

LONGWOOD UNIVERSITY



OPERATING BUDGET AND PLAN

FY 2009 - 2010

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BUDGET SUMMARY

This section provides an overview of the University's 2009-2010 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 2008-2009.
- E&G reserves totaling \$250,000 are included in the budget assumptions.
- The budget contributes approximately \$1.7 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 2009 board meeting, tuition for Virginia undergraduates was increased by \$216, a 4.8 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 \$950. In total, allowing for the increase in tuition and the increases in fees, room and board, the cost for full-time Virginia undergraduates will increase by an average of \$1,166, a 7.6 percent increase.

Tuition rates for in-state graduate, out-of-state undergraduate, and out-of-state graduate students were also increased 4.8 percent to \$210, \$453 and \$583 per credit hour, respectively.

- The projected revenue budget for FY 2010 is \$93,152,170. The proposed expenditure budget for the total University is \$91,425,571. The budget reflects \$1,726,599 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 2010 are \$53,454,016.

- 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 2009-2010 is \$37,971,555. A total of \$949,399 will be held in reserve for proposed debt service costs associated with the new student union facility and residence hall renovations.

2009-2010 ACTIONS OF THE GENERAL ASSEMBLY

The General Assembly adjourned its 2009 legislative session on February 28, and the Governor approved Virginia Acts of Assembly - Chapter 781 on April 8. As anticipated, given recent State revenue forecasts, little was approved in the way of new higher education funding initiatives. 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 2009 session, Longwood's total Educational and General (E&G) operating appropriation increased from \$49,517,104 (FY 2009 original appropriation) to \$50,003,711 -- \$24,887,746 GF and \$25,115,965 NGF.

Longwood's FY 2010 general fund operating base decreased by a net \$3,248,783 (11.55 percent) over FY 2009. This change was specifically related to (1) a \$4.1M budget reduction, (2) tuition incentive funding, and (3) support for the Nursing program. General fund support for student financial assistance increased \$192,953 (5.79 percent). At the request of the University, our nongeneral fund operating appropriation was increased \$3.7M (17.47 percent) in order to cover anticipated revenue collections. These changes will be reflected in the General Fund Appropriation received from the State on July 1, 2008.

Budget Reductions

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

FY 2008	\$1,669,511	6%
FY 2009	\$1,356,876	5%
FY 2010	\$2,713,753	10%

Nursing Program

Longwood received \$240,442 in general fund support to implement the new Bachelor of Science in Nursing program.

Higher Education Tuition Incentive Moderation Fund

Longwood's 2010 general fund appropriation includes \$615,000 of tuition incentive funding. The 2009 Appropriations Act contained language to allocate higher education tuition incentive moderation funds in an effort to ease tuition increases.

Salary Increases

In October 2008, the Governor postponed the 2 percent pay raise scheduled for November 2008 for all state employees. Salary increases scheduled for both FY 2009 and FY 2010 were subsequently eliminated.

Longwood will contribute \$34,500 to fund faculty promotions.

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. No base adequacy funding was allocated in FY 2010.

Higher Education Equipment Trust Fund

\$661,346 was appropriated to Longwood in FY 2010 relative to the Equipment Trust Fund program. There was no change in funding between FY 2009 and FY 2010 allocations.

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 \$13 per credit hour (up from \$4 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 from \$21,646 in FY 2009 to \$76,210 in FY 2010.

Capital Projects

No additional funding was appropriated in 2010 for capital outlay projects. In 2008, new legislation was enacted which established a new six-year capital outlay planning process for the Commonwealth and created a Six-Year Capital Outlay Plan Advisory Committee. Agencies are to submit by June 1, 2009, requests for all projects they wish to be considered for funding. The six-year capital requests will be reviewed by the Advisory Committee who will submit to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees a proposed list of projects for the six year period.

Longwood's Maintenance Reserve funding for FY 2010 is \$1,381,000 – an increase of \$73,000 over our FY 2009 appropriation.

American Recovery and Reinvestment Act (ARRA) Funds

The General Assembly's appropriated 2010 budget includes American Recovery and Reinvestment Act (ARRA) funds which are one-time funds made available as part of President Obama's stimulus package. Longwood's ARRA allocation is \$3,169,668 in both 2010 and 2011. 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. These funds are not included in this operating plan and will be used to cover initiatives as discussed during the May tuition and fee presentation.

