

Executive Summary

Introduction

The reports presented in this book represent the operating budget for all four divisions of the Auburn University System for FY 2013-14. The numbers are estimates of anticipated sources of revenues and uses of those revenues for the fiscal year. The budget is a reflection of the University's plan to meet the strategic objectives recognized by the President and Board of Trustees in furtherance of the core mission of instruction, research, and public service. The reports are presented in multiple formats in order to give different perspectives of the same information as well as provide management with various tools with which to report on financial performance.

Operating Budget Highlights

The University is continuing a trend to improve permanent salaries of employees by allocating 2% on base-budgeted salaries for FY 2013-14. Through the re-prioritization of funds available at the local level, the average merit-based increase for employees is approximately 2.7%. In addition to merit-based employee raises, the University is budgeting funds for both faculty and staff promotions. The University has also budgeted funds to pay a one-time, merit-based supplement in December. The total allocated for personnel costs in the budget for FY 2013-14 represents about 80% of new budget allocations.

Through the re-prioritization of existing funds, the University was able to restore some permanent funding to deferred maintenance needs. Annual allocations to deferred maintenance had been reduced to less than \$5 million per year due to large cuts in state appropriations. In addition, academic programs were another major focus for this budget, as additional uncommitted funds were allocated to the Provost for the first time since 2008 to fund continuing needs of the academic mission.

The University's budget will be \$1.054 billion, split amongst the four divisions shown in **Figure 1**.

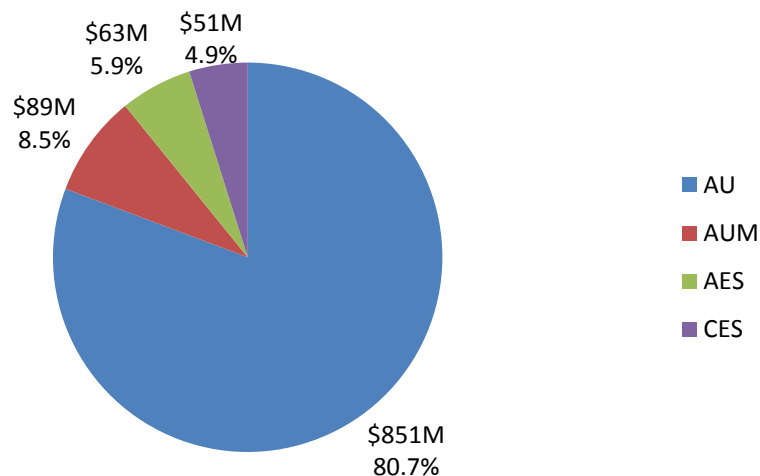


Figure 1: Auburn University Budget by Division

The University classifies its budget into three fund types for revenue and expenditures: unrestricted, auxiliary, and restricted. Unrestricted funds are typically operating and recurring. The major revenue streams for this category of funding are tuition and fees and state appropriations. Auxiliary fund units are self-supporting and provide services to students, employees, and the University community. Examples of auxiliary units are Athletics, the University Bookstore, Housing, Dining, and Parking and Transit. Restricted funds are termed such because there are restrictions placed on the use of the funds by external sources. Restricted funds are provided for a specific purpose, and the most common sources of revenue in this category are gifts, contracts, and grants. As shown in **Figure 2**, the majority of the University’s funding falls into the unrestricted category.

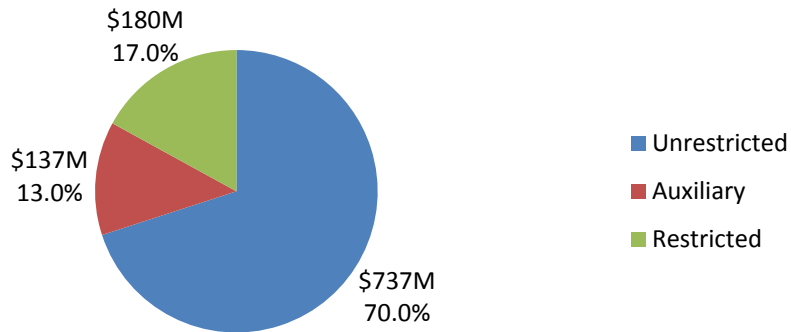


Figure 2: Auburn University Budget by Funding Category

Revenues

State appropriations have risen slightly over the prior year (approximately 1.8%) and are expected to be \$243 million; however FY 2013-14 is \$94 million less than FY 2007-08 as illustrated in **Figure 3**. Marked increases in state appropriations will be limited due to the implementation of the Rolling Reserve Act of 2011 that bases the total allocable amount of the Education Trust Fund on a 15-year average of increases.

