



**PRINCETON
UNIVERSITY**

REPORT OF THE PRIORITIES COMMITTEE

TO THE PRESIDENT

Recommendations Concerning the Operating Budget

for 2017-2018

March 24, 2017



PRINCETON
UNIVERSITY

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March 24, 2017

President Christopher L. Eisgruber
One Nassau Hall
Princeton University
Princeton NJ 08544

Dear President Eisgruber,

I am pleased to enclose the Priorities Committee report on its recommendations for the University's operating budget for the fiscal year 2017-18 (FY18).

The University remains in a solid budgetary position with strong long-run endowment returns, a credit rating of AAA, sufficient liquidity, and loyal and generous donors. The operating budget has benefited in recent years from moderating increases in health care costs and continued savings in energy. Budget growth for next year is driven by the continuing expansion of the scholarship budget to support the shifting profile of the student body and by investments in academic innovation and other initiatives emerging from the strategic planning process. We expect these initiatives to phase in over several years. The growth is made possible in large part by the two-year adjustment in the endowment payout, including a 19% increase proposed for FY18.

The Committee's budget recommendations fall into three major categories: financial aid, fee package (tuition, room, and board), and employee salary pools. The Committee also hears from SUMAR ("Strengthening University Management and Resources"), an administrative group devoted to identifying and implementing cost-saving strategies around the University.

The Priorities Committee is pleased to endorse an increase in the Financial Aid budget that maintains Princeton's commitment to meeting full financial need for all students who are admitted. The \$161.2 million undergraduate scholarship budget for FY2018 represents an 8.7 percent (\$12.9 million) increase over the current year.

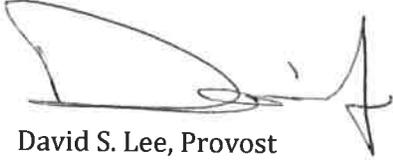
The Committee deliberated on the increase in tuition and fees in consultation with members of the Board of Trustees Committee on Finance. The fee package recommendation recognizes the need to sustain Princeton's excellence while ensuring affordability for our students.

After reviewing data on salary markets presented by the Dean of the Faculty and the Vice President for Human Resources, the Committee again recommended salary pools tailored to an environment of

continuing low inflation but intense competition for top talent. In this context, the overall pools being recommended this year are the same size as those for FY17.

I am grateful to the faculty, student, and staff members of the Priorities Committee who invested many hours in faithfully carrying out their responsibilities on behalf of the University community. They have my sincere thanks. I also want to convey gratitude to several people who supported the Committee in its work, including Steven Gill, Karen Haskin, Richard Myers, and Kelly Steve. Each of them brings a valuable set of skills and devotion to their role in this important process.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Lee". The signature is fluid and cursive, with a prominent loop at the end.

David S. Lee, Provost
Chair, Priorities Committee

THE COMMITTEE

David S. Lee, Provost (Chair)
Carolyn Ainslie, Vice President for Finance and Treasurer
Briana Christophers '17
Mitchell Duneier, Maurice P. Durning Professor of Sociology
Hillel Friedman '17
Maria Garlock, Associate Professor of Civil and Environmental Engineering
Sophie Gee, Associate Professor of English
Judith Hamera, Professor of Dance in the Lewis Center for the Arts
Margaret Li '19
Katja Luxem *GS
Vojislav Mitrovic '18
Alexander Ploss, Assistant Professor of Molecular Biology
Deborah Prentice, Dean of the Faculty
Rodney Priestley, Associate Professor of Chemical and Biological Engineering
Leah Reisman *GS
Sal Rosario, Senior IT Project Consultant, Office of Information Technology
Treby Williams, Executive Vice President

MEETING WITH THE COMMITTEE

Steven Gill, Budget Director and Associate Provost for Finance
Karen Haskin, Assistant Provost for Academic Management (Secretary)
Richard Myers, Vice Provost for Academic and Budget Planning

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I. INTRODUCTION

The Priorities Committee, established in 1969 as a charter committee of the Council of the Princeton University Community (CPUC), is a deliberative body that recommends changes to the University's operating budget to the President and Board of Trustees. The Provost chairs the Committee, whose members include tenured and non-tenured faculty members, graduate and undergraduate students, and staff.

