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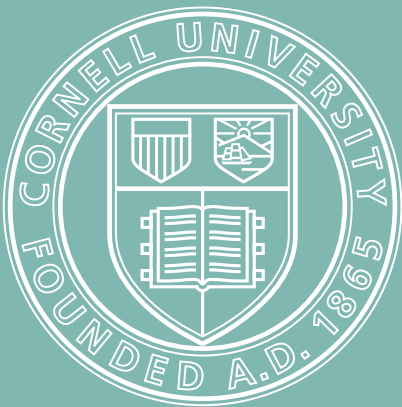
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Financial Plan

In-Year Forecast

January 2006



Published by:

The Division of Planning and Budget

Cornell University
440 Day Hall
Ithaca, New York 14853
<http://dpb.cornell.edu/index.htm>
607-255-9329

January 9, 2006

Michael L. Whalen, Editor

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<http://dpb.cornell.edu/pipa/pubs.htm>



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FROM THE PROVOST

To the Cornell University Board of Trustees:

This document provides an in-year forecast of the 2005-06 financial plan for Cornell University that was approved by the Board of Trustees in May 2005. We would like to report that midway through the fiscal year we expect the university's overall operating plan to remain on target. Revenues and expenditures are forecast to increase 1.6 percent over planned levels. These changes combined with various transfers to and from endowment and physical plant funds will yield a net of \$14.1 million, about three-quarters of which will be added to the reserves of the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences.

We have continued our strategic investments in programs at both the Ithaca campus and the Medical College. Among these are efforts to increase faculty and staff compensation; to invest in faculty research and scholarship in a variety of disciplines; to improve the learning and living environment of our students; to ensure broad and diverse access to higher education, and to provide facilities that support and encourage the very best from the Cornell community.

The university is making good progress on its approved capital plan for 2005-06. The second West Campus Residential Initiative facility—Carl Becker House—has been completed, and work on the Hans Bethe House and the Noyes Community and Recreation Center has commenced. We have moved into the construction phase for both the Life Sciences Technology Facility and the East Campus Research Facility. Together these two projects represent substantial investments in our research enterprise. The renovation of Bailey Hall is almost complete, and we expect to reopen the facility by the start of the fall 2006 semester. The north wing of Martha Van Rensselaer Hall has been demolished and its replacement is in design, as is the renovation of the Ives Faculty Building. The Medical College is making good progress with the construction of the Ambulatory Care Building, a 332,570 gross square foot facility being built at the corner of York Avenue and 70th Street in New York City. Occupancy of this facility is scheduled for January 2007.

We remain guardedly optimistic about Cornell's financial outlook. The nation's economy is rebounding, showing signs of measured growth, which bodes well for our endowment's investment performance. Federal

spending for nonmilitary research, which had been growing at a reasonable rate, is expected to decline in 2006 as Congress searches for offsets to the costs of defense, tax cuts, and hurricane relief. Cuts are also occurring in student financial aid at the federal level. New York State, which had projected a \$4.2 billion deficit for 2005-06, now expects a budget surplus, based in part on increases in personal income and capital gains. The State University of New York (SUNY) and the City University of New York (CUNY) have submitted budget requests that vary from 8.7 percent to 12.9 percent for various components of four-year and community colleges. While SUNY and CUNY may not realize budget increases of these levels, some growth seems likely.

During the fall semester that has just ended we were able to provide assistance to students and faculty from several institutions that were so dramatically affected by Hurricane Katrina. In total, Cornell hosted 169 undergraduates and 26 graduate and professional students. The support rendered by this institution and so many other colleges and universities is a wonderful demonstration of the fact that higher education is truly a *community* of scholars.

We have included reports in this booklet on seven topics—tuition, enrollment, undergraduate financial aid, faculty salaries, gifts, endowment, and workforce—that play important roles in our financial planning. A second forecast of this year's operating plan will be made in May, as part of the 2006-07 financial plan presentation. We will begin the formal budget approval process for 2006-07 with the presentation of budget policies at the January 2006 Board of Trustees meeting. These policies are informed by the results summarized in this report. We appreciate your thoughts and comments on this document and stand ready to answer your questions about Cornell's finances.



C. Bidy Martin
Provost

OPERATING PLAN FORECAST – HIGHLIGHTS

2005-06 OPERATING PLAN

The university's 2005-06 operating plan was predicated on a resource inflow of \$2.494 billion, of which \$2.480 billion would be utilized, leaving a net from operations of \$14.4 million. The current forecast of that plan, which is shown in the tables on pages 6 and 7 and is highlighted below, calls for a 1.6 percent increase in operating resources and a 1.7 percent increase in the use of those resources, decreasing the net from operations to \$14.1 million. This forecast is discussed in detail, by division, beginning on page 8.

Ithaca Campus

The Ithaca Campus operating plan was based on a total of \$1.643 billion in resources being available for expenditure and transfer out to other funds.

- **Revenues and transfers in** are expected to total \$1.660 billion, an increase of \$16.9 million, or 1 percent, from the plan, as growth will occur in certain types of sponsored programs funding and other sources of income, offset partially by decreases in tuition and fees and the indirect recovery of facilities and administrative costs related to sponsored programs costs.
- **Expenditures and transfers out** are forecast to increase \$17.7 million, to \$1.656 billion, due primarily to growth in sponsored programs activity, especially subcontracts to other institutions, and higher utility costs.
- This combination of revenues, expenditures, and transfers is currently forecast to produce a \$3.4 million **net from operations**—\$838 thousand less than planned.

Medical College

The operating plan for the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences was based on a total of \$851 million in resources being available for expenditure and transfer out to other funds.

- **Revenues and transfers in** are projected to total \$875.4 million, an increase of \$24 million, or 2.8 percent, over the plan, as increases are anticipated in sponsored programs funding, Physician Organization (PO) receipts, revenues for services

purchased by the New York Presbyterian Hospital (NYPH), and other sources.

- **Expenditures and transfers out** are forecast to increase \$23.5 million, to \$864.8 million. Most of this change will occur in academic, clinical, and support service departments of the Medical College, reflecting the revenue changes mentioned above.
- This combination of revenues, expenditures, and transfers is currently forecast to produce a \$10.7 million **net from operations**—\$506 thousand more than planned.

Overall, the university is projecting a \$14.1 million **net from operations**, which will be added to current fund balances. This will be \$332 thousand less than planned, but more than the 2004-05 net of \$13.4 million. Three-quarters of the projected 2005-06 net from operations will be added to fund balances in the Medical College, with the remainder being added to Ithaca Campus fund balances.

OPERATING PLAN FORECAST – HIGHLIGHTS

University Operating Plan – Summary						
(dollars in thousands)						
	03-04	04-05	05-06	05-06	Change from	
Resources	Actual	Actual	Plan	Forecast	Plan to Forecast	Dollars Percent
1. Tuition & Fees	\$531,259	\$558,098	\$592,051	\$588,446	(\$3,605)	(0.6%)
2. Investment Distributions	200,469	196,904	215,275	215,467	192	0.1%
3. Unrestricted Gifts	54,828	48,287	38,844	39,265	421	1.1%
4. Restricted Gifts	132,291	126,928	137,400	137,450	50	0.0%
5. Sponsored Programs (direct)	357,927	399,277	398,718	417,610	18,892	4.7%
6. Sponsored Programs (F&A)	110,163	114,624	121,624	121,349	(275)	(0.2%)
7. Institutional Allowances	19,154	20,653	21,169	21,169		
8. State Appropriations	140,350	138,892	144,002	144,305	303	0.2%
9. Federal Appropriations	17,048	16,300	16,565	16,559	(6)	(0.0%)
10. Physician Organization (PO)	323,968	364,451	359,423	371,792	12,369	3.4%
11. NYPH (purchased services)	63,106	76,478	75,943	81,327	5,384	7.1%
12. Enterprise Sales & Services	121,280	126,231	132,703	132,735	32	0.0%
13. Other Sources	<u>152,469</u>	<u>200,560</u>	<u>198,502</u>	<u>202,805</u>	<u>4,303</u>	2.2%
14. Subtotal In-Year Revenues	2,224,312	2,387,683	2,452,219	2,490,279	38,060	1.6%
15. Transfers From Endowment	34,674	28,091	34,531	36,785	2,254	
16. Transfers From Plant	<u>4,620</u>	<u>4,791</u>	<u>7,530</u>	<u>8,084</u>	<u>554</u>	
17. Subtotal Transfers In	39,294	32,882	42,061	44,869	2,808	
18. Total Resources	2,263,606	2,420,565	2,494,280	2,535,148	40,868	1.6%
Uses of Resources						
19. Agriculture & Life Sciences	208,245	218,716	227,008	227,522	514	0.2%
20. Architecture, Art, & Planning	14,802	16,716	18,400	18,083	(317)	(1.7%)
21. Arts & Sciences	150,969	160,524	164,181	164,783	602	0.4%
22. Engineering	112,927	113,166	123,952	119,232	(4,720)	(3.8%)
23. Hotel Administration	41,415	45,901	47,086	47,578	492	1.0%
24. Human Ecology	41,202	45,651	46,513	46,408	(105)	(0.2%)
25. Industrial & Labor Relations	37,887	39,299	44,104	43,375	(729)	(1.7%)
26. Johnson School	37,168	38,272	41,698	41,793	95	0.2%
27. Law School	21,744	22,085	23,473	22,512	(961)	(4.1%)
28. Medical College (academic/clinical)	595,616	656,218	648,506	671,560	23,054	3.6%
29. Veterinary Medicine	83,737	90,119	93,009	95,445	2,436	2.6%
30. Research Centers	90,206	88,939	82,985	97,297	14,312	17.2%
31. Other Academic Programs	110,065	122,573	126,385	126,763	378	0.3%
32. Centrally Recorded Financial Aid	134,775	141,486	151,959	152,477	518	0.3%
33. Student Services	100,829	106,787	111,053	110,595	(458)	(0.4%)
34. Administrative & Support	194,707	233,363	271,933	272,828	895	0.3%
35. Physical Plant	148,310	154,844	174,370	179,696	5,326	3.1%
36. All Other	<u>8,117</u>	<u>8,266</u>	<u>7,626</u>	<u>5,874</u>	<u>(1,752)</u>	(23.0%)
37. Subtotal Expenditures	2,132,721	2,302,925	2,404,241	2,443,821	39,580	1.6%
38. Transfers To Endowment	59,137	26,986	8,434	8,472	38	
39. Transfers To Plant	<u>55,675</u>	<u>77,284</u>	<u>67,201</u>	<u>68,783</u>	<u>1,582</u>	
40. Subtotal Transfers Out	114,812	104,270	75,635	77,255	1,620	
41. Total Uses of Resources	2,247,533	2,407,195	2,479,876	2,521,076	41,200	1.7%
42. Net From Operations	16,073	13,370	14,404	14,072	(332)	

