



**University of Central Arkansas**

**2012-2013**

**Proposed Operating Budget Summary**



May 4, 2012

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Members of the Board of Trustees –

It is with pleasure that the administration presents the University of Central Arkansas Operating Budget for 2012-2013. The following is a summary description of the FY 2013 operating budget. This operating budget has been prepared based upon the following assumptions:

- (a) approval of the changes for tuition and fees for the next academic year as set forth in the revisions to Board Policy No. 630;
- (b) enrollment for the next academic year (the “annualized full-time equivalent” of 10,446) being the same as for the current academic year;
- (c) a slight increase in state funding (\$311,000);
- (d) the previously-approved room rates and the \$1.62 per credit increase in the fee for the Health, Physical Education and Recreation (HPER) Center; and
- (e) no increase in board plan rates.

The budget totaling \$161,678,281 is an increase of \$2,046,371 from the current revised budget (a 1.28% increase).

The departmental expense budgets are held to FY12 levels with the budgeted increase in health insurance (\$550,000) being the single largest increase.

One of the administration’s primary areas of focus in preparing the FY13 was to address needs as prioritized by the strategic budgeting process while continuing the effort to rebuild the university’s unrestricted reserves. Based upon the priorities established by the Strategic Budget Advisory Committee and working with the University’s Strategic Plan, the following items have been addressed:

- The funds for the disaster recovery upgrades (\$994,920) will be paid from unexpended plant funds and not from the operating budget;
- The faculty step raises (\$134,930) will be absorbed and paid from the Office of Academic Affairs and will not affect the operating budget for FY 2013 (although this same item will have to be provided for in the budget beginning in FY 2014);
- The nursing position (\$73,360) is in the FY 2013 budget as proposed;
- The contingency for disability support services will be reviewed and appropriate additions/adjustments made during the fiscal year;
- The additional funds for the enrollment management plan (with SEM Works, LLC) have been transferred on the university’s base budget (\$257,370), and additional funds, if required to complete the enrollment management plan and

efforts, will be funded next year on a one-time basis without further transfers in the base budget; and

- Other items identified by the committee as priorities will be discussed and evaluated for funding with the revenues from the slight increase in tuition.

Finally, the Strategic Budget Advisory Committee provided a separate recommendation dealing with a cost-of-living adjustment (“COLA”) and salary increases. The recommendation from the UCA Faculty Senate was for a 1.5% COLA for faculty, along with a 0.5% pool for merit raises. The recommendation from the UCA Staff Senate was for a 2.0% COLA for classified and non-classified employees. These two recommendations were ranked as second in priority by the committee, even though presented separately.

As discussed below, the proposed operating budget does not contain funds sufficient to provide for these sums, but the administration will recommend an alternative plan to the Board of Trustees in the event the fall enrollment numbers are higher and sufficient funds exist to pay some form of COLA.

#### **Major Components of Sources (Income)**

- A. The Educational & General (“E & G”) Tuition and Fee budget comprises 42.39% of the total budgeted revenue and is based on the same annualized FTE enrollment. The total increase in Tuition and Fees is **2.08% or \$5.32 per credit hour**.
- B. This \$5.32 increase is \$3.70 per credit hour for tuition and \$1.62 per credit hour for the HPER Center fee and the elimination of the AAGE \$5.00 per semester fee. These changes will generate approximately \$1,340,900 in new revenue.
- C. The state appropriation budget represents 35.07% of the total budgeted revenue and is comprised of projected Revenue Stabilization Act (RSA) funding of \$52,284,021 and Educational Excellence Trust Fund (EETF) receipts of \$4,421,530.
- D. The major revenue sources in the auxiliary operations of the University are from Housing and Food Service. Housing revenues will increase 3% due to the increase in room rates as approved by the Board of Trustees earlier this year. Board rates (cafeteria meal plans) will not increase for the next academic year. As mentioned earlier, the HPER Center fee has been increased by \$1.62 to provide funds for an expansion of the facility.
- E. Other major auxiliary components, including Athletics, Student Center, Student Health Center and others, are not requesting any form of student fee increase for fiscal year 2013.

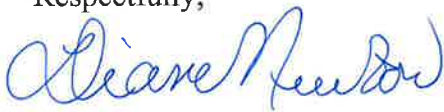
- F. Athletic revenues are projected to increase for the next academic year, due primarily to the receipt of \$360,000 from NCAA revenues.

