

# Contents

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
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<b>Chapter 1: Overview of the FY2014-2015 Operating Budget and Plan</b>	<b>5</b>
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Strategic Plan	5
Program and Policy Direction, Budget Drivers for FY2014-15	6
Enrollment Trends	9
Peer Group Benchmarks	10
Affordability – Historical Comparisons to Virginia Universities	12
Tuition & Fee Increase Comparisons	13
Tuition & Fee Trends --- Cost of ODU	16
General Funding Per In-State Student FTE	17
Base Adequacy Model	18
E&G Expenditure Trends	19
E&G Expenditures Per Annual FTE Comparison	20

<b>Chapter 2: FY2014-2016 Actions of the General Assembly</b>	<b>21</b>
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General Fund	21
Nongeneral Fund Tuition Appropriation	21
Frank Reidy Center for Bioelectrics	21
Student Financial Assistance	21
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## EXECUTIVE SUMMARY

The 2014-2015 Operating Budget and Plan for Old Dominion University has been developed from the initiatives outlined in the University's Strategic Plan and the recent actions taken by the Governor and General Assembly during the 2014 session.

Budget actions taken by the Governor and General Assembly to address a projected revenue shortfall of \$1.5 billion removed all new general funds from higher education institutions and state agencies for the 2014-2016 biennium and the funding levels reverted to the 2012-2014 biennial appropriation.

Subsequently, the Commonwealth's anticipated shortfall increased to \$2.4 billion and additional budget reductions of \$881 million were necessary. Consequently, all state agencies and higher education institutions were required to submit budget reduction plans totaling 5 and 7 percent for fiscal years 2015 and 2016 respectively.

The General Assembly acknowledged the funding differences among the higher education institutions and enrolled House Bill 5010, which prorated the annual reduction target for Old Dominion University to \$2.2M or 2.1% for the 2014-2016 biennium.

The 2014-2015 Operating Budget and Plan includes \$6.7M in base funding for mandatory cost increases related to compensation & benefits, utilities, contractual obligations, leases, and the operation and maintenance of new facilities. Additional base funding is incorporated in support of faculty commitments in the Ophthalmic Technology Program in partnership with EVMS.

The 2014-2015 Operating Budget and Plan includes \$8.5M in one-time funding for critical operations and support functions that will further the strategic objectives of the University. These initiatives include operational support approximately \$1M in operational support for instruction and academic programs, \$650,000 for research initiatives, \$3.4M for technology infrastructure, security enhancements and campus building improvements, \$980,000 in support of recruitment and enrollment initiatives, as well as, investments in support of student life and retention.

A detailed listing of E&G funded initiatives is included on pages 27-28.

For Auxiliary Services budgets, the increases in student fees will be allocated to address increases in mandatory salary and health care benefit increases for auxiliary services and programs, increases in athletic and institutional scholarship costs, funding for student success and retention, Student Union and Student Recreation Center programs and operations, and operational, compliance and program enhancements for intercollegiate athletics. No state funds are received to support auxiliary service operations and no student fees are used to support any increased







## CHAPTER 1 OVERVIEW OF THE 2014-2015 BUDGET PLANNING PROCESS

### STRATEGIC PLAN

Through the University-wide strategic planning process, the University developed a vision statement, emphases, initiatives, objectives, and actions for the 2009-2014 Strategic Plan. The following six general strategic initiatives formed the basis of the plan.

- (1) Provide Students with the Tools to Succeed
- (2) Gain a National Reputation Through Key Academic Programs and Scholarship
- (3) Invest Strategically in Research to Spur Economic Growth
- (4) Enrich the Quality of Campus Life
- (5) Expand International Connections
- (6) Build Strong Civic and Community Partnerships

The University's Strategic Planning Committee conducted a review and update of the Strategic Plan progress. The Committee has gathered input from multiple constituencies, including the faculty, Board of Visitors, students, staff, and members of the external community. The principal themes of the 2009-2014 Strategic Plan are:

1. Enriching a student-centered culture on campus
2. Bolstering the University's position as a major metropolitan university in the southeastern United States; AND
3. Developing and expanding strategic partnerships with a wide range of educational, governments and corporate organizations.

The University's Strategic Plan for 2009-2014 provides the guideline on which the resource allocation decisions contained in the 2014-2015 Operating Budget and Plan were made.

PROGRAM, POLICY DIRECTION, BUDGET DRIVERS FOR FY2014-15







## ENROLLMENT TRENDS

The following chart portrays anticipated Fall 2014 headcount and student FTE data. Current projections and trends anticipate 2,600 new freshmen and 2,440 new transfer students.

## PEER GROUP BENCHMARKS

The following select charts from the National Center for Education Statistics are based on the latest peer group comparison data available (Fall 2012). Note: The instructional and research faculty category for Old Dominion University in the charts below does not include the the 29 instructional and research faculty positions approved in the 2012-2013 budget.

These particular charts demonstrate three themes about ODU relative to peer institutions.

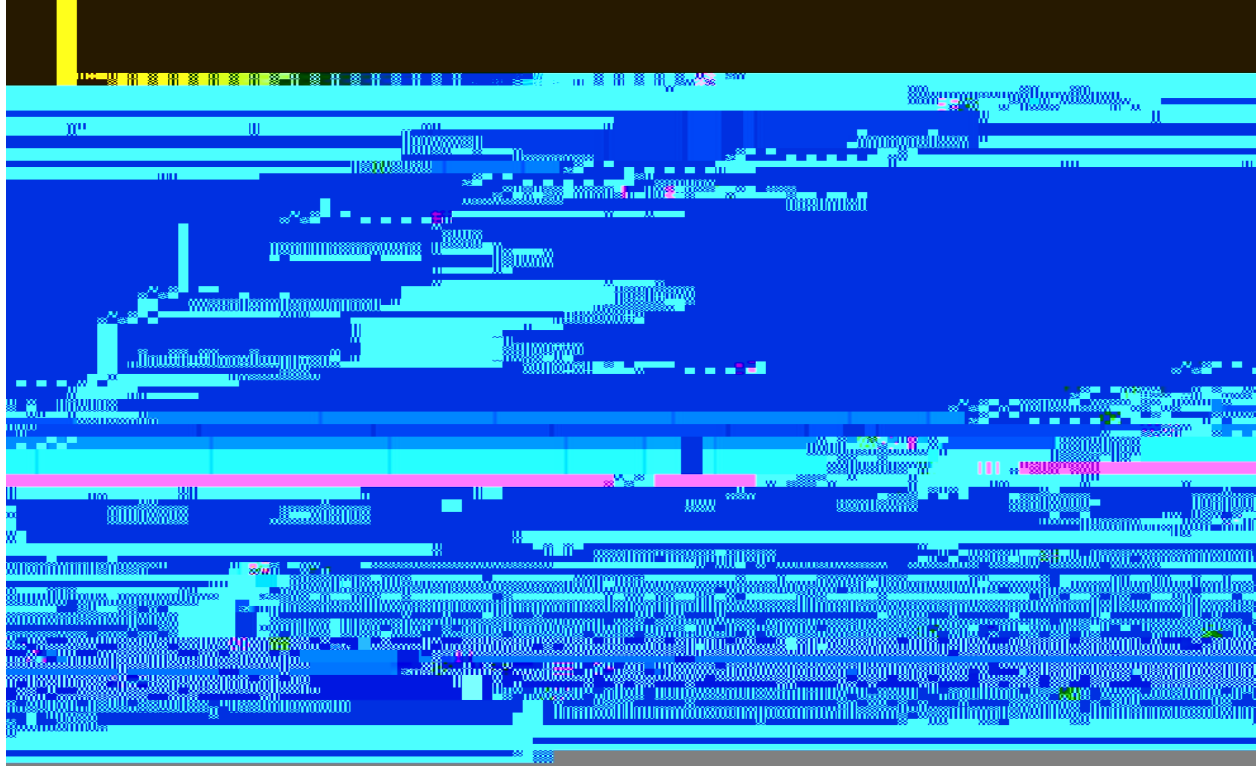
First, the percentage of our students on financial assistance is higher than our peer group.

