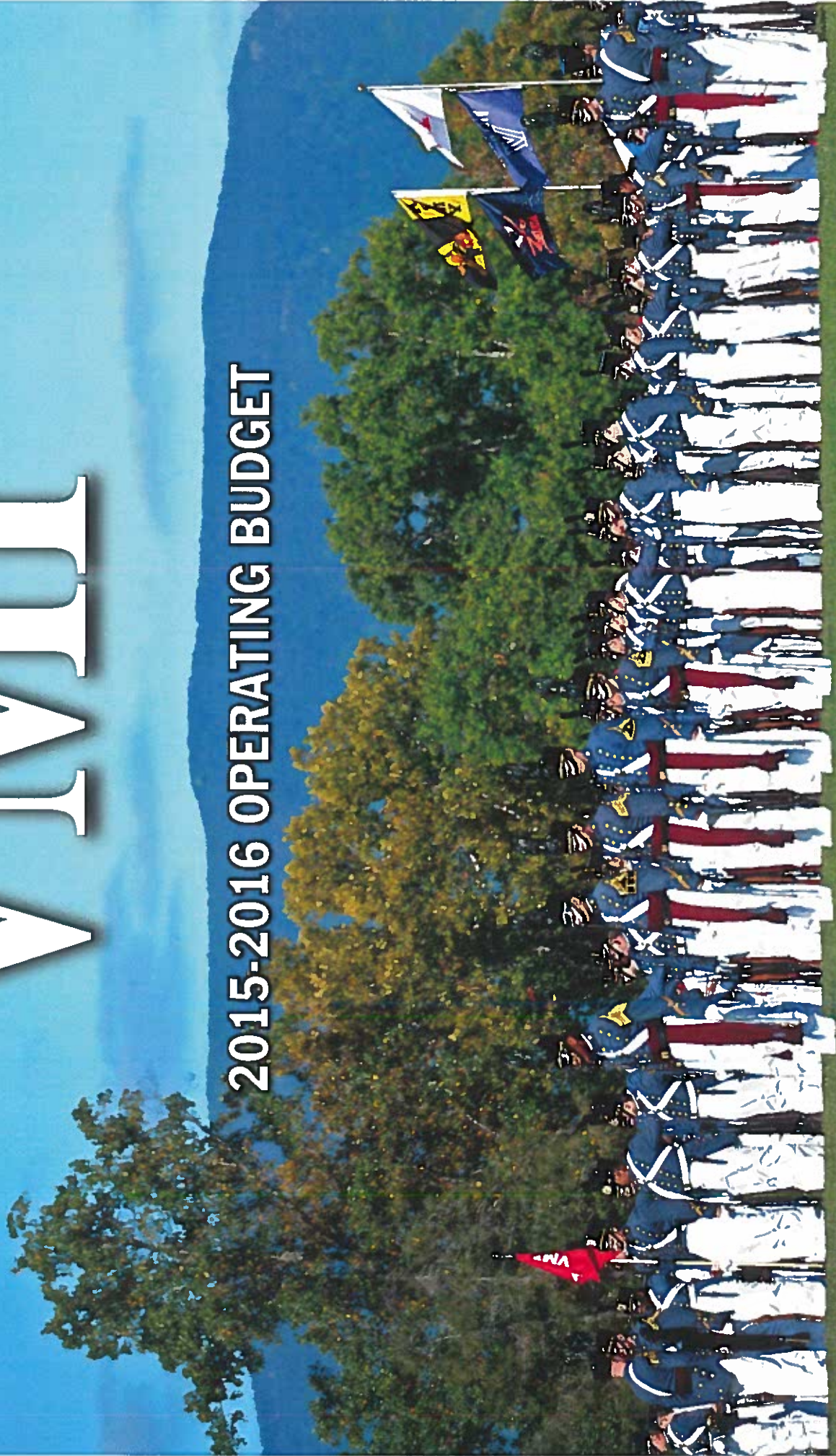


VMI

2015-2016 OPERATING BUDGET



VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

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15 April 2015

MEMORANDUM

TO: The Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

SUBJECT: Proposed Operating Budget FY 2016

The FY 2016 Operating Budget proposal for all programs totals \$82.4 million for an increase of \$1.2 million or 1.5% from the FY 2015 budget. The budget includes State general funds of \$14.1 million for a decrease of \$306,000 or 2.1% from FY 2015.

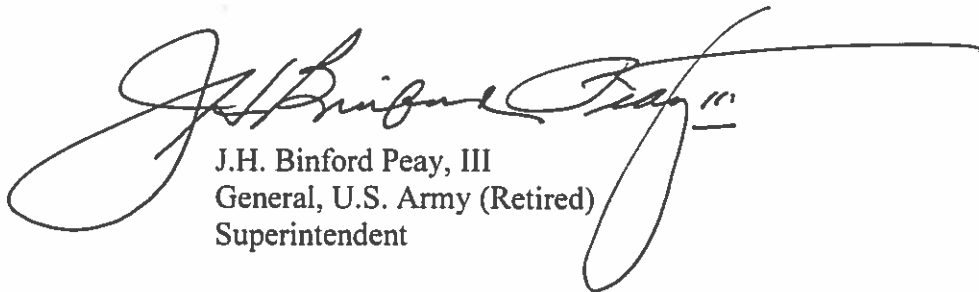
The budget recommends tuition and fee increases of 5.5% (\$1,312) for in-state cadets and 4.9% (\$2,270) for out-of-state cadets bringing total costs to \$25,202 and \$48,216, respectively.

The Fall 2015 opening enrollment is budgeted to be 1,715 and includes 490 new cadets with 59% of the total Corps from Virginia. This is a budgeted enrollment increase from the FY 2015 budget of 1.5% and from the actual of 0.1%. The average enrollment for FY 2016 is projected to be 1,641 compared to 1,654 in FY 2015.

The budget provides for a State-initiated 2% employee salary increase and additional increase for classified employees with at least five years of service equal to \$65 for each year of service. The budget also provides for State-mandated increases in employer contribution rates for the Virginia Retirement System and for health insurance of about 14% and 2.9%, respectively.

The budget proposal addresses many of the high priority budget requests from the senior executive officers to include new full-time teaching faculty positions, part-time faculty, and departmental operating funds. The budget also reclassifies certain cadet fees and related costs from the State Auxiliary Enterprises Program to the NCAA Athletics Program to more appropriately budget these activities and make the budget compatible with new State legislation.

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 2016 Operating Budget

1. The Budget includes State General Funds of \$14,130,000, a decrease of \$306,000 or 2.1% from 2015 (Exhibit 1).
2. The Budget includes cadet tuition/fees and other revenue of \$49,158,000, an increase of \$1,968,000 or 4.2% (Exhibit 2).
3. The Budget includes private fund support primarily from the VMI Alumni Agencies of \$19,083,000, a decrease of \$444,000 or 2.3%. This consists of \$2,509,000 in unrestricted funds (13%) and \$16,574,000 in restricted funds (87%). Unrestricted funds reflect a decrease of \$203,000 or 7.5% over 2015 (Exhibit 3).
4. The Budget includes cadet financial aid from all sources of \$15,552,000, an increase of \$1,199,000 or 8.4%. This includes an increase in cadet tuition revenue budgeted for financial aid of \$1,100,000 for a total of \$4,100,000 (Exhibit 4).
5. The Budget for all programs totals \$97,923,000 and reflects an increase of \$2,417,000 or 2.5% (Exhibits 5 and 6).
6. The Educational and General Program (E&G) Budget totals \$46,442,000 and represents an increase of \$612,000 or 1.3% (Exhibit 7).
7. The Budget includes 490 new cadets (60% Virginians and 40% Non-Virginians) and a total Corps of 1,715 (59% Virginians and 41% Non-Virginians). This is an increase of 25 cadets in the total Corps or 1.5% compared to the 2015 budget and 1 more than the 2015 actual (Exhibit 8). The average enrollment for FY 2016 (fall and spring) is budgeted to be 1,641.
8. Tuition and fees for in-state cadets total \$25,202 and represent an increase of \$1,312 or 5.5% over 2015. Tuition and fees for out-of-state cadets total \$48,216 and represent an increase of \$2,270 or 4.9% (Exhibit 9).

