



Overview of the University's Operating Budget

University of Mary Washington
University Budget Advisory Committee
September 11, 2013

Discussion Points

- 2014-15 Budget Development Timeline
- Overview of the 2013-14 Operating Budget
- Major Pressures on the Budget
- What's Next?

2014-15 Budget Development Timeline

- Late October – Internal Request Guidance to VPs
- December 20 – Governor’s 2014-16 Budget released
- January 8 to March 8 – 2014 General Assembly Session
- January 2014 to early February – VPs prioritize requests for their areas and submit to Budget Office
- Mid-February to Mid-March – VPs present requests to UBAC; requests are prioritized by UBAC
- Mid-March – UBAC submits recommendations to President through CAO and CFO
- April/May – President recommends 2014-15 budget and tuition and fees to Board of Visitors

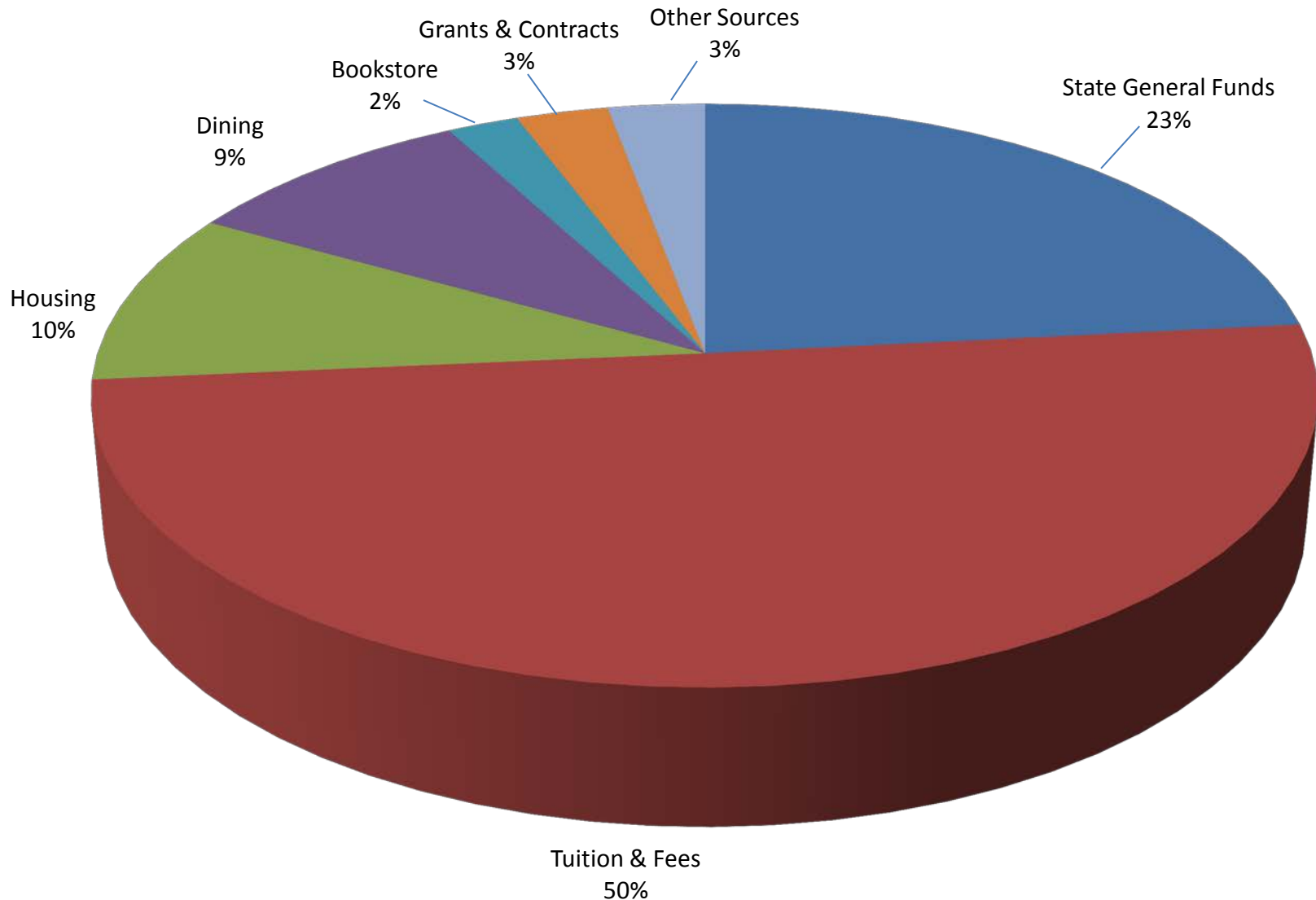
The budget is balanced. Revenue and budgeted uses are expected to total \$107.5 million in 2013-14.

	2012-13	2013-14	Change
Sources			
State General Funds*			
Educational and General Programs	\$ 19,914,125	\$ 20,771,298	4.3%
Student Financial Assistance	1,780,020	1,884,885	5.9%
Belmont / James Monroe Museum	664,969	674,969	1.5%
Dahlgren Campus	1,900,000	1,750,000	-7.9%
Nongeneral Funds			
Student Tuition and Fees	\$ 52,354,000	\$ 54,188,650	3.5%
Sales and Services			
Housing	9,943,500	10,338,500	4.0%
Dining	9,115,000	9,390,000	3.0%
Bookstore	2,955,000	2,335,000	-21.0%
Grants and Contracts	2,859,625	3,011,125	5.3%
Other Sources	2,702,392	3,171,892	17.4%
Total Nongeneral Funds	<u>\$ 79,929,517</u>	<u>\$ 82,435,167</u>	3.1%
Total Sources	\$ 104,188,631	\$ 107,516,319	3.2%
Uses			
Instruction	\$ 28,971,127	\$ 29,644,217	2.3%
Research and Public Service	1,073,151	1,123,635	4.7%
Academic Support	9,299,989	9,519,476	2.4%
Student Services	5,689,879	6,690,651	17.6%
Institutional Support	4,505,201	4,598,919	2.1%
Operation and Maintenance of Plant	6,524,210	6,887,982	5.6%
Scholarships and Fellowships	6,752,645	6,983,510	3.4%
Auxiliary Enterprises	38,293,073	38,928,573	1.7%
Museums & Cultural Services	1,079,356	1,089,356	0.9%
Higher Education Centers	2,000,000	2,050,000	2.5%
Total Uses	\$ 104,188,631	\$ 107,516,319	3.2%
Budget Balance	\$ -	\$ -	

Budget is managed through six separate funds. . .

