

Summary of Current Financial Impacts (as of 5/31/20)



Area	Est. FY1920 Impact	Est. FY2021 Impact
Housing Room Refunds, Lost Conference Revenues	\$6,327,800	\$352,900
Dining Board and Dining Dollars Refunds	\$3,650,400	
Athletics NCAA revenue, event revenue, expenses	\$72,500	\$600,000
Business Services (Parking, Childcare, Mail, Retail rent, Bookstore, Supplies)	\$680,400	
LTS costs for Remote Learning	\$133,200	
Health & Wellness Center Supplies & Renovations	\$66,800	
LUPD overtime & supplies	\$134,000	
Study Abroad/International Affairs	\$346,900	
Schools (COE, COH, BUS, RCEAS, CAS) & Other	\$62,000	
Total Negative Impacts	\$11,574,000	\$952,900
Financial Aid reduction related to Room & Board Refunds	\$3,186,000	
Reduced food costs owed to Sodexo	\$2,487,100	
Reduced Travel & Entertainment expense (projected)	\$1,706,300	
Housing related savings (Admin, Student Affs, O&M)	\$1,100,000	
Reduced facilities costs for snow, utilities & maintenance (Admin & Academic)	\$800,000	
Total Cost Reductions	\$9,279,400	
CARES Act Relief Allocation	\$1,808,000	
NET NEGATIVE IMPACT ON THE UNIVERSITY	(\$486,600)	(\$952,900)

Undergraduate Assumptions

1. Currently planned tuition (\$56,980)
2. Financial aid overall discount rate (40.6%)
3. Deposits of 1,474 (5-19-20) used as incoming class
4. Historical retention rate of 92%

TO BE UPDATED

Net Tuition Impact with Current Deposits

	FY21 Base Budget	5-19-20 Deposits	Assumptions
Undergraduate Enrollment	5,158	5,192	1,474 deposits; Normal retention of 92%
Undergraduate Tuition	\$56,980	\$56,980	
Discount Rate	40.6%	40.6%	
Undergraduate Revenue	\$293.9M	\$295.8M	
Financial Aid	\$119.4M	\$120.2M	
Net Tuition	\$174.5M	\$175.6M	

Undergraduate Tuition Margin Matrix

Student Shortfall	FY21 Budget	100	200	300	400	500	600
Tuition							
\$56,980 (Bud)	\$0.0M	-\$3.4M	-\$6.8M	-\$10.2M	-\$13.6M	-\$17.0M	-\$20.4M
\$54,790 (FY20)	-\$5.7M	-\$9.1M	-\$12.5M	-\$15.9M	-\$19.3M	-\$22.7M	-\$26.1M
\$51,282 (-10%)	-\$14.7M	-\$18.1M	-\$21.5M	-\$24.9M	-\$28.3M	-\$31.7M	-\$35.1M
\$45,584 (-20%)	-\$29.4M	-\$32.8M	-\$36.2M	-\$39.6M	-\$43.0M	-\$46.4M	-\$49.8M
\$39,886 (-30%)	-\$44.1M	-\$47.5M	-\$50.9M	-\$54.3M	-\$57.7M	-\$61.1M	-\$64.5M
\$34,188 (-40%)	-\$58.8M	-\$62.2M	-\$65.6M	-\$69.0M	-\$72.4M	-\$75.8M	-\$79.2M
\$28,490 (-50%)	-\$73.5M	-\$76.9M	-\$80.3M	-\$83.7M	-\$87.1M	-\$90.5M	-\$93.9M

Housing Matrix



	Budget: With SHM	Trembley Fall; SHM Spring	Single bedroom suite/apartment; Traditional rooms all single	1 person per suite/apartment- private bathroom; Traditional rooms all single	1 person per suite/apartment -private bathroom
Bed Spaces Fall	3,445	3,234	2,042	1,572	209
Bed Spaces Spring	3,445	3,445	2,247	1,645	282
UG Annual Room Revenue	\$30.0M	\$29.1M	\$19.8M	\$14.5M	\$2.4M
Other Revenues	\$2.1M	\$2.1M	\$1.3M	\$1.3M	\$0.1M
Total Revenues	\$32.1M	\$31.3M	\$21.1M	\$15.6M	\$2.5M
Fixed Costs	\$10.2M	\$10.2M	\$10.2M	\$10.2M	\$10.2M
Variable Costs	\$21.9M	\$21.5M	\$12.8M	\$9.9M	\$1.3M
Total Expenses	\$32.1M	\$31.7M	\$23.0M	\$20.1M	\$11.5M
Surplus/(Deficit)	\$0.0M	-\$0.4M	-\$1.9M	-\$4.5M	-\$9.0M

Scenario 1 assumed SHM available both Fall and Spring semesters. All others assume no SHM Fall (use Trembley) and SHM Spring (No Trembley)

All other Auxiliaries are assumed to continue to generate revenue to cover costs

Other Assumptions

1. Undergraduate fees decline at same percentage as student shortfall
2. 20% of Auxiliary costs are fixed
3. Other Auxiliary revenues cover the fixed costs of those enterprises
4. Lehigh fund down 25%
5. Short-term investments down 10%
6. No change in Grants
7. No additional investments in facilities and infrastructure

