

University of Guam
 FY12 Budget and Strategic Financial Planning: Approach and Assumptions
 FY09-FY13

Draft

1. Creation of FY 2012 Budget and Strategic Financial Planning
 - a. Strategic Initiatives and Assumptions - Driven Approach
 - b. Integration of 5-year strategic plan and budgets, and 2-year budget submittal for stability and financial planning
 - c. Content
 - FY 2009 Actual
 - FY 2010 Actual
 - FY 2011 Budget
 - FY 2012 Capital, Personnel Forecast, and High Priority / Strategic Initiatives
 - FY 2013 Capital, Personnel Forecast, and High Priority / Strategic Initiatives

2. Process & Budget Call
 - a. President-formulate budget assumption & approach
 - b. VPs budget priority meetings
 - c. Budget retreat - Dec 13 (8-12, LG Bldg)
 - d. Build budgets: GO, NAF, Aux, Capital Budgets for CER/CFR/Capital Outlay, Special Appropriations
 - e. Budget review with Faculty Senate, Admin Council, UPBAC, and BFIA
 - f. BOR review (Feb)
 - g. Submittal to Legislature (Feb 15 mandated by law)

3. Budget Assumptions - Revenue and Expenditures

	Actual FY 09	Actual FY 10	Budget FY 11	Plan FY 12	Plan FY 13
a. Revenue					
Appropriation Request (Note 1)	\$27.1M	\$27.7M	\$27.2M	\$30M	\$30M
Growth Initiatives	\$650K	1.2M			
Special Appropriations (Note 2)	\$0.6M	\$0.6M	\$0.6M	\$0.7M	\$0.7M
SFAP (Note 2)	\$2.4M	\$2.55M	\$2.55M	\$2.5M	\$2.5M
YEC (Note 2)	\$1.2M	\$1.2M	\$1.2M	\$1.2M	\$1.3M
Allotment Control (Note 1)			3%		
Enrollment - FTE-Fall (Note 3)	3,309 (2.8%)	3,541 (7%)	3,639 (2.5%)	3,730 (2.5%)	3,823 (2.5%)
Tuition - Rate (Note4)	\$173 (+10%)	\$190	\$190	?	?
Student & Course Fees (Note5)			?	?	?
Student Fees for PT (<5 Credits) (Note 5)	\$115	\$115	\$115	\$115	\$115
IAI (Note6)	\$180K	\$164K	\$200K	\$200K	\$200K
Prof & Intl Programs-(Note 7) Gross and Net revenue	\$1.7M Gross 246K Net	\$1.8M Gross 404K Net	\$1.8M Gross 61K Net \$200K to GO	PIP Targets (+10%) \$200K to GO	PIP Targets (+10%) \$200K to GO
Fed Grants & Contracts (Note 8)	\$31M	\$38M	\$40M	\$42M	\$44M
State & Private Contracts			+5%	+5%	+5%
Grants Indirect Cost (Note 9)	\$0.9M	\$1.3M	\$1.3M Est +1.5~2%	\$1.3M Est +1.5~2%	\$1.3M Est +1.5~2%
Investment Income	Inv 8.5%	Inv 8.5%	Inv 8.5%	Inv 8.5%	Inv 8.5%
Tobacco Settlement funds	Tobacco 1%	Tobacco 1%	Tobacco 1%	Tobacco 1%	Tobacco 1%
b. Expenditures					
Personnel (Note10)	\$30M	\$32.5M	\$32M	\$34M	\$35M

