

E&G Budget Update

FY 2016-17 (Prior Year)

FY 2017-18 (Current Year)

FY 2018-19 (Request Year)

BUDGET SUBCOMMITTEE – SEPTEMBER 21, 2017

PLANNING AND BUDGET – SEPTEMBER 21, 2017

UNIVERSITY FORUM – SEPTEMBER 27, 2017

Board of Governors E&G Budget Request Summary FY 2016-17 Through FY 2018-19

Educational and General Budget					
Revenue/Sources	Prior Year (Actual) FY 2016/17	Current Year (Projected) FY 2017/18	Percent Change	Request Year (Projected) FY 2018/19	Percent Change
Tuition	\$80,524,731	\$80,174,165	-0.4%	\$81,012,729	1.0%
Fees	22,462,318	22,467,957	0.0%	22,669,636	0.9%
State Appropriation 1	36,245,991	37,059,188	2.2%	37,059,188	0.0%
All Other Revenue	6,145,490	5,524,764	-10.1%	5,517,246	-0.1%
Planned Use of Carryforward 2	887,490	5,478,755	517.3%	1,203,435	-78.0%
Total Revenue/Sources	\$146,266,020	\$150,704,829	3.0%	\$147,462,234	-2.2%
Expenditures and Transfers					
Compensation Summary:					
Salaries and Wages	\$72,050,842	\$74,279,271	3.1%	\$76,053,161	2.4%
Benefits	35,411,876	38,312,350	8.2%	39,315,818	2.6%
Subtotal, Compensation	\$107,462,718	\$112,591,621	4.8%	\$115,368,979	2.5%
Student Financial Aid 3	2,656,350	3,115,554	17.3%	3,534,763	13.5%
Utilities	2,379,551	2,584,364	8.6%	2,636,051	2.0%
Other Services and Supplies	22,100,658	26,157,568	18.4%	24,143,623	-7.7%
Subtotal, All Services and Supplies	\$27,136,559	\$31,857,486		\$30,314,437	
Capital Expenditures and Transfers	5,305,000	6,255,722	17.9%	5,115,133	-18.2%
Total Expenditures and Transfers	\$139,904,277	\$150,704,829	7.7%	\$150,798,549	0.1%
Revenue/Sources Less Expenditures/Transfers	\$6,361,743	\$0		(\$3,336,315)	

¹ Performance funding portion of state appropriation projections is estimated.

² FY 2016/17 includes funds that were earned prior to FY 2016/17 and expended for one time projects in FY 2016/17. FY 2017/18 includes funds earned in previous years that are being brought into the current year budget to balance the E&G General Fund budget (\$2,204,236) and to fund various initiatives (\$3,274,519). FY 2018/19 includes funds earned in previous years that are being brought into the request year budget to fund various initiatives.

³ Includes \$1,469,613 and \$1,858,578 of institutional scholarship funding for FY 2017-18 and FY 2018-19, respectively. Institutional scholarship funding is primarily comprised of the following scholarship programs: BU Academic Excellence, Academic Success, Professional Experience Grants (PEGS), Verizon/Integra Retention Grants, Summer Prep Academy (formerly known as ACT 101/EOP Summer).



Board of Governors E&G Budget Request Summary FY 2016-17 Through FY 2018-19

Annualized FTE Enrollment					
	Prior Year (Actual) FY 2016/17	Current Year (Projected) FY 2017/18	Percent Change	Request Year (Projected) FY 2018/19	Percent Change
In-State Undergraduate	7,780.00	7,397.00	-4.9%	7,456.00	0.8%
Out-of-State Undergraduate	828.00	803.00	-3.0%	807.00	0.5%
In-State Graduate	477.00	491.00	2.9%	502.00	2.2%
Out-of-State Graduate	76.00	76.00	0.0%	76.00	0.0%
Total FTE Enrollment	9,161.00	8,767.00	-4.3%	8,841.00	0.8%

E&G FTE of Budgeted Positions					
	Prior Year (Actual) FY 2016/17	Current Year (Projected) FY 2017/18	Change	Request Year (Projected) FY 2018/19	Change
Faculty	485.37	490.75	5.38	491.75	1.00
AFSCME	323.45	321.95	(1.50)	322.45	0.50
Nonrepresented	110.12	111.12	1.00	113.12	2.00
SCUPA	61.13	63.13	2.00	63.13	0.00
All Other	60.27	59.77	(0.50)	59.77	0.00
Total FTE of Budgeted Positions	1,040.34	1,046.72	6.38	1,050.22	3.50

