

2014-15 Operating Budget Development

General Fund Budget Summary

Scenario A

Explanation of Budget Changes

REVENUES

1. FY14 State Appropriation - Flatlined - No Reduction
2. Tuition Increase - 3% ATB

EXPENDITURES

1. Financial Aid Escalator of 3.0% (Central and Unit Aid)
2. 3% Salary Increase Pool
3. 10% Health Insurance Increase for July - Dec 2014; 10% increase Jan - June 2015
4. Debt Service per Amortization Schedule
5. 5% ATB Utilities Increase
6. FICA Max Increase
7. Retirement Increase (Increased Participation)
8. VSIP Savings

12/3/2013

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**2014-15 Operating Budget Development
General Fund Budget Summary**

Scenario A

	<u>2013-14 Original Budget</u>	<u>2014-15 Proposed Budget</u>	<u>Amount of Change</u>
Projected Revenue			
State Appropriation	164,186,300	164,186,300	0
Tuition and Fees	228,644,800	228,644,800	
Tuition Rate Increase		6,795,000	6,795,000
Additional Enrollment		0	0
Differential Tuition Rate Increase		0	0
Fee Revenue	20,901,940	20,901,940	0
Other Tuition Revenue	21,478,460	21,538,460	60,000
Total Tuition and Fees	<u>271,025,200</u>	<u>277,880,200</u>	6,855,000
Other Revenue	45,037,300	44,813,753	(223,547)
Auxiliary Enterprises	<u>16,238,900</u>	<u>13,444,404</u>	(2,794,496)
Total General Fund Revenue	<u>496,487,700</u>	<u>500,324,657</u>	<u>3,836,957</u>
Projected Expenditures			
Fixed Costs	337,917,321	341,571,205	3,653,884
Current Expenses	124,765,578	124,765,578	0
Debt Service	22,901,015	20,112,603	(2,788,412)
CAR Budget Revisions Approved during 2013-14	-	486,046	486,046
Expense Budgets Offset by Revenue/Department Credits	-	60,000	60,000
Strategies to Balance Budget	-	(1,100,000)	(1,100,000)
Auxiliary Enterprises	<u>10,903,786</u>	<u>10,903,786</u>	0
Total General Fund Expenditures	<u>496,487,700</u>	<u>496,799,218</u>	<u>311,518</u>
Gross Surplus / (Deficit) Before Strategic Initiatives	<u>0</u>	<u>3,525,439</u>	<u>3,525,439</u>
Strategic Initiatives	-	11,246,346	11,246,346
Net Surplus / (Deficit)	<u>0</u>	<u>(7,720,907)</u>	<u>(7,720,907)</u>

