

LONGWOOD UNIVERSITY



OPERATING BUDGET AND PLAN

FY 2011 - 2012

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BUDGET SUMMARY

This section provides an overview of the University's 2011-2012 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 2009-2010.
- E&G reserves totaling \$300,000 are included in the budget assumptions.
- The budget contributes approximately \$1.96 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 approved by the Board of Visitors at its May 2011 board meeting, tuition for Virginia undergraduates was increased by \$510, a 9.5 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 may be increased to cover changes in inflationary costs, debt service expenses, and costs associated with base salary increases and fringe benefits. Auxiliary fees increased by \$150. In total, allowing for the increase in tuition and the increases in fees, the cost for full-time Virginia undergraduates will increase by an average of \$675, a 3.76 percent increase.

Tuition rates for in-state graduate, out-of-state undergraduate and out-of-state graduate students were increased 9.5 percent to \$264, \$569 and \$734 per credit hour, respectively.

- The projected revenue budget for FY 2012 is \$101,540,040, which includes \$3,051,624 in one time American Recovery and Reinvestment Act funds. The proposed expenditure budget for the total University is \$99,578,008. The budget reflects \$1,962,032 in planned contributions to auxiliary fund balances.
- 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 2012 are \$59,225,216

- 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 2011-2012 is \$40,352,792. A total of \$1,232,503 will be held in reserve for proposed debt service costs associated with the new student union facility and residence hall renovations.

2011-2012 ACTIONS OF THE GENERAL ASSEMBLY

The General Assembly ended its 2011 legislative session on February 27, 2011. The budget contains both good news and bad news. 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 2011 session, Longwood's total Educational and General (E&G) operating appropriation increased from \$49,026,575 (excluding ARRA funding) to \$50,124,348 -- \$21,752,100 GF and \$28,372,248 NGF.

Longwood's FY 2012 general fund operating base decreased by a net \$2,103,510 (8.8 percent) from FY 2011. This change was specifically related to (1) a \$2,688,843 budget reduction, (2) loss of Banner funding, and (3) additional general fund support for base adequacy, O&M and STEM initiatives. Longwood's FY 2012 nongeneral fund operating base increased by a net \$3,201,283 from FY 2011 as a result of a technical budget adjustment associated with our nongeneral fund revenue estimates. These changes will be reflected in our appropriation received from the State on July 1, 2011.

Budget Reductions

Given recent economic conditions and the resulting decline in State revenues, agencies have experienced significant budget reductions over the past four fiscal years. Longwood's cuts have been:

FY 2008	\$1,669,511
FY 2009	\$1,356,876
FY 2010	\$3,584,147
FY 2011	\$2,688,843

Budget reductions over the four-year period total \$9,299,377, and represent a 36% cut in general fund support.

A \$10 million budget reduction is slated for higher education in FY 2012. The reduction was not addressed this year by the Governor or the General Assembly. It is unknown at this time how Longwood will be impacted.

STEM Funding

Longwood received \$885,800 in base general fund support which can be used in FY 2012 to renovate an additional floor of Stevens for the nursing program, and can be used in future years for the development and delivery of science, technology, engineering and mathematics (STEM) and health-related programs.

Operation and Maintenance of Plant

Longwood received \$472,499 in base general fund support to offset operation and maintenance of new facilities that have come on line during the last year.

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. Longwood was allocated \$121,716 in base adequacy funding in FY 2012.

Financial Aid

General fund support for student undergraduate financial assistance increased \$261,671.

Salary Increases

State employees in the Virginia Retirement System (VRS) hired prior to July 1, 2010, will receive a 5 percent salary increase effective June 25, 2011. These same employees must begin contributing 5 percent of their salary into VRS. There will be no change for employees on an Optional Retirement Plan (ORP).

Longwood will contribute \$25,000 to fund faculty promotions.

Higher Education Equipment Trust Fund

Funding for the FY 2011 and FY 2012 Equipment Trust Fund (ETF) program is dependent upon the State's ability to issue debt. \$599,263 was appropriated to Longwood in both years of the biennium. Both FY 2011 and FY 2012 ETF funding will not be available until FY 2012.

Out-of-State Capital Fee

Out-of-state students are required to pay 100 percent of the average cost of their education. In addition, non-resident students will pay \$22 per credit hour (up from \$19 last fiscal year) as a mandatory 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 \$2,190 in FY 2012 to \$120,600.

Capital Projects

The Secretary of Finance approved the sale of VCBA bonds for the funding of (1) equipment and furnishings for Longwood's Bedford Addition/Renovation project, and (2) construction of the University's Technology Center. Longwood's Maintenance Reserve funding for FY 2012 is \$930,273 – an increase of \$34,357 over our FY 2011 appropriation. The University's FY 2012 allocation is dependent upon the State's ability to issue debt. The FY 2011 allocation was not released until April 2011.

