



LEHIGH
UNIVERSITY

FY 24 BUDGET

Table of Contents

OVERVIEW	1
BUDGET SUMMARY	1
MAJOR HIGHLIGHTS	2
OTHER REVENUE AND EXPENSES	6
BUDGET METHODOLOGY	7
SUMMARY	8
LEHIGH UNIVERSITY COMPOSITE BUDGET WITH FY 23 COMPARISON	9
BUDGET ANALYSIS (GRAPHS)	10
LEHIGH UNIVERSITY UNRESTRICTED AND RESTRICTED COMPOSITE BUDGET	12
LEHIGH UNIVERSITY AUXILIARY ENTERPRISES BUDGET UNRESTRICTED	15
LEHIGH UNIVERSITY FINANCIAL AID BUDGET	16
LEHIGH UNIVERSITY CAPITAL PROJECTS BUDGET	17
LEHIGH UNIVERSITY INDEPENDENT OPERATIONS BUDGET	18

Overview

The FY 24 budget is hereby presented to the Board of Trustees.

The FY 24 (fiscal year beginning July 1, 2023 and ending June 30, 2024) budget reflects the inclusion of the major parameters approved in February 2023 by the Executive Committee.

With these parameters in place, the University budget is balanced, with sources including revenue (Net of Financial Aid) of \$510,915,410, and expenditures of \$510,915,410.

In addition to the operating budget, the annual capital budget is budgeted at \$86,524,230 and Independent Operations are budgeted at \$11,510,000. The independent operations are the Ben Franklin Technology Partners of Northeastern PA (BFTPNE) and the Manufacturers Resource Center (MRC).

Budget Summary

Operating Budget

The operating budget total \$662,826,110 in gross revenues and \$662,826,110 in expenses/transfers. The major expense components are:

	Expense (Gross)	Expense (Net of Financial Aid)
Education and General	\$448,995,260	\$448,995,260
Auxiliary Enterprises	\$61,960,150	\$61,960,150
Financial Aid	<u>\$151,910,700</u>	<u>\$0</u>
	\$662,826,110	\$510,915,410

Capital (Plant Fund) Budget

In addition to the operating budget, the total of the annual capital budget is \$86,524,230.

Independent Operations

In addition to the operating budget and capital budgets, the total of the University’s independent operations project activity is \$11,510,000.

Major Highlights

Cost of Attendance (Tuition/Fees/Room & Board)								
Description	FY 21 Budget	FY 22 Budget	FY 23 Budget	FY 23 \$ Increase from FY 22	FY 23 % Increase from FY 22	FY 24 Budget	FY 24 \$ Increase from FY 23	FY 24 % Increase from FY 23
Tuition*	\$54,790	\$56,980	\$58,970	\$1,990	3.5%	\$61,180	\$2,210	3.75%
Engineering/Science Fee	\$730	\$760	\$760	\$0	0%	\$790	\$30	3.9%
Technology Fee*	\$470	\$490	\$510	\$20	4.1%	\$530	\$20	3.9%
Activity Fee*	\$0	\$250	\$250	\$0	0%	\$260	\$10	4.0%
Wellness Fee (UG and Grad)*		\$200	\$200	\$0	0%	\$210	\$10	5.0%
Course Materials Fee						\$800	\$800	N/A
Board (Category I)*	\$6,080	\$6,300	\$6,540	\$240	3.8%	\$6,790	\$250	3.8%
Room (Category I)*	\$8,660	\$9,030	\$9,350	\$320	3.5%	\$9,680	\$330	3.5%
Cost of attendance*	\$70,000	\$73,250	\$75,820	\$2,570	3.5%	\$78,650	\$2,830	3.7%

Undergraduate Enrollment							
Description	FY 21 Budget	FY 21 Actual	FY 22 Budget	FY 22 Actual	FY 23 Budget	FY 23 Actual	FY 24 Budget
First Year Target (includes Lehigh Launch)	1,395	1,370	1,420	1,519	1,500	1,511	1,500
Transfer Students	60	47	65	35	48	53	55
Readmit/Transient/General College	44	29	44	60	37	52	37
Student Retention	3,834	3,729	3,931	3,837	3,985	4,008	4,115
Overall Enrollment	5,333	5,175	5,460	5,451	5,570	5,624	5,707
FTE Conversion	-175	-164	-268	-150	-154	-156	-159
Tuition FTE Enrollment	5,158	5,011	5,192	5,301	5,416	5,467	5,548

FTE target of 5,416 students for fall/spring enrollment; First Year target of 1,500; Fall transfer of 48

Graduate Tuition (per credit hour)

