

Spring 2017
2016-17 University Action Plan Submission
E&G Interim Budget Update
FY 2016-17 (Current Year)
FY 2017-18 (Request Year)

As of March 10, 2017 (University Action Plan/Interim BUDRPT Submission)

BLOOMSBURG UNIVERSITY

BUDGET SUBCOMMITTEE – MARCH 31, 2017

PLANNING AND BUDGET – APRIL 6, 2017

UNIVERSITY FORUM – MAY 3, 2017

E&G Interim Budget Report Submission Overview

- Interim E&G budget report submitted to the State System on March 10, 2017 as part of the Bloomsburg University 2016-2017 Action Plan submission
- Updates BUDRPT18 (original BUDRPT) submitted to the State System on September 2, 2016

FY 2016-17

- Applies actuals as of January 31, 2017 and forecasts revenue and expenditures for the remainder of the fiscal year. E&G **special program (Fund 1012)** and E&G **self-supporting (Fund 1013)** funds receive a corresponding adjustment to the expenditure/transfer line or use of carryforward line, as appropriate.
- Generally assumes 100% spend of carryforward fund balance as submitted by divisions to the Budget Office during July/August 2016 (adjustments are made for any spend of carryforward plan revisions that the Budget Office receives from the divisional vice presidents).
- Assumes anticipated E&G **general** fund (1011) expenditures for services/supplies, capital, and transfers remain consistent with original budget, unless variances and/or reclassifications between line items are known.

FY 2017-18

- Updates/revises request year, FY 2017-18

E&G Interim Budget Update




FY 2016-17

Educational and General Fund (General, Special Programs, Self-Supporting)	Original BUDRPT Submission 9/2/16 dollars in millions	Interim (Revised) BUDRPT Submission 3/10/17 dollars in millions	Variance dollars in millions
E&G Revenue/Sources			
Tuition	\$ 81.1	\$ 80.6	\$ (0.5)
Fees	22.2	22.2	-
Total Tuition and Fees	\$ 103.3	\$ 102.8	\$ (0.5)
State Appropriation	35.9	36.2	0.3
All Other Revenue	4.8	6.0	1.2
Use of Carryforward Fund Balance ¹	3.4	2.5	(0.9)
Total Revenue/Sources	\$ 147.4	\$ 147.5	\$ 0.1
E&G Expenditures and Transfers			
Compensation Summary:			
Salaries and Wages	\$ 71.1	\$ 72.7	\$ 1.6
Benefits	37.5	36.2	(1.3)
Subtotal, Compensation	\$ 108.6	\$ 108.9	\$ 0.3
Student Financial Aid	2.7	2.6	\$ (0.1)
Utilities	2.5	2.5	\$ -
Other Services and Supplies	26.4	26.3	\$ (0.1)
Capital Expenditures and Transfers	7.2	7.2	\$ -
Total Expenditures and Transfers	\$ 147.4	\$ 147.5	\$ 0.1
Revenue/Sources less Expenditures/Transfers	\$ -	\$ -	\$ -
¹ Original BUDRPT submission included a projected E&G General Fund surplus of \$2.3MM. Interim (Revised) BUDRPT submission includes a \$3.3 MM E&G General Fund surplus.			



Balanced; all E&G funds

Key Revenue/Source Variance Drivers-E&G Interim Budget Update FY 2016-17

- ❑ Tuition revenue lower than originally projected (-\$.5MM); Enrollment for fall/spring  (primarily non-resident undergraduate); winter ; summer 
- ❑ Performance funding higher than originally projected (+\$.3MM); performance funding awards made on November 16, 2016
- ❑ Other revenue higher than originally projected (+\$1.2MM):
 - ❑ Unexpected 2015/16 healthcare settlement-Highmark (+\$.7MM)
 - ❑ Higher than expected interest income (+\$.3MM)
 - ❑ Finalization of pouring rights contract (PEPSI) (+\$.1MM)
 - ❑ Office of the Chancellor reimbursement-executive search firm professional fee (+\$.1MM)
- ❑ Adjustment to Planned Use of Carryforward Fund Balance-Source (-\$.9MM) primarily attributed to additional E&G General Fund projected surplus; \$2.3MM original vs. \$3.3MM revised