The Priorities Committee recommends rates of change for several variables important to the University's budget. These variables include the student fee package (composed of tuition, room, and board), undergraduate financial aid, graduate stipends, faculty and staff salaries, and rental rates for University housing. Each year since 2010, the Committee has reviewed initiatives aimed at cutting costs, improving efficiency, and enhancing management from SUMAR (the committee on Strengthening University Management and Resources). The Priorities Committee also reviews the impact of strategic planning initiatives on the University's operating budget.

The Committee convened from October to March, organizing its work into four parts: (1) orientation meetings to review the structure of the operating budget and notable trends; (2) evaluation meetings to consider proposed budget parameters, informed by cabinet officer presentations and the context of other competing claims and opportunities; (3) discussion of a few selected broader topics central to the University's mission and priorities, including undergraduate expansion and initiatives to support low-income students; and (4) a set of meetings to finalize the Committee's recommendations and produce this report. The work of the Committee was described at an open meeting during the fall as part of the CPUC agenda to hear from interested members of the broader University community. The Committee met with the Finance Committee of the Board of Trustees in November to review preliminary thoughts about the fee package, salary pools, and other potential budget changes.

This report summarizes the Committee's recommendations, forwarded to the President for approval and transmission to the Board for its April meeting.

II. BUDGETARY BACKGROUND

The University remains in a solid budgetary position, with strong long-run endowment returns, an AAA credit rating, sufficient liquidity, and a loyal and generous base of donors. The operating budget has benefited in recent years from moderating increases in health care costs and continued savings in energy. Based on the Committee's recommendation on key parameters, the projected operating budget for FY2018 totals \$2.1 billion.

Endowment payout and other investment income account for \$157.3 million of the overall revenue growth between FY2017 and FY2018. Investment income supports 51 percent of the expense budget. As part of University strategic planning, the trustees approved a 17 percent endowment payout increase for FY2017 and will finalize a 19 percent increase for FY2018 at their April 2017 meeting. The trustees approved modest increases for other revenue sources, such as tuition, grants, and gifts.

Details on sources and uses in the FY2018 operating budget as well as changes from FY2017, can be found in the tables in the Appendix.

III. RECOMMENDATIONS

A. Undergraduate Financial Aid

The key principles guiding Princeton's fee package and financial aid are accessibility and affordability. We apply these principles through our commitment to financial aid to families across a wide income range. The Committee on Undergraduate Admissions and Financial Aid (CUAFA) proposed, and the Priorities Committee endorsed, a scholarship budget that ensures financial aid packages will keep pace with rising costs and account for shifts in the need profile of the entering undergraduate class. The \$161.2 million undergraduate scholarship budget for FY2018 represents an 8.7 percent (\$12.9 million) increase over the current year¹.

As part of its "stay even" financial aid policy, the University adjusts scholarships to fully cover year-to-year increases in student fees. This means that for financial aid students – approximately 60 percent of the undergraduate student body – any changes to the family's net costs (including parental contributions) is determined by year-to-year changes in the family's financial circumstances as assessed by the financial aid office, and not by increases in the full tuition, room, and board rates.

The "stay even" policy also adjusts the total scholarship budget to account for the changing need profile of our students. The FY2018 aid budget projects that the proportion of students receiving aid will increase from 59.5 to 59.9 percent, with an average scholarship of \$51,180 among those receiving aid. We expect that the incoming freshman class will have the highest need, with 61 percent on aid. This of course is an estimate and will depend on the matriculation decisions of our applicants.

In addition to endorsing the continuation of the "stay even" policy, the Priorities Committee recommended two changes in financial aid packaging for FY2018. First, the student health plan coverage included in financial aid awards will increase by \$100 to recognize that fewer students are able to waive the University insurance plan with family coverage. Second, packages will begin covering the cost of the residential college fee for freshmen and sophomores effective 2017-18. These two changes add a combined \$1.633 million to the scholarship budget. Both of these changes further ease the financial pressure felt by aid families, relative to the stay-even financial aid policy.

