

MARQUETTE UNIVERSITY FINANCIAL PERFORMANCE

All Dollar Amounts in Thousands

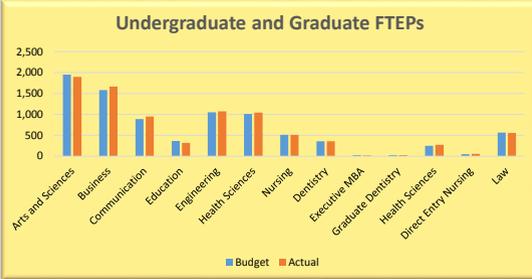
Dashboard for March 2015

The purpose of the Marquette Financial Performance dashboard is to give the reader a clear depiction of Marquette's financial health.

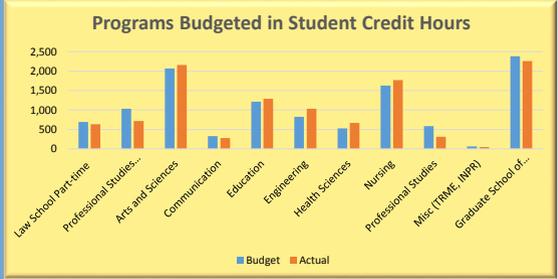
Click on any chart to see trends and explanations of each topic. For more information or to ask a question about any topic, click on the Ask a Question, found at the top of each trend page.

For an analysis of this information, visit the [Treasurer's Comments](#).

Enrollment to Targets



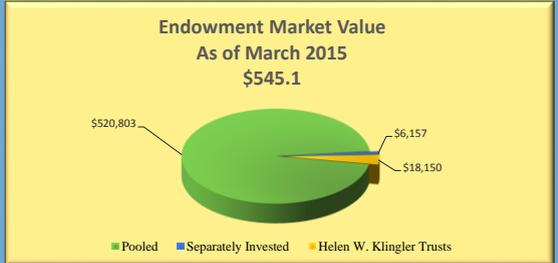
Programs Budgeted



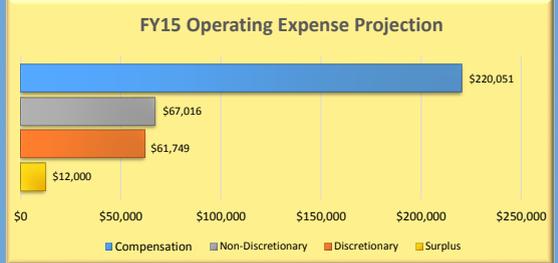
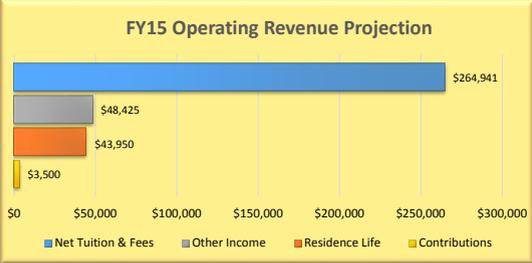
Cash Investments



