



BROWN

# University Resources Committee

## Proposed 2020-2021 Operating Budget

## Letter to President from Provost

I am pleased to submit the University Resources Committee (URC) report for Brown University's 2020-2021 proposed operating budget, which was endorsed by that body on April 23, 2020. The annual budget process is the primary mechanism through which Brown ensures that resources are aligned with the University's highest strategic priorities. I am grateful to all of the participants in this year's process – the faculty, staff and student URC members, deans, vice presidents, directors and other staff, whose efforts ensured that we had an effective and successful budget process. The budget proposed by the URC is a base budget, developed prior to the University's financial commitments related to the COVID-19 pandemic (which began to have a significant impact on the University's finances in March 2020).

For Fiscal Year 2021, the University Resources Committee recommends an operating budget for Brown University of \$1.265 billion of revenues and \$1.274 billion of expenses for an operating deficit of \$8.4 million or -0.1%. Considering the scale of the University's budget, this reflects an essentially flat result year-over-year compared to the FY20 budgeted deficit of \$6.2 million. While this is the URC-recommended budget for the University, as you are aware there are many scenario planning exercises related to the COVID-19 pandemic currently underway that we expect to negatively impact the FY21 budget. Some of these scenarios predict a negative financial impact that could range from \$100 million to \$200 million, or more, depending on varying forecasts of revenue losses and increased expenses. However, the URC's current budget recommendation is largely focused on finances prior to COVID-19, and does not consider the full impact the pandemic will likely have on Brown's financial position. Working with the Corporation's COVID-19 Finance Committee on scenario planning is a key next step to arrive at a revised budget forecast.

The URC's focus when developing this base budget, along with many other fundamental components of the University's fiscal cycle, were shaped by the strategic implementation of zero-based budgeting. Academic and administrative units across Brown worked with central finance areas, including the Budget Office, Academic Finance and Administration, Workday, and the Investment Office, to develop proposed budgets that more closely align with spending needs to allow them to meet the goals and objectives of their units. As a result, the URC did not deliberate on specific line-item funding requests as they have in the past and rather focused greater attention on strategic issues and decisions that support the mission of Brown.

The URC proposed budget reflects our fundamental institutional values and our unwavering commitment to academic excellence, a diverse and inclusive community, and a financially sustainable operating model. The following key decisions are reflected in the recommendation:

- Tuition rate increase of 3.75% for undergraduates and other non-variable graduate programs, a decision designed to maintain market position while balancing affordability.
- Endowment payout will decrease to 4.80%, continuing the University's strategic initiative to lower the payout rate to preserve and enhance the future purchasing power of the endowment.
- *BrownTogether* campaign continues with a target end date in 2022.

- Growth in Brown's research enterprise resulting in increased research activity and indirect costs.
- Continued need-blind commitment to undergraduate financial aid.
- Maximized use of restricted funding sources.

The URC proposed base budget also includes two actions in response to the COVID-19 crisis:

- Faculty and staff hiring freeze (with limited strategic exceptions).
- Faculty and staff salary freeze (despite the initial recommendation of 2.50%).

Three key strategic decisions by the Committee significantly shaped budget considerations for the FY21 base budget. First, the URC dedicated a great deal of time around the recommendation for tuition and fee increases. They weighed the need to keep Brown competitive while balancing affordability. Similarly, the Committee reviewed and discussed the continued planned reduction of the endowment payout rate from 4.85% to 4.80%. The URC supported the goal of continuing to reduce the payout rate in order to preserve and enhance the value of the endowment over the long term. Lastly, the Committee discussed faculty and staff compensation at length, which included reviewing metrics around internal and peer benchmarking, market competitiveness and historical data. The Committee recommended faculty and staff increases of 2.5% for Fiscal Year 2021, designed to maintain our position to the market and reward annual performance. However, with the support of the URC, this recommendation has since been deferred given the unprecedented financial impact of COVID-19 pandemic.

This past year's meetings of the URC were devoted not only to working with the committee on implementing key measures of financial performance, but also to presenting and allowing for conversations with senior staff and deans in areas that have significant impact to the University's strategic objectives, including:

- The introduction, development, implementation, and results of the zero-based budgeting process.
- Operations updates for key functional areas including Advancement, Office of Vice President for Research, Investment Office, Office of Financial Aid, Graduate School, and Office of Facilities Management, among others.
- Key strategic initiatives including strategic sourcing and Brown's goal to achieve net zero greenhouse gas emissions.
- Financial updates including Fiscal Year 2019 results, both budget-based and generally accepted accounting (GAAP) versions, and Fiscal Year 2020 year-to-date results through December 31.
- Key context around recommending tuition and fees and compensation rate increases for Fiscal Year 2021 (as indicated below, compensation rate increases were subsequently revisited in light of COVID-19).

- Impacts of COVID-19, including the University's response and approach toward scenario planning.

As a result of these considerations, the committee had opportunities to delve further into the opportunities and challenges of these key areas, while also offering ideas and opinions on the University's most critical priorities. The URC's budgetary recommendations were fully informed by these key contextual elements.

The COVID-19 pandemic overshadowed nearly everything about our lives and the University, including the latter half of this year's URC discussions. As mentioned above, given the extraordinary circumstances that continue to rapidly evolve, the URC's recommendation is largely focused on the "pre-COVID" base budget that does not reflect the financial impact of the pandemic. The URC's proposed budget will serve as the data-rich foundation for scenario planning over the coming weeks and months.

Looking ahead to Fiscal Year 2021, our highest consideration will be to continue to manage the University's operations, including the continued monitoring and mitigation of COVID-19, while advancing academic excellence and financial sustainability. The proposed base operating budget reflected herein is a significant step in the right direction, though more work and ongoing diligence is required to achieve our long-term financial stability and sustainability objectives.

I would like to again acknowledge and thank all of the members of the URC and the many staff members and institutional leaders whose hard work enabled the committee's important work (please see appendix for listing of URC membership and staffing).

Respectfully submitted,

Richard Locke, Provost  
Brown University

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## BROWN UNIVERSITY CONSOLIDATED OPERATING BUDGET

### Financial Overview

For FY21, the URC is recommending a total consolidated revenue budget of \$1.3 billion, an increase of \$61 million, or 5.0% over the prior year budget. The consolidated expenses budget is \$1.3 billion, an increase of \$63 million, or 5.2% higher than FY20. The consolidated operating margin reflects a deficit of (\$8.4) million vs. the FY20 budgeted deficit of (\$6.2) million. When considering the scale of the University's total budget, this represents an essentially flat year-over-year budget.

*Table 1: Consolidated Operating Budget Summary*

(\$ in 000s)	FY20 Budget	FY21 Proposed	\$ Change	% Change
Revenue	\$1,204,566	\$1,265,391	\$60,826	5.0%
Expenses	\$1,210,755	\$1,273,823	\$63,068	5.2%
<b>Operating Margin (\$)</b>	<b>(\$6,189)</b>	<b>(\$8,432)</b>	<b>(\$2,243)</b>	<b>36.2%</b>
<b>Operating Margin (%)</b>	<b>-0.5%</b>	<b>-0.7%</b>	<b>-3.7%</b>	<b>717.6%</b>

The budget encompasses six operating units – Educational and General (E&G) which includes auxiliary operations such as dining services, residential life, health services, student health insurance and the bookstore; the School of Professional Studies (Professional Studies); Summer at Brown which separated from Professional Studies in FY20; the School of Engineering (Engineering); the Division of Biology and Medicine (BioMed); and the School of Public Health (Public Health).

*Table 2: Consolidated Operating Budget by Division*

(\$ in 000s)	E&G & Auxiliary	Professional Studies	Summer at Brown	Engineering	BioMed	Public Health	Total
FY21 Revenue	\$956,466	\$10,356	\$31,876	\$19,025	\$177,561	\$70,107	\$1,265,391
FY21 Expenses	\$943,319	\$9,627	\$20,312	\$32,025	\$190,265	\$78,275	\$1,273,823
Net Margin before Contributions	\$13,147	\$729	\$11,564	(\$13,000)	(\$12,704)	(\$8,168)	(\$8,432)
Contributions to E&G	(\$8,000)	\$0	\$8,000	\$0	\$0	\$0	\$0
Contributions from E&G	\$34,463	\$0	\$0	(\$13,234)	(\$12,645)	(\$8,584)	\$0
Net Contributions	\$26,463	\$0	\$8,000	(\$13,234)	(\$12,645)	(\$8,584)	\$0
Net Margin after Contributions	(\$13,316)	\$729	\$3,564	\$234	(\$59)	\$417	(\$8,432)

For FY21, E&G has planned for a \$13.3 million deficit and auxiliary operations has planned for a small surplus of \$124 thousand net of contributions. Professional Studies is expecting a small surplus of \$0.7 million while Summer at Brown is planning for a surplus of \$3.6 million after accounting for a contributions of \$8.0 million to E&G. Engineering is budgeting a surplus of \$0.2

million after accounting for contributions of \$13.2 million from E&G. BioMed is planning for a loss under \$0.1 million; which includes contributions of \$12.6 million from E&G to fund undergraduate instruction, shared support for the animal care facility and herbarium, and to fund faculty startup and initiatives. Public Health is expecting a surplus of \$0.4 million; which includes contributions of \$8.6 million from E&G to fund undergraduate instruction, transitional support to help offset expenses related to the split from BioMed, and to fund faculty startup and initiatives.



