

# LONGWOOD UNIVERSITY OPERATING BUDGET AND PLAN FY 2023-2024

## *Development of Citizen Leaders*



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## **2023-2024 BUDGET SUMMARY**

This section provides an overview of the University's FY 2024 operating budget. Detailed budget information is provided in the supporting tables. Highlights of the proposed plan are presented below.

- The budget is based on assumptions related to enrollment projections, revenue calculations and expenditure estimates. Revenue projections utilize historic revenue calculations, prior credit hour production and enrollment forecasts to estimate revenues.
- As of the publication of this document, there has not been an amended budget for fiscal year 2024 approved by the Governor or General Assembly. All figures have been based on the second year of the biennial budget approved in June of 2022.
- For fiscal year 2024, tuition has been increased 2.85%, mandatory non-E&G fees increased 5.83%, room fees increased 4%, and board fees increased 5%. These have been increased to cover changes in inflationary costs, debt service expenses, and costs associated with base salary and benefit increases.
- The projected revenue budget for FY 2024 is \$146,386,204 which excludes \$8,358,815 in state appropriation for student financial assistance. The proposed expenditure budget for the total University is \$146,386,204.
- The work of the Assessment Committee of the University Planning Council identified two items through campus-wide assessment work. These items were endorsed by the Finance Committee of the University Planning Council, with funding planned from existing sources in FY 2024 operating budgets. The two items are for Residential and Commuter life, and they are: \$1,298 of annual funding for a 2-user account plan for an industry-standard online user training/marketing platform, and \$450 of annual funding for an increased account plan for its newsletter service. The former will increase students' ability to examine options in our online housing database, and the latter will enhance RCL's marketing and student newsletters to help develop and maintain inclusive residential communities and campus commuter student spaces supportive of student growth and development.
- The Educational and General Programs budget, which includes both general and non-general funding sources, is composed primarily of expenditures and revenues in the Instructional programs, as well as Sponsored Programs (grants and contracts). The total planned expenditures for FY 2024 are \$86,840,356.
- In FY 2024, Longwood will contribute \$134,500 to fund faculty promotions.
- 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 FY 2024 is \$59,545,848.

## **2023-2024 ACTIONS OF THE GENERAL ASSEMBLY**

This year, the General Assembly met in a combination of regular and special sessions that began January 11, 2023 and ended on February 25, 2023. The reconvened session occurred on April 12, 2023. As of the date this operating plan was prepared, there has not been an approved or signed budget for FY 2024. Assumptions in this plan are based on the second year of the biennium budget that was adopted in June 2022.

The state appropriations amounts included in this operating plan assume Longwood's current total Educational and General (E&G) appropriation of \$2,400,000 for in-state student access and affordability.

This operating plan assumes The Department of Planning and Budget will provide a central adjustment of \$3,340,692 in FY 2024. This adjustment is due to the state mandated salary, benefit, health insurance increases, and other miscellaneous adjustments that will occur in FY 2024.

### **Financial Aid**

General fund support for student financial assistance in FY 2024, has been increased with an additional \$1,802,300 for a total of \$8,358,815.

### **Southside Virginia Regional Technology Consortium (SVRTC)**

Funding is assumed to be level at \$108,905 for the SVRTC in FY 2024.

### **Higher Education Equipment Trust Fund**

Funding for the FY 2024 Equipment Trust Fund (ETF) program of \$743,433 general fund will be appropriated to Longwood. This is unchanged from the previous year.

### **Out-of-State Capital Fee**

Out-of-state students are required to pay 100% of the average cost of their education. Additionally, non-resident students will pay \$22 per credit hour as a mandatory capital fee. The amount of capital fees that will be paid by the University to support state capital project debt service on bonds issued under the 21<sup>st</sup> Century Program remains unchanged at \$106,149.

## Capital Projects

- Longwood's Maintenance Reserve funding for FY 2024 is \$1,750,737.
- Facilities Annex Building estimated completion in December 2024.
- Wygal Hall Replacement Building is currently in the design phase with estimated completion date of 2027.

