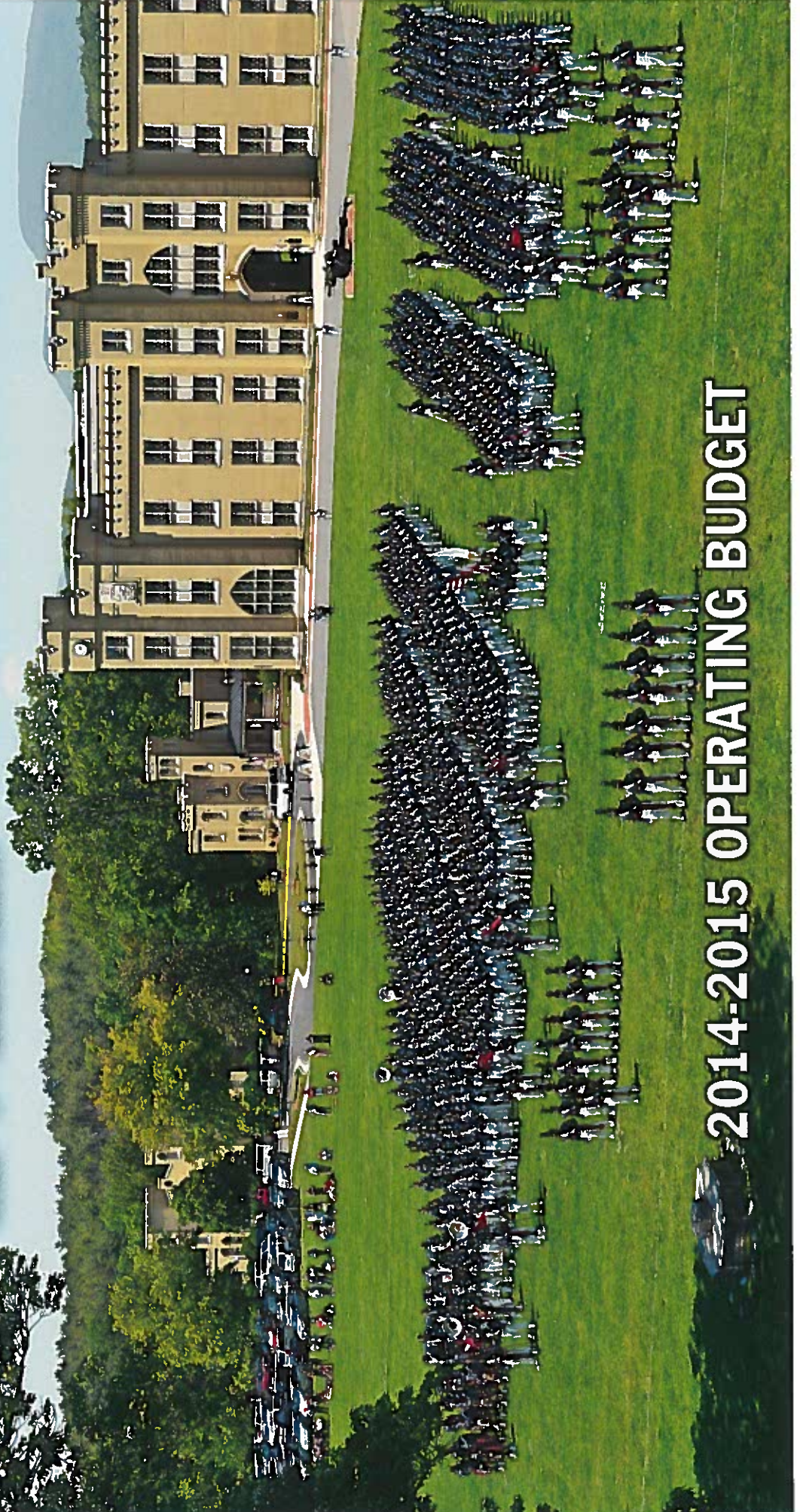


VMI



2014-2015 OPERATING BUDGET

VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

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22 April 2014

MEMORANDUM

TO: The Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

SUBJECT: Proposed Operating Budget FY 2015

The FY 2015 Operating Budget proposal for all programs totals \$81.2 million for an increase of \$3.4 million or 4.4% from the FY 2014 budget. The budget includes State general funds of \$14.4 million for an increase of \$956,000 or 7.1% from FY 2014.

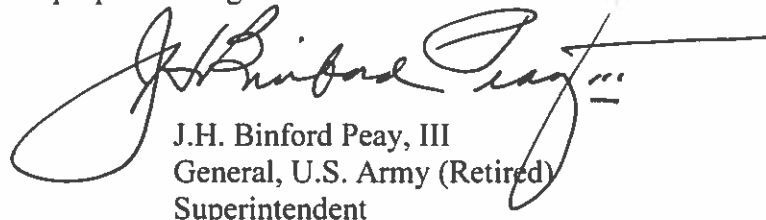
The budget recommends tuition and fee increases of 6.2% (\$1,398) for in-state cadets and 5.7% (\$2,466) for out-of-state cadets bringing total costs to \$23,890 and \$45,946, respectively.

The Fall 2014 opening enrollment is budgeted to be 1,690 and includes 500 new cadets with 58% of the total Corps from Virginia. This is a budgeted enrollment decrease from the FY 2014 budget of 0.3% and from the actual of 0.4%. The average enrollment for FY 2015 is projected to be 1,610 compared to 1,618 in FY 2014.

The budget provides for a 2% VMI employee bonus and provision for some salary increases for selected employees due to promotions, increased responsibilities, performance, and/or market adjustments. The budget also provides for State-mandated increases in employer contribution rates for the Virginia Retirement System and for health insurance of about 21% and 5%, respectively.

The budget proposal addresses most of the high priority budget requests from the senior executive officers to include new full-time teaching faculty positions and departmental operating funds. The budget also continues to add resources in support of the goals of the State's Higher Education Opportunity Act (HEOA).

I recommend that you approve this proposed budget.



J.H. Binford Peay, III
General, U.S. Army (Retired)
Superintendent



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Executive Summary

Executive Summary

FY 2015 Operating Budget

1. The Budget includes State General Funds of \$14,436,000, an increase of \$956,000 or 7.1% from 2014 (Exhibit 1).
2. The Budget includes cadet tuition/fees and other revenue of \$47,190,000, an increase of \$536,000 or 1.1% (Exhibit 2).
3. The Budget includes private fund support primarily from the VMI Alumni Agencies of \$19,527,000, an increase of \$1,896,000 or 10.8%. This consists of \$2,712,000 in unrestricted funds (14%) and \$16,815,000 in restricted funds (86%). Unrestricted funds reflect a decrease of \$201,000 or 6.9% over 2014 (Exhibit 3).
4. The Budget includes cadet financial aid from all sources of \$14,353,000, an increase of \$1,528,000 or 11.9%. This includes an increase in cadet tuition revenue budgeted for financial aid of \$1,145,000 for a total of \$3,000,000 (Exhibit 4).
5. The Budget for all programs totals \$95,506,000 and reflects an increase of \$4,916,000 or 5.4% (Exhibits 5 and 6).
6. The Educational and General Program (E&G) Budget totals \$45,830,000 and represents an increase of \$1,799,000 or 4.1% (Exhibit 7).
7. The Budget includes 500 new cadets (56% Virginians and 44% Non-Virginians) and a total Corps of 1,690 (58% Virginians and 42% Non-Virginians). This is a decrease of 5 cadets in the total Corps or 0.3% compared to the 2014 budget and 24 less than the 2014 actual (Exhibit 8). The average enrollment for FY 2015 (fall and spring) is budgeted to be 1,610.
8. Tuition and fees for in-state cadets total \$23,890 and represent an increase of \$1,398 or 6.2% over 2014. Tuition and fees for out-of-state cadets total \$45,946 and represent an increase of \$2,466 or 5.7% (Exhibit 9).

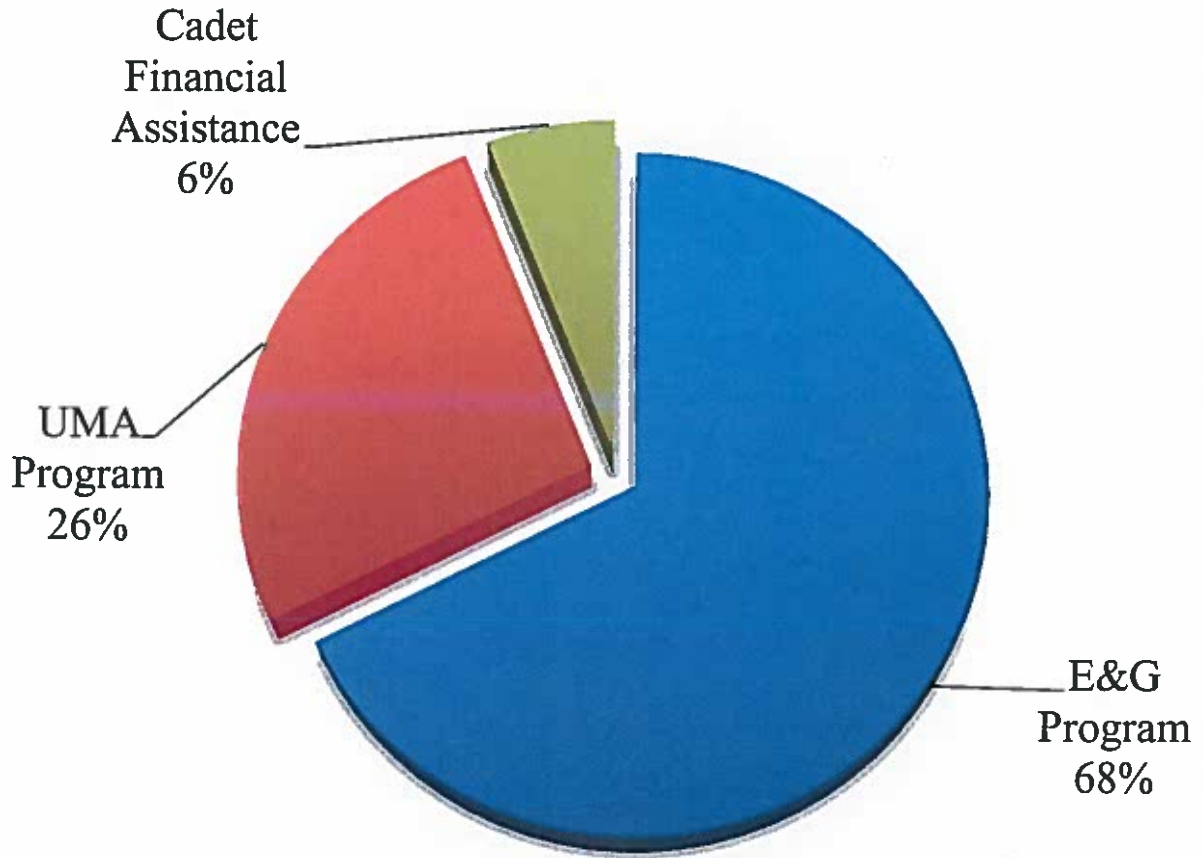
9. No State-initiated salary increase is budgeted for FY 2015. However, the budget includes provision for a 2% VMI employee bonus. The budget also includes provision for some salary increases for selected employees due to promotions, increased responsibilities, performance, and/or market adjustments. The budget also provides for State-mandated increases in employer contribution rates for the Virginia Retirement System and health insurance of about 21% and 5%, respectively.

Total personnel costs are budgeted for \$49.0 million or 60% of the total Budget (excluding cadet financial aid) and include 572 full-time positions (personnel costs comprise 74% of the State E&G budget which has 355 or 63% of the full-time positions). This is an increase of \$2.8 million or 6.1% over 2014 and primarily reflects provision for a 2% VMI employee bonus, State-mandated increases in employer contribution rates for the Virginia Retirement System and health insurance, and the addition of 10 full-time employees (Exhibit 10). See the Significant Budget Assumptions—Details of New Employees and Other Changes for information on the new positions.

10. The Budget projects a year-end Auxiliary Fund Balance (30 June 2015) of \$6.9 million (Exhibit 11).

State General Funds

	FY 2014	FY 2015	Inc (Dec)	%
E&G Program	9,039,000	9,745,000	706,000	7.8%
UMA Program	3,570,000	3,820,000	250,000	7.0%
Cadet Financial Assistance	871,000	871,000	-	0.0%
Total State General Funds	13,480,000	14,436,000	956,000	7.1%

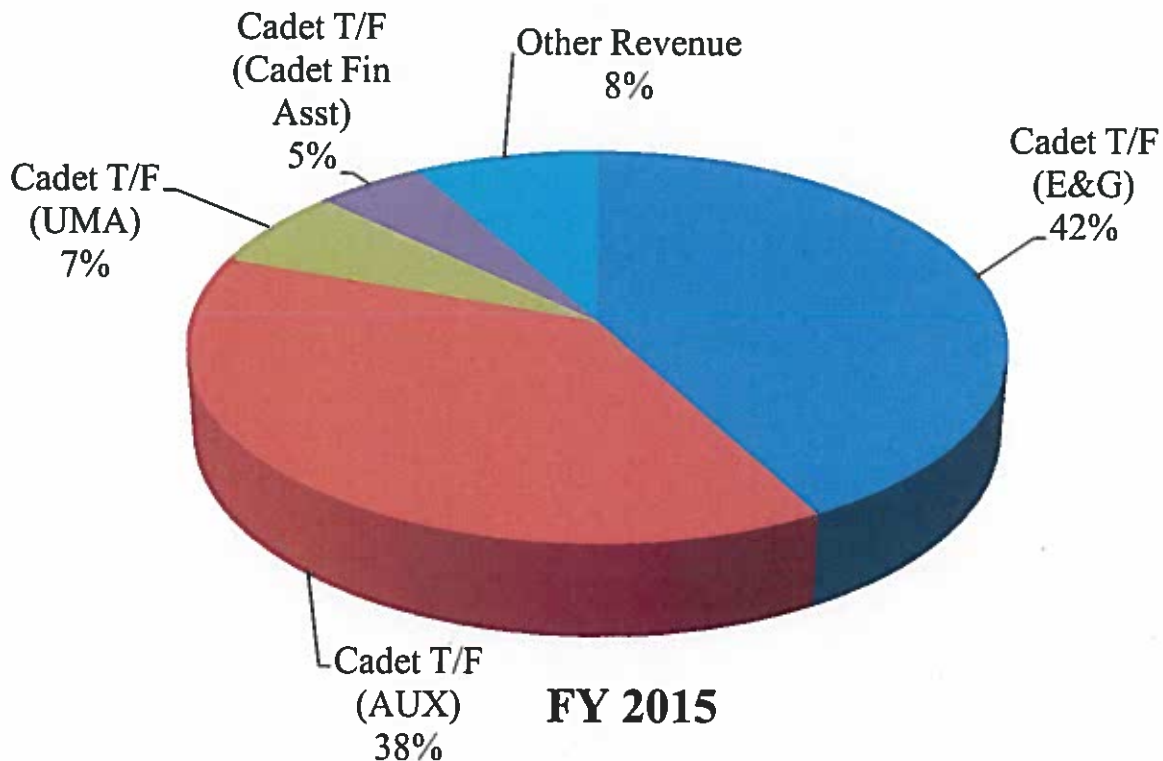


FY 2015

Cadet Tuition/Fees and Other Revenue

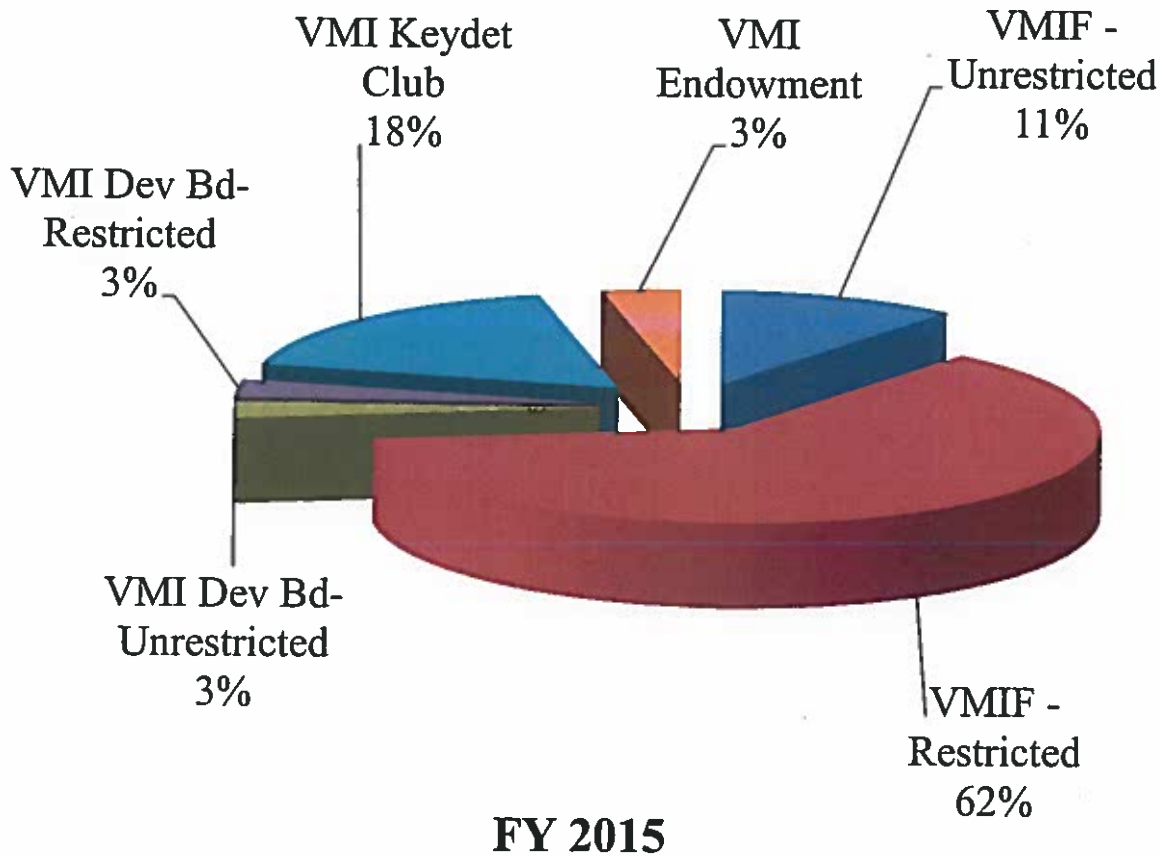
	FY 2014	FY 2015	Inc (Dec)	%
<i>Cadet Tuition and Fees</i>				
E&G Program	25,630,000	25,866,000	236,000	0.9%
Auxiliary Program	22,403,000	23,549,000	1,146,000	5.1%
UMA Program	3,810,000	4,045,000	235,000	6.2%
Cadet Financial Assistance	1,855,000	3,000,000	1,145,000	61.7%
	<u>53,698,000</u>	<u>56,460,000</u>	<u>2,762,000</u>	<u>5.1%</u>
Less: Cadet Financial Assistance *	(12,825,000)	(14,353,000)	(1,528,000)	11.9%
Total Cadet Tuition/Fees	<u>40,873,000</u>	<u>42,107,000</u>	<u>1,234,000</u>	<u>3.0%</u>
<i>Other Revenue</i>				
Athletic, CLE and Museum Revenue	2,852,000	2,747,000	(105,000)	-3.7%
Fund Balances	1,333,000	848,000	(485,000)	-36.4%
Other (includes federal grants)	1,596,000	1,488,000	(108,000)	-6.8%
Total Other Revenue	<u>5,781,000</u>	<u>5,083,000</u>	<u>(698,000)</u>	<u>-12.1%</u>
Total Cadet Tuition/Fees and Other	<u>46,654,000</u>	<u>47,190,000</u>	<u>536,000</u>	<u>1.1%</u>

**Cadet financial assistance from scholarships and grants (all budgeted sources) is deducted to arrive at the revenue paid by cadets and from other sources.*



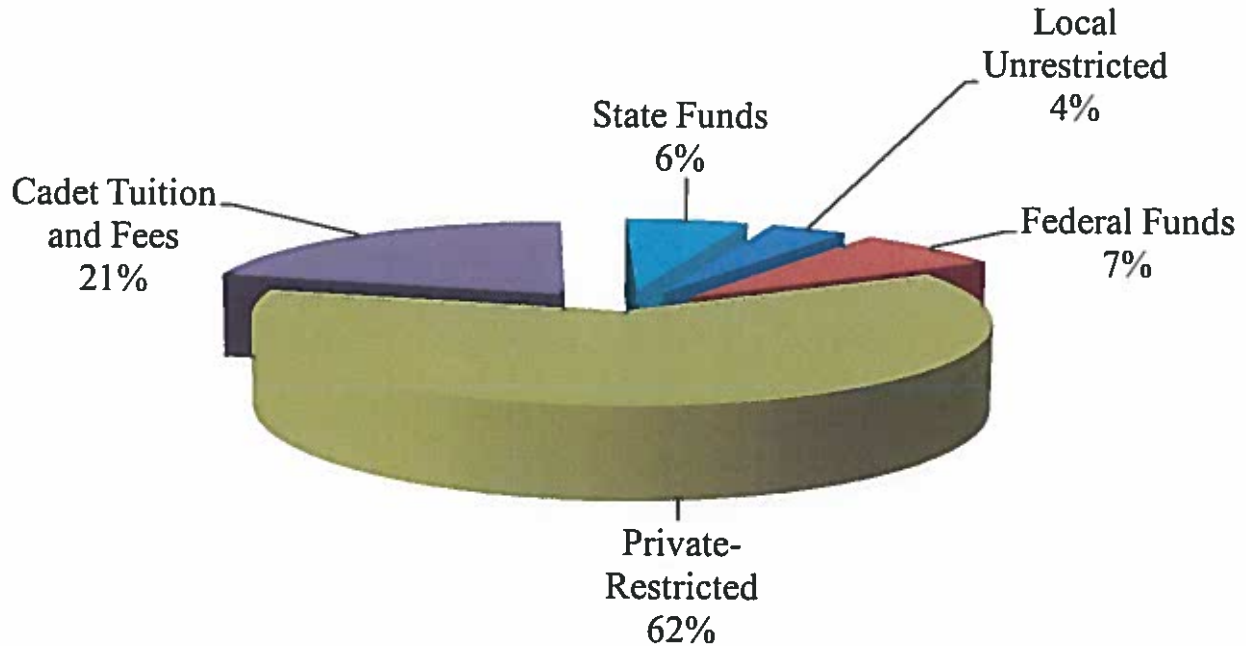
Private Funds

	FY 2014	FY 2015	Inc (Dec)	%
VMIF - Unrestricted	2,169,000	2,068,000	(101,000)	-4.7%
VMIF - Restricted	9,998,000	12,138,000	2,140,000	21.4%
VMI Dev Bd-Unrestricted	650,000	550,000	(100,000)	-15.4%
VMI Dev Bd-Restricted	626,000	584,000	(42,000)	-6.7%
VMI Keydet Club	3,503,000	3,499,000	(4,000)	-0.1%
VMI Endowment	685,000	688,000	3,000	0.4%
Total Private	17,631,000	19,527,000	1,896,000	10.8%



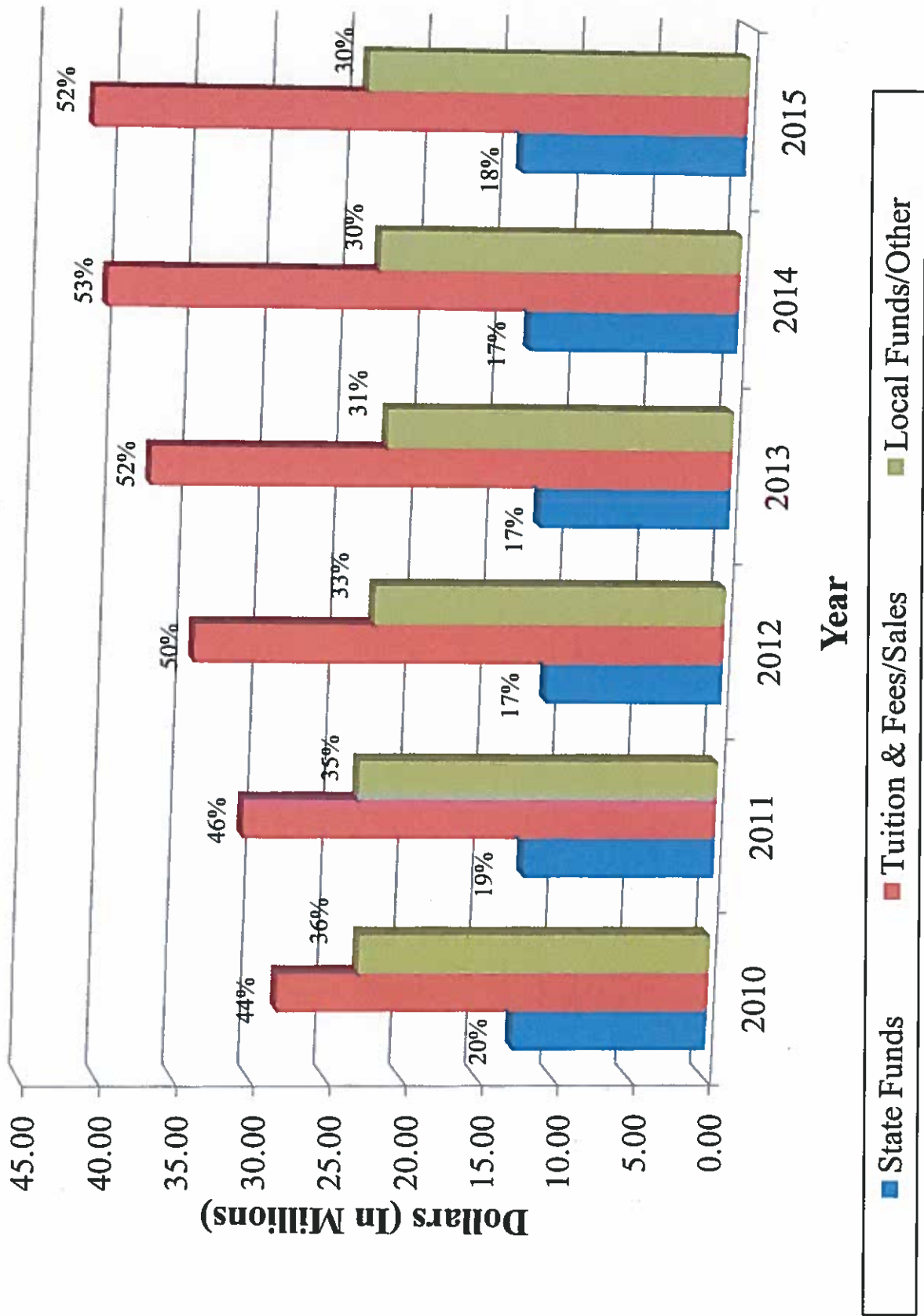
Cadet Financial Assistance

Sources	FY 2014	FY 2015	Inc (Dec)	%
State General Funds	871,000	871,000	-	0.0%
Cadet Tuition and Fees	1,855,000	3,000,000	1,145,000	61.7%
Private Funds--Restricted				
VMI Foundation	4,203,000	4,617,000	414,000	9.9%
VMI Development Board	817,000	810,000	(7,000)	-0.9%
VMI Keydet Club	2,877,000	3,019,000	142,000	4.9%
VMI Endowment/Other	433,000	411,000	(22,000)	-5.1%
Total Restricted Funds	8,330,000	8,857,000	527,000	6.3%
Local Funds--Unrestricted				
VMI Foundation (primarily)	628,000	559,000	(69,000)	-11.0%
Federal Funds	1,141,000	1,066,000	(75,000)	-6.6%
Total	12,825,000	14,353,000	1,528,000	11.9%