University Operating Plan – Divisional Detail						
(dollars in thousands)						
Resources	Ithaca Campus	Medical College	05-06 Forecast	05-06 Plan	Change from Plan to Forecast	
					Dollars	Percent
1. Tuition & Fees	\$571,171	\$17,275	\$588,446	\$592,051	(\$3,605)	(0.6%)
2. Investment Distributions	183,536	31,931	215,467	215,275	192	0.1%
3. Unrestricted Gifts	35,945	3,320	39,265	38,844	421	1.1%
4. Restricted Gifts	68,915	68,535	137,450	137,400	50	0.0%
5. Sponsored Programs (direct)	301,462	116,148	417,610	398,718	18,892	4.7%
6. Sponsored Programs (F&A)	74,208	47,141	121,349	121,624	(275)	(0.2%)
7. Institutional Allowances	31	21,138	21,169	21,169		
8. State Appropriations	144,126	179	144,305	144,002	303	0.2%
9. Federal Appropriations	16,559		16,559	16,565	(6)	(0.0%)
10. Physician Organization (PO)		371,792	371,792	359,423	12,369	3.4%
11. NYPH (purchased services)		81,327	81,327	75,943	5,384	7.1%
12. Enterprise Sales & Services	116,456	16,279	132,735	132,703	32	0.0%
13. Other Sources	<u>102,438</u>	<u>100,367</u>	<u>202,805</u>	<u>198,502</u>	<u>4,303</u>	<u>2.2%</u>
14. Subtotal In-Year Revenues	1,614,847	875,432	2,490,279	2,452,219	38,060	1.6%
15. Transfers From Endowment	36,785		36,785	34,531	2,254	
16. Transfers From Plant	<u>8,084</u>		<u>8,084</u>	<u>7,530</u>	<u>554</u>	
17. Subtotal Transfers In	44,869		44,869	42,061	2,808	
18. Total Resources	1,659,716	875,432	2,535,148	2,494,280	40,868	1.6%
Uses of Resources						
19. Agriculture & Life Sciences	227,522		227,522	227,008	514	0.2%
20. Architecture, Art, & Planning	18,083		18,083	18,400	(317)	(1.7%)
21. Arts & Sciences	164,783		164,783	164,181	602	0.4%
22. Engineering	119,232		119,232	123,952	(4,720)	(3.8%)
23. Hotel Administration	47,578		47,578	47,086	492	1.0%
24. Human Ecology	46,408		46,408	46,513	(105)	(0.2%)
25. Industrial & Labor Relations	43,375		43,375	44,104	(729)	(1.7%)
26. Johnson School	41,793		41,793	41,698	95	0.2%
27. Law School	22,512		22,512	23,473	(961)	(4.1%)
28. Medical College (academic/clinical)		671,560	671,560	648,506	23,054	3.6%
29. Veterinary Medicine	95,445		95,445	93,009	2,436	2.6%
30. Research Centers	97,297		97,297	82,985	14,312	17.2%
31. Other Academic Programs	126,763		126,763	126,385	378	0.3%
32. Centrally Recorded Financial Aid	140,937	11,540	152,477	151,959	518	0.3%
33. Student Services	110,595		110,595	111,053	(458)	(0.4%)
34. Administrative & Support	138,500	134,328	272,828	271,933	895	0.3%
35. Physical Plant	136,493	43,203	179,696	174,370	5,326	3.1%
36. All Other	5,874		5,874	7,626	(1,752)	(23.0%)
37. Cost Redistribution	<u>(1,625)</u>	<u>1,625</u>				
38. Subtotal Expenditures	1,581,565	862,256	2,443,821	2,404,241	39,580	1.6%
39. Transfers To Endowment	8,472		8,472	8,434	38	
40. Transfers To Plant	<u>66,283</u>	<u>2,500</u>	<u>68,783</u>	<u>67,201</u>	<u>1,582</u>	
41. Subtotal Transfers Out	74,755	2,500	77,255	75,635	1,620	
42. Total Uses of Resources	1,656,320	864,756	2,521,076	2,479,876	41,200	1.7%
43. Net From Operations	3,396	10,676	14,072	14,404	(332)	

OPERATING PLAN FORECAST – DETAILS

ITHACA CAMPUS

Revenues and Transfers In

Revenues for 2005-06 are currently forecast at \$1.615 billion, an increase of \$14.1 million, or 0.9 percent, from the plan and 3.1 percent over the amount recorded in 2004-05.

- **Tuition and fee** revenues are expected to be \$3.6 million, or 0.6 percent, less than planned due primarily to an incorrect double-counting of summer session income when the plan was assembled. *No tuition income was recorded for students displaced by Hurricane Katrina.*
- **Unrestricted and restricted gift** revenues for current operations are forecast to total \$104.9 million, an increase of \$471 thousand from the plan. While gifts recorded in general operations (current funds) for the Ithaca Campus through October 2005 were less than expected, the forecast anticipates a rebound in gift flow through the remainder of the fiscal year, encouraged in part by recent federal tax-law changes.
- **Direct cost** funding of **sponsored programs** is projected to total \$301.5 million, an increase of \$15.8 million over that planned, as greater than expected grant and contract activity in the research centers (primarily in the NanoScale Facility) will be offset partially by lower than anticipated research expenditures in the College of Engineering. The **indirect recovery of facilities and administrative (F&A) costs** related to sponsored programs is projected to total \$74.2 million, a decrease of 2.3 percent from the plan, due to a growth in the proportion of direct cost activity that is not subject to indirect cost recovery (i.e., subcontracts).

Transfers in from funds functioning as endowment are projected at \$36.8 million, and **transfers from plant funds** are expected to total \$8.1 million.

Expenditures and Transfers Out

Expenditures are currently forecast at \$1.582 billion, an increase of \$16.1 million, or 1 percent, over the plan, and 5.8 percent more than recorded in 2004-05.

- **College** expenditures are projected to total \$826.7 million, or \$2.7 million less than expected, as (a) unplanned salary reimbursement for Law School

faculty visiting other institutions; (b) fewer than planned hires in the Law School, the School of Industrial and Labor Relations, and the College of Engineering; and (c) a decrease in research expenditures in the College of Engineering are offset partially by greater than planned salary costs in the College of Veterinary Medicine.

- **Research center** expenditures are forecast at \$97.3 million, a 17.2 percent increase over the amount planned, with growth attributed to unplanned subcontract activity in the Cornell NanoScale Facility and greater than planned expenditures in the National Astronomy and Ionosphere Center and the Cornell Institute for Social and Economic Research (CISER).
- **Centrally recorded financial-aid*** costs are projected to exceed planned levels by \$518 thousand, or 0.4 percent. Overall, centrally recorded financial-aid expenditures are forecast to be 8.3 percent greater than recorded in 2004-05.
- **Physical plant** expenditures are projected at \$136.5 million, a 4 percent increase from the plan, due to greater than planned utility costs.

Transfers out to funds functioning as endowment of \$8.5 million while **transfers out to plant funds** of \$66.3 million will exceed the plan by \$1.6 million.

Net from Operations

The combination of these factors is currently projected to yield a **net from operations** of \$3.4 million, a decrease of \$838 thousand from the plan, which will be added to general operating (current fund) balances.

† The 2005-06 plan for the Ithaca Campus has been corrected to remove \$31 million of *investment distributions* (line 2) and the subsequent *transfer* of those resources to *endowment* (line 36) that represent investment gains on short- and intermediate-term funds that are expected to be realized in excess of planned and approved investment distributions for the operating budget. These gains—which are technically derived from general operations (current funds) and are reinvested to protect the future earnings potential of this resource—were incorrectly included in the original plan as available for expenditure.

* The 2005-06 plan for the Ithaca Campus has been corrected to relocate to *centrally recorded financial aid* (line 29) \$1.713 million in work/study expenditures that were incorrectly budgeted as *administrative and support* (line 31).

OPERATING PLAN FORECAST – DETAILS

Ithaca Campus (dollars in thousands)		03-04	04-05	05-06	05-06	Change from Plan to Forecast	
	Actual	Actual	Plan	Forecast	Dollars	Percent	
Resources							
1. Tuition & Fees	\$514,947	\$541,466	\$574,776	\$571,171	(\$3,605)	(0.6%)	
2. Investment Distributions †	172,109	167,643	183,344	183,536	192	0.1%	
3. Unrestricted Gifts	52,763	46,620	35,524	35,945	421	1.2%	
4. Restricted Gifts	76,701	71,394	68,865	68,915	50	0.1%	
5. Sponsored Programs (direct)	253,491	291,376	285,632	301,462	15,830	5.5%	
6. Sponsored Programs (F&A)	69,271	72,256	75,983	74,208	(1,775)	(2.3%)	
7. Institutional Allowances	73	33	31	31			
8. State Appropriations	140,127	138,713	143,823	144,126	303	0.2%	
9. Federal Appropriations	17,048	16,300	16,565	16,559	(6)	(0.0%)	
10. Enterprise Sales & Services	109,432	111,291	116,424	116,456	32	0.0%	
11. Other Sources	<u>92,906</u>	<u>109,268</u>	<u>99,817</u>	<u>102,438</u>	<u>2,621</u>	<u>2.6%</u>	
12. Subtotal In-Year Revenues	1,498,868	1,566,360	1,600,784	1,614,847	14,063	0.9%	
13. Transfers From Endowment	34,674	28,091	34,531	36,785	2,254		
14. Transfers From Plant	<u>4,620</u>	<u>4,791</u>	<u>7,530</u>	<u>8,084</u>	<u>554</u>		
15. Subtotal Transfers In	39,294	32,882	42,061	44,869	2,808		
16. Total Resources	1,538,162	1,599,242	1,642,845	1,659,716	16,871	1.0%	
Uses of Resources							
17. Agriculture & Life Sciences	208,245	218,716	227,008	227,522	514	0.2%	
18. Architecture, Art, & Planning	14,802	16,716	18,400	18,083	(317)	(1.7%)	
19. Arts & Sciences	150,969	160,524	164,181	164,783	602	0.4%	
20. Engineering	112,927	113,166	123,952	119,232	(4,720)	(3.8%)	
21. Hotel Administration	41,415	45,901	47,086	47,578	492	1.0%	
22. Human Ecology	41,202	45,651	46,513	46,408	(105)	(0.2%)	
23. Industrial & Labor Relations	37,887	39,299	44,104	43,375	(729)	(1.7%)	
24. Johnson School	37,168	38,272	41,698	41,793	95	0.2%	
25. Law School	21,744	22,085	23,473	22,512	(961)	(4.1%)	
26. Veterinary Medicine	83,737	90,119	93,009	95,445	2,436	2.6%	
27. Research Centers	90,206	88,939	82,985	97,297	14,312	17.2%	
28. Other Academic Programs	110,065	122,573	126,385	126,763	378	0.3%	
29. Centrally Recorded Financial Aid *	123,055	130,140	140,419	140,937	518	0.4%	
30. Student Services	100,829	106,787	111,053	110,595	(458)	(0.4%)	
31. Administrative & Support *	113,761	134,660	138,011	138,500	489	0.4%	
32. Physical Plant	113,266	114,490	131,198	136,493	5,295	4.0%	
33. Ithaca Campus All Other	8,117	8,266	7,626	5,874	(1,752)	(23.0%)	
34. Cost Redistribution	<u>(1,545)</u>	<u>(1,576)</u>	<u>(1,625)</u>	<u>(1,625)</u>			
35. Subtotal Expenditures	1,407,850	1,494,728	1,565,476	1,581,565	16,089	1.0%	
36. Transfers To Endowment †	59,137	26,986	8,434	8,472	38		
37. Transfers To Plant	<u>55,405</u>	<u>75,126</u>	<u>64,701</u>	<u>66,283</u>	<u>1,582</u>		
38. Subtotal Transfers Out	114,542	102,112	73,135	74,755	1,620		
39. Total Uses of Resources	1,522,392	1,596,840	1,638,611	1,656,320	17,709	1.1%	
40. Net From Operations	15,770	2,402	4,234	3,396	(838)		

