



Update on the Financial Condition of Hofstra University March, 2013

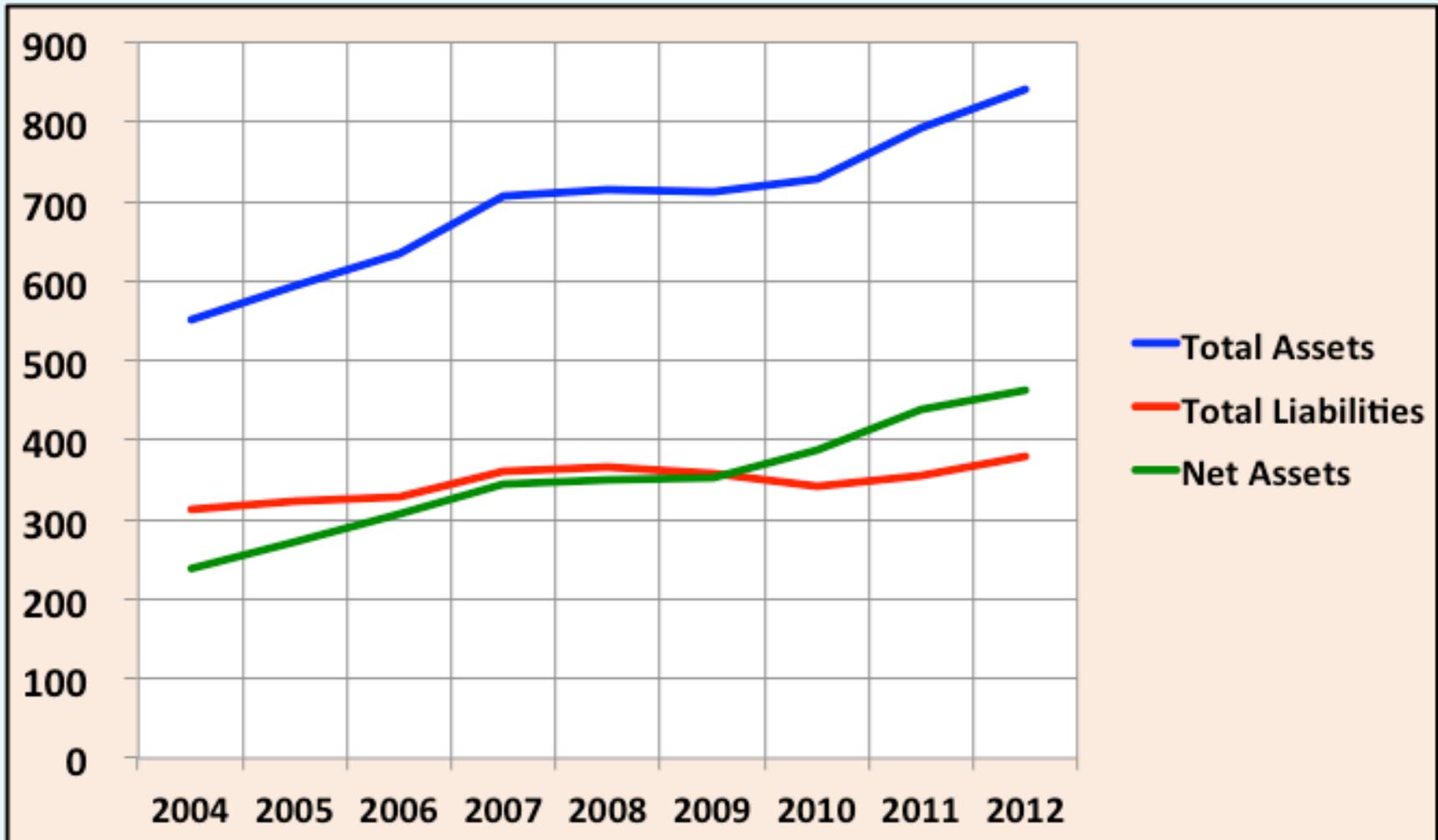
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Executive Summary

- **The financial condition of Hofstra is strong, and has improved significantly over the last several years**
- **There are questions about the Hofstra administration's commitment to the core academic mission, as there is too much reliance on administrative spending**
- **Moody's most recent bond ratings details concerns about the resources that will be needed for the medical school**
- **If any budget cuts are to be made, they should first be made to administration, and not to the core academic mission**

Hofstra Balance Sheet (in Millions)

Source: Audited Financial Statements and 990

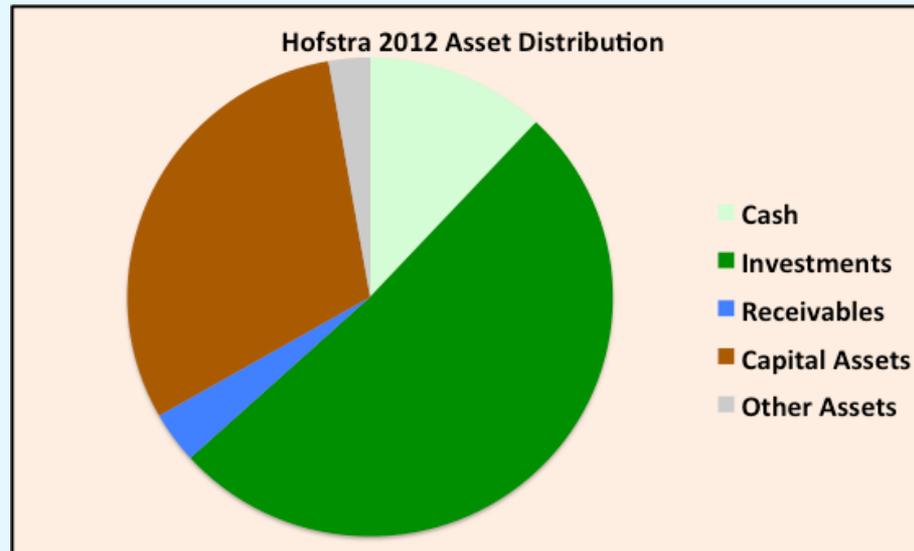


Hofstra Balance Sheet Distribution

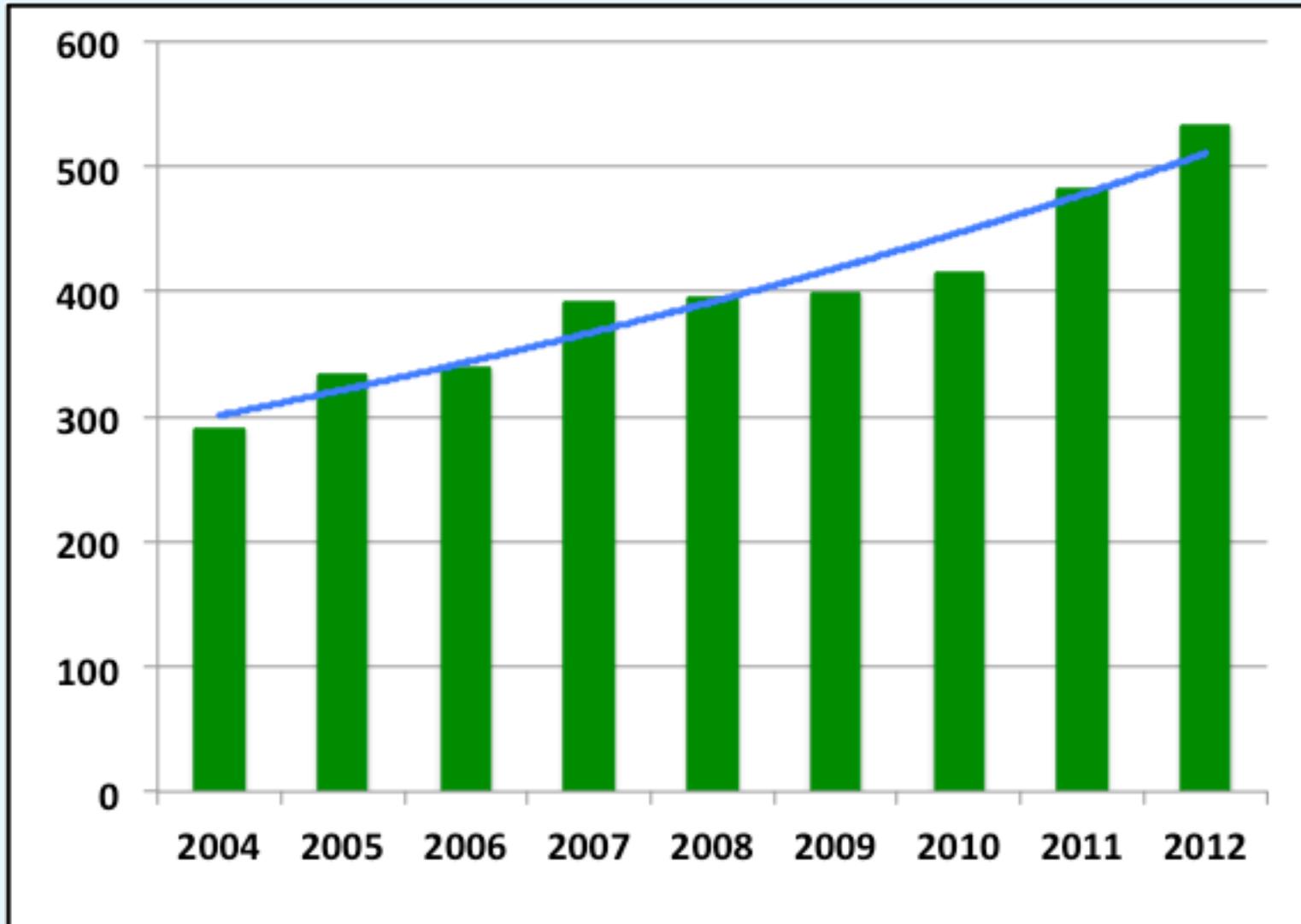
In Millions of \$\$	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Assets	551	595	634	707	716	711	729	793	842
Total Liabilities	313	322	327	362	365	359	341	355	380
Net Assets	239	273	307	345	351	352	388	438	463
As % of Total Assets	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Assets	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Liabilities	57%	54%	52%	51%	51%	50%	47%	45%	45%
Net Assets	43%	46%	48%	49%	49%	50%	53%	55%	55%

