



Fiscal Year 2025



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The Fiscal Year 2025 Operating Budget was approved by the Case Western Reserve University Board of Trustees on May 14, 2024.

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- [Case Western Reserve University Board of Trustees](#)
 - [Case Western Reserve University Finance Office](#)
- and
- [Case Western Reserve University](#)
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2025 Operating Budget

Case Western Reserve University (the “University”) has traditionally operated under a decentralized structure with the philosophy that each management center is responsible for the planning and implementation of academic programs, revenue development and expense management; significantly following a Responsibility Center Management (RCM) philosophy.

Beginning in 2021, direct cost management was emphasized with a historical cost improvement of \$76.8 M included in the 2021 Operating Budget. This change enabled continued strategic investment in the 2025 Operating Budget.

DIRECT EXPENSE MANAGEMENT FOR STRATEGIC INVESTMENT

The 2025 Operating Budget was constructed using the following key operational tenets:

- **Focused strategic investment** through the University Strategic Plan and Retained Surplus generation in academic centers
- **Disciplined expense management** adhering to the cost improvements gained in the 2021 budget to provide the resources for focused strategic investment; while still providing critical resources to operations
- **Achieve recovery plan targets for units in deficit** provides resources for strategic investment
- **Maintain overall university surplus** ensures sustainable operating structure for the University
- **Incorporate revenue and expense macro-impacts into guidelines** allows all units to budget within a reasonable set of assumptions
- **Utilize prior year budget as the base for current year budget** allows for consistency and a better understanding of the guideline development process
- **Strengthen the integration of the three-year plan** for streamlined faculty and staff recruiting

The resulting 2025 Operating Budget reflects the above tenets used for planning. The 2025



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	2023 Actual	2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
REVENUE					
Tuition	\$326,330	\$32,307	\$372,650	\$44,070	13.4%
Grants	23,512	22,300	23,012	1,200	0.0%
Gifts	16,555	175,071	176,470	1,400	0.0%
Other	62,243	70,476	76,100	6,343	0.0%
Interest	4,700	5,665	4,551	(1,114)	-1.7%
TOTAL TUITION	586,171	602,929	653,826	50,897	8.4%
Endowment	60,040	70,200	64,436	(1,520)	-2.6%
Other	45,247	40,530	42,040	1,500	3.7%
TOTAL ENDOWMENT	105,331	110,827	110,484	(343)	-0.3%

TUITION

Undergraduate Tuition

Increased \$44.1 M or 13.4% as a result of a 3.0% tuition rate increase. Enrollment increased by 5.0% as well.

Summer Tuition

Increased \$0.2 M or 0.8% due to increased price/enrollment in LAW, NURS and CSOM. Partially offset by lower enrollment in CAS, CSE and MSASS.

Professional Tuition

Increased \$1.4M or 0.8% due to increased enrollment/price in WSOM, MSASS, DENT and NURS. Partially offset by lower enrollment in CSE, LAW and CSOM.

Graduate Tuition

Increased \$6.3 M or 9.0% due to higher enrollment/price in CAS, CSE and CSOM. Partially offset by lower enrollment in WSOM and NURS.

ENDOWMENT – Endowment payout rate of 4.7% of the 20-quarter average endowment pool balance as of June 30, 2023.

Restricted Endowment

Decreased (\$1.9 M) or -2.6% as a result of lower income in WSOM and CSOM. Partially offset by higher income in CAS, CSE, MSASS, NURS and UGEN.

Unrestricted Endowment

Increased \$1.5 M or 3.7% as a result of higher income in CAS, CSOM and UGEN.

OTHER REVENUE

Research & Training

Increased \$25.4 M or 6.2% due to increased activity in CAS, CSE, WSOM, MSASS, LAW and CSOM. Partially offset with decreased activity in DENT, NURS and UGEN.

Restricted Gifts

Increased \$5.9 M or 10.4% due to increased gifts in MSASS, NURS and UGEN. Partially offset by decreased gifts in CSE, WSOM, DENT & CSOM.

Overhead Recovery

Increased \$9.5 M or 10.4% due to increased activity in CSE, WSOM, MSASS, CSOM and UGEN. Partially offset by decreased activity in CAS and DENT.

Unrestricted Gifts

Increased \$3.6 M or 40.3% due to increased activity in WSOM, LAW and UGEN.