American Recovery and Reinvestment Act (ARRA) Funds

Longwood's appropriated 2011 budget included American Recovery and Reinvestment Act (ARRA) funds which are one-time funds made available as part of President Obama's stimulus package. One of the purposes of the State Fiscal Stabilization Fund program is to help mitigate the need for increases in tuition and fees that in-state students pay to attend public institutions of higher education. Longwood's FY 2011 ARRA allocation is 3,365,141. ARRA funds not expended in FY11 are carried forward into FY 2012, and will be utilized to mitigate tuition increases and balance the University's FY 2012 budget.

Virginia Higher Education Opportunity Act of 2011

Major legislation affecting higher education this session established the Virginia Higher Education Opportunity Act (also called TJ21 – Top Jobs of the 21st Century). This legislation came from the interim report of the Higher Education Reform, Innovation and Investment Commission, and codifies a number of the Commission's recommendations, including:

- Colleges and universities should produce 100,000 new undergraduate degrees between 2011 and 2025.
- More degrees should be conferred in STEM and health-related fields.
- Universities should (1) optimize the use of physical facilities, instructional resources and technology-enhanced instruction, (2) share instructional resources, and (3) increase online learning opportunities for nontraditional students.
- The bill includes a base adequacy funding model and incorporates the 67/33 funding split (67 percent paid by state, 33 percent paid by student), the 60th percentile for faculty salaries, and includes financial aid for low and middle income families. In determining funding needs, the "cost of education" will be calculated for each institution.
- The bill recognizes the mission and contributions of each institution, including maintenance of effort, which is to be considered for individual institutions with unique missions and demonstrable performance in specific incentive areas.

- The bill requires institutions to submit a Board-approved Six-Year Plan by July 1 of each odd-numbered year. Additionally, no later than July 1 of each even-numbered year, institutions must submit amendments to or an affirmation of the previous plan. Each plan addresses the institution's academic, financial and enrollment plans to include the number of Virginia and out-of-state students for the six-year period.

2011-2012 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2011-2012 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2012, funds were allocated for strategic initiatives and fixed costs increases. The recommended expenditures include funds for the following:

2011-2012 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's 2011-2012 Auxiliary Services budget is based on the program priorities listed below. The budget reflects a total addition of \$1.96 million to fund balances for the next fiscal year. These reserves are provided within the auxiliary budget to accomplish the program initiatives for 2011-2012, and to continue a long-range reserve balance plan. The Board approved rate and fee increases on May 14, 2011. These increases are primarily used to fund debt service requirements and athletic scholarship increases. Approximately \$134,000 will fund a 5 percent raise for State employees in the Virginia Retirement System (VRS) hired prior to July 1, 2010, effective June 25, 2011.

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, purchasing, billing services and facilities administration). The auxiliary cost study is submitted to SCHEV prior to the beginning of each biennium. The indirect cost rate for the 2011-2012 biennium is 15.98 percent. This is a .53 percent increase from the prior biennium.

Compensation

State employees in the Virginia Retirement System (VRS) hired prior to July 1, 2010, will receive a 5 percent salary increase effective June 25, 2011. These same employees must begin contributing 5 percent of their salary into VRS. There will be no change for employees on an Optional Retirement Plan (ORP).

Housing

Housing revenue will continue to provide funds for maintenance reserve projects in the residence halls, and will provide a reserve of \$204,337 for future debt service for major repair and renovation to the facilities.

Dining

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. In FY 2012, the projected fund balance contribution is \$339,574.