FY 2016-17 (Prior Year)

Interim BUDRPT/Action Plan Projection vs. Actual

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2016-17 Interim BUDRPT Submission - Action Plan (Projection) <i>dollars in millions</i>	FY 2016-17 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Projection) <i>dollars in millions</i>	Actuals as a % Of Interim BUDRPT Submission- Action Plan (Projected)
Revenue				
Tuition	\$ 80.6	\$ 80.5	(0.10)	99.9%
Fees	22.2	22.5	0.30	101.4%
Total Tuition and Fees	\$ 102.8	\$ 103.0	\$ 0.2	100.2%
State Appropriation	36.2	36.2	-	100.0%
All Other Revenue	6.0	6.2	0.2	103.3%
Total Revenue	\$ 145.0	\$ 145.4	\$ 0.4	100.3%
Expenditures and Transfers				
Compensation Summary:				
Salaries and Wages	\$ 72.7	\$ 72.1	\$ (0.6)	99%
Benefits	36.2	35.4	(0.8)	98%
Subtotal, Compensation	\$ 108.9	\$ 107.5	\$ (1.4)	99%
Student Financial Aid	2.6	2.7	0.1	104%
Utilities	2.5	2.4	(0.1)	96%
Other Services and Supplies	26.3	22.1	(4.2)	84%
Capital Expenditures and Transfers	7.2	5.3	(1.9)	74%
Total Expenditures and Transfers	\$ 147.5	\$ 140.0	\$ (7.5)	95%
Revenue Less E&G Expenditures/Transfers	\$ (2.5)	\$ 5.4	\$ 7.9	
Planned Use of Carryforward for One Time Initiatives/Projects	\$ 5.8	\$ 0.9	(4.9)	
Budgetary Surplus	\$ 3.3	\$ 6.3	3.0	

FY 2016-17 (Prior Year) Expenditure Variances Compensation (\$1.4MM)

- Majority of additional savings is associated with salary and benefit pool budgets as outlined below (action plan assumes 100% of pool budgets)
 - Sick leave payout (\$.2MM)
 - Annual leave payout (\$.1MM)
 - Independent study/Individualized instruction (\$.1MM)
 - Summer school faculty salaries (\$.1MM)
 - Unemployment benefits (\$.1MM)
 - Workers' compensation benefits (\$.2MM)
 - Temporary faculty and faculty sabbatical benefits (\$.3MM)
- Remainder of savings is a result of positions being unexpectedly vacated or filled at later dates than expected

FY 2016-17 (Prior Year) Expenditure Variances All Supplies and Services

Expenditure Category	FY 2016-17 Interim BUDRPT Submission - Action Plan (Projection) <i>dollars in millions</i>	FY 2016-17 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Projection) <i>dollars in millions</i>	Actuals as a % Of Interim BUDRPT Submission- Action Plan (Projected)
Financial Aid	\$ 2.6	\$ 2.7	\$ 0.1	104%
Utilities	2.5	2.4	(0.1)	96%
Other Services & Supplies	26.3	22.1	(4.2)	84%
Total-All Supplies and Services	\$ 31.4	\$ 27.2	\$ (4.2)	87%



Other Services and Supplies Key Variances:

- **Travel and Transportation**-underutilization of original budget and planned use of carryforward; \$.5MM and \$.1MM, respectively
- **Bad Debt Expense**-allowance for doubtful accounts estimate resulted in higher than projected expense of \$.3MM
- **All Other Services & Supplies**-primarily attributed to the underutilization of original budget (\$3.8MM) and planned use of carryforward (\$.8MM) offset by planned carryforward spending that was budgeted in the Capital line but expended in the All Other Services and Supplies line (\$.6)

FY 2016-17 (Prior Year) Expenditure Variances Capital Expenditures and Transfers

Expenditure Category	FY 2016-17 Interim BUDRPT Submission - Action Plan (Projection) <i>dollars in millions</i>	FY 2016-17 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Projection) <i>dollars in millions</i>	Actuals as a % Of Interim BUDRPT Submission- Action Plan (Projected)
Capital Expenditures	\$ 3.8	\$ 1.6	\$ (2.2)	42%
Transfers	3.4	3.7	0.3	109%
Total-Capital Expenditures and Transfers	\$ 7.2	\$ 5.3	\$ (1.9)	74%



Capital Expenditures-underutilization of planned use of carryforward (\$1.6MM) and planned use of carryforward expended in the all other services and supplies line but budgeted in the capital expenditures line (\$.6MM)

