

The University of Alabama in Huntsville
Operating Highlights
Fiscal Year Ending September 30, 2010

UAHuntsville continues to successfully focus on growth in key areas. Student enrollment increased by over 3% for Fall 2010, with an increase in credit hours of 5%, the largest increases in many years. The academic quality of our incoming classes remains at the upper end of public Alabama institutions. The campus continues to develop student residential and dining facilities, with a new 400-bed residence hall and dining complex currently under construction in the heart of campus. The University recently received a five-year research award of \$78 million from the Army Research, Development, and Engineering Command, the largest award in our history. This program will employ 200-300 researchers and provide exceptional opportunities for both graduate and undergraduate students to work side-by-side with Army professionals. These are just a few examples of our many recent successes despite a very challenging financial environment in which our State funding has declined dramatically over the past two years.

The major goals for which resources are allocated in the 2009-10 operating budget include:

- Maintain a balanced budget despite reductions in State Appropriations.
- Enhance academic excellence by allocating funds for new faculty positions in targeted growth areas.
- Provide funds for investments in revenue generating areas.
- Fund fixed and mandatory costs.
- Protect budgets for plant maintenance & renewals.

OPERATING REVENUES:

Operating Revenues are budgeted at \$108,500,000. This represents an increase of 8.6% over prior year budget of \$99,930,000. Revenues from Tuition & Fees and Grants and Contracts contribute to the increase.

- **Tuition and Fees** – Tuition rate increases approved by the Board on June 19, 2009 result in an additional \$4,859,000 in projected revenues. Student enrollment projections built into the 2009-10 operating budget are based on the actual enrollment for 2008-09. An additional \$664,000 was added to tuition and fees based on enrollment growth experienced in 2008-09.
- **Grants and Contracts** – Contracts and grants revenues at UAHuntsville continue to grow at a steady pace. The budget for FY 2009/10 is projected conservatively at \$60,253,000, representing a 4.8% increase over the 2008-09 budgets of 57,500,000. Facilities and Administrative Cost

Recovery revenues are also anticipated to increase and are budgeted at \$10,732,000 for 2009-10.

OPERATING EXPENSES

Operating expenses are budgeted at \$150,843,000. This represents an increase of 0.98% over prior year budget of \$149,374,000. Compensation and benefits, scholarships, and supplies all contributed to the moderate increase in operating expenses.

- **Compensation & Benefits** – Compensation & benefits are budgeted at \$97,093,000. The increase of \$434,000 over the prior year primarily comes from growth in external contracts and grants.
- **Scholarships and Fellowships** – The University increased scholarship funding in proportion to the tuition rate increase.
- **Supplies and Other Services** – Supplies and other services budget increase by 1.72% over the prior year primarily due to growth in external contracts and grants.

NON-OPERATING REVENUES & EXPENSES:

Non-Operating Revenues and Expenses are budgeted at \$49,385,000. This represents a decrease of 6.9% over prior year budget of \$53,053,000.

- **State Appropriation** – Gross State Appropriation is budgeted at \$47,594,000. The gross state appropriation includes \$2,100,000 in state earmarked programs. The net state appropriation is budgeted at \$45,494,000, which is \$6,036,000 or 11.7% below the prior year budget of \$51,530,000 and 22% less than the FY 2008 total.
- **Investments** - All investments are held in UA System funds. Due to the uncertain economic climate, a potential loss of (\$1,923,000) is built into the FY 2010 operating budget.
- **Interest Expense** – Debt service for Wilson Hall renovation is reflected in the FY 2009-10 budget.

FACULTY AND STAFF SALARIES:

UAH's highest priority has been to provide compensation adequate to retain and attract high quality faculty and staff. For fall 2008, faculty salaries at UAH averaged 5.27% (3.64% for fall 2007) below corresponding salaries reported by SUG institutions participating in the salary survey published by the UA System Office. The University will provide no merit-based salary increase in 2009-10, and the salary gap between UAH and its benchmark institutions is expected to increase.

ENROLLMENT DETAIL

Enrollment is estimated based primarily on 2008/09 enrollment and an analysis of key indicators such as admissions and housing applications. The fall 2008 headcount and FTE are as follows:

	<u>Headcount</u>	<u>FTE</u>
Undergraduate In-State	5,301	4,338
Undergraduate Out-of-State	592	555
Graduate In-State	1,378	717
Graduate Out-of-State	<u>160</u>	<u>104</u>
Total	<u>7,431</u>	<u>5,714</u>

The FY 2009/10 proposed budget is based on fall 2008 enrollment.