## **2023-2024 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES**

The University's 2023-2024 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2024, and evaluating request from institutional areas, funds were allocated for strategic initiatives. The recommended expenditures include funds for the following:

- Banner Cloud Computing Project
- Faculty Promotions
- Call Me Mister
- SACSCOC Accreditation & Quality Enhancement Plan

## **2023-2024 AUXILIARY SERVICES PROGRAM PRIORITIES**

The University's 2023-2024 Auxiliary Services budget is based on the program priorities listed below. Auxiliary activities are required to be self-supporting and must maintain sufficient fund balances for operations, equipment replacement and maintenance reserves. The Board approved housing and dining rate increases on December 2, 2022. Comprehensive Fees were approved on May 19, 2023.

### **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, purchasing, billing services, and facilities administration). The auxiliary cost study is submitted to SCHEV prior to the beginning of each biennium. The indirect cost rate for the 2022-2024 biennium is 13.60%. This is a .27% decrease from the prior biennium.

### **Housing & Dining**

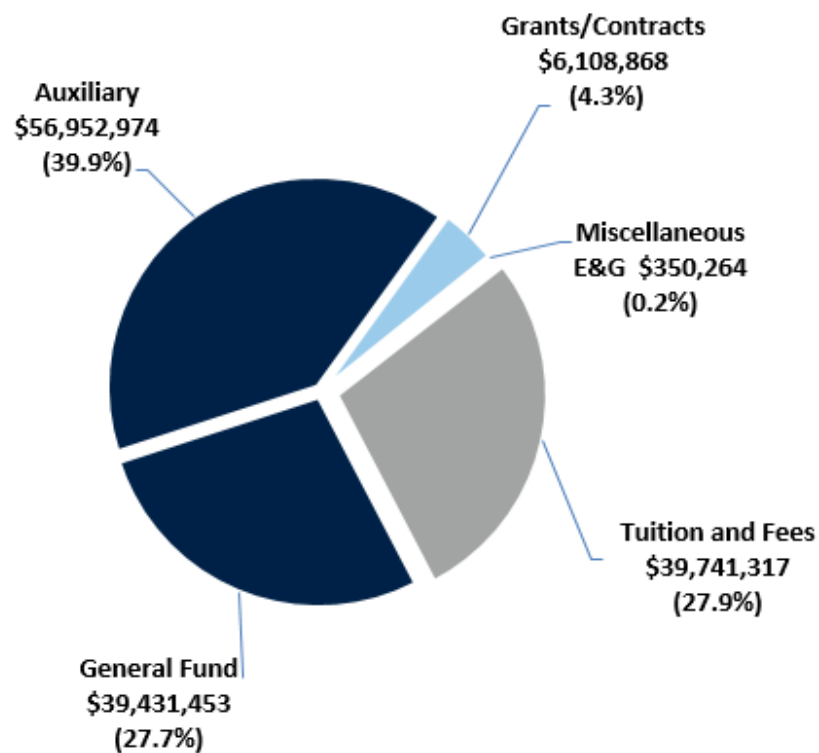
Combined, Housing and Dining are self-supporting operations and contribute to any needs in comprehensive fee budgets.

### **Comprehensive Fee Budgets**

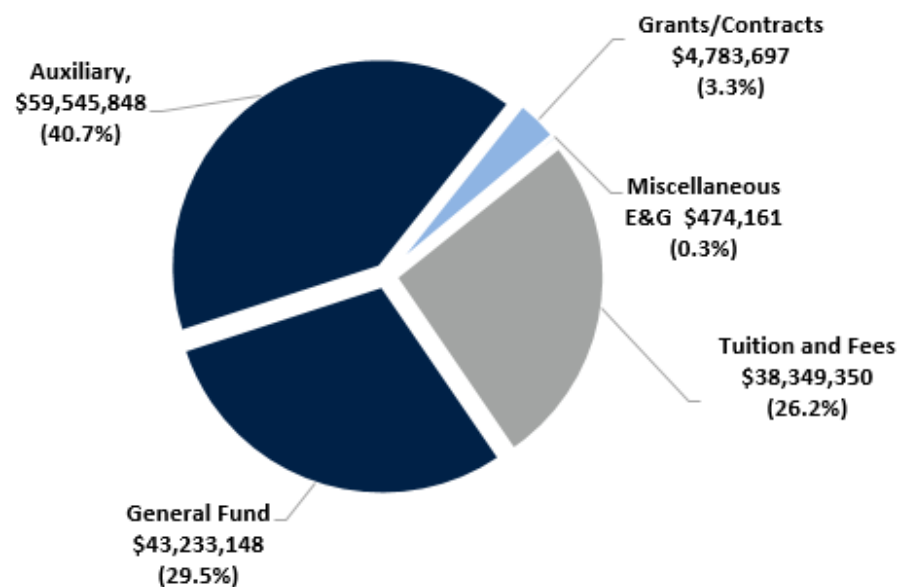
The comprehensive fee is used to support many auxiliary programs and services including: intercollegiate athletics, recreation and intramural programs, the student union, student health and wellness services, parking/transportation services, debt service, and repair and maintenance on non-general fund supported facilities. Specific examples for FY 2024 include:

- Open and operate the Joan Perry Brock Convocation Center
- NCAA Transformation Committee Recommendations
- Auxiliary Maintenance Reserve fund

## Total Revenue Comparison by Category



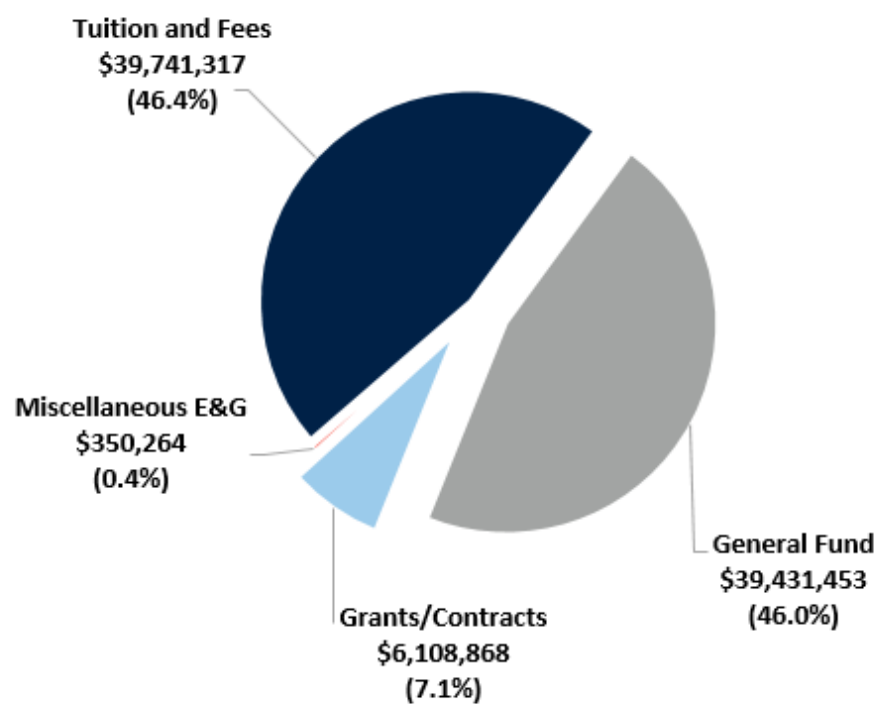