Second, the University's staffing in support areas is 30 percent less than our peer group--an indicator of institutional efficiency.

Finally, the University's core expenditures for instruction and academic support represent over 90 percent of those of our peers while expenses for institutional support, student services and other core expenses average 83 percent for these other support areas.

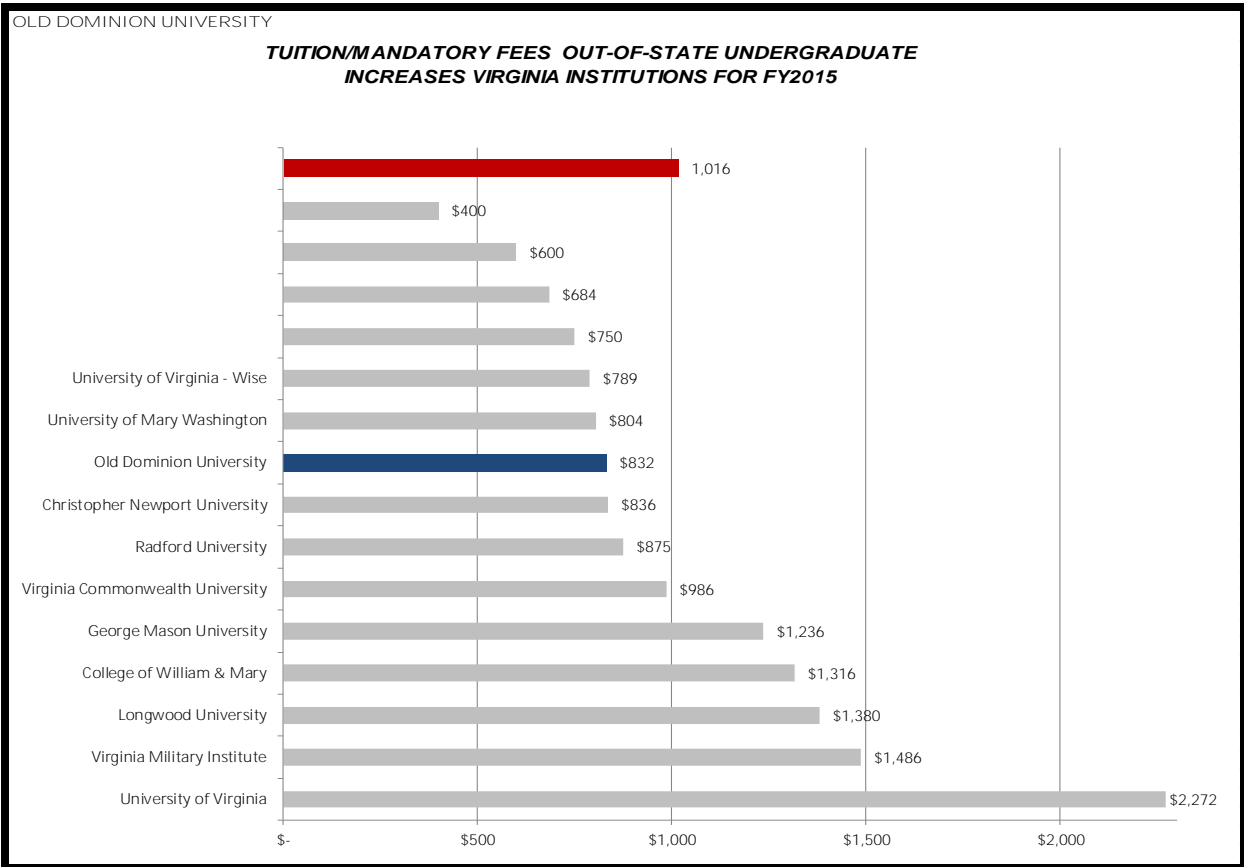
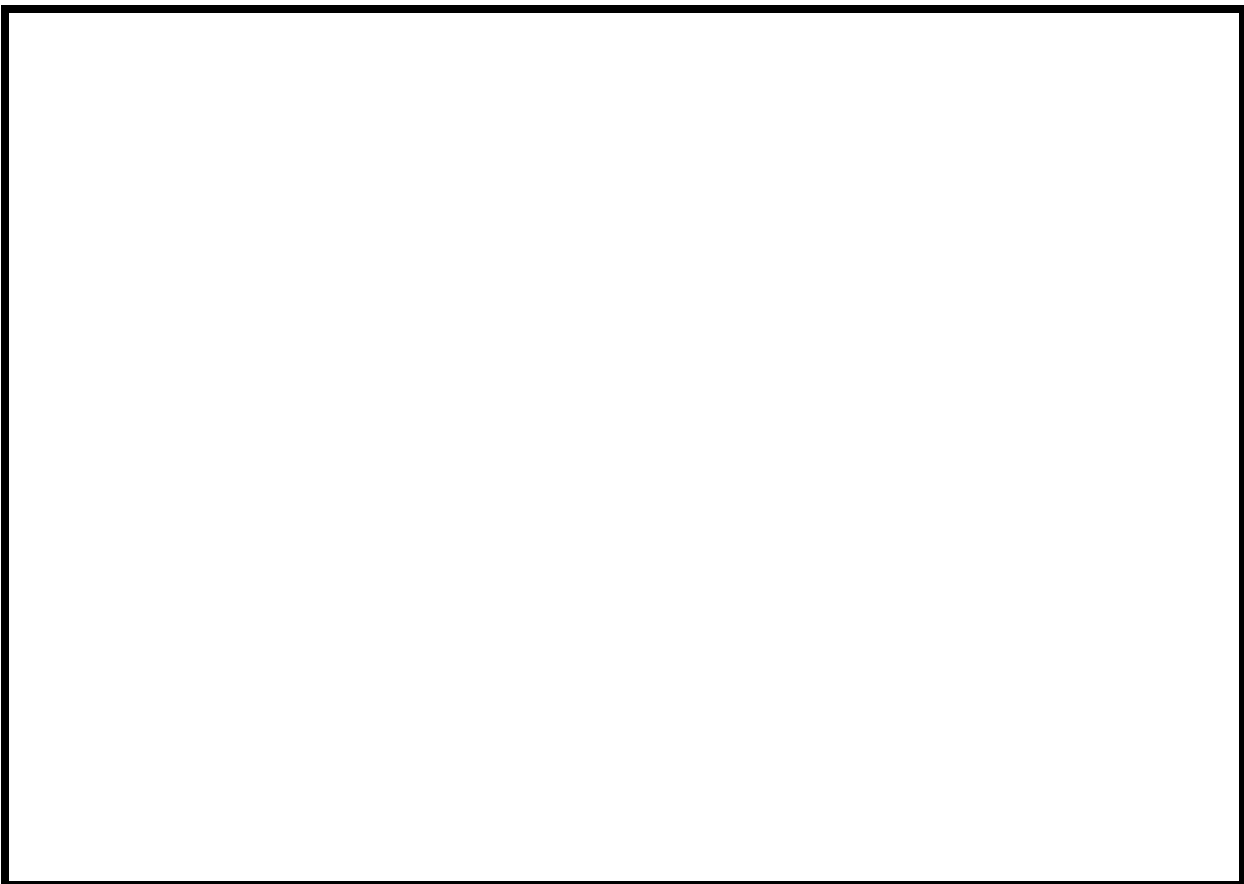