MEDICAL COLLEGE

Revenues and Transfers In

Revenues for the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences for 2005-06 are currently forecast at \$875.4 million, an increase of \$24 million, or 2.8 percent, from the plan.

- **Gifts from restricted sources** are expected to remain as planned at \$68.5 million. These gifts are comprised of annual contributions and anticipated campaign gifts that will be utilized for the Strategic Plans for Research and Advancing the Clinical Mission.
- **Direct sponsored program support** is expected to increase to \$116.1 million, \$3.1 million more than the planned amount of \$113.1 million. This growth is predicated on a 3.2 percent increase in government support for research and no change in the level of nongovernmental grant funding. The **indirect recovery of facilities and administrative (F&A) costs** related to sponsored programs is expected to increase similarly, exceeding the plan by 3.3 percent and totaling \$47.1 million.
- Revenues from the **Physician Organization** are projected at \$371.8 million, an increase of \$12.4 million, or 3.4 percent, from the plan. This slight variance is due primarily to greater than anticipated growth in certain clinical practices established as components of the Strategic Plan for Advancing the Clinical Mission.
- Revenues for services purchased by the **New York Presbyterian Hospital (NYPH)** are forecast to increase 7.1 percent from the planned amount of \$75.9 million, to a total of \$81.3 million. These revenues are primarily payments for professional services related to hospital activities, such as supervision and training of NYPH residents, and other hospital-related functions.
- Funding from the **Qatar Foundation** to operate the Weill Cornell Medical School in Qatar will remain at the planned level of \$60.4 million.

No transfers in from funds functioning as endowment or plant funds are anticipated in this forecast.

Expenditures and Transfers Out

Net expenditures are currently forecast at \$862.3 million, an increase of \$23.5 million, or 2.8 percent, from the level planned for 2005-06.

- **Academic and clinical departments**, including the Physician Organization, are forecast to expend a total of \$671.6 million, an increase of \$23.1 million, or 3.6 percent, compared to the plan. This growth will occur primarily in three areas: (a) greater Physician Organization expenditures; (b) higher expenses related to teaching, training and research; and (c) increased sponsored programs costs related to government grant funding.
- **Administrative and support costs** are forecast to increase \$406 thousand, or 0.6 percent, from the plan, to \$74 million. These costs include operating expenses for student services, academic, and administrative support units. **Administrative and support costs for the Medical College in Qatar** are projected to remain at the budgeted amount of \$60.4 million as there is an expectation that staffing levels called for in the original plan will be attained.
- **Physical plant** expenditures—including anticipated space rental, insurance, utilities, and debt service costs—are projected to remain relatively consistent with the plan (at \$43.2 million).

Transfers out to plant funds, forecast to remain as planned at \$2.5 million, will fund renovations by the Physician Organization.

Net from Operations

Of the total **net from operations**, which is now projected at \$10.7 million, \$4 million will be added directly to operating reserves. The balance will go to **current fund balances**, where surpluses in general purpose and restricted funds will be offset partially by reductions in designated and enterprise funds.

Medical College						Change from	
(dollars in thousands)		03-04	04-05	05-06	05-06	Plan to Forecast	
		Actual	Actual	Plan	Forecast	Dollars	Percent
Resources							
1. Tuition & Fees		\$16,312	\$16,632	\$17,275	\$17,275		
2. Investment Distributions		28,360	29,261	31,931	31,931		
3. Unrestricted Gifts		2,065	1,667	3,320	3,320		
4. Restricted Gifts		55,590	55,534	68,535	68,535		
5. Sponsored Programs (direct)		104,436	107,901	113,086	116,148	3,062	2.7%
6. Sponsored Programs (F&A)		40,892	42,368	45,641	47,141	1,500	3.3%
7. Institutional Allowances *		19,081	20,620	21,138	21,138		
8. State Appropriations		223	179	179	179		
9. Physician Organization (PO)		323,968	364,451	359,423	371,792	12,369	3.4%
10. NYPH (purchased services)		63,106	76,478	75,943	81,327	5,384	7.1%
11. Enterprise Sales & Services		11,848	14,940	16,279	16,279		
12. Qatar		30,053	51,593	60,373	60,373		
13. Other Sources		<u>29,510</u>	<u>39,699</u>	<u>38,312</u>	<u>39,994</u>	<u>1,682</u>	4.4%
14. Subtotal In-Year Revenues		725,444	821,323	851,435	875,432	23,997	2.8%
15. Transfers From Endowment							
16. Transfers From Plant							
17. Subtotal Transfers In							
18. Total Resources		725,444	821,323	851,435	875,432	23,997	2.8%
Uses of Resources							
19. Medical College (academic/clinical)		586,098	636,433	648,506	671,560	23,054	3.6%
20. Return to Qatar Foundation		9,518	19,785				
21. Centrally Recorded Financial Aid		11,720	11,346	11,540	11,540		
22. Administrative & Support		60,411	66,895	73,549	73,955	406	0.6%
23. Administrative & Support (Qatar)		20,535	31,808	60,373	60,373		
24. Physical Plant		35,044	40,354	43,172	43,203	31	0.1%
25. Cost Redistribution		<u>1,545</u>	<u>1,576</u>	<u>1,625</u>	<u>1,625</u>		
26. Subtotal Expenditures		724,871	808,197	838,765	862,256	23,491	2.8%
27. Transfers To Endowment							
28. Transfers To Plant		<u>270</u>	<u>2,158</u>	<u>2,500</u>	<u>2,500</u>		
29. Subtotal Transfers Out		270	2,158	2,500	2,500		
30. Total Uses of Resources		725,141	810,355	841,265	864,756	23,491	2.8%
31. Net From Operations		303	10,968	10,170	10,676	506	

Note: * This schedule has been restated to show as *institutional allowances* (line 7) all administrative cost recoveries related to the *Physician Organization* as well as the *Physician Organization* institutional development fund that was shown previously on a separate line. Beginning in 2004-05, these allowances were negotiated and calculated as a single value.

TUITION

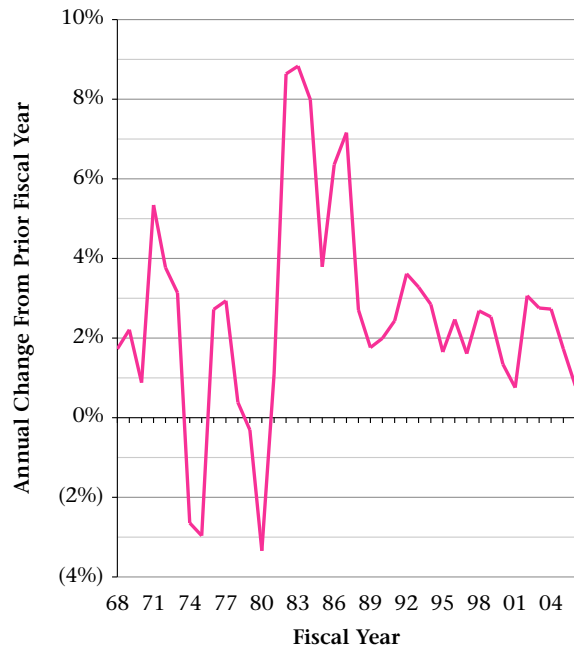
Changes in Tuition Rates

Since 1966-67, Cornell's undergraduate tuitions rates have grown irregularly (in inflation-adjusted terms).

- Endowed Ithaca tuition increased moderately, in inflation-adjusted terms, through 1980-81. (See graph below.) In the 1980's, tuition was raised significantly. Since then, tuition growth has slowed to two or three percentage points above the change in inflation. (See graph at right.)
- Contract college tuition experienced wider swings, especially in the 1970's. During the 1980's, the growth pattern paralleled that of endowed Ithaca tuition. In the early 1990's, contract college tuition grew more rapidly than endowed Ithaca's, as stepped increases in State University of New York (SUNY) tuition triggered increases in the portion of contract college tuition remitted to SUNY. More recently, contract college tuition has been increased significantly to offset state budget cuts.
- It is Cornell's goal to keep the annual growth in endowed Ithaca tuition, when adjusted for inflation, at 2 percent or less. For 2005-06, endowed Ithaca tuition was increased 4.3 percent, 0.8 percentage

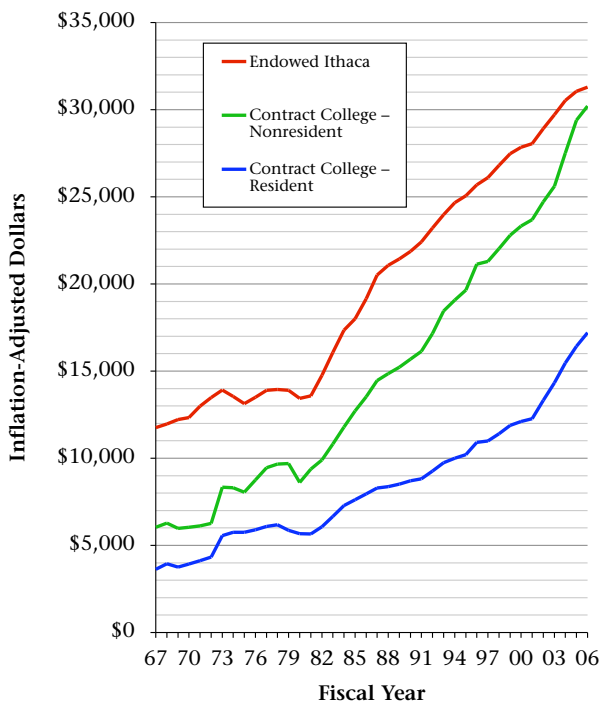
Change in Endowed Ithaca Tuition from the Prior Fiscal Year

(in inflation-adjusted, 2005-06 dollars)



Undergraduate Tuition Rates

(in inflation-adjusted, 2005-06 dollars)



points above the assumed rate of inflation. (*Inflation is now forecast at 3.5 percent for 2005-06, based on the recent growth in the Consumer Price Index and projections of energy costs.*)

- The university approaches the setting of contract college tuitions similarly. However, actions by the state and SUNY to reduce funding for the contract colleges and the need to support local costs that are not funded through state appropriations will affect future tuition growth.

