

## FY 04 Operating Budget Update April 30, 2004



- Recent budget updates have not been good news
- Together we faced those realities and adopted a tight budget for this year
- And we have more belt tightening ahead
- •The result... a more sound financial plan for the College



- This year ... some good budget news
- As a result of:
  - -Difficult decisions
  - Hard work and
  - -Some fortuitous events,
- We are predicting a budget surplus



- Current estimate of surplus is about \$1.9 Million
- Resulting primarily from:
  - -Improved Student Retention
  - Low utilization of Financial Aid and
  - -Favorable Endowment performance
- Combined with the implementation of cost reduction initiatives



		Cur	rent Unre	stricte	d Operating Budget		
			(Info as	of Feb	ruary 29, 2004)		
(Dollars	(Dollars in Thousands)						
		Projected Variance [Favorable/(Unfav)]					
					Comments (April Est)		
		<u> </u>	pril Est				
Regula	r Tuition (On-Campus)	\$	439		~ 15 NFE students; retention; mid-yr transfers; London Prog		
Financi	al Aid		654		Underutilization;1st Yr participation down to ~36%		
Other 7	uition & Fees		345		Improved enrollment in Abroad Programs; some fees		
Endow ment Takeout			442		Favorable Endow ment performance; Mkt Val > \$172MM		
Invest Earnings & Other Income			(703)		Depressed ST interest rates; low er w orking cap balance		
Salarie	Salaries & Wages		615		Deficit reduction programs; hiring freeze early in Yr		
Benefit	s		404		Benefts prog reviews; low er salaries; FASB 106 favorable		
Utilities			(221)		Colder w inter; higher oil and natural gas prices		
Debt S	Debt Service		(311)		Series '03 Bond origination; timing		
All Oth	er		(83)		Various small +'s and -'s		
Contingency			<u>329</u>	-a)	After leaving \$500K in Contingency as hedge for potential		
					major unfavorable items at YE		
		\$	1,910	-b)			
(a- Unpred	lictable Items such as YE aud	t adjustments,	unrealized lo	sses on	investments or unusual Health Care claims tail		
(b- February Estimate (at BOT Meeting) was \$1,198 K favorable variance. Principal change is in regular tuition, which at that							
	time was forecasted at \$(211,000), based on historical patterns. A higher than normal number of transfer students and						

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- Uses of the surplus
  - We made a proposal to the Board of Trustees
  - Teleconferences with Budget & Finance
     Committee and the full Board
  - Similar recommendations from FPPC
- Board unanimously approved our recommendations



• Approved uses of FY 04 surplus	(Dollars x 1,000)
- Repay internal loan-deficit in FY 02	\$363
-FY 05 Capital Projects & Reserves	\$715
<ul> <li>One-time employee discretionary</li> </ul>	\$830
bonus of 2% of salary	
<ul> <li>Will also be offered to union-</li> </ul>	
represented employees	



- This is a unique circumstance
- Not a precedent for future budget surpluses
- Year unusual because most employees received no raises/ began to contribute to benefits, but we had a surplus
  - Surplus was not predictable
  - Result of good luck along with hard work
- We have all shared in the bad news, now
- Will share in the good fortune



- So the news is good:
  - Predicting a budget surplus
  - One time employee discretionary bonus of 2%
    - Will be paid in May
  - -4% GSA in Proposed Budget for FY 05
  - New total compensation framework
  - Market Salary Adjustments
- New Comprehensive Fund-raising Campaign
- Sound financial plan for the next five years