FY 2013-14 Sources	Educational & General Programs	Auxiliary Enterprises	Comp Fee	Student Financial Assistance	Museums & Cultural Services	Higher Education Centers	Total University	Change from 2012-13 Budget	
								Amount	Percent
State General Fund									
Direct Appropriations	\$ 19,800,128	\$ -	\$ -	\$ 1,827,885	\$ 674,969	\$ 1,750,000	\$ 24,052,982	\$ 569,218	2.4%
Central Transfers	971,170	-	-	57,000	-	-	1,028,170	252,820	32.6%
Total General Fund	\$ 20,771,298	\$ -	\$ -	\$ 1,884,885	\$ 674,969	\$ 1,750,000	\$ 25,081,152	\$ 822,038	3.4%
Nongeneral Funds									
Student Tuition and Fees	\$ 32,845,650	\$ -	\$ 21,343,000	\$ -	\$ -	\$ -	\$ 54,188,650	\$ 1,834,650	3.5%
Grants and Contracts	-	-	-	3,011,125	-	-	3,011,125	151,500	5.3%
Sales and Services	-	22,063,500	-	-	-	-	22,063,500	50,500	0.2%
Other Revenues	1,412,437	555,855	597,600	-	306,000	300,000	3,171,892	469,500	17.4%
Total Nongeneral Funds	\$ 34,258,087	\$ 22,619,355	\$ 21,940,600	\$ 3,011,125	\$ 306,000	\$ 300,000	\$ 82,435,167	\$ 2,506,150	3.1%
Total University Sources	\$ 55,029,385	\$ 22,619,355	\$ 21,940,600	\$ 4,896,010	\$ 980,969	\$ 2,050,000	\$ 107,516,319	\$ 3,328,188	3.2%
FY 2013-14 Uses									
Instruction	\$ 29,509,817	\$ -	\$ 134,400	\$ -	\$ -	\$ -	\$ 29,644,217	\$ 673,090	2.3%
Research and Public Service	1,077,850	-	45,785	-	-	-	1,123,635	50,484	4.7%
Academic Support	9,360,820	-	158,656	-	-	-	9,519,476	219,487	2.4%
Student Services	6,034,995	-	655,656	-	-	-	6,690,651	1,000,772	17.6%
Institutional Support	3,889,921	-	708,998	-	-	-	4,598,919	93,718	2.1%
Operation and Maintenance of Plant	5,155,982	-	1,732,000	-	-	-	6,887,982	363,772	5.6%
Scholarships and Fellowships	-	-	2,087,500	4,896,010	-	-	6,983,510	230,865	3.4%
Auxiliary Enterprises									
University Housing	-	5,690,494	233,104	-	-	-	5,923,598	776,416	15.1%
Dining Services	-	6,619,395	280,494	-	-	-	6,899,889	168,335	2.5%
Bookstore	-	2,208,481	-	-	-	-	2,208,481	(767,741)	-25.8%
Other Services	-	8,100,985	15,795,620	-	-	-	23,896,605	458,490	2.0%
Subtotal - Auxiliary Enterprises	-	22,619,355	16,309,218	-	-	-	38,928,573	635,500	1.7%
Museums and Cultural Services									
Belmont	-	-	30,657	-	729,539	-	760,196	-	0.0%
James Monroe Museum & Library	-	-	77,730	-	251,430	-	329,160	10,000	3.1%
Subtotal - Museums/Cultural Services	-	-	108,387	-	980,969	-	1,089,356	10,000	0.9%
Dahlgren Education/Research Center	-	-	-	-	-	2,050,000	2,050,000	50,000	2.5%
Total University Uses	\$ 55,029,385	\$ 22,619,355	\$ 21,940,600	\$ 4,896,010	\$ 980,969	\$ 2,050,000	\$ 107,516,319	\$ 3,327,688	3.2%

About 23% of UMW's total revenue for 2013-14 is from state general funds...



Key changes in the revenue budget. . .

- General Fund increase of \$822,038
 - Educational & General Programs
 - \$412,076 for 3% faculty salary increase
 - \$202,000 for 2% + compression adjustment for classified staff
 - \$486,280 for fringe benefit rate changes
 - \$189,997 for base operating costs
 - \$97,851 for termination of higher education vacancy savings
 - (\$531,031) to retract funding for the December 2012 bonus
 - Student Financial Assistance
 - \$98,666 for need-based undergraduate aid – Virginia
 - \$6,199 for graduate students
 - Dahlgren Campus
 - (\$150,000) for general fund phase-out
 - James Monroe Museum
 - \$10,000 for operating costs

Key changes in the revenue budget. . .

- Tuition and Fees - \$1,834,650
 - Educational & General Programs
 - \$832,500 – 4.5% increase for in-state students
 - \$450,000 – 4.5% increase for out-of-state students
 - (\$307,850) – net enrollment composition change
 - Comprehensive Fee
 - \$860,000 – 4.5% rate increase
 - Not affected by student residency

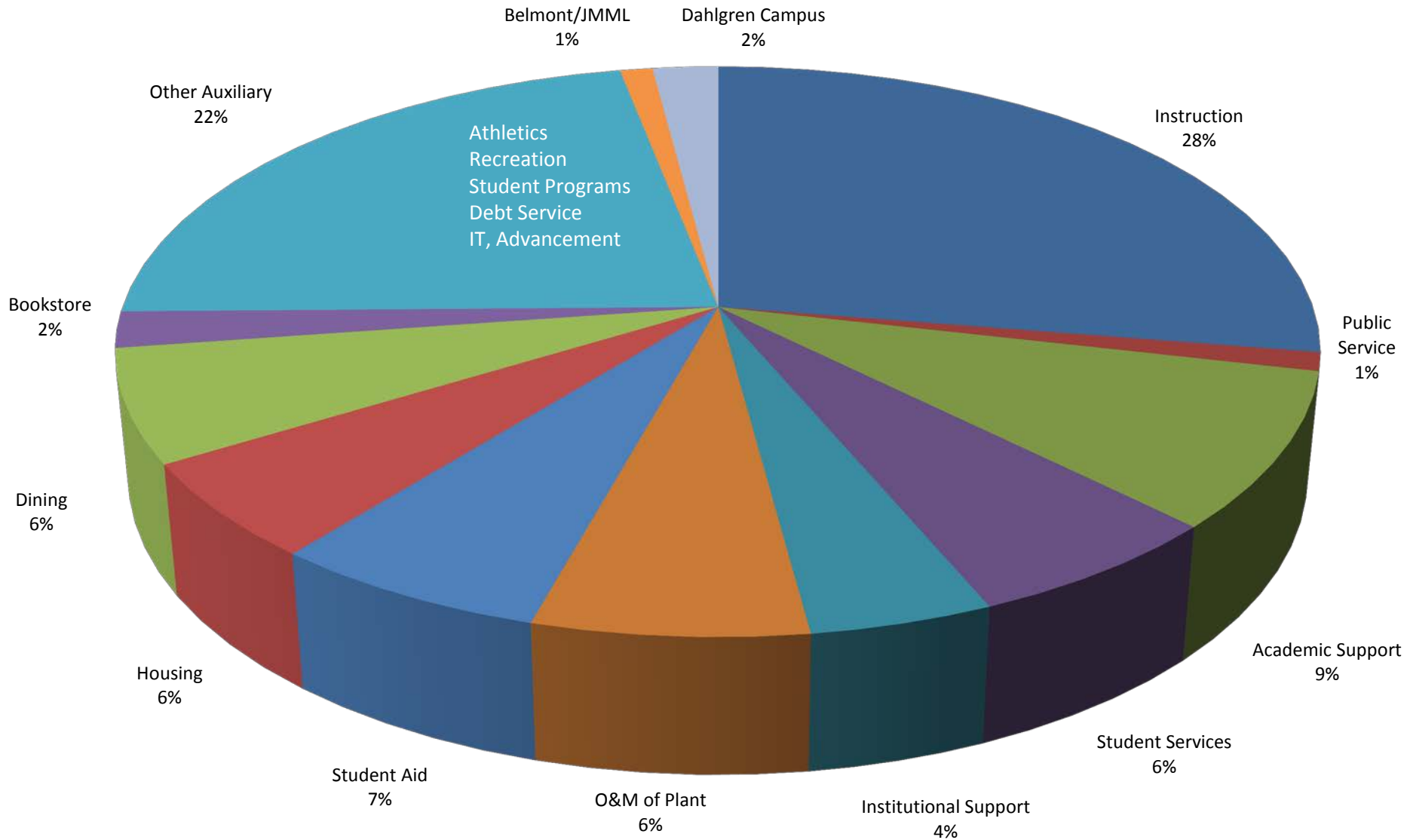
Key changes in the revenue budget. . .