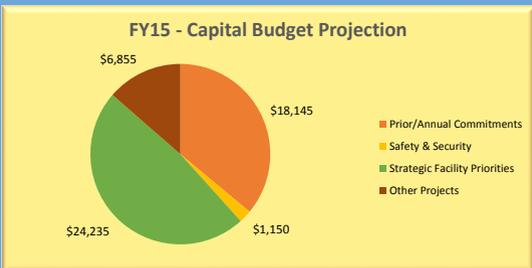
Endowment



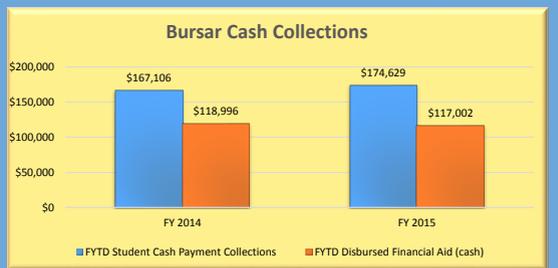
Operating Budgets



Capital Budgets



Bursar



Financial Aid

Financial Aid Awarding	FY16 Approved Budget	FY16 Total Committed
Continuing	\$67,831	\$67,912
Continuing EOP	3,195	2,294
Continuing Evans	600	472
Advanced Standing	2,066	684
Freshmen	28,646	8,994
Freshman EOP	1,620	755
Freshman Evans	250	125
Total	\$104,208	\$81,236

Jesuit Residence Update: Project is on Schedule and Within Budget



Treasurer's Comments

Economic Comments

This week is an important week as the Fed looks ahead to reporting of the key economic indicators to determine whether or not there will be a normalization of monetary policy in the near future. Members of the Fed have expressed cautious optimism that the economy will continue its expansion. This week's economic news will revolve around the Consumer Confidence Index, Jobless claims, New Home Starts and first quarter Growth Domestic Product growth.

Marquette Financial News

1. As the current academic school year winds down, Marquette is extremely busy preparing for the next year especially on the Admissions front. New Freshmen admission deposits are due May 1st and the Offices of Admissions, Student Financial Aid and Marquette Central are fielding numerous calls and e-mail regarding everything from housing to class registrations. Graduate School is equally busy in Law, Dental, Professional and Graduate admissions. At the same time summer school session 1 is ready to begin as soon as finals end.
2. The Innovation Council is in the process of reviewing all proposals and will be sharing them with the University Leadership Council in May.
3. The Master Planning process is well underway with the Steering Committee meeting on a regular basis to guide the process. There will be a website page available in the upcoming months where you can check the progress.
4. The university received a \$1 million gift from John Seramur, alumnus of the College of Business Administration, for scholarships.

March Financial Highlights

For the month of March, all key performance indicators are strong with cash at \$101 million vs. \$86 million for the same period last year, the endowment market value at \$545 million and the Net Operating Income forecasted to be \$12 million at year-end. All capital projects (including the Jesuit Residence) are on budget and on-time.

Dashboard Question and Response

A Question from the February Dashboard

Who does the university forecasting? Is it a straight linear regression one year out or do you use something more reliable like a forecasting software?

Answer

The university develops monthly forecasts using Microsoft Excel. There are two separate forecasts that are prepared, on a monthly schedule, starting in the month of August. Both the Comptroller's Office and the Budget Office develop monthly forecasts. The two forecasts are compared to develop a discovery environment which helps in identifying changes in trend and current financial activity. This helps both departments understand what financial activity is happening at the university, reducing the occasional "unforeseen event."

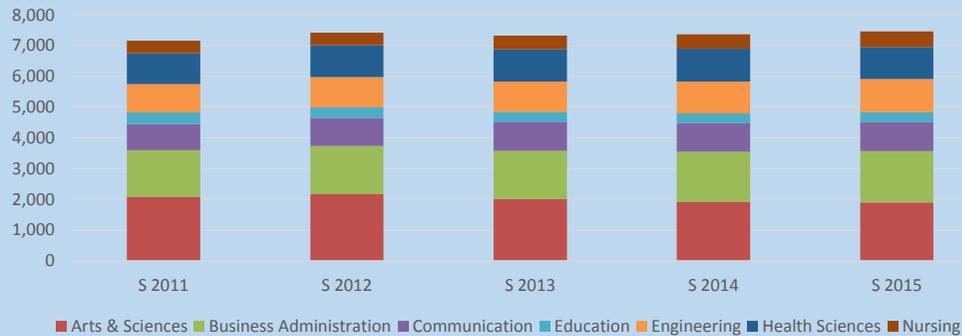
Forecasts typically do not include any trend past the prior year, anything older would only distort the forecast and would not reflect current revenue and expense levels. Forecasts also include any financial activity that is currently happening that would not be apparent in the years past trend. These items would include, all emergency repairs and maintenance issues, legal expense activity, and strategic initiatives, etc.