**2022-2023 Revenue: \$142,584,876**



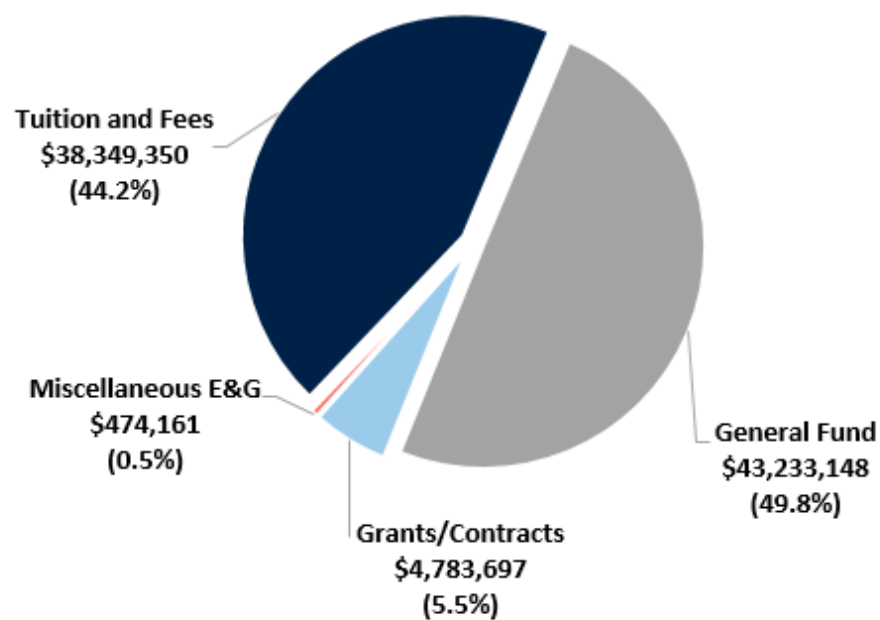
**2023-2024 Revenue: \$146,386,204**



## E&G Revenue Comparison by Category

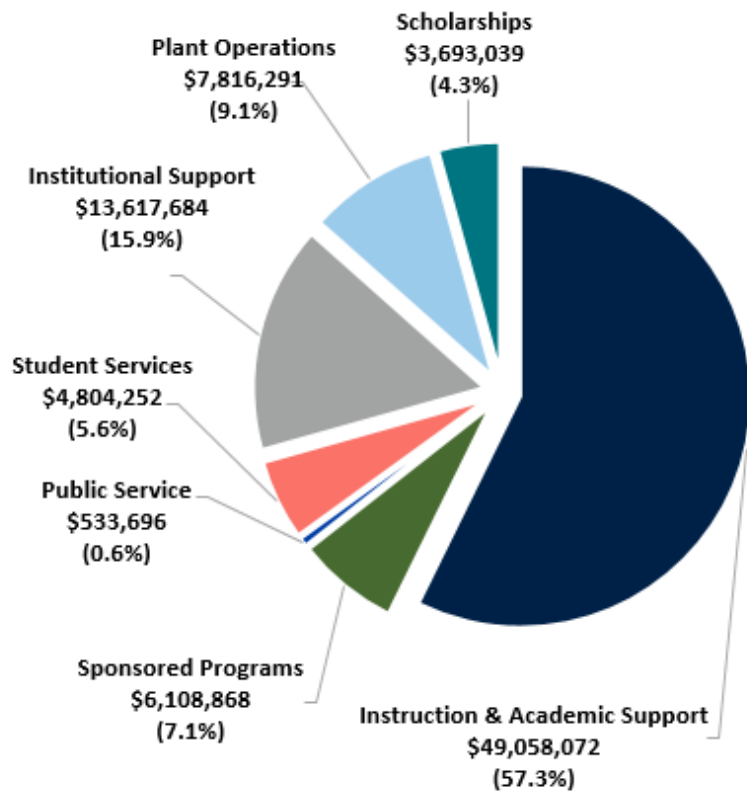


