

LONGWOOD UNIVERSITY



OPERATING BUDGET AND PLAN *FY 2007-2008*

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BUDGET SUMMARY

This section provides an overview of the University's 2007-2008 operating budget. Detailed budget information is provided in the supporting tables. Highlights of the proposed plan are presented below.

- The budget is based on conservative assumptions related to enrollment projections, revenue calculations and expenditure estimates. Revenue calculations are based on enrollment figures for FY 2006-2007.
- Reserves totaling \$211,500 are included in the budget assumptions.
- The budget contributes approximately \$2.3 million to fund balances in the Auxiliary Service programs. This fund balance contribution continues a long range planning strategy for the use of these resources to accomplish future initiatives in the Auxiliary area. Additional reserves are provided within the budget to address potential variations in key planning assumptions.
- As amended and approved by the Board of Visitors at its May 2007 board meeting, tuition for Virginia undergraduates was increased by \$289, a 7.3 percent increase over last year based on a thirty-credit-hour schedule. In compliance with guidance set forth by the Governor and the General Assembly, the auxiliary student fees, and room and board charges were increased to cover changes in inflationary costs, debt service expenses, and costs associated with base salary increases and fringe benefits. Auxiliary fees increased by \$398. In total, allowing for the increase in tuition and the increases in fees, room and board, the cost for full-time Virginia undergraduates will increase by an average of \$687, a 5.03 percent increase.

Tuition for in-state graduate students remained constant at \$180 per credit hour in an effort to make Longwood courses more marketable. Tuition for out-of-state undergraduate students increased 7.5 percent. The \$504 per-credit-hour rate for out-of-state graduate students did not change.

- The projected revenue budget for FY 2008 is \$85,843,788. The proposed expenditure budget for the total University is \$83,506,748. The budget consists of two major components: the Educational and General Programs budget and the Auxiliary Services budget.
- The Educational and General Programs budget, which includes both general and nongeneral funding sources, is composed primarily of expenditures and revenues in the Instructional programs, as well as Student Financial Assistance and Sponsored Programs (grants and contracts). The total planned expenditures for FY 2008 are \$53,049,235.

- The second major component of the University's total budget is Auxiliary Services, which includes activities such as student housing, dining services, parking and athletics. The proposed Auxiliary Services budget for 2007-2008 is \$30,457,513. A total of \$1,220,674 will be held in reserve for proposed debt service costs associated with heating plant improvements, athletic facilities, and residence hall renovations.

2007-2008 ACTIONS OF THE GENERAL ASSEMBLY

The 2007 legislative session ended on time and with a budget. On April 4, 2007, the Governor signed Chapter 847 which amended FY 2007-2008 state appropriations. This was not a banner year for Longwood University or higher education in general. Major highlights of this budget are described below.

As a result of the final actions taken by the Governor and the General Assembly in the 2007 session, Longwood's total E&G operating appropriation increased to \$51,690,264 (\$27,711,167 GF and \$23,979,097 NGF).

Higher Education Restructuring

Previous restructuring legislation allowed universities varying levels of decentralization in the areas of procurement, personnel and capital outlay while establishing commitments and meaningful performance measures on which each higher education institution will be evaluated. Under the 2007 Appropriations Act, no institution of higher education may request or receive additional decentralized authority without the express approval of the General Assembly. The Act sets forth ten State education-related, financial and administrative management measures. Additionally, all institutions are required to prepare a six-year academic, financial and enrollment plan. The State Council of Higher Education will assess annually institutional performance.

Budget Increase – Base Adequacy Funding

The State's goal in providing base adequacy monies is to help fund the Commonwealth's restructuring goals and to keep tuition costs down. One goal of six-year planning is to move universities toward 100% of base adequacy funding. According to the current base adequacy model, Longwood is at 86.4% of general fund and over 100% of nongeneral fund requirements for FY 2008. SCHEV will be reviewing funding guideline methodologies and processes related to base adequacy and report to the money committees by September 1, 2007.

For FY 2008, Longwood's general fund base was increased by a net \$2,056,518 (7.1 percent) over FY 2007. Longwood was allocated only \$150,000 more in FY 2008 than the previous biennial budget appropriated in base adequacy funding. \$364,227 of the increase is attributable to student financial assistance. These increases will be reflected in the General Fund Appropriation received from the State on July 1, 2007.

Salary Increases

The General Assembly approved a 4.0 percent salary increase for classified employees. The University will also provide the same level of increase to wage employees. Faculty will receive a salary pool increase equivalent to an average 4.0 percent raise. Longwood will contribute an additional \$21,000 to fund faculty promotions. Administrative and professional personnel will receive a salary pool increase equivalent to an average 4.0 percent raise.

All salary increases are effective November 25, 2007. The institution is required to pay 37 percent of the educational and general (E&G) salary increase; the remaining funds will be provided by the State. Auxiliary raises are provided in full by the institution.

Tuition Increase

Out-of-state students are required to pay 100% of the average cost of their education. In addition, non-resident students will pay \$3.97 per credit hour (up from \$1.67 last fiscal year) as a mandatory capital fee. Tuition and fee revenues are limited to the non-general fund appropriation for E&G programs provided in the Act. For FY 2008, this is \$23,979,097.

Higher Education Tuition Incentive Fund

The 2007 Appropriations Act contains language to allocate higher education tuition incentive funds to public colleges and universities that "limit the increase of tuition and mandatory E&G fees for in-state undergraduate students to not more than six percent for the 2007-2008 academic year". Institutions are permitted to exceed the six percent provided (1) the increase is not more than the amount reflected in its six-year plan and (2) any revenue generated by an increase beyond the six percent limit be used only to increase financial aid for in-state students. The amount to be allocated to Longwood is \$72,597. The University will contribute an additional \$176,278 to student financial aid.

Higher Education Equipment Trust Fund

\$619,795 was appropriated to Longwood in FY 2008 relative to the Equipment Trust Fund program. This allocation was unchanged from FY 2007.

Out-of-State Capital Fee

The amount of capital fees that will be paid by the University to support state capital project debt service on bonds issued under the 21st Century Program increased from \$9,130 in FY 2007 to \$21,646 in FY 2008.

