

# LONGWOOD UNIVERSITY



## ***OPERATING BUDGET AND PLAN***

***FY 2008 - 2009***

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## BUDGET SUMMARY

This section provides an overview of the University's 2008-2009 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 2007-2008.
- E&G reserves totaling \$300,000 are included in the budget assumptions.
- The budget contributes approximately \$2.1 million to fund balances in the Auxiliary Service programs. This fund balance contribution continues 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 amended and approved by the Board of Visitors at its May 2008 board meeting, tuition for Virginia undergraduates was increased by \$158, a 3.7 percent increase over last year 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 \$850. 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 \$1,024, a 7.1 percent increase.

Tuition for in-state graduate students increased 10 percent to \$198 per credit hour. Tuition for out-of-state undergraduate students increased 3.6 percent to \$430. The per-credit-hour rate for out-of-state graduate students increased 10 percent to \$554.

- The projected revenue budget for FY 2009 is \$90,993,604. The proposed expenditure budget for the total University is \$88,923,157. 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 2009 are \$55,347,962.

- 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 2008-2009 is \$33,575,195. A total of \$937,503 will be held in reserve for proposed debt service costs associated with heating plant improvements, athletic facilities, and residence hall renovations.

## **2008-2009 ACTIONS OF THE GENERAL ASSEMBLY**

The 2008 legislative session ended March 13, five days past the scheduled end date. As anticipated, given recent State revenue forecasts, little was approved in the way of new higher education funding initiatives. 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 2008 session, Longwood's total Educational and General (E&G) operating appropriation decreased from \$51,690,264 (FY 2008 original appropriation) to \$49,547,870 -- \$28,284,773 GF and \$21,263,097 NGF. This net decrease was a result of a \$1.7M budget reduction, central fund adjustments and the University's request to decrease its nongeneral fund appropriation.

Longwood's FY 2009 general fund base increased by a net \$754,736 (2.45 percent) over FY 2008. Increases were specifically related to additional base adequacy funding and increases in faculty salaries and student financial assistance (\$181,130). These increases will be reflected in the General Fund Appropriation received from the State on July 1, 2008.

### **Budget Increase – Base Adequacy Funding**

The State's goal in providing base adequacy monies is to help fund the Commonwealth's restructuring goals and to keep tuition costs down. One goal of six-year planning is to move universities toward 100 percent of base adequacy funding. According to the current base adequacy model, Longwood is at 94 percent of its total E&G calculated need, and only 62 percent of the general fund requirements for FY 2008. SCHEV revised their calculations in February 2008 prior to the General Assembly session. Longwood was allocated only \$190,057 more in FY 2009 than the previous biennial budget appropriated in base adequacy funding.

### **Salary Increases**

The General Assembly approved a 2.0 percent salary increase for classified employees. The University will provide the same level of increase to wage employees. Faculty will receive a salary pool increase equivalent to an average 2.0 percent raise. In addition, Longwood will contribute \$27,000 to fund faculty promotions. Administrative and professional personnel will receive a salary pool increase equivalent to an average 2.0 percent raise.

All salary increases are effective November 25, 2008. The institution is required to pay 37 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.

### **Higher Education Tuition Incentive Moderation Fund**

The 2008 Appropriations Act contains language to allocate higher education tuition incentive moderation funds in an effort to ease tuition increases. The fund affords public colleges and universities additional general funding as long as the institution does not exceed a 3 percent tuition and mandatory E&G fee increase in in-state undergraduate rates. Institutions may enact a 4 percent increase if the additional revenue generated is used to increase in-state undergraduate student financial assistance. By complying with this language, Longwood will receive at least \$615,000. The University will contribute an additional \$151,371 to student financial aid.

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

\$661,346 was appropriated to Longwood in FY 2009 relative to the Equipment Trust Fund program. This represents a \$41,551 increase in our FY 2008 allocation.

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

Out-of-state students are required to pay 100 percent of the average cost of their education. In addition, non-resident students will pay \$4.00 per credit hour (up from \$3.97 last fiscal year) 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 remained \$21,646 in FY 2009.

### **Capital Projects**

On April 23, 2008, the General Assembly passed SB/HB 5001 which revamps the capital outlay process and provides \$1.5 billion in funding for capital projects in higher education, mental health, corrections and state parks.

Longwood University received \$29.5 million in VCBA funding for the renovation and expansion of Bedford Hall. This appropriation excludes equipment funding. \$2,531,701 was appropriated in FY 2007 for the planning of this project.

An appropriation of \$800,000 in general funding was provided for planning the renovation of French Hall for the new Technology Center. The General Assembly indicated it is committed to funding the construction/renovation costs in the 2010-2012 biennium for any project for which they provided planning money.

Maintenance Reserve funding for FY 2009 is \$1,308,000 – a decrease of \$67,983 from our original FY 2008 appropriation.

