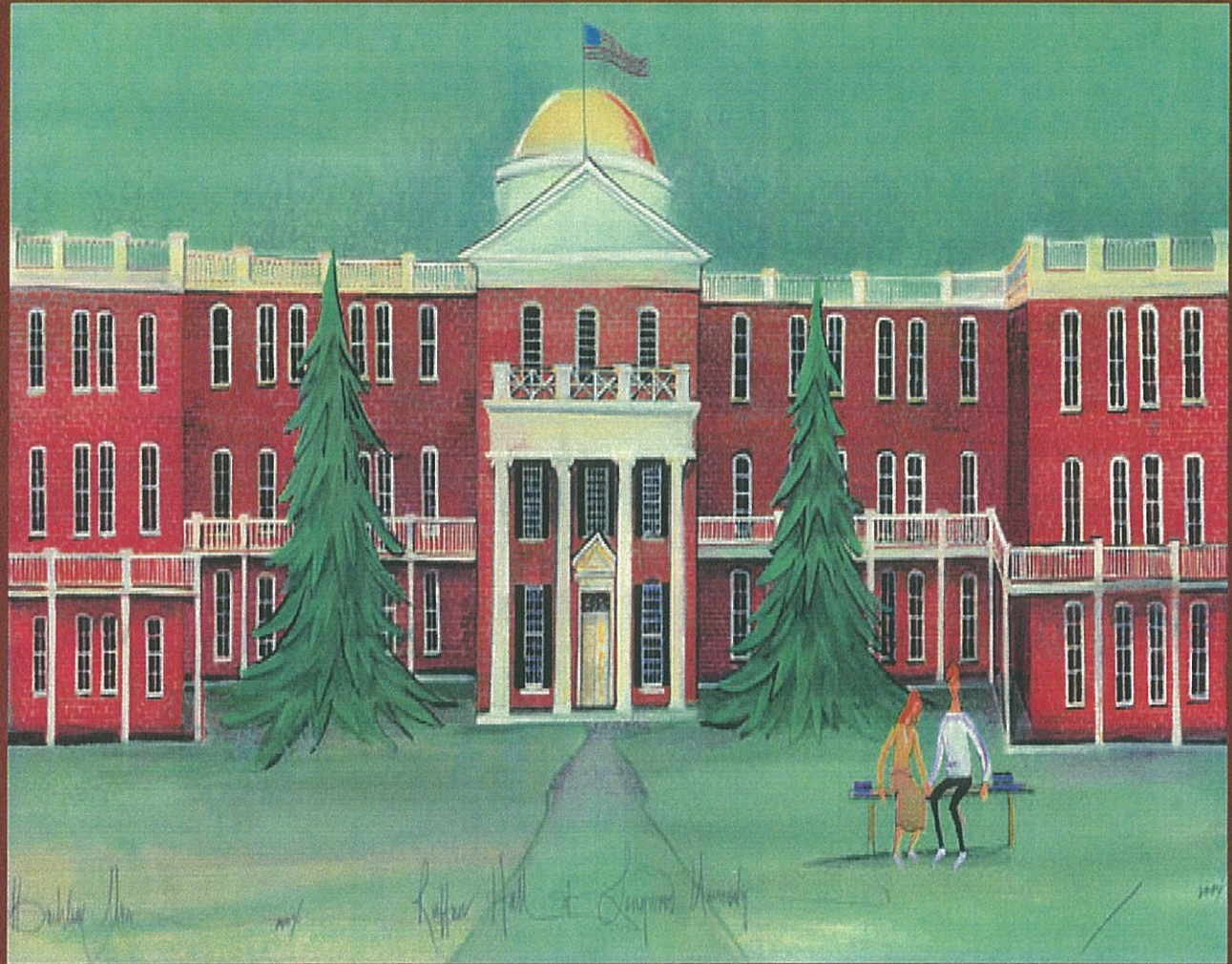


LONGWOOD UNIVERSITY



OPERATING BUDGET AND PLAN

FY 2006 - 2007

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BUDGET SUMMARY

This section provides an overview of the University's 2006-2007 operating budget. Detailed budget information is provided in the supporting tables. Highlights of the proposed plan are presented below.

- The budget is based on conservative assumptions related to enrollment projections, revenue calculations and expenditure estimates. Revenue calculations are based on enrollment figures for FY 2005-2006.
- Reserves totaling \$300,000 are included in the budget assumptions.
- The budget contributes approximately \$2.8 million to fund balances in the Auxiliary Service programs. This fund balance contribution is the continuation of a long range planning strategy for the use of these resources to accomplish future initiatives in the Auxiliary area. Additional reserves are provided within the budget to address potential variations in key planning assumptions.
- As approved by the Board of Visitors at the March 2006 board meeting, tuition for Virginia undergraduates was increased by \$374, a 10 percent increase over the adjusted rate based on a thirty-credit-hour schedule. In compliance with guidance set forth by the Governor and the General Assembly, the auxiliary student fees, and room and board charges were increased to cover changes in inflationary costs, debt service expenses, and costs associated with base salary increases and fringe benefits. Auxiliary fees increased by \$658. In total, allowing for the increase in tuition and the increases in fees, room and board, the cost for full-time Virginia undergraduates will increase by an average of \$1,041, an 8.3 percent increase.

Tuition for in-state graduate students decreased from \$233 to \$180 per credit hour in an effort to make Longwood courses more marketable. Tuition for out-of-state undergraduate students increased 12.8 percent. The per-credit-hour rate for out-of-state graduate students did not change.

In FY 2006-2007, the University will move from a flat fee to a per-hour charge for all tuition and fees.

- The projected revenue budget for FY 2007 is \$77,438,889. The proposed expenditure budget for the total University is \$76,984,878. The budget consists of two major components: the Educational and General Programs budget and the Auxiliary Services budget.
- The Educational and General Programs budget, which includes both general and nongeneral funding sources, is composed primarily of expenditures and revenues in the Instructional programs, as well as Student Financial Assistance and Sponsored Programs (grants and contracts). The total planned expenditures for FY 2007 are \$48,887,488.

- The second major component of the University's total budget is Auxiliary Services, which includes activities such as student housing, dining services, parking and athletics. The proposed Auxiliary Services budget for 2006-2007 is \$28,097,390. A total of \$1,731,425 will be held in reserve for proposed debt service and operating costs associated with the health and fitness center, heating plant improvements, Blackwell renovation, recreation and athletic facilities.

2006-07 ACTIONS OF THE GENERAL ASSEMBLY

On June 30, 2006, the Governor signed the most belated budget in Virginia history. This is the third time in five years that lawmakers did not pass a budget by the end of the winter session. The 2006-2008 biennial budget is extremely positive for Longwood University. Major highlights of this budget are described below.

As a result of the final actions taken by the Governor and the General Assembly in the 2006 session, Longwood's total E&G operating appropriation increased to \$48,765,476 (\$26,336,079 GF and \$22,429,397 NGF).