Description	FY 22 Budget	FY 23 Budget	FY 23 \$ Increase from FY 22	FY 23 % Increase from FY 22	FY 24 Budget	FY 24 \$ Increase from FY 23	FY 24 % Increase from FY 23
Colleges:							
Arts & Sciences	\$1,500	\$1,500	\$0	0%	\$1,545	\$45	3.0%
Business	\$1,180	\$1,235	\$55	4.6%	\$1,295	\$60	4.8%
Education	\$590	\$590	\$0	0%	\$610	\$20	3.3%
Engineering & Applied Science	\$1,500	\$1,500	\$0	0%	\$1,545	\$45	3.0%
Health	\$1,400	\$1,500	\$100	7.1%	\$1,545	\$45	3.0%
Special Programs:							
MBA & Engineering	\$1,500	\$1,500	\$0	0%	\$1,545	\$45	3.0%
MBA/Educational Leadership	\$885	\$910	\$25	2.8%	\$945	\$35	3.8%
MS in Analytical Finance	\$1,500	\$1,500	\$0	0%	\$1,545	\$45	3.0%

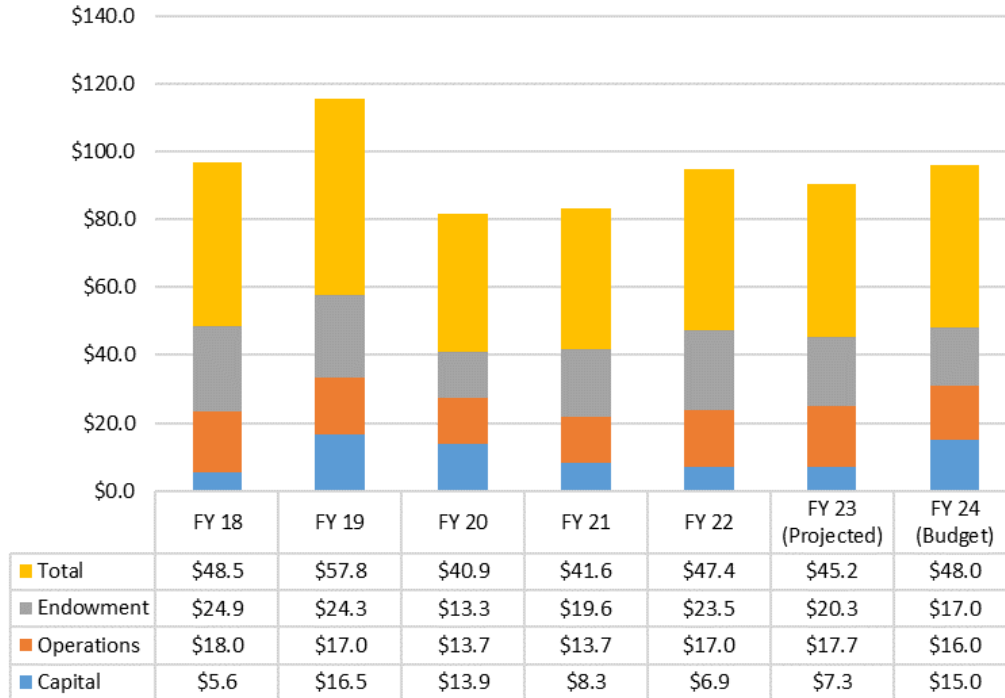
Compensation

Area	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Salary - Annual Pool						
Lehigh annual salary pool	2.0%	2.0%	0.0%	1.5%	3.0%	3.0%
Special salary adjustment pool	1.0%	0.5%	0.0%	0.5%	1.0%	1.0%
Total salary pool increase	3.0%	2.5%	0.0%	2.0%	4.0%	4.0%
Salary – Retention & Equity						
Retention and equity pool						0.7%
Total Salary Pool						4.7%
CPI & Salary Increase Trends						
CPI (All Northeast Urban) – Nov 22	2.7%	1.5%	1.1%	4.3%	6.4%	3.4%
Willis Towers Watson (projected merit increases-exempt)	3.0%	3.1%	3.1%	2.8%	3.0%	4.1%
World at Work (national-mean values)	3.1%	3.2%	3.3%	2.9%	3.3%	4.1%
Employee Benefits*						
Increase for share of Medical benefits	2.2%	3.0%	2.0%	1.0%	5.0%	2.0%
Internal EB rate for salary codes	34.3%	33.8%	35.5%	35.5%	35.7%	TBD
Internal EB rate for wage codes	8.1%	8.1%	8.0%	8.2%	8.1%	TBD