Athletics

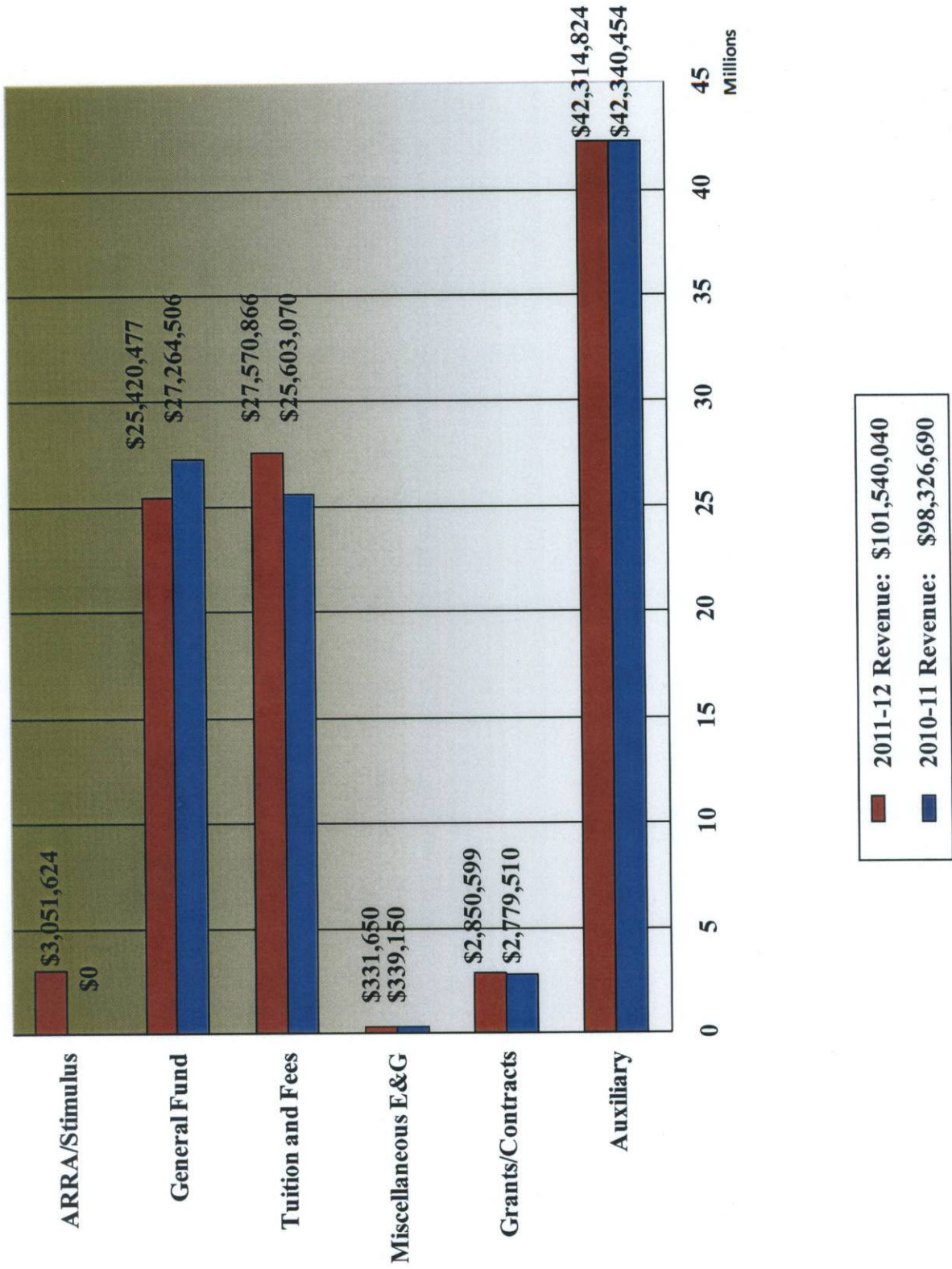
Additional funds are provided to increase scholarships by \$91,042.

Comprehensive Fee Budgets

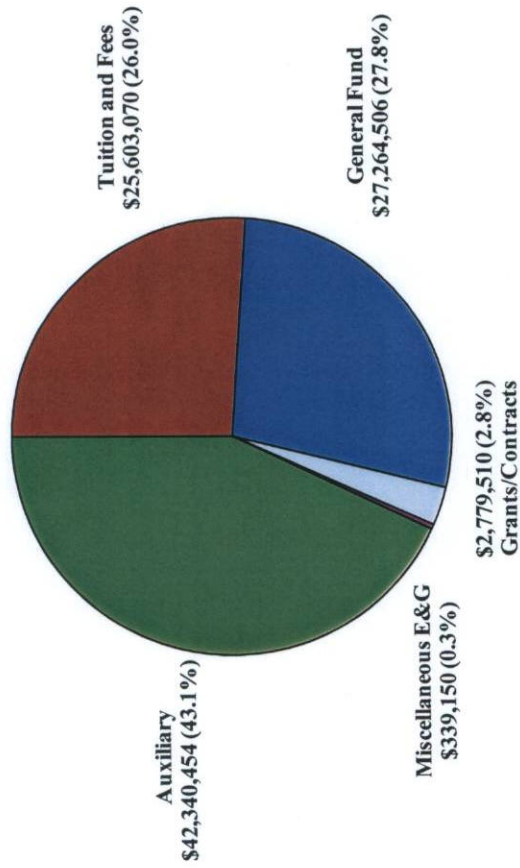
The comprehensive fee is used to support many auxiliary programs and services, including: intercollegiate athletics, recreation and intramural programs, the student union, student health services, telecommunications services, the Visual Arts Center, debt service, and repair and maintenance on nongeneral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

Comprehensive fee revenue will also provide funds for future debt service and contributions to fund balances that will be used to accomplish future initiatives. FY 2012 planned contributions total \$1,103,559. These reserves include \$1,028,166 for debt service and operating costs associated with the new university center facility.

