

Executive Summary

Introduction

The reports presented in this book represent the operating budget for all four divisions of the Auburn University System for FY 2015-16. The numbers are estimates of anticipated 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 allocated a pool of 3% on base-budgeted salaries to be used for 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 3.5%. 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 the ability to enhance salaries while limiting the annual permanent commitments. The total amount for additional budget allocated directly for personnel costs for FY 2015-16 is approximately \$23 million, \$5.4 million of which is due to the increase in the federally negotiated fringe benefit rate.

After several years of a reduced allocation for deferred maintenance due to the need to cover costs after state appropriation cuts, the University has again allocated an increase for deferred maintenance of \$2 million, bringing the total deferred maintenance annual allocation to \$11 million. The University also had several operation and maintenance obligations for which it allocated funds for the FY 2015-16 budget. New building space on campus as well as an overall increase to utilities, software maintenance license agreements, and technology infrastructure needs resulted in allocations of approximately \$10 million.

The University significantly invested in strategic priorities in academic programs by allocating approximately \$13 million to the Provost. Approximately one-third of the available funds are to meet instructional cost demands resulting from the continued growth in enrollment of the University. Another one-third of the allocation was directed as investment in research for a strategic hiring plan. A portion of the allocation is a strategic investment to incentivize distance learning in the undergraduate curriculum to increase the amount distributed from net tuition revenues by \$50 per credit hour to \$225. Overall the University's proposed budget is \$1.162 billion, which will be split amongst the four budgetary divisions as illustrated in **Figure 1**.

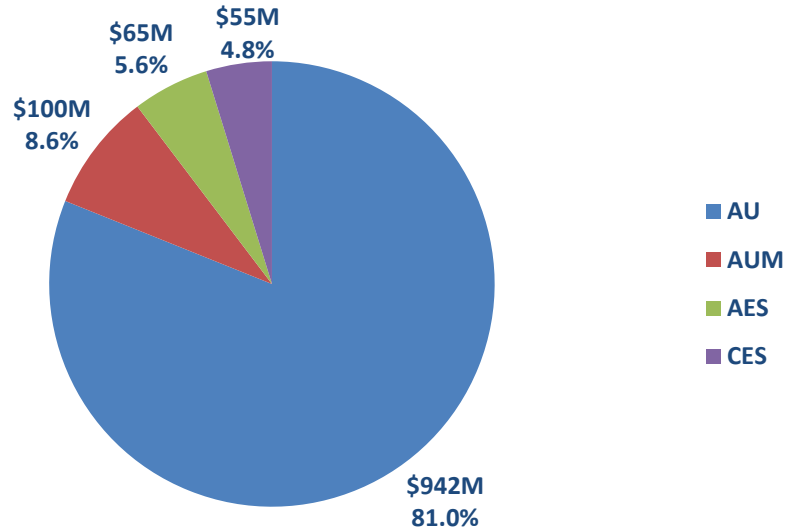


Figure 1: Auburn University Budget by Division

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.