	Actual	Actual	Budget	Plan	Plan
	FY 09	FY 10	FY 11	FY 12	FY 13
Faculty Salary Adjustments-cum plan (Note10)	-	+0.25M faculty	?	?	?
Classified General pay plan (GPP) increase (Note 10)			\$678K	?	?
Additional Retirement Contributions(Note 10)	1% rate inc= \$0.2M	1% rate inc= \$0.2M	1% rate inc = \$0.2M	1% rate inc = \$0.2M	1% rate inc = \$0.2M
Contractual Services (Note 11)	Ins - \$712K Sodexo- \$109K	Ins - \$744 Sodexo- \$147K	Ins - \$684 Sodexo- ARRA	Ins +10%-30% Sodexo	Ins +10%-30% Sodexo
Depreciation (Note12)	\$2.6M	\$2.8M	\$2.9M	\$2.9M	\$2.9M
Supplies	+3.5%	+3.5%	0	+3.5%	+3.5%
Equipment	+3.5%	+3.5%	0	+3.5%	+3.5%
Utilities (Note 13)	\$3.7M	\$3.8M	\$3.7M	\$3.7M	\$3.7M
Accreditation and Assessment (Note 14)	Assess\$100K Accred- PIDF + Schools NAF				
UTAC & ITRC IT Initiatives (Note 15)	\$0.5M	\$0.5M	\$0.5M	UTAC	UTAC
Distance Education (Note 16)					
Productivity & Strategic Initiatives (Notes 17)					
c. Capital Revenue					
Physical Master Plan (Note 18)					
Cap. Improvement Fund& UOG Endowment (LG Bldg, SSC, Engr Sch Annex) (Note 19)	\$500k+ \$200K	\$500k+ \$200K	\$500k+ \$200K	\$500k+ \$200K	\$500k+ \$200K
CIP & CMTF (Note 20)	CMTF/CIP projects	CMTF/CIP projects	CIP projects	CIP projects	CIP projects
Fundraising (Note 21)			Foundation Board, BOR, and President targets	Foundation Board, BOR, and President targets	Foundation Board, BOR, and President targets
ARRA Projects (Note 23)					
d. Capital Expenditures					
Capital Budget-Facilities(Note22)	\$.6M	\$.6M	\$.2M	CPFO	CPFO
Capital Budget- Renovations (Note 23)			CER/CFR	CER/CFR	CER/CFR
Capital Budget PM + DM (Note24)	DM - \$180K				
Capital Budget-Library (Note25- Local App.& *Endowment Funds)	\$288k	\$288k \$203K*	\$101k	\$288k	\$375k
Capital Budget-Library (Note25- NAF)	\$160K	\$160K	\$160K	\$160K	\$160K
Capital Budget - Academic CIP (Note 26)	\$100K	\$100K	0	\$100K	\$100K
LG Bldg Debt Service/Sinking Fund (Note 27)	\$683K	\$683K	\$723K	\$723K	\$723K
Debt service for new Facilities Master Plan projects (Note 27)	\$3M	\$3M	\$3M	\$4M	\$4M

e. Auxiliary Funds (Note 28)
 FH, IAC, Dorm, Bkstore, Café, PIP, SGA,
 Health, TADEO, Planetarium, ISLA
 f. Non-Appropriated Funds (NAF)
 Note 29

Actual	Actual	Budget	Plan	Plan
FY 09	FY 10	FY 11	FY 12	FY 13
Surplus for transfer to Gen Ops				
Use Fund 10% Bal				

Notes for FY 2011

1. FY 2011 total appropriation for operations = \$27.2M. Request was \$29.7M for base budget and \$1.8M for growth initiatives. GovGuam is currently \$8.4M in arrears. Assumption is that allotments will remain flat as GovGuam cumulative deficit remains and needs to be repaid or financed over a multiple year period. Availability of military buildup investment funds is unknown.
2. Breakdown of FY11 SFAP, YEC and Special Appropriations.
 SFAP- \$2,550,670 (requested \$4.5M for both SFAP and YEC)
 YEC- \$1,238,127
 Special Appropriation \$646K:
 Aquaculture Development and Training Center - 131,846
 WERI GHS - 192,309
 WERI Water Resource Monitoring Program - 163,817
 Northern & Southern Soil and Water Conservation Program - 157,720
3. Enrollment: UOG will increase enrollment by at least 25% over 5 years. Student retention and improved customer service remains a priority.
4. Tuition: BOR 05-21: Tuition rate increase of 10% yearly for 5 years started FA05 and ended in FA09. 1% increase in tuition rate is \$170K in gross revenue per AY.
5. Need to bench mark and revisit student and course fees for academic operational expenses, where justified for student learning needs.
 Proposed IT fee increase of \$25 per semester (\$150k to assist in defraying cost of IT resources used for student learning such as additional broadband, web services, college technology coordinators, equipment replacement, etc) Current per semester fees are \$24 for computer fee and \$44 for internet fee. If additional IT requirements annually are \$1M, then need additional ~\$155 per semester of IT fees or government appropriation. Discussions are needed to review need for Distance Education fees. Need to assess impact of part-time student fees on enrollment.
6. IAI: Decline in previous fiscal years due to increasing competition from US universities with other Japanese partners. Revenue sharing is 4.5% to A &R, 15% to SPBA, \$200K building fund, balance to General Operations.
7. Professional and International Programs (PIP) consist of PDLLC, ELI, EAP, TADEO, and Planetarium. The BOR has approved the FY 11 revenue plans and targets for PIP.
8. Includes Federal and GovGuam grants and contracts. Grant targets will be given to the colleges by the SVP. 5% target growth rate each year. Recent federal grant awards include:
 *\$867K AHEC 3-year grant
 *\$370K Sea Grant Extension Program 3-year grant
 *\$401K Graduate Support grant
 *\$8M Cancer Research 5-year grant
 *\$341K Coral Reef 5-year grant
 *\$715K Green Grant