B. Graduate Stipends

The Graduate School enrolls 2,747 students (as of the fall of 2016), with doctoral students making up 88 percent of the graduate student body. Financial support for graduate students consists of tuition coverage, fellowships, and teaching/research stipends. The Priorities Committee receives a recommendation each year from the Dean of the Graduate School on rate increases for fellowships and stipends, so that they keep pace with cost of living increases and maintain Princeton's competitive position in student recruitment. The Dean of the Graduate School stressed the importance of keeping our stipend levels competitive and in line with our closest peer institutions

¹ The financial aid budget is an estimate based on projections; the actual amount will be adjusted to meet the full demonstrated need of students in accordance with our financial aid policies.

in order to continue to recruit top talent into our graduate programs. The Committee reviewed and endorsed the recommendation to continue to keep these rates competitive with peer institutions. The \$200.9 million budget for graduate student financial support in FY2018 reflects a recommended increase of 3.2 percent for fellowships, 3.1 percent for research assistant stipends, and 3.0 percent for teaching assistant stipends. The proposed rates for 2017-18 are \$32,400 for a twelve-month fellowship, \$31,100 for a ten-month teaching assistantship, and \$28,150 for a ten-month research assistantship.

C. Student Fee Package

The Priorities Committee reaffirmed the University's fundamental commitment to maintaining affordability and accessibility. The Committee considered the fee package with the knowledge that the university's judgment about the affordability of parental contributions to a Princeton education is reflected in the university's financial aid program, to which any family can apply. Thus, the university's financial aid is designed to ensure families contribute no more than what they can afford (as assessed by the financial aid office), irrespective of the level of the fee package. The Committee deliberated over the undergraduate fee package at several of its sessions. Its conversation with the Finance Committee of the Board of Trustees in November further informed those discussions.

Against this backdrop, this year's Priorities Committee developed its recommendation on the fee package to be consistent with Princeton's commitment to affordability to all students and to optimize the University's resource capacity to pursue excellence in its educational mission. Average student expenses² (net of financial aid) for the approximately 60 percent of undergraduate students receiving financial aid are expected to *decrease* 3.2 percent to \$17,870 for FY2018. The declining "net price" borne by aided students and their families is driven in large part by the continuing shift in the need profile of undergraduate students at Princeton. For example, the proportion of students eligible for Pell Grants, restricted to low-income students, has increased to 21 percent of the Class of 2020, up from 17 percent of the Class of 2019 and 7 percent of the Class of 2008.

Given these financial aid trends, net revenue *per student* coming from undergraduates has grown on average 1.5 percent per year over the past ten years, while the operating budget has grown on average 6.2 percent per year over the same period.

The Priorities Committee recommends a 2017-18 undergraduate student fee package of \$62,750 (an increase of \$2,660 from last year). After this increase, Princeton will continue to have the lowest fee package in the Ivy League; Princeton's tuition will remain among the four lowest private institutions among the *U.S. News & World Report's* top 50 national universities and top 20 liberal arts colleges. This FY2018 student fee package recommendation consists of \$47,140 for tuition, an increase of \$1,820. Room charges will increase by \$645 to \$8,980 and board rates will increase \$195 to \$6,630.

D. Endowment Spending

The Board of Trustees has a long-established framework to guide endowment spending rates within a percent band that measures spending relative to the market value of the endowment.

² Includes tuition, fees, room, board, personal expenses and books, student health plan, and travel estimate minus the financial aid award.

Currently, that framework band calls for payouts between 4.0 percent and 6.25 percent of the value of the endowment. Managing within this band enables the University to pursue intergenerational equity—the concept that the benefits of the endowment should be balanced between current and future generations of Princeton students. The University Strategic Framework led to a two-year plan to adjust spending rates. Last year’s adjustment, coupled with market returns, positioned the payout rate at 5.0 percent of market value for the current year.

The Administration has put forth a recommendation for an increase of 19 percent in the payout on endowments for FY2018. The combined additional payout from two consecutive planned years of extraordinary increases will fund a \$173 million strategic co-investment pool. This pool is earmarked for the purposes of complementing the philanthropy that will be necessary to fund new initiatives developed out of the University’s strategic planning process. Although this earmarked pool appears as an expense in the FY2018 budget, implementation of initiatives will phase in over a longer period, which means that the growth of actual expenditure growth from FY2017 levels will be lower than the 9.5 percent noted in the tables. The other components of the budget, excluding the strategic co-investment pool, are projected to increase by \$65.8 million, or 3.5 percent, for FY2018.

