REPORT ON 2015-16 COLLEGE BUDGET

Faculty Senate Budget Committee

Calvin Blackwell, Julia Eichelberger, Doug Friedman, Courtney Murren, Tom Ross, Martha Stackel, William Veal; Brian McGee (Ac Affairs rep.)
Tonight’s report:

I. How 2015-16 Academic Affairs Budget was created & how 2014-15 Committee participated

II. Taking a longer view: revenue trends, growth at the College, & cuts to this year’s budget

III. Unanswered questions
I. How 15-16 Budget for Academic Affairs was created

- 2014-15 College Budget: 255,494,000
- 2014-15 Academic Affairs Budget: 103,500,000
  92,600,000 recurring and 10,900,000 nonrecurring; 40.5% of total budget
- Interim Provost’s Requested Increase <3% (about 2.8M)
  College Budget +3-3.5% annually in recent years
- Interim Provost hoped for ~3% increase
- 1.5% for inflationary expenses*
- 1.5% for strategic investments

*These include operating budgets (have increased very little since 1980s) & salary increases to offset increased cost of living & allow for market/merit raises
Process for Academic Affairs, cont.

- Deans and heads of other units in Academic Affairs publicly presented requests for new funds that would meet critical needs, generate revenue.

- Fac. Sen. Budget Committee heard all requests, discussed them at length, wrote several memos.

- Before & after final budget was drafted, committee discussed budgeting principles, general recommendations, concerns w Interim Provost.

- Final decisions for C of C budget were made by President and senior leadership team, who did not discuss them with this committee.
What Academic Affairs requested

**Draft Budget Proposal**

**Potential Benefits of Fully Funded Request**

- Increase Purchasing Power of Divisional Operating Budgets
- Move the Division to More Rational Operating Budgets
- Reduce Reliance on Non-Recurring Funds for Recurring Expenses
- Add Eight New Roster Faculty (1.5% Increase)
- Add Five New Permanent Staff (1.6% Increase)
- Eliminate Four Temporary Staff (3.4% Decrease)
- Secure Net Wage Growth for Adjuncts
- Increase Faculty R&D Resources
- Enhance Faculty/Staff Development
- Increase Support for Graduate Students
- Create New Faculty Hiring Program
LCWA line [CofC begins funding an existing line]

MFA line [line for new grad program predicted to generate revenue]

4 temp-to perm conversions

Library serial cost hikes

Together, these additions cost about 300K.
College budget up from $255M to $246M, ~3.1%

- Total budget for Academic Affairs appears to be down from $103,500,000 in 14-15 to $100,747,000 in 15-16.

- As of 10.6.2015, we’ve not yet accounted for all the changes between last year’s and this year’s budgets in Academic Affairs.

Academic Affairs reports that their budget is up $1,488,000 in recurring funds and down $3,341,000 in non-recurring funds. We believe these changes include the following new expenses:

- ~500K for new scholarships, grad school abatements, and partial abatements
- ~314K for raises due to T&P and PTR
- ~187K for “cost of faculty replacements above 14-15 budgeted salaries”
- ~305K for items listed on previous slide (2 new lines, 4 conversions, library serials) as well as some shifts of non-recurring items to recurring expenses.
What happened in May: new expenses, drops in revenue

- Continued slight dip in out-of-state or nonresident (NR) applicants transferring in Spring or accepting our offer of Fall admission, although we did somewhat better this year than the past 2 years.

- Directive from external auditors: certain IT expenses (software licenses) must become recurring costs, a new budget expense, rather than continuing to pay this expense out of non-recurring funds. 427K

  [Auditors determine our credit rating & interest rates]
2014-15 Budget Committee met twice to discuss impact of shortfalls on final budget

- Met May 12; recommended to Interim Provost:
  - Ask senior leadership to shift funds for IT software costs from non-recurring to recurring over several years, rather than all in one year
  - Meet our most critical needs by using non-recurring funds for next year, until recurring funds can be found
  - Address continuing compensation issues so as not to fall farther behind (pursue goals of Fac Compensation Committee)

- Met May 27 w President & Interim Provost:
  - Conveyed concerns over this year’s results and the apparent short-changing of Academic Affairs
Further shortfalls appeared in August with “melt” of more NR students

- President requires new cuts in order to
  - replenish the enrollment reserve fund we’ve been using to offset dips in NR students
  - “right-size” the budget on the assumption that this slight decrease in NR tuition revenue will be permanent

- Recurring expenses* in 2015-16 budget will be cut by 1.5M

*Recurring costs usually include salaries for employees occupying lines, rent, & other recurring operating expenses. A recurring expense usually stays in a budget from year to year.