Table 3: FY21 Consolidated Operating Budget

(\$ in 000s)	FY20 Budget Total	FY21 Proposed Budget						FY21 Budget Total	\$ Change	% Change
		E&G Auxiliary	Professional Studies	Summer at Brown	Engineering	BioMed	Public Health			
<b>REVENUES</b>										
Undergraduate Tuition	\$377,446	\$391,558	\$0	\$0	\$0	\$0	\$0	\$391,558	\$14,112	3.7%
Study Abroad Tuition & Fees	\$14,421	\$14,962	\$0	\$0	\$0	\$0	\$0	\$14,962	\$541	3.8%
Masters Tuition	\$40,316	\$24,757	\$0	\$0	\$1,781	\$4,779	\$6,588	\$37,905	(\$2,411)	-6.0%
Professional Studies Tuition	\$38,136	\$0	\$7,559	\$31,876	\$0	\$572	\$143	\$40,150	\$2,014	5.3%
Ph.D. Tuition	\$89,173	\$77,030	\$0	\$0	\$0	\$16,532	\$0	\$93,562	\$4,389	4.9%
Medical Tuition	\$35,262	\$0	\$0	\$0	\$0	\$36,346	\$0	\$36,346	\$1,084	3.1%
Student Fees	\$4,764	\$4,236	\$0	\$0	\$0	\$632	\$0	\$4,868	\$104	2.2%
<b>Total Tuition &amp; Fees</b>	<b>\$599,518</b>	<b>\$512,543</b>	<b>\$7,559</b>	<b>\$31,876</b>	<b>\$1,781</b>	<b>\$58,862</b>	<b>\$6,731</b>	<b>\$619,352</b>	<b>\$19,833</b>	<b>3.3%</b>
Sponsored Revenue	\$147,112	\$41,896	\$0	\$0	\$14,904	\$52,767	\$52,260	\$161,827	\$14,716	10.0%
F&A Revenue (Indirect Cost Recovery)	\$51,051	\$28,508	\$0	\$0	\$0	\$20,705	\$7,314	\$56,527	\$5,476	10.7%
<b>Total Sponsored and F&amp;A Revenue</b>	<b>\$198,163</b>	<b>\$70,404</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,904</b>	<b>\$73,472</b>	<b>\$59,574</b>	<b>\$218,354</b>	<b>\$20,191</b>	<b>10.2%</b>
Brown Annual Fund	\$37,000	\$34,675	\$0	\$0	\$0	\$3,395	\$0	\$38,070	\$1,070	2.9%
All Other Spendable Gifts	\$60,662	\$43,826	\$0	\$0	\$497	\$9,666	\$1,876	\$55,865	(\$4,797)	-7.9%
<b>Total Annual Contributions</b>	<b>\$97,662</b>	<b>\$78,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$497</b>	<b>\$13,061</b>	<b>\$1,876</b>	<b>\$93,935</b>	<b>(\$3,727)</b>	<b>-3.8%</b>
Endowment Yield Distribution	\$151,072	\$135,914	\$0	\$0	\$1,843	\$19,338	\$800	\$157,895	\$6,822	4.5%
Associated Program Cost	\$8,758	\$10,173	\$0	\$0	\$0	\$1,475	\$76	\$11,725	\$2,967	33.9%
<b>Total Endowment Distribution</b>	<b>\$159,830</b>	<b>\$146,086</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,843</b>	<b>\$20,814</b>	<b>\$876</b>	<b>\$169,619</b>	<b>\$9,789</b>	<b>6.1%</b>
Housing Contractual Revenue	\$45,508	\$46,866	\$0	\$0	\$0	\$0	\$0	\$46,866	\$1,358	3.0%
Dining Contractual Revenue	\$24,374	\$26,620	\$0	\$0	\$0	\$0	\$0	\$26,620	\$2,246	9.2%
Student Health Insurance	\$17,300	\$17,258	\$0	\$0	\$0	\$0	\$0	\$17,258	(\$43)	-0.2%
Student Health Services Fees	\$8,509	\$9,191	\$0	\$0	\$0	\$0	\$0	\$9,191	\$682	8.0%
All Other Auxiliary Revenue	\$25,267	\$25,874	\$0	\$0	\$0	\$39	\$0	\$25,914	\$647	2.6%
<b>Total Auxiliary Revenue</b>	<b>\$120,958</b>	<b>\$125,810</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39</b>	<b>\$0</b>	<b>\$125,849</b>	<b>\$4,891</b>	<b>4.0%</b>
Current Fund Investment Income	\$8,845	\$9,024	\$0	\$0	\$0	\$0	\$0	\$9,024	\$180	2.0%
Affiliated Hospital Revenue	\$3,321	\$2,375	\$0	\$0	\$0	\$3,375	\$0	\$5,750	\$2,429	73.1%
All Other Income	\$16,269	\$11,723	\$2,797	\$0	\$0	\$7,937	\$1,051	\$23,508	\$7,239	44.5%
<b>Total Other Income</b>	<b>\$28,435</b>	<b>\$23,123</b>	<b>\$2,797</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,313</b>	<b>\$1,051</b>	<b>\$38,282</b>	<b>\$9,848</b>	<b>34.6%</b>
<b>TOTAL REVENUES</b>	<b>\$1,204,566</b>	<b>\$956,466</b>	<b>\$10,356</b>	<b>\$31,876</b>	<b>\$19,025</b>	<b>\$177,561</b>	<b>\$70,107</b>	<b>\$1,265,391</b>	<b>\$60,826</b>	<b>5.0%</b>
<b>EXPENSES</b>										
Faculty Salaries & Wages	\$154,005	\$109,948	\$154	\$0	\$11,888	\$27,977	\$18,943	\$168,909	\$14,904	9.7%
Staff Salaries & Wages	\$226,262	\$197,443	\$2,234	\$4,447	\$3,258	\$26,773	\$12,419	\$246,574	\$20,311	9.0%
Student Wages	\$8,948	\$8,670	\$85	\$1,270	\$410	\$985	\$243	\$11,664	\$2,716	30.4%
<b>Total Salaries &amp; Wages</b>	<b>\$389,216</b>	<b>\$316,061</b>	<b>\$2,473</b>	<b>\$5,717</b>	<b>\$15,556</b>	<b>\$55,735</b>	<b>\$31,606</b>	<b>\$427,147</b>	<b>\$37,931</b>	<b>9.7%</b>
Faculty Benefits	\$45,002	\$31,567	\$46	\$0	\$3,525	\$9,348	\$6,070	\$50,555	\$5,554	12.3%
Staff Benefits	\$68,474	\$59,188	\$652	\$944	\$980	\$8,051	\$3,747	\$73,562	\$5,088	7.4%
Student Benefits	\$292	\$518	\$0	\$0	\$0	\$42	\$18	\$577	\$285	97.7%
<b>Total Benefits</b>	<b>\$113,767</b>	<b>\$91,273</b>	<b>\$698</b>	<b>\$944</b>	<b>\$4,505</b>	<b>\$17,440</b>	<b>\$9,835</b>	<b>\$124,694</b>	<b>\$10,927</b>	<b>9.6%</b>
Undergraduate Student Aid and Support	\$143,059	\$152,752	\$0	\$0	\$0	\$0	\$0	\$152,752	\$9,693	6.8%
Graduate Student Aid and Support	\$162,830	\$130,849	\$0	\$0	\$4,114	\$38,528	\$4,623	\$178,114	\$15,284	9.4%
All Other Student Aid and Support	\$12,812	\$7,244	\$732	\$3,266	\$28	\$3,646	\$1,184	\$16,100	\$3,288	25.7%
<b>Total Student Aid and Support</b>	<b>\$318,701</b>	<b>\$290,845</b>	<b>\$732</b>	<b>\$3,266</b>	<b>\$4,142</b>	<b>\$42,173</b>	<b>\$5,807</b>	<b>\$346,966</b>	<b>\$28,264</b>	<b>8.9%</b>
Supplies & General	\$109,928	\$94,309	\$1,547	\$1,526	\$3,044	\$14,104	\$3,614	\$118,145	\$8,218	7.5%
Purchased Services	\$70,317	\$53,080	\$337	\$1,896	\$86	\$14,712	\$3,878	\$73,988	\$3,672	5.2%
Business & Travel	\$21,204	\$15,833	\$448	\$235	\$832	\$3,095	\$1,846	\$22,290	\$1,086	5.1%
Other Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	--
Subcontracts	\$40,523	\$2,000	\$0	\$0	\$2,000	\$10,642	\$16,830	\$31,472	(\$9,051)	-22.3%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$241,971</b>	<b>\$165,222</b>	<b>\$2,332</b>	<b>\$3,657</b>	<b>\$5,962</b>	<b>\$42,554</b>	<b>\$26,168</b>	<b>\$245,895</b>	<b>\$3,924</b>	<b>1.6%</b>
Property Costs	\$43,718	\$33,472	\$1,022	\$1,022	\$0	\$1,001	\$0	\$36,516	(\$7,202)	-16.5%
Debt Service	\$44,490	\$40,351	\$0	\$0	\$0	\$0	\$0	\$40,351	(\$4,139)	-9.3%
Capital & Plant Expenses	\$10,591	\$4,962	\$0	\$0	\$1,267	\$4,871	\$46	\$11,146	\$554	5.2%
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$98,799</b>	<b>\$78,785</b>	<b>\$1,022</b>	<b>\$1,022</b>	<b>\$1,267</b>	<b>\$5,871</b>	<b>\$46</b>	<b>\$88,012</b>	<b>(\$10,787)</b>	<b>-10.9%</b>
Internal Services	(\$3,240)	(\$34,129)	\$1,219	\$5,370	\$625	\$20,223	\$4,467	(\$2,226)	\$1,014	-31.3%
Other Expenses & Transfers	\$19,995	\$20,509	\$151	\$337	(\$114)	\$1,988	\$345	\$23,216	\$3,220	16.1%
Revenue Transfers	\$15,906	\$11,596	\$0	\$0	\$0	(\$27)	\$0	\$11,569	(\$4,337)	-27.3%
Internal Funding Transfers	\$15,638	\$3,158	\$1,001	\$0	\$83	\$4,307	\$0	\$8,549	(\$7,089)	-45.3%
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$48,300</b>	<b>\$1,134</b>	<b>\$2,370</b>	<b>\$5,706</b>	<b>\$593</b>	<b>\$26,491</b>	<b>\$4,813</b>	<b>\$41,108</b>	<b>(\$7,192)</b>	<b>-14.9%</b>
<b>TOTAL EXPENSES</b>	<b>\$1,210,755</b>	<b>\$943,319</b>	<b>\$9,627</b>	<b>\$20,312</b>	<b>\$32,025</b>	<b>\$190,265</b>	<b>\$78,275</b>	<b>\$1,273,823</b>	<b>\$63,068</b>	<b>5.2%</b>
Contributions to E&G	\$0	(\$8,000)	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0	--
Contributions from E&G	(\$0)	\$34,463	\$0	\$0	(\$13,234)	(\$12,645)	(\$8,584)	\$0	\$0	-100.0%
<b>Net of Internal Contributions</b>	<b>(\$0)</b>	<b>\$26,463</b>	<b>\$0</b>	<b>\$8,000</b>	<b>(\$13,234)</b>	<b>(\$12,645)</b>	<b>(\$8,584)</b>	<b>\$0</b>	<b>\$0</b>	<b>-100.0%</b>
<b>Operating Margin (\$)</b>	<b>(\$6,189)</b>	<b>(\$13,316)</b>	<b>\$729</b>	<b>\$3,564</b>	<b>\$234</b>	<b>(\$59)</b>	<b>\$417</b>	<b>(\$8,432)</b>	<b>(\$2,243)</b>	<b>36.2%</b>
<b>Operating Margin (%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>29.7%</b>

## Revenue Highlights

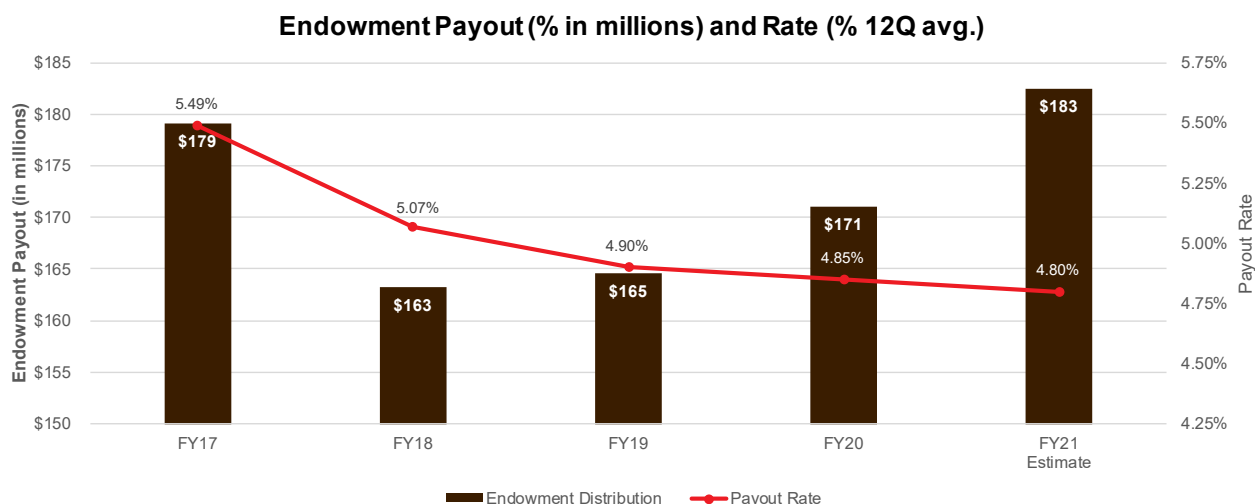
In FY21, tuition and fees continue to make up the largest source of revenue; accounting for just over 49% of total University funding. Tuition and fees are expected to increase by 3.3% over FY20 budget; from \$1.2 million to \$1.3 million in FY21. The increase is driven primarily by the 3.75% increase in the undergraduate and graduate tuition rates and by the 3.00% increase in the medical tuition rate.

Sponsored funding and endowment distribution make up the next largest revenue sources at 18% and 13% respectively. It is important to note that restricted revenue from endowment and spendable gifts are recognized in the budget when spent rather than when received.

Sponsored research and indirect costs are collectively expected to increase by \$20 million, or 10.2%. Growth is expected to remain strong with increases of over \$5 million in E&G (inclusive of Engineering) and \$16 million in Public Health, offset by a small decline of \$1 million in BioMed.