**2022-2023 E&G Revenue: \$85,631,902**

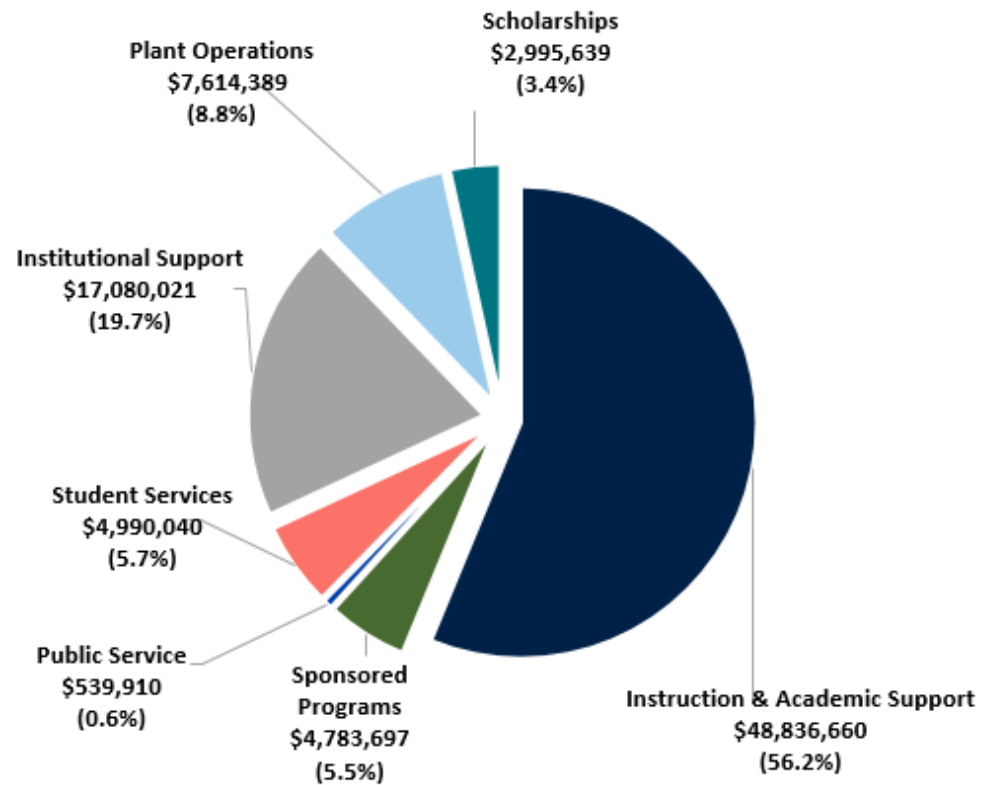


**2023-2024 E&G Revenue: \$86,840,356**

## E&G Expenditure Comparison by Category

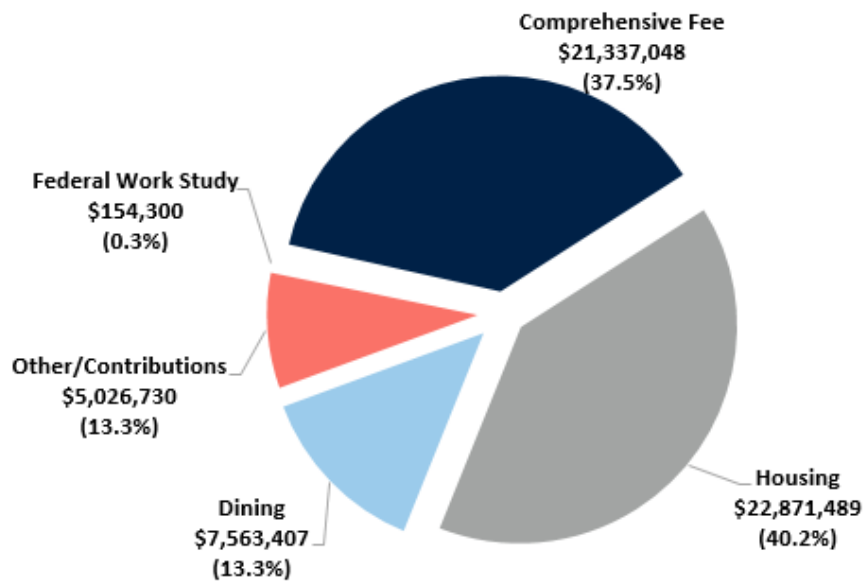


2022-2023 E&G Expenditures: \$85,631,902