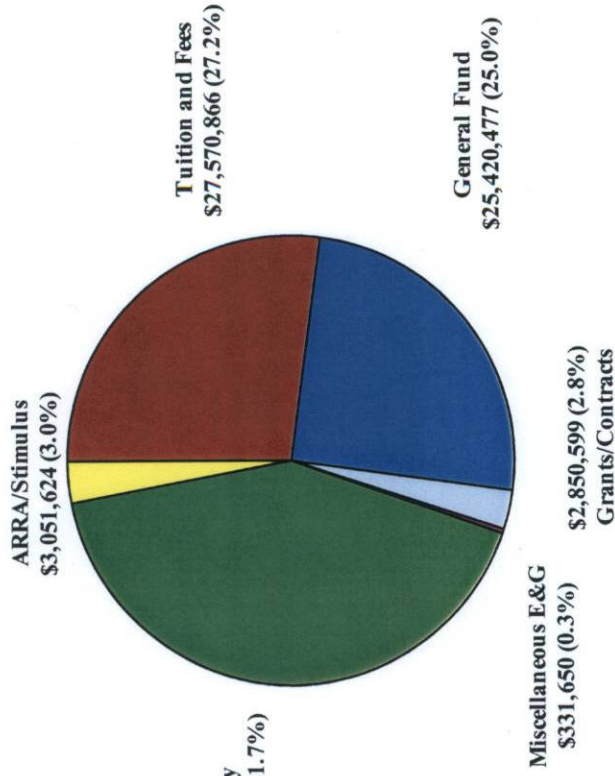
Total Revenue



Total Revenue Comparison By Category

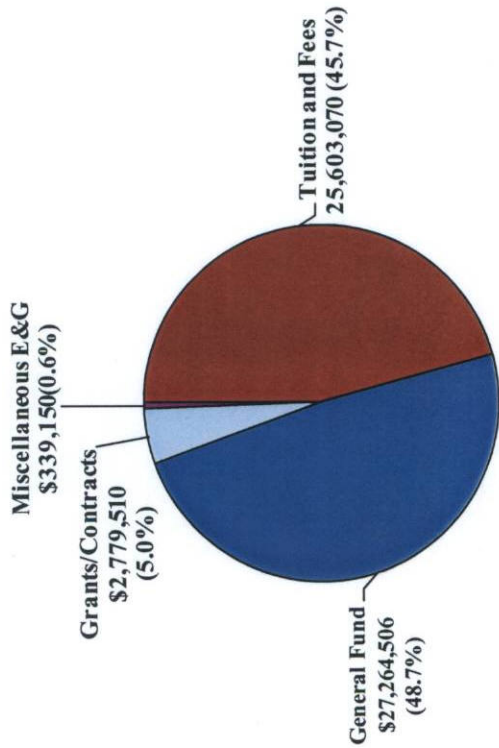


2010-11 Total Revenue: \$98,326,690

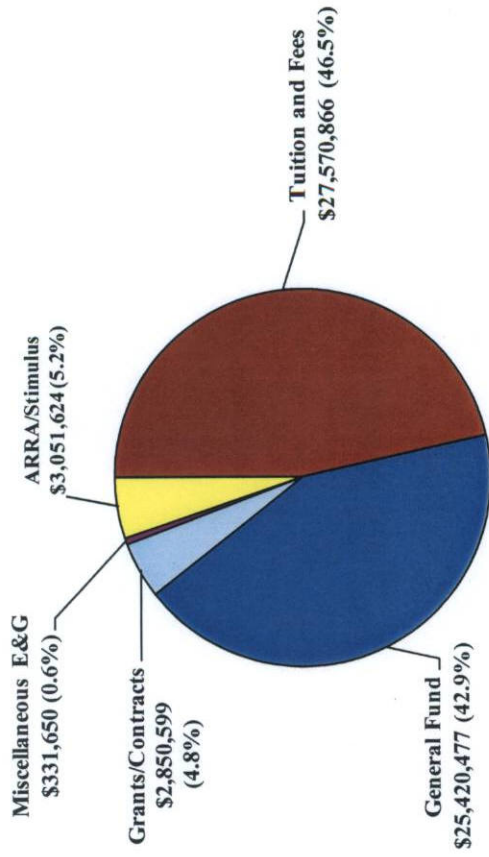


2011-12 Total Revenue \$101,540,040

E&G Revenue Comparison By Category

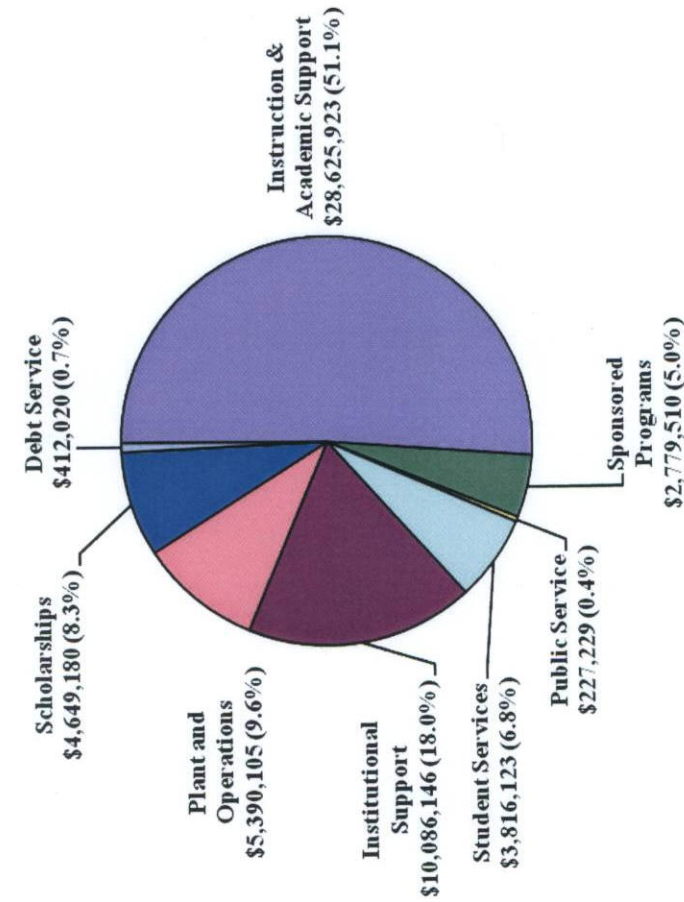


2010-11 E&G Revenue: \$55,986,236

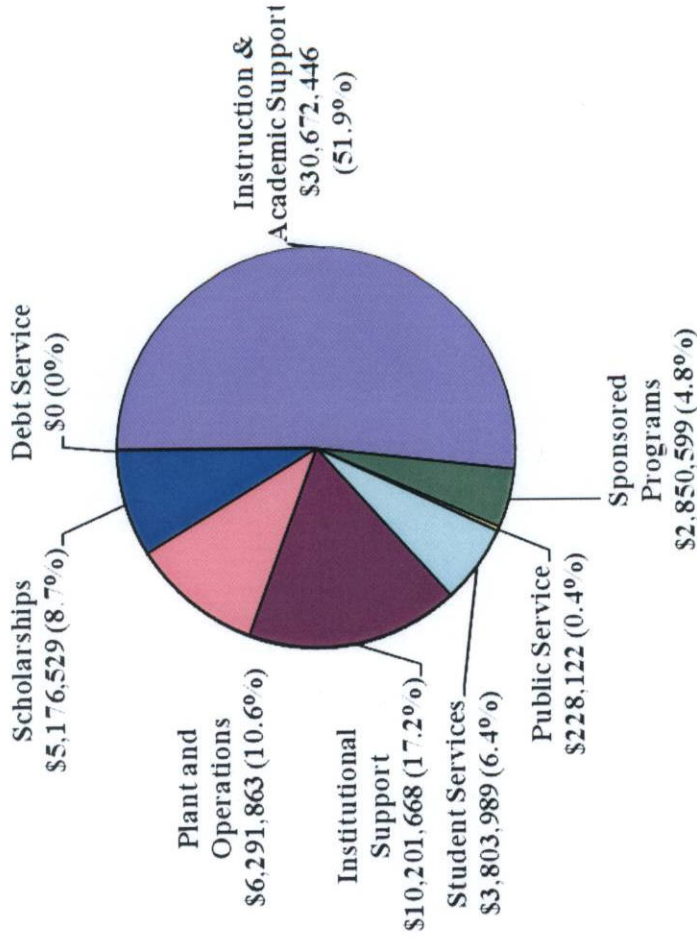


2011-12 E&G Revenue: \$59,225,216

E&G Expenditure Comparison By Category

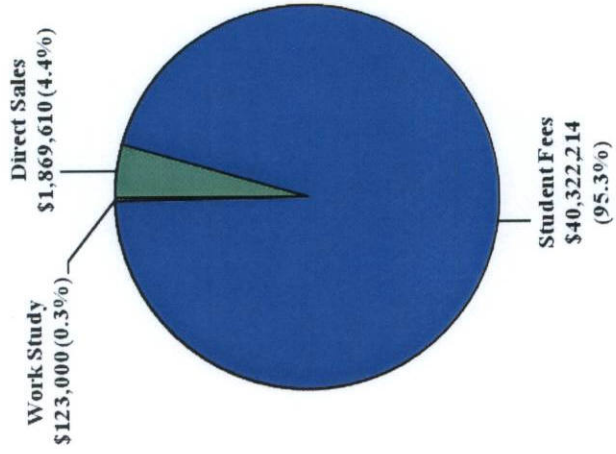


2010-11 E&G Expenditures: \$55,986,236

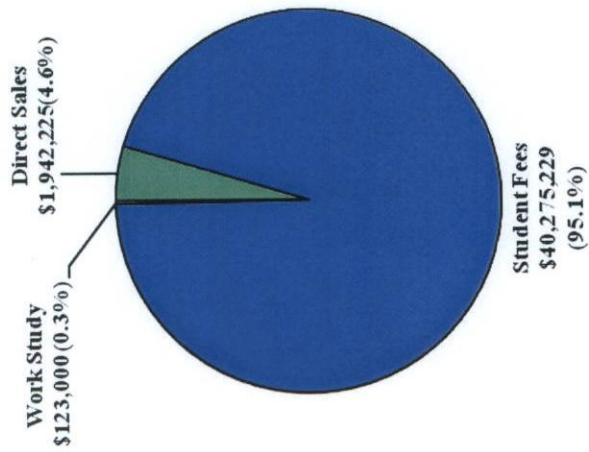


2011-12 E&G Expenditures: \$59,225,216

Auxiliary Services Revenue Comparison By Category

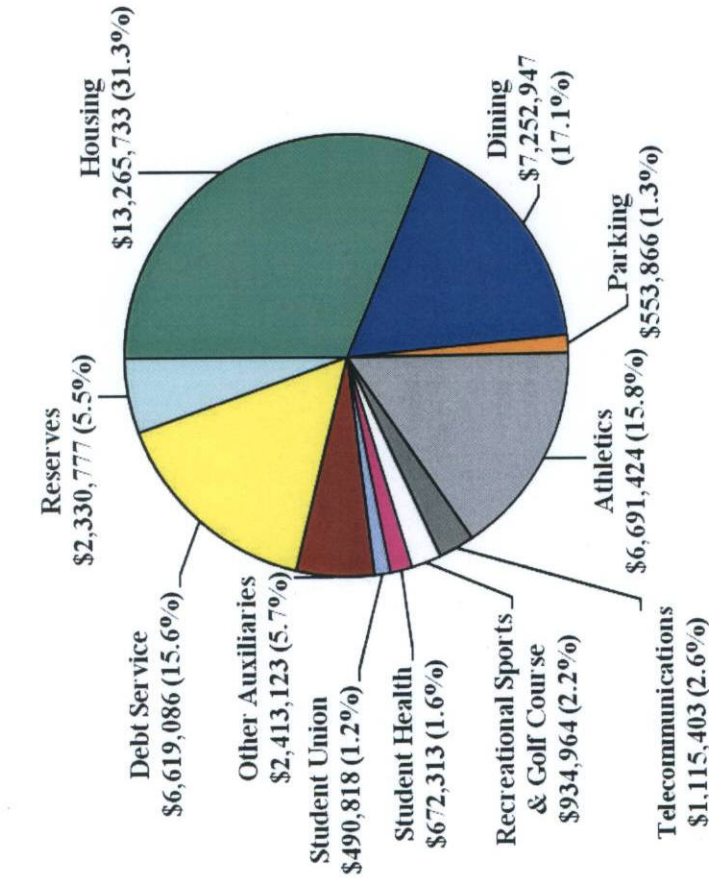


2010-11 Auxiliary Revenue: \$42,314,824

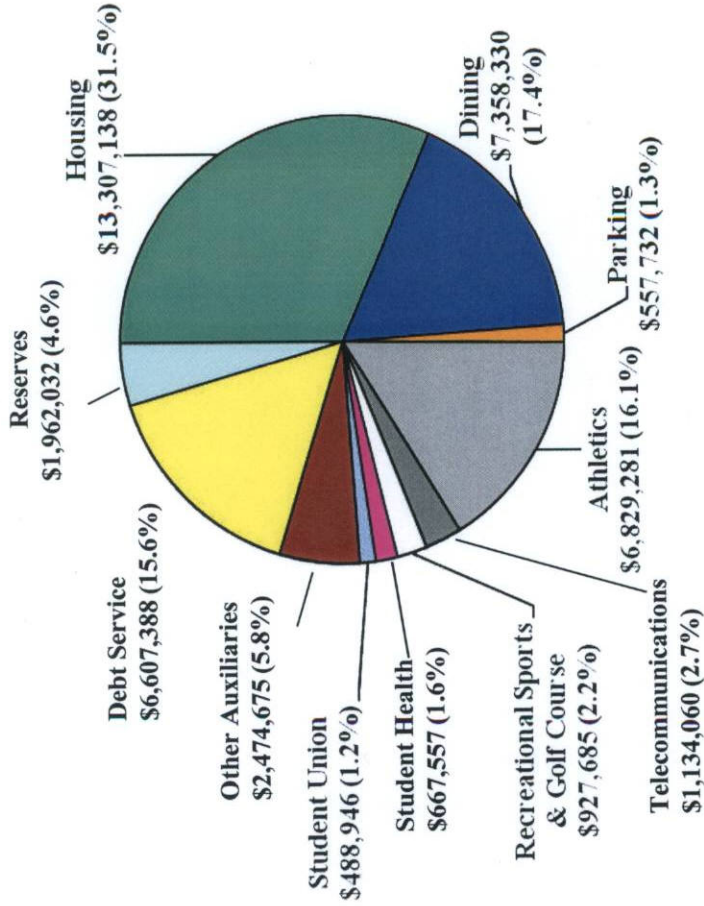


2010-11 Auxiliary Revenue: \$42,340,454

Auxiliary Services Expenditure Comparison By Category



2010-11 Auxiliary Expenditures: \$42,340,454



2011-12 Auxiliary Expenditures: \$42,314,824

TABLE 1
REVENUE SUMMARY

	Operating Data	
	Budget 2010-2011	Proposed 2011-12
<u>EDUCATIONAL AND GENERAL</u>		
Tuition and Fees	25,603,070	27,570,866
Commonwealth Appropriations *	27,264,506	25,420,477
Federal Grants and Contracts	1,908,618	1,947,371
State/Local/Private Grants and Contracts	870,892	903,228
Other Sources	339,150	331,650
American Recovery and Reinvestment Act	0	3,051,624
