



MEMORANDUM

TO: UAH Community

FROM: Robert A. Altenkirch, President

DATE: September 1, 2016

SUBJECT: FY2017 Budget Update

Below are some details and projections regarding the FY17 budget, which is being developed for approval at the September Board meeting:

This past legislative session, the base operations and maintenance (O&M) appropriation for FY17 for UAH was set at \$43.9 million, an increase of 3.0% over the FY16 base operating appropriation of \$42.6 million. For the 14 state institutions, base O&M appropriation increases averaged 2.3% with a median of 2.4%. UAH's total state appropriation for FY17 is \$47.9 million, which includes \$850,000 to support the State Climatologist, \$400,000 for a study of whether or not it is feasible to land the Dream Chaser, a reusable spaceplane, at the Huntsville Airport, and \$2.7 million toward construction of the "Invention to Innovation Center," an incubator for startup companies. This compares to \$45.0 million for FY16, an increase of 6.4%. The average total appropriation increase for the 14 state institutions is 3.0% with a median of 2.5%. Our total state appropriation is approximately 25% of projected expenditures for FY17, not including contract and grant direct expenditures. Tuition revenue, less institutional scholarships, is estimated to be about 32% of FY17 projected expenditures.

Recent enrollment increases, 7% last fall, and a projected 8% increase this fall over last fall, have provided substantial tuition revenue increases, about 6% for FY16 and a projected 12% for FY17. The enrollment increases are due to aggressive recruiting and successful efforts on the part of faculty and academic staff to improve retention, which is the highest it has ever been this fall. The transition to block tuition for undergraduate students is complete for FY17. New enrollment projection models developed by Student Affairs and Institutional Research and Assessment, along with block tuition and the Merit Tuition Scholarship Program matrix in place, allow for relatively accurate tuition revenue projections and have substantially improved the budgeting process.

The revenue increases outlined above allow for a number of needed adjustments in the budget, including additional scholarships and graduate student funding, additional funding to the Colleges, including new faculty and academic staff, Rise School, Student Affairs for recruiting and Career Services, and accounting for capital projects, and

increased costs, e.g., increase in insurance costs and facilities maintenance due to bringing new facilities on line in the recent past. They also contribute to meeting the Goal to “Strengthen and maintain a financial, physical, and personnel infrastructure that supports continuous quality enhancement and the pursuit of excellence in research and education.” Managing revenues and expenditures strategically will allow us to continue to address our Goals and Priorities and continue to enhance the UAH experience.

Thanks,

Bob