Higher Education Restructuring

Restructuring legislation allows universities varying levels of decentralization in the areas of procurement, personnel and capital outlay while establishing commitments and meaningful performance measures on which each higher education institution will be evaluated. The Appropriation Act sets forth ten State education-related, financial and administrative management measures. Additionally, all institutions are required to prepare a six-year academic, financial and enrollment plan. The State Council of Higher Education will annually assess institutional performance. Under the legislation, three levels of autonomy will be available to all public institutions, with the level of autonomy depending on each entity's financial strength and ability to manage day-to-day operations.

Budget Increase – Base Adequacy Funding

The State's goal in providing base adequacy funding is to help fund the Commonwealth's restructuring goals and to help keep tuition costs down. For FY 2007, Longwood's General Fund base was increased by a net \$4,585,581 (18.69 percent) over FY 2006. \$253,089 of the increase is attributable to student financial assistance. This increase will be reflected in the General Fund Appropriation received from the State on July 1, 2006.

The total increase includes an additional \$2.0 million for base adequacy funding. One goal of six-year planning is to move universities toward 100% of base adequacy funding. This increase moves Longwood's ranking from 88.9 percent to 97.8 percent of the funding guidelines. This reflects 83.6% of the General Fund and over 100% of the Non General Fund required by the Base Adequacy Model for the 2006-2008 biennium. Half of the institutions are at or over 100% of the Non General Fund guidelines.

Other Operating Funding

The biennial budget provides for debt service funding to replace the University's administrative system (BANNER). This is a five-year commitment.

Longwood received \$317,203 in general funds to help the University begin to address internal equity salary issues.

The University was appropriated an additional \$191,010 in FY 2007 to support basic operating and maintenance costs.

Salary Increases

The General Assembly approved a 4.0 percent salary increase for classified employees. The University will also provide the same level of increase to wage employees. Faculty will receive a salary pool increase equivalent to an average 4.0 percent raise. Longwood will contribute an additional \$95,000 to fund faculty promotions and equity adjustments. Administrative and professional personnel will receive a salary pool increase equivalent to an average 4.0 percent raise.

All salary increases are effective November 25, 2006. The institution is required to pay 36 percent of the educational and general (E&G) salary increase; the remaining funds will be provided by the State. Auxiliary raises are provided in full by the institution.

Tuition Increase

The General Assembly allowed Boards of Visitors at institutions of higher education to "set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates." In addition to the requirement that out-of-state students pay 100% of the average cost of their education, non-resident students will continue to pay \$1.67 per credit hour as a mandatory capital fee. Tuition and Fee revenues are limited to the non-general fund appropriation for E&G programs provided in the Act. For FY 2007, this is \$22,429,397.

Research and Public Service Centers

Specific line-item language for the Institute for Teaching Through Technology was eliminated from the Appropriation Act. Funding for this center was incorporated into Longwood's general fund base budget. The University was granted an additional \$91,867 in general funds in FY 2007 in support of the Institute.

Higher Education Equipment Trust Fund

\$619,795 was appropriated to Longwood in FY 2007 relative to the Equipment Trust Fund program. This is a \$72,693 increase from our FY 2006 allocation.

Capital Projects

Due to capital project cost overruns, Longwood received additional appropriation for numerous previously funded projects. Funding was also appropriated for the following new projects:

* Bedford Art Building	\$11,480,122	GF
* Asbestos Abatement	\$ 2,332,000	GF
* ADA Accessibility	\$ 2,378,000	GF
* Upgrade Heating Plant – Phase III	\$ 6,235,000	GF
	\$ 5,102,000	NGF
* Renovation & Addition to Lankford Hall	\$11,475,000	NGF
* Renovate Baseball & Softball Fields	\$ 2,558,000	NGF
* Renovate Athletic Offices/Support Facilities	\$11,961,000	NGF
* Renovate Cox Hall	\$12,893,000	NGF
* Renovate Stubbs Hall	\$13,878,000	NGF
* Construct Recreation Facilities	\$ 1,829,000	NGF

Maintenance Reserve funding for FY 2007 is \$1,375,983.

2006-2007 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2006-2007 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2007, funds were allocated for strategic initiatives and fixed costs increases. The recommended expenditures include funds for the following:

• Financial Aid and Scholarships	\$ 32,600
• New Positions (15)	\$ 782,253
• Banner Backfill Positions	\$ 748,700
• Continuation of FY06 Raises	\$ 208,000
• FY07 Faculty Raises, Promotions, Equity Adjustments and Adjunct Salary Increases (Institution Portion)	\$ 300,000
• FY07 Administrative Raises (Institution Portion)	\$ 39,000
• FY07 Classified Raises (Institution Portion)	\$ 72,000
• Institution Portion of Medical Insurance Increases	\$ 86,000
• Fixed Costs (Utilities, Maintenance, Credit Card Fees)	\$ 400,285
• Transfer Auxiliary Expenses to E&G	\$ 240,500
• Jamestown Conference	\$ 100,000
• Facilities/Power Plant Management	\$ 240,000
• President's Contingency	\$ 300,000
• Equity Adjustments	\$ 555,000
• Operating Funds, Staff Training, and Equipment	\$ 211,200
• Academic Affairs Strategic Initiatives	\$ 250,000

\$488,000 remains unallocated at July 1st.

4,565,538

2006-2007 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's 2006-2007 Auxiliary Services budget is based on the program priorities listed below. The budget reflects a total addition of \$2.8 million to fund balances for the next fiscal year. These reserves are provided within the auxiliary budget to accomplish the program initiatives for 2006-2007, and to continue a long-range reserve balance plan. The Board approved rate and fee increases in March 2006. These increases are primarily used to fund (1) employee raises effective November 25, 2006, and continuation of November 25, 2005, raises (2) increases in fringe benefit rates, (3) continued progression to Division I status, and (4) debt service requirements. No State funds are received to support auxiliary service operations.

Auxiliary Indirect Cost Rate

The auxiliary services operations are charged an indirect cost recovery rate for services provided by educational and general operations (such as payroll processing, mail services, purchasing and billing services). The auxiliary cost study is submitted to SCHEV prior to the beginning of each biennium. The rate for the 2006-2008 biennium is 14.35 percent. This is a 2.26 percent increase from the prior biennium.

Comprehensive Fee Increase

The comprehensive fee is used to support many auxiliary programs and services, including: intercollegiate athletics, recreation and intramural programs, the student union, health services, LCVA, telecommunications services, debt service, and repair and maintenance on non-general fund supported facilities.

The fee increase approved in March will also support future debt service and operating costs for the health and fitness center, heating plant improvements, Blackwell renovation, field hockey/lacrosse complex construction, construction of recreation facilities, and baseball/softball field renovations.

Compensation

The auxiliary budget is based on a salary increase of 4 percent for administrative and professional personnel and 4 percent for all classified employees effective November 25, 2006. The auxiliary budget is also based on the continuation of the November 25, 2005, salary increases.

An additional \$225,255 has been allocated for equity adjustments as a result of the compensation study completed in FY 2006.

Housing Debt Service and Fund Balances Contributions (\$651,285 Base)

Housing revenue will continue to provide funds for maintenance reserve projects in the residence halls, and will provide a reserve for future debt service for major repair and renovation to the facilities.

Dining Services (\$129,570 Base)

Funds are provided for a contribution to fund balances that will be used to accomplish future initiatives including maintenance and repairs on the dining hall facility.