**Major Components of Uses (Expenditures)**

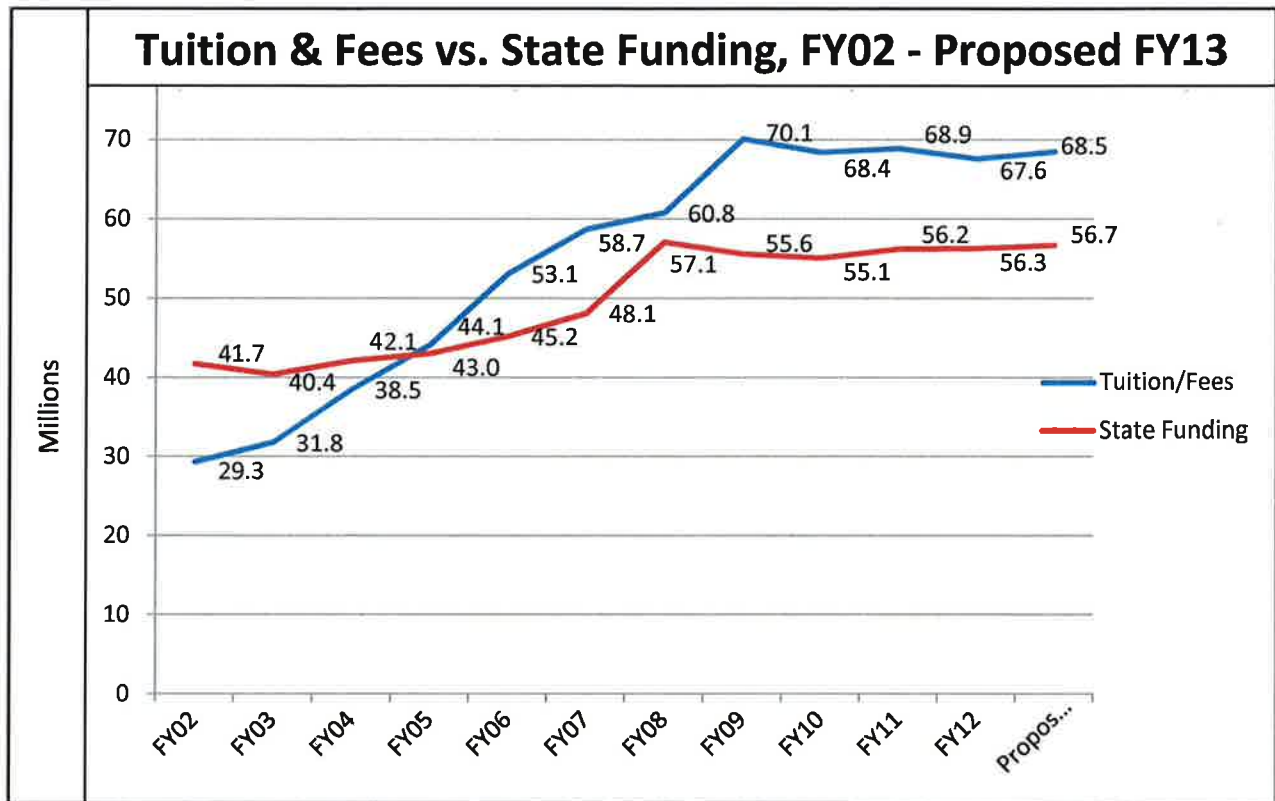
- A. Salaries and benefits comprise 57.38% of the operating budget for E&G and Auxiliary.
- B. As mentioned earlier, the proposed operating budget does not contain funds sufficient to provide an across the board COLA or salary increase for faculty and staff due to the previous decline in enrollment, relatively flat state funding and the very modest increase in tuition proposed. If additional funds become available to the University as a result of an increase in annualized FTE (or additional state funding at some future date), the administration will work with the Board of Trustees to provide some form of COLA in the coming academic year, without adding the amounts to the base budget, as well as paying close attention to the need to increase the University's unrestricted reserves. This will be reviewed throughout the fall semester.
- C. Scholarships and fee waivers constitute another 13.97% of the budget. This percentage is the same as FY12. This percentage is not the same number as required under Arkansas law (the so-called 20% rule), but is set at a figure to ensure that the University remains competitive in scholarship offerings, while at the same time meeting the requirements of state law on institutional scholarship expenditures.
- D. Finally, for athletics, due to the receipt of the NCAA revenues in FY 2013, the budgeted transfer from E & G will decline. Under state law, the University is permitted to transfer \$1,180,687 from E & G to athletics in FY 2013. The proposed operating budget transfer will be \$1,069,387. This is \$111,300 less than authorized in state law, and is \$85,442 less than the actual amount transferred in FY 2012. The budget also provides for \$1,200,000 to be transferred to athletics from the auxiliary administrative charge.

Pursuant to Board Policy 200, this proposal is presented for consideration by the Board of Trustees.