The University of Alabama in Huntsville

Revenues and Expenses (Dollars in thousands)	FY 07	FY 08	FY 09	FY 09	FY 10	\$ Change Budget	% Change Budget
	Actual	Actual	Projected Actual	Proposed Budget	Proposed Budget		
Operating Revenues							
Tuition and Fees	37,731	41,857	48,000	44,909	51,667	6,758	15.05%
Less: scholarship allowance and bad debt	(8,960)	(9,790)	(10,500)	(9,819)	(10,984)	(1,165)	11.86%
Net tuition and fees	28,771	32,067	37,500	35,090	40,683	5,593	15.94%
Grants and Contracts	68,247	71,928	72,000	57,500	60,253	2,753	4.79%
Sales and services of educational activities							
Auxiliary - net of scholarship allowance	8,512	7,834	8,300	6,616	6,840	224	3.39%
Other Operating Revenue	-	-	-	724	724	-	0.00%
Total Operating Revenues	105,530	111,829	117,800	99,930	108,500	8,570	8.58%
Operating Expenses							
Compensation and benefits	109,444	119,696	115,000	96,659	97,093	434	0.45%
Depreciation	9,857	11,685	11,900	-	-	-	-
Scholarships and fellowships	211	511	1,205	1,205	1,353	148	12.28%
Supplies and other services	35,269	34,906	46,000	51,510	52,397	887	1.72%
Total Expenses	154,781	166,798	174,105	149,374	150,843	1,469	0.98%
Nonoperating revenues (expenses)							
State appropriations	50,675	58,101	51,530	51,530	47,594	(3,936)	-7.64%
State Fiscal Stabilization Fund					4,184	4,184	
Proration Reductions	-	-	(5,668)	-	-	-	
Grants and Contracts	-	-	-	-	-	-	
Gifts	1,887	3,129	3,000	2,473	2,242	(231)	-9.34%
Investment (loss) income	9,277	(8,115)	(1,500)	1,500	(1,923)	(3,423)	-228.20%
Loss on disposal of capital assets	(340)	(471)	(37)				
Interest expense	(2,450)	(2,385)	(2,450)	(2,450)	(2,712)	(262)	10.69%
Legal Settlement	4						
Net other nonoperating revenue (expense)				-	-	-	
Net nonoperating revenue	59,053	50,259	44,875	53,053	49,385	(3,668)	-6.91%
Capital Grants & Contracts	-	-		5,000		(5,000)	-100.00%
Change in net assets from on-going operations	9,802	(4,710)	(11,430)	8,609	7,042	(1,567)	-18.20%



Proposed Budget Presentation FY 2009-10

Finance Committee Meeting September 17, 2009



FY 2009-10 Operating Budget – Key Strategies

- **Maintain a balanced budget, with appropriation reduction of 11.7%**
- **Fund mandatory costs-TRS rate, PEEHIP**
- **Fund fixed costs-utilities, fuel, other**
- **Protect budgets for plant maintenance & renewals**
- **Ensure adequate resources for revenue centers**
- **Maintain flexibility for instruction growth areas**
- **Implement operating efficiencies**
- **Enhance student activities**
- **Fund customary faculty promotions**
- **Implement five-year tuition plan to achieve Southern University Group (SUG) average**
- **Increase scholarships in proportion to tuition increase**



Five-Year Strategic Plan: Invest in Revenue-Generating Growth

Research

\$100,000,000 in annual research expenditures (\$65,500,000)

Endowment

\$100,000,000 in endowment (\$49,500,000)

\$10,000,000 in annual giving (\$5,500,000)

Enrollment

10,000 undergraduate & graduate students (7,431)

1,000 co-ops and internships per year (442)

Academics

100 PhDs per year (32)

10 new degree programs (61)

1 international campus (0)

