

2014-15 Operating Budget Development

General Fund Budget Summary

Scenario B

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

12/12/2013

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

Scenario B

| | <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 | 21,326,940 | 425,000 |
| Other Tuition Revenue | 21,478,460 | 21,938,460 | 460,000 |
| Total Tuition and Fees | <u>271,025,200</u> | <u>278,705,200</u> | 7,680,000 |
| 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>501,149,657</u> | <u>4,661,957</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 | - | 689,546 | 689,546 |
| 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>497,002,718</u> | <u>515,018</u> |
| Gross Surplus / (Deficit) Before Strategic Initiatives | <u>0</u> | <u>4,146,939</u> | <u>4,146,939</u> |
| Strategic Initiatives | - | 11,246,346 | 11,246,346 |
| Net Surplus / (Deficit) | <u>0</u> | <u>(7,099,407)</u> | <u>(7,099,407)</u> |

Projected Revenue

| | 2013-14 | Changes | Proposed 2014-15 |
|--|--------------------|--------------------|---------------------|
| 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> |
| Overrealization of Candidacy Fees-Doctoral (Program 30298) | | 300,000 | 300,000 |
| Overrealization of Candidacy Fees - Masters (Program 30299) | | 75,000 | 75,000 |
| Overrealization of Late Registration Fee (Program 30302) | | 50,000 | 50,000 |
| 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>425,000</u> | <u>21,326,940</u> |
| Other Tuition Revenue | | | |
| Special Instructional Programs | 2,797,100 | | 2,797,100 |
| Distance Education Programs | 15,299,760 | | 15,299,760 |
| Overrealization of Dist Ed Tuition Rev-University (Prg 30374) | 0 | 400,000 | 400,000 |
| Continuing Education Programs | 3,381,600 | | 3,381,600 |
| Subtotal Other Tuition Revenue | <u>21,478,460</u> | <u>0</u> | <u>21,878,460</u> |
| Subtotal - Tuition & Fees | <u>271,025,200</u> | <u>7,280,000</u> | <u>278,705,200</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>4,261,957</u> | <u>501,149,657</u> |

Fixed Costs

| | <u>2013-14</u> | <u>Changes</u> | <u>Proposed 2014-15</u> |
|--|---------------------------|-------------------------|-----------------------------|
| <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 | <u>320,692,672</u> | <u>1,861,416</u> | <u>322,554,088</u> |
| | | | |
| <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 | <u>4,186,850</u> | <u>700,000</u> | <u>4,886,850</u> |
| | | | |
| <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 | <u>21,849,367</u> | <u>1,092,468</u> | <u>22,941,835</u> |
| | | | |
| Total Fixed Costs | <u><u>346,728,889</u></u> | <u><u>3,653,884</u></u> | <u><u>350,382,773</u></u> |

* 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 | 257,007 | 73,247 | | 330,254 |
| Various Academic Salary and Position Adjustments | 220,522 | 23,770 | | 244,292 |
| SIGS Commitment | | | 40,000 | 40,000 |
| Repeal 10% admin. overhead for research service centers | | | 75,000 | 75,000 |
| Total | 477,529 | 97,017 | 115,000 | 689,546 |

* 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><u>60,000</u></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 | 250,000 |
| | 9,502,546 |
| | |
| Sub-total Faculty and Staff Initiatives | 9,502,546 |
| <u>Research Initiatives:</u> | |
| Sub-total Research Initiatives | 0 |
| | |
| Total Strategic Initiatives | 11,246,346 |