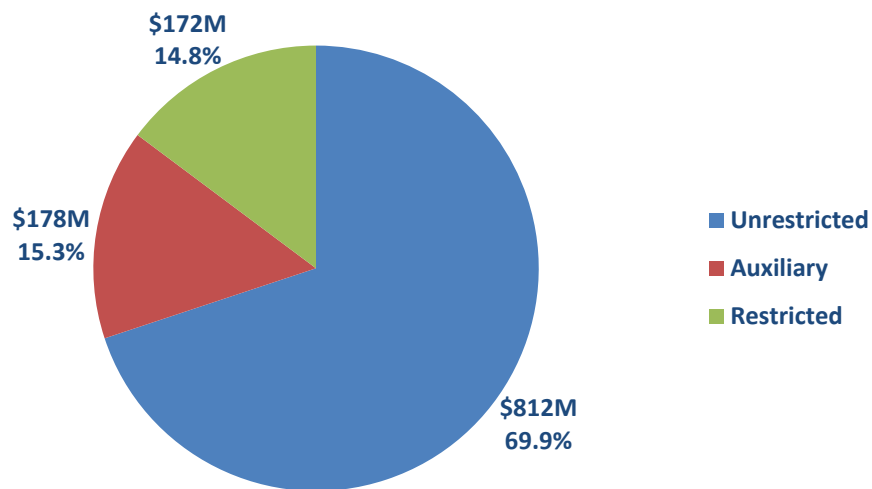


Figure 2: Auburn University Budget by Funding Category

Revenues

State appropriations have risen slightly over the prior year (1.04%) and are expected to be \$248.0 million. **Figure 3** shows a five year history of state appropriations broken down by division. The total state appropriations for FY16 are still \$89 million less than they were in FY2007-08, which was the largest appropriation year in Auburn's history. The forecast for future growth in state appropriations to Auburn is limited, largely due to the Rolling Reserve Act passed by the state legislature. The average growth in state appropriations for the past five years has been marginally positive at 1.06% as exhibited in **Figure 4**.

