

# Executive Summary

## **Introduction**

The reports presented in this book represent the operating budget for all four divisions of the Auburn University System for FY 2014-15. 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**

In order to more accurately reflect the total budget of the University, the prior year budget is restated to focus on an all-funds approach to budgeting. The expenditures associated with restricted revenues, as well as with the recovery of indirect costs are reflected at the individual unit level.

As it has done in recent fiscal years, the University allocated a pool of 2% on base-budgeted salaries towards permanent salary increases. Each unit was given the authority to supplement the allocation by re-prioritizing existing funds, resulting in an average merit increase of 2.5%. 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. This two-phase method of salary improvements has given the University a greater ability to enhance salaries while limiting the annual permanent costs towards those increases. The total amount for additional budget allocations for personnel costs for FY 2014-15 is approximately \$15 million.

When state appropriations reached low points in FY10 and FY11, a plan was implemented to reduce the University's deferred maintenance allocation in order to meet other strategic objectives. With a long term plan to increase deferred maintenance to a reasonable level, the University again increased its allocation by another \$2.5 million for FY 2014-15, doubling its allocation for deferred maintenance over the last 2 years. The University had several operation and maintenance obligations for which it allocated funds for the FY 2014-15 budget. New building space on campus as well as an overall increase to utilities resulted in an allocation of approximately \$2.5 million.

The University made a major investment in its academic programs by allocating approximately \$3 million to the Provost, largely to help with core curriculum instruction, precipitated by an increase in the freshman class. Overall the University's proposed budget is \$1.125 billion, which will be split amongst the four budgetary divisions as illustrated in **Figure 1**.

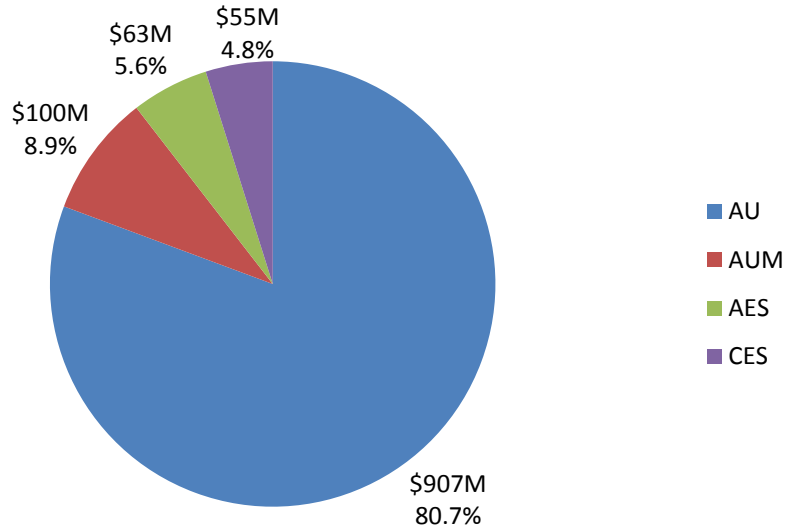


Figure 1: Auburn University Budget by Division

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.