Comparisons with Peer Institutions

Cornell's undergraduate tuitions are in the midrange of peer research universities. (See table on page 13.)

- For 2005-06, Cornell's increase in endowed Ithaca undergraduate tuition kept it among the lowest of the Ivy League but in the midrange of institutions with which Cornell competes for students.
- Cornell's contract college tuition remains at the top of comparable land-grant and state institutions.
- The total cost of tuition, fees, room, and board for endowed Ithaca undergraduates is in the upper tier among Ivy League and peer institutions.

Undergraduate Tuition, Fees, Room, and Board

(Ivy League, peer, and common acceptance institutions)

Tuition & Mandatory Fees				Tuition, Fees, Room & Board			
Institution	04-05	05-06	%	Institution	04-05	05-06	%
Columbia University	31,472	33,246	5.6	New York University	41,485	43,130	4.0
Brown University	31,334	32,974	5.2	Georgetown	40,317	42,938	6.5
Tufts University	30,969	32,621	5.3	Washington University	40,838	42,796	4.8
University of Pennsylvania	30,900	32,586	5.5	Columbia University	40,538	42,586	5.1
Duke University	30,720	32,509	5.8	University of Chicago	40,353	42,369	5.0
MIT	30,800	32,300	4.9	Boston University	40,082	42,046	4.9
University of Chicago	30,729	32,265	5.0	Tufts University	39,999	42,018	5.0
Georgetown	30,163	32,199	6.7	University of Pennsylvania	39,818	41,988	5.4
Harvard University	30,620	32,097	4.8	MIT	39,900	41,800	4.8
Princeton University	30,495	32,095	5.2	Brown University	39,808	41,770	4.9
Carnegie Mellon University	31,036	32,044	3.2	Cornell (Endowed)	40,099	41,767	4.2
Washington University	30,546	32,042	4.9	Harvard University	39,880	41,675	4.5
Boston University	30,402	31,966	5.1	Northwestern University	39,478	41,662	5.5
Dartmouth College	30,465	31,965	4.9	Johns Hopkins University	39,656	41,544	4.8
RPI	29,786	31,857	7.0	Duke University	39,240	41,459	5.7
Northwestern University	30,085	31,789	5.7	Stanford University	39,603	41,384	4.5
New York University	30,095	31,690	5.3	Dartmouth College	39,465	41,355	4.8
Johns Hopkins University	30,140	31,620	4.9	RPI	38,869	41,288	6.2
Cornell (Endowed)	30,167	31,467	4.3	University of Rochester	38,047	41,135	8.1
Yale University	29,820	31,460	5.5	Yale University	38,850	41,000	5.5
Stanford University	30,103	31,452	4.5	Carnegie Mellon University	39,590	40,960	3.5
University of Rochester	28,982	31,297	8.0	Princeton University	38,882	40,858	5.1
Cornell (Contract-nonres.)	28,567	30,367	6.3	Cornell (Contract-nonres.)	38,499	40,667	5.6
U. Michigan (nonres.)	26,027	27,601	6.0	U. Cal.-Berkeley (nonres.)	34,542	36,886	6.8
U. Cal.-Berkeley (nonres.)	22,912	24,332	6.2	U. Michigan (nonres.)	33,057	34,975	5.8
U. Virginia (nonres.)	22,890	24,290	6.1	U. Virginia (nonres.)	28,850	30,640	6.2
Penn. State Univ. (nonres.)	20,784	21,744	4.6	Penn. State Univ. (nonres.)	27,014	28,810	6.6
Michigan State (nonres.)	18,192	19,676	8.2	Cornell (Contract-res.)	25,969	27,667	6.5
Cornell (Contract-res.)	16,037	17,367	8.3	Rutgers (nonres.)	24,011	25,734	7.2
Rutgers (nonres.)	15,904	17,156	7.9	Michigan State (nonres.)	23,694	25,464	7.5
SUNY-Buffalo (nonres.)	12,226	12,328	0.8	SUNY-Binghamton (nonres.)	19,390	20,200	4.2
SUNY-Binghamton (nonres.)	11,680	12,100	3.6	SUNY-Buffalo (nonres.)	19,452	19,954	2.6
SUNY-Buffalo (res.)	5,966	6,068	1.7	SUNY-Binghamton (res.)	13,440	13,940	3.7
SUNY-Binghamton (res.)	5,730	5,840	1.9	SUNY-Buffalo (res.)	13,192	13,694	3.8

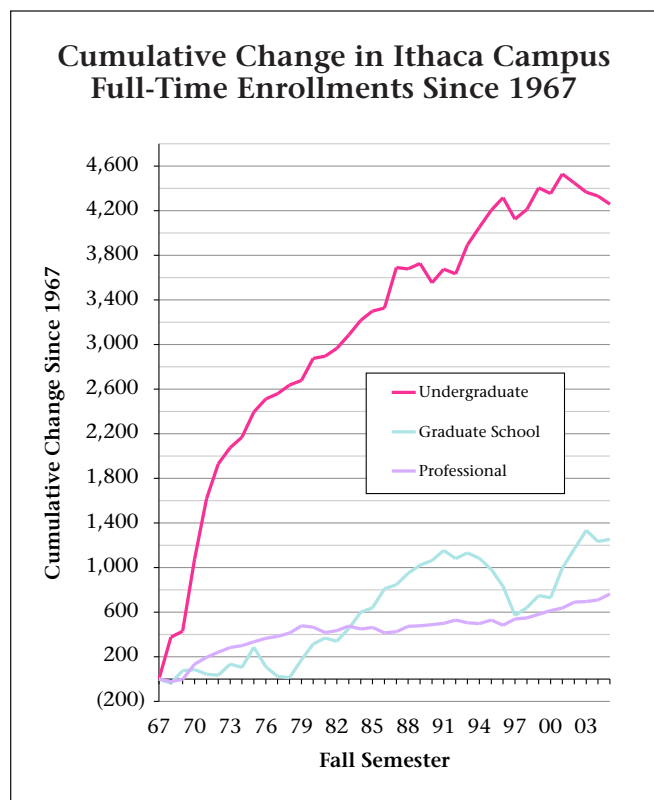
- Notes:
- Institutions are ranked in descending order of rates for 2005-06.
 - Institutions with different resident and nonresident tuitions are indicated *res.* and *nonres.* respectively.
 - *Common acceptance* refers to institutions that had significant overlap with Cornell in the common acceptance of students who eventually matriculated at Cornell rather than those other institutions.

ENROLLMENT

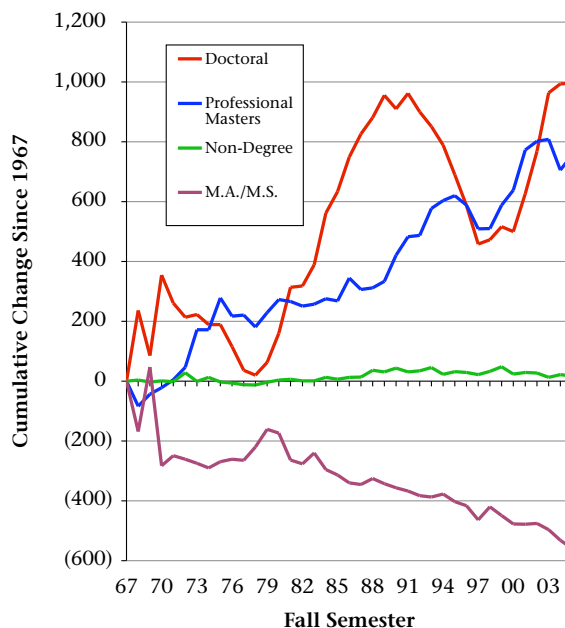
Ithaca Campus Enrollment Growth

From the fall of 1967 through the fall of 2005, overall Ithaca campus enrollment (including students registered *in absentia*) increased by 6,276, or 46 percent, from 13,637 to 19,913. (See graph below.)

- Undergraduate enrollment increased 45 percent, to 13,646, accounting for most of this change. Contract college enrollment grew more rapidly than endowed Ithaca's during this period.
- Enrollment of professional students in professional schools increased by 764, or 87 percent, to 1,646.
- Graduate School enrollment increased 37 percent, to 4,621. Graduate School enrollment grew quickly in the 1980's and declined in the 1990's, as funding for doctoral students expanded and contracted. Beginning in 1997-98, the Graduate School undertook several actions to increase doctoral enrollment that have reversed the downward trend, producing a 20 percent enrollment growth since the fall of 1997. (See graph at right.)
- Professional masters enrollment in the Graduate School has increased significantly (205 percent). Partially offsetting this growth has been a steady decline in research masters degrees (M.A./M.S.).



Cumulative Change in Ithaca Campus Graduate School Enrollments Since 1967



2005-06 Enrollment Forecast

The 2005-06 operating plan was predicated on an overall full-time equivalent (FTE) paying enrollment of 19,896. That enrollment plan has been revised to 19,935, based on fall 2005 enrollments. (See page 15.)

- Overall, FTE undergraduate enrollment is projected to be 61 more than planned, with increases in all undergraduate colleges except Agriculture and Life Sciences and Arts and Sciences.
- FTE graduate enrollment is projected to be 44 less than budgeted, due mainly to lower than planned enrollments in several colleges.