Capital Projects

The University's general funding of the Bedford Hall addition and renovation project was reduced by \$8,948,421. \$2,531,701 remains appropriated for planning.

An additional \$13,031,000 was appropriated in the form of bond funding for the Lankford Hall addition and renovation project, bringing the total cost of this project to \$24,506,000.

An additional \$5,000,000 was appropriated (higher education operating funds) for property acquisition.

Maintenance Reserve funding for FY 2008 is \$1,375,983 – no change from FY 2007.

2007-2008 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2007-2008 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2008, funds were allocated for strategic initiatives and fixed costs increases. The recommended expenditures include funds for the following:

2007-2008 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's 2007-2008 Auxiliary Services budget is based on the program priorities listed below. The budget reflects a total addition of \$2.3 million to fund balances for the next fiscal year. These reserves are provided within the auxiliary budget to accomplish the program initiatives for 2007-2008, and to continue a long-range reserve balance plan. The Board approved rate and fee increases in March 2007. These increases are primarily used to fund (1) employee raises effective November 25, 2007, and continuation of November 25, 2006, raises (2) increases in fringe benefit rates, (3) continued progression to Division I status, and (4) debt service requirements. No State funds are received to support auxiliary service operations.

Auxiliary Indirect Cost Rate

The auxiliary services operations are charged an indirect cost recovery rate for services provided by educational and general operations (such as payroll processing, mail services, purchasing and billing services). The auxiliary cost study is submitted to SCHEV prior to the beginning of each biennium. The rate for the 2006-2008 biennium is 14.35 percent. This is a 2.26 percent increase from the prior biennium.

Comprehensive Fee Increase

The comprehensive fee is used to support many auxiliary programs and services, including: intercollegiate athletics, recreation and intramural programs, the student union, health services, LCVA, telecommunications services, debt service, and repair and maintenance on non-general fund supported facilities.

The fee increase approved in March will also support future debt service for heating plant improvements, field hockey/lacrosse complex construction, and baseball/softball field renovations.

Compensation

The auxiliary budget is based on a salary increase of 4 percent for administrative and professional personnel and 4 percent for all classified employees effective November 25, 2007. The auxiliary budget is also based on the continuation of the November 25, 2006, salary increases.

An additional \$226,000 has been allocated for equity adjustments as a result of the compensation study completed in FY 2006.

Housing Debt Service and Fund Balance Contributions (\$403,510 Base)

Housing revenue will continue to provide funds for maintenance reserve projects in the residence halls, and will provide a reserve for future debt service for major repair and renovation to the facilities.

Dining Services (\$793,889 Base)

Funds are provided for a contribution to fund balances that will be used to accomplish future initiatives including maintenance and repairs on the dining hall facility.

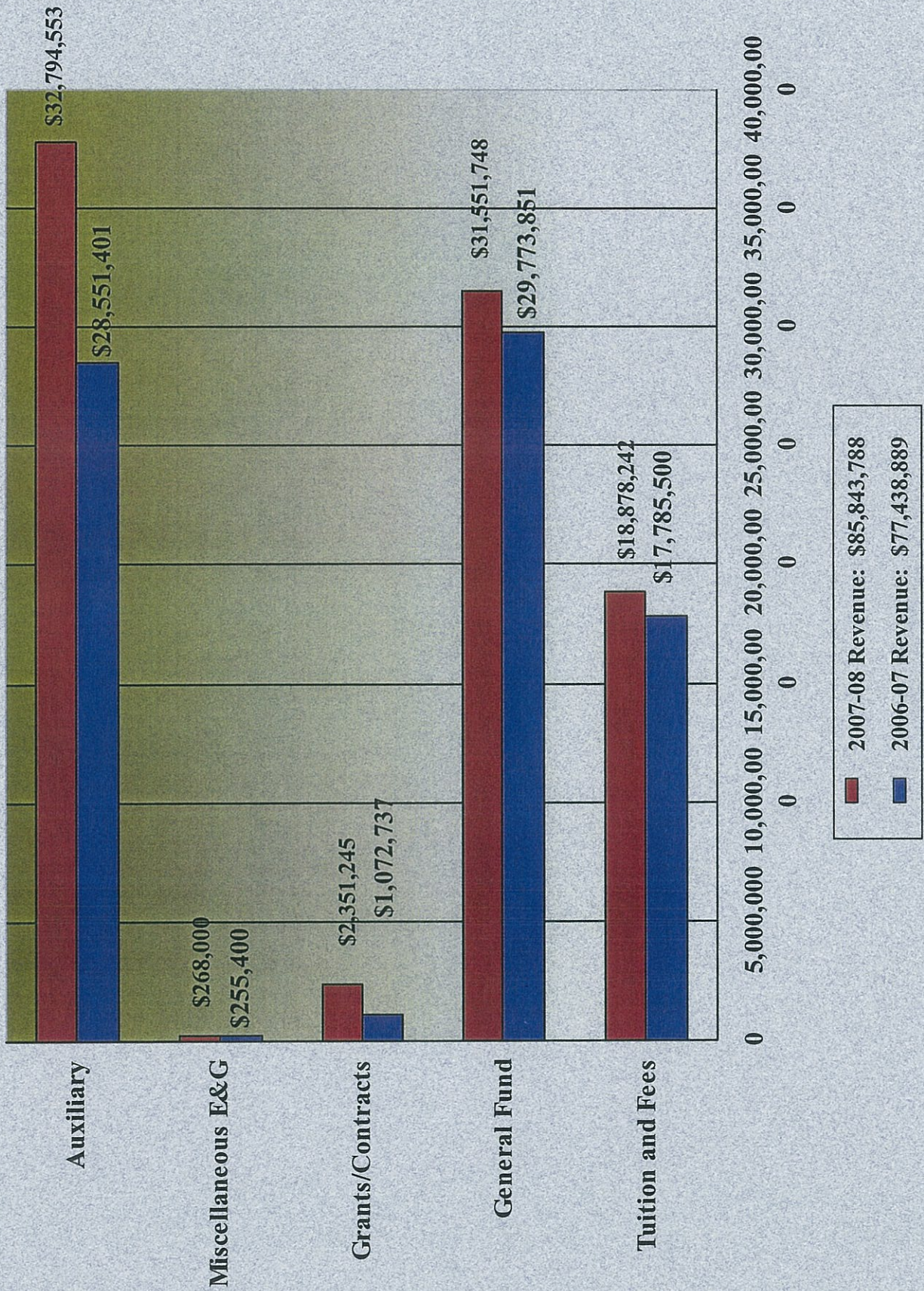
Athletics (\$482,633 Base)

Funds are provided to continue progression toward Division I status. This increase will be used for scholarships (\$161,767) and operating expenses (\$320,866).