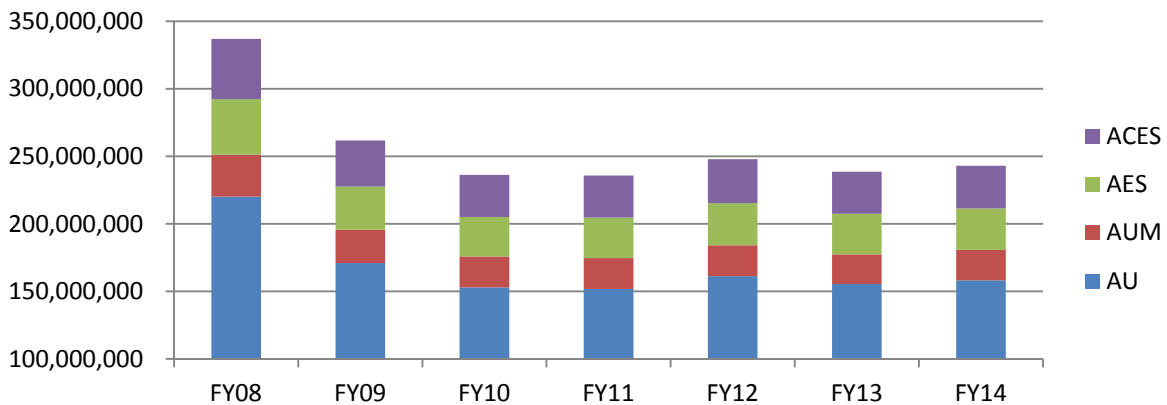


Figure 3: History of State Appropriations

At the April 12, 2013 meeting of the Board of Trustees, tuition increases were approved at both Auburn-Main Campus and Auburn-Montgomery. The change in tuition rates at Auburn-Main Campus is an average 4.5% increase, while the Auburn-Montgomery change in tuition is an increase in rates of 8%. The tuition changes coupled with relatively flat state appropriations continues a trend of a widening gap between the two major sources of funding for the unrestricted budget of the University illustrated with **Figures 4 & 5**.

In FY 2013-14, gross tuition and fees are expected to represent 63% of the total unrestricted operating revenue for the Auburn-Main Campus and state appropriations will represent only 26%.

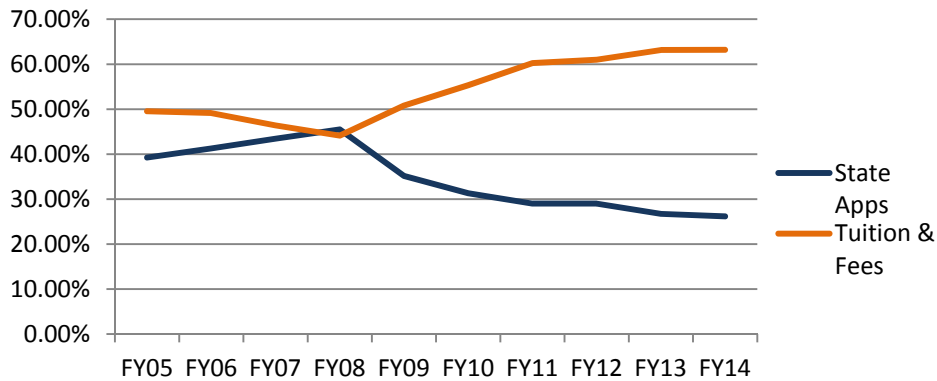


Figure 4: State Apps vs. Gross Tuition & Fees in Unrestricted Budget: Auburn-Main Campus

At Auburn-Montgomery, the difference between the two is smaller with gross tuition and fees being 54% of the unrestricted operating revenue and state appropriations will represent 33%.