## 2008-2009 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2008-2009 Educational and General budget is based on priorities that support the strategic plan. After carefully examining the revenue projection for FY 2009, funds were allocated for strategic initiatives and fixed costs increases. The recommended expenditures include funds for the following:

- Additional Financial Aid and Scholarships \$ 151,371
- New Administrative/Classified Positions \$ 152,000
  - Assistant Registrar
  - Assistant Director for Disability Services
  - Preventive Maintenance Technician
- Continuation of FY08 Raises (Institution Portion) \$ 284,000
- FY09 Faculty Promotions \$ 27,000
- 2% Employee Raises FY09 (Institution Portion) \$ 143,000
- Fixed Costs (Maintenance, Insurance, Credit Card Fees, etc.) \$ 857,100
- President's Contingency \$ 300,000
- Advising Center \$ 200,000
- The Administration is currently evaluating a plan to provide faculty salary adjustments



## **2008-2009 AUXILIARY SERVICES PROGRAM PRIORITIES**

The University's 2008-2009 Auxiliary Services budget is based on the program priorities listed below. The budget reflects a total addition of \$2.1 million to fund balances for the next fiscal year. These reserves are provided within the auxiliary budget to accomplish the program initiatives for 2008-2009, and to continue a long-range reserve balance plan. The Board approved rate and fee increases in May 2008. These increases are primarily used to fund (1) employee raises effective November 25, 2008, and continuation of November 25, 2007, raises (2) changes 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 2008-2010 biennium is 15.45 percent. This is a 1.1 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 May 2008 will also support future debt service for heating plant improvements, field hockey/lacrosse complex construction, baseball/softball field renovations, and the student union capital project.

### **Compensation**

The auxiliary budget is based on a salary increase of 2 percent for administrative and professional personnel and 2 percent for all classified employees effective November 25, 2008. The University will provide the same level of increase to wage employees. The auxiliary budget is also based on the continuation of the November 25, 2007, salary increases.

## **Housing**

Housing revenue will continue to provide funds for maintenance reserve projects in the residence halls, and will provide a reserve of \$109,684 for future debt service for major repair and renovation to the facilities.

## **Dining**

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. In FY 2009, the projected fund balance contribution is \$706,699.

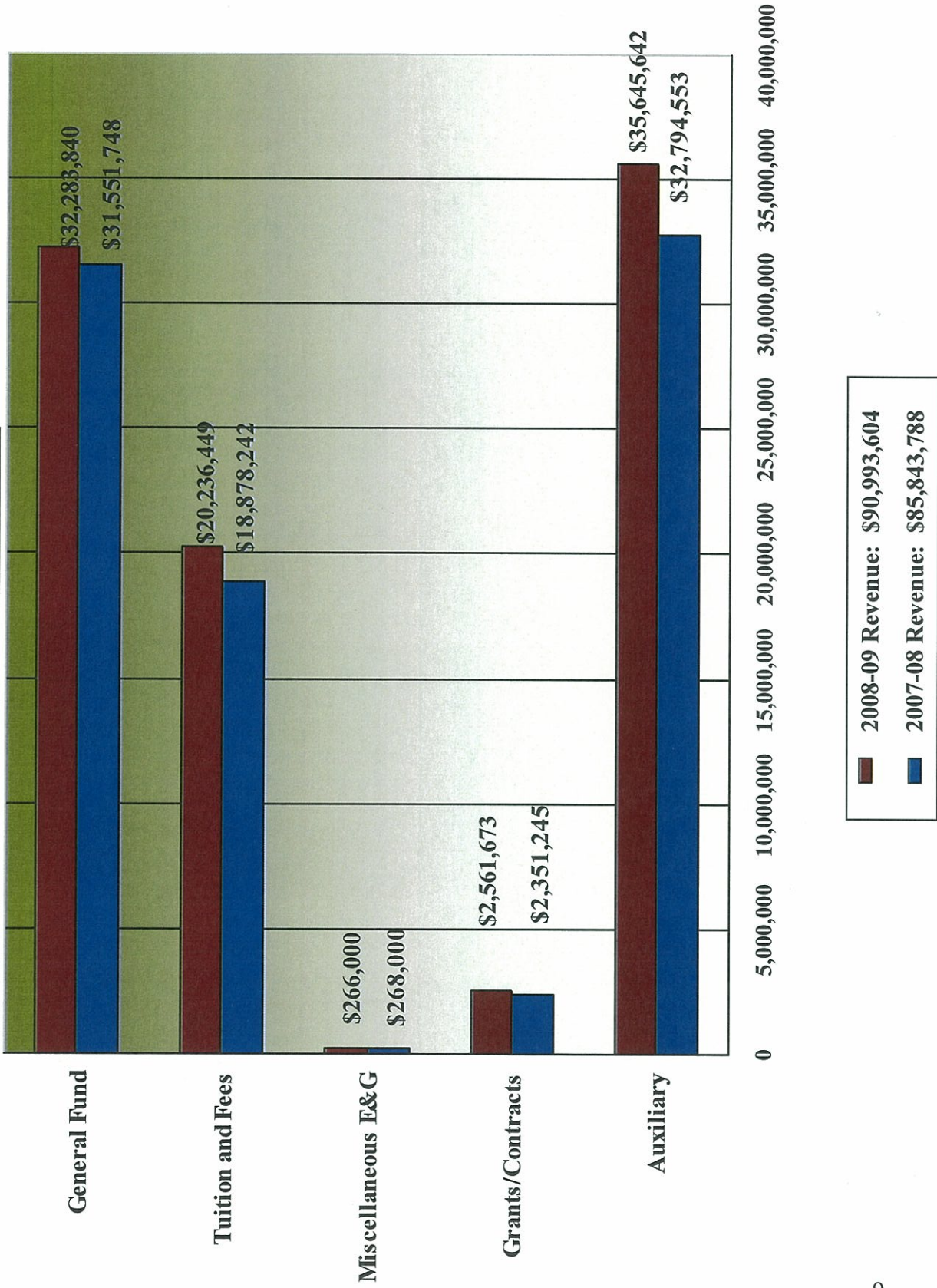
## **Athletics**

Additional funds are provided to continue support of the Institution's Division I status. This increase will be used for scholarships (\$192,225) and personnel/operating expenses (\$157,775).

