



FY 2008-09 Operating Budget Preliminary Budget Parameters

June 2008



FY 2008-09 Operating Budget – Key Strategies

- **Maintain a balanced budget**
- **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 faculty and staff promotions**
 - Implement five-year tuition plan to achieve Southern University Group (SUG) average**
 - Increase scholarships in proportion to tuition increase**



Proposed FY 2008-09 Operating Budget

Incremental Needs

State Appropriation Reduction (11.3%)	\$ 6,571,000
TRS Rate Increase	542,000
PEEHIP Retiree Costs	150,000
Faculty & Staff Promotions	24,000
New Faculty Positions	1,146,000
Utilities	595,000
Scholarships	736,000
Research Enhancement	556,000
Student Activities	180,000
Investment in Revenue Generating Areas	2,581,000
Other Key Positions	<u>448,000</u>
Total Needs	\$13,529,000



Proposed FY 2008-09 Operating Budget

Incremental Resources

Campus-Wide Budget Reductions (7.5%)	\$ 6,072,000
Internal Reallocation	1,000,000
F&A Cost Recovery	556,000
Enrollment Growth	564,000
Proposed Tuition Increase	<u>5,337,000</u>
Total Resources	\$13,529,000



Impact of Budget Reductions

- **All areas of campus share in reductions**
- **Personnel**
 - Eliminate 43 total positions**
 - 15 Faculty**
 - 28 Staff**
 - Reduce FTE Workloads for selected staff positions**
 - Reduce student worker opportunities**
- **Operating Expenses**
 - Reduce operating expenses by \$1.9 million**



Cost Containment Strategies

Use of Technology

	<u>Annual Savings</u>
Online Payroll Statements	\$ 25,000
Payroll Check Direct Deposits	12,000
Account Payable Check Direct Deposits	13,000
Online Budget & Labor Statements	30,000
Online Leave Time Reporting	20,000
Electronic Student Billings	10,000
Electronic Budget Transfers	29,000
Online Certification Reports	10,000
Online Application Tracking System	<u>9,000</u>
Total	\$158,000



Cost Containment Strategies

Operating Efficiency

Annual Savings

Energy Efficient Boilers & Chillers	\$140,000
Energy Efficient Lighting	12,000
In-House Building Renovations	268,000
In-House Management of Custodial Staff	125,000
Install Digital Thermostats in Housing	23,000
Hire Students for Minor Housing Maintenance Jobs	<u>67,000</u>
Total	\$635,000



Cost Containment Strategies

Other

**Annual
Savings**

Renegotiate Life Insurance Contract

38,000

Eliminate/Combine Research Centers

307,000

Total

\$345,000



Cost Containment Strategies

Summary

	<u>Annual Savings</u>
Use of Technology	\$ 158,000
Operating Efficiency	635,000
Other	<u>345,000</u>
Total	\$1,138,000



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

Research

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

Endowment

\$100,000,000 in endowment (\$44,000,000)

\$10,000,000 in annual giving (\$3,800,000)

Enrollment

10,000 undergraduate & graduate students (7,264)

1,000 co-ops and internships per year (412)

Academics

100 PhDs per year (37)

10 new degree programs (59)

1 international campus (0)



Why should UAHuntsville grow now?

BRAC!