Assess viability of supporting small grants/contracts as well as any grants with minimal indirect cost revenues. Additionally, all grants/contracts should include indirect cost in budget proposal. Grants with

no indirect cost should build in support needs as direct costs. Recommend 5% - 10% of indirect to cover Business Office & infrastructure support needs.

9. Actual Indirect Cost Rates:
 - FY2005 - 65%
 - FY2006-FY2010 - 57%
 - FY2011-FY2014 - 57% on-campus, 22.5% off-campus
10. Salaries and benefits funded by GovGuam appropriations and federal matching funds. Classified general pay plan salary increases is approximately \$678K and calls for annual increments ranging from 3%-5%. Governor Calvo recinded the GPP implementation until further notice. Approximately \$233K is needed for each 1% retirement fund rate increase, which is far below the actuarial requirements.
11. Contractual Services: The Property Insurance Underwriters anticipate step change in rates due to losses and lower investment returns. Sodexo Services Guam Inc. is the resident technical advisor in Plant and Facilities for maintenance management system, training and implementation of best practices.
12. Depreciation is not currently budgeted but is a substantial expense that represents the University's annual usage of capital assets. As we proceed with consolidated financial plans and new capital investments, we must recognize this expense on an annual basis.
13. Utilities include Power, Water, Telephone, and Waste disposal. Average monthly KWH could be reduced by 10% through additional weatherization methods, conservation measures, more energy efficient air conditioners, and implementation of alternative energy at SOE, TADEO, and the CIS House #32 in Dean Circle. Solar street lights and walkway light will be completed by March 2011. Oil-fuel prices are unpredictable and hard to gauge. Currently all utility costs are absorbed by Gen Ops except for fraction of cost charged to some auxiliary units. Need to identify and correctly charge utility cost by department/unit.
14. Important for developing and benchmarking evidence in preparation for the next WASC accreditation in 2018??.
15. UTAC due to revise IT master plan and update IT budget requests.
16. Distance Education: Enrollment is averaging between 1500 to 2000 students per semester with over a hundred active classes on moodle. Guidelines have been developed on DE instructional design, course evaluation criteria, current long term and short term goals. Group actively pushing for the first full online program (MA in Reading) through WASC as well as developing 10 online courses that will go into three master level certificate programs for the region.
17. Must establish and agree priorities and realistic assessment of funding available for initiatives. Strategic Institutional Initiatives: Institutional Compliance and Safety Issues; Revenue Generation; Academic Program Quality/ Strategic Planning/Continuous Improvement; Program and Business Support

A&SA Priorities

WASC Specialized Accreditation
 Assessment
 Academic Strategic Plans

 One-stop for student support
 Graduate support
 OSP/grants admin support
 Faculty Hires
 Regional programs
 Data mgmt & support
 Distance Education

A&F Priorities

HR Capacity
 ARRA projects
 e-Works Projects
 Sodexo best practices in
 Plant and Facilities
 Maintenance Connections
 HRO reporting and workflow
 Financial Reporting / GL
 Restructure
 PIP surplus for Gen'l Ops
 Physical Master Plan

Prioritized Academic Programs
e-Works Projects

18. Revised Physical Master Plan Priorities

The attached facilities priority list below will be updated and integrated into the new physical master plan projected to be completed in early FY2012. Some of these priorities have been funded through USDA loan, ARRA, and Compact Impact.