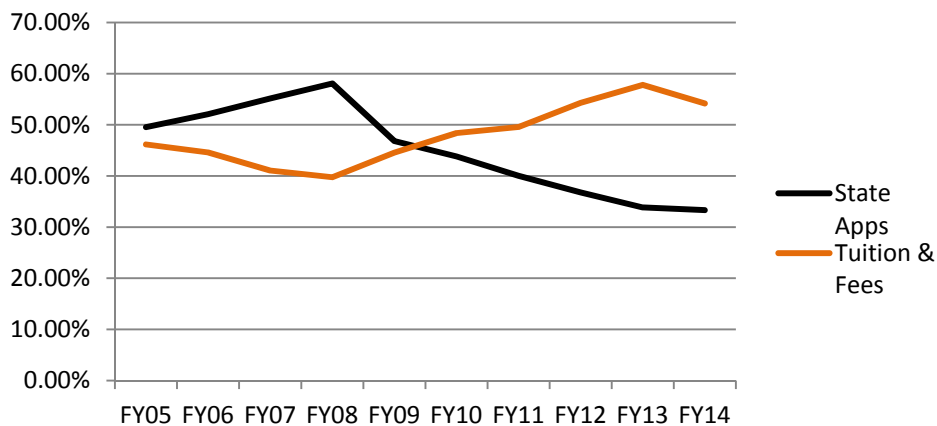


Figure 5: State Apps vs. Gross Tuition & Fees in Unrestricted Budget: Auburn-Montgomery

The University has multiple revenue sources, but state appropriations and tuition make up over 62% of the total estimated budget for FY 2013-14.

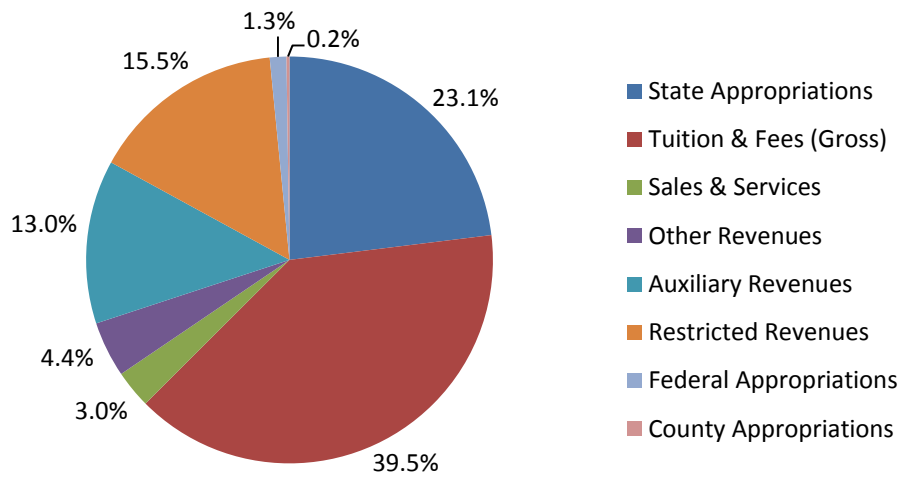


Figure 6: Total Revenue for the Auburn University System

Expenditures

The University builds its operating budget expenditures into three major object classifications: Salaries & Wages, Employee Benefits, and Operations & Maintenance. The classification of Operations & Maintenance includes debt service, utilities, institutional transfers, scholarships, waivers, and normal operational expenses of departments. As indicated above, the University did allocate resources to fund both a permanent salary increase and a one-time supplement for Fiscal Year 2013-14. The breakdown of expenditures by object is illustrated with **Figure 7**.