Non-recurring costs usually go to one-time or short-term expenses like a renovation, a consultant’s fee, etc. Non-recurring funds are sometimes included as a budget item. Non-recurring expenses are also sometimes paid out of unspent funds (for example, from vacant lines).
Academic Affairs must cut 1.055M, 70% of total cuts required

- Interim Provost keeps Budget committee updated

- Provides rationale for choosing which vacant position to cut (rationale also shared with deans)

- We’ve provided feedback on how to mitigate damage to departments unlucky enough to have positions vacant now

- We expect to provide feedback as next year’s budget is developed. Some reallocation may be advisable.
II. Long-term contexts for current situation:

State support remains very low

### College of Charleston Revenue Trends

FTEs in 1993=approximately 8,000; FTEs in 2012=over 10,000

Compiled by hand using data available in published CAFR reports. Compiled by Faculty Senate Budget Committee, May 14, 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>State Appropriations in millions</th>
<th>State appropriations in % of revenue</th>
<th>Tuition revenue in millions</th>
<th>Tuition as % of total revenue</th>
<th>Full-time tuition, in-state</th>
<th>Tuition, out-of-state</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>20.6</td>
<td>41.00%</td>
<td>19.5</td>
<td>30%</td>
<td>[data not available]</td>
<td></td>
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<tr>
<td>1993</td>
<td>21</td>
<td>32.60%</td>
<td>23.8</td>
<td>36.90%</td>
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<tr>
<td>1996</td>
<td>23.7</td>
<td>23.20%</td>
<td>33.6</td>
<td>32.90%</td>
<td>3190</td>
<td>6380</td>
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<tr>
<td>1999</td>
<td>33.4</td>
<td>25.20%</td>
<td>43.6</td>
<td>32.90%</td>
<td>3520</td>
<td>7210</td>
</tr>
<tr>
<td>2002</td>
<td>33</td>
<td>27.00%</td>
<td>47.8</td>
<td>38.40%</td>
<td>4556</td>
<td>10290</td>
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<tr>
<td>2005</td>
<td>28.8</td>
<td>18.00%</td>
<td>70.2</td>
<td>44.60%</td>
<td>6668</td>
<td>15342</td>
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<tr>
<td>2008</td>
<td>36.1</td>
<td>17.80%</td>
<td>76.8</td>
<td>43.50%</td>
<td>8400</td>
<td>20418</td>
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<tr>
<td>2009</td>
<td>27.1</td>
<td>13.10%</td>
<td>98.4</td>
<td>47.50%</td>
<td>8988</td>
<td>21846</td>
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<tr>
<td>2010</td>
<td>24.7</td>
<td>11.30%</td>
<td>108</td>
<td>49.40%</td>
<td>10314</td>
<td>23172</td>
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<tr>
<td>2011</td>
<td>19.7</td>
<td>8.70%</td>
<td>118.7</td>
<td>51.80%</td>
<td>9615</td>
<td>24330</td>
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<tr>
<td>2012</td>
<td>18.8</td>
<td>8%</td>
<td>128</td>
<td>54%</td>
<td>9918</td>
<td>25304</td>
</tr>
</tbody>
</table>
Since 1990s, College has generated much more revenue via tuition.