2009-2010 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2009-2010 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2010, funds were allocated for strategic initiatives and fixed costs increases. The recommended expenditures include funds for the following:

As a result of FY 2009 and FY 2010 reductions to the University's general fund appropriation, a total of \$2,378,479 was cut from the Educational and General budget:

2009-2010 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's 2009-2010 Auxiliary Services budget is based on the program priorities listed below. The budget reflects a total addition of \$1.7 million to fund balances for the next fiscal year. These reserves are provided within the auxiliary budget to accomplish the program initiatives for 2009-2010, and to continue a long-range reserve balance plan. The Board approved rate and fee increases in May 2009. These increases are primarily used to fund debt service requirements and athletic scholarship increases. Additional funds were not required for salary increases, as raises were eliminated in both the 2009 and 2010 budgets. No State funds are received to support auxiliary service operations.

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 rate for the 2008-2010 biennium is 15.45 percent. This is a 1.1 percent increase from the prior biennium.

Compensation

In October 2008, the Governor postponed the 2 percent pay raise scheduled for November 2008 for all state employees. Salary increases scheduled for both FY 2009 and FY 2010 were subsequently eliminated.

Housing

Housing revenue will continue to provide funds for maintenance reserve projects in the residence halls, and will provide a reserve of \$121,580 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 2010, the projected fund balance contribution is \$418,289.

Athletics

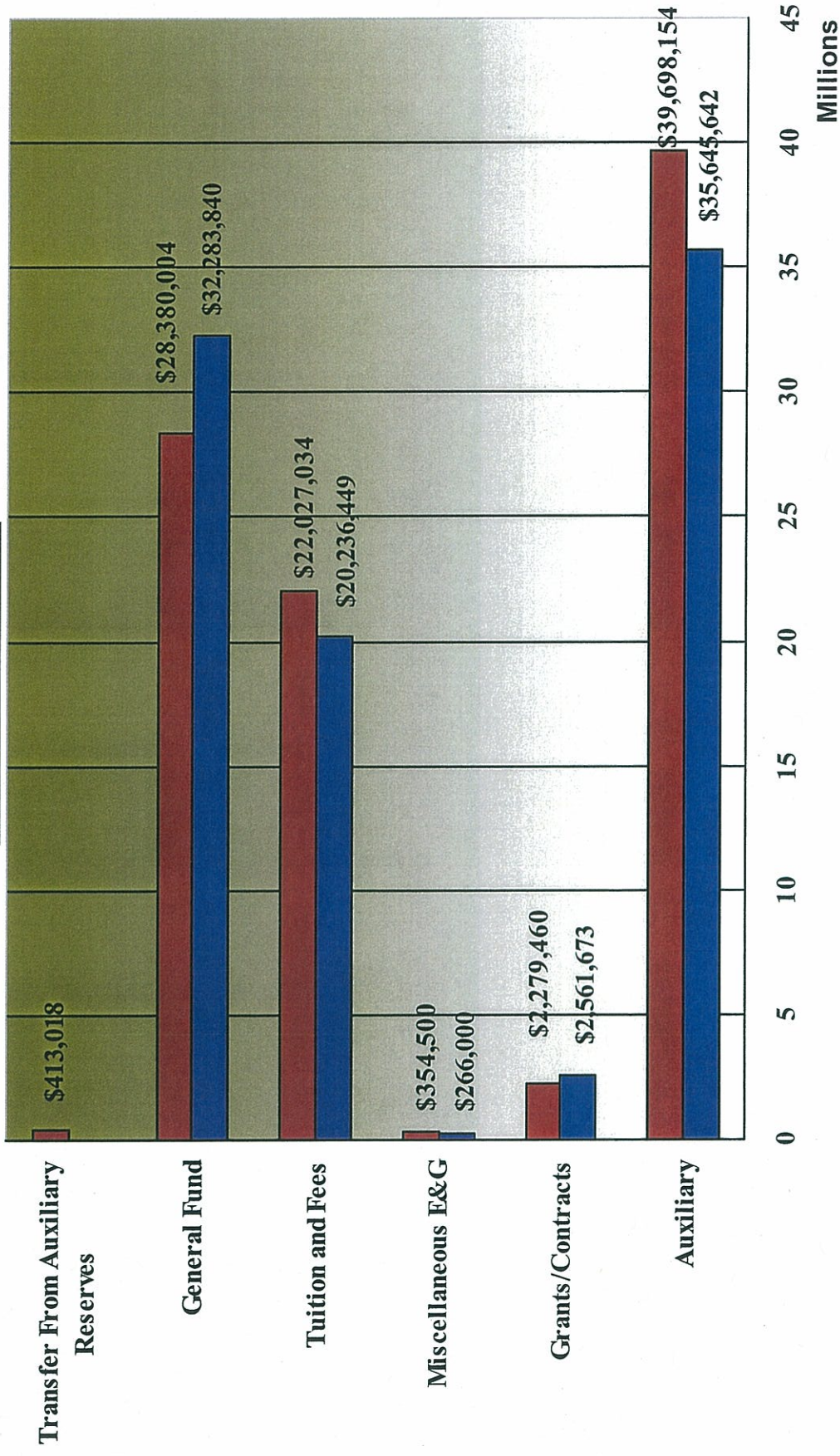
Additional funds are provided to increase scholarships by \$151,109.