June 30, 2017

E&G Fund-Fund Balance Detail

Description	6/30/16	6/30/17	Variance
Technology Initiatives (Technology Tuition Fee Fund)	\$ 263,313	\$ 570,287	\$ 306,974
Academic/Student Affairs/SEM Initiatives (Academic Enhancement Fee Fund)	4,311,245	4,000,667	(310,578)
Sustainability Initiatives	184,039	266,872	82,833
Scholarships ¹	524,009	374,041	(149,968)
President/VP/Dean Residual Budget Carryforwards (E&G General Fund)	1,777,799	2,322,963	545,164
Student Information System (MyHusky)	502,389	418,429	(83,960)
Other ²	2,070,801	2,015,588	(55,213)
Self-Supporting Operations ³	3,170,648	3,919,718	749,070
Reserve-Institutional	14,687,265	18,573,830	3,886,565
Reserve-Utilities	181,655	159,159	(22,496)
Reserve-Miscellaneous	940,421	965,433	25,012
Outstanding Commitments	988,871	1,489,718	500,847
Total	\$ 29,602,455	\$ 35,076,705	\$ 5,474,250

Tuition, Fees,
Appropriation,
and Other
Revenue
LESS
Expenditures
and Transfers

¹ Includes PEPSI/Trustee, Verizon Retention/Integra College Grant, and Summer Prep Academy funds.

² Includes Special Program funds (President's Strategic Planning Grants, Indirect Cost, Financial Aid Administrative Allowance, etc.) and the majority of E&G General Funds that carryforward to self (Office of Technology, Telecom Ctr, PBX and Voicemail, etc.).

³ Includes camps, conferences, Speech and Hearing Clinic, shuttle bus operation, etc.

June 30, 2017
Institutional Reserve Balance

=

\$18,573,830

Less Planned Use:

\$2,204,236

\$1,130,010

=

Uncommitted Institutional Reserve Balance

\$15,239,584

(10% of FY 2017-18 E&G Budget)

Balance FY 2017-18 E&G
General Fund Budget



One-time Initiatives-FY
2017-18 and 2018-19



- Institutional reserve provides the university a **short-term** cushion to balance the projected E&G General Fund budget deficit. Structural changes to the budget will have to continue (net revenue generation; ongoing faculty, staff, and administration workforce planning and program cost review; personnel cost improvement initiatives) as continual drawdown of the reserve is not financially sustainable.

June 30, 2017

Unrestricted E&G Plant Fund-Fund Balance Detail

6/30/17 Unrestricted Fund Balance Designated for E&G Plant Activities (Net of Commitments-\$3,390,881 ¹)

Maintenance and Repair		<u>519,919</u>
Capital Projects:		
Waller Expansion	\$	12,000,000
Relocate Phone Switch/Computing Backup/Police to Andruss Library-Equipment		549,616
Centennial Hall Replacement Parking Lot		220,876
Electrical Distribution Project		158,002
Coal Boiler Replacement		143,464
Columbia Residence Hall Chiller Building-E&G Share		120,718
Other		202,846
Total Capital Projects	\$	<u>13,395,522</u>
Contingency Reserve	\$	<u>2,841,193</u>
Total Designated for E&G Plant Activities	\$	<u><u>16,756,634</u></u>

¹ Majority of commitments are associated with the Lightstreet Road pedestrian bridge, electrical distribution, and Columbia Resident Hall chiller building-E&G share projects.

Key Revenue/Expenditure Drivers
 FY 2017-18 (Current Year)
 and
 FY 2018-19 (Request Year)

