

Finance and Planning Update to Faculty Senate October 10, 2013

Given by: Charles White, Chair, Senate Finance and Planning Committee & Co-Chair,
University Planning Council

Budgeting

Some baseline numbers that were recently discussed at the University Planning Council (UPC) meeting:

Revenue: With regard to revenues, Longwood is operating at 95% of base adequacy (which represents a \$3.2 - \$3.3 mil shortfall). Also, the governor has asked state agencies to identify cuts equal to 4% of their budgets for the upcoming two-year plan but higher education is currently exempt from these cuts. Obviously this could change at any time.

President Reveley pointed out that the percentage of our budget that is supplied by the commonwealth has decreased over time and that improved student retention is critical for a variety of reasons including making up for lost revenue from the commonwealth. For comparison purposes, in 2006 (as far back as the Operating Budgets are available on the website) we received an appropriation of \$29.7mil which represented 39% of our total revenues. For 13-14, we received a \$24.3mil appropriation which is 22.2%. In addition to state appropriations, we receive \$3-4 mil in philanthropic cash flow.

The remaining 70-75% of our revenue comes from auxiliary operations and tuition and fees. Which is why increased student retention will really help the revenue side: Every 100 students generate about \$1mil in revenue (after costs). So retaining 30 students generates the equivalent of about a 1% increase in tuition (\$300K).

Ken Copeland reiterated his desire to simplify the billing process for students/parents. This would potentially involve eliminating numerous fees including course fees, of which we currently have over 700, generating about \$500K. There was discussion about how much it costs to administer that many fees relative to the revenue generated.

I have discussed this idea with Ken C. and President Reveley since the UPC meeting and reiterated how important course fees are for numerous departments on campus. We discussed the option of consolidating course fees into a department or college fee that could then be distributed to those programs that rely on them. Our goal would be to make this revenue neutral for programs that currently have course fees but simpler to administer and easier for students and parents to understand and anticipate.

Compensation: The second round of salary adjustments is funded and will be effective in December. According to the Sibson study, in 2010, there was a \$3.2 mil

shortfall in base salaries. We've addressed approximately \$1.4 mil of that. The president expressed his continued commitment to make the salary gap a top priority and his belief that salaries need to be addressed in a more systematic and consistent context to avoid falling behind again in the future.

Strategic Planning: Unit plans are due from each VP area to UPC one week before our next meeting (next meeting is 11/14). UPC members will evaluate plans in relation to university strategic priorities and needs, assessment data, costs, importance of the plan, and availability of funds.

The president asked the council to scrutinize the budget for opportunities to reappropriate funds where possible and warned that over time inertia may make these opportunities more difficult to identify, but identification of these opportunities is very important. Assessment data should be a key driver in this assessment.

I have discussed three concerns regarding strategic planning with President Reveley:

- Our current strategic plan expires after spring 2014. Given the number of recent strategic planning activities, I believe that a broad and far-reaching planning process is not necessary, but I also believe that it is very important to spend some time engaging the campus before the rollout of any major new initiatives. Any planning process should therefore begin in sufficient time to adequately engage the campus.
- VP's will be aligning their 14/15 priorities to the current initiatives. It is therefore important that any new initiatives closely align to our current initiatives, including the ASP, in order to ensure continuity.
- Finally, given the current political climate, I also think it is important that any new strategic plan incorporate contingencies for possible reductions in state appropriations given the potential for both immediate and delayed impact of the FED shutdown on the Commonwealth.

What would Senators like to hear in future reports?