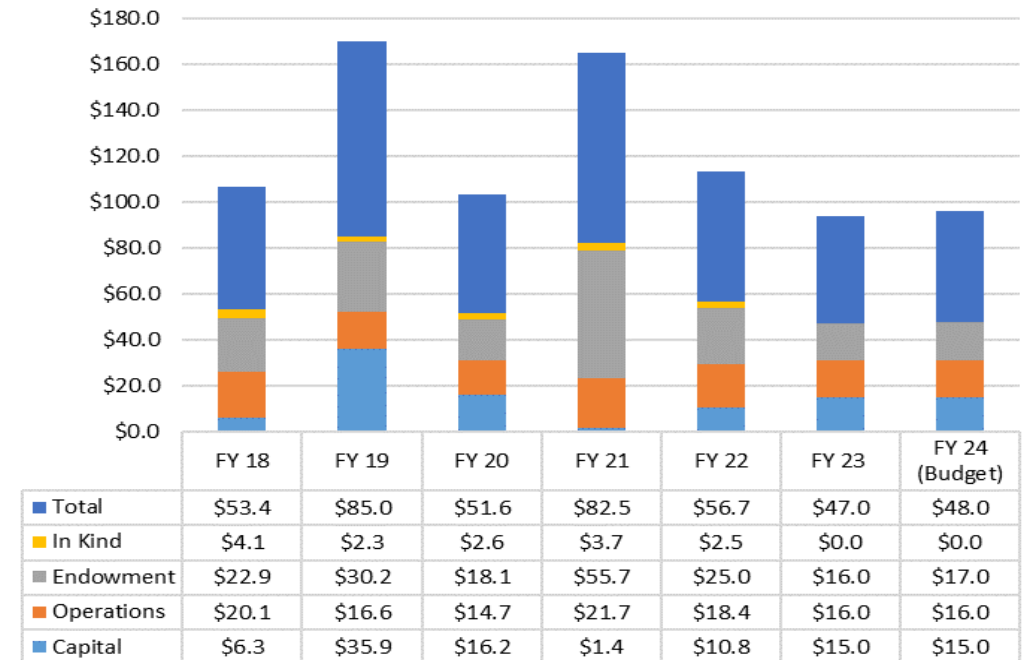
Salary increase for faculty and staff is 3.0% for the annual merit process administered at the departmental level with up to an additional 1.0% for special meritorious salary adjustments administered at the Provost/Vice Presidential level

Annual Fund Raising

**Cash Gifts
(in millions)**

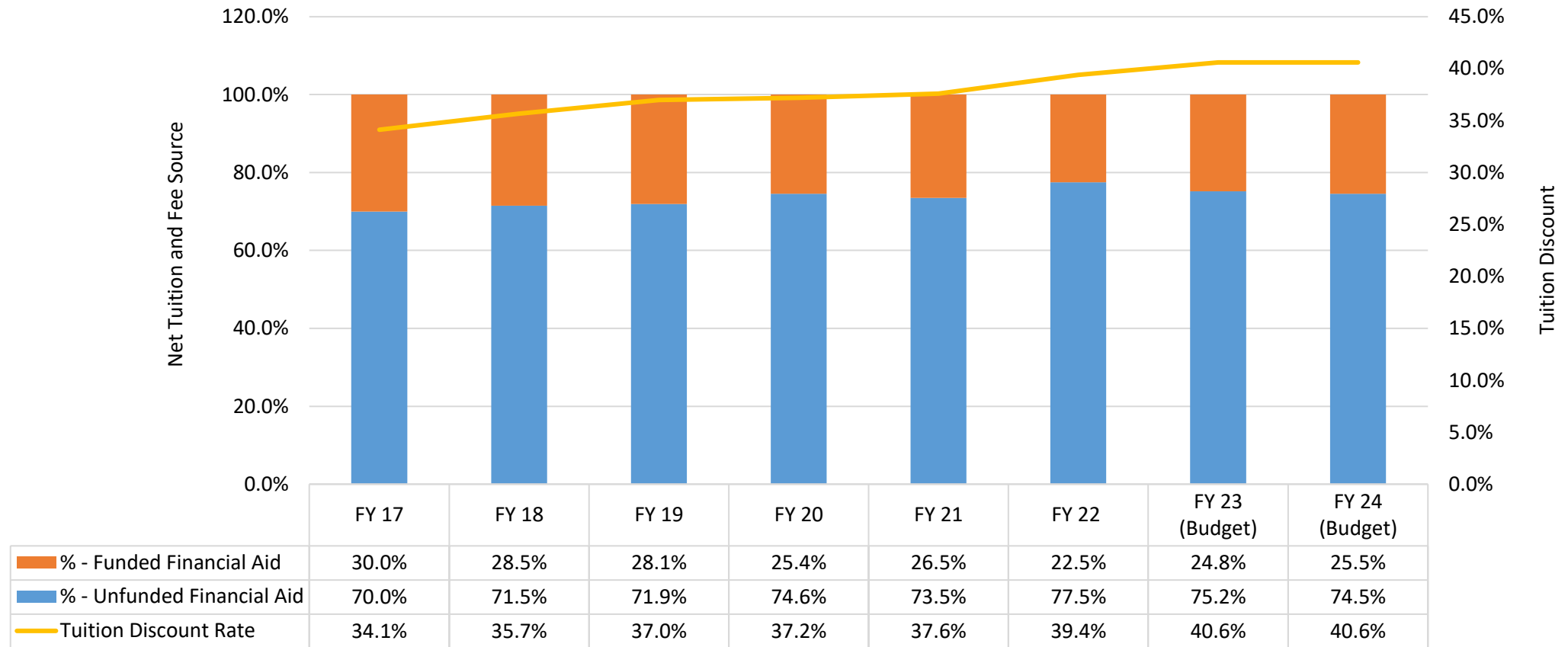


**Pledges
(in millions)**



Cash Gifts are budgeted at \$48 million comprising \$17 million budgeted for operations (current use); \$16 million budget for endowment, and \$15 million budgeted for capital projects