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.

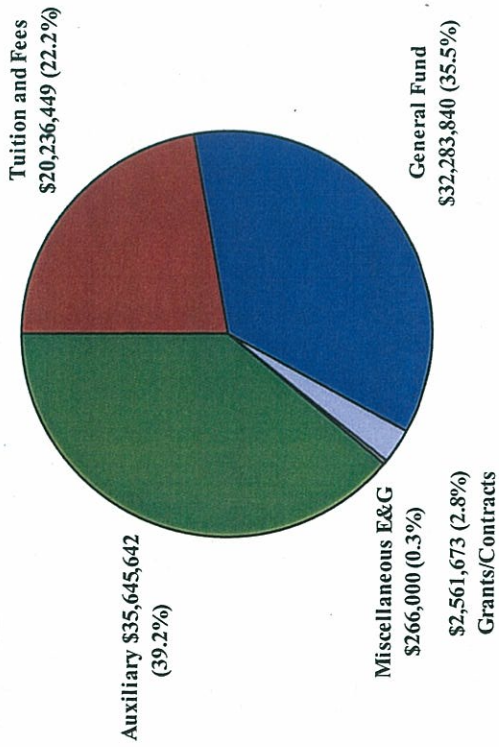
Comprehensive fee revenue will also provide funds for future debt service and contributions to fund balances that will be used to accomplish future initiatives. FY 2010 planned contributions total \$1,129,901. These reserves include \$827,819 for debt service and operating costs associated with the new university center/student union facility.