College has increased the size of our faculty/staff, programs, and facilities, following our Strategic Plan (adopted 2009, revised 2013).
Full and Part Time Staff increased 2009-2013
+31 FT Faculty, +181 FT Staff

Total of FT and PT faculty and staff shows major gains

Total full and part time employees

- Faculty
- Staff
Long-term trends in SC and NR student populations  
+616 SC, +2557 NR

10 Day census Fall term
from 2012 to 2014: -202 NR, +76 SC

Recent trends, including F15 enrollments

Data provided to Faculty Senate Budget Committee, 9.2.2015
College spending categories, as a percentage of total budget

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>30.20%</td>
<td>28.92%</td>
<td>30.54%</td>
<td>30.36%</td>
<td>31.21%</td>
<td>32.96%</td>
<td>32.88%</td>
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<tr>
<td>Research</td>
<td>3.18%</td>
<td>3.64%</td>
<td>3.61%</td>
<td>3.41%</td>
<td>3.98%</td>
<td>2.94%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Public service</td>
<td>0.67%</td>
<td>0.60%</td>
<td>0.63%</td>
<td>0.53%</td>
<td>2.02%</td>
<td>0.63%</td>
<td>0.62%</td>
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<tr>
<td>Academic support</td>
<td>6.05%</td>
<td>5.80%</td>
<td>6.01%</td>
<td>6.15%</td>
<td>5.16%</td>
<td>7.01%</td>
<td>7.30%</td>
</tr>
<tr>
<td>Student services</td>
<td>5.22%</td>
<td>5.17%</td>
<td>5.16%</td>
<td>5.06%</td>
<td>5.04%</td>
<td>5.24%</td>
<td>4.87%</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>13.29%</td>
<td>11.07%</td>
<td>10.20%</td>
<td>10.54%</td>
<td>9.05%</td>
<td>11.41%</td>
<td>12.96%</td>
</tr>
<tr>
<td>Institutional support</td>
<td>11.53%</td>
<td>12.17%</td>
<td>10.84%</td>
<td>10.89%</td>
<td>10.78%</td>
<td>9.47%</td>
<td>8.88%</td>
</tr>
<tr>
<td>Scholarships and fellowships (net of discounts and allowances)</td>
<td>4.14%</td>
<td>4.61%</td>
<td>5.41%</td>
<td>5.52%</td>
<td>4.27%</td>
<td>4.05%</td>
<td>3.87%</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>17.04%</td>
<td>17.51%</td>
<td>16.96%</td>
<td>16.58%</td>
<td>16.54%</td>
<td>17.02%</td>
<td>17.10%</td>
</tr>
<tr>
<td>Interest and amortization expense on capital assets and related debt</td>
<td>3.04%</td>
<td>4.00%</td>
<td>3.94%</td>
<td>4.01%</td>
<td>4.71%</td>
<td>3.65%</td>
<td>4.08%</td>
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<tr>
<td>Loss on sale or disposal of capital assets</td>
<td>0.07%</td>
<td>0.02%</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.02%</td>
<td>0.05%</td>
<td>0.04%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5.47%</td>
<td>5.49%</td>
<td>6.67%</td>
<td>6.95%</td>
<td>7.22%</td>
<td>5.57%</td>
<td>4.40%</td>
</tr>
</tbody>
</table>

Total Expenses                                    | 100.00%| 100.00%| 100.00%| 100.00%| 100.00%| 100.00%| 100.00%|

Source: C of C Comprehensive Annual Financial Report (CAFR) 2014
http://controller.cofc.edu/external-financial-reports/index.php
## College spending categories, total dollars