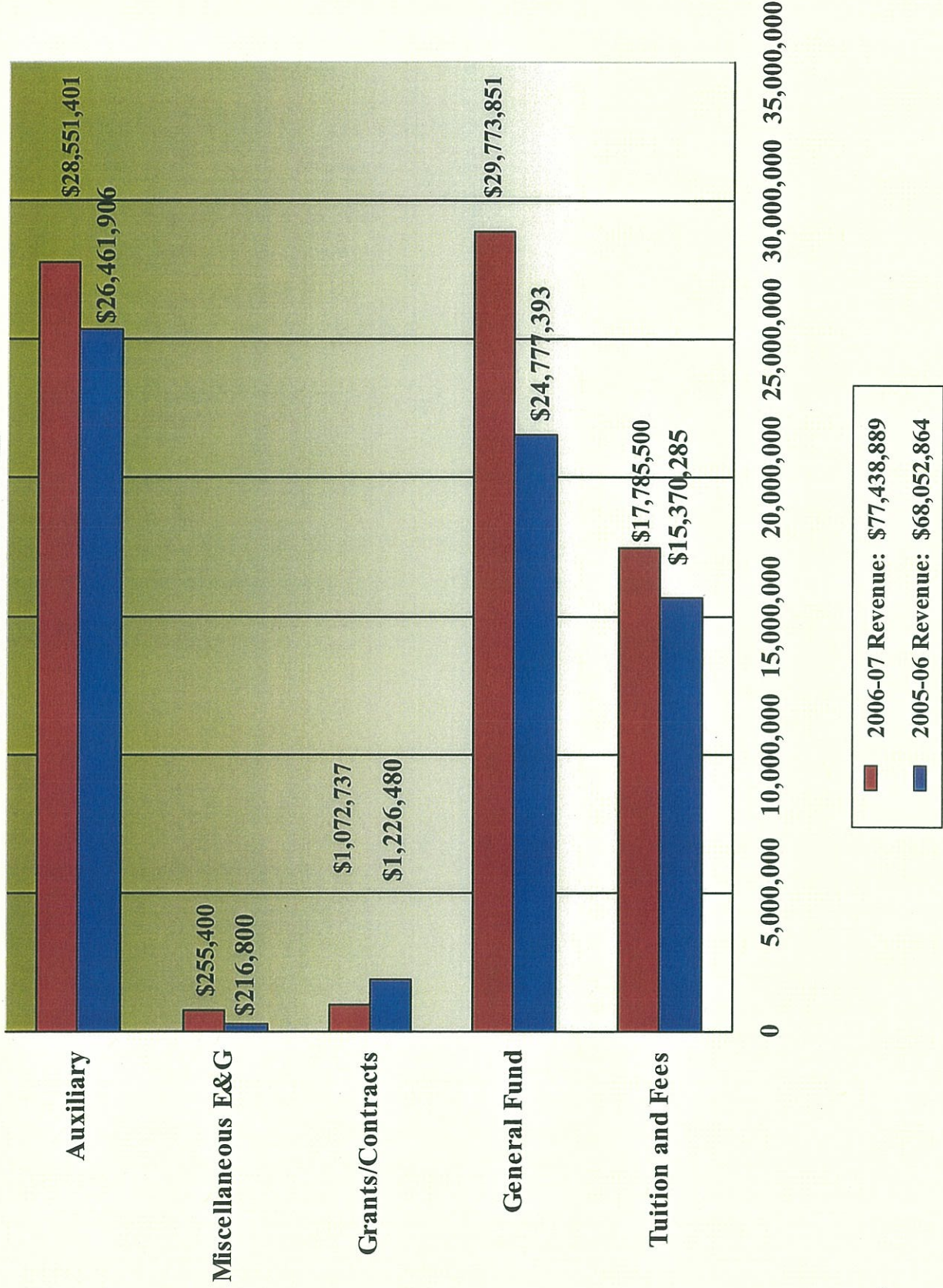
Athletics (\$346,288 Base)

Funds are provided to continue progression toward Division I status. This increase will be used for scholarships (\$310,288) and operating expenses (\$36,000).

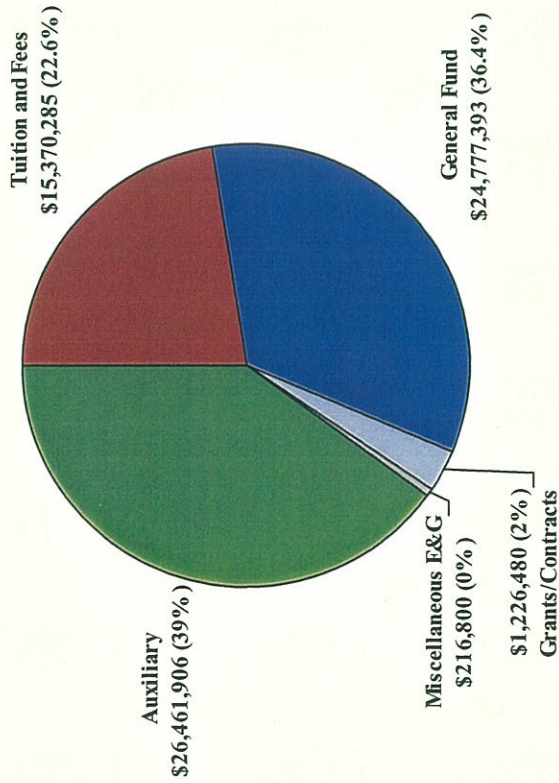
Debt Service and Fund Balance Contributions (\$2,054,025 Base)

Comprehensive fee revenue will provide funds for future debt service and contributions to fund balances that will be used to accomplish future initiatives. These reserves include \$1,731,425 for debt service and operating costs associated with the health and fitness center, heating plant improvements, Blackwell renovation, recreation and athletic facilities.