Budget Category/Driver	FY 2017-18 (Current Year) Inc/(Dec) Over Prior Year	FY 2018-19 (Request Year) Inc/(Dec) Over Prior Year
Tuition	3.50%	0.00%
Annualized FTE Enrollment	-4.30%	0.80%
Fees:		
Mandatory Fees Set by the Council of Trustees	0.00%-3.50%	0.00%
Technology Tuition Increase (set by the Board of Governors)	2.60%-5.30% depending on student classification	0.00%
State Appropriation (Including Performance Funding ¹)	2.00% System-wide	0.00%
Compensation ²:		
Salaries:		
Faculty-Steps/GPI (CBA expires 6/30/18)	0.00%/2.00%	0.00%/0.00%
AFSCME-Steps/GPI (CBA expires 6/30/19)	1.13%/2.69%	2.25%/2.50%
Nonrepresented-Steps/GPI (2018-19 increase = residual of Jan 2018 merit increase)	3.63%/0.00%	2.25%/0.00%
SCUPA-Steps/GPI (CBA expires 6/30/19)	1.25%/2.44%	2.50%/2.25%
Coaches-Steps/GPI (CBA expires 6/30/19)	2.50%/1.38%	2.50%/2.63%
SPFPA (Police)-Steps/GPI (CBA expires 8/31/17)	0.00%/0.88%	0.00%/0.00%
OPEIU (Nurses)-Steps/GPI (CBA expires 6/30/19)	1.13%/2.87%	2.25%/2.50%
Benefits:		
Healthcare-PEBTF Plan (AFSCME, SCUPA)	3.96%	0.00%
Healthcare-PPO (Faculty, Coaches)	1.21%	3.00%
Healthcare-PPO (Nonrepresented, SPFPA, OPEIU)	1.71%	3.00%
Annuitant Hospitalization-AFSCME	-17.13%	0.00%
Annuitant Hospitalization-Faculty, Nonrep, SCUPA, Coaches	-1.00%	3.00%
Retirement:		
TIAA/CREFF	0.00%	0.00%
SERS (Class AA (vast majority of employees))	14.99%	0.29%
PSERS	8.70%	1.10%
Services/Supplies and Capital Expenditures:		
Base Operating Budgets ³	Continued reduction put into effect in FY14	Continued reduction put into effect in FY14
CPI (where appropriate)	1.90%	2.40%
¹ Performance funding portion of state appropriation is estimated based on last year's allocation. ² FY 2017-18 projections based on anticipated start dates for all authorized vacant positions. FY 2018-19 projections assume that all authorized vacant positions will be filled as of July 1, 2018 or August 28, 2018 (start of fall 2018 semester). ³ Other known or anticipated adjustments are included (i.e. BU Academic Excellence Scholarship program-Year 3 and Year 4 cohorts, Academic Success Scholarship program-Year 1 and Year 2 cohorts; Summary Prep Academy Grants; etc.).		



FY 2017-18 (Current Year)

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2017-2018 (Current Year) <i>dollars in millions</i>
E&G Revenue	
Tuition	\$ 80.2
Fees	22.5
Total Tuition and Fees	\$ 102.7
State Appropriation	37.1
All Other Revenue	5.5
Total Revenue	\$ 145.3
E&G Expenditures and Transfers	
Compensation Summary:	
Salaries and Wages	\$ 74.3
Benefits	38.3
Subtotal, Compensation	\$ 112.6
Student Financial Aid	3.1
Utilities	2.6
Other Services and Supplies	26.2
Capital Expenditures and Transfers	6.3
Total Expenditures and Transfers	\$ 150.8
Revenue less Expenditures/Transfers	\$ (5.5)
Planned Use of Carryforward-Balance E&G General Fund Budget	\$ 2.2
Planned Use of Carryforward-One Time Initiatives/Projects	3.3
Budgetary Surplus/(Deficit)	\$ 0.0

Funds earned in previous years that are being brought into the budget to fund the projected E&G General Fund deficit and for one time projects/initiatives



FY 2017-18 (Current Year)

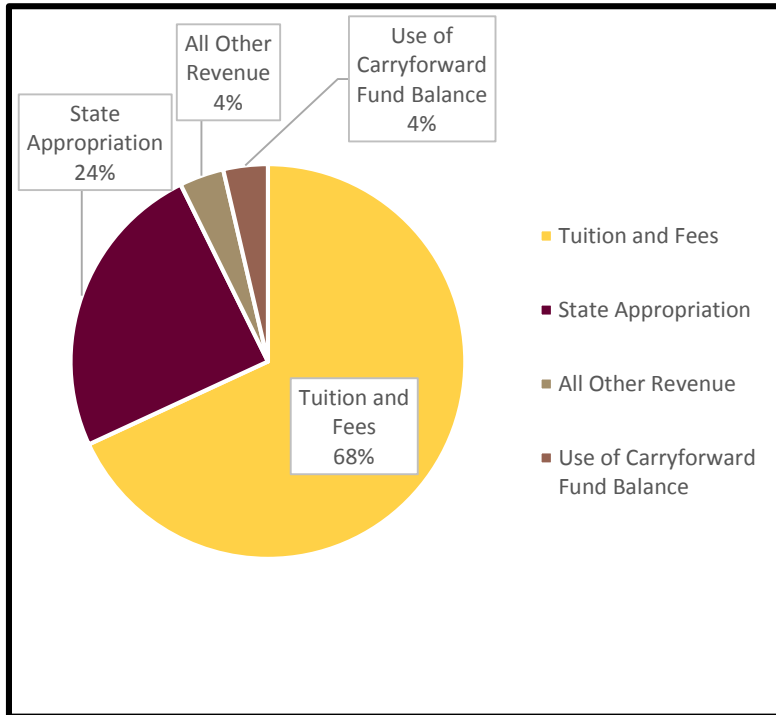
Key Expenditure/Transfer Changes (Excluding Planned Use of Carryforward)