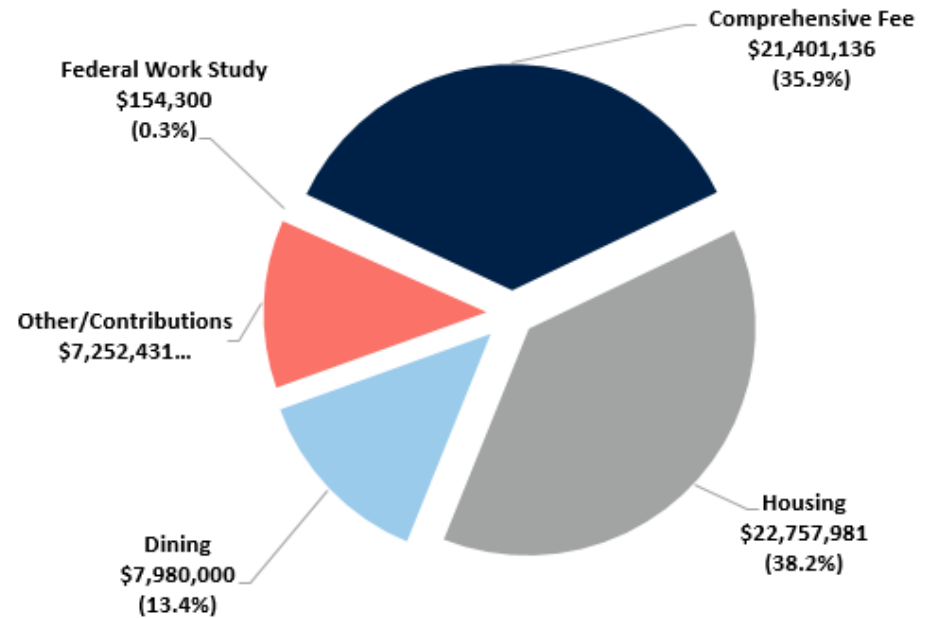


2023-2024 E&G Expenditures: \$86,840,356

# Auxiliary Services Revenue Comparison by Category

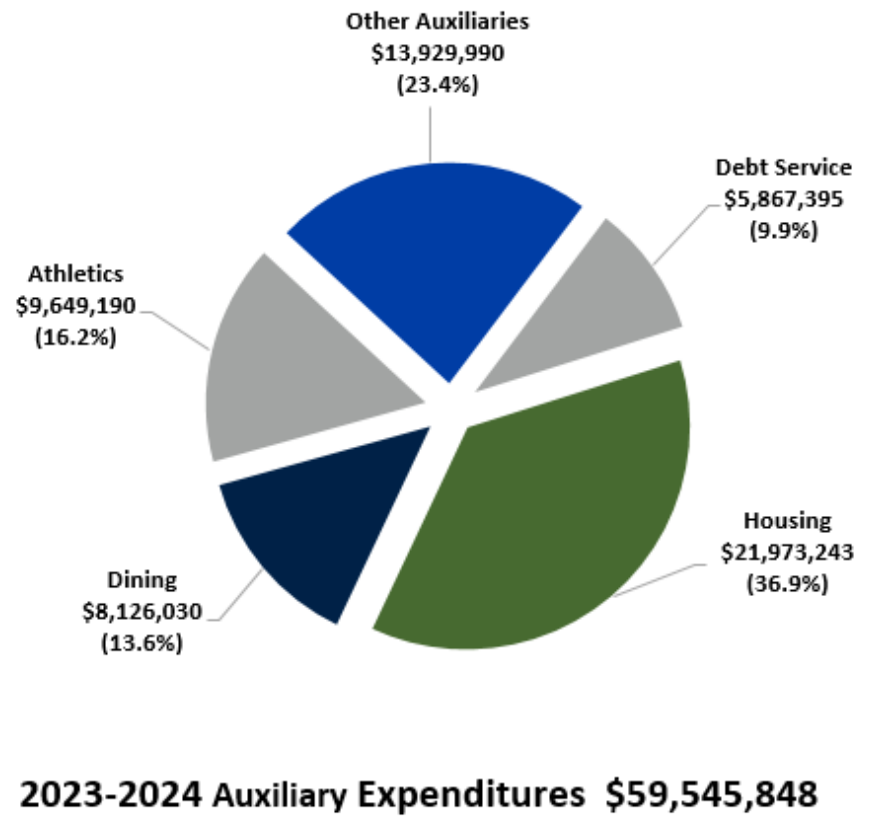
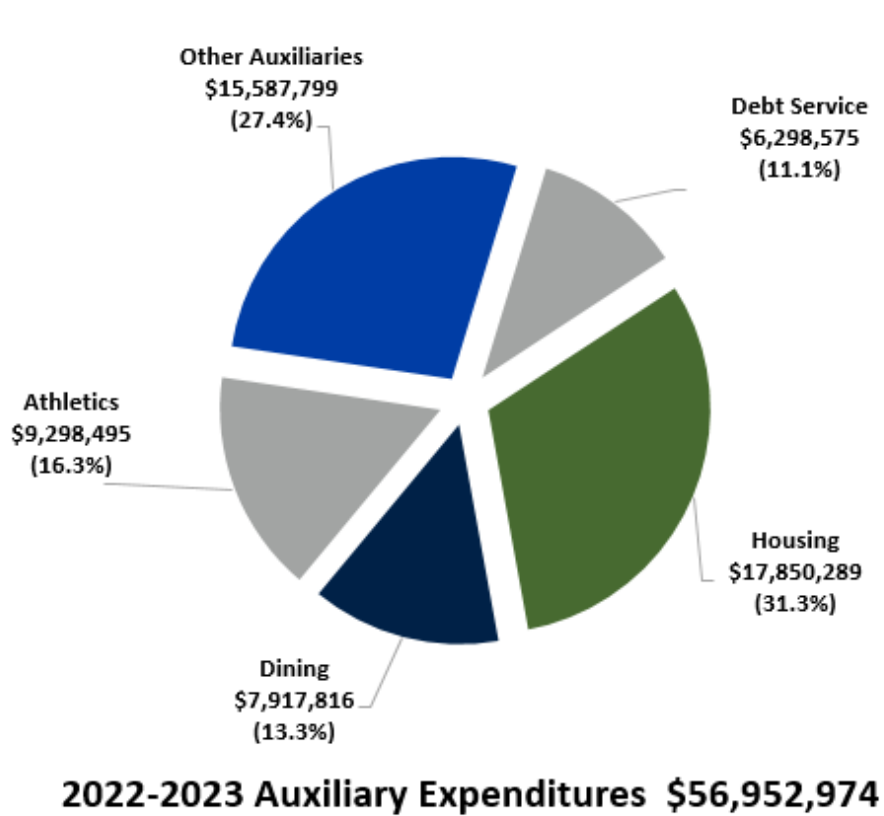


