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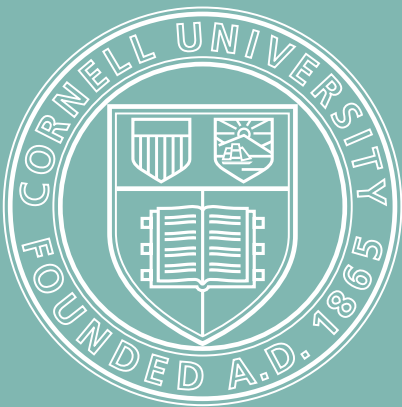
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Financial Plan

In-Year Forecast

January 2007



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FROM THE PROVOST

To the Cornell University Board of Trustees:

This document provides an in-year forecast of the 2006-07 financial plan for Cornell University that was approved by the Board of Trustees in May 2006. 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 transfers in from endowment and physical plant funds and expenditures and transfers out to those funds are each forecast to increase 1.5 percent over planned levels. These changes will yield a very slight surplus of \$12 million, most 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 enhance support for faculty research and scholarship in a variety of disciplines, including the creation of the Institute for Cell and Molecular Biology; 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 2006-07. The third West Campus Residential Initiative facility—Hans Bethe House—and the Noyes Community and Recreation Center are opening for the spring 2007 semester. Demolition of the original Noyes Center and the remaining Class Halls will begin this month, in anticipation of the construction of the two remaining West Campus residences. There has been significant progress in the construction of both the Life Sciences Technology Facility and the East Campus Research Facility. Together these two projects represent substantial investments in our research enterprise. The magnificent renovation of Bailey Hall was completed, allowing the facility to be reopened in August 2006. Also, the Lynah Rink renovation and addition was finished in time for the current hockey season and upgrades to Hoy Baseball Field will be completed early in the spring of 2007. Designs are underway for the north wing of Martha Van Rensselaer Hall, Milstein Hall, the Physical Sciences Building, and a new facility for Computing and Information Science. The Medical College's Weill Greenberg Center, a 332,570 gross square foot facility for clinical care, research, and medical education situ-

ated at the corner of York Avenue and 70th Street in New York City, opened this month.

We remain optimistic about Cornell's financial outlook. The nation's economy is experiencing reasonable growth, financial markets are doing well, and the Federal Reserve's monetary policies are focused on keeping inflation in check—all factors that bode well for our endowment performance and our ability to raise gifts (with the help of our many supporters). Changes in federal and New York State political leadership will affect our grant, contract, and appropriation funding. While the new Democratic chairmen of the Congressional appropriations committees have announced a plan to freeze federal spending for scientific research and financial aid in 2007 at 2006 levels, there remains a possibility that some higher-education programs may see modest increases in the coming year's federal budget. The State University of New York (SUNY) has submitted a budget request for a \$240 million, 12.1 percent increase in state tax dollar support, including a 5.9 percent increase for ongoing support and a 6.2 percent increase for new initiatives. The SUNY submission includes a funding request for Cornell totaling \$33.9 million, or 22.3 percent, for the basic support of salaries, general expense, and utilities as well as specific needs related to maintenance, accessory instruction, and land-grant support. While SUNY, and Cornell specifically, may not realize budget increases of these magnitudes, some growth seems probable.

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 2007-08 financial plan presentation. We will begin the formal budget approval process for 2007-08 with the presentation of budget policies at the January 2007 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

2006-07 OPERATING PLAN

The university's 2006-07 operating plan was predicated on a resource inflow of \$2.669 billion, of which \$2.657 billion would be utilized, leaving a net from operations of \$12 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 1.5 percent increase in operating resources and in the use of those resources, leaving the net from operations at \$12 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 \$1.749 billion in resources being available for expenditure and transfer out to other funds.

- **Revenues and transfers in** are expected to total \$1.767 billion, an increase of \$18.2 million, or 1 percent, from the plan, as growth will occur in tuition, investment distributions, sponsored programs funding, and other sources, offset partially by decreases in the indirect recovery of facilities and administrative costs related to sponsored programs costs, federal appropriations, and transfers in from endowment and plant funds.
- **Expenditures and transfers out** are forecast to increase \$16.7 million, to \$1.765 billion, due primarily to programmatic expansion, new faculty, and equipment purchases in several colleges and the creation of Cornell's new Institute for Cell and Molecular Biology.
- This combination of revenues, expenditures, and transfers is currently forecast to produce a \$2.1 million **net from operations**—\$1.5 million more 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 \$920 million in resources being available for expenditure and transfer out to other funds.

- **Revenues and transfers in** are projected to total \$941 million, an increase of \$21 million, or 2.3 percent, over the plan, as growth is anticipated

in investment distributions and Physician Organization receipts, offset partially by a decline in services purchased by the New York Presbyterian Hospital.

- **Expenditures and transfers out** are forecast to increase \$22.2 million, to \$930.7 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 \$10.3 million **net from operations**—\$1.1 million less than planned.

Overall, the university is projecting a \$12 million **net from operations**, which will be added to current fund balances. This will be \$379 thousand more than planned, but less than the 2005-06 net of \$22.1 million. Eighty-three percent of the projected 2006-07 net from operations will be added to general operating 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)						
	04-05	05-06	06-07	06-07	Change from	
Resources	Actual	Actual	Plan	Forecast	Plan to Forecast	Dollars Percent
1. Tuition & Fees	\$558,098	\$590,658	\$619,258	\$626,137	\$6,879	1.1%
2. Investment Distributions	196,904	233,942	248,632	270,409	21,777	8.8%
3. Unrestricted Gifts	48,287	48,661	40,414	40,609	195	0.5%
4. Restricted Gifts	126,928	116,618	125,751	127,339	1,588	1.3%
5. Sponsored Programs (direct)	399,277	408,649	426,939	428,290	1,351	0.3%
6. Sponsored Programs (F&A)	114,624	120,441	127,652	126,426	(1,226)	(1.0%)
7. Institutional Allowances	20,653	21,818	22,438	22,690	252	1.1%
8. State Appropriations	138,892	146,083	156,802	157,286	484	0.3%
9. Federal Appropriations	16,300	16,754	17,245	17,100	(145)	(0.8%)
10. Physician Organization (PO)	382,155	385,440	407,455	426,292	18,837	4.6%
11. NYPH (purchased services)	76,478	79,175	83,226	81,100	(2,126)	(2.6%)
12. Enterprise Sales & Services	126,231	124,691	129,292	129,984	692	0.5%
13. Other Sources	<u>182,856</u>	<u>211,098</u>	<u>212,588</u>	<u>220,084</u>	<u>7,496</u>	3.5%
14. Subtotal In-Year Revenues	2,387,683	2,504,028	2,617,692	2,673,746	56,054	2.1%
15. Transfers From Endowment	28,091	32,762	42,597	31,100	(11,497)	
16. Transfers From Plant	<u>4,791</u>	<u>680</u>	<u>8,281</u>	<u>3,000</u>	<u>(5,281)</u>	
17. Subtotal Transfers In	32,882	33,442	50,878	34,100	(16,778)	
18. Total Resources	2,420,565	2,537,470	2,668,570	2,707,846	39,276	1.5%
Uses of Resources						
19. Agriculture & Life Sciences	218,716	231,126	239,371	241,500	2,129	0.9%
20. Architecture, Art, & Planning	16,716	19,457	21,118	22,000	882	4.2%
21. Arts & Sciences	160,524	165,565	171,352	172,100	748	0.4%
22. Engineering	113,166	117,924	127,735	125,400	(2,335)	(1.8%)
23. Hotel Administration	45,901	47,678	45,719	44,900	(819)	(1.8%)
24. Human Ecology	45,651	48,563	52,773	55,900	3,127	5.9%
25. Industrial & Labor Relations	39,299	41,693	44,738	45,800	1,062	2.4%
26. Johnson School	38,272	42,252	44,820	44,400	(420)	(0.9%)
27. Law School	22,085	23,083	24,592	24,500	(92)	(0.4%)
28. Medical College (academic/clinical)	656,218	670,128	694,626	716,609	21,983	3.2%
29. Veterinary Medicine	90,119	98,189	99,484	100,000	516	0.5%
30. Research Centers	86,953	94,328	93,302	93,800	498	0.5%
31. Other Academic Programs	124,559	130,169	132,595	137,200	4,605	3.5%
32. Centrally Recorded Financial Aid	141,486	155,808	166,391	166,789	398	0.2%
33. Student Services	106,787	111,360	116,186	115,500	(686)	(0.6%)
34. Administrative & Support	233,363	261,113	296,166	297,924	1,758	0.6%
35. Physical Plant	154,844	167,318	196,709	195,197	(1,512)	(0.8%)
36. All Other	<u>8,266</u>	<u>6,874</u>	<u>6,582</u>	<u>6,700</u>	<u>118</u>	1.8%
37. Subtotal Expenditures	2,302,925	2,432,628	2,574,259	2,606,219	31,960	1.2%
38. Transfers To Endowment	26,986	15,697	26,534	29,200	2,666	
39. Transfers To Plant	<u>77,284</u>	<u>67,012</u>	<u>55,704</u>	<u>59,975</u>	<u>4,271</u>	
40. Subtotal Transfers Out	104,270	82,709	82,238	89,175	6,937	
41. Total Uses of Resources	2,407,195	2,515,337	2,656,497	2,695,394	38,897	1.5%
42. Net From Operations	13,370	22,133	12,073	12,452	379	