Expenditure Category	FY 2017-18 Projection Excl Planned Use of CF for One-Time Projects and Initiatives dollars in millions	FY 2016-17 Actuals dollars in millions	Inc/(Dec) \$ dollars in millions	Inc/(Dec) %
Compensation	\$ 112.6	\$ 107.5	\$ 5.1	4.7%
Student Financial Aid	2.9	2.7	0.2	7.4%
Utilities	2.6	2.4	0.2	8.3%
Other Services and Supplies	24.4	22.1	2.3	10.4%
Capital Expenditures and Transfers	5.0	5.3	(0.3)	-5.7%
Total	\$ 147.5	\$ 140.0	\$ 7.5	5.4%

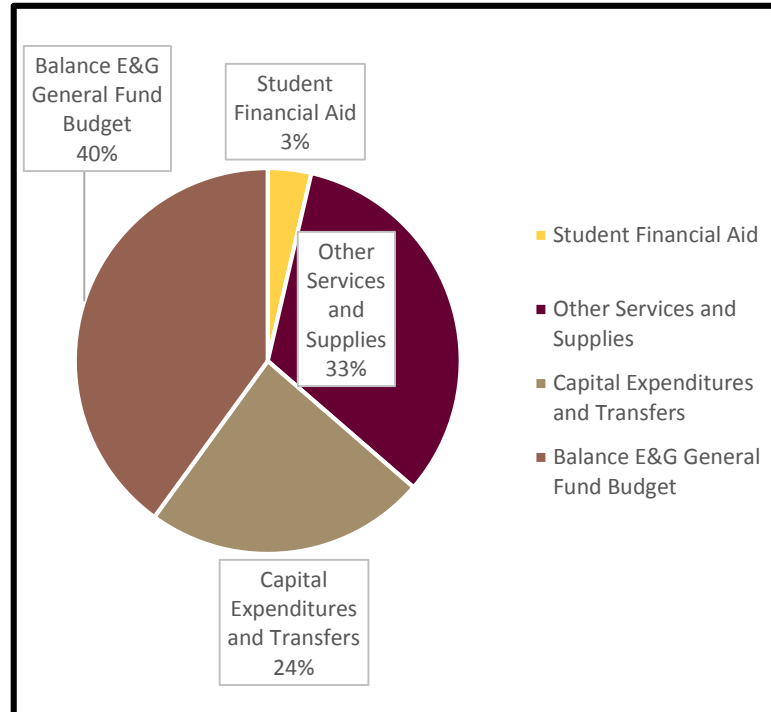
- Increases in compensation and other services and supplies comprise majority of increase:
 - **Compensation**-contractually obligated/BOG approved salary increases coupled with benefit increases
 - **Other Services and Supplies**-primarily attributed to expenses associated with strategic enrollment management action plans, SIMS increase, and interest expense increase (due to capitalization of Soltz Hall and steam plant renovation projects) offset by a reduction in projected bad debt expense. Prudent 16/17 spending also contributes to the projected increase.