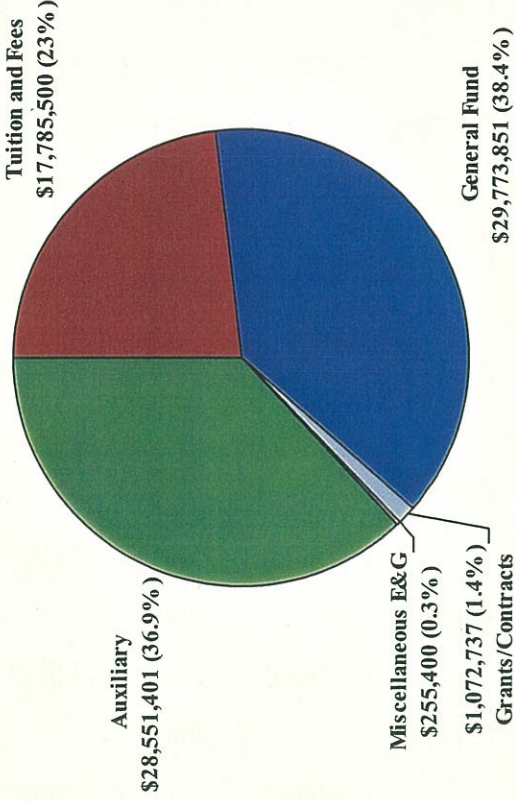
Total Revenue



Total Revenue Comparison By Category

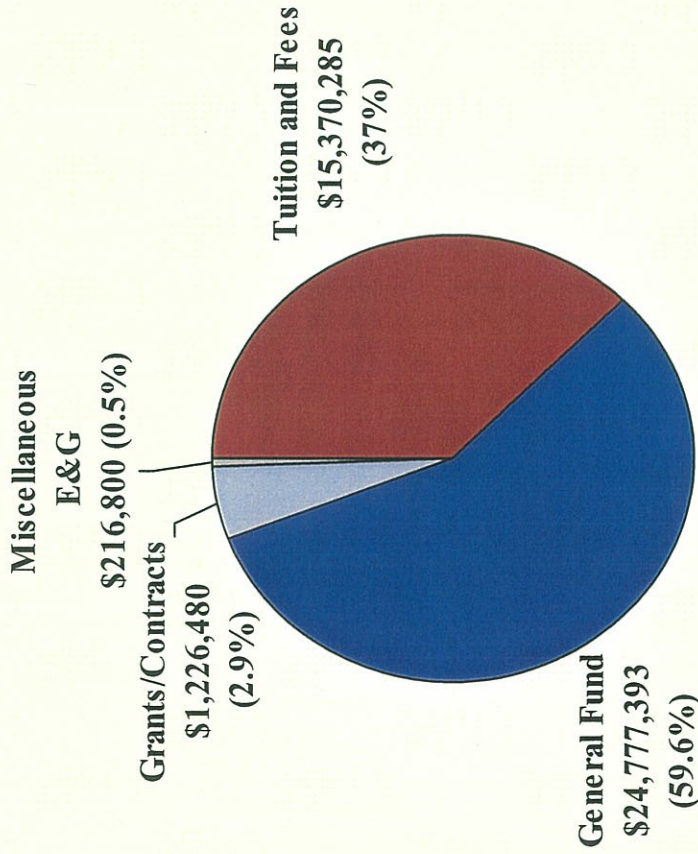


2005-06 Total Revenue: \$68,052,864

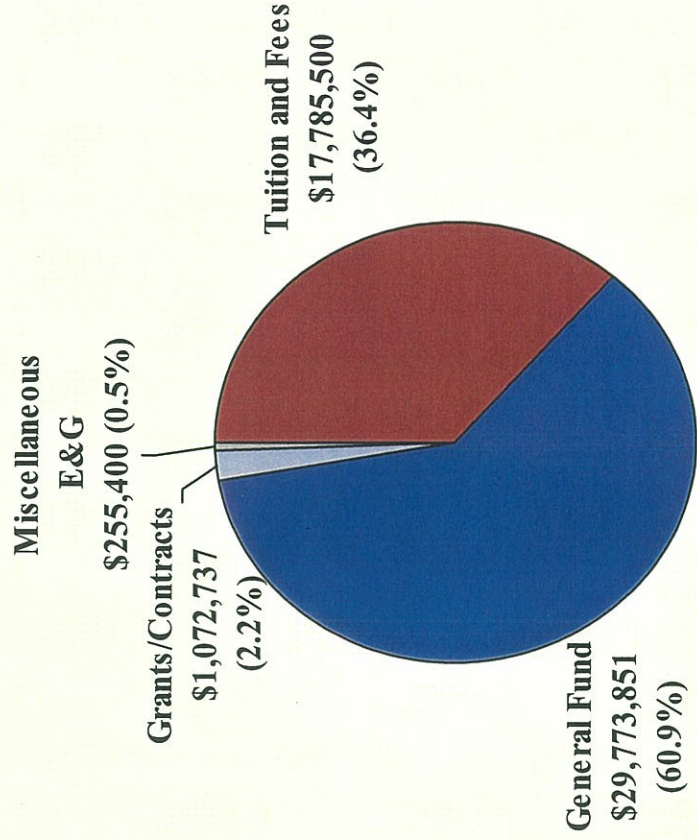


2006-07 Total Revenue \$77,438,889

E&G Revenue Comparison By Category

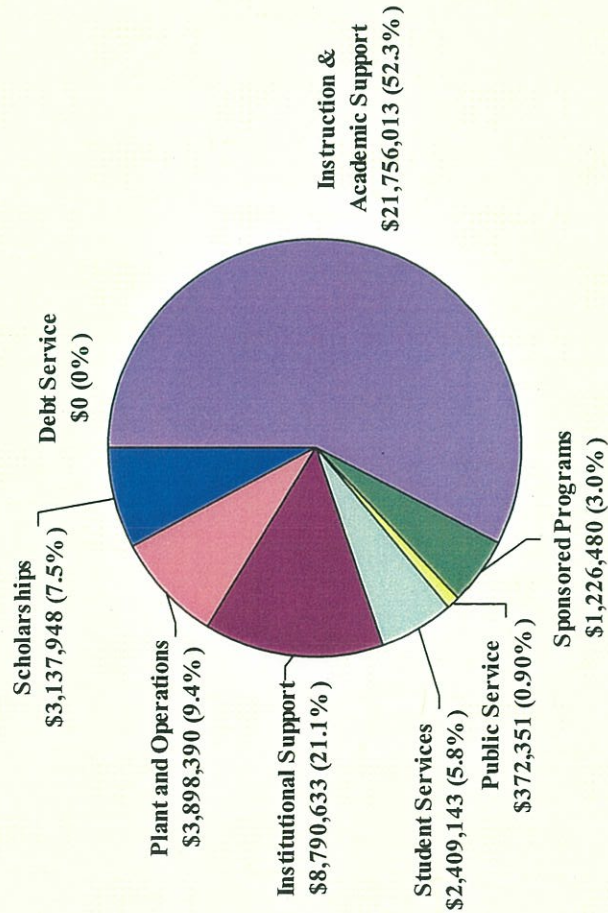


2005-06 E&G Revenue: \$ 41,590,958

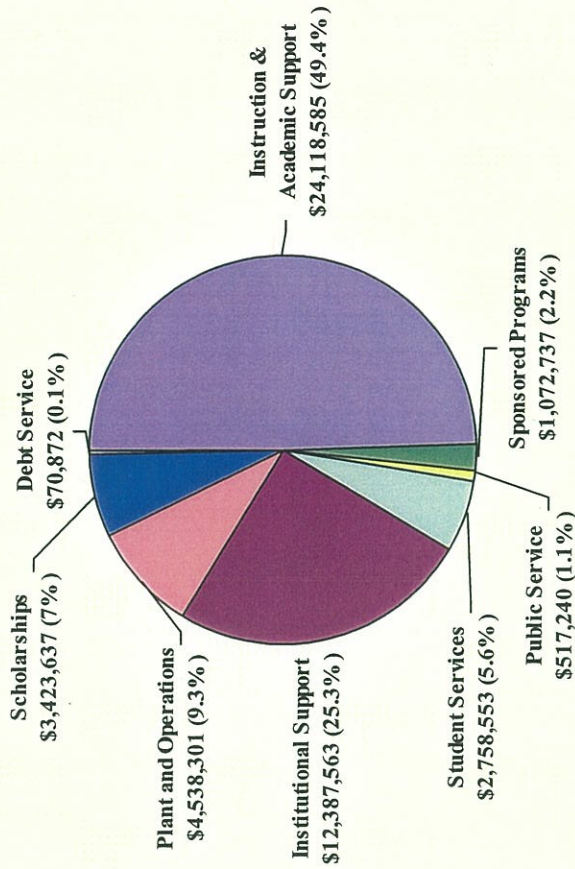


2006-07 E&G Revenue: \$48,887,488

E&G Expenditure Comparison By Category

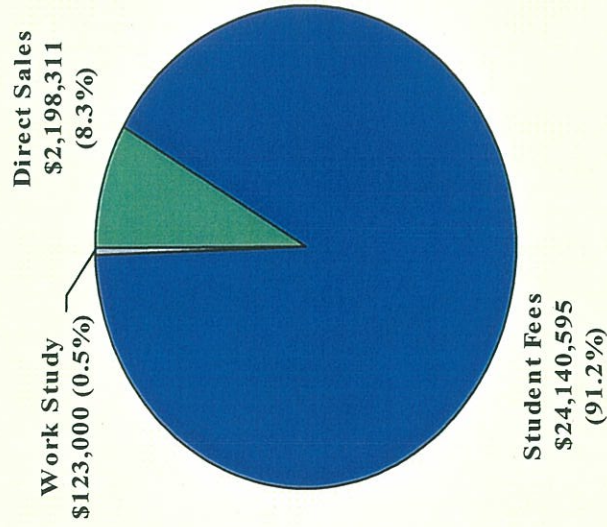


2005-06 E&G Expenditures: \$41,590,958

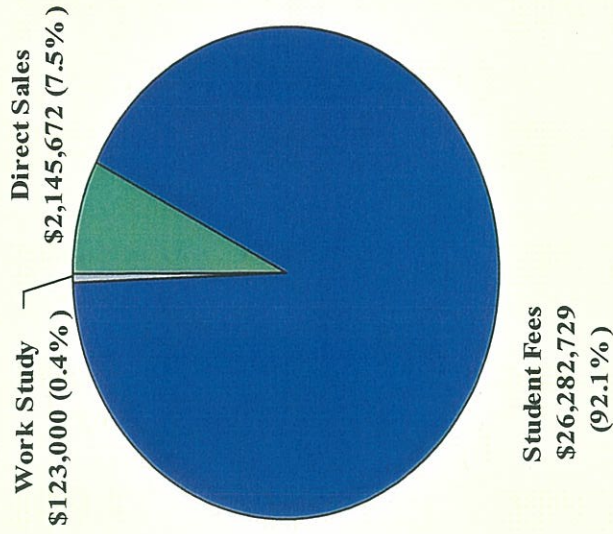


2006-07 E&G Expenditures: \$48,887,488

Auxiliary Services Revenue Comparison By Category

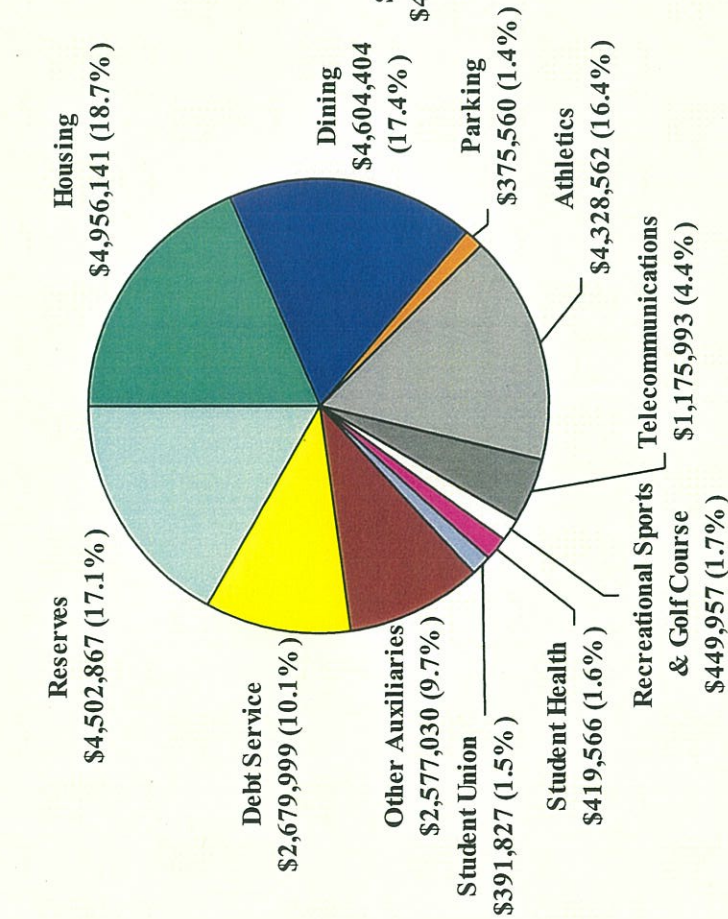


2005-06 Auxiliary Revenue: \$ 26,461,906

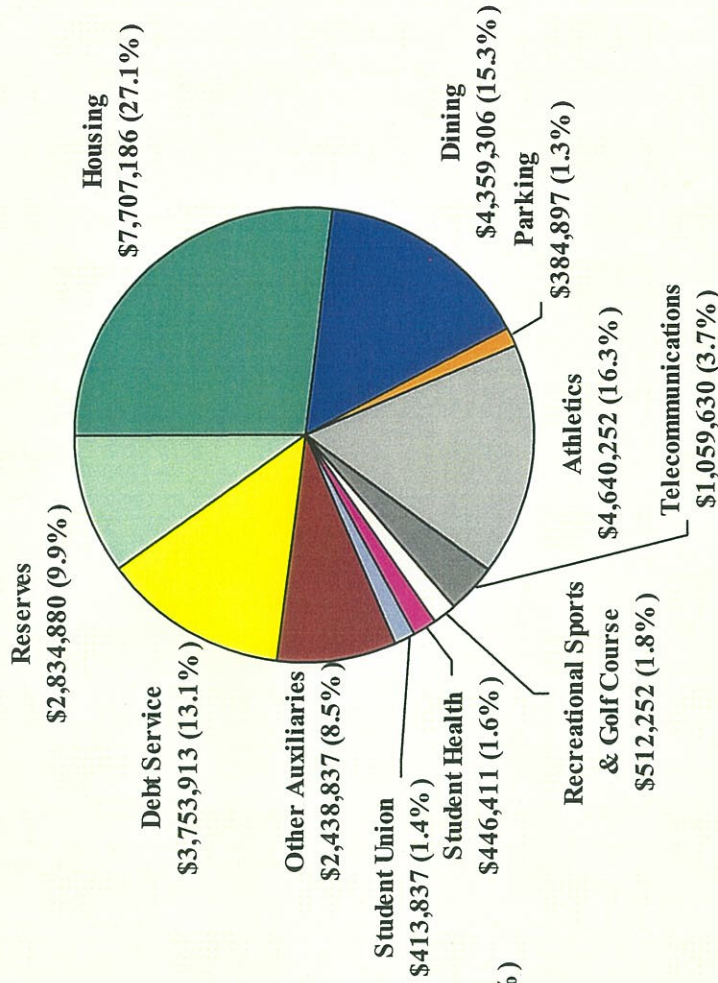


2006-07 Auxiliary Revenue: \$28,551,401

Auxiliary Services Expenditure Comparison By Category

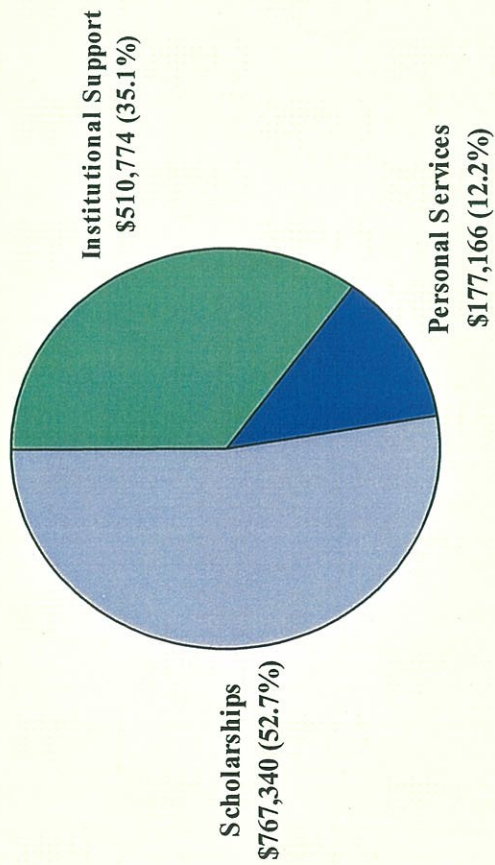


2005-06 Auxiliary Expenditures: \$26,461,906

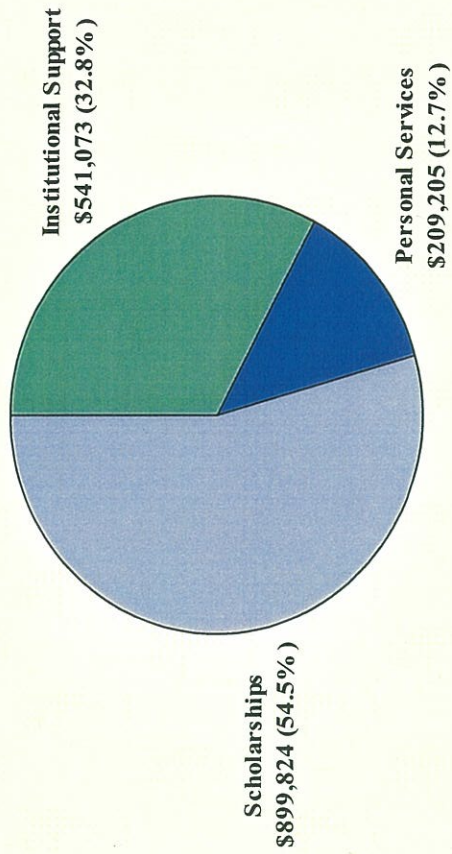


2006-07 Auxiliary Expenditures: \$28,551,401

Foundation Support



2005-06 Foundation Support: \$1,455,280



2006-07 Foundation Support: \$1,650,102

**TABLE 1
REVENUE SUMMARY**

	Operating Data	
	Budget 2005-06	Proposed 2006-07
<u>EDUCATIONAL AND GENERAL</u>		
Tuition and Fees	15,370,285	17,785,500
Commonwealth Appropriations *	24,777,393	29,773,851
Federal Grants and Contracts	413,495	612,628
State and Local Gov't Grants and Contracts	509,094	302,271
Private Grants and Contracts	303,891	157,838
Other Sources	216,800	255,400
Total Educational and General	41,590,958	48,887,488
<u>AUXILIARY ENTERPRISES</u>		
Total Auxiliary Enterprises	26,461,906	28,551,401
Institution Total	<u>68,052,864</u>	<u>77,438,889</u>