There are many forecasting software packages out on the market, but to say that they are "more reliable", is often debated. Purchased forecast tools can be complex, non-user friendly, or non-compatible with current financial systems. There is also the human element that helps adjust the forecast to immediate and anticipated and Excel allows us to be flexible with or current financial systems and adjusting forecasts to our changing market conditions.

Have A Question?

We would like to reply. Questions may be submitted by clicking on the "Ask a Question" box, found in the upper right corner of the Dashboard pages. Questions and feedback may be anonymous, or include your email address for a personal reply.

5 Year Trend of Undergraduate FTEPs Spring Semester



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[Ask a Question?](#)

What does this trend indicate?

This trend indicates that the university's undergraduate enrollment is stable.

Enrollment

What is Full-Time Equivalent Paying (FTEP) Enrollment?

Undergraduate enrollment revenue is budgeted using an enrollment calculation known as FTEP. FTEP includes the number of students who are officially enrolled paying full-time tuition (12 credits or more) and the number of part-time enrolled student credit hours equivalent to 1 full-time student tuition.

Current Results

Undergraduate enrollment FTEPs for spring semester are 110 students greater than budget. The increase is primarily in Business Administration and Communication, but is offset by a decrease in Arts and Sciences and Education. Graduate and Professional Students are 11 above budget due to Health Sciences and Direct Entry Nursing and are offset by declines in Executive MBA. Programs measured in student credit hours are below budget due to decreases in Professional Studies and the Graduate School of Management.

How Does Marquette Measure Enrollment?

An FTEP (Full-Time-Equivalent-Pay) is an officially enrolled student (including audit/withdrawal if applicable) who pays full-time tuition. Programs measured in FTEPs are: traditional undergraduates, Dental School, Executive MBA, Health Sciences Professional Students, Direct Entry Nursing, and Law. Programs are measured in student credit hours when fewer of the students enroll full-time. These programs are: Part-time Law School, Professional Studies, Graduate Programs and Summer School.

Why is Enrollment Important?

Revenue from tuition and room and board comprises approximately 71.9% of the overall revenue in the university's budget. This revenue directly supports the day-to-day expenses of business operations, including employee compensation, technology, and facility maintenance. As a tuition dependent institution, Marquette must maintain its enrollment to provide sufficient financial support for its educational activities.

What is Marquette's Enrollment Goal?

For FY15, the new freshmen undergraduate budgeted enrollment goal is 1,900, plus 150 new transfers.

[For More Information About Undergraduate Budgeting, Visit the Budget Web Page by Clicking Here.](#)

Cash Investments

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[Ask a Question?](#)



What does this trend indicate?

Cash balances for all three pools have improved since FY2012. Having a healthy cash balance ensures that Marquette has the ability to meet its financial obligations.

Cash Investments

What Comprises Marquette's Cash Investments?

Operating Funds, Restricted Funds, Strategic Funds.

March Results

The cash management balance for March totaled \$150.8 million, down from the previous month's total of \$167.3 million. The decrease is normal for this time of year. A \$3.0 million cash gift from Mr. Eckstein for the Jesuit Residence help bolstered the cash balance. Relative to March 2014, the cash investment balance is ahead by \$34.1 million. The annualized yield for the cash management investment was 0.52%, which outperformed the weighted index benchmark by 48 basis points.

How is Marquette's Cash Invested?

Investments are made according to the university's Short-Term Investment guideline. Cash surpluses are laddered out with maturities occurring at the end of each month. This process provides a constant source of cash flow to meet the university's liquidity needs.

What are the Concerns for Cash Investments?

The three main concepts to monitor include:

- Market Risk – ensuring the investments are diversified to minimize risk.
- Liquidity – investments must be readily convertible into cash.
- Interest Rate – a low interest rate environment can negatively impact investment income.