University Operating Plan – Divisional Detail						
(dollars in thousands)						
Resources	Ithaca Campus	Medical College	06-07 Forecast	06-07 Plan	Change from Plan to Forecast	
					Dollars	Percent
1. Tuition & Fees	\$607,700	\$18,437	\$626,137	\$619,258	\$6,879	1.1%
2. Investment Distributions	231,400	39,009	270,409	248,632	21,777	8.8%
3. Unrestricted Gifts	38,500	2,109	40,609	40,414	195	0.5%
4. Restricted Gifts	66,000	61,339	127,339	125,751	1,588	1.3%
5. Sponsored Programs (direct)	305,200	123,090	428,290	426,939	1,351	0.3%
6. Sponsored Programs (F&A)	76,000	50,426	126,426	127,652	(1,226)	(1.0%)
7. Institutional Allowances	28	22,662	22,690	22,438	252	1.1%
8. State Appropriations	157,100	186	157,286	156,802	484	0.3%
9. Federal Appropriations	17,100		17,100	17,245	(145)	(0.8%)
10. Physician Organization (PO)		426,292	426,292	407,455	18,837	4.6%
11. NYPH (purchased services)		81,100	81,100	83,226	(2,126)	(2.6%)
12. Enterprise Sales & Services	113,900	16,084	129,984	129,292	692	0.5%
13. Other Sources	<u>119,800</u>	<u>100,284</u>	<u>220,084</u>	<u>212,588</u>	<u>7,496</u>	<u>3.5%</u>
14. Subtotal In-Year Revenues	1,732,728	941,018	2,673,746	2,617,692	56,054	2.1%
15. Transfers From Endowment	31,100		31,100	42,597	(11,497)	
16. Transfers From Plant	<u>3,000</u>		<u>3,000</u>	<u>8,281</u>	<u>(5,281)</u>	
17. Subtotal Transfers In	34,100		34,100	50,878	(16,778)	
18. Total Resources	1,766,828	941,018	2,707,846	2,668,570	39,276	1.5%
Uses of Resources						
19. Agriculture & Life Sciences	241,500		241,500	239,371	2,129	0.9%
20. Architecture, Art, & Planning	22,000		22,000	21,118	882	4.2%
21. Arts & Sciences	172,100		172,100	171,352	748	0.4%
22. Engineering	125,400		125,400	127,735	(2,335)	(1.8%)
23. Hotel Administration	44,900		44,900	45,719	(819)	(1.8%)
24. Human Ecology	55,900		55,900	52,773	3,127	5.9%
25. Industrial & Labor Relations	45,800		45,800	44,738	1,062	2.4%
26. Johnson School	44,400		44,400	44,820	(420)	(0.9%)
27. Law School	24,500		24,500	24,592	(92)	(0.4%)
28. Medical College (academic/clinical)		716,609	716,609	694,626	21,983	3.2%
29. Veterinary Medicine	100,000		100,000	99,484	516	0.5%
30. Research Centers	93,800		93,800	93,302	498	0.5%
31. Other Academic Programs	137,200		137,200	132,595	4,605	3.5%
32. Centrally Recorded Financial Aid	154,200	12,589	166,789	166,391	398	0.2%
33. Student Services	115,500		115,500	116,186	(686)	(0.6%)
34. Administrative & Support	153,300	144,624	297,924	296,166	1,758	0.6%
35. Physical Plant	142,600	52,597	195,197	196,709	(1,512)	(0.8%)
36. All Other	6,700		6,700	6,582	118	1.8%
37. Cost Redistribution	<u>(1,700)</u>	<u>1,700</u>				
38. Subtotal Expenditures	1,678,100	928,119	2,606,219	2,574,259	31,960	1.2%
39. Transfers To Endowment	29,200		29,200	26,534	2,666	
40. Transfers To Plant	<u>57,400</u>	<u>2,575</u>	<u>59,975</u>	<u>55,704</u>	<u>4,271</u>	
41. Subtotal Transfers Out	86,600	2,575	89,175	82,238	6,937	
42. Total Uses of Resources	1,764,700	930,694	2,695,394	2,656,497	38,897	1.5%
43. Net From Operations	2,128	10,324	12,452	12,073	379	

OPERATING PLAN FORECAST – DETAILS

ITHACA CAMPUS

Revenues and Transfers In

Revenues for 2006-07 are currently forecast at \$1.733 billion, an increase of \$35 million, or 2.1 percent, from the plan and 5.6 percent over the amount recorded in 2005-06.

- **Tuition and fee** revenues are expected to be \$6.7 million, or 1.1 percent, more than planned due to greater than anticipated undergraduate admission yields, particularly in the Colleges of Engineering and Arts and Sciences, offset partially by a decrease in planned enrollments in the School of Industrial and Labor Relations and off-campus programs. Graduate and professional enrollments are also expected to exceed the plan, with the most significant increases in the Johnson School and the Colleges of Architecture, Art and Planning; Engineering; and Veterinary Medicine.
- **Investment distributions** are projected to total \$231.4 million, \$20.6 million more than planned, reflecting an increase in invested fund balances and the anticipated use of \$17 million of earnings in excess of payout (which was originally planned as a transfer in from funds functioning as endowment) to support undergraduate financial aid.
- **Unrestricted and restricted gift** revenues for current operations are forecast to total \$104.5 million, a projected increase of \$1.8 million, or 1.8 percent, from the plan that is based on the level of gifts received through the first half of the fiscal year.
- **Direct cost funding of sponsored programs** is projected to total \$305.2 million, an increase of \$1.4 million over that planned. The **indirect recovery of facilities and administrative (F&A) costs** related to sponsored programs is projected to total \$76 million, a decrease of 2.2 percent from the plan, due to a growth in the proportion of direct cost activity not subject to indirect cost recovery (e.g., subcontracts).
- **State appropriations** are forecast at \$157.1 million, \$484 thousand more than planned, reflecting funding received from the *New York State Empire Innovation Initiative* to support research faculty.

Transfers in from funds functioning as endowment are projected at \$31.1 million, a decrease of \$11.5

million caused by the change in the use of investment distributions to fund financial-aid costs (see investment distributions above), which will be offset partially by an increase in the use of invested fund balances. **Transfers in from plant funds** are expected to total \$3 million.

Expenditures and Transfers Out

Expenditures are currently forecast at \$1.678 billion, an increase of \$9.8 million, or 0.6 percent, over the plan, and 5.7 percent more than recorded in 2005-06.

- **College** expenditures are projected to total \$876.5 million, or \$4.8 million more than expected. Increased costs associated with programmatic expansion, new faculty, and equipment purchases in the Colleges of Architecture, Art and Planning and Veterinary Medicine and the School of Industrial and Labor Relations will be largely offset by slower than planned growth in sponsored programs activity in the College of Engineering. The expenditure forecast for the College of Human Ecology has been adjusted to include the Center for Policy Research, a program that had been omitted from the original plan.
- Expenditures for **other academic programs** are forecast at \$137.2 million, a 3.5 percent increase over the amount planned, reflecting anticipated start-up costs associated with Cornell's new Institute for Cell and Molecular Biology.

Transfers out to funds functioning as endowment are projected to total \$29.2 million, while **transfers out to plant funds** of \$57.4 million will exceed the plan by \$4.3 million, reflecting the anticipated use of current fund resources for various capital projects and facility renovations.

Net from Operations

The combination of these factors is currently projected to yield a **net from operations** of \$2.1 million, an increase of \$1.5 million from the plan. The net \$2.1 million will represent additions to general purpose and designated fund balances, offset partially by reductions in restricted and enterprise fund balances.

OPERATING PLAN FORECAST – DETAILS

Ithaca Campus (dollars in thousands)		04-05	05-06	06-07	06-07	Change from	
	Actual	Actual	Plan	Forecast	Plan to Forecast	Dollars	Percent
Resources							
1. Tuition & Fees	\$541,466	\$573,390	\$601,047	\$607,700	\$6,653	1.1%	
2. Investment Distributions	167,643	201,152	210,828	231,400	20,572	9.8%	
3. Unrestricted Gifts	46,620	46,541	38,305	38,500	195	0.5%	
4. Restricted Gifts	71,394	60,425	64,375	66,000	1,625	2.5%	
5. Sponsored Programs (direct)	291,376	291,264	303,832	305,200	1,368	0.5%	
6. Sponsored Programs (F&A)	72,256	75,235	77,698	76,000	(1,698)	(2.2%)	
7. Institutional Allowances	33	20	38	28	(10)	(26.3%)	
8. State Appropriations	138,713	145,920	156,616	157,100	484	0.3%	
9. Federal Appropriations	16,300	16,754	17,245	17,100	(145)	(0.8%)	
10. Enterprise Sales & Services	111,291	109,975	113,876	113,900	24	0.0%	
11. Other Sources	<u>109,268</u>	<u>119,871</u>	<u>113,871</u>	<u>119,800</u>	<u>5,929</u>	<u>5.2%</u>	
12. Subtotal In-Year Revenues	1,566,360	1,640,547	1,697,731	1,732,728	34,997	2.1%	
13. Transfers From Endowment	28,091	32,762	42,597	31,100	(11,497)		
14. Transfers From Plant	<u>4,791</u>	<u>680</u>	<u>8,281</u>	<u>3,000</u>	<u>(5,281)</u>		
15. Subtotal Transfers In	32,882	33,442	50,878	34,100	(16,778)		
16. Total Resources	1,599,242	1,673,989	1,748,609	1,766,828	18,219	1.0%	
Uses of Resources							
17. Agriculture & Life Sciences	218,716	231,126	239,371	241,500	2,129	0.9%	
18. Architecture, Art, & Planning	16,716	19,457	21,118	22,000	882	4.2%	
19. Arts & Sciences	160,524	165,565	171,352	172,100	748	0.4%	
20. Engineering	113,166	117,924	127,735	125,400	(2,335)	(1.8%)	
21. Hotel Administration †	45,901	47,678	45,719	44,900	(819)	(1.8%)	
22. Human Ecology	45,651	48,563	52,773	55,900	3,127	5.9%	
23. Industrial & Labor Relations	39,299	41,693	44,738	45,800	1,062	2.4%	
24. Johnson School	38,272	42,252	44,820	44,400	(420)	(0.9%)	
25. Law School	22,085	23,083	24,592	24,500	(92)	(0.4%)	
26. Veterinary Medicine	90,119	98,189	99,484	100,000	516	0.5%	
27. Research Centers	86,953	94,328	93,302	93,800	498	0.5%	
28. Other Academic Programs	124,559	130,169	132,595	137,200	4,605	3.5%	
29. Centrally Recorded Financial Aid †	130,140	143,545	154,172	154,200	28	0.0%	
30. Student Services	106,787	111,360	116,186	115,500	(686)	(0.6%)	
31. Administrative & Support	134,660	148,331	153,025	153,300	275	0.2%	
32. Physical Plant	114,490	118,803	142,449	142,600	151	0.1%	
33. Ithaca Campus All Other	8,266	6,874	6,582	6,700	118	1.8%	
34. Cost Redistribution	<u>(1,576)</u>	<u>(1,625)</u>	<u>(1,700)</u>	<u>(1,700)</u>			
35. Subtotal Expenditures	1,494,728	1,587,315	1,668,313	1,678,100	9,787	0.6%	
36. Transfers To Endowment	26,986	15,697	26,534	29,200	2,666		
37. Transfers To Plant	<u>75,126</u>	<u>66,301</u>	<u>53,129</u>	<u>57,400</u>	<u>4,271</u>		
38. Subtotal Transfers Out	102,112	81,998	79,663	86,600	6,937		
39. Total Uses of Resources	1,596,840	1,669,313	1,747,976	1,764,700	16,724	1.0%	
40. Net From Operations	2,402	4,676	633	2,128	1,495		