Approximately \$41 million of the endowment payout increase is composed of restricted funds already managed by departments and units. The Provost’s office began a multi-year planning process with departments last year in advance of the current year’s payout adjustment and will work with departments and units to refine those plans in the coming months to align the plans with core priorities and strategic initiatives.

E. Rental Rates

Working with University Services, the Committee reviewed rental rates for faculty, staff, and graduate student units against the benchmarks of comparable properties in the local market, and considered the University’s costs for maintenance and management of our rental properties. The Vice President for University Services recommended, and the Priorities Committee endorsed, an increase of 3.0 percent in rental rates for FY2018.

F. Salary Pools

Briefings from both the Dean of the Faculty and Vice President for Human Resources confirmed the competitive position of our salaries, while also reflecting the persistent pressures and challenges associated with recruiting and retaining top talent.

Faculty Salaries

The Priorities Committee endorsed the Dean of the Faculty’s recommendation to continue the level of faculty salary pool increases in recent years in order to maintain Princeton’s position relative to peer institutions.

Various data sources confirm that we are keeping pace and are positioned competitively on faculty salaries, as Princeton’s aggregate position relative to peers has not changed materially over the past five years. Recruitment and retention activity during the year provides direct evidence of how salary levels are moving in particular fields as we recruit new faculty and fend off offers seeking to lure away our faculty. The Dean of the Faculty also updates a more comprehensive comparison each year as to how our salaries compare to faculty from the closest peer departments.

Staff Salaries

The Priorities Committee also endorsed the recommendations of the Vice President of Human Resources on salary pools. The Priorities Committee reviewed a number of core principles, including Princeton's aim to provide fair and equitable pay to all staff based on the skills, talent, and responsibilities associated with each position. In recent years, Human Resources has provided additional flexibility in the salary pool to recognize different levels of performance and provide resources for departments to reward their highest performers. This has resulted in a broader distribution of individual salary increases compared to previous years.

The staff salary pool consists of four separate elements:

- The *Merit Increase Pool* allocated based on performance ratings.
- Managers also have access to a relatively small *Special Merit Pool* to augment the salaries of highest performers beyond the basic merit structure.
- A *Salary Adjustment Pool* is managed centrally by Human Resources to address reclassifications of existing positions, equity adjustments, retentions, and other off-cycle pay adjustments.
- In addition to the base salary pool components noted above, Human Resources established a performance-based *One-time Award Program* ("Tiger/Stripe Awards").

Market benchmarking suggests that we start from a position of fairly strong alignment with our market positioning. Human Resources compares Princeton's salary structure against national and regional benchmarks, within and outside higher education, by job category. As of 2016, 73 percent of our benchmarked staff positions fell within the 25th and 75th percentile in the distribution of market salary comparisons. In recommending an annual salary increase pool for staff, the Priorities Committee reviewed many benchmarks and inflationary indicators, including changes in the Employment Cost Index (ECI) as well historical data from major salary surveys. The Committee also reviewed evidence suggesting that frequency of staff turnover at Princeton is comparable to benchmark norms for educational institutions.

G. Cost Savings and Management Initiatives

The SUMAR (Strengthen University Management and Resources) committee and process identifies and facilitates projects that lower operating costs and enhance management practices to enable the release of resources toward teaching, research, and the student experience. Since its inception seven years ago, SUMAR has tracked more than 75 projects, with a total estimated savings of approximately \$18.7 million.

For FY2017, SUMAR focused on three priorities: (1) updating the inventory of Continuity of Operations Plans (COOPs) to enable units to plan for continuing business activities during a prolonged emergency; (2) controlling health care costs through education, best practices, and new tools; and (3) investing the need for implementing a new temporary workforce policy to ensure compliance with changing federal benefits eligibility regulations.

The Executive Vice President (EVP) is leading a new innovation initiative this spring consisting of two major sets of activities. First, the EVP office is partnering with the Kahneman-Treisman Center

for Behavioral Science & Public Policy to connect administrators with researchers to explore how behavioral science can offer new strategies for tackling administrative challenges, while also making new sets of data available to researchers. Second, additional programming, including a symposium, will be offered to engage and connect administrators exploring effective and efficient solutions within and across units.