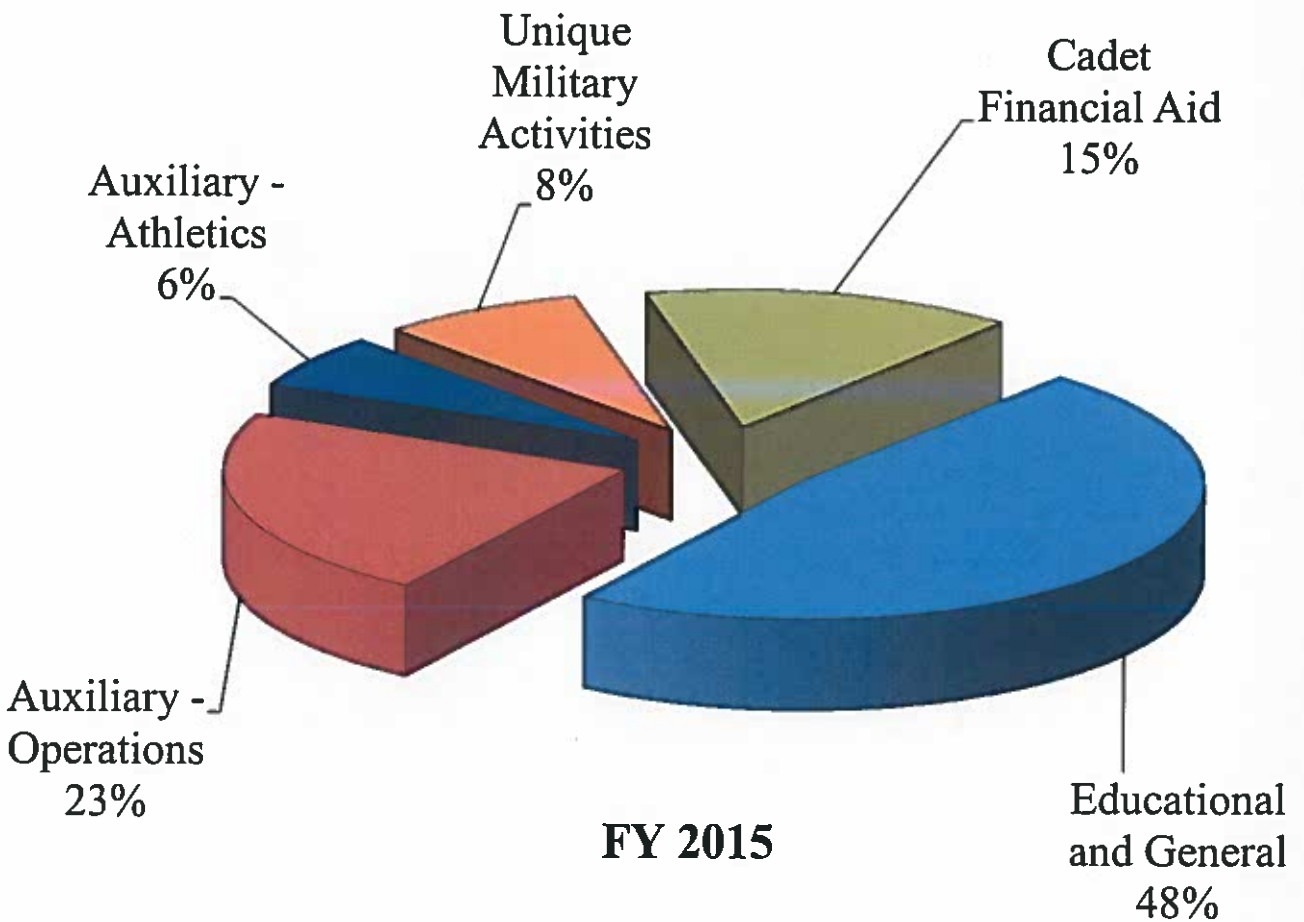
FY 2015

Sources of Revenue



Expenses

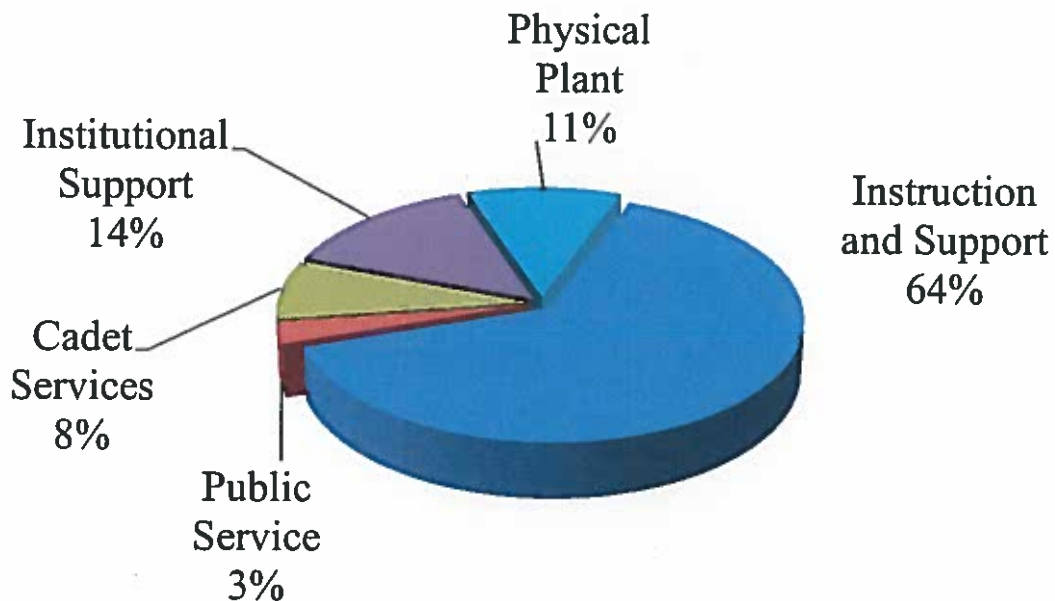
	FY 2014	FY 2015	Inc (Dec)	%
Educational and General	44,031,000	45,830,000	1,799,000	4.1%
Auxiliary - Operations	20,692,000	21,401,000	709,000	3.4%
Auxiliary - Athletics	5,662,000	6,057,000	395,000	7.0%
Unique Military Activities	7,380,000	7,865,000	485,000	6.6%
Cadet Financial Aid	12,825,000	14,353,000	1,528,000	11.9%
Total Expenses	90,590,000	95,506,000	4,916,000	5.4%



Educational and General Program

	2014	%	2015	%
Instruction & Support	27,314,000	62%	29,430,000	64%
Public Service	1,370,000	3%	1,329,000	3%
Cadet Services	3,352,000	8%	3,607,000	8%
Institutional Support	6,585,000	15%	6,491,000	14%
Physical Plant	5,410,000	12%	4,973,000	11%
Total E & G Program	44,031,000	100%	45,830,000	100%

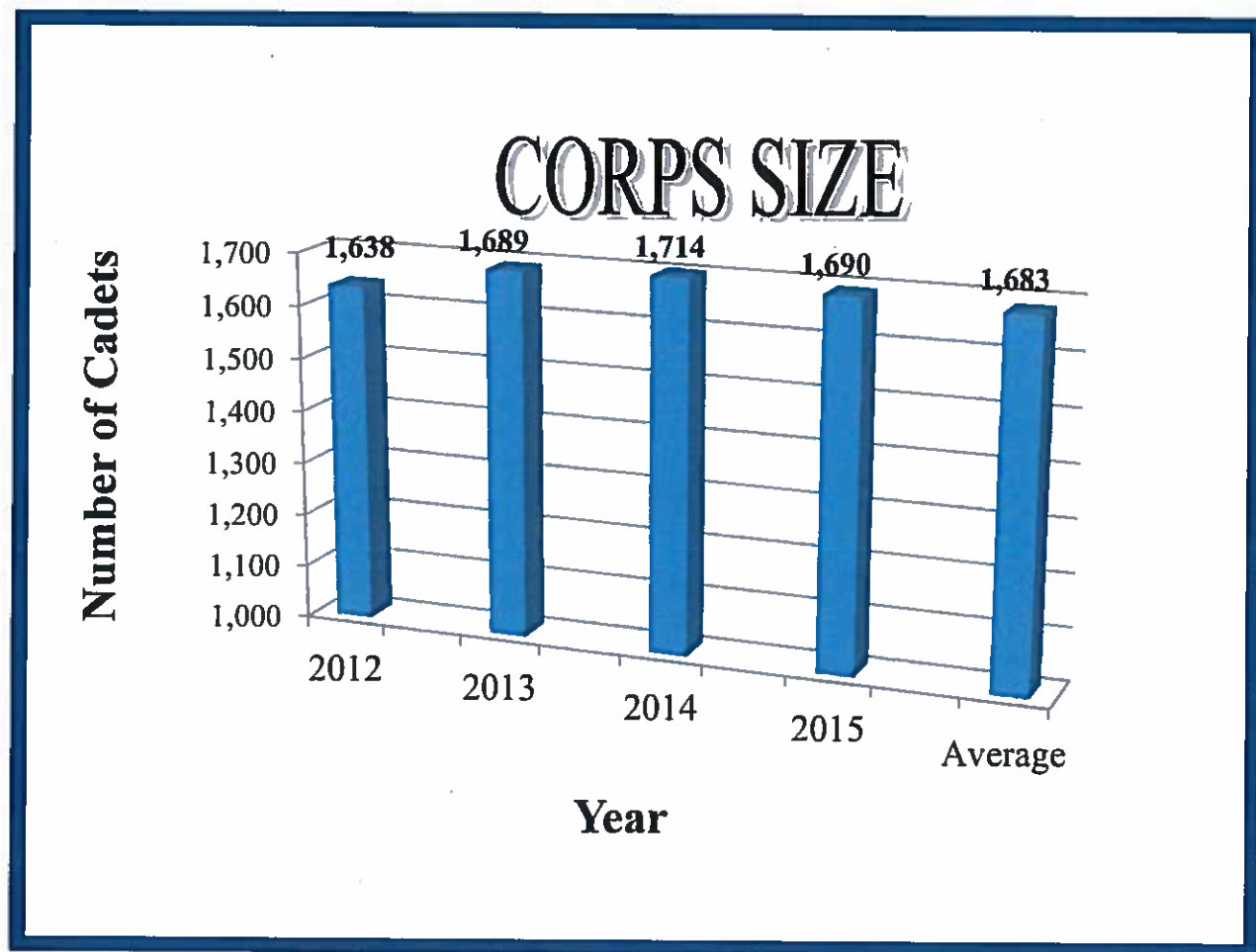
Note: The State E&G Program budget totals \$35.6 million and includes personal services of \$31.6 million or 75% in FY 2015 and \$30.0 million or 74% for FY 2014.



FY 2015

Enrollment - Fall

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Budgeted 2015</u>	<u>Average</u>
New Cadets	509	509	504	500	506
Upperclass	1,129	1,180	1,210	1,190	1,177
Total	1,638	1,689	1,714	1,690	1,683
% In-State	58.8%	58.4%	58.1%	58.0%	58.3%



Tuition and Fees

	FY 2014	FY 2015	Inc (Dec)	%
Tuition				
In-State	7,080	7,498	418	5.9%
Out of State	28,068	29,554	1,486	5.3%
Fees	15,412	16,392	980	6.4%
Total Cost				
In-State	22,492	23,890	1,398	6.2%
Out-of-State	43,480	45,946	2,466	5.7%

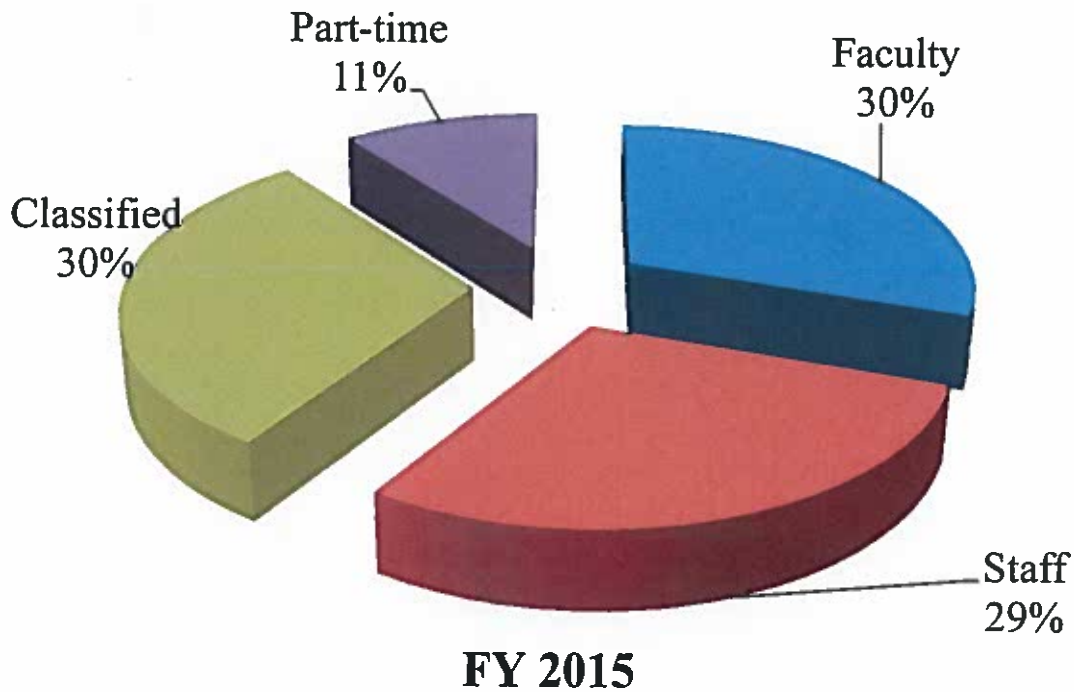
Note: Fees include room, board, medical, cadet activities/facilities, athletic, laundry/pressing, haircuts, and UMA activities.

Budgeted Dollars for Personnel

	FY 2014		FY 2015	
	FTE	Salaries/Fringes	FTE	Salaries/Fringes
Full-time Staff				
Faculty	132	13.8 million	136	14.7 million
Staff	135	13.1 million	143	14.2 million
Classified	295	14.8 million	293	14.9 million
Part-time Staff		4.5 million		5.2 million
Total	562	46.2 million	572	49.0 million

Notes:

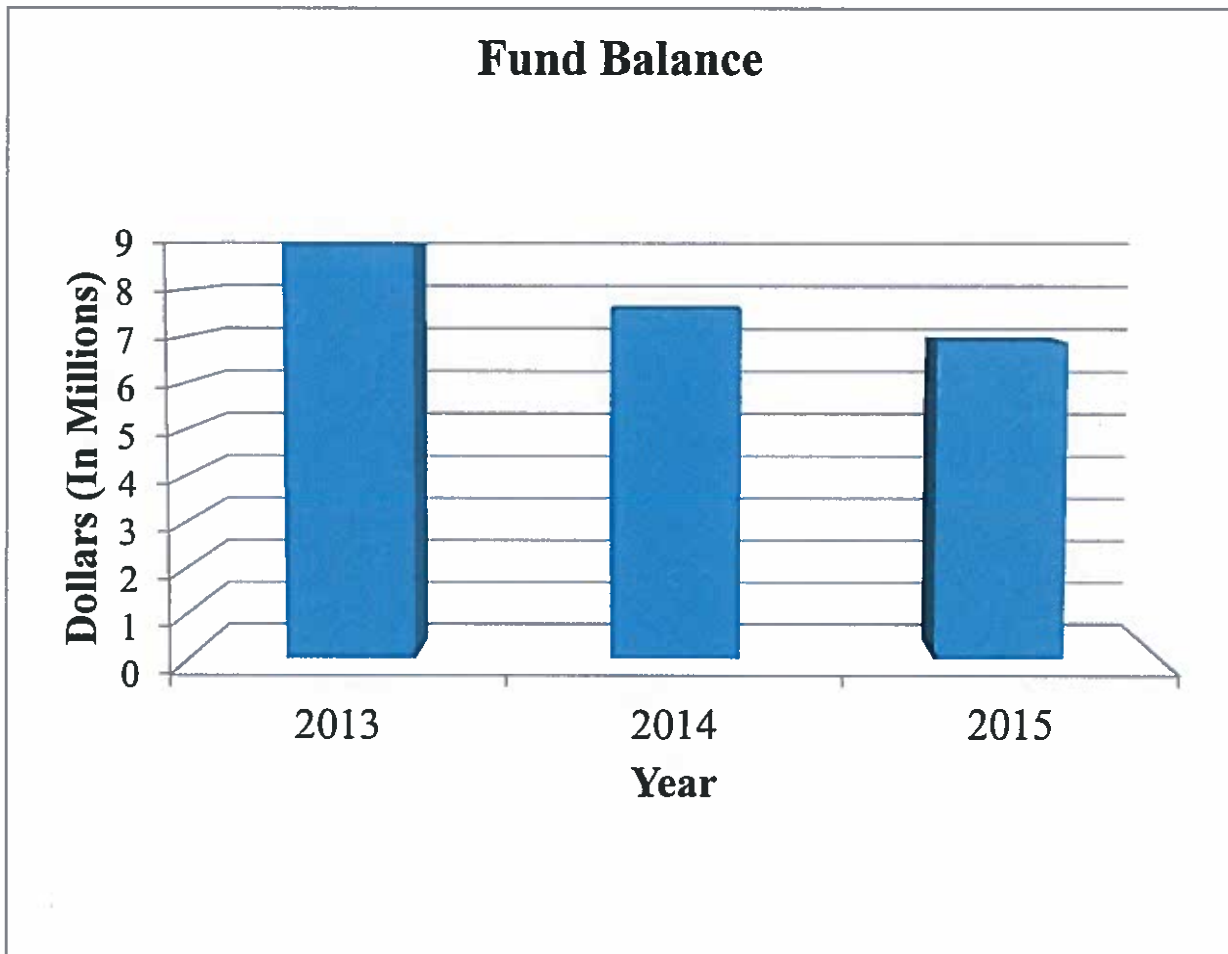
1. FTE counts full-time employees; however, the dollars also include part-time employee wages.
2. The budget reflects an increase of 10 FTE or 2.0%.
3. Salaries and fringe benefits represent 60% of the total operating budget.
4. VMI's 12:1 full-time faculty-to-student ratio (average) is the lowest of all the State's public colleges.
5. FTE and dollars include 9 full-time positions budgeted in Maintenance Reserve/Capital Projects.



Auxiliary Fund Balance

	Actual 6/30/13	Projected 6/30/14	Projected 6/30/15
Fund Balance	9,502,646	7,600,000	6,900,000

Note: Goal is to maintain Fund Balance between \$6 million to \$7 million for working capital and for renewal and replacement of facilities. This balance will need to grow as VMI undertakes Auxiliary capital projects in the Post Facilities Master Plan.



Budget At A Glance

THE BUDGET AT A GLANCE

This section provides an overview of the budget for the Fiscal Year beginning 1 July 2014 and ending 30 June 2015 (hereinafter referred to also as 2015). This section includes the following schedules:

- *Revenues* identifies all revenues by program
- *Expenditures* identifies all expenditures by program
- *Sources of Revenue* identifies all revenues by source

REVENUE

STATE FUNDS

	2014	2015	Increase (Decrease)	%
Educational and General				
General Funds	9,039,000	9,745,000	706,000	7.8%
Cadet Tuition and Other Income	25,630,000	25,866,000	236,000	0.9%
Total Educational & General	34,669,000	35,611,000	942,000	2.7%
Unique Military Activities				
General Funds	3,570,000	3,820,000	250,000	7.0%
Cadet Fees and Other Income	3,810,000	4,045,000	235,000	6.2%
Total Unique Military	7,380,000	7,865,000	485,000	6.6%
Auxiliary Enterprises				
Cadet Fees and Other Income	19,858,000	20,808,000	950,000	4.8%
Transfer from Reserves	643,000	404,000	(239,000)	-37.2%
Total Auxiliary	20,501,000	21,212,000	711,000	3.5%
Cadet Financial Assistance				
General Funds	871,000	871,000	-	0.0%
Cadet Tuition and Fees	1,855,000	3,000,000	1,145,000	61.7%
Total Cadet Financial Assistance	2,726,000	3,871,000	1,145,000	42.0%
Total State Funds	65,276,000	68,559,000	3,283,000	5.0%

	2014	2015	Increase (Decrease)	%
LOCAL FUNDS				
Restricted Funds				
VMI Foundation/Development Bd	10,624,000	12,722,000	2,098,000	19.7%
VMI Keydet Club	3,503,000	3,499,000	(4,000)	-0.1%
VMI Endowment	591,000	594,000	3,000	0.5%
Federal Funds/NCAA Income	1,291,000	1,181,000	(110,000)	-8.5%
Total Restricted	16,009,000	17,996,000	1,987,000	12.4%
Unrestricted Funds				
VMI Foundation/Development Bd	2,819,000	2,618,000	(201,000)	-7.1%
VMI Endowment Income	94,000	94,000	-	0.0%
Cadet Athletic Fees	2,545,000	2,741,000	196,000	7.7%
Athletic Revenue/Support	1,378,000	1,630,000	252,000	18.3%
Museum Revenue	823,000	756,000	(67,000)	-8.1%
Conference Income	651,000	361,000	(290,000)	-44.5%
Concessions Income	305,000	307,000	2,000	0.7%
Fund Balance--Auxiliary	500,000	315,000	(185,000)	-37.0%
Fund Balance--Local Unrestricted	190,000	129,000	(61,000)	-32.1%
Total Unrestricted	9,305,000	8,951,000	(354,000)	-3.8%
Total Local Funds	25,314,000	26,947,000	1,633,000	6.5%
TOTAL ALL FUNDS	90,590,000	95,506,000	4,916,000	5.4%
Less: Cadet Financial Assistance	(12,825,000)	(14,353,000)	(1,528,000)	11.9%
TOTAL REVENUE	77,765,000	81,153,000	3,388,000	4.4%

EXPENDITURES

	2014	2015	Increase (Decrease)	%
STATE FUNDS				
Educational & General				
Instruction	16,397,000	17,262,000	865,000	5.3%
Public Service	90,000	92,000	2,000	2.2%
Academic Support	5,523,000	5,829,000	306,000	5.5%
Cadet Services	2,673,000	2,686,000	13,000	0.5%
Institutional Support	4,716,000	4,938,000	222,000	4.7%
Physical Plant	5,270,000	4,804,000	(466,000)	-8.8%
Total Educational & General	34,669,000	35,611,000	942,000	2.7%
Unique Military Activities				
	7,380,000	7,865,000	485,000	6.6%
Auxiliary Enterprises				
Operations	17,718,000	18,801,000	1,083,000	6.1%
Debt Service	1,383,000	1,241,000	(142,000)	-10.3%
Maintenance projects	1,400,000	1,170,000	(230,000)	-16.4%
Total Auxiliary Enterprises	20,501,000	21,212,000	711,000	3.5%
Cadet Financial Assistance				
	2,726,000	3,871,000	1,145,000	42.0%
Total State Funds	65,276,000	68,559,000	3,283,000	5.0%

	2014	2015	Increase (Decrease)	%
LOCAL FUNDS				
Educational & General				
Instruction	3,364,000	4,935,000	1,571,000	46.7%
Research	71,000	40,000	(31,000)	-43.7%
Public Service	1,280,000	1,237,000	(43,000)	-3.4%
Academic Support	1,959,000	1,364,000	(595,000)	-30.4%
Cadet Services	679,000	921,000	242,000	35.6%
Institutional Support	1,869,000	1,553,000	(316,000)	-16.9%
Physical Plant	140,000	169,000	29,000	20.7%
Total Educational & General	9,362,000	10,219,000	857,000	9.2%
Cadet Financial Assistance	10,099,000	10,482,000	383,000	3.8%
Auxiliary Enterprises				
Intercollegiate Athletics	5,662,000	6,057,000	395,000	7.0%
Debt Service	191,000	189,000	(2,000)	-1.0%
Total Auxiliary Enterprises	5,853,000	6,246,000	393,000	6.7%
Total Local Funds	25,314,000	26,947,000	1,633,000	6.5%
TOTAL ALL FUNDS				
	90,590,000	95,506,000	4,916,000	5.4%
Less: Cadet Financial Assistance	(12,825,000)	(14,353,000)	(1,528,000)	11.9%
TOTAL EXPENDITURES	77,765,000	81,153,000	3,388,000	4.4%

SOURCES OF REVENUE

	2014	% of Total	2015	% of Total	Inc (Dec)	% Inc (Dec)
State General Funds	13,480,000	17.3	14,436,000	17.8	956,000	7.1%
Cadet Tuition/Fees and Sales	40,873,000	52.6	42,107,000	51.9	1,234,000	3.0%
VMI and Alumni Agencies Support						
<i>VMI Alumni Agencies</i>						
VMI Foundation	12,167,000	15.6	14,206,000	17.5	2,039,000	16.8%
VMI Development Board	1,276,000	1.6	1,134,000	1.4	(142,000)	-11.1%
Total Foundation/ Dev Bd	13,443,000	17.3	15,340,000	18.9	1,897,000	14.1%
VMI Keydet Club	3,503,000	4.5	3,499,000	4.3	(4,000)	-0.1%
Total Alumni Agencies	16,946,000	21.8	18,839,000	23.2	1,893,000	11.2%
<i>VMI Endowment</i>						
VMI General Endowment	424,000	0.5	426,000	0.5	2,000	0.5%
VMI Collins Endowment	200,000	0.3	200,000	0.2	-	0.0%
Outside Trusts (scholarships)	61,000	0.1	62,000	0.1	1,000	1.6%
Total VMI Endowment	685,000	0.9	688,000	0.8	3,000	0.4%
Total VMI and Alumni Agencies	17,631,000	22.7	19,527,000	24.1	1,896,000	10.8%

	2014	% of Total	2015	% of Total	Inc (Dec)	% Inc (Dec)
Other Revenue						
Athletic Revenue/Support	1,378,000	1.8	1,630,000	2.0	252,000	18.3%
Concessions Income	305,000	0.4	307,000	0.4	2,000	0.7%
Museum Revenue	823,000	1.1	756,000	0.9	(67,000)	-8.1%
Program/Conference Income	651,000	0.8	361,000	0.4	(290,000)	-44.5%
Auxiliary Reserves	1,143,000	1.5	719,000	0.9	(424,000)	-37.1%
Local Unrestricted Fund Balance	190,000	0.2	129,000	0.2	(61,000)	-32.1%
Federal Funds/Other Income	1,291,000	1.7	1,181,000	1.5	(110,000)	-8.5%
Total Other Revenue	5,781,000	7.4	5,083,000	6.3	(698,000)	-12.1%
TOTAL	77,765,000	100.0	81,153,000	100.0	3,388,000	4.4%

General Information

GENERAL INFORMATION

Total Operating Budget

The 2015 Operating Budget totals \$95.5 million and includes \$14.4 million in cadet financial assistance. Cadet financial assistance appears twice in the budget- once in the programs from which the funds are derived (mostly local restricted funds) and again in the programs where the funds are reflected as tuition and fees (mostly State funds). The net operating budget without cadet financial assistance totals \$81.2 million.

This operating budget generally excludes major capital projects, those greater than \$1.0 million, and State Maintenance Reserve projects, those costing between \$25,000 and \$1.0 million. Such capital projects are funded and budgeted separately.

State Funds

State Funds consist of *general* funds and *nongeneral* funds that are deposited and expended from the State Treasury. General funds derive primarily from State income and sales taxes and are appropriated to VMI by the General Assembly. Nongeneral funds derive primarily from cadet tuition and fees, and revenue from auxiliary enterprises. VMI generally determines the level of its nongeneral funds. The General Assembly must also appropriate nongeneral funds before they can be spent. It is the intent of the General Assembly that each institution's combined general and nongeneral fund appropriation within its educational and general program closely approximates the anticipated budget each fiscal year. State policy also stipulates that appropriated nongeneral funds are spent first and State general funds last. Accordingly, unspent State appropriations at fiscal year end are deemed to be general funds. Expenditures of State Funds are subject to State policies and procedures.

Local Funds

Local Funds comprise all other non-state funds that are deposited and expended from VMI's local bank account. Most of the revenue in this category derives from the VMI Alumni Agencies, VMI endowments, Intercollegiate Athletics, Museum Operations, the Center for Leadership and Ethics, and federal student financial aid grants. VMI also classifies cadet athletic fees in Local Funds since they are spent by Intercollegiate Athletics which is accounted for as a local auxiliary enterprise. State procurement regulations also apply to the expenditures of all local funds. Restricted local funds are subject to donor restrictions as to use. Unrestricted funds carry no restrictions by the donor.

With the adoption of this budget, the Board of Visitors directs that the expenditure of all budgeted funds shall be in accordance with the policies and procedures as outlined in the VMI Finance System Manual approved by the Board of Visitors.

State Budget Process and Calendar

The State adopts a biennial budget in every even-numbered session of the General Assembly. The Governor's budget staff in the Department of Planning and Budget (DPB) develops the budget with input from State institutions and agencies, the State Council of Higher Education (SCHEV), and the Secretary of Education. DPB issues budget development instructions to all State institutions and agencies in the fall of every odd-numbered year inviting them to submit their budget requests and initiatives.