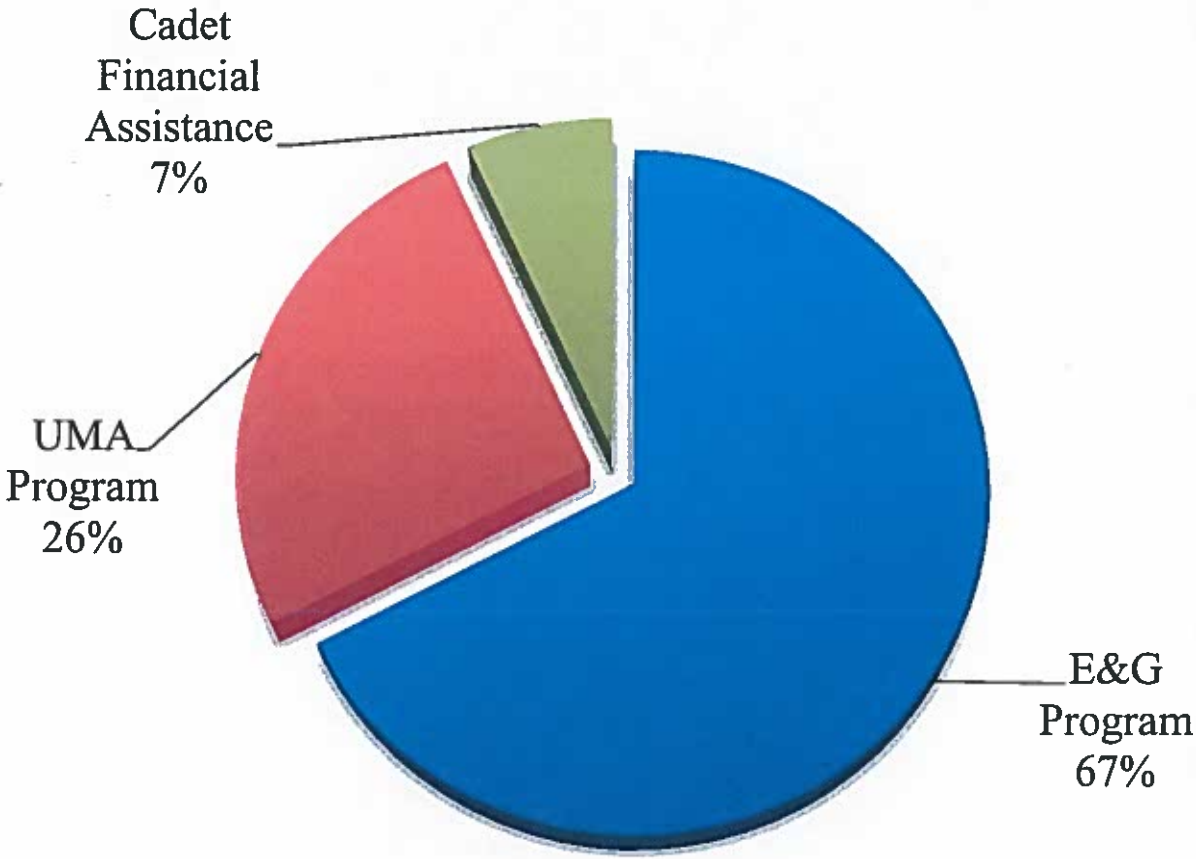
9. A State-initiated salary increase of 2% is budgeted in FY 2016 for employees. The budget also includes a State-initiated additional salary increase for classified employees with at least 5 year of service equal to \$65 for each year of service. The budget also provides for State-mandated increases of 14% in employer contribution rates for the Virginia Retirement System and 2.9% for health insurance premiums.

Total personnel costs are budgeted for \$49.8 million or 60% of the total Budget (excluding cadet financial aid) and include 581 full-time positions (personnel costs comprise 75% of the State E&G budget which has 366 or 63% of the full-time positions). This is an increase of \$0.8 million or 1.6% over 2015 and primarily reflects provision for salary and fringe benefit increases and 9 new full-time employees (Exhibit 10). See the Significant Budget Assumptions—Details of New Employees and Other Changes for information on the new employee positions. The 1.6% increase in FY 2016 is net of the elimination from the budget of a 2% employee bonus that was budgeted in FY 2015.

10. The Budget projects a year-end Auxiliary Fund Balance (30 June 2016) of \$8.5 million (Exhibit 11).

State General Funds

	FY 2015	FY 2016	Inc (Dec)	%
E&G Program	9,745,000	9,514,000	(231,000)	-2.4%
UMA Program	3,820,000	3,645,000	(175,000)	-4.6%
Cadet Financial Assistance	871,000	971,000	100,000	11.5%
Total State General Funds	14,436,000	14,130,000	(306,000)	-2.1%