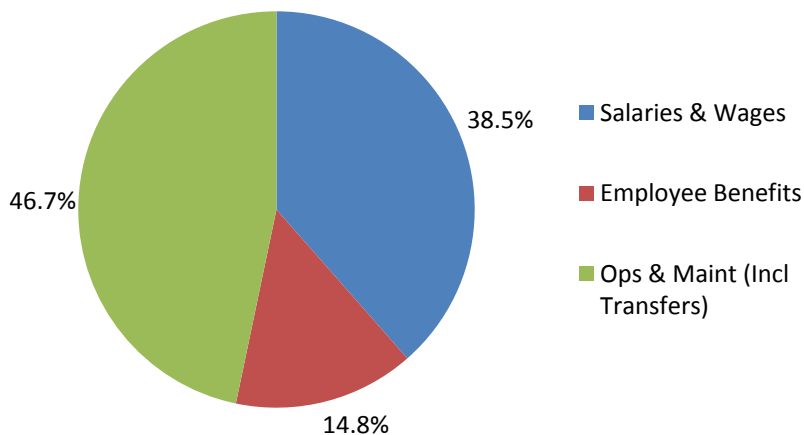


Figure 7: Auburn University Expenditures by Object

Another way in which expenditures can be grouped is by function. **Figure 8** gives the breakdown by function for the University. The three core functions of the institution (Instruction, Research, & Public Service) constitute 61% of the total expected expenditures for FY 2013-14.