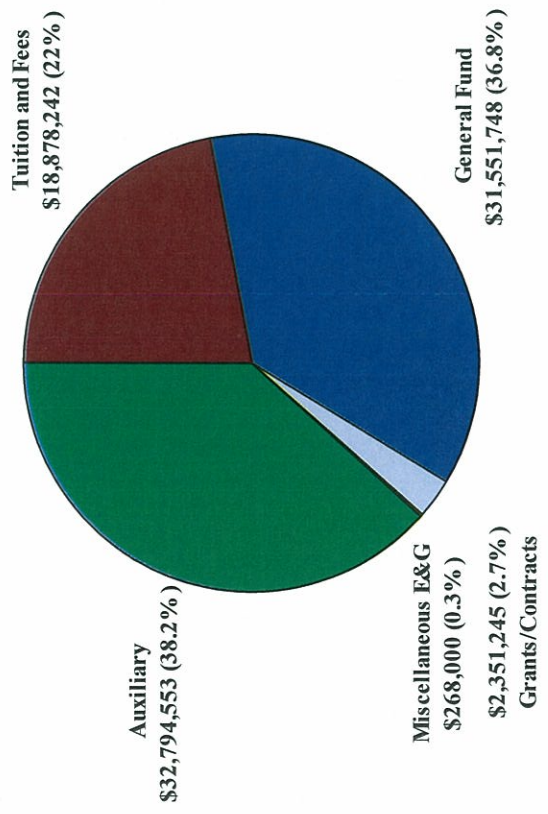
## **Comprehensive Fee Budgets**

Comprehensive fee revenue will provide funds for future debt service and contributions to fund balances that will be used to accomplish future initiatives. FY 2009 planned contributions total \$1,144,319. These reserves include \$827,819 for debt service and operating costs associated with heating plant improvements, athletic facilities and the student union.