The Governor presents his proposed budget to the legislative money committees (House Appropriations and Senate Finance Committees) in December. The money committees will usually develop their own amendments to the Governor's budget and a joint committee of both houses will then compromise on a single set of amendments for approval by the entire General Assembly in March. The Governor may veto items in the General Assembly budget if the General Assembly does not override the veto by a two-thirds vote of the members. The end result will be the Appropriations Act (State Budget) that will specify appropriations of State general funds and nongeneral funds to State institutions and agencies for the next two years.

The Governor and General Assembly will usually pass some amendments to the State Budget in the odd-numbered sessions of the General Assembly, but such amendments are usually limited to emergencies and other critical items.

The State Appropriations Act authorizes the Governor to reduce State general fund appropriations to State agencies and institutions of higher education up to 15% when State general fund revenues are estimated by the Governor to be insufficient to pay in full all general fund appropriations authorized by the General Assembly. In making this determination, the Governor shall take into account actual general fund revenue collections for the current fiscal year and the results of a formal written re-estimate of general fund revenues for the current and next biennium. The re-estimate of general fund revenues shall be communicated to the Chairman of the Senate Finance, House Appropriations, and House Finance Committees before the Governor can take action to reduce general fund appropriations.

Note: The 2014 General Assembly adjourned on 8 March 2014 without adoption of a State Budget for 2014-2016 due to an impasse on Medicaid expansion. Governor McAuliffe reconvened a special session of the General Assembly on 24 March 2014 to continue working on a State Budget for 2014-2016. There is no adjournment date established.

VMI has made an estimate in its FY 2015 Operating Budget of anticipated new State general funds for its programs. The estimate is based on former Governor McDonald's introduced State Budget for 2014-2016 and subsequent amendments by the House and Senate of the General Assembly. The final State Budget may include new State general

funds for VMI that differ from VMI's estimates included in the 2015 Operating Budget, however, any shortfall can be mitigated by contingency funds in the Budget.

Six-Year Plan

Since 2005 the State Appropriations Act has required that the Board of Visitors of each public institution develop and adopt biennially a six-year plan for its institution. Each Board shall submit the plan to the State Council, the Governor, and the respective chairs of the House Committee on Appropriations and the Senate Committee on Finance no later than 1 July of each odd-numbered year. Each plan must address the institution's academic, financial, and enrollment plans (to include the proportion of in-state and out-of-state students) for the six-year period. It shall be structured in accordance with specific goals and objectives outlined in the Act and in a form and manner prescribed by the State Council of Higher Education which is charged with reviewing and assessing each plan.

VMI last updated and submitted its six-year financial plan as of 1 July 2013. The next plan update is required by 1 July 2014.

VMI Budget Process and Calendar

VMI adopts an annual operating budget at the May meeting of the Board of Visitors. The Deputy Superintendent for Finance, Administration and Support (FAS) develops the proposed budget with input from all of VMI's senior executive officers, the Superintendent, and the Audit, Finance and Planning Committee (AFP) of the Board of Visitors. VMI's Strategic Plan (Vision 2039) is a principal source of guidance and direction in the formulation of the proposal. The Plan is updated annually by the Institute Planning Committee (comprised of the senior executive officers) in coordination with the budget cycle. The Institute Planning Committee—Policy Group constitutes the Budget Committee that helps develop the proposed budget that goes to the Superintendent for his approval and then to the AFP Committee for its consideration and recommendation to the full Board of Visitors in May.

External input is obtained from the State Appropriations Act regarding State funds and from the VMI Alumni Agencies regarding local funds. The Deputy Superintendent (FAS) presents VMI's draft local unrestricted funds budget to the VMI Foundation Finance Committee usually in April for its review and information.

Programs

The State's *Commonwealth Planning and Budgeting System* is the basis of VMI's operating programs. This encompasses the following programs:

Educational and General Program (E&G)

- *Instruction* — the general academic instruction and community education programs -- includes all academic departments, Reserve Officer Training Corps (ROTC), and community education programs.
- *Public Service* — the provision of services beneficial to individuals and groups outside VMI -- includes the VMI Museum and the New Market Battlefield State Historical Park.
- *Academic Support* — the support services to the instruction and public service sub-programs -- includes the library, academic administration, computing services, and student assessment.
- *Cadet Services* — the support services to cadets -- includes admissions, cadet records, financial aid administration, cadet counseling and cultural development.
- *Institutional Support* — the operational and administrative support for the day-to-day functioning of VMI -- includes executive management, fiscal operations, general administrative services, logistical services, and public relations and development.
- *Physical Plant* — the operation and maintenance of the physical plant -- includes administration and supervision, custodial services, building repairs and maintenance, utilities, and insurance.

Unique Military Activities (UMA)

This program supports VMI's military activities. It includes military administration, cadet uniform issuance and maintenance, the Regimental Band, Rat Challenge, cadet counseling, facilities maintenance, and a large portion of the hospital costs.

Auxiliary Enterprises (AUX)

This program provides the goods and services needed to support cadets outside the classroom and to support faculty and staff. It includes the Barracks, the Mess Hall, the laundry, the hospital, the Military Store, the barber shop, social and recreational facilities, cadet clubs and organizations, Corps trips, intercollegiate athletics, and employee housing.

Cadet Financial Assistance (CFA)

This includes all financial aid programs for cadets including scholarships, grants, and loans.

State Funding

The State generally uses an incremental budgeting policy in which an institution's base budget for each program is carried forward biennially with adjustments as necessary for State-mandated salary increases, fringe benefit changes, and application of "base adequacy

funding guidelines” in the case of the E&G Program. Current State base adequacy funding guidelines (as adjusted for the impact of VMI’s Unique Military Activities Program as approved by the State Council of Higher Education effective FY 2013) indicate that VMI is generally fully-funded. Since adoption of the Higher Education Opportunity Act (HEOA) in 2011, some State funding has also been appropriated to institutions based on performance and initiatives in achieving the goals of the Act. The Act addresses several important goals to include producing more graduates especially in the fields of science, technology, engineering, and math (STEM).

Educational and General Program

The Appropriations Act provides that in establishing the appropriate State share of funding for in-state students in the E&G Program the General Assembly “shall seek to cover at least 67 percent of educational costs associated with providing full funding of the base adequacy guidelines, raising average salaries for teaching and research faculty to the 60th percentile of peer institutions, and other priorities set forth in the act.” The Appropriations Act requires out-of-state students to pay at least 100% of the cost of their education. Accordingly, this policy provides that VMI should receive State general fund support of its E&G Program that is equal to approximately 67% times the percentage of its in-state students. For FY 2015, VMI projects an in-state enrollment of about 58% which would indicate that State general fund support of the E&G Program should approximate 39% of the total E&G budget (67% times 58%). State general fund support budgeted for FY 2015 totals about 27% of the total E&G budget. The shortfall in State funding is about \$4.1 million and generally approximates State general fund reductions from FY 2008 to FY 2012 due to the economic recession.

Equipment Trust Fund monies and Maintenance Reserve Program funds are normally appropriated based on a prescribed methodology by DPB or SCHEV. These funds are not included in VMI’s operating budget.

Unique Military Activities

State general fund support for the UMA Program is budgeted to total about \$3.8 million in FY 2015, but continues to fall short based on the recommendations of the State Council of Higher Education (SCHEV) in 1987. SCHEV recommended that the State provide full general fund support for all UMA costs except uniforms for which cadets were expected to pay 40% of the cost. Since then, cadet fees have been required to fund not only uniforms, but also other UMA costs. The FY 2015 shortfall in State general funds for the UMA Program is estimated to be approximately \$3.4 million. VMI will continue to submit budget requests to the State requesting additional State general fund support for the UMA Program consistent with SCHEV’s recommendations.

Auxiliary Enterprises

The State requires auxiliary enterprises to be self-supporting; therefore, the State provides no general fund support for these programs. Cadet fees, user charges, and other revenues

must fully fund Auxiliary operations. The Appropriations Act also requires that the Auxiliary Program pay its share of VMI's indirect costs that consist of E&G Institutional Support and Physical Plant program costs. The amount of indirect costs that the Auxiliary Program must pay is based on a biennial cost study conducted by VMI and approved by SCHEV.

Cadet Financial Assistance

The State provides general funds for financial aid to support in-state students who demonstrate need including VMI's State Cadetship Program. The level of support is based on State funding formulas that take into account unmet student need.

Significant Budget Assumptions

Significant Budget Assumptions

This section describes the significant assumptions and estimates used in the development of the budget. These key factors are the following:

- ***Tuition and fees***—Provides the proposed tuition and fees for FY 2015 (the regular session and the summer session held the summer of 2014) and supplementary information regarding the increases, other costs to cadets, discounts budgeted for Non-Virginia cadets in the Virginia National Guard, and VMI's payment and refund policies.
- ***Enrollment***—Provides the budgeted enrollment for FY 2015 including the number of Virginia cadets, Non-Virginia cadets, new cadets, and old or returning cadets. Also provides estimates of the Fall and the Spring Semester enrollment along with the number of cadets on foreign study.
- ***New Cadet Enrollment***—Provides the estimated number of applications, acceptances, and matriculants for the Class of 2018 by in-state and out-of-state. Also provides the percentage of acceptances and the yield (i.e., number of acceptances who are expected to matriculate).
- ***Total Employment***—Provides the number of full-time employees for each program and the total personal services costs (salaries, wages, and fringe benefits). Describes changes in full-time positions.
- ***Salary Increases and Fringe Benefits***—Provides the budgeted salary increases or bonuses and the fringe benefit rates and health care costs.

Tuition and Fees--Regular Session

	2014	2015	Inc (Dec)	%
<i>Tuition</i>				
Virginia Cadet	7,080	7,498	418	5.9%
NonVirginia Cadet	28,068	29,554	1,486	5.3%
<i>Room</i>				
	2,414	2,498	84	3.5%
<i>Board</i>				
	5,674	5,874	200	3.5%
<i>Auxiliary Fees</i>				
Athletic	1,576	1,702	126	8.0%
Medical	230	236	6	2.6%
Cadet Facilities/Activities	2,600	3,002	402	15.5%
Total	4,406	4,940	534	12.1%
<i>Quartermaster Charges</i>				
Laundry/Pressing	350	362	12	3.4%
Haircuts	256	256	-	0.0%
Uniforms/UMA Activities	2,312	2,462	150	6.5%
Total	2,918	3,080	162	5.6%
Total Virginia Cadet	22,492	23,890	1,398	6.2%
Total NonVirginia Cadet	43,480	45,946	2,466	5.7%

Significant Budget Assumptions Tuition and Fees Notes

Tuition

The FY 2015 budget increases in-state tuition by \$418 or 5.9% to \$7,498 and out-of-state tuition by \$1,486 or 5.3% to \$29,554. The increases are based on many considerations to include the following:

- a) General Assembly authorization for the Board of Visitors of State institutions to set tuition at levels they deem to be appropriate based on, but not limited to, competitive market rates, provided that a) the total tuition revenue generated is within the non-general fund appropriation for educational and general programs in the Appropriations Act and b) the tuition of nonresident students covers at least 100 percent of the average cost of education;
- b) An estimated increase in State General Funds of approximately \$706,000 or 7.8% for FY 2015. This consists of the State's share of funding for State-mandated increases in employer retirement plan and health insurance rates and additional funding for programs addressing the Higher Education Opportunity Act (HEOA);
- c) The Governor and General Assembly's continuing encouragement to institutions to keep in-state tuition increases at a minimum;
- d) Provision for a 2% VMI employee bonus; no across-the-board salary increases are proposed or expected to be approved by the State General Assembly;
- e) **Increases in funding of approximately \$700,000 for budget requests from the senior executive officers during the budget development process; the funding adds new positions (see section on Total Employment), provides salary increases for selected employees, and funds program cost increases;**
- f) State-mandated increases in employer contribution rates for retirement plans and health insurance of 21% and 5%, respectively;
- g) Unavoidable cost increases for facility preventive maintenance contracts, postage, telephone, and gasoline costs;
- h) An increase in budgeted cadet financial assistance of \$1.1 million or 62% to help ensure that VMI meets its enrollment targets especially of out-of-state cadets; this increase reflects rising tuition and fees and mostly greater demonstrated need of out-of-state cadets;
- i) The tuition and fees of VMI's competitor institutions and other Virginia public institutions;

- j) VMI's recent past history of tuition and fee increases (See Supplementary Information included at the end of this Budget); and
- k) Compliance with the State Council of Higher Education's (SCHEV) rigorous Institutional Performance Standards.

Room and Board

The Barracks or room fee increase of \$84 or 3.5% to \$2,498 provides for increases in facility maintenance costs.

The board fee increase of \$200 per cadet or 3.5% to \$5,874 helps to fund an anticipated 3.5% increase in the meal rates charged by VMI's outside food contractor (ARAMARK) due to rising food and labor costs. It also funds increasing costs for facilities and equipment maintenance.

Auxiliary Fees

VMI's comprehensive auxiliary fee will increase a total of \$534 or 12.1% to \$4,940. This primarily funds State-mandated employer contribution rate increases for retirement plans and health insurance; provision for a 2% VMI employee bonus; cadet accident insurance premiums; debt service related to VCBA bond financing of small capital projects; and athletic program cost increases.

The Appropriations Act continues to limit auxiliary fee increases to 5% excluding the requirements for wage, salary, and fringe benefit increases authorized by the General Assembly. The restriction does not apply to medical services or to fees directly related to General Assembly approved capital projects. VMI's proposed auxiliary fee increase for FY 2015 complies with the Act.

VMI allocates its comprehensive auxiliary fee internally among the athletic program, medical services, and cadet facilities/activities.

Quartermaster Charges

VMI's comprehensive quartermaster charge will increase \$162 or 5.6% to \$3,080 and primarily funds UMA Program cost increases especially State-mandated employer contribution rate increases for retirement plans and health insurance; indirect cost payments to the E&G Program; and provision for a 2% VMI employee bonus.

VMI allocates the quartermaster fee internally among the laundry/dry cleaning, haircuts, and Unique Military Program activities.

Other Notes

National Guard Tuition Discount

This budget continues to provide \$100,000 in Virginia National Guard (VNG) tuition discounts to qualified Non-Virginia cadets. The maximum annual discount per cadet is \$5,000 and awards are based on merit. This allows a total of 20 full awards each semester.

Deposits and Other Charges

The budget continues the application fee at \$40. A reservation fee of \$300 applies to all new cadets; it has been discontinued for returning cadets to improve administrative efficiency and because it was determined to be no longer necessary.

A security deposit of \$200 for the regular session and \$100 for the summer session will be required of all cadets/students. VMI will return this deposit, less any deductions for damages, loss of property, or unpaid obligations, without interest, upon the graduation of the cadet or the termination of the cadetship. Foreign students (enrolled at VMI on an exchange or other temporary basis) are not required to pay the security deposit.

The State requires institutions to impose late fees. VMI will continue to assess a late fee of \$100 or 10% of the unpaid balance, whichever is less, on tuition and fees not paid by the due date. Tuition and fees will be due 1 August 2014 for the Fall Semester and 12 December 2014 for the Spring Semester.

This budget includes a vehicle registration/parking fee of \$40 applicable to all cadets/students for the regular session and the summer session. The fee covers both terms of each session. Parking fees for the Parade Ground and other locations during special events (including football games) may be authorized by the Superintendent.

Payment Policy

This budget authorizes the administration to dismiss cadets who fail to pay required tuition and fees or any other financial obligations to VMI. It also grants the authority to hold grades, credits, transcripts, and diplomas until all financial obligations are satisfied. **This budget authorizes the administration to prohibit any cadets from registering for a semester who have not satisfied all financial obligations for past semesters.**

Other Costs

Other costs payable by cadets include textbooks, supplies, and non-issue clothing items. Cadets may pay for such items with cash, check, or debit/credit cards at the time of purchase. Parents/cadets are required to pay an administrative fee when using a debit or credit card to make tuition and fee payments. The fee will generally approximate the rate that VMI would be charged by the bank for acceptance of such payments.

Refund Policy

This budget authorizes the following refund policy:

Tuition and fees for the regular session are refundable only upon official notice of withdrawal to the Commandant. Full refunds, less \$1,000, are made for withdrawals prior to the first day of classes. On or after the first day of classes, refunds are prorated through the fifth week. No refunds are made after the fifth week of classes. Cadets receiving Title IV financial aid will receive a refund in accordance with applicable federal law. Exceptions to the refund policy are made only in extraordinary circumstances (Cadets called to active duty in the National Guard or the reserves will automatically receive a full tuition refund for the semester if they cannot complete the requirements for credit in their courses; their room and board fees will be prorated). The Board authorizes the administration to establish an appropriate appeals process. No refunds shall be made until all issued military uniforms and equipment required to be returned to the VMI Military Store and to the Commandant have been returned in good condition. Cadets will be charged for issued military uniforms and equipment that are not returned as required.

Courses Taken by Employees

With the consent of the course instructor and approval of his/her own department head and the Dean of the Faculty, this budget permits any full-time VMI employee to audit or take for credit any course offered at VMI in either the regular or summer session at no charge.

Facilities Use

As a public service, VMI makes certain of its facilities available for approved uses by groups outside of VMI, both public and private. Facilities include Cameron Hall, Jackson Memorial Hall, Marshall Hall, Preston Library, Cormack Field House, Cocke Hall, the Barracks, VMI Health Center, King Hall, McKethan Park, the Baffle Firing Range, Military and Leadership Field Training Grounds, and athletic facilities (stadiums and fields). State policy requires that contracts for the use of state facilities include fees and charges to fully recover both direct and indirect costs related to such use. ***This budget authorizes and directs the Deputy Superintendent for Finance, Administration and Support to establish appropriate terms for the use of any and all VMI facilities by outside groups; the terms shall include rental fees and any other fees and charges to cover both direct and indirect costs consistent with the State policy.***

Tuition and Fees--Summer Session

	Summer		Inc(Dec)	%
	2013	2014		
Tuition (Per Credit Hour)				
<i>Virginia</i>				
Regular	286	302	16	5.6%
Student Transition (STP)	316	334	18	5.7%
<i>Non-Virginia</i>				
Regular	890	942	52	5.8%
Student Transition (STP)	980	1,038	58	5.9%
Room (Per Week)	114	120	6	5.3%
Board (Per Week)				
5-Meal Plan	52	56	4	7.7%
10-Meal Plan	100	108	8	8.0%
15-Meal Plan	129	139	10	7.8%
19-Meal Plan	163	176	13	8.0%
Auxiliary Fee (Per Term)				
Regular	60	64	4	6.7%
Summer Transition	108	114	6	5.6%
Other Charges/Fees				
Late Registration Fee (Per Term)	70	70	-	0.0%
Security Deposit (Per Session)	100	100	-	0.0%
Parking Permit (Per Session)	40	40	-	0.0%

Notes:

1. Tuition increases help to fund increasing costs for programs and facilities operations and maintenance.
2. Tuition for Student Transition Program students is greater than regular session students because additional faculty instruction and supervision is provided.
3. Room rate increase funds increasing costs for facilities operations and maintenance.
4. The board rate increase reflects the increasing cost of food and labor.
5. The Auxiliary fee covers medical services and use of athletic facilities during the summer.

Special Note: The Board authorizes the Superintendent to establish tuition and fee, that may deviate from the normal summer session tuition and fees, for special programs as considered appropriate in his judgment. Special programs include student research programs that are often supported by private endowments and grants that help pay a portion of student costs.

Tuition and Fees--Summer Session Foreign Study

	Summer		Inc(Dec)	%
	2013	2014		
Morocco	4,200	4,400	200	4.8%
Central Europe	-	3,600		
Germany	4,900	4,900	-	0.0%
Germany (ME)	4,900	4,900	-	0.0%
Paris	-	4,400		
Bolivia (CE)	2,800	3,000	200	7.1%
Bolivia (No Credit)	-	1,900		
Belize	-	2,700		
Peru		4,200		
Japan	5,000	-		
Lithuania	3,800	-		
Hungary	3,900	-		

Note:

1. The tuition and fees for the programs above generally include tuition, room, board, excursion expenses, and medical insurance. Airfare is not included.

2. Programs may be cancelled by VMI if enrollment is not considered adequate to generally cover fixed costs associated with the program or other circumstances warrant cancellation.

Facility Use Fees

	Fee Per Day		Inc(Dec)	%
	2013	2014		
<i>Fee per Camp/School</i>				
Baseball Field	152	160	8	5.3%
Cameron Hall Arena	305	320	15	4.9%
Cocke Hall Basketball Arena	110	115	5	4.5%
Cocke Hall (Wrestling Room)	55	57	2	3.6%
Swimming Pool	90	100	10	11.1%
Cormack Hall	107	112	5	4.7%
Football Practice Field	184	195	11	6.0%
Parade Ground	65	68	3	4.6%
Patchin Field (Soccer/Lacrosse)	100	105	5	5.0%
Rifle Range	220	230	10	4.5%
Classrooms	61	64	3	4.9%
<i>Fee per Camper/Participant</i>				
Barracks	17	18	1	5.9%
Post Facilities	1	1	(0)	-23.1%

Notes:

- 1. State policy requires VMI to charge private groups a fee for the use of VMI facilities. (Athletic coaches, faculty and staff members, and other organizations, as private contractors, conduct a variety of summer camps/schools at VMI).*
- 2. Fee increases provide for facilities operating and maintenance cost increases (primarily facility operations and maintenance costs and repairs).*

Special Note: The Board authorizes the Superintendent or his designee to adjust any of the fees above on an exception basis as considered appropriate in his judgment due to special circumstances to include partial day use of facilities or other pertinent factors.

Enrollment

	2014				2015		Budget	
	Budget	%	Actual	%	Budget	%	Inc(Dec)	%
Fall Semester								
New Cadets								
Virginia	265	54.1	280	55.6	280	56.0	15	5.7%
NonVirginia	225	45.9	224	44.4	220	44.0	(5)	-2.2%
Total	490	100.0	504	100.0	500	100.0	10	2.0%
Old Cadets								
Virginia	720	59.8	732	60.5	700	58.8	(20)	-2.8%
NonVirginia	485	40.2	478	39.5	490	41.2	5	1.0%
Total	1,205	100.0	1,210	100.0	1,190	100.0	(15)	-1.2%
Total Fall								
Virginia	985	58.1	1,012	59.0	980	58.0	(5)	-0.5%
NonVirginia	710	41.9	702	41.0	710	42.0	-	0.0%
Total	1,695	100.0	1,714	100.0	1,690	100.0	(5)	-0.3%
<i>Cadets on Foreign Study</i>	2		3		2		-	0.0%
Total Potential	1,697		1,717		1,692		(5)	-0.3%
Spring Semester								
Virginia	925	58.9	949	59.9	917	58.6	(8)	-0.9%
NonVirginia	646	41.1	636	40.1	647	41.4	1	0.2%
Total	1,571	100.0	1,585	100.0	1,564	100.0	(7)	-0.4%
<i>Cadets on Foreign Study</i>	33		36		33		-	0.0%
Total Potential	1,604		1,621		1,597		(7)	-0.4%
Average enrollment for the Year								
(Fall census and Spring)	1,618		1,630		1,610			

Significant Budget Assumptions Enrollment Notes

Fall Semester

New Cadets

The budget is based on a new cadet class of 500 with 56% in-state cadets. VMI budgeted 490 new cadets for FY 2014 with 54% in-state cadets and actually enrolled 504 cadets with about 56% in-state cadets.

Old Cadets

An Old Corps (returning cadets) of 1,190 is budgeted for fall 2014 or 15 less than budgeted for FY 2014 and 20 less than actually enrolled last fall. The percentage of in-state old cadets is projected to be 59% and compares to the 60% budgeted and actually enrolled in FY 2013.

Total Cadets

The budget is based on a total projected “opening” day enrollment of 1,690 cadets with 58% in-state cadets. Opening day refers to matriculation day for new cadets and registration day for old cadets. The old cadets usually return and register about 9 to 10 days after new cadet matriculation; usually about 25 new cadets will have withdrawn by then resulting in a total projected Barracks enrollment of about 1,665 cadets at that date. By “census” date, which is the State’s official headcount date and occurs about a week after classes begin, VMI is projected to have an enrollment of about 1,657; this compares to 1,675 last census date.

Spring Semester

The spring semester enrollment is budgeted to total 1,564 or 93% of the fall opening day enrollment and reflects VMI’s actual average rate for the last three years.

Average Enrollment

VMI’s projected “average” annual enrollment for FY 2015 is 1,610 and consists of 1,657 cadets at the fall census date and 1,564 in the spring semester. The average enrollment for FY 2014 is 1,630. VMI’s Vision 2039 calls for an enrollment of 1,500 cadets (about 55% in-state and 45% out-of-state) which the administration bases on the average for the year. **The Superintendent has approved an average enrollment of up to 1,625 to help mitigate the revenue loss due to VMI’s lower out-of-state enrollment percentage.**

Foreign Study

This budget sets a limit of 35 cadets total that can be on foreign study during the year (fall and spring semester); it does not include cadets on foreign exchange programs. Cadets on foreign study do not pay VMI any tuition and fees; however, cadets on foreign exchange programs are generally required to pay VMI its normal tuition and fees.

New Cadet Enrollment *Opening Day*

	FY 2014 Actual			FY 2015 Estimated/Budgeted		
	VA	NVA	Total	VA	NVA	Total
Total Applications	899	1,113	2,012	934	1,226	2,160
Total Acceptances	394	558	952	397	548	945
% of Applicants Accepted	44%	50%	47%	43%	45%	44%
Matriculants	280	224	504	280	220	500
% of Accepted (Yield)	71%	40%	53%	71%	40%	53%

Total Employment Summary

	2014		2015		Inc (Dec)		
	FTE	Dollars	FTE	Dollars	FTE	Dollars	%
State Funds							
Educational and General Program	355	30,088,000	360	31,607,000	5	1,519,000	5.0%
Auxiliary Program	103	5,736,000	106	6,140,000	3	404,000	7.0%
Unique Military Program	25	2,240,000	25	2,370,000	-	130,000	5.8%
Total State Funds	483	38,064,000	491	40,117,000	8	2,053,000	5.4%
Local Funds							
Intercollegiate Athletics	40	3,318,000	42	3,477,000	2	159,000	4.8%
Museum Programs	10	592,000	10	597,000	-	5,000	0.8%
Local Restricted	11	1,571,000	11	2,008,000	-	437,000	27.8%
Local Unrestricted	9	2,084,000	9	2,230,000	-	146,000	7.0%
Total Local Funds	70	7,565,000	72	8,312,000	2	747,000	9.9%
Total State and Local	553	45,629,000	563	48,429,000	10	2,800,000	6.1%
Capital Programs							
Maintenance Reserve/Projects Ofc	9	560,000	9	590,000	-	30,000	5.4%
Total All	562	46,189,000	572	49,019,000	10	2,830,000	6.1%

Note: FTE represents the number of "full-time employees". The dollars indicated represent salaries and fringes for full-time and part-time employees.