Projected Revenue

	<u>2013-14</u>	<u>Changes</u>	<u>Proposed 2014-15</u>
Base Budget			
General Appropriation	141,194,800	0	141,194,800
Proposed Gen App. Reduction	0	0	0
Hospital - QCCT	18,243,600	0	18,243,600
E&G Debt Service	3,927,900	0	3,927,900
Subtotal Base	<u>163,366,300</u>	<u>0</u>	<u>163,366,300</u>
Other State Funds			
KYVL West Hub Operations	0		0
Equine Industry Program	400,000		400,000
Equine Trust Program	60,000		60,000
KY Partners Pollution Prevention Program	360,000		360,000
Subtotal Other State Funds	<u>820,000</u>	<u>0</u>	<u>820,000</u>
Subtotal - State Appropriation	<u>164,186,300</u>	<u>0</u>	<u>164,186,300</u>
Tuition and Fees			
Tuition Rate Increases - ATB			
Summer Base (Increase @ 3%UG, 5%G, various other)	18,041,400	664,700	18,706,100
Regular Base (Increase @ 3%)	210,603,400	6,130,300	216,733,700
CAR Increases - College of Business - Cert. and Master in Acc.	0	60,000	60,000
Targeted Enrollment Increases:			
Subtotal Tuition Base	<u>228,644,800</u>	<u>6,855,000</u>	<u>235,499,800</u>
Mandatory Fees	9,573,900		9,573,900
Miscellaneous Fees	5,890,740		5,890,740
Unit and Course Based Fees	4,997,500		4,997,500
Course - Laboratory Based Fees	439,800		439,800
Subtotal - Mandatory and Miscellaneous Fees	<u>20,901,940</u>	<u>0</u>	<u>20,901,940</u>
Other Tuition Revenue			
Special Instructional Programs	2,797,100		2,797,100
Distance Education Programs	15,299,760		15,299,760
Continuing Education Programs	3,381,600		3,381,600
Subtotal Other Tuition Revenue	<u>21,478,460</u>	<u>0</u>	<u>21,478,460</u>
Subtotal - Tuition & Fees	<u>271,025,200</u>	<u>6,855,000</u>	<u>277,880,200</u>
Other Revenue			
Transfers from Affiliated Corps- for Debt Service			
Series O: Athletics Association	0	0	0
Series N: Research Foundation	1,131,200	(227,900)	903,300
Series A - 2007: General Receipts	2,526,200	1,500	2,527,700
Series A - 2008: General Receipts	4,092,300	0	4,092,300
Series A and B - 2010: General Receipts	885,000	(1,147)	883,853
Transfers from Affiliated Corps - F&A	11,580,700	0	11,580,700
Annual Transfer from ULH, Inc.	200,000	0	200,000
Transfers from UofL Foundation	2,000,000	0	2,000,000
Series A - 2011 General Receipts - Student Rec. Center	0	(100)	(100)
Series A 2012 General Receipts - (Athletic Association)	0	4,100	4,100
Series A 2012 General Receipts - (ULRF)	0	0	0
Sales & Services of Educ. Activities	712,400	0	712,400
Organized Activities Related to Instruction	1,133,700	0	1,133,700
Other Non-educational Revenue	3,345,700	0	3,345,700
Interest Income	3,517,800	0	3,517,800
Indirect Cost Transfers	51,400	0	51,400
Hospital Related	13,860,900	0	13,860,900
Subtotal - Other Revenue	<u>45,037,300</u>	<u>(223,547)</u>	<u>44,813,753</u>
Auxiliaries			
Auxiliary Enterprises	7,843,600	(2,520,228)	5,323,372
University Housing	6,823,100	(274,268)	6,548,832
Service Centers	1,572,200	0	1,572,200
Subtotal - Auxiliaries	<u>16,238,900</u>	<u>(2,794,496)</u>	<u>13,444,404</u>
Total Revenue	<u>496,487,700</u>	<u>3,836,957</u>	<u>500,324,657</u>

Fixed Costs

	2013-14	Changes	Proposed 2014-15
<u>Personal Services Base:</u>	320,692,672		320,692,672
Fringe Benefits:			
Health Insurance:			
10% Increase for Employees, July - Dec 2014		1,272,091	1,272,091
Employer Contribution FICA *		289,325	289,325
Employer's Retirement Contribution		300,000	300,000
Subtotal Personal Services	320,692,672	1,861,416	322,554,088
<u>Current Expenses Base:</u>	4,186,850		4,186,850
Insurance(s) (No Estimates at this time)			
General Insurance		200,000	200,000
Worker's Compensation Insurance		200,000	200,000
Unemployment Insurance		200,000	200,000
Audit Fees		100,000	100,000
Subtotal Current Expenses	4,186,850	700,000	4,886,850
<u>Physical Facilities Base:</u>	21,849,367		21,849,367
Utilities @ an average increase of 5%		1,092,468	1,092,468
Previous Year Unfunded M&O or new M&O:			
New Addition to Papa John's Cardinal Stadium			
Subtotal Physical Facilities	21,849,367	1,092,468	22,941,835
Total Fixed Costs	346,728,889	3,653,884	350,382,773

* NOTE: The Social Security Wage Base is CURRENTLY \$113,700.