Organized Activities

Increased \$3.0 M or 25.3% due to increased activity in WSOM and DENT. Partially offset by decreased activity in CSOM.

Other Income

Increased \$7.1 M or 16.3% due to increased activity in LAW, DENT and CSOM. Partially offset with decreased activity in CSE and WSOM.

Auxiliaries

Increased \$9.4 M or 10.0% due to increased price and new dorm availability.

Deferred Revenue – Strategic Plan

Increased \$11.6 M due to increased strategic investment activity in CSE, LAW, DENT and CSOM.

	2023 Actual	2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
EXPENSE					
	\$162,627	\$177,27	\$1 ,152	\$11,225	6.3%
	110,467	12 ,300	140,004	11,704	.1%
TOTAL SALARIES	273,094	306,227	329,156	22,929	7.5%
	6,417	7,273	102,767	5,444	5.6%
	3,112	37,46	33,12	(4,340)	-11.6%
A	274,50	27 ,31	314,550	36,16	13.0%
	33,024	373,041	412,223	3,12	10.5%
TOTAL DIRECT EXPENSE	1,066,156	1,092,390	1,191,824	99,434	9.1%
	525,05	534,261	563,701	2,440	5.5%
	541,061	55 ,12	62 ,123	6 ,4	12.5%
	15,073	16,174	17,513	1,33	6 ,4



DIRECT EXPENSE

Faculty Salaries

Increased \$11.2 M or 6.3% in CAS, CSE, WSOM, MSASS, LAW, NURS and CSOM. Partially offset with a

	CAS	CSE	WSOM	MSASS	LAW	DENT	NURS	CSOM	UGEN	Total University
REVENUE										
Tuition	\$ 1,022	\$41, 22	\$1 ,020	\$250	\$13	\$-	\$, 30	\$,703	\$203, 0	\$372, 65
Books & supplies	4, 00	1, 7	1,500	1,566	50	5 1	3,31	,2	-	23,012
Student services	-	172	24,342	13,444	36,2 6	26,416	11, 5	63, 34	-	176,47
Other	14,200	17, 6	1,0	5	-	2,142	52	3 , 5	-	76, 1
Subtotal	74	73	20	-	-	4	66	530	1,16	4,551
TOTAL TUITION	110,770	62,788	45,169	15,859	37,374	29,638	25,654	121,425	205,149	653,826
Endowment	10,312	6,375	4,022	2,354	5,0 5	5	3,6 6	17,46	1 ,264	6 ,436
Other	6,	3,5 7	1,	405	43	720	30	12, 00	14,370	42,04
TOTAL ENDOWMENT	17,200	9,972	6,021	2,759	5,524	1,579	4,526	30,269	32,634	110,484
Other Revenue	,637	4 ,756	61	,204	556	1,16	4,217	347,6 1	, 7	432, 67
Grants & contracts	4,217	2,240	5	17,253	35	4 0	2, 03	1 ,7 3	14,62	62,2
Research	4,17	14,667	3 0	2, 01	100	660	1, 1	76,000	365	101,243
Other	600	350	2,000	300	1,100	552	240	1,000	6,2 7	12,42
Other	-	-	-	-	-	-	-	2,441	-	2,441
Other	-	-	6,21	-	-	,0 0	-	622	-	14, 31
Other	600	5,773	573	115	4 2	3,141	405	23,15	16,512	50,770
Other	-	-	-	-	-	-	-	-	103,23	103,23
Other	-	10,601	-	-	2,6 1	3,533	6 0	65	(2,6 1)	15,4 3
TOTAL OTHER REVENUE	19,233	83,387	10,891	29,773	5,864	17,624	10,446	470,345	148,237	795,800
TOTAL REVENUE	\$147,203	\$156,147	\$62,081	\$48,391	\$48,762	\$48,841	\$40,626	\$622,039	\$386,020	\$1,560,110
EXPENSE										
Salaries & benefits	\$34,1	\$24,520	\$16, 22	\$5,0 1	\$,21	\$10,376				



	2023 Actual	2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
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REVENUE

□		2024	2024	61	2024
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	2023 Actual	2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
REVENUE					
Tuition	\$7,633	\$,322	\$, 30	\$60	7.3%
Grants	2, 2	2, 4	3,31	470	16.5%
Gifts	11,260	10,501	11, 5	1,3 4	13.2%
Other	2	1	52	(13)	-14.0%
	447	404	66	264	65.3%
TOTAL TUITION	23,151	23,067	25,654	2,587	11.2%
52	2,5 7		\$2,537	2,5 00 0	65.3%
Gra3.57/Ate	2,587	2,587			
	\$2,587	2,587	BDC	()	TJEGift