Total Revenue

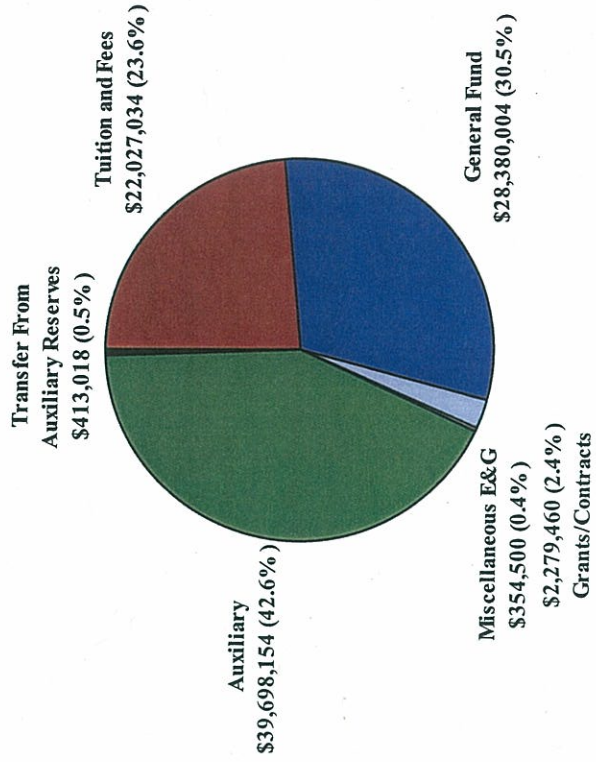


■ 2009-10 Revenue: \$93,152,170
■ 2008-09 Revenue: \$90,993,604

Total Revenue Comparison By Category

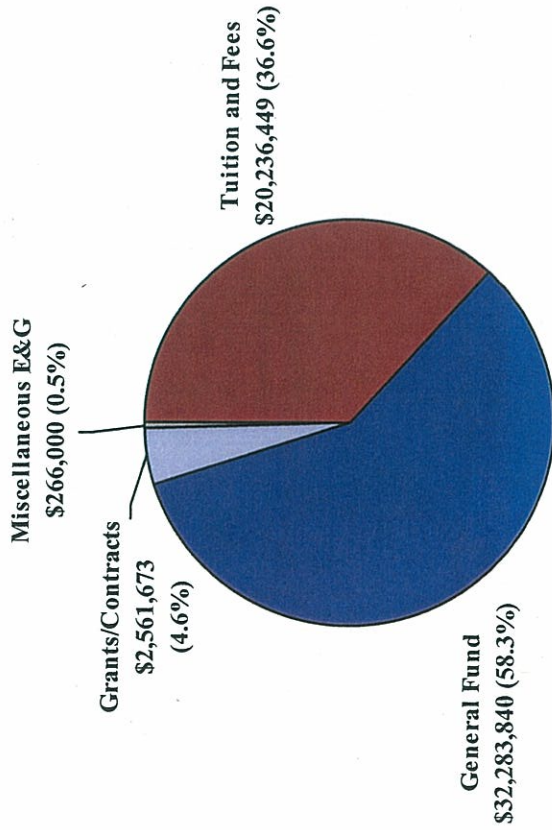


2008-09 Total Revenue: \$ 90,993,604

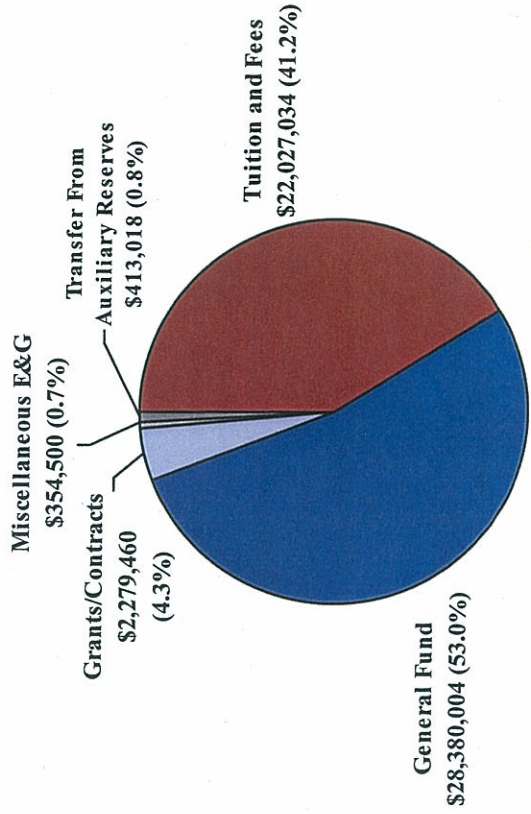


2009-10 Total Revenue \$93,152,170

E&G Revenue Comparison By Category

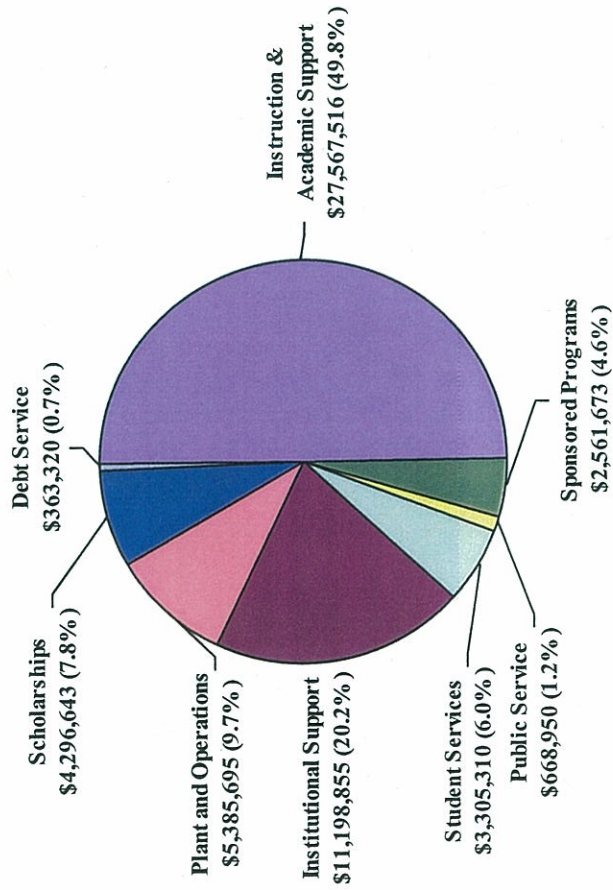


2008-09 E&G Revenue: \$55,347,962

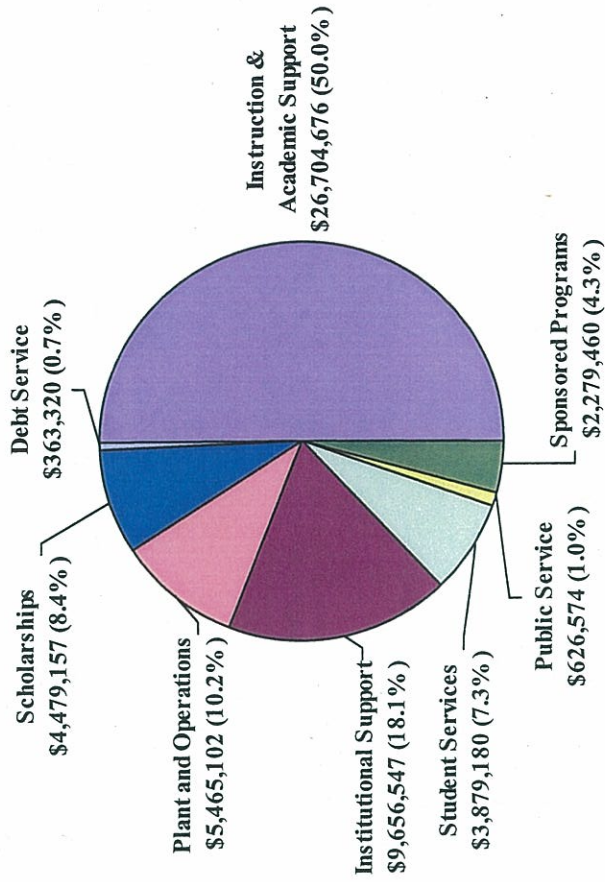


2009-10 E&G Revenue: \$53,454,016

E&G Expenditure Comparison By Category

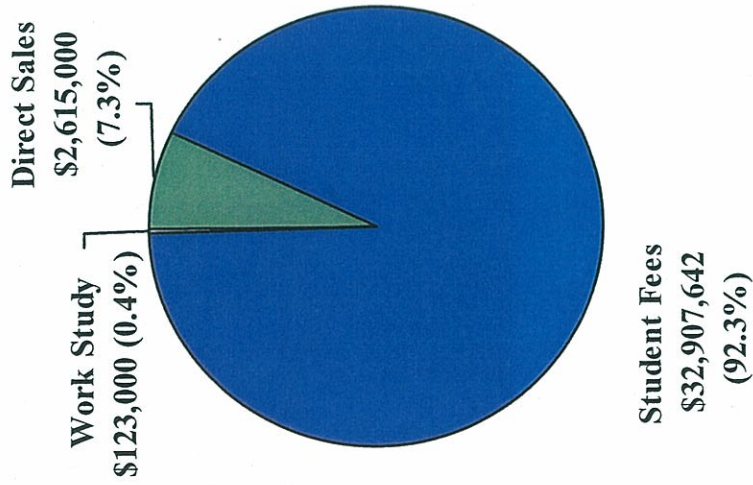


2008-09 E&G Expenditures: \$55,347,962

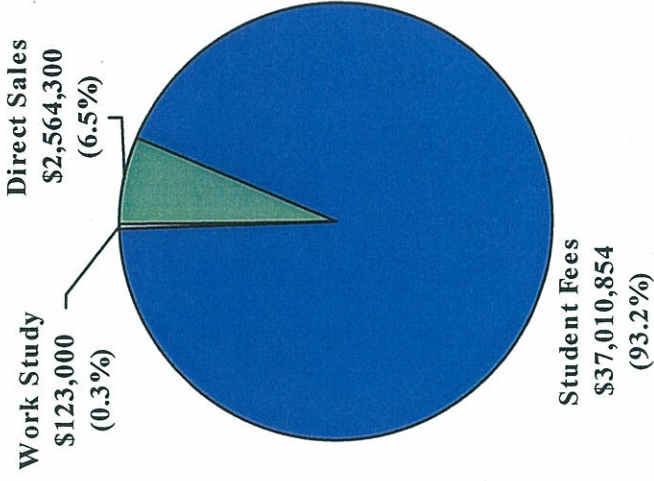


2009-10 E&G Expenditures: \$53,454,016

Auxiliary Services Revenue Comparison By Category

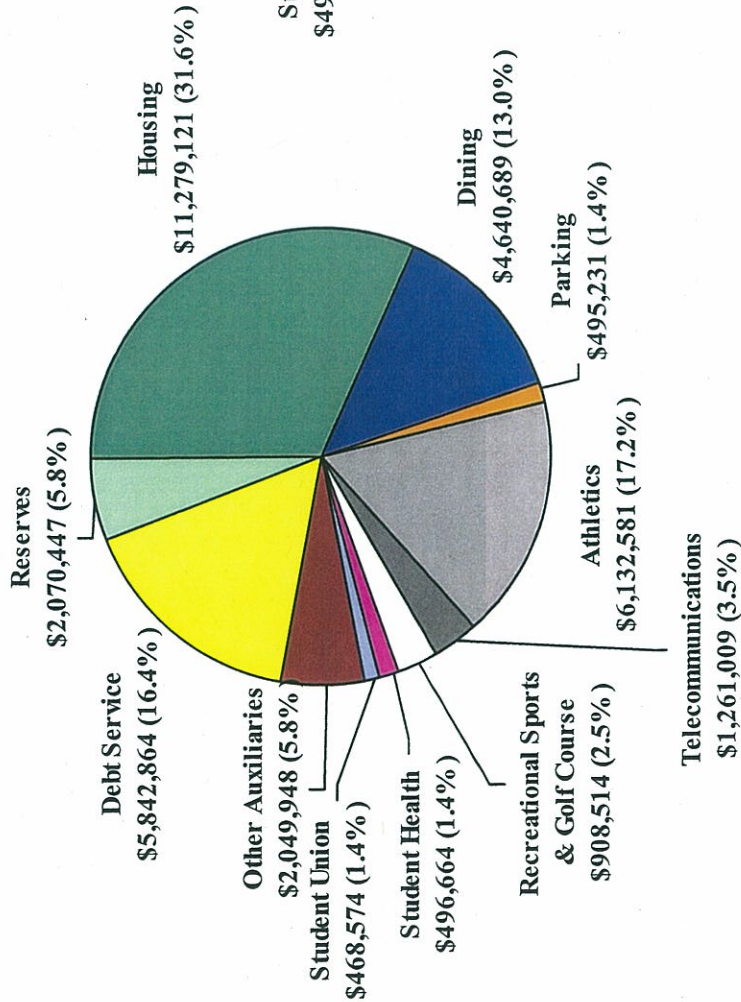


2008-09 Auxiliary Revenue: \$35,645,642

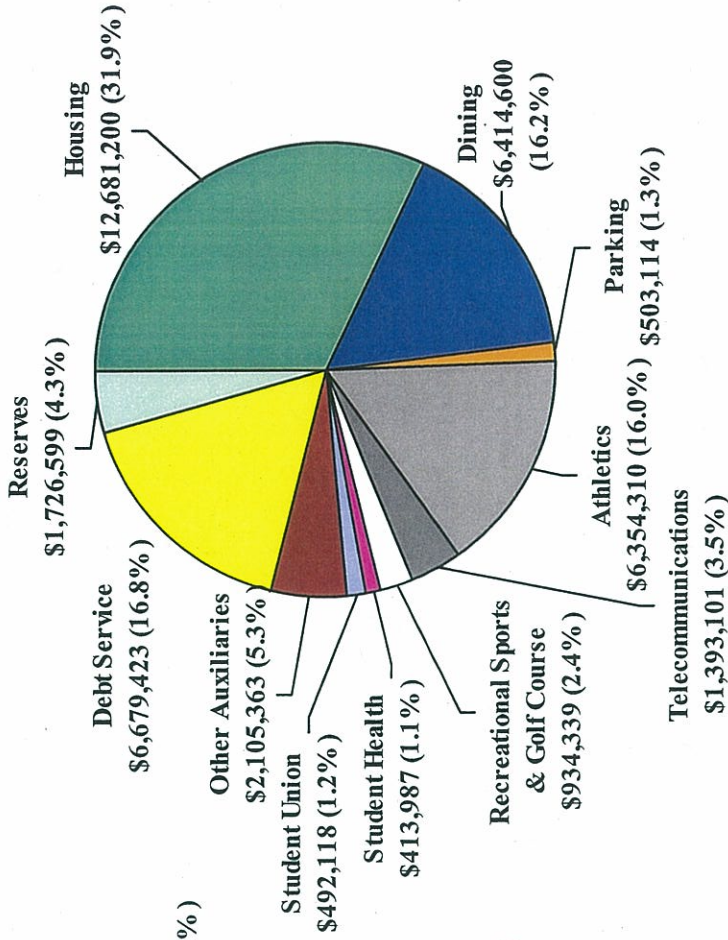


2009-10 Auxiliary Revenue: \$39,698,154

Auxiliary Services Expenditure Comparison By Category



2008-09 Auxiliary Expenditures: \$35,645,642



2009-10 Auxiliary Expenditures: \$39,698,154

**TABLE 1
REVENUE SUMMARY**

	Operating Data	
	Budget 2008-09	Proposed 2009-10
<u>EDUCATIONAL AND GENERAL</u>		
Tuition and Fees	20,236,449	22,027,034
Commonwealth Appropriations *	32,283,840	28,380,004