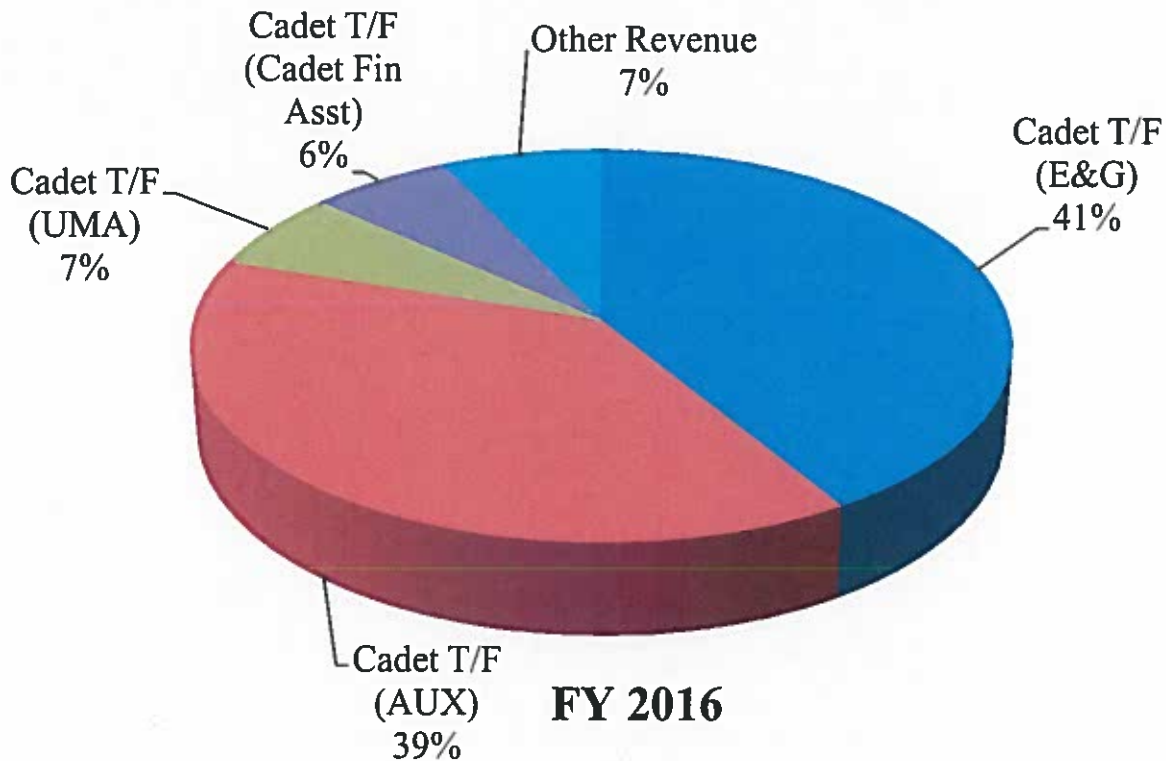


FY 2016

Cadet Tuition/Fees and Other Revenue

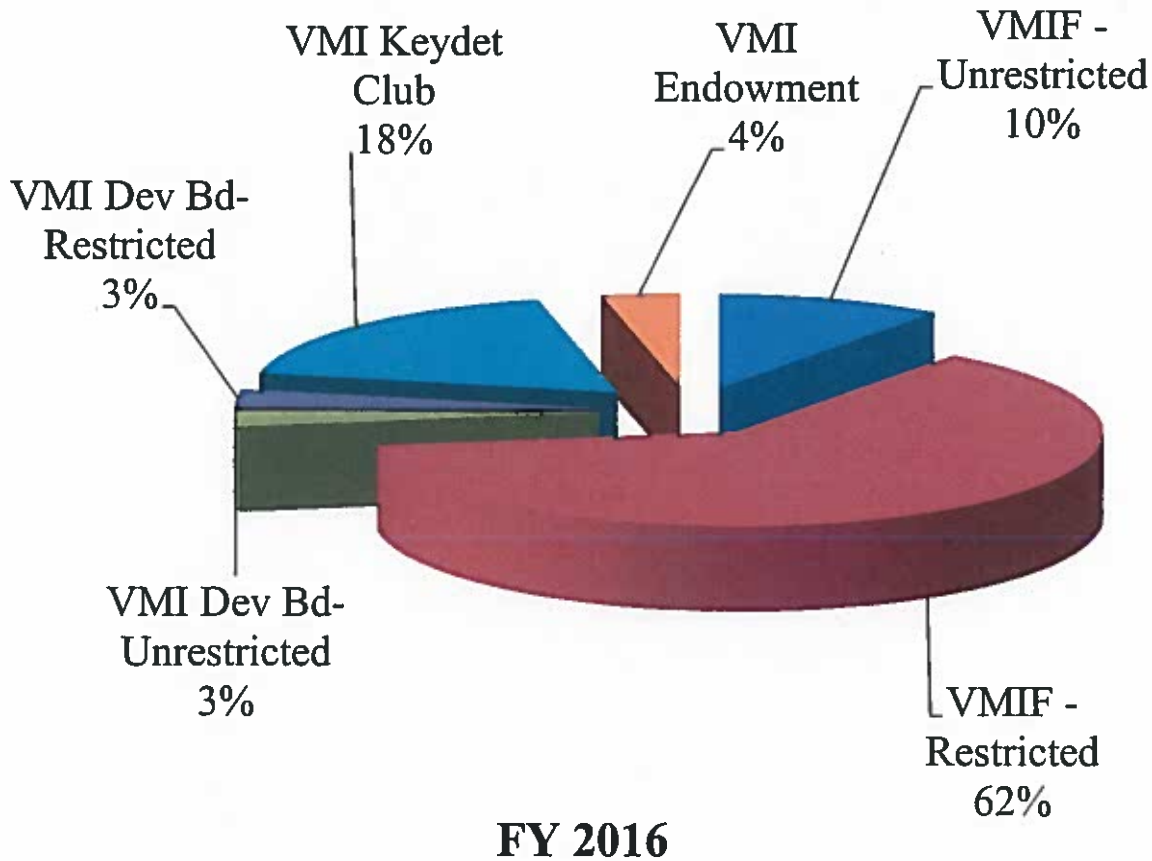
	FY 2015	FY 2016	Inc (Dec)	%
<i>Cadet Tuition and Fees</i>				
E&G Program	25,866,000	26,674,000	808,000	3.1%
Auxiliary Program	23,549,000	25,072,000	1,523,000	6.5%
UMA Program	4,045,000	4,223,000	178,000	4.4%
Cadet Financial Assistance	3,000,000	4,100,000	1,100,000	36.7%
	<u>56,460,000</u>	<u>60,069,000</u>	<u>3,609,000</u>	<u>6.4%</u>
Less: Cadet Financial Assistance *	(14,353,000)	(15,552,000)	(1,199,000)	8.4%
Total Cadet Tuition/Fees	<u>42,107,000</u>	<u>44,517,000</u>	<u>2,410,000</u>	<u>5.7%</u>
<i>Other Revenue</i>				
Athletic, CLE and Museum Revenue	2,747,000	2,587,000	(160,000)	-5.8%
Fund Balances	848,000	382,000	(466,000)	-55.0%
Other (includes federal grants)	1,488,000	1,672,000	184,000	12.4%
Total Other Revenue	<u>5,083,000</u>	<u>4,641,000</u>	<u>(442,000)</u>	<u>-8.7%</u>
Total Cadet Tuition/Fees and Other	<u>47,190,000</u>	<u>49,158,000</u>	<u>1,968,000</u>	<u>4.2%</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.*



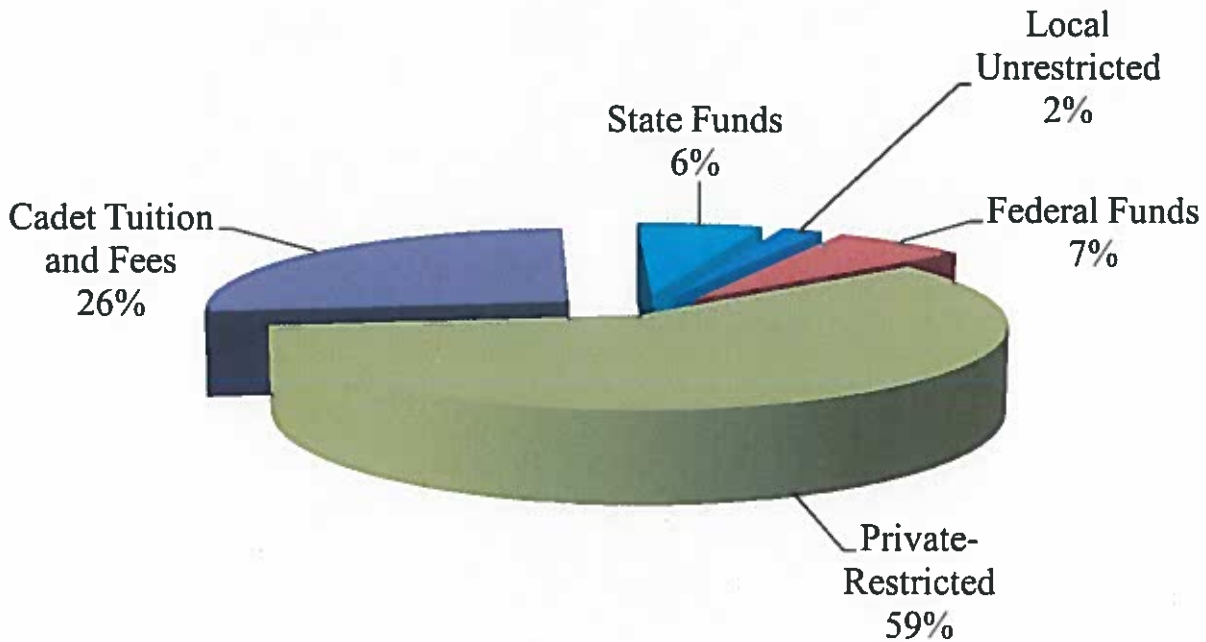
Private Funds

	FY 2015	FY 2016	Inc (Dec)	%
VMIF - Unrestricted	2,068,000	1,919,000	(149,000)	-7.2%
VMIF - Restricted	12,138,000	11,916,000	(222,000)	-1.8%
VMI Dev Bd-Unrestricted	550,000	500,000	(50,000)	-9.1%
VMI Dev Bd-Restricted	584,000	577,000	(7,000)	-1.2%
VMI Keydet Club	3,499,000	3,500,000	1,000	0.0%
VMI Endowment	688,000	671,000	(17,000)	-2.5%
Total Private	19,527,000	19,083,000	(444,000)	-2.3%