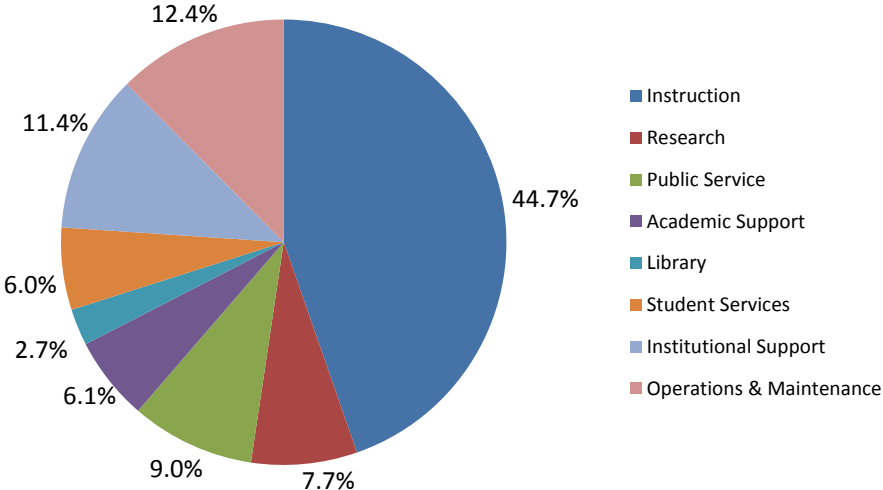


Figure 8: Auburn University Expenditures by Function

AUBURN UNIVERSITY - ALL DIVISIONS
SUMMARY OF BUDGETED REVENUES & EXPENDITURES
BY FUNCTION & OBJECT

	AU-MAIN CAMPUS DIV 1	AUM DIV 2	AAES DIV 3	ACES DIV 4	2013-2014 BUDGET COMBINED TOTAL
AUBURN UNIVERSITY					
REVENUES BY SOURCE					
CURRENT FUNDS					
State Appropriations	\$ 158,179,798	22,557,727	30,422,954	31,821,552	242,982,031
Tuition	217,149,208	35,110,109			252,259,317
Special Fees	61,308,200	1,565,525			62,873,725
General Fund Scholarships	46,295,330				46,295,330
Student Fee Waivers	54,650,000				54,650,000
Other Income	64,703,050	8,468,545	5,034,000		78,205,595
TOTAL UNRESTRICTED FUNDS	602,285,586	67,701,906	35,456,954	31,821,552	737,265,998
Auxiliary Enterprises	128,479,392	8,640,140			137,119,532
Restricted Funds	120,000,000	12,778,330	27,431,864	19,351,603	179,561,797
TOTAL AUBURN UNIVERSITY	\$ 850,764,978	89,120,376	62,888,818	51,173,155	1,053,947,327
EXPENDITURES BY FUNCTION					
CURRENT FUNDS					
Instruction	\$ 236,579,591	27,772,133			264,351,724
Research	19,029,217	210,894	26,247,212		45,487,323
Public Service	16,844,880	5,203,159		31,189,302	53,237,341
Academic Support	27,996,912	4,361,162	3,732,916		36,090,990
Library	13,716,441	2,011,630			15,728,071
Student Services	29,861,312	5,489,045			35,350,357
Institutional Support	54,930,619	11,947,381	570,220	632,250	68,080,470
Operations & Maintenance	61,211,334	7,490,854	4,906,606		73,608,794
Scholarships & Tuition Waivers	100,945,330	3,215,648			104,160,978
Transfers	41,169,950				41,169,950
TOTAL UNRESTRICTED FUNDS	602,285,586	67,701,906	35,456,954	31,821,552	737,265,998
Auxiliary Enterprises	128,479,392	8,640,140			137,119,532
Restricted Funds	120,000,000	12,778,330	27,431,864	19,351,603	179,561,797
TOTAL AUBURN UNIVERSITY	\$ 850,764,978	89,120,376	62,888,818	51,173,155	1,053,947,327
EXPENDITURES BY OBJECT					
Salaries & Wages	\$ 308,838,550	41,845,862	27,143,931	27,646,856	405,475,199
Employee Benefits	124,844,512	11,867,091	7,808,491	10,999,801	155,519,895
TOTAL PERSONNEL COSTS	\$ 433,683,062	53,712,953	34,952,422	38,646,657	560,995,094
Maintenance (includes transfers)	\$ 417,081,916	35,407,423	27,936,396	12,526,498	492,952,233
TOTAL MAINTENANCE COSTS	\$ 417,081,916	35,407,423	27,936,396	12,526,498	492,952,233
TOTAL 2013-2014 BUDGET BY OBJECT	\$ 850,764,978	89,120,376	62,888,818	51,173,155	1,053,947,327

AUBURN UNIVERSITY
COMPARATIVE SUMMARY OF BUDGETED REVENUES & EXPENDITURES

	FY2014	FY2013	% CHANGE
AUBURN UNIVERSITY MAIN CAMPUS			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 158,179,798	\$ 155,480,569	1.74%
Tuition	217,149,208	210,044,681	3.38%
Special Fees	61,308,200	58,617,800	4.59%
General Fund Scholarships	46,295,330	46,295,330	0.00%
Student Fee Waivers	54,650,000	52,400,000	4.29%
Other Income	64,703,050	58,948,780	9.76%
TOTAL UNRESTRICTED FUNDS	602,285,586	581,787,160	3.52%
Auxiliary Enterprises	128,479,392	116,472,206	10.31%
Restricted Funds	120,000,000	120,000,000	0.00%
TOTAL AUBURN UNIVERSITY	\$ 850,764,978	\$ 818,259,366	3.97%
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 236,579,591	\$ 226,569,866	4.42%
Research	19,029,217	18,436,723	3.21%
Public Service	16,844,880	12,340,331	36.50%
Academic Support	27,996,912	27,025,040	3.60%
Library	13,716,441	13,510,533	1.52%
Student Services	29,861,312	28,904,469	3.31%
Institutional Support	54,930,619	54,165,048	1.41%
Operations & Maintenance	61,211,334	60,348,270	1.43%
Scholarships & Tuition Waivers	100,945,330	98,695,330	2.28%
Transfers	41,169,950	41,791,550	-1.49%
TOTAL UNRESTRICTED FUNDS	602,285,586	581,787,160	3.52%
Auxiliary Enterprises	128,479,392	116,472,206	10.31%
Restricted Funds	120,000,000	120,000,000	0.00%
TOTAL AU-MAIN CAMPUS	\$ 850,764,978	\$ 818,259,366	3.97%