Total Employment
Details of New Employees and Other Changes
FY 2015

Department	Position	Type Change	# FTE	Note
<i>E&G Program</i>				
Modern Languages (Chinese)	Teaching Faculty	New hire	1	1
Computer and Information Sciences	Teaching Faculty	New hire	1	1
Civil and Environmental Engineering	Teaching Faculty	New hire	1	1
International Studies	Teaching Faculty	Buyback from Local	1	2
Counseling	Admin Prof-Counselor	Transfer to AUX	(1)	3
Heat Plant	Admin Prof-Engineer	New hire	1	4
Post Security	Classified - SGT	New hire	1	5
			<u>5</u>	
<i>Auxiliary</i>				
Counseling	Admin Prof-Counselor	Transfer from E&G	1	3
Athletic Facilities	Admin Prof-Spec Asst	Transfer from Athletics	1	6
Laundry	Classified	Convert PT to FT	1	7
			<u>3</u>	
<i>Intercollegiate Athletics</i>				
Football	Coaches	Convert PT to FT	2	8
Strength Coach	Coach	New hire	1	8
Wrestling	Coach	Reduce staff	(1)	8
Training and Medical	Admin Prof-Trainer	New hire	1	8
Administration	Admin Prof	Transfer to AUX	(1)	6
			<u>2</u>	
<i>Private Restricted</i>				
International Studies	Teaching Faculty	Buyback to E&G	(1)	2
Chaplain	Adm Prof-Asst Chap	New hire	1	9
			<u>0</u>	
Net Increase			<u><u>10</u></u>	

See accompanying Notes on following page

Total Employment Notes

1. Three new full-time teaching faculty positions are budgeted in FY 2015 and reflect VMI's continuing "Right-Sizing" initiative to replace some part-time teaching faculty positions with full-time positions. The use of more full-time faculty is expected to improve cadet advising, cadet retention, increase the number of cadets majoring in science, technology, engineering, and math (STEM), and graduation rates.
2. This represents an existing teaching faculty position previously funded with Jackson-Hope Grants (private funds) that is being transferred to the E&G Program as a "buy-back".
3. Cadet counselor positions are sometimes transferred between programs for budget considerations as appropriate
4. A new Heating Plant employee is budgeted to provide better staff coverage of this important facility which requires close supervision and monitoring of special equipment especially during the heating season.
5. A Police Sergeant position is being budgeted that will be responsible for developing policies/procedures, providing/securing mandated training for officers, maintaining training records and serving as a fill-in sergeant for the department. These functions are critical elements in the State accreditation process for police departments.
6. A senior level administrator in the Athletics Program is transferred to the Auxiliary Enterprises Program as part of a reassignment of some responsibilities.
7. A part-time Laundry Department position is converted to full-time to meet increasing demand from the recent growth in enrollment.
8. These staffing changes budgeted in the Athletics Program reflect measures considered important by the new Athletic Director to enhance the training and coaching of the athletes. An assistant coach in Wrestling will also no longer be funded beginning FY 2015 due to the expiration of private funding that was provided for this hire; the Wrestling program will continue to have a head coach and one assistant.
9. An Associate Chaplain position is budgeted that has been privately endowed. The position will be the primary advisor to the Character Counts program and assist the Chaplain in other programs in support of the Corps.

Salary Increases and Fringe Benefits

	2014	2015	Inc (dec)	%
State Appropriated Salary Increases				
Teaching Faculty	3.00%	0.00%		
Administrative and Professional Staff	3.00%	0.00%		
Classified Employees	2.00%	0.00%		
Classified Employees	\$65/yr of service			
VMI Foundation Funded Benefits				
Teaching/Admin Faculty salary supplements	4.0%	4.0%		
Mortgage subsidies (max of \$1,500/year; must be employed prior to 1 Jan 2010)	2.5%	2.5%		
State Fringe Benefit Rates				
Virginia Retirement System (VRS)	9.23%	12.95%		
Optional Retirement System (ORP)--Before	10.40%	10.40%		
Optional Retirement System (ORP)--After		8.50%		
Retiree Health Credit	1.00%	1.17%		
Social Security Rate	7.65%	7.65%		
Group Life Insurance	1.19%	1.32%		
Total for VRS Employee	19.07%	23.09%		
Total for ORP Employee--Before	20.24%	20.54%		
Total for ORP Employee--After		18.64%		
Health Insurance (Employer share)				
Single	6,099	6,348	249	4.1%
Family	15,926	16,680	754	4.7%
Employee plus one	10,857	11,376	519	4.8%

Notes:

1. The FY 2015 Budget includes provision for a 2% VMI employee bonus.
2. The FY 2014 and FY 2015 Budgets include provision for salary increases to selected employees due to added responsibilities, promotions, merit, and/or market/benchmark adjustments.
3. The VMI Foundation salary supplement is paid to all full-time teaching faculty and to administrative/professional faculty at 4% and 3.33% of their base State salary, respectively. The mortgage subsidy is available to full-time teaching faculty and administrative/professional faculty members who were employed prior to 1 January 2010; the Program was discontinued for employees hired after that date as a cost savings measure.

State Funds

State Funds

Overview of Section

This section provides the details of the State Funds Budget including notes explaining significant variances between the current and the proposed budget. The following budget schedules are provided:

- ***General Funds***—Describes the amount and categories of State general funds appropriated by program.
- ***Cadet Tuition, Fees and Other Income***—Describes the amounts and categories of cadet tuition, fees, and other income by program.
- ***E&G Expenditure Summary***—Summarizes the budget for each E&G subprogram and its percentage of the total E&G budget with comparison to the prior year budget.
- ***E&G Budget—Summary of Revenue and Expenditure Changes***—Summarizes and describes the major factors and changes in revenues and expenditures that impacted the budget.
- ***Auxiliary Budget— Summary of Revenue and Expenditure Changes***—Summarizes and describes the major factors and changes in revenues and expenditures that impacted the budget.
- ***State Expenditures***—Describes the budgeted expenditures for each department or activity by program including the number of full-time employees.

Budget Highlights

Educational and General (E&G) Program

1. E&G budgeted revenues and support (before deduction for tuition revenue used for cadet financial aid) total \$38.6 million for an increase of \$2.0 million or 5.4% over FY 2014.

(Note: Reference to FY 2014 revenues and expenditures in this memorandum pertain to FY 2014 "projections" for the year which may differ from the FY 2014 "budget")

2. State general funds are budgeted at \$9.7 million for an increase of \$610,000 or 6.7% over FY 2014. The increase includes the State's share of personal services cost increases (primarily increasing retirement and health insurance rate increases) and funding for initiatives in support of the State's Higher Education Opportunity Act (HEOA) goals.

Note: The State General Assembly has not yet adopted a budget for the 2014-2016 biennium and it is uncertain when a budget will be adopted due to an impasse over Medicaid expansion. VMI's proposed budget for FY 2015 includes provision for \$300,000 in new State funding for the State's HEOA goals. This amount is based on Governor McDonnell's proposed 2014-2016 State Budget and House and Senate amendments during the 2014 Session. This amount may differ from the final State Budget that the General Assembly adopts; however, VMI's has budgeted contingency funds to absorb any shortfall.

3. Cadet tuition/other revenue is budgeted of \$28.9 million for an increase of \$1.4 million or 5.0% increase over FY 2014. The increase reflects proposed cadet tuition rate increases with some offset for the projected decrease in enrollment.
4. Cadet tuition revenue allocated for cadet financial aid is budgeted at \$3.0 million for an increase of about \$530,000 or 21% over FY 2014. The increase is needed to address the increasing financial need of NVA cadet applicants.
5. The percentage of cadet tuition/other revenue allocated for cadet financial aid will total 10.4% compared to 9.0% in FY 2014. The percentage of tuition

revenue allocated for student financial aid for the State's 15 senior institutions averaged about 5.3% in FY 2013 (latest data available).

6. E&G budgeted revenues and support after deducting cadet financial aid totals \$35.6 million for an increase of \$1.5 million or 4.3% over FY 2014.
7. E&G personal services costs are budgeted to total \$31.6 million for an increase of \$1.9 million or 6.5% over FY 2014. The net increase includes the following significant factors:
 - provision for a 2% VMI employee bonus (\$453,000)
 - employer retirement plan contribution increase (\$465,000 or 21%)
 - employer health insurance premium increase (\$183,000 or 5%)
 - provision for new teaching faculty positions as part of VMI's "Right-Sizing" initiative (to increase full-time professors and reduce part-time professors) and new academic programs and (\$263,000)
 - provision for selected employee salary increases to be reviewed by the Superintendent (\$128,000)
 - provision for two new full-time employees and funding for more part-time employees (\$154,000)
 - the transfer of employee positions from the Auxiliary Enterprises Program (\$160,000)
 - budgeting for a full year of the FY 2014 State-mandated salary increase that occurred in August 2013 (\$95,000)
8. The increase in employer retirement plan contributions reflects the State's commitment to reduce the unfunded liability in the Virginia Retirement System (VRS) and ensure that future obligations to State employees are met.
9. E&G non-personal services costs (excluding budgeted contingencies) are budgeted to total \$9.6 million for a net increase of about \$0.6 million (5.9%). The net increase includes:
 - contractual services and other "unavoidable" cost increases for computer maintenance, HVAC preventive maintenance, postage, gasoline and other costs (\$246,000)
 - support for the Center for Leadership and Ethics (\$100,000)
 - transfer of academic program costs from VMI's Local Unrestricted Funds Program due to decrease in private support (\$143,000)

- provision for VMI senior executive officers budget requests (\$67,000)
10. Indirect costs recovered from the Auxiliary Enterprises and the Unique Military Activities Programs are budgeted at \$6.6 million for an increase of about \$499,000 (8.1%) over FY 2014.
 11. E&G contingencies are budgeted for \$1.1 million for a decrease of \$400,000 over FY 2014. This budget represents about 2.8% of total E&G expenditures including cadet financial aid. The FY 2014 Contingencies budget of \$1.6 million included some significant one-time small capital projects.

Auxiliary Enterprises Program

12. Auxiliary Enterprise revenues and support are budgeted to total \$20.8 million for increase of \$0.9 million or 4.8% over FY 2014. The increase reflects an overall increase in cadet fees of \$830 per cadet or 6.3% with an offset for some reduction in enrollment (1.1%) plus a larger proportion of cadet fees being allocated to the Athletics Program.
13. The cadet fee increase funds increases in cadet meal costs and facility maintenance costs. It also provides for growth in the Auxiliary fund balance needed for future renewal and replacement of facilities.
14. Auxiliary Enterprise personal services costs are budgeted to total \$3.8 million or about \$198,000 or 5.5% more than FY 2014. This reflects provision for a 2% employee bonus and increases in employer rates for retirement and health insurance. The increase also reflects the transfer in of a senior level employee from the Athletics Program.
15. Auxiliary nonpersonal services (excluding indirect costs, contingencies, debt service, and small capital projects) are budgeted to total \$9.3 million for an increase of about \$238,000 or 2.6%. The increase primarily reflects a budgeted 3.5% increase in meal rates (ARAMARK is contractor), a Corps trip to the Naval Academy for a football game, and facilities maintenance costs.
16. The Auxiliary Enterprises share of indirect costs is budgeted at \$4.9 million for an increase of \$317,000 or 6.8%. This also includes about 52% of the Athletics Program's share of indirect costs to help that program balance its budget.

17. Auxiliary contingencies are budgeted at \$700,000 or \$100,000 less than FY 2014.
18. Provision for small non-capital repairs and improvements to facilities are budgeted for about \$1.2 million or \$600,000 less than FY 2014. This includes funding of \$470,000 for the Corps Physical Training Facilities capital project (VMI's share of the cost to move the American Legion Building).
19. Auxiliary Enterprises debt service is budgeted to total \$1.2 million or about the same as FY 2014. This reflects debt on Crozet Hall, Cocke Hall, and South Institute Hill Parking. Debt service on VMI's VCBA approved bond financings (two separate financings at \$4.0 million each) will begin in FY 2016 due to capitalization of interest during construction. The annual debt service is about \$321,000 each.
20. The Auxiliary Enterprise Program fund balance is budgeted to provide the Athletics Program \$315,000 as part of a new "recovery" plan in FY 2015 to bring the Athletics Program into structural/financial balance.
21. The Auxiliary Fund Balance is projected to total \$7.6 million at the end of FY 2014 and \$6.9 million at the end of FY 2015.
22. State guidelines indicate that the Auxiliary Fund Balance should be about \$7.9 million for FY 2015; based on VMI cash flow needs and past experience, a minimum balance of \$6.0 million is considered necessary and prudent.

Unique Military Activities Program (UMA)

23. UMA revenues and support are budgeted to total \$7.9 million for an increase of \$445,000 or 6.0%. The total consists of \$3.8 million in State general funds and \$4.1 million in cadet fees and sales.
24. The increase reflects new State general funds of \$250,000 (see Note #10 regarding State Budget) and an increase in cadet fees and sales of \$203,000. The cadet fee is budgeted to total \$2,462 for an increase of \$150 or 6.5%.
25. UMA personal services expenditures are budgeted to total \$2.4 million for an increase of \$257,000 or 12.1% over FY 2014. This increase includes the return of a full-time member of the Commandant's staff from a leave of absence in FY 2014. It also reflects State-mandated increases for retirement plan

contributions, health insurance premiums, and budgeting of a VMI 2% employee bonus.

26. UMA nonpersonal services are budgeted to total \$4.4 million or about the same as in FY 2014. Nonpersonal services consist mostly of cadet uniform purchases (\$1.5 million) and cadet uniform maintenance costs associated with the Laundry, Tailor Shop, and Military Store (\$1.8 million).
27. UMA indirect costs are budgeted at \$1.1 million for an increase of \$181,000 or 19.9% over FY 2014. This increase will bring the UMA Program closer to funding its full share of E&G indirect costs.

**State Funds
General Funds**

	2014	2015	Inc (Dec)	%
<i>State General Funds--Operating</i>				
<i>Educational and General Program</i>				
State Appropriation--VMI	8,332,000	9,054,000	722,000	8.7%
New Funding (mostly HEOA)		300,000	300,000	
Restructuring Act Financial Benefits	91,000	109,000	18,000	19.8%
State Central Allocation	616,000	282,000	(334,000)	-54.2%
Total	9,039,000	9,745,000	706,000	7.8%
<i>Unique Military Activities</i>				
State Appropriation--VMI	3,570,000	3,820,000	250,000	7.0%
<i>Cadet Financial Assistance</i>				
State Appropriation--VMI	871,000	871,000	-	0.0%
Total General Funds--Operating	13,480,000	14,436,000	956,000	7.1%
<i>Other State Appropriations--Capital*</i>				
Equipment Trust Fund (ETF)	714,000	714,000	-	0.0%
Maintenance Reserve Program	790,000	790,000	-	0.0%
Total	1,504,000	1,504,000	-	0.0%
Total All	14,984,000	15,940,000	956,000	6.4%

* These appropriations are excluded from the Operating Budget because they are considered part of the "capital budget" and variations in annual funding can be significant.

State Funds

State General Funds Notes

Educational and General Program

The increase in State general funds of \$706,000 or 7.8% primarily reflects the State's share of State-mandated employer retirement and health insurance rate increases and an estimated \$300,000 in new funding. The new funding addresses some of VMI's State budget requests that were submitted for new full-time teaching faculty. It also addresses goals of the State's Higher Education Opportunity Act (HEOA) to include increasing graduation rates and the number of cadets majoring in Science, Technology, Engineering, and Math (STEM).

Unique Military Activities

State general funds are budgeted to increase \$250,000 and follow an increase of \$275,000 in FY 2014. VMI has continuously submitted budget requests to the State for more support of the UMA Program to bring it to a level more consistent with the recommendations of the State Council of Higher Education (SCHEV) in 1985 when the program was established.

Cadet Financial Assistance

State general funds for cadet financial assistance is limited to in-state cadets with demonstrated need.

Other Appropriations

Equipment Trust Funds allocations to institutions are based on formulas that take into account the number of students and the age and quantity of equipment in inventory. Maintenance Reserve Program allocations are also based on formulas that take into account the age and replacement cost of the facilities (the formula indicates VMI's annual maintenance reserve need to be over \$3 million). The State continues to under-fund this program for all institutions due to lack of revenues and other priorities.

State Funds

Cadet Tuition, Fees and Other Income

	Budget 2014	Budget 2015	Inc (Dec)	%
<i>E&G Program</i>				
<i>Tuition--Regular Session</i>				
Gross tuition--current year	25,678,000	27,037,000	1,359,000	5.3%
Less: refunds	(371,000)	(364,000)	7,000	-1.9%
Net potential	25,307,000	26,673,000	1,366,000	5.4%
Less: uncollected	(175,000)	(175,000)	-	0.0%
Net tuition	25,132,000	26,498,000	1,366,000	5.4%
 <i>Tuition--Collection of Prior Years</i>	100,000	100,000	-	0.0%
 <i>Tuition--Summer Session</i>				
First Term	712,000	747,000	35,000	4.9%
Second Term	523,000	541,000	18,000	3.4%
STP	493,000	420,000	(73,000)	-14.8%
Foreign Study	260,000	320,000	60,000	23.1%
Total Summer	1,988,000	2,028,000	40,000	2.0%
 Total tuition	27,220,000	28,626,000	1,406,000	5.2%
 <i>Student Fees</i>				
Application fees	76,000	76,000	-	0.0%
Forfeited deposits	12,000	5,000	(7,000)	-58.3%
Late fees	43,000	37,000	(6,000)	-14.0%
Total fees	131,000	118,000	(13,000)	-9.9%
 <i>Other Income</i>				
Interest on notes--Cadets	12,000	7,000	(5,000)	-41.7%
Transcripts	17,000	15,000	(2,000)	-11.8%
Miscellaneous	20,000	20,000	-	0.0%
Total other	49,000	42,000	(7,000)	-14.3%
 <i>Indirect Costs & Admin Fees</i>				
Indirect Costs--grants/contracts	75,000	70,000	(5,000)	-6.7%
Total indirects	75,000	70,000	(5,000)	-6.7%

	Budget 2014	Budget 2015	Inc (Dec)	%
<i>Prior Year Expenses Reimbursed</i>	10,000	10,000	-	0.0%
Subtotal	27,485,000	28,866,000	1,381,000	5.0%
<i>Transfer to Cadet Financial Aid</i>	(1,855,000)	(3,000,000)	(1,145,000)	61.7%
Total E&G Program	25,630,000	25,866,000	236,000	0.9%
<i>Auxiliary Program</i>				
<i>Cadet Fees--Regular Session</i>				
Gross fees--current year	21,377,000	22,656,000	1,279,000	6.0%
Less: refunds	(230,000)	(225,000)	5,000	-2.2%
Net potential	21,147,000	22,431,000	1,284,000	6.1%
Less: uncollected	-	-	-	
Net collections	21,147,000	22,431,000	1,284,000	6.1%
Transfer fees to Athletics Program	(2,545,000)	(2,741,000)	(196,000)	7.7%
Net cadet fees	18,602,000	19,690,000	1,088,000	5.8%
<i>Food Service</i>				
Cadet fees--summer session	307,000	269,000	(38,000)	-12.4%
Commission revenue-ARA	88,000	84,000	(4,000)	-4.5%
Total food service	395,000	353,000	(42,000)	-10.6%
<i>Barracks</i>				
Cadet fees--summer session	263,000	232,000	(31,000)	-11.8%
Rents--summer camps/others	16,000	21,000	5,000	31.3%
Total Barracks	279,000	253,000	(26,000)	-9.3%
<i>Military Store/Other Sales</i>	18,000	21,000	3,000	16.7%
<i>Medical/Other--Cadet fees (summer)</i>	64,000	63,000	(1,000)	-1.6%
<i>Parking Fees and Fines</i>	43,000	46,000	3,000	7.0%
Total cadet fees/sales	19,401,000	20,426,000	1,025,000	8.0%
<i>Other Income</i>				
Rents--Post Housing	357,000	332,000	(25,000)	-7.0%
Rents-Cameron Hall	1,000	3,000	2,000	200.0%

	Budget 2014	Budget 2015	Inc (Dec)	%
Interest earned on Reserves	89,000	32,000	(57,000)	-64.0%
Miscellaneous	10,000	15,000	5,000	50.0%
Total Other	457,000	382,000	(75,000)	-16.4%
Subtotal	19,858,000	20,808,000	950,000	4.8%
Add: Transfer in from Reserves	643,000	404,000	(239,000)	-37.2%
Total AUX Program	20,501,000	21,212,000	711,000	3.5%

Unique Military Activities

Cadet Fees

Gross fees--current year	3,769,000	4,004,000	235,000	6.2%
Less: refunds	(47,000)	(47,000)	-	0.0%
Net potential	3,722,000	3,957,000	235,000	6.3%
Less: uncollected			-	
Net cadet fees	3,722,000	3,957,000	235,000	6.3%

Sales and Other Income

Military Store Sales	88,000	88,000	-	0.0%
Total UMA	3,810,000	4,045,000	235,000	6.2%

State Funds

Cadet Tuition, Fees and Other Income Notes

E&G Program

Tuition Revenue—Regular Session

Regular session tuition revenue before refunds is budgeted to increase \$1.4 million or 5.3% and is attributed mostly to tuition increases of 5.9% for in-state cadets and 5.3% for out-of-state cadets.

Uncollected Tuition and Fees

Uncollected tuition and fees are based on VMI's past collection experience. VMI cadets are not permitted to return unless they have paid outstanding debts from the previous semester. VMI has written off as uncollectible an average of only about \$11,000 a year for the last 10 years.

Approval to Write-Off Uncollectible Accounts

VMI Board policy authorizes the Superintendent to write-off uncollectible accounts up to \$2,500 and requires Board approval for accounts over \$2,500. VMI currently has five accounts greater than \$2,500 that are proposed for write-off by the Board. These five accounts total \$21,029 (ranging from \$4,136 to \$7,070) and are from former cadets who have either resigned or been suspended. VMI has expended considerable effort to collect these accounts including sending them to VMI's outside collection agency or the Office of the Attorney General for help in collection. They are now deemed uncollectible and should be written off. However, VMI will continue to hold official transcripts until full payment is received from these cadets. The Board's approval of the FY 2015 Budget includes approval to write-off of this account.

The Superintendent is expected to approve the write-off of five cadet accounts during FY 2014 that are under \$2,500 each and that total \$3,544.

Tuition Revenue—Summer Session

Summer session tuition revenue is budgeted to increase \$40,000 or 2.0%. It reflects an average tuition increase of about 5.8% less a decrease in Summer Transition Program (STP) revenue to bring it closer to recent enrollment levels. It also reflects an increase in foreign study tuition revenue due to more programs.

Transfer to Cadet Financial Aid

Tuition revenue used to fund cadet financial aid is budgeted at \$3.0 million for an increase of \$1.1 million or 62% over the FY 2014 budget. The actual cost for FY 2014 was about

\$2.5 million making the FY 2015 budget increase about \$530,000 or 21% over the FY 2014 actual. The increase is due to the increasing need of out-of-state cadets. VMI's Admissions and Financial Aid Task Force meets regularly during the year to review and monitor VMI's financial aid policies. Beginning with new out-of-state cadets in FY 2015, it has agreed to revise VMI's financial aid policy by bringing grants and loans from 80% to 70% of demonstrated need (as determined by federal guidelines). This is expected to provide some savings in future costs but will require monitoring to ensure that the savings are not more than offset by the loss of tuition revenue from a smaller enrollment of out-of-state cadets. VMI's policy for in-state cadets of providing grants and loans equal to 100% of demonstrated need remains the same. See the Cadet Financial Assistance budget in Local Funds for more information.

Auxiliary Program

Cadet Fee Revenue--Regular Session

Regular session cadet fee revenue before refunds is budgeted to increase \$1.3 million or 6.0%. This reflects an increase of \$830 or 6.3% in total cadet auxiliary fees consisting of room, board, athletic, medical, cadet activities/facilities, debt service, laundry/dry cleaning, and haircuts. Athletic fee revenue is transferred to the Intercollegiate Athletics Program which operates as a Local auxiliary activity.

Cadet Fee Revenue—Summer Session

The summer session food service and Barracks cadet fee revenue budgets are reduced to more closely reflect prior year summer school activity.

Rents on Housing

Rents on VMI residential houses and apartments are budgeted to more closely reflect occupancy rates and actual rental income. ***No rent increase is budgeted; however, it is VMI policy to charge the current fair market rental rate for new occupants. The Board's approval of the FY 2015 Budget authorizes the Superintendent to approve a rent increase at any time during the fiscal year as deemed appropriate.***

Approval for Officials Required to Live on Post

In accordance with the Housing Policy Regulation, dated 28 May 2010, and previous exceptions granted by the Superintendent, the following 11 officials are required to live on Post: Superintendent, Deputy Superintendent for Academics and Dean of the Faculty, Commandant, Chief of Staff, Professor of Military Science, Deputy Commandant, Director of Intercollegiate Athletics, Chaplain, Institute Sergeant Major to the Corps, Head Football Coach, and Head Athletic Trainer. Exceptions to this policy may be approved by the Superintendent.

Interest on Reserves

Interest income is paid by the State on VMI's Auxiliary cash balance (fund balance) which is required to be maintained with the State Treasury. The budget is adjusted to more closely reflect recent rates and projected cash balances.

Transfer in from Reserves

The transfer in from Auxiliary Fund Balance (or reserves) totals \$404,000 for FY 2015 and is needed to help fund small capital project improvements and repairs. The Auxiliary Fund Balance is also budgeted to provide \$315,000 to the Intercollegiate Athletics Program as part of a new "recovery" plan to bring the program into structural balance and sustainability for the long-term. The Auxiliary Fund Balance provided \$2.3 million to Athletics from FY 2012 to FY 2014.

VMI's Auxiliary Fund Balance is projected to approximate \$7.6 million at 30 June 2014 and \$6.9 million at 30 June 2015. Based on past experience for working capital needs, VMI's minimum target for the fund balance is \$6.0 million. State guidelines indicate a reasonable balance for FY 2015 to be about \$7.9 million.

Unique Military Activities Program

Cadet Fee Revenue

Cadet fee revenue before refunds are budgeted to increase \$236,000 or 6.3%. This primarily reflects an increase of 6.5% in the cadet UMA fee. The cadet UMA fee totals \$2,462 for FY 2015 and mostly funds cadet uniforms and maintenance.

Sales and Other Income

Military Store sales consist of cadet purchases of additional uniform items beyond the standard uniform issue provided to all cadets.

State Funds E&G Expenditure Summary

Subprogram	2014	%	2015	%	Inc (Dec)	%
Instruction	16,397,000	47.3%	17,262,000	48.5%	865,000	5.3%
Public Service	90,000	0.3%	92,000	0.3%	2,000	2.2%
Academic Support	5,523,000	15.9%	5,829,000	16.4%	306,000	5.5%
Cadet Services	2,673,000	7.7%	2,686,000	7.5%	13,000	0.5%
Institutional Support	4,716,000	13.6%	4,938,000	13.9%	222,000	4.7%
Physical Plant	5,270,000	15.2%	4,804,000	13.5%	(466,000)	-8.8%
Total E&G Program	34,669,000	100.0%	35,611,000	100.0%	942,000	2.7%

Notes:

1. The percentage of E&G Program funds allocated for Instruction, Academic Support and Cadet Services totals 72.3% in 2015 compared to 70.9% in 2014.
2. The increase in Instruction costs primarily reflects the addition of full-time teaching faculty positions (see Total Employment schedule in the Significant Assumptions section of the Budget) and State-mandated employer retirement and health insurance rate increases. It also reflects the transfer-in of Dean's discretionary funds from the Local Unrestricted Funds Budget.
3. The increase in Academic Support costs reflects funding in support of the Center for Leadership and Ethics and additional administrative staff.
4. The increase in Institutional Support costs primarily reflects provision for a 2% VMI employee bonus for all E&G employees.
5. The decrease in Physical Plant costs primarily reflects a reduction in utility costs from energy saving measures and lower natural gas prices.