Hofstra Asset Distribution

In Millions	2011	2012	2011	2012
Cash	113	101	14%	12%
Investments	370	432	47%	51%
Receivables	39	29	5%	3%
Capital Assets	263	257	33%	30%
Other Assets	9	23	1%	3%
Total Assets	793	842	100%	100%



Cash and Investments Over Time



Breakdown of Investments

In Millions	2011	2012	
Level 1	222.7	278.3	
Level 2	128.2	148.8	
Level 3	18.9	16.9	
Total Investments	369.8	444.0	
Level 1 = US stocks and bonds			
Level 2 = International stocks and corporate bonds			
Level 3 = Private equity - think Madoff			
This does not include amounts in cash (almost 100M each year)			

Endowment Return

In Millions	2009	2010	2011	2012
Endowment, Start	224.9	206.6	237.4	267.2
Contributions/Pledges	8.3	22.9	3.8	19.0
Transfers	0.0	0.0	4.2	21.3
Investment Return	(16.9)	17.7	32.7	22.3
Amount for Operations	(9.8)	(9.8)	(11.0)	(11.3)
Endowment, End	206.6	237.4	267.2	318.4

- The endowment does include not all investments
- The amount for operations is between 4 and 5% of a rolling 3-year average of the assets
- The investment return is net of \$1.3 million (2009) to \$2.1 million (2011) in investment fees each year

Discussion of Reserves

- **Net assets have 3 components:**
 - **Permanently Restricted**
 - **Temporarily Restricted**
 - **Unrestricted**
- **Permanently Restricted: Donors give resources, and the principle cannot be spent**
- **Temporarily Restricted: Donor restrictions that typically lapse with the passage of time**
- **Unrestricted: No donor restrictions, and these leave the university with the most financial freedom and flexibility. The administration will claim some of these are designated; however, without a firm legal contract, the external auditors realize that these decisions can be changed. If a firm legal commitment has been made, the money would not be in the unrestricted category.**

More on Unrestricted Net Assets

- **The unrestricted category overstates what is available to the administration, and we conservatively make an adjustment for this accounting construct.**
- **The amount that is invested in plant assets is not available for the university, and this amount is subtracted when analyzing the net assets of a private university.**

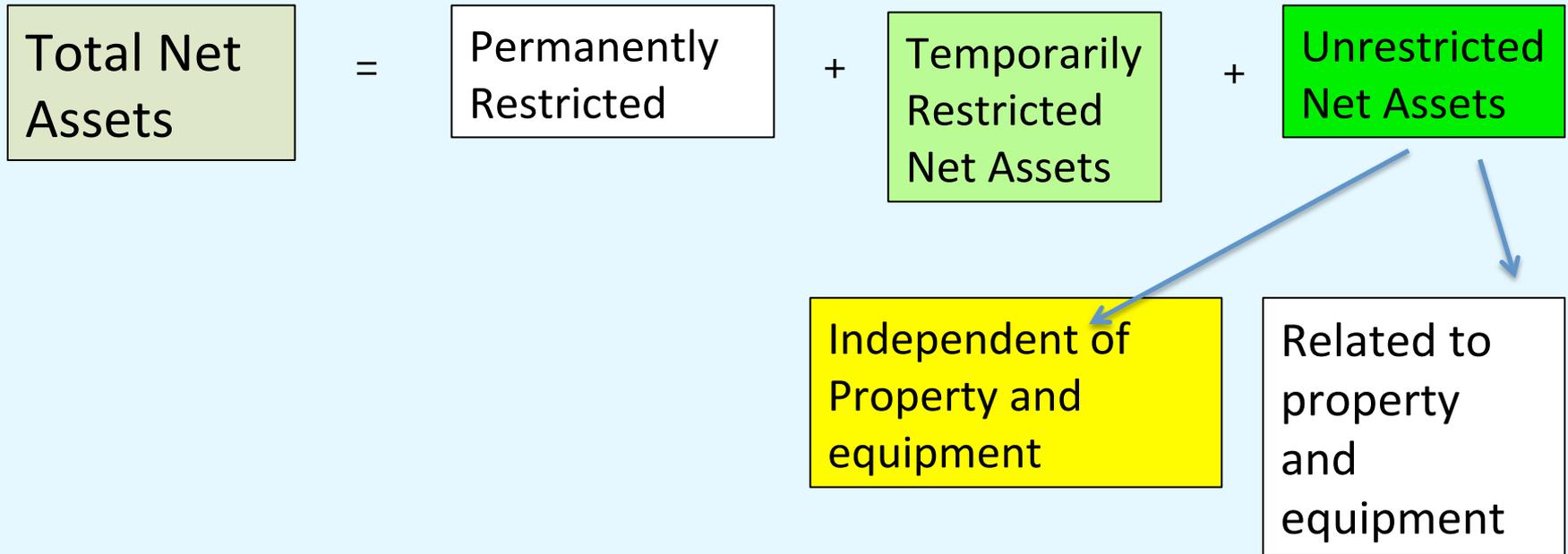
Further Discussion of Net Assets and Reserves

- **Temporarily restricted net assets represent funds that can only be used for a specific purpose. For Hofstra, the main component is unexpended income for instruction and scholarships.**
- **However, the existence of these assets still helps the University. Let's say you have a home mortgage, and all of your future house payments are covered in a fund. You cannot touch this fund for anything but house payments. The existence of this fund still helps your overall financial situation. The same applies to Hofstra.**

Still More on Reserves

- **Therefore, we add restricted-expendable net assets to unrestricted net assets in analyzing total reserves (green boxes in next slide).**
- **Expendable net assets are the numerical sum of restricted-expendable net assets and unrestricted net assets. These are seen by the financial community as an important measure of financial strength.**

Reserves



Total Net Assets

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Unrestricted	156.0	170.7	197.7	220.0	251.6	249.3	276.1	266.9	286.5	286.5
Temporarily Restricted	4.4	14.6	16.0	12.0	10.3	10.5	15.9	72.2	67.0	67.0
Permanently Restricted	43.0	53.2	59.0	74.9	82.8	90.8	95.7	98.6	109.3	109.3
TOTAL NET ASSETS	203.4	238.5	272.8	306.9	344.7	350.6	387.8	437.8	462.7	462.7

- To determine the true reserves, we have to take out the investment in plant part of unrestricted
- The next slide reports total true reserves

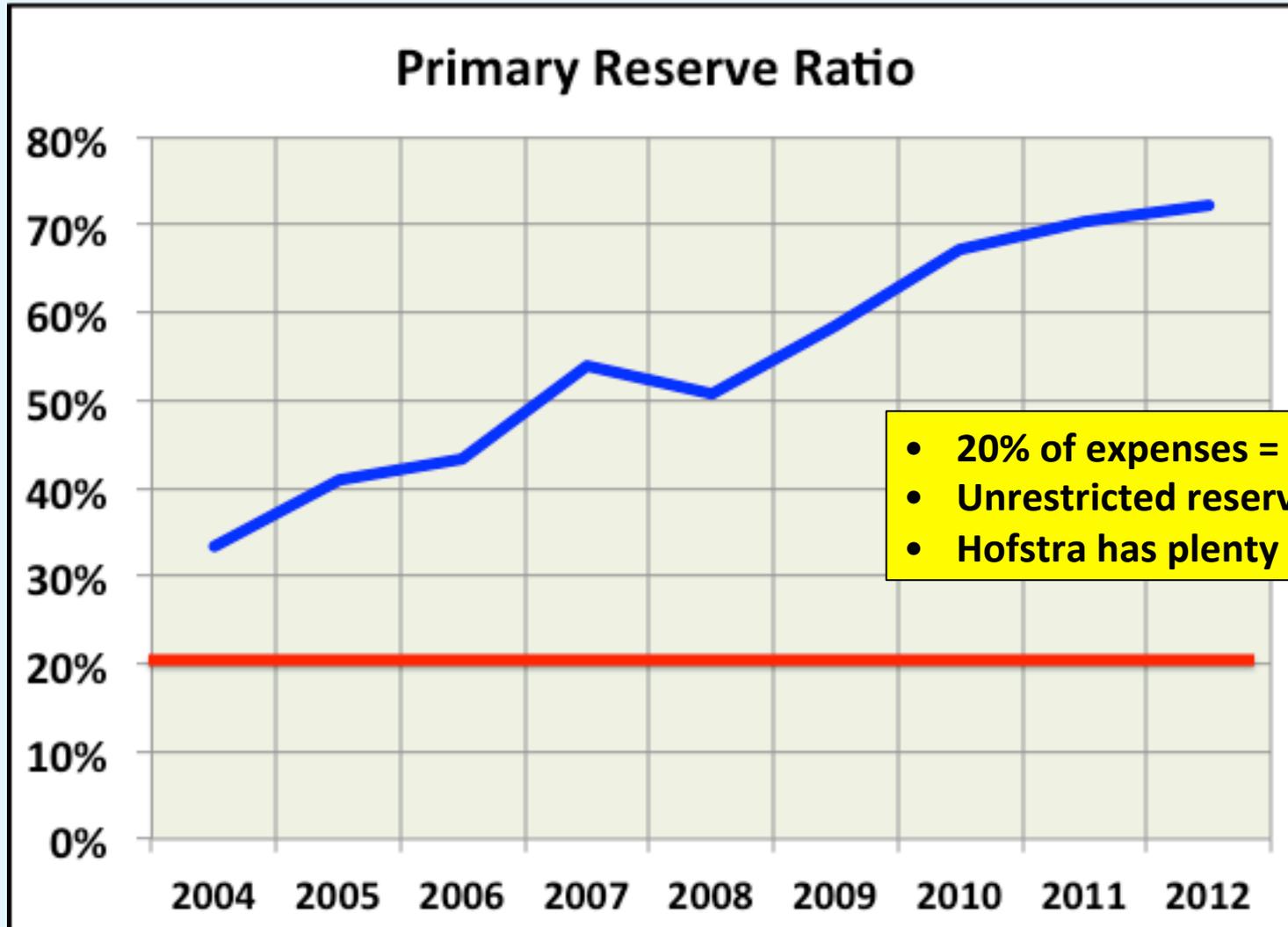
Does Hofstra Have Sufficient Reserves?