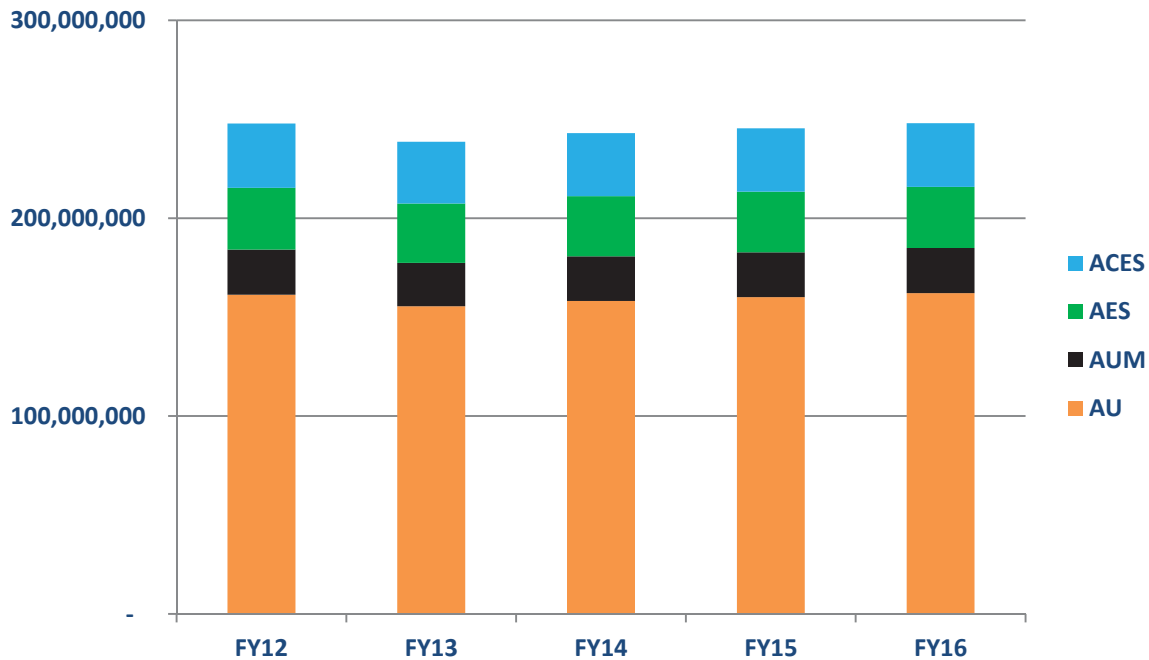


Figure 3: 5-Year History of State Appropriations

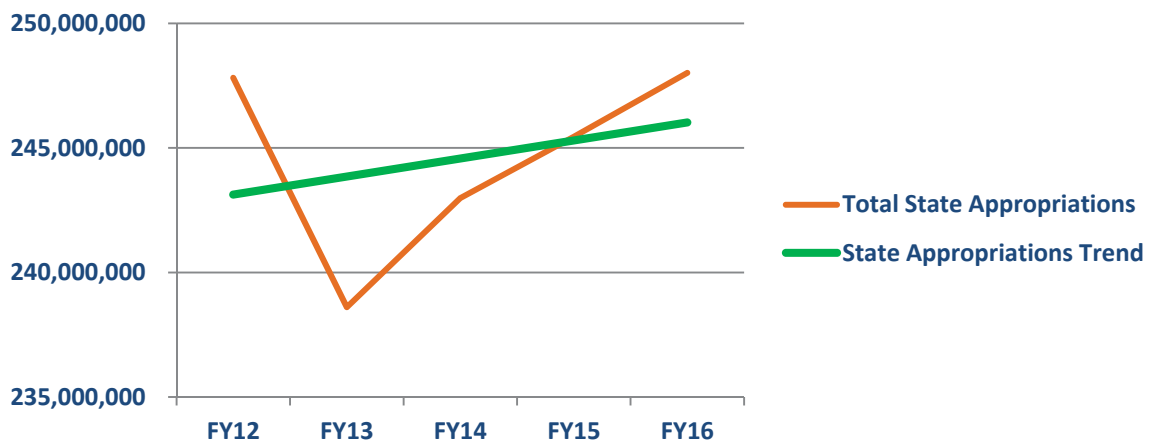


Figure 4: 5-Year Trend for State Appropriations

At the April 17, 2015 meeting of the Board of Trustees, tuition and fee increases were approved at both Auburn-Main Campus and Auburn-Montgomery. The increase in credit-hour tuition rates at Auburn-Main Campus is 2.5%, while the increase at Auburn-Montgomery is 3%. The growth in the freshman class at Auburn-Main Campus for the last two years presents the opportunity to permanently allocate additional tuition revenue that was originally held for one-time needs, resulting in a larger than expected growth in the net tuition budget.

The University has multiple revenue sources, but state appropriations and tuition make up over 62% of the total estimated budget for FY 2015-16.

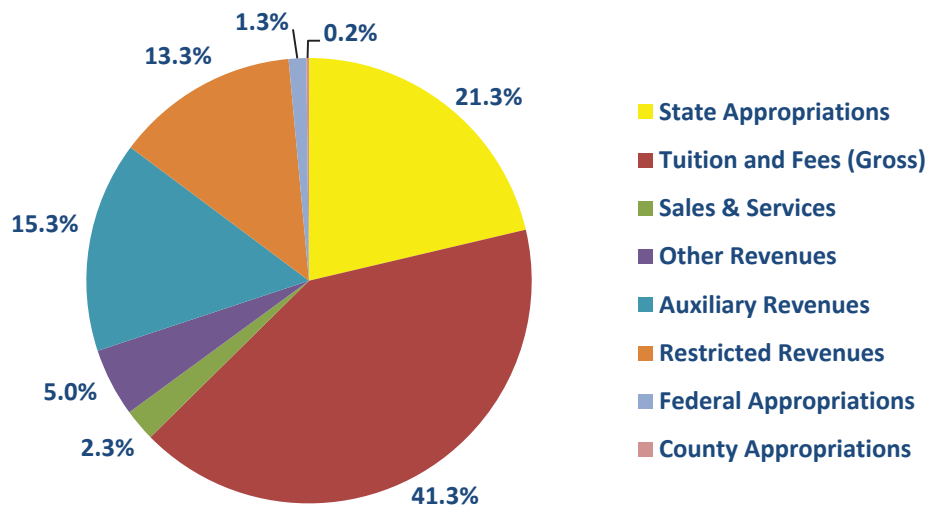


Figure 5: Total Revenue for the Auburn University System

Expenditures

The University builds its operating budget expenditures into four major object classifications: Salaries and Wages, Employee Benefits, Operations and Maintenance, and Student Aid. The classification of Operations and 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 2015-16 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 6**.

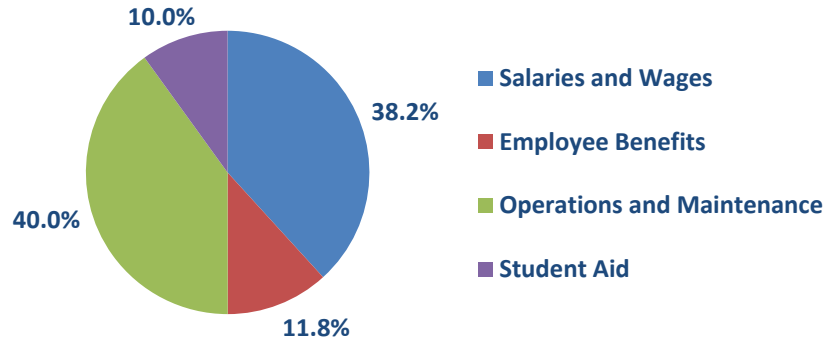


Figure 6: Auburn University Expenditures by Object

Another way in which expenditures can be grouped is by function. **Figure 7** gives the breakdown by function for the University. The three core functions of the institution (Instruction, Research, and Public Service) represent 55% of the total expected expenditures for FY 2015-16.

