

University Budget Advisory Committee
Meeting, February 18, 2015
4:00 pm, ITCC 310

Meeting called to order at 4:05 PM. In attendance, Janet Asper, Stephen Farnsworth, Brian Rizzo, Dana Hall, Werner Wieland (chair), Paul Messplay, Richard Pearce, Jonathan Levin

Approval of Minutes:

Minutes of meetings held on October 29, 2014, November 12, 2014, and November 19, 2014 were approved.

Budget overview presented by Richard Pearce.

A combination of state funding reductions and lower enrollment has had a significant impact on the university's budget in the current year (FY2014-15).

First, after the 2014-15 budget was adopted and tuition and fees rates set, state revenues took a dramatic fall and state funding support for UMW was lower than anticipated by \$1.2 million.

Second, enrollment for both continuing students and the freshman class came in lower than expected. In total, revenue from tuition, fees, room and board were reforecast at \$5.5 million below budget estimates.

Third, state revenues continued to decline through the summer and in September the state required UMW to reduce its state general fund support by \$635,000.

In total, reductions of \$7.3 million were required to balance the 2014-15 budget. The budget was balanced through a combination of cost savings due to lower enrollment (through the university's dining plan), university and departmental budget reductions and the one-time use of the university's reserve pool.

The budget stress in the current year is compounded by changes in enrollment and state funding levels of the last six years. In total, headcount enrollment has declined by 549 students between fall 2008 and fall 2014. Although in-state undergraduate enrollment has increased by 370 students (11%), out-of-state and graduate enrollments have declined at a faster rate. In particular, out-of-state enrollment has declined by 453 students. Full-time out-of-state students pay approximately \$13,000 more than in-state students, so an enrollment shift of this nature has a significant impact on the university's revenue budget. In total, the university's revenue base is about \$7.9 million lower due to the decline in headcount and the shift between in-state and out-of-state students. Further, even though UMW has been enrolling more in-state students, for which it should receive additional state support, state funding during this time period has declined by \$2.5 million.

The budget environment of the recent past has made the development of next year's budget (2015-16) that much more challenging. Preliminary budget estimates reflect an expenditure requirement of about \$5.0 million. Of this total, about \$2.9 million is needed to

replace one-time funds (e.g., university reserves) used to balance this year's budget. Tuition and fee increases cannot be used to fully cover next year's budget needs.

Pres. Hurley has been in Richmond lobbying for an increase in operating funds and we hope that his reputation with the General Assembly will prove successful. The 2015 General Assembly is expected to adjourn by February 28, 2015, and we will know about the state budget at that time.

Committee members then asked Provost Levin about various graduate programs. A primary concern was enrollment figures for graduate programs. The Provost stated that although enrollment figures have been on a decline for various programs they seem to be leveling off. Also enrollment of new students appears to have stabilized. A study of the number of adult students within the planning district has recently been completed (UMW is in planning district 16). This study indicates that there is a sufficient number of students within the area to justify the graduate programs in business and education. The weakest program nationwide is currently the MBA degree. All MBA programs hit a historic low in 2008. Full-time programs recovered in 2011, however part-time programs have not recovered and UMW's program is primarily a part-time program.

The Provost indicated that graduate programs in education and digital business have a good potential. Our programs were started just as the economy declined. Combined with cancellation of other programs such as the BLS resulted in a significant decline in students.

The Provost also related to the committee that he had met with the committee on faculty affairs and discussed salary issues. Most significant is the compression of salaries at the assistant professor level. He indicated that he was gathering figures and working on some options to address the problem.

The Committee had a brief discussion on the types of marketing being conducted on behalf of UMW. Specifically, a recent ad by Christopher Newport University that appeared in SkyMall magazine. This was compared UMW ad that ran on Amtrak.

The meeting adjourned at 5:15 PM