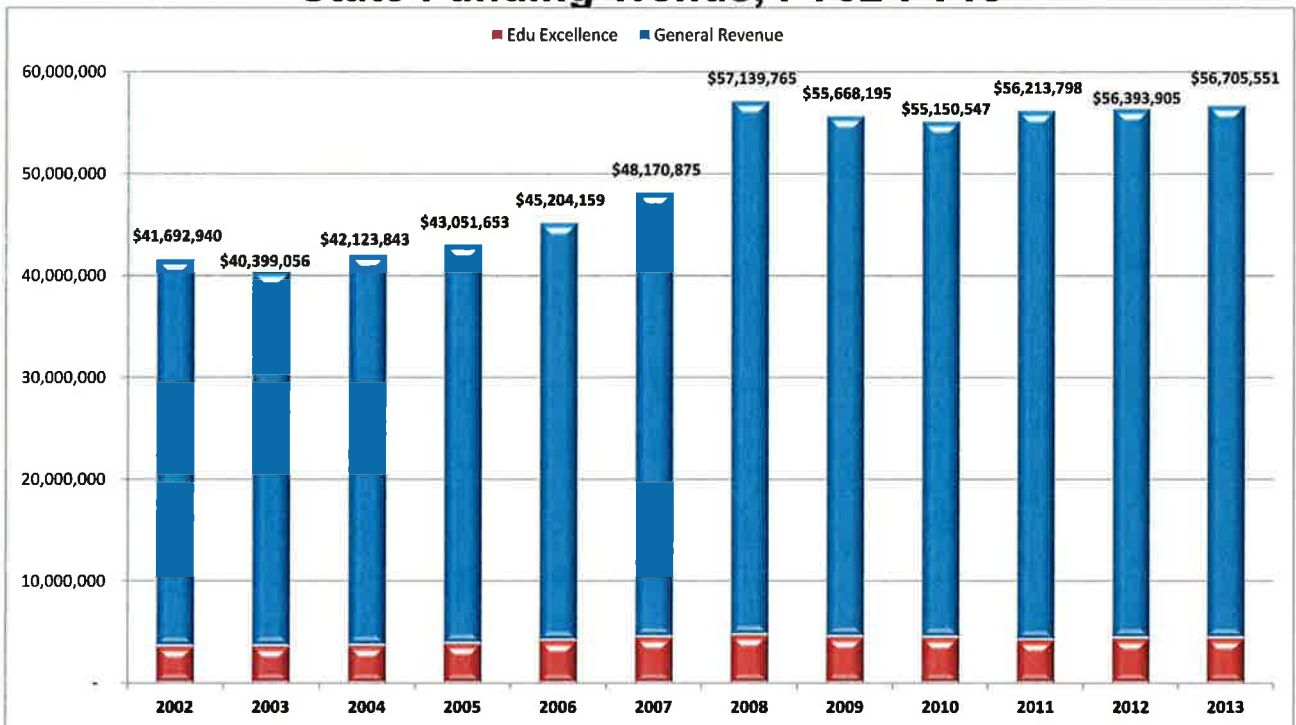
Respectfully,



Diane Newton  
Vice President for Finance & Administration

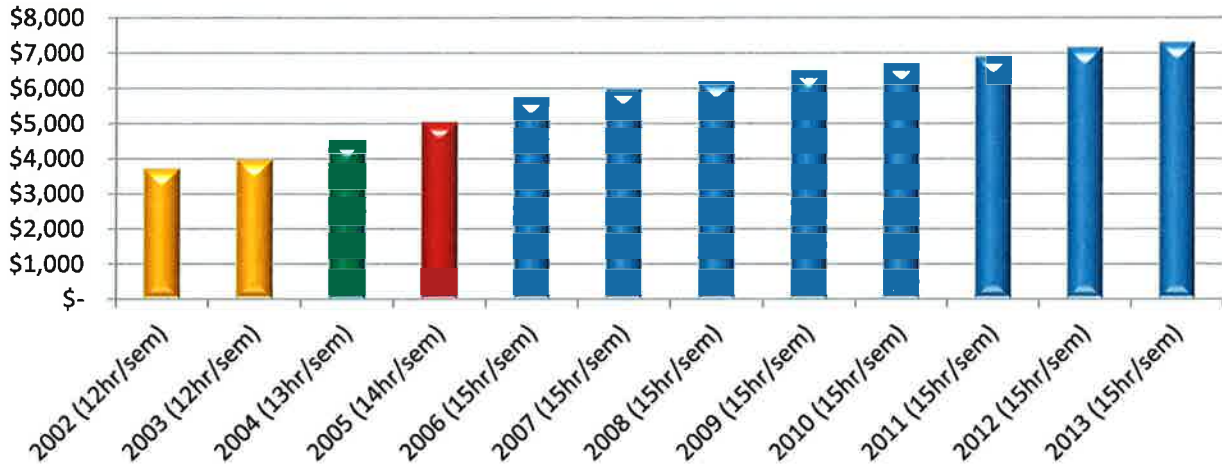


### State Funding Trends, FY02-FY13

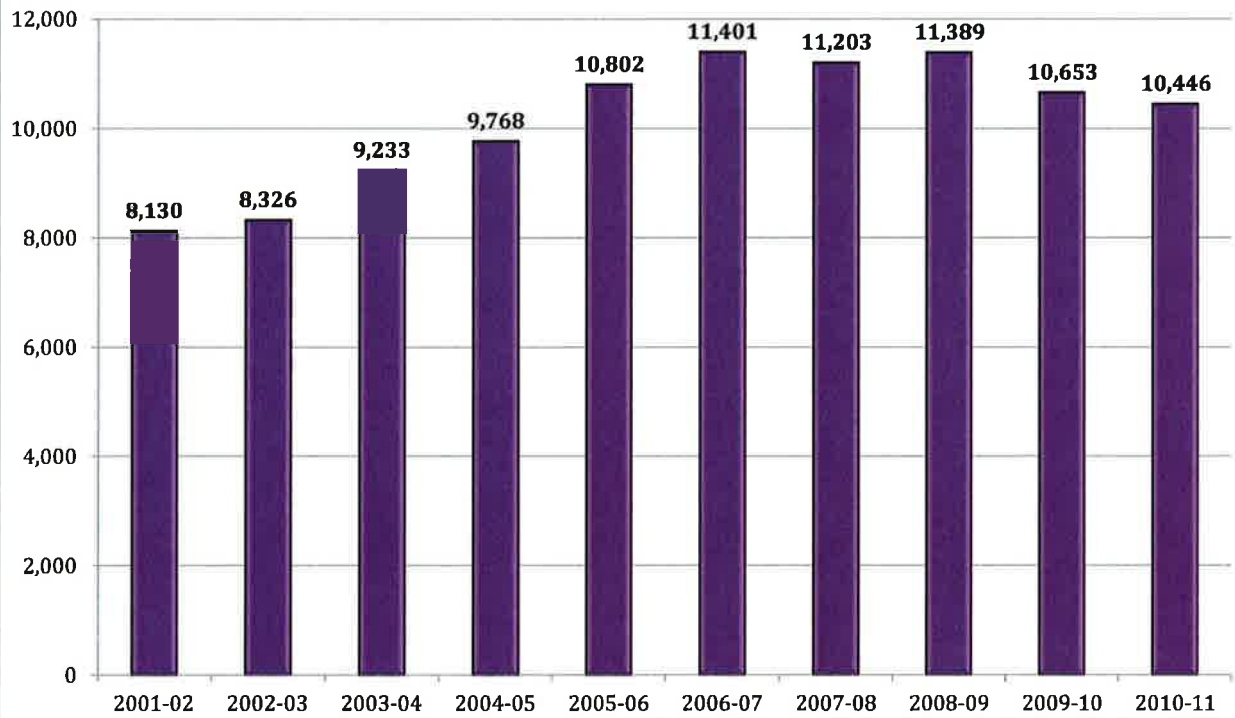


**Note:** Does not include General Improvement Funds, which are received periodically.