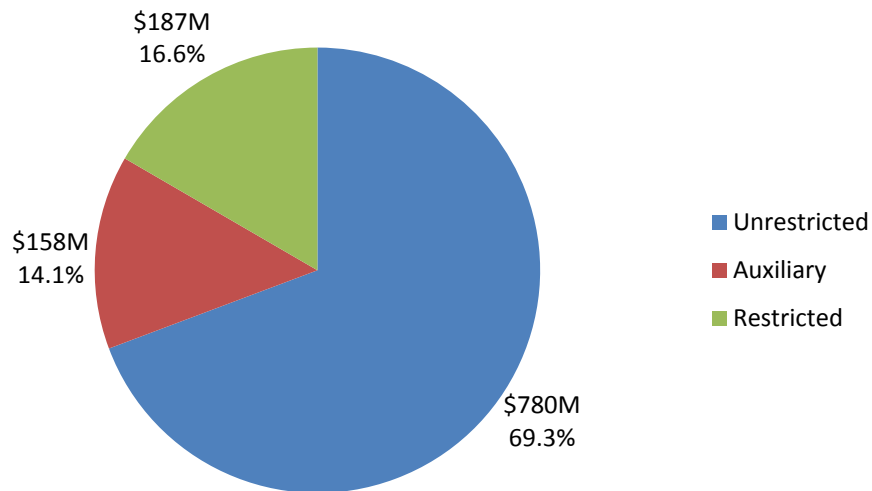


Figure 2: Auburn University Budget by Funding Category

## Revenues

State appropriations have risen slightly over the prior year (approximately 1%) and are expected to be \$245.5 million; however FY 2014-15 is \$91.5 million less than FY 2007-08 as illustrated in **Figure 3**. The forecast for substantial increases in any given year is limited by the Rolling Reserve Act, which was adopted by the state legislature in 2011, and is more likely to trend level in the near future.

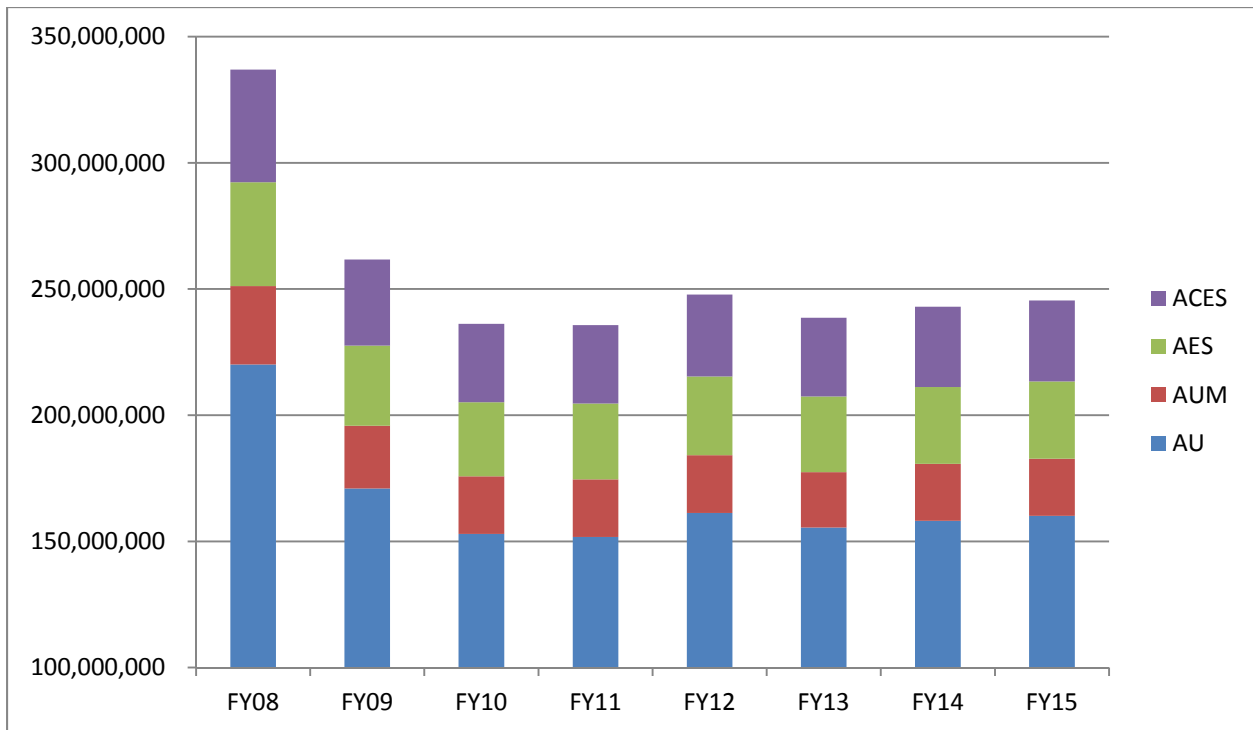


Figure 3: History of State Appropriations

At the April 11, 2014 meeting of the Board of Trustees, tuition & fee increases were approved at both Auburn-Main Campus and Auburn-Montgomery. The change in tuition & fee rates at Auburn-Main Campus is an average 3.7% increase (4% per credit hour), while the Auburn-Montgomery change in tuition & fees is an increase in rates of 4.25%. At Auburn-Main Campus, an increase in the freshmen class size over prior years has resulted in net tuition above what was planned in the budget process. This increased tuition is not allocated to permanent commitments in the FY15 year, but rather will be available for one-time needs in FY15 and for consideration to permanent commitments in FY16.