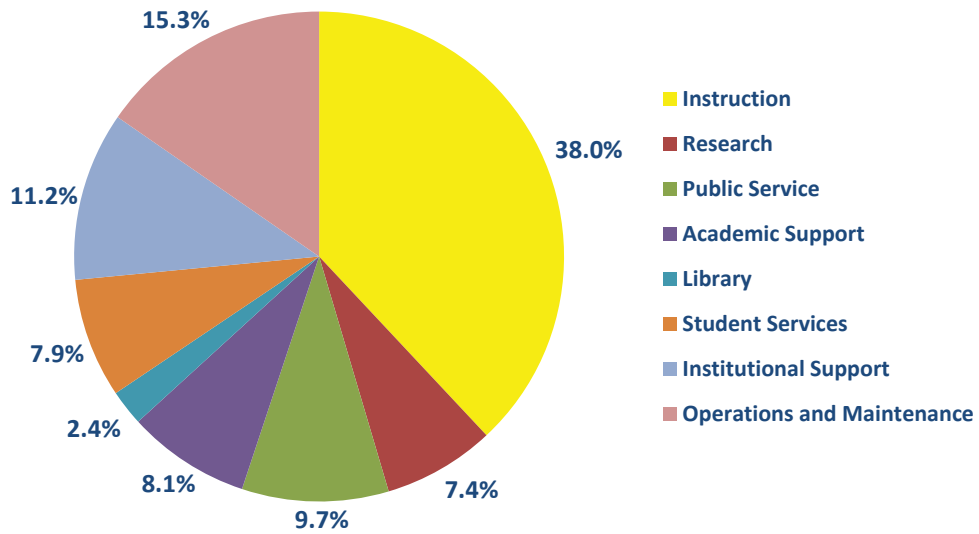


Figure 7: Auburn University Expenditures by Function

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	2014-2015 BUDGET COMBINED TOTAL
AUBURN UNIVERSITY					
REVENUES BY SOURCE					
CURRENT FUNDS					
State Appropriations	\$ 162,146,899	22,775,297	30,887,430	32,204,625	248,014,251
Tuition	265,811,383	41,741,818			307,553,201
Special Fees	68,562,300	1,540,000			70,102,300
General Fund Scholarships	46,844,000				46,844,000
Student Fee Waivers	54,300,000				54,300,000
Other Income	74,320,480	3,113,958	6,134,000	1,286,100	84,854,538
TOTAL UNRESTRICTED FUNDS	671,985,062	69,171,073	37,021,430	33,490,725	811,668,290
Auxiliary Enterprises	166,019,850	12,127,045			178,146,895
Restricted Funds	103,676,900	18,740,659	27,561,971	21,975,570	171,955,100
TOTAL AUBURN UNIVERSITY	\$ 941,681,812	100,038,777	64,583,401	55,466,295	1,161,770,285
EXPENDITURES BY FUNCTION					
CURRENT FUNDS					
Instruction	\$ 240,790,788	27,787,398			268,578,186
Research	23,243,282	219,073	28,797,988		52,260,343
Public Service	33,287,101	2,227,578		32,846,725	68,361,404
Academic Support	50,287,147	4,408,616	2,709,538		57,405,301
Library	14,581,080	2,077,836			16,658,916
Student Services	49,066,536	6,737,703			55,804,239
Institutional Support	64,631,505	12,892,551	621,000	644,000	78,789,056
Operations and Maintenance	94,953,623	7,395,196	4,892,904		107,241,723
Scholarships and Tuition Waivers	101,144,000	5,425,122			106,569,122
TOTAL UNRESTRICTED FUNDS	671,985,062	69,171,073	37,021,430	33,490,725	811,668,290
Auxiliary Enterprises	166,019,850	12,127,045			178,146,895
Restricted Funds	103,676,900	18,740,659	27,561,971	21,975,570	171,955,100
TOTAL AUBURN UNIVERSITY	\$ 941,681,812	100,038,777	64,583,401	55,466,295	1,161,770,285
EXPENDITURES BY OBJECT					
Salaries and Wages	\$ 350,822,795	40,525,375	25,328,962	28,062,827	444,739,959
Employee Benefits	102,248,627	12,105,080	7,629,528	14,759,699	136,742,934
TOTAL PERSONNEL COSTS	\$ 453,071,422	52,630,455	32,958,490	42,822,526	581,482,893
Student Aid	\$ 110,644,000	5,425,122			116,069,122
Operations and Maintenance	377,966,390	41,983,200	31,624,911	12,643,769	464,218,270
TOTAL NON-PERSONNEL COSTS	\$ 488,610,390	47,408,322	31,624,911	12,643,769	580,287,392
TOTAL 2015-2016 BUDGET BY OBJECT	\$ 941,681,812	100,038,777	64,583,401	55,466,295	1,161,770,285