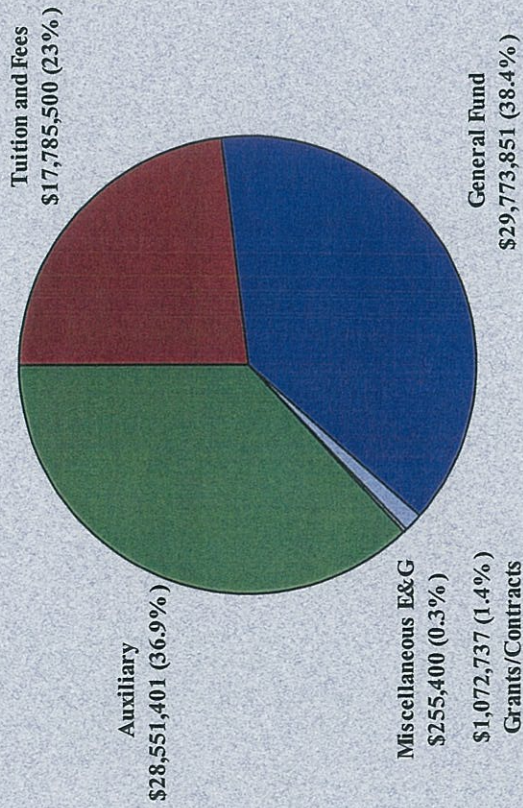
Comprehensive Fee Debt Service and Fund Balance Contributions (\$1,139,641 Base)

Comprehensive fee revenue will provide funds for future debt service and contributions to fund balances that will be used to accomplish future initiatives. These reserves include \$817,164 for debt service and operating costs associated with heating plant improvements and athletic facilities.