**Figure 15 Core expenses per FTE enrollment by function: Fiscal 2014**

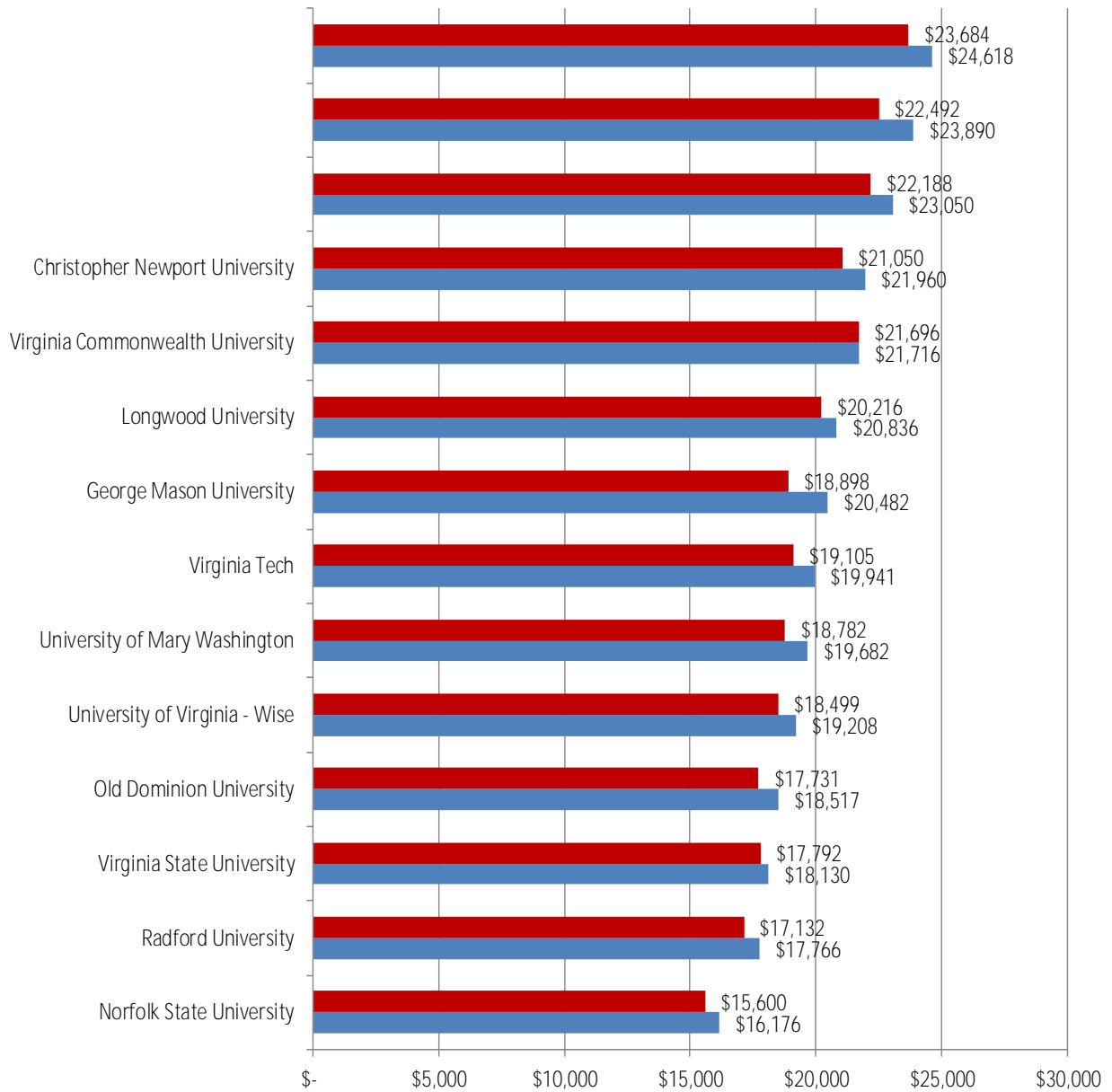


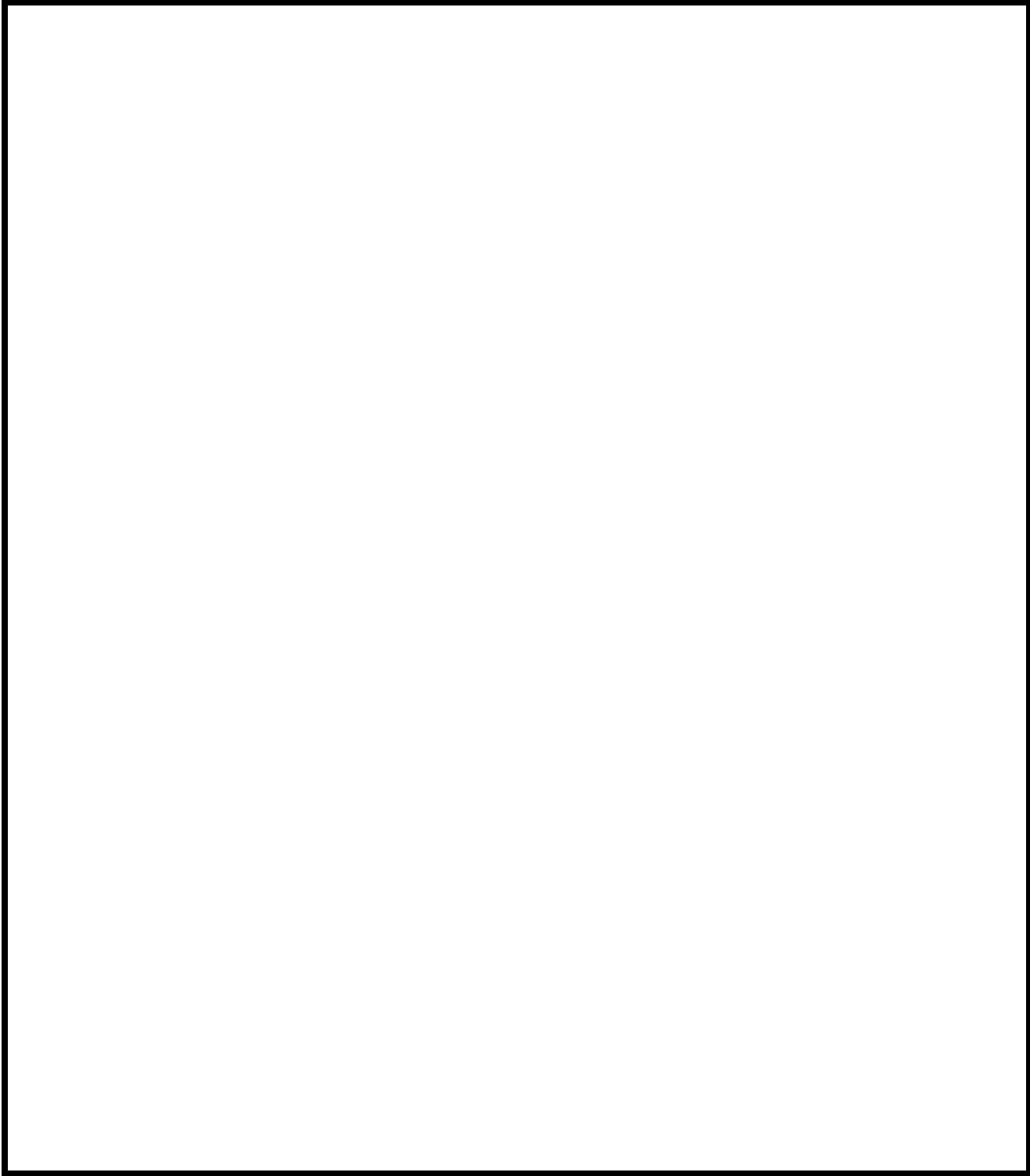
## AFFORDABILITY | HISTORICAL COMPARISONS TO VIRGINIA UNIVERSITIES

The University monitors its cost structure particularly in comparison to other Virginia doctoral institutions. The University consistently has one of the lowest costs for full-time resident and nonresident undergraduate students. Ever mindful of this benchmark,



**TOTAL TUITION, FEES & ROOM & BOARD IN-STATE UNDERGRADUATE  
VIRGINIA INSTITUTIONS 2014 V. 2015**







# TUITION & FEE TRENDS

OLD DOMINION UNIVERSITY

Category	2013-14	2014-15	2015-16	2016-17
Tuition	1,234,567	1,345,678	1,456,789	1,567,890
Fees	567,890	678,901	789,012	890,123
Books	123,456	134,567	145,678	156,789
Supplies	234,567	245,678	256,789	267,890
Travel	345,678	356,789	367,890	378,901
Other	456,789	467,890	478,901	489,012

## STATE (GENERAL) FUNDING PER IN-STATE STUDENT FTE

A preliminary analysis of 2014-2015 General Fund appropriations per in-state, full-time equivalent student reveals that Old Dominion University and George Mason University continue to receive less General Fund support than other doctoral institutions. The following analysis includes agency appropriations only. It does not include the student financial assistance.

The combined low tuition and General Fund support per in-state student FTE indicates

## BASE ADEQUACY MODEL

Since 2001, the Base Adequacy model has been the Virginia public higher education benchmark to assess each institution's E&G funding in relation to a predictive model integrating numerous variables to determine a calculated resource requirement. Each institution's