



# University Budget Committee

---

November 4, 2008

College Hall 208

10 am



# Agenda

---

- FY 2008 Financial Indicators
- Programs with FY 2008 Priority Funding Update
  - \$500K AA
  - \$500K A&F
- FY 2009 Budget Outlook
- 5 Year Plan – Outlook
- GLI and Tuition Revenue



# FY 2008 Financial Indicators

---

- Presented by William Hughes



# General Goals for Funding

---

- Increase funding at a rate at least equal to rise in the Consumer Price Index

	FY 2008	FY 2007	% Increase
Unrestricted Revenues	<b>\$177,942,691</b>	<b>\$161,362,903</b>	<b>10.3%</b>

	September 2008	September 2007	% Increase
CPI-U	<b>218.8</b>	<b>208.5</b>	<b>4.9%</b>

- University met this goal – aided greatly by the use of Sorenson contributions in funding the construction of our new SLCC building.

# General Goals for Funding (Cont.)



---

- Generate a net annual operating surplus at least equal to the value of annual depreciation of its facilities

FY 2008

Change in unrestricted net  
assets from operations

**\$16,601,243**

- University had substantial operating surplus. This goal was achieved in FY 2008 for same reason as indicated earlier.



# Goals for Income

---

- Increase tuition income by 3% annually.

Tuition/Fee Revenues	FY 2008	FY 2007	% Difference
Tuition and Fees	<b>\$18,345,823</b>	<b>\$19,312,472</b>	<b>-5.0%</b>
Less scholarship aid	\$4,980,150	\$4,389,681	
Net Tuition and Fees	<b>\$13,365,673</b>	<b>\$14,922,791</b>	<b>-10.4%</b>

- This goal was not achieved in FY 2008, as University 1) continued to experience a downturn in enrollment, 2) increased the amount of scholarship aid.



# Goals for Income (Cont.)

---

- Increase other sources of discretionary income by 3% annually.
  - Sum of income from auxiliary enterprises, investment income, and other sources.

	FY 2008	FY 2007	% Difference
Other Discretionary Income	<b>\$29,290,374</b>	<b>\$27,906,050</b>	<b>5.0%</b>

- This goal was achieved in FY 2008, largely due to the increase of the endowment payout rate despite enrollment reduction on student fees for auxiliary services.



# Goals for Financial Well-being and Efficiency

---

- Annual net income ratio will rise approximately 2 to 4%

	FY 2008	FY 2007
<b>Net Income Ratio</b>	<b>10.3%</b>	<b>1.8%</b>

- Net Income Ratio is the ratio of total operating income to total expenses plus depreciation. This is a measure of the University's operating surplus, and the goal of 2 to 4 % is suggested in analyses by industry experts. The five-year financial plan contained in the FY 2006 budget document assumed that this goal would be achieved by FY 2006 and in succeeding years. The University met this goal in FY 2008 after barely missing it in 2007.



# Goals for Financial Well-being and Efficiency (Cont.)

---

- Expendable reserves will increase to approximately two-thirds of the value of the annual operating budget by FY 2010.
  - This ratio of the University's expendable reserves to its operating budget is a measure of how long it could operate in an emergency with no influx of new funding. A ratio of one would mean that Gallaudet had sufficient reserves to operate for one year. **From 66.2% in 2007, this ratio had unfortunately fallen to 30.0% in 2008.** There are two primary reasons for the reduction in this ratio. First, the university experienced a \$32.6m reduction in our investments from FY07 to FY08. The second reason is that we completed the construction of the Sorenson Language and Communication Center, expending \$22.5m to increase our "land, buildings, and other property" assets.



# Goals for Financial Well-being and Efficiency (Cont.)

---

- Ratios of programmatic and support service expenditures will fall within a range for a peer group of small liberal arts colleges and universities



# Increase in Net Assets

---

- Does not have a quantitative strategic goal for increasing its net assets, but seeks an increase in this indicator. This indicator experienced a decline in FY 2008.

	FY 2008	FY 2007	% Change
<b>Total Net Assets</b>	<b>\$324,347,809</b>	<b>\$356,194,067</b>	<b>-8.9%</b>



# Programs with FY 2008 Priority Funding Update

---

- \$500K AA focused mainly on recruiting and retention programs.
- \$500K A&F focused on utilities, overtime and internship program
- Will schedule presentations for updates
- Programs funded prior to FY 2007?



# FY 2009 Budget Outlook

---

- Target of 990 by 9/30/09
  - Presently hovering around 990 staff on-board
  - Combination of on-board staff and advertised vacancies exceed 990
- Possible institution-wide action in near future
  - Headcount
  - Non-payroll expenses
- Awaiting Congressional action following CR expiration on 3/6/09
  - Possibility of no increase or even across-the-board cuts



# 5 Year Plan - Outlook

---

- Will be updated for May Board meeting
  - Federal funding – new administration signals
  - Tuition and auxiliary revenue
  - Headcount forecast impact budgeting
    - No increase in revenue could require continuing headcount reductions beyond FY 2009



# GLI & Tuition Revenue

---

- GLI/PST provides courses, some of which are taken by Gallaudet employees and matriculated students
- GLI/PST collects tuition from the central pot
- Some issues arise:
  - Budgeting policy regarding employee training conducted internally (AT and A&F)
  - Matriculated student tuition as a part of the planned budget