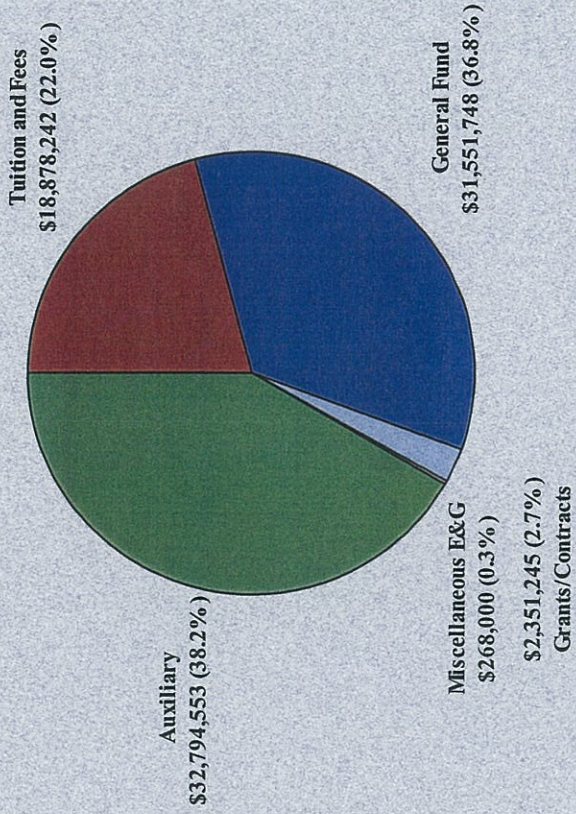
Total Revenue



Total Revenue Comparison By Category

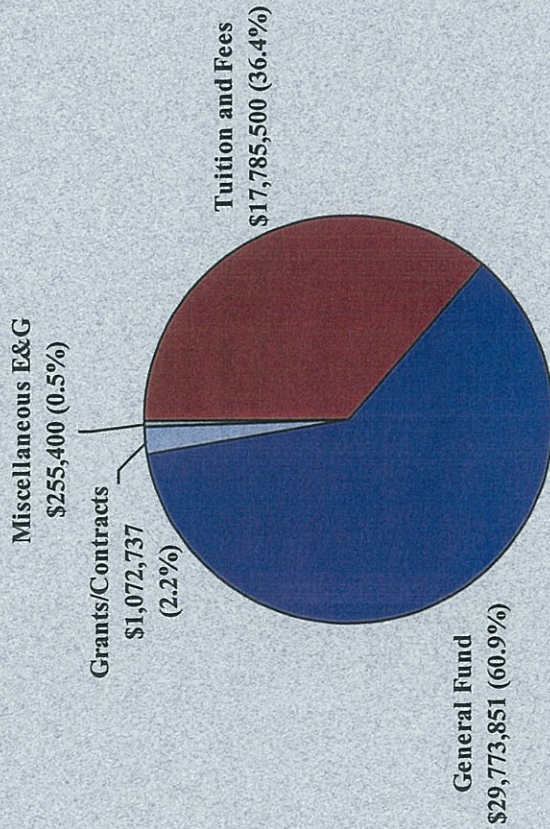


2006-07 Total Revenue: \$77,438,889

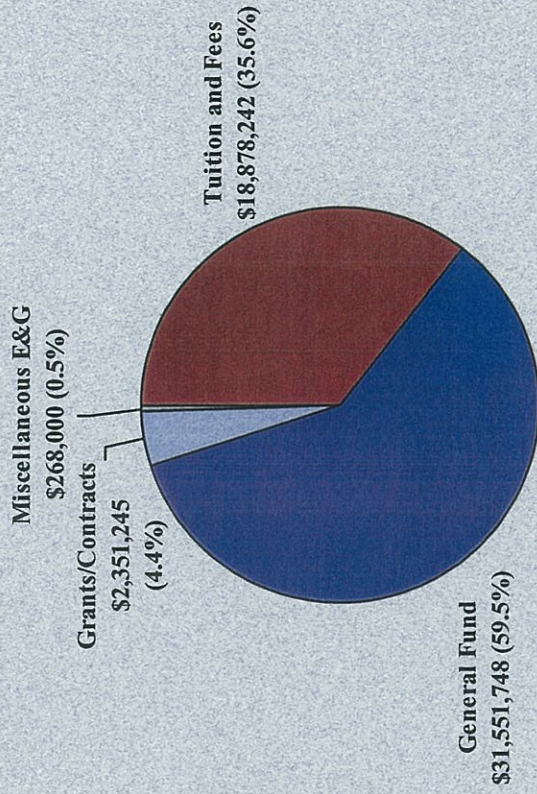


2007-08 Total Revenue \$85,843,788

E&G Revenue Comparison By Category

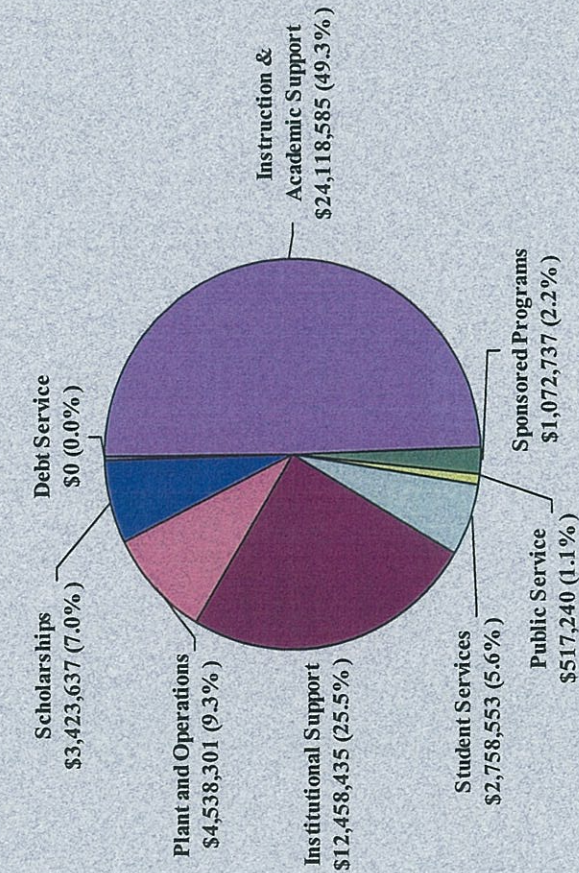


2006-07 E&G Revenue: \$48,887,488

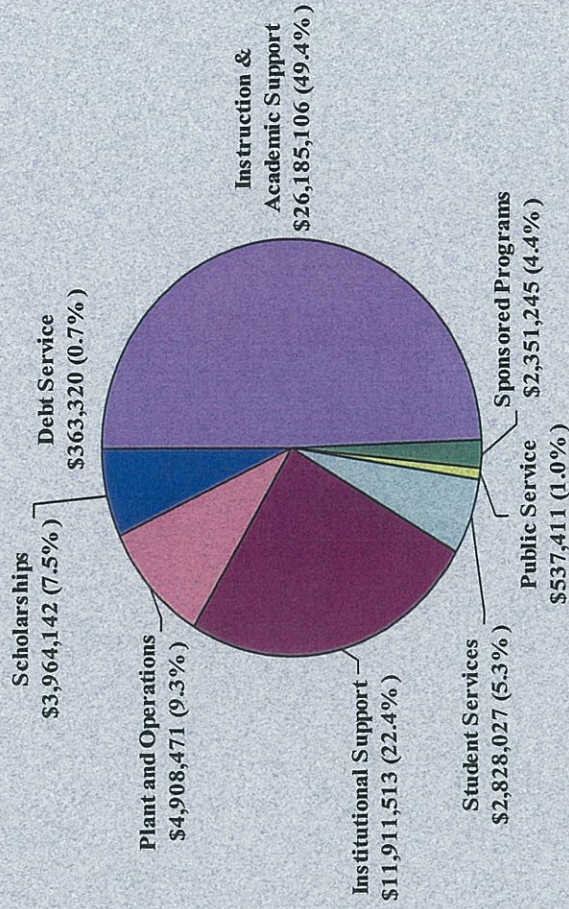


2007-08 E&G Revenue: \$53,049,235

E&G Expenditure Comparison By Category

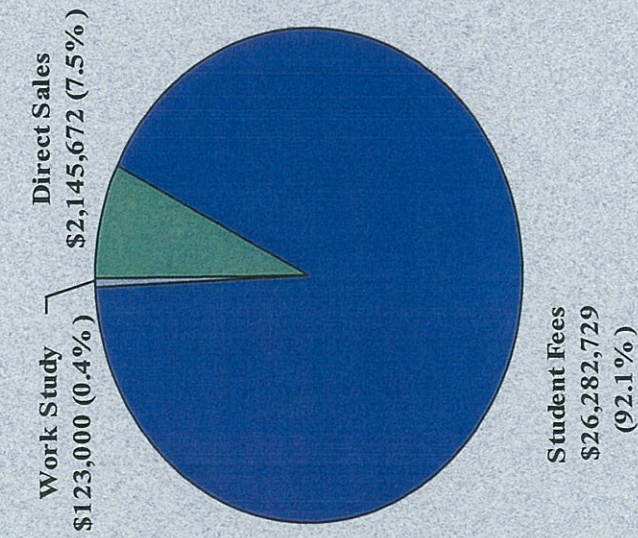


2006-07 E&G Expenditures: \$48,887,488

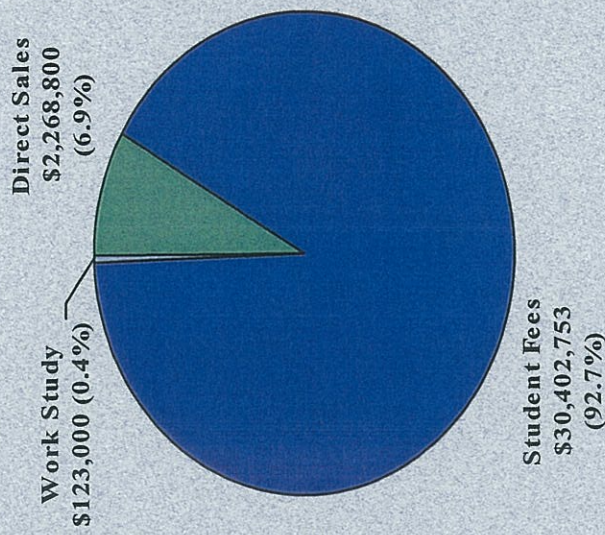


2007-08 E&G Expenditures: \$53,049,235

Auxiliary Services Revenue Comparison By Category

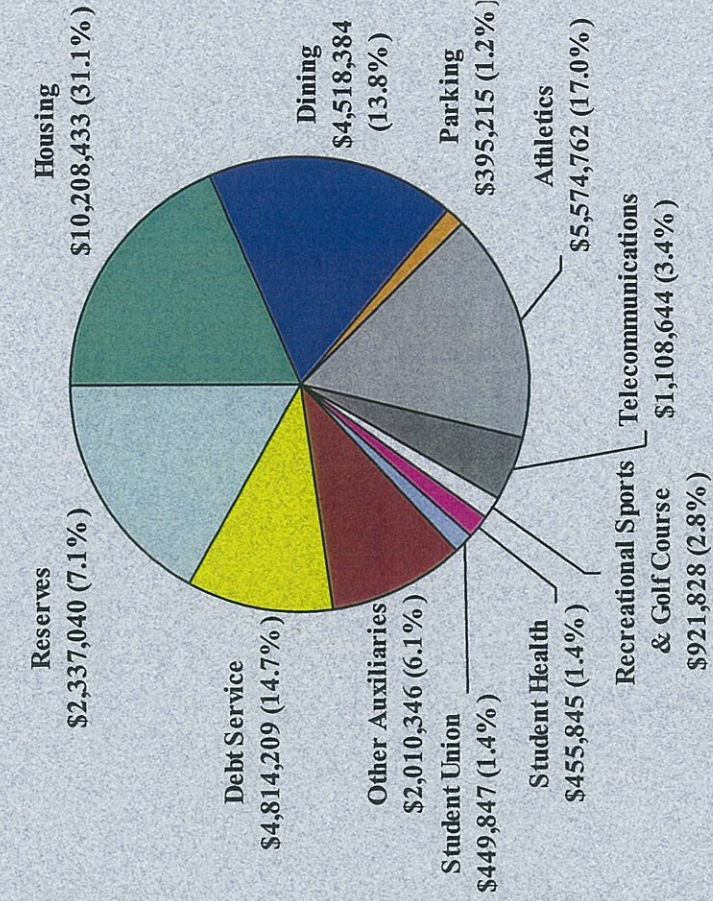


2006-07 Auxiliary Revenue: \$28,551,401

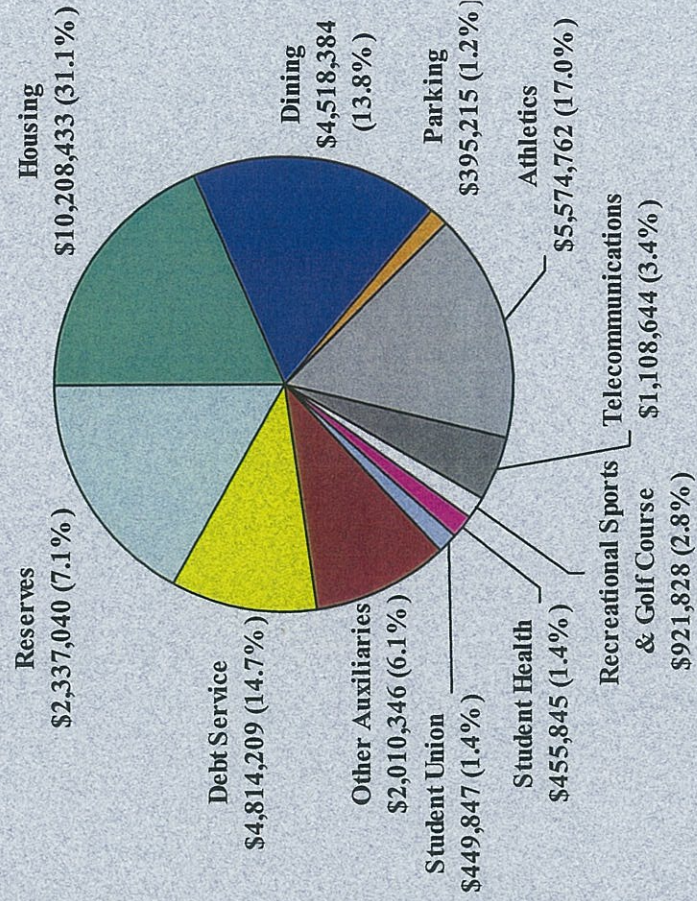


2007-08 Auxiliary Revenue: \$32,794,553

Auxiliary Services Expenditure Comparison By Category

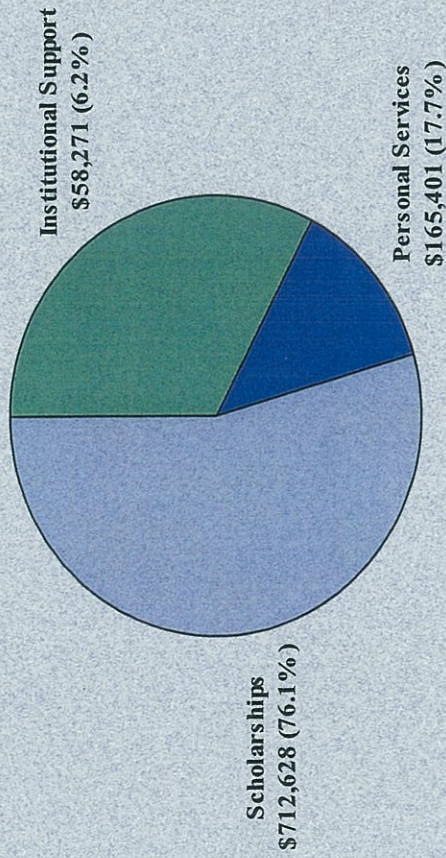


2006-07 Auxiliary Expenditures: \$28,551,401

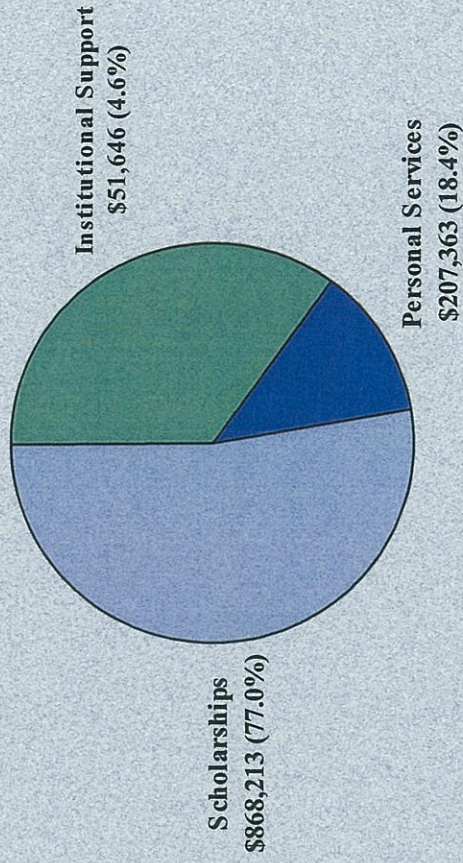


2007-08 Auxiliary Expenditures: \$32,794,553

Foundation Support



2006-07 Foundation Support: \$936,300



2007-08 Foundation Support: \$1,127,222

**TABLE 1
REVENUE SUMMARY**

	Operating Data	
	Budget 2006-07	Proposed 2007-08
<u>EDUCATIONAL AND GENERAL</u>		
Tuition and Fees	17,785,500	18,878,242
Commonwealth Appropriations *	29,773,851	31,551,748
Federal Grants and Contracts	612,628	1,740,957
State/Local/Private Grants and Contracts	460,109	610,288
Other Sources	255,400	268,000
Total Educational and General	48,887,488	53,049,235
<u>AUXILIARY ENTERPRISES</u>		
Total Auxiliary Enterprises	28,551,401	32,794,553
Institution Total	77,438,889	85,843,788

* FY 2008 State Appropriation includes Higher Education Student Financial Assistance of \$3,149,064. Appropriation reflects estimated Central Fund adjustments.