funding, compared to the predictive model, yields a percentage of base funding adequacy. Understandably, the model generates updates of relative calculated resource need based upon the most current data. The last iteration of the model with projected updates can be summarized below and demonstrates how ODU's base funding index continues to be the lowest in the state at 89.8%.

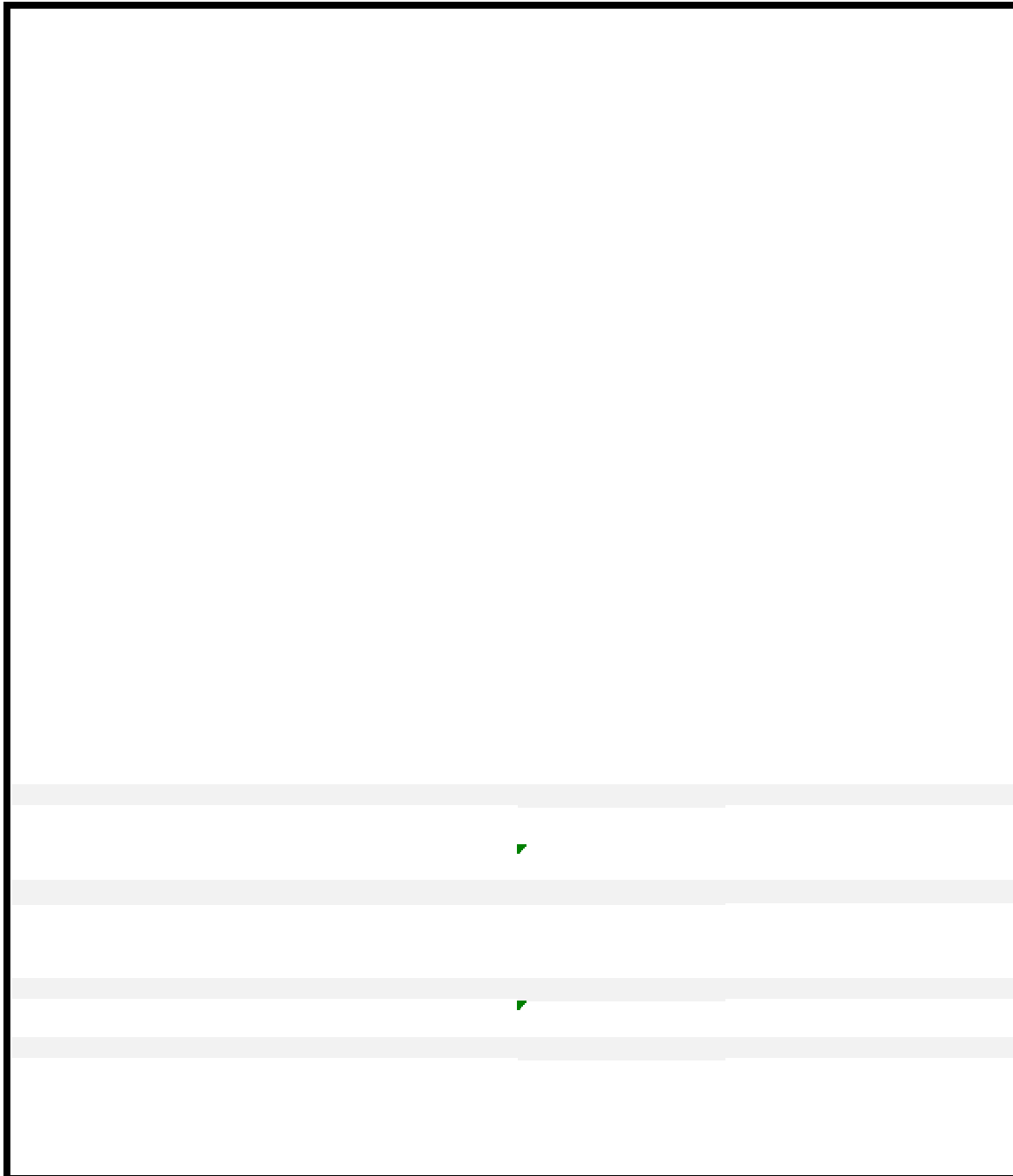
<b>FUNDING FOR VIRGINIA HIGHER EDUCATION</b>				
<b>ESTIMATED 2015-16 FUNDING TO BASE ADEQUACY FUNDING</b>				
% Funding	Funding	Institution	Calculated	Available
to Guideline	Shortfall		Need <sup>1,2</sup>	Resources <sup>3,4,5</sup>
123.5%	0	University of Virginia	488,338,220	603,075,973
0	0	George Mason University	437,465,569	483,180,323
0	0	James Madison University	257,809,935	275,133,658
0	0	Virginia Commonwealth University	531,793,794	555,582,799
0	0	Virginia Tech	596,457,541	619,926,988
0	0	Radford University	118,048,951	120,814,943
0	0	Virginia Military Institute	27,759,653	28,096,650
92.6%	(4,918,564)	Virginia State University	66,268,135	61,349,571
90.6%	(7,073,288)	Norfolk State University	75,314,548	68,241,259

Source: State Council of Higher Education for Virginia  
 Notes: 1. The State Council of Higher Education for Virginia (SCHEM) is the primary funding source for public higher education in Virginia. 2. The SCHEM's funding is based on a predictive model that takes into account various factors such as enrollment, inflation, and the state's economic condition. 3. The SCHEM's funding is subject to annual appropriations by the General Assembly. 4. The SCHEM's funding is subject to various federal and state grants. 5. The SCHEM's funding is subject to various state and local taxes.



