

# Appendix C

## The Financial Implications of PAE Phase I

Completion of Phase I – E&G:

The initial goals of the Plan for Academic Enrichment are well underway to being achieved. With continued success in the Campaign, the programmatic goals (100 net new faculty, need blind, etc.) and the facilities projects identified in the current capital plan will be achieved within the next four years. The key financial assumptions and implications are:

- Achieve a breakeven budget in FY14
- Invest up to \$40 million in reserves
- Receive \$140 million per year in endowment, capital and unrestricted current use funds
- Increase the endowment payout to 4.3% of current market value in FY09 (a 15.5% increase) and stay within existing payout policy parameters for the succeeding years.
- Achieve endowment returns of at least 10% on average for the next 7 years.
- Increase fees by 4.5% per year.
- Increase faculty compensation by 5% and staff compensation by 4% per year.
- Borrow an additional \$170 million to \$220 million (depending on cash flow from gifts)



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The beginning of year market value of the endowment will need to grow from approximately \$2.6 billion in FY08, to \$3.5 billion in FY12, \$3.8 billion in FY14 and over \$4.2 billion in FY17.

(\$ in thousands)	FY09 Forecast	FY12 Forecast	FY14 Forecast	FY17 Forecast
<b>Projected Results</b>				
Total Revenue	535,647	628,891	694,443	808,280
Total Expenditures	538,654	634,284	694,128	786,729
Use of Balances/Reserves €	(3,007)	(5,393)	315	21,551
Cumulative Use of Balances	(25,279)	(34,883)	(39,617)	2,001



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Cash received from fundraising will need to be approximately as follows:

	Base Plan Fundraising Assumptions								Total
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY09 - FY16
<b>E&amp;G PAE Endowment</b>	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	448,000
<b>BioMed PAE Endowment</b>	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	56,000
<b>Highly Restricted Endowment</b>	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	56,000
<b>Total Endowment</b>	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	560,000
<b>Gifts to Capital (Cash Received)</b>	30,000	30,000	30,000	30,000	30,000				150,000
<b>Current Use to BAF, BUSF, Fin Aid</b>	41,716	43,304	44,956	46,675	48,463	50,321	52,253	54,263	381,951
<b>Total Cash Received</b>	141,716	143,304	144,956	146,675	148,463	120,321	122,253	124,263	1,091,951