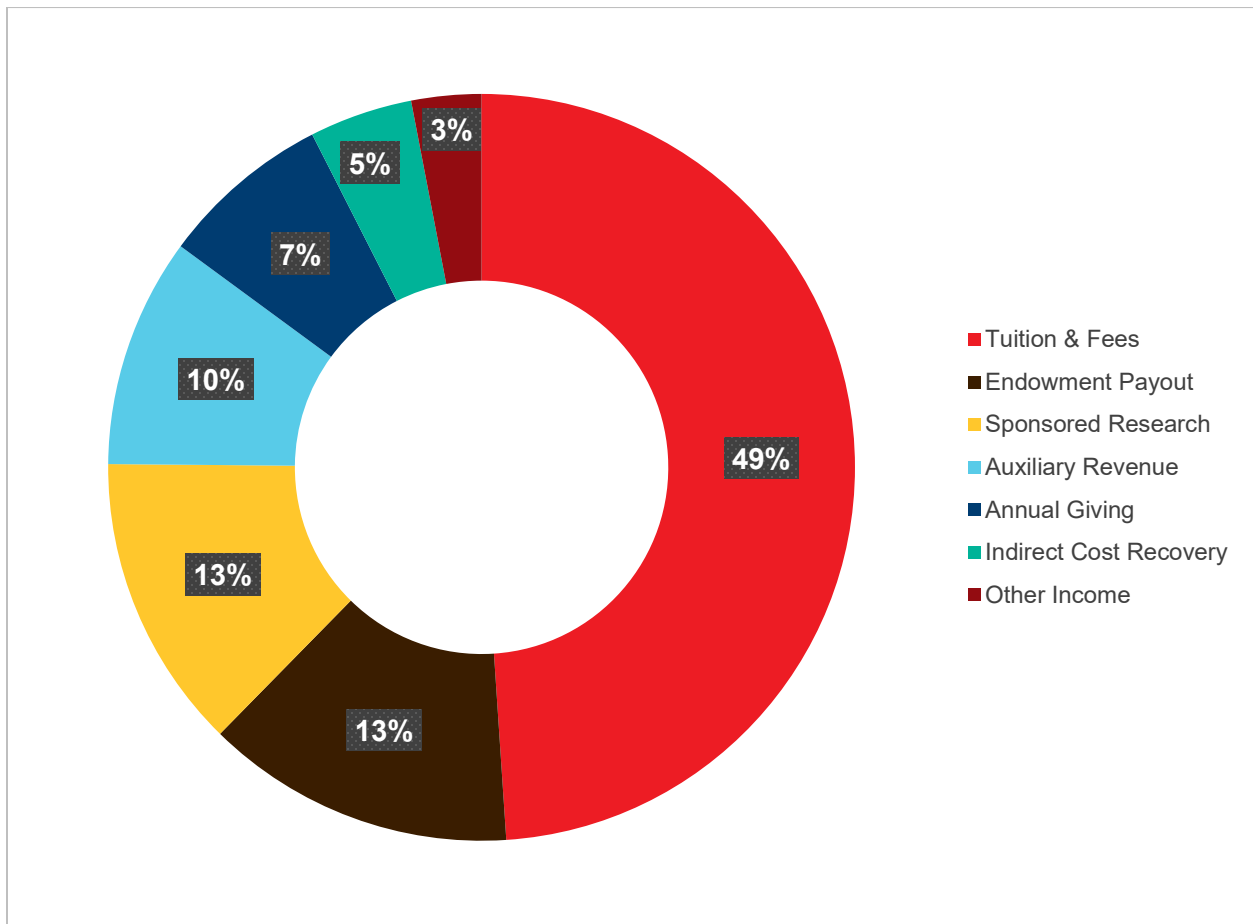
Endowment distributions are expected to increase by \$12 million despite the decrease in the endowment payout rate from 4.85% in FY20 to 4.80% in FY21. The growth is attributable to strong investment returns and new gifts to endowments received during FY20. As mentioned above, endowment revenue is recognized in the budget when spent rather than when distributed, thus the budgeted increase is \$9.8 million or 6.1%.

Figure 1: Endowment Payout



The remaining revenue is generated from auxiliary operations, gifts and other small unrestricted sources. Auxiliary revenue is expected to increase by \$4.9 million or 4% and is primarily driven by the 3.75% rate increases for room, board and health services fees. Fundraising, including the Brown Annual Fund, is expected to be essentially flat, reflecting a modest decline of \$3.7 million or 3.8% over the FY20 budget. Other income is expected to increase by \$9.8 million or 34.6%. This increase is driven by investment income, royalties, and affiliated hospital revenue (related to Brown Physician’s Inc.) which was not budgeted in FY20.

Figure 2: FY21 Consolidated Revenue by Source



### Expense Highlights

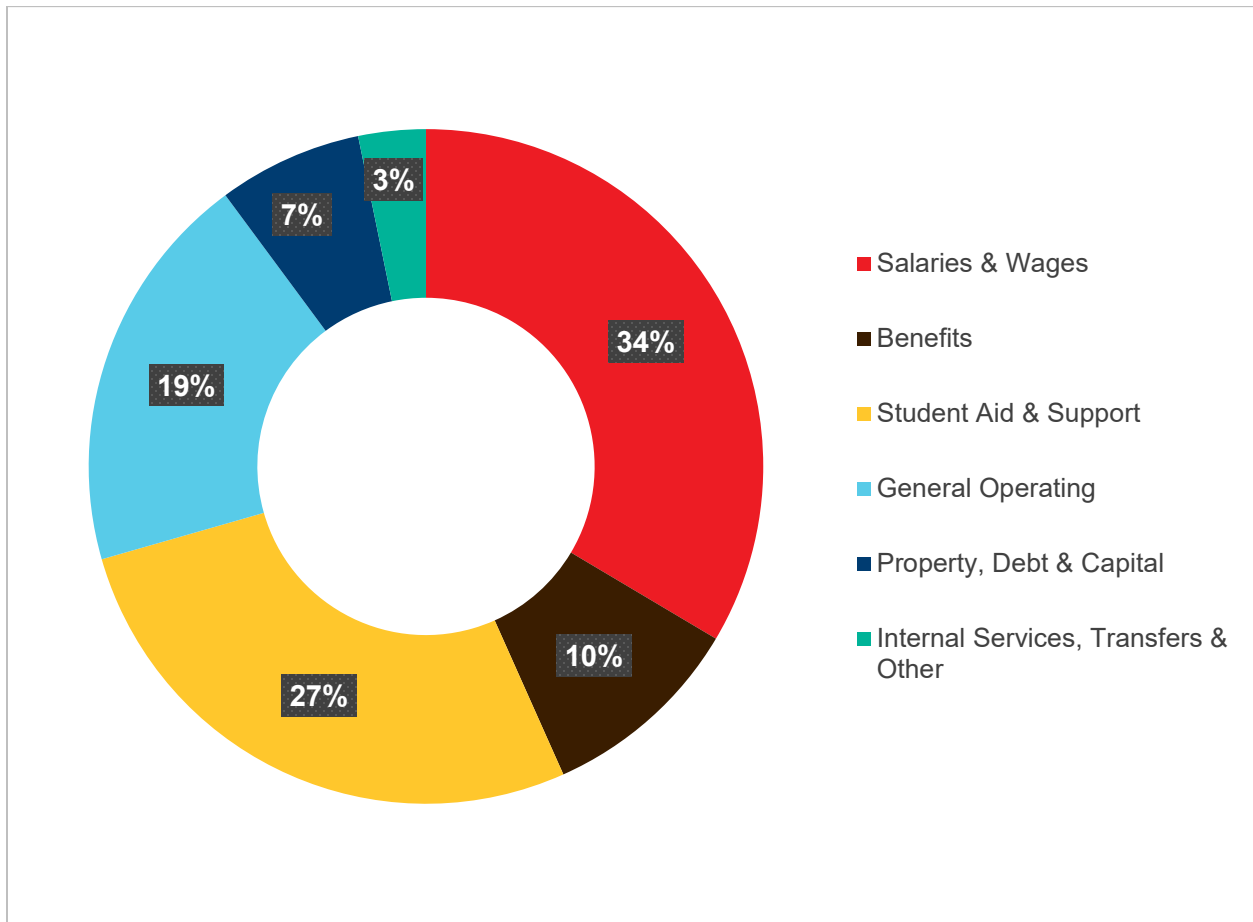
In FY21, salaries and benefits comprise 44% of total University expenses and are the largest expense categories with a total consolidated budget of \$552 million. Faculty and staff merit pools (previously recommended to be 2.5%) were removed from the budget due to the COVID-19 crisis. The remaining increase is primarily driven by merit increases for union staff (contractual obligations) and for previously unbudgeted positions that were funded from temporary source or by grants. Approximately half of the increase is funded from restricted funding sources.

Student aid and support total \$347 million and 27% of total expenses. The budget for FY21 increased by \$28.3 million or 8.9%. The increase is primarily driven by need-blind commitments which increase based on the cost of attendance, and for increases in the graduate student stipend rate.

General operating expenses represent \$246 million and 19% of total expenses. The increase of \$3.9 million or 1.6% is primarily attributable to previously unbudgeted expenses. The new zero-based budget process helped to identify and capture all spending and is expected to align the budget closer to actual spending in FY21.

Property, debt, and capital, and internal services, transfers and other expenses make up the remaining 10% of total University expenses. Both categories budgets are expected to decline in FY21 with reduction of 10.9% and 14.9% respectively. Approximately \$4 million of savings is related to debt refinancing and most of the reduction in transfers is related to a change in funding methodologies from president and provost commitments.

Figure 3: FY21 Consolidated Expense Budget by Category



## **EDUCATIONAL AND GENERAL (INCLUDING AUXILIARIES)**

### **Financial Overview**

For FY21, the Educational and General and Auxiliaries have proposed a total revenue budget of \$956 million, which is an increase of \$16 million, or 8.2%, over the prior year budget. Total expenses total \$943 million, which is an increase of \$20 million, or 2.1%, over the prior year budget. The division provides, and receives, internal contributions to and from other operating units to support mission-critical needs. Collectively, in FY21, E&G/Auxiliaries expects to make a net contribution of \$26 million. After accounting for internal contributions, E&G/Auxiliaries has budgeted for an operating deficit of \$13 million.

Table 4: FY21 Educational & General and Auxiliary Budget

(\$ in 000s)	FY20 Budget E&G & Auxiliary	FY21 Proposed Budget E&G & Auxiliary	\$ Change	% Change
<b>REVENUES</b>				
Undergraduate Tuition	\$377,446	\$391,558	\$14,112	3.7%
Study Abroad Tuition & Fees	\$14,421	\$14,962	\$541	3.8%
Masters Tuition	\$29,061	\$24,757	(\$4,304)	-14.8%
Professional Studies Tuition	\$0	\$0	\$0	—
Ph.D. Tuition	\$75,809	\$77,030	\$1,221	1.6%
Medical Tuition	\$0	\$0	\$0	—
Student Fees	\$4,106	\$4,236	\$130	3.2%
<b>Total Tuition &amp; Fees</b>	<b>\$500,843</b>	<b>\$512,543</b>	<b>\$11,700</b>	<b>2.3%</b>
Sponsored Revenue	\$55,612	\$41,896	(\$13,716)	-24.7%
F&A Revenue (Indirect Cost Recovery)	\$24,787	\$28,508	\$3,721	15.0%
<b>Total Sponsored and F&amp;A Revenue</b>	<b>\$80,399</b>	<b>\$70,404</b>	<b>(\$9,995)</b>	<b>-12.4%</b>
Brown Annual Fund	\$35,150	\$34,675	(\$475)	-1.4%
All Other Spendable Gifts	\$43,286	\$43,826	\$540	1.2%
<b>Total Annual Contributions</b>	<b>\$78,436</b>	<b>\$78,501</b>	<b>\$65</b>	<b>0.1%</b>
Endowment Yield Distribution	\$131,016	\$135,914	\$4,897	3.7%
Associated Program Cost	\$7,845	\$10,173	\$2,328	29.7%
<b>Total Endowment Distribution</b>	<b>\$138,861</b>	<b>\$146,086</b>	<b>\$7,225</b>	<b>5.2%</b>
Housing Contractual Revenue	\$45,508	\$46,866	\$1,358	3.0%
Dining Contractual Revenue	\$24,374	\$26,620	\$2,246	9.2%
Student Health Insurance	\$17,300	\$17,258	(\$43)	-0.2%
Student Health Services Fees	\$8,509	\$9,191	\$682	8.0%
All Other Auxiliary Revenue	\$25,267	\$25,874	\$607	2.4%
<b>Total Auxiliary Revenue</b>	<b>\$120,958</b>	<b>\$125,810</b>	<b>\$4,851</b>	<b>4.0%</b>
Current Fund Investment Income	\$8,845	\$9,024	\$180	2.0%
Affiliated Hospital Revenue	\$0	\$2,375	\$2,375	—
All Other Income	\$12,523	\$11,723	(\$800)	-6.4%
<b>Total Other Income</b>	<b>\$21,368</b>	<b>\$23,123</b>	<b>\$1,755</b>	<b>8.2%</b>
<b>TOTAL REVENUES</b>	<b>\$940,865</b>	<b>\$956,466</b>	<b>\$15,601</b>	<b>1.7%</b>
<b>EXPENSES</b>				
Faculty Salaries & Wages	\$109,095	\$109,948	\$853	0.8%
Staff Salaries & Wages	\$183,939	\$197,443	\$13,504	7.3%
Student Wages	\$7,251	\$8,670	\$1,419	19.6%
<b>Total Salaries &amp; Wages</b>	<b>\$300,284</b>	<b>\$316,061</b>	<b>\$15,777</b>	<b>5.3%</b>
Faculty Benefits	\$31,869	\$31,567	(\$302)	-0.9%
Staff Benefits	\$55,807	\$59,188	\$3,381	6.1%
Student Benefits	\$165	\$518	\$353	213.7%
<b>Total Benefits</b>	<b>\$87,841</b>	<b>\$91,273</b>	<b>\$3,431</b>	<b>3.9%</b>
Undergraduate Student Aid and Support	\$143,059	\$152,752	\$9,693	6.8%
Graduate Student Aid and Support	\$125,619	\$130,849	\$5,230	4.2%
All Other Student Aid and Support	\$8,376	\$7,244	(\$1,132)	-13.5%
<b>Total Student Aid and Support</b>	<b>\$277,054</b>	<b>\$290,845</b>	<b>\$13,791</b>	<b>5.0%</b>
Supplies & General	\$88,344	\$94,309	\$5,966	6.8%
Purchased Services	\$48,889	\$53,080	\$4,191	8.6%
Business & Travel	\$14,952	\$15,833	\$881	5.9%
Other Operating Expenses	\$0	\$0	\$0	—
Subcontracts	\$7,185	\$2,000	(\$5,185)	-72.2%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$159,370</b>	<b>\$165,222</b>	<b>\$5,852</b>	<b>3.7%</b>
Property Costs	\$38,668	\$33,472	(\$5,197)	-13.4%
Debt Service	\$44,003	\$40,351	(\$3,652)	-8.3%
Capital & Plant Expenses	\$8,121	\$4,962	(\$3,159)	-38.9%
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$90,792</b>	<b>\$78,785</b>	<b>(\$12,007)</b>	<b>-13.2%</b>
Internal Services	(\$35,975)	(\$34,129)	\$1,845	-5.1%
Other Expenses & Transfers	\$16,170	\$20,509	\$4,339	26.8%
Revenue Transfers	\$12,506	\$11,596	(\$910)	-7.3%
Internal Funding Transfers	\$15,584	\$3,158	(\$12,425)	-79.7%
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$8,285</b>	<b>\$1,134</b>	<b>(\$7,151)</b>	<b>-86.3%</b>
<b>TOTAL EXPENSES</b>	<b>\$923,626</b>	<b>\$943,319</b>	<b>\$19,692</b>	<b>2.1%</b>
Contributions to E&G	(\$6,499)	(\$8,000)	(\$1,501)	23.1%
Contributions from E&G	\$15,297	\$34,463	\$19,166	125.3%
<b>Net of Internal Contributions</b>	<b>\$8,798</b>	<b>\$26,463</b>	<b>\$17,666</b>	<b>200.8%</b>
<b>Operating Margin (\$)</b>	<b>\$8,441</b>	<b>(\$13,316)</b>	<b>(\$21,757)</b>	<b>-257.8%</b>
<b>Operating Margin (%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-271.9%</b>

