AGENDA

• Brief overview of Marquette’s financial situation

• Marketplace challenges for Marquette and the strategic plan response

• How this applies to our MUAA deliverables together
Why Am I Presenting This To You?
Baseline Information You Should Know
## FY14 Operating Budget

### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>$237,830</td>
</tr>
<tr>
<td>Room &amp; Board</td>
<td>42,260</td>
</tr>
<tr>
<td>Grants</td>
<td>39,375</td>
</tr>
<tr>
<td>Contributions</td>
<td>17,400</td>
</tr>
<tr>
<td>Investment Income</td>
<td>800</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>15,200</td>
</tr>
<tr>
<td>Other Income</td>
<td>32,310</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$385,175</strong></td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$243,075</td>
</tr>
<tr>
<td>Other Operating Expenditures</td>
<td>100,640</td>
</tr>
<tr>
<td>Interest</td>
<td>9,220</td>
</tr>
<tr>
<td>Depreciation</td>
<td>26,740</td>
</tr>
<tr>
<td>Contingency</td>
<td>4,000</td>
</tr>
<tr>
<td>Opportunity Fund</td>
<td>500</td>
</tr>
<tr>
<td>Provost Contingency Fund</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$385,175</strong></td>
</tr>
</tbody>
</table>
Marquette University Endowment

Total Market Value $457,798,577
June 30 2013

- $435,759,524 (Pooled)
- $16,592,170 (Helen W. Klingler Trusts)
- $5,446,883 (Separately Invested)
Marquette’s Financial Situation
Composite Financial Index (CFI)

<table>
<thead>
<tr>
<th>Resources Available for Expenses</th>
<th>Operating Results</th>
<th>Total Asset Performance</th>
<th>Resources Available for Debt</th>
<th>Overall Level of Financial Strength [Scale 0 – 10]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Reserve</td>
<td>Net Operating Revenue</td>
<td>Return on Net Assets</td>
<td>Viability</td>
<td>Composite Financial Index</td>
</tr>
</tbody>
</table>

3 Year Average (FY10 - FY12) CFI Metric

<table>
<thead>
<tr>
<th>Resource Availability</th>
<th>Operating Results</th>
<th>Total Asset Performance</th>
<th>Resource Availability</th>
<th>Overall CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.64</td>
<td>0.11</td>
<td>0.80</td>
<td>0.83</td>
<td>MU CFI 3.39</td>
</tr>
<tr>
<td>2.59</td>
<td>0.61</td>
<td>0.77</td>
<td>1.38</td>
<td>Peer CFI Avg 5.36</td>
</tr>
<tr>
<td>33</td>
<td>31</td>
<td>17</td>
<td>25</td>
<td>MU Rank Out of 37 33</td>
</tr>
</tbody>
</table>

FY12 CFI Metric

<table>
<thead>
<tr>
<th>Resource Availability</th>
<th>Operating Results</th>
<th>Total Asset Performance</th>
<th>Resource Availability</th>
<th>Overall CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.52</td>
<td>0.16</td>
<td>0.12</td>
<td>0.84</td>
<td>MU CFI 2.64</td>
</tr>
</tbody>
</table>
FY14 Operating Budget

- Balanced budget of $385.2 million in revenues and expenses
- Commitment to decrease tuition rate increases 4.25% compared to 4.5%
- Reduced discretionary operating budget by identifying efficiencies - $2.0 million
- Increased university contingency from $2.0 million to $4.0 million
- Financial Resource Task Force
MARQUETTE UNIVERSITY STRATEGIC PLAN

Strategic Plan Overview

• A seven-year plan

• Six planning themes
  ▪ One major goal related to each theme
  ▪ Several objectives under each theme

• The plan was approved by the Board of Trustees in May 2013
Challenge: Changing Student Expectations And Career Aspirations

• 53-68% of high school seniors choose majors based on job prospects
  ▪ 37% aspire to graduate or professional school
  ▪ 45% to a bachelor’s degree

• Bureau of Labor Statistics predicts 21% increase in jobs requiring a master’s level preparation in the next 10 years
  ▪ Graduate school enrollments declining nationally over past two years
Strategic Plan Response: **Academic Rigor**

<table>
<thead>
<tr>
<th>STRATEGIC THEMES</th>
<th>GOALS</th>
<th>OBJECTIVES</th>
</tr>
</thead>
</table>
| Pursuit of Academic Excellence for Human Well-being | Advance Marquette as a highly ranked destination university, renowned for academic rigor, innovation and the achievement of its community of scholars. | - Be a first-choice university for bright and promising students  
- Recruit, retain and empower mission-driven, diverse faculty  
- Develop new learning and research technologies  
- Rank in the top quarter of national universities in *U.S. News & World Report*** |

**Initial Tactic:** Initiate academic program review to determine which programs create the most value for students and which programs will be demanded by the students of tomorrow.