Federal Grants and Contracts	1,560,454	898,248
State/Local/Private Grants and Contracts	1,001,219	1,381,212
Other Sources	266,000	354,500
Transfer from Auxiliary Reserves		413,018
Total Educational and General	55,347,962	53,454,016
<u>AUXILIARY ENTERPRISES</u>		
Total Auxiliary Enterprises	35,645,642	39,698,154
Institution Total	90,993,604	93,152,170

* FY 2010 State Appropriation includes Higher Education Student Financial Assistance of \$3,523,147. Appropriation reflects estimated Central Fund adjustments.

**TABLE 2
EXPENDITURE SUMMARY**

Expenditure Categories	Budget 2008-09	Proposed 2009-10
<u>Educational and General</u>		
Instruction	21,114,079	20,815,888
Sponsored Programs	2,561,673	2,279,460
Public Service	668,950	626,574
Academic Support	6,453,437	5,888,788
Student Services	3,305,310	3,879,180
Institutional Support	11,198,855	9,656,547
Plant Operation & Maintenance	5,385,695	5,465,102
Scholarships & Fellowships	4,296,643	4,479,157
Transfers		
Debt Service (Mandatory)	363,320	363,320
Non-Mandatory		
Total Planned E&G Expenditures	55,347,962	53,454,016
<u>Auxiliary Enterprises</u>		
Expenditures	27,732,331	31,292,132
Transfers		
Debt Service (Mandatory)	5,842,864	6,679,423
Non-Mandatory		
Total Auxiliary Enterprises	33,575,195	37,971,555
Total Expenditures & Transfers	88,923,157	91,425,571

TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2008-09	Proposed 2009-10
RESIDENCE HALLS		
Direct Income	80,500	80,500
Income (Room Fees)	13,188,858	14,960,561
Expense	11,279,121	12,681,200
Debt Service (Mandatory)	1,880,553	2,238,281
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>109,684</u>	<u>121,580</u>
FOOD SERVICES		
Direct Sales	153,000	153,000
Income (Meal Plans)	5,896,966	7,373,433
Expense	4,640,689	6,414,600
Debt Service (Mandatory)	702,578	693,544
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>706,699</u>	<u>418,289</u>
BOOKSTORE		
Income (Sales and Contracts)	400,000	250,000
Expense	181,500	33,000
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>218,500</u>	<u>217,000</u>
ATHLETICS		
Income (Direct Sales and Services)	107,003	97,003
Student Fees	6,805,985	7,340,520
Expense	6,132,581	6,354,310
Debt Service (Mandatory)	780,407	1,083,213
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2008-09	Proposed 2009-10
PARKING AND TRANSPORTATION		
Income (Direct Sales and Services)	601,202	601,202
Student Fees	332,754	328,890
Expense	495,231	503,114
Debt Service (Mandatory)	340,725	341,896
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	98,000	85,082
TELECOM SYSTEMS		
Income (Direct Sales and Services)	253,045	303,045
Student Fees	1,007,964	1,090,056
Expense	1,261,009	1,393,101
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	5,901
Student Fees	490,763	408,086
Expense	496,664	413,987
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
STUDENT UNION		
Income (Direct Sales and Services)	8,647	7,647
Student Fees	459,927	484,471
Expense	468,574	492,118
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
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TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2008-09	Proposed 2009-10
RECREATION AND INTRAMURALS		
Income (Direct Sales and Services)	425	425
Student Fees	588,352	717,049
Expense	588,777	717,474
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
GOLF COURSE		
Income (Direct Sales and Services)	148,000	120,000
Student Fees	171,737	96,865
Expense	319,737	216,865
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)	360,000	349,300
Student Fees	0	0
Expense	250,255	292,471
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>109,745</u>	<u>56,829</u>
OTHER AUXILIARY		
Income (Direct Sales and Services)	620,277	719,277
Student Fees	3,964,336	4,210,923
Expense	1,618,193	1,779,892
Debt Service (Mandatory)	2,138,601	2,322,489
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>827,819</u>	<u>827,819</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES, INCOME
AND EXPENDITURES