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unrestricted	170.7	197.7	220.0	251.6	249.3	276.1	266.9	286.5	286.5
Net Investment in Plant	101.4	106.3	107.6	101.4	100.3	97.1	114.9	114.7	101.5
True Unrestricted	69.3	91.4	112.3	150.2	149.0	179.0	152.0	171.8	185.0
Temporarily Restricted	14.6	16.0	12.0	10.3	10.5	15.9	72.2	67.0	67.0
Total Reserves	83.9	107.4	124.3	160.5	159.5	195.0	224.2	238.8	252.0
Total Expenses	251.3	262.9	286.9	297.8	314.2	333.2	333.1	339.6	348.7
Primary Reserve Ratio	33%	41%	43%	54%	51%	59%	67%	70%	72%

- The primary reserve ratio is defined as total reserves divided by total expenses
- The 2012 ratio of 72% indicates that Hofstra has 8 to 9 months of expenses in reserves. 2-3 months is considered prudent.
- Conclusion: Hofstra has very solid reserves, and they are increasing

Primary Reserve Ratio Over Time

20% is Considered Prudent



Does Hofstra Have Too Much Debt?

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Reserves	83.9	107.4	124.3	160.5	159.5	195.0	224.2	238.8	252.0
Interest-bearing Debt	153.6	150.3	144.9	153.6	159.9	153.2	143.8	136.1	154.6
Viability Ratio	55%	71%	86%	104%	100%	127%	156%	176%	163%

- The viability ratio is defined as reserves divided by interest-bearing debt
- A ratio of 163% is quite high (high is better, as we have reserves in the numerator)
- The ratio has generally grown due to reserves growing faster than debt.
- New debt in 2012 was issued for various construction projects

Do Revenues Exceed Expenses?

In Millions	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Revenues	286.5	297.2	317.0	341.4	324.5	340.2	370.4	390.0	381.7
Total Expenses	251.3	262.9	286.9	297.8	314.2	333.2	333.1	339.6	348.7
Operating Income	35.1	34.3	30.0	43.7	10.3	7.0	37.4	50.4	32.9
Other Items	0.0	0.0	4.1	(5.8)	(4.5)	(5.4)	(1.7)	(0.4)	(8.0)
Change in Net Assets	35.1	34.3	34.1	37.8	5.8	1.6	35.6	50.0	24.9
Net Asset Ratio	12.3%	11.5%	10.8%	11.1%	1.8%	0.5%	9.6%	12.8%	6.5%

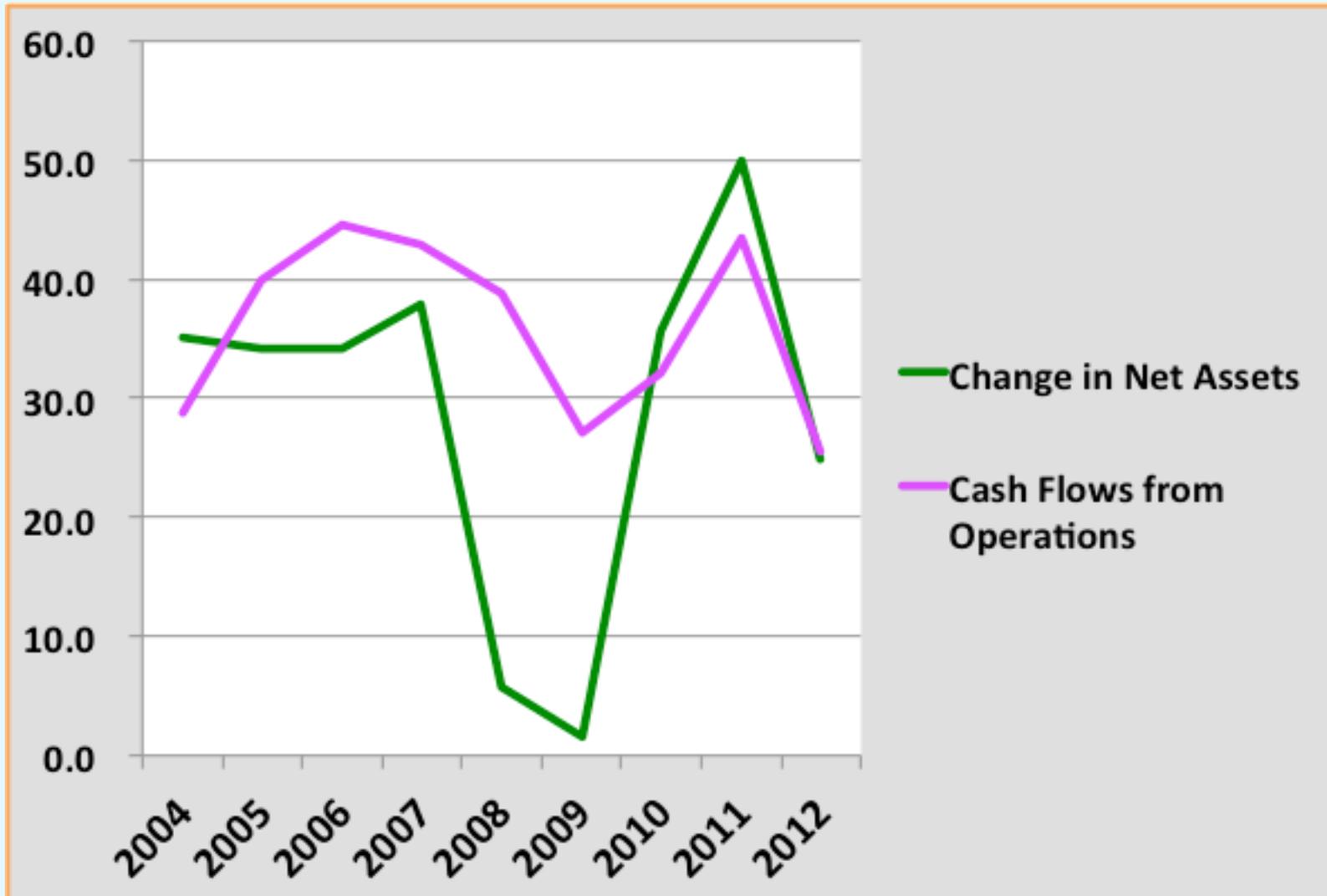
- The net asset ratio is defined as the change in net assets divided by total revenues
- The bottom line change in net assets varies quite a bit; cash flows may be more revealing of operating performance
- We will examine the individual revenues and expenses

Is Hofstra Generating Cash Flows?

In Millions	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cash Flows from Operations	28.7	39.9	44.6	43.0	38.8	27.2	32.2	43.5	25.5
Total Revenues	286.5	297.2	317.0	341.4	324.5	340.2	370.4	390.0	381.7
Cash Flow Ratio	10.0%	13.4%	14.1%	12.6%	12.0%	8.0%	8.7%	11.2%	6.7%

- The cash flow ratio is defined as cash flows from operations divided by total revenues.
- Moody's calls this the cash margin ratio, and uses a smaller denominator than total revenues (mostly tuition revenue).
- Therefore, the ratio we use here is more conservative than Moody's

Change in Net Assets vs. Cash Flows



Postretirement Benefits: Are These Hurting the University Financially?

- This is for retiree health benefits for employees hired prior to 2004. Other changes have been made to reduce the obligation
- As of 8/31/2012, the liability is \$72 million. Total assets were \$842 million.
- Unrestricted net assets are reduced by \$35 million for the money set aside to pay these future benefits.
- What matters most is the amount of cash paid for these items every year:
 - 2011: \$3.4 million
 - 2012: \$2.9 million
- The \$2.9 million in cash paid is 0.7% of total revenues in 2012
- Does this affect the bond rating? Not likely

More on Postretirement Benefits

In Millions	2011	2012
Liability, Start	65.5	65.0
Service/Interest Cost	5.1	5.1
Gain from plan changes	(2.4)	(15.5)
Benefit Payments	(3.4)	(2.9)
Actuarial Loss	0.2	20.5
Liability, End	65.0	72.2

- Plan changes relate to increases in co-pays for retirees
- Benefit payments are the real cash costs
- The actuarial loss is due to a decline in the discount rate from 5.30% to 3.92% from 2011 to 2012
- If this rate increases in the future, there will be actuarial losses, which would reduce the liability. These are all estimates
- What matters is the cash paid

Ratio Analysis

- **Primary Reserve Ratio**
 - Are there sufficient reserves?
- **Viability Ratio**
 - Is there too much debt?
- **Net Income Ratio**
 - Are revenues and expenses in line with each other?
- **Cash Flow Ratio**
 - Are there sufficient cash flows?