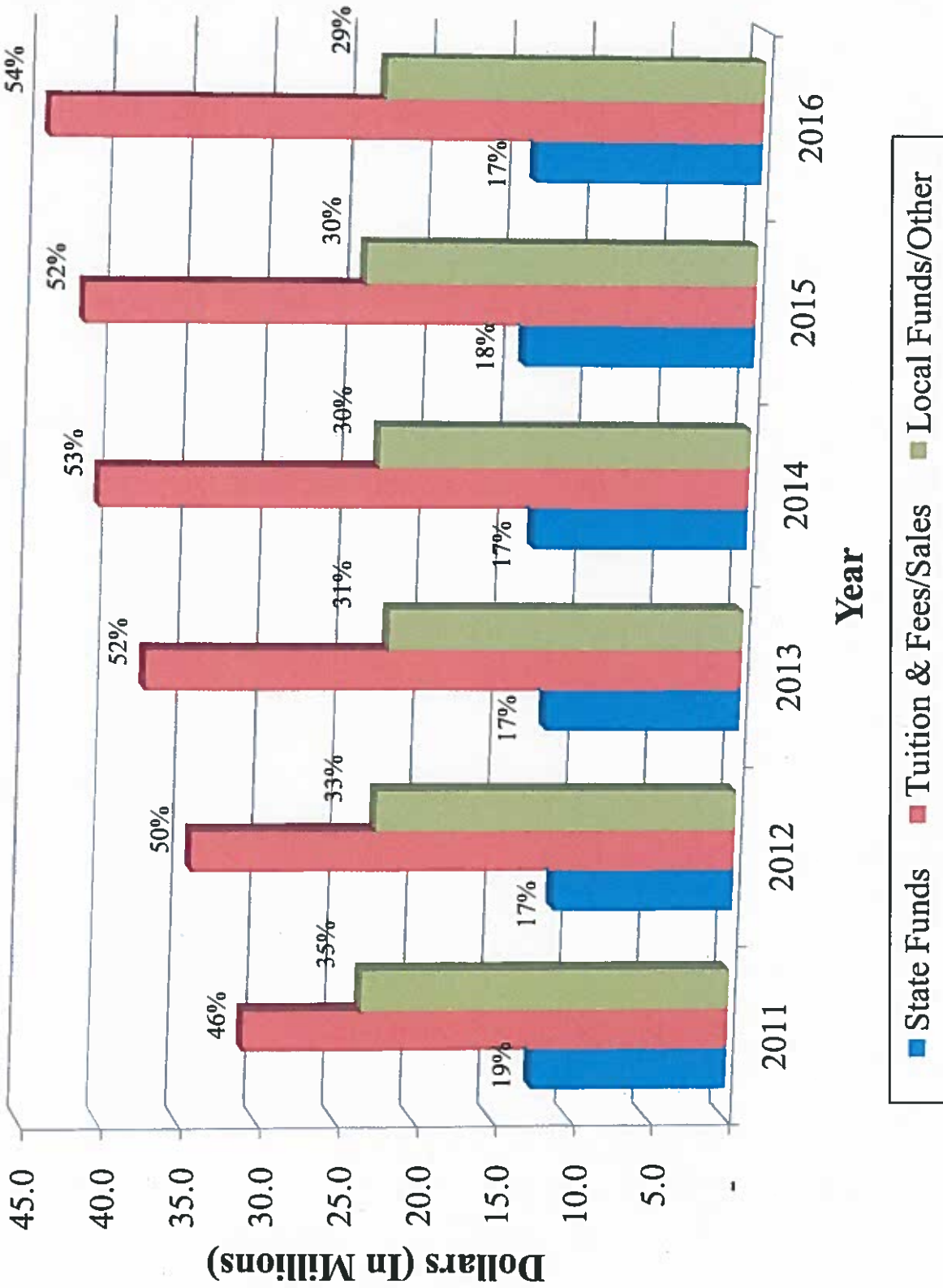
Cadet Financial Assistance

Sources	FY 2015	FY 2016	Inc (Dec)	%
State General Funds	871,000	971,000	100,000	11.5%
Cadet Tuition and Fees	3,000,000	4,100,000	1,100,000	36.7%
Private Funds--Restricted				
VMI Foundation	4,617,000	4,724,000	107,000	2.3%
VMI Development Board	810,000	742,000	(68,000)	-8.4%
VMI Keydet Club	3,019,000	3,228,000	209,000	6.9%
VMI Endowment/Other	411,000	428,000	17,000	4.1%
Total Restricted Funds	8,857,000	9,122,000	265,000	3.0%
Local Funds--Unrestricted				
VMI Foundation (primarily)	559,000	316,000	(243,000)	-43.5%
Federal Funds	1,066,000	1,043,000	(23,000)	-2.2%
 Total	 14,353,000	 15,552,000	 1,199,000	 8.4%