* FY 2007 State Appropriation includes Higher Education Student Financial Assistance of \$2,784,837. Appropriation reflects estimated Central Fund adjustments.

TABLE 2
EXPENDITURE SUMMARY

Expenditure Categories	Budget 2005-06	Proposed 2006-07
<u>Educational and General</u>		
Instruction	17,272,102	19,261,624
Sponsored Programs	1,226,480	1,072,737
Public Service	372,351	517,240
Academic Support	4,483,911	4,856,961
Student Services	2,409,143	2,758,553
Institutional Support	8,790,634	12,387,563
Plant Operation & Maintenance	3,898,390	4,538,301
Scholarships & Fellowships	3,137,948	3,423,637
Transfers		
Debt Service (Mandatory)	-	70,872
Non-Mandatory		
Total Planned E&G Expenditures	41,590,959	48,887,488
<u>Auxiliary Enterprises</u>		
Expenditures	22,087,245	24,343,477
Transfers		
Debt Service (Mandatory)	2,679,999	3,753,913
Non-Mandatory		
Total Auxiliary Enterprises	24,767,244	28,097,390
Total Expenditures & Transfers	66,358,203	76,984,878

TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2005-06	Proposed 2006-07
RESIDENCE HALLS		
Direct Income	80,500	80,500
Income (Room Fees)	7,615,176	9,230,893
Expense	4,956,141	7,707,186
Debt Service (Mandatory)	643,114	952,922
Non-Mandatory Transfers	128,780	0
Net (Contribution to Fund Balance)	<u>1,967,641</u>	<u>651,285</u>
FOOD SERVICES		
Direct Sales	153,000	153,000
Income (Meal Plans)	5,541,970	5,034,196
Expense	4,604,404	4,359,306
Debt Service (Mandatory)	690,525	698,320
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>400,041</u>	<u>129,570</u>
BOOKSTORE		
Income (Sales and Contracts)	200,000	225,000
Expense	1,000	1,000
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>199,000</u>	<u>224,000</u>
ATHLETICS		
Income (Direct Sales and Services)	274,003	102,003
Student Fees	4,254,559	5,018,106
Expense	4,328,562	4,640,252
Debt Service (Mandatory)	0	479,857