Fichtenbaum-Bunsis Ratios

	Ratio Scores					
	0	1	2	3	4	5
Primary Reserve Ratio	< -10%	-10% to 4.99%	5.00% to 9.99%	10.00% to 24.99%	25.00% to 49.99%	> 50%
Viability Ratio	< 0%	0% to 29.99%	30.00% to 59.99%	60.00% to 99.99%	100% to 249.99%	> 250%
Net Asset Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%
Cash Flow Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%

- A perfect score is 5.0
- To be in financial exigency, there needs to be two consecutive years below 1.50
- These ratios are similar to those used by Moody's and KPMG in their public finance analysis

Fichtenbaum-Bunsis Ratio Scores

Variable	Weight
Primary Reserve Ratio	40.0%
Cash Flow Ratio	25.0%
Viability Ratio	22.5%
Net Asset Ratio	12.5%
TOTAL	100.0%

Hofstra Composite Ratio Scores

Ratio Value	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Reserve	33%	41%	43%	54%	51%	59%	67%	70%	72%
Viability	55%	71%	86%	104%	100%	127%	156%	176%	163%
Cash Flow	10%	13%	14%	13%	12%	8%	9%	11%	7%
Net Asset	12%	12%	11%	11%	2%	0%	10%	13%	7%
Score	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Reserve	3.84	4.13	4.23	5.00	5.00	5.00	5.00	5.00	5.00
Viability	2.32	2.79	3.15	3.53	3.49	3.68	3.87	4.00	3.92
Cash Flow	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Net Asset	5.00	5.00	5.00	5.00	2.90	1.96	5.00	5.00	5.00
Composite Score	3.93	4.16	4.28	4.67	4.40	4.32	4.75	4.78	4.76

- A perfect score is 5.0
- 4.76 is very solid
- To be in financial trouble, the ratio must be below 1.75 for 2 consecutive years

Hofstra Bond Rating: Moody's, November 2011

- **A3 rating (7th highest out of 24) with a stable outlook.**
- **SUMMARY RATING RATIONALE: The A3 rating and stable outlook are based on Hofstra's growing balance sheet and strong operating performance. The rating also incorporates the highly competitive environment reflected in stagnant recent growth of net tuition per student and low matriculation rate of incoming freshmen.**
- **The stable outlook reflects Moody's expectation that Hofstra will continue to maintain its positive operating performance, stabilize enrollment, grow its financial resources and will only increase borrowing in accordance with manageable plans and strategies.**

Strengths from the Bond Rating

- **Large, diversified university in the metropolitan New York area with a growing array of undergraduate and graduate degree-granting programs**
- **Very strong balance sheet growth during the last several years, despite recent recession, with total financial resources increasing by 63% to \$312 million in fiscal year 2011 from \$192 million in FY 2006.**
- **Positive operating performance provides healthy debt service coverage. According to draft FY 2011 financials, Hofstra's three-year average operating margin for FYs 2008-2011 was 7.8% as calculated by Moody's, with 13.3% operating cash flow margin**
- **Conservative debt structure with all fixed rate debt.**

Hofstra Bond Ratings: Challenges

- Heavy reliance on tuition, fees and auxiliaries (83.6%) emphasizes importance of net tuition per student growth. According to draft 2011 financial statements, net tuition per student rebounded with 3.3% growth to \$24,407 in FY 2011, after a slight decline in 2010.
- Challenging student market position in metropolitan New York and the Northeast as evidenced by weakening matriculation with only 13.3% of admitted freshmen choosing to enroll in fall 2011.
- While the University has secured state grants for the construction of its new medical school, **the primary responsibility for operating and capital costs associated with the medical school rests with the University.** Under the Joint Academic Agreement between Hofstra and North Shore-LIJ Health System ("NSLIJ"), NSLIJ is obligated to make annual contributions toward operating expenses and for medical student scholarships.
- Historically weaker fundraising than A3-rated peers. However, the University received a \$15.4 million gift in FY 2011 that boosted total gift revenue for the year.

Conclusions from Overall Ratio and Financial Analysis

- **Hofstra is in solid financial condition, as there are:**
 - **Solid reserves**
 - **Very strong operational cash flows**
 - **Manageable debt level**
- **Despite the drop in the stock market in 2009, this mostly paper loss does not affect the conclusion that Hofstra has performed extremely well in the last several years.**

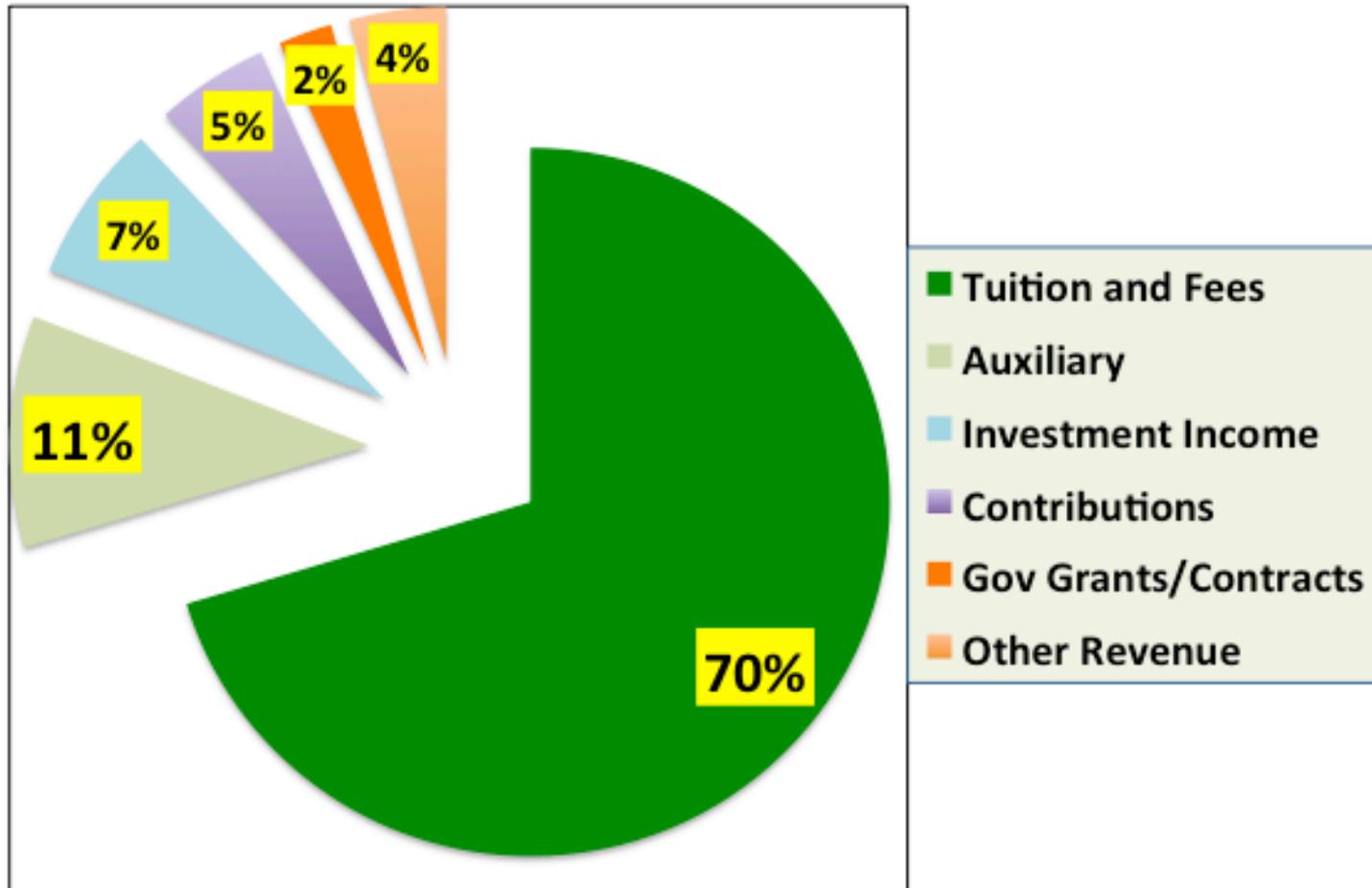
Revenue Dollar Analysis

In Millions	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tuition and Fees	198.1	210.0	223.4	238.4	251.8	269.1	265.4	263.5	268.5
Auxiliary	29.5	33.0	34.3	35.7	40.5	39.2	39.6	38.4	40.3
Investment Income	15.6	23.9	22.3	30.3	(5.2)	(11.3)	21.6	37.1	27.6
Contributions	24.4	13.4	16.2	17.7	16.1	15.8	11.0	26.3	19.4
Gov Grants/Contracts	11.0	9.4	9.6	10.8	11.9	14.5	18.3	8.2	9.2
Other Revenue	7.9	7.4	11.3	8.5	9.4	12.9	14.5	16.4	16.6
Total Revenue	286.5	297.2	317.0	341.4	324.5	340.2	370.4	390.0	381.7

Revenue Percentage Analysis

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tuition and Fees	69%	71%	70%	70%	78%	79%	72%	68%	70%
Auxiliary	10%	11%	11%	10%	12%	12%	11%	10%	11%
Investment Income	5%	8%	7%	9%	-2%	-3%	6%	10%	7%
Contributions	9%	5%	5%	5%	5%	5%	3%	7%	5%
Gov Grants/Contracts	4%	3%	3%	3%	4%	4%	5%	2%	2%
Other Revenue	3%	3%	4%	2%	3%	4%	4%	4%	4%
Total Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%

2012 Revenue Distribution



Change in Tuition and Other Revenue

% Changes	04 to 05	05 to 06	06 to 07	07 to 08	08 to 09	09 to 10	10 to 11	11 to 12	04 to 12
Tuition Revenue	6.0%	6.4%	6.7%	5.6%	6.9%	-1.4%	-0.7%	1.9%	35.5%
All Other Revenue	-1.4%	7.3%	10.1%	-29.4%	-2.2%	47.7%	20.4%	-10.5%	28.0%
Total Revenue	3.7%	6.7%	7.7%	-5.0%	4.8%	8.9%	5.3%	-2.1%	33.2%