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>74,723</td>
<td>70,055</td>
<td>67,426</td>
<td>64,386</td>
<td>62,752</td>
<td>62,200</td>
<td>58,447</td>
<td>55,232</td>
<td>51,228</td>
<td>30.20%</td>
</tr>
<tr>
<td>Research</td>
<td>7,860</td>
<td>8,515</td>
<td>7,959</td>
<td>7,227</td>
<td>7,931</td>
<td>5,592</td>
<td>5,647</td>
<td>5,662</td>
<td>5,601</td>
<td>3.18%</td>
</tr>
<tr>
<td>Public service</td>
<td>1,661</td>
<td>1,400</td>
<td>1,122</td>
<td>1,200</td>
<td>1,172</td>
<td>1,003</td>
<td>1,050</td>
<td>1,159</td>
<td>1,202</td>
<td>0.67%</td>
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<tr>
<td>Academic support</td>
<td>14,972</td>
<td>13,051</td>
<td>13,346</td>
<td>13,742</td>
<td>13,541</td>
<td>13,081</td>
<td>12,039</td>
<td>11,022</td>
<td>11,056</td>
<td>6.05%</td>
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<tr>
<td>Student services</td>
<td>12,911</td>
<td>11,161</td>
<td>10,385</td>
<td>9,707</td>
<td>8,970</td>
<td>9,652</td>
<td>9,582</td>
<td>9,252</td>
<td>9,046</td>
<td>5.11%</td>
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<tr>
<td>Operation and maintenance of plant</td>
<td>32,897</td>
<td>28,492</td>
<td>23,917</td>
<td>23,067</td>
<td>21,943</td>
<td>18,034</td>
<td>16,713</td>
<td>14,913</td>
<td>11,430</td>
<td>5.65%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>28,768</td>
<td>24,932</td>
<td>22,317</td>
<td>20,067</td>
<td>18,163</td>
<td>15,081</td>
<td>12,435</td>
<td>10,722</td>
<td>8,183</td>
<td>5.82%</td>
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<tr>
<td>Scholarships and fellowships</td>
<td>10,233</td>
<td>10,799</td>
<td>11,935</td>
<td>11,713</td>
<td>8,515</td>
<td>7,711</td>
<td>7,276</td>
<td>7,212</td>
<td>6,794</td>
<td>4.14%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>42,169</td>
<td>41,018</td>
<td>37,455</td>
<td>35,176</td>
<td>32,603</td>
<td>32,409</td>
<td>26,568</td>
<td>24,776</td>
<td>24,087</td>
<td>13.09%</td>
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<tr>
<td>Interest and amortization expense on capital assets and related debt</td>
<td>7,532</td>
<td>9,367</td>
<td>8,690</td>
<td>8,503</td>
<td>9,388</td>
<td>6,948</td>
<td>7,267</td>
<td>7,312</td>
<td>7,048</td>
<td>3.04%</td>
</tr>
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<td>Loss on sale or disposal of capital assets</td>
<td>162</td>
<td>43</td>
<td>73</td>
<td>-</td>
<td>103</td>
<td>79</td>
<td>280</td>
<td>83</td>
<td>-</td>
<td>0.07%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>13,555</td>
<td>12,858</td>
<td>14,725</td>
<td>14,757</td>
<td>14,373</td>
<td>10,621</td>
<td>8,269</td>
<td>6,352</td>
<td>5,793</td>
<td>5.47%</td>
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<tr>
<td>Total Expenses</td>
<td>$ 247,443</td>
<td>$ 234,173</td>
<td>$ 220,728</td>
<td>$ 212,696</td>
<td>$ 199,288</td>
<td>$ 190,414</td>
<td>$ 187,682</td>
<td>$ 159,824</td>
<td>$ 151,381</td>
<td>100.00%</td>
</tr>
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</table>

Source: College of Charleston Comprehensive Annual Financial Reports.

Source: C of C Comprehensive Annual Financial Report (CAFR) 2014

http://controller.cofc.edu/external-financial-reports/index.php
Revenues & costs as % of budget, 05-14

Revenues: State support went from 18% of the budget in 2005 to 8% in 2014. Tuition revenues went from 45% to 55%.

Costs: Instructional costs went from 33% of the budget to 30%. Research costs stayed around 3%.
III. Some unanswered questions

- Why is Academic Affairs, whose budget is around 40% of the total College budget, now being asked to take 70% of the cuts?

- What is the basis for continued increases to budgets in other units?
This year, IT’s recurring funding increased to cover software costs that were previously covered with non-recurring funds. Doesn’t this free up some non-recurring funds for other uses?

Athletics had a shortfall of 1,432,000 in 2012-13 and a 547,000 shortfall in 2013-14.* How were these shortfalls handled?


Two related questions: The Athletics fee is over $1200 annually, about 11.4% of students’ overall cost. What are the main benefits this fee brings to our students? Could these benefits be provided at a lower cost?
Unanswered questions, cont.

- How will Academic Affairs’ budget requests be treated in future years? Will Academic Affairs’ portion of the C of C budget be diminished further?
- How is the performance of other C of C units assessed, and how will this assessment affect the funding they receive?
- Will principles of shared governance and transparency apply to President McConnell’s budget planning in the future? How will the Faculty Budget committee participate?
We welcome additional information and perspectives on the College’s revenues, expenses, and budgeting process.

Stay tuned.