- Sales and Services - \$50,000
 - University Housing: \$395,000 from 4% rate increase
 - Dining: \$175,000 from 2% rate increase and \$100,000 from projected increase in meal plan subscriptions
 - Bookstore: (\$620,000) projected decline in sales
 - Primarily a true-up to actual FY13 revenues

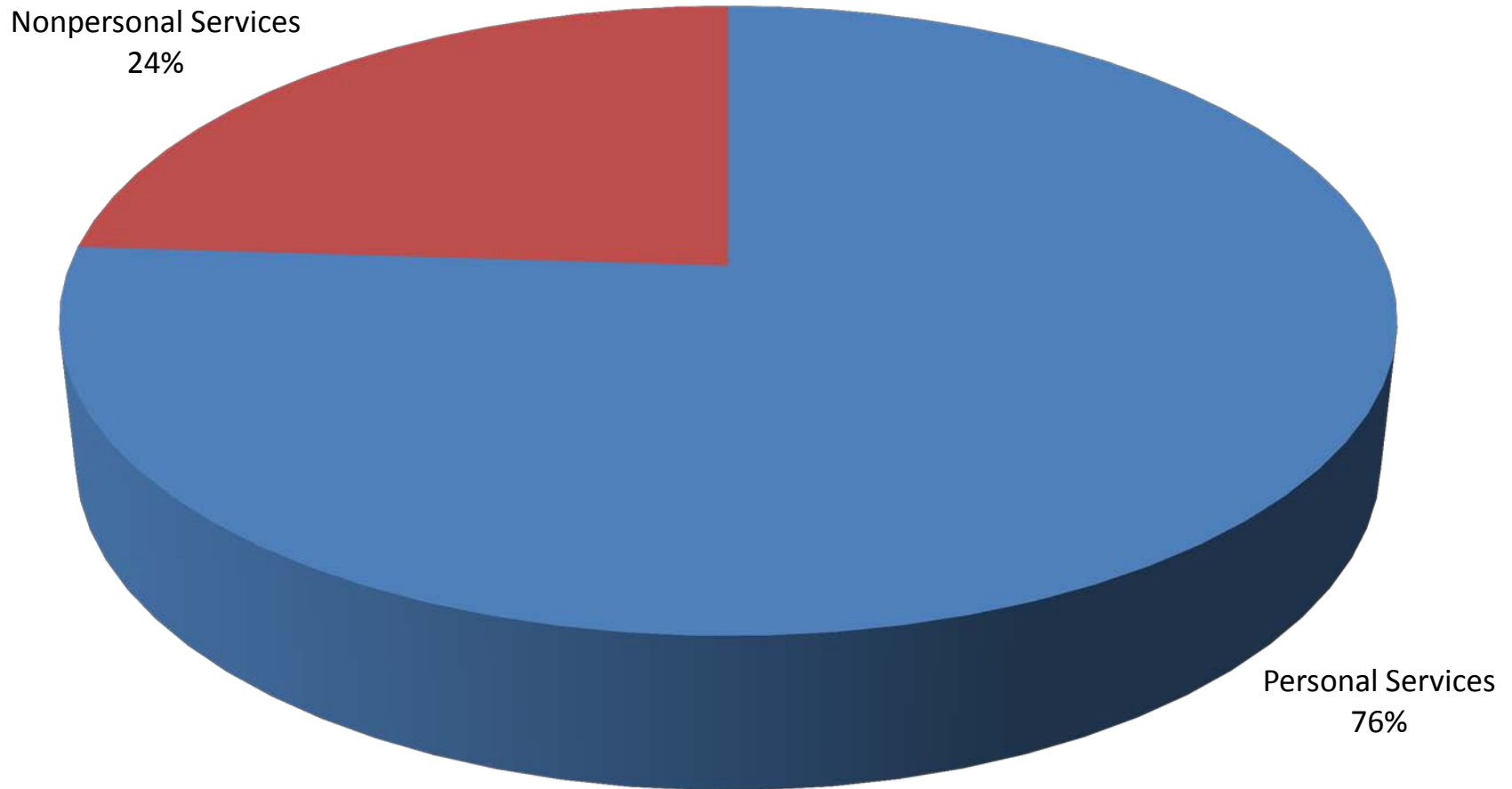
Key changes in the revenue budget. . .

- Grants and Contracts - \$151,500
 - Increase in federal funding for Pell Grants
 - Maximum award increase from \$5,550 to \$5,645
- Other Sources - \$469,500
 - E&G Programs
 - \$269,500 for Orientation Program fee
 - Dahlgren Campus
 - \$200,000 in rental and other income

Turning to expenditures. . .



About 3/4 of the E&G budget is for salaries, fringe benefits and wages



About 1/3 of the nonpersonal services budget is for unavoidable operating costs, such as utilities, insurance, contracts, licenses and leases.

Key changes in the expenditure budget. . .

- Total expenditure budget increase - \$3,327,688
 - State mandated salary and fringe benefit changes
 - Salary increases - \$1,440,005
 - Fringe benefit rate adjustment - \$1,078,289
 - Debt service and facilities costs - \$1,972,000
 - Randolph – Mason renovations
 - Campus Center debt reserve pool
 - O&M reserve pools for Campus Center and ITCC

Key changes in the expenditure budget. . .

- Leases, contracts, licenses, utilities - \$221,550
- Salary annualization- \$124,251
 - Cover full annual costs of mid-year hires and salary adjustments
- Additional state and federal financial aid - \$256,365
- Additional revenues for Dahlgren Campus - \$50,000
 - Net of \$150,000 reduction in general funds and \$200,000 increase in revenue from rental activity
- Additional operating budget for James Monroe Museum - \$10,000

Key changes in the expenditure budget. . .