Other Revenue Impacts

	Base Budget	Forecast	Variance	Assumptions
Graduate Tuition	\$28.6M	\$28.6M	\$0	No Change
Summer Tuition	\$9.3M	\$9.3M	\$0	No Change
Undergraduate Fees	\$6.5M	\$6.5M	\$0	Same % decline as Undergrad enroll.
Distance Learning	\$2.6M	\$2.6M	\$0	No Change
Tuition & Fees	\$47.0M	\$47.0M	\$0	
Unrestricted Gifts (Annual Fund)	\$4.6M	\$2.4M	-\$1.2M	25% decline due to economy
Unrestricted Endowment Earnings	\$19.2M	\$19.2M	\$0	No Change
Short-term Investments	\$13.2M	\$11.9M	-\$1.3M	10% decline due to lower rates
Gifts & Investments	\$37.0M	\$34.5M	-\$2.5M	
ICR	\$4.9M	\$4.9M	\$0	No Change
Other Fees	\$0.9M	\$0.9M	\$0	No Change
Other Revenues	\$2.5M	\$2.5M	\$0	No Change
Appropriations/Other	\$7.2M	\$7.2M	\$0	No Change
Total	\$99.5M	\$97.0M	-\$2.5M	

Range of Enrollment/Housing Scenarios

	Base Budget	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Undergraduate Enrollment	5,158	5,058	4,958	4,858	5,158	4,658
Undergraduate Tuition	\$56,980	\$56,980	\$54,790	\$51,282	\$45,584	\$28,490
Discount Rate	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%
On Campus/Remote	On Campus	On Campus	On Campus	On Campus	Remote Fall	Remote Yr
Housing Configuration		Trembley Fall	Single rooms	Single - 1 bath	Single rooms	No rooms
Student Housing Shortfall	0	0	1,198	1,800	1,198	3,445
Undergraduate Margin Decline	\$0	-\$3.4M	-\$12.5M	-\$24.9M	-\$29.4M	-\$90.5M
Housing Margin Decline	\$0	-\$0.4M	-\$1.9M	-\$4.5M	-\$7.1M	-\$10.2M
Other Margin Impacts (Gifts, Fees, Investments)	\$0	-\$2.6M	-\$2.7M	-\$2.9M	-\$2.5M	-\$3.1M
Total Margin Impact	\$0	-\$6.4M	-\$17.1M	-\$32.3M	-\$39.0M	-\$103.8M

Implementation of Expense Reductions

- The position freeze implemented in March, 2020 and the decision to not implement merit increases as of July 1, will reduce expenses by \$15.9M in FY21. These actions, along with not executing budgeted expense increases and significant savings in T&E would mitigate a revenue shortfall from approximately 200 less undergraduate students on campus.
- When a clearer picture of the Fall comes into focus over the next month regarding the size of the incoming class, size of the returning classes, on-campus vs. remote teaching, and housing situation based on government guidelines, we will implement the appropriate cost reduction actions to mitigate the anticipated revenue shortfall.
- The cost reduction options, including reductions in pay and benefits, furloughs and layoffs, would be selected based upon the level of revenue shortfall expected.
- The delay of capital projects will also be implemented to relieve the pressure upon cashflow.

Cost Reduction Options

	Status	Total *
Savings from Position Freeze & No Merit	Implemented	\$15.9M
10% Pay Reduction – All Faculty & Staff	Possible	\$21.6M
Furlough 25% of staff (exempt & non-exempt)	Possible	\$21.0M
15% Staff & Non-Tenure Faculty Layoff	Possible	\$16.4M
Suspend Direct and Matching Retirement Contributions	Possible	\$15.6M
Unallocated FY21 Budget Requests	Possible	\$2.5M
Total Identified Expense Mitigation		\$93.0M
Capital Project Delays (Rauch Expansion, Other)		\$30M to \$50M

** Annualized savings, including restricted and unrestricted cost savings*

Fixed vs Variable Costs – Operating Budget

	FY21 Budget	% of Total	Notes
Restricted/Fixed Costs			
Restricted	\$101.4M	17.5%	Endowments & restricted gifts
Auxiliary*	\$10.2M	1.8%	Includes contribution to debt service
Unrestricted Faculty	\$88.2M	15.2%	(Sal: \$65.1M, EBs: \$23.1M); Tenure/Tenure Track, Deans; Provost; VP Research
Financial Aid	\$102.4M	17.6%	Discount which will vary based on student count and make up
Building Maintenance*	\$5.5M	0.9%	
Debt Service*	\$17.3M	3.0%	
Total Fixed Costs	\$325.0M	56.0%	
Variable Costs			
Designated	\$33.1M	5.7%	Ex. Transportation, Parking
Auxiliary	\$45.1M	7.8%	Ex. Food for Dining, Gryphons
Building Maintenance	\$21.9M	3.8%	
Salary/Wages/EBs	\$112.6M	19.3%	(Sal: \$85.0M, EBs: \$27.6M); Exempt; Non-exempt; Adjuncts, Lecturers; Other
Operational Expenses	\$43.0M	7.4%	Colleges; LTS; Student Life & Affairs; Athletics; Comm.; Risk; Gen Council; Pres.
Total Variable Costs	\$255.7M	44.0%	

* These expenses would still be incurred if the university was closed