## E&G EXPENDITURES PER ANNUAL FTE COMPARISON

The following table shows the Expenditures (less Research) per FTE Student. Old Dominion University's ratio of \$11,538 per FTE falls well below the overall average, followed only by Radford University, Christopher Newport University, Norfolk State University, as well as the Commonwealth's Two-Year institutions, Richard Bland and the Virginia Community College System. This comparison shows that Old Dominion University is the lowest of all the doctoral and research institutions and the majority of the comprehensive four-year institutions in its spending per student FTE. In 2012-2013 the University's E&G Appropriation would need to be increased nearly \$50 million to equal the average E&G expenditures per student FTE of the Four-Year institutions.



## CHAPTER 2 FY2014-2016 ACTIONS OF THE GENERAL ASSEMBLY

This section highlights actions taken by the Governor and the General Assembly in the 2014 session regarding the University's General Fund and Nongeneral Fund appropriations for 2014-2015.

### General Fund (State Appropriations)

Old Dominion University was originally in line to receive approximately \$15.0 million in additional General Funds in 2015 Budget, however, in light of adjusted revenue projections, the Biennial Budget was initially passed in June 2014 with level funding for Old Dominion University, plus a moderate central fund allocation to assist with mandatory cost increases. In September of this year, HB5010 was introduced requiring Old Dominion University to implement a \$2.2 million base decrease in general fund support.

### Nongeneral Fund Tuition Appropriation

The University's Nongeneral Fund appropriation will increase by \$5.6 million to adjust for the 4.9% tuition and fee increase approved by the Board of Visitors at the June meeting. This funding will be used to offset increased costs in health care benefits, VRS contributions, and other benefit cost increases, as well as, the cost for the operation and maintenance of new facilities and other contractual cost increases.

### Frank Reidy Center for Bioelectrics

A total of \$750,000 will continue to expand the research efforts at the Frank Reidy Center for Bioelectrics. The Center will use the funds to advance the research on the uses of electrical stimuli in the biomedical area to eliminate cancer cells and tumors without damaging healthy surrounding tissue, accelerate wound healing and efficiently deliver DNA vaccines. Non-biomedical areas of research will include reducing pollutants in exhaust and establishing effective ground penetrating radar.

### Student Financial Assistance

State student financial assistance was originally in line to receive \$1.6 million of new funding, but as was the case with E&G, new funding was removed from the enrolled budget in June 2014, leaving level base funding of \$18.9 million. Student financial assistance was not impacted by the budget reductions implemented in September 2014.

### Equipment Trust Fund

The 2014-2015 Equipment Trust Fund provides for allocations totaling \$64.2 million annually statewide to purchase technology and other equipment. Old Dominion's share of this allocation remains at approximately \$4.3 million in 2015. The funds will be used to support technological initiatives such as replacement of obsolete instructional

### Maintenance Reserve Funds

The amount of Maintenance Reserve funding has been a function of the Commonwealth's budget and the economy. These funds are used cover repair costs aimed at maintaining or extending the useful life of facilities, such as roofs, heating and cooling, and electrical systems. ODU's Maintenance Reserve allocation is \$1,952,035 in 2014-2015.

### Capital Outlay Projects

The 2014-2016 biennial budget includes \$5.3 million in nongeneral fund authority for land acquisition, \$1.5 million in nongeneral fund authority for planning and preliminary design of a new football stadium, \$76.3 million in bond authority for the construction of new student housing, and \$78.6 million for the construction / replacement of the Webb University Center.





The E&G budget revenue mix the last ten years (2004-2005 to 2014-2015) is illustrated in







<b>CENTRAL</b>			
	Investment in Campus Building Improvements (Re-allocation)	-	2,417,977
	Funding for Mandatory Benefit Cost Increases	1,603,893	

## BUDGET REDUCTION STRATEGY

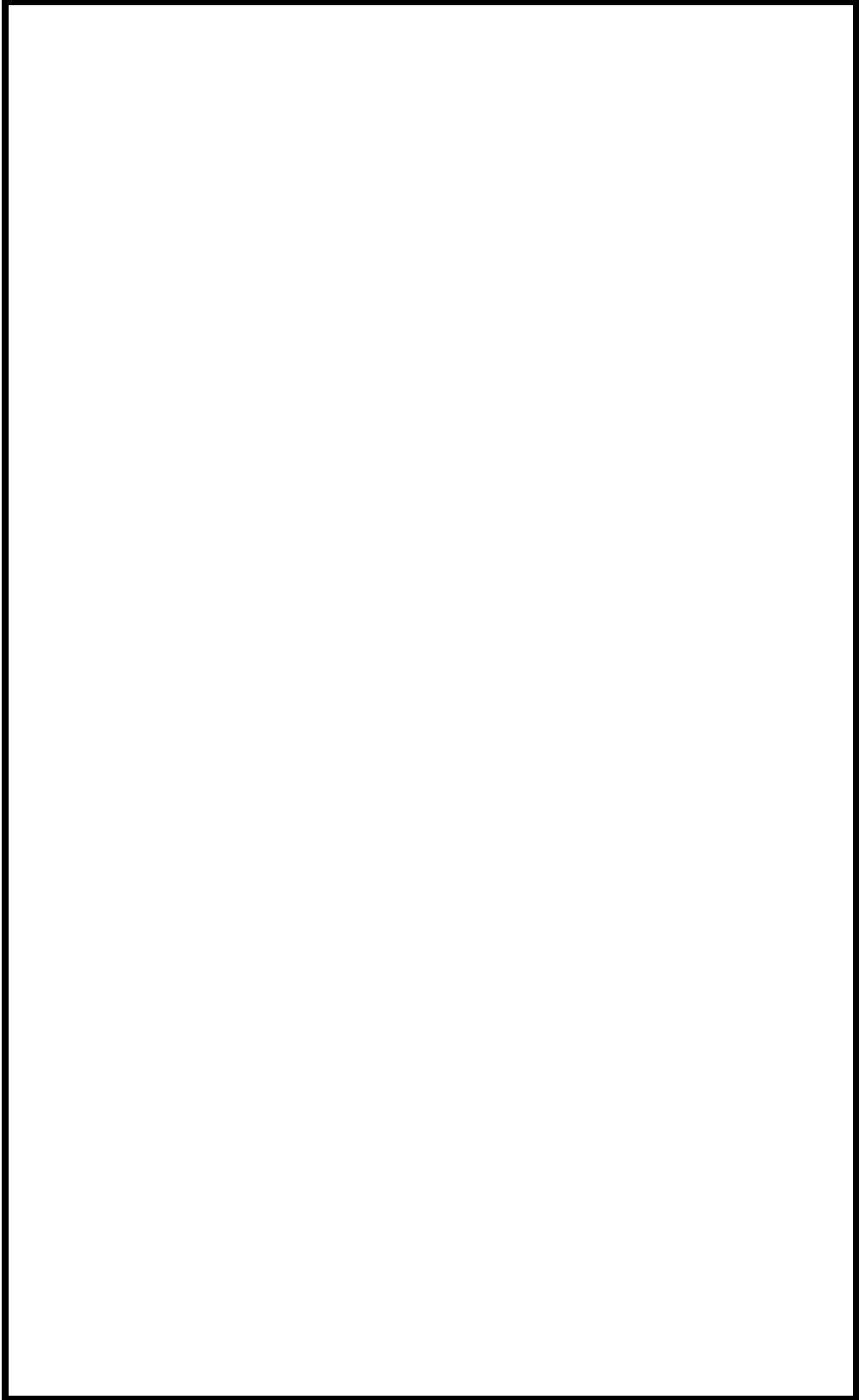
The following list highlights the budget reduction strategies implemented by the University to achieve the \$2.2M or 2.1% General Fund reduction target implemented in House Bill 5010. The University strategy emphasized strategic reallocation of existing non-General Fund resources, elimination of vacant positions and minimal impact on instruction and academic support functions.