**E&G Program
Revenue and Expenditure Budget Changes
FY 2015 Compared to FY 2014**

Revenue Increase (Decrease)

General Funds

State share of salary and fringe benefit increases	406,000	
New funding (mostly for "HEOA" goals)	300,000	
Total General Funds		706,000

Cadet Tuition/Other Income

Tuition revenue--rate increase for in-state cadets (5.9%)	392,000	
Tuition revenue--rate increase for out-of-state cadets (5.3%)	994,000	
Tuition revenue--enrollment decrease in-state	(22,000)	
Tuition revenue--enrollment increase out-of-state	2,000	
Tuition revenue--Summer School (5.8% tuition increase)	40,000	
Less increase in tuition transferred to Cadet Financial Aid Program	(1,145,000)	
Net increase (decrease) in other revenue	(25,000)	
Total Cadet Tuition/Other Income		236,000

Total Revenue Increase (Decrease)		942,000
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Expenditures Increase (Decrease)

Personal Services:

Cost for annualization of FY 2014 State salary increases	95,000	
Provision for a 2% VMI employee bonus	453,000	
State-mandated employer retirement plan rate increase	465,000	
State-mandated employer health insurance rate increase	183,000	
Increase in full-time teaching faculty/other ("Right-Sizing")	263,000	
Provision for selected employee salary increases	128,000	
Addition of two new employees (Heat Plant/Police Dept) and wages	154,000	
Defer budget for new employees (George C. Marshall Building gift)	(69,000)	
Increase in employee vacancy savings	(126,000)	
Net other adjustments	24,000	
Total Personal Services		1,570,000

Non-Personal Services:

Decrease in utilities (energy savings measures/lower natural gas rate)	(407,000)	
Increase in facilities maintenance (primarily HVAC)	122,000	
Academic Program and ROTC funding increases	47,000	
Establish budget support for Center for Leadership/Ethics Center	100,000	
Information Technology operations/maintenance cost increases	39,000	
Summer Foreign Study Program growth	42,000	
Transfer in Academic Program funds from Local Unrestricted Budget	147,000	
Admissions Office direct mail cost increases	20,000	
Central Dispatch (911 calls) cost increases	21,000	
Other budget adjustments	<u>19,000</u>	
Total Non-Personal Services		150,000
<i>Contingencies Budget--Decrease to \$1,100,000</i>		(200,000)
<i>Indirect Costs--Increase Recoveries from Auxiliary and UMA Programs</i>		<u>(578,000)</u>
Total Expenditures Increase (Decrease)		<u><u>942,000</u></u>

**Auxiliary Enterprises Budget
Revenue and Expenditure Budget Changes
FY 2015 Compared to FY 2014**

Revenue Increase (Decrease)

Cadet fees revenue--rate increase (\$830 per cadet or 6.3%)	1,389,000	
Cadet fees revenue--enrollment increase (8 cadets)	(105,000)	
Less athletic fee portion of rate and enrollment increase	(196,000)	
Decrease in Summer Session revenues (adjust budget to actuals)	(70,000)	
Decrease income on Auxiliary cash balances paid by State	(57,000)	
Decrease in employee housing rental income	(25,000)	
Less decrease in use of Auxiliary Fund Balance	(239,000)	
Net other changes	14,000	
Total Revenue Increase (Decrease)		<u>711,000</u>

Expenditures Increase (Decrease)

Personal Services

Provision for 2% VMI employee bonus	54,000	
State-mandated employer retirement plan rate increase	53,000	
Increase in Barber Shop wage employees	60,000	
Transfer in senior level employee from Athletics Program	139,000	
Transfer in cadet counselor from E&G Program	33,000	
Increase in salary contingencies (employee salary increases/other)	73,000	
Less establish a vacancy savings budget	(80,000)	
Other adjustments	3,000	
Total Personal Services		<u>335,000</u>

Nonpersonal Services

Food Service--cadet meals (3.5% rate increase)	162,000	
Facilities operations/maint cost increases (Barracks/Athletics/Housing)	84,000	
Discontinue cadet uniforms UMA subsidy	(64,000)	
Corps trip to Naval Academy football game	66,000	
Increase cadet counseling contractual services	15,000	
Defer debt service on VCBA \$4 mil Bonds (capitalized interest)	(145,000)	
Increase support for Museums (New Market)	63,000	
Increase in indirect costs payable to E&G Program	363,000	
Increase contingencies budget to \$650,000	50,000	
Reduce small capital/maintenance budget to \$1.2 million	(230,000)	
Net other changes	12,000	
Total Nonpersonal Services		<u>376,000</u>

Total Expenditures Increase (Decrease)		<u>711,000</u>
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State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
<i>Instruction</i>														
Biology	11	587,344	267,051	854,395	20,000	295	2,000	3,000	1,000	880,690	886,845	(6,155)	-0.7%	
Chemistry	10	566,108	253,616	819,724	17,500	-	5,500	1,294	2,000	846,018	877,159	(31,141)	-3.6%	1
Physics/Astronomy	8	451,415	187,490	638,905	4,000	200	3,287	800	4,000	651,192	659,467	(8,275)	-1.3%	
Civil Engineering	11	793,537	322,787	1,116,324	4,354	1,275	2,500	511	-	1,124,964	1,035,865	89,099	8.6%	1
Mechanical Engineering	10	774,026	322,099	1,096,125	8,000	1,000	6,002	4,000	4,000	1,119,127	1,077,794	41,333	3.8%	
Electrical Engineering	9	684,188	247,387	931,575	2,700	-	2,745	417	1,400	938,837	793,164	146,673	18.5%	1
Applied Mathematics	12	695,401	288,820	984,221	4,500	3,000	10,000	2,200	3,819	1,007,740	989,228	18,512	1.9%	
Computer Info Science	4	349,574	116,501	466,075	1,000	750	2,800	700	2,400	473,725	463,659	10,066	2.2%	
English, Rhetoric, Hmn S	14	795,861	373,724	1,169,585	3,000	-	1,754	-	2,000	1,176,339	1,154,818	21,521	1.9%	
History	13	801,672	316,652	1,118,324	3,000	-	1,000	-	695	1,123,019	1,108,114	14,905	1.3%	
Internat'l Studies	9	528,063	201,041	729,104	2,880	910	1,500	-	2,284	736,678	613,923	122,755	20.0%	1
Economics	14	1,126,780	409,709	1,536,489	5,550	425	1,046	298	-	1,543,808	1,583,059	(39,251)	-2.5%	1
Modern Language	11	617,131	291,864	908,995	7,000	2,000	3,406	3,500	4,000	928,901	805,556	123,345	15.3%	1
Psychology	9	504,760	230,424	735,184	6,000	2,000	5,500	474	2,642	751,800	736,209	15,591	2.1%	
Physical Education	7	399,435	182,059	581,494	6,000	600	1,500	691	2,400	592,685	617,554	(24,869)	-4.0%	1
ROTC - Army	4	142,535	57,859	200,394	250	2,500	4,350	-	1,430	208,924	190,269	18,655	9.8%	
ROTC - Navy	1	26,693	23,323	50,016	1,381	-	2,500	700	-	54,597	52,147	2,450	4.7%	
ROTC - Air Force	1	30,260	13,335	43,595	4,169	-	600	-	-	48,364	46,620	1,744	3.7%	
ROTC - Army FTX		-	-	-	500	-	1,500	-	2,500	4,500	4,500	-	0.0%	
ROTC - Navy FTX		-	-	-	1,250	3,500	500	-	1,750	7,000	5,750	1,250	21.7%	
ROTC - AF FTX		-	-	-	7,000	5,000	2,000	-	-	14,000	14,000	-	0.0%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
ROTC - CEE					7,000					7,000		7,000		
Writing Center	1	73,231	28,921	102,152	-	-	-	-	-	102,152	100,960	1,192	1.2%	
MERC	1	38,708	23,895	62,603	2,000	-	1,000	2,000	-	67,603	65,254	2,349	3.6%	
Undergrad Research	-	9,300	711	10,011	3,000	-	500	-	500	14,011	14,187	(176)	-1.2%	
Teacher Education	-	18,360	1,405	19,765	786	890	1,650	-	-	23,091	23,042	49	0.2%	
Elect Maint Shop					500	-	500	500	-	1,500	1,500	-	0.0%	
Metal Shop	1	37,235	25,758	62,993	1,050	-	-	-	-	64,043	51,427	12,616	24.5%	
PT Faculty-Reg Ses	-	843,102	64,497	907,599	-	-	-	-	-	907,599	905,375	2,224	0.2%	
PT Faculty-Sum Ses	-	410,000	31,365	441,365	-	-	-	-	-	441,365	476,674	(35,309)	-7.4%	2
PT Faculty-STP	-	115,000	8,798	123,798	-	-	-	-	-	123,798	116,262	7,536	6.5%	
PT Faculty-Sum FS	-	85,000	6,503	91,503	-	50,000	162,300	-	-	303,803	228,122	75,681	33.2%	3
Equipment Lease									88,700	88,700	-	-	0.0%	4
Dean's Discretionary					20,000	20,000	308,014	82,000	5,000	435,014	292,014	143,000	49.0%	5
Dean's Faculty Funds		240,897	82,845	323,742	-	-	38,515	-	-	362,257	232,335	129,922	55.9%	6
Dean's Software					-	-	25,000	47,500	-	72,500	72,500	-	0.0%	
Dean's Faculty Travel					-	15,000	-	-	-	15,000	15,000	-	0.0%	
Total Instruction	160	11,745,616	4,380,439	16,126,055	144,370	109,345	599,469	150,585	132,520	17,262,344	16,398,052	864,292	5.3%	
Public Service														
Museum	1	71,276	19,348	90,624	1,200	-	500	-	-	92,324	89,751	2,573	2.9%	
Total Public Serv	1	71,276	19,348	90,624	1,200	-	500	-	-	92,324	89,751	2,573	2.9%	
Academic Support														
Preston Library	13	696,536	285,228	981,764	15,000	3,000	80,000	288,845	4,000	1,372,609	1,346,751	25,858	1.9%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
Info Technology	19	1,140,070	485,151	1,625,221	3,000	10,000	717,416	191,000	5,000	2,551,637	2,522,984	28,653	1.1%	
Dean of Faculty	6	583,485	174,398	757,883	2,000	2,000	4,000	1,000	3,469	770,352	674,161	96,191	14.3%	7
Inst Research/Analysis	4	287,381	91,895	379,276	7,500	1,500	6,500	2,500	4,640	401,916	386,127	15,789	4.1%	
Internat'l Programs	3	138,727	42,908	181,635	2,000	8,500	12,660	500	-	205,295	163,019	42,276	25.9%	8
Ctr Leadership & Ethics							100,000			100,000	-	100,000		9
Sum Sch Adm--Reg	0	137,505	18,998	156,503	1,000	-	2,027	-	-	159,530	158,294	1,236	0.8%	
Sum Sch Adm--STP					4,652	500	-	-	-	5,152	5,152	-	0.0%	
Institute Assessmnt	-	20,400	1,561	21,961	15,000	12,000	37,500	-	-	86,461	86,407	54	0.1%	
Program Review					-	4,000	4,000	-	2,000	10,000	10,000	-	0.0%	
Inst Writing Program					4,000	1,000	3,400	1,000	1,000	10,400	10,400	-	0.0%	
Inst Honors Program	-	17,442	1,334	18,776	200	300	500	500	-	20,276	20,230	46	0.2%	
Chief Information Ofc					2,000	-	5,000	1,000	-	8,000	8,000	-	0.0%	
VMIRL Support					-	-	55,000	-	-	55,000	60,000	(5,000)	-8.3%	10
Cadet Asssit-Instruction	-	38,483	-	38,483	-	-	-	-	-	38,483	38,388	95	0.2%	
Media Services					-	-	12,000	6,400	-	18,400	18,400	-	0.0%	
Moving/Relocation					-	15,000	-	-	-	15,000	15,000	-	0.0%	
Total Acad Supt	46	3,060,029	1,101,473	4,161,502	56,352	57,800	1,040,003	492,745	20,109	5,828,511	5,523,313	305,198	5.5%	

Student Services

Admissions	12	591,959	267,578	859,537	20,000	35,000	400,000	2,000	5,000	1,321,537	1,269,422	52,115	4.1%	11
Financial Aid	3	212,717	84,539	297,256	1,500	1,500	2,000	-	-	302,256	296,171	6,085	2.1%	
Registrar	5	280,729	91,415	372,144	9,595	500	11,500	1,000	2,000	396,739	383,455	13,284	3.5%	
Cadet Counseling	2	102,335	42,585	144,920	3,000	1,000	2,000	-	1,000	151,920	177,060	(25,140)	-14.2%	12

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
Disabilities Services		38,574	9,113	47,687	2,000	-	1,500	-	-	51,187	59,987	(8,800)	-14.7%	
Miller Academic Center	1	39,869	16,034	55,903	1,168	1,000	2,404	-	1,000	61,475	155,662	(94,187)	-60.5%	8
Career Services	4	191,541	89,795	281,336	6,000	5,000	5,000	-	-	297,336	226,794	70,542	31.1%	8
Cadet Assist-Other		87,627	2,008	89,635	-	-	-	-	-	89,635	89,415	220	0.2%	
Orientation					3,000	-	7,000	-	-	10,000	10,000	-	0.0%	
Enrollment Mgmt					500	-	3,500	-	-	4,000	4,000	-	0.0%	
Total Student Serv	27	1,545,351	603,067	2,148,418	46,763	44,000	434,904	3,000	9,000	2,686,085	2,671,966	14,119	0.5%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
<i>Institutional Support</i>														
Board of Visitors				-	2,000	13,000	7,000	-	-	22,000	22,000	-	0.0%	
Superintendent	6	511,763	154,863	666,626	3,000	1,000	13,000	2,000	3,000	688,626	683,114	5,512	0.8%	
Chief of Staff				-	2,000	1,000	5,500	1,000	-	9,500	9,500	-	0.0%	
Finance and Admin	6	563,550	182,928	746,478	10,000	4,600	8,000	500	3,500	773,078	740,247	32,831	4.4%	13
Treasurer	3	280,642	108,759	389,401	400	1,500	1,500	-	200	393,001	372,324	20,677	5.6%	13
Comptroller	11	526,459	237,668	764,127	5,000	2,000	15,000	2,540	1,500	790,167	754,479	35,688	4.7%	13
Human Resources	5	272,957	126,926	399,883	3,000	500	8,500	1,000	1,500	414,383	389,169	25,214	6.5%	13
Purchasing	4	175,578	83,213	258,791	1,000	2,000	3,500	500	-	265,791	249,996	15,795	6.3%	
Communications/Mkt	8	464,800	190,368	655,168	6,000	7,700	66,475	4,000	2,000	741,343	683,966	57,377	8.4%	14
Post Security	10	433,170	263,576	696,746	15,500	11,500	8,000	4,000	1,000	736,746	652,564	84,182	12.9%	15
Protocol	2	77,047	40,847	117,894	2,200	500	500	500	2,000	123,594	123,061	533	0.4%	
Post Mail	3	88,667	43,379	132,046	8,000	-	150,000	1,500	10,500	302,046	277,153	24,893	9.0%	16
Post Transportation	2	61,946	42,839	104,785	104,200	9,000	2,500	800	-	221,285	202,989	18,296	9.0%	16
Legislative Affairs				-	-	15,000	1,400	500	-	16,900	16,900	-	0.0%	
Title IX	-	12,240	936	13,176	1,800	4,000	19,500	1,000	-	39,476	39,218	258	0.7%	
Institute Planning				-	500	2,500	4,500	500	-	8,000	8,000	-	0.0%	
Telephone				-	-	-	126,000	-	-	126,000	106,000	20,000	18.9%	16
Central Dispatch				-	-	-	74,000	-	-	74,000	53,000	21,000	39.6%	17
Duplicating				-	40,000	-	23,000	5,000	20,000	88,000	128,000	(40,000)	-31.3%	18
Printer Services				-	-	-	40,000	-	-	40,000	-	40,000		18
Printing/Publications				-	4,000	-	29,100	5,000	1,000	39,100	39,100	-	0.0%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
Videography							3,200			3,200	3,200	-	0.0%	
General Insurance									180,000	180,000	180,000	-	0.0%	
Debt Service Fee							370,000			370,000	370,000	-	0.0%	19
State Fees ("eVA")									5,000	5,000	7,000	(2,000)	-28.6%	
State Fees ("ORP")							3,200			3,200	3,200	-	0.0%	
Credit Card Discounts							12,000			12,000	16,000	(4,000)	-25.0%	
Dues & Memberships							22,172			22,172	22,172	-	0.0%	
Recruiting						1,000	11,500			12,500	12,500	-	0.0%	
Staff Uniforms					4,500					4,500	4,500	-	0.0%	
Trash Collection					5,000		10,000		9,000	24,000	24,000	-	0.0%	
Commencement					1,000		6,000		3,000	10,000	10,000	-	0.0%	
GCM Visitor's Center										-	39,228	(39,228)	-100.0%	20
Vacancy Savings		(82,000)	(34,000)	(116,000)						(116,000)	-	(116,000)		21
Contingencies					50,000	25,000	925,000	100,000		1,100,000	1,300,000	(200,000)	-15.4%	22
Salary Adjustments		175,000	35,945	210,945						210,945	209,616	1,329	0.6%	23
Bonuses		420,808	32,192	453,000						453,000	-	453,000		24
Subtotal	59	3,982,627	1,510,439	5,493,066	269,100	101,800	1,970,047	130,340	243,200	8,207,553	7,752,196	455,357	5.9%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
Recoveries-Athletics		(162,000)	(60,000)	(222,000)	(7,000)	(3,000)	(48,000)	(3,000)	(5,000)	(288,000)	(299,000)	11,000	-3.7%	
Recoveries-Aux		(1,295,000)	(479,000)	(1,774,000)	(55,000)	(21,000)	(381,000)	(26,000)	(42,000)	(2,299,000)	(2,211,000)	(88,000)	4.0%	
Recoveries-UJA		(348,000)	(129,000)	(477,000)	(15,000)	(6,000)	(102,000)	(7,000)	(11,000)	(618,000)	(461,000)	(157,000)	34.1%	
UMA (Demands)		(65,000)		(65,000)						(65,000)	(65,000)		0.0%	
Total Recoveries		(1,870,000)	(668,000)	(2,538,000)	(77,000)	(30,000)	(531,000)	(36,000)	(58,000)	(3,270,000)	(3,036,000)	(234,000)	7.7%	25
Total Insite Support	59	2,112,627	842,439	2,955,066	192,100	71,800	1,439,047	94,340	185,200	4,937,553	4,716,196	221,357	4.7%	
<i>Physical Plant</i>														
Administration	7	420,613	159,291	579,904	7,000	4,000	11,000	-	6,000	607,904	602,324	5,580	0.9%	
Construction Office	2	123,109	38,580	161,689	-	-	-	-	-	161,689	153,448	8,241	5.4%	
Blkg Repair/Maint	25	887,760	534,528	1,422,288	212,000	15,000	692,000	4,000	4,000	2,349,288	2,175,691	173,597	8.0%	26
Custodial Service	16	324,031	168,875	492,906	105,600	-	500	1,500	-	600,506	654,789	(54,283)	-8.3%	27
Grounds Maintenance	10	240,863	152,899	393,762	44,000	100	63,400	12,500	5,000	518,762	469,470	49,292	10.5%	27
Heating Plant	4	146,998	91,290	238,288	33,500	2,000	28,000	3,000	-	304,788	216,553	88,235	40.7%	28
Utilities					912,000				1,843,000	2,755,000	3,162,000	(407,000)	-12.9%	29
Property Insurance									345,000	345,000	345,000		0.0%	
Plant Contingencies					48,000		150,000		2,000	200,000	200,000		0.0%	
Part-time wages		257,477	19,697	277,174						277,174	256,550	20,624	8.0%	
Alumni Hall Maint	2	47,965	34,583	82,548	6,000		1,400			89,948	86,489	3,459	4.0%	
Special Projects					1,500	200	30,000	2,000	1,300	35,000	35,000		0.0%	
Vacancy Savings		(42,000)	(18,000)	(60,000)						(60,000)	(50,000)	(10,000)	20.0%	
Subtotal	66	2,406,816	1,181,743	3,588,559	1,369,600	21,300	976,300	23,000	2,206,300	8,185,059	8,307,314	(122,255)	-1.5%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	%	Notes
Recoveries-UMA K/Par					(54,000)	-	(53,000)	-	(92,000)	(199,000)	(193,000)	(6,000)	3.1%	
Recoveries-UMA		(60,000)	(30,000)	(90,000)	(34,000)	(1,000)	(25,000)	(1,000)	(55,000)	(206,000)	(154,000)	(52,000)	33.8%	
Recoveries-Athletics		(102,000)	(43,000)	(145,000)	(56,000)	(1,000)	(40,000)	(1,000)	(89,000)	(332,000)	(321,000)	(11,000)	3.4%	
Recoveries-Aux		(811,000)	(348,000)	(1,159,000)	(443,000)	(7,000)	(315,000)	(7,000)	(713,000)	(2,644,000)	(2,369,000)	(275,000)	11.6%	
Total Recoveries		(973,000)	(421,000)	(1,394,000)	(587,000)	(9,000)	(433,000)	(9,000)	(949,000)	(3,381,000)	(3,037,000)	(344,000)	11.3%	25
Total Physical Plant	66	1,433,816	760,743	2,194,559	782,600	12,300	543,300	14,000	1,257,300	4,804,059	5,270,314	(466,255)	-8.8%	
E&G Summary														
Before recoveries	360	22,811,715	8,796,509	31,608,224	1,887,385	334,245	5,021,223	799,670	2,611,129	42,261,876	40,742,592	1,519,284	3.7%	
Recoveries		(2,843,000)	(1,089,000)	(3,932,000)	(664,000)	(39,000)	(964,000)	(45,000)	(1,007,000)	(6,651,000)	(6,073,000)	(578,000)	9.5%	
Total E&G	360	19,968,715	7,707,509	27,676,224	1,223,385	295,245	4,057,223	754,670	1,604,129	35,610,876	34,669,592	941,284	2.7%	

State Funds E&G Expenditure Notes

1. Departmental budget increases or decreases are generally due mostly to changes in personal services costs. These changes can consist of changes in the number of full-time faculty to meet student demand or due to faculty going on or coming back from sabbatical. It can also reflect changes in faculty salaries due to promotions, market adjustments, or turnover (retirement or resignations). Budget changes can also reflect employee (faculty or staff) changes in health insurance coverage (single versus family).
2. The part-time faculty salaries budget decrease for the summer session reflects an adjustment to bring the budget closer to the actual cost for summer 2013. The level of salaries generally reflects the number of courses taught which can vary with student enrollment.
3. The part-time faculty salaries budget increase for the summer session foreign study program reflects a greater number of programs planned for summer 2014 compared to 2013.
4. The Equipment Lease budget funds VMI's allocated share of the debt service payments on State Equipment Trust Fund (ETF) equipment purchases. VMI has received total funding of approximately \$13.8 million from the ETF since its inception in 1987. VMI is appropriated \$714,000 for FY 2015 or the same as in FY 2014. This program primarily funds instructional equipment, but can also be used for operating hardware and software for administrative computing systems and office computers.
5. The Dean's discretionary budget increase reflects the transfer of funds previously budgeted in the Local Unrestricted Funds budget. This transfer is due to the decrease in funding from the VMI Foundation beginning in FY 2015. See Local Unrestricted Funds budget note for more information.
6. The Dean's faculty funds budget increase reflects funding primarily for new full-time faculty positions as part of VMI's "Right-Sizing" initiative. This initiative seeks to increase the number of full-time teaching faculty while reducing the reliance on part-time faculty to enhance cadet advising and teaching quality. This budget also includes funds from faculty turnover savings due mostly to retirements that the Dean can also use for new faculty positions and faculty salary increases or bonuses.
7. The Dean of Faculty budget increase primarily reflects full funding for the Sponsored Programs Administrator. This position was mostly funded from private funds in FY 2014.
8. Departmental budget changes primarily reflect the shifting of staff positions among these offices to meet student demand.
9. The Center for Leadership and Ethics budget is established in FY 2015 to help support the Center which is part of VMI's educational program. State E&G funding is necessary to

supplement the private funding for the Center which covers most of the Center's costs. See the Local Funds budget section for the Center's budget.

10. The VMIRL Support budget funds the general and administrative expenses of the VMI Research Laboratories, Inc. which administers research projects for teaching faculty. This budget is funded from indirect costs paid to VMI on completed research projects. The budget decrease reflects some expected reduction in staff salaries in FY 2015.
11. The Admissions budget increase includes \$20,000 for growth in the use of direct mail for cadet recruiting and funding for staff salary increases.
12. The Cadet Counseling budget decrease reflects the transfer of a counselor position to the State Auxiliary Program in FY 2015. Counseling positions are funded in each of VMI's three major State programs; this transfer helps the E&G Program to fund some of its unavoidable cost increases.
13. Departmental budget increases generally reflect staff salary increases and also increases in employer health insurance costs.
14. The Communications and Marketing budget increase reflects staff salary increases and greater part-time wage funding for writers.
15. The Post Security budget increase mostly reflects hiring of a new officer position to allow two officers on duty at most times and to allow coverage at athletic and other special events. This position will improve Post safety and security and enhance VMIs' ability to attain accreditation of this department in the future.
16. Budget increases reflect increasing rates for postage, gasoline, and growth in telephones on Post.
17. The Central Dispatch budget reflects the fees paid to the Rockbridge Regional Public Safety Communications Center for dispatching emergency and non-emergency calls from cadets, employees or visitors to the VMI Police. The fees are increasing due to the region's plans to install a new radio system.
18. The Duplicating and Printer Services budgets reflect the transfer of funding for copier costs between the two accounts. The Printer Services budget is managed by the Information Technology Department and helps fund certain central copier costs under VMI's post-wide outsourced copier contract.
19. The Debt Service Fee budget funds State-mandated fees charged to out-of-state cadets for their share of the debt service on new buildings and renovations funded by the State (the State expects out-of-state cadets to fully fund the cost of their education).

20. The George C. Marshall Visitor's Center budget was established in FY 2014 to fund a full-time Facility Manager position and some part-time Visitor Desk support in expectation of VMI's acquisition of the George C. Marshall (GCM) Museum Building from the GCM Foundation. The Foundation elected to postpone this gifting to VMI.
21. A vacancy savings budget for Institutional Support departments is established in FY 2015 to reflect expected savings from staff turnover. Previously only the Operations and Maintenance subprogram included a vacancy savings budget.
22. Contingencies are generally budgeted to mitigate revenue shortfalls and provide for emergencies and other unforeseen costs. The E&G contingency budget totals \$1.1 million for FY 2015 and represents about 2.8% of total E&G expenditures (to include student financial aid). VMI also budgets for contingencies in its Auxiliary Enterprises Program (\$650,000), Unique Military Activities Program (\$42,000), and Local Unrestricted Funds Budget (\$100,000) bringing total contingency budgets to about \$1.9 million (compared to \$2.0 million in FY 2014).
23. The Salary Adjustments budget reflects funding for salary increases and/or bonuses that the Superintendent may approve in FY 2015 based on merit, increasing job responsibilities, and/or benchmark adjustments. It also provides funding for new hires that may exceed the amounts budgeted in the various departmental accounts.
24. Provision is made for a 2% VMI employee bonus in FY 2015. The General Assembly has not yet adopted a State Budget for 2014-2016, but it is possible that the budget adopted will include some employee salary increase or bonus.
25. Recoveries represent the "cost sharing" of indirect costs (institutional support and physical plant costs paid by the E&G Program) by the Auxiliary and UMA Programs to the E&G Program as required by the State. The FY 2015 recoveries or indirect costs budgets reflect a total increase of \$578,000 (9.5%) over FY 2014. The amount of the recovery is based on a State-mandated biennial cost study conducted by VMI and approved by the State to determine the appropriate indirect cost rate for use each biennium.
26. The Building Repairs and Maintenance budget reflects increasing costs for contractual services (primarily for HVAC preventive maintenance) and employee salary and health insurance cost increases.
27. The Custodial Services and Grounds Maintenance budget changes reflect transfer of a position between the two budgets.
28. The Heating Plant budget reflects the addition of an employee to help improve staff coverage of this important facility and function at VMI.

29. The Utilities budget decrease reflects the continued effectiveness of VMI's energy conservation efforts especially in containing electricity and water/sewer costs. It also reflects savings from a decrease in natural gas prices that VMI achieved from locking in rates earlier when rates were favorable.

