019 and 2020, all expenses were in Institutional support.

c) Other - Institutional Support Services includes Printing, Mailroom, Retiree Benefits, Liability Insurance, Professional Fees (legal, bank, audit) and Voluntary Payments.

Institutional Support

Information Technology Services

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$4,287,321	\$4,901,235	\$5,042,748	2.9%
<u>Student Wages</u>	187,899	214,617	214,617	0.0%
Subtotal Compensation	4,475,220	5,115,852	5,257,365	2.8%
Equipment	2,405,891	1,823,428	1,803,017	-1.1%
General Program Expense	1,251,828	2,027,678	2,045,944	0.9%
Contracted Services, Repairs and Other Expense	1,658,301	1,259,892	1,324,462	5.1%
Total Expense	\$9,791,241	\$10,226,849	\$10,430,788	2.0%

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Total Staff	48.0	47.0	46.0	-2.1%
Expense per Undergraduate FTE	\$3,426	\$3,609	\$3,578	-0.9%
Number of Laptops and Desktops	4,671	4,850	4,850	0.0%
ITS Expense as % of Net E & G	5.6%	5.7%	5.6%	

Advancement and Alumni Affairs

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$5,436,952	\$5,856,473	\$6,406,197	9.4%
<u>Student Wages</u>	49,487	43,112	43,812	1.6%
Subtotal Compensation	5,486,439	5,899,585	6,450,009	9.3%
Contracted services	622,842	180,196	179,196	-0.6%
Travel & entertainment	813,837	668,954	647,536	-3.2%
Printing, postage & publications	369,023	317,408	336,608	6.0%
General Program Expense/Other	1,370,455	1,183,624	1,242,690	5.0%
Total Expense	\$8,662,595	\$8,249,767	\$8,856,039	7.3%

Career Services

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$1,209,960	\$1,326,898	\$1,367,278	3.0%
<u>Student Wages</u>	62,552	51,005	71,352	39.9%
Subtotal Compensation	1,272,511	1,377,903	1,438,630	4.4%
Contracted services	132,056	108,500	108,500	0.0%
Travel & entertainment	103,055	111,897	104,396	-6.7%
Printing, postage & publications	11,578	16,998	24,998	47.1%
General Program Expense/Other	833,833	870,696	874,816	0.5%
Total Expense	\$2,353,034	\$2,485,994	\$2,551,340	2.6%

Communications

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Expenses</u>				
Staff Compensation	\$1,856,663	\$2,100,097	\$2,185,844	4.1%
<u>Student Wages</u>	7,721	10,500	10,500	0.0%
Subtotal Compensation	1,864,383	2,110,597	2,196,344	4.1%
Contracted services	836,665	191,150	182,650	-4.4%
Travel & entertainment	77,772	66,200	66,200	0.0%
Printing, postage & publications	295,733	288,100	288,100	0.0%
General Program Expense/Other	103,682	68,219	73,719	8.1%
Total Expense	\$3,178,235	\$2,724,266	\$2,807,013	3.0%

Operation and Maintenance of Plant

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Compensation	\$11,652,792	\$10,532,269	\$11,811,184	12.1%
Compensation Paid by Other Budgets	(2,503,462)	(2,430,000)	(2,780,000)	14.4%
Heating	2,414,857	2,143,992	2,309,093	7.7%
Electricity/Water/Sewer	1,436,414	1,407,922	1,424,757	1.2%
Unscheduled Repairs	1,851,713	1,207,150	1,554,146	28.7%
Scheduled Repairs	740,379	1,074,295	1,183,582	10.2%
Property & Fire Insurance	359,593	368,173	365,673	-0.7%
Supplies & Other Expenses (includes Colgate Cruiser)	2,772,073	3,259,251	3,339,016	2.4%
Costs Paid by Other Budgets	(2,823,748)	(1,193,774)	(2,932,084)	145.6%
Total Plant	\$15,900,612	\$16,369,279	\$16,275,366	-0.6%
Estimated Total Plant Replacement Value	\$587,717,311	\$603,900,000	\$669,241,180	
Plant Costs as a % of E&G Budget	9.2%	9.3%	8.8%	
Gross Square Footage	2,416,831	2,435,331	2,453,831	