FY 2017-18 (Current Year) E&G Budget Projection Dashboards

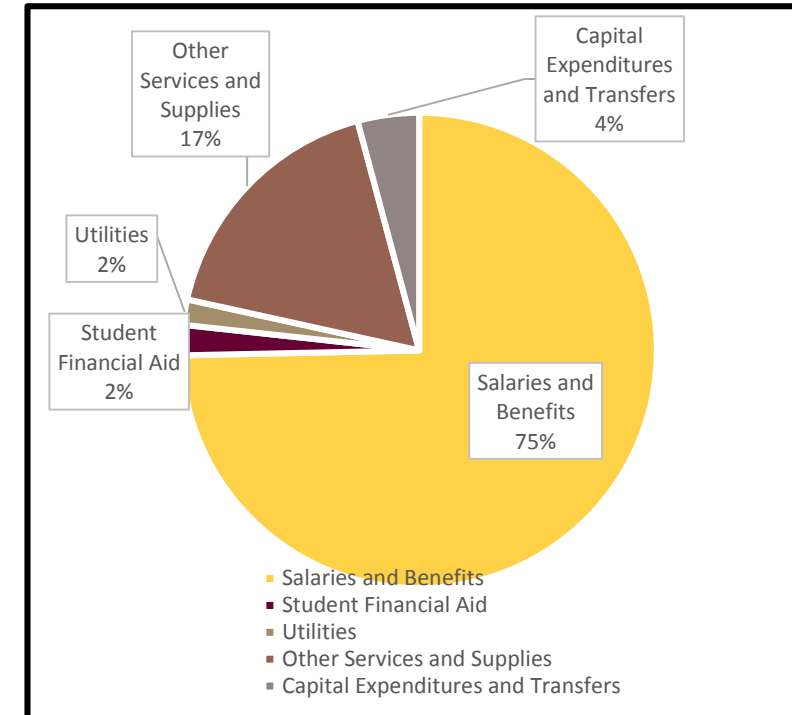
Revenue/Sources Summary



Planned Used of CF Detail-Initiatives



Expenditures and Transfers Summary



Key Unknowns

FY 2017-18 (Current Year)

(not built into budget projections)

- Final results of SPFPA (police) collective bargaining negotiations
 - Current collective bargaining agreement expired 8/31/17
- Final performance funding results
- Final impact resulting from action taken by the Board of Governors regarding the potential forgiveness of Cheyney's outstanding System debts
 - Total potential impact to BU = \$2.6MM; Estimate of potential impact provided by the State System Office and was developed by prorating the outstanding debt (\$30.5MM) based on each university's share of the E&G appropriation

FY 2018-19 (Request Year)

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2018-2019 (Request Year) <i>dollars in millions</i>
E&G Revenue	
Tuition	\$ 81.0
Fees	22.7
Total Tuition and Fees	\$ 103.7
State Appropriation	37.1
All Other Revenue	5.5
Total Revenue	\$ 146.3
E&G Expenditures and Transfers	
Compensation Summary:	
Salaries and Wages	\$ 76.1
Benefits	39.3
Subtotal, Compensation	\$ 115.4
Student Financial Aid	3.5
Utilities	2.6
Other Services and Supplies	24.2
Capital Expenditures and Transfers	5.1
Total Expenditures and Transfers	\$ 150.8
Revenue less Expenditures/Transfers	\$ (4.5)
Planned Use of Carryforward-One Time Initiatives/Projects	1.2
Budgetary Surplus/(Deficit)	\$ (3.3)

Funds earned in previous years that are being brought into the budget for one time projects/initiatives

FY 2018-19 (Request Year)

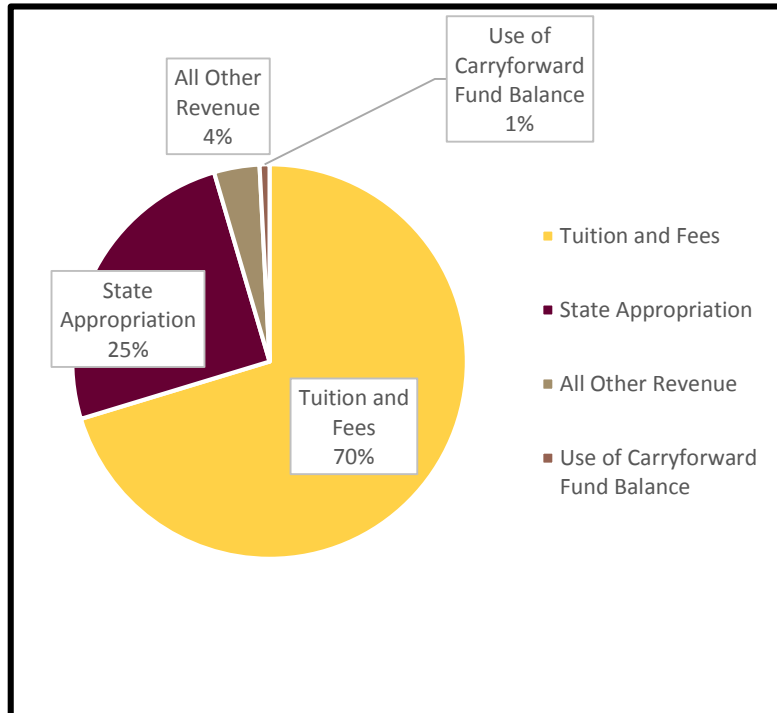
Key Expenditure/Transfer Changes (Excluding Planned Use of Carryforward)