Note: † The 2006-07 plan has been revised to relocate to *centrally recorded financial aid* (line 29) \$3.997 million in undergraduate financial aid that was originally budgeted in *Hotel Administration* (line 21).

MEDICAL COLLEGE

Revenues and Transfers In

Revenues for the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences for 2006-07 are currently forecast at \$941 million, an increase of \$21.1 million, or 2.3 percent, from the plan.

- **Gifts from restricted sources** are expected to remain as planned at \$61.3 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 remain very close to the planned amount of \$123.1 million. The majority of this support is derived from federal grants; the remainder comes from non-federal sources. The **indirect recovery of facilities and administrative (F&A) costs** related to sponsored programs is expected to increase \$472 thousand, to \$50.4 million, exceeding the plan by 0.9 percent.
- Revenues from the **Physician Organization** are forecast at \$426.3 million, an increase of \$18.9 million, or 4.6 percent, from the plan. This variance is due primarily to greater than anticipated growth in clinical program investments in new chairmen and initiatives implemented in Strategic Plan, Phase II.
- Revenues for services purchased by the **New York Presbyterian Hospital (NYPH)** are forecast to decrease 2.6 percent from the planned amount of \$83.2 million, to a total of \$81.1 million. These revenues are primarily payments for professional services related to hospital activities, such as the 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 \$66.9 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 \$928.1 million, an increase of \$22.2 million, or 2.4 percent, from the level planned for 2006-07.

- **Academic and clinical departments**, including the Physician Organization, are forecast to expend a total of \$716.6 million, an increase of \$22 million, or 3.2 percent, compared to the plan. This growth will occur primarily in two areas: (a) greater Physician Organization expenditures and (b) higher expenses related to teaching, training, and research. Partially offsetting this increase will be a reduction in expenditures related to the administrative, training, and supervisory functions provided to NYPH.
- **Administrative and support costs** are forecast to increase \$1.5 million, or 1.9 percent, from the plan, to \$77.8 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 \$66.9 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 decline \$1.7 million, or 3.1 percent, from the plan, to \$52.6 million.

Transfers out to plant funds, forecast to remain as planned at \$2.6 million, will fund renovations by the Physician Organization.

Net from Operations

The **net from operations**, which is now projected at \$10.3 million, will be added to **current fund balances**, where surpluses in general purpose, designated, and restricted funds will be offset partially by a reduction in enterprise funds.

OPERATING PLAN FORECAST – DETAILS

Medical College (dollars in thousands)		04-05	05-06	06-07	06-07	Change from	
	Actual	Actual	Plan	Forecast	Plan to Forecast	Dollars	Percent
Resources							
1. Tuition & Fees	\$16,632	\$17,268	\$18,211	\$18,437	\$226	1.2%	
2. Investment Distributions *	29,261	32,790	37,804	39,009	1,205	3.2%	
3. Unrestricted Gifts	1,667	2,120	2,109	2,109			
4. Restricted Gifts *	55,534	56,193	61,376	61,339	(37)	(0.1%)	
5. Sponsored Programs (direct)	107,901	117,385	123,107	123,090	(17)	(0.0%)	
6. Sponsored Programs (F&A)	42,368	45,206	49,954	50,426	472	0.9%	
7. Institutional Allowances	20,620	21,798	22,400	22,662	262	1.2%	
8. State Appropriations	179	163	186	186			
9. Physician Organization (PO)	382,155	385,440	407,455	426,292	18,837	4.6%	
10. NYPH (purchased services)	76,478	79,175	83,226	81,100	(2,126)	(2.6%)	
11. Enterprise Sales & Services	14,940	14,716	15,416	16,084	668	4.3%	
12. Qatar	51,593	60,373	66,865	66,865			
13. Other Sources *	<u>21,995</u>	<u>30,854</u>	<u>31,852</u>	<u>33,419</u>	<u>1,567</u>	4.9%	
14. Subtotal In-Year Revenues	821,323	863,481	919,961	941,018	21,057	2.3%	
15. Transfers From Endowment							
16. Transfers From Plant							
17. Subtotal Transfers In							
18. Total Resources	821,323	863,481	919,961	941,018	21,057	2.3%	
Uses of Resources							
19. Medical College (academic/clinical)	636,433	651,252	694,626	716,609	21,983	3.2%	
20. Return to Qatar Foundation	19,785	18,876					
21. Centrally Recorded Financial Aid	11,346	12,263	12,219	12,589	370	3.0%	
22. Administrative & Support	66,895	71,285	76,276	77,759	1,483	1.9%	
23. Administrative & Support (Qatar)	31,808	41,497	66,865	66,865			
24. Physical Plant	40,354	48,515	54,260	52,597	(1,663)	(3.1%)	
25. Cost Redistribution	<u>1,576</u>	<u>1,625</u>	<u>1,700</u>	<u>1,700</u>			
26. Subtotal Expenditures	808,197	845,313	905,946	928,119	22,173	2.4%	
27. Transfers To Endowment							
28. Transfers To Plant	<u>2,158</u>	<u>711</u>	<u>2,575</u>	<u>2,575</u>			
29. Subtotal Transfers Out	2,158	711	2,575	2,575			
30. Total Uses of Resources	810,355	846,024	908,521	930,694	22,173	2.4%	
31. Net From Operations	10,968	17,457	11,440	10,324	(1,116)		

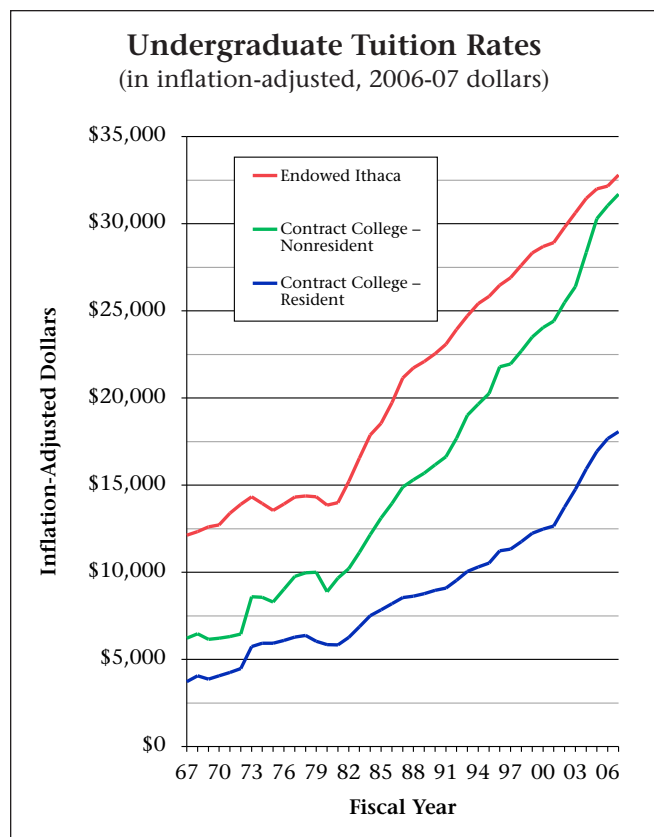
Note: * The categories of *investment distributions* (line 2), *restricted gifts* (line 4), and *other sources* (line 13) have been restated for the 2006-07 plan to reflect a change in how Center Fund income is recorded.

TUITION

Changes in Tuition Rates

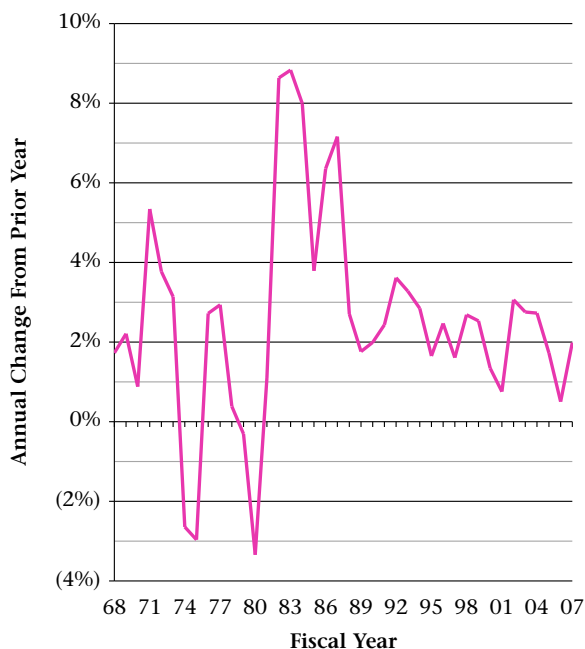
Since 1966-67, Cornell's undergraduate tuitions rates have grown irregularly (in inflation-adjusted terms).