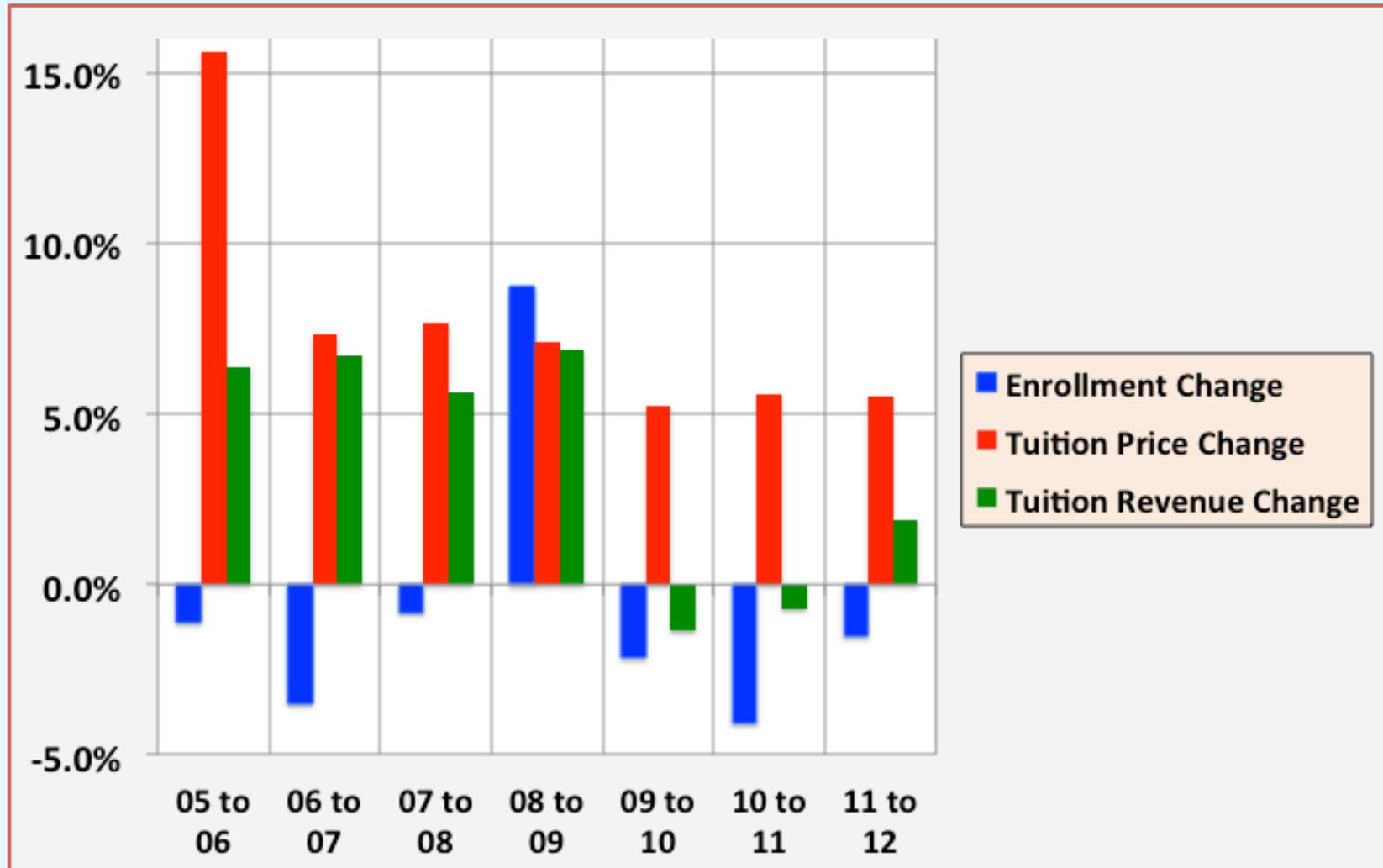
- Tuition revenue has been flat/down the last few years
- All other revenue has large changes due to the large fluctuations in investment income

Tuition and Enrollment Analysis

	2005	2006	2007	2008	2009	2010	2011	2012
Undergrad	9,053	8,884	8,516	8,444	8,320	7,919	7,389	7,183
Grad	2,929	2,966	2,921	2,900	4,013	4,149	4,190	4,221
Total Enrollment	11,982	11,850	11,437	11,344	12,333	12,068	11,579	11,404
% Change		-1.1%	-3.5%	-0.8%	8.7%	-2.1%	-4.1%	-1.5%
Tuition and Fees	20,012	23,130	24,830	26,730	28,630	30,130	31,800	33,550
% Change		15.6%	7.3%	7.7%	7.1%	5.2%	5.5%	5.5%
Tuition Revenue	210.0	223.4	238.4	251.8	269.1	265.4	263.5	268.5
% Change		6.4%	6.7%	5.6%	6.9%	-1.4%	-0.7%	1.9%

- 2012-13 enrollment is reported in Quick Facts as 11,090, a 2.8% drop from 2011-12
- Tuition for 2012-13 is 35,950, a 7.2% increase over 2011-12

Enrollment, Tuition Price, and Tuition Revenue Annual Percentage Changes



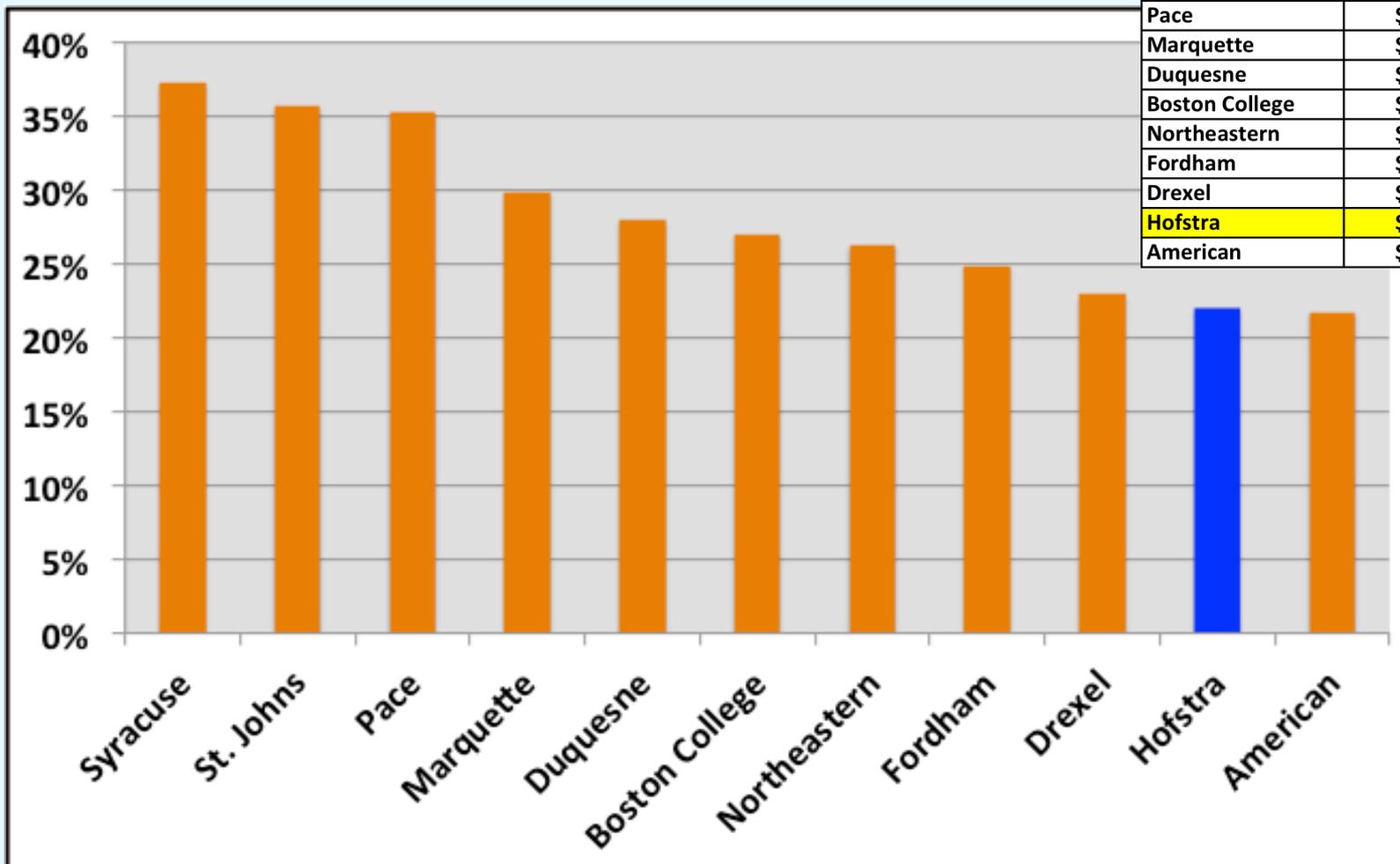
Tuition Discounting per Audited Statements

In Millions	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross Tuition and Fees	198.1	210.0	223.4	238.4	251.8	269.1	265.4	338.0	355.8
Allowances	(33.1)	(39.7)	(44.4)	(48.5)	(57.2)	(61.0)	(70.2)	(74.4)	(87.3)
Net Tuition and Fees	165.0	170.3	179.0	189.9	194.6	208.1	195.2	263.5	268.5
Discount Rate	16.7%	18.9%	19.9%	20.4%	22.7%	22.7%	26.4%	22.0%	24.5%

Tuition Discounting of Peers

2010-11 Discount Rate (Allowance/Gross)

	Tuition and Fees
Syracuse	\$36,302
St. Johns	\$31,980
Pace	\$33,702
Marquette	\$30,462
Duquesne	\$27,502
Boston College	\$40,542
Northeastern	\$36,792
Fordham	\$38,602
Drexel	\$33,000
Hofstra	\$31,800
American	\$36,697