H. Programmatic Investments

The Provost launched a budget initiative in 2015 to empower managers and enable resource allocation that leverages expertise within administrative units. The annual budgetary process was modified to enhance multi-year planning, clarify accountability, and further strengthen budgetary responsibility. Most administrative units now receive a Provostial Allocation in addition to their base operating budget. These allocations are flexible, ongoing funds, to be used to fund a cabinet officer's highest priorities (and for ordinary inflation in their core business). For FY2018, eligible units will receive an additional \$2.1 million in ongoing funds, over and above the \$4.2 million committed during the prior two years. The annual increase in the Provostial Allocation equals approximately 0.8 percent of the prior year's spending in eligible units.

In order to provide administrative units with additional budgetary flexibility, the Provost has authorized the following changes:

- Units now have the authority to carry forward unspent balances in the non-personnel portion of their General Funds, net of any personnel-related deficits. This is intended to promote increased capacity to plan budgets over multi-year periods.
- Units may now retain the ongoing compensation savings associated with a decision to reduce the grade and salary of a vacant position. This change encourages units to evaluate staffing needs carefully and consider alternatives as turnover occurs.
- Units holding regular positions vacant over an extended period may retain the savings to be used at their discretion on a one-time basis.

The FY2018 budget includes \$24 million of anticipated expenditures related to implemented initiatives from the University's strategic planning process. Approximately \$20 million of this investment represents ongoing, base budget claims on the strategic co-investment pool.

The total amount committed so far includes, for example, additional scholarship support as the need profile of the undergraduate population continues to shift, a new undergraduate transfer program, research support for faculty, enhanced graduate student support, and programming for alumni engagement. In addition to the ongoing investments, we have made term funding commitments totaling \$4.1 million for FY2018, including transitional operating costs associated with the Princeton Innovation Center expected to open during Fall 2017. This follows FY2017 term commitments for cryo-electron microscopy and hardware replacement in the Princeton Institute for Computational Science and Engineering.

IV. OUTLOOK FOR THE FUTURE

The Priorities Committee’s annual process includes budgetary review of projections for future years. The baseline projection extends the growth rates recommended for the upcoming budget year’s salary pools, fee package, endowment payout, rents, inflation allowances, and most other variables. Estimates for items not under the University’s direct control—such as funding for sponsored research and investment returns—are based on assessments of likely growth rates. The resulting projections reflect extrapolations of trends, acknowledging that economic circumstances will inevitably change and that the University’s budgetary choices will evolve with them. These trends include the following:

- Rebound of inflation to more historically normal rates after a prolonged period of low inflation;
- Wage indices, such as the Employment Cost Index, are increasing, suggesting increased payroll pressures moving forward;
- Competition to recruit and retain the best faculty remains intense, and we anticipate continued pressures on faculty recruitment start-up package funding;
- Ongoing shifts in the socio-economic composition of the student body will continue to expand the financial aid budget faster than other parts of the general budget;
- Shifts in the demographic makeup of the student body also necessitate changes in the programming available to students to ensure their success at Princeton;
- Commitment to our graduate students to ensure that they have the necessary financial support to complete their studies successfully; and
- The generosity and commitment of Princeton alumni remains strong and will be essential to realizing the vision of the university Strategic Framework.

Against the backdrop of these trends, Princeton is positioned well to develop and pursue the ten areas emphasized in President Eisgruber’s February 2017 “State of the University” letter: achieving unsurpassed quality in all fields; emphasizing service; expanding the undergraduate student body; enhancing socioeconomic diversity; attracting and supporting talented people from all groups and backgrounds; exercising visible leadership in the arts and humanities; providing outstanding research and teaching about the world’s regions and cultures; undertaking a bold interdisciplinary initiative centered on environmental studies; investing in engineering and information sciences; and improving Princeton’s connections to the innovation ecosystem.

