

**Report to University Faculty Council
University Budget Advisory Committee
Fall 2012**

The following describes the actions of the University Budget Advisory Committee for the fall 2012, as well as includes projected outcomes for spring 2013 as stated in the committee charge:

Budget: FY 2012-2013

- UMW balanced budget of approximately \$102,600,000 representing a 5.5% increase from FY 2011-12

Budget Considerations: FY 2013-2014

Governor McDonnell presented his proposed amendments to the 2013-14 budget at a joint meeting of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee on December 17, 2012. A summary of the key components related to higher education and the University of Mary Washington (UMW) is presented below. The Governor's budget recommendations were considered by the 2013 General Assembly, which convened on January 9, 2013. More detailed information regarding the actions taken on the Governor's budget may be found at:

<http://dpb.virginia.gov/>

Operating Budget

- *Compensation:* The original 2013-14 budget included a 2% permanent salary increase for faculty and staff effective July 10, 2013, if within 5 days of the preliminary close of the fiscal year ending June 30, 2013, the Comptroller determines that no revenue reforecast is required. The Governor's budget proposals do not amend this provision.
- *Actions Supporting the Virginia Higher Education Opportunity Act:* The Governor's recommended budget actions include an additional general fund allocation of \$219,317 to support the goals of the Higher Education Opportunity Act and UMW's six-year plan. Also, an additional \$22,424 in general funds is provided to support need-based aid for in-state undergraduate students. The Governor's budget also requires an increase in the reallocation of funds to support initiatives in UMW's six-year plan or that advance the objectives of Higher Education Opportunity Act. As reflected in the Governor's amendments, UMW's 2013-14 reallocation requirement increases from \$361,240 in the original budget to \$903,101.
- *Administrative Efficiencies:* For 2012-13, general fund appropriations were reduced for higher education institutions and state agencies to reflect required savings from administrative efficiencies. For UMW, this unanticipated general fund reduction totaled \$97,851 and will continue into 2013-14.
- *State Employee Health Insurance:* The Governor's budget includes a net increase of \$64.4 million for anticipated increases in the employer cost of health insurance for state employees. The allocation

of these funds has not yet been determined. However, any allocation to UMW will have a funding match requirement from institutional nongeneral fund (tuition and fees) revenue.

- *Tuition and Fees:* The Governor's budget amendments do not include any restrictions on E&G tuition and fee increases, although institutions are encouraged to limit increases for in-state undergraduate students.
- *Higher Education Equipment Trust Fund (HEETF):* The Governor's budget amendments do not include any changes to UMW's allocation under the HEETF program. UMW's allocation is expected to be \$528,587 in 2013-14, which is the same allocation the University received in 2012-13 and 2011-12.
- *Dahlgren Education and Research Center:* The Governor's budget does not amend funding for the Dahlgren Campus in 2013-14 beyond that reflected in the original budget. For 2013-14, general fund support will decrease from \$1,900,000 to \$1,750,000 and nongeneral funds, primarily from facilities rental and leases, will increase from \$100,000 in 2012-13 to \$250,000 in 2013-14.

Capital Outlay

- *Maintenance Reserve:* The Governor's amendments do not include any changes to UMW's allocation for maintenance reserve. For 2013-14, UMW's allocation is expected to be \$562,604, which is the same amount UMW received in 2012-13 and 2011-12.
- *Capital Outlay projects:* The Governor's amendments include the allocation of \$262.8 million in funding to support pooled projects statewide moving from planning to construction. Included in this category of projects is the renovation of Mercer and Woodard Halls.
- Challenges for FY2013-14
 - *limit tuition and fee increases (approximately 3%)
 - *off-set decreased out-of-state and graduate enrollment
 - *fund half of state's 2% faculty and staff salary increase
 - *fund SACS accreditation and Strategic Plan implementation cost

Actions: Fall 2012

The committee heard presentations from the following speakers related to costs, expenses, current and projected initiatives in order to inform a broad understanding of budgeting processes within the university and to inform prioritization decisions for FY 2013-14. More detailed information can be found in the posted minutes.

- Rick Pearce, VP for Administration and Finance and CFO and Paul Messplay, Executive Director of Budget and Financial Analysis:
Provided overview of FY12 budget including a review of Six-Year Plan and general timeline of the state's budget development process affecting UMW
- Jeff Rountree, CEO UMW Foundation and Greg Branner, Director of Administration and Finance, UMW Foundation:
Explained role of Foundation as existing to support the university; discussed real estate holdings and future acquisitions as largely university-driven based on strategic plan; reviewed revenue potential for hotel to be completed in fall 2013; Foundation has endowment of approximately \$37 million (98% of which is restricted to particular scholarships); Foundation annually spends no more than 5% of total endowment
- John Morello, Associate Provost for Academic Affairs:
Discussed increased costs associated with increased sabbaticals, implementation of the QEP, BSN completion program, AACSB accreditation (2016), and master's in GIS; discussed summer session 2012 overview and need for readjustment in summer course offerings to ensure all courses generate revenue (issue presented to committee following university-wide dissemination of information)
- Dean Finkelstein, CAS:
Presented overall goals of CAS budgeting including major program, equipment, research and adjunct allocations; indicated most interested in building revenue enhancing programs
- Dean Richardson, COB:
Presented an overview of the college's budgetary status including salary, research, equipment, and accreditation allocations; provided Foundation account figures dedicated to COB projects
- Carol Descak, Interim Associate Provost for Admissions and Financial Aid:
Presented committee with handout of eleven expectations to be completed prior to June 2013; discussed recruitment plan for subgroups: in-state; out-of-state; international; underrepresented populations; reviewed strategic communications plan including the use of technology; reviewed recruitment and training processes related to admissions staff
- Torre Meringolo, Vice President for Advancement & University Relations
Provided information related to cost of raising a dollar (direct mail vs. planned giving vs. special events vs. direct mail/donor acquisition); Research Analytics is the firm used to identify and rank potential donors; FY 2012: over \$9.3 million raised at a cost of \$1.1 million; presented giving trends of other state institutions; based on UMW's minimal number of advancement staff, total dollars raised is remarkable and above much larger institutions in terms of alumni giving; parents and corporate/foundation relations fundraising efforts needs to improve

- Dean Gendernalik-Cooper, COE
Presented an oral report on the College of Education; discussed sustainability, the College's paper-reduction strategies, and the initial status of its Virginia Department of Education accreditation process; budget for the Dean's office and two departments were presented; additional revenue generating operations, such as professional development for area teachers, were discussed

Projected Outcomes: Spring 2013

January 2013, VPs will send FY13 budget requests to CFO and President Hurley. The committee will reconvene in February to review VPs' budget requests, and if necessary, VPs and/or deans may be invited to present more detailed information regarding those requests to the committee. In March/April, the committee will prioritize requests made and submit a recommendation report of the prioritized requests and rationale to CFO, CAO and President Hurley. This timeline is based upon the 2013 General Assembly's approval of the governor's budget.

Respectfully Submitted on February 4, 2013,

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Mukesh Srivastava

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Tim O'Donnell (Secretary)

Tamie Pratt-Fartro (Chair)

Bethany Friesner

Joe Romero

Clarence Tweedy