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>200,000</u>	<u>0</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2005-06	Proposed 2006-07
PARKING AND TRANSPORTATION		
Income (Direct Sales and Services)	543,632	543,632
Student Fees	286,515	286,515
Expense	375,560	384,897
Debt Service (Mandatory)	348,663	346,650
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>105,924</u>	<u>98,600</u>
TELECOM SYSTEMS		
Income (Direct Sales and Services)	203,045	253,045
Student Fees	972,948	806,585
Expense	1,175,993	1,059,630
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
STUDENT HEALTH		
Income (Direct Sales and Services)	5,901	5,901
Student Fees	413,665	440,510
Expense	419,566	446,411
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
STUDENT UNION		
Income (Direct Sales and Services)	9,647	9,647
Student Fees	382,180	404,190
Expense	391,827	413,837
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2005-06	Proposed 2006-07
RECREATION AND INTRAMURALS		
Income (Direct Sales and Services)	425	425
Student Fees	134,927	176,274
Expense	135,352	176,699
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
GOLF COURSE		
Income (Direct Sales and Services)	255,000	255,000
Student Fees	59,605	80,553
Expense	314,605	335,553
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
CONFERENCES		
Income (Direct Sales and Services)	183,781	224,642
Student Fees	0	0
Expense	183,781	224,642
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
OTHER AUXILIARY		
Income (Direct Sales and Services)	412,377	415,877
Student Fees	4,479,050	4,804,907
Expense	2,392,249	2,213,195
Debt Service (Mandatory)	868,917	1,276,164
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>1,630,261</u>	<u>1,731,425</u>
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TABLE 3
SUMMARY OF AUXILIARY SERVICES INCOME
AND EXPENDITURES