- 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 a few 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 inflation-adjusted annual growth in endowed Ithaca tuition at 2 percent or less. For 2006-07, endowed Ithaca tuition was increased 4.8 percent, 2 percentage points



Change in Endowed Ithaca Tuition from the Prior Fiscal Year

(in inflation-adjusted, 2006-07 dollars)



above the assumed rate of inflation. (*Inflation is now forecast at 2.8 percent for 2006-07 and 2.5 percent for 2007-08, 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 2006-07, 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			
<u>Institution</u>	<u>05-06</u>	<u>06-07</u>	<u>%</u>	<u>Institution</u>	<u>05-06</u>	<u>06-07</u>	<u>%</u>
Columbia University	33,246	35,164	5.8	Georgetown	42,938	45,244	5.4
Tufts University	32,621	34,730	6.5	New York University	43,130	45,150	4.7
Brown University	32,974	34,620	5.0	Johns Hopkins University	41,544	45,022	8.4
Carnegie Mellon University	32,044	34,578	7.9	Columbia University	42,586	44,812	5.2
University of Pennsylvania	32,586	34,408	5.6	University of Chicago	42,369	44,613	5.3
Johns Hopkins University	31,620	34,400	8.8	Tufts University	42,018	44,500	5.9
Georgetown	32,199	34,110	5.9	Boston University	42,046	44,272	5.3
Duke University	32,509	34,067	4.8	Washington University	42,106	44,240	5.1
University of Chicago	32,265	34,005	5.4	University of Pennsylvania	41,988	44,212	5.3
Boston University	31,966	33,792	5.7	Carnegie Mellon University	40,960	43,858	7.1
Washington University	32,042	33,788	5.4	Northwestern University	41,662	43,833	5.2
Harvard University	32,097	33,709	5.0	Cornell (Endowed)	41,767	43,757	4.8
Princeton University	32,095	33,675	4.9	Brown University	41,770	43,754	4.7
MIT	32,300	33,600	4.0	Harvard University	41,675	43,655	4.8
Northwestern University	31,789	33,567	5.6	Stanford University	41,384	43,631	5.4
Dartmouth College	31,965	33,501	4.8	University of Rochester	41,485	43,618	5.1
RPI	31,857	33,496	5.1	MIT	41,800	43,550	4.2
University of Rochester	31,297	33,426	6.8	RPI	41,288	43,411	5.1
New York University	31,690	33,420	5.5	Duke University	41,459	43,407	4.7
Stanford University	31,452	33,264	5.8	Dartmouth College	41,355	43,341	4.8
Yale University	31,460	33,030	5.0	Yale University	41,000	43,050	5.0
Cornell (Endowed)	31,467	32,981	4.8	Princeton University	40,858	42,875	4.9
Cornell (Contract-nonres.)	30,367	31,881	5.0	Cornell (Contract-nonres.)	40,667	42,657	4.9
U. Michigan (nonres.)	27,601	29,132	5.5	U. Cal.-Berkeley (nonres.)	36,886	38,412	4.1
U. Virginia (nonres.)	24,100	25,945	7.7	U. Michigan (nonres.)	34,975	36,970	5.7
U. Cal.-Berkeley (nonres.)	24,332	25,338	4.1	U. Virginia (nonres.)	30,489	32,854	7.8
Penn. State Univ. (nonres.)	21,744	22,712	4.5	Penn. State Univ. (nonres.)	28,836	30,112	4.4
Michigan State (nonres.)	19,676	21,538	9.5	Cornell (Contract-res.)	27,667	29,017	4.9
Rutgers (nonres.)	17,156	18,463	7.6	Michigan State (nonres.)	25,464	27,582	8.3
Cornell (Contract-res.)	17,367	18,241	5.0	Rutgers (nonres.)	25,734	27,505	6.9
SUNY-Buffalo (nonres.)	12,328	12,389	0.5	SUNY-Binghamton (nonres.)	20,250	20,720	2.3
SUNY-Binghamton (nonres.)	12,100	12,180	0.7	SUNY-Buffalo (nonres.)	19,854	19,915	0.3
SUNY-Buffalo (res.)	6,068	6,129	1.0	SUNY-Binghamton (res.)	13,990	14,460	3.4
SUNY-Binghamton (res.)	5,840	5,920	1.4	SUNY-Buffalo (res.)	13,594	13,655	0.4

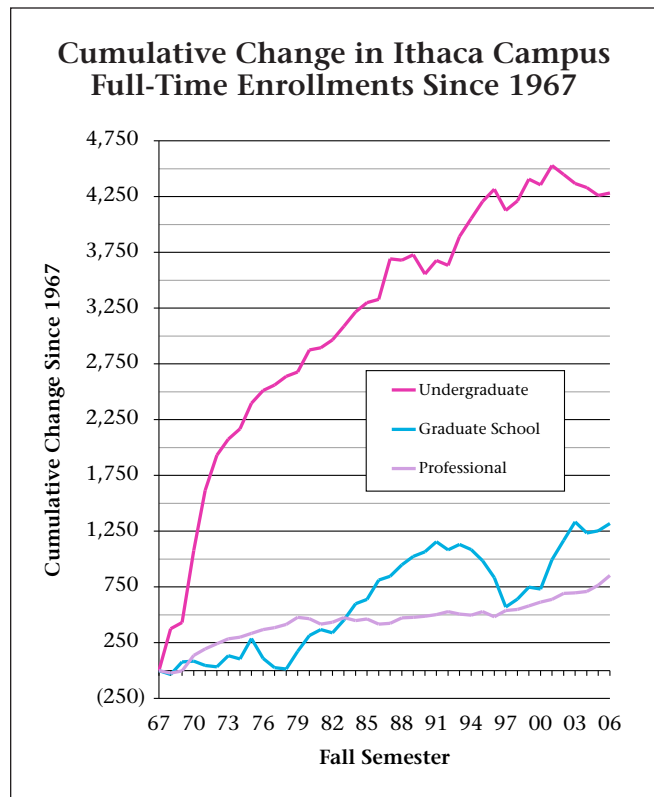
- Notes:
- Institutions are ranked in descending order of rates for 2006-07.
 - Institutions with different resident and nonresident tuitions are indicated *res.* and *nonres.* respectively.
 - *Common acceptance* refers to institutions that had significant overlap with Cornell in the common acceptance of students who eventually matriculated at Cornell rather than those other institutions.

ENROLLMENT

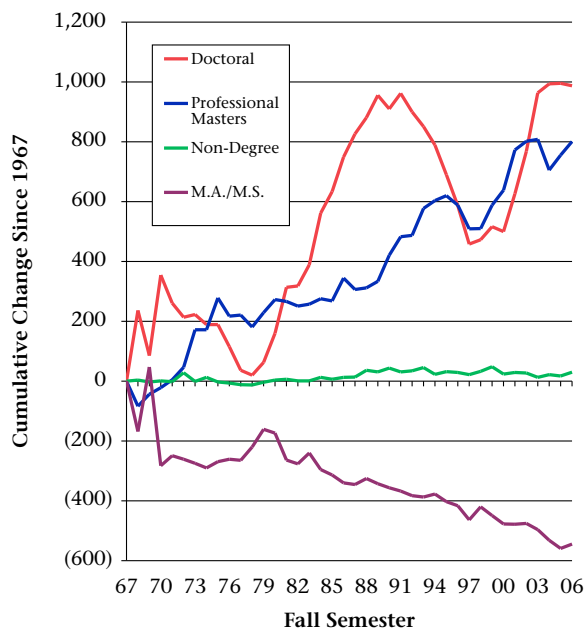
Ithaca Campus Enrollment Growth

From the fall of 1967 through the fall of 2006, overall Ithaca campus enrollment (including students registered *in absentia*) increased by 6,452, or 47 percent, from 13,637 to 20,089. (See graph below.)

- Undergraduate enrollment increased 46 percent, to 13,669, 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 852, or 97 percent, to 1,734.
- Graduate School enrollment increased 39 percent, to 4,686. 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 (217 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



2006-07 Overall Enrollment Forecast

The 2006-07 operating plan was predicated on a revised overall full-time equivalent (FTE) paying enrollment of 19,797, which has been updated to 20,013, based on fall 2006 enrollments. (See page 15.)

- FTE undergraduate enrollment is projected at 131 more than the revised plan, with increases in several colleges offset partially by declines in the School of Industrial and Labor Relations and off-campus programs.
- FTE graduate enrollment is projected to be 71 more than anticipated, due mainly to larger enrollments in the Colleges of Architecture, Art and Planning; Engineering; and the Graduate School of Medical Sciences, offset partially by decreases in the Colleges of Arts and Sciences and Human Ecology.

To achieve Cornell's goal of admitting 3,050 first-time undergraduate freshmen at the start of each fall semester, the university employs a conservative admit/yield model and the use of a waitlist to bring admissions to desired levels in a controlled fashion. This effort was not as successful for 2006-07 as it had been in prior years, as 3,188 first-time freshmen were enrolled for the fall of 2006, 4.5 percent over the desired target.