Beginning with the admission of freshmen in the fall of 2001, Cornell instituted an enrollment management process in order to meet the goal of having no more than 3,050 first-time freshmen on the North Campus. The process combined the implementation of a conservative admit and yield model coupled with the use of a waitlist to bring admissions to target levels in a controlled fashion. The effort was fairly successful for 2005-06 as the enrollment of first-time freshmen was limited to 3,076 for the fall of 2005, 26 over target. (*Students temporarily displaced by Hurricane Katrina are excluded from the figures on pages 14 and 15.*)

Full-Time Student Enrollments	05-06 Plan		05-06 Forecast		Change from Plan	
	Fall Registrar	FTE Paying	Fall Registrar	FTE Paying	Fall Registrar	FTE Paying
Undergraduate—On-Campus						
1. Agriculture & Life Sciences	3,069	3,038	3,104	2,975	35	(63)
2. Architecture, Art & Planning	486	437	481	454	(5)	17
3. Arts & Sciences	4,124	4,089	4,139	4,037	15	(52)
4. Engineering	2,662	2,574	2,675	2,646	13	72
5. Hotel Administration	810	770	831	824	21	54
6. Human Ecology	1,221	1,168	1,156	1,185	(65)	17
7. Industrial & Labor Relations	791	759	790	797	(1)	38
8. Internal Transfer Division	<u>41</u>	<u>50</u>	<u>47</u>	<u>57</u>	<u>6</u>	<u>7</u>
9. Subtotal	13,204	12,885	13,223	12,975	19	90
Undergraduate—Off-Campus						
10. Cornell Abroad	158	295	147	279	(11)	(16)
11. Cornell-in-Washington	48	49	42	49	(6)	
12. Field Study/Sea Semester	57	45	60	31	3	(14)
13. Rome Program	<u>39</u>	<u>46</u>	<u>37</u>	<u>47</u>	<u>(2)</u>	<u>1</u>
14. Subtotal	302	435	286	406	(16)	(29)
15. Total Undergraduate	13,506	13,320	13,509	13,381	3	61
Professional						
16. Johnson School	663	699	730	708	67	9
17. Law	569	569	574	577	5	8
18. Medical College	397	397	410	397	13	
19. Veterinary Medicine	<u>330</u>	<u>330</u>	<u>335</u>	<u>335</u>	<u>5</u>	<u>5</u>
20. Total Professional	1,959	1,995	2,049	2,017	90	22
Graduate						
21. Agriculture & Life Sciences	930	930	964	921	34	(9)
22. Architecture, Art & Planning	275	275	223	246	(52)	(29)
23. Arts & Sciences	1,260	1,260	1,293	1,296	33	36
24. Engineering	1,115	1,115	1,138	1,071	23	(44)
25. Hotel Administration	91	91	89	89	(2)	(2)
26. Human Ecology	207	209	201	217	(6)	8
27. Industrial & Labor Relations	211	211	171	170	(40)	(41)
28. Johnson School	41	41	38	38	(3)	(3)
29. Law	63	63	71	63	8	
30. Graduate School of Medical Sciences	286	286	341	316	55	30
31. Veterinary Medicine	<u>100</u>	<u>100</u>	<u>111</u>	<u>110</u>	<u>11</u>	<u>10</u>
32. Total Graduate	4,579	4,581	4,640	4,537	61	(44)
33. Total Enrollment	20,044	19,896	20,198	19,935	154	39

- Notes:
- Planned fall registrar enrollments were based on tenth-week projections; forecast fall registrar enrollments are based on semester-end actuals.
 - Tuition revenues are based on full-time equivalent (FTE) enrollments, which account for differences between fall and spring semester enrollments as well as for tuition prorations that occur when students attend for less than a full semester.
 - Students temporarily displaced by Hurricane Katrina are excluded from these figures.

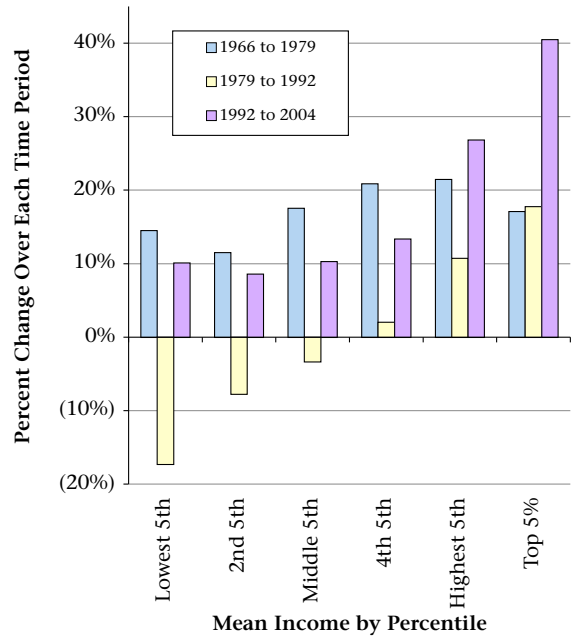
UNDERGRADUATE FINANCIAL AID

Financial-Aid Trends

The total cost of federal, state, and institutional grant-aid for undergraduates has experienced a 269 percent increase from 1987-88 through 2005-06 (projected). This change is attributable to several factors:

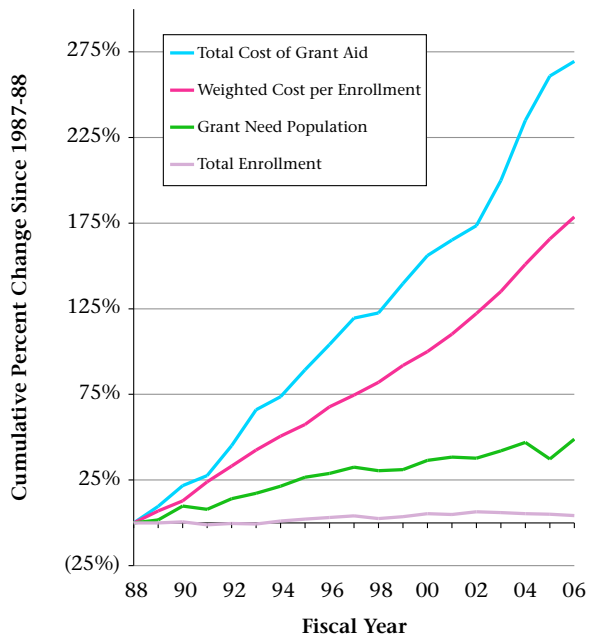
- There has been a 4.3 percent increase in enrollment combined with a 179 percent growth in the cost of attendance (tuition, fees, room, and board weighted by endowed Ithaca and contract college enrollments and rates). (See graph below.)
- The number of students eligible for grant aid increased 49 percent, to 5,681. This change was due in part to the 4.3 percent growth in the student population and partially to a 49 percent expansion in the number of underrepresented minority students, who have, historically, demonstrated above-average levels of financial need.
- There has been uneven growth in U. S. family income. (See graph at right.) As the richest families have enjoyed significant inflation-adjusted increases, middle-income Americans have experienced more modest growth, and the poorest families have seen little growth. Cornell's success in creating a more diverse socioeconomic student

Change in Average U.S. Family Income
(in inflation-adjusted terms)



body over the past thirty years occurred as a segment of society lost purchasing power, causing the grant-aid population to rise faster than the increase in overall undergraduate enrollment.

Factors Affecting Grant-Aid Costs
(cumulative percent change since 1987-88)



2005-06 Financial-Aid Forecast

The following changes have occurred in the undergraduate financial-aid budget for 2005-06:

- While the number of students with demonstrated financial need is less than planned, the subset of these students who required grant aid is more than expected. (See table on page 17.)
- The average grant per student with such aid, which was budgeted at \$23,014, is forecast currently at \$21,610, a 6.1 percent decrease.
- The combination of an increase in the number of grant recipients and a decline in the cost of grant-aid per recipient will yield a 2.5 percent decrease in total grant-aid expenditures, from \$125.9 million to \$122.8 million. Overall grant aid from Cornell resources is projected to be slightly less (0.4 percent) than planned while general purpose expenditures for grant aid are expected to remain as budgeted at \$58.3 million.

Sources of Funding for Undergraduate Financial Aid

(dollars in thousands)

	87-88	03-04	04-05	05-06	05-06	Percent	Average
	Actual	Actual	Actual	Plan	Forecast	Change	Annual
						from	Growth
						Plan to	Rate from
						Forecast	87-88
Family Contribution							
1. Parental	\$22,189	\$68,712	\$72,379	\$75,274	\$73,304	(2.6%)	6.9%
2. Student	7,819	17,846	17,725	18,611	17,397	(6.5%)	4.5%
3. Subtotal	30,008	86,558	90,104	93,885	90,701	(3.4%)	6.3%
Federal Government							
4. Grants	5,143	9,749	9,071	9,036	8,403	(7.0%)	2.8%
5. Loans	11,192	32,781	29,485	33,000	29,324	(11.1%)	5.5%
6. Work/Study	2,769	4,891	4,578	4,700	4,212	(10.4%)	2.4%
7. Subtotal	19,104	47,421	43,134	46,736	41,939	(10.3%)	4.5%
State Government							
8. Grants	4,903	5,709	5,499	5,660	5,476	(3.3%)	0.6%
9. Work/Study	692						
10. Subtotal	5,595	5,709	5,499	5,660	5,476	(3.3%)	(0.1%)
Other External							
11. Grants	2,663	7,978	8,148	8,392	6,476	(22.8%)	5.1%
12. Subtotal	2,663	7,978	8,148	8,392	6,476	(22.8%)	5.1%
Cornell							
13. General Purpose Grants	12,157	52,441	55,422	58,295	58,295		9.1%
14. Designated Grants	594	2,745	3,071	2,839	3,090	8.8%	9.6%
15. Gifts/Endowment Grants	7,770	32,723	38,701	41,667	41,027	(1.5%)	9.7%
16. Loans	130	1,842	3,129	2,500	2,560	2.4%	18.0%
17. Work/Study	1,846	4,891	4,578	4,700	4,212	(10.4%)	4.7%
18. Subtotal	22,497	94,642	104,901	110,001	109,184	(0.7%)	9.2%
19. Total	79,867	242,308	251,786	264,674	253,776	(4.1%)	6.6%

Financial-Aid Population

(on- and off-campus)

	Fall	Fall	Fall	Fall	Fall	Percent	Average
	1987	2003	2004	2005	2005	Change	Annual
	Actual	Actual	Actual	Plan	Actual	from	Growth
						Plan to	Rate from
						Actual	Fall 1987
All Undergraduates							
1. Total Enrollment	12,958	13,655	13,625	13,506	13,515	0.1%	0.2%
2. Number with Need	5,173	6,717	6,431	6,550	6,449	(1.5%)	1.2%
3. Percent of Total Enrollment	39.9%	49.2%	47.2%	48.5%	47.7%		
4. Number with Grant Aid	3,815	5,609	5,238	5,470	5,681	3.9%	2.2%
5. Percent of Total Enrollment	29.4%	41.1%	38.4%	40.5%	42.0%		
Minority Undergraduates							
6. Total Minority	2,436	3,698	3,768	3,647	3,847	5.5%	2.6%
7. Percent of Total Enrollment	18.8%	27.1%	27.7%	27.0%	28.5%		
8. Underrepresented Minority	1,124	1,471	1,554	1,459	1,679	15.1%	2.3%
9. Percent of Total Enrollment	8.7%	10.8%	11.4%	10.8%	12.4%		

Notes: • The sources of financial aid shown are for students who demonstrate a financial need according to Cornell's methodology. Financial-aid amounts are shown as computed and as awarded. Students sometimes elect to underutilize the loan and work study components of their financial-aid packages.
 • Enrollments exclude *in-absentia* and extramural students and those displaced by Hurricane Katrina.