2022-2023 Auxiliary Revenue: \$56,952,974



2023-2024 Auxiliary Revenue: \$59,545,848

# Auxiliary Services Expenditure Comparison by Category



**TABLE 1  
REVENUE SUMMARY**

	Proposed 2022-2023	Proposed 2023-2024
<b>EDUCATIONAL AND GENERAL</b>		
Tuition and Fees	39,741,317	38,349,350
Commonwealth Appropriations *	39,431,453	43,233,148
Federal Grants and Contracts	5,508,980	4,181,032
State/Local/Private Grants and Contracts	599,888	602,665
Other Sources	350,264	474,161
Total Educational and General	85,631,902	86,840,356
<b>AUXILIARY ENTERPRISES/LOCAL/PRIVATE</b>		
Total Auxiliary/Local/Private Revenue	56,952,974	59,545,848
<b>INSTITUTIONAL TOTAL</b>	142,584,876	146,386,204

\*Appropriation excludes Higher Education Student Financial Assistance of \$6,833,815 in FY 2022 and **\$8,358,815** in FY 2023.

**TABLE 2**  
**EXPENDITURE SUMMARY**

	Budget 2022-2023	Proposed 2023-2024
<b>EDUCATION AND GENERAL</b>		
Instruction	41,258,975	40,792,401
Sponsored Programs	6,108,868	4,783,697
Public Service	533,696	539,910
Academic Support	7,799,097	8,044,259
Student Services	4,804,252	4,990,040
Institutional Support	13,617,684	17,080,021
Plant Operation & Maintenance	7,816,291	7,614,389
Scholarships & Fellowships <sup>1</sup>	3,693,039	2,995,639
Total E&G	85,631,902	86,840,356
<b>AUXILIARY ENTERPRISES/LOCAL/PRIVATE</b>		
Housing Services	17,850,289	21,973,243
Dining Services	7,917,816	8,126,030
Athletics	9,298,495	9,649,190
Other Services	15,587,799	13,929,990
Transfers		
Debt Service (Mandatory)	6,298,575	5,867,395
Non-Mandatory		
Total Auxiliary Enterprises/Local/Private	56,952,974	59,545,848
<b>INSTITUTIONAL TOTAL</b>	142,584,876	146,386,204

## 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 shifts over the last four years. The following contributed to changes in expenditure budgets:

- ❖ Instruction and Academic Support ratio decreased as a percentage of total but increased in dollars spent due to significant growth in the MBA program. Institutional Support increase is due primarily to funding the Banner Cloud project, which will provide better security for Longwood's data.
- ❖ Student Services increased due to auxiliary services being reclassified as E&G expenditures.
- ❖ Operation and Maintenance of Plant percentage decreased due to the identification of savings and efficiencies.
- ❖ Public service remains unchanged.
- ❖ Student Aid funding decreased in percentage from prior year, although the dollar amount is unchanged
- ❖ Sponsored Programs decreased due to a reduction of federal grants, primarily due to pandemic related funding.