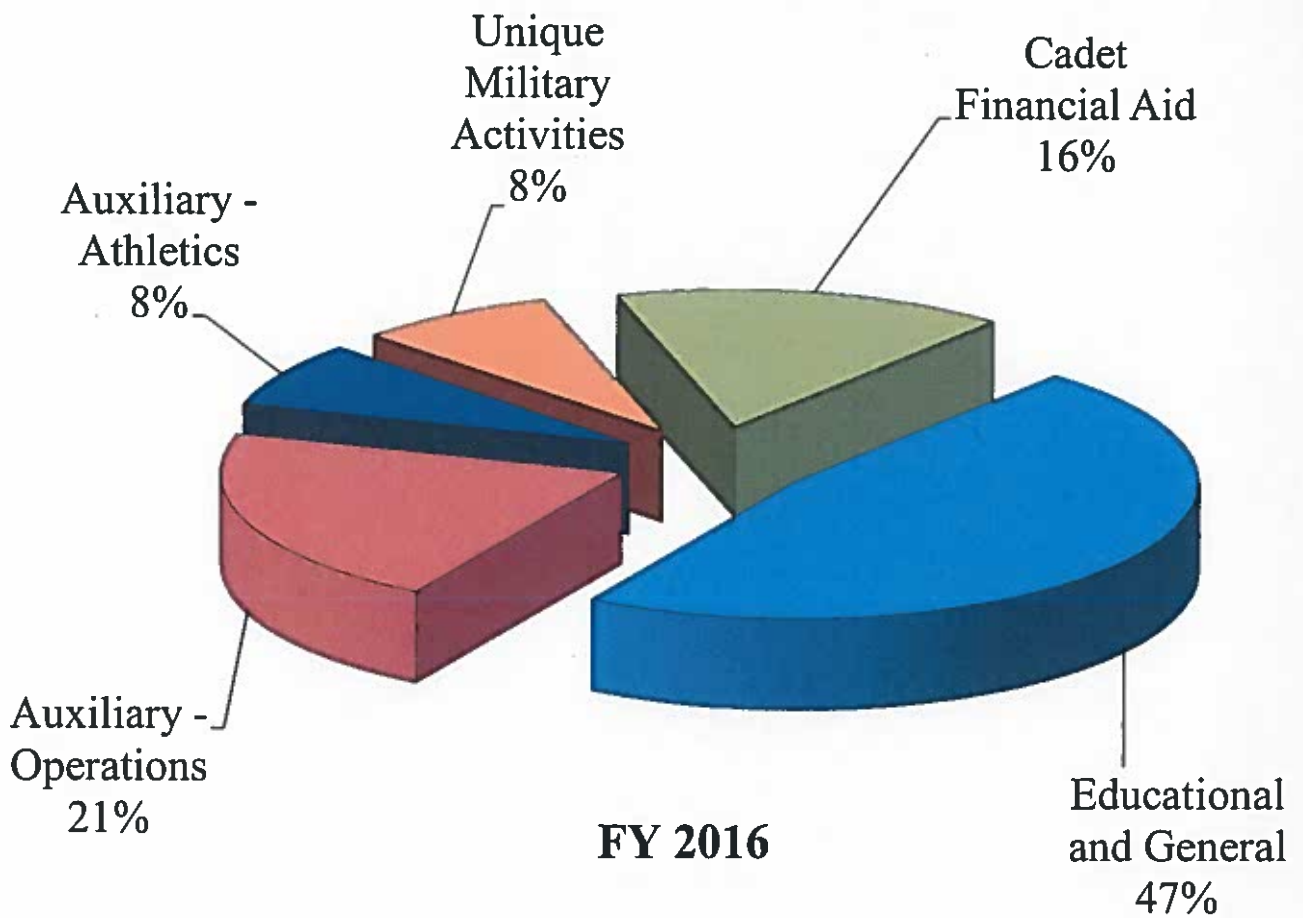
FY 2016

Sources of Revenue



Expenses

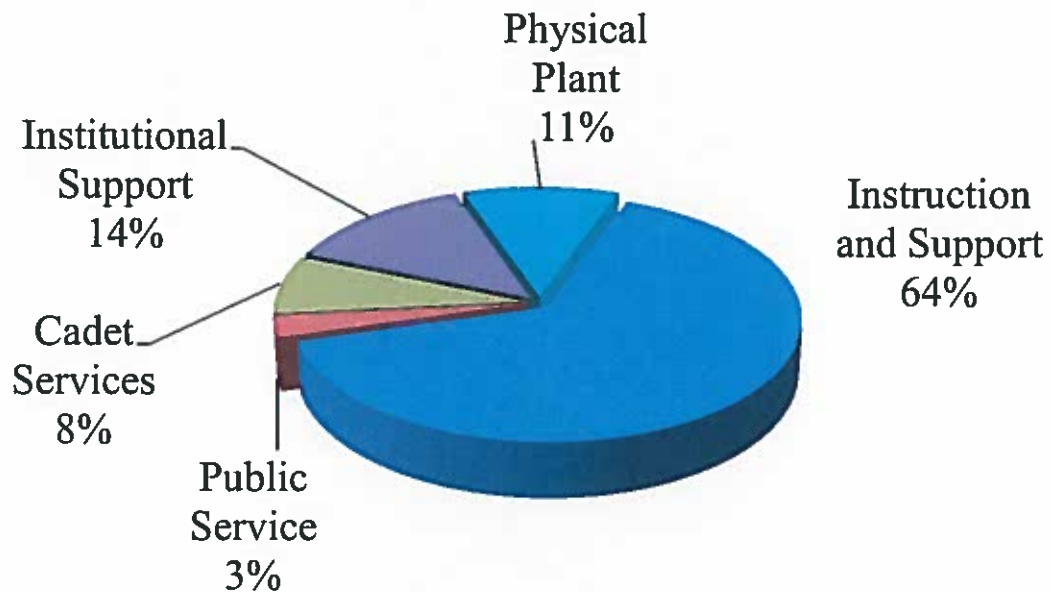
	FY 2015	FY 2016	Inc (Dec)	%
Educational and General	45,830,000	46,442,000	612,000	1.3%
Auxiliary - Operations	21,401,000	20,567,000	(834,000)	-3.9%
Auxiliary - Athletics	6,057,000	7,494,000	1,437,000	23.7%
Unique Military Activities	7,865,000	7,868,000	3,000	0.0%
Cadet Financial Aid	14,353,000	15,552,000	1,199,000	8.4%
Total Expenses	95,506,000	97,923,000	2,417,000	2.5%



Educational and General Program

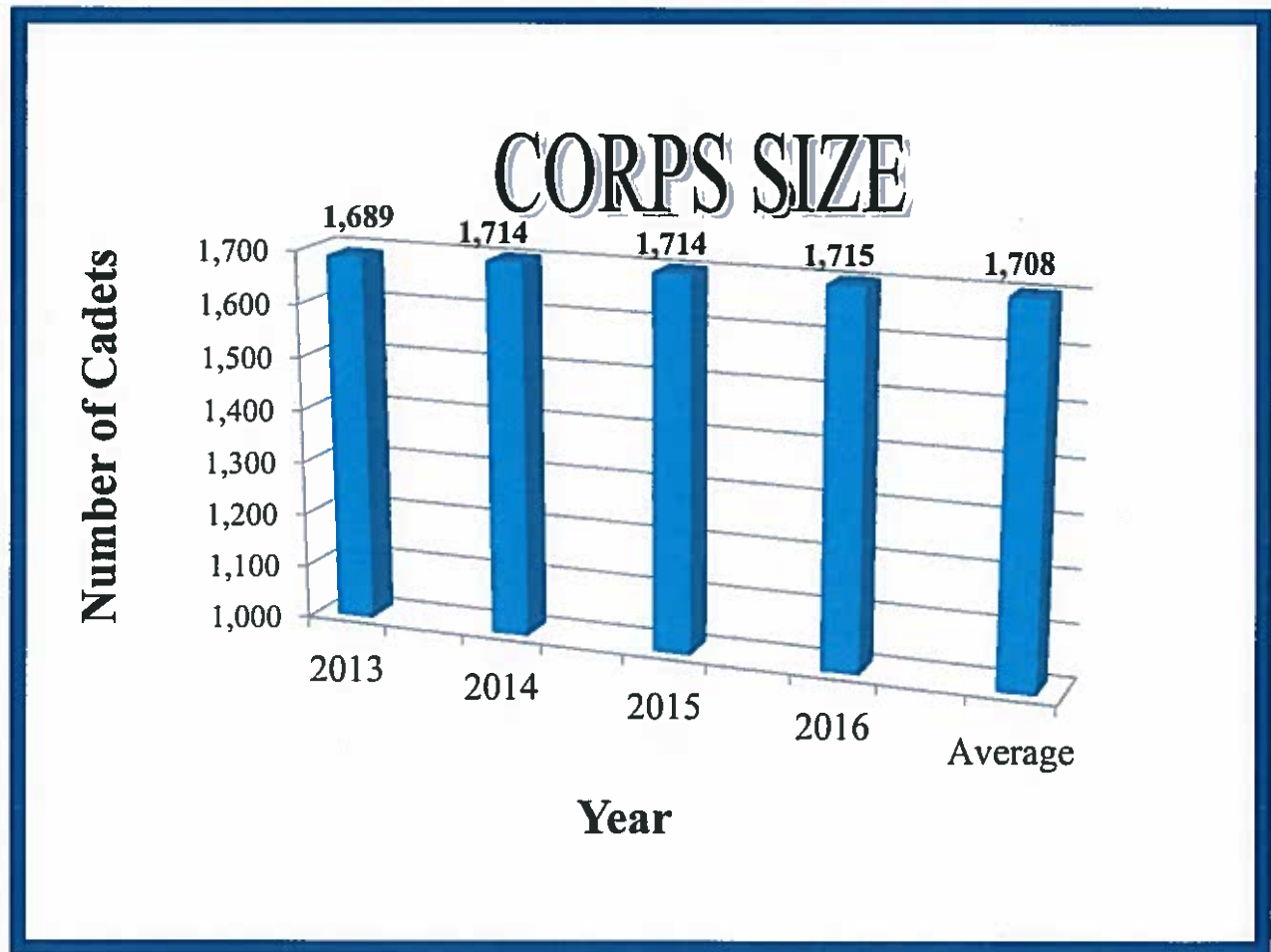
	2015	%	2016	%
Instruction & Support	29,430,000	64%	30,184,000	64%
Public Service	1,329,000	3%	1,334,000	3%
Cadet Services	3,607,000	8%	3,575,000	8%
Institutional Support	6,491,000	14%	6,276,000	14%
Physical Plant	4,973,000	11%	5,073,000	11%
Total E & G Program	45,830,000	100%	46,442,000	100%

Note: The State E&G Program budget totals \$36.2 million in FY 2016 and \$35.6 million in FY 2015.