Institutional Financial Aid and Tuition Discount
Undergraduate - Fall/Spring Semesters



- Notes: (1) “Unfunded” – expenditures with no direct revenue source that are supported from the unrestricted portion of the operating budget (tuition, etc.)
 (2) “Funded” – expenditures with a direct revenue source such as gifts and endowment that are restricted as to purpose
 (3) Graph include only Institutional Support , excludes Government Support
 (4) Net tuition/fee includes both tuition and required fees
 (5) Tuition Discount = Institutional Financial Aid/(Tuition + Mandatory Fees)
 (6) Institutional support includes both Financial Aid Office direct administration and other allocations (Presidential Scholars, endowed special, etc.)

Other Revenue and Expenses

CAPITAL PLANNING AND DEBT SERVICE - The infrastructure and environment are critical to achieving our strategic plan goals as well as for recruiting in today's competitive environment. The debt borrowings of \$150 million in 2016 and \$150 million in 2020 along with current gifts received and pledged will support the planned construction costs. Based upon existing assumptions, there may be a need to borrow additional debt. Our capital planning also includes the utilization of Public Private Partnerships (P3's) that preserves our debt capacity which allows us to fulfill additional initiatives. Additionally, we plan to expend approximately \$9.5 million in the upcoming year for deferred maintenance items including utility upgrades; health, safety and accessibility; interior and exterior buildings and ground maintenance.

GRANTS AND CONTRACTS - In general, the expectation for externally funded research is the University should neither incur additional costs (beyond mandatory cost-sharing) nor receive funding beyond the costs of (both direct and indirect) the research projects. We currently project that research activity will increase over the FY 23 projections. The University's indirect cost recovery from research grants is budgeted to be \$12.3 million for FY 24.

OTHER REVENUES/EXPENSES - The FY 24 operating budget includes no increase to general departmental expense budgets. Additionally, there is an increase to the endowment spending per share amount for FY 24, allowing for increases in expenditures (salaries, financial aid, etc.) to be supported from endowment and relieving other existing resources. In addition to the compensation and financial aid increases already identified, there are a few incremental investments currently proposed in the budget that are necessary in order to advance our mission-critical strategic efforts in key areas. The majority of these investments are targeted to areas which we have already committed to the costs or determined they are areas of strategic investment. These areas include increased support for building operation and maintenance for new/renovated buildings and contracted services, debt costs, and multi-year funding for costs associated with major university initiatives including the new College of Health. Collectively, most other revenue sources including general fees and related activities (Zoellner Arts Center, Athletics, etc.) are projected to remain relatively flat.

Budget Methodology

The University's FY 24 operating budget serves as its financial plan, developed on a basis that is separate but related to the method of preparing the audited financial statements. The key difference between the budget and the audited financial statements is that the budget focuses on cash/fund balances while the audited financial statements are prepared on the accrual basis of accounting. The expectations in building the budget parameters is to allocate funds to the most mission critical strategic efforts while keeping general operational costs in check and providing a reasonable salary increase.

The operating budget reflects the budget allocation decisions necessary to accomplish University goals and ensure physical and financial resources are appropriately reserved for the future, and that sources and uses remain in balance. The annual operating budget includes the organization's planned revenue, expenses and contributions/withdrawals from reserves during a fiscal period.

Lehigh University's operating budget includes multiple fund groups, each with its own particular set of rules as to how the funds can be utilized. For example, expendable restricted funds are restricted to the purpose by the provider (research activity, restricted gifts, endowment earnings for financial aid, etc.), while designated and auxiliary services (Residential Services operations, Food Services, etc.) funds are self-balancing activities, with a required balance between revenue and expense. Unrestricted funds can be used for any purpose consistent with supporting the overall purpose of the University. The major sources of funding for unrestricted funds include tuition and fees, unrestricted endowment earnings and short term investments, indirect cost recovery on research grants, and unrestricted annual fund gifts.

Summary

We hereby present the FY 24 fiscal year budget to the Board of Trustees. As discussed earlier in this document, incremental funding went only to the highest priorities. For FY 24, we project undergraduate tuition to again be the primary driver of incremental funding as most other revenue changes are expected to be modest for the upcoming year.

The comprehensive University operating budget, including Educational and General, Financial Aid, and Auxiliary Enterprises, totals \$662,826,110 in revenue and transfers. Expenditures total \$662,826,110.

The annual capital budget identifies capital expenditure items rather than operating items. For the coming year, we project a Capital Fund budget of \$86,524,230. Current fund transfers, gifts and other capital budget sources will provide the necessary funds for this total budget.