### UCA Annualized Tuition/Fees, FY02 - Proposed FY13



### UCA Annualized Full-Time Equivalent Enrollment (FTE) 2001-02 TO 2010-11



Source: [www.adhe.edu](http://www.adhe.edu)

Note: This is the most current data available from ADHE as of 4/18/12.

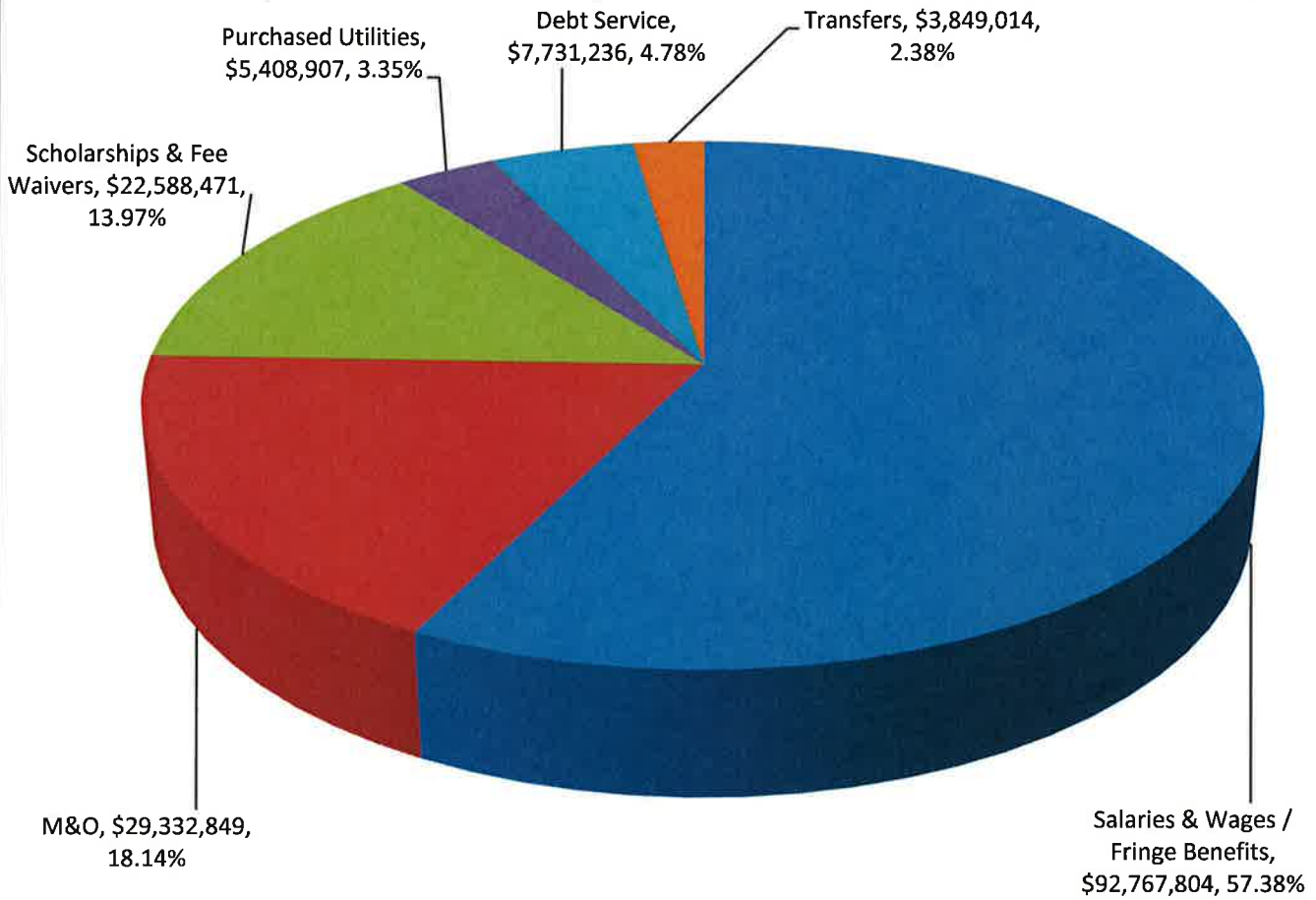
**University of Central Arkansas  
Proposed Budget  
FY13 Compared to FY12**