	2023 Actual	2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
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REVENUE

573 017 (4) 65	\$13,650 (103)	\$172,400	\$203,000	\$31,000	1.0%
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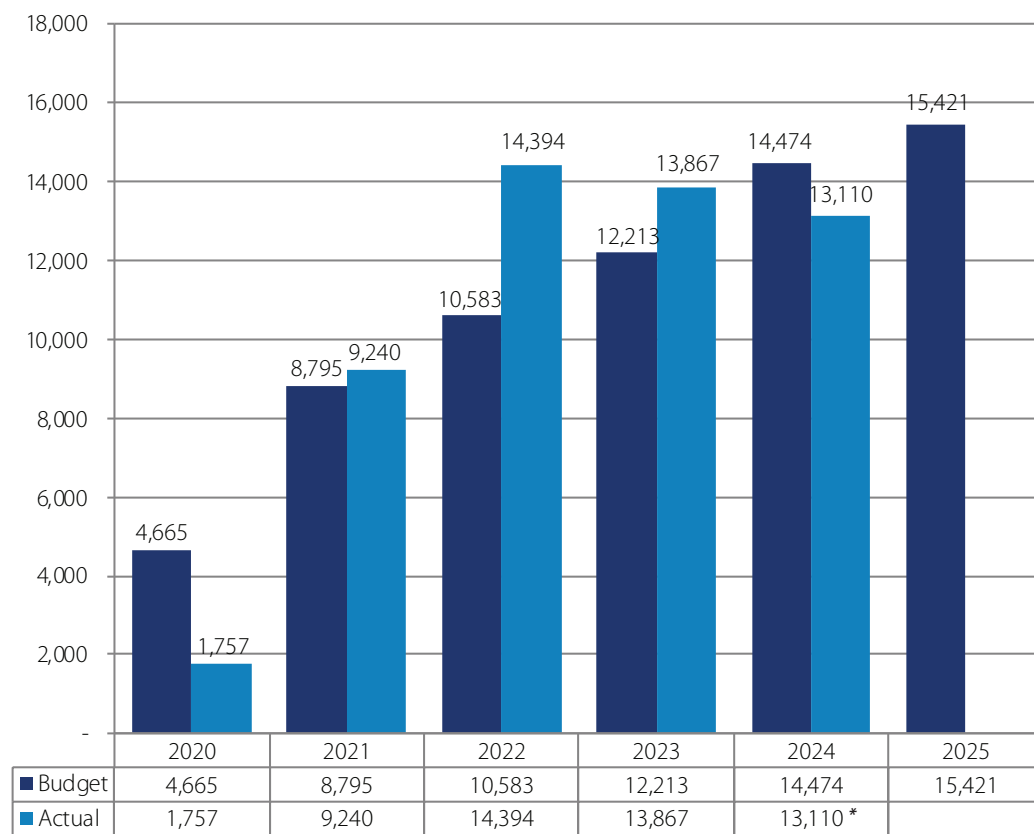
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	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2025 Budget
CAS	\$(4,300)	\$3,673	\$2,453	\$6,024	\$4,427	\$5,022
CSE	(2,03)	4,45	3,044	4, 13	3,70	5, 32
WSOM	(3)	(2,42)	2,236	(1,400)	(5, 2)	(4,723)
MSASS	541	147	553	(1,703)	(2, 76)	(05)
LAW	(2,5 7)	13	(2,102)	(1,3 0)	(1,174)	(1, 07)
DENT	1,6 2	5,535	6,223	5,7 5	4,361	5,4 7
NURS	5	1,336	732	73	-	-
CSOM	(1,547)	,212	7,4	2,27	, 7	,36
UGEN	, 15	(11, 32)	(6,234)	(1,433)	3,07	(2, 64)
UNIVERSITY OPERATING MARGIN	\$1,757	\$9,240	\$14,394	\$13,867	\$14,474	\$15,421