In addition to the operating budget and capital budgets, the independent operations of the University project activity totaling \$11,510,000. The independent operations are the Ben Franklin Technology Partners of Northeastern PA (BFTPNE) and the Manufacturers Resource Center (MRC). We hope that this overview has given you a sense of the size and scope of the FY 24 budget.

Respectfully submitted,



Michael J. Todd



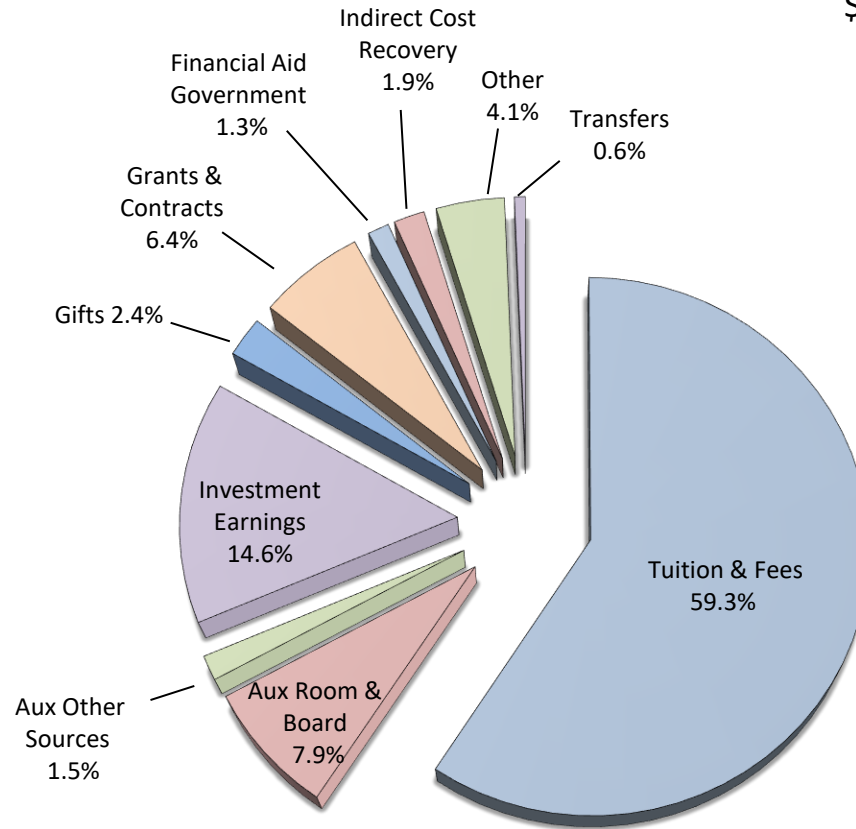
Warren J. Loller

LEHIGH UNIVERSITY COMPOSITE BUDGET WITH FY23 COMPARISON

	<u>FY 24</u>		<u>FY 23</u>	
	REVENUES	EXPENDITURES	REVENUES	EXPENDITURES
<u>UNRESTRICTED</u>				
Educational and General	444,321,400	337,843,380	417,820,340	315,290,420
Financial Aid	3,164,500	109,642,520	3,300,640	105,830,560
Auxiliary Enterprises	<u>61,960,150</u>	<u>61,960,150</u>	<u>58,035,860</u>	<u>58,035,860</u>
TOTAL - UNRESTRICTED	509,446,050	509,446,050	479,156,840	479,156,840
<u>DESIGNATED</u>				
Educational and General	32,435,540	32,435,540	30,206,690	30,206,690
Financial Aid	<u>1,738,410</u>	1,738,410	2,070,630	2,070,630
TOTAL – DESIGNATED	34,173,950	34,173,950	32,277,320	32,277,320
<u>RESTRICTED</u>				
Educational and General	78,676,310	78,676,310	67,007,210	67,007,210
Financial Aid	<u>40,529,800</u>	<u>40,529,800</u>	<u>36,749,980</u>	<u>36,749,980</u>
TOTAL - RESTRICTED	119,206,110	119,206,110	103,757,190	103,757,190
COMBINED TOTAL UNRESTRICTED, DESIGNATED, AND RESTRICTED				
Educational and General	555,433,250	448,955,230	515,034,240	412,504,320
Financial Aid	45,432,710	151,910,730	42,121,250	144,651,170
Auxiliary Enterprises	<u>61,960,150</u>	<u>61,960,150</u>	<u>58,035,860</u>	<u>58,035,860</u>
TOTAL - UNRESTRICTED, DESIGNATED, AND RESTRICTED	<u>662,826,110</u>	<u>662,826,110</u>	<u>615,191,350</u>	<u>615,191,350</u>

Lehigh University
Sources of Operating Revenue
(Tuition and Fees Reported at Gross)

