Budgeting for Success
One College at a Time

February 3, 2015
COE depends on the overall success of the UA!
COE is a small player on the UA Campus

We contribute disproportionately to graduate education

But we are also far below average on the research return

In comparison College of Science has 22.4% of RCM Revenue Allocation
The College is not abundantly rich!

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sources</th>
<th>Uses</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>20,595,422</td>
<td>18,883,434</td>
<td>2,912,442</td>
</tr>
<tr>
<td>2010</td>
<td>25,236,529</td>
<td>24,090,843</td>
<td>3,116,850</td>
</tr>
<tr>
<td>2011</td>
<td>27,434,406</td>
<td>25,867,395</td>
<td>3,302,036</td>
</tr>
<tr>
<td>2012</td>
<td>24,439,673</td>
<td>25,526,107</td>
<td>4,768,144</td>
</tr>
<tr>
<td>2013</td>
<td>25,442,999</td>
<td>28,472,332</td>
<td>1,252,081</td>
</tr>
<tr>
<td>2014</td>
<td>24,272,396</td>
<td>25,440,071</td>
<td>182,487</td>
</tr>
</tbody>
</table>
How do we strengthen our Financial Health

• We need to grow!
  • Know the market: grow UG and Grad programs in new markets
  • Seek collaborations: compete for larger grants with higher facility & admin returns

• The University as a whole needs to grow!
  • Stealing students from other departments does not grow the pot of $
  • A 2% tuition hike may not always be possible
Our UG SCH and Major enrollment directly affect the COE bottom line

Opportunities
• L3 – expansion
• ACE minor – expansion
• ASL expansion
• New non-teaching major?

Vulnerabilities
• EDP200 non - COE major loss due to change in pre-nursing
• Uncertainties of Leadership minor
• Loss of Teacher Ed students

Annual steady growth of 2%
Increase SCH by 240/semester
+ Increase Majors by 18/semester

Gap $2 million!
e. g. Current freshmen enrollment down by 8%
## Faculty Salary Breakdown for FY2014

### Faculty Salary Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Teaching – 40%/80%</th>
<th>Research – 40%/0%</th>
<th>Service – 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty (Tenure stream)</td>
<td>$2,134,751</td>
<td>$2,134,751</td>
<td>$1,067,375</td>
</tr>
<tr>
<td>Faculty of Practice</td>
<td>$1,491,656</td>
<td></td>
<td>$372,914</td>
</tr>
<tr>
<td>Adjuncts/Instructors</td>
<td>$238,583 (grad) + UG</td>
<td>$2,134,751</td>
<td>$1,440,289</td>
</tr>
<tr>
<td>Total</td>
<td>$3,864,990</td>
<td>$2,134,751</td>
<td>$1,440,289</td>
</tr>
</tbody>
</table>

Actual expense: $7.4 million

### Actual Income (salary release – excluding summer salaries)

<table>
<thead>
<tr>
<th>Category</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grad</td>
<td>$4,264,512</td>
</tr>
<tr>
<td>UG</td>
<td>$7,319,284</td>
</tr>
</tbody>
</table>

Total income: $11,583,800

After tax $8.3 million
Faculty FTE has been climbing significantly

Over the last four years
- Staff has decreased by 9%
- TA/GAs has decreased by 30%
- Faculty has increased by 51% (largely due to non-tenured faculty)
For COE Teaching is our Livelihood

SCH taught in FY2014 (including summer)

<table>
<thead>
<tr>
<th></th>
<th>Av</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure-Stream of Practice</td>
<td>175</td>
<td>17</td>
<td>504</td>
</tr>
<tr>
<td>Grad Assistants</td>
<td>153</td>
<td>6</td>
<td>894</td>
</tr>
<tr>
<td>Adjuncts/Instructors</td>
<td>142</td>
<td>2</td>
<td>1281</td>
</tr>
</tbody>
</table>

Low enrollment classes hurt the bottom line of the entire College of Education
Balancing the Budget
Back of the Envelop Calculation for FY15

- Undergraduate (for entire Campus)
  - $1,248/major
  - $282/SCH
  - Taxation ~ 30%

- Graduates (COE specific)
  - $3,420/major
  - $196/SCH
  - Taxation ~ 14% (over total tuition~32%)

- F&A (Indirect cost return)
  - Return to College ~37% of F&A

Earn in Year 1
Reap benefit Year 2
Summary

• RCM is a budgeting tool – it does not create new money
• COE teaching loads translates into $ distribution
  • Totals for SCH and number of majors matter – we need to grow to avoid bankruptcy
• Research: the F&A rates on grants matter - full F&A have a bigger effect on the money returned to COE, low F&A rates actually hurt
• COE depends on the financial health of the University