The University has multiple revenue sources, but state appropriations and tuition make up over 61% of the total estimated budget for FY 2014-15.

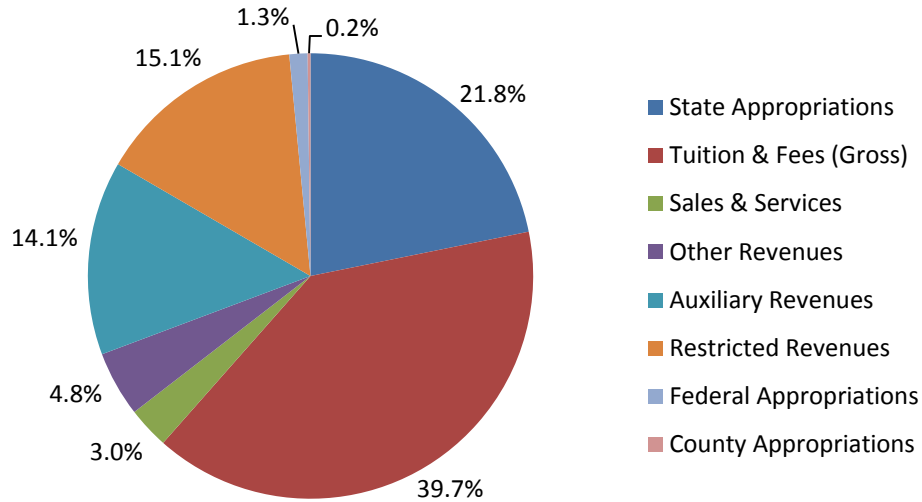


Figure 4: Total Revenue for the Auburn University System

### Expenditures

The University builds its operating budget expenditures into four major object classifications: Salaries & Wages, Employee Benefits, Operations & Maintenance, and Student Aid. The classification of Operations & Maintenance includes debt service, utilities, institutional transfers, and normal operational expenses of departments. Student Aid consists of scholarships and tuition waivers. As indicated above, the University did allocate resources to fund both a permanent salary increase and a one-time supplement for Fiscal Year 2014-15 as well as for career ladder and faculty promotions. A substantial portion of the additional allocations to the Provost will be for salary and benefit costs. The breakdown of expenditures by object is illustrated with Figure 5.

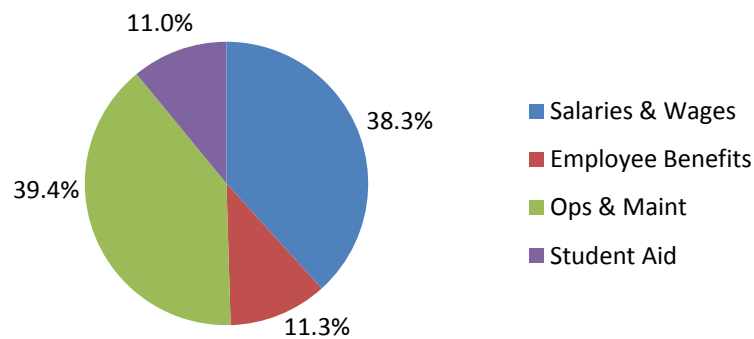
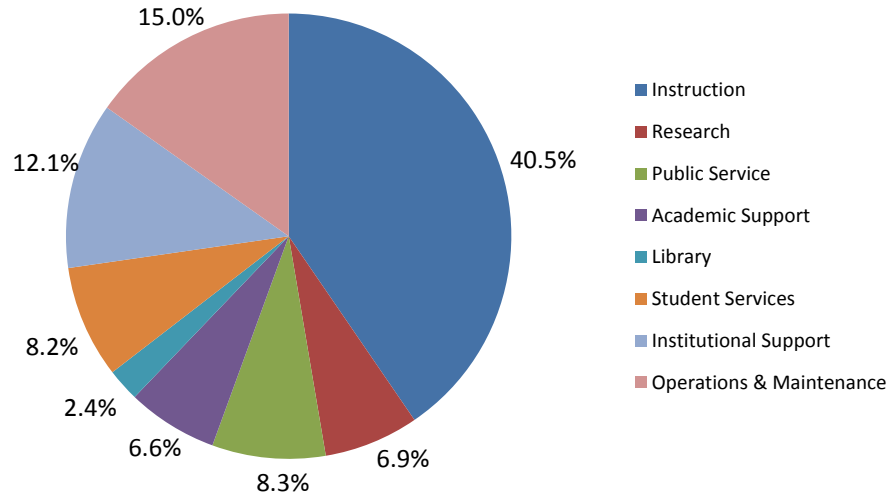