PRINCETON UNIVERSITY
Operating Budget: ALL OPERATING FUNDS SUMMARY

(dollars in thousands)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)-(d)	(g)/(d)	
	FY16	FY17	FY17	FY17	FY18	FY18	FY18	18 B v.	18 B v.	
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	17 Curr.	17 Curr.	
	Final	Base	Strat. Init.	Current	Base	Strat. Init.		\$ Chg.	% Chg.	
Revenue										
1	Investment Income	824,696	857,674	57,000	914,674	898,989	173,000	1,071,989	157,315	17.2%
2	Tuition-Undergraduate	224,744	233,420	0	233,420	243,210	0	243,210	9,790	4.2%
3	<u>Tuition-Graduate</u>	<u>98,388</u>	<u>105,404</u>	<u>0</u>	<u>105,404</u>	<u>111,245</u>	<u>0</u>	<u>111,245</u>	<u>5,841</u>	<u>5.5%</u>
4	Total Tuition	323,132	338,823	0	338,823	354,455	0	354,455	15,631	4.6%
5	Other Student Fees	5,065	4,420	0	4,420	4,572	0	4,572	151	3.4%
6	Grants & Contract Revenue	331,515	350,194	0	350,194	358,651	0	358,651	8,456	2.4%
7	Gift Revenue	88,626	88,946	0	88,946	90,162	0	90,162	1,217	1.4%
8	Housing, Dining, Rental, & Event Income	97,736	99,706	0	99,706	103,675	0	103,675	3,969	4.0%
9	<u>Other Income and Transfers</u>	<u>105,091</u>	<u>125,658</u>	<u>0</u>	<u>125,658</u>	<u>124,547</u>	<u>0</u>	<u>124,547</u>	<u>(1,111)</u>	<u>-0.9%</u>
10	Total Revenue and Transfers	1,775,860	1,865,421	57,000	1,922,421	1,935,050	173,000	2,108,050	185,629	9.7%
11	Annual Giving Gifts and Endowment	63,738	61,907		61,907	64,139	0	64,139	2,232	3.6%

PRINCETON UNIVERSITY
Operating Budget: ALL OPERATING FUNDS SUMMARY

(dollars in thousands)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(g)-(d)	(g)/(d)
	FY16	FY17	FY17	FY17	FY18	FY18	FY18	18 B v.	18 B v.
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	17 Curr.	17 Curr.
	Final	Base	Strat. Init.	Current	Base	Strat. Init.		\$ Chg.	% Chg.
Expense									
1 Academic Departments	726,571	785,262	21,178	806,440	818,065	13,931	831,996	25,557	3.2%
2 Princeton Plasma Physics Laboratory	116,288	125,000	0	125,000	125,000	0	125,000	0	0.0%
3 Financial Aid - Undergraduate	137,669	146,800	1,500	148,300	157,716	3,500	161,216	12,916	8.7%
4 Financial Aid - Graduate	21,511	20,638	0	20,638	21,112	0	21,112	474	2.3%
5 University Library	68,353	64,800	0	64,800	68,298	0	68,298	3,497	5.4%
6 Office of Information Technology	55,697	59,426	80	59,506	61,421	83	61,504	1,997	3.4%
7 University Art Museum	15,367	14,870	0	14,870	15,258	0	15,258	387	2.6%
8 Academic Admin. and Student Services	99,128	99,207	833	100,040	101,007	753	101,760	1,720	1.7%
9 Athletics	29,748	29,840	69	29,909	30,738	75	30,813	904	3.0%
10 General Administration and Expense	119,289	125,573	2,195	127,768	128,465	4,866	133,331	5,563	4.4%
11 Facilities Services	119,044	124,076	410	124,486	130,436	820	131,256	6,770	5.4%
12 University Services (Housing, Dining, Other)	57,649	60,298	0	60,298	61,471	0	61,471	1,173	1.9%
13 Uncommitted Central Strategic Initiatives	0	0	11,479	11,479	0	107,972	107,972	96,493	840.6%
14 Departmental Strategic Initiatives	0	0	11,000	11,000	0	41,000	41,000	30,000	272.7%
15 <u>Capital Budget Transfer</u>	<u>209,546</u>	<u>213,497</u>	<u>8,256</u>	<u>221,753</u>	<u>216,063</u>	<u>0</u>	<u>216,063</u>	<u>(5,690)</u>	<u>-2.6%</u>
16 Total Expense	1,775,860	1,869,287	57,000	1,926,287	1,935,050	173,000	2,108,050	181,763	9.4%
17 Surplus or (Deficit)	(0)	(3,866)	0	(3,866)	0	0	0	3,866	
18 Transfer (To Later)/ From Prior Periods	0	3,866	0	3,866	(0)	0	(0)		
Graduate Student Support by Category, all departments above									
Assistants in Instruction	29,683	33,024	0	33,024	34,131	0	34,131	1,106	3.4%
Assistants in Research	37,519	38,249	0	38,249	39,054	0	39,054	804	2.1%
<u>Graduate Fellowships</u>	<u>113,971</u>	<u>119,184</u>	<u>405</u>	<u>119,589</u>	<u>124,690</u>	<u>3,063</u>	<u>127,753</u>	<u>8,163</u>	<u>6.8%</u>
Total Graduate Student Support	181,173	190,458	405	190,863	197,874	3,063	200,937	10,074	5.3%