*F 2024 3 F



	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2025 Budget
CAS	\$(4,300)	\$3,673	\$2,453	\$6,024	\$4,427	\$5,022
CSE	(2,03)	4,45	3,044	4, 13	3,70	5, 32
WSOM	-	-	2,236	-	(4,2 7)	(4,723)
MSASS	541	147	553	-	(2,071)	(05)
LAW	(2,5 7)	13	(2,102)	(1,3 0)	(1,174)	(1, 07)
DENT	1,6 2	5,535	6,223	5,7 5	4,361	5,4 7
NURS	5 .	1,336	732	73	-	-
CSOM	(1,547)	,212	7,4 .	2,27	, 7	, 36
UGEN	, 15	(11, 32)	(6,234)	(1,433)	3,07	(2, 64)
UNIVERSITY SURPLUS/(DEFICIT)	\$2,145	\$11,668	\$14,394	\$16,970	\$17,021	\$15,421



		2024 Budget	2025 Budget	\$ Increase/ (Decrease) 2024 Budget	% Variance to 2024 Budget
REVENUE					
Undergraduate	3.0%	\$32,7	\$372,65	\$44,07	13.4%
Summer		22,30	23,012	1,2	0.0%
Professional		175,071	176,47	1,40	0.0%
Graduate		70,476	76,1	6,343	9.0%
Fees		5,665	4,551	(1,114)	-19.7%
Restricted		70,2	6,436	(1,52)	-2.6%
Unrestricted		40,53	42,04	1,50	3.7%
Research & Training		16,476	17,476	1,000	6.1%
CSOM		4,28	4,28	0	0.0%
Other		1,114	1,114	0	0.0%



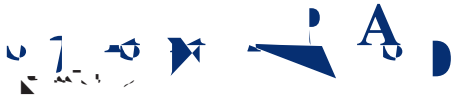
2022
Actual

2023
Actual

2024
Budget

2025
Budget

UNDERGRADUATE



	2022	2023	2024	2025	% Increase from 2024
Tuition, Board and Room Rates	\$54,020	\$61,040	\$64,100	\$66,020	





Peacemaker	2022	2023	2024	2025	% Increase from 2024
FIRST AND SECOND-YEAR STUDENTS					
115 A A	\$ 5,410	\$ 5,700	\$10,360	\$10,670	3.0%
2,3	10,16	11,240	11,000	\$12,150	3.0%
4,5	10,16	11,240	11,000	\$12,150	3.0%
6,7	11,274	11,610	12,100	\$12,560	3.0%
GREEK					
115 A A	10,16	11,240	11,000	\$12,150	3.0%
2,3	5,410	5,700	10,360	\$10,670	3.0%
UPPER-CLASS STUDENT HOUSING					
115 A A	\$13,570	\$13,000	\$14,600	\$15,120	3.0%
1	13,346	13,750	14,440	\$14,700	3.0%
2,3	13,120	13,510	14,100	\$14,620	3.0%
4,5	12,200	12,660	13,200	\$13,600	3.0%
6,7	12,200	12,660	13,200	\$13,600	3.0%
115 A A	\$13,570	\$13,000	\$14,600	\$15,120	3.0%
1	11,552	11,000	12,500	\$12,000	3.0%
1	13,724	14,140	14,500	\$15,300	3.0%
2	11,552	11,000	12,500	\$12,000	3.0%
2	13,346	13,750	14,440	\$14,700	3.0%
115 A A	\$13,570	\$13,000	\$14,600	\$15,120	3.0%
1	13,120	13,510	14,100	\$14,620	3.0%
2,3	12,440	13,230	13,000	\$14,310	3.0%
2	13,724	14,140	14,500	\$15,300	3.0%
115 A A	\$11,552	\$11,000	\$12,500	\$12,000	3.0%
1	11,552	11,000	12,500	\$12,000	3.0%
2,3					



Case Western Reserve University (the “University”) operates under a decentralized structure with the philosophy that each management center is responsible for the planning and implementation of academic programs, revenue development and expense management. This concept is implemented with all revenue, except Undergraduate tuition revenue, and direct expense flowing to their respective management center. Because not all revenue or expense is directly developed by a school, allocation rules assign certain revenue and indirect expense for support services. The operating principle guiding these rules is that they fairly assign revenue or expense as a proxy for actual direct generation of revenue or occurrence of expense.