FACULTY SALARIES

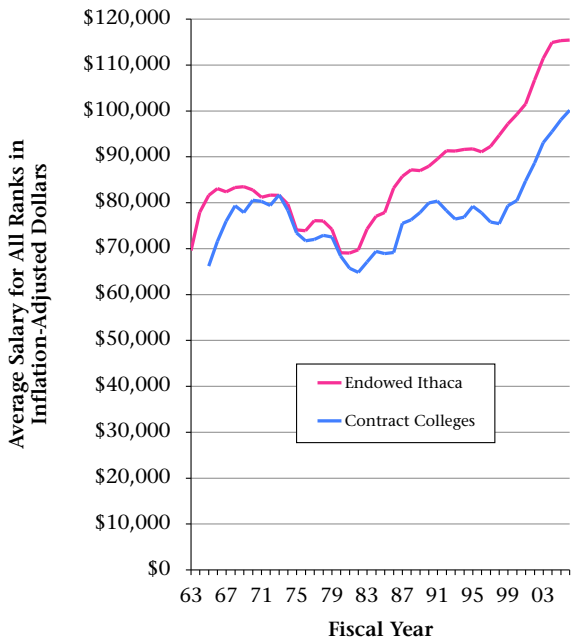
Changes in Faculty Salaries

Since 1962-63, endowed Ithaca faculty salaries have grown from \$66,887 to \$115,410, or 65 percent, in inflation-adjusted terms. (See graph below.) Nine-month contract college faculty salaries have grown from \$63,631 to \$100,173 in inflation-adjusted terms since 1964-65, an increase of 51 percent. (Fifty-five percent of contract college faculty are paid on a twelve-month basis. These salaries have been converted to a nine-month basis for purposes of comparison.)

The gap between endowed Ithaca and contract college salaries can be attributed to relative levels of resources available for salary increases, changes in the mix of faculty by rank, and higher rates of senior faculty retirement in the contract colleges, among other factors. (An adjustment for the mix of faculty by rank has been made for the contract college averages to allow comparison with endowed Ithaca.)

Average endowed Ithaca salaries of continuing faculty increased 5 percent from 2004-05 to 2005-06 while similar contract college salaries grew 5.9 percent. Overall, the growth in faculty salaries is expected to outpace the change in consumer inflation for 2005-06, which has been projected at 3.5 percent.

Average Ithaca Campus Faculty Salaries
(contract college salaries converted to a 9-month basis)



Variance of Average Ithaca Campus Faculty Salaries to Peer Group Means
(contract college salaries converted to a 9-month basis)



Comparisons with Peer Institutions

The changing relative position of Cornell's faculty salaries within a large group of public and private research universities is shown in the table on page 19. In 1999, the Faculty Senate, the academic deans, and the university administration agreed to define the following subsets of these institutions to serve as peer reference groups for faculty salary purposes:

- **Endowed Ithaca:** Cal. Tech., Chicago, Columbia, U-Michigan, Penn., Princeton, Stanford, UCLA, UC-San Diego, and Yale.
- **Contract College:** Michigan State, Minnesota, U-N. Carolina, Ohio State, Penn. State, Penn., Texas A&M, UC-Berkeley, UC-Davis, and Wisconsin.

Cornell then established a goal and began allocating incremental resources to raise each division's average faculty salary level to its peer-group mean within a five to six-year period. The graph above shows the change in Cornell's faculty salaries measured against the average of these reference groups. As of 2004-05, the Endowed Ithaca faculty salary average was 1.6 percent below its peer group mean while the contract college average was 2.2 percent above its respective mean.

Average Nine-Month Faculty Salaries Among Research Universities

<u>Institution</u>	<u>84-85</u>	<u>Institution</u>	<u>94-95</u>	<u>Institution</u>	<u>04-05</u>
Harvard University	\$49,491	Cal Tech *	\$87,616	Harvard University	\$129,526
Stanford University *	48,703	Harvard University	84,671	Cal Tech *	124,617
Cal Tech *	46,840	Stanford University *	84,261	Stanford University *	123,658
MIT	46,760	Rutgers University	79,991	Princeton University *	121,513
Columbia University *	44,820	MIT	79,541	Univ. of Pennsylvania *†	119,889
Princeton University *	44,789	Univ. of Pennsylvania *†	79,512	University of Chicago *	119,280
UC–Berkeley †	44,744	Princeton University *	79,386	Columbia University *	115,660
Yale University *	44,599	University of Chicago *	78,396	Yale University *	114,516
Univ. of Pennsylvania *†	44,434	New York University	78,268	Northwestern Univ.	113,486
University of Chicago *	44,303	Yale University *	77,704	MIT	112,879
New York University	43,927	Northwestern Univ.	76,285	New York University	112,053
Georgetown University	43,892	Columbia University *	75,875	Cornell (Endowed) *	111,395
Carnegie Mellon Univ.	43,700	Duke University	75,099	Duke University	109,566
Univ. Southern Calif.	42,877	Georgetown University	73,048	Univ. Southern Calif.	103,951
UCLA *	42,816	Carnegie Mellon Univ.	72,724	Dartmouth College	103,646
UC–San Diego *	41,972	Univ. Southern Calif.	71,312	Georgetown University	103,571
Johns Hopkins Univ.	41,775	University of Michigan *	70,499	Brown University	101,271
Northwestern Univ.	41,683	Cornell (Endowed) *	69,553	Carnegie Mellon Univ.	101,262
Cornell (Endowed) *	41,536	Johns Hopkins Univ.	69,056	UC–Berkeley †	100,735
University of Michigan *	41,444	Dartmouth College	68,169	UCLA *	100,406
Duke University	41,424	UC–Berkeley †	67,796	University of Michigan *	99,841
Ohio State University †	41,110	University of Virginia	66,903	University of Virginia	97,224
University of Virginia	40,700	UCLA *	66,128	Johns Hopkins Univ.	96,302
Dartmouth College	40,510	Brown University	65,670	University of Maryland	95,275
UC–Davis †	40,094	Univ. of North Carolina †	64,462	Cornell (Contract) †	94,878
University of Illinois	40,022	UC–San Diego *	64,231	Univ. of North Carolina †	94,394
Brown University	39,698	Penn. State University †	63,820	Rutgers University	93,972
Univ. of North Carolina †	39,609	University of Texas	62,806	University of Illinois	93,930
Rutgers University	39,416	Purdue University	62,467	Penn. State University †	93,535
University of Maryland	38,943	University of Maryland	62,269	UC–San Diego *	92,727
University of Texas	38,393	Ohio State University †	62,189	University of Texas	91,492
Purdue University	38,385	University of Illinois	62,084	Ohio State University †	90,622
Univ. of Minnesota †	38,320	Univ. of Wisconsin †	61,680	Univ. of Minnesota †	88,142
Cornell (Contract) †	37,987	Univ. of Minnesota †	60,966	Michigan State Univ. †	86,235
Penn. State University †	37,796	UC–Davis †	60,913	UC–Davis †	86,153
Texas A&M †	36,931	Cornell (Contract) †	60,815	Purdue University	85,603
Michigan State Univ. †	35,024	Michigan State Univ. †	59,054	Univ. of Wisconsin †	84,794
Univ. of Washington	35,015	Univ. of Washington	58,655	Texas A&M †	84,761
Univ. of Wisconsin †	34,234	Texas A&M †	57,003	Univ. of Washington	84,460

- Notes:
- The average faculty salary for each institution (including contract college faculty at Cornell) was computed using the mean salary by academic rank (assistant, associate, full) and weighting those figures for the number of endowed Ithaca faculty for each rank. Twelve-month salaries were converted to a nine-month appointment basis; extra compensation and summer salaries were excluded.
 - Institutions defined as the peer comparison group for endowed Ithaca are marked with an asterisk (*) while institutions defined as the comparable group for the contract colleges are marked with a dagger (†).

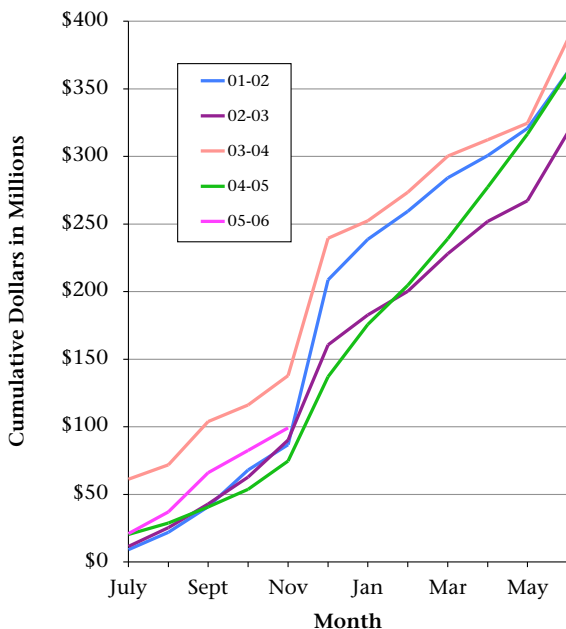
GIFTS/CONTRIBUTIONS

Gifts/Contributions

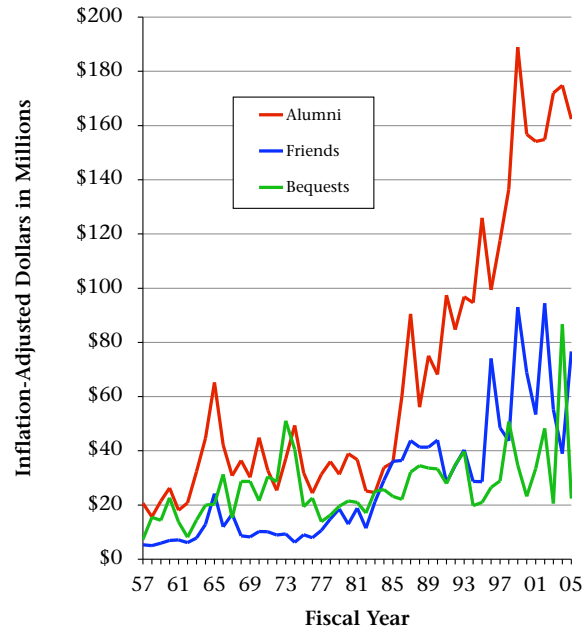
Cornell's financial statements report as *contributions* the sum of gifts, pledges deemed as unconditional promises to give, and income from irrevocable outside trusts. This differs from the definition of *cash gifts* as reported by Alumni Affairs and Development, which includes the principal of gifts to outside trusts and excludes pledges. The table on page 21 reconciles the differences between these two records.