Full-Time Student Enrollments	06-07 Plan *		06-07 Forecast		Change from Plan	
	Fall Registrar	FTE Paying	Fall Registrar	FTE Paying	Fall Registrar	FTE Paying
Undergraduate – On-Campus						
1. Agriculture & Life Sciences	3,055	2,984	3,143	3,057	88	73
2. Architecture, Art & Planning	449	437	447	437	(2)	
3. Arts & Sciences	4,080	3,974	4,098	3,977	18	3
4. Engineering	2,734	2,710	2,786	2,760	52	50
5. Hotel Administration	811	800	843	830	32	30
6. Human Ecology	1,163	1,137	1,176	1,141	13	4
7. Industrial & Labor Relations	781	748	777	736	(4)	(12)
8. Internal Transfer Division	<u>42</u>	<u>45</u>	<u>32</u>	<u>45</u>	<u>(10)</u>	
9. Subtotal	13,115	12,835	13,302	12,983	187	148
Undergraduate – Off-Campus †						
10. Cornell Abroad	141	278	120	269	(21)	(9)
11. Cornell-in-Washington	48	49	35	41	(13)	(8)
12. Field Study/Sea Semester	66	71	71	78	5	7
13. Rome Program	<u>55</u>	<u>57</u>	<u>51</u>	<u>50</u>	<u>(4)</u>	<u>(7)</u>
14. Subtotal	310	455	277	438	(33)	(17)
15. Total Undergraduate	13,425	13,290	13,579	13,421	154	131
Professional						
16. Johnson School (MBA)	708	700	733	721	25	21
17. Law (JD)	564	564	562	562	(2)	(2)
18. Medical College (MD)	392	392	410	392	18	
19. Veterinary Medicine (DVM)	<u>335</u>	<u>335</u>	<u>330</u>	<u>330</u>	<u>(5)</u>	<u>(5)</u>
20. Total Professional	1,999	1,991	2,035	2,005	36	14
Graduate						
21. Agriculture & Life Sciences	900	900	901	901	1	1
22. Architecture, Art & Planning	300	290	340	336	40	46
23. Arts & Sciences	1,268	1,250	1,220	1,202	(48)	(48)
24. Engineering	1,146	1,130	1,182	1,166	36	36
25. Hotel Administration	70	70	69	69	(1)	(1)
26. Human Ecology	207	209	193	193	(14)	(16)
27. Industrial & Labor Relations	145	145	147	145	2	
28. Johnson School	36	36	48	44	12	8
29. Law	63	63	73	73	10	10
30. Graduate School of Medical Sciences	313	313	341	333	28	20
31. Veterinary Medicine	<u>110</u>	<u>110</u>	<u>135</u>	<u>125</u>	<u>25</u>	<u>15</u>
32. Total Graduate	4,558	4,516	4,649	4,587	91	71
33. Total Enrollment	19,982	19,797	20,263	20,013	281	216

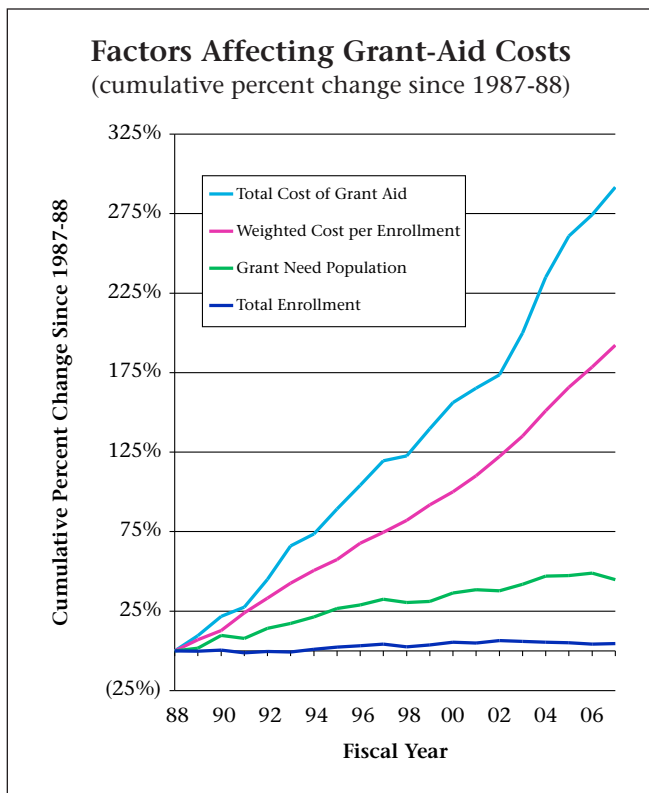
- Notes:
- Planned fall registrar enrollments were based on tenth-week projections; forecast fall registrar enrollments are based on semester-end actuals. Both exclude students registered *in absentia*.
 - Tuition revenues are based on full-time equivalent (FTE) enrollments, which account for differences between fall and spring semester enrollments as well as for tuition prorations that occur when students attend for less than a full semester.
 - * The 2006-07 plan for both fall 2006 registrar and FTE paying enrollments has been revised to provide consistent reporting classifications with the 2006-07 forecast.
 - † The large difference between fall registrar and FTE paying enrollments for off-campus undergraduate programs reflects higher enrollments in these programs during the spring semester, especially in Cornell Abroad.

UNDERGRADUATE FINANCIAL AID

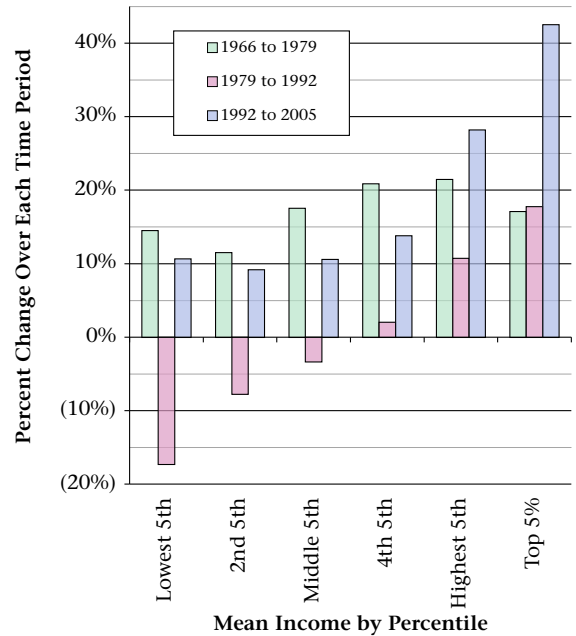
Financial-Aid Trends

The total cost of federal, state, and institutional grant-aid for undergraduates has experienced a 292 percent increase from 1987-88 through 2006-07 (projected). This change is attributable to several factors:

- There has been a 4.7 percent increase in enrollment combined with a 192 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 44.7 percent, to 5,521. This change was due in part to the slight overall growth in the student population and partially to a 57.9 percent expansion in the number of underrepresented minority students, who have, historically, demonstrated above-average levels of financial need.
- U. S. family income has grown unevenly since 1966. (See graph at right.) As the richest families have enjoyed significant inflation-adjusted increases, middle- and low-income Americans have experienced much more modest growth. Cornell's decision to increase the socioeconomic diversity of the student body, an effort that began in the



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



mid-1960's, occurred within the context of these fluctuations. As a result, the number of grant-aid students rose from 29.4 percent of the undergraduate population in 1987 to 40.7 percent by 2006.

2006-07 Financial-Aid Forecast

The following changes have occurred in the undergraduate financial-aid budget for 2006-07:

- Both the number of students with demonstrated financial need and the subset of these students who required grant aid are less than planned, the latter down by 1.5 percent. (See table on page 17.)
- The average grant, which was budgeted at \$23,496 per student with such aid, is forecast currently at \$23,572 per student, a 0.3 percent increase.
- The combination of decline in the number of grant recipients and a slight growth in the cost of grant-aid per recipient will yield a 1.2 percent decrease in total grant-aid expenditures, from \$131.7 million to \$130.1 million. Overall grant aid from Cornell resources is projected to be 1.8 percent less than planned while general purpose expenditures for grant aid are expected to remain largely as budgeted, at \$61.1 million.

Sources of Funding for Undergraduate Financial Aid

(dollars in thousands)

	87-88 Actual	04-05 Actual	05-06 Actual	06-07 Plan	06-07 Forecast	Percent Change from Plan to Forecast	Average Annual Growth Rate from 87-88
Family Contribution							
1. Parental	\$22,189	\$72,379	\$73,304	\$76,236	\$73,932	(3.0%)	6.5%
2. Student	<u>7,819</u>	<u>17,725</u>	<u>17,397</u>	<u>17,919</u>	<u>16,803</u>	(6.2%)	4.1%
3. Subtotal	30,008	90,104	90,701	94,155	90,735	(3.6%)	6.0%
Federal Government							
4. Grants	5,143	9,071	8,397	8,382	9,507	13.4%	3.3%
5. Loans	11,192	29,485	29,183	30,450	28,733	(5.6%)	5.1%
6. Work/Study	<u>2,769</u>	<u>4,578</u>	<u>4,142</u>	<u>4,100</u>	<u>4,104</u>	0.1%	2.1%
7. Subtotal	19,104	43,134	41,722	42,932	42,344	(1.4%)	4.3%
State Government							
8. Grants	4,903	5,499	5,362	5,350	5,312	(0.7%)	0.4%
9. Work/Study	<u>692</u>						
10. Subtotal	5,595	5,499	5,362	5,350	5,312	(0.7%)	(0.3%)
Other External							
11. Grants	<u>2,663</u>	<u>8,148</u>	<u>7,707</u>	<u>7,934</u>	<u>7,251</u>	(8.6%)	5.4%
12. Subtotal	2,663	8,148	7,707	7,934	7,251	(8.6%)	5.4%
Cornell							
13. General Purpose Grants	12,157	55,422	58,295	61,182	61,125	(0.1%)	8.9%
14. Designated Grants	594	3,071	3,472	3,218	2,878	(10.6%)	8.7%
15. Gifts/Endowment Grants	7,770	38,701	41,192	45,630	44,069	(3.4%)	9.6%
16. Loans	130	3,129	2,388	2,500	2,187	(12.5%)	16.0%
17. Work/Study	<u>1,846</u>	<u>4,578</u>	<u>4,142</u>	<u>4,100</u>	<u>4,104</u>	0.1%	4.3%
18. Subtotal	22,497	104,901	109,489	116,630	114,363	(1.9%)	8.9%
19. Total	79,867	251,786	254,981	267,001	260,005	(2.6%)	6.4%