A significant portion of Graduate and Professional Tuition is assigned to the schools in which the student is registered as a degree student. Credit hours taken in a school outside a student’s home school are assigned to the school teaching the credit hours. 0 -u(x)3 (peAWposesion o)2 (f)16pa pore tuition reven (alloca)1 (t.

6,194 students for the academic year
 28.8 credit hours/student
 1,550 first-year students

	\$372,65
	(3,76)*
	(14,2)*
UG Tuition Distributed to Schools	\$174,240
	\$137,6
	10,416
	26,136
Total UG Tuition Distribution	\$174,240
*100%	GE

Undergraduate tuition revenue is distributed using the average credit hours taught by the management center in 2022 and 2023 to calculate the percentage distribution. The majors of the graduating students is an average of 2022 and 2023.

	Regular Credit Hour Distribution	SAGES Credit Hour Distribution	Majors Granted Distribution	Total Tuition Distribution
A	\$77,620	\$3,601	\$,01	\$1,022
	32,004	432	,46	41,22
	14,431	57	3,011	1,020
A	250	-	-	250
A	5	133	-	13
	-	-	-	-
	6,63	27	1,6	,30
	6,65	13	1,70	,703
	-	5,255	-	5,255
TOTAL	\$137,688	\$10,416	\$26,136	\$174,240
				14,2
				3,76
TOTAL UNDERGRADUATE TUITION REVENUE				\$372,965

Endowment funds are classified as belonging to a school or University General and largely pooled for investment purposes. The amount or payout rate made available from the pool to operations each year is approved by the Trustees and considers not only current operational needs but also long-term interests of intergenerational equity for future endowment beneficiaries. For 2025, the payout rate for the current year spending pool allocation is 4.7%. In addition, the Trustees approved a distribution of 0.8% (\$12.7 million) for administrative expense to administer the endowment. Endowment revenue is allocated based on the twenty quarter average market value of funds as of June 30, 2023. Revenue from new gifts and/or additions to existing gifts will be allocated one year after receipt. The revenue from a small number of endowment funds jointly shared by the schools teaching undergraduates is assigned based upon undergraduate credit hours taught. Funds Held by Others (FHBO) and Un-pooled funds are managed outside the University’s pooled investment and are not considered in the spending allocation. Income generated by FHBO and Un-pooled funds is sent to the University then distributed to the appropriate management center(s).

Income and Expenses

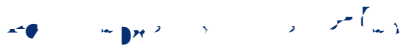
	Estimated Unused Income Beginning of Year	Current Year Allocation	FHBO	Un-pooled	Total Available	2025 Budget*	Estimated Unused Income End of Year
A	\$,1 2	\$13,662	\$2,2 2	\$-	\$24,136	\$17,200	\$6, 36
	7,00	10,073	62	-	17,711	, 72	7,73
	3, 34	3, 7	1 5	-	7, 7	6,021	1, 76
A	512	2,444	-	-	2, 56	2,75	1 7
A	1,763	4,716	606	15	7,243	5,524	1,71
	1,173	50	652	-	2,675	1,57	1,0 6
	2,6 2	4,26	-	-	6, 61	4,526	2,435
	34,470	20,5 2	10,33	-	65,400	30,26	35,131
	14,107	16,2 2	-	-	30,3	1 , 1	10,40
TOTAL	\$73,742	\$76,766	\$14,702	\$158	\$165,368	\$97,831	\$67,537
						12,653	
TOTAL ENDOWMENT REVENUE						\$110,484	

* Includes revenue from the University General Endowment Fund, the University General Restricted Endowment Fund, and the University General Restricted Endowment Fund.

All other revenue is developed directly by the schools’ efforts and the schools receive full credit for sums received. Revenue generated for the University as a whole is attributed to University General. Revenue shown as restricted is only to be used by a particular school or for a particular purpose. Restricted revenue (restricted endowment, research and training grants, and restricted gifts) supports “funded” expense. In these instances, revenue is recognized as the matching expense is incurred. All other revenue is unrestricted and flows directly to the management center that generated the revenue. This revenue is recorded when received and supports a school’s unrestricted and “indirect” expense.



Each school incurs operating expense that appears in the budget as “Direct Expense.” These expenditures include faculty, staff and student salaries, fringe benefits, graduate and professional student aid, and non-salary expense. In addition, each school is allocated a share of the expense to provide central and support services. These expenditures are categorized as Library, Student Services, Plant Services, Information Technology Services and University Services and are recorded in each budget summary as indirect expense.