<b>UNIVERSITY STRATEGIC REALLOCATION</b>			
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CHAPTER 5  
2014-2015 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's FY2014-2015 Auxiliary Services budget reflects a total addition of \$5.5 million to the Auxiliary Capital Reserve Fund for









## CHAPTER 6 UNIVERSITY REVENUE SUMMARY

The University receives revenue from a variety of sources. The following revenue sources are used in financial planning for higher education:

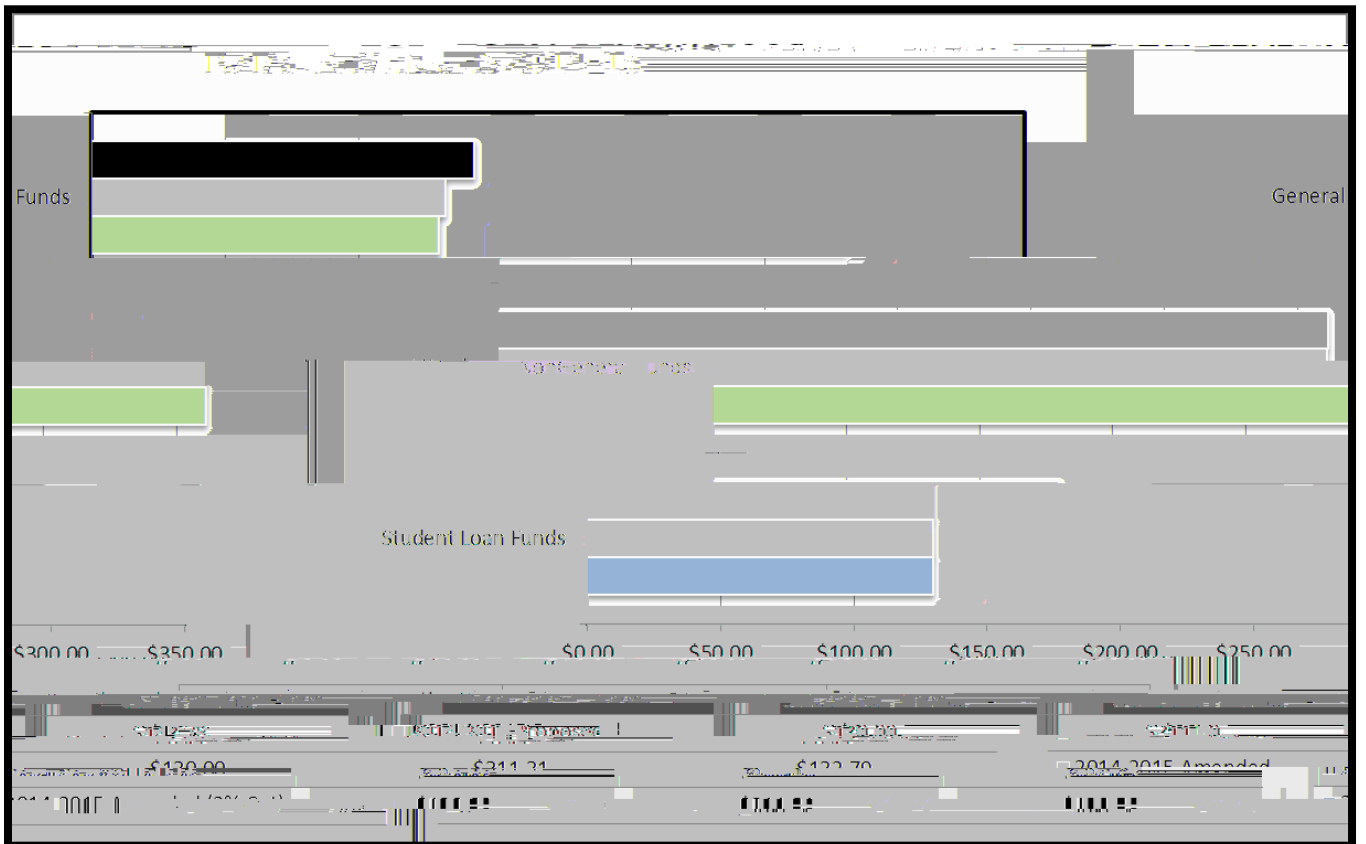
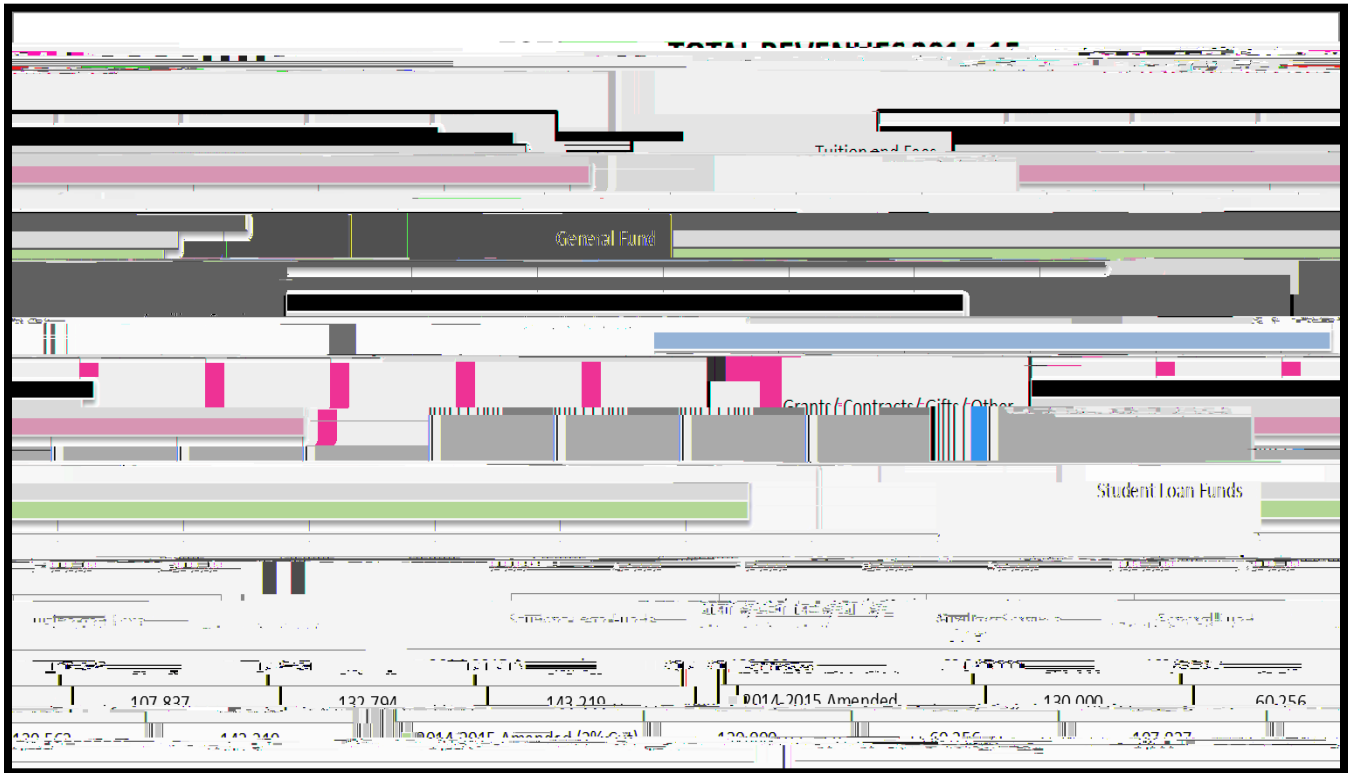
- Educational and General Tuition and Fees
- Commonwealth Appropriations
- Grants/Contracts/Gifts
- Student Loan Funds
- Auxiliary Services Revenue