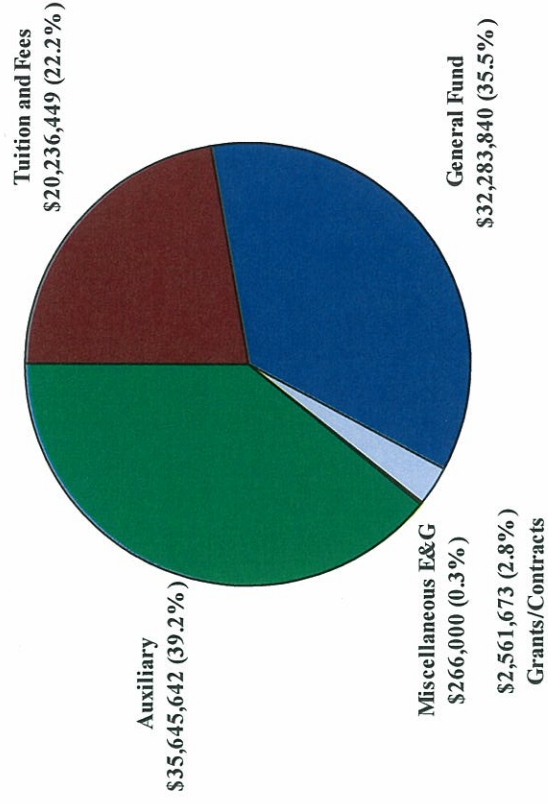
# Total Revenue



# Total Revenue Comparison By Category

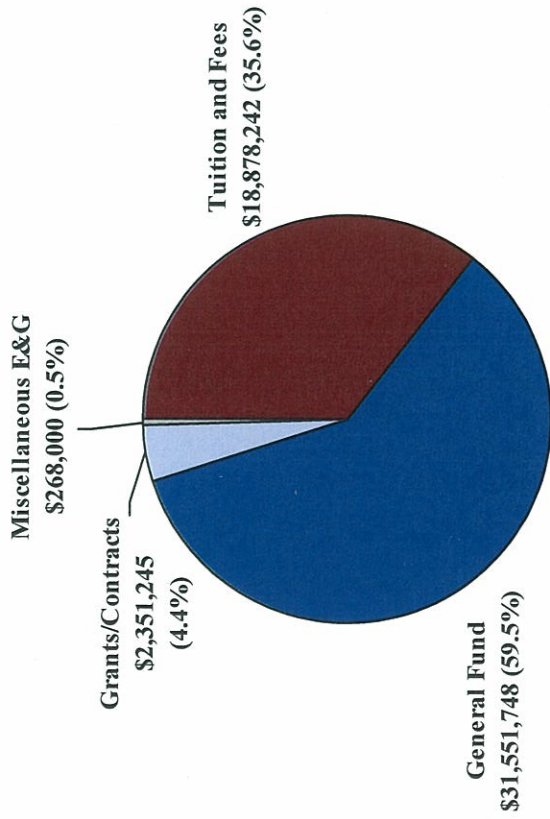


**2007-08 Total Revenue: \$ 85,843,788**

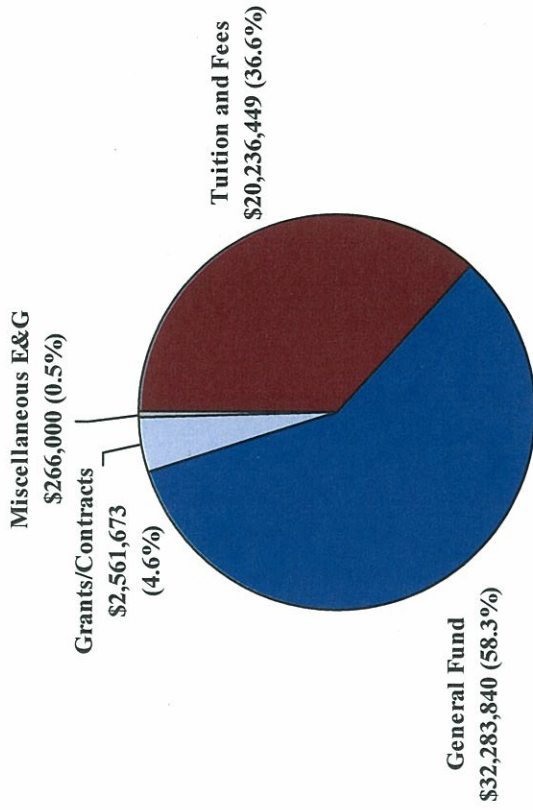


**2008-09 Total Revenue \$90,993,604**

# E&G Revenue Comparison By Category



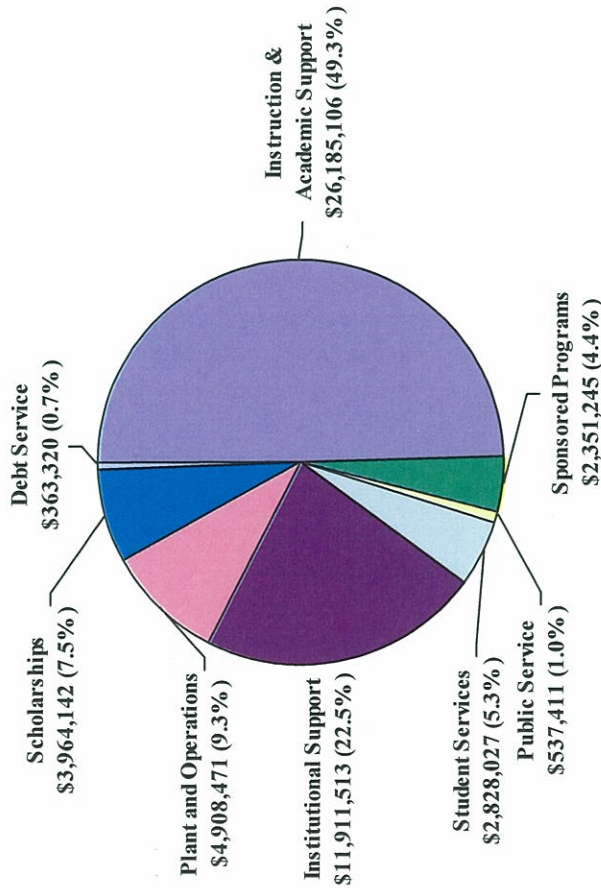