Key Expenditure/Transfer Variance Drivers-E&G Interim Budget Update FY 2016-17

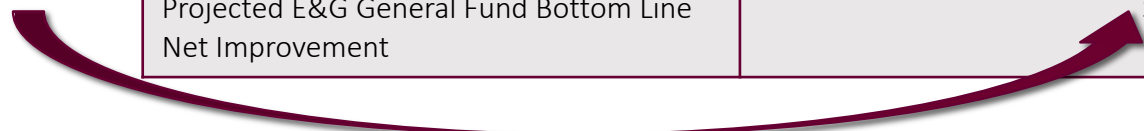
- ❑ Labor costs **\$0.3MM** higher than originally projected:
 - Revised Salary and Benefit Savings Projection-March 2017 (without contract/non-represented increases) ¹-\$4.7MM
 - **Original Salary and Benefit Savings Projection-September 2016 (without contract/non-represented increases)-\$2.4MM**
 - Contract/Non-Represented Salary and Benefits Increase Projection-March 2017-\$2.6MM
 - Net Salary and Benefit Savings Projection (with contract/non-rep increases)-\$2.1MM
 - **Projected Increase in Salary and Benefits = \$0.3MM** (original salary and benefit savings projection of \$2.4MM less revised salary and benefits savings projection = \$2.1MM = \$0.3MM increase in projected salary and benefits)
- ¹ Vacancies salaries and benefits (\$4.1MM), reclassifications (\$.017MM), healthcare reserves (\$.4MM), healthcare premium changes (\$.2MM); total \$4.7MM
- ❑ Financial aid expense lower than originally projected (**-\$0.1MM**) based on actual expense to date and projected expense for the remainder of the fiscal year; BOG Waivers (\$15K), Institutional PEG Grants (\$22K), BU Academic Scholarships (\$35K), and International Waivers (\$25K)
- ❑ Other Services and Supplies lower than originally projected (**-\$0.1MM**)
 - Presidential search expenses (**+\$0.1MM**)
 - Bond issuance costs for steam plant and new residence hall projects (**+\$0.021MM**)
 - President's discretionary (**-\$0.05MM**)
 - Academic agreements (**-\$0.04MM**)
 - ½ of 1% Tuition, Room, and Board (**-\$0.04MM**)
 - Insurance (**-\$0.031MM**)
 - BU institutional control-pool budgets (**-\$0.03MM**)
 - SSHEnet charges (**-\$0.015MM**)
 - Royalties, fees, and licenses (**-\$0.01MM**)
 - HR legal expenses (**-\$0.01MM**)
 - Interest expense (bonds) for steam plant and new residence hall projects (**-\$0.007MM**)
 - Emergency response exercise (**-\$0.004MM**)

FY 2016-17 E&G Interim Budget Update Summary

- ❑ Budget is balanced for all E&G funds (General, Special Programs, Self-Supporting)
- ❑ Interim budget projection does not require use of institutional reserve to balance the E&G General Fund
- ❑ Projected E&G General fund bottom line net improvement of \$1.0MM (original projected E&G General Fund projected surplus of \$2.3MM vs. revised projected E&G General Fund surplus of \$3.3MM) is primarily attributed to the following:

Revised E&G General Fund Surplus	\$3.3MM
Original E&G General Fund Surplus	\$2.3MM
Projected E&G General Fund Bottom Line Net Improvement	\$1.0MM

Lower than Projected Tuition Revenue	-\$0.5MM
Higher than Projected State Appropriation (Performance Funding)	\$0.3MM
Higher than Projected Other Revenue ¹	\$1.2MM
Higher than Projected Salary and Benefits	-\$0.2MM
Lower than Projected Student Financial Aid	\$0.1MM
Lower than Projected Other Services and Supplies	\$0.1MM
Projected E&G General Fund Bottom Line Net Improvement	\$1.0MM