Debt Service

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Debt Service:				
Educational & General	\$10,510,968	\$10,561,315	\$10,577,091	0.1%
Auxiliary	7,091,923	7,112,335	7,114,329	0.0%
Funded by Reserves	(7,398,809)	(6,697,111)	(5,891,641)	-12.0%
Total	\$10,204,082	\$10,976,539	\$11,799,779	7.5%

Plant Renewal

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
Reserved for Plant/Equipment Renewal:				
Educational & General	\$7,343,897	\$6,056,872	\$6,790,056	12.1%
Auxiliary	2,086,738	2,179,560	2,244,760	3.0%
Total	\$9,430,635	\$8,236,432	\$9,034,816	9.7%

* The auxiliary component includes LLC reserve allocations

Auxiliary and LLC Operations

	Actual 2017-18	Approved 2018-19	Proposed 2019-20	Percent Change
<u>Income:</u>				
Room and Board				
Student Residences	\$16,493,658	\$17,159,197	\$18,560,132	8.2%
Food Services	11,549,934	11,970,966	12,993,468	8.5%
Student Services				
Palace Theater	12	12	12	0.0%
Hamilton Theater, LLC	372,255	368,300	377,900	2.6%
Other Enterprises				
Colgate Inn	139,486	310,700	4,338,000	1296.2%
Bookstore	3,950,338	3,702,562	4,001,716	8.1%
Recreational Facilities	986,807	941,701	943,701	0.2%
Rental Dwellings	95,735	166,794	166,794	0.0%
Hamilton Initiative, LLC	475,214	522,400	548,900	5.1%
Total Income	\$34,063,439	\$35,142,632	\$41,930,623	19.3%
<u>Expense:</u>				
Room and Board				
Student Residences	\$7,523,268	\$7,239,508	7,400,834	2.2%
Food Services	6,831,312	6,862,334	7,247,903	5.6%
Debt Service	7,091,923	7,112,335	7,114,328	0.0%
Third Century Fund	(3,329,464)	(696,813)	(2,369,232)	240.0%
Net Debt Service	3,762,459	6,415,522	4,745,096	-26.0%
Student Services				
Palace Theater	73,762	67,080	71,880	7.2%
Hamilton Theater, LLC	401,199	397,000	397,650	0.2%
Other Enterprises				
Colgate Inn	441,952	188,430	4,159,600	2107.5%
Bookstore	4,102,474	3,836,282	4,011,669	4.6%
Recreational Facilities	1,403,705	1,215,494	1,284,666	5.7%
Rental Dwellings	450,854	396,908	526,542	32.7%
Hamilton Initiative, LLC	703,981	637,760	676,680	6.1%
Total Expense	\$25,699,117	\$27,256,318	\$30,522,519	12.0%
<u>Net Financial Contribution:</u>				
Room and Board				
Student Residences	\$8,970,390	\$9,919,689	\$11,159,298	
Food Services	4,718,622	5,108,632	5,745,565	
Net Debt Service	(3,762,459)	(6,415,522)	(4,745,096)	
	<u>\$9,926,554</u>	<u>\$8,612,799</u>	<u>\$12,159,767</u>	
Student Services				
Palace Theater	(73,750)	(67,068)	(71,868)	
Hamilton Theater, LLC	(28,944)	(28,700)	(19,750)	
	<u>(106,845)</u>	<u>(95,768)</u>	<u>(91,618)</u>	
Other Enterprises				
Colgate Inn	(302,466)	122,270	178,400	
Bookstore	(152,136)	(133,720)	(9,953)	
Recreational Facilities	(416,898)	(273,793)	(340,965)	
Rental Dwellings	(355,119)	(230,114)	(359,748)	
Hamilton Initiative, LLC	(228,767)	(115,360)	(127,780)	
	<u>(1,455,386)</u>	<u>(630,718)</u>	<u>(660,045)</u>	
Total Net Financial Contribution	\$8,364,322	\$7,886,313	\$11,408,104	

Footnotes:

- a) Recreational Facilities include Camp Colgate and Seven Oaks.
- b) Includes auxiliary plant transfers.
- c) Unallocated repair expense is an estimate of total repairs across all auxiliary operations.
When the expense occurs it is distributed to the appropriate auxiliary operation.