Total Educational and General	55,986,236	59,225,216
<u>AUXILIARY ENTERPRISES</u>		
Total Auxiliary Enterprises	42,340,454	42,314,824
Institution Total	98,326,690	101,540,040

* FY 2012 State Appropriation includes Higher Education Student Financial Assistance of \$3,784,818.

TABLE 2
EXPENDITURE SUMMARY

Expenditure Categories	Budget 2010-11	Proposed 2011-12
<u>Educational and General</u>		
Instruction	22,921,976	24,092,151
Sponsored Programs	2,779,510	2,850,599
Public Service	227,229	228,122
Academic Support	5,703,947	6,580,295
Student Services	3,816,123	3,803,989
Institutional Support	10,086,146	10,201,668
Plant Operation & Maintenance	5,390,105	6,291,863
Scholarships & Fellowships	4,649,180	5,176,529
Transfers		
Debt Service (Mandatory)	412,020	0
Non-Mandatory		
Total Planned E&G Expenditures	55,986,236	59,225,216
<u>Auxiliary Enterprises</u>		
Expenditures	33,390,591	33,745,404
Transfers		
Debt Service (Mandatory)	6,619,086	6,607,388
Non-Mandatory		
Total Auxiliary Enterprises	40,009,677	40,352,792
Total Expenditures & Transfers	95,995,913	99,578,008

TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2010-11	Proposed 2011-12
RESIDENCE HALLS		
Direct Income	80,500	90,500
Income (Room Fees)	16,147,372	15,624,682
Expense	13,265,733	13,307,138
Debt Service (Mandatory)	2,196,576	2,203,707
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>765,563</u>	<u>204,337</u>