Expense Dollar Analysis

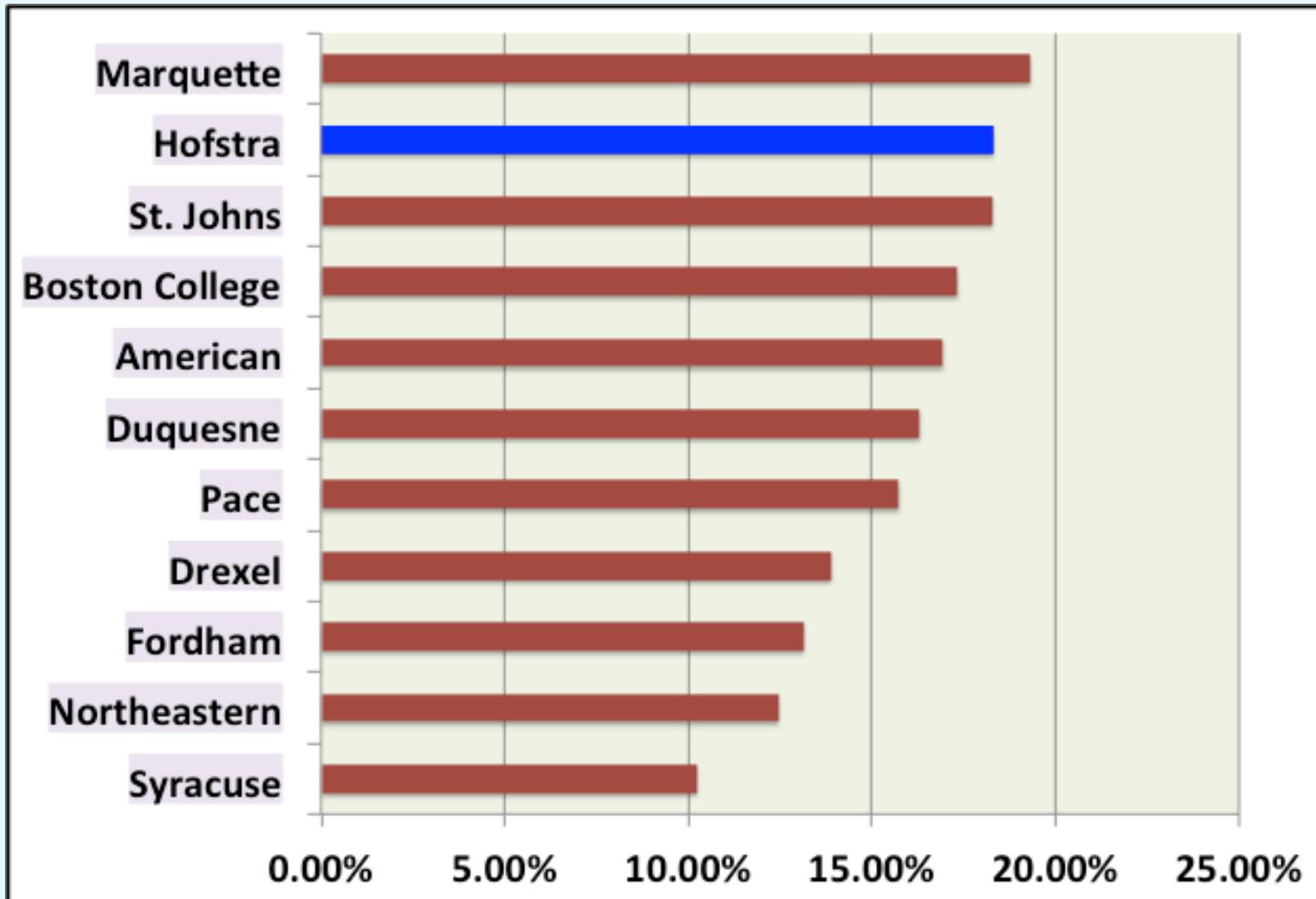
Source: Audited Financial Statements and IPEDS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	114.2	120.8	130.0	137.4	140.6	150.1	156.2	160.4	165.0
Research	4.9	3.9	3.2	3.2	3.4	4.3	3.0	2.8	3.4
Public Service	6.2	6.9	7.8	8.3	8.9	9.4	8.5	8.7	11.0
Academic Support	15.0	17.9	18.6	19.5	22.8	23.8	22.9	22.0	22.2
Student Services	25.6	28.4	34.1	37.8	40.8	43.0	42.7	43.5	44.1
Institutional Support	59.1	52.7	59.0	57.9	60.7	64.7	62.0	62.2	61.7
Auxiliary Enterprises	26.3	32.3	34.2	33.7	37.0	37.9	37.9	40.0	41.3
TOTAL EXPENSES	251.3	262.9	286.9	297.8	314.2	333.2	333.1	339.6	348.7

Expense Percentage Analysis

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	45.4%	45.9%	45.3%	46.1%	44.8%	45.0%	46.9%	47.2%	47.3%
Research	1.9%	1.5%	1.1%	1.1%	1.1%	1.3%	0.9%	0.8%	1.0%
Public Service	2.5%	2.6%	2.7%	2.8%	2.8%	2.8%	2.6%	2.6%	3.2%
Academic Support	6.0%	6.8%	6.5%	6.5%	7.2%	7.1%	6.9%	6.5%	6.4%
Student Services	10.2%	10.8%	11.9%	12.7%	13.0%	12.9%	12.8%	12.8%	12.7%
Institutional Support	23.5%	20.1%	20.6%	19.4%	19.3%	19.4%	18.6%	18.3%	17.7%
Auxiliary Enterprises	10.5%	12.3%	11.9%	11.3%	11.8%	11.4%	11.4%	11.8%	11.8%
TOTAL EXPENSES	100.0%								

Institutional Support Expense of Peers (As % of total expenses for 2010-11, per IPEDS)



IPEDS Categories

- **The next several slides reports the definitions of the different expense categories.**
- **Instruction contains more than faculty salaries, as we will see**
- **The main administrative category is institutional support**
- **Public service, academic support, and student services all have significant administrative components**

Definition of Instruction Expense Per IPEDS

<http://nces.ed.gov/ipeds/glossary/>

- A functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities.
- Excludes expenses for academic administration where the primary function is administration (e.g., academic deans).
- Information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources are included (otherwise these expenses are included in academic support).
- Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

Definition of Research Expense Per IPEDS

- **A functional expense category that includes expenses for activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.**
- **The category includes institutes and research centers, and individual and project research. This function does not include non-research sponsored programs (e.g., training programs).**

Definition of Public Service Expense Per IPEDS

- **A functional expense category that includes expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.**
- **Examples are conferences, institutes, general advisory service, reference bureaus, and similar services provided to particular sectors of the community.**
- **This function includes expenses for community services, cooperative extension services, and public broadcasting services.**
- **Also includes information technology expenses related to the public service activities if the institution separately budgets and expenses information technology resources (otherwise these expenses are included in academic support).**

Definition of Academic Support Expense Per IPEDS

- A functional expense category that includes expenses of activities and services that support the institution's primary missions of instruction, research, and public service.
- It includes the retention, preservation, and display of educational materials (for example, libraries, museums, and galleries); organized activities that provide support services to the academic functions of the institution (such as a demonstration school associated with a college of education or veterinary and dental clinics if their primary purpose is to support the instructional program); media such as audiovisual services; academic administration (including academic deans but not department chairpersons); and formally organized and separately budgeted academic personnel development and course and curriculum development expenses.
- Also included are information technology expenses related to academic support activities; if an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs will be applied to this function and the remainder to institutional support.
- Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

Definition of Student Services Expense Per IPEDS

- **A functional expense category that includes expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to students emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.**
- **Examples include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction outside the normal administration, and student records.**
- **Intercollegiate athletics and student health services may also be included except when operated as self - supporting auxiliary enterprises.**
- **Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.**

Definition of Institutional Support Expense Per IPEDS

- **A functional expense category that includes expenses for the day-to-day operational support of the institution.**
- **Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development.**
- **Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function.**

Detail of Instruction Expense Per IPEDS

	2004	2011	% Change
Salaries	70.3	97.7	39%
Benefits	19.3	27.0	40%
Plant	11.2	13.0	16%
Depreciation	3.4	5.0	50%
Interest	3.1	3.4	12%
Other	6.9	14.1	104%
Total Instruction	114.2	160.4	40%

Instructional Costs in Context per IPEDS

	2004	2011
Instruction Salaries	70.3	97.7
Instruction Benefits	19.3	27.0
Salaries & Benefits	89.6	124.7
Total Hofstra Expenses	251.3	339.6
Percent of Total	35.7%	36.7%

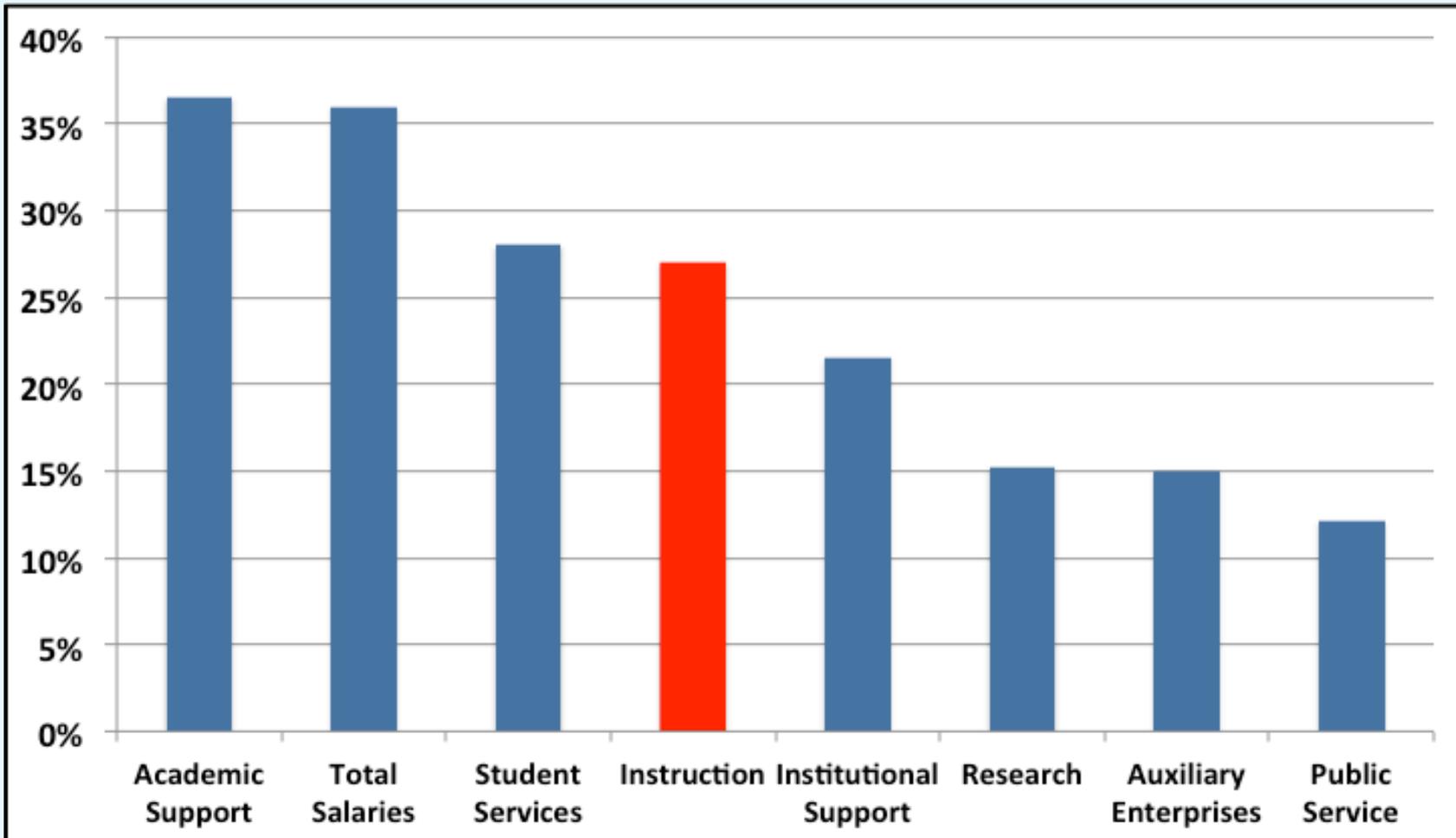
- The salaries and benefits of everyone who teaches at Hofstra is only slightly more than 1/3rd of total expenses
- There is a lot of money spent on non-core items