		<b>FY12 Rev. Base</b>	<b>FY13 Proposed</b>	<b>Change</b>	<b>% Change</b>	<b>% of Budget</b>
1	Tuition & Fees	67,620,309	68,531,709	911,400	1.35%	42.39%
2	Appropriations	56,393,905	56,705,551	311,646	0.55%	35.07%
3	Sales & Services	57,185	57,185	-	0.00%	0.04%
4	Organized Activities	222,793	222,793	-	0.00%	0.14%
5	Grants & Contracts	115,000	115,000	-	0.00%	0.07%
6	Other Sources	1,093,421	1,093,421	-	0.00%	0.68%
7	<b>Total E&amp;G Revenue</b>	<b>125,502,613</b>	<b>126,725,659</b>	<b>1,223,046</b>	<b>0.97%</b>	<b>78.38%</b>
8	<b>Auxiliary Income</b>	<b>34,129,297</b>	<b>34,952,622</b>	<b>823,325</b>	<b>2.41%</b>	<b>21.62%</b>
9	<b>Total Income</b>	<b>159,631,910</b>	<b>161,678,281</b>	<b>2,046,371</b>	<b>1.28%</b>	<b>100.00%</b>
10	Salaries & Wages	71,280,400	71,613,093	332,693	0.47%	44.30%
11	Benefits	20,528,213	21,154,711	626,498	3.05%	13.08%
12	M&O	28,649,160	29,332,849	683,689	2.39%	18.14%
13	Fee Waivers	4,883,731	4,883,731	-	0.00%	3.02%
14	Scholarships	17,418,295	17,704,740	286,445	1.64%	10.95%
15	Purchased Utilities	5,236,907	5,408,907	172,000	3.28%	3.35%
16	Debt Service	7,740,258	7,731,236	(9,022)	-0.12%	4.78%
17	Transfers	3,894,946	3,849,014	(45,932)	-1.18%	2.38%
18	<b>Total Expenditures</b>	<b>159,631,910</b>	<b>161,678,281</b>	<b>2,046,371</b>	<b>1.28%</b>	<b>100.00%</b>

**Notes to the Proposed Budget**

- 1 Tuition & Fees are based on flat enrollment and a 2.06% General Tuition increase; and the elimination of AAGE (Rising Junior Exam) \$5.00 per semester hour fee. The budget was increased by \$911,400.
- 2 State Appropriations increase \$311,646.
- 8 Increase in HPER student Fee \$436,028, Athletics NCAA Conference Revenue \$360,000, \$10,700 increase in Athletic Foundation, Game Guarantees decrease ( \$20,000), Housing increased 3% on room rates for an increase of \$337,273. Housing has an increase of \$50,597 for Camps & Conference and BearCard.
- 10 A new nursing position of \$56,000, which will generate sufficient revenue to cover the additional position; 4 new positions in Housing for HVAC for \$119,290, the funds were transferred from M&O via savings on the cancellation of HVAC contract; \$83,500 Faculty Promotion & Advancements; budget \$103,847 reserves in Auxiliaries for a potential 2% COLA or bonus; increases in career services and student & extra help.
- 11 Fringe increase due to \$550,000 increase for Health Insurance; also 31% fringes with new positions mentioned previously.
- 12 Transfer increase from Bookstore to E&G for \$255,000 for Reynolds shows to M&O; last year was transferred to Other E&G. Parking Facilities increased M&O \$90,000 for cameras, radio maintenance and vehicle replacements: increase Bad Debt Expense \$142,000.
- 14 Athletic Scholarships increased due to the 3% increase for room rates and a \$230,289 contingency for scholarships due to the 2.06% increase in tuition.
- 16 Small savings in debt service, until HPER debt service is determined.
- 17 Change is due to an accounting change in reporting Aramark commissions and on funding the radio station and post office.

