

Budget Symposium Meeting Notes

February 24, 2017

Fiscal Year 2017

There are two types of budgets, E&G and auxiliary. E&G is the state funded budget. Examples of the auxiliary budget would be the Bookstore, Cafeteria, and Fleet.

The core of the E&G budget is built upon an annualized full-time headcount number. In the past, this annualized number has been 1300 full-time students. This year we are not meeting that enrollment number. Based on this our tuition, fee, and auxiliary indirect fee to the E&G budget are projected to be down approximately \$880,000. The auxiliary projects pay a fee to E&G (similar to F&A on grant awards) that is based off of the amount of expenditures. As a result of lower enrollment, the amount of expenditures from the auxiliary project will be less causing this auxiliary indirect fee to be less.

Senior Staff has been discussing a number of actions to narrow the gap. Scott Bevins provides me with enrollment number twice a week.

We receive a notice that the Commonwealth will not be reimbursing ETF expenditures this fiscal year, but the reimbursement will come next fiscal year. This year we received beyond our normal ETF allocation due to a one-time allocation for the acquisition of a NMR machine for the Natural Science Department. Including the NMR machine, this makes our total allocation \$771,000 that will not be reimbursed this fiscal year. This had not been factored in to the original budget.

If we interim finance the ETF reimbursement, we are still short approximately \$163,000 this fiscal year. If we do not, we will be short in the neighborhood of \$927,000. These numbers assume that the only remaining expenditures are those that are currently committed in the system and those which have been authorized and sent to us.

Commitments have an extreme impact on our shut off date for spending. It is imperative that you go through your commitments and remove those that are not going to be used.

Fiscal Year 2018

Due to lower enrollment numbers, we are building our budget off a lower annualized full-time enrollment number. We are using a 3% tuition increase as we outlined to the College Board, but it must be noted that there is a push to lower that rate. There are groups that would like for us to not look beyond a tuition increase of 1.5%.

With the 3% increase, our FY18 tuition budget number will be almost \$646,000 less than where we started this current fiscal year. After adding other revenue reductions due to lower enrollment, this brings this number to over \$764,000 in lost revenue. We are proposing to restructure the part time fee to bring the loss to \$564,000.

The introduced budget saw a state appropriation \$480,000 less than the original appropriation for FY17. It is \$536,000 less than where we were in FY 10.

This week the House and Senate Budget Conferees reported their amendments to the introduced budget. The Conferees have proposed to restore a portion of the reductions. To clarify, as Virginia operates on a biennial budget, the previous starting budget would have been higher than the Governor's introduced budget.

The Conferee budget includes a 3% pay increase for staff and a 2% pay increase for T&R faculty. T&R faculty are at a reduced rate due to the College's Faculty Salary Competitiveness Program. The General Assembly awarded a 3% T&R increase to those institutions who have not been doing anything to enhance their faculty pay. It is vital to note that state pay increases are done on a fund split model, so the Commonwealth will only cover 60% of the salary increase and its fringe benefit costs. Thus, the College has to come up with an additional \$275,000. All auxiliary and grant projects will have to pick up 100% of the pay increases.

The state provides funding for E&G buildings. Unfortunately, the Commonwealth hit a downturn financially at the same time our new library came online. The operational cost for the new library totals \$1,000,089. Right now there are no funds provided in the state's budget for the operation of the new library. We know based on this year we need to increase the amount for the utility budget.

The bottom line of where we are today is that with all of this we still need to reduce the FY18 budget by \$247,000.

Questions

- Is tuition only looking at in-state student or are out-of-state students also included?

We factor in the whole thing. However, 95% of our full-time students are in-state. A lot of our out-of-state students fall within the radius to receive KTAG, which is reduced tuition. Scott Bevins added that 40% of our out-of-state students are KTAG. We do not receive any state funding for out-of-state students and KTAG students.

- How optimistic are you?

This year will be difficult and next year will probably be more difficult. However, as we obtain increased retention and our smaller cohorts go through I think we are strategically placed well. Everyone will need to pull together and we will get through, but if everyone does not work together it could become a problem.

- You had mentioned we were budgeted at 1300 students. How much lower are we?

As of this morning our enrollment is at 1,154. According to my amortization table, that is 28 students below what the model forecasts.

- With the FY 18 deficits are you looking at OTPS reductions, hiring freezing, or furloughs?

We are currently holding some vacant positions. We have never furloughed because as a state agency it costs more the first year and does not financially make sense. It would be really hard to do an OTPS reductions anymore. Our E&G budget is 80% positions. The Chancellor included that we plan to grow so we do not want to cut people. Our transfer numbers are up and our new freshman enrollment is up. We will have a large freshmen/sophomore class, but our Junior/Senior classes will still be smaller.

- Are we going to have a graduate program? There was an article in the Coalfield that referred to that.

There was an amendment that included a \$1,000,000 graduate building. We started talking with the legislators about things we needed and included a building that could house graduate courses. The Chancellor added that the graduate program was in the strategic plan, however there were steps that would need to be taken to attain it. The legislators thought it would help us, but got a little ahead.

- Has anyone thought of a program to reach out to students that have dropped out?

Scott Bevins answered, saying that he and Narda reach out to these students and have brought some back. Several have graduated in the past years. They start by looking at those students that were enrolled in the most hours.