Enrollment - Fall

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Budgeted 2016</u>	<u>Average</u>
New Cadets	509	504	500	490	501
Upperclass	1,180	1,210	1,214	1,225	1,207
Total	1,689	1,714	1,714	1,715	1,708
% In-State	58.4%	59.0%	58.3%	59.4%	58.8%



Tuition and Fees

	FY 2015	FY 2016	Inc (Dec)	%
Tuition				
In-State	7,498	8,136	638	8.5%
Out of State	29,554	31,150	1,596	5.4%
Fees	16,392	17,066	674	4.1%
Total Cost				
In-State	23,890	25,202	1,312	5.5%
Out-of-State	45,946	48,216	2,270	4.9%

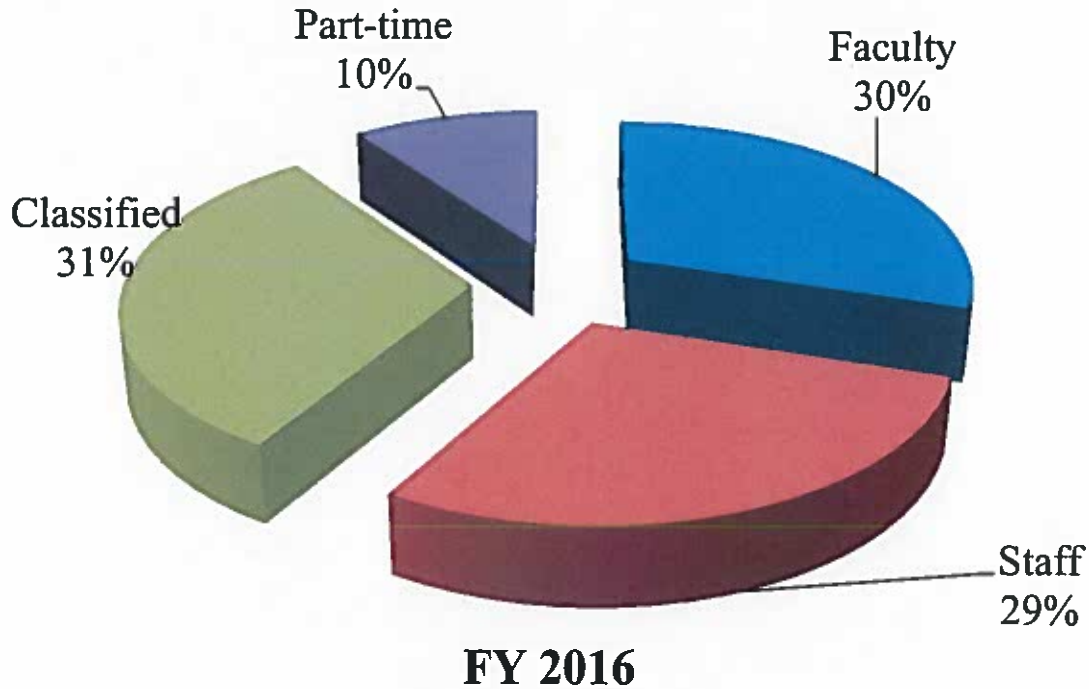
Note: Fees include room, board, medical, cadet activities/facilities, athletic, laundry/pressing, haircuts, and UMA activities.

Budgeted Dollars for Personnel

	FY 2015		FY 2016	
	FTE	Salaries/Fringes	FTE	Salaries/Fringes
Full-time Staff				
Faculty	136	14.7 million	139	14.8 million
Staff	143	14.2 million	147	14.3 million
Classified	293	14.9 million	295	15.7 million
Part-time Staff		5.2 million		5.0 million
Total	572	49.0 million	581	49.8 million

Notes:

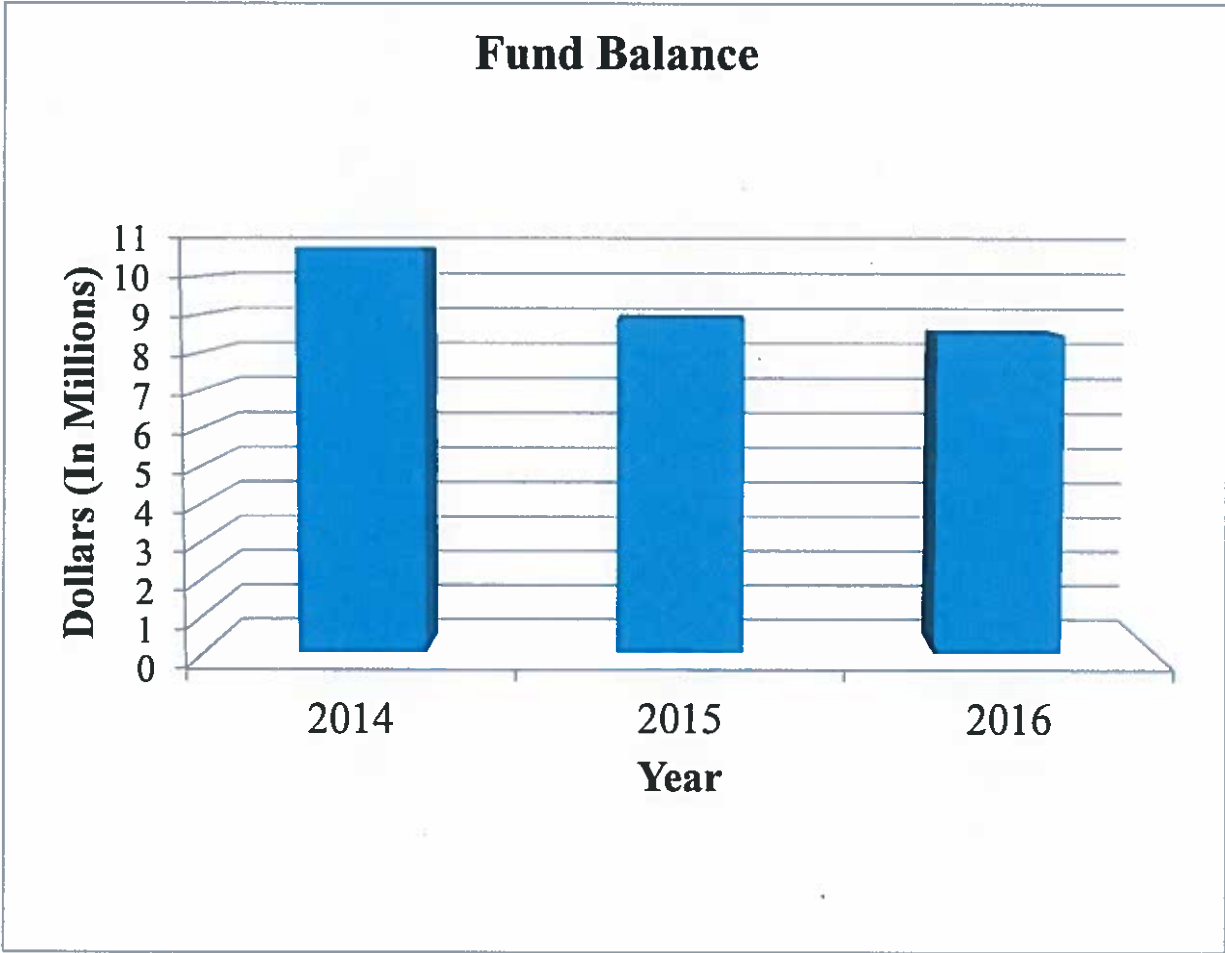
1. FTE counts full-time employees; however, the dollars also include part-time employee wages.
2. The budget reflects an increase of 9 FTE or 1.6%.
3. Salaries and fringe benefits represent 60% of the total operating budget.
4. VMI's 12:1 full-time faculty-to-student ratio (average) is the lowest of 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 6/30/14	Projected 6/30/15	Projected 6/30/16
Fund Balance	10,751,154	8,900,000	8,491,000

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 2015 and ending 30 June 2016 (hereinafter referred to also as 2016). 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