**MUAA Response**
- Alumni/student mentor program
- Job placements, real world feedback
Challenge: Changing Student Demographics

- Midwest and Northeast high school graduates predicted to continue to decline through 2021, Western high school graduates predicted to increase

West predicted to grow 5.5%
Midwest predicted to decline 5%
Northeast predicted to decline 9.5%

Sources: Royall & Company and National Center for Education Statistics
**Challenge:** Changing Enrollment Forces

- Declining Number of High School Graduates
- Rising Cost of Attendance
- Changes in Buyer Behavior
- Declining Family Incomes
- Decreasing Public Support

Enrollment Outcomes
## Strategic Plan Response: Destination University

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• Develop new learning and research technologies  
• Rank in the top quarter of national universities in *U.S. News & World Report* |

**Initial Tactic:** Develop a comprehensive enrollment, retention and student support strategy.

**MUAA Response**
- Alumni admissions strategies?
- Broaden alumni donor base
**Challenge: Economic Pressures**

- Household incomes declined in every bracket during the past decade

<table>
<thead>
<tr>
<th>Percentage Change in Inflation-Adjusted Mean Family Income by Quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quintile</td>
</tr>
<tr>
<td>1991-2011</td>
</tr>
<tr>
<td>2001-2011</td>
</tr>
</tbody>
</table>

- Income gap has risen – 15% of U.S. population lives in poverty

*Source: New York Times*
Strategic Plan Response: Fiscal Stewardship

Initial Tactic: Seek new revenue streams to offset reliance on tuition revenue.

MUAA Response
- Increase alumni engagement
- All donors count; grow participation
Challenge: Faculty retirement trends and recruitment issues

Number of faculty age 65 or older doubled between 2000 and 2011

Faculty Recruitment

- Spousal/partner accommodations
- Tenure track
- Teaching load
- Hiring for mission
- Competitive salaries
- Cost of start-up packages in STEM disciplines

Teaching load
Strategic Plan Response: Continuous Improvement

Initial Tactic: Improve professional development opportunities for faculty and staff.

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| Enhancement of Organizational Effectiveness | Encourage, as a model for our students, a university culture of innovation and continuous improvement, where candor, diverse views and constructive dialogue are welcome. | • Improve the university through meaningful work and mutual accountability  
• Encourage participation in student-led and student-managed experiences  
• Foster personal growth and development through continuous individual improvement  
• Be an employer of choice within our national peer group |

MUAA Response
• Enhance national reputation  
• Alumni success stories  
• Job placements  
• Broaden donor base
Challenge: Research That Crosses Interdisciplinary Boundaries Needed To Solve Big Problems

- Interdisciplinary
- Collaboration
- Fundamental disciplines
- Emerging fields and enduring questions

Research that solves big problems
Strategic Plan Response: Collaborative Research

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</thead>
<tbody>
<tr>
<td>Research in Action</td>
<td>Advance Marquette as a university committed to research and scholarship, with a distinctive emphasis on excellence in strategically defined areas.</td>
<td>• Define and grow areas of greatest research potential</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Grow scholarly collaboration across disciplines and research that addresses community and world problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Achieve “High Research Activity” Carnegie Research Classification</td>
</tr>
</tbody>
</table>

**Initial Tactic:** Create an interdisciplinary center or clearinghouse.

**MUAA Response**
- Provide real-world experiences for students
Challenge: Harness The University’s Varied Community Engagement Efforts

- Community clinics run by numerous colleges
- Faculty research on community issues
- Local and state public affairs work
- Service learning components of classes and research projects
- Partnerships with civic and service organizations
- Law School Poll
- National and international service trips
- Campus-wide service initiatives
Strategic Plan Response: Live Our Mission

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</thead>
</table>
| Social Responsibility and Community Engagement | Distinguish Marquette as a university in which ethics, service and the promotion of justice are key elements of the student experience and attract faculty and staff committed to our mission. | • Serve as a pivotal resource for addressing key community issues
• Use current resources to address issues such as community health and K-12 education
• Pursue Carnegie Community Engagement Classification |

**Initial Tactic:** Create a clearinghouse for community service initiatives and resources.

**MUAA Response**
- Alumni engagement through service opportunities?
- Enhancing national reputation
Challenge: Decline In Catholic Identity Nationwide

Wisconsin: Down 10% since 1990

Source: USA Today
**Initial Tactic:** Implement a reflection component into the preparation and experience of student activities

**MUAA Response**
- 7 Essentials - Ignatian spirituality
Reminder: What We Covered

- Marquette’s financial situation
- Marketplace challenges
- Strategic plan response
- Applying to our MUAA deliverables