AUBURN UNIVERSITY
COMPARATIVE SUMMARY OF BUDGETED REVENUES & EXPENDITURES

	FY2016	FY2015	% CHANGE
AUBURN UNIVERSITY MAIN CAMPUS			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 162,146,899	\$ 160,109,715	1.27%
Tuition	265,811,383	239,334,398	11.06%
Special Fees	68,562,300	64,493,300	6.31%
General Fund Scholarships	46,844,000	46,520,830	0.69%
Student Fee Waivers	54,300,000	56,400,000	-3.72%
Other Income	74,320,480	72,047,180	3.16%
TOTAL UNRESTRICTED FUNDS	<u>671,985,062</u>	<u>638,905,423</u>	<u>5.18%</u>
Auxiliary Enterprises	166,019,850	146,940,807	12.98%
Restricted Funds	103,676,900	121,875,800	-14.93%
TOTAL AUBURN UNIVERSITY	<u>\$ 941,681,812</u>	<u>\$ 907,722,030</u>	<u>3.74%</u>
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 240,790,788	\$ 221,736,409	8.59%
Research	23,243,282	20,111,614	15.57%
Public Service	33,287,101	30,776,740	8.16%
Academic Support	50,287,147	41,834,486	20.21%
Library	14,581,080	13,950,924	4.52%
Student Services	49,066,536	48,985,598	0.17%
Institutional Support	64,631,505	69,095,659	-6.46%
Operations and Maintenance	94,953,623	89,493,163	6.10%
Scholarships and Tuition Waivers	101,144,000	102,920,830	-1.73%
TOTAL UNRESTRICTED FUNDS	<u>671,985,062</u>	<u>638,905,423</u>	<u>5.18%</u>
Auxiliary Enterprises	166,019,850	146,940,807	12.98%
Restricted Funds	103,676,900	121,875,800	-14.93%
TOTAL AU-MAIN CAMPUS	<u>\$ 941,681,812</u>	<u>\$ 907,722,030</u>	<u>3.74%</u>