The following graphs summarize the sources of the University's revenue for 2014-2015.

Bar graph comparing 2014-2015 Original Approved Budget, Amended Budget, and Amended Budget with 2% Cut Total Revenues by major sources

Bar graph comparing 2014-2015 Original Approved Budget, Amended Budget, and Amended Budget with 2% Cut Total Revenues by General v. Nongeneral funding v. student loan funds.

Pie graph of 2014-2015 (Amended Budget with 2% Cut) Total Revenues by revenue fund source (Educational and General, Auxiliary, Grants/Contracts/Gifts, and Student Loan Funds revenue).



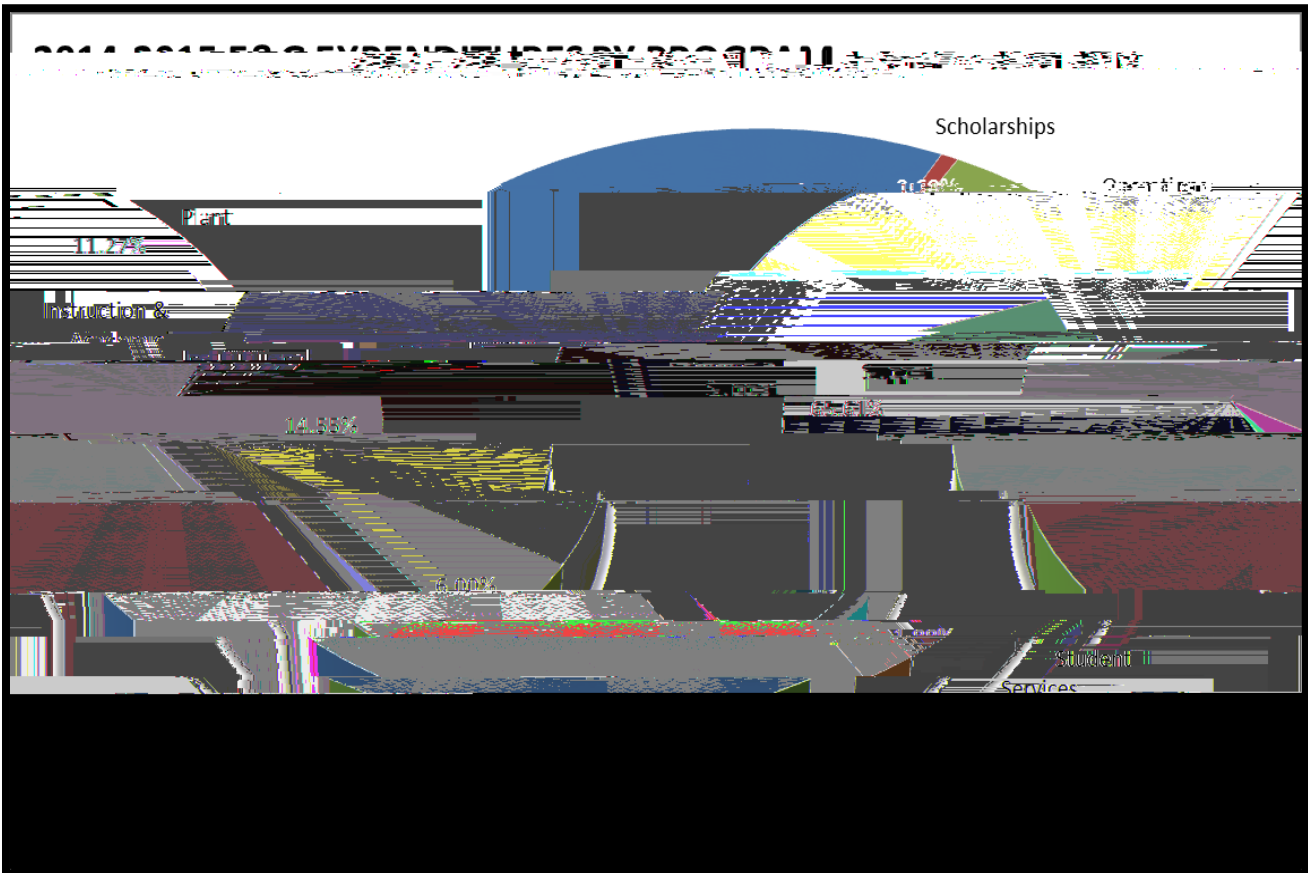
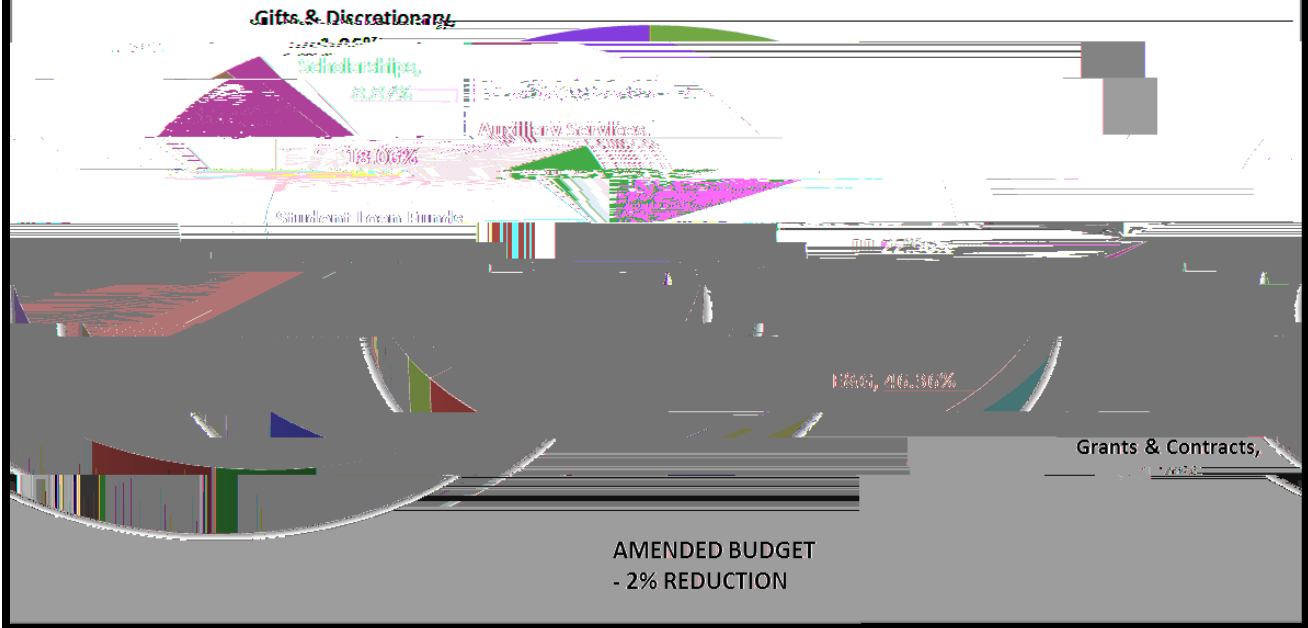