Financial-Aid Population

(on- and off-campus)

	Fall 1987 Actual	Fall 2004 Actual	Fall 2005 Actual	Fall 2006 Plan	Fall 2006 Actual	Percent Change from Plan to Actual	Average Annual Growth Rate from Fall 1987
All Undergraduates							
1. Total Enrollment	12,958	13,625	13,515	13,345	13,562	1.6%	0.2%
2. Number with Need	5,173	6,431	6,449	6,366	6,213	(2.4%)	1.0%
3. Percent of Total Enrollment	39.9%	47.2%	47.7%	47.7%	45.8%		
4. Number with Grant Aid	3,815	5,621	5,681	5,605	5,521	(1.5%)	2.0%
5. Percent of Total Enrollment	29.4%	41.3%	42.0%	42.0%	40.7%		
Minority Undergraduates							
6. Total Minority	2,436	3,768	3,847	3,900	3,959	1.5%	2.6%
7. Percent of Total Enrollment	18.8%	27.7%	28.5%	29.2%	29.2%		
8. Underrepresented Minority	1,124	1,554	1,679	1,700	1,775	4.4%	2.4%
9. Percent of Total Enrollment	8.7%	11.4%	12.4%	12.7%	13.1%		

Note: • 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.

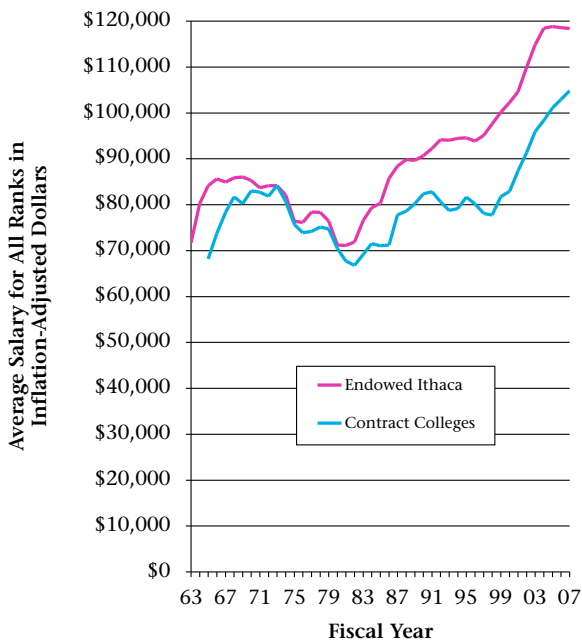
FACULTY SALARIES

Changes in Faculty Salaries

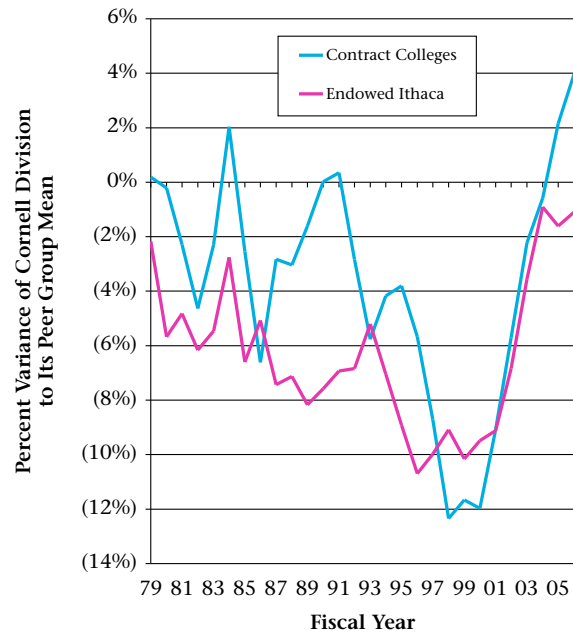
Since 1962-63, the average endowed Ithaca faculty salary has grown from \$71,698 to \$118,403, in inflation-adjusted terms. (See graph below.) The average nine-month contract college faculty salary has grown from \$68,208 to \$104,806, in inflation-adjusted terms since 1964-65. (Fifty-one percent of contract college faculty are paid on a twelve-month basis; these salaries were converted to a nine-month basis for purposes of comparison.) The historical gap between endowed Ithaca and contract college salaries can be attributed to relative levels of resources available for salary increases and changes in the mix of faculty by rank, among other factors.

The average salary for endowed Ithaca faculty whose appointments continued from 2005-06 to 2006-07 increased 4.8 percent in 2006-07 while the comparable average for contract college faculty grew 5.5 percent. The overall changes in average faculty salaries were 2.6 percent and 4.6 percent respectively for these two cohorts. (The overall change includes faculty who retired or left at the end of 2005-06 and new faculty who were hired beginning in 2006-07. The number of full and associate professors declined by 38 and 8 respectively in 2006-07 while the number of assistant professors increased by 54.)

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 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 subsets of these institutions to serve as peer reference groups for faculty salary purposes. 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 multi-year period. The graph above shows the change in Cornell's faculty salaries measured against the average of these reference groups.

As of 2005-06, the endowed Ithaca and contract college faculty salary averages were 1.1 percent below and 4 percent above their respective means. Upon successful completion of this multi-year effort, Cornell now enters a phase in which faculty salary levels will be set using an approach that takes into account the unique circumstances and key competitors of each academic discipline. Resources will be identified and allocated to achieve college-specific salary increase goals.

Average Nine-Month Faculty Salaries Among Research Universities

<u>Institution</u>	<u>85-86</u>	<u>Institution</u>	<u>95-96</u>	<u>Institution</u>	<u>05-06</u>
Stanford University *	52,577	Cal Tech *	88,827	Harvard University	133,699
Harvard University	51,832	Stanford University *	87,052	Stanford University *	128,934
Cal Tech *	50,872	Harvard University	86,522	Cal Tech *	126,701
MIT	49,190	MIT	82,472	Princeton University *	124,777
UC-Berkeley †	48,915	Princeton University *	82,157	Univ. of Pennsylvania *†	124,530
Princeton University *	48,226	Univ. of Pennsylvania *†	81,759	University of Chicago *	123,354
Yale University *	47,926	New York University	81,611	Columbia University *	§
UCLA *	47,771	University of Chicago *	81,219	Yale University *	118,203
Univ. of Pennsylvania *†	47,595	Yale University *	80,710	MIT	116,574
Columbia University *	47,572	Northwestern Univ.	79,028	Northwestern Univ.	116,415
University of Chicago *	47,117	Columbia University *	77,821	New York University	115,698
Carnegie Mellon Univ.	47,001	Rutgers University	77,753	Cornell (Endowed) *	115,414
Johns Hopkins Univ.	46,916	Duke University	77,611	Duke University	112,931
New York University	46,875	Carnegie Mellon Univ.	75,367	Dartmouth College	108,948
Georgetown University	46,758	Georgetown University	75,355	Georgetown University	107,917
UC-San Diego *	46,446	University of Michigan *	73,521	Univ. Southern Calif.	107,728
Cornell (Endowed) *	45,631	Univ. Southern Calif.	73,392	Carnegie Mellon Univ.	105,971
Rutgers University	45,569	UC-Berkeley †	73,019	Brown University	105,120
Univ. Southern Calif.	45,199	Johns Hopkins Univ.	71,898	UC-Berkeley †	104,154
Northwestern Univ.	44,658	UCLA *	71,684	University of Michigan *	103,956
University of Virginia	44,652	Cornell (Endowed) *	70,939	UCLA *	103,773
University of Michigan *	44,590	Dartmouth College	70,741	University of Virginia	101,289
Duke University	44,513	UC-San Diego *	69,598	Johns Hopkins Univ.	100,105
UC-Davis †	44,046	University of Virginia	68,566	Cornell (Contract) †	99,734
Ohio State University †	43,831	Brown University	68,166	University of Maryland	98,495
University of Illinois	43,381	Penn. State University †	66,009	University of Illinois	96,937
Univ. of North Carolina †	43,252	University of Maryland	65,681	Rutgers University	96,802
Dartmouth College	42,214	Univ. of North Carolina †	65,510	Penn. State University †	96,164
University of Maryland	41,693	Ohio State University †	65,499	UC-San Diego *	96,030
Brown University	41,606	University of Illinois	65,082	University of Texas	95,600
University of Texas	40,855	UC-Davis †	65,037	Univ. of North Carolina †	95,313
Purdue University	40,635	Purdue University	64,489	Ohio State University †	93,122
Univ. of Minnesota †	40,595	University of Texas	64,335	Univ. of Minnesota †	92,112
Penn. State University †	40,351	Univ. of Minnesota †	63,141	Michigan State Univ. †	88,745
Cornell (Contract) †	39,204	Univ. of Wisconsin †	62,004	UC-Davis †	88,547
Univ. of Wisconsin †	38,686	Cornell (Contract) †	61,821	Texas A&M †	88,235
Texas A&M †	38,339	Univ. of Washington	60,953	Purdue University	88,231
Univ. of Washington	37,306	Michigan State Univ. †	60,554	Univ. of Washington	87,443
Michigan State Univ. †	37,202	Texas A&M †	59,513	Univ. of Wisconsin †	86,764

Notes: • The average salary (excluding extra pay and summer compensation) for each institution (including Cornell's contract colleges) was computed by weighting the mean salary by academic rank for the number of endowed Ithaca faculty in those ranks. Twelve-month salaries were converted to a nine-month appointment basis.