	2015	2016	Increase (Decrease)	%
Educational and General				
General Funds	9,745,000	9,514,000	(231,000)	-2.4%
Cadet Tuition and Other Income	25,866,000	26,674,000	808,000	3.1%
Total Educational & General	35,611,000	36,188,000	577,000	1.6%
Unique Military Activities				
General Funds	3,820,000	3,645,000	(175,000)	-4.6%
Cadet Fees and Other Income	4,045,000	4,223,000	178,000	4.4%
Total Unique Military	7,865,000	7,868,000	3,000	0.0%
Auxiliary Enterprises				
Cadet Fees and Other Income	20,808,000	19,996,000	(812,000)	-3.9%
Transfer from Reserves	404,000	382,000	(22,000)	-5.4%
Total Auxiliary	21,212,000	20,378,000	(834,000)	-3.9%
Cadet Financial Assistance				
General Funds	871,000	971,000	100,000	11.5%
Cadet Tuition and Fees	3,000,000	4,100,000	1,100,000	36.7%
Total Cadet Financial Assistance	3,871,000	5,071,000	1,200,000	31.0%
Total State Funds	68,559,000	69,505,000	946,000	1.4%

	2015	2016	Increase (Decrease)	%
LOCAL FUNDS				
Restricted Funds				
VMI Foundation/Development Bd	12,722,000	12,493,000	(229,000)	-1.8%
VMI Keydet Club	3,499,000	3,500,000	1,000	0.0%
VMI Endowment	594,000	581,000	(13,000)	-2.2%
Federal Funds/NCAA Income	1,181,000	1,272,000	91,000	7.7%
Total Restricted	17,996,000	17,846,000	(150,000)	-0.8%
Unrestricted Funds				
VMI Foundation/Development Bd	2,618,000	2,419,000	(199,000)	-7.6%
VMI Endowment Income	94,000	90,000	(4,000)	-4.3%
Cadet Athletic Fees	2,741,000	5,076,000	2,335,000	85.2%
Athletic Revenue/Support	1,630,000	1,508,000	(122,000)	-7.5%
Museum Revenue	756,000	761,000	5,000	0.7%
Conference Income	361,000	318,000	(43,000)	-11.9%
Concessions Income	307,000	400,000	93,000	30.3%
Fund Balance--Auxiliary	315,000	-	(315,000)	-100.0%
Fund Balance--Local Unrestricted	129,000	(129,000)	(129,000)	-100.0%
Total Unrestricted	8,951,000	10,572,000	1,621,000	18.1%
Total Local Funds	26,947,000	28,418,000	1,471,000	5.5%
TOTAL ALL FUNDS	95,506,000	97,923,000	2,417,000	2.5%
Less: Cadet Financial Assistance	(14,353,000)	(15,552,000)	(1,199,000)	8.4%
TOTAL REVENUE	81,153,000	82,371,000	1,218,000	1.5%

EXPENDITURES

STATE FUNDS

	2015	2016	Increase (Decrease)	%
Educational & General				
Instruction	17,262,000	17,802,000	540,000	3.1%
Public Service	92,000	96,000	4,000	4.3%
Academic Support	5,829,000	5,918,000	89,000	1.5%
Cadet Services	2,686,000	2,766,000	80,000	3.0%
Institutional Support	4,938,000	4,680,000	(258,000)	-5.2%
Physical Plant	4,804,000	4,926,000	122,000	2.5%
Total Educational & General	35,611,000	36,188,000	577,000	1.6%
Unique Military Activities	7,865,000	7,868,000	3,000	0.0%
Auxiliary Enterprises				
Operations	18,801,000	18,382,000	(419,000)	-2.2%
Debt Service	1,241,000	1,296,000	55,000	4.4%
Maintenance projects	1,170,000	700,000	(470,000)	-40.2%
Total Auxiliary Enterprises	21,212,000	20,378,000	(834,000)	-3.9%
Cadet Financial Assistance	3,871,000	5,071,000	1,200,000	31.0%
Total State Funds	68,559,000	69,505,000	946,000	1.4%

	2015	2015	Increase (Decrease)	%
LOCAL FUNDS				
Educational & General				
Instruction	4,935,000	4,859,000	(76,000)	-1.5%
Research	40,000	33,000	(7,000)	-17.5%
Public Service	1,237,000	1,238,000	1,000	0.1%
Academic Support	1,364,000	1,572,000	208,000	15.2%
Cadet Services	921,000	809,000	(112,000)	-12.2%
Institutional Support	1,553,000	1,596,000	43,000	2.8%
Physical Plant	169,000	147,000	(22,000)	-13.0%
Total Educational & General	10,219,000	10,254,000	35,000	0.3%
Cadet Financial Assistance	10,482,000	10,481,000	(1,000)	0.0%
Auxiliary Enterprises				
Intercollegiate Athletics	6,057,000	7,494,000	1,437,000	23.7%
Debt Service	189,000	189,000	-	0.0%
Total Auxiliary Enterprises	6,246,000	7,683,000	1,437,000	23.0%
Total Local Funds	26,947,000	28,418,000	1,471,000	5.5%
TOTAL ALL FUNDS	95,506,000	97,923,000	2,417,000	2.5%
Less: Cadet Financial Assistance	(14,353,000)	(15,552,000)	(1,199,000)	8.4%
TOTAL EXPENDITURES	81,153,000	82,371,000	1,218,000	1.5%

SOURCES OF REVENUE

	2015	% of Total	2016	% of Total	Inc (Dec)	% Inc (Dec)
State General Funds	14,436,000	17.8	14,130,000	17.2	(306,000)	-2.1%
Cadet Tuition/Fees and Sales	42,107,000	51.9	44,517,000	54.0	2,410,000	5.7%
VMI and Alumni Agencies Support						
<i>VMI Alumni Agencies</i>						
VMI Foundation	14,206,000	17.5	13,835,000	16.8	(371,000)	-2.6%
VMI Development Board	1,134,000	1.4	1,077,000	1.3	(57,000)	-5.0%
Total Foundation/ Dev Bd	15,340,000	18.9	14,912,000	18.1	(428,000)	-2.8%
VMI Keydet Club	3,499,000	4.3	3,500,000	4.2	1,000	0.0%
Total Alumni Agencies	18,839,000	23.2	18,412,000	22.4	(427,000)	-2.3%
<i>VMI Endowment</i>						
VMI General Endowment	426,000	0.5	400,000	0.5	(26,000)	-6.1%
VMI Collins Endowment	200,000	0.2	196,000	0.2	(4,000)	-2.0%
Outside Trusts (scholarships)	62,000	0.1	75,000	0.1	13,000	21.0%
Total VMI Endowment	688,000	0.8	671,000	0.8	(17,000)	-2.5%
Total VMI and Alumni Agencies	19,527,000	24.1	19,083,000	23.2	(444,000)	-2.3%

	2015	% of Total	2016	% of Total	Inc (Dec)	% Inc (Dec)
Other Revenue						
Athletic Revenue/Support	1,630,000	2.0	1,508,000	1.8	(122,000)	-7.5%
Concessions Income	307,000	0.4	400,000	0.5	93,000	30.3%
Museum Revenue	756,000	0.9	761,000	0.9	5,000	0.7%
Program/Conference Income	361,000	0.4	318,000	0.4	(43,000)	-11.9%
Auxiliary Reserves	719,000	0.9	382,000	0.5	(337,000)	-46.9%
Local Unrestricted Fund Balance	129,000	0.2	-	0.0	(129,000)	-100.0%
Federal Funds/Other Income	1,181,000	1.5	1,272,000	1.5	91,000	7.7%
Total Other Revenue	5,083,000	6.3	4,641,000	5.6	(442,000)	-8.7%
TOTAL	81,153,000	100.0	82,371,000	100.0	1,218,000	1.5%

General Information

GENERAL INFORMATION

Total Operating Budget

The 2016 Operating Budget totals \$97.9 million and includes \$15.5 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 \$82.4 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.

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 2014. The next plan update is required by 1 July 2015.