Figure 5: Auburn University Expenditures by Object

Another way in which expenditures can be grouped is by function. **Figure 6** gives the breakdown by function for the University. The three core functions of the institution (Instruction, Research, & Public Service) represent 55% of the total expected expenditures for FY 2014-15.



**Figure 6: Auburn University Expenditures by Function**

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

	<b>AU-MAIN CAMPUS DIV 1</b>	<b>AUM DIV 2</b>	<b>AAES DIV 3</b>	<b>ACES DIV 4</b>	<b>2014-2015 BUDGET COMBINED TOTAL</b>
<b>AUBURN UNIVERSITY</b>					
<b>REVENUES BY SOURCE</b>					
<b>CURRENT FUNDS</b>					
State Appropriations	\$ 160,109,715	22,663,801	30,634,258	32,044,401	245,452,175
Tuition	239,334,398	38,562,205			277,896,603
Special Fees	64,513,300	1,485,000			65,998,300
General Fund Scholarships	46,520,830				46,520,830
Student Fee Waivers	56,400,000				56,400,000
Other Income	72,027,180	8,950,611	5,034,000	1,372,000	87,383,791
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>638,905,423</b>	<b>71,661,617</b>	<b>35,668,258</b>	<b>33,416,401</b>	<b>779,651,699</b>
Auxiliary Enterprises	146,940,807	11,509,657			158,450,464
Restricted Funds	121,875,800	16,430,384	27,590,690	21,245,980	187,142,854
<b>TOTAL AUBURN UNIVERSITY</b>	<b>\$ 907,722,030</b>	<b>99,601,658</b>	<b>63,258,948</b>	<b>54,662,381</b>	<b>1,125,245,017</b>
<b>EXPENDITURES BY FUNCTION</b>					
<b>CURRENT FUNDS</b>					
Instruction	\$ 244,207,708	27,195,381			271,403,089
Research	19,497,253	215,081	26,550,978		46,263,312
Public Service	16,239,876	6,235,953		32,781,401	55,257,230
Academic Support	35,906,855	4,644,002	3,663,686		44,214,543
Library	13,950,924	2,038,571			15,989,495
Student Services	49,050,598	5,857,562			54,908,160
Institutional Support	67,622,421	12,229,765	592,000	635,000	81,079,186
Operations & Maintenance	89,508,958	7,638,473	4,861,594		102,009,025
Scholarships & Tuition Waivers	102,920,830	5,606,829			108,527,659
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>638,905,423</b>	<b>71,661,617</b>	<b>35,668,258</b>	<b>33,416,401</b>	<b>779,651,699</b>
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<b>EXPENDITURES BY OBJECT</b>					
Salaries & Wages	\$ 339,201,565	40,339,943	24,840,968	27,454,628	431,837,104
Employee Benefits	93,908,342	11,341,081	7,190,556	14,499,762	126,939,741
<b>TOTAL PERSONNEL COSTS</b>	<b>\$ 433,109,907</b>	<b>51,681,024</b>	<b>32,031,524</b>	<b>41,954,390</b>	<b>558,776,845</b>
Student Aid	\$ 117,920,830	5,606,829			123,527,659
Maintenance	356,691,293	42,313,805	31,227,424	12,707,991	442,940,513
<b>TOTAL MAINTENANCE COSTS</b>	<b>\$ 474,612,123</b>	<b>47,920,634</b>	<b>31,227,424</b>	<b>12,707,991</b>	<b>566,468,172</b>
<b>TOTAL 2014-2015 BUDGET BY OBJECT</b>	<b>\$ 907,722,030</b>	<b>99,601,658</b>	<b>63,258,948</b>	<b>54,662,381</b>	<b>1,125,245,017</b>