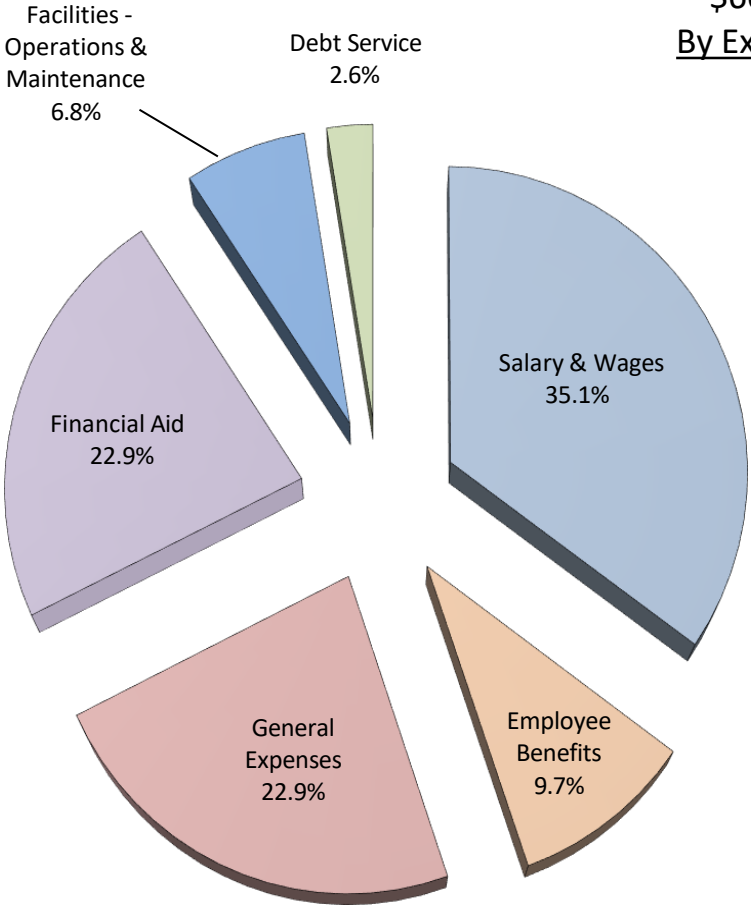
\$662,826,110



Note: The operating budget shows tuition and fees as gross income and the full amount of all student aid (scholarship, work study, etc.) as an expense in order to highlight the revenue impact of tuition planning and the corresponding student financial aid requirements. For financial statement purposes under GAAP reporting, tuition and fees are reflected as net tuition and fees.

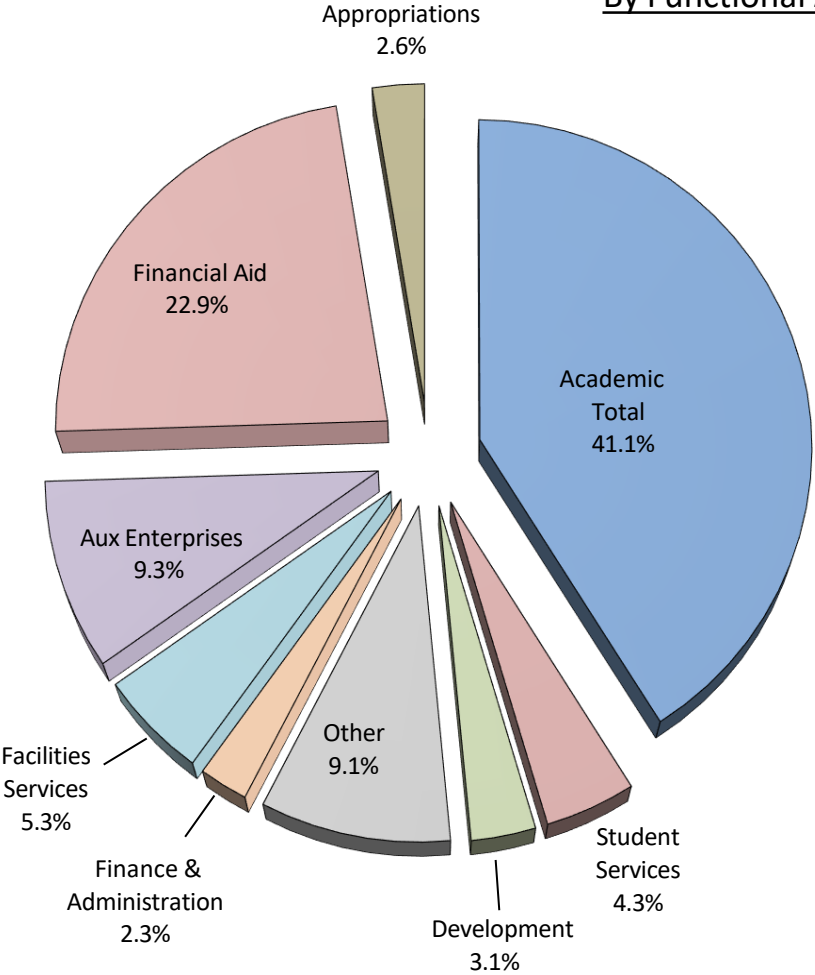
Operating Expenditure Distribution

\$662,826,110
By Expense Areas



Note: Facilities Operations and Maintenance Salaries & EB's are included in the Salary & Wage and EB categories