## Revenue Highlights

In FY21, tuition and fees, auxiliary revenue and endowment distribution are expected to account for roughly 82% of revenue, with tuition and fees making up almost 54% of E&G total revenue.

Endowment income and auxiliary revenue are the next largest sources of support for the E&G budget, representing 15% and 13% of total revenue, respectively. Funds from sponsored activities and indirect cost recovery represent a combined 7% of total revenue, while annual giving (including the Brown Annual Fund) accounts for 8% of total revenue.

### Tuition and Fees

FY21 tuition and fees total \$513 million and represent the largest E&G revenue source. Undergraduate tuition at \$392 million is the largest single component, representing 76% of total tuition and fees. Total tuition and fees, which also include study abroad, masers, and PhD tuition reflects an increase of \$12 million, or 2.3%, driven primarily by the 3.75% undergraduate rate increase.

**Undergraduate Tuition and Fees:** The annual increase in tuition revenue is typically the most significant source of incremental revenue and is therefore a critical recommendation for the URC. The committee spent considerable time discussing the proposed tuition increase, weighing the amount of additional funds made available through the new rate against Brown's priorities and how it might compare to Brown's peer group. Brown's FY20 total student charges (including room, board and mandatory fees) were \$73,736 and rank 5th out of a group of 20 peers, ranging from a high of \$76,302 at University of Chicago to a low of \$69,020 at Princeton. Brown's average annual increase in total student charges has been 4.4% for the last 5 years.

The consensus of this year's URC is that Brown could raise total student charges by 3.75% and still maintain our relative pricing position among our peer group. The URC recommends tuition, fee, room and board increases as follows:

*Table 5: FY21 Undergraduate Tuition and Fees*

	FY20 Budget	FY21 Proposed	\$ Change	% Change
Tuition	\$57,112	\$59,254	\$2,142	3.75%
Room Rate	\$9,420	\$9,774	\$354	3.76%
Board Rate	\$5,912	\$6,134	\$222	3.76%
Health Fee	\$942	\$978	\$36	3.82%
Student Activities Fee	\$286	\$286		0.00%
Student Recreation Fee	\$64	\$66	\$2	3.13%
<b>Total</b>	<b>\$73,736</b>	<b>\$76,492</b>	<b>\$2,756</b>	<b>3.75%</b>

The effect of the undergraduate tuition rate and projected flat undergraduate enrollment on the proposed FY21 budget is an increase of \$14 million, or 3.7%. However, undergraduate scholarship expenses are expected to grow by 6.8% resulting in budgeted net tuition of \$239 million, a \$4.4 million increase over the FY20 budget.

**Graduate Tuition:** The tuition rate increase for non-variable programs is the same as the undergraduate tuition increase; 3.75%. See table below for full list of proposed tuition increases for FY21.

*Table 6: Proposed Tuition Increases for FY21*

Proposed Tuition Increases for FY21			
	FY20	FY21	% Chg
<b>Undergraduate</b>			
Undergraduate tuition	\$57,112	\$59,254	3.75%
Wintersession tuition	\$7,139	\$7,407	3.75%
<b>Graduate</b>			
Non-variable programs	\$57,112	\$59,254	3.75%
Biostatistics <sup>1</sup> (increased from 9 to 10 courses)	\$64,251	\$75,673	17.78%
Public Health (MPH)	\$92,807	\$92,807	0.00%
Global Public Health (GPH)	\$85,668	\$85,668	0.00%
Clinical and Translational Research (CTR)	\$64,251	\$64,251	0.00%
Computer Science	\$68,734	\$71,312	3.75%
Data Science	\$66,702	\$69,204	3.75%
Engineering	\$66,568	\$69,064	3.75%
PRIME	\$65,608	\$68,068	3.75%
Physics	\$62,830	\$65,186	3.75%
Public Affairs	\$71,390	\$74,068	3.75%
Public Affairs program fee	\$13,764	\$13,764	0.00%
<b>Medical</b>			
Medical tuition	\$63,082	\$64,974	3.00%
Gateways (per course)	\$6,470	\$6,664	3.00%
<b>Executive Masters</b>			
Healthcare Leadership	\$92,000	\$92,000	0.00%
Business Administration	\$135,000	\$135,000	0.00%
Cybersecurity <sup>2</sup> (reduced from 9 to 8 courses)	\$102,500	\$95,000	-7.32%
Science and Technology Leadership	\$83,300	\$83,300	0.00%
<b>Pre-College and Summer Undergraduate</b>			
Summer session course fee	\$4,315	\$4,477	3.75%
Summer session enrollment fee	\$293	\$304	3.75%

Proposed Fee Increases for FY21			
	FY20	FY21	% Chg
<b>Room and Board</b>			
Room charges	\$9,420	\$9,774	3.76%
Board charges	\$5,912	\$6,134	3.76%
Board charges for Wintersession	\$625	\$649	3.84%
<b>Health Service Fees</b>			
Health service fee	\$942	\$978	3.82%
Health service fee for Summer	\$180	\$185	2.78%
<b>Student Activities Fees</b>			
Undergraduate student activities fee	\$286	\$298	4.20%
Graduate student activities fee	\$62	\$65	4.84%
Medical student activities fee	\$60	\$70	16.67%
<b>Other</b>			
Undergraduate student recreation fee	\$64	\$66	3.13%
Nonresident fee	\$887	\$920	3.72%
Academic records fee	\$100	\$100	0.00%

E&G expects to have about 1,300 Ph.D. students in FY21. Ph.D. tuition revenue is projected to increase by \$1.2 million due primarily to the tuition rate increase. The majority of the Ph.D. tuition is offset by graduate support provided by Brown. Based on departmental enrollment projections for FY21, E&G is expected to have approximately 321 master's students. This enrollment number excludes 60 FTEs that are now part of the School of Engineering.

### Sponsored and F&A Revenue

Sponsored funding and F&A revenue of \$70 million is \$10 million less than the FY20 budget of \$80 million and is primarily attributable to the establishment of a distinct School of Engineering (FY20 budget included revenue for E&G and Engineering). The combined change in E&G and Engineering from FY20 to FY21 is an increase of \$5 million.

Sponsored and F&A revenue from the School of Public Health are expected to increase in consideration for research support provided, E&G receives 56% of Public Health indirect costs.



Table 7: FY21 Sponsored and F&A Revenue

(\$ in 000s)	FY20 Budget	FY21 Proposed	\$ Change	% Change
<b>Direct Sponsored Activities</b>				
E&G <sup>1</sup>	\$55,612	\$41,912	(\$13,699)	-24.6%
Engineering	\$0	\$14,904	\$14,904	--
BioMed	\$54,000	\$52,767	(\$1,233)	-2.3%
Public Health	\$37,500	\$52,260	\$14,760	39.4%
<b>Total Direct Sponsored Activities</b>	<b>\$147,112</b>	<b>\$161,844</b>	<b>\$14,732</b>	<b>10.0%</b>
<b>Indirect Sponsored Activities</b>				
E&G <sup>1</sup>	\$24,787	\$28,508	\$3,721	15.0%
Engineering	\$0	\$0	\$0	--
BioMed	\$20,500	\$20,705	\$205	1.0%
Public Health	\$5,764	\$7,314	\$1,550	26.9%
<b>Total Indirect Sponsored Activities</b>	<b>\$51,051</b>	<b>\$56,527</b>	<b>\$5,476</b>	<b>10.7%</b>
<b>Total Sponsored Activities</b>	<b>\$198,163</b>	<b>\$218,371</b>	<b>\$20,208</b>	<b>10.2%</b>

<sup>1</sup>FY21 E&G Indirect budget included Engineering. FY20 E&G Direct & Indirect budget included Engineering.

### Annual Contributions

The budget for annual contributions features two major components. The first component relates to unrestricted giving through the Brown Fund. For FY21, E&G expects to receive \$35 million, a decline of \$475 thousand from the prior year. This amount is net of a 5% distribution that is redirected to BioMed based on a pre-existing agreement.

The second component of the budget for annual contributions relates to restricted, spendable gifts; many of which have historically not been budgeted. The FY20 budget was the first year that included an estimated spend for most restricted gifts. The FY21 budget continues to include planned spend for all restricted gifts. Brown's operating budget recognizes the revenue for spendable gifts as the expense is incurred in accordance with donor stipulations.

### Endowment Distribution

The endowment and other managed funds support approximately 16% of the E&G budget. Payout from the endowment helps finance vital activities, including undergraduate scholarships, professorships, graduate student fellowships, library acquisitions, more than 70 academic programs and varsity sports. The proposed FY21 budget recommends a continued reduction in the payout rate from 4.85% in FY20 to 4.80% in FY21. Despite a reduction in the payout rate the proposed E&G budget is expected to increase by \$5 million or 3.7% to \$136 million.

In addition to the endowment distribution, the budget includes \$10 million of associated program cost revenue. This represents an increase of \$2 million or 30% over FY20 budget. The increase is attributable to growth in the endowment market value and partially due to an increase in the fee; from 5% in FY20 to 7% in FY21.

### Auxiliary Revenue

Auxiliary revenue includes income generated by units that are self-supportive entities and include; student housing, dining services, student health insurance, health services and the bookstore. The FY21 proposed auxiliary revenue budget is \$126 million, a 4% increase over the FY20 budget. The increase is primarily driven by approved fee increases of 3.75% for room, board and health services.

### Other Income

E&G's FY21 total budget for other income is \$23 million, an 8.2% increase over the FY20 budget. The budget increase is driven primarily by \$180 thousand increase in current fund investment income and \$2.4 million in affiliate hospital revenue that was not budgeted in FY20. The hospital revenue was excluded from the FY20 budget as it relates to net patient service revenue that is subsequently transferred back to the Brown Physicians, Inc. The revenue and the transfer expense for BPI are both budgeted in FY21 in order to improve transparency around the revenue and expense transfers.

### **Expense Highlights**

The FY21 total proposed expense budget is \$943 million; a \$20 million or 2.1% increase over the FY20 budget. The largest expenses are compensation and student aid and support, which make up just over 74% of total expenses.

The proposed budget includes anticipated spending from endowment, spendable gifts and grants, which are offset fully by restricted revenue.