## UCA 2012-2013 Proposed Budget E&G and Auxiliary



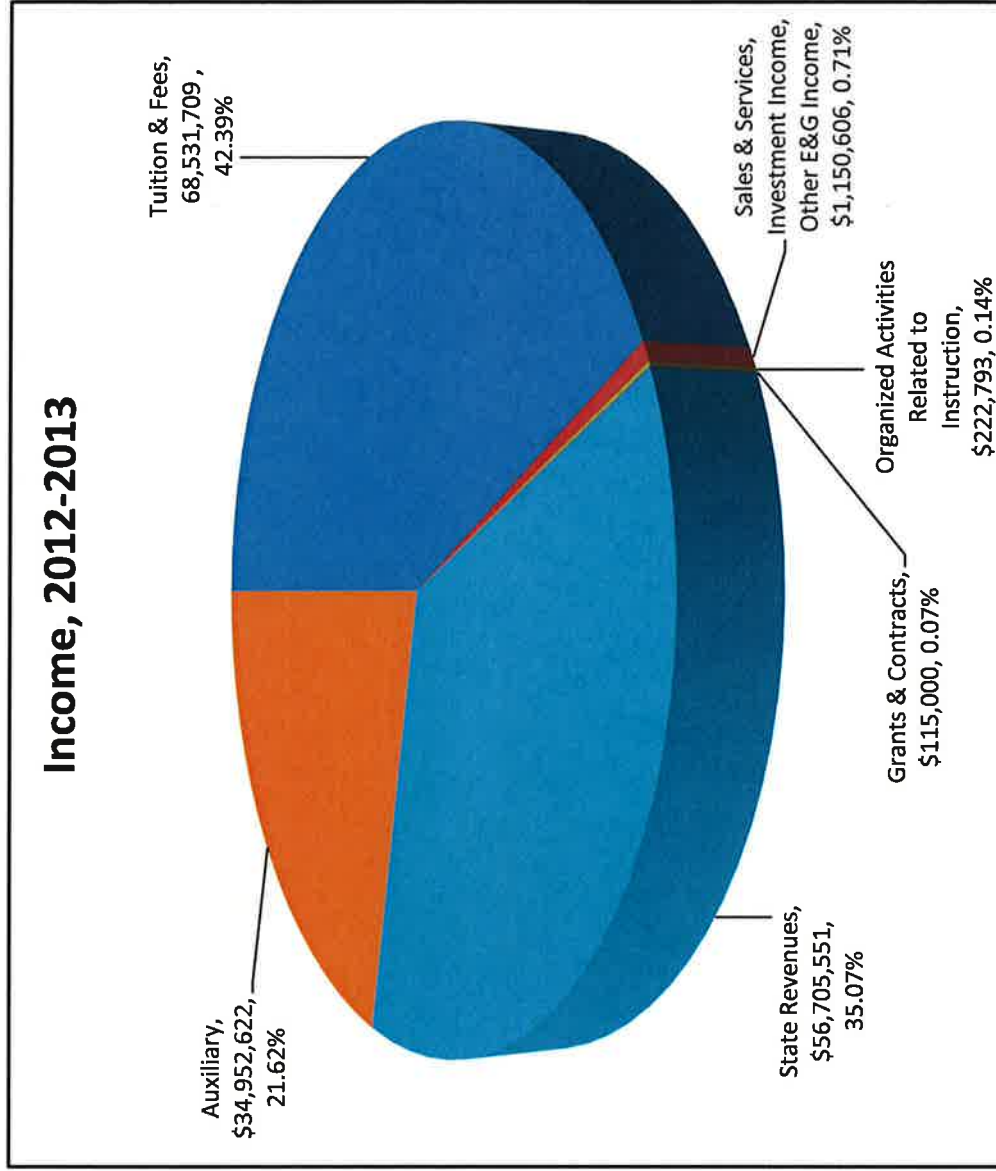
### 2012-2013 Operating Expenses - Natural Classification

	FY12 Rev. Base	FY13 Proposed	Change	% Change	% of Budget
Salaries & Wages	71,280,400	71,613,093	332,693	0.47%	44.30%
Benefits	20,528,213	21,154,711	626,498	3.05%	13.08%
M&O	28,649,160	29,332,849	683,689	2.39%	18.14%
Fee Waivers	4,883,731	4,883,731	-	0.00%	3.02%
Scholarships	17,418,295	17,704,740	286,445	1.64%	10.95%
Purchased Utilities	5,236,907	5,408,907	172,000	3.28%	3.35%
Debt Service	7,740,258	7,731,236	(9,022)	-0.12%	4.78%
Transfers	3,894,946	3,849,014	(45,932)	-1.18%	2.38%
<b>Total Expenditures</b>	<b>159,631,910</b>	<b>161,678,281</b>	<b>2,046,371</b>	<b>1.28%</b>	<b>100.00%</b>