By Functional Areas



LEHIGH UNIVERSITY UNRESTRICTED AND RESTRICTED COMPOSITE BUDGET (1 of 3)

	FY 24 Amount	% of Total	FY 23 Amount	% of Total
<u>REVENUE AND TRANSFERS</u>				
Tuition and Fees	392,961,280	59.3	369,213,140	60.0
Auxiliary - Room and Board	52,012,290	7.9	48,491,460	7.9
Auxiliary - Other Sources	9,947,860	1.5	9,544,400	1.5
Endowment Spending Distribution	81,416,170	12.3	76,067,980	12.4
Short Term Investment	15,484,110	2.3	13,495,000	2.2
Gifts	16,132,650	2.4	16,000,000	2.6
Grants and Contracts	42,542,140	6.4	32,825,060	5.3
Financial Aid – Government	8,532,790	1.3	8,041,680	1.3
Indirect Cost Recovery	12,309,250	1.9	10,367,380	1.7
Other	27,193,200	4.1	26,850,880	4.4
Transfers (prior year cash balances)	<u>4,294,370</u>	<u>0.6</u>	<u>4,294,370</u>	<u>0.7</u>
<u>TOTAL-REVENUE AND APPROPRIATIONS</u>	<u>662,826,110</u>	100.0	<u>615,191,350</u>	100.0

LEHIGH UNIVERSITY UNRESTRICTED AND RESTRICTED COMPOSITE BUDGET (2 of 3)

EXPENDITURES AND APPROPRIATIONS <u>BY FUNCTIONAL AREA</u>	FY 24 Amount	% of Total	FY 23 Amount	% of Total
Arts and Sciences	59,169,700	8.9	57,414,520	9.3
Business	35,203,770	5.3	32,943,950	5.4
Education	11,903,690	1.8	11,522,060	1.9
Engineering & Applied Science	48,460,130	7.3	47,407,380	7.7
Health	6,119,160	0.9	3,611,320	0.6
Research	49,546,300	7.5	38,323,790	6.2
Library and Technology Services	25,939,600	3.9	24,714,540	4.0
International Affairs	8,483,670	1.3	7,209,330	1.2
Provost-Other	<u>27,522,070</u>	<u>4.2</u>	<u>22,129,230</u>	<u>3.6</u>
Total Academic	272,348,090	41.1	245,276,120	39.9
Student Services	28,682,830	4.3	27,141,540	4.4
Development and Alumni Relations	20,363,640	3.1	19,993,240	3.3
University Communications	4,737,230	0.7	4,609,650	0.7
Equity and Community	2,598,310	0.4	2,421,790	0.4
General	52,745,940	8.0	48,044,180	7.8
Financial-Administrative	15,541,790	2.3	14,374,040	2.3
Facilities Services	34,808,400	5.3	33,514,760	5.5
Auxiliary Enterprises	<u>61,960,150</u>	<u>9.3</u>	<u>58,035,860</u>	<u>9.4</u>
Total Finance/Administration	112,310,340	16.9	105,924,660	17.2
Financial Aid	151,910,730	22.9	144,651,170	23.5
Appropriations and Transfers	<u>17,129,000</u>	<u>2.6</u>	<u>17,129,000</u>	<u>2.8</u>
<u>TOTAL - EXPENDITURES</u>	662,826,110	100.0	615,191,350	100.0

LEHIGH UNIVERSITY UNRESTRICTED AND RESTRICTED COMPOSITE BUDGET (3 of 3)

EXPENDITURES	FY 24 Amount	% of Total	FY 23 Amount	% of Total
Salaries and Wages	232,406,130	35.1	211,366,800	34.4
Employee Benefits	<u>64,054,730</u>	<u>9.7</u>	<u>60,824,000</u>	<u>9.9</u>
Total Compensation	296,460,860	44.8	272,190,800	44.3
General Expenses	152,090,270	22.9	137,757,610	22.3
Financial Aid	151,910,700	22.9	144,651,170	23.5
Facilities - Operations and Maintenance	45,315,280	6.8	43,542,770	7.1
Debt Service	<u>17,049,000</u>	<u>2.6</u>	<u>17,049,000</u>	<u>2.8</u>
TOTAL - EXPENDITURES	662,826,110	100.0	615,191,350	100.0

Note: Facilities Operations and Maintenance Salaries & EB's are included in the Salary & Wage and EB categories