### Salaries and Benefits

For FY21, E&G's budget for faculty, staff, and student salaries and wages is \$316 million, a 5.3% increase over the prior year. This increase does not include the 2.5% faculty and non-union staff merit pools that were approved in February as well as most proposed incremental FTEs, in response to COVID-19. The compensation increase is driven primarily by contractual obligations for union wage, increases and positions that were approved during FY20 and previously unbudgeted.

The FY21 total benefits budget is \$91 million; a 5% increase over the prior year budget. FY21 benefit costs are based on a proposed fringe rate of 30.2% for full-time positions and 7.0% for part-time positions.

### Student Aid and Support

The FY21 budget for total student aid and support is \$291 million, an increase of \$14 million over the prior year. Undergraduate student aid and support, which represents 52.5% of the total aid amount, is expected to rise by almost \$10 million. The undergraduate scholarship budget for FY21 is based on guidance from the Office of Financial Aid as to the funding requirements to

meet the full need of undergraduate students at the approved tuition and fee rates. FY21 budget of \$153 million is a \$9.7 million or 6.8% increase over the FY20 budget.

*Table 8: Undergraduate Scholarship*

(\$ in 000s)	FY21 Budget
<b>FY20 Scholarship Budget</b>	\$143,059.0
Base Increase for FY21	\$9,692.6
<b>FY21 Proposed Scholarship Budget</b>	\$152,751.6
<b>% Increase in Undergrad Financial Aid Budget</b>	6.78%

For FY21, E&G has budgeted \$131 million for graduate student aid and support, a \$5.2 million increase over the prior year...

#### General Operating Expenses and Subcontracts

The FY21 general operating budget of \$165 million makes up almost 18% of total expenses. The increase of \$5.9 million or 3.7% is primarily attributable to previously unbudgeted expenses identified in part through the new zero-based budget process.

#### Property Costs, Debt Service and Capital Expenses

Property, debt and capital expenses make up 8.4% of total E&G expenses. The FY21 budget of \$78.8 million is a reduction of \$12 million or 13.2% over FY20 budget. The reduction is driven by \$4 million in savings related to debt refinancing and reduction in other property and capital expenditures.

#### Internal Services, Transfer and All Other Expenses

Internal services, transfers and other expenses make up less than 1% of total E&G expenses. The FY21 budgets is expected to decline by \$7.2 million over the FY20 budget. Most of the reduction is attributable to internal transfers related to a change in funding methodologies from president and provost commitments.

#### Net Internal Contributions (to/from E&G)

Brown's operating budget has included several agreements that call for the transfer of funds between E&G and standalone operating units for specific mission-critical needs. For FY21, E&G will contribute \$12.6 million to BioMed, \$8.6 million to Public Health and \$13.2 million to Engineering. At the same time, E&G will receive contributions from the School of Professional Studies and from the Office of Residential Life for \$8 million and \$3.5 million, respectively.

## SCHOOL OF PROFESSIONAL STUDIES AND SUMMER AT BROWN

### Financial Overview

The School of Professional Studies completed a reorganization in August 2019. The unit formerly known as the School of Professional Studies is now two distinct units, the School of Professional Studies and Summer at Brown. The new School of Professional Studies houses all executive master's programs. Summer at Brown is comprised of a wide range of residential, on location and sports camps for under graduates and pre-college students. To compare to prior years, the two units combined project contributing \$8 million to the University, which still producing a surplus of \$4.3 million.

Table 9: School of Professional Studies and Summer at Brown

(\$ in 000s)	FY20 Budget		Professional Summer at FY21 Budget		\$ Change	% Change
	Total	Studies	Brown	Total		
<b>REVENUES</b>						
Professional Studies Tuition	\$37,481.0	\$7,559	\$31,876	\$39,435	\$1,954	5.2%
<b>Total Tuition &amp; Fees</b>	<b>\$37,481.0</b>	<b>\$7,559</b>	<b>\$31,876</b>	<b>\$39,435</b>	<b>\$1,954</b>	<b>5.2%</b>
All Other Income	\$1,450.0	\$2,797	\$0	\$2,797	\$1,347	92.9%
<b>Total Other Income</b>	<b>\$1,450.0</b>	<b>\$2,797</b>	<b>\$0</b>	<b>\$2,797</b>	<b>\$1,347</b>	<b>92.9%</b>
<b>TOTAL REVENUES</b>	<b>\$38,931.0</b>	<b>\$10,356</b>	<b>\$31,876</b>	<b>\$42,232</b>	<b>\$3,301</b>	<b>8.5%</b>
<b>EXPENSES</b>						
Faculty Salaries & Wages	\$1,987.4	\$154	\$0	\$154	(\$1,834)	-92.3%
Staff Salaries & Wages	\$6,544.1	\$2,234	\$4,447	\$6,681	\$137	2.1%
Student Wages	\$839.5	\$85	\$1,270	\$1,355	\$516	61.5%
<b>Total Salaries &amp; Wages</b>	<b>\$9,371.0</b>	<b>\$2,473</b>	<b>\$5,717</b>	<b>\$8,190</b>	<b>(\$1,181)</b>	<b>-12.6%</b>
Faculty Benefits	\$213.3	\$46	\$0	\$46	(\$167)	-78.3%
Staff Benefits	\$1,844.2	\$652	\$944	\$1,596	(\$248)	-13.5%
Student Benefits	\$123.4	\$0	\$0	\$0	(\$123)	-100.0%
<b>Total Benefits</b>	<b>\$2,180.8</b>	<b>\$698</b>	<b>\$944</b>	<b>\$1,642</b>	<b>(\$538)</b>	<b>-24.7%</b>
All Other Student Aid and Support	\$3,207.3	\$732	\$3,266	\$3,999	\$791	24.7%
<b>Total Student Aid and Support</b>	<b>\$3,207.3</b>	<b>\$732</b>	<b>\$3,266</b>	<b>\$3,999</b>	<b>\$791</b>	<b>24.7%</b>
Supplies & General	\$3,050.2	\$1,547	\$1,526	\$3,073	\$23	0.7%
Purchased Services	\$2,977.5	\$337	\$1,896	\$2,233	(\$745)	-25.0%
Business & Travel	\$369.3	\$448	\$235	\$683	\$314	84.9%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$6,397.0</b>	<b>\$2,332</b>	<b>\$3,657</b>	<b>\$5,989</b>	<b>(\$408)</b>	<b>-6.4%</b>
Property Costs	\$0.0	\$1,022	\$1,022	\$2,043	\$2,043	--
Debt Service	\$486.8	\$0	\$0	\$0	(\$487)	--
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$486.8</b>	<b>\$1,022</b>	<b>\$1,022</b>	<b>\$2,043</b>	<b>\$1,556</b>	<b>--</b>
Internal Services	\$6,252.8	\$1,219	\$5,370	\$6,588	\$335	5.4%
Other Expenses & Transfers	\$2,622.0	\$151	\$337	\$488	(\$2,134)	-81.4%
Internal Funding Transfers	\$0.0	\$1,001	\$0	\$1,001	\$1,001	--
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$8,874.8</b>	<b>\$2,370</b>	<b>\$5,706</b>	<b>\$8,077</b>	<b>(\$798)</b>	<b>-9.0%</b>
<b>TOTAL EXPENSES</b>	<b>\$30,517.7</b>	<b>\$9,627</b>	<b>\$20,312</b>	<b>\$29,939</b>	<b>(\$578)</b>	<b>-1.9%</b>
Contributions to E&G	\$8,000.0	\$0	\$8,000	\$8,000	\$0	0.0%
Contributions from E&G	\$0.0	\$0	\$0	\$0	\$0	--
<b>Net of Internal Contributions</b>	<b>\$8,000.0</b>	<b>\$0</b>	<b>\$8,000</b>	<b>\$8,000</b>	<b>\$0</b>	<b>0.0%</b>
<b>Operating Margin (\$)</b>	<b>\$413.3</b>	<b>\$729</b>	<b>\$3,564</b>	<b>\$4,292</b>	<b>\$3,879</b>	<b>938.6%</b>
<b>Operating Margin (%)</b>	<b>1.06%</b>	<b>7.0%</b>	<b>11.2%</b>	<b>10.2%</b>	<b>9.1%</b>	<b>857.4%</b>

## **Revenue Highlights**

Total FY21 tuition revenue is projected to increase \$2.0 million and 5.2% increase compared to FY20.

### Tuition and Fees

Revenue for the School of Professional Studies is budgeted to increase due to higher enrollments. The proposed budget reflects an increase of 48 incremental students.

Summer at Brown revenue is increasing due to both increased enrollments and rate increases. Total enrollment increase across all programs is ~2,000, a 22% increase. The average tuition increase is 3%.

## **Expense Highlights**

Expense rationalization has kept operating expenses relatively flat with the exception of the inclusion of costs related to 225 Dyer Street, the new home of the School of Professional Studies and Summer at Brown.

### Salaries and Benefits

Staffing dollars are largely flat driven by reorganizations within the units and outside of School of Professional Studies and Summer at Brown including Residential Life and the Graduate School to align operations.

### Student Aid and Support

The proposed increase to Student Aid is result of increased enrollments.

### General Operating Expenses and Subcontracts

The \$0.4 million reduction is driven by a rationalization of the budget and a reduction in consulting and marketing costs.

### Property Costs, Debt Service and Capital Expenses

The ~\$2 million FY21 proposed budget for Property Costs is due to both units moving into 225 Dyer Street.

### Net Internal Contributions (to/from E&G)

For FY21, Summer at Brown will continue to contribute \$8 million to E&G.

## SCHOOL OF ENGINEERING

### Financial Overview

The FY21 School of Engineering budget represents the following reporting changes:

- In FY21, the School of Engineering is now reported separately from E&G. Masters' revenue and a contribution from E&G is now reported within the unit.
- The FY20 budget did not consider sponsored activity, which accounts for ~\$14.9 million of spend in FY21.

The contribution from E&G for FY21 is \$13.2 million; this amount is flat to FY20 but does reflect a \$240 thousand funding shift from endowment dollars due to the return to E&G of the Annenberg Family Professorship.

Table 10: School of Engineering

(\$ in 000s)	FY20	FY21	\$ Change	% Change
	Engineering	Engineering		
<b>REVENUES</b>				
Masters Tuition	\$0	\$1,781	\$1,781	--
<b>Total Tuition &amp; Fees</b>	<b>\$0</b>	<b>\$1,781</b>	<b>\$1,781</b>	<b>--</b>
Sponsored Revenue	\$0	\$14,904	\$14,904	--
<b>Total Sponsored and F&amp;A Revenue</b>	<b>\$0</b>	<b>\$14,904</b>	<b>\$14,904</b>	<b>--</b>
All Other Spendable Gifts	\$500	\$497	(\$3)	-0.6%
<b>Total Annual Contributions</b>	<b>\$500</b>	<b>\$497</b>	<b>(\$3)</b>	<b>-0.6%</b>
Endowment Yield Distribution	\$1,953	\$1,843	(\$110)	-5.6%
<b>Total Endowment Distribution</b>	<b>\$1,953</b>	<b>\$1,843</b>	<b>(\$110)</b>	<b>-5.6%</b>
<b>TOTAL REVENUES</b>	<b>\$2,453</b>	<b>\$19,025</b>	<b>\$16,572</b>	<b>675.5%</b>
<b>EXPENSES</b>				
Faculty Salaries & Wages	\$7,741	\$11,888	\$4,147	53.6%
Staff Salaries & Wages	\$2,668	\$3,258	\$589	22.1%
Student Wages	\$77	\$410	\$334	434.9%
<b>Total Salaries &amp; Wages</b>	<b>\$10,486</b>	<b>\$15,556</b>	<b>\$5,070</b>	<b>48.4%</b>
Faculty Benefits	\$2,359	\$3,525	\$1,167	49.5%
Staff Benefits	\$814	\$980	\$166	20.4%
<b>Total Benefits</b>	<b>\$3,172</b>	<b>\$4,505</b>	<b>\$1,332</b>	<b>42.0%</b>
Graduate Student Aid and Support	\$750	\$4,114	\$3,364	448.6%
All Other Student Aid and Support	\$71	\$28	(\$43)	-60.6%
<b>Total Student Aid and Support</b>	<b>\$821</b>	<b>\$4,142</b>	<b>\$3,321</b>	<b>404.5%</b>
Supplies & General	\$1,243	\$3,044	\$1,801	144.9%
Purchased Services	\$31	\$86	\$55	176.9%
Business & Travel	\$311	\$832	\$521	167.5%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$1,585</b>	<b>\$5,962</b>	<b>\$4,377</b>	<b>276.1%</b>
Capital & Plant Expenses	\$604	\$1,267	\$663	109.8%
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$604</b>	<b>\$1,267</b>	<b>\$663</b>	<b>109.8%</b>
Internal Services	\$211	\$625	\$414	196.0%
Other Expenses & Transfers	\$641	(\$114)	(\$756)	-117.9%
Internal Funding Transfers	\$75	\$83	\$7	9.6%
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$928</b>	<b>\$593</b>	<b>(\$335)</b>	<b>-36.1%</b>
<b>TOTAL EXPENSES</b>	<b>\$17,596</b>	<b>\$32,025</b>	<b>\$14,429</b>	<b>82.0%</b>
Contributions from E&G	\$0	(\$13,234)	(\$13,234)	--
<b>Net of Internal Contributions</b>	<b>\$0</b>	<b>(\$13,234)</b>	<b>(\$13,234)</b>	<b>--</b>
<b>Operating Margin (\$)</b>	<b>(\$15,143)</b>	<b>\$234</b>	<b>\$15,377</b>	<b>-101.5%</b>
<b>Operating Margin (%)</b>	<b>-0.6%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>-100.2%</b>

## Revenue Highlights

### Tuition and Fees

The FY21 master's revenue assumes flat enrollment to FY 20 for engineering masters and thesis track programs at 30 students combined. This assumption is in line with application trends to date. The PRIME program is expected to increase to 30 students in FY 21 based on the reorganization of the program under the oversight of its new Program Director.