What Internal Influences Affect Marquette's Cash Investments?

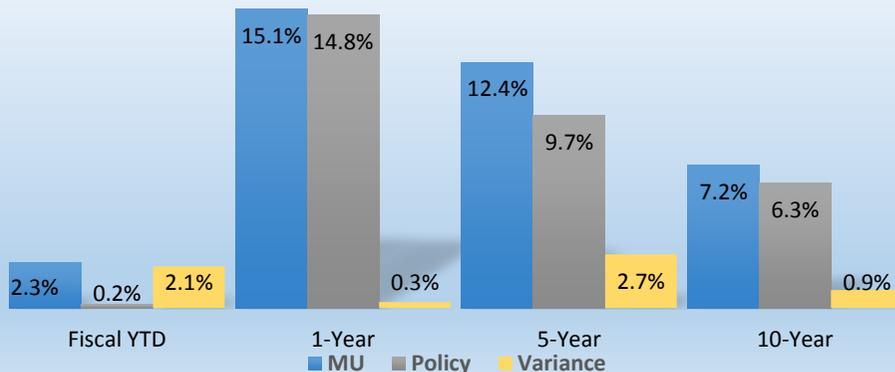
The type of cash investment, time to maturity, and return on investment (yield) are dictated by the specific demand and usage of the cash. Cash needed to fund operational expenses, strategic initiatives or other priorities such as construction projections all may require different investment instruments. Monthly operational expenses such as payroll, utilities, supplies, etc. demand a highly liquid investment such as a money market instruments, which generally sacrifice yield for security. Strategic initiatives usually have a longer time horizon that allow for investments with slightly greater risk, longer duration, less liquidity, and higher yields. Other types of cash demands, such as construction projects that have known timelines and specific drawdown requirements, may use investment instruments that allow “laddering” or staggering of the maturity periods.

What are Marquette's Cash Investment Goals?

1. Preservation of principal – ensure the safety of cash being invested.
2. To fund the university's liquidity needs – provide cash flow for the university.
3. Yield – generate investment income for the university.

For More Information, Visit the Treasury Office by [Clicking here](#).

Fiscal YTD and Annualized Returns as of June 30, 2014



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What does this trend indicate?

The active investment returns of the endowment have outperformed the passive allocation of the benchmark for all time periods.

Endowment

Current Results

The -0.4% monthly return for March represents an outperformance of 0.3% when compared to the -0.7% return of the Approved Policy Index (API). Public Equity was primarily responsible for the monthly outperformance while Flexible Capital and Real Assets were a drag on monthly relative returns.

What is an Endowment?

The Marquette endowment represents financial donations given to the university that are restricted for a specific purpose and invested with the intent of providing a perpetual stream of financial support. The purpose of the endowment is to enhance fiscal stability and strengthen the mission of the university.

How is Marquette's Endowment Used?

Annual spendable funds are broadly disbursed to support student scholarships, academic programs, and the general operations of the university.

How is Marquette's Endowment Managed and Protected?

The Endowment Office attempts to partner with the highest quality external investment managers in a manner that is consistent with the Board of Trustees approved Investment Policy.

What Internal Operations Influence the Success and Growth of the Endowment?

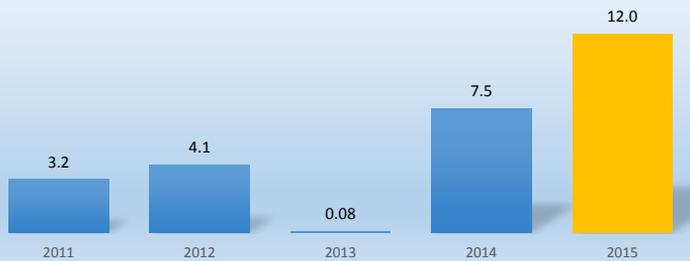
The three key variables that influence the endowment are:

- 1) Donor Gifts
- 2) Investment Returns
- 3) Spendable Income

For More Information, Visit the Endowment Office Web Page by [Clicking Here](#).