LEHIGH UNIVERSITY AUXILIARY ENTERPRISES BUDGET

UNRESTRICTED

	FY 24 Amount	% of Total	FY23 Amount	% of Total
<u>REVENUE</u>				
Room and Board				
Housing Services*	36,164,540	58.4	33,690,180	58.1
Food Services	<u>15,847,750</u>	<u>25.6</u>	<u>14,801,280</u>	<u>25.5</u>
Total - Room and Board	52,012,290	84.0	48,491,460	83.6
Other Sources				
Housing Services	801,520	1.3	640,000	1.1
Residence Halls Association	143,500	0.2	143,500	0.2
Food Service**	4,679,150	7.5	4,616,570	8.0
Conference Services	500,000	0.8	490,000	0.8
Bookstore**	3,329,250	5.4	3,334,090	5.7
Child Care Center	441,590	0.7	263,100	0.5
Debit Card Services	<u>52,850</u>	<u>0.1</u>	<u>57,140</u>	<u>0.1</u>
Total - Other Sources	9,947,860	16.0	9,544,400	16.4
TOTAL – REVENUE	<u>61,960,150</u>	100.0	<u>58,035,860</u>	100.0
<u>EXPENDITURES</u>				
Housing Services*	36,966,060	59.7	34,330,180	59.2
Residence Halls Association	143,500	0.2	143,500	0.2
Food Service**	20,526,900	33.1	19,417,850	33.5
Conference Services	500,000	0.8	490,000	0.8
Bookstore**	3,329,250	5.4	3,334,090	5.7
Child Care Center	441,590	0.7	263,100	0.5
Debit Card Service	<u>52,850</u>	<u>0.1</u>	<u>57,140</u>	<u>0.1</u>
TOTAL - EXPENDITURES	<u>61,960,150</u>	100.0	<u>58,035,860</u>	100.0

* Housing Services includes Residence Halls, Fraternities and Sororities

** Food Services is operated by Sodexo and Bookstore is operated by Barnes & Noble

LEHIGH UNIVERSITY FINANCIAL AID BUDGET

	FY 24 Amount	% of Total	FY 23 Amount	% of Total
<u>REVENUE</u>				
Endowment Earnings	32,139,000	21.2	29,170,930	20.2
Gifts	4,760,920	3.1	4,908,640	3.4
Government Support	8,532,790	5.6	8,041,680	5.6
Unrestricted Educational Budget	<u>106,478,020</u>	<u>70.1</u>	<u>102,529,920</u>	<u>70.8</u>
<u>TOTAL - REVENUE</u>	<u>151,910,730</u>	100.0	<u>144,651,170</u>	100.0
<u>EXPENDITURES</u>				
Undergraduates				
University Sources	132,101,420	86.9	123,724,700	85.4
Government Sources	<u>8,532,790</u>	<u>5.6</u>	<u>8,041,680</u>	<u>5.6</u>
TOTAL - UNDERGRADUATES	140,634,210	92.5	131,766,380	91.0
GRADUATES	11,198,520	7.4	12,810,250	8.9
PRIZES	<u>78,000</u>	<u>0.1</u>	<u>74,540</u>	<u>0.1</u>
<u>TOTAL - EXPENDITURES</u>	<u>151,910,730</u>	100.0	<u>144,651,170</u>	100.0

LEHIGH UNIVERSITY CAPITAL PROJECTS BUDGET

	FY 24 Amount	FY 23 Amount
SOURCES OF REVENUES		
Plant Preservation	9,509,030	9,023,140
Major Capital Projects	67,700,000	47,900,000
Reserve/Other	<u>9,315,200</u>	<u>12,917,110</u>
<u>TOTAL - SOURCES</u>	<u>86,524,230</u>	<u>69,840,250</u>
USES		
Building Construction and Renovations	18,044,230	20,990,250
Major Capital Projects	67,700,000	47,900,000
Land Improvements	<u>780,000</u>	<u>950,000</u>
<u>TOTAL - USES</u>	<u>86,524,230</u>	<u>69,840,250</u>

LEHIGH UNIVERSITY INDEPENDENT OPERATIONS BUDGET

	Personnel	Restricted Expense	Total
<u>BEN FRANKLIN PARTNERSHIP</u>			
REVENUES			
Federal and State Grants			4,400,000
Unrestricted Funds; Private Gifts & Grant			<u>3,700,000</u>
TOTAL - REVENUES			<u>8,100,000</u>
EXPENDITURES			
Administration and General	800,000	500,000	1,300,000
Projects at Lehigh		150,000	150,000
Projects with others		2,100,000	2,100,000
Other Programs	<u>2,150,000</u>	<u>2,400,000</u>	<u>4,550,000</u>
<u>TOTAL - BEN FRANKLIN PARTNERSHIP</u>	<u>2,950,000</u>	<u>5,150,000</u>	<u>8,100,000</u>
<u>MANUFACTURERS RESOURCE CENTER</u>			
REVENUES			
Federal and State Grants			1,880,000
Client Revenue and Unrestricted Funds			1,425,000
Interest and Investment Income			<u>105,000</u>
TOTAL - REVENUES			<u>3,410,000</u>
EXPENDITURES			
Administration and Programs	<u>1,950,000</u>	<u>1,460,000</u>	<u>3,410,000</u>
<u>TOTAL - MANUFACTURERS RESOURCE CENTER</u>	<u>1,950,000</u>	<u>1,460,000</u>	<u>3,410,000</u>