**TABLE 2
EXPENDITURE SUMMARY**

Expenditure Categories	Budget 2006-07	Proposed 2007-08
<u>Educational and General</u>		
Instruction	19,261,624	20,594,702
Sponsored Programs	1,072,737	2,351,245
Public Service	517,240	537,411
Academic Support	4,856,961	5,590,404
Student Services	2,758,553	2,828,027
Institutional Support	12,387,563	11,911,513
Plant Operation & Maintenance	4,538,301	4,908,471
Scholarships & Fellowships	3,423,637	3,964,142
Transfers		
Debt Service (Mandatory)	70,872	363,320
Non-Mandatory		
Total Planned E&G Expenditures	48,887,488	53,049,235
<u>Auxiliary Enterprises</u>		
Expenditures	21,962,608	25,643,304
Transfers		
Debt Service (Mandatory)	3,753,913	4,814,209
Non-Mandatory		
Total Auxiliary Enterprises	25,716,521	30,457,513
Total Expenditures & Transfers	74,604,009	83,506,748

**TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES**

	Budget 2006-07	Proposed 2007-08
RESIDENCE HALLS		
Direct Income	80,500	80,500
Income (Room Fees)	9,230,893	11,939,735
Expense	7,707,186	10,208,433
Debt Service (Mandatory)	952,922	1,408,292
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>651,285</u>	<u>403,510</u>
FOOD SERVICES		
Direct Sales	153,000	153,000
Income (Meal Plans)	5,034,196	5,858,120
Expense	4,359,306	4,518,384
Debt Service (Mandatory)	698,320	698,847
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>129,570</u>	<u>793,889</u>
BOOKSTORE		
Income (Sales and Contracts)	225,000	225,000
Expense	1,000	1,000
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>224,000</u>	<u>224,000</u>
ATHLETICS		
Income (Direct Sales and Services)	102,003	102,003
Student Fees	5,018,106	6,059,578
Expense	4,640,252	5,574,762
Debt Service (Mandatory)	479,857	586,819
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2006-07	Proposed 2007-08
PARKING AND TRANSPORTATION		
Income (Direct Sales and Services)	543,632	551,202
Student Fees	286,515	286,515