NOTES TO SUMMARY TABLES

Revenue

1 Investment Income. This line includes income earned from investments, mainly the University's endowment, as well as income from external trusts, current fund balances, and faculty and staff loans. The increase reflects the planned increase in endowment payout for FY18, along with growth in income streams not governed by the endowment spending rule.

2, 3, and 4 Tuition-Undergraduate and Graduate. Tuition revenue increases result from the combination of higher recommended tuition rates and projected changes in enrollment.

5 Other Student Fees. The growth in Student Fees reflects normal inflationary increases.

6 Grants & Contract Revenue. The increase reflects projected growth in the direct and indirect expenses of main campus sponsored research, with expenditures at the Princeton Plasma Physics Laboratory projected to remain unchanged.

7 Gift Revenue. This line includes Annual Giving and expendable gifts for departmental programs, research, and other initiatives.

8 Housing, Dining, Rental, & Event Income: The increase reflects the recommended rate increases for dormitories, rental housing, and dining, along with projected changes in enrollment.

9 Other Income and Transfers. This line reflects projected volume and inflationary adjustments in the various sale-of-service units. It also includes transfers in from the capital plan for support of new buildings and prior-period balances.

Expense

An appropriate share of the salary pools recommended by the Priorities Committee appears on each line except 2, 3, 4, and 13.

1 Academic Departments. The increase reflects planned changes in faculty staffing levels, including new faculty positions supported by gift and endowment income. The tuition component of graduate student fellowships and teaching and research assistantships rises in line with the proposed tuition increase. The increase also includes inflationary adjustments to academic departmental budgets and projected expenditure growth in departmentally restricted funds, along with a preliminary place-keeper for strategic initiatives.

2 Princeton Plasma Physics Laboratory. No change.

3 Financial Aid - Undergraduate. The increase reflects the recommended increase in the fee package, the recommendation to incorporate the residential college fee into the cost of attendance

for freshmen and sophomores, and a projected increase in the total number of awards due to variations in the size and aid profiles of the graduating and entering classes.

4 Financial Aid – Graduate. This line reflects only those graduate fellowships that are administered by the Dean of the Graduate School’s office rather than by the individual academic units, such as NSF fellowships and some other outside awards. Increases are provided to cover the recommended tuition and stipend rates. A summary of total graduate support in all departments appears at the bottom of the Expense table.

5 University Library. Reflects normal inflationary adjustments.

6 Office of Information Technology. Includes technical, administrative, and programming support of University enterprise systems, including research computing.

7 University Art Museum. Includes all curatorial, exhibition, preservation, storage, and other operating costs.

8 Academic Administration and Student Services. Includes the office of the Provost; the Deans of the Faculty, College, Graduate School, and Research; the office of the Vice President for Campus Life (except Athletics, see note 9); and other offices primarily devoted to central support of the academic mission.

9 Athletics. Includes varsity and club sports, recreational athletics, and Friends groups.

10 General Administration and Expense. This includes central business functions such as the offices of the President, Executive Vice President, Vice President for Human Resources, General Counsel, Vice President for Finance and Treasurer, Vice President for Advancement, and the like.

11 Facilities Services. Staff and operating expenses directly associated with the operation and maintenance of the physical plant, including the costs of property taxes, water and sewer charges, insurance, and energy costs.

12 University Services. Includes Housing, Dining, Conference and Event Services, Transportation Services, and the like. Most of the revenues associated with University Services are shown under Revenue line 8.

13 Capital Transfer. This line reflects the costs of major maintenance and renovation projects. A fund has been established to pay for these expenditures, and contributions from the operating budget to replenish that fund appear here. The increase reflects growth consistent with the current ten-year capital plan, partially offset by the removal of one-time FY17 renovation costs.