Report to the University Senate on the Finance Committee of the Board Meeting of October 12, 2007

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The meeting focused on reviewing the AY 2006-2007 final fiscal report and the current projected AY 2007-2008 budget.

**2006-2007 Final Year End Report (see attached spreadsheet report)**

Overall, the year ended with a surplus of $563,000.

Concerning revenues, the Total Revenues were over budget by $7.8 million. This included increases in the following areas – UG tuition revenue, $2.1 million; Law School, $2.9 million; Graduate revenue, $1.2 million; Summer School, $1 million; and Other Sources – Interest Income, $1.1 million. Residential Life revenue was under budget by $1.2 million. Revenue included a 5% draw on the endowment ($11.5 million).

Concerning expenses, the Total Expenses were over budget by $6.1 million. Areas over budget included the following – UG financial aid, $1.9 million; utilities, $4 million; additional operating expenses in Academic Affairs, $3.7 million (Law School Memo of Understanding, $2.7 million; additional expenses in graduate programs, $0.5 million; and Dean searches, $0.4 million). Other over budget areas were additional expenses in Business and Finance, $1.8 million ($1.2 million in insurance premiums, $0.2 million for Adjustor’s International, and $0.4 million for janitorial services), and additional expenses in President’s Office of $0.2 million (Kenner park, $0.1 million; legal expenses, $0.1 million), and in Institutional Advancement, $0.2 million (Grenzenbach consulting for the capital campaign).

The major under budget expense area was in salary and fringe benefits for open / unfilled positions, especially in Academic Affairs of $1.7 million. This was offset by $0.7 million for year end accruals for 4 buyouts.

**2007-2008 Projected budget (see attached spreadsheet report)**

Overall, the current AY budget is projected to end with a deficit of $3.3 million. However, the University has received two federal grants (that are one time only) of $2.8 million that will be used to offset the projected deficit, therefore reducing the overall projected deficit to about $0.5 million.

Concerning revenues, Total Revenues are projected to be under budget by $5.7 million. This includes decreases in UG tuition revenue of $8.2 million, which is offset by increased Law School tuition revenues of $2.6 million and by projected increased Summer School revenues of $0.5 million. The substantial decrease in UG tuition revenues is directly related to the shortfall in enrollments (approximately 330 full time students). A Four Year Forecast for Full-Time UG Head Count students was presented (and is attached to the present report) to illustrate this.

The reduced UG enrollment also impacted Residence Hall occupancy (83% budgeted versus 76% actual) which results in Residential life revenue being under budget by $0.7 million. Projected revenue includes a 5% draw on the endowment ($12.3 million).
Concerning expenses, Total Expenses are projected to be under budget by $2.2 million. UG financial aid expenses are under budget by $3.5 million (due to enrollment shortfall), whereas the increased Law School enrollment had an additional expense of $0.5 million. Another area under budget is in salary and fringe benefits for open / unfilled positions, especially in Academic Affairs of $1.3 million. Additional operating expenses are projected in Academic Affairs of $2.0 million (Law School Memo of Understanding, $1.9 million; and Admissions expenses $0.1 million). Other over budget areas were additional expenses in Institutional Advancement associated with the upcoming capital campaign ($0.2 million in salaries and $0.1 million in operating expenses).

Discussion

Following the presentation of these reports, there was extended discussion about current and future enrollments and their impact on finances. The present year’s projected $0.5 million deficit would be over $3 million, if the one-time federal grants (of $2.8 million) were not used to balance that shortfall. The projected revenues for the current year depend on retention of currently enrolled students to the Spring semester. The small freshmen class in Fall 2006 has been followed by a similarly small freshmen class in Fall 2007. Thus, these two classes represent a bubble of low enrollment for the next several years. A single enrollment bubble in Fall 1996 had an effect for nearly four years.

Concern was expressed about the loss of upperclassmen (i.e., juniors) over the past year compared to the current year (over 100 students), as well as setting realistic enrollment targets and achieving them for next year’s freshmen class.