# UCA 2012-2013 Proposed Budget

## E & G and Auxiliary Income

2012-2013 Sources of Income			
Tuition & Fees	68,531,709	42.39%	
Sales & Services, Investment Income, Other E&G Income	1,150,606	0.71%	
Organized Activities Related to Instruction	222,793	0.14%	
Grants & Contracts	115,000	0.07%	
State Revenues	56,705,551	35.07%	
Auxiliary	34,952,622	21.62%	
<b>TOTAL</b>	<b>\$161,678,281</b>	<b>100%</b>	



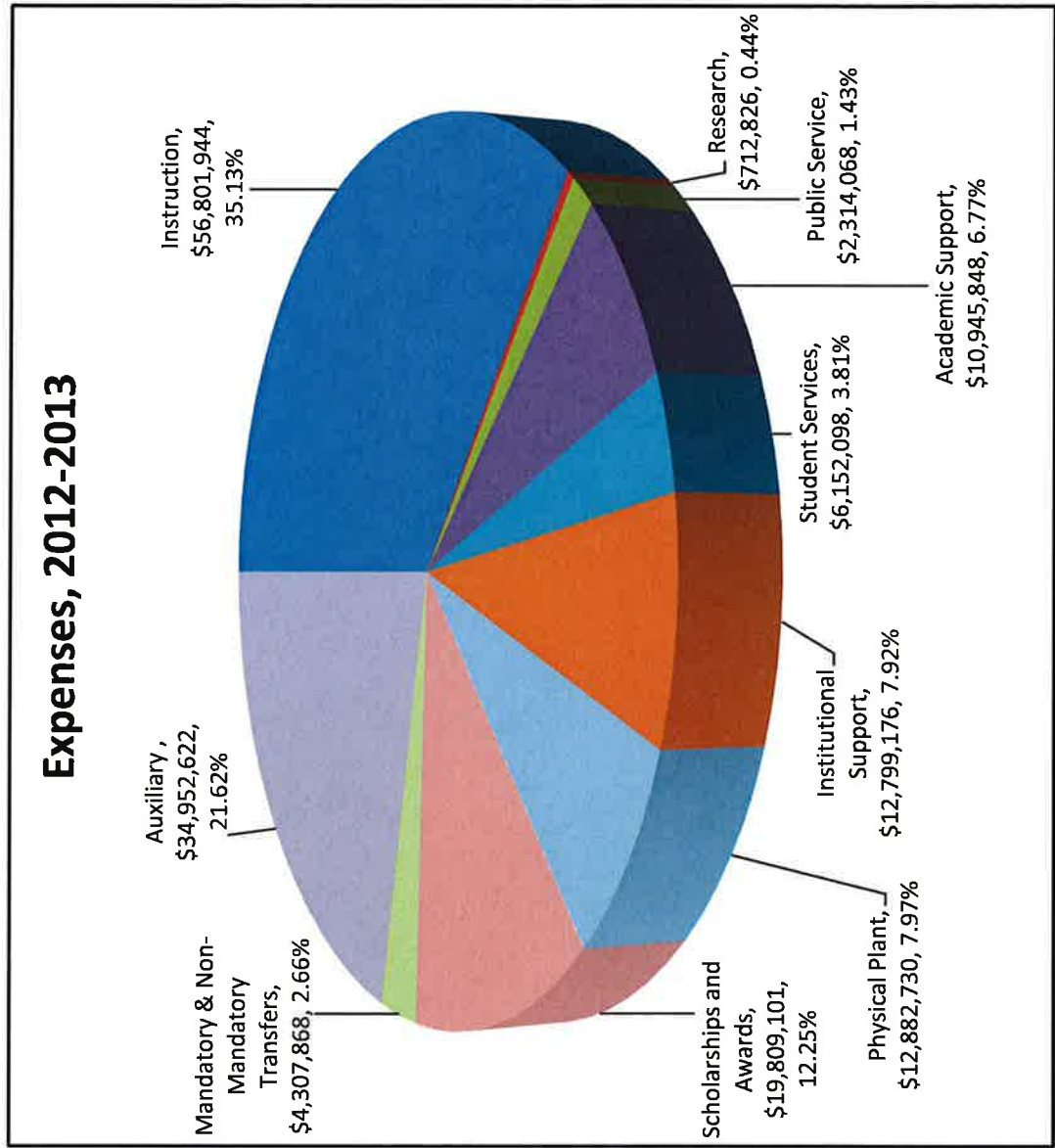
UNIVERSITY OF CENTRAL ARKANSAS  
 PROPOSED OPERATING BUDGET  
 COMPARATIVE SUMMARY FOR FISCAL YEARS 2013 & 2012