Net Operating Income Projection

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[Ask a Question?](#)

What does this trend indicate?

The current trend indicates that the university is becoming more financially solvent by maintaining its contingency commitment, generating positive bottom lines and strategically using its scarce resources.

Operating Budget

What Comprises the Operating Budget?

The university operates within a unrestricted operating budget that is annually approved by the Board of Trustees. For FY15 the budget will be \$364.1 million and is comprised of revenues and expenses, which are further detailed within this report.

Current Results

Projected revenues of \$360.8 million with corresponding expenses of \$348.8 million are expected to provide an operating income of \$12.0 million for FY15. Projected revenues are \$3.2 million lower than the budget. Net tuition revenues of \$264.9 million are over budget by \$3.3 million, due essentially to a larger freshman class. All other revenue categories are expected to be collectively under budget by \$6.5 million, due primarily to declines in contributions, government and/or private grants, sales by educational departments and Athletics'.

Total compensation (salary and fringe) is projected to be \$220.1 million, \$6.4 million lower than budget. This is mostly due to unfilled positions in the Dental School and University Advancement, plus favorable healthcare insurance. Operating expenditures are projected to reach \$128.8 million for FY15 compared to the budget of \$137.5 million. Lower spending can be attributed to maintaining the university's contingency fund of \$8.0 million. Any additional profit will be shared according to Law School, Dental School and RCM agreements.

FY15 Revenues

Tuition and fees, along with room and board are some of the major sources of revenue for the university. Net tuition revenue accounts for 71.9% of the university's unrestricted revenue with room and board attributing 12.1%. The total of these two revenue components is 84.0%, which depicts the dependence the university has on enrollment to support its annual operations.

The remaining sources of university unrestricted revenue is 16.0%, these sources include contributions, endowment income used in operations, sales by educational departments, and other auxiliary activities (e.g. *services to students, faculty, and staff such as the AMU and Parking*).

FY15 Expenses

Compensation

Compensation is the largest expense category for the university with a total budget of \$226.5 million; 62.2% of operational expenses. Within compensation are two categories: salary and fringe benefits. The salary budget is \$171.9 million or 47.2% of operating expenditures and the fringe benefit budget is \$54.6 million or 15.0%.

Discretionary Expenses

The discretionary operating budget deals with the general day-to-day activities and expenses of the university and totals \$61.5 million. Discretionary budgets of the university account for approximately 16.9% percent of the total expense budget. This expense category includes, but is not limited to, supplies, travel, telephone, professional fees and advertising.

Non-discretionary Expenses

The non-discretionary operating budget contains the contractual obligations of the university. The non-discretionary expenditure budget is \$68.2 million or 18.7%. This expense category includes, but is not limited to, contract maintenance, utilities, insurance, interest, and depreciation.

Contingency

For FY15, the university will have an \$8.0 million contingency fund. These funds are not allowed to be spent and are intended for future strategic efforts and plans.

Is Marquette's Budget Fiscally Healthy?

Overall, the university's financial situation is stable, but there is a strong dependency on net tuition revenue generated by enrollments to balance the budget. The university needs to diversify its revenue streams by increasing gift contributions, investment income, grants, endowment income, and other income sources.

What are the Budget's Major Triggers?

There are two major "triggers" that currently have a strong impact on the university's operations: enrollment and employee health care. As the university is highly dependent on net tuition revenue to run its operations, any decline in enrollment will have ramifications on revenue and will need to be offset in expense reductions. Part of the university's compensation package is health care. Health care costs continue to rise and catastrophic participant health care events can drive those costs higher at any time in the fiscal year.