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Unemployment	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Food Service					-	30,000	-	6,119,000	140,000	2,000	6,291,000	6,129,000	162,000	1
Food Service Maint					-	37,000	-	91,000	2,000	30,000	160,000	156,000	4,000	
Barracks Maintenance	15	448,678	281,288	-	729,966	115,000	-	179,000	85,000	-	1,108,966	1,042,882	66,084	2
Barracks Utilities					-	-	-	10,000	-	330,000	340,000	305,000	35,000	2
Barracks Network	3	99,327	40,687	-	140,014	-	-	71,000	-	5,000	216,014	255,963	(39,949)	2
Military Store	8	280,334	112,237	(372,943)	19,628	30,000	-	-	1,000	1,000	51,628	51,396	232	
Cadet Uniforms					-	-	-	-	-	-	-	64,000	(64,000)	3
Tailor Shop	11	282,807	196,064	(478,871)	-	-	-	-	-	-	-	-	-	4
Laundry/Pressing	29	627,082	440,390	(800,604)	266,868	5,000	-	-	8,000	19,000	298,868	311,915	(13,047)	5
Barber Shop	2	220,964	36,147	-	257,111	12,000	-	1,000	7,000	1,000	278,111	231,465	46,646	6
Student Health	12	596,120	243,768	(625,716)	214,172	12,000	-	3,000	1,000	3,000	233,172	230,806	2,366	7
Cadet Insurance					-	-	-	-	-	350,000	350,000	350,000	-	8
Student Union	4	241,316	100,761	-	342,077	17,500	6,000	12,000	5,000	6,000	388,577	383,028	5,549	9
Cadet Programs	-	173,145	13,246	-	186,391	65,000	240,000	118,000	60,000	4,000	673,391	672,934	457	
Career Services					-	1,000	-	-	-	-	1,000	1,000	-	
Cadet Counseling	2	91,747	27,767	-	119,514	10,000	-	25,000	4,600	5,000	164,114	116,164	47,950	10
Corps Trips					-	-	125,000	-	-	-	125,000	59,200	65,800	11
Glee Club	0	33,442	7,596	-	41,038	500	7,000	1,500	-	1,000	51,038	34,191	16,847	12

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Academic Clubs					-	500	3,000	3,000	-	-	6,500	6,500	-	
Honor Court	-	33,333	2,550	-	35,883	500	-	1,000	2,000	1,500	40,883	40,620	263	
Inspector General	1	74,758	15,835	-	90,593	-	-	-	-	-	90,593	90,042	551	
Parents Council					-	1,500	500	5,500	-	-	7,500	7,500	-	
Post Housing-Maint	4	137,327	83,753	-	221,080	26,000	-	161,000	5,000	-	413,080	407,919	5,161	
Post Housing-Utilities					-	-	-	5,000	-	97,000	102,000	88,000	14,000	13
Cameron Hall-Oper	2	68,117	37,151	-	105,268	3,000	-	12,000	5,000	8,000	133,268	130,070	3,198	
Cameron Hall-Maint					-	10,000	-	40,000	-	-	50,000	45,000	5,000	
Athletic Facilities/Support	5	306,550	95,923	-	402,473	90,000	-	103,000	6,000	-	601,473	453,037	148,436	14
Weight Room	0	27,211	10,119	-	37,330	6,000	1,000	1,000	20,000	1,000	66,330	29,000	37,330	15
MLFTG Maintenance	1	18,935	21,532	-	40,467	15,000	-	15,000	-	-	70,467	38,898	31,569	16
Auxiliary-Admin	3	170,028	67,263	-	237,291	20,000	2,000	10,000	-	8,000	277,291	276,449	842	
Master Planning					-	-	-	10,000	-	-	10,000	10,000	-	
COOP					-	-	1,000	4,000	-	-	5,000	5,000	-	
Post Security	2	159,276	54,123	-	213,399	7,000	-	20,000	4,000	-	244,399	227,351	17,048	17
State Fees ("eVA")					-	-	-	-	-	10,000	10,000	12,000	(2,000)	
Museum Support	2	69,166	46,203	-	115,369	10,000	-	52,791	-	-	178,160	100,489	77,671	18
Indirect Costs-E&G					-	-	-	-	-	4,943,000	4,943,000	4,580,000	363,000	19

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Contingencies	-	-	-	-	-	-	-	650,000	-	-	650,000	600,000	50,000	20
Salary Contingencies		28,073	12,231	-	40,304	-	-	-	-	-	40,304	20,799	19,505	21
Bonuses		50,162	3,838	-	54,000	-	-	-	-	-	54,000	-	54,000	21
Vacancy Savings		(53,600)	(26,400)	-	(80,000)	-	-	-	-	-	(80,000)	-	(80,000)	22
Parking - On Post						5,000	-	11,500	2,500	11,000	30,000	30,000	-	
Parking/Storage-Off Post						-	-	-	-	94,000	94,000	94,000	-	
Maintenance Projects	0	23,484	8,236	-	31,720	-	-	1,170,000	-	-	1,201,720	1,430,484	(228,764)	23
Debt Service-Crozet						-	-	-	-	874,000	874,000	874,000	-	
Debt Service-Cocke						-	-	-	-	163,000	163,000	161,000	2,000	
Debt Service-SIH						-	-	-	-	204,000	204,000	203,000	1,000	
Debt Service-Post Imp						-	-	-	-	-	-	145,000	(145,000)	24
Total Auxiliary	106	4,207,782	1,932,308	(2,278,134)	3,861,956	529,500	385,500	8,905,291	358,100	7,171,500	21,211,847	20,501,102	710,745	

State Funds

Auxiliary Expenditure Notes

1. The Food Service budget increase of \$162,000 or 2.6% reflects an anticipated meal rate increase of 3.5% for food and labor cost increases projected by ARAMARK, VMI's food service contractor. It also reflects some reduction in enrollment. The projected average cost per day to feed the Corps for FY 2015 is about \$24,000.
2. The Barracks maintenance budget increase primarily reflects an increase in HVAC preventive maintenance costs. The Barracks Utilities budget increase brings water/sewer costs closer to actual past costs. The decrease in Barracks Network costs reflects employee turnover salary savings.
3. The Auxiliary Enterprises Program will not be required to subsidize UMA Program cadet uniform costs in FY 2015 due to projected increased State funding for the UMA Program.
4. Tailor Shop costs are budgeted 100% in the UMA Program (See UMA Program Note #3) although the employee positions are included in the Auxiliary Enterprise Program in accordance with State budget policy.
5. Laundry/Dry Cleaning costs are allocated 75% to the UMA Program and 25% to the Auxiliary Program in accordance with State budget policy (the UMA portion is considered costs above the normal amount for laundry services encountered by students at non-military institutions). The budget decrease brings the budget closer to actual costs.
6. The Barber Shop budget increase reflects additional part-time barbers to meet cadet demand and help reduce the workload of the existing barbers.
7. Student Health costs are allocated 74.5% to the UMA Program and 25.5% to the Auxiliary Program in accordance with State budget policy (the UMA portion is considered costs above the normal amount for health services encountered by students at non-military institutions).
8. The Cadet Insurance budget provides for each cadet up to \$5,000 of coverage for accidents/injuries that may occur during ROTC, athletic, or other activities and helps protect cadets and parents from the often high medical costs for treating injuries.
9. The Student Union budget reflects staff costs for administration of cadet programs consisting of intramural sports, clubs, and other organizations. The Cadet Programs budget funds the supplies, travel, equipment and other costs for these activities.
10. The Cadet Counseling budget increase reflects the transfer in of a counselor position from the E&G Program. This budget transfer helps the E&G Program to fund unavoidable cost increases.

11. The Corps Trip budget provides funding for a football trip to the Naval Academy. Costs include transportation (buses), meals, and tickets.
12. Glee Club budget increase reflects anticipated additional part-time staff costs.
13. The Post Housing Utilities budget reflects an increase in “payments in lieu of taxes” to the City of Lexington as requested by the City Manager. This payment helps the City to provide fire and rescue service to VMI. The City asked both VMI and W&L University to increase their payments to help the City to fund future school construction.
14. The Athletic Facilities budget funds repairs and maintenance of athletic facilities to include buildings, stadiums, fields, and scoreboards. It also funds some of the Academic Advising staff for cadet athletes, an Assistant Sports Information Director, and 50% of the cost for the Director of Marksmanship/Rifle Coach. The budget increase primarily reflects the transfer in from the Athletics Program of a senior level administrator as part of the Administration’s efforts to balance the Athletics Budget. This administrator’s job responsibilities will be revised to include mostly Auxiliary Enterprise support functions.
15. The Weight Room budget increase reflects the transfer in from the Athletics Program of a stipend paid to a Physical Education Department faculty member for cadet supervision and instruction in the Weight Room.
16. The MLFTG budget funds a grounds worker charged with maintenance of the Military and Leadership Field Training Grounds. The increase provides for supplies and contractual services costs in support of this facility.
17. The Post Security budget increase reflects police officer salary increases. The budgeting of two officers in the Auxiliary Program recognizes the effort expended by the VMI Police Department related to cadet and employee parking which is considered an Auxiliary activity according to State policy. This budget also includes security guards for Cocke Hall and other facilities.
18. The Museum Support budget increase reflects the transfer in of costs previously paid by the Local Unrestricted Budget. This transfer is necessary due to a reduction in funding by the VMI Foundation. See Local Funds Budget for more information. This budget helps to fund about 2 of the 8 total employees at the Virginia Civil War Museum (VCWM) in New Market and also operating costs of the facility. Auxiliary Program support of the VCWM recognizes the use of this facility for annual new cadet orientation activities and other VMI activities.
19. The Indirect Costs—E&G budget increase of \$363,000 or 7.9% is based on the State mandated approved indirect cost rate for FY 2015. The increase also includes some amount that would normally be funded by the Athletics Program; however, to help the Athletics Program to balance its budget, the Administration has decided to level fund the Athletic Program share of indirect costs for FY 2015.

State policy mandates that the Auxiliary Program pay its share of indirect costs (institutional support and physical plant costs funded by the E&G Program). Compliance with this policy qualifies VMI to earn interest income on its Auxiliary cash (fund balance) held by the State Treasury.

20. The Contingencies Budget is \$650,000 or about 3.4% of total expenditures before contingencies and debt service. This budget is \$50,000 more than in FY 2014 to provide for emergency facility repairs and improvements.
21. Provision is made for a possible 2% VMI employee bonus in FY 2015. The salary contingencies budget is also increased to provide for employee turnover salaries above amounts budgeted.
22. A vacancy savings budget is established in FY 2015 to provide for savings that normally occur in the Auxiliary Enterprises Program due to employee turnover.
23. The Maintenance Project budget decrease brings the funding to \$1.2 million compared to \$1.4 million budgeted in FY 2014. The budget includes \$470,000 estimated for VMI's share of the cost to move the American Legion Building as part of the Corps Physical Training Facilities (CPTF) construction project that is underway.

VMI has identified about \$20 million of small non-capital projects around Post that needs completion. Some of these projects are planned for financing by VMI's \$8.0 million of bond financing (two separate \$4.0 million issues) by the Virginia College Building Authority (VCBA) approved by the VMI Board of Visitors. The amount of funding from the Auxiliary Enterprises Program is limited due to the Administration's efforts to maintain an adequate and prudent Auxiliary Fund Balance.

24. The Debt Service—Post Improvements budget decrease pertains to the first \$4.0 million VCBA bond financing in 2013. VMI elected to capitalize construction period interest on the bonds which resulted in annual debt service payments being postponed to FY 2016.

State Funds
UMA Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Commandant	12	1,087,100	328,215	1,415,315	20,000	9,000	29,000	10,000	3,000	1,486,315	1,457,834	28,481	1
Corps Marksmanship	1	32,151	6,233	38,384	10,000	5,000	30,000	9,500	500	93,384	93,758	(374)	
Commandant--FTX				-	2,000	1,000	2,000	-	-	5,000	5,000	-	
Band	2	120,112	61,094	181,206	7,000	3,500	2,000	500	500	194,706	187,849	6,857	
Rat Activities				-	7,500	40,000	14,500	3,000	7,800	72,800	72,800	-	
Rat Challenge	1	55,898	26,769	82,667	8,000	500	1,000	1,500	-	93,667	96,025	(2,358)	
Chief of Staff-HQ	1	75,301	29,387	104,688	-	-	-	-	-	104,688	105,621	(933)	
Cadet Counseling	1	56,191	29,654	85,845	1,000	1,700	3,500	-	-	92,045	90,418	1,627	
Counselor's Ofc				-	-	-	-	-	2,000	2,000	2,000	-	
Armory	1	69,001	22,832	91,833	7,000	-	3,000	3,000	1,370	106,203	92,227	13,976	2
Academic Advising				-	2,000	1,000	3,000	-	-	6,000	6,000	-	
Honor Court				-	-	-	4,000	-	-	4,000	4,000	-	
Wages--E&G Demand				-	-	-	-	-	65,000	65,000	65,000	-	
Indirect Costs--E&G				-	-	-	-	-	824,000	824,000	615,000	209,000	3
Contingencies	-	15,450	3,173	18,623	-	-	42,000	-	-	60,623	34,252	26,371	4
Parade Ground Maint	3	67,441	50,936	118,377	-	-	-	-	26,000	144,377	130,323	14,054	
Kilbourne Hall Maint	1	21,362	11,280	32,642	-	-	-	-	173,000	205,642	199,086	6,556	
Barracks	1	20,484	11,558	32,042	-	-	-	-	73,000	105,042	90,519	14,523	5

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Student Health				-	-	-	-	-	687,000	687,000	674,000	13,000	6
Military Store	1	55,593	13,316	68,909	1,493,000	-	-	-	411,000	1,972,909	1,963,346	9,563	7
Tailor Shop	-	38,148	2,918	41,066	37,000	-	2,000	5,000	487,000	572,066	544,966	27,100	8
Laundry				-	-	-	-	-	909,000	909,000	937,000	(28,000)	9
Bonuses		53,878	4,122	58,000					58,000	58,000	-	58,000	
Less: Vacancy Savings				-					0	0	(87,261)	87,261	10
Total UMA	25	1,768,110	601,487	2,369,597	1,594,500	61,700	136,000	32,500	3,670,170	7,864,467	7,379,763	484,704	

State Funds

UMA Expenditure Notes

1. The Commandant Office budget increase includes provision for additional funding for part-time employees on the Commandant's staff.
2. The Armory budget reflects an increase in the part-time salary of an assistant armorer.
3. The Indirect Costs paid by the UMA Program to the E&G Program funds is increased to bring the amount paid closer to the UMA Program's share of general and administrative costs. The increase is possible due to an anticipated increase in State general funds for the UMA Program of \$250,000.
4. The Contingencies budget provides for salary increases and other cost increases to include cadet uniforms that may be approved in FY 2015.
5. The Barracks budget provides for Barracks maintenance costs associated with the space occupied by the Commandant's Office. It is considered a UMA Program cost and not an Auxiliary Enterprise Program cost. The increase brings the cost closer to actual costs.
6. The Student Health budget increase primarily reflects State-mandated increases in employee retirement and health insurance rates. (also see Auxiliary Program expenditures Note #6).
7. The Military Store budget increase reflects State-mandated increases in employee retirement and health insurance rates increases and other costs increases. Cadet uniform purchases are budgeted for a total of about \$1.5 million or the same level as FY 2014.

The cost to outfit a new cadet with a standard issue of uniforms is approximately \$3,500 for males and \$3,600 for females. Cadets are required to return certain uniform items to the Military Store upon graduation or separation from VMI and serviceable items are re-stocked as appropriate.

8. The Tailor Shop budget increase primarily reflects State-mandated increases in employee retirement and health insurance rates.
9. The Laundry/Dry Cleaning budget decrease brings the water/sewer budget closer to actual costs (also see Auxiliary Program expenditures Note #6).
10. No vacancy savings are budgeted for FY 2015; the budget for FY 2014 reflected savings due to one of the Commandant's staff members being on leave for the year.

Local Funds

Local Funds

Overview of Section

This section provides the details of the Local Funds Budget including notes explaining significant variances between the current and the proposed budget. The following budget schedules are presented:

- ***VMI and VMI Alumni Agencies Income and Support***—Summarizes the restricted and unrestricted income support from VMI and the VMI Alumni Agencies comprising the VMI Foundation, the VMI Development Board, and the VMI Keydet Club.
- ***Expenditures Summary***—Summarizes the Restricted and the Unrestricted Expenditure Budgets and shows how the budgets are consolidated to produce the total Local Funds Budget.
- ***Restricted Local Budget***—Provides by source of support the allocation of funds to programs and activities.
- ***Unrestricted Local Budget***— Provides by source of support the allocation of funds to programs and activities.
- ***Jackson-Hope Program***—Provides the allocation of funds to programs and activities.
- ***Center for Leadership and Ethics***—Summarizes the budgeted revenues, support and expenditures for the program.
- ***Intercollegiate Athletics Revenues and Expenditures Budget***—Provides the components of athletic revenues and support and presents by sport and supporting activities the expenditures for personnel, supplies, travel, recruiting, officials, and other. Also includes separate schedule for details of significant other expenditures.
- ***Museum Operations***--Provides the components of revenue and support and the details of expenditures for the VMI Museum, the New Market Battlefield State Historical Park, and the Stonewall Jackson House.
- ***Cadet Financial Assistance Summary***—Provides by source the components of the various grants and scholarships budgeted for cadets.

Budget Highlights

Local Unrestricted Funds

28. Local Unrestricted Funds revenue and expenditures are budgeted to total \$8.8 million and \$8.9 million, respectively. Expenditures are \$280,000 or 3% less than in FY 2014.
29. The decrease in expenditures is due to the transfer of some costs to the State E&G and Auxiliary Enterprises Program. These transfers are required due to a decrease in VMI Foundation and VMI Development Board unrestricted income (see Local Unrestricted Fund Budget note for more information).
30. The Local Unrestricted Funds budget supports faculty and staff salary supplements and mortgage subsidies, cadet financial assistance, Intercollegiate Athletics, and debt service on JM Hall renovations. It also includes income from Intercollegiate Athletics, Museum Operations and the Center for Leadership and Ethics.
31. The Local Unrestricted Fund Balance is projected to have a fund balance of about \$36,000 at the end of FY 2015. VMI will have to reduce spending and/or continue to transfer more costs to the E&G and Auxiliary Enterprises Program in the future to bring spending more in line with declining VMIF income for the next several years.

Athletics Program

32. Athletics Program operating expenses are budgeted at \$6.1 million and includes \$235,000 of prior year expenses. FY 2015 expenditures excluding prior year expenses total \$5.0 million or about \$160,000 or 2.8% more than budgeted for FY 2014.
33. The increase in budgeted expenditures consists of provision for a 2% VMI employee bonus, \$66,000 in conference entry fees to the Southern Conference (payable each year for 5 years), and a contingency budget of \$50,000. Expenses have also been reduced due to a transfer of a senior level Athletic Program employee to the Auxiliary Enterprises Program and a temporary freezing of a planned increase in the Athletic Program's share of indirect costs.

34. The Athletic scholarships budget totals \$3.9 million or about \$45,000 or 1.1% more than FY 2014. This reflects increases in cadet tuition and fees offset some by a reduction in total scholarship awards and less out-of-state awards to help bring the Athletics Program into financial balance in FY 2015.
35. Keydet Club private donations for scholarships and operations are budgeted at \$3.5 million or the same level as in FY 2014.
36. Cadet athletic fees are budgeted of \$2.7 million for an increase of about \$165,000 or 6.4% over FY 2014. This reflects an increase of \$126 or 8% in the cadet fee to \$1,702.
37. The Athletics Program budget includes \$400,000 from the Superintendent's discretionary funds (private donations) and \$315,000 from the Auxiliary Enterprises Program. This funding is part of a new recovery plan to bring the Athletics Program into structural/financial balance.

Other Programs

38. Museums Operations revenues and expenditures are budgeted for \$975,000 and \$973,000, respectively. This reflects a decrease of \$69,000 or 6.6% in revenue and \$56,000 or 5.4% in expenditures from the FY 2014 budget. The decrease mostly reflects the transfer of about \$63,000 of Museum support and expenses to the Auxiliary Enterprises Program. The transfer helps balance the Museum's budget and reflects their support of VMI cadets, faculty, and staff.
39. Center for Leadership and Ethics (CLE) revenues and expenditures are budgeted at \$1.4 million and \$1.3 million, respectively. This is a decrease of \$157,000 or 10.2% in revenue and \$189,000 or 12.3% in expenditures compared to the FY 2014 budget.
40. CLE expenses include hiring of a new associate director during the year to develop and implement a faculty/staff leadership program.
41. The Cadet financial aid budget totals \$14.4 million for an increase of \$1.6 million or 12.5% over the FY 2014 budget. The increase reflects growth in private restricted endowments for cadet financial aid and the need to allocate more tuition revenue to financial aid to meet the growing demand from needy out-of-state cadets.

Local Funds

VMI and Alumni Agencies Income and Support

	2014	2015	Inc (Dec)	%	Notes
VMI Alumni Agencies					
Unrestricted Funds					
VMI Foundation, Inc.					
Endowment Income/Annual Funds	1,978,000	1,879,000	(99,000)	-5.0%	
Debt Service-JM Hall/Crozet	191,000	189,000	(2,000)	-1.0%	
Total VMI Foundation	2,169,000	2,068,000	(101,000)	-4.7%	
VMI Development Board					
Endowment Income/Donations	650,000	550,000	(100,000)	-15.4%	
Total Unrestricted	2,819,000	2,618,000	(201,000)	-7.1%	1
Restricted Funds					
VMI Foundation, Inc.					
Endowment Income/Donations	9,998,000	12,138,000	2,140,000	21.4%	
VMI Development Board					
Endowment Income/Donations	626,000	584,000	(42,000)	-6.7%	
Total VMI Foundation/Dev Board	10,624,000	12,722,000	2,098,000	19.7%	
VMI Keydet Club					
Annual Giving	1,800,000	1,800,000	-	0.0%	
Athletic Operating Fund (AOF)	1,703,000	1,699,000	(4,000)	-0.2%	
Total Keydet Club	3,503,000	3,499,000	(4,000)	-0.1%	
Total Restricted Funds	14,127,000	16,221,000	2,094,000	14.8%	2
Total VMI Alumni Agencies	16,946,000	18,839,000	1,893,000	11.2%	
VMI					
Unrestricted Funds					
VMI General Endowment	84,000	84,000	-	0.0%	
Interest Income and Other	10,000	10,000	-	0.0%	
Total Unrestricted	94,000	94,000	-	0.0%	
Restricted Funds					
VMI General Endowment	340,000	342,000	2,000	0.6%	
VMI Collins Endowment--Operations	190,000	190,000	-	0.0%	
Outside Trusts and Other	61,000	62,000	1,000	1.6%	
Total Restricted Funds	591,000	594,000	3,000	0.5%	
Total VMI Endowment	685,000	688,000	3,000	0.4%	3
Total VMI and Alumni Agencies	17,631,000	19,527,000	1,896,000	10.8%	

Local Funds

VMI and Alumni Agencies Income and Support Notes

1. VMI Foundation (VMIF) and VMI Development Board (DB) unrestricted spendable income for FY 2014 totals \$2.6 million or about \$200,000 less than in FY 2013. This decrease by the VMIF was necessary to bring the income to VMI closer to the spending policy on endowments. It is also necessary to help grow the endowment so that future income will be available to meet the repayment requirements on the \$45 million in bonds issued on VMI's behalf in 2006 to fund various capital projects. This debt service currently totals about \$2.1 million annually and is part of the support to VMI.

Spendable endowment income is based on a 12-quarter rolling average endowment market value and a spending rate of 4.8%. The VMIF spendable income rate of 4.8% combined with an administrative fee rate of 1.25% on all endowment funds results in a total spending rate of 6.05%. Spendable income is combined with donations from the Annual Fund and used to fund Alumni Agencies operating expenses and provide unrestricted income to VMI.

2. VMIF, DB, and Keydet Club (KC) restricted income is budgeted for \$16.2 million or an increase of \$2.1 million or 14.8%. This increase mostly reflects new cash donations including a \$1.0 million gift from a single major donor. It also reflects some endowment appreciation due to investments in the stock market.
3. VMI endowment income derives mostly from VMI's General Endowment and Collins Endowment. These funds had a 28 February 2014 market value of \$8.3 million and \$3.8 million, respectively. The General Endowment consists mostly of scholarship funds and the Collins Endowment is restricted to support of the Virginia Museum of the Civil War at New Market. Spendable endowment income is based on a 5.0% spending rate applied to the average endowment market value for the past 12 quarter. VMI's endowments are pooled and invested with endowment funds of the VMI Alumni Agencies.

Local Funds Expenditure Summary

	Restricted Budget	Unrestricted Budget	2015 Total	2014 Total	Inc (Dec)	%
<i>Educational and General</i>						
Instruction	4,505,000	430,000	4,935,000	3,364,000	1,571,000	46.7%
Research	40,000	-	40,000	71,000	(31,000)	-43.7%
Public Service	473,000	764,000	1,237,000	1,280,000	(43,000)	-3.4%
Academic Support	990,000	374,000	1,364,000	1,959,000	(595,000)	-30.4%
Cadet Services	873,000	48,000	921,000	679,000	242,000	35.6%
Institutional Support	376,000	1,177,000	1,553,000	1,869,000	(316,000)	-16.9%
Physical Plant	169,000	-	169,000	140,000	29,000	20.7%
Total E&G	7,426,000	2,793,000	10,219,000	9,362,000	857,000	9.2%
<i>Cadet Financial Assistance</i>						
	9,453,000	1,109,000	10,562,000	10,099,000	463,000	4.6%
<i>Auxiliary Enterprises</i>						
Intercollegiate Athletics	1,117,000	4,860,000	5,977,000	5,662,000	315,000	5.6%
Debt Service	-	189,000	189,000	191,000	(2,000)	-1.0%
Total Auxiliary	1,117,000	5,049,000	6,166,000	5,853,000	313,000	5.3%
Total	17,996,000	8,951,000	26,947,000	25,314,000	1,633,000	6.5%

**Local Funds
Restricted Funds Budget
2014-2015**

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)
<i>Expenditures</i>								
Instruction	4,503,000	-	-	2,000		4,505,000	2,930,000	1,575,000
Research	40,000			-		40,000	31,000	9,000
Public Service	283,000			190,000		473,000	397,000	76,000
Academic Support	990,000					990,000	1,153,000	(163,000)
Student Services	840,000	7,000		26,000		873,000	639,000	234,000
Institutional Support	376,000					376,000	732,000	(356,000)
Physical Plant	89,000	80,000	-			169,000	140,000	29,000
Total Educ & General	7,121,000	87,000	-	218,000		7,426,000	6,022,000	1,404,000
Auxiliary Enterprises	400,000	237,000	480,000	-		1,117,000	1,065,000	52,000
Cadet Financial Assistance	4,617,000	260,000	3,019,000	376,000	1,181,000	9,453,000	8,921,000	532,000
Total	12,138,000	584,000	3,499,000	594,000	1,181,000	17,996,000	16,008,000	1,988,000

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)	Notes
<i>Revenue</i>									
Income/Donations	12,138,256	584,470	3,499,000	594,000		16,815,726	14,718,075	2,097,651	1
Federal Funds					1,066,000	1,066,000	1,141,000	(75,000)	2
Outside Grants					115,000	115,000	150,000	(35,000)	
Total Revenue	12,138,256	584,470	3,499,000	594,000	1,181,000	17,996,726	16,009,075	1,987,651	

Expenditures

Instruction

Professorial Chair Funds

Chemistry	63,060					63,060	61,900	1,160	
Economics	23,075					23,075	22,740	335	
Engineering	287,320					287,320	281,480	5,840	
English & Fine Arts	52,860					52,860	51,160	1,700	
History	93,935					93,935	92,340	1,595	
International Studies	55,960					55,960	54,590	1,370	
Physics	31,170					31,170	30,790	380	
Dean's Funds	36,200					36,200	35,290	910	
Total Prof Chairs	643,580					643,580	630,290	13,290	

Departmental Funds

Biology	48,380					48,380	46,640	1,740	
Civil Engineering	154,146					154,146	21,740	132,406	
Chemistry	18,060					18,060	16,480	1,580	
Economics	37,551					37,551	30,950	6,601	
Electrical Engineering	3,610				2,000	5,610	5,200	410	
English & Fine Arts	88,235					88,235	71,770	16,465	
History	259,476					259,476	178,680	80,796	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)	Notes
International Studies	19,060					19,060	2,350	16,710	
Mathematics	34,224					34,224	16,420	17,804	
Mechanical Engineering	10,764					10,764	1,970	8,794	
Modern Languages	1,790					1,790	1,720	70	
Physical Education	4,080					4,080	3,980	100	
Physics	3,560					3,560	3,420	140	
Philosophy & Psych	54,174					54,174	4,040	50,134	
Total Dept Funds	737,110			2,000		739,110	405,360	333,750	
Faculty Development	254,350					254,350	140,980	113,370	
Jackson-Hope	1,473,500					1,473,500	1,504,000	(30,500)	3
Visiting Scholars	81,480					81,480	80,040	1,440	
Curriculum Development	77,160					77,160	72,060	5,100	
Other Instruction	1,235,987					1,235,987	97,750	1,138,237	4
Total Instruction	4,503,167			2,000		4,505,167	2,930,480	1,574,687	
Research									
Biology	8,585					8,585	8,410	175	
Chemistry	15,435					15,435	15,100	335	
Undergraduate Res	16,250					16,250	8,000	8,250	
Total Research	40,270					40,270	31,510	8,760	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)	Notes
Public Service									
Museum Programs									
VMI Museum	88,860					88,860	59,840	29,020	
New Market	80,813			190,000		270,813	227,880	42,933	
Total Museums	169,673			190,000		359,673	287,720	71,953	
Lectures and Symposiums	78,750					78,750	76,340	2,410	
Other Public Service	34,080					34,080	32,790	1,290	
Total Public Service	282,503	-	-	190,000	-	472,503	396,850	75,653	
Academic Support									
Preston Library	120,679					120,679	111,146	9,533	
Information Technology Departmental Funds	68,400					68,400	66,780	1,620	
International Studies	11,530					11,530	11,410	120	
Music	19,480					19,480	18,250	1,230	
Admissions	-					-	-	-	
Total Dept Funds	31,010					31,010	29,660	1,350	
Leadership Program	487,765					487,765	668,600	(180,835)	5
Dean's Office									
Fellowships	17,470					17,470	16,920	550	
Faculty Awards	62,520					62,520	61,260	1,260	
Faculty Development	201,730					201,730	198,640	3,090	
Outside Grants	-					-	-	-	
Total Dean's Funds	281,720					281,720	276,820	4,900	
Total Academic Support	989,574	-	-	-	-	989,574	1,153,006	(163,432)	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)	Notes
Student Services									
Departmental Funds									
Intercollegiate Athletics	7,204	7,110				14,314	13,262	1,052	
Band	33,945					33,945	17,920	16,025	
Cadet Programs	345,155					345,155	208,420	136,735	
Career Development	-					-	-	-	
Chaplain's Office	227,900					227,900	153,670	74,230	
Commandant	6,840					6,840	6,640	200	
Cadet Counseling	7,050					7,050	5,930	1,120	
Music	30,353					30,353	19,410	10,943	
Total Dept Fund	658,447	7,110		-		665,557	425,252	240,305	
Graduate Fellowships	79,380					79,380	77,360	2,020	
Cadet Awards	91,350			26,000		117,350	124,950	(7,600)	
Other Student Services	11,000					11,000	11,000	-	
Total Student Services	840,177	7,110	-	26,000	-	873,287	638,562	234,725	
Institutional Support									
Comm & Marketing	134,820					134,820	134,820	-	
Superintendent's Office	241,371					241,371	597,221	(355,850)	
Total Inst Support	376,191	-	-	-	-	376,191	732,041	(355,850)	
Physical Plant									
	89,446	80,000				169,446	140,540	28,906	
Total E & G	7,121,328	87,110	-	218,000	-	7,426,438	6,022,989	1,403,449	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2015 Total	2014 Total	Inc (Dec)	Notes
<i>Auxiliary Enterprises</i>									
Intercollegiate Athletics	400,000	236,974	480,000		80,000	1,196,974	1,065,000	131,974	
Total Auxiliary	400,000	236,974	480,000	-	80,000	1,196,974	1,065,000	131,974	
<i>Cadet Financial Assistance</i>									
Athletic Scholarships	44,270	260,386	3,019,000		35,000	3,358,656	3,246,700	111,956	
Cadet Scholarships	4,572,658	-	-	376,000		4,948,658	4,533,386	415,272	
Federal Grants and Loans					1,066,000	1,066,000	1,141,000	(75,000)	
Total Cadet Financial	4,616,928	260,386	3,019,000	376,000	1,101,000	9,373,314	8,921,086	452,228	6
Total Restricted	12,138,256	584,470	3,499,000	594,000	1,181,000	17,996,726	16,009,075	1,987,651	

Restricted Local Budget Notes

1. The Restricted Funds Budget primarily reflects spendable income from endowment funds and cash donations. See Notes to VMI and Alumni Agencies Income and Support for explanation of the increase in income.
2. Federal Funds consist primarily of PELL grants for cadets with financial need.
3. See separate Jackson-Hope Program budget details which follows this section of the Local Budget.
4. The increase in Other Instruction includes a \$1.0 million cash donation from a long-time major donor. This represents an annual commitment that began during FY 2014 after the budget was adopted. The funding supports faculty salaries, the Center for Leadership and Ethics, and other academic enrichment programs.
5. The decrease in the Leadership Program budget reflects the spending down of available cash donations for the Center for Leadership and Ethics (CLE). State E&G Program funds are budgeted in FY 2015 to supplement CLE private funding.
6. See separate Cadet Financial Assistance budget details which follows this section of the Local Budget.