	2012-2013		2011-2012		INCREASE (DECREASE)	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
<b>INCOME SUMMARY</b>						
<b>EDUCATIONAL AND GENERAL</b>						
Student Fees	68,531,709		67,620,309		911,400	1.35%
Sales & Services	57,185		57,185		-	0.00%
Organized Activities Related to Instruction	222,793		222,793		-	0.00%
Grants & Contracts	115,000		115,000		-	0.00%
State Revenues	56,705,551		56,393,905		311,646	0.55%
Other Sources	1,093,421		1,093,421		-	0.00%
<b>TOTAL E &amp; G INCOME</b>	<b>126,725,659</b>		<b>125,502,613</b>		<b>1,223,046</b>	<b>0.97%</b>
<b>AUXILIARY ENTERPRISES</b>						
Athletics	6,789,000		6,452,300		336,700	5.22%
Housing	13,868,138		13,817,541		50,597	0.37%
Food Service	7,433,556		7,433,556		-	0.00%
Student Center	1,327,650		1,327,650		-	0.00%
Farris Fields	150,000		150,000		-	0.00%
HPER Recreation	2,473,028		2,037,000		436,028	21.41%
Bookstore	350,000		350,000		-	0.00%
Student Health Services	1,743,500		1,743,500		-	0.00%
Post Office	61,250		61,250		-	0.00%
Parking Facilities	756,500		756,500		-	0.00%
<b>TOTAL AUXILIARY INCOME</b>	<b>34,952,622</b>		<b>34,129,297</b>		<b>823,325</b>	<b>2.41%</b>
<b>GRAND TOTAL INCOME</b>	<b>161,678,281</b>		<b>159,631,910</b>		<b>2,046,371</b>	<b>1.28%</b>

# UCA 2012-2013 Proposed Budget

## E & G and Auxiliary Expenses

2012-2013 Operating Expenses			
Instruction	\$56,801,944	35.13%	
Research	712,826	0.44%	
Public Service	2,314,068	1.43%	
Academic Support	10,945,848	6.77%	
Student Services	6,152,098	3.81%	
Institutional Support	12,799,176	7.92%	
Physical Plant	12,882,730	7.97%	
Scholarships & Awards	19,809,101	12.25%	
Mandatory & Non-Mandatory Transfers	4,307,868	2.66%	
Auxiliary	34,952,622	21.62%	
<b>TOTAL</b>	<b>\$161,678,281</b>	<b>100%</b>	



**UNIVERSITY OF CENTRAL ARKANSAS  
PROPOSED OPERATING BUDGET  
COMPARATIVE SUMMARY FOR FISCAL YEARS 2013 & 2012**

	2011-2012		2012-2013		INCREASE (DECREASE)	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
<b>EXPENSE SUMMARY</b>						
<b>EDUCATIONAL AND GENERAL</b>						
Instruction	56,696,709		56,801,944		105,235	0.19%
Research	712,826		712,826		-	0.00%
Public Service	2,098,040		2,314,068		216,028	10.30%
Academic Support					-	
Library	2,711,885		2,712,052		167	0.01%
Museums and Galleries	100,692		100,693		1	0.00%
Organized Activities	355,731		355,731		-	0.00%
Other Academic Support	7,648,396		7,777,372		128,976	1.69%
Student Services	6,292,287		6,152,098		(140,189)	-2.23%
Institutional Support	11,896,759		12,799,176		902,417	7.59%
Physical Plant					-	
Operation & Maintenance	9,933,166		9,885,571		(47,595)	-0.48%
Utilities	2,997,159		2,997,159		-	0.00%
Scholarships and Awards	19,578,812		19,809,101		230,289	1.18%
Mandatory Transfers	2,982,767		2,973,581		(9,186)	-0.31%
Non-Mandatory Transfers	1,497,384		1,334,287		(163,097)	-10.89%
<b>TOTAL E &amp; G EXPENSES</b>	<b>125,502,613</b>		<b>126,725,659</b>		<b>1,223,046</b>	<b>0.97%</b>
<b>AUXILIARY ENTERPRISES</b>						
Athletics	6,452,300		6,789,000		336,700	5.22%
Housing	13,817,541		13,868,138		50,597	0.37%
Food Service	7,433,556		7,433,556		-	0.00%
Student Center	1,327,650		1,327,650		-	0.00%
Farris Fields	150,000		150,000		-	0.00%
HPER Recreation	2,037,000		2,473,028		436,028	21.41%
Bookstore	350,000		350,000		-	0.00%
Student Health Services	1,743,500		1,743,500		-	0.00%
Post Office	61,250		61,250		-	0.00%
Parking Facilities	756,500		756,500		-	0.00%
<b>TOTAL AUXILIARY EXPENSES</b>	<b>34,129,297</b>		<b>34,952,622</b>		<b>823,325</b>	<b>2.41%</b>
<b>GRAND TOTAL EXPENSES</b>	<b>159,631,910</b>		<b>161,678,281</b>		<b>2,046,371</b>	<b>1.28%</b>