• 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 (†).

§ Columbia University did not submit data for the 2005-06 survey.

Source: *Academe, March-April 2006*, Bulletin of the American Association of University Professors.

GIFTS/CONTRIBUTIONS

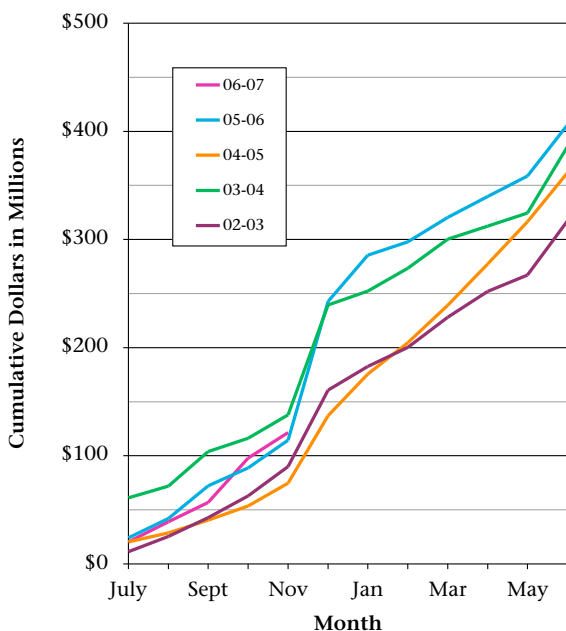
Cash Gifts/Contributions

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 2006, Cornell recorded contributions of \$32.9 million in its accounting records, a decrease of 51.5 percent from the amount recorded through the same period of 2005-06. Receipts for financial capital were up compared to 2005-06 while contributions for general operations and physical capital were down.
- Cash gifts logged in the contributor relations gift records system totaled \$97.8 million over the same period, 17.2 percent more than received from July through October of 2005.
- The \$64.9 million difference to date in 2006-07 between the two systems reflects a \$39.9 million change in pledge balances in the accounting system and \$24.4 million in timing differences.

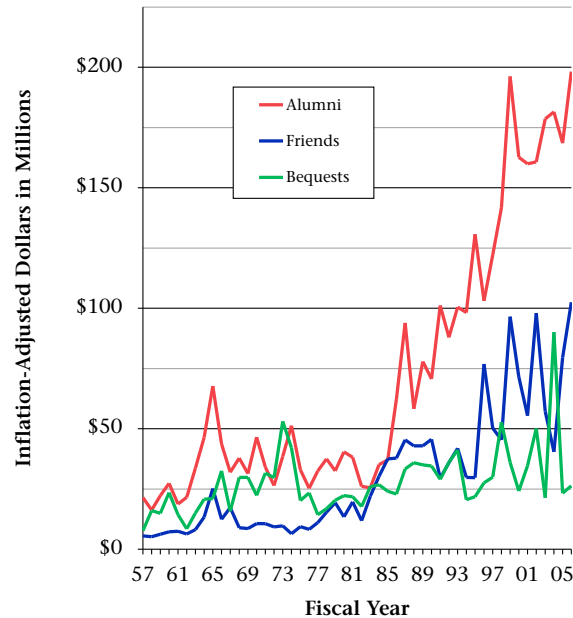
Cumulative Cash Gift Receipts by Month

(as recorded by Alumni Affairs & Development)



Sources of Cash Gifts from Individuals

(in inflation-adjusted, 2005-06 dollars in millions)



- More recently, the level of cash gifts as recorded in the gift records system through November 2006 was comparable to the results of 2005-06. (See graph at left.) It is difficult to predict what the total level of giving for 2006-07 may be based on these early results as gift receipts for two months—December and June—may account for up to 45 percent of all cash gifts recorded in a given year. Also, 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-eight years. (See graph above.)
- An important factor in Cornell's fundraising success has been the substantial increase in alumni gifts, which have grown at an annually compounded rate of 4.7 percent in inflation-adjusted terms since 1956-57, and gifts from individuals who are not alumni ("friends" in the above graph), which have grown at an annually compounded rate of 6.2 percent in inflation-adjusted terms over the same period.

Reconciliation of Contributions to Cash Gifts – Through October 31, 2006

(dollars in thousands)

	Ithaca Campus	Medical College	06-07 Year to Date	05-06 Year to Date	04-05 Year to Date	03-04 Year to Date
General Operations						
1. Unrestricted	\$15,287	\$12,174	\$27,461	\$33,104	\$14,257	\$15,599
2. Temporarily Restricted	(5,299)	(16,784)	(22,083)	10,242	19,217	24,132
3. Subtotal	9,988	(4,610)	5,378	43,346	33,474	39,731
Financial Capital						
4. True Endowment	13,080	6,285	19,365	15,374	26,294	21,047
5. Funds Functioning as Endowment	6,398	3	6,401	3,546	2,701	41,394
6. Life Income Funds	324	212	536	1,249	66	610
7. Trusts Held by Others	205		205	2,436	28	
8. Loan Funds	28	95	123	110	107	104
9. Subtotal	20,035	6,595	26,630	22,715	29,196	63,155
Physical Capital						
10. Cash Gifts	(1,271)	1,048	(223)	(378)	3,787	8,080
11. Gifts in Kind	1,152		1,152	2,205	968	
12. Subtotal	(119)	1,048	929	1,827	4,755	8,080
13. Contributions Total	29,904	3,033	32,937	67,888	67,425	110,966
Reconciling Adjustments to Cash Gifts						
14. Gifts to Outside Trusts	(977)		(977)	(2,436)	(29)	
15. Gift Annuities	324	215	539	537	27	237
16. Split-Interest Agreements	99		99	1,872	41	119
17. Insurance Premiums Not Booked						
18. Pledges (net present value)	16,974	22,888	39,862	11,927	(9,081)	(11,570)
19. Timing Differences	(1,700)	26,086	24,386	3,583	(12,571)	12,714
20. Other	961		961	59	10	
21. Total Reconciling Adjustments	15,681	49,189	64,870	15,542	(21,603)	1,500
22. Cash Gifts Total	45,585	52,222	97,807	83,430	45,822	112,466

- Notes:
- This table reconciles the differences between *contributions* as displayed in the financial statements (line 13) and *cash gifts* as reported from the contributor relations system (line 22). The reconciling adjustments, which are detailed on lines 14 through 20, represent the changes to the financial statements figures that would be needed to make them equal to cash gifts as defined by Alumni Affairs and Development. The largest of these adjustments are often the change in the net present value of pledges (line 18) and timing differences in the recording of gifts between the two systems (line 19)—both of which may be positive or negative.
 - 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

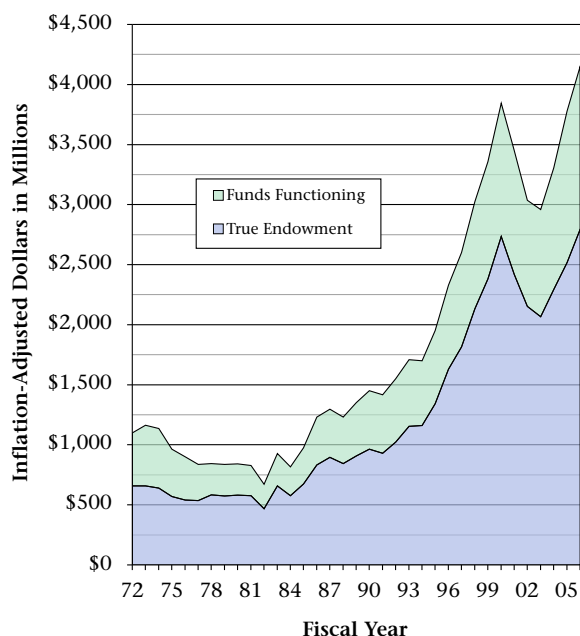
Types of Endowment

Cornell's endowment is composed of funds invested by the university and resources 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 endowment since 1971-72 for the subset of all endowment assets that are under Cornell's direct investment management (i.e., excluding contributions receivables and funds held in trust by others).

Market Value of Cornell's Endowment
(assets under Cornell's investment management; in inflation-adjusted, 2005-06 dollars in millions)



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 2005-06 among colleges and universities in the absolute size of its endowment, it was 74th in the comparative rankings on a per student basis. Adjusting these figures for the imputed endowment principal that would be required,

theoretically, to generate annual income equal to the level of New York State appropriations for the contract colleges (excluding research and outreach—the so called “land-grant” activities) demonstrates that Cornell has greater “endowment-like” support than is reported publicly. Such an adjustment, to recognize that contract college enrollments are already included in these calculations, would elevate Cornell's 2005-06 endowment per student ranking from 74th to 39th.