Beginning in 2019, certain changes were implemented in Indirect Expense assigned. The change reduced the number of cost drivers to five and retained the current Library allocation and the current Utilities Non-salary cost allocation. In summary, Indirect Expense is allocated using the following cost drivers:

The data used to calculate the expense allocation represent a sub-set of existing cost drivers historically used to calculate the Indirect Expense allocation. The final Indirect Expense allocation, as shown below, is not reported in the Operating Statement as a single line item for each management center. For comparability with prior years, we have retained the former Indirect Expense allocation, as described within this appendix. Any reconciling differences between the historical Indirect Expense allocation and the below Indirect Expense allocation are reflected in the University Services cost pool on the Operating Statement.

Library includes the operation of the University Library, Health Science Library, Law Library, and the MSASS Library. 75% of the University Library expense is distributed to the core colleges – CAS, CSE, WSOM and a small portion to NURS to recognize support of the BSN program. The remaining 25% is distributed to the other schools. 75% of the Health Science Library expense is distributed to CSOM, DENT, and NURS, with 25% assigned to the other schools. MSASS supports 75% of its Library with the balance distributed to the other schools. LAW pays 100% of its own Library’s expense; however, its share of the other Library expense is calculated without the inclusion of estimated materials expense in those Libraries because LAW covers the full expense for its own extensive materials collection. The allocation uses un-weighted student, faculty, and staff counts.

	University Library	Health Science Library	MSASS Library	Law Library	Total Library Allocation
A	\$3,411	\$335	\$4	\$-	\$3,750
	2,027	15	2	-	2,250
	1,255	124	1	-	1,427
A	165	36	416	-	617
A	127	76	-	2,156	2,360
	206	250	6	-	462
	47	313	11	-	21
	1,505	1,311	46	-	3,322
	-	-	6	-	6
TOTAL	\$9,303	\$3,160	\$669	\$2,156	\$15,288
					1,77
					34
					(100% of total)

Student Services include the expense associated with the following operations: Enrollment Management, Undergraduate Studies, Financial Aid, Registrar, Student Affairs, Career Planning, Educational Support Services, Thwing Center, International Students, Education Abroad, Minority Programs, Physical Education and Athletics, UCITE, SOURCE and the Dean of Graduate Studies. The expense associated with the SAGES program (net of the tuition generated by non-school based lecturers) is included in this category and is allocated on the basis of SAGES credit hours taught. The student numbers used in the assignment are an average of the 2022 and 2023 fall semester enrollment. The Student Services expense for each management center is determined by student and faculty/staff head count.

Most Student Services expense is assigned on the basis of the students benefiting from the program or service. Several programs are believed to have an overall University purpose and are assigned using the two- year average direct expense methodology. The student numbers used in the assignment are an average of the 2022 and 2023 fall semester enrollment. The Student Services expense for each management center is determined by student and faculty/staff head count.

	2025		2022		2023		
	Undergraduate FTE *	Undergraduate Headcount *	Graduate Full-Time	Graduate Part-Time	Professional Full-Time	Professional Part-Time	Total Head Count
A	3,07	3,131	4	34	-	-	3,64
	1,443	1,46	60	136	-	-	2,213
	620	631	41	6	4	6	1,425
A			27	10	330	71	447
A	5	5	-	-	5	5	622
	-	-	-	-	371	1	372
	30	313	30	2	221	145	711
	300	305	763	224	1,146	-	2,43
	236	240	-	-	-	-	240
TOTAL	6,000	6,102	1,954	412	3,149	500	12,117

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2025 F E

G F E

2025
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	Undergraduate FTE	Student Head Count	Graduate Student Head Count	Graduate/ Professional Head Count	University Services	SAGES	Faculty/ Sta Count	Weighted Average Student Headcount	Total
A	\$,733	\$1,021	\$3 2	\$67	\$46	\$(1,3 4)	\$7	\$656	\$,600
	4,03	5 3	564	4	46	(167)	47	360	5,566
	1,735	3 2	35	5	22	(224)	27	213	2,2 5
A	26	63	2	34	16	-	26	35	22
A	14	155	-	0	1	(52)	14	0	310
	-	2	-	4	14	-	24	47	225
	5	1	24	52	16	(10)	32	110	1,1 3
	741	64	74	261	1	(53)	232	24	3,015
	712	67	-	-	-	(2,65)	-	45	(1, 35)
TOTAL	\$16,858	\$3,220	\$1,792	\$721	\$367	\$(4,657)	\$481	\$1,795	\$20,577
								(100%)	12,55
TOTAL STUDENT SERVICES									\$33,136

G F E

The Plant Services expense for each school or area is determined by each building's utilities rate and square footage. Utility expense is assigned based on a weighted utilities rate. The estimated annual expense is assigned based on square footage. The cost for Plant Services other than utilities is \$11.058 per gross square foot. This expense is assigned based upon square footage.