### Sponsored and F&A Revenue

Sponsored revenue budget of \$14.9 million is based current year forecasts. The FY19 sponsored revenue total for School of Engineering was \$12.1 million. The School of Engineering does not retain its F&A - figures are direct costs only.

### Annual Contributions

Budgeted use of spendable gift contributions is expected to be flat at \$500 thousand.

### Endowment Distribution

Endowment distribution reflects FY21 payout amounts for existing endowments. As noted above, there is a small reduction in payout due to the return of the Annenberg Family Professorship to E&G upon the retirement of the incumbent (as prescribed in the Memo of Understanding (MOU)).

### **Expense Highlights**

As previously noted, the FY20 budget does not include sponsored activity. Sponsored activity for FY21 accounts for \$14.9 million of the total expenses in the following categories:

*Table 11: School of Engineering Sponsored Activity*

<b>(\$ in 000s)</b>	<b>FY21 Budget</b>
Compensation	\$5.9
Student Support	\$3.0
General Operating & Subcontracts	\$4.5
Property, Plant & Capital	\$1.0
Internal Services, Transfers & Other	\$0.5
<b>Total</b>	<b>\$14.9</b>

Removing the effect of sponsored activity on the FY21 expense total, expenses decreased ~\$0.5 million from FY20. This decrease is primarily due to a reduced amount of startup expenses expected in FY21.

### Salaries and Benefits

Regular faculty salary and fringe includes two new hires for FY21. Both fill existing vacancies and were funded with existing salary dollars. There are no additional vacancies; however, there is \$200 thousand remaining in pooled faculty salaries due to hiring differentials.



Staff salary and fringe includes one additional staff FTE, the PRIME Director position hired during FY20 (funded with master's revenue). Additional incremental general operating dollars for staff relate to one position funding change, one equity adjustment and one promotion.

#### Operating Expenses

Operating expenses for FY21 are comparably flat to the FY20 budget, exclusive of sponsored activity.

#### Net Internal Contributions (to/from E&G)

As previously noted, in FY20 the School of Engineering was combined with E&G; for FY21 it is reported separately and includes a \$13.2 million contribution from E&G as prescribed in the MOU agreement.

## **DIVISION OF BIOLOGY AND MEDICINE**

### **Financial Overview**

The Division of Biology and Medicine (BioMed) proposes an FY21 operating budget with total revenues of \$178 million versus expenditures of \$190 million. BioMed proposes internal contributions from E&G of \$13 million in FY21, a 6% increase from FY20. This results in a total FY21 operating deficit of \$59 thousand, a 107% decline from the FY20 margin of \$800 thousand.

The financial impact of the COVID-19 pandemic on Brown's clinical faculty and affiliated hospitals will be significant. The full impact of losses on Brown Physicians, Incorporated (BPI) constituent foundations and the need for an additional draw on the line of credit is yet unknown. Pressure to reconsider reimbursement for teaching may also increase significantly as hospitals constrict funding in response to severe losses and clinician educators may increasingly need to prioritize physician assistant (PA) students. The impact on departments such as the Office of Continuing Medical Education (CME) is also unknown, and it remains unclear how department revenue and attendance to CME events may be affected.

Additionally, the Warren Alpert Medical School will be going through the Liaison Committee on Medical Education (LCME) accreditation visit in October 2020 and may incur additional expenses in response to the accreditation process. The Division is also exploring the creation of a joint department of Biomedical Engineering. This budget as submitted does not contemplate recruitments or additions (or savings) associated with that initiative. Related, nor are there any budget additions or savings contemplated in this draft budget resulting from the Molecular Pharmacology, Physiology and Biotechnology (MPPB) external review with the School of Engineering.

Table 12: Division of Biology and Medicine

(\$ in 000s)	FY20 BioMed	FY21 BioMed	\$ Change	% Change
<b>REVENUES</b>				
Masters Tuition	\$4,199	\$4,779	\$580	13.8%
Professional Studies Tuition	\$655	\$572	(\$83)	-12.6%
Ph.D. Tuition	\$13,364	\$16,532	\$3,168	23.7%
Medical Tuition	\$35,262	\$36,346	\$1,084	3.1%
Student Fees	\$658	\$632	(\$26)	-4.0%
<b>Total Tuition &amp; Fees</b>	<b>\$54,138</b>	<b>\$58,862</b>	<b>\$4,724</b>	<b>8.7%</b>
Sponsored Revenue	\$54,000	\$52,767	(\$1,233)	-2.3%
F&A Revenue (Indirect Cost Recovery)	\$20,500	\$20,705	\$205	1.0%
<b>Total Sponsored and F&amp;A Revenue</b>	<b>\$74,500</b>	<b>\$73,472</b>	<b>(\$1,028)</b>	<b>-1.4%</b>
Brown Annual Fund	\$1,850	\$3,395	\$1,545	83.5%
All Other Spendable Gifts	\$15,054	\$9,666	(\$5,388)	-35.8%
<b>Total Annual Contributions</b>	<b>\$16,904</b>	<b>\$13,061</b>	<b>(\$3,843)</b>	<b>-22.7%</b>
Endowment Yield Distribution	\$17,023	\$19,338	\$2,315	13.6%
Associated Program Cost	\$913	\$1,475	\$563	61.7%
<b>Total Endowment Distribution</b>	<b>\$17,935</b>	<b>\$20,814</b>	<b>\$2,878</b>	<b>16.0%</b>
Affiliated Hospital Revenue	\$3,321	\$3,375	\$54	1.6%
All Other Income	\$2,296	\$7,937	\$5,641	245.7%
<b>Total Other Income</b>	<b>\$5,617</b>	<b>\$11,313</b>	<b>\$5,696</b>	<b>101.4%</b>
<b>TOTAL REVENUES</b>	<b>\$169,095</b>	<b>\$177,561</b>	<b>\$8,466</b>	<b>5.0%</b>
<b>EXPENSES</b>				
Faculty Salaries & Wages	\$32,098	\$27,977	(\$4,121)	-12.8%
Staff Salaries & Wages	\$27,549	\$26,773	(\$776)	-2.8%
Student Wages	\$663	\$985	\$322	48.6%
<b>Total Salaries &amp; Wages</b>	<b>\$60,310</b>	<b>\$55,735</b>	<b>(\$4,575)</b>	<b>-7.6%</b>
Faculty Benefits	\$9,596	\$9,348	(\$249)	-2.6%
Staff Benefits	\$8,316	\$8,051	(\$265)	-3.2%
Student Benefits	\$4	\$42	\$38	1035.7%
<b>Total Benefits</b>	<b>\$17,916</b>	<b>\$17,440</b>	<b>(\$476)</b>	<b>-2.7%</b>
Graduate Student Aid and Support	\$33,994	\$38,528	\$4,533	13.3%
All Other Student Aid and Support	\$1,158	\$3,646	\$2,488	214.8%
<b>Total Student Aid and Support</b>	<b>\$35,152</b>	<b>\$42,173</b>	<b>\$7,021</b>	<b>20.0%</b>
Supplies & General	\$12,027	\$14,104	\$2,077	17.3%
Purchased Services	\$13,697	\$14,712	\$1,015	7.4%
Business & Travel	\$2,344	\$3,095	\$751	32.0%
Subcontracts	\$7,516	\$10,642	\$3,126	41.6%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$35,584</b>	<b>\$42,554</b>	<b>\$6,970</b>	<b>19.6%</b>
Property Costs	\$381	\$1,001	\$620	162.9%
Capital & Plant Expenses	\$1,867	\$4,871	\$3,004	160.9%
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$2,247</b>	<b>\$5,871</b>	<b>\$3,624</b>	<b>161.3%</b>
Internal Services	\$26,148	\$20,223	(\$5,925)	-22.7%
Other Expenses & Transfers	(\$513)	\$1,988	\$2,501	-487.5%
Revenue Transfers	\$3,400	(\$27)	(\$3,427)	162.9%
Internal Funding Transfers	(\$21)	\$4,307	\$4,329	-20358.7%
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$29,014</b>	<b>\$26,491</b>	<b>(\$2,523)</b>	<b>-8.7%</b>
<b>TOTAL EXPENSES</b>	<b>\$180,224</b>	<b>\$190,265</b>	<b>\$10,041</b>	<b>5.6%</b>
Contributions to E&G	\$0	\$0	\$0	--
Contributions from E&G	(\$11,929)	(\$12,645)	(\$716)	6.0%
<b>Net of Internal Contributions</b>	<b>(\$11,929)</b>	<b>(\$12,645)</b>	<b>(\$716)</b>	<b>6.0%</b>
<b>Operating Margin (\$)</b>	<b>\$800</b>	<b>(\$59)</b>	<b>(\$859)</b>	<b>-107.3%</b>
<b>Operating Margin (%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-32.2%</b>

## **Revenue Highlights**

For FY21, BioMed budgeted total revenues of \$178 million, a 5% increase from the FY20 budget of \$169 million. The growth is primarily driven by increases in tuition and in endowment distributions.

### Tuition and Fees

Proposed revenue from tuition and fees for FY21 is \$59 million, an 8.7% increase from the FY20 revenue of \$54 million. This is related to several factors including a 3.00% increase in the medical tuition rate at The Warren Alpert Medical School, a 3.75% increase in the PhD and MA tuition rates, and aggregated growth in tuition revenue from the Gateways Program of 35% through increases in enrollment and tuition pricing.

### Sponsored and F&A Revenue

Projected 118% increase in total awards funded between FY13-FY20 resulting in steady increase in indirect revenue from \$11.1 million in FY13 to \$20.5 million projected in FY20. For FY21, indirect revenue is projected to be effectively flat at \$20.7 million while sponsored revenue is anticipated to decline by 2.3% from \$54.0 million in FY20 to \$52.8 million.

### Annual Contributions

FY21 budgeted annual contributions of \$13 million represents a 22.7% decrease from the FY20 budget. Much of the decrease is due to spendable gifts that were budgeted under “other income” sale category in FY21.

### Endowment Distribution

For FY21, BioMed is projecting an endowment distribution of \$21 million, a 16.1% increase from the FY20 proposed distribution of \$18 million. This growth is due to increases in the endowment yield as well as associated program cost. The proposed FY21 endowment yield is \$19 million, resulting from a 4.80% endowment payout rate. This is a 13.6% increase from the FY20 endowment yield of \$17 million. Additionally, the proposed FY21 APC of \$1.5 million is a \$0.6 million increase from the FY20 budget.

### Other Income

Other revenue for FY21 is estimated at \$11 million compared to \$5.6 million in FY20. The increase is primarily driven by the inclusion of spendable gifts which were budgeted under contributions in FY20.

## **Expense Highlights**

The Division of Biology & Medicine has taken actions to reduce operating expenses and control spending in light of the clear financial implications of COVID-19. These initial reductions total over \$8.3 million across the Division, including rejecting requests for new positions that are not

fully grant funded, removing certain personnel expenses including merit, closing positions that are currently vacant, and reducing the capital budget.

The Division added several expenses in response to the COVID-19 pandemic as well, including a \$0.6 million placeholder for additional medical student financial aid and additional software licenses for medical education should there be an extended distance learning plan next fall. The Division has also explored a strategy to temporarily appoint current faculty to vacant endowed chairs to alleviate stress on the operating budget, representing \$0.8 million in relief to the FY21 budget. Additionally, the Biomedical Informatics operating budget of \$1.6 million was incremental to the budget with no relief.