Details of Institutional Support per IPEDS

	2004	2011	% Change
Salaries	19.1	23.9	25%
Benefits	10.8	10.1	-6%
Plant	2.2	1.5	-31%
Depreciation	4.7	5.1	7%
Interest	0.6	0.4	-29%
Other	21.8	21.2	-3%
Total Institutional Support	59.1	62.2	5%

Percentage Changes in the Salary Component of Expenses per IPEDS, 2006 vs. 2011

(use 2006 to be able to compare)



Faculty Salaries vs. Peers

Source: AAUP Salary Survey

	Full	Associate	Assistant
Northeastern	\$148,368	\$104,425	\$95,164
Fordham	\$144,657	\$105,207	\$90,984
Drexel	\$139,575	\$106,751	\$89,718
Boston College	\$151,725	\$105,000	\$87,818
St Johns	\$142,839	\$101,840	\$80,605
Hofstra	\$140,666	\$98,023	\$77,590
American University	\$156,131	\$101,331	\$74,955
Pace University	\$122,936	\$93,876	\$73,836
Syracuse	\$117,613	\$85,427	\$73,409
Marquette	\$114,590	\$83,890	\$73,068
Hofstra Rank 2009-10	6 out of 10	7 out of 10	6 out of 10
Hofstra Rank 2011-12	6 out of 10	7 out of 10	6 out of 10
Hofstra vs. average			
2009-10	\$2,356	\$378	(\$2,133)
2011-12	\$3,063	(\$615)	(\$4,583)
Gain (Loss) from 2010 to 2012	\$707	(\$993)	(\$2,450)

2011 Top Administrator's Compensation

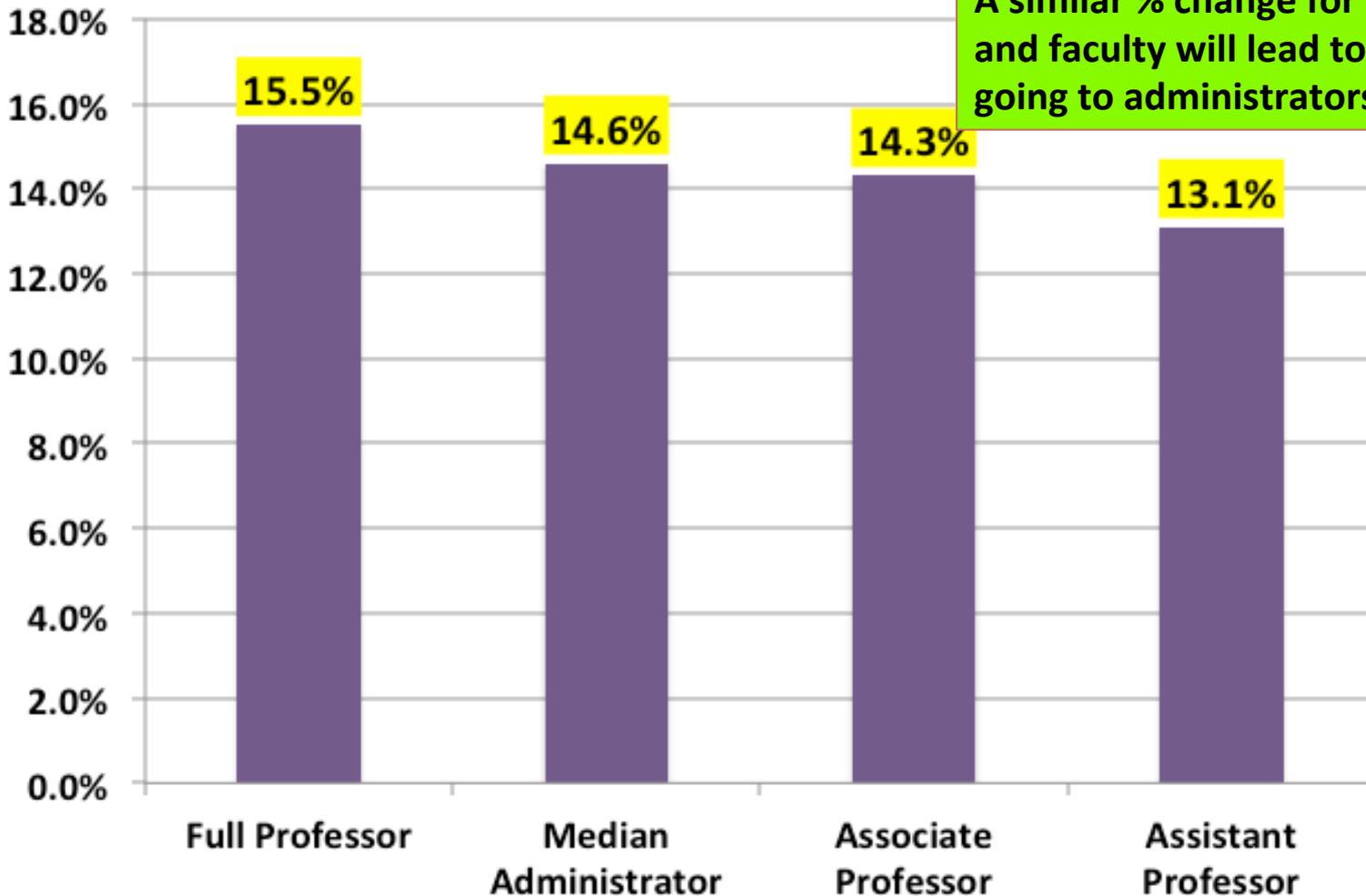
Source: 2011 990

Position	Base Compensation	Bonus	Other	Deferred	Nontaxable Benefits	2011 Total
President	\$681,733	\$0	\$245,900	\$37,762	\$22,304	\$987,699
Dean, Medicine	\$515,917	\$0	\$27,963	\$22,364	\$1,000	\$567,244
VP Finance/Treasury	\$401,186	\$0	\$36,374	\$28,489	\$21,754	\$487,803
Sr VP for Planning and Admin.	\$363,773	\$0	\$49,505	\$37,762	\$22,304	\$473,344
Provost and Sr VP	\$355,646	\$0	\$43,168	\$37,762	\$22,304	\$458,880
VP Legal Affairs	\$363,224	\$0	\$37,064	\$28,489	\$15,715	\$444,492
Dean, Law	\$214,677	\$0	\$173,616	\$28,489	\$10,495	\$427,277
Vice Dean Med School	\$303,064	\$25,000	\$7,176	\$22,364	\$20,456	\$378,060
VP Information Technology	\$283,678	\$0	\$17,352	\$28,849	\$21,754	\$351,633
VP Development	\$263,885	\$0	\$5,579	\$22,364	\$13,982	\$305,810
Dean, School of Business	\$242,585	\$0	\$21,636	\$19,239	\$980	\$284,440
VP Student Affairs	\$247,542	\$0	\$11,073	\$22,364	\$1,550	\$282,529
VP Business Development	\$227,387	\$0	\$13,288	\$26,264	\$1,000	\$267,939
VP Facilities	\$224,211	\$0	\$8,936	\$20,705	\$13,982	\$267,834
VP University Relations	\$214,088	\$0	\$9,977	\$24,927	\$15,711	\$264,703
VP Enrollment Management	\$198,769	\$0	\$13,887	\$23,638	\$15,700	\$251,994

Top Administrator's Total Compensation vs. Faculty Total Compensation

Position	2007	2008	2009	2010	2011
President	\$864,356	\$899,676	\$956,263	\$861,251	\$987,699
Dean, Medicine				\$554,209	\$567,244
VP Finance/Treasury	\$395,990	\$436,609	\$454,271	\$475,049	\$487,803
Sr VP for Planning and Admin.	\$433,443	\$433,607	\$461,049	\$463,417	\$473,344
Provost and Sr VP	\$430,872	\$433,761	\$435,754	\$449,764	\$458,880
VP Legal Affairs	\$395,050	\$395,255	\$443,476	\$431,189	\$444,492
Dean, Law				\$412,565	\$427,277
Vice Dean Med School					\$378,060
VP Information Technology	\$312,664	\$324,787	\$330,831	\$341,575	\$351,633
VP Development	\$264,058	\$280,382	\$309,676	\$299,483	\$305,810
Dean, School of Business	\$324,188	\$341,103	\$348,412	\$356,912	\$284,440
VP Student Affairs	\$245,860	\$259,069	\$265,826	\$277,286	\$282,529
VP Business Development	\$236,011	\$244,798	\$248,100	\$261,551	\$267,939
VP Facilities	\$225,793	\$250,607	\$252,542	\$262,526	\$267,834
VP University Relations	\$219,642	\$234,841	\$249,252	\$255,370	\$264,703
VP Enrollment Management				\$245,306	\$251,994
Mean	\$362,327	\$377,875	\$396,288	\$396,497	\$406,355
Median	\$318,426	\$332,945	\$339,622	\$356,912	\$364,847
Hofstra Full Professor	\$167,100	\$173,443	\$182,200	\$188,197	\$193,055
Hofstra Associate Professor	\$116,200	\$120,443	\$125,700	\$130,724	\$132,806
Hofstra Assistant Professor	\$89,000	\$91,463	\$97,700	\$97,973	\$100,627

Percentage Change in Total Compensation for Administrators vs. Faculty: 2007 to 2011



A similar % change for administrators and faculty will lead to more dollars going to administrators