	Budget 2005-06	Proposed 2006-07
TOTAL AUXILIARY ENTERPRISES		
Income (Direct Sales and Services)	2,321,311	2,268,672
Student Fees	24,140,595	26,282,729
Expense	19,279,040	21,962,608
Debt Service (Mandatory)	2,551,219	3,753,913
Non-Mandatory Transfers	128,780	0
Net (Contribution to Fund Balance)	<u>4,502,867</u>	<u>2,834,880</u>

TABLE 4
LONGWOOD FOUNDATION, INC.
RESOURCES SUMMARY

	Operating Data	
	Budget 2005-06	Proposed 2006-07
Total Support:		
Annual Fund	404,209	429,209
Interest Earnings on Endowment	1,051,071	1,220,893
Total Support	<u>1,455,280</u>	<u>1,650,102</u>
Use of Funds:		
Institutional Support	510,774	541,073
Personal Services	177,166	209,205
Scholarships	767,340	899,824
Total Use of Funds	<u>1,455,280</u>	<u>1,650,102</u>

TABLE 5
SUMMARY OF 2006-07 RESOURCES
BY OPERATING AREA AND PROGRAM

Expenditure Categories	President	Provost & V.P. for Academic Affairs	V.P. for Administration & Finance	V.P. for Facilities Mgmt. & Public Safety	V.P. for Technology	V.P. for Student Affairs	V.P. for University Advancement	Total
<u>Educational Programs</u>								
Instruction	300,000	18,706,878	254,746	-	-	-	-	19,261,624
Sponsored Programs	-	-	1,072,737	-	-	-	-	1,072,737
Public Service	141,855	375,385	-	-	-	-	-	517,240
Academic Support	-	3,348,257	-	-	1,344,119	164,585	-	4,856,961
Student Services	100,000	1,561,704	441,918	-	-	654,930	-	2,758,553
Institutional Support	738,613	668,063	3,817,530	1,408,935	3,904,024	238,676	1,611,723	12,387,563
Plant Operation & Maintenance	6,000	-	(445,812)	4,978,113	-	-	-	4,538,301
Scholarships & Fellowships	-	175,000	3,248,637	-	-	-	-	3,423,637
Transfers								
Debt Service (Mandatory Non-Mandatory)			70,872					70,872
Total Educational Programs	1,286,469	24,835,287	8,460,628	6,387,048	5,248,143	1,058,191	1,611,723	48,887,488
<u>Auxiliary Enterprises</u>								
Expenditures	4,873,910	377,409	5,669,500	886,336	1,591,273	10,904,182	40,867	24,343,477
Transfers								
Debt Service (Mandatory Non-Mandatory)			3,753,913					3,753,913
Total Auxiliary Enterprises	4,873,910	377,409	9,423,413	886,336	1,591,273	10,904,182	40,867	28,097,390
Total Expenditures & Transfers	6,160,379	25,212,696	17,884,041	7,273,384	6,839,416	11,962,373	1,652,589	76,984,878

Budget Allocation Ratio

Fiscal Year	2004	2005	2006	2007
Instruction and Academic Support	57.77%	57.47%	52.31%	49.33%
Public Service	1.06%	1.12%	0.90%	1.06%
Student Services	5.25%	5.75%	5.79%	5.64%
Institutional Support	12.94%	13.96%	21.14%	25.34%
Operation and Maintenance of Plant	8.03%	8.50%	9.37%	9.28%
Student Aid	7.35%	7.90%	7.54%	7.00%
Debt Service	1.26%	0.00%	0.00%	0.14%
Sponsored Programs	6.34%	5.29%	2.95%	2.19%

Formula Expenditure Budget (by function)
Total Educational & General Expenditure Budget

Significance of Ratio

This ratio reflects the amount of expenditures, by function, as a percentage of total educational and general expenditures and mandatory transfers.

Major shifts in the various percentages may reflect a change in funding priorities.

Longwood University's Current Status

The allocation ratios for Longwood University show minor shifts over the last four years. Budgeted expenditures for Instruction and Academic Support declined while Institutional Support allocations increased. This shift is a result of the following funding changes:

- ❖ Budgeted expenditures in Institutional Support will remain higher than normal during the three-year system implementation period of our BLISS Project. FY 2007 expenses include eighteen Banner backfill positions. Debt service expenses are a result of the University's Banner loan.
- ❖ Auxiliary expenditures were moved to E&G in an effort to accurately reflect program costs. Transfers included Multicultural Affairs, Arts Council and Post Office personnel. These funds were budgeted in Student Services, Academic Support and Institutional Support respectively for FY 2007.
- ❖ The Institutional Support budget includes expenditures for the new administrative positions approved in FY 2006.

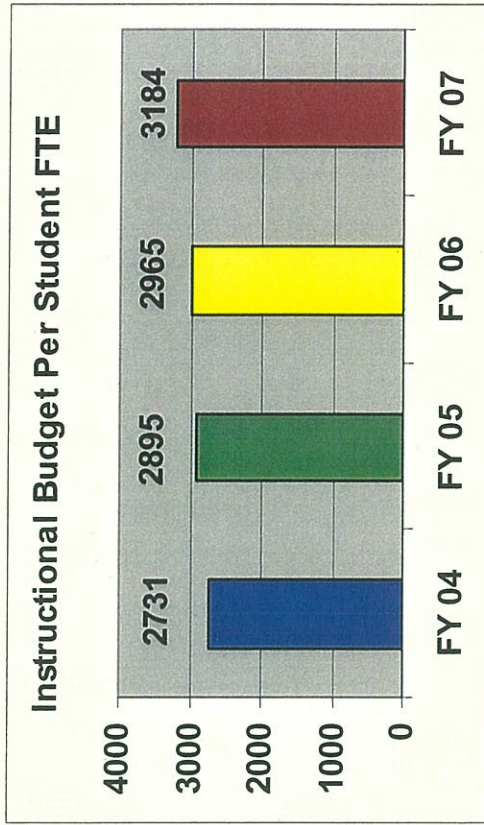
Significance of Indicator

This indicator reflects the amount of funds expended for Instruction and Academic Support per each full-time equivalent student.

A dramatic change in the ratio signals a shift in the funding priorities of the institution. A significant change also can accompany an enrollment increase or decline.

Longwood University's Current Status

The amount allocated by the University for instructional costs per student FTE has increased over the past four fiscal years. In FY 2007, approximately \$3,184 is budgeted per student FTE for instructional and academic support costs.