Expenditure Category	FY 2018-19 Projection Excl Planned Use of CF for One-Time Projects and Initiatives dollars in millions	FY 2017-18 Projection Excl Planned Use of CF for One-Time Projects and Initiatives dollars in millions	Inc/(Dec) \$ dollars in millions	Inc/(Dec) %
Compensation	\$ 115.4	\$ 112.6	\$ 2.8	2.5%
Student Financial Aid	3.5	2.9	0.6	20.7%
Utilities	2.6	2.6	-	0.0%
Other Services and Supplies	24.1	24.4	(0.3)	-1.2%
Capital Expenditures and Transfers	4.8	5.0	(0.2)	-4.0%
Total	\$ 150.4	\$ 147.5	\$ 2.9	2.0%

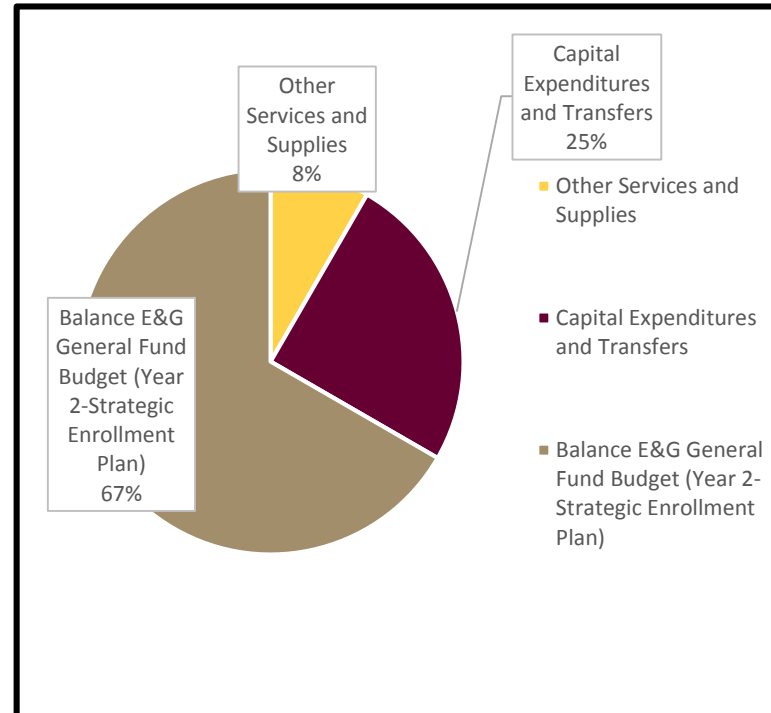
- Increases in compensation and student financial aid comprise majority of increase:
 - Compensation**-contractually obligated salary increases (no increases included for APSCUF, Nonrepresented, and SPFPA) coupled with moderate **projected** benefit increases
 - Student Financial Aid**-primarily attributed to Academic Excellence and Academic Success scholarships and Summer Prep Academy grants.