President's Salary and Compensation Over Time

	2007	2008	2009	2010	2011
Base Compensation			\$505,331	\$574,934	\$681,733
Bonus			\$175,000	\$0	\$0
Other Compensation			\$220,700	\$227,980	\$245,900
Deferred Compensation			\$35,514	\$37,761	\$37,762
Nontaxable Benefits			\$19,718	\$20,648	\$22,304
Compensation	\$582,250	\$633,361			
Benefits/deferred compensation	\$110,809	\$103,755			
Expense account/allowances	\$171,297	\$162,560			
Total	\$864,356	\$899,676	\$956,263	\$861,323	\$987,699

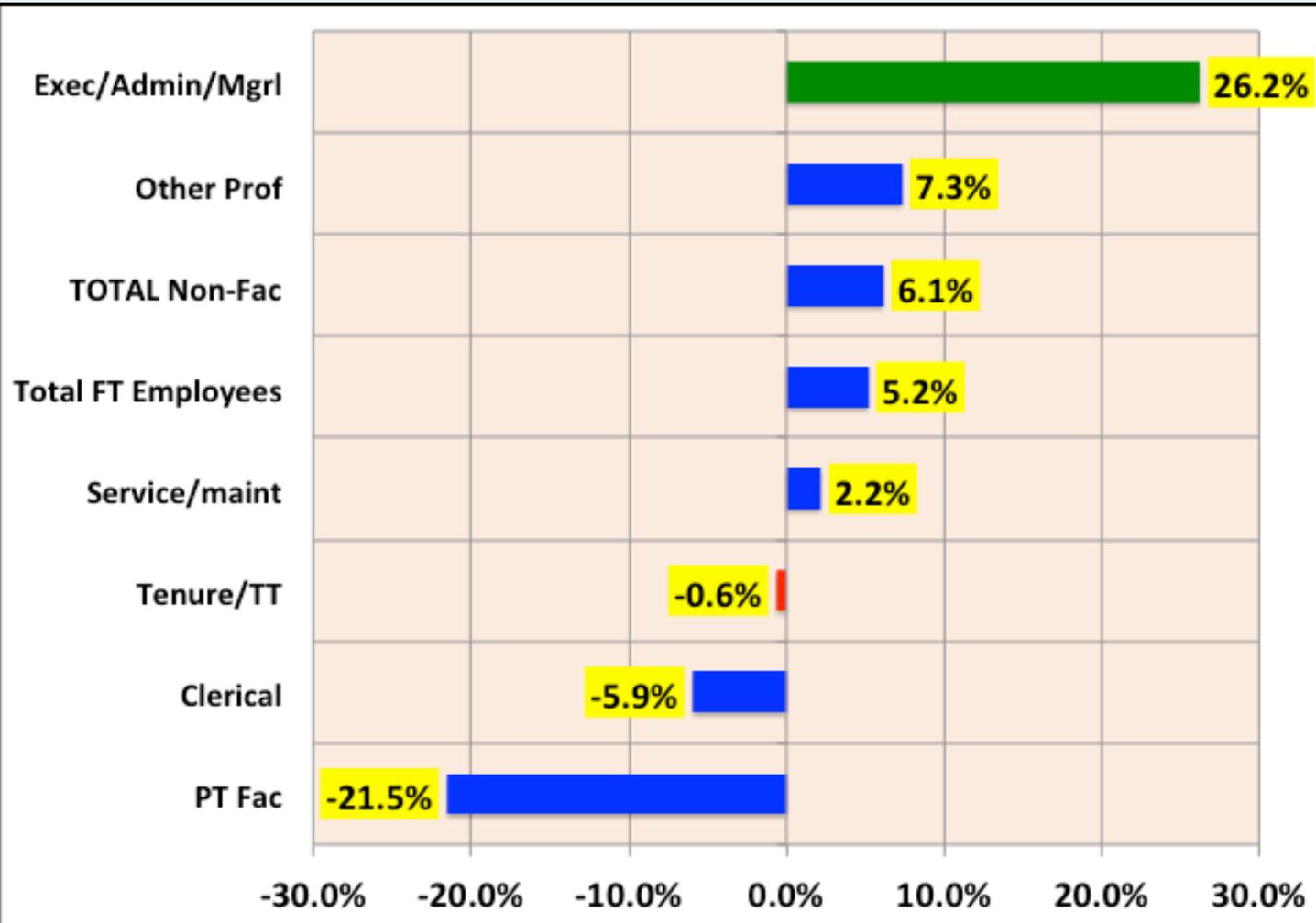
Conclusions of Compensation Data

- **Hofstra pays their top administrators towards higher than most comparable institutions**
- **Hofstra's faculty salaries are in the middle of the pack of the comparable institutions, and have generally lost ground since 2009-10**

Number of Employees

	2005	2006	2007	2008	2009	2010	2011	2012
Tenure/TT	494	503	497	519	525	516	508	491
Non TT	24	24	35	25	26	28	25	42
Total FT Faculty	518	527	532	544	551	544	533	533
PT Fac	688	656	633	646	597	589	589	540
Exec/Admin/Mgrl	248	260	265	289	301	301	291	313
Other Prof	383	372	368	393	408	422	409	411
Clerical	321	312	315	324	309	315	311	302
Skilled craft	85	82	86	87	83	82	81	82
Service/maint	185	188	184	186	186	188	190	189
TOTAL Non-Fac	1,222	1,214	1,218	1,279	1,287	1,308	1,282	1,297
Total FT Employees	1,740	1,741	1,750	1,823	1,838	1,852	1,815	1,830

Percent Changes in Employees from 2004 to 2012

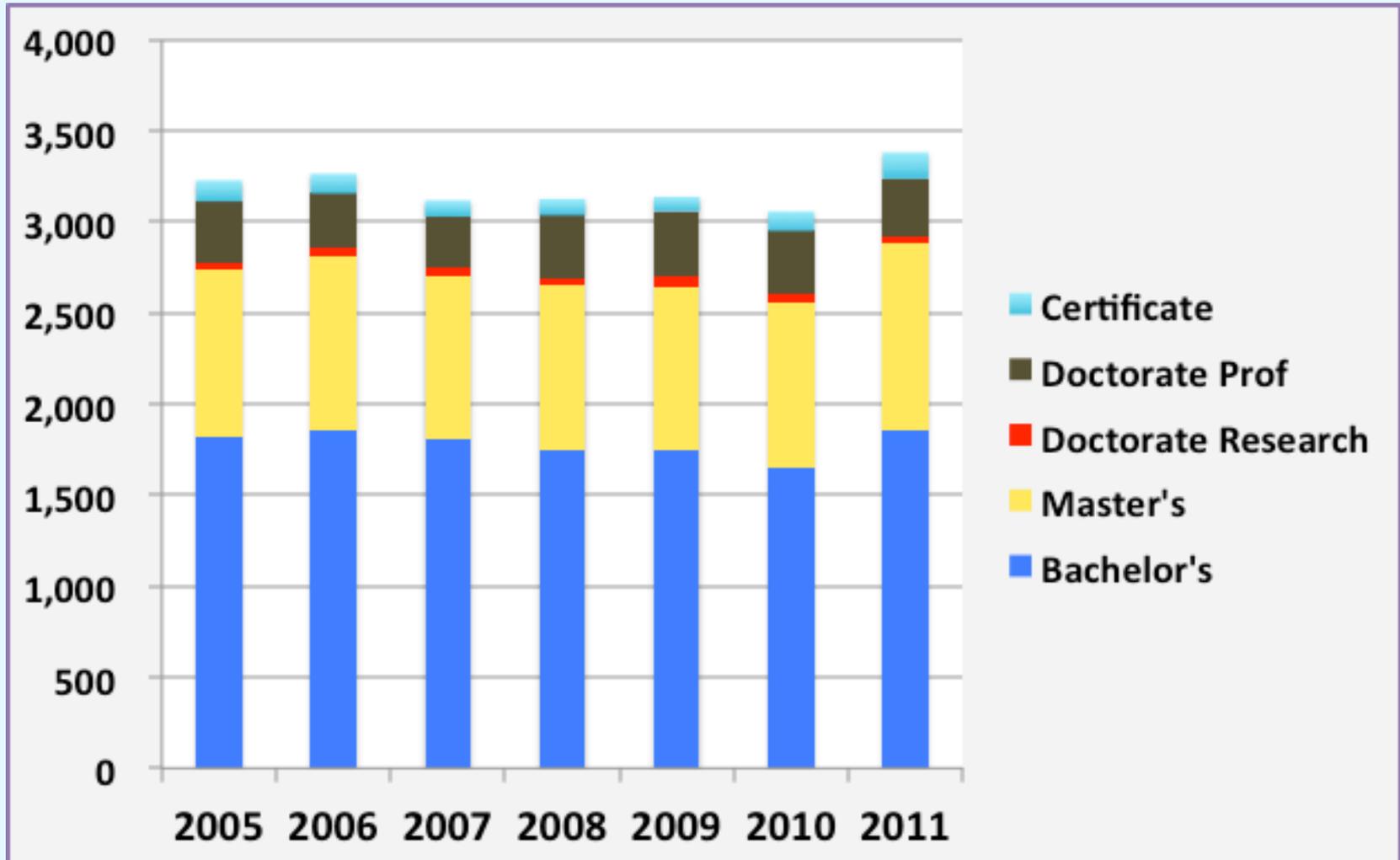


- For 2012-13, tenure/TT faculty are down by 16
- Total Part-time faculty are up by 77

Degrees Conferred per IPEDS

Degrees Conferred	2005	2006	2007	2008	2009	2010	2011
Bachelor's	1,822	1,856	1,808	1,750	1,750	1,649	1,855
Master's	914	952	898	903	897	913	1,029
Doctorate Research	42	49	43	37	53	38	42
Doctorate Prof	335	300	280	347	359	351	311
Certificate	117	109	91	90	79	108	147
Total	3,230	3,266	3,120	3,127	3,138	3,059	3,384

Degrees Conferred Graphically



Class Size: Common Data Set

# of Sections	2-9	10-19	20-29	30-39	40-49	50-99	100+	Total Sections
2009-10	242	598	433	355	49	60	0	1,737
2011-12	226	577	382	290	43	64	1	1,583
% of All Sections	2-9	10-19	20-29	30-39	40-49	50-99	100+	
2009-10	13.9%	34.4%	24.9%	20.4%	2.8%	3.5%	0.0%	
2011-12	14.3%	36.4%	24.1%	18.3%	2.7%	4.0%	0.1%	