**2007-08 E&G Revenue: \$53,049,235**



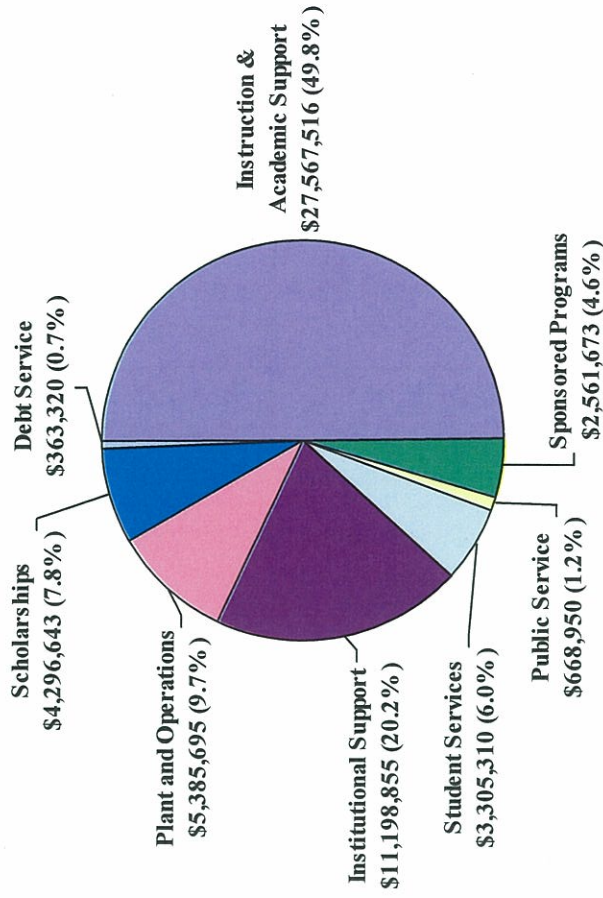
**2008-09 E&G Revenue: \$55,347,962**



# E&G Expenditure Comparison By Category



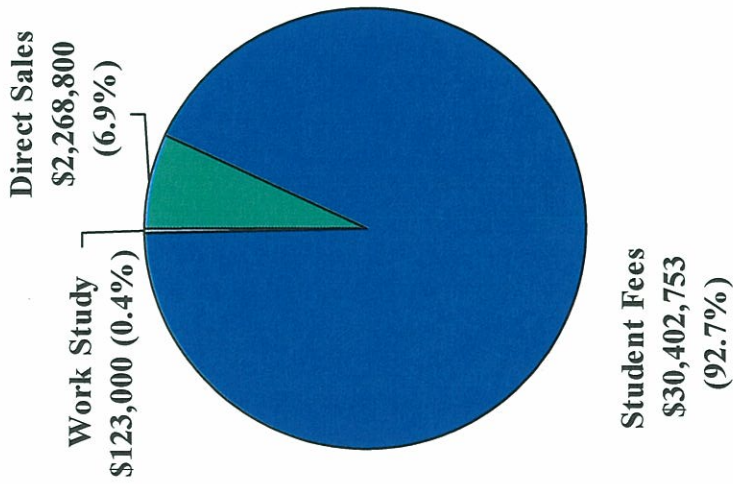
**2007-08 E&G Expenditures: \$ 53,049,235**



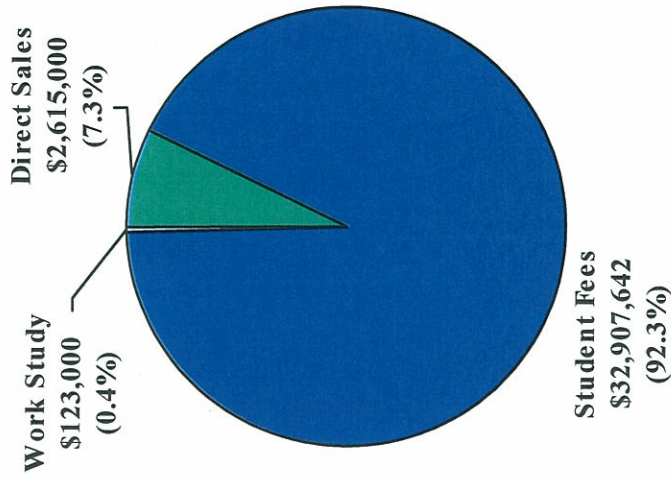
**2008-09 E&G Expenditures: \$55,347,962**