Source: SCHEV 2B Enrollment Projections – Fall and Spring Semesters (On and Off Campus)

Formula: Instruction and Academic Support Budgets
Fall and Spring Enrollment Projections

Debt Burden Ratio

Significance of Ratio

The debt burden ratio examines the University's dependence upon borrowed funds as a means of financing its mission. It compares the level of debt service with the institution's budgeted expenditures.

Formula:
$$\frac{\text{Debt Service}}{\text{Total Expenditure Budget}}$$

A level trend or a decreasing ratio over time indicates that debt service has sufficient coverage without impinging further on other functional areas. The standard for higher education is a maximum of 7%, meaning that current principal and interest expense should not be greater than 7% of the total budget.

Longwood University's Current Status

Longwood's Debt Service to Total Budgeted Expenditures is 6.32% for FY 2007. This calculation is based on actual and estimated debt payments, including BANNER, for FY 2007 and total budgeted expenditures less reserves.

When the debt service for BANNER is taken out of the calculation, the ratio is 5.52%. Debt service for BANNER was included in Longwood's general fund appropriation for the 2006-2008 biennium to cover the first two years of a projected five year loan term.

Glossary

Academic Support: This includes activities conducted to provide support services to the institution's three primary programs: instruction, research, and public service. It includes the retention, preservation, and display of materials, and the provision of services that directly assist the academic functions of the institution. This program also includes the media and technology (e.g., computing support) employed by the three primary programs, as well as the administrative support operations that function within the various academic units, including the development of future instructional activities. Examples are: Libraries, Academic Computing Support, and Office of the Academic Deans.

Appropriation: An expenditure authorization with specific limitations as to amount, purpose, and time; a formal advance approval of an expenditure from designated resources available or estimated to be available.

Auxiliary Services: Activities within the University that furnish a service directly or indirectly to students and faculty. These activities charge fees directly related to, but not necessarily equal to, the cost of the service. The public may also be served incidentally by some auxiliary services. These services are essential support elements of the institution's program and are considered self-supporting.

Banner: An enterprise information system that is replacing Longwood's major administrative systems known as FRS and SIS. The Banner implementation is referred to as Project BLISS (Banner: Longwood's Implementation Strategy for Success) and will take place in phases over a three-year period. Longwood will implement the Banner Finance, Student and Human Resources modules, which will result in a single integrated University system.

Current Funds: Resources to be expended in the near term and used for operating purposes.

Full-Time Equivalent (FTE): A means for expressing part-time students or faculty as a full-time unit. The formula is generally based on credit hours. Example: An institution may define full-time as being twelve credit hours, so a student (or faculty member) taking (or teaching) three credit hours would then equal .25 FTE.

General Funds: Revenue deposited with the State from the collection of fees, taxes, and other charges.

Governmental Grants and Contracts: Governmental grants and contracts include revenues from governmental agencies that are received or made available for specific projects or programs. It is assumed that in the case of a grant or contract, the legislative body makes appropriations to a governmental agency, which in turn enters into contracts with, or makes grants to, individual institutions. Examples are: research projects, training programs, and similar activities for which amounts are received or expenditures are reimbursable under the terms of a governmental grant or contract.

Indirect Costs: Fee charged to grants or contracts to pay for the use of University facilities, i.e., overhead.

Institutional Support: Activities whose primary purpose is to provide operational support for the day-to-day functioning of the institutions excluding physical plant operations. Examples are: finance, logistical services, public relations, development and executive management.

Instruction: Includes all activities that are a part of the institution's instructional program. Departmental research that is not separately budgeted is included in Instruction. This program excludes academic administration where the primary assignment is administration (e.g., academic deans). However, department and division chairmen should be included in this program. Examples are: general academic, off-campus, campus academic, community education, and summer session.

Mandatory Transfers: Transfers arising out of (1) binding legal agreements related to the financing of the educational plant, such as amount for debt retirement, interest and required provisions for renewals and replacements of plant, not financed from other sources, and (2) grants and agreements with agencies of the federal government, donors, and other organizations to make gifts and grants to loan funds and other funds. 25

Miscellaneous (E & G Funds): Includes revenue from private gifts and contracts, federal government, sales and services of educational activities and public service fees.

Non-General Funds: Tuition, fees, and all other funds not received from the State. This includes donations, gifts, grants, and contracts.

Non-mandatory Transfers: These transfers serve a variety of objectives such as moving monies generated in auxiliary enterprise fund groups to a scholarship fund group for use in providing scholarships or to a capital outlay fund group for use in providing project funding.

Operations and Maintenance of Plant: This category includes the operation and maintenance of the physical plant. It includes all operations established to provide services and maintenance related to campus ground and facilities. It also includes utilities, property insurance, and similar terms. Examples are: custodial service, building repairs and maintenance, property and general liability insurance, heating plant operations and grounds maintenance.

Private Grants and Contracts: These include amounts from individuals or non-governmental organizations. The funds included in this revenue source are of two types: (1) private grants, and (2) private contracts. Private grants include money received from private donors for whom no legal consideration is involved, i.e., no specific goods or services must be provided to the donor in return for the monies. Private contracts include money for which specific goods and services must be provided to the funder as a condition for receipt of the funds. This category includes all unrestricted grants and bequests as well as all restricted grants and contracts to the extent that revenues received are expended in the year received. Unspent restricted funds are to be shown as deferred revenue and included in current funds revenue in the year in which they are spent. Only those revenues derived from the provisions of goods and services directly related to instruction, research, or public service are included in the category of Private Grants and Contracts. Revenues derived from the sale of goods and services incidental to the conduct of instruction, research, or public service should be shown under Sales and Services of Educational Activities.

Public Service: Includes all activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Such activities can include

seminars, projects, and various organizational entities established to provide services to particular sectors of the community. Examples: community services.

Research: Includes activities specifically organized to provide research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. This program does not contain sponsored research only, since internally supported research programs that are separately budgeted should also be included in this program. Examples are: individual or project research.

Restricted Funds: Funds limited to a specific use by outside agencies or persons, as distinguished from funds over which the institution has complete control and freedom as to use.

Restructuring: Legislation that allows institutions of higher education varying levels of decentralization in the areas of procurement, personnel and capital outlay while establishing commitments and performance measures for the institutions.

Revenue: An increase in current financial resources that does not come from inter-fund transfers or debt issue proceeds.

Sales and Services of Educational Activities: Sales and services of educational activities include revenues derived from the sales of goods or services that are incidental to the conduct of instruction, research, or public service. This category may include the income from programs that provide support to the instruction, research, and public service areas. Examples are: film rentals and scientific literary publications, testing services, university presses, laboratory schools, and teaching clinics.

Student Services: Those activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. Examples are: counseling and career guidance, student admissions and records and financial aid administration.

Tuition and Fees: This includes all tuition and fees (net of refunds) assessed against students, for current operating purposes. Prescribed fees that must be paid by the student to (1) apply for admissions, (2) enroll in the institution, (3) enroll in specific courses, or (4) graduate from the institution, are included.

Unrestricted Funds: Resources provided to the institution with no restrictions on their use.