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

	FY2015	FY2014	% CHANGE
<b>AUBURN UNIVERSITY MAIN CAMPUS</b>			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 160,109,715	\$ 158,179,798	1.22%
Tuition	239,334,398	216,978,708	10.30%
Special Fees	64,513,300	62,303,200	3.55%
General Fund Scholarships	46,520,830	46,520,830	0.00%
Student Fee Waivers	56,400,000	54,650,000	3.20%
Other Income	72,027,180	63,653,050	13.16%
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>638,905,423</b>	<b>602,285,586</b>	<b>6.08%</b>
Auxiliary Enterprises	146,940,807	128,854,392	14.04%
Restricted Funds	121,875,800	115,000,000	5.98%
<b>TOTAL AUBURN UNIVERSITY</b>	<b>\$ 907,722,030</b>	<b>\$ 846,139,978</b>	<b>7.28%</b>
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 244,207,708	\$ 235,148,680	3.85%
Research	19,497,253	18,354,217	6.23%
Public Service	16,239,876	15,627,243	3.92%
Academic Support	35,906,855	32,046,041	12.05%
Library	13,950,924	13,798,966	1.10%
Student Services	49,050,598	46,666,304	5.11%
Institutional Support	67,622,421	57,543,883	17.51%
Operations & Maintenance	89,508,958	81,929,422	9.25%
Scholarships & Tuition Waivers	102,920,830	101,170,830	1.73%
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>638,905,423</b>	<b>602,285,586</b>	<b>6.08%</b>
Auxiliary Enterprises	146,940,807	128,854,392	14.04%
Restricted Funds	121,875,800	115,000,000	5.98%
<b>TOTAL AU-MAIN CAMPUS</b>	<b>\$ 907,722,030</b>	<b>\$ 846,139,978</b>	<b>7.28%</b>

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

	<u>FY2015</u>	<u>FY2014</u>	<u>% CHANGE</u>
<b>AUBURN UNIVERSITY AT MONTGOMERY</b>			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 22,663,801	\$ 22,557,727	0.47%
Tuition	38,562,205	35,110,109	9.83%
Student Fees and Charges	1,485,000	1,565,525	-5.14%
Other Income	8,950,611	8,468,545	5.69%
<b>TOTAL UNRESTRICTED FUNDS</b>	<b><u>71,661,617</u></b>	<b><u>67,701,906</u></b>	<b>5.85%</b>
Auxiliary Enterprises	11,509,657	8,640,140	33.21%
Restricted Funds	16,430,384	12,778,330	28.58%
<b>TOTAL AUBURN UNIVERSITY AT MONTGOMERY</b>	<b><u>\$ 99,601,658</u></b>	<b><u>\$ 89,120,376</u></b>	<b>11.76%</b>
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 27,195,381	\$ 27,674,639	-1.73%
Research	215,081	210,894	1.99%
Public Service	6,235,953	5,300,653	17.64%
Academic Support	4,644,002	4,361,162	6.49%
Library	2,038,571	2,011,630	1.34%
Student Services	5,857,562	5,489,045	6.71%
Institutional Support	12,229,765	11,947,381	2.36%
Operations & Maintenance	7,638,473	7,490,854	1.97%
Scholarships & Tuition Waivers	5,606,829	3,215,648	74.36%
<b>TOTAL UNRESTRICTED FUNDS</b>	<b><u>71,661,617</u></b>	<b><u>67,701,906</u></b>	<b>5.85%</b>
Auxiliary Enterprises	11,509,657	8,640,140	33.21%
Restricted Funds	16,430,384	12,778,330	28.58%
<b>TOTAL AUBURN UNIVERSITY AT MONTGOMERY</b>	<b><u>\$ 99,601,658</u></b>	<b><u>\$ 89,120,376</u></b>	<b>11.76%</b>
<b>AGRICULTURAL EXPERIMENT STATION</b>			
REVENUES	<u>\$ 63,258,948</u>	<u>\$ 62,888,818</u>	0.59%
EXPENDITURES	<u>\$ 63,258,948</u>	<u>\$ 62,888,818</u>	0.59%
<b>COOPERATIVE EXTENSION SYSTEM</b>			
REVENUES	<u>\$ 54,662,381</u>	<u>\$ 51,173,155</u>	6.82%
EXPENDITURES	<u>\$ 54,662,381</u>	<u>\$ 51,173,155</u>	6.82%
<b>TOTAL ALL DIVISIONS</b>	<b><u>\$ 1,125,245,017</u></b>	<b><u>\$ 1,049,322,327</u></b>	<b>7.24%</b>