2023-2024 - 10/1/2023 (6)

The remaining cost pool, referred to as Infrastructure, covers basic technology services including security, internet, email, servers, storage, voice and video communications, Help Desk and other network services. These services also include the support of research computing systems such as the High Performance Computing Cluster and the Secured Research Environment, as well as the related debt service. This expense is distributed using a faculty/staff/student count and utilizes the same counts used for the Library distribution.

	Core Technology	Instructional	Administrative	Infrastructure	Information Services
A	\$544	\$1,111	\$74	\$4,777	\$7,366
	4	1,044	776	2,000	5,233
	173	57	37	1,577	2,726
A	61	124	264	511	60
A	105	302	325	1	1,551
	127	17	246	1,404	1,644
	5	306	265	1,416	2,072
	1,000	1,163	3,205	5,133	10,650
	-	11	-	256	375
TOTAL	\$2,682	\$5,693	\$6,243	\$18,854	\$33,472
		(100%)			72
TOTAL INFORMATION TECHNOLOGY SERVICES					\$34,344

University Services include the general administrative expense associated with the following operations: Office of the President, Office of the Provost, International Affairs, Division of Finance, Office of Administration, Development and University Relations, Planning and Institutional Research, General Counsel, Technology Transfer and Research Administration and the Office of Inclusion, Diversity and Equal Opportunity. In addition, insurance expense, auditing, and other expense general to the operations of the University and not related specifically to programs of a particular school or function are charged in University Services to be allocated using the percentage of direct expense methodology. A two-year average, using the second and third years preceding the budget year, is used in the calculation; e.g. for Budget 2025, the average direct expense for 2022 and 2023. It should be noted that for this calculation, R&T expenditures based in the Cleveland Clinic Lerner College of Medicine (CCLCM), tuition expenditures associated with the CCLCM and expenditures related to CSOM off-campus locations have been deducted from the CSOM expense base. Further, the cost of Dental kits purchased and re-sold to students has been deducted from the DENT expense base. Lastly, third party servicing expense for CSE and MSASS distance learning programs have been deducted from the respective expense base.

Certain University Services expense is not allocated to the schools because there are revenue streams that support the expense. This includes the portion of Development, University Relations and other areas expense covered by the administrative support distribution from the endowment.

University Services expense is allocated based on the percentage of direct expense averaged over a two-year period.

	2022	2023	Average 2022-2023	% of Total	University Services
A	\$7,644	\$7,710	\$3,401	12.6%	\$6,311
A	1,443	3,775	2,609	12.4%	5,352
A	3,316	41,010	40,163	6.1%	3,200
A	24,451	31,762	27,107	4.2%	2,067
A	33,370	35,360	34,613	5.2%	2,711
A	25,770	26,645	26,208	4.0%	2,777
A	26,410	2,710	2,145	4.2%	2,755
A	322,750	350,016	340,466	51.3%	24,661
A	-	-	-	0.0%	-
TOTAL	\$633,357	\$695,023	\$664,190	100.0%	\$49,842
		(100% of total)			4,032
TOTAL UNIVERSITY SERVICES					\$98,874

HEALTH EDUCATION CAMPUS

Operating Expense budgeted to be incurred for the Health Education Campus (HEC) is purposely not included in the calculated portion of the simplified allocation changes for FY 2025. HEC operating costs included in the overall total for Indirect Expense are budgeted to be \$10.349 million and are concentrated in the Plant, ITS and University Services categories of Indirect Expense.

USE OF RETAINED SURPLUSES

Schools and auxiliaries are permitted to retain the excess of revenue over expense in a reserve account. Expenditures against the reserve account require the approval of the Provost and Chief Financial Officer. As all schools and auxiliaries are expected to operate in a financial equilibrium over the long run, current year losses must be charged against the reserve account.