The projection for 2014 is estimated to be \$115,500 (SSA Office of the Chief Actuary)

Official amount is announced in October each year

Current Expenses

	<u>2013-14</u>	<u>Changes</u>	<u>Proposed 2014-15</u>
<u>Current Expenses Base:</u>	48,861,291		48,861,291
Subtotal Current Expenses	<u>48,861,291</u>	<u>0</u>	<u>48,861,291</u>
<u>Budget Reserves Base:</u>	6,752,262		6,752,262
Subtotal Budget Reserves	<u>6,752,262</u>	<u>0</u>	<u>6,752,262</u>
<u>Financial Aid Base</u>	51,500,616		51,500,616
Subtotal Financial Aid Base	<u>51,500,616</u>	<u>0</u>	<u>51,500,616</u>
<u>Other Expenditures Base (QCCT):</u>	19,743,627		19,743,627
Subtotal Other Expenditures	<u>19,743,627</u>	<u>0</u>	<u>19,743,627</u>
Total Current Expenses	<u>126,857,796</u>	<u>0</u>	<u>126,857,796</u>

Debt Service

	2013-14	Changes	Proposed 2014-15
<u>Debt Service Base: (1)</u>	22,901,015		22,901,015
Debt Service - Principal and Interest Payments:			
2007 Series A General Receipts Bonds		1,800	1,800
2008 Series A General Receipts Bonds		(500)	(500)
2010 Series A and B General Receipts Bonds		(1,226)	(1,226)
2011 General Receipts - Student Recreation Center (Series A)		(175)	(175)
2012 Series A General Receipts Bonds		7,450	7,450
Consol Educ Bldg Rev Bonds (Series M) 88.5%		(2,153,956)	(2,153,956)
Consol Educ Bldg Rev Bonds (Series M) Parking portion 11.5%		(279,893)	(279,893)
Consol Educ Bldg Rev Bonds (Series N)		0	0
Consol Educ Bldg Rev Bonds (Series O)		0	0
Consol Educ Bldg Rev Bonds (Series P)		(2,174)	(2,174)
Revenue Refunding Bonds (Series E) - Housing 76%		(270,655)	(270,655)
Revenue Refunding Bonds (Series E) - Miller Renovation +Shelby 24%		(85,470)	(85,470)
Revenue Refunding Bonds (Series F) - Housing		(3,613)	(3,613)
Total Debt Service	22,901,015	(2,788,412)	20,112,603

CAR Budget Revisions Approved During 2013-14

Description	Amount			Total
	Salary	Fringe	Current Expense	
Communications and Marketing Positions	157,007	44,747		201,754
Various Academic Salary and Position Adjustments	220,522	23,770		244,292
SIGS Commitment			40,000	40,000
Total	<u>377,529</u>	<u>68,517</u>	<u>40,000</u>	<u>486,046</u>

* Used 28.5% for Fringe Benefits

Expenditures Offset by Specific Revenue or Departmental Credits

<u>Description</u>	<u>Amount</u>			<u>Total</u>
	<u>Salary</u>	<u>Fringe</u>	<u>Current Expense</u>	
COB - Master in Acc.	5,000	383	24,617	30,000
COB - Certificate in Acc.			30,000	30,000
Total Adjustments to E&G Expenditures Offset By Revenue				<u>60,000</u>

University-wide Budget Balancing Strategies

Description	Amount
I. Institutional Financial Aid	
Subtotal	0
II. Compensation and Benefits	0
Subtotal	0
III. Chargeback's to UofL Corporations	0
Subtotal	0
IV. Miscellaneous Cost Savings	0
VSIP Savings	(1,100,000)
Subtotal	(1,100,000)
V. Administrative Fee Modification	0
Total University-wide Budget Balancing Strategies	(1,100,000)

Strategic Initiatives

Description	Requested
<u>Student Initiatives:</u>	
Financial Aid Programs:	
- Financial Aid Escalator @ 3% (ALL Scholarships)	1,543,800
SGA to enhance student programs (third year of a three-year commitment)	200,000
Sub-total Student Initiatives	1,743,800
<u>Faculty and Staff Initiatives:</u>	
- Faculty/Staff 3% Salary Increase Pool - includes Fringes	7,416,851
- Health Insurance 10% Increase; Jan 1, 2015 - June 30, 2015	1,335,695
- Faculty Promotions	500,000
- Staff Reclassification / Promotion Fund	<u>250,000</u>
	9,502,546
Sub-total Faculty and Staff Initiatives	9,502,546
<u>Research Initiatives:</u>	
Sub-total Research Initiatives	0
Total Strategic Initiatives	<u><u>11,246,346</u></u>