**Local Funds
Jackson-Hope Program**

	2015					2014		Inc (Dec)
	FTE	Salaries/FB	Faculty Develop	Undergrad Research	Other	Total	FTE	
<i>Local Restricted</i>								
<i>Academic Programs</i>								
New Part-time faculty-Fine Arts		-				-		50,000
New faculty-Fine Arts	1	77,000				77,000	1	74,000
New faculty-Mech Engr	1	79,000				79,000	1	76,000
Faculty-Mathematics & Comp Sci	1	87,500				87,500	1	85,000
Faculty - Int Studies		-				-	1	90,000
New faculty - Philosophy	1	88,000				88,000	1	85,000
New faculty - History	1	75,000				75,000	1	-
New faculty-Physical Education	1	77,000				77,000	1	74,000
Faculty development-leaves		60,000				60,000		60,000
Faculty development-travel & projects			100,000			100,000		100,000
Undergraduate Research				180,000		180,000		180,000
Mathematics & Computer Science		58,000				58,000		56,500
Program Development Grants				67,000		67,000		73,000
Learning Center Director	1	107,000				107,000	1	104,000
Learning Center Tutors		58,000				58,000		56,500
Center for Leadership & Ethics				300,000		300,000		300,000
Faculty Recruitment				60,000		60,000		40,000
Total Jackson Hope	7	766,500	100,000	180,000	427,000	1,473,500	8	1,504,000
								(30,500)

Notes:

1. The Jackson Hope budget is approved annually by the Jackson-Hope Board of Overseers. The goal of the fund is "to provide the capital necessary for the Institute to plan and execute a program that will ensure marked improvement of VMI's academic enterprise."

Local Unrestricted Budget FY 2015

	FY 2015 Allocation					FY 2014 Budget	Inc (Dec)	%	Notes
	FY 2015 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total				
<i>Revenue</i>									
VMI Endowment	94,000	94,000			94,000	-	0.0%	1	
VMI Foundation	2,068,000		2,068,000		2,068,000	(101,000)	-4.7%	2	
VMI Development Board	550,000			550,000	550,000	(100,000)	-15.4%	2	
Athletic Revenue	1,630,000	1,630,000			1,630,000	252,000	18.3%	3	
Cadet Fees--Athletics	2,741,000	2,741,000			2,741,000	196,000	7.7%	3	
Auxiliary Fund Balance--Ath	315,000	315,000			315,000	(185,000)		3	
Museum Systems	756,000	756,000			756,000	7,000	0.9%	4	
Conference Revenue--CLE	361,000	361,000			361,000	(290,000)	-44.5%	5	
Concessions Commissions	307,000	307,000			307,000	2,000	0.7%	6	
Total Revenue	8,822,000	6,204,000	2,068,000	550,000	8,822,000	(219,000)	-2.4%		
<i>E&G Expenditures</i>									
<i>Instruction</i>									
Faculty Salary Supplements	430,000		430,000		430,000	(4,000)	-0.9%	7	
<i>Research</i>									
Faculty Research	-		-		-	(40,000)	-100.0%	8	
<i>Public Service</i>									
Daniel's Award	10,000	10,000			10,000	9,000	900.0%		
Museum Systems--Revenue	754,000	754,000			754,000	(54,000)	-6.7%	4	
Total Public Service	764,000	764,000	-	-	764,000	(45,000)	-5.6%		

	FY 2015 Allocation				FY 2014		Notes		
	FY 2015 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total	Budget		Inc (Dec)	%
<i>Academic Support</i>									
<i>Dean's Funds</i>									
New Faculty Orientation					-	3,300	(3,300)	-100.0%	8
Academic Advancement					-	76,700	(76,700)	-100.0%	8
Dean's Official Fund	5,000	5,000			5,000	10,000	(5,000)	-50.0%	8
Sabbaticals					-	39,000	(39,000)	-100.0%	8
Preston Library					-	23,000	(23,000)	-100.0%	8
Center for Leadership/Ethics	344,000	344,000			344,000	629,000	(285,000)	-45.3%	5
Computers - IBM Match	25,000		25,000		25,000	25,000	-	0.0%	9
Total Academic Support	374,000	349,000	25,000	-	374,000	806,000	(432,000)	-53.6%	
<i>Student Services</i>									
Commandant's Official Fund	3,000		3,000		3,000	4,500	(1,500)	-33.3%	
Chaplain's Office Support	45,000		45,000		45,000	35,000	10,000	28.6%	10
Total Student Services	48,000	-	48,000	-	48,000	39,500	8,500	21.5%	
<i>Institutional Support</i>									
Staff Salary Supplements	795,000	75,000	720,000		795,000	698,000	97,000	13.9%	7
Mortgage Subsidies	135,000		135,000		135,000	140,000	(5,000)	-3.6%	11
Superintendent's Funds									
Quarter's--Rent/Enter	80,000		80,000		80,000	80,000	-	0.0%	
Allotment	30,000	30,000			30,000	58,000	(28,000)	-48.3%	12
Travel	10,000	10,000			10,000	13,000	(3,000)	-23.1%	12
Protocol Office--Gifts	5,000	5,000			5,000	13,000	(8,000)	-61.5%	12
Local Bank Fees/Charges	2,000	2,000			2,000	2,000	-	0.0%	
State eVA Fees	-	-			-	4,000	(4,000)	-100.0%	12
Board of Visitors' Meetings	9,000	9,000			9,000	18,000	(9,000)	-50.0%	12
Membership Dues	3,000	3,000			3,000	3,000	-	0.0%	
VA Hi-Ed Bus Council Dues	8,000	8,000			8,000	8,000	-	0.0%	
Contingencies	100,000	100,000		-	100,000	100,000	-	0.0%	13
Total Institutional Support	1,177,000	242,000	935,000	-	1,177,000	1,137,000	40,000	3.5%	

	FY 2015 Allocation						FY 2014		Notes
	FY 2015 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total	Budget	Inc (Dec)	%	
Cadet Financial Aid									
ROTC Room/Board Grants	158,000		158,000		158,000	177,000	(19,000)	-10.7%	14
Cadet Financial Aid	400,000	116,500	283,500	-	400,000	450,000	(50,000)	-11.1%	15
Athletic Scholarships	550,000			550,000	550,000	550,000	-		16
Cocke Scholarships	1,000	1,000	-		1,000	1,000	-	0.0%	
Total Scholarships/Grants	1,109,000	117,500	441,500	550,000	1,109,000	1,178,000	(69,000)	-5.9%	
Auxiliary Enterprises									
Athletics									
Operations	4,860,000	4,860,000	-	-	4,860,000	4,597,000	263,000	5.7%	3
Debt Service									
JM Hall Renovation	189,000		189,000		189,000	191,000	(2,000)	-1.0%	
Total Debt	189,000	-	189,000	-	189,000	191,000	(2,000)	-1.0%	
Total Expenditures	8,951,000	6,332,500	2,068,500	550,000	8,951,000	9,231,500	(280,500)	-3.0%	
Excess (Deficiency)	(129,000)	(128,500)	(500)	-	(129,000)	(190,500)	61,500	-32.3%	
Add: Beginning Fund Bal	285,000	135,000	150,000	-	285,000	340,000	(55,000)	-16.2%	
Less: VMIF Direct Pays	(120,000)		(120,000)		(120,000)	(120,000)	-	0.0%	17
Ending fund balance	36,000	6,500	29,500	-	36,000	29,500	6,500	22.0%	

Local Unrestricted Funds Notes

1. VMI Endowment income of \$94,000 consists primarily of spendable income on the unrestricted portion of VMI's General Endowment; this income is based on 5.5% of the average endowment market value for the past 12-quarters (the endowment market value was about \$1.6 million as of 28 February 2014).
2. VMI Foundation (VMIF) and VMI Development Board (DB) spendable income totals \$2.6 million. It consists of \$2.4 million of unrestricted income and about \$0.2 million of other income to include the debt service on the Jackson Memorial Hall renovation project.

The VMIF and DB are also providing additional financial support of \$2.1 million annually on debt service related to the \$45 million of bonds issued on VMI's behalf in 2006 to fund various capital projects.

VMI was notified by the VMIF in November 2013 that unrestricted income would total \$2.4 million in FY 2015, \$2.2 million in FY 2016, and \$2.0 million in FY 2017 based on certain underlying assumptions. The decrease reflects several factors including the need to grow the unrestricted endowment in part to meet the repayment requirements on the \$45 million bond issue.

3. Athletic Revenues consists of gate receipts (football, basketball, and baseball), guarantees (football and basketball), NCAA and Southern Conference sponsorship revenues, and sales and other income. The \$252,000 increase for FY 2015 primarily reflects greater football guarantees. Cadet athletic fees for FY 2015 reflect an 8% increase in the cadet athletic fee from \$1,576 in FY 2014 to \$1,702 in FY 2015. The Athletics Program is also receiving \$315,000 from VMI's Auxiliary Fund Balance as part of a new "recovery plan" to bring the Intercollegiate Athletics Program into structural balance.
4. Museum Systems revenues and expenditures consist of the VMI Museum at VMI, the Virginia Museum of the Civil War (VMCW) at New Market, VA and the Stonewall Jackson House in Lexington, VA. Museum expenses in FY 2015 are less than in FY 2014 due to the transfer of some costs to VMI's State Auxiliary Enterprises Program that were paid from Local Unrestricted Funds in FY 2014.
5. The Center for Leadership and Ethics (CLE) conducts about four or five conferences annually with income from donations, attendance fees, exhibitor fees, and corporate sponsorships. The CLE generally seeks to cover conference expenses with conference revenues. CLE conference expenses in FY 2015 are less than in FY 2014 due to the transfer of some costs to VMI's State Educational and General Program. It also reflects an adjustment to the conference budget to bring it closer to approximating actual activity on an annual basis.

6. VMI earns commissions on sales in the bookstore, PX, and vending operations. The commissions approximate 11% of sales on average and generally represent payment by the outside contractor (ARAMARK and Barnes and Noble) to VMI for the use of the space to operate the concessions.
7. Local unrestricted funds provide 4% of the cost of faculty salaries and 3.33% of the cost of administrative/professional staff salaries. These funds also provide about 72% of the Superintendent's compensation. The balance of these salaries is funded from State or other private funds. Local unrestricted funds help VMI to offer more competitive salaries to attract and retain faculty and staff. The increase in the staff salary supplement mostly reflects an increase in compensation approved by the Board of Visitors.
8. Most of the decrease in Dean's Funds reflects the transfer of these budgets to VMI's State Educational and General Program to help balance the Local Unrestricted Budget.
9. The Computers—IBM Match budget reflects the approximate value of equipment donated to VMI annually from IBM in lieu of cash donations collected from VMI alumni and other employees of IBM in the company's matching program.
10. Chaplain's Office support covers the shortfall in the amount of private restricted donations and other funds available to cover the Chaplain's salary and that of a new Associate Chaplain who was hired in January 2014.
11. VMI provides a subsidy up to \$1,500 per year for full-time teaching and administrative faculty who purchase a home as their primary residence. The amount budgeted is based on the number of participants and their mortgage balances (currently about 190 employee). VMI discontinued this program for new employees effective 1 January 2010 as a cost saving measure.
12. Most of the decrease in the Superintendent's Funds reflects the transfer of these budgets to VMI's State Educational and General Program to help balance the Local Unrestricted Budget.
13. Contingency funds of \$100,000 are budgeted to cover unanticipated costs especially costs that are not appropriate for State funding.
14. VMI provides 3-year and 4-year ROTC scholarship cadets with a \$1,000 room/board grant to be competitive with other colleges. Unrestricted funds are allocated to cover any shortfall in the amount of restricted scholarship funds available for these grants.
15. VMI uses private unrestricted funds as necessary to supplement "need-based" student financial aid from private restricted funds, State funds, cadet tuition revenue, and

federal funds. The decrease in the use of local unrestricted funds reflects the use of more cadet tuition revenue to help balance the Local Unrestricted Budget.

16. VMI Development Board income is budgeted for athletic scholarships to help supplement Keydet Club funds raised annually for this purpose.
17. The VMI Foundation is expected to spend approximately \$120,000 of VMI's unrestricted income for outside consultants on VMI's behalf (primarily government relations consultants).

Intercollegiate Athletics Revenues and Support

	2014 Budget	2015 Budget	Inc (Dec)	%	Notes
<i>Revenue and Support</i>					
<i>Revenue</i>					
Cadet Fees	2,545,000	2,741,000	196,000	7.7%	1
Guarantees--Football	375,000	605,000	230,000	61.3%	2
Guarantees--Basketball	300,000	325,000	25,000	8.3%	3
Gate Receipts--Football	210,000	159,000	(51,000)	-24.3%	4
Gate Receipts--Basketball	41,000	41,000	-	0.0%	
Gate Receipts--Baseball	2,000	2,000	-	0.0%	
NCAA Academic Assistance	90,000	80,000	(10,000)	-11.1%	5
NCAA /Conference Revenue	250,000	271,000	21,000	8.4%	5
Sales and Other Income	200,000	227,000	27,000	13.5%	6
Total Revenue	4,013,000	4,451,000	438,000	10.9%	
<i>Support</i>					
VMI Development Board					
Restricted Endowment	274,000	237,000	(37,000)	-13.5%	
Superintendent's Discretionary	75,000	400,000	325,000	433.3%	7
Keydet Club	626,000	480,000	(146,000)	-23.3%	8
VMI Unrestricted Income	94,000	94,000	-	0.0%	
VMI Concessions Commissions	80,000	80,000	-	0.0%	
Auxiliary Fund Balance	500,000	315,000	(185,000)	-37.0%	7
Total Support	1,649,000	1,606,000	(43,000)	-2.6%	
Total Revenue and Support	5,662,000	6,057,000	395,000	7.0%	

Local Funds

Intercollegiate Athletics Revenues

Notes

1. The Cadet Fees budget increase reflects a \$126 or 8.0% increase in the cadet athletic fee bringing it to \$1,702 and a slight decrease in enrollment.
2. Football Guarantees total \$605,000 in FY 2015 consisting of Bowling Green (\$320,000) and Navy \$285,000). The FY 2014 guarantees total \$375,000 and consisted the University of Virginia (\$325,000) and the University of Richmond (\$50,000).
3. Basketball Guarantees generally consist of four or five games ranging from about \$60,000 to \$80,000 each.
4. The Football Gate Receipts budget totals \$159,000 and consists of 4 home games at about \$28,000 per game plus the Citadel at home budgeted for \$47,000. The FY 2014 budget was \$210,000 (6 games at \$35,000) but the actual receipts totaled about \$144,000 (\$24,000 per game).
5. The NCAA provides academic assistance funding to support tutors for athletes. They also provide revenues based on the number of sponsored sports and the number of scholarships funded by the institution. Conference revenues for FY 2015 (Southern Conference) are projected to be about \$43,000 or less than half that in FY 2014 (Big South Conference).
6. The Sales and Promotions budget includes royalties from outside vendor sales of VMI logo merchandise, sponsorship revenues, advertising fees (ads on scoreboards and around the football, baseball, and Cameron Hall stadiums/arenas), program sales, and other income.
7. Superintendent's Discretionary funds are budgeted for \$400,000 and VMI's Auxiliary Enterprise Fund Balance is providing \$315,000 to help balance the Athletics Program. The Administration continues to consider and implement strategies to bring the Athletics Program to financial sustainability.
8. The Keydet Club is budgeted to provide \$3.5 million in donations and endowment income to the Athletic Program in FY 2015 or the same level as in FY 2014. These donations and income fund athletic scholarships and program operating costs. Most of the funding is needed for scholarship costs which are budgeted for a total \$3.9 million in FY 2015 and include funding from other sources.

Local Funds
Intercollegiate Athletic Expenditures

Department	FTE	Salaries & Supplies				Recruiting	Officials	Other	2015 Total	2014 Total	Inc (Dec)	Notes
		Fringes	& Equip	Travel								
Football	10	860,367	84,030	98,750	79,238	35,340	107,842	1,265,567	1,321,498	(55,931)	1	
Basketball	4	473,387	30,694	125,460	27,540	38,650	35,156	730,887	673,250	57,637	1	
Track--Men	2	119,831	12,490	35,483	5,406	510	5,261	178,981	174,016	4,965		
Track--Women	2	119,831	12,491	35,482	5,406	510	5,262	178,982	174,016	4,966		
Wrestling	2	118,979	8,151	42,244	8,160	3,570	9,375	190,479	254,879	(64,400)	2	
Baseball	3	210,322	33,685	92,497	7,344	17,562	17,912	379,322	335,197	44,125	1	
Soccer--Men	1	63,160	9,680	22,500	3,366	10,263	1,591	110,560	113,691	(3,131)		
Soccer--Women	2	125,447	9,890	38,800	5,304	8,730	(1,524)	186,647	188,104	(1,457)		
Lacrosse	2	124,912	25,694	57,426	5,304	8,976	16,800	239,112	190,341	48,771	1	
Swimming	1	64,853	2,343	30,918	1,020	204	3,415	102,753	94,364	8,389		
Water Polo-Women	1	68,492	9,584	45,900	3,418	2,122	19,476	148,992	136,853	12,139	1	
Rifle		-	4,791	16,320	1,591	-	7,298	30,000	24,260	5,740		
Training/Medical	2	116,242	16,422	-	-	-	24,378	157,042	159,433	(2,391)		

Local Funds
Intercollegiate Athletic Expenditures

Department	FTE	Salaries & Fringes	Supplies & Equip	Travel	Recruiting	Officials	Other	2015 Total	2014 Total	Inc (Dec)	Notes
Strength/Condition	2	137,806	-	-	-	-	-	137,806	125,949	11,857	1
Sports Information	2	135,071	17,900	-	-	-	45,900	198,871	198,322	549	
Sports Marketing	1	42,232	510	-	-	-	14,490	57,232	57,122	110	
NCAA Acad/Assist		80,000	-	-	-	-	2,500	82,500	90,000	(7,500)	
Administration	5	425,638	17,000	17,544	-	-	201,356	661,538	730,472	(68,934)	1
Conf Dues/Penalty		-	-	-	-	-	66,400	66,400	-	66,400	3
Indirect Costs-E&G		-	-	-	-	-	620,000	620,000	620,000	-	4
Prior Year Expenses		-	-	-	-	-	235,000	235,000	-	235,000	5
Bonuses		-	-	-	-	-	48,000	48,000	-	48,000	6
Contingencies		-	-	-	-	-	50,000	50,000	-	50,000	7
Total Athletics	42	3,286,570	295,355	659,324	153,097	126,437	1,535,888	6,056,671	5,661,767	394,904	

Note: See Details of Other Expenditures following this schedule.

Intercollegiate Athletic Expenditures
Details of Other Expenditures
2015

	Football	Basketball	Training/ Medical	Administration	Total	Notes
Telecommunications	1,561				1,561	
Home Game Expenses	20,542	10,200			30,742	
Guarantees	30,000	14,000			44,000	
Medical Services			19,074		19,074	
Photography	10,200				10,200	
Graduate Assistance Expenses					-	
Advertising and Promotion					-	
Medical Insurance				117,365	117,365	1
Dues and Fees	8,160	7,140	5,304	36,778	57,382	
Postage				6,222	6,222	
Bank Card Charges				3,162	3,162	
Plant/Equipment Maintenance				3,060	3,060	
Awards and Prizes				10,200	10,200	
Rent--AD/Head Coach	19,101				19,101	
Miscellaneous	18,278	3,816		24,569	46,663	
Total Other Expenditures	107,842	35,156	24,378	201,356	368,732	

Notes

1. This represents medical insurance premiums to insure players without personal medical coverage and to enhance coverage for those players without adequate coverage.

Local Funds

Intercollegiate Athletics Expenditures

Notes

1. The increases/decreases in the team sports, support, and administrative budgets generally reflect staffing and operating adjustments proposed by the new Athletic Director (AD) who started November 2013 and whose first VMI Athletic budget is for FY 2015. The AD's changes include hiring of some new positions (see Total Employment—Details of New Employees and Other Changes schedule in the Significant Budget Assumptions section of the Budget Book).
2. The Wrestling budget decrease reflects the non-renewal of an assistant coach due to expiration of special one-time funding for the position by a private donor for the position.
3. VMI changed from the Big South Conference to the Southern Conference effective for FY 2015. An exit fee of \$100,000 was paid to the Big South Conference in FY 2014 and an entry fee of \$332,000 payable in annual installment of \$66,400 is due to the Southern Conference beginning FY 2013.
4. Indirect Costs have been increasing annually as part of VMI's plan to fully phase-in the Athletic Program's share of indirect costs payable to the E&G Program as required by State policy. However, no increase is budgeted for FY 2015 as part of the Administration's efforts to bring the Athletic Program into structural/financial balance by FY 2016 (the FY 2015 budget amount represents about 48% of estimated total payment under full-recovery or 100% phase-in).
5. The Prior Year Expenses budget of \$235,000 represents an estimate of the Athletic Program budget deficit expected for FY 2014. It does not include an existing Athletic deficit of \$334,000 that exists from fiscal years FY 2010 to FY 2013. The Administration plans to use FY 2015 Athletic revenues and support to pay down the FY 2014 \$235,000 deficit, but defer payment of the earlier \$334,000 deficits (these deficits can be repaid in future years).
6. Provision is made for a 2% VMI employee bonus in FY 2015.
7. A Contingencies budget of \$50,000 is provided in FY 2015 for unforeseen expenses and shortfalls in budgeted revenues and support.

**VMI Museum Operations
Revenues and Expenses**

	FY 2015 Budget			FY2014 Budget		Inc (Dec)	%	Notes
	VMIM	VMCW	SJH	Total	Total			
<i>Revenue and Support</i>								
Admissions		205,000	95,000	300,000	283,000	17,000	6.0%	1
Sales	133,000	105,000	65,000	303,000	301,000	2,000	0.7%	1
Contributions and Grants	13,000	3,000	77,000	93,000	106,000	(13,000)	-12.3%	2
Endowment Income	29,000	190,000		219,000	221,000	(2,000)	-0.9%	3
Local Unrestricted Funds		-		-	74,000	(74,000)	-100.0%	4
Reserve Funds			47,000	47,000	40,000	7,000		5
Other Income		11,000	2,000	13,000	19,000	(6,000)	-31.6%	
Total Revenue and Support	175,000	514,000	286,000	975,000	1,044,000	(69,000)	-6.6%	
<i>Operating Expenses</i>								
Personal Services	81,000	325,000	190,000	596,000	594,000	2,000	0.3%	6
Merchandise for Resale	65,000	50,000	36,000	151,000	146,000	5,000	3.4%	
Other Operating	27,000	139,000	60,000	226,000	289,000	(63,000)	-21.8%	7
Total Expenses	173,000	514,000	286,000	973,000	1,029,000	(56,000)	-5.4%	
<i>Excess (Deficiency) Revenue</i>	2,000	-	-	2,000	15,000	(13,000)	-86.7%	
Add: Fund Balance, begin	42,000	3,000	26,000	71,000	19,000	52,000	273.7%	
Fund Balance, ending	44,000	3,000	26,000	73,000	34,000	39,000	114.7%	

Museum Systems Notes

1. Admissions and sales are budgeted overall at \$603,000 or about \$19,000 (3%) more than in FY 2014.
2. Contributions and grants consist mostly of gifts to the Stonewall Jackson House (SJH) which are budgeted in FY 2015 to be same as currently projected for FY 2014.
3. Endowment income consists mostly of spendable income on the VMI Collins Endowment that is restricted to support of the Virginia Museum of the Civil War (VMCW) located at New Market, VA. The Collins Endowment had a market value of \$3.8 million as of 28 February 2014.
4. Local unrestricted funds support has been replaced with support from VMI's State Auxiliary Enterprise Program in FY 2015. The State Auxiliary Enterprises Program will provide about \$178,000 of support to the VMCW in FY 2015 compared to about \$100,000 in FY 2014 (see State Auxiliary Program Budget Note #16 for more information).
5. Reserve funds are budgeted for \$47,000 and consist of unspent cash donations from past years held by the VMIF on behalf of the SJH. These funds total about \$434,000 as of 31 March 2014 and are mostly spendable for operations as needed.
6. The Museum Operations personal services budget totals \$596,000; additional Museum personal services cost of \$206,000 are budgeted in VMI's State Auxiliary Program (\$115,000) and State E&G Program (\$91,000). Museum Operations costs are allocated to these programs based on the support and services provided by the Museums to these programs especially the cadets, faculty, staff and visitors to VMI.
7. The other operating budget totals \$226,000 and consists largely of supplies, utilities, facility maintenance, advertising, and contractual services. The decrease over FY 2014 reflects the transfer of costs to the State Auxiliary Enterprises Program in FY 2015 (see Note #4 above).

