Budget Briefing
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Total Operating Budget Expense Categories (incl. Financial Aid)

- Research & Other Restricted: 23.9%
- Academics & Extension: 20.3%
- Academic Support: 4.8%
- Student Services: 3.0%
- Institutional Support (Central Services): 6.5%
- Operations & Plant Maintenance: 4.0%
- Debt Service & Transfers: 2.3%
- Financial Aid: 13.5%
- Income & Expense Activities: 20.7%
- Executive Management: 1.0%
Gross General Fund Budget Allocations (incl. Financial Aid)

- Financial Aid: 24.4%
- Executive Management: 1.7%
- Academics & Extension: 36.5%
- Academic Support: 8.7%
- Student Services: 5.5%
- Institutional Support (Central Services): 11.8%
- Operations & Plant Maintenance: 7.3%
- Debt Service & Transfers: 4.1%
Primary Revenues and Cost Drivers

**Revenues**
- Tuition
- State Appropriation
- Indirect Cost Recovery (F&A)
- Endowment Income & Gifts
- Income/Expense Activities

**Cost Drivers**
- Compensation (wages, salaries & benefits)
- Financial Aid
- Operating, Equipment & Facilities
- Debt Service
- Utilities
Endowment Spending Categories

- Scholarships: 45%
- Department Operations: 42%
- Professorships: 12%
- Awards: 1%
General Fund Spending Categories

- Financial Aid: 24.1%
- Operating & Equipment: 12.8%
- Benefits: 14.8%
- Graduate Stipends: 1.4%
- Library Acquisitions: 1.9%
- Energy: 2.4%
- Debt Service: 4.6%

Investment in people ~ 77%
Other Investments ~ 23%
Wages & Salaries: 38.0%
Strategic Action Plan Elements

• Affordability, financial access and academic support for students

• Advancing academic excellence and cultivating talent

• Identifying and funding necessary investments

• An institutional commitment to efficiency and effectiveness
What Do We Know About the FY 2015 Budget?

- Must close the $6.7M gap (revenue-related) from FY 2014

- Indirect cost recovery (F&A) from grants will likely decline again due to federal program cutbacks and the Sequester

- The cost of existing benefits, especially health insurance will increase

- Importance of keeping wages and salaries competitive

- Critical investments in infrastructure need to be made

- The FY 2015 budget must be structurally balanced
What Strategies and Tradeoffs are being Considered to Address the Challenges?

- Putting in place the means to generate new revenue (e.g., international enrollment, expanded summer programs, new masters programs and distance education)

- Making moderate adjustments to our benefits package, while minimizing adverse impact on faculty and staff

- Modest reductions in administrative and academic unit budgets with a smaller total target than in FY 2014

- A reasonable, moderate increase in tuition combined with a competitive financial aid strategy
What Are the Elements of the Budget Development Process?

• Expanded engagement with all governance groups and the University community over the next several months

• A web-based solicitation of ideas that will help to address the budget challenge

• The issuance of preliminary budget reduction targets to units in November

• Provost review of unit budget plans in December
What Are the Elements of the Budget Development Process? (cont’d)

• Discussions, as part of collective bargaining process, with union representatives regarding compensation relative to available resources

• Review of preliminary budget with Board of Trustees BFI Committee on February 7th

• Review of budget proposal with Board of Trustees BFI Committee on April 14th

• Adoption of budget by Board of Trustees on May 16th
Key Messages

• This is manageable. By working together and supporting each other, we will be successful in achieving a balanced budget consistent with the strategic action plan.
• The budget process will include ongoing engagement of the campus community, including posting presentations and updates on the web.
• This will be an ongoing conversation about tradeoffs among revenues, costs and investments. We welcome your ideas.