- New initiatives and other priorities - \$1,337,575
 - \$500,000 – Admissions Office
 - \$310,000 – Orientation Program
 - \$120,000 – Conversion of adjuncts to full-time faculty (3)
 - \$105,575 – Quality Enhancement Program
 - \$77,000 – Counseling and Psychological Services staffing
 - \$73,000 – Domain of One's Own
 - \$67,000 – Faculty Sabbaticals – total of 12

Key changes in the expenditure budget. . .

- New initiatives and other priorities (cont'd)
 - \$40,000 – Washington/Alvey Scholarships
 - \$25,000 – Online Learning Initiative
 - \$20,000 – Operating budget for National Alumni Networks

Balancing the expenditure budget. . .

Total Expenditure Budget Adjustments	\$6,490,035
Budget Reallocations	
December 2012 3% bonus	(\$1,300,000)
Bookstore expenditure budget true-up	(791,352)
Debt service coming off-line	(596,000)
Provost's Office - offset to Admissions	(250,000)
Eliminate one-time FY13 budget items	(178,861)
Out-of-state capital outlay fee adjustment	(46,134)
Total Budget Reallocations	(\$3,162,347)
Net Expenditure Budget Increase	\$3,327,688

Key Budget Pressures

- State Cost-Sharing Policy
- Trends in General Fund Support
- Enrollment - Tuition and Fees

State Cost-Sharing Policy

Virginia's financing policy for higher education

- In-state students
 - 67% of the cost of education for in-state students will be borne by the Commonwealth (general funds)
 - 33% will be borne by the student – tuition and fees
- Out-of-state students
 - 100% of cost supported by tuition and fees
 - No state funding
- Auxiliary Enterprises (housing, dining, bookstore)
 - No state funding

UMW's cost-sharing rate. . .

- Calculated on each institution's mix of in-state and out-of-state students and tuition revenue
- UMW's cost-share ratio
 - 56% general funds
 - 44% nongeneral funds (tuition and fees)
- Examples of other ratios
 - 64/36 UVA-Wise
 - 47/53 JMU
 - 40/60 CWM and VMI
 - 38/62 UVA

UMW's cost-sharing rate. . .

- State mandated cost increases for 2013-14

2013-14 State Mandates	Total Cost	General Funds	Tuition & Fees
3% salary increase	\$1,210,000	\$614,076	\$595,924
Health insurance (employer)	896,000	484,000	412,000
Total	\$2,106,000	\$1,098,076	\$1,007,924

Required a 2.8% tuition and E&G Comp Fee increase

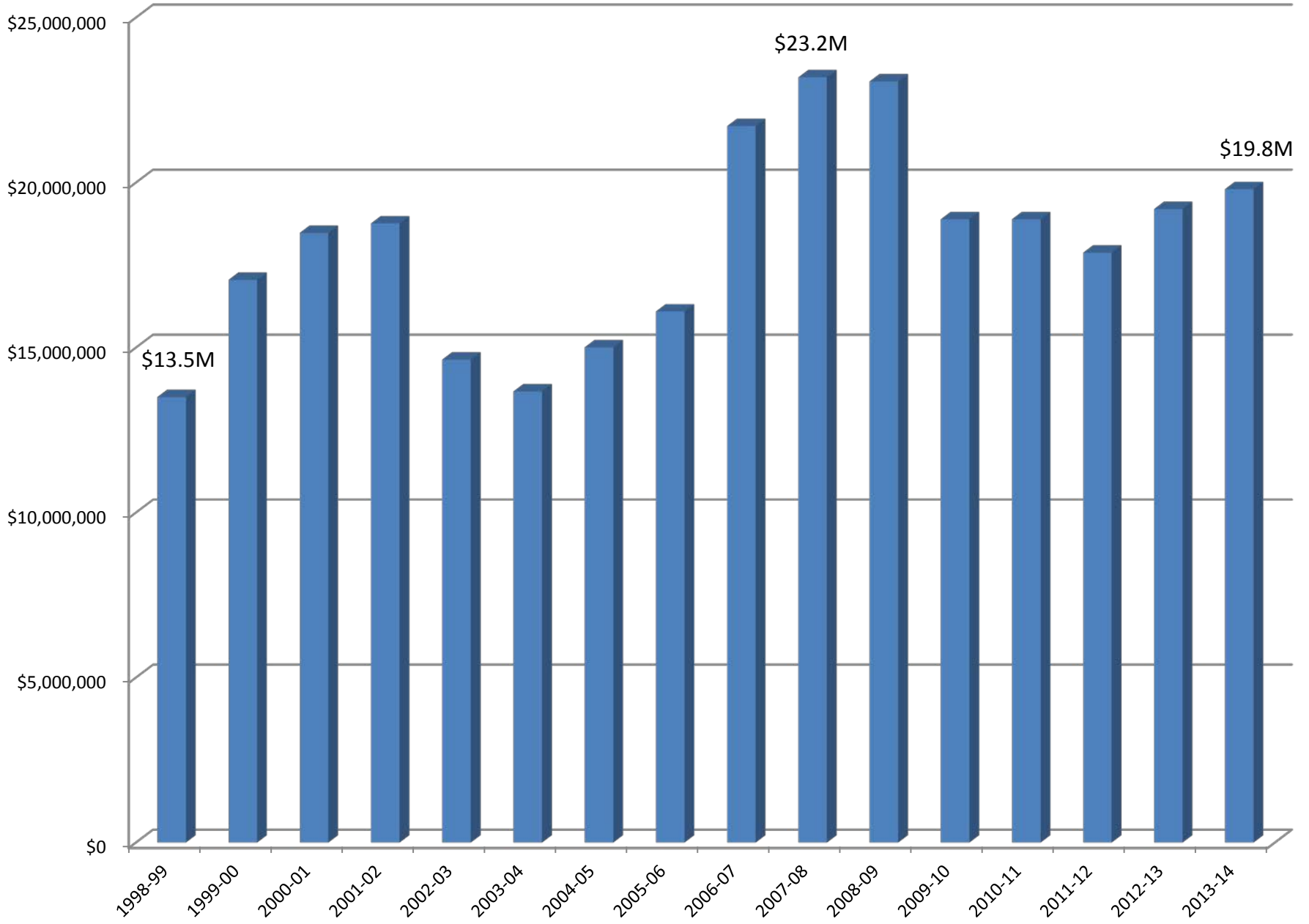


Why does the cost-sharing policy matter?