**AUBURN UNIVERSITY**  
**2014-2015 STATE APPROPRIATIONS**  
**DIVISION SUMMARY**  
Per Bill SB184 (Act 2014-456)

	<u><b>Div 1</b></u>	<u><b>Div 2</b></u>	<u><b>Div 3</b></u>	<u><b>Div 4</b></u>	<u><b>Total</b></u>
Operations & Maintenance	157,436,451	22,298,886	30,384,258	32,044,401	242,163,996
Earmarks	2,450,000	364,915	250,000		3,064,915
Teacher Inservice Center	223,264				223,264
Total	<u>160,109,715</u>	<u>22,663,801</u>	<u>30,634,258</u>	<u>32,044,401</u>	<u>245,452,175</u>

**AUBURN UNIVERSITY  
TOTAL BUDGET INCREASE  
BY DIVISION**

	<b>FY2015 TOTAL BUDGET</b>	<b>FY2014 TOTAL BUDGET</b>	<b>% INCREASE</b>
DIVISION 1 (MAIN CAMPUS)	\$907,722,030	\$846,139,978	7.28%
DIVISION 2 (AUM)	\$99,601,658	\$89,120,376	11.76%
DIVISION 3 (AAES)	\$63,258,948	\$62,888,818	0.59%
DIVISION 4 (ACES)	<u>\$54,662,381</u>	<u>\$51,173,155</u>	<u>6.82%</u>
<b>TOTAL</b>	<u><u>\$1,125,245,017</u></u>	<u><u>\$1,049,322,327</u></u>	<u><u>7.24%</u></u>

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

	<b>STATE APPROP</b>	<b>TOTAL BUDGET</b>	<b>ST APPR/BUDGT</b>
DIVISION 1 (MAIN CAMPUS)	\$160,109,715 *	\$907,722,030	17.64%
DIVISION 2 (AUM)	\$22,663,801 *	\$99,601,658	22.75%
DIVISION 3 (AAES)	\$30,634,258 *	\$63,258,948	48.43%
DIVISION 4 (ACES)	<u>\$32,044,401</u>	<u>\$54,662,381</u>	<u>58.62%</u>
<b>TOTAL</b>	<u><u>\$245,452,175</u></u>	<u><u>\$1,125,245,017</u></u>	<u><u>21.81%</u></u>

\*Includes Earmarked Items & Includes Teacher's In Service

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

	<b>TUITION</b>	<b>TOTAL BUDGET</b>	<b>TUITION/BUDGT</b>
DIVISION 1 (MAIN CAMPUS)	\$406,768,528	\$907,722,030	44.81%
DIVISION 2 (AUM)	\$40,047,205	\$99,601,658	40.21%
DIVISION 3 (AAES)		\$63,258,948	0.00%
DIVISION 4 (ACES)	<u></u>	<u>\$54,662,381</u>	<u>0.00%</u>
<b>TOTAL</b>	<u><u>\$446,815,733</u></u>	<u><u>\$1,125,245,017</u></u>	<u><u>39.71%</u></u>