Endowment – Net Assets

(dollars in thousands at year end)

	04-05	05-06	Change	Percent Change
1. True Endowment & Unspent Earnings	2,425,814	2,794,297	368,483	15.2%
2. Funds Functioning as Endowment	1,215,855	1,357,907	142,052	11.7%
3. Subtotal Under Cornell Investment Management	3,641,669	4,152,204	510,535	14.0%
4. True Endowment – Contributions Receivable †	82,518	63,962	(18,556)	(22.5%)
5. Funds Held in Trust by Others *	135,423	168,995	33,572	24.8%
6. Subtotal Funds External to Cornell	217,941	232,957	15,016	6.9%
7. Total University Endowment	3,859,610	4,385,161	525,551	13.6%

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	04-05	Institution	05-06
Princeton University	\$255,600	Princeton University	\$1,662,932	Princeton University	\$1,910,501
Harvard University	166,000	Yale University	1,353,806	Yale University	1,589,159
Rice University	145,000	Harvard University	1,331,124	Harvard University	1,504,616
Yale University	125,300	Stanford University	822,107	Stanford University	1,070,671
Stanford University	86,800	Rice University	750,754	MIT	820,399
Dartmouth College	85,800	MIT	651,693	Rice University	795,107
MIT	84,700	Dartmouth College	475,859	Dartmouth College	534,965
Washington University	77,200	Washington University	376,039	Emory University	409,865
University of Rochester	77,000	Emory University	373,913	Washington University	407,015
University of Chicago	74,700	University of Chicago	328,712	University of Chicago	384,106
Columbia University	62,900	Duke University	314,677	Duke University	337,768
Emory University	62,800	Northwestern Univ.	288,401	Northwestern Univ.	320,690
Johns Hopkins Univ.	55,900	Columbia University	251,542	Columbia University	279,954
Northwestern Univ.	39,900	Vanderbilt University	240,018	Brown University	268,148
Vanderbilt University	34,900	Brown University	236,277	Vanderbilt University	265,680
Univ. of Texas System	34,600	Univ. of Pennsylvania	212,002	Univ. of Pennsylvania	252,029
Carnegie Mellon Univ.	33,600	Cornell	193,518	Cornell	222,204
Brown University	31,800	University of Rochester	182,201	University of Rochester	195,219
Cornell	29,900	Johns Hopkins Univ.	166,367	Johns Hopkins Univ.	179,446
Duke University	26,900	RPI	100,934	Tufts University	137,896
Univ. of Pennsylvania	23,100	Carnegie Mellon Univ.	94,160	RPI	113,381
RPI	20,900	Tufts University	92,767	Carnegie Mellon Univ.	103,353
Tufts University	12,800	Univ. of Texas System	85,510	Univ. of Texas System	96,049
Boston University	5,000	Boston University	32,756	Boston University	37,202

Cornell (+ NYS support) † 99,581 Cornell (+ NYS support) † 327,397 Cornell (+ NYS support) † 373,095

- 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 (NYS) appropriations for Cornell’s contract colleges (excluding research and outreach—the so called “land-grant” activities) for each of the fiscal years shown.

Source: 2006 NACUBO Endowment Study, prepared by TIAA-CREF.

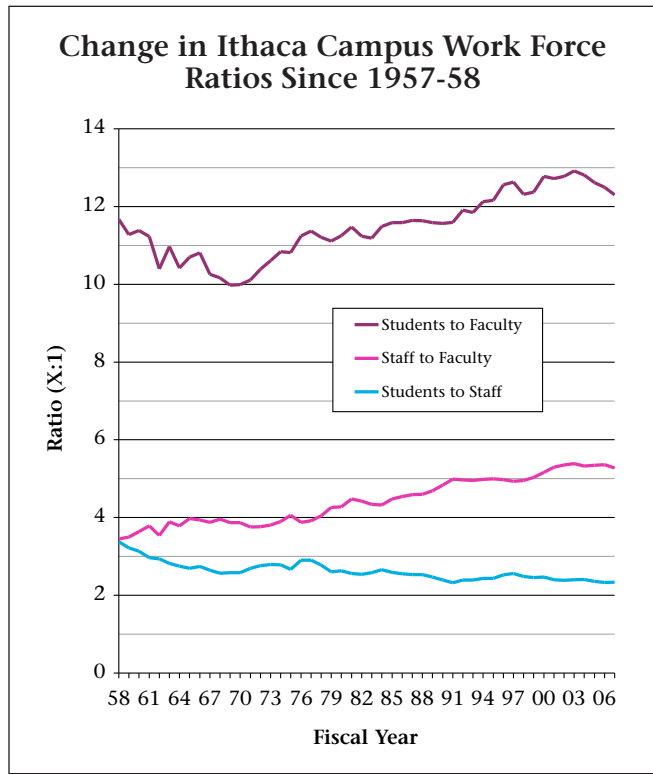
WORKFORCE

Ithaca Campus Workforce

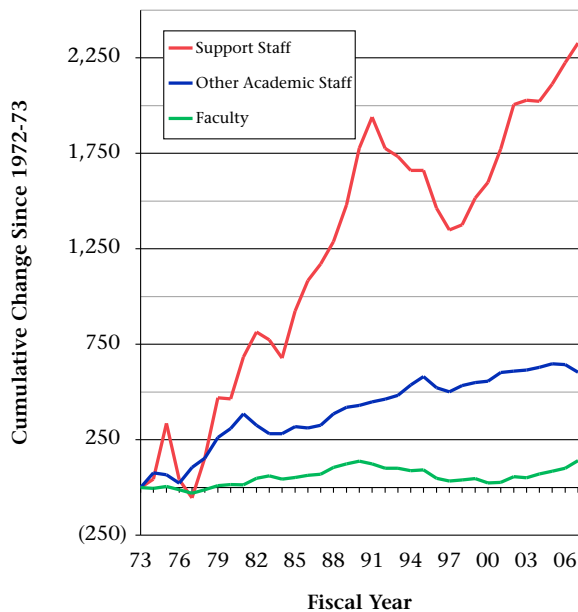
The size of the Ithaca campus workforce changed significantly during the period 1972-73 to 2006-07.

- The number of regular, full- and part-time employees increased 42.8 percent, from 7,171 to 10,242, as enrollment and academic programs expanded.
- There was a 9.4 percent increase in faculty. (See graph below.) Nonfaculty academics (lecturers, research associates, librarians, etc.) grew 104.9 percent, while nonacademic support staff increased 45.6 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 5.3 by 2006-07. Even though student enrollments increased during this period, the ratio of students to all nonfaculty staff has gradually declined.



Cumulative Change in the Number of Ithaca Campus Employees Since 1972-73
(regular full-time and part-time headcounts)



Changes in Support Staff

The growth of 305 in overall support staff from 2003-04 to 2006-07 (see page 25) occurred in job families related primarily to computing (increase of 101), student services (increase of 159), and general administrative support (increase of 95). 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 125 in dining services (related to new facilities and the conversion of temporary positions to regular employment). About one-third of the increase in the number of employees in general administrative support occurred in academic units and two-thirds in central university support functions.

The 9.2 percent growth in support staff in central university units categorized as *administrative and support* (line 17) has been concentrated in alumni affairs and development (primarily staff to support the capital campaign), information technologies (as noted above), and research and advanced studies (including animal-care personnel). Other staff members were redeployed among organizations during this period, resulting in no net change in the total number of support staff.

2006-07 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	383	357	1,120	1,860	1.51
2. Architecture, Art & Planning	50	12	44	106	0.71
3. Arts & Sciences	536	206	329	1,071	0.44
4. Engineering	240	62	203	505	0.67
5. Hotel Administration	41	16	261	318	4.58
6. Human Ecology	92	92	189	373	1.03
7. Industrial & Labor Relations	50	60	160	270	1.45
8. Johnson School	56	17	96	169	1.32
9. Law School	46	1	70	117	1.49
10. Veterinary Medicine	<u>133</u>	<u>115</u>	<u>691</u>	<u>939</u>	2.79
11. Subtotal Colleges	1,627	938	3,163	5,728	1.23
12. Research Centers		134	328	462	2.45
13. Other Academic Programs	<u>6</u>	<u>89</u>	<u>625</u>	<u>720</u>	6.58
14. Subtotal Other Centers	6	223	953	1,182	4.16
15. Total Academic Units	1,633	1,161	4,116	6,910	1.47
16. Student Services		17	1,080	1,097	
17. Administrative & Support			1,506	1,506	
18. Physical Plant			<u>729</u>	<u>729</u>	
19. Subtotal Support		17	3,315	3,332	
20. Total Work Force	1,633	1,178	7,431	10,242	2.64

Changes in Support Staff

					Change from 03-04	
	03-04	04-05	05-06	06-07	Number	Percent
1. Agriculture & Life Sciences	1,165	1,143	1,151	1,120	(45)	(3.9%)
2. Architecture Art, & Planning	35	34	35	44	9	25.7%
3. Arts & Sciences	340	339	339	329	(11)	(3.2%)
4. Engineering	225	221	218	203	(22)	(9.8%)
5. Hotel Administration	238	245	259	261	23	9.7%
6. Human Ecology	199	192	195	189	(10)	(5.0%)
7. Industrial & Labor Relations	170	171	169	160	(10)	(5.9%)
8. Johnson School	99	96	95	96	(3)	(3.0%)
9. Law School	68	65	65	70	2	2.9%
10. Veterinary Medicine	<u>674</u>	<u>696</u>	<u>669</u>	<u>691</u>	<u>17</u>	2.5%
11. Subtotal Colleges	3,213	3,202	3,195	3,163	(50)	(1.6%)
12. Research Centers	319	328	325	328	9	2.8%
13. Other Academic Programs	<u>572</u>	<u>569</u>	<u>589</u>	<u>625</u>	<u>53</u>	9.3%
14. Subtotal Other Centers	891	897	914	953	62	7.0%
15. Total Academic Units	4,104	4,099	4,109	4,116	12	0.3%
16. Student Services	911	975	1,045	1,080	169	18.6%
17. Administrative & Support	1,379	1,410	1,438	1,506	127	9.2%
18. Physical Plant	<u>732</u>	<u>731</u>	<u>736</u>	<u>729</u>	<u>(3)</u>	(0.4%)
19. Subtotal Support Units	3,022	3,116	3,219	3,315	293	9.7%
20. Total Support Staff	7,126	7,215	7,328	7,431	305	4.3%

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

NOTES

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