FOOD SERVICES		
Direct Sales	128,000	121,000
Income (Meal Plans)	8,339,493	8,276,262
Expense	7,252,947	7,358,330
Debt Service (Mandatory)	704,569	699,358
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>509,977</u>	<u>339,574</u>
BOOKSTORE		
Income (Sales and Contracts)	287,250	284,595
Expense	33,000	45,000
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>254,250</u>	<u>239,595</u>
ATHLETICS		
Income (Direct Sales and Services)	244,003	246,880
Student Fees	7,513,678	7,653,258
Expense	6,691,424	6,829,281
Debt Service (Mandatory)	1,066,257	1,070,857
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
PARKING AND TRANSPORTATION		
Income (Direct Sales and Services)	644,177	650,000
Student Fees	322,776	318,102
Expense	553,866	557,732
Debt Service (Mandatory)	337,694	334,977
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>75,393</u>	<u>75,393</u>

TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2010-11	Proposed 2011-12
TELECOM SYSTEMS		
Income (Direct Sales and Services)	18,045	16,000
Student Fees	1,097,358	1,118,060
Expense	1,115,403	1,134,060
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
STUDENT HEALTH		
Income (Direct Sales and Services)	5,901	5,500
Student Fees	666,412	662,057
Expense	672,313	667,557
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
STUDENT UNION		
Income (Direct Sales and Services)	6,647	5,500
Student Fees	484,171	574,294