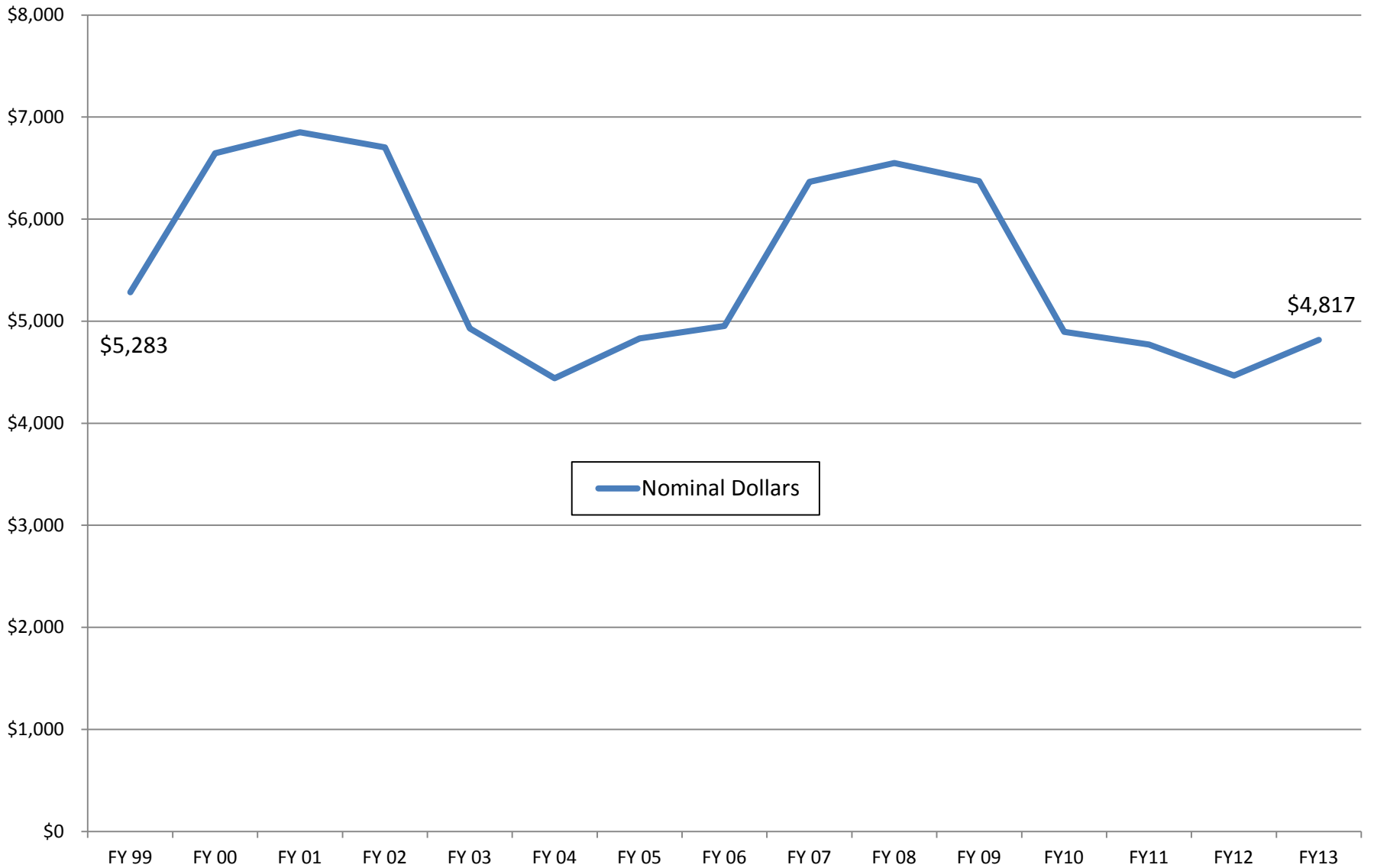
- The Governor wants to see a tuition and fee increase at the rate of inflation or lower
 - Pressure is applied to BOVs (and from BOVs to university administrators)
- Tuition and fee increases for mandated state costs count against this benchmark
 - Unless funded by the state, all other cost increases must be addressed in the remaining T&F increase capacity, through reallocations or budget cuts
 - Utilities, contracts, leases, insurance
 - Equipment replacement, operation and maintenance
 - All other priorities

State Funding Trends

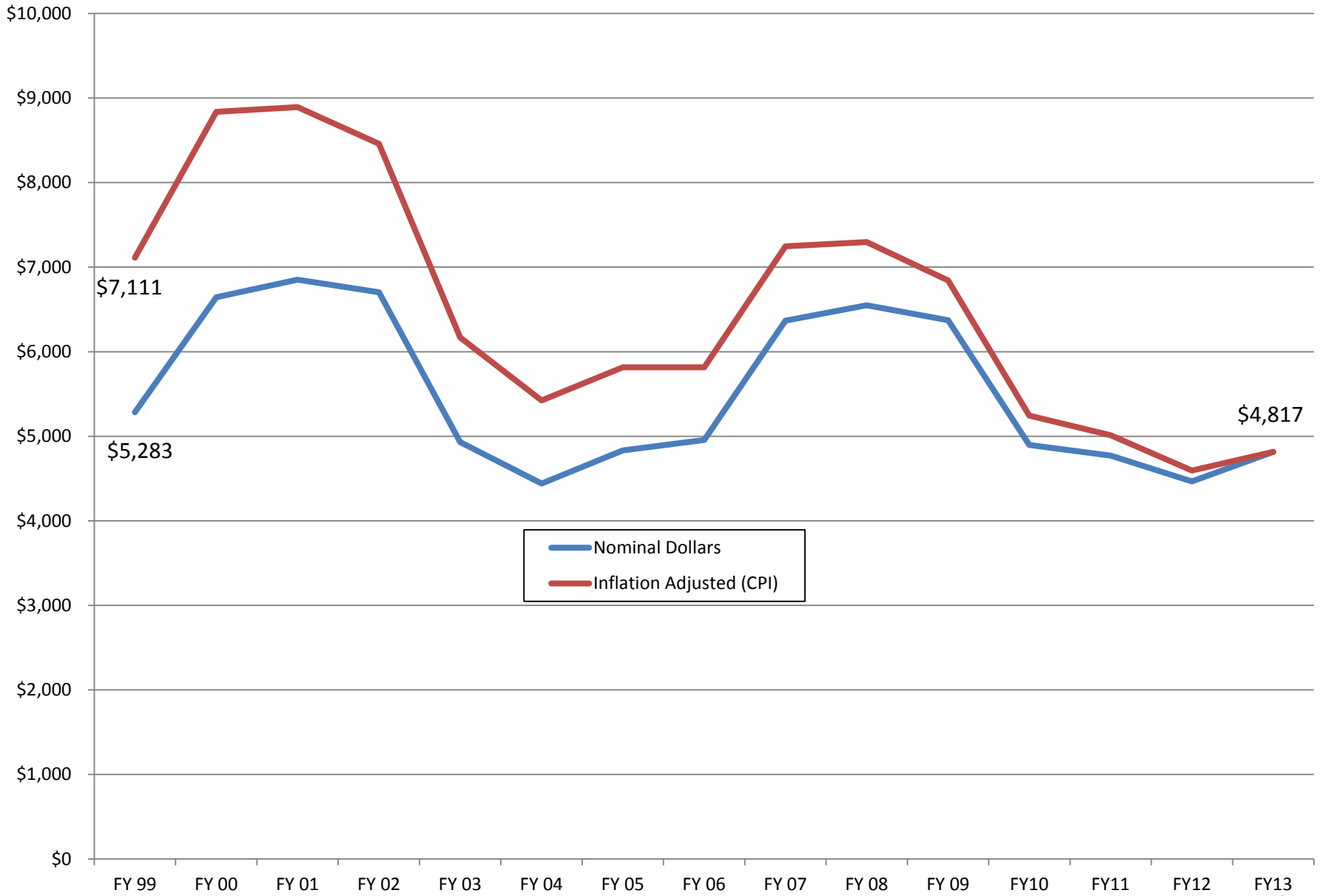
Trends in State General Fund Support for E&G Programs