AUBURN UNIVERSITY
COMPARATIVE SUMMARY OF BUDGETED REVENUES & EXPENDITURES

	FY2016	FY2015	% CHANGE
AUBURN UNIVERSITY AT MONTGOMERY			
REVENUES BY SOURCE			
CURRENT FUNDS			
State Appropriations	\$ 22,775,297	\$ 22,663,801	0.49%
Tuition	41,741,818	40,738,730	2.46%
Student Fees and Charges	1,540,000	1,485,000	3.70%
Other Income	3,113,958	2,729,901	14.07%
TOTAL UNRESTRICTED FUNDS	<u>69,171,073</u>	<u>67,617,432</u>	<u>2.30%</u>
Auxiliary Enterprises	12,127,045	11,509,657	5.36%
Restricted Funds	18,740,659	20,474,569	-8.47%
TOTAL AUBURN UNIVERSITY AT MONTGOMERY	<u>\$ 100,038,777</u>	<u>\$ 99,601,658</u>	<u>0.44%</u>
EXPENDITURES BY FUNCTION			
CURRENT FUNDS			
Instruction	\$ 27,787,398	\$ 27,195,381	2.18%
Research	219,073	215,081	1.86%
Public Service	2,227,578	2,191,768	1.63%
Academic Support	4,408,616	4,644,002	-5.07%
Library	2,077,836	2,038,571	1.93%
Student Services	6,737,703	5,857,562	15.03%
Institutional Support	12,892,551	12,229,765	5.42%
Operations and Maintenance	7,395,196	7,638,473	-3.18%
Scholarships and Tuition Waivers	5,425,122	5,606,829	-3.24%
TOTAL UNRESTRICTED FUNDS	<u>69,171,073</u>	<u>67,617,432</u>	<u>2.30%</u>
Auxiliary Enterprises	12,127,045	11,509,657	5.36%
Restricted Funds	18,740,659	20,474,569	-8.47%
TOTAL AUBURN UNIVERSITY AT MONTGOMERY	<u>\$ 100,038,777</u>	<u>\$ 99,601,658</u>	<u>0.44%</u>
AGRICULTURAL EXPERIMENT STATION			
REVENUES	<u>\$ 64,583,401</u>	<u>\$ 63,258,948</u>	<u>2.09%</u>
EXPENDITURES	<u>\$ 64,583,401</u>	<u>\$ 63,258,948</u>	<u>2.09%</u>
COOPERATIVE EXTENSION SYSTEM			
REVENUES	<u>\$ 55,466,295</u>	<u>\$ 54,662,381</u>	<u>1.47%</u>
EXPENDITURES	<u>\$ 55,466,295</u>	<u>\$ 54,662,381</u>	<u>1.47%</u>
TOTAL ALL DIVISIONS	<u>\$ 1,161,770,285</u>	<u>\$ 1,125,245,017</u>	<u>3.25%</u>

AUBURN UNIVERSITY
2015-2016 STATE APPROPRIATIONS
DIVISION SUMMARY
 Per Bill SB179 (Act 2015-281)

	<u>Div 1</u>	<u>Div 2</u>	<u>Div 3</u>	<u>Div 4</u>	<u>Total</u>
Operations and Maintenance	158,323,635	22,410,382	30,537,430	32,204,625	243,476,072
Earmarks	3,600,000	364,915	350,000		4,314,915
Teacher Inservice Center	223,264				223,264
Total	<u><u>162,146,899</u></u>	<u><u>22,775,297</u></u>	<u><u>30,887,430</u></u>	<u><u>32,204,625</u></u>	<u><u>248,014,251</u></u>

**AUBURN UNIVERSITY
TOTAL BUDGET INCREASE
BY DIVISION**

	FY2016 TOTAL BUDGET	FY2015 TOTAL BUDGET	% INCREASE
DIVISION 1 (MAIN CAMPUS)	\$941,681,812	\$907,722,030	3.74%
DIVISION 2 (AUM)	\$100,038,777	\$99,601,658	0.44%
DIVISION 3 (AAES)	\$64,583,401	\$63,258,948	2.09%
DIVISION 4 (ACES)	<u>\$55,466,295</u>	<u>\$54,662,381</u>	<u>1.47%</u>
TOTAL	<u><u>\$1,161,770,285</u></u>	<u><u>\$1,125,245,017</u></u>	<u><u>3.25%</u></u>

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

	STATE APPROP	TOTAL BUDGET	ST APPR/BUDGT
DIVISION 1 (MAIN CAMPUS)	\$162,146,899 *	\$941,681,812	17.22%
DIVISION 2 (AUM)	\$22,775,297 *	\$100,038,777	22.77%
DIVISION 3 (AAES)	\$30,887,430 *	\$64,583,401	47.83%
DIVISION 4 (ACES)	<u>\$32,204,625</u>	<u>\$55,466,295</u>	<u>58.06%</u>
TOTAL	<u><u>\$248,014,251</u></u>	<u><u>\$1,161,770,285</u></u>	<u><u>21.35%</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)	\$435,517,683	\$941,681,812	46.25%
DIVISION 2 (AUM)	\$43,281,818	\$100,038,777	43.27%
DIVISION 3 (AAES)		\$64,583,401	0.00%
DIVISION 4 (ACES)		<u>\$55,466,295</u>	<u>0.00%</u>
TOTAL	<u><u>\$478,799,501</u></u>	<u><u>\$1,161,770,285</u></u>	<u><u>41.21%</u></u>