¹ Healthcare Settlement (\$.7MM), Interest Income (\$.3MM), OOC Reimbursement for Presidential Search (\$.1MM), Increase in PEPSI Bonus Revenue Based on New Contract Executed in FY 2016/17 (\$.1MM)

Uncommitted Institutional Reserve (E&G General Fund) Rollforward

7/1/16-6/30/17

Projected

<i>(dollars in millions)</i>	
Uncommitted Institutional Reserve Balance 7/1/16	\$ 14.2
Original E&G General Fund Projected Surplus-FY 2016-17	2.3
Projected FY 2016-17 Carryforward to Institutional Reserve - E&G General Fund Bottom Line Net Improvement	1.0
Consolidation of E&G General Fund Reserves to Institutional Reserve	0.2
Uncommitted Institutional Reserve Balance 6/30/17-Projected	\$ 17.7

E&G Interim Budget Update FY 2017-18

Educational and General Fund (General, Special Programs, Self-Supporting)	Original BUDRPT Submission 9/2/16 dollars in millions	Interim (Revised) BUDRPT Submission 3/10/17 dollars in millions	Variance dollars in millions
E&G Revenue/Sources			
Tuition	\$ 79.8	\$ 79.3	\$ (0.5)
Fees	22.1	22.2	0.1
Total Tuition and Fees	\$ 101.9	\$ 101.5	\$ (0.4)
State Appropriation	35.9	37.0	1.1
All Other Revenue	4.9	5.1	0.2
Use of Carryforward Fund Balance	1.5	1.5	-
Total Revenue/Sources	\$ 144.2	\$ 145.1	\$ 0.9
E&G Expenditures and Transfers			
Compensation Summary:			
Salaries and Wages	\$ 72.1	\$ 74.8	\$ 2.7
Benefits	39.9	38.9	(1.0)
Subtotal, Compensation	\$ 112.0	\$ 113.7	\$ 1.7
Student Financial Aid	\$ 2.9	\$ 3.1	0.2
Utilities	\$ 2.6	\$ 2.6	-
Other Services and Supplies	23.9	24.0	0.1
Capital Expenditures and Transfers	5.5	5.4	(0.1)
Total Expenditures and Transfers	\$ 146.9	\$ 148.8	\$ 1.9
Revenue/Sources less Expenditures/Transfers	\$ (2.7)	\$ (3.7)	\$ (1.0)



Unbalanced; Projected deficit is in the E&G General Fund; Special Programs/Self-Supporting funds are balanced.

FY 2017-18 Projected Deficit E&G General Fund

\$(3,700,000)¹

As of March 10, 2017 (University Action Plan Submission Date)

¹ For every 1% increase in approved tuition rates, the projected deficit will be reduced by \$751K (assuming no changes in enrollment). It would take a 5.0% tuition increase to balance the E&G General Fund budget.

Key Assumptions Used for FY 2017-18 E&G Interim Budget Update

Tuition and Fees:

- ❑ No increase in tuition rates; Enrollment projections updated for most recent trends
- ❑ No increase in Academic Enhancement and Technology Tuition fees; enrollment projections updated for most recent trends
- ❑ Miscellaneous fees adjusted based on FY 2016-17 revised budget (projected FY 2016-17 actuals)

NOTE: Decisions around SEP action plans will affect enrollment projections and, therefore, tuition and fees. The only action plan built into the interim budget update is the approved tier 2 student institutional scholarship program.

State Appropriation (Base Allocation and Performance Funding):

- ❑ 2% increase System-wide; BU's share is estimated based on the current allocation formula, updated to include new enrollment and inflationary adjustments to certain cost components.