**Local Funds
Center for Leadership and Ethics**

	2014 Budget	2015 Budget	Inc Dec	%	Notes
<i>Revenue and Support</i>					
Cash Donations	676,000	617,000	(59,000)	-8.7%	1
Endowment Income	209,000	301,000	92,000	44.0%	2
Conference Income	633,000	346,000	(287,000)	-45.3%	3
VMI E&G Program Support	-	100,000	100,000		4
Rental Income	18,000	15,000	(3,000)	-16.7%	
Total Revenue and Support	1,536,000	1,379,000	(157,000)	-10.2%	
<i>Expenses</i>					
Personal Services	737,000	776,000	39,000	5.3%	5
Conference Expenses	611,000	444,000	(167,000)	-27.3%	3
Program/Other Expenses	188,000	127,000	(61,000)	-32.4%	6
Total Expenses	1,536,000	1,347,000	(189,000)	-12.3%	
<i>Excess (Deficiency) Revenue</i>					
	-	32,000	32,000		
Beginning Fund Balance	1,000	1,000			
Ending Fund Balance	1,000	33,000	32,000		

Center for Leadership and Ethics Notes

1. Cash donations consist mostly of gifts already received and held by the VMI Foundation. Most of the gifts are from a few large donors.
2. Endowment income derives from endowment gifts for the Center for Leadership and Ethics (CLE) for certain positions or operations and programs in general. The growth in endowment income mostly reflects the receipt of outstanding pledges.
3. The CLE plans approximately four to five major conferences annually to include Environment Virginia and conferences on leadership, public policy, and topics of national importance. Conference income consists of registration fees, exhibitor fees, private donations, and other support. Conferences income has generally fallen short of covering conference expenses in most cases.
4. VMI State E&G support is budgeted beginning FY 2015 to supplement private funding for the CLE. E&G support derives from State funds including cadet tuition revenue. The CLE is considered part of the overall education of cadets.
5. Personal Services include a new Director in FY 2015 and some one-time costs associated with the turnover in this position.
6. Program and Other expenses include several cadet programs addressing leadership and ethics. It also includes the general and administrative costs of operating the CLE. All facilities and grounds maintenance to include utilities, insurance, preventive maintenance, repairs, and other costs are funded by VMI in its Educational and General (E&G) Program. These facilities and grounds costs total about \$240,000 annually and are not included in the CLE budget.

Cadet Financial Assistance

Sources/Programs	2014	2015	Inc (Dec)	%	Notes
State Funds					
General Funds					
Student Financial Aid	871,000	871,000	-	0.0%	1
Total General Funds	871,000	871,000	-	0.0%	
Cadet Tuition and Fees					
E&G Program	1,855,000	3,000,000	1,145,000	61.7%	2
Total State Funds	2,726,000	3,871,000	1,145,000	42.0%	
Local Funds					
Restricted					
VMI Foundation					
Merit and Other Scholarships	4,160,000	4,573,000	413,000	9.9%	
Athletic Scholarships	43,000	44,000	1,000	2.3%	
Total VMI Foundation	4,203,000	4,617,000	414,000	9.9%	3
VMI Development Board					
Athletic scholarships	267,000	260,000	(7,000)	-2.6%	3
VMI Keydet Club--Scholarships	1,800,000	1,800,000	-	0.0%	
VMI Keydet Club--AOF	1,077,000	1,219,000	142,000	13.2%	
Total Keydet Club	2,877,000	3,019,000	142,000	13.2%	3
VMI BOV Endowment	312,000	314,000	2,000	0.6%	
NCAA/Conference Assistance	60,000	35,000	(25,000)		
Outside Trusts	61,000	62,000	1,000	1.6%	
Total Restricted	7,780,000	8,307,000	527,000	7.1%	
Federal Grants/Aid					
SEOG	91,000	91,000	-	0.0%	
PELL	1,050,000	975,000	(75,000)	-7.1%	
Total Federal Aid	1,141,000	1,066,000	(75,000)	-6.6%	4

Sources/Programs	2014	2015	Inc (Dec)	%	Notes
<i>Unrestricted</i>					
VMI Development Board--Athletics	550,000	550,000	-	0.0%	3
ROTC Room/Board Grants	177,000	158,000	(19,000)	-10.7%	5
Financial Aid (primarily need-based)	450,000	400,000	(50,000)	-11.1%	3
Cocke Scholarship	1,000	1,000	-	0.0%	
Total Unrestricted	1,178,000	1,109,000	(69,000)	-5.9%	
Total Local Funds	10,099,000	10,482,000	383,000	3.8%	
Total All	12,825,000	14,353,000	1,528,000	11.9%	6

Cadet Financial Assistance

Notes

1. The State general funds budget remains the same as in FY 2014. These funds are for in-state cadets with demonstrated financial need.
2. VMI cadet financial aid consisting of tuition revenue and local unrestricted funds are budgeted for \$3.4 million or a \$1.2 million increase (52%) over FY 2014. These funds are mostly awarded to out-of-state cadets with demonstrated financial need since these cadets are not eligible for State financial aid funds and VMI lacks sufficient private scholarship funds for them. Non-Virginia tuition and fees are almost twice the amount of in-state tuition and fees. Non-Virginia cadets are projected to comprise approximately 42% of the Corps in FY 2015 and 60% or more are projected to qualify for need-based financial aid based. Approximately 44% of in-state cadets qualify for need-based aid which results in an overall average of about 51% of the total Corps qualifying for need-based aid.

Sufficient financial aid is needed to help ensure the realization of the budget assumptions regarding total enrollment and the mix of in-state and out-of-state cadets. The VMI cadet financial aid budget is determined in consultation with the Director of Financial Aid and is based on his estimate of the funding needed to supplement State, Federal, and private restricted sources of aid.

Using a combination of grants and loans, VMI generally funds about 100% of the required need of in-state cadets. VMI has generally funded 80% of the required need of out-of-state cadets, but beginning in FY 2015 will fund about 70% of the need of new cadets. This reduction is planned as a cost savings measure to curtail the growing cost of cadet financial assistance and to bring the program into financial sustainability.

Note: For FY 2013, 55% of VMI's graduates had loans totaling \$20,669 for in-state cadets and \$33,786 for out-of-state cadets (48% of in-state graduates and 64% of out-of-state graduates had loans). According to USA Today, average indebtedness nationally for 2012 graduates was \$29,400.

3. Cadet financial assistance from the VMI Foundation (VMIF), the VMI Development Board (DB), and the VMI Keydet Club (KC) is budgeted to total \$8.5 million or about 1.5% more than in FY 2014. The increase is attributed mostly to greater KC funding.

The total athletic scholarship budget totals \$3.9 million or about 3.0% more than in FY 2014. It funds the equivalent of about 107 full scholarships (about 51% VA cadets) or about 59% of the NCAA maximum allowable for VMI's 9 men's and 7 women's sports receiving scholarships. Football is allocated about \$1.9 million of the total budget and has about 56 full scholarships or about 90% of the NCAA maximum.

4. Federal aid funding for PELL grants are budgeted to decrease about 7%. This aid is awarded to the very needy cadets.
5. VMI provides all 3-year and 4-year ROTC scholarship cadets with a \$1,000 room/board grant that is funded from private restricted scholarship funds and from VMI unrestricted funds. The budget anticipates enrolling about 72 new (3-year and 4-year) ROTC scholarship cadets bringing the total ROTC scholarship cadets in the Corps to about 352 or 21% of the Corps (compared to 385 ROTC scholarship cadets in FY 2014 or 23% of the Corps).
6. VMI's cadet financial assistance budget totals \$14.4 million for an increase of \$1.5 million or 11.9% over FY 2014. This compares to an increase in tuition and fees of 6.2% for in-state and 5.7% for out-of-state cadets. Taking into account the projected number of ROTC scholarship cadets and other sources of outside funds to include loans that are not included in VMI's financial aid budget, this budget is considered about adequate for VMI to meet approximately 100% of the need of in-state cadets and 70% to 80% of the need of out-of-state cadets with the general policy of requiring needy cadets to assume some loan amount.

This budget represents 27% of VMI's total projected tuition and fee revenues of \$53.1 million for FY 2015 which is comparable to the 26% in FY 2014. This 27% "tuition discount" consists mostly of restricted funds that are required to be used for financial assistance (financial aid budget consists of 71% restricted funds and 29% unrestricted funds). VMI's "tuition discount" is significantly less than private institutions (average discount rate estimated of approximately 38%-40%). The average discount rate for public institutions is not readily available but is estimated to be less than VMI's percentage. VMI's tuition discount rate is probably higher than most other public institutions due to its relatively larger private endowment which includes a significant portion of restricted scholarships. This allows VMI to commit relatively less tuition revenue and private unrestricted funds for financial aid. However, the increasing number of cadets with demonstrated financial need means that VMI must expand the size of its "restricted" scholarship endowments so that VMI can minimize the amount of "unrestricted" funds that it must allocate to cadet financial assistance.

Supplementary Information

Key Budget Statistics Six-Year Review

<i>(Fiscal Year Ending)</i>						
	2010	2011	2012	2013	2014	2015
Corps Data						
Total Enrollment (Fall Opening)						
Budget	1,489	1,542	1,604	1,663	1,695	1,690
Actual	1,527	1,603	1,638	1,689	1,714	
Actual Over (Under)	38	61	34	26	19	
New Cadet Enrollment						
Budget	460	490	495	500	490	500
Actual	491	501	509	509	504	
Actual Over (Under)	31	11	14	9	14	
% Virginians						
Budget	58.8%	59.9%	59.0%	60.1%	58.1%	58.0%
Actual	58.6%	59.6%	58.8%	58.4%	59.0%	
Tuition and Fees						
Virginia	17,982	19,460	20,630	21,568	22,492	23,890
% Increase	5.8%	8.2%	6.0%	4.5%	4.3%	6.2%
Non Virginia	35,530	37,452	39,610	41,544	43,480	45,946
% Increase	4.8%	5.4%	5.8%	4.9%	4.7%	5.7%
VMI Financial Aid						
	9,453,000	10,512,000	11,696,000	12,148,000	12,825,000	14,431,000
% Increase	3.1%	11.2%	11.3%	3.9%	5.6%	12.5%

(Fiscal Year Ending)

	2010	2011	2012	2013	2014	2015
VMI Workforce						
Total Full-time Employees	511	520	530	547	562	572
Total Full-time Teaching Faculty (included in total above also)	123	123	124	130	132	136
Total Payroll (Salaries and fringes)	38,814,000	40,317,000	41,027,000	43,588,000	46,189,000	49,019,000
% Increase	-3.2%	3.9%	1.8%	6.2%	6.0%	6.1%
Budgets						
Total Operating Budget	64,197,000	66,923,000	68,865,000	72,510,000	77,765,000	81,153,000
% Increase	0.4%	4.2%	2.9%	5.3%	7.2%	4.4%
Total State General Funds	12,761,000	12,484,000	11,458,000	12,340,000	13,480,000	14,436,000
% Inc (Dec)	-15.0%	-2.2%	-8.2%	7.7%	9.2%	7.1%
Total Cadet Tuition/Fees/Sales	28,373,000	30,947,000	34,504,000	37,701,000	40,873,000	42,107,000
% Increase	12.3%	9.1%	11.5%	9.3%	8.4%	3.0%
Total Private Funds Support	18,332,000	18,056,000	17,549,000	16,916,000	17,631,000	19,527,000
% Increase	-10.4%	-1.5%	-2.8%	-3.6%	4.2%	10.8%
Total Other Funds	4,731,000	5,436,000	5,354,000	5,553,000	5,781,000	5,083,000
% Increase	47.5%	14.9%	-1.5%	3.7%	4.1%	-12.1%

(Fiscal Year Ending)

	2010	2011	2012	2013	2014	2015
Sources of Funds As % of Total Budget						
Total State General Funds	19.9%	18.7%	16.6%	17.0%	17.3%	17.8%
Total Cadet Tuition/Fees/Sales	44.2%	46.2%	50.1%	52.0%	52.6%	51.9%
Total Private Funds Support	28.6%	27.0%	25.5%	23.3%	22.7%	24.1%
Total Other Funds	7.4%	8.1%	7.8%	7.7%	7.4%	6.3%
Total Sources	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of E&G Budget for Instruction/ Academic Support/Student Services	67.3%	67.2%	68.9%	71.0%	71.9%	71.9%

Key Financial Balances

(Actual 30 June or projected for 2014)

VMI General Endowment	7,212,676	8,203,136	7,458,283	7,782,482	8,250,000
VMI Collins Endowment	3,533,134	3,836,066	3,373,472	3,551,715	3,600,000
Auxiliary Fund Balance	7,262,198	8,946,101	7,560,844	9,502,646	7,600,000
Local Unrestricted Fund Balance	739,384	1,464,181	866,152	316,039	285,000
Total Fund Balances	18,747,392	22,449,484	19,258,751	21,152,882	19,735,000

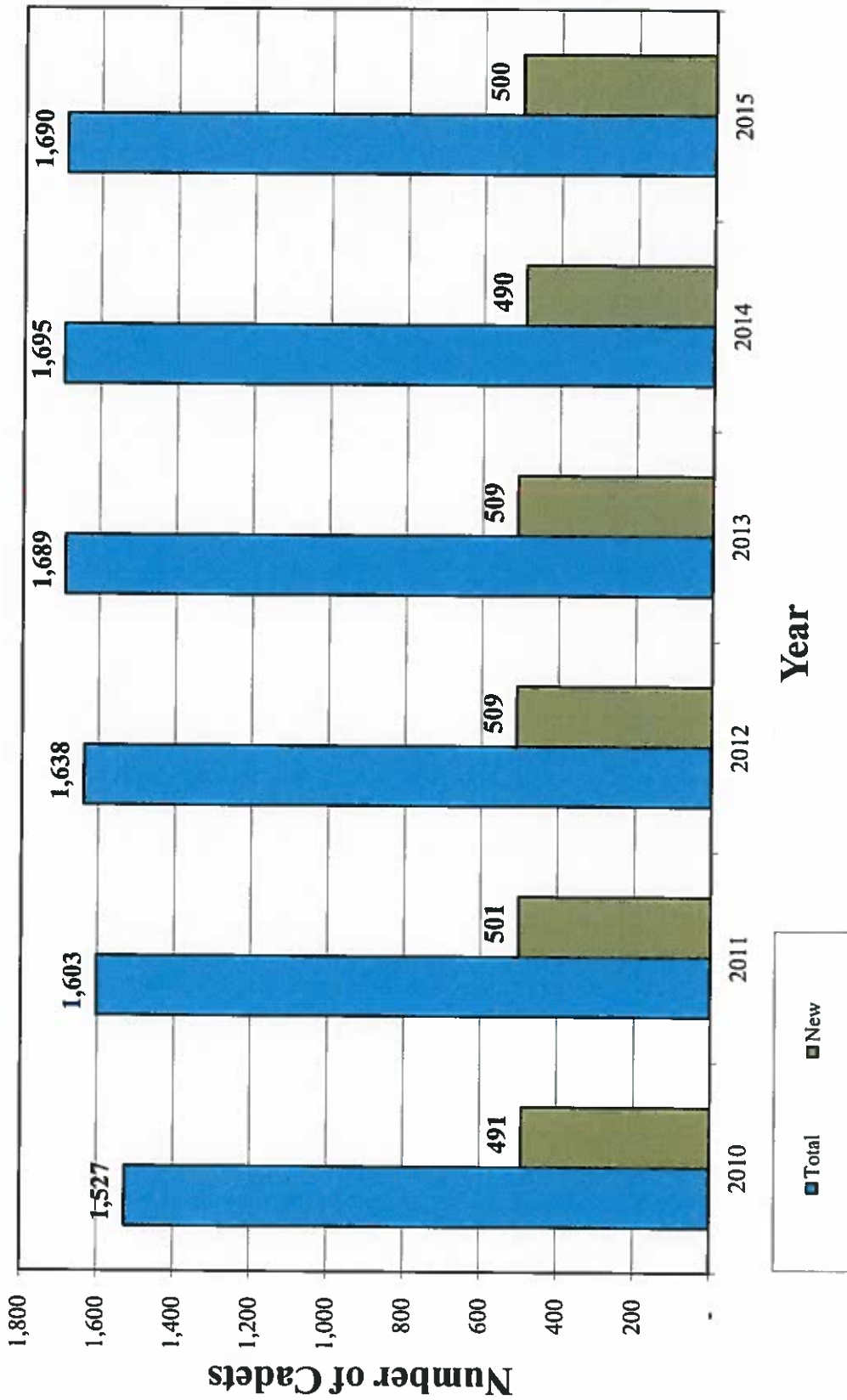
	<i>(Fiscal Year Ending)</i>					
	2010	2011	2012	2013	2014	2015

Balance of Outstanding Debt
(Actual 30 June or projected for 2014)

JM Hall (\$2.3 mil original)	1,844,000	1,739,000	1,629,000	1,513,000	1,388,000	
Cocke Hall Annex (\$2.0 mil original)	1,600,000	1,506,000	1,406,000	1,302,000	1,197,000	
Crozet Hall (\$11.2 mil original)	9,335,000	8,637,000	8,182,000	7,760,000	7,260,000	
South Institute Hill (\$2.85 mil original)	-	2,850,000	2,850,000	2,750,000	2,645,000	
VCBA Projects (TBD)					4,000,000	
Total Debt Outstanding	12,779,000	14,732,000	14,067,000	13,325,000	16,490,000	

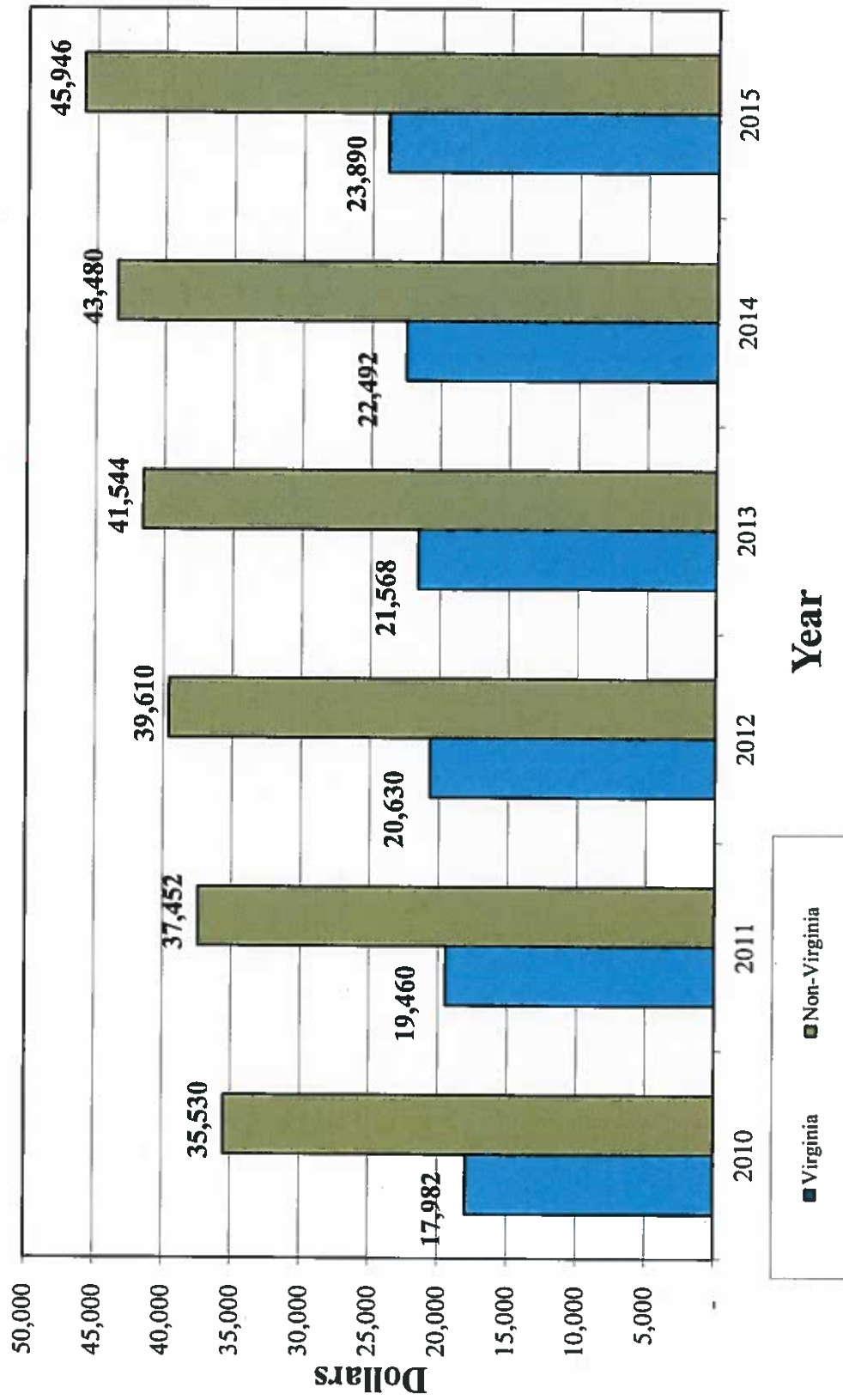
Note: All Supplementary data above reflects budget figures except where "actual" noted

Enrollment Total and New Cadets



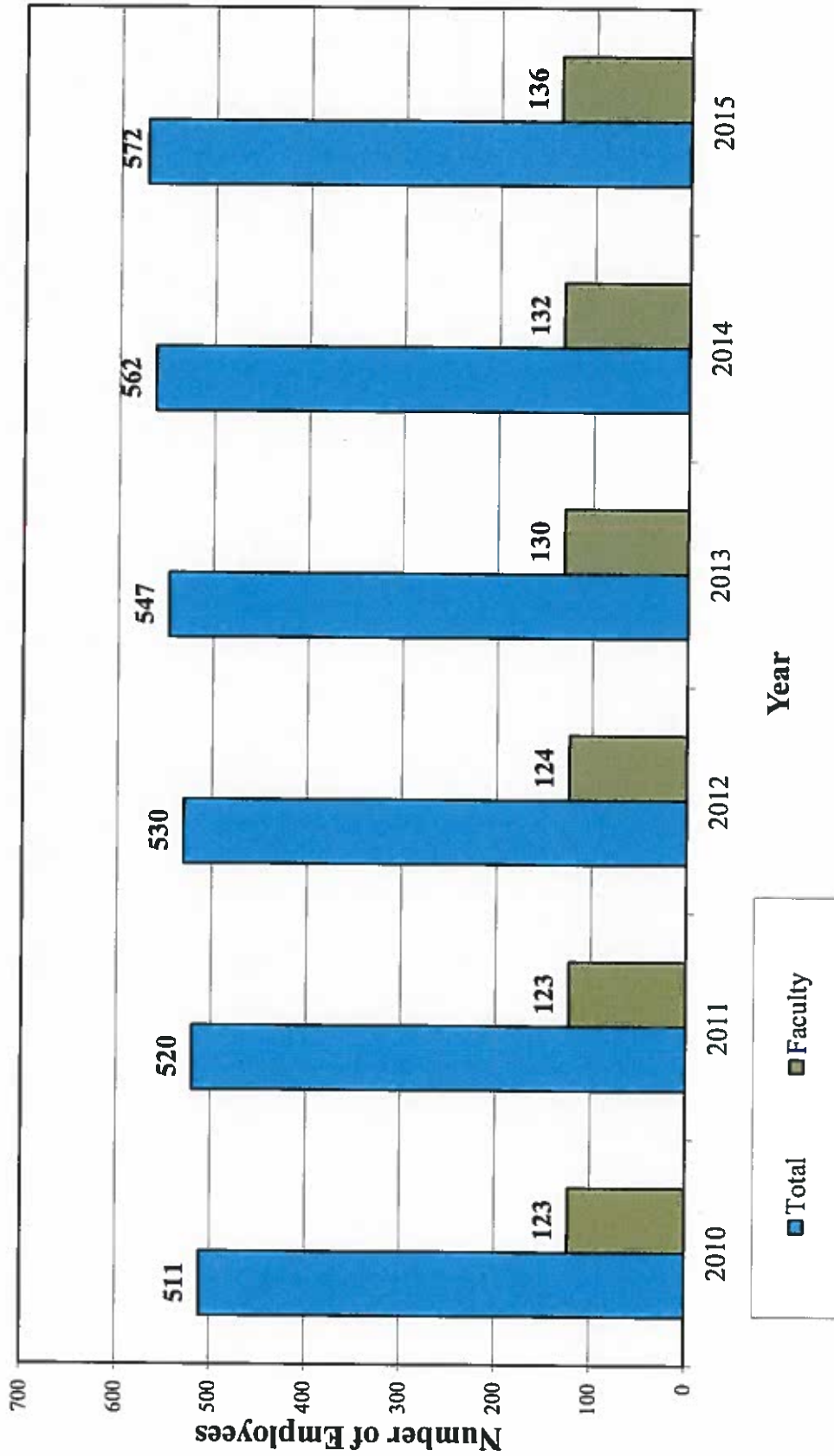
Tuition and Fees

In-State v. Out-of-State

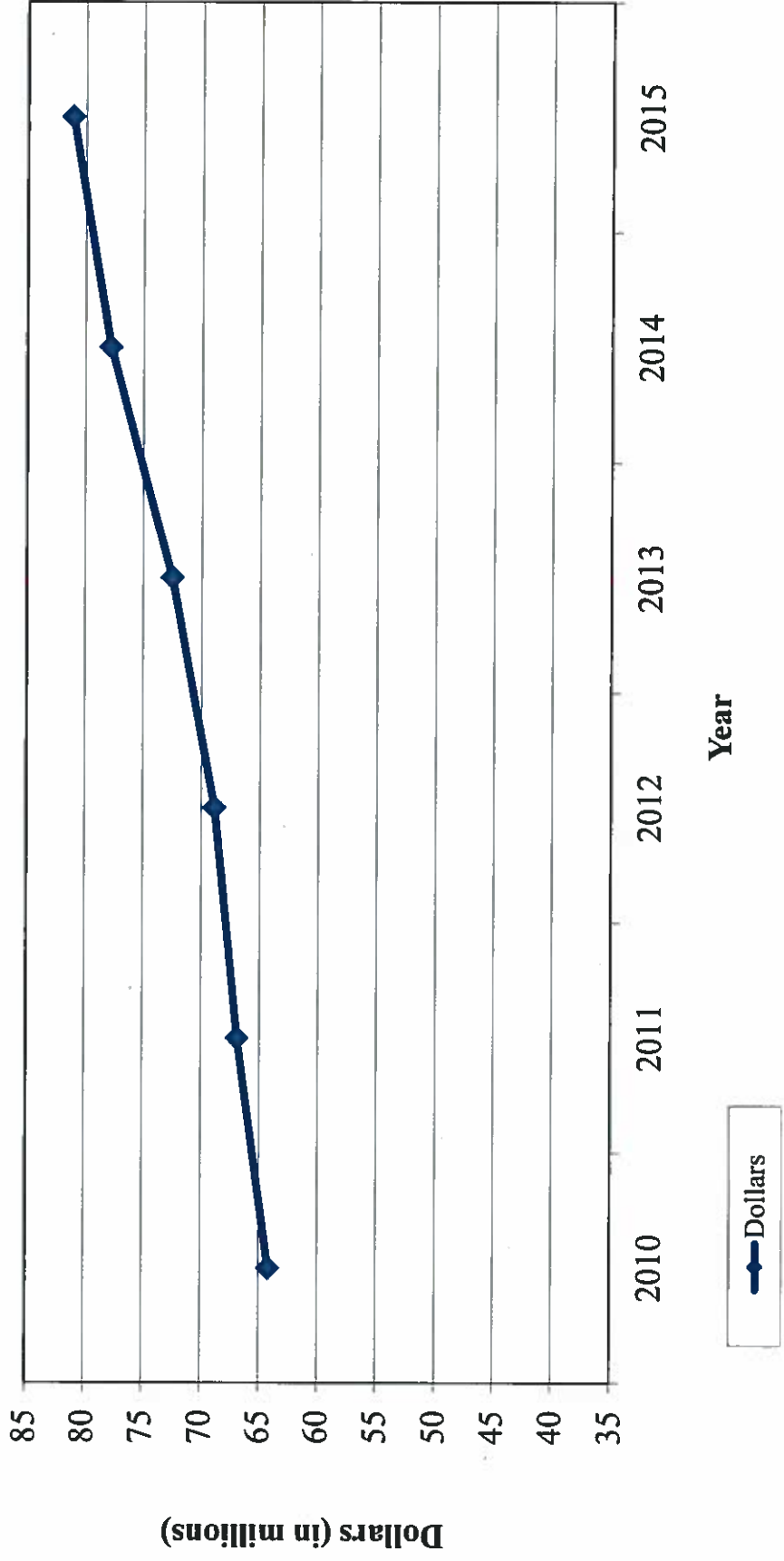


VMI Workforce

Total Employees vs. Teaching Faculty



Total Operating Budget



Key Financial Balances