[For More Information, Visit the Budget Office Web Page by Clicking Here.](#)

Capital Budget Trend and FY15 Projection



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What does this trend indicate?

This trend indicates that the university continues to maintain and improve its inventory of fixed assets.

Capital Budget

What is a Capital Expense?

Capital expenditures are funds used by the university to acquire or upgrade physical assets such as equipment, property, or buildings. Any one of these assets with a life longer than the accounting year are considered a capital expense. In the case when a capital expenditure constitutes a major financial decision, \$1.0 million or more, the expenditure must be approved by the Board of Trustees in the annual budget approval process.

Year-to-Date Results

Year-to-date capital expenditures for the university are \$28.5 million compared to a budget of \$50.4 million. Proposed new commitments and facility projects include work or repairs in: façades, electrical transformers, roofing, elevators, security camera replacement, as well as other projects totaling \$6.0 million. Major project expenditures include renovations to the historic core (Sensenbrenner, Marquette, and Johnston Hall) are at \$7.1 million; the Dental School expansion has expensed \$1.0 million. Technology upgrades (smart classrooms, MFS upgrade, and voice over IP) have expensed \$1.5 million and the computer replacement program has expensed \$0.5 million. Other nonrecurring capital items are at \$1.4 million. Prior commitment capital items which include principle payments and books and periodicals have expensed \$8.2 and \$2.8 million respectfully.

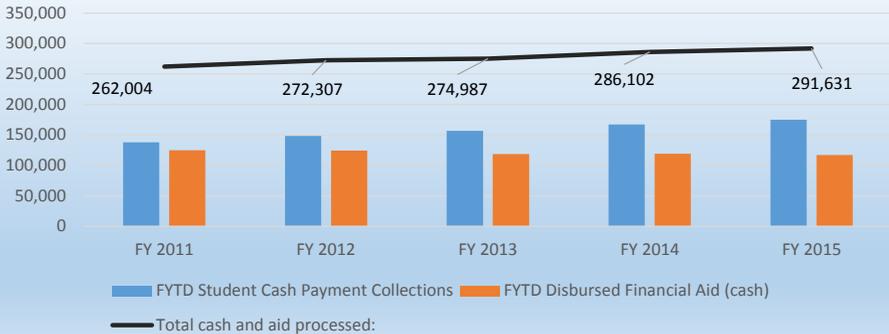
What Comprises Marquette's FY15 Capital Budget?

The total university capital budget, approved by the Board of Trustees for fiscal year 2015, is \$50.4 million. This budget is composed of unrestricted funds of \$27.7 million and restricted funds of \$22.7 million. The breakdown is as follows:

- A) \$24.2 million or 48.1% for improvements to, or new construction of, academic facilities, a Jesuit Residence, classrooms, and faculty and administrative facilities.
- B) \$18.1 million or 36.0% to satisfy the university's prior commitments such as principal payments, library books, academic start-up, and other expansion projects started in the prior year.
- C) \$6.9 million or 13.6% to purchase equipment, and improve existing academic and student facilities, and provide technology upgrades.
- D) \$1.2 million or 2.3% for student and campus safety initiatives.

For More Information, Visit the Budget Office Web Page by [Clicking Here](#).

Student Payments - Aid Disbursed



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What does this trend indicate?

The trend indicates that students and families are contributing more through private funding sources.

Bursar Report

What Comprises Outstanding Receivables?

Outstanding receivables are payments owed to the university by students for tuition, room and board, and other student fees (e.g. Student Health Fees, Student Activity Fees, U-Pass, etc.).

March Results

Cash collections and in-school receivables are unremarkable for the month. Receivables appear up as the payment for the ROTC programs has not yet been received but is anticipated within the next couple of weeks. The overall number of accounts with outstanding balances is down by 200. As of the close of March the registration holds are at 419 accounts with \$2.3 million past due. This is consistent with figures from one year ago.