Expense	490,818	488,946
Debt Service (Mandatory)	0	90,848
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
RECREATION AND INTRAMURALS		
Income (Direct Sales and Services)	10,425	11,000
Student Fees	678,752	1,875,642
Expense	689,177	677,125
Debt Service (Mandatory)	0	1,209,517
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
Continued on next page		

TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2010-11	Proposed 2011-12
GOLF COURSE		
Income (Direct Sales and Services)	120,000	100,000
Student Fees	125,787	150,560
Expense	245,787	250,560
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)	420,000	350,000
Student Fees	0	0
Expense	267,975	275,033
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>152,025</u>	<u>74,967</u>
OTHER AUXILIARY		
Income (Direct Sales and Services)	100,277	111,635
Student Fees	4,899,430	4,069,297
Expense	2,112,148	2,154,642
Debt Service (Mandatory)	2,313,990	998,124
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>573,569</u>	<u>1,028,166</u>
TOTAL AUXILIARY ENTERPRISES		
Income (Direct Sales and Services)	2,065,225	1,992,610
Student Fees	40,275,229	40,322,214
Expense	33,390,591	33,745,404
Debt Service (Mandatory)	6,619,086	6,607,388
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>2,330,777</u>	<u>1,962,032</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. The following contributed to changes in expenditure budgets:

- ❖ 2012 ratios exclude the impact of \$881,500 in one time American Reinvestment and Recovery Act funding including \$461,500 in Instruction and Academic Support and \$420,000 in Operation and Maintenance of Plant.
- ❖ Instruction and Academic Support budgets increased primarily due to \$885,500 additional appropriation allocated to STEM initiatives. The nursing program continues to expand and received an additional \$306,158. Additional faculty positions totaling \$238,000 were added based on Accreditation recommendations. Student Scholarship support increased \$246,678.
- ❖ Public Service decreased due to the FY11 reclassification of Teaching Through Technology program to Instruction.
- ❖ Student Services funding was reduced due to budget reductions.
- ❖ Additional appropriation for new buildings of \$472,499 and fixed costs for repair, maintenance, utilities and insurance contributed to increases in Operation and Maintenance of Plant.

Budget Allocation Ratio

Fiscal Year	2009	2010	2011	2012
Instruction and Academic Support	49.81%	49.96%	51.13%	51.78%
Public Service	1.21%	1.17%	.40%	.39%
Student Services	5.97%	7.26%	6.82%	6.52%
Institutional Support	20.23%	18.07%	18.02%	17.49%
Operation and Maintenance of Plant	9.73%	10.22%	9.63%	10.06%
Student Aid	7.76%	8.38%	8.30%	8.87%
Debt Service	0.66%	0.68%	.74%	0.00%
Sponsored Programs	4.63%	4.26%	4.96%	4.89%

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.

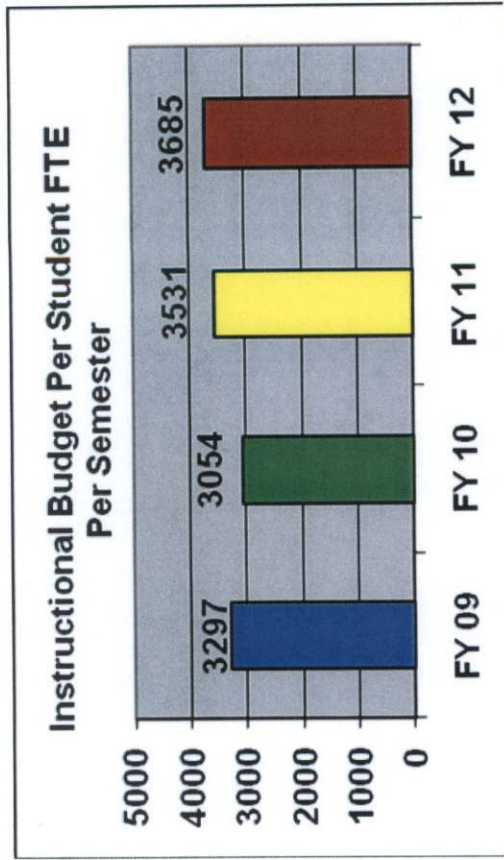
A dramatic change in the ratio signals a shift in the funding priorities of the institution. A significant change also can accompany an enrollment increase or decline.

Longwood University's Current Status

In FY 2011, an increase of \$477 was primarily due to restoration of \$600,000 in funding to Academic Affairs. Fort Lee and Emporia program start-ups and the reclassification of Teaching Through Technology to Instruction.

FY 2012 indicates an additional increase of \$154 which was primarily the result of \$885,800 received in additional appropriation for STEM initiatives. Funding has also been allocated for additional faculty positions based on Accreditation recommendations and nursing program growth. Scholarships funding support increased \$246,678. This ratio does not include \$461,500 in one-time ARRA funds that are allocated for Instruction and Academic Support.

The total annual Educational and General budget per in-state student FTE is \$13,116. 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 percent, meaning that current principal and interest expense should not be greater than 7 percent of the total budget.

Although the 7 percent level is an acceptable threshold, this percentage can range between 5 percent and 10 percent. The actual percentage will vary based upon the financial strength of the institution. Institutions with greater flexibility in allocating funds will be able to take on additional debt. Longwood participates in the State bond program which is based on fixed rates. Debt is not increased without budgeting an increase in funds available to pay the financial obligations.

In March 2007, the Board of Visitors approved an increase in the debt ratio to 9 percent to facilitate the completion of nongeneral fund projects approved by the General Assembly.

Longwood University's Current Status

Longwood's Debt Service to Total Budgeted Expenditures is 6.69 percent for FY 2012. This calculation is based on actual debt payments, for FY 2012 and total budgeted expenditures less reserves and \$881,800 budgeted American Recovery and Reinvestment Act one time funded expenditures.

Longwood's actual FY 2010 debt burden ratio was 7.38 percent per unaudited 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 took place in phases over a three-year period. The implementation of Banner Finance, Student and Human Resources modules, has resulted 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. Example: 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.