### Salaries and Benefits

Several factors are driving the Division's expense growth, including recruitment and retention of world-class faculty to the Program in Biology in FY20, which is important for the long-term health, success, and growth of the Division. Retentions of 3 professors and 5 new tenure/tenure-track recruitments in FY20 drove salary and benefits expense growth. This growth was offset by several budget changes in light of the COVID-19 pandemic, as mentioned above.

Rejecting requests for new positions that are not fully grant funded resulted in \$4.3 million in savings. Removal of certain personnel expenses including merit for faculty and staff resulted in another \$1.8 million decrease in salaries and benefits. BioMed also closed 12 positions that are currently vacant which will not be refilled due to the hiring freeze, resulting in a \$1.0 million decrease in salaries and benefits.

### Student Aid and Support

Student aid and support increased to \$42 million, or 20% in FY21 budget in comparison to \$35 million in FY20 budget.

### General Operating Expenses & Subcontracts

General operating expenses and subcontracts increased to \$43 million in FY21 budget in comparison to \$36 million in FY20 budget. Increase is primarily driven by subcontracts, supplies and general, and purchased services.

### Property Costs, Debt Service and Capital Expenses

Property costs and capital expenses increased by \$3.6 million over the FY20 budget. \$3 million of the increase is in capital and is related to a change in how these expenses are budgeted. Historically, BioMed did not budget capital in the operating budget, but instead funded these expenses directly from reserves. For FY21, the planned spending for capital was included in the budget. The remainder of the increase is in property costs which increased \$0.6 million. This increase is driven primarily by the addition of the building lease for 225 Dyer Street.

### Internal Services, Transfer and All Other Expenses

Internal services, transfers and other expenses decreased by \$2.5 million over FY20 budget. The total reduction is primarily driven by decreases in internal services.

### Contributions from E&G

BioMed has budgeted internal contributions from E&G of \$13 million in FY21, a 6% increase from FY20.

BioMed is provided an allocation from the University and is expected to handle additional funding requests using revenues and reserves. The University's budgeted allocation for FY21 includes assorted commitments from the President, Provost, and Dean of the Faculty totaling \$1.9 million to fund faculty startup and other initiatives. BioMed also receives contributions from the University that includes; \$10.3 million to support undergraduate teaching and \$0.4 million for shared support of the animal care facility and herbarium.

## SCHOOL OF PUBLIC HEALTH

### Financial Overview

The School of Public Health is proposing an operating budget for fiscal year 2021 that reflects total revenues of \$70 million and total expenditures of \$78 million, which, after accounting for internal contributions of \$8.6 million to the school, results in an operating surplus of \$417 thousand. Excluding internal contributions, the FY21 budget proposal reflects a 31.7% increase in total revenue and a 33.1% increase in total expenses. Public Health is projecting a small operating surplus after taking actions to reduce its operating deficit, including reducing the budgets for professional services and transferring general operating (specifically graduate financial aid) expenses to spendable gift funds.

The FY21 budget also incorporates revenue and expenses related to the Mindfulness Education Unit (MEU), beginning its third year of operation. The School expected that the MEU would have positive net revenue in year three, but several factors have slowed revenue growth and will result in a budgeted \$0.2M loss for the MEU in FY21. The School internally anticipates that MEU will generate a profit in the following year.

Table 13: School of Public Health

(\$ in 000s)	FY20 Public Health	FY21 Public Health	\$ Change	% Change
<b>REVENUES</b>				
Masters Tuition	\$7,056	\$6,588	(\$468)	-6.6%
Professional Studies Tuition	\$0	\$143	\$143	--
<b>Total Tuition &amp; Fees</b>	<b>\$7,056</b>	<b>\$6,731</b>	<b>(\$325)</b>	<b>-4.6%</b>
Sponsored Revenue	\$37,500	\$52,260	\$14,760	39.4%
F&A Revenue (Indirect Cost Recovery)	\$5,764	\$7,314	\$1,550	26.9%
<b>Total Sponsored and F&amp;A Revenue</b>	<b>\$43,264</b>	<b>\$59,574</b>	<b>\$16,310</b>	<b>37.7%</b>
All Other Spendable Gifts	\$1,822	\$1,876	\$54	3.0%
<b>Total Annual Contributions</b>	<b>\$1,822</b>	<b>\$1,876</b>	<b>\$54</b>	<b>3.0%</b>
Endowment Yield Distribution	\$1,080	\$800	(\$280)	-25.9%
Associated Program Cost	\$0	\$76	\$76	--
<b>Total Endowment Distribution</b>	<b>\$1,080</b>	<b>\$876</b>	<b>(\$204)</b>	<b>-18.9%</b>
All Other Income	\$0	\$1,051	\$1,051	--
<b>Total Other Income</b>	<b>\$0</b>	<b>\$1,051</b>	<b>\$1,051</b>	<b>--</b>
<b>TOTAL REVENUES</b>	<b>\$53,222</b>	<b>\$70,107</b>	<b>\$16,885</b>	<b>31.7%</b>
<b>EXPENSES</b>				
Faculty Salaries & Wages	\$3,085	\$18,943	\$15,858	514.0%
Staff Salaries & Wages	\$5,562	\$12,419	\$6,857	123.3%
Student Wages	\$118	\$243	\$125	105.8%
<b>Total Salaries &amp; Wages</b>	<b>\$8,766</b>	<b>\$31,606</b>	<b>\$22,840</b>	<b>260.6%</b>
Faculty Benefits	\$964	\$6,070	\$5,105	529.4%
Staff Benefits	\$1,693	\$3,747	\$2,054	121.4%
Student Benefits	\$0	\$18	\$18	--
<b>Total Benefits</b>	<b>\$2,657</b>	<b>\$9,835</b>	<b>\$7,178</b>	<b>270.2%</b>
Graduate Student Aid and Support	\$2,467	\$4,623	\$2,156	87.4%
All Other Student Aid and Support	\$0	\$1,184	\$1,184	--
<b>Total Student Aid and Support</b>	<b>\$2,467</b>	<b>\$5,807</b>	<b>\$3,340</b>	<b>135.4%</b>
Supplies & General	\$5,263	\$3,614	(\$1,649)	-31.3%
Purchased Services	\$4,722	\$3,878	(\$845)	-17.9%
Business & Travel	\$3,227	\$1,846	(\$1,381)	-42.8%
Subcontracts	\$25,822	\$16,830	(\$8,992)	-34.8%
<b>Total General Operating Expenses &amp; Subcontracts</b>	<b>\$39,035</b>	<b>\$26,168</b>	<b>(\$12,866)</b>	<b>-33.0%</b>
Property Costs	\$4,669	\$0	(\$4,669)	-100.0%
Capital & Plant Expenses	\$0	\$46	\$46	--
<b>Total Property Costs, Debt Service and Capital Expenses</b>	<b>\$4,669</b>	<b>\$46</b>	<b>(\$4,623)</b>	<b>-99.0%</b>
Internal Services	\$123	\$4,467	\$4,344	3532.2%
Other Expenses & Transfers	\$1,075	\$345	(\$729)	-67.9%
<b>Total Internal Services, Transfers, and All Other Expenses</b>	<b>\$1,198</b>	<b>\$4,813</b>	<b>\$3,615</b>	<b>301.8%</b>
<b>TOTAL EXPENSES</b>	<b>\$58,791</b>	<b>\$78,275</b>	<b>\$19,484</b>	<b>33.1%</b>
Contributions from E&G	(\$4,869)	(\$8,584)	(\$3,716)	76.3%
<b>Net of Internal Contributions</b>	<b>(\$4,869)</b>	<b>(\$8,584)</b>	<b>(\$3,716)</b>	<b>76.3%</b>
<b>Operating Margin (\$)</b>	<b>(\$700)</b>	<b>\$417</b>	<b>\$1,117</b>	<b>-159.5%</b>
<b>Operating Margin (%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-145.2%</b>



## **Revenue Highlights**

The School of Public Health is heavily dependent on sponsored funding. Master's tuition is the second largest source of revenue and is the largest source of unrestricted revenue, providing the greatest flexibility in terms of budgetary support. Given the current economic outlook, Public Health is expecting pressure on master's tuition as a source of revenue, resulting in an increased reliance on general operating funds.

### Tuition and Fees

Masters tuition is the second largest revenue source for Public Health; with expected income of ~\$7 million in FY21. Tuition is expected to decline by \$325 thousand from the FY20 budget. The decline is largely due to the elimination of some smaller Masters programs and freezing the tuition rate for the MPH program for FY21. Additionally, some programs – specifically the ScM in Biostatistics – are heavily reliant on foreign students from China. Due to the global economic outlook, enrollment in this program may reduce over the coming year without a corresponding reduction in expenses.

### Sponsored and F&A Revenue

Sponsored funding is the largest revenue source for the Public Health and they expect to generate total revenue of \$53 million in FY21. Sponsored funding has grown ~24% since FY19 and is estimated to increase by \$16 million over the FY20 budget. Given the current public health crisis the School may see an increase in sponsored funding for research projects related to COVID-19. This increase could reduce the financial impact of the loss of some sponsored projects whose research protocols prevent them from safety being carried out due to COVID-19.

### Annual Contributions

Contributions make up only 2.7% of Public Health total revenue. For FY21, annual contributions are expected to be \$1.9 million, a \$54 thousand, or 2.96% increase over FY20 budget.

### Endowment Distribution

Endowment revenue makes up only 1.3% of Public Health total revenue. For FY21, the school expects to receive \$876 thousand from the payout of endowed gifts. This represents an 18.9% decrease from the prior year.

## **Expense Highlights**

Public Health expenses for FY21 have grown significantly compared to the FY20 budget. Much of the growth is due to the increase in sponsored projects. A large amount of the variance between the FY21 budget and FY20 budget is related to changes in budgeting practice. These changes reflect expenses in the FY21 budget that were excluded from the FY20 budget. Omissions from FY20 include; \$1.1 million for faculty incentive funds, \$1.7 million for compensation in excess over the NIH salary cap, and \$4.5 million for budgeted faculty compensation that in prior years was not budgeted because it was offset by other funding sources. In addition, the FY20 budget did not adjust for new spending that occurred but was not

budgeted in FY19. These expenses were driven largely by increases in sponsored activity and the addition of one new center.

Public Health is in the process of its CEPH accreditation review which will be finalized in March 2021. The review may identify additional needs and general operating expenses which are not included in the Schools FY21 budget. The CEPH accreditation process has already outlined critical needs in terms of course offerings and additional positions required to meet CEPH requirements.

#### Salaries and Benefits

Salaries and benefits budget for FY21 show significant growth compared to the FY20 budget. Large increases in both faculty salaries (514% since FY20 budget) and staff salaries (123% since FY20 budget) related to increased sponsored activities and a change in budgeting practices contributed to the growth.

The FY21 budget also incorporates additions including a teaching scholar, and increased faculty effort for the Director of Undergraduate Studies and the Director of Community Engagement.

#### Net Internal Contributions (to/from E&G)

As noted above, Public Health is expecting pressure on its tuition revenue, as well as a growth in its budgeted expenses. As a result, Public Health is anticipating increased reliance on internal contributions from E&G. For FY21, the school will receive internal contributions that total \$8.6 million, a 76% increase over the FY20 budget. This is due in part to a change in budgeting practices. In prior years, some support was classified as an expense reduction. Contribution from E&G include; \$4 million for undergraduate instruction, \$926 thousand for transitional support and \$3.6 million for faculty startup and initiatives.

## SUPPLEMENTARY INFORMATION

This section features various tables of student and financial data that is intended to provide contextual information related to the development of the proposed budget for fiscal year 2021.