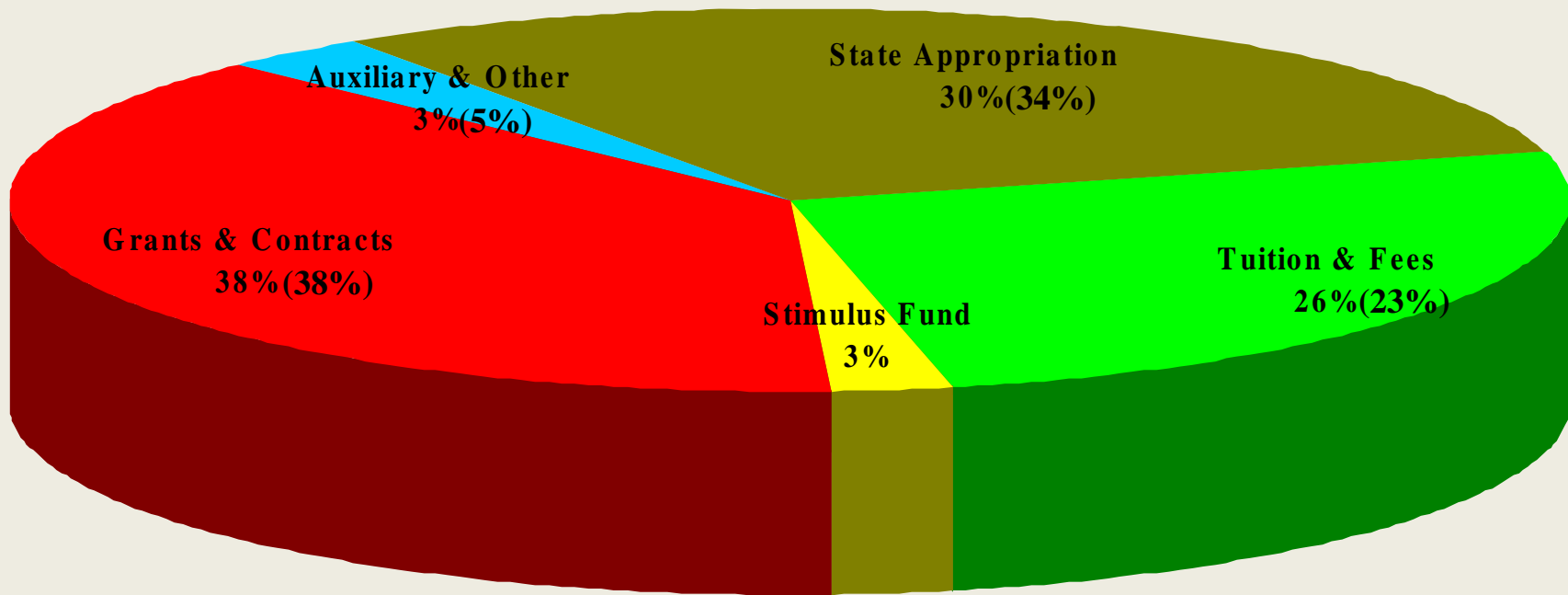
Most Recent Data in Parenthesis



FY 2009-10 Proposed Operating Budget

	Approved <u>2008-09</u>	Proposed <u>2009-10</u>
Operating Revenues	\$ 99,930,000	\$108,500,000
Non-Operating Revenues	\$ <u>53,053,000</u>	\$ <u>49,385,000</u>
Total Revenues	\$152,983,000	\$157,885,000
Operating Expenses	(\$149,374,000)	(\$150,843,000)
Capital Grants & Contracts	\$ <u>5,000,000</u>	\$ <u>0</u>
Change in Net Assets from on-going Operations	\$ 8,609,000	\$ 7,042,000

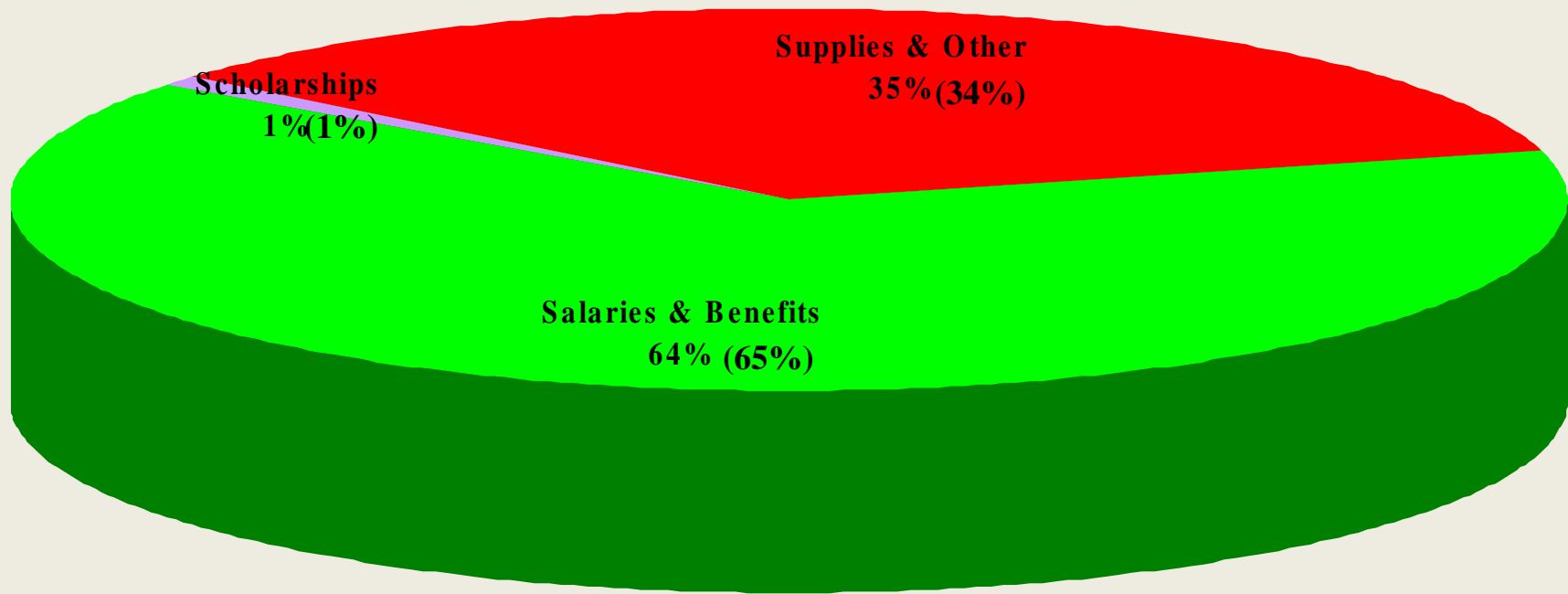
FY 2009-10 Proposed Revenues



\$157,885,000

Prior year numbers in parentheses

FY 2009-10 Proposed Expenses-Natural



\$150,843,000

Prior year numbers in parentheses