# Auxiliary Services Revenue Comparison By Category

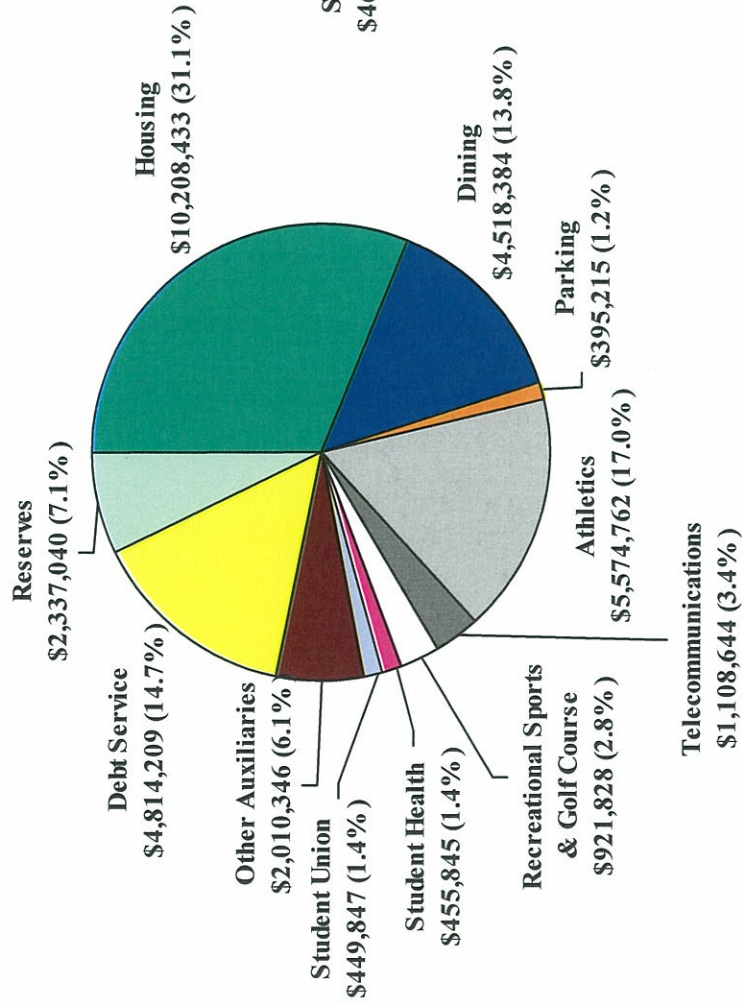


**2007-08 Auxiliary Revenue: \$ 32,794,553**

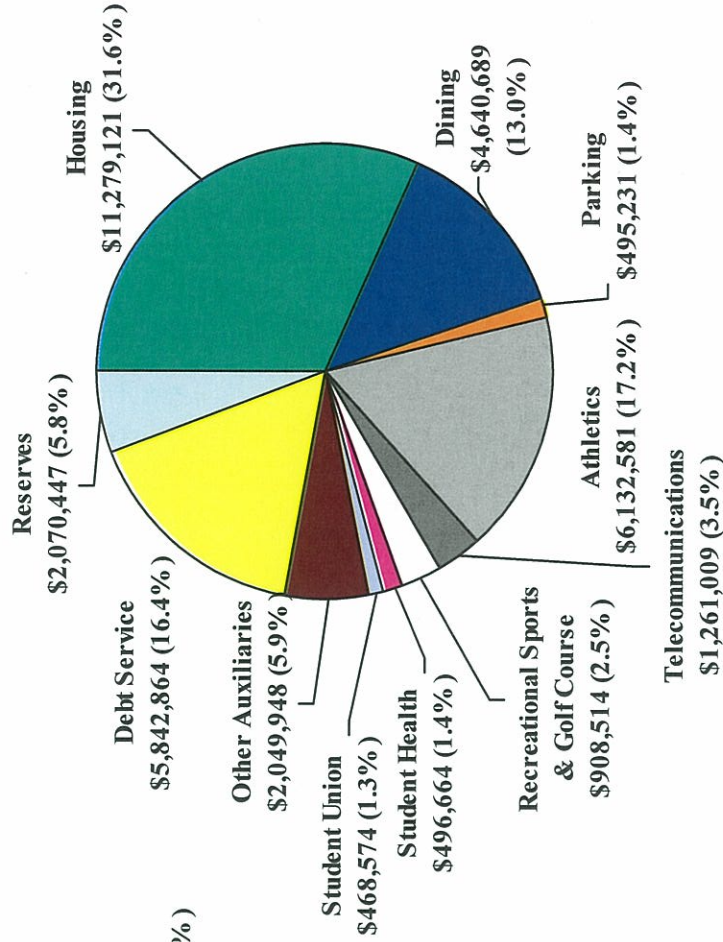


**2007-08 Auxiliary Revenue: \$35,645,642**

# Auxiliary Services Expenditure Comparison By Category

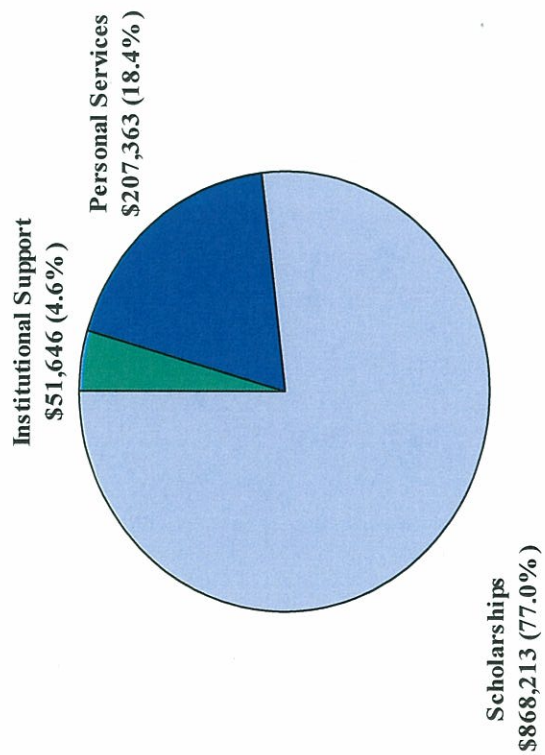


**2007-08 Auxiliary Expenditures: \$ 32,794,553**

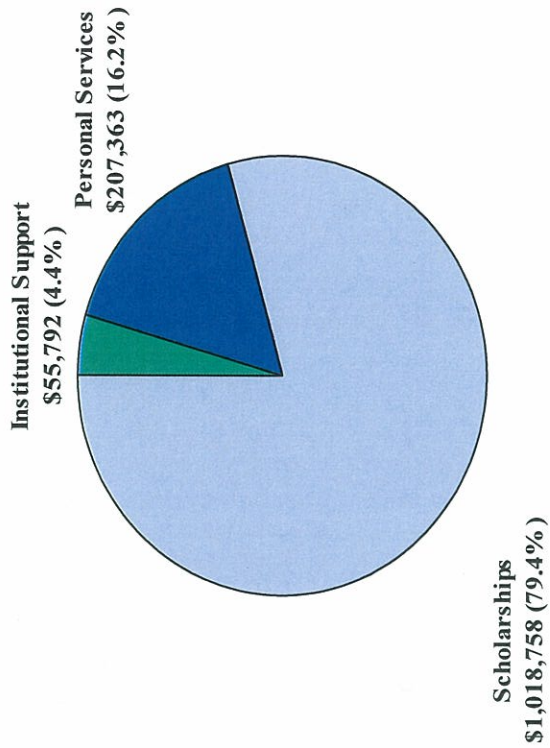


**2008-09 Auxiliary Expenditures: \$35,645,642**

# Foundation Support



**2007-08 Foundation Support: \$ 1,127,222**



**2008-09 Foundation Support: \$1,281,913**

**TABLE 1  
REVENUE SUMMARY**

	Operating Data	
	Budget 2007-08	Proposed 2008-09
<u>EDUCATIONAL AND GENERAL</u>		
Tuition and Fees	18,878,242	20,236,449
Commonwealth Appropriations *	31,551,748	32,283,840
Federal Grants and Contracts	1,740,957	1,560,454
State/Local/Private Grants and Contracts	610,288	1,001,219
Other Sources	268,000	266,000
Total Educational and General	53,049,235	55,347,962
<u>AUXILIARY ENTERPRISES</u>		
Total Auxiliary Enterprises	32,794,553	35,645,642
Institution Total	85,843,788	90,993,604

\* FY 2009 State Appropriation includes Higher Education Student Financial Assistance of \$3,330,194. Appropriation reflects estimated Central Fund adjustments.

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

Expenditure Categories	Budget 2007-08	Proposed 2008-09
<u>Educational and General</u>		
Instruction	20,594,702	21,114,079
Sponsored Programs	2,351,245	2,561,673
Public Service	537,411	668,950
Academic Support	5,590,404	6,453,437
Student Services	2,828,027	3,305,310
Institutional Support	11,911,513	11,198,855
Plant Operation & Maintenance	4,908,471	5,385,695
Scholarships & Fellowships	3,964,142	4,296,643
Transfers		
Debt Service (Mandatory)	363,320	363,320
Non-Mandatory		
Total Planned E&G Expenditures	53,049,235	55,347,962
<u>Auxiliary Enterprises</u>		
Expenditures	25,643,304	27,732,331
Transfers		
Debt Service (Mandatory)	4,814,209	5,842,864
Non-Mandatory		
Total Auxiliary Enterprises	30,457,513	33,575,195
Total Expenditures & Transfers	83,506,748	88,923,157

**TABLE 3**  
**SUMMARY OF AUXILIARY SERVICES INCOME**  
**AND EXPENDITURES**

	<b>Budget 2007-08</b>	<b>Proposed 2008-09</b>
<b>RESIDENCE HALLS</b>		
Direct Income	80,500	80,500
Income (Room Fees )	11,939,735	13,188,858
Expense	10,208,433	11,279,121
Debt Service (Mandatory)	1,408,292	1,880,553
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>403,510</u>	<u>109,684</u>
<b>FOOD SERVICES</b>		