FY 2018-19 (Request Year) E&G Budget Projection Dashboards

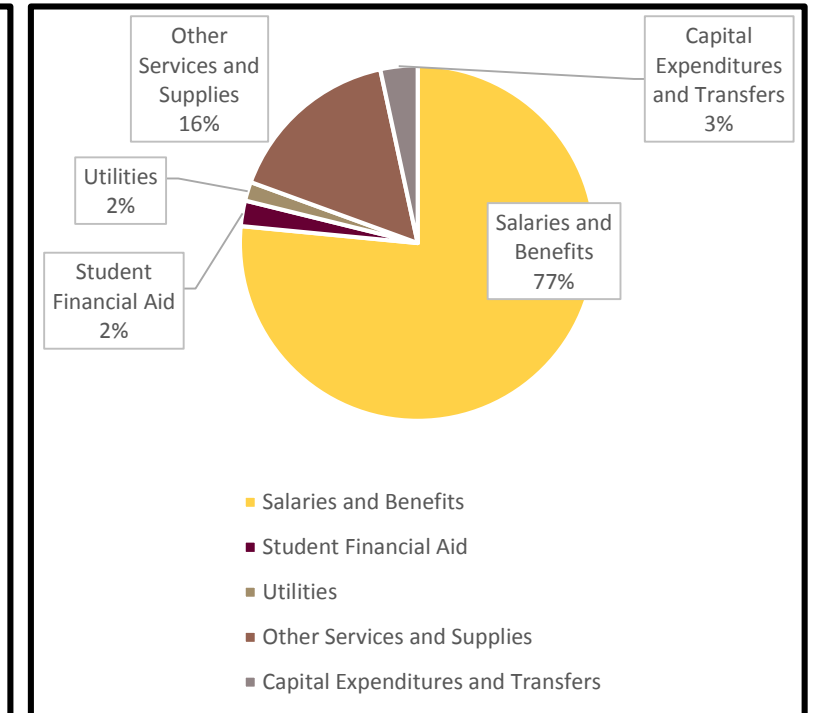
Revenue/Sources Summary



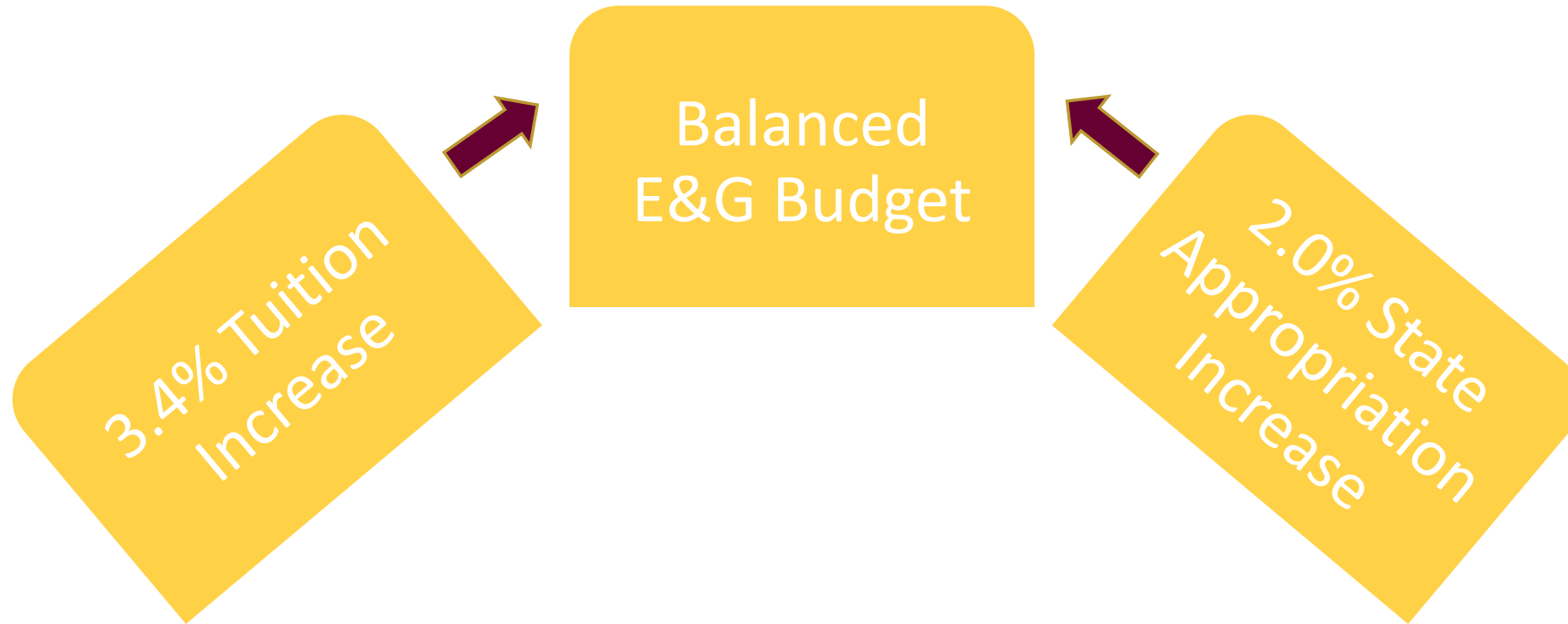
Planned Used of CF Detail-Initiatives



Expenditures and Transfers Summary



FY 2018-19 (Request Year) Budget Balancing Scenario Based on Current Assumptions



Key Unknowns

FY 2018-19 (Request Year)

(not built into budget projections)

- Final results of SPFPA (police) collective bargaining negotiations
 - Current collective bargaining agreement expired 8/31/17
- Final results of APSCUF collective bargaining negotiations
 - Current collective bargaining agreement expires 6/30/18
- Pay Increases for Nonrepresented employees
 - No pay adjustments for nonrepresented employees have been approved by the Board of Governors
- State appropriation/performance funding allocation
- Tuition increase
- Final impact resulting from action taken by the Board of Governors regarding the potential forgiveness of Cheyney's outstanding System debts
 - Total potential impact to BU = \$2.6MM; Estimate of potential impact provided by the State System Office and was developed by prorating the outstanding debt (\$30.5MM) based on each university's share of the E&G appropriation

Discussion