	Budget 2008-09	Proposed 2009-10
TOTAL AUXILIARY ENTERPRISES		
Income (Direct Sales and Services)	2,738,000	2,687,300
Student Fees	32,907,642	37,010,854
Expense	27,732,331	31,292,132
Debt Service (Mandatory)	5,842,864	6,679,423
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>2,070,447</u>	<u>1,726,599</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:

- ❖ Instruction and Academic Support budgets were reduced by approximately \$1M due to state mandated budget cuts. Slightly more than \$150,000 was added to cover fixed cost increases related to technology equipment/software maintenance and library subscriptions.
- ❖ Student Services increased as a result of additional funding allocated for Admissions Office reorganization.
- ❖ Institutional Support declined due to necessary budget reductions of nearly \$800,000 and the reallocation of Banner backfill positions to their appropriate departmental areas.
- ❖ Fixed costs associated with utilities, fuel and insurance contributed to increases in Operation and Maintenance of Plant, despite budget reductions of over \$400,000.

Budget Allocation Ratio

Fiscal Year	2007	2008	2009	2010
Instruction and Academic Support	49.33%	49.36%	49.81%	49.96%
Public Service	1.06%	1.01%	1.21%	1.17%
Student Services	5.64%	5.33%	5.97%	7.26%
Institutional Support	25.34%	22.45%	20.23%	18.07%
Operation and Maintenance of Plant	9.28%	9.25%	9.73%	10.22%
Student Aid	7.00%	7.47%	7.76%	8.38%
Debt Service	0.14%	0.68%	0.66%	0.68%
Sponsored Programs	2.19%	4.43%	4.63%	4.26%
Formula	<u>Expenditure Budget (by function)</u>			
	Total Educational & General Expenditure Budget			

Significance of Indicator

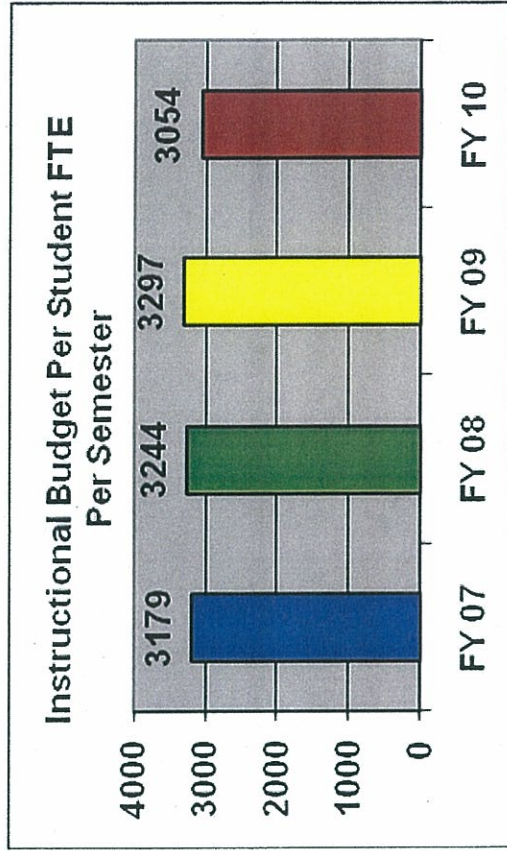
This indicator reflects the amount of funds expended for Instruction and Academic Support per each full-time equivalent student.

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

The amount allocated by the University for instructional costs per student FTE decreased from the previous three fiscal years. In FY 2010, it dropped \$243 to approximately \$3,054 per student FTE for instructional and academic support costs. This decrease can be attributed to budget reductions.

The total annual Educational and General budget per in-state student FTE is \$11,309. 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 7.70 percent for FY 2010. This calculation is based on actual debt payments, including BANNER, for FY 2010 and total budgeted expenditures less reserves.

When the debt service for BANNER is taken out of the calculation, the ratio is 7.31 percent. Debt service for BANNER was included in Longwood's general fund appropriation for the 2008-2010 biennium to cover the third and fourth year of a projected five year loan term.

Longwood's actual FY 2008 debt burden ratio was 6.15 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.