Loan exit and repayment seminars were presented to the Dental, Law and Health Science Professional students throughout the month. There were also several Financial Literacy presentations for undergraduates this month.

How are Marquette's Billing, Receivables and Cash Collections Managed?

The Office of the Bursar is responsible for the billing of tuition, fees and housing as well as crediting student accounts with financial aid and payments received. Bursar administrators provide guidance and counseling to students and their families by informing them of payment options that can help make an education at Marquette attainable. The Office of Student Loan Accounts (SLAC) reports to the Bursar and serves to assist students in their loan inquiries. SLAC is entrusted with the responsibility to collect loans on behalf of the federal government and Marquette University, as well as to help students throughout the repayment period.

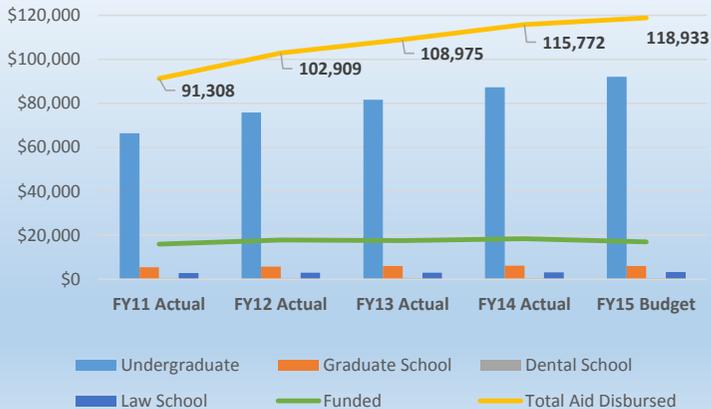
What is Important About Receivables and Cash Collections?

As with any business, Marquette's operations include expenses for salaries, fringe benefits (e.g. health care, retirement contributions, social security and Medicare payments, etc.), facilities, technology and day-to-day operational costs. Cash collections are vitally important to meet these monthly outlays and also to maintaining and building a healthy financial position that sustains the university for future generations.

[Visit the Bursar Web Page \(Marquette Central\) for More Information, click here.](#)

Financial Aid Disbursed

(Dollars in thousands)



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[Ask a Question?](#)

What does this trend indicate?

FY11-FY14 indicate financial aid disbursed in the categories identified. FY15 represents the budget. Final numbers will be available July 2015. Funded discount lags significantly behind unfunded discount which continues to grow to meet demand.

Financial Aid

What Comprises Financial Aid?

Student financial aid is comprised of scholarships, grants, loans and work-study. Aid sources can be from federal, state, local governments, private institutions, individuals, from the university's endowment, or the operating budget. Scholarships and grants do not need to be repaid. Work study is an employment program in which students are paid for the work they perform. Loans must be repaid, although some programs have forgiveness or deferment provisions.

Current Year Results.

Committed funds are at 101% of the approved budget. The total committed will be at budget by June 30, 2015, as students adjust their enrollment plans over the academic year.

How is Financial Aid Used?

Student financial aid is used to defray a student's cost of attendance. This typically includes tuition, room and board, student fees and other related costs.

How is Financial Aid Managed?

The Office of Student Financial Aid (OSFA) provides Federal, State and institutional financial assistance to students who might not otherwise be able to avail themselves to a Marquette education due to inadequate financial resources. Aid is awarded consistently, while maintaining compliance with State, Federal and institutional regulations and policies. Institutional resources are stewarded per donor or benefactor's wishes as outlined in the gift agreement. OSFA partners with Undergraduate Admissions to provide timely and accurate information to prospective students and their families. OSFA and Admissions participates in local, state and national outreach efforts through local high school financial aid nights and state-wide events like College Goal Wisconsin.

How Much Aid Does Marquette Provide?

The university currently funds approximately \$100 million in discount directly from operations and uses approximately another \$15 million from endowment and restricted funds.

[To Visit Marquette Central, Click Here.](#)