Direct Sales	153,000	153,000
Income ( Meal Plans)	5,858,120	5,896,966
Expense	4,518,384	4,640,689
Debt Service (Mandatory)	698,847	702,578
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>793,889</u>	<u>706,699</u>
<b>BOOKSTORE</b>		
Income (Sales and Contracts)	225,000	400,000
Expense	1,000	181,500
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>224,000</u>	<u>218,500</u>
<b>ATHLETICS</b>		
Income (Direct Sales and Services)	102,003	107,003
Student Fees	6,059,578	6,805,985
Expense	5,574,762	6,132,581
Debt Service (Mandatory)	586,819	780,407
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**

	<b>Budget 2007-08</b>	<b>Proposed 2008-09</b>
<b>PARKING AND TRANSPORTATION</b>		
Income (Direct Sales and Services)	551,202	601,202
Student Fees	286,515	332,754
Expense	395,215	495,231
Debt Service (Mandatory)	344,025	340,725
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>98,477</u>	<u>98,000</u>
<b>TELECOM SYSTEMS</b>		
Income (Direct Sales and Services)	253,045	253,045
Student Fees	855,599	1,007,964
Expense	1,108,644	1,261,009
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
<b>STUDENT HEALTH</b>		
Income (Direct Sales and Services)	5,901	5,901
Student Fees	449,944	490,763
Expense	455,845	496,664
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>0</u>	<u>0</u>
<b>STUDENT UNION</b>		
Income (Direct Sales and Services)	9,647	8,647
Student Fees	440,200	459,927
Expense	449,847	468,574
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**

	<b>Budget 2007-08</b>	<b>Proposed 2008-09</b>
<b>RECREATION AND INTRAMURALS</b>		
Income (Direct Sales and Services)	425	425
Student Fees	577,534	588,352
Expense	577,959	588,777
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
<b>GOLF COURSE</b>		
Income (Direct Sales and Services)	255,000	148,000
Student Fees	88,869	171,737
Expense	343,869	319,737
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	0
<b>CONFERENCES</b>		
Income (Direct Sales and Services)	255,800	360,000
Student Fees	0	0
Expense	255,800	250,255
Debt Service (Mandatory)	0	0
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	0	109,745
<b>OTHER AUXILIARY</b>		
Income (Direct Sales and Services)	500,277	620,277
Student Fees	3,846,659	3,964,336
Expense	1,753,546	1,618,193
Debt Service (Mandatory)	1,776,226	2,138,601
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	817,164	827,819
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**TABLE 3**  
**SUMMARY OF AUXILIARY SERVICES INCOME**  
**AND EXPENDITURES**