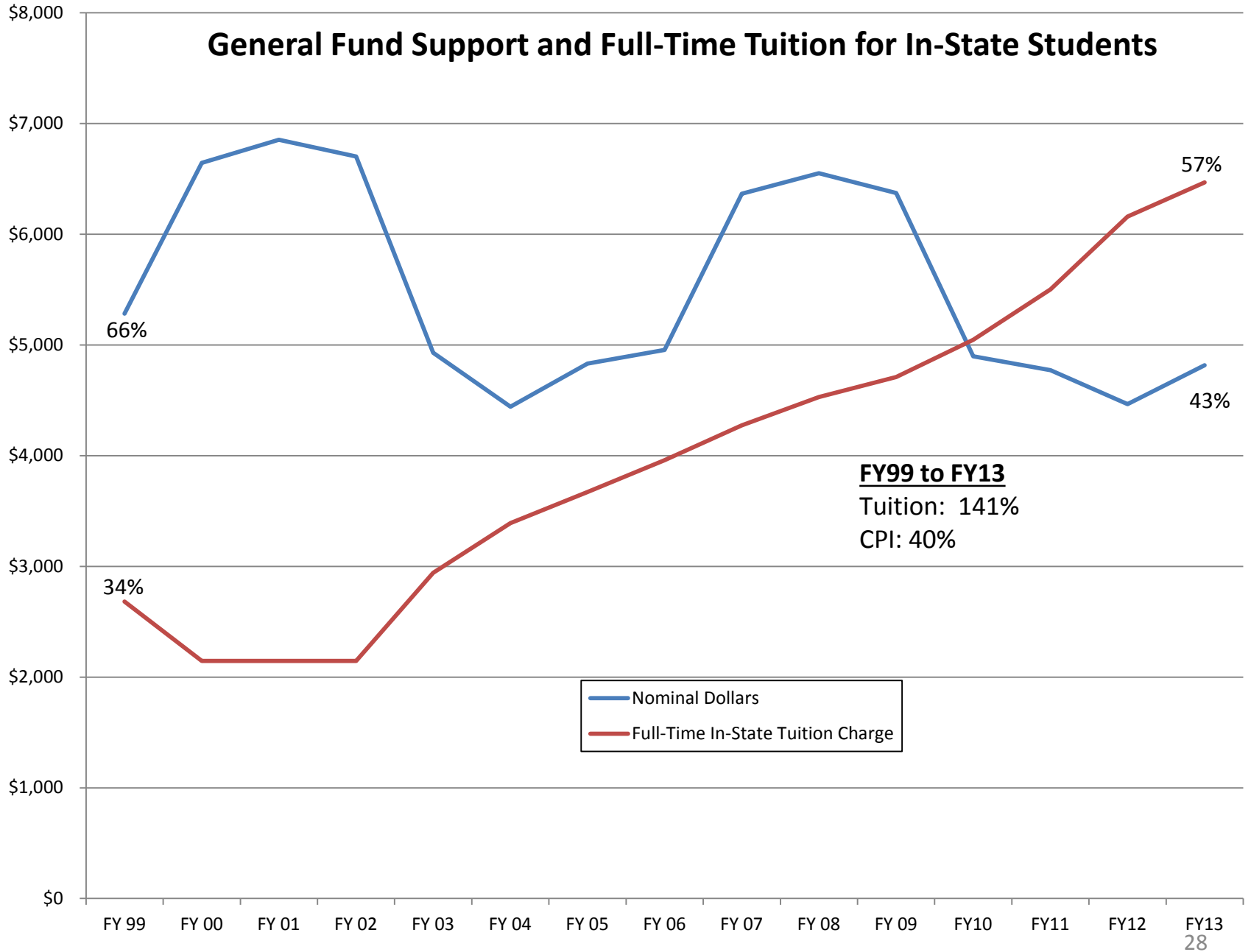
Trends in General Fund Support Per In-State Student FTE