All Other Revenue:

- ❑ Generally consistent with FY 2016-17 revised budget (projected FY 2016-17 actuals) less OOC reimbursement for presidential search expenses and healthcare settlement

Use of Carryforward Fund Balance:

- ❑ Majority of balance (\$1.5MM) reflects planned use of carryforward fund balance as submitted by divisions to the Budget Office during July/August 2016

Compensation:

- ❑ Assumes all authorized positions will be filled as of July 1, 2017 or August 28, 2017 (start of the fall semester)
- ❑ Salaries and benefits projected based on State System assumptions as of February 2017 (salary increases = 2.12%-4.10%; healthcare increases = 2.00%-3.96%; annuitant hospitalization increases = 2.00%-4.97%; retirement increases = 0.00%-9.15%)

Services/Supplies and Capital Expenditures:

- ❑ Continued reduction in base budgets (put into effect in 2013-14)
- ❑ CPI increases where appropriate
- ❑ Other known or anticipated adjustments included (i.e. BU Academic Excellence Scholarship program approved by the COT in November 2014, new tier 2 student institutional scholarship program approved by the COT in December 2016, Ruffalo Noel-Levitz Targeted Application Generation, etc.)

Key Revenue/Source Variance Drivers-E&G Interim Budget Update FY 2017-18

- ❑ Tuition revenue lower than originally projected (-\$.5MM) based on most current enrollment projections
- ❑ Fee revenue higher than originally projected (+\$.1MM); attributed to non-credit education (primarily CDL program)
- ❑ Appropriation revenue higher than originally projected (+\$1.1MM); figure provided by the State System (assumes a 2% State System increase; BU's share of the increase is estimated based on the current allocation formula, updated to include new enrollment and inflationary adjustments to certain cost components)
- ❑ Other revenue higher than originally projected (+\$.2MM); attributed to:
 - Finalization of pouring rights contract (PEPSI) (+\$.1MM)
 - PSECU banking contract signing bonus (+\$.1MM)

Key Expenditure Drivers-E&G Interim Budget Update FY 2017-18

- ❑ Net labor cost increase (+\$1.7MM) attributed to CBA changes and approved non-represented salary increase and associated benefits and projected increases in healthcare, annuitant hospitalization, and employer retirement contributions. Projection includes a projected \$5.0MM in salary and benefit savings based on current experience.
- ❑ Student financial aid increase (+\$0.2MM) attributed to tier 2 student institutional scholarship program (approved by the COT in December 2016)
- ❑ Other services and supplies increase (+\$0.1MM); primarily attributed to:
 - Increase in MyHusky consulting fees (+\$0.1MM)
 - President's residence (Buckalew) public space renovations (+\$0.1MM); funded by PSECU signing bonus
 - Net decrease in other services and supplies expense (-\$0.1MM) within the E&G special programs/self-supporting funds
- ❑ Capital expenditures and transfers decrease (-\$0.1MM) primarily attributed to:
 - Decrease in MyHusky life cycle (-\$0.2MM)
 - President's residence (Buckalew) public space renovations (+\$0.1MM); funded by PSECU signing bonus

FY 2017-18 Interim Budget Update Summary

- ❑ Original submission projected a **\$2.7MM** shortfall/deficit in the E&G General Fund
- ❑ Interim budget update adjusted for current enrollment trends, updated salary/benefit information, and other assumptions as previously outlined results in a revised projected shortfall/deficit of \$3.7MM in the E&G General Fund
- ❑ Additional considerations:

FY 2017-18 Additional Considerations Summary	
	<i>(dollars in millions)</i>
Projected E&G General Fund Deficit w/Given Assumptions	\$ (3.7)
3.0% Tuition Increase ¹	2.3
Potential remaining Deficit	<u>\$ (1.4)</u>

¹ For illustrative purposes only. Does not reflect action taken by the Board of Governors.

Key Unknowns Going into FY 2017-18

- SEP action plans that will be approved for implementation in FY 2017-18 and beyond
- Final state appropriation allocation and related impacts to tuition/technology tuition increases



Discussion