NO.	DEPARTMENT	PROJECT	ESTIMATED COST
1	EMSS	Student Center Complex Renovation	\$11,000,000
2	ITRC and MARC (combined)	Computer Center and MARC - Extension	\$1,580,000
3	CNAS	Science Bldg Renovation/Upgrade	\$5,705,000
4	SONHS	Health-Science Building Expansion	\$8,550,000
5	CLASS	Fine Arts Complex - Renovations (less ISLA)	\$4,804,000
6	CEDDERS/ TADEO	Triton Engagement Center -New Construction	\$14,480,000
TIER 1 TOTAL			\$46,119,000
7	Marine Lab	Marine Lab - Facilities Expansion	\$1,575,100
8	Field House	Sports Complex - A. Multi-purpose Football/Soccer Field	\$1M pending funds availability
9	Administration Building	Administration Bldg - New Construction	\$4,060,000
10	EMSS	Dorm III (Gumata) Student Housing - New Construction	\$13,008,250
11	Maintenance Shop	Maintenance Shop Expansion	\$500,000
TIER 2 TOTAL			\$20,143,350
12	CNAS	GADTC Hatchery Building - Renovation	\$850,000
13	Marine Lab	Marine Lab - Facilities Construction	\$4,000,000
14	Field House	Sports Complex - D. Other Courts (Tennis, Basketball, Volleyball)	\$531,576
15	MARC	MARC Extension	\$1,000,000
16	CLASS	ISLA - Dean Circle Renovation	\$396,000
17	Field House	Sports Complex - C. Practice Soccer/Softball Field	\$1,058,874
18	Field House	Sports Complex - B. Baseball Field	\$1,498,560
19	WERI	New WERI Bldg	\$1,596,000
20	Field House	Field House Expansion by wing enclosures	\$5,850,884
21	MARC	MARC 10,000 sq ft Extension	\$2,496,000
22	LRC	Tan Sui Lin Bldg - Additional 3d Floor for library	\$1,152,000
23	Marine Lab	Renovate Marine Lab returned space from WERI	\$2,792,000
24	Marine Lab / WERI	Marine Lab/WERI Staff Housing Visitor's center	\$482,000
TIER 3 TOTAL			\$23,703,894
TIER 1, 2, 3, GRAND TOTAL			\$89,966,244

19. PL: 26-58 -LG Bldg Capital Improvement Fund. Interest, principal and sinking fund payments have begun. GovGuam is current with CIP funds. PL30-201 approved debt service for the Student Services Center, Engineering School Annex, and refinancing of the LG Bldg. USDA Loan is pending approval.

20. CIP activities will be focused on the usual AC issues. ARRA will cover much of the structural/facility issues but is not expected to relieve UOG of all the AC equipment issues.

21. Fundraising: Endowment Foundation. Funding projects in the Physical Master Plan will be part of the fundraising priority effort.

22. Capital Budget: Recommend 2% of total building cost to be used for capital outlay and building maintenance. VPAF and Comptroller will establish Capital Equipment Reserve and Capital Facilities Reserves as per BOR Resolution 08-41.

- 23. ARRA funding (USDOE = \$17M / EPA SEP = \$1.75M) will help in capacity building. Units will need to plan next steps for this area based on their updated strategic plan.
- 24. General Operations budget and Campus Maintenance account fund are being used for identified maintenance projects.
- 25. \$500K total per BOR Resolution 00-10 (funding will be a combination of operations and NAF). The RFK library will explore moving into replacing acquisitions with electronic versions given the current funding constraints and trends in library holdings of other peer institutions. Partnerships with California, Hawaii, etc should be explored.
- 26. To be developed by SVP in conjunction with AOC, includes ITRC computer ops for academic support, computer labs, and college equipment needs greater than \$5K.

27. Debt service for Capital Projects

Debt Service	2009	2010	2011	future
PMP Bond	2,027,490	2,027,924	2,028,000	2,028,000
LG Building	607,500	607,500	648,000	648,000
LG Building Reserve	75,000	75,000	75,000	75,000
Student Services Center				913,000
Engineering School Annex				182,000
Administration Building				95,097
MARC Extension				53,670
Fieldhouse Gym Floor				145,593
Sports Complex				130,878
Total	2,709,990	2,710,424	2,751,000	4,271,238

- 28. Targets for Auxiliary funds (after coverage of direct costs and renovations allocation):
Selected Auxiliary funds will be charged a Facilities and Administration cost share fee.

Bookstore	50,000	Fieldhouse / IAC	50,000
ISLA	10,000	Student Health	10,000
PIP	200,000	Student Housing	50,000

- 29. Use of fund balance is dependent on cash availability and creation of reserve accounts as per BOR Resolution 08-41. Facilities and Administrative cost share fee of 4% (fund 24), 5% (fund 23), and 15% (entrepreneurial activities) first implemented in FY10.