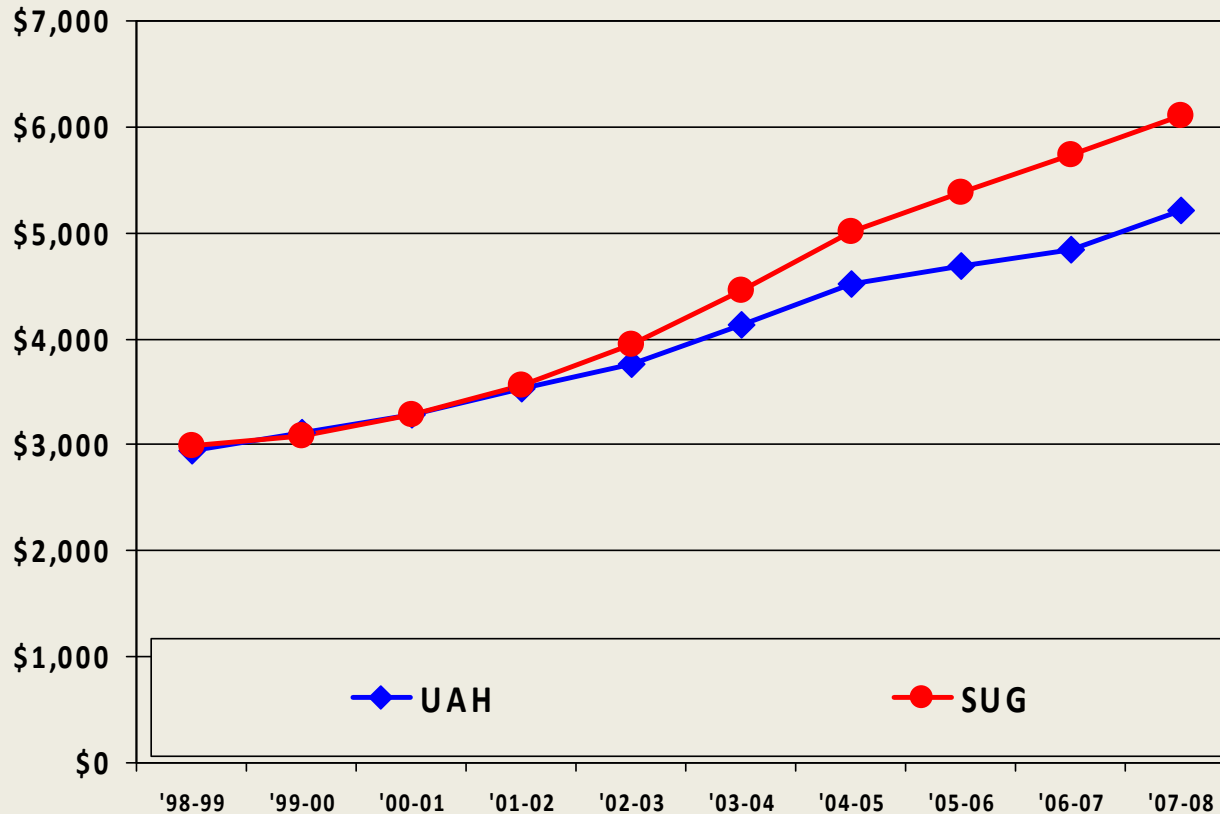
9700* jobs**

***More than Mercedes-Benz, Hyundai and ThyssenKrupp combined**

**** 65%+ will be engineers/scientists/technologists**



Tuition & Fees-Undergraduate In-State (30 Hours)





Five-Year Tuition Plan

- **Grow UAHuntsville in response to community BRAC needs**
- **Reach SUG average tuition rate and average faculty salaries**
- **Increase out-of-State enrollment without limiting in-State**
- **Out-of-state tuition rate will move to 3X in-state rate**
- **Fund additional scholarships in line with tuition increases**



Proposed Undergraduate Per Semester Tuition Increase Based on 15 Hours

In-State Increase	14%	\$ 368
Out-of-State Increase	19%	\$1,034



Huntsville/Madison County Chamber of Commerce *Typical 2008 Starting Salaries in Huntsville Economy*

•Aeronautical Design Engineer (Level 1)	\$54,000
•Software Engineer (Level 1)	\$52,000
•MIS Programmer/Analyst (Level 1)	\$49,000
•Contracts Manager	\$85,000
•Nurse, RN	\$49,000

\$50,000/year is a good ROI on less than \$25,000/four years of tuition



Summary

- 1) BRAC represents an unprecedented opportunity for UAHuntsville and the Huntsville/Madison County community**
- 2) Time to invest in the science, engineering, technology and health-care disciplines that are crucial to the community we serve**
- 3) Our students deserve the quality of education, and the facilities equivalent to the average SUG institutions**
- 4) Our best faculty/staff are at risk due to job openings created by BRAC**
- 5) The ROI on UAHuntsville tuition is extraordinary**