**AUBURN UNIVERSITY
COMPARATIVE SUMMARY OF BUDGETED REVENUES & EXPENDITURES**

	<u>FY2014</u>	<u>FY2013</u>	<u>% CHANGE</u>
AUBURN UNIVERSITY AT MONTGOMERY			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 22,557,727	\$ 21,947,665	2.78%
Tuition	35,110,109	35,110,109	0.00%
Student Fees and Charges	1,565,525	2,390,525	-34.51%
Other Income	8,468,545	5,418,380	56.29%
TOTAL UNRESTRICTED FUNDS	<u>67,701,906</u>	<u>64,866,679</u>	4.37%
Auxiliary Enterprises	8,640,140	7,967,891	8.44%
Restricted Funds	12,778,330	12,778,330	0.00%
TOTAL AUBURN UNIVERSITY AT MONTGOMERY	<u>\$ 89,120,376</u>	<u>\$ 85,612,900</u>	4.10%
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 27,772,133	\$ 26,221,149	5.92%
Research	210,894	148,635	41.89%
Public Service	5,203,159	4,603,389	13.03%
Academic Support	4,361,162	4,175,217	4.45%
Library	2,011,630	2,314,479	-13.08%
Student Services	5,489,045	5,357,149	2.46%
Institutional Support	11,947,381	11,271,488	6.00%
Operations & Maintenance	7,490,854	7,751,426	-3.36%
Scholarships & Tuition Waivers	3,215,648	3,023,747	6.35%
TOTAL UNRESTRICTED FUNDS	<u>67,701,906</u>	<u>64,866,679</u>	4.37%
Auxiliary Enterprises	8,640,140	7,967,891	8.44%
Restricted Funds	12,778,330	12,778,330	0.00%
TOTAL AUBURN UNIVERSITY AT MONTGOMERY	<u>\$ 89,120,376</u>	<u>\$ 85,612,900</u>	4.10%
AGRICULTURAL EXPERIMENT STATION			
REVENUES	<u>\$ 62,888,818</u>	<u>\$ 62,577,241</u>	0.50%
EXPENDITURES	<u>\$ 62,888,818</u>	<u>\$ 62,577,241</u>	0.50%
COOPERATIVE EXTENSION SYSTEM			
REVENUES	<u>\$ 51,173,155</u>	<u>\$ 50,388,139</u>	1.56%
EXPENDITURES	<u>\$ 51,173,155</u>	<u>\$ 50,388,139</u>	1.56%
TOTAL ALL DIVISIONS	<u>\$ 1,053,947,327</u>	<u>\$ 1,016,837,646</u>	3.65%

AUBURN UNIVERSITY
2013-2014 STATE APPROPRIATIONS
DIVISION SUMMARY
Per Bill HB166 (Act 2013-264)

	2013-2014 STATE APPROPRIATIONS	2013-2014 DECREASE	2013-2014 % DECREASE
DIVISION 1 (MAIN CAMPUS)	\$157,956,534 *	\$2,699,229	1.74%
DIVISION 2 (AUM)	\$22,557,727 *	\$610,062	2.78%
DIVISION 3 (AAES)	\$30,422,954 *	\$427,361	1.42%
DIVISION 4 (ACES)	<u>\$31,821,552 *</u>	<u>\$644,199</u>	2.07%
TOTAL	<u><u>\$242,758,767</u></u>	<u><u>\$4,380,851</u></u>	1.84%

*Includes Earmarked Items & Excludes Teacher In Serv Ctr

	2012-2013 BUDGETED APPROP*	2013-2014 INC/(DEC)	2013-2014 STATE APPROP	% INC/(DEC)
DIVISION 1 (MAIN CAMPUS)				
State Appropriations	153,657,305	2,189,229	155,846,534	1.42%
Earmarked	<u>1,600,000</u>	<u>510,000</u>	<u>2,110,000</u>	
Subtotal	155,257,305	2,699,229	157,956,534	1.74%
Teacher In Service Center	<u>223,264</u>	<u>0</u>	<u>223,264</u>	
TOTAL DIV 1 STATE APPROPRIATIONS	<u><u>155,480,569</u></u>	<u><u>2,699,229</u></u>	<u><u>158,179,798</u></u>	1.74%

DIVISION 2 (AUM)				
State Appropriations	21,832,750	311,062	22,143,812	1.42%
Earmarked	<u>114,915</u>	<u>299,000</u>	<u>413,915</u>	
TOTAL DIV 2 STATE APPROPRIATIONS	<u><u>21,947,665</u></u>	<u><u>610,062</u></u>	<u><u>22,557,727</u></u>	2.78%