Expense	384,897	395,215
Debt Service (Mandatory)	346,650	344,025
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>98,600</u>	<u>98,477</u>
TELECOM SYSTEMS		
Income (Direct Sales and Services)	253,045	253,045
Student Fees	806,585	855,599
Expense	1,059,630	1,108,644
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
STUDENT HEALTH		
Income (Direct Sales and Services)	5,901	5,901
Student Fees	440,510	449,944
Expense	446,411	455,845
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
STUDENT UNION		
Income (Direct Sales and Services)	9,647	9,647
Student Fees	404,190	440,200
Expense	413,837	449,847
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2006-07	Proposed 2007-08
RECREATION AND INTRAMURALS		
Income (Direct Sales and Services)	425	425
Student Fees	176,274	577,534
Expense	176,699	577,959
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
GOLF COURSE		
Income (Direct Sales and Services)	255,000	255,000
Student Fees	80,553	88,869
Expense	335,553	343,869
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
CONFERENCES		
Income (Direct Sales and Services)	224,642	*255,800
Student Fees	0	0
Expense	224,642	255,800
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
OTHER AUXILIARY		
Income (Direct Sales and Services)	415,877	500,277
Student Fees	4,804,907	3,846,659
Expense	2,213,195	1,753,546
Debt Service (Mandatory)	1,276,164	1,776,226
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>1,731,425</u>	<u>817,164</u>
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*Conference income reflects the amount of total expenses projected for FY 2007-2008. Conferences generates revenue for dining and housing during the summer conference season. In 2005, the department had revenue over expenditures of \$174,281. In 2006 as of October 30, revenue over expenditures was \$24,961. Each year the Conference Department generates revenue over total expenditures.

TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2006-07	Proposed 2007-08
TOTAL AUXILIARY ENTERPRISES		
Income (Direct Sales and Services)	2,268,672	2,391,800
Student Fees	26,282,729	30,402,753
Expense	21,962,608	25,643,304
Debt Service (Mandatory)	3,753,913	4,814,209
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>2,834,880</u>	<u>2,337,040</u>

TABLE 4
LONGWOOD FOUNDATION, INC.
RESOURCES SUMMARY

	Operating Data	
	Budget 2006-07	Proposed 2007-08
Total Support:		
Annual Fund	303,469	358,672
Interest Earnings on Endowment	632,831	768,550
Total Support	<u>936,300</u>	<u>1,127,222</u>
Use of Funds:		
Institutional Support	58,271	51,646
Personal Services	165,401	207,363
Scholarships	712,628	868,213
Total Use of Funds	<u>936,300</u>	<u>1,127,222</u>

Significance of Ratio

This ratio reflects the amount of expenditures, by function, as a percentage of total educational and general expenditures and mandatory transfers.

Major shifts in the various percentages may reflect a change in funding priorities.

Longwood University's Current Status

The allocation ratios for Longwood University show minor shifts over the last four years. Budgeted expenditures for Instruction and Academic Support declined while Institutional Support allocations increased. This shift is a result of the following funding changes:

- ❖ Budgeted expenditures in Institutional Support will remain higher than normal during the three-year system implementation period of our BLISS Project. FY 2008 expenses include Banner backfill positions. Debt service expenses are a result of the University's Banner loan.
- ❖ Auxiliary expenditures were moved to E&G in an effort to accurately reflect program costs. Transfers included building and grounds personnel, campus beautification, information technology engineering and micro computing repair operations. These funds were budgeted in Academic Support and Operation and Maintenance of Plant for FY 2008.
- ❖ The Institutional Support budget includes expenditures for the new administrative positions approved in FY 2006.

Budget Allocation Ratio

Fiscal Year	2005	2006	2007	2008
Instruction and Academic Support	57.47%	52.31%	49.33%	49.37%
Public Service	1.12%	0.90%	1.06%	1.01%
Student Services	5.75%	5.79%	5.64%	5.33%
Institutional Support	13.96%	21.14%	25.34%	22.45%
Operation and Maintenance of Plant	8.50%	9.37%	9.28%	9.26%
Student Aid	7.90%	7.54%	7.00%	7.47%
Debt Service	0.00%	0.00%	0.14%	0.68%
Sponsored Programs	5.29%	2.95%	2.19%	4.43%

Formula $\frac{\text{Expenditure Budget (by function)}}{\text{Total Educational \& General Expenditure Budget}}$

Significance of Indicator

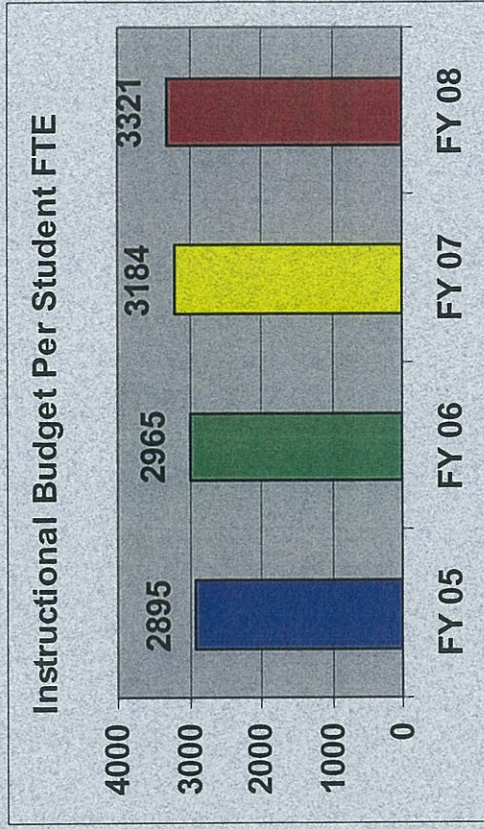
This indicator reflects the amount of funds expended for Instruction and Academic Support per each full-time equivalent student.

A dramatic change in the ratio signals a shift in the funding priorities of the institution. A significant change also can accompany an enrollment increase or decline.

Longwood University's Current Status

The amount allocated by the University for instructional costs per student FTE has increased over the past four fiscal years. In FY 2008, approximately \$3,321 is budgeted per student FTE for instructional and academic support costs.

Total Educational and General budget per student FTE is 6,430. This excludes the amount budgeted for Sponsored Programs.



Source: SCHEV 2B Enrollment Projections – Fall and Spring Semesters (On and Off Campus)

Formula: Instruction and Academic Support Budgets
Fall and Spring Enrollment Projections

Debt Burden Ratio

Significance of Ratio

The debt burden ratio examines the University's dependence upon borrowed funds as a means of financing its mission. It compares the level of debt service with the institution's budgeted expenditures.

Formula:
$$\frac{\text{Debt Service}}{\text{Total Expenditure Budget}}$$

A level trend or a decreasing ratio over time indicates that debt service has sufficient coverage without impinging further on other functional areas. The standard for higher education is a maximum of 7%, meaning that current principal and interest expense should not be greater than 7% of the total budget.

Longwood University's Current Status

Longwood's Debt Service to Total Budgeted Expenditures is 7.29% for FY 2008. This calculation is based on actual and estimated debt payments, including BANNER, for FY 2008 and total budgeted expenditures less reserves.

When the debt service for BANNER is taken out of the calculation, the ratio is 6.66%. Debt service for BANNER was included in Longwood's general fund appropriation for the 2006-2008 biennium to cover the first two years of a projected five year loan term.