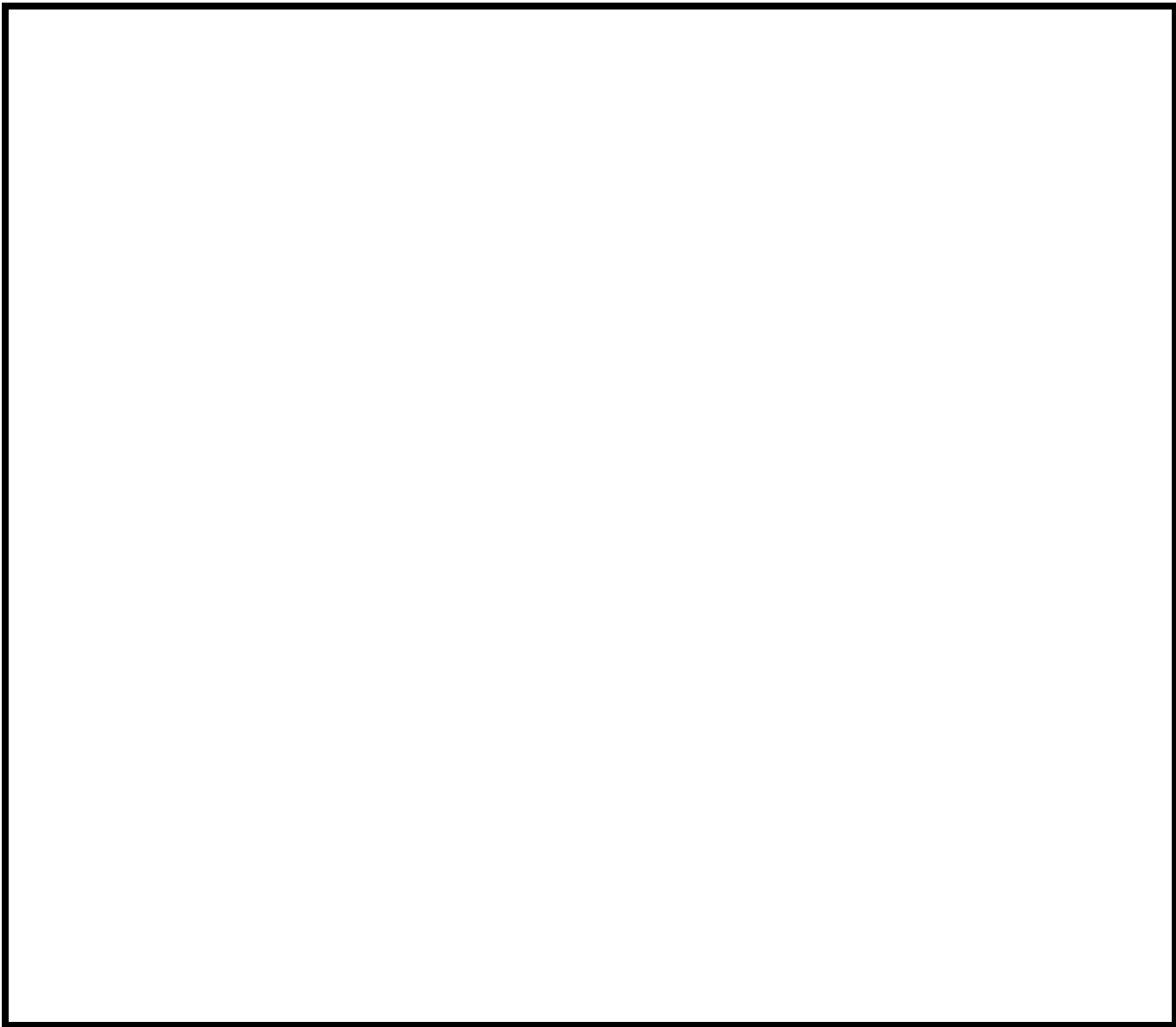
## CHAPTER 7 UNIVERSITY EXPENDITURE SUMMARY

Old Dominion University utilizes the revenue that it receives to fund a variety of activities and programs. The following expenditure classifications used in higher education budgeting fall into the following major categories: Educational Programs, Auxiliary Services, Grants & Contracts, Gifts/Discretionary, Scholarships & Fellowships, and Student Loan Funds.

Educational and General Programs (E&G):

## 2014 - 15 EXPENDITURES BY FUND CATEGORY





# OLD DOMINION UNIVERSITY

<b>REVENUES</b>	<b>2014-15 Approved Budget Plan</b>	<b>2014-15 Amended Budget Plan</b>	<b>2014-15 Amended Budget Plan 2% Cut</b>
State General Funds	\$ 143,781	\$ 132,794	\$ 130,563
Nongeneral Funds			
Student Tuition & Fees	\$ 141,419	\$ 143,219	\$ 143,219
Grants, Contracts, & Gifts, Other	\$ 62,247	\$ 60,256	\$ 60,256
Auxiliary Enterprises	\$ 107,837	\$ 107,837	\$ 107,837





**OLD DOMINION UNIVERSITY**

**TABLE 3**  
**AUXILIARY SERVICES SUMMARY**  
*(in thousands)*

	<b>2014-15</b>
<b>AUXILIARY PROGRAMS</b>	<b>APPROVED BUDGET</b>
RESIDENCE HALLS	
Revenues	\$ 30,041
Expense	\$ 27,745
Net	\$ 2,296
FOOD SERVICES	
Revenues	\$ 4,505
Expense	\$ 3,036
Net	\$ 1,469
STUDENT SERVICES	
Revenues	\$ 10,696
Expense	\$ 10,793
Net	\$ (97)
STUDENT ATHLETICS	
Revenues	\$ 37,070
Expense	\$ 36,365
Net	\$ 705
BOOKSTORE	
Revenues	\$ 650
Expense	\$ 716
Net	\$ (66)
OTHER SERVICES (Parking, Va Beach Higher Ed Centers Constant Convocation Center	
Revenues	\$ 24,873
Expense	\$ 23,595
Net	\$ 1,279
TOTAL AUXILIARY ENTERPRISES	
Revenues	\$ 107,837
Expense	\$ 102,250
Net	\$ 5,587
Commitment to Auxiliary Capital Reserve	5,587
Contributions to/(Use of) Fund Balance	0