DIVISION 3 (AAES)				
State Appropriations	29,745,593	427,361	30,172,954	1.44%
Earmarked	<u>250,000</u>	<u>0</u>	<u>250,000</u>	
TOTAL DIV 3 STATE APPROPRIATIONS	<u><u>29,995,593</u></u>	<u><u>427,361</u></u>	<u><u>30,422,954</u></u>	1.42%

DIVISION 4 (ACES)				
State Appropriations	31,177,353	644,199	31,821,552	2.07%
Earmarked	<u>0</u>	<u>0</u>	<u>0</u>	
TOTAL DIV 4 STATE APPROPRIATIONS	<u><u>31,177,353</u></u>	<u><u>644,199</u></u>	<u><u>31,821,552</u></u>	2.07%

**AUBURN UNIVERSITY
TOTAL BUDGET INCREASE
BY DIVISION**

	FY2014 TOTAL BUDGET	FY2013 TOTAL BUDGET	% INCREASE
DIVISION 1 (MAIN CAMPUS)	\$850,764,978	\$818,259,366	3.97%
DIVISION 2 (AUM)	\$89,120,376	\$85,612,900	4.10%
DIVISION 3 (AAES)	\$62,888,818	\$62,577,241	0.50%
DIVISION 4 (ACES)	<u>\$51,173,155</u>	<u>\$50,388,139</u>	<u>1.56%</u>
TOTAL	<u><u>\$1,053,947,327</u></u>	<u><u>\$1,016,837,646</u></u>	<u><u>3.65%</u></u>

**AUBURN UNIVERSITY
STATE APPROPRIATIONS/TOTAL BUDGET
BY DIVISION**

	STATE APPROP	TOTAL BUDGET	ST APPR/BUDGT
DIVISION 1 (MAIN CAMPUS)	\$158,179,798 *	\$850,764,978	18.59%
DIVISION 2 (AUM)	\$22,557,727 *	\$89,120,376	25.31%
DIVISION 3 (AAES)	\$30,422,954 *	\$62,888,818	48.38%
DIVISION 4 (ACES)	<u>\$31,821,552 *</u>	<u>\$51,173,155</u>	<u>62.18%</u>
TOTAL	<u><u>\$242,982,031</u></u>	<u><u>\$1,053,947,327</u></u>	<u><u>23.05%</u></u>

*Includes Earmarked Items & Includes Teacher's In Service

**AUBURN UNIVERSITY
TUITION/TOTAL BUDGET
BY DIVISION**

	TUITION	TOTAL BUDGET	TUITION/BUDGT
DIVISION 1 (MAIN CAMPUS)	\$379,402,738	\$850,764,978	44.60%
DIVISION 2 (AUM)	\$36,675,634	\$89,120,376	41.15%
DIVISION 3 (AAES)		\$62,888,818	0.00%
DIVISION 4 (ACES)		<u>\$51,173,155</u>	<u>0.00%</u>
TOTAL	<u><u>\$416,078,372</u></u>	<u><u>\$1,053,947,327</u></u>	<u><u>39.48%</u></u>

History of Proration at Auburn University

<u>Year</u>	<u>% Proration</u>	<u>Appropriations in ETF Bill</u>	<u>Appropriations Received</u>	<u>Amount of Annual Proration</u>
1978-79	2.9246%	53,974,236	52,395,704	1,578,532
1979-80	5.3740%	53,974,236	51,073,642	2,900,594
1980-81	3.4838%	61,672,000	59,523,469	2,148,531
1985-86	4.2133%	103,632,291	99,344,799	4,287,492
1990-91	6.5000%	128,606,632	120,249,633	8,356,999
1991-92	3.0000%	123,924,714	120,065,785	3,858,929
2000-01	6.2000%	186,404,357	174,847,286	11,557,071
2008-09	11.0000%	294,034,961	261,691,096	32,343,865
2009-10	9.5000%	261,002,790	236,212,711	24,790,079
2010-11	3.0000%	243,014,579	235,724,142	7,290,437