

Faculty Senate  
Longwood University

Senate Budget and Finance Committee  
Report to the Senate – January 22, 2009

Committee Members

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Synopsis

- The purpose of the committee is to act as a liaison between Faculty and Administration on development and analysis of the University's budget.
- As of today, the University is facing a \$5.2M shortfall in FY 2009-2010 budget. This amount could change as a result of changes in anticipated deficit and appropriation bills passed by the General Assembly.
- As of today, the University is not anticipating layoffs or reductions in salary. This could change if the shortfall increases. Reductions in salary or furloughs must originate from the Governor's office.
- The long-term reduction (or elimination) of travel, grants and sabbaticals may require a re-examination of promotion and tenure requirements.
- The long-term reduction of E&G funding may require restructuring of the University.
- Freshman enrollment for Fall 2009 stands at approximately 1085.
- The Committee is meeting frequently with the Administration and the Executive Committee to identify potential areas for reduction and areas for revenue generation. The next meeting of the Budget and Planning Committee is scheduled for January 29<sup>th</sup>. The next meeting of the Budget and Planning Committee, Executive Committee and President is scheduled for February 12<sup>th</sup>.

Purpose of the Committee

The purpose of the Senate Budget and Finance Committee is three-fold:

- To function as a liaison between Faculty and Administration in the development and analysis of the University budget.
- Recommend a priority listing to the President and Administration of additions or deletions.
- Serve as the Faculty voice related to budgetary issues.

## Status of the University Budget Review

First, the Committee appreciates the cooperation it is receiving from the University Administration. The Committee believes that a Faculty-Administration partnership provides positive communication of issues and ideas while minimizing rumors.

The Committee also thanks the President, Provost and VPAA, Vice President of Finance and others in Administration for their careful approach to the budget process. Over the past several months, the Committee has been made aware of the budget issues currently faced at Longwood and other institutions. While our budget situation is severe, Longwood is in better shape than most of the schools in Virginia. Many of these institutions hired Faculty and Staff based on enrollment projections that proved to be unrealistic. *To our knowledge, Longwood University is the only state-supported institution in Virginia that currently does not plan to lay off any employees.* At the same time, the Administration recognizes that students should not incur a significant tuition and fee increase to close this shortfall.

As the Faculty has heard from meetings with the Provost, the University is currently expected to realize a \$5.2 million shortfall in its Educational and General (E&G) budget for Fiscal Year 2009-2010. Approximately \$4.2 million of LU's shortfall is the result of cuts proposed by the Governor, based on an estimated Commonwealth shortfall of \$2.9 billion. The remaining approximately \$1.0 million is the result of increases in utilities, custodial and maintenance requirements for new buildings and increases in premiums for benefits (primarily life, health and other insurance).

The Committee has attended several meetings with the Administration and Executive Committee. The Budget and Planning Committee, which whose members include this Committee, the University VPs and Deans, have monthly meetings scheduled to review the budget and discuss ways to meet the shortfall. The next meeting is scheduled for January 29<sup>th</sup>.

The Budget and Planning Committee is meeting with the President and Executive Committee on a regular basis. The last meeting with the President occurred on January 7<sup>th</sup>. The next meeting is scheduled for February 12<sup>th</sup>.

This Committee is planning to request a copy of the detailed budget cuts outlined by the VPs for review and discussion.

## Considerations for Meeting the Budget Shortfall.

While the Committee and Administration are still reviewing all areas of the University budget and establishing priorities, several recommendations have been presented to assist in meeting the shortfall. It should be noted that *none* of these recommendations have been implemented. Also, while the reductions must come from the E&G funding area,

areas under Auxiliary are under review and cuts will be suggested. A few programs can be moved from E&G to Auxiliary while minimizing the financial impacts on students.

Possible funding cuts:

- Cut in travel to conferences and other professional events (\$600,000).
- Library (\$200,000)
- Cut or delay in hiring Faculty and Staff (\$900,000).
- Retention of Summer School Funds normally divided between VPAA and VP-Finance (\$350,000). The VPAA's portion pays for a variety of activities. The Dean's portion typically assists in funding Faculty travel.
- Reductions in Athletics (5 – 10% - \$ TBD)
- Reductions in Operating Budgets (could be as much as 8% - \$ TBD)

Revenue Sources:

- Interest and Credit Card Rebates (\$375,000)
- Tuition increase (requires BoV approval; an 8.2% increase nets \$1,809,613)
- Increase in Room, Board and Fees (affects Auxiliary only - \$TBD)

### Potential Impacts to Faculty

Faculty should note that, while the Committee and Administration are busy reviewing and prioritizing cuts, the potential cuts and impacts to Faculty assume the Shortfall will be \$5.2 million. This amount could increase based on the budget actions of the General Assembly and the Governor. Should the Shortfall increase, layoffs may occur. Also, any decrease in salary must originate from the Governor.

Other impacts may include:

- Curtailment of travel to conferences and professional events.
- Increase in class enrollments.
- Reduced library offerings.
- Increase in premiums paid by employees for benefits.

What are contained in the two funding areas? (source: VP-Finance)

Education and General (E&G) consists of programs associated with the institution's educational objectives.

- Instruction
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation and Maintenance of the Plant

Funding for E&G programs come from the Commonwealth and student tuition and fees.

Auxiliary consists of programs that provide services to students, Faculty and staff.

- Dining
- Housing
- Parking
- Telecommunications
- Student Health
- Student Union
- Recreation and intramurals
- Athletics

Funding for Auxiliary programs comes from student room, board, and comprehensive fees, other fees, and bookstore revenue.

#### How Faculty Can Contribute?

1. Communication. The Committee encourages Faculty to propose any suggestions for cost savings and revenue increases. In turn, the Committee will provide to the Faculty (via the Faculty Senate) regular reports on the budget process.
2. Conservation of resources. Turn off lights, decrease/recycle paper use, etc. Conserving resources in this FY may result in a small surplus near the end of the current FY that can be used for purchasing items required in the next FY. Conserving resources in future FYs will reduce impact of cost increases.
3. Encourage Summer School attendance at LU. While the Committee recognizes issues related to Summer School salaries, the additional revenue realized from increased attendance can reduce the impact on travel budget cuts.
4. Benefits review. Opt-out of health benefits (during open enrollment in April and May) can increase net pay and can offset benefit cost increases.