- Through October 2005, Cornell recorded contributions of \$67.9 million in its accounting records, an increase of 0.7 percent from the amount recorded through the same period of 2004-05. Receipts for general operations were up compared to 2004-05 while contributions for financial and physical capital were down.
- Cash gifts logged in the contributor relations gift records system totaled \$83.4 million over the same period, 82.1 percent more than received from July through October of 2004.
- The \$15.5 million difference between the two systems in 2005-06 reflects primarily \$11.9 million of pledges recognized in the accounting system and \$3.6 million in timing differences.

Cumulative Cash Gift Receipts by Month
(as recorded by Alumni Affairs & Development)



Sources of Cash Gifts from Individuals
(in inflation-adjusted, 2004-05 dollars in millions)



- With the exception of the banner year of 2003-04, the level of cash gifts as recorded in the gift records system through November 2005 was comparable to the results of recent years. (See graph at left.) It is difficult to predict what the total level of giving for 2005-06 may be based on these early results as gift receipts for two months—December and June—traditionally account for 40 percent of all cash gifts recorded in a given year. Any prediction must be tempered with the knowledge that gift receipts are a function not only of recent solicitations but also payments on prior years' pledges and pecuniary bequests. As a result, donations from alumni, friends of the university, and bequests have all demonstrated largely unrelated patterns of episodic growth and change over the past forty-seven years. (See graph above.)
- A significant trend in Cornell's fundraising has been the substantial increase in alumni gifts, which have grown at an annually compounded rate of 4.6 percent in inflation-adjusted terms since 1956-57. In 2004-05, Cornell ranked number three among Ivy League and peer institutions in raising cash gifts from alumni.

Reconciliation of Contributions to Cash Gifts

(dollars in thousands)

	Ithaca Campus	Medical College	05-06 Year to Date	04-05 Year to Date	03-04 Year to Date	02-03 Year to Date
General Operations						
1. Unrestricted	\$6,289	\$26,815	\$33,104	\$14,257	\$15,599	\$22,442
2. Temporarily Restricted	<u>16,704</u>	<u>(6,462)</u>	<u>10,242</u>	<u>19,217</u>	<u>24,132</u>	<u>8,492</u>
3. Subtotal	22,993	20,353	43,346	33,474	39,731	30,934
Financial Capital						
4. True Endowment	15,405	(31)	15,374	26,294	21,047	16,447
5. Funds Functioning as Endowment	3,545	1	3,546	2,701	41,394	2,060
6. Life Income Funds	1,244	5	1,249	66	610	1,325
7. Trusts Held by Others	2,436		2,436	28		
8. Loan Funds	<u>25</u>	<u>85</u>	<u>110</u>	<u>107</u>	<u>104</u>	<u>954</u>
9. Subtotal	22,655	60	22,715	29,196	63,155	20,786
Physical Capital						
10. Cash Gifts	32	(410)	(378)	3,787	8,080	4,168
11. Gifts in Kind	<u>319</u>	<u>1,886</u>	<u>2,205</u>	<u>968</u>		<u>134</u>
12. Subtotal	351	1,476	1,827	4,755	8,080	4,302
13. Financial Statement Total	45,999	21,889	67,888	67,425	110,966	56,022
Adjustments						
14. Gifts to Outside Trusts	(2,436)		(2,436)	(29)		477
15. Gift Annuities	343	194	537	27	237	1,788
16. Split-Interest Agreements	1,872		1,872	41	119	59
17. Insurance Premiums Not Booked						
18. Pledges (net present value)	(4,129)	16,056	11,927	(9,081)	(11,570)	28
19. Timing Differences	3,583		3,583	(12,571)	12,714	3,217
20. Other	<u>59</u>		<u>59</u>	<u>10</u>		
21. Total Adjustments	(708)	16,250	15,542	(21,603)	1,500	5,569
22. Gift Records Total	45,291	38,139	83,430	45,822	112,466	61,591

- Notes:
- This table reconciles contributions as displayed in the financial statements (line 13) to cash gifts as reported from the contributor relations system (line 22). The reconciling adjustments between the two records are detailed on lines 14 through 20.
 - Line 14 shows the net difference in valuation of gifts from outside trust agreements that are recorded in the contributor relations system at full value and may be reflected at present value in the financial statements. Lines 15 and 16 identify trusts in which the university shares an interest with the donors. While the gifts are reflected at full value in the contributor relations system, Cornell's financial statements recognize the liability owed to the beneficiaries of these trusts. Line 17 reflects insurance policy gifts and premiums that are not recorded in the financial statements until the policy matures. Line 18 reflects the net present value of unconditional promises to give (pledges) that were recorded in the financial statements but not treated as cash gifts in the contributor relations system. Lines 19 and 20 identify other periodic adjustments.
 - Some of these exclusions—all of which are based on the application of reporting standards appropriate for each record—are entire (e.g., the inclusion of pledges in the financial statements and the exclusion of such promises from the cash gifts of the contributor relations system). Others are partial (e.g., the recognition in the financial statements of the interest that beneficiaries may have in split-interest agreements).

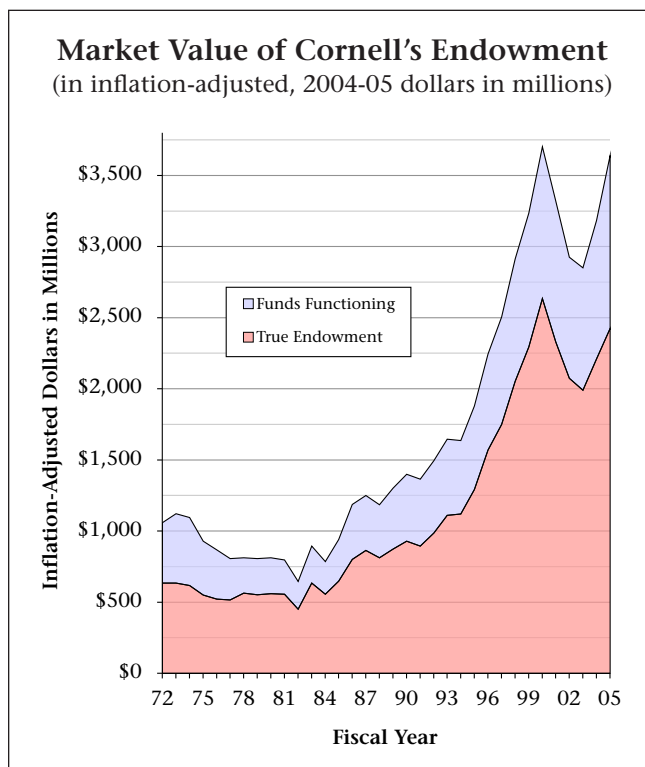
ENDOWMENT

Types of Endowment

Cornell's endowment is composed of funds controlled and invested by the university and a set of resources that are managed externally. (See table below.) There are two types of endowment:

- **True endowments** are those funds that have been established by donor intent to be invested (generally *in perpetuity*), with the earnings being used to support the purposes of the endowment. Normally, the principal of true endowments may not be invaded and must be invested in a manner that reasonably protects its basis or book value.
- **Funds functioning as endowment** are otherwise spendable monies that the university's trustees have set aside to be invested in an endowment-like manner. Unlike true endowment, the principal of funds functioning may be expended at the discretion of the trustees.

The graph at right shows the relative growth of these two forms of Cornell's endowment since 1971-72, reflecting investment performance, payout policies, and the annual addition (net of withdrawals) of new funds, primarily gifts. (See page 21.)



Endowment Per Student

The table on page 23 displays the endowment per full-time student for Cornell and peer institutions. While Cornell ranked 18th nationally in 2003-04 among colleges and universities in the absolute size of its endowment, it was 83rd in the comparative rankings on a per student basis. Adjusting these figures for the imputed

endowment principal that would theoretically be required (based on a 4.4 percent payout) to generate annual income equal to the level of New York State (NYS) appropriations for the contract colleges (excluding research and outreach—so called “land-grant”—activities) demonstrates that Cornell has greater “endowment-like” support than is reported publicly. Such an adjustment, which recognizes that the contract college enrollment is normally included in these calculations, would have elevated Cornell to 47th in 2003-04.

Endowment – Net Assets

(dollars in thousands at year end)

	03-04	04-05	Change	Percent Change
1. True Endowment & Unspent Earnings	2,146,427	2,425,814	279,387	13.0%
2. Funds Functioning as Endowment	944,847	1,215,855	271,008	28.7%
3. Subtotal Under Cornell Investment Management	3,091,274	3,641,669	550,395	17.8%
4. True Endowment – Contributions Receivable †	75,878	82,518	6,640	8.8%
5. Funds Held in Trust by Others *	147,076	135,423	(11,653)	(7.9%)
6. Subtotal Funds External to Cornell	222,954	217,941	(5,013)	(2.2%)
7. Total University Endowment	3,314,228	3,859,610	545,382	16.5%

Notes: † Unconditional written or oral promises to donate funds in the future that will be treated as endowment.

* Funds that the university neither possesses nor controls but which provide Cornell income or in which the university has a residual interest in the assets.