### Budget Allocation Ratio

Fiscal Year	2021	2022	2023	2024
<b>Instruction and Academic Support</b>	59.05%	58.68%	57.29%	56.24%
<b>Public Service</b>	0.71%	0.77%	0.62%	0.62%
<b>Student Services</b>	6.41%	6.32%	5.61%	5.75%
<b>Institutional Support</b>	16.39%	15.46%	15.90%	19.67%
<b>Operation and Maintenance of Plant</b>	9.86%	10.71%	9.13%	8.77%
<b>Student Aid</b>	5.20%	5.89%	4.31%	3.45%
<b>Sponsored Programs</b>	2.39%	3.71%	7.13%	5.51%
<b>Formula</b>	<u>Expenditure Budget (by function)</u>			
<b>Total Educational &amp; General Expenditure Budget</b>				

## 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 percent, meaning that current principal and interest expense should not be greater than 7 percent of the total budget.

Although the 7 percent level is an acceptable threshold, this percentage can range between 5 percent and 10 percent. The actual percentage will vary based upon the financial strength of the institution. Institutions with greater flexibility in allocating funds will be able to take on additional debt. Longwood participates in the state bond program which is based on fixed rates. Debt is not increased without budgeting an increase in funds available to pay the financial obligations.

In March 2007, the Board of Visitors approved an institutional debt ratio of up to 9 percent to facilitate the completion of non-general fund projects approved by the General Assembly.

### Longwood University's Current Status

Longwood's Debt Service to Total Budgeted Expenditures is 3.96 percent for FY 2024. This calculation is based on scheduled debt payments for FY 2024 and total budgeted expenditures less reserves.



## GLOSSARY

**Academic Support:** Includes activities conducted to provide support services to the institution's three primary programs: instruction, research and public service. Examples include the library, deans, academic technology, and academic service center and disability resources.

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

**Auxiliary Services:** Activities within the University that exist to furnish goods or services directly or indirectly to students, faculty and staff. These activities charge fees directly related to, but not necessarily equal to, the cost of the service. Auxiliary services must be self-supporting.

**Banner:** Longwood's administrative information system that integrates Finance, Student and Human Resources modules within a single enterprise system.

**Direct Sales (Auxiliary):** Sales of auxiliary services, to include facility rental, bookstore income, parking decals/fines and recreation center memberships.

**Educational & General (E&G):** Term used to describe all operations related to the institution's educational objectives.

**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 received from the State from the collection of taxes, fees and other charges.

**Grants and Contracts (Sponsored Programs):** Sponsored program funds are generated through a grant or contractual agreement. Funds may be provided by state, federal, local or private entities. Sponsored program funds must be expended for the purposes outlined in the respective grant/agreement.

**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 institution, excluding physical plant operations. Examples include the President, Vice-Presidents, institutional research

and assessment, administrative technology, public relations, financial operations, internal audit, human resources, and safety and security.

**Instruction:** Includes all activities that are part of the institution's instructional program, primarily all academic departmental operations.

**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) grant agreements with agencies of the federal government, donors, and other organizations to match gifts and grants to loan funds and other funds.

**Miscellaneous E&G Revenues:** Includes non-general fund revenues derived from the sale of goods or services that are incidental to the conduct of instruction, research or public service. Examples include revenues from facility rentals, payment plan fees, administrative fees and indirect costs.

**Non-general Funds:** Tuition, fees, and all other funds not received from the State. This includes grants and contracts income.

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

**Operation 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 grounds and facilities. It also includes utilities, insurance, facilities management, custodial services, sustainability and power plant operations.

**Public Service:** Includes all funds expended for those non-instructional services established and maintained to provide services to the general community or special sectors within the community. Community service is concerned with making available to the public various resources and unique capabilities that exist within the institution. The Longwood Small Business Development Center is included in this category.

**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.

**Student Fees (Auxiliary):** Student dining, housing and comprehensive fees.

**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 include academic and career advising, admissions, registration, financial aid and student success.

**Tuition and Fees:** Non-general funds that include all tuition and fees assessed against students for current operating purposes. Fees include application fees, registration fees, course fees and on-line fees.