	<b>Budget 2007-08</b>	<b>Proposed 2008-09</b>
<b>TOTAL AUXILIARY ENTERPRISES</b>		
Income (Direct Sales and Services)	2,391,800	2,738,000
Student Fees	30,402,753	32,907,642
Expense	25,643,304	27,732,331
Debt Service (Mandatory)	4,814,209	5,842,864
Non-Mandatory Transfers	0	0
Net (Contribution to Fund Balance)	<u>2,337,040</u>	<u>2,070,447</u>

**TABLE 4**  
**LONGWOOD FOUNDATION, INC.**  
**RESOURCES SUMMARY**

	Operating Data	
	Budget 2007-08	Proposed 2008-09
Total Support:		
Annual Fund	358,672	464,703
Interest Earnings on Endowment	768,550	817,210
Total Support	<u>1,127,222</u>	<u>1,281,913</u>
Use of Funds:		
Institutional Support	51,646	55,792
Personal Services	207,363	207,363
Scholarships	868,213	1,018,758
Total Use of Funds	<u>1,127,222</u>	<u>1,281,913</u>

## 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 have begun to rebound slightly. The following contributed to changes in allocation ratios:

- ❖ Banner maintenance costs have been transferred from Institutional Support to Academic Support to accurately reflect the portion of expense attributable to supporting the University's academic mission.
- ❖ Escalating software maintenance costs resulted in increases in Academic Support.
- ❖ Student Services increased due to the creation of a new Student Advising Center.
- ❖ Budgeted expenditures in Institutional Support continue to remain higher than normal as a result of the BLISS Project. FY 2009 expenses include Banner backfill positions and debt service on the University's Banner loan.
- ❖ Fixed costs associated with fuel and insurance contributed significantly to increases in Operation and Maintenance of Plant.

## Budget Allocation Ratio

Fiscal Year	2006	2007	2008	2009
<b>Instruction and Academic Support</b>	52.31%	49.33%	49.37%	49.81%
<b>Public Service</b>	0.90%	1.06%	1.01%	1.21%
<b>Student Services</b>	5.79%	5.64%	5.33%	5.97%
<b>Institutional Support</b>	21.14%	25.34%	22.45%	20.23%
<b>Operation and Maintenance of Plant</b>	9.37%	9.28%	9.26%	9.73%
<b>Student Aid</b>	7.54%	7.00%	7.47%	7.76%
<b>Debt Service</b>	0.00%	0.14%	0.68%	0.66%
<b>Sponsored Programs</b>	2.95%	2.19%	4.43%	4.63%

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

### Significance of Indicator

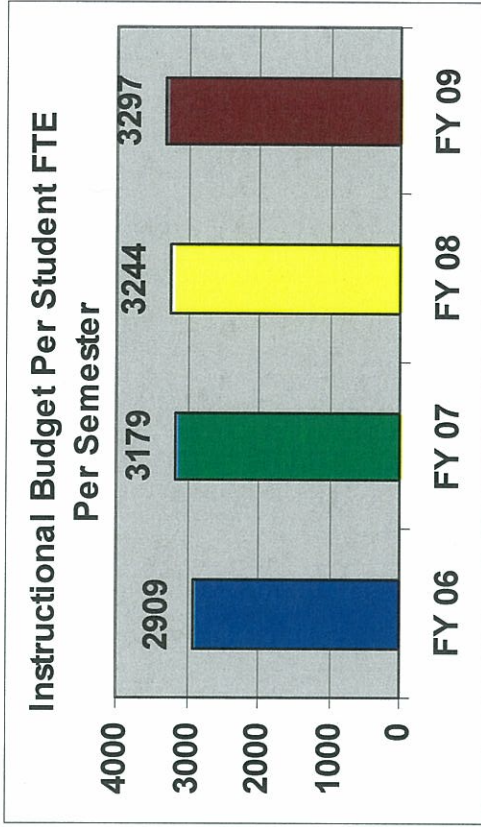
This indicator reflects the amount of funds expended for Instruction and Academic Support per each full-time equivalent student.

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 2009, approximately \$3,297 is budgeted per student FTE for instructional and academic support costs.

The total annual Educational and General budget per in-state student FTE is \$12,174. This excludes the amount budgeted for Sponsored Programs.



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 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 increase in the debt ratio to 9 percent to facilitate the completion of nongeneral fund projects approved by the General Assembly.

## Longwood University's Current Status

Longwood's Debt Service to Total Budgeted Expenditures is 8.00 percent for FY 2009. This calculation is based on actual and estimated debt payments, including BANNER, for FY 2009 and total budgeted expenditures less reserves.

When the debt service for BANNER is taken out of the calculation, the ratio is 7.59 percent. Debt service for BANNER was included in Longwood's general fund appropriation for the 2008-2010 biennium to cover the third and fourth year of a projected five year loan term.

Longwood's actual FY 2007 debt burden ratio was 5.61 percent per audited audited financial statement data.

## 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 took place in phases over a three-year period. The implementation of Banner Finance, Student and Human Resources modules, has resulted 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) 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 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. Example: 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.