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, the Virginia Museum of the Civil War at New Market, and the Stonewall Jackson House in Lexington, VA.
- *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 (Laundry/Pressing, Tailor Shop, and Military Store), the Regimental Band, Rat Challenge, cadet counseling, facilities maintenance, and most of the VMI Post Hospital operations.

Auxiliary Enterprises (AUX)

This program provides the goods, services, and facilities needed to support cadets outside the classroom and to support faculty and staff. It includes the Barracks, the Mess Hall, 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-initiated salary increases, fringe benefit cost increases, 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 2016, VMI projects an in-state enrollment of about 59% which would indicate that State general fund support of the E&G Program should approximate 40% of the total E&G budget (67% times 59%). State general fund support budgeted for FY 2016 totals about 26% of the total E&G budget. The shortfall in State funding is about \$4.8 million and largely reflects 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 \$3.6 million in FY 2016, 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 2016 shortfall in State general funds for the UMA Program is estimated to be approximately \$3.7 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 2016 (the regular session and the summer session held the summer of 2015) 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. Also provides Facility Use Fees.
- ***Enrollment***—Provides the budgeted enrollment for FY 2016 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 2019 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). Provides details of new employees and other changes.
- ***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

	2015	2016	Inc (Dec)	%
<i>Tuition</i>				
Virginia Cadet	7,498	8,136	638	8.5%
NonVirginia Cadet	29,554	31,150	1,596	5.4%
<i>Room</i>				
	2,498	2,586	88	3.5%
<i>Board</i>				
	5,874	6,080	206	3.5%
<i>Auxiliary Fees</i>				
Athletic	1,702	3,090	1,388	81.6%
Medical	456	456	-	0.0%
Cadet Facilities/Activities	2,782	1,696	(1,086)	-39.0%
Total	4,940	5,242	302	6.1%
<i>Quartermaster Charges</i>				
Laundry/Pressing	362	372	10	2.8%
Haircuts	256	264	8	3.1%
Uniforms/UMA Activities	2,462	2,522	60	2.4%
Total	3,080	3,158	78	2.5%
 Total Virginia Cadet	 23,890	 25,202	 1,312	 5.5%
Total NonVirginia Cadet	45,946	48,216	2,270	4.9%

Significant Budget Assumptions Tuition and Fees Notes

Tuition

The FY 2016 budget increases in-state tuition by \$638 or 8.5% to \$8,136 and out-of-state tuition by \$1,596 or 5.4% to \$31,150. 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 net increase in State General Funds of approximately \$599,000 or 6.7% for FY 2016 compared to actual FY 2015. This covers the State's share of funding (about 39%) for a State-initiated 2% employee salary increase, 2.9% increase in health insurance premiums, and about a 14% increase in retirement contribution rates (for employees in the Virginia Retirement System or VRS). The State general fund increase also includes restoration of \$258,000 of the State general fund "cuts" totaling \$442,000 in FY 2015, but there is no new State funding for unavoidable cost increases such as for utilities and insurance, facilities maintenance contracts, or operations and maintenance for newly renovated facilities coming on-line (Cormack Hall).
- c) VMI's share (61%) of State-initiated or mandated increases in employee salaries of 2% and employer contribution rates for retirement plans and health insurance of 14% and 2.9%, respectively;
- d) **Increases in funding of approximately \$549,000 for budget requests from the senior executive officers during the budget development process; the funding adds new positions including teaching faculty (see section on Total Employment), provides salary increases for selected employees, and funds program cost increases;**
- e) Unavoidable cost increases for utilities, insurances, facility preventive maintenance contracts, and other costs;
- f) An increase in budgeted cadet financial assistance of \$1.1 million or 37% to help ensure that VMI meets its enrollment targets especially of out-of-state cadets; this increase reflects rising tuition and fees and greater demonstrated need of all cadets especially out-of-state cadets;

- g) The tuition and fees of VMI's competitor institutions and other Virginia public institutions;
- h) VMI's recent past history of tuition and fee increases (See Supplementary Information included at the end of this Budget); and
- i) Compliance with the State Council of Higher Education's (SCHEV) rigorous Institutional Performance Standards.

Room and Board

The Barracks or room fee increase of \$88 or 3.5% to \$2,586 provides for increases in facility operations and maintenance costs. This includes State-initiated or mandated employee salary and fringe benefit cost increases as described in the Tuition Note.

The board fee increase of \$206 per cadet or 3.5% to \$6,080 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 fees covering athletics, medical services, and cadet facilities/activities will increase a net total of \$302 or 6.1% to \$5,242. It consists of a \$1,388 increase in the cadet athletic fee and a \$1,086 decrease in the cadet facilities/activities fee. The net fee increase primarily funds State-initiated or mandated employee salary and fringe benefit cost increases as described in the Tuition Note. It also funds Athletic Program cost increases and new debt service on bonds issued for facilities improvements.

The large shift in the cadet fee between athletics and cadet facilities/activities reflects the budget reclassification of "athletic" related costs from cadet facilities/activities to the Athletics Program. The "athletic" costs consist largely of certain employee positions and indirect costs that are more appropriately budgeted as "athletics" than as "cadet activities/facilities". Making this change beginning in FY 2016 will allow VMI to be more compatible with new State legislation pertaining to higher education Athletic Programs.

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 (such as debt service) directly related to General Assembly approved capital projects. VMI's proposed auxiliary fee increase for FY 2016 complies with the Act.

Quartermaster Charges

VMI's comprehensive quartermaster charges covering laundry/pressing, haircuts, cadet uniforms, and Unique Military Activities will increase \$78 or 2.5% to \$3,158. The increase primarily funds the State-initiated or mandated employee salary and fringe benefit cost increases as described in the Tuition Note above.

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.

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 3 August 2015 for the Fall Semester and 12 December 2015 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.

Beginning in FY 2016, all cadets from foreign countries will be assessed a fee for health insurance coverage. The fee is expected to approximate \$910 for the academic year.

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)	%
	2014	2015		
Tuition (Per Credit Hour)				
<i>Virginia</i>				
Regular	302	318	16	5.3%
Student Transition (STP)	334	350	16	4.8%
<i>Non-Virginia</i>				
Regular	942	994	52	5.5%
Student Transition (STP)	1,038	1,094	56	5.4%
Room (Per Week)	120	125	5	4.2%
Board (Per Week)				
5-Meal Plan	56	58	2	3.6%
10-Meal Plan	108	111	3	2.8%
15-Meal Plan	139	143	4	2.9%
19-Meal Plan	176	182	6	3.4%
Auxiliary Fee (Per Term)				
Regular	64	67	3	4.7%
Summer Transition	114	120	6	5.3%
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 fees, 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)	%
	2014	2015		
Morocco	4,400	4,500	100	2.3%
Central Europe	3,600	3,900	300	8.3%
Germany	4,900	4,900	-	0.0%
Germany (ME)	4,900	4,900	-	0.0%
Paris	4,400	5,950	1,550	35.2%
Paris--Berlin	-	5,200		
Bolivia (CE-1)	3,000	3,500	500	16.7%
Bolivia (CE-2)	-	3,500		
Peru	4,200	3,900	(300)	-7.1%
China	-	4,950		
New Brunswick, CAN	-	3,000		

Notes:

1. The tuition and fees for the programs above generally include tuition, room, board, excursion expenses, and medical insurance. Airfare is not included. The tuition also includes some provision for VMI's indirects costs in supporting these programs.

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)	%
	Summer			
	2014	2015		
<i>Fee per Camp/School/Other</i>				
Baseball Field (day)	160	168	8	5.0%
Baseball Field (night)		250		
Cameron Hall Arena	320	336	16	5.0%
Cocke Hall Basketball Arena	115	120	5	4.3%
Cocke Hall (Wrestling Room)	57	60	3	5.3%
Cormack Hall	112	118	6	5.4%
Football Practice Field (day)	195	205	10	5.1%
Football Practice Field (night)		300		
Foster Stadium/Upper Field Track		500		
Kilbourne Hall Indoor Range		250		
McKethan Park Pavilion (Note #3)		75