Endowment Per Full-Time Student – Selected Institutions

Institution	84-85	Institution	02-03	Institution	03-04
Princeton University	\$255,600	Princeton University	\$1,306,706	Princeton University	\$1,475,654
Harvard University	166,000	Harvard University	996,431	Harvard University	1,161,786
Rice University	145,000	Yale University	988,941	Yale University	1,130,969
Yale University	125,300	Rice University	640,569	Rice University	694,377
Stanford University	86,800	Stanford University	600,739	Stanford University	686,454
Dartmouth College	85,800	MIT	511,418	MIT	569,438
MIT	84,700	Dartmouth College	391,074	Dartmouth College	437,329
Washington University	77,200	Emory University	359,196	Emory University	404,205
University of Rochester	77,000	Washington University	317,849	University of Chicago	327,401
University of Chicago	74,700	University of Chicago	262,364	Washington University	307,283
Columbia University	62,900	Duke University	256,047	Duke University	274,667
Emory University	62,800	Columbia University	217,196	Northwestern Univ.	259,196
Johns Hopkins Univ.	55,900	Northwestern Univ.	216,933	Columbia University	232,694
Northwestern Univ.	39,900	Vanderbilt University	191,098	Brown University	214,240
Vanderbilt University	34,900	Brown University	190,674	Vanderbilt University	212,538
Univ. of Texas System	34,600	Univ. of Pennsylvania	177,391	Johns Hopkins Univ.	198,853
Carnegie Mellon Univ.	33,600	University of Rochester	146,447	Univ. of Pennsylvania	196,531
Brown University	31,800	Cornell	145,838	University of Rochester	166,017
Cornell	29,900	Johns Hopkins Univ.	142,073	Cornell	165,054
Duke University	26,900	Tufts University	75,728	Carnegie Mellon Univ.	86,980
Univ. of Pennsylvania	23,100	Carnegie Mellon Univ.	75,363	Tufts University	84,183
RPI	20,900	RPI	73,109	RPI	79,700
Tufts University	12,800	Univ. of Texas System	68,265	Univ. of Texas System	77,697
Boston University	5,000	Boston University	26,604	Boston University	29,672

Cornell (+ NYS support) † 99,581 Cornell (+ NYS support) † 260,900 Cornell (+ NYS support) † 282,891

- Notes:
- Institutions are ranked in descending order of endowment per full-time student (undergraduate, graduate, and professional) for each year.
 - Endowment per student calculated based on endowment value as of June 30th of the fiscal year divided by the full-time equivalent enrollment for the previous fall semester.
 - Endowments include true endowments, funds functioning as endowment, and (beginning in 1995-96) funds held in trust by others. Endowments exclude living trusts and pledges.
 - Figures for Cornell are based on total full-time enrollments for the Ithaca campus and the Medical College.
- † Cornell’s endowment per student has been recast for illustrative purposes to include the imputed endowment principal (based on a 4.4 percent payout) that would be needed to provide annual support equal to the level of New York State appropriations for Cornell’s contract colleges (excluding research and outreach—so called “land-grant”—activities) in each of the fiscal years.

Source: *NACUBO Endowment Study*, TIAA-CREF.

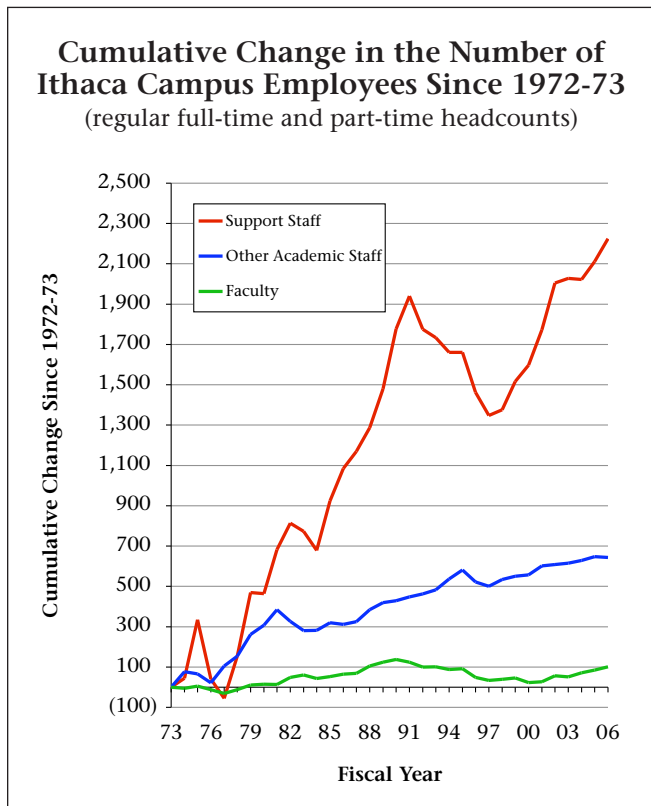
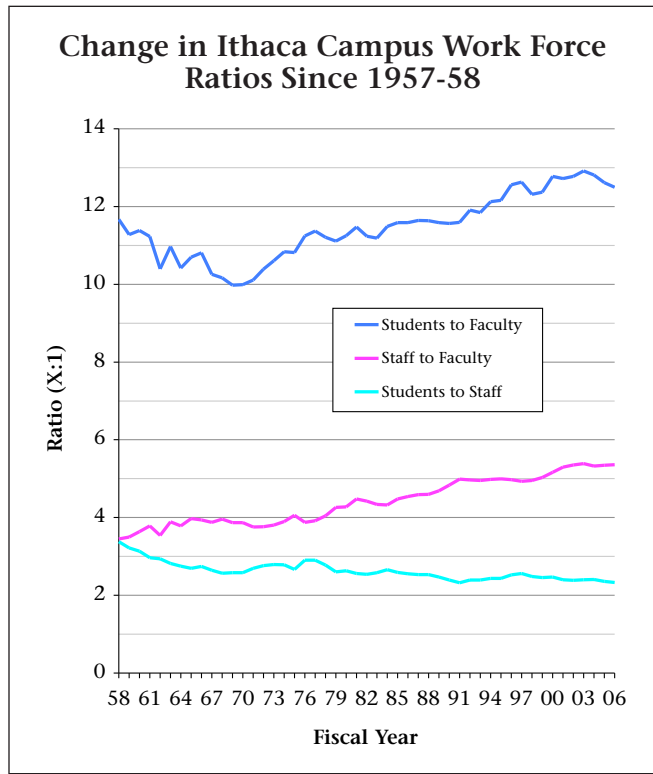
WORKFORCE

Ithaca Campus Workforce

The size of the Ithaca campus workforce changed significantly during the period 1972-73 to 2005-06.

- The number of regular, full- and part-time employees increased 41 percent, from 7,171 to 10,141, as enrollment and academic programs expanded.
- There was a 7 percent increase in faculty. (See graph below.) Nonfaculty academics (lecturers, research associates, librarians, etc.) grew 112 percent, while nonacademic support staff increased 44 percent.

Recent changes in the university's workforce have reflected a longer-term pattern of growth as Cornell evolved into a modern research university. Following a brief reduction in the 1960's, the ratio of students to faculty rose as the university adapted to higher enrollments by adding nonfaculty instructional and student-service staff. (See graph at right.) The expansion of the research program also brought increases in nonfaculty staff. As a result, the ratio of all staff (academic and nonacademic) to faculty increased from 3.5 in 1957-58 to 5.4 by 2005-06. Even though student enrollments increased during this period, the ratio of students to all nonfaculty staff has gradually declined.



Changes in Support Staff

The distribution of faculty and staff at the Ithaca campus is shown on page 25. The growth of 197 in overall support staff from 2002-03 to 2005-06 occurred in job families related primarily to computing (increase of 101) and student services (increase of 131). Growth in computing staff occurred almost equally in both the central university office and in operating units spread throughout campus. In student services there was an increase of 14 in athletics and 91 in dining services (related to new facilities and the conversion of temporary positions to regular employment). There has been a decrease of 22 in the number of employees in general administrative support during this same period, due primarily to workforce reorganizations.

The 8 percent growth in support staff in units categorized as *administrative and support* (line 17) has been concentrated in alumni affairs and development, information technologies, communications and media relations, and government and community relations (which included the relocation of staff from the College of Human Ecology). Other staff were redeployed among organizations during this period, resulting in no net change in the total number of support staff.

2005-06 Ithaca Campus Work Force Distribution	Full-Time and Part-Time Headcounts				Ratio of Support to Academic
	Academic Staff		Support	Total	
	Faculty	Other	Staff		
1. Agriculture & Life Sciences	388	356	1,151	1,895	1.55
2. Architecture, Art & Planning	48	12	35	95	0.58
3. Arts & Sciences	528	227	339	1,094	0.45
4. Engineering	231	61	218	510	0.75
5. Hotel Administration	38	16	259	313	4.80
6. Human Ecology	93	86	191	370	1.07
7. Industrial & Labor Relations	50	71	169	290	1.40
8. Johnson School	52	14	95	161	1.44
9. Law School	36	12	65	113	1.35
10. Veterinary Medicine	<u>123</u>	<u>110</u>	<u>669</u>	<u>902</u>	2.87
11. Subtotal Colleges	1,587	965	3,191	5,743	1.25
12. Research Centers		135	325	460	2.41
13. Other Academic Programs	<u>7</u>	<u>102</u>	<u>593</u>	<u>702</u>	5.44
14. Subtotal Other Centers	7	237	918	1,162	3.76
15. Total Academic Units	1,594	1,202	4,109	6,905	1.47
16. Student Services		17	1,045	1,062	
17. Administrative & Support			1,438	1,438	
18. Physical Plant			<u>736</u>	<u>736</u>	
19. Subtotal Support		17	3,219	3,236	
20. Total Work Force	1,594	1,219	7,328	10,141	2.61

Changes in Support Staff					Change from 02-03	
	02-03	03-04	04-05	05-06	Number	Percent
1. Agriculture & Life Sciences	1,230	1,165	1,143	1,151	(79)	(6%)
2. Architecture Art, & Planning	41	35	34	35	(6)	(15%)
3. Arts & Sciences	343	340	339	339	(4)	(1%)
4. Engineering	220	225	221	218	(2)	(1%)
5. Hotel Administration	226	238	245	259	33	15%
6. Human Ecology	234	197	191	191	(43)	(18%)
7. Industrial & Labor Relations	172	170	171	169	(3)	(2%)
8. Johnson School	95	99	96	95		
9. Law School	72	68	65	65	(7)	(10%)
10. Veterinary Medicine	<u>663</u>	<u>674</u>	<u>696</u>	<u>669</u>	<u>6</u>	1%
11. Subtotal Colleges	3,296	3,211	3,201	3,191	(105)	(3%)
12. Research Centers	296	319	328	325	29	10%
13. Other Academic Programs	<u>587</u>	<u>574</u>	<u>570</u>	<u>593</u>	<u>6</u>	1%
14. Subtotal Other Centers	883	893	898	918	35	4%
15. Total Academic Units	4,179	4,104	4,099	4,109	(70)	(2%)
16. Student Services	918	911	975	1,045	127	14%
17. Administrative & Support	1,330	1,379	1,410	1,438	108	8%
18. Physical Plant	<u>704</u>	<u>732</u>	<u>731</u>	<u>736</u>	<u>32</u>	5%
19. Subtotal Support Units	2,952	3,022	3,116	3,219	267	9%
20. Total Support Staff	7,131	7,126	7,215	7,328	197	3%

Note: • Headcounts are limited to regular, full-time and part-time positions, excluding temporary appointments.

NOTES

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