Longwood's actual FY 2006 debt burden ratio was 5.89% per audited financial statement data.

Glossary

Academic Support: This includes activities conducted to provide support services to the institution's three primary programs: instruction, research, and public service. It includes the retention, preservation, and display of materials, and the provision of services that directly assist the academic functions of the institution. This program also includes the media and technology (e.g., computing support) employed by the three primary programs, as well as the administrative support operations that function within the various academic units, including the development of future instructional activities. Examples are: Libraries, Academic Computing Support, and Office of the Academic Deans.

Appropriation: An expenditure authorization with specific limitations as to amount, purpose, and time; a formal advance approval of an expenditure from designated resources available or estimated to be available.

Auxiliary Services: Activities within the University that furnish a service directly or indirectly to students and faculty. These activities charge fees directly related to, but not necessarily equal to, the cost of the service. The public may also be served incidentally by some auxiliary services. These services are essential support elements of the institution's program and are considered self-supporting.

Banner: An enterprise information system that is replacing Longwood's major administrative systems known as FRS and SIS. The Banner implementation is referred to as Project BLISS (Banner: Longwood's Implementation Strategy for Success) and will take place in phases over a three-year period. Longwood will implement the Banner Finance, Student and Human Resources modules, which will result in a single integrated University system.

Current Funds: Resources to be expended in the near term and used for operating purposes.

Full-Time Equivalent (FTE): A means for expressing part-time students or faculty as a full-time unit. The formula is generally based on credit hours. Example: An institution may define full-time as being twelve credit hours, so a student (or faculty member) taking (or teaching) three credit hours would then equal .25 FTE.

General Funds: Revenue deposited with the State from the collection of fees, taxes, and other charges.

Governmental Grants and Contracts: Governmental grants and contracts include revenues from governmental agencies that are received or made available for specific projects or programs. It is assumed that in the case of a grant or contract, the legislative body makes appropriations to a governmental agency, which in turn enters into contracts with, or makes grants to, individual institutions. Examples are: research projects, training programs, and similar activities for which amounts are received or expenditures are reimbursable under the terms of a governmental grant or contract.

Indirect Costs: Fee charged to grants or contracts to pay for the use of University facilities, i.e., overhead.

Institutional Support: Activities whose primary purpose is to provide operational support for the day-to-day functioning of the institutions excluding physical plant operations. Examples are: finance, logistical services, public relations, development and executive management.

Instruction: Includes all activities that are a part of the institution's instructional program. Departmental research that is not separately budgeted is included in Instruction. This program excludes academic administration where the primary assignment is administration (e.g., academic deans). However, department and division chairmen should be included in this program. Examples are: general academic, off-campus, campus academic, community education, and summer session.

Mandatory Transfers: Transfers arising out of (1) binding legal agreements related to the financing of the educational plant, such as amount for debt retirement, interest and required provisions for renewals and replacements of plant, not financed from other sources, and (2) grant agreements with agencies of the federal government, donors, and other organizations to match gifts and grants to loan funds and other funds.

Miscellaneous (E & G Funds): Includes revenue from private gifts and contracts, federal government, sales and services of educational activities and public service fees.

Non-General Funds: Tuition, fees, and all other funds not received from the State. This includes donations, gifts, grants, and contracts.

Non-mandatory Transfers: These transfers serve a variety of objectives such as moving monies generated in auxiliary enterprise fund groups to a scholarship fund group for use in providing scholarships or to a capital outlay fund group for use in providing project funding.

Operations and Maintenance of Plant: This category includes the operation and maintenance of the physical plant. It includes all operations established to provide services and maintenance related to campus ground and facilities. It also includes utilities, property insurance, and similar terms. Examples are: custodial service, building repairs and maintenance, property and general liability insurance, heating plant operations and grounds maintenance.

Private Grants and Contracts: These include amounts from individuals or non-governmental organizations. The funds included in this revenue source are of two types: (1) private grants, and (2) private contracts. Private grants include money received from private donors for whom no legal consideration is involved, i.e., no specific goods or services must be provided to the donor in return for the monies. Private contracts include money for which specific goods and services must be provided to the funder as a condition for receipt of the funds. This category includes all unrestricted grants and bequests as well as all restricted grants and contracts to the extent that revenues received are expended in the year received. Unspent restricted funds are to be shown as deferred revenue and included in current funds revenue in the year in which they are spent. Only those revenues derived from the provisions of goods and services directly related to instruction, research, or public service are included in the category of Private Grants and Contracts. Revenues derived from the sale of goods and services incidental to the conduct of instruction, research, or public service should be shown under Sales and Services of Educational Activities.

Public Service: Includes all activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Such activities can include

seminars, projects, and various organizational entities established to provide services to particular sectors of the community. Examples: community services.

Research: Includes activities specifically organized to provide research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. This program does not contain sponsored research only, since internally supported research programs that are separately budgeted should also be included in this program. Examples are: individual or project research.

Restricted Funds: Funds limited to a specific use by outside agencies or persons, as distinguished from funds over which the institution has complete control and freedom as to use.

Restructuring: Legislation that allows institutions of higher education varying levels of decentralization in the areas of procurement, personnel and capital outlay while establishing commitments and performance measures for the institutions.

Revenue: An increase in current financial resources that does not come from inter-fund transfers or debt issue proceeds.

Sales and Services of Educational Activities: Sales and services of educational activities include revenues derived from the sales of goods or services that are incidental to the conduct of instruction, research, or public service. This category may include the income from programs that provide support to the instruction, research, and public service areas. Examples are: film rentals and scientific literary publications, testing services, university presses, laboratory schools, and teaching clinics.

Student Services: Those activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. Examples are: counseling and career guidance, student admissions and records and financial aid administration.

Tuition and Fees: This includes all tuition and fees (net of refunds) assessed against students, for current operating purposes. Prescribed fees that must be paid by the student to (1) apply for admissions, (2) enroll in the institution, (3) enroll in specific courses, or (4) graduate from the institution, are included.

Unrestricted Funds: Resources provided to the institution with no restrictions on their use.