*Table 14: Undergraduate Applications*

<b>Brown University: Undergraduate Applications</b>					
<b>Year</b>	<b>Applied</b>	<b>Admitted</b>	<b>% Admitted</b>	<b>Enrolled</b>	<b>% Enrolled</b>
FY11	30,135	2,815	9.3%	1,501	53.3%
FY12	30,944	2,757	8.9%	1,507	54.7%
FY13	28,742	2,759	9.6%	1,539	55.8%
FY14	28,919	2,654	9.2%	1,543	58.1%
FY15	30,431	2,661	8.7%	1,561	58.7%
FY16	30,396	2,875	9.5%	1,615	56.2%
FY17	32,390	3,014	9.3%	1,681	55.8%
FY18	32,723	2,779	8.5%	1,639	59.0%
FY19	35,437	2,718	7.7%	1,652	60.8%
FY20	38,674	2,733	7.1%	1,662	60.8%
CAGR	2.81%	-0.33%		1.14%	

Source: Common Data Set; Office of Institutional Research

Note: Numbers reflect degree-seeking, first-time, first-year students;

"CAGR" denotes compounded annual growth rate

Table 15: Student FTE Enrollments

Brown University: Student FTE Enrollments												
Category	Student Type	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	CAGR
Undergraduate	Degree-Seeking	6,094	6,109	6,118	6,165	6,253	6,311	6,758	6,662	6,739	6,822	1.3%
	Special	111	138	158	147	149	174	178	165	150	171	4.9%
	<b>Total</b>	<b>6,205</b>	<b>6,247</b>	<b>6,276</b>	<b>6,312</b>	<b>6,402</b>	<b>6,485</b>	<b>6,936</b>	<b>6,827</b>	<b>6,889</b>	<b>6,993</b>	<b>1.3%</b>
Medical	Degree-Seeking	410	417	455	461	490	522	545	564	585	597	4.3%
	<b>Total</b>	<b>410</b>	<b>417</b>	<b>455</b>	<b>461</b>	<b>490</b>	<b>522</b>	<b>545</b>	<b>564</b>	<b>585</b>	<b>597</b>	<b>4.3%</b>
Graduate	Degree-Seeking	1,863	1,864	1,899	1,935	2,051	2,140	2,170	2,380	2,456	2,430	3.0%
	Special	36	29	23	28	27	29	28	24	23	19	-6.7%
	<b>Total</b>	<b>1,898</b>	<b>1,893</b>	<b>1,922</b>	<b>1,963</b>	<b>2,078</b>	<b>2,169</b>	<b>2,198</b>	<b>2,404</b>	<b>2,479</b>	<b>2,449</b>	<b>2.9%</b>
Total	<b>Total Degree-Seeking</b>	<b>8,367</b>	<b>8,390</b>	<b>8,472</b>	<b>8,560</b>	<b>8,793</b>	<b>8,973</b>	<b>9,473</b>	<b>9,606</b>	<b>9,780</b>	<b>9,849</b>	<b>1.8%</b>
	<b>Total Special</b>	<b>147</b>	<b>167</b>	<b>181</b>	<b>175</b>	<b>176</b>	<b>203</b>	<b>206</b>	<b>189</b>	<b>173</b>	<b>190</b>	<b>2.9%</b>
	<b>Total</b>	<b>8,513</b>	<b>8,557</b>	<b>8,653</b>	<b>8,735</b>	<b>8,969</b>	<b>9,176</b>	<b>9,679</b>	<b>9,795</b>	<b>9,953</b>	<b>10,039</b>	<b>1.8%</b>

Source: Office of Institutional Research; data is based on official census date of October 15 for each year  
 Note: Brown/RISD dual-degree students counted as 1.0 FTE; "CAGR" denotes compounded annual growth rate; degree-seeking includes graduate-level certificate programs (n = 5 in fall 2019)

Table 16: Graduate Student FTE Enrollments by Division and by Year

Brown University: Graduate Student FTE Enrollments												
Unit	Level	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	CAGR
E&G	Doctor of Philosophy	1,173	1,147	1,141	1,138	1,153	1,152	1,172	1,246	1,245	1,258	0.8%
	Master's	321	349	372	381	406	475	434	502	550	509	5.3%
	Special	10	11	9	9	9	14	11	12	8	178	37.7%
	<b>Total</b>	<b>1,503</b>	<b>1,506</b>	<b>1,521</b>	<b>1,527</b>	<b>1,568</b>	<b>1,640</b>	<b>1,617</b>	<b>1,759</b>	<b>1,802</b>	<b>1,945</b>	<b>2.9%</b>
BioMed	Doctor of Medicine	410	417	455	461	490	522	545	564	585	596	4.2%
	Doctor of Philosophy	283	271	273	219	205	218	229	236	247	271	-0.5%
	Master's	87	98	114	36	53	71	72	101	100	96	1.1%
	Special	26	19	15	9	8	6	12	6	8	6	-14.9%
	Certificate	0	0	0	0	0	0	0	1	2	0	0.0%
<b>Total</b>	<b>805</b>	<b>804</b>	<b>856</b>	<b>725</b>	<b>756</b>	<b>816</b>	<b>857</b>	<b>908</b>	<b>941</b>	<b>969</b>	<b>2.1%</b>	
Public Health	Doctor of Philosophy	0	0	0	41	52	59	63	63	76	82	0.0%
	Master's	0	0	0	120	126	126	155	152	150	141	0.0%
	Special	0	0	0	11	10	10	6	7	8	6	0.0%
	Certificate	0	0	0	0	0	0	0	3	3	3	0.0%
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>187</b>	<b>194</b>	<b>224</b>	<b>225</b>	<b>237</b>	<b>232</b>	<b>0.0%</b>
Professional Studies	Master's	0	0	0	0	57	41	46	77	84	75	0.0%
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57</b>	<b>41</b>	<b>46</b>	<b>77</b>	<b>84</b>	<b>75</b>	<b>0.0%</b>
<b>Total</b>	<b>Total</b>	<b>2,308</b>	<b>2,310</b>	<b>2,377</b>	<b>2,424</b>	<b>2,567</b>	<b>2,691</b>	<b>2,743</b>	<b>2,968</b>	<b>3,064</b>	<b>3,221</b>	<b>3.8%</b>

Source: Office of Institutional Research; data is based on official census date of October 15 for each year  
 Note: "CAGR" denotes compounded annual growth rate; starting period for calculation is based on first year with positive values

Table 17: Historical Tuition Rates

Brown University - Historical Tuition Rates													
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY21 \$ Change vs. FY20	FY21 % Change vs. FY20	FY12 to FY21 CAGR
Undergraduate Tuition	\$41,328	\$42,808	\$44,608	\$46,408	\$48,272	\$50,224	\$52,231	\$54,320	\$57,112	\$59,254	\$2,792	5.14%	4.08%
M.D. Tuition	\$45,216	\$47,480	\$49,384	\$51,360	\$53,416	\$55,552	\$58,328	\$61,244	\$63,082	\$64,974	\$1,838	3.00%	4.11%
Ph.D. Tuition	\$41,328	\$42,808	\$44,608	\$46,408	\$48,272	\$50,224	\$52,231	\$54,320	\$57,112	\$59,254	\$2,792	5.14%	4.08%
Master's Tuition (non-variable)	\$41,328	\$42,808	\$44,608	\$46,408	\$48,272	\$50,224	\$52,231	\$54,320	\$57,112	\$59,254	\$2,792	5.14%	4.08%
Master's Tuition (variable)*													
-Engineering	--	--	--	--	--	--	--	\$63,314	\$66,568	\$69,064	\$3,254	5.14%	--
-PRIME	--	--	--	--	--	--	--	\$62,400	\$65,608	\$68,068	\$3,208	5.14%	--
-Physics	--	--	--	--	--	--	--	\$59,758	\$62,830	\$65,186	\$3,072	5.14%	--
-Computer Science	--	--	--	--	--	--	--	\$65,374	\$68,734	\$71,312	\$3,360	5.14%	--
-Data Science	--	--	--	--	--	--	--	\$63,440	\$66,702	\$69,204	\$3,262	5.14%	--
-Public Affairs**	--	--	--	--	--	--	--	\$54,320	\$57,112	\$59,254	\$2,792	5.14%	--

Source: Budget Office

\*Master's variable rate tuition pricing was established in FY19

\*\*For FY21, the Master of Public Affairs program has three components: (1) standard tuition rate of \$59,254 for fall and spring term; (2) program fee of \$13,764 (unchanged from FY20); and (3) summer tuition of \$114,814 (equivalent to 1/4 of the tuition rate during the regular academic year) for a total annual charge of \$88,348.

## APPENDIX

### Charge of the University Resources Committee

- The Committee shall serve to review, to analyze, and to offer recommendations to the President on all budgetary plans, proposals, and priorities, both current and future, affecting the University.
- The Committee shall be responsible for maintaining a level of awareness of budgetary matters throughout the University that will encourage the development of informed opinions and the articulation and discussion of issues.
- The Committee shall review, analyze, and make recommendations regarding the allocation of University resources for the coming fiscal year and for long-range plans developed by the administration or by other duly constituted committees.
- The Committee will conduct its business in closed session. The Committee will, however, host University-wide forums as necessary and appropriate to allow the Committee to hear the concerns and priorities of the University community.
- The Committee shall, at appropriate points during the preparation of the University budget, report in written form to the President its analysis and its policy recommendations concerning the allocation of resources within the University.

### Membership of the University Resources Committee (FY20)

#### ADMINISTRATORS

Richard Locke, Provost and Chair

Lawrence Angelo, Equity Officer

Russell Carey, Executive Vice President for Planning and Policy

Barbara Chernow, Executive Vice President, Finance and Administration

Tim Fater, Assistant Vice President for Financial Strategy & Planning

Kimberly Galligan, Executive Dean for Administration & Finance, Division of Biology & Medicine

Lawrence Larson, Dean, School of Engineering

Kevin McLaughlin, Dean of the Faculty

Shankar K. Prasad, Associate Provost for Global Engagement and Strategic Initiatives

Laurie Ward, Senior Director for Finance and Administration, School of Public Health

Michael White, Vice President for Finance, Chief Financial Officer

#### FACULTY

Elena Oancea, Associate Professor of Medical Sciences, MPPB

David Christensen, Professor of Philosophy

Patrycja Dubielecka-Szcerba, Assistant Professor of Medicine (Research), BioMed

James Russell, Professor of Earth, Environmental, and Planetary Sciences, Vice Chair

Amanda Jamieson, Assistant Professor of Molecular Microbiology and Immunology  
Jennifer Lambe, Associate Professor of History  
Kurt Teichert, Senior Lecturer in Environment and Society

## **STUDENTS**

Jordan Kei-Rahn, Undergraduate Student  
Jourdan Smithwick, Undergraduate Student  
William Zhou, Undergraduate Student  
Aaron Cho, Undergraduate Student  
Lauren Fish, Graduate Student  
Amanda Kazden, Graduate Student  
Randall Li, Medical Student

## **STAFF REPRESENTATIVES**

Monty Combs, Director of Systems and Services, Facilities Management  
Nancy Carroll, Director of Finance and Operations, School of Engineering

## **COMMITTEE STAFFED BY:**

Julien Angel, Investment Associate  
Deborah Moser, Director, Budget, Planning and Analysis  
Kathy Santos, Administrative and Project Specialist  
Charlene Sweeney, Associate Vice President and University Controller  
Sara Walsh, Assistant Vice President of Finance, Operational Support & Special Projects

Table 18: Meeting Schedule of the University Resources Committee

DATE	TOPICS
September 23	<ul style="list-style-type: none"> <li>• URC Introduction</li> <li>• Orientation to university financial structure</li> <li>• FY19 Results &amp; overview of Brown's financial position and multi-year projection</li> </ul>
October 7	<ul style="list-style-type: none"> <li>• Revenue Presentation</li> <li>• Sponsored Revenue</li> <li>• Fundraising (update on <i>BrownTogether</i>)</li> <li>• Q&amp;A with Advancement and Office of the Vice President for Research</li> </ul>
October 28	<ul style="list-style-type: none"> <li>• Revenue Presentation (Continued)</li> <li>• Net Tuition and Fees (UG, Grad, Executive)</li> <li>• Endowment Performance</li> <li>• Q&amp;A with Investment Office</li> <li>• An overview of the Base Budgeting Process</li> </ul>
November 11	<ul style="list-style-type: none"> <li>• Presentation on Undergraduate Financial Aid</li> <li>• Presentation on Graduate Support</li> <li>• Q&amp;A on continued needs for financial support</li> </ul>
November 18	<ul style="list-style-type: none"> <li>• Key Costs</li> <li>• Faculty and Staff and ratios and recommended merit.</li> <li>• Capital planning and deferred maintenance statistics and metrics</li> <li>• Q&amp;A on Key Costs</li> <li>• Status update on base budgeting process</li> </ul>
December 2	<ul style="list-style-type: none"> <li>• Preliminary revenue projections</li> <li>• URC Recommendation for Tuition and Fees</li> <li>• URC Recommendation for Compensation</li> </ul>
January 27	CANCELLED
February 10	<ul style="list-style-type: none"> <li>• University Financial Overview and FY20 YTD Results (GAAP-based)</li> <li>• Net zero initiative and potential financial implications of the project</li> <li>• Strategic sourcing efforts and initiatives</li> <li>• Base Budget Update</li> <li>• Pilot examples</li> </ul>
February 17	<ul style="list-style-type: none"> <li>• SPRING URC Public Forum</li> </ul>
March 9	CANCELLED
April 6	<ul style="list-style-type: none"> <li>• COVID-19</li> </ul>
April 23	<ul style="list-style-type: none"> <li>• URC recommendation for FY21 budget recommendation and long term Recommendations</li> </ul>