Trends in State General Fund Support Per In-State Student FTE

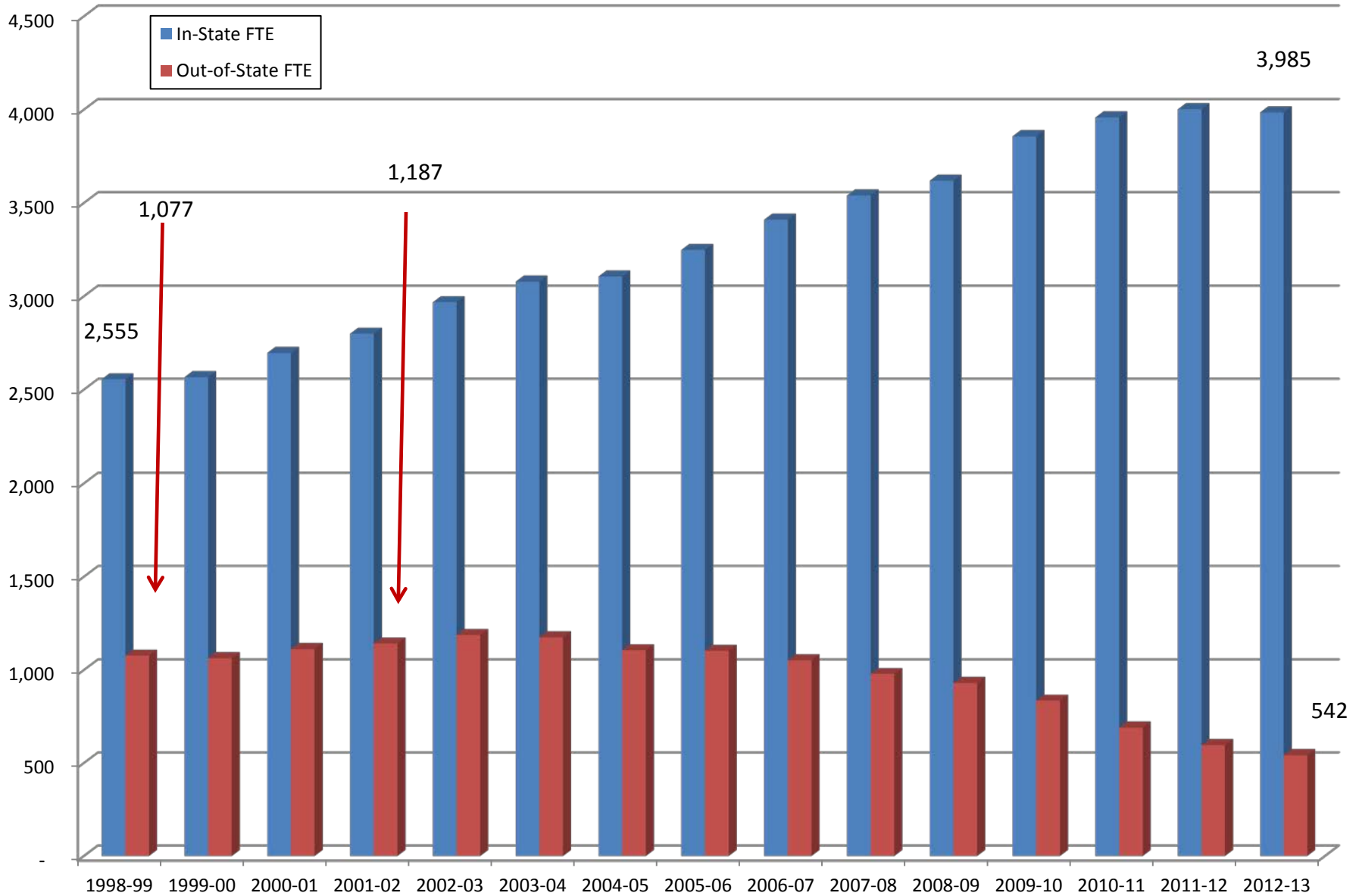


General Fund Support and Full-Time Tuition for In-State Students



Enrollment – Tuition and Fees

Student FTE Enrollment History by Residency



Comparison of In-State and Out-of-State tuition and fee rates. . .

	2013-14 I/S	2013-14 O/S	O/S Difference
Full-Time Undergraduates			
Tuition	\$4,896	\$17,766	\$12,870
E&G Comp Fee	1,862	1,862	-
Auxiliary Comp Fee	2,902	2,902	-
Housing	5,598	5,598	-
Board	3,524	3,524	-
Total	\$18,782	\$31,652	\$12,870

Out-of-state students subsidize in-state students at all public institutions in Virginia. . .

	Guideline	Average	% of
	Cost	Nonresident	Cost
		Tuition	
GMU	\$15,124	\$25,841	171%
UVA	\$19,832	\$32,018	161%
ODU	\$13,554	\$21,741	160%
JMU	\$12,825	\$20,060	156%
VMI	\$18,061	\$28,068	155%
RBC	\$8,559	\$13,286	155%
VCU	\$14,602	\$22,374	153%
LU	\$12,941	\$19,407	150%
VT	\$16,389	\$24,565	150%
RU	\$12,034	\$17,917	149%
CWM	\$20,105	\$29,413	146%
NSU	\$12,140	\$17,509	144%
UVA-W	\$13,802	\$19,857	144%
UMW	\$13,594	\$19,340	142%
VCCS	\$7,100	\$9,724	137%
CNU	\$12,368	\$15,849	128%
VSU	\$11,261	\$14,338	127%

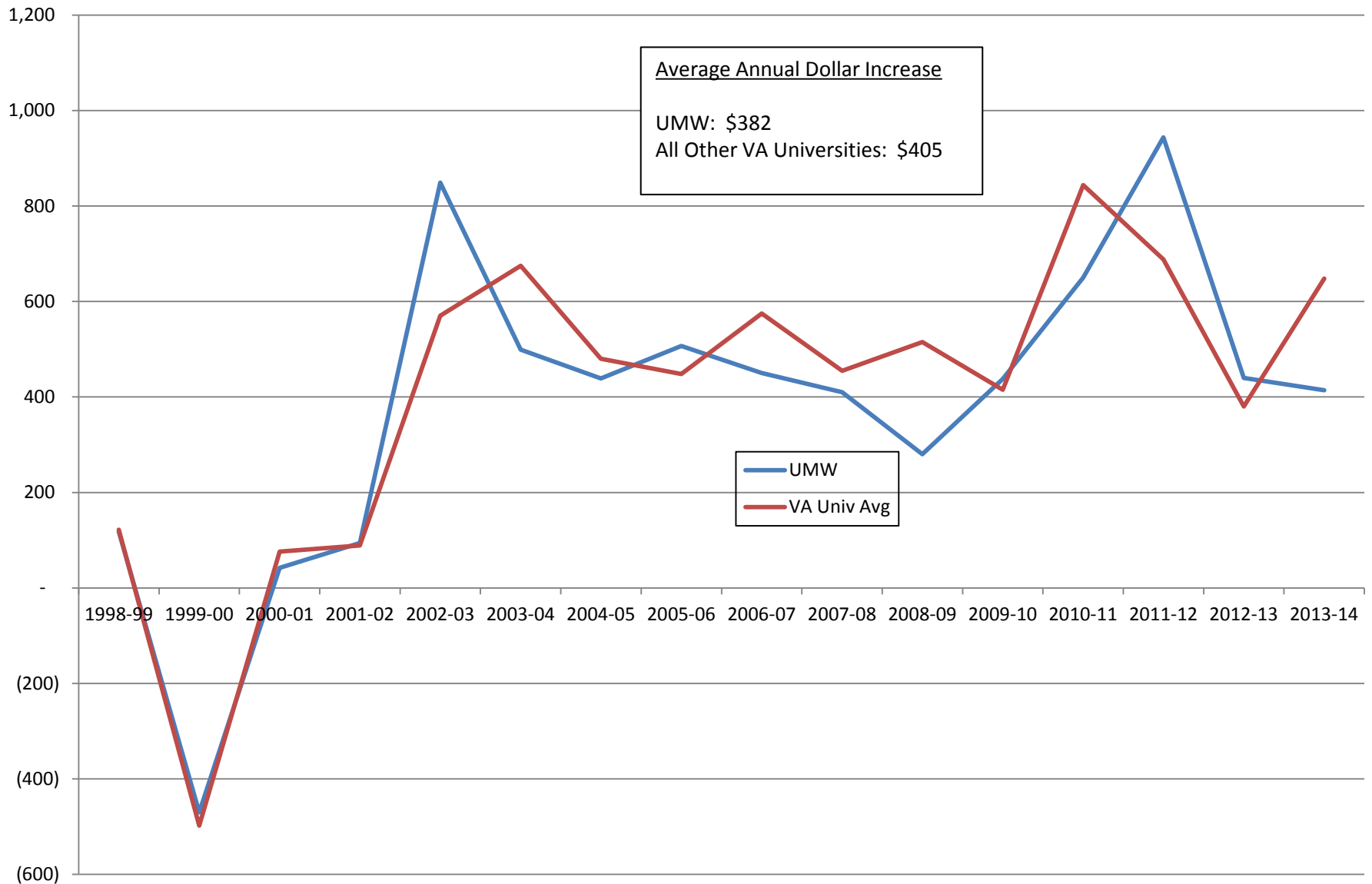
Source: SCHEV Full-Cost Report, July 2013

Tuition revenue budget impact. . .

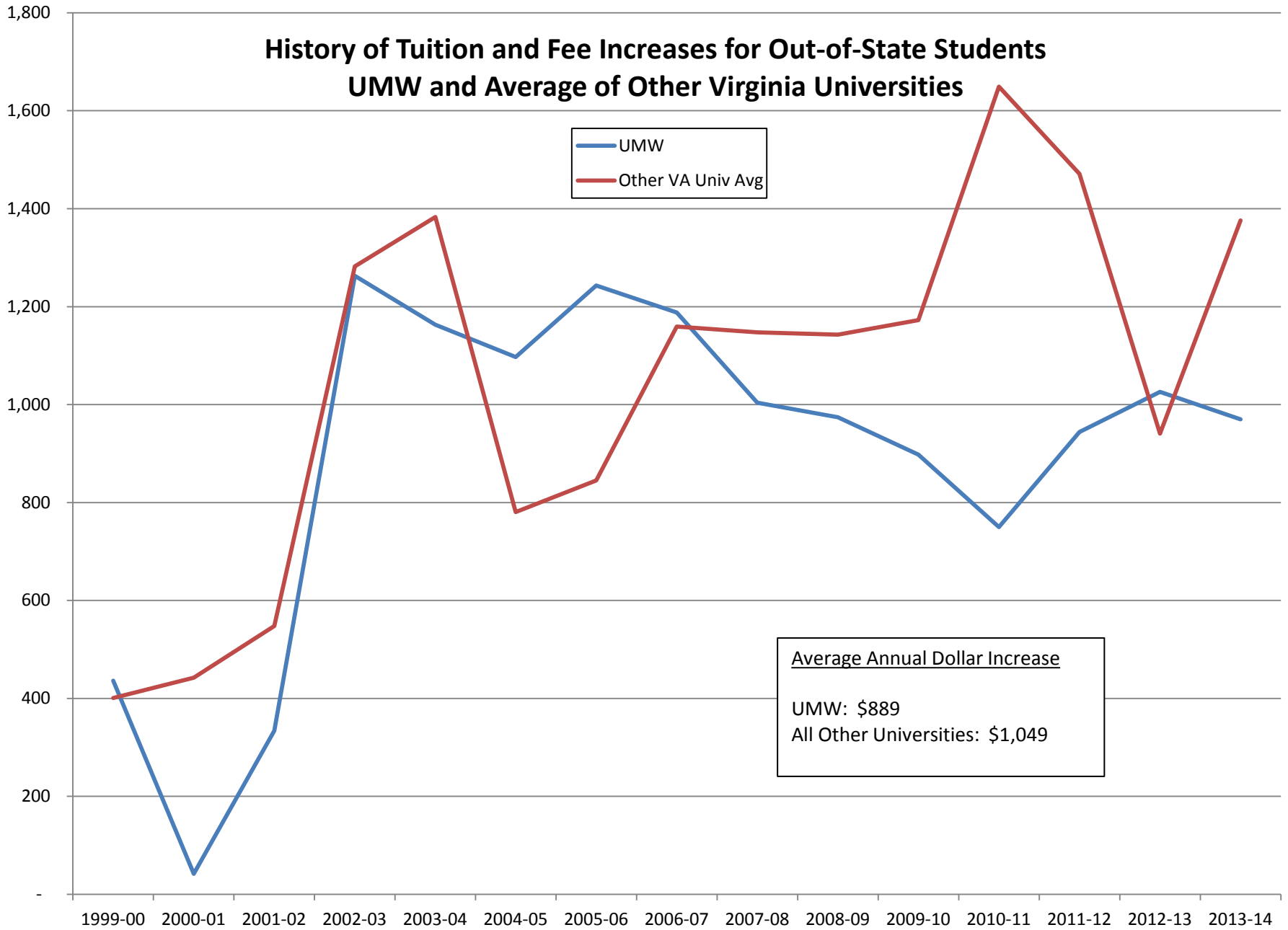
	2012-13 FTE	Maintain 2001-02 O/S FTE	Change from 2012-13	2013-14 Tuition Rates	Revenue Impact
In-State	3,985	3,340	(645) x	\$4,896	(\$3,157,920)
Out-of-State	542	1,187	645 x	\$17,766	\$11,459,070
Total	4,527	4,527	-		\$8,301,150 *

*Represents a 25% increase above 2013-14 tuition revenue budget.

History of Tuition and Fee Increases for In-State Students UMW and Average of Other Virginia Universities



History of Tuition and Fee Increases for Out-of-State Students UMW and Average of Other Virginia Universities



Average Annual Dollar Increase
UMW: \$889
All Other Universities: \$1,049

Comparison of 2013-14 tuition and fees . .

Rank	IS Commuter*		OS Commuter*		Room & Board		IS Total		OS Total	
	1	W&M	\$15,463	UVA	\$39,844	VSU	\$10,008	W&M	\$25,279	UVA
2	VMI	\$14,404	W&M	\$38,440	UVA-W	\$9,990	VMI	\$22,492	W&M	\$48,256
3	UVA	\$12,458	VMI	\$35,392	CNU	\$9,958	UVA	\$22,175	VMI	\$43,480
4	VCU	\$12,002	VCU	\$29,473	W&M	\$9,816	VCU	\$21,084	VCU	\$38,556
5	VT	\$11,455	GMU	\$28,592	UVA	\$9,717	CNU	\$21,050	GMU	\$37,582
6	LU	\$11,340	VT	\$27,211	UMW	\$9,122	LU	\$20,216	VT	\$34,861
7	CNU	\$11,092	ODU	\$24,480	VCU	\$9,082	VT	\$19,105	UVA-W	\$33,555
8	GMU	\$9,908	LU	\$24,211	GMU	\$8,990	GMU	\$18,898	ODU	\$33,392
9	UMW	\$9,660	JMU	\$23,654	ODU	\$8,912	UMW	\$18,782	LU	\$33,086
10	JMU	\$9,176	UVA-W	\$23,565	LU	\$8,876	UVA-W	\$18,499	JMU	\$32,527
11	RU	\$8,976	UMW	\$22,530	JMU	\$8,873	JMU	\$18,049	UMW	\$31,652
12	ODU	\$8,820	RU	\$21,141	NSU	\$8,374	VSU	\$17,792	CNU	\$30,950
13	UVA-W	\$8,509	CNU	\$20,992	RU	\$8,156	ODU	\$17,732	RU	\$29,297
14	VSU	\$7,784	NSU	\$20,696	VMI	\$8,088	RU	\$17,132	NSU	\$29,070
15	NSU	\$7,226	VSU	\$17,192	VT	\$7,650	NSU	\$15,600	VSU	\$27,200

What's next on the budget horizon?

- Strategic Resource Allocation
 - Responds to limited expectations from traditional revenue sources
 - State general fund support
 - Tuition and fee rate increases
 - Enrollment growth
 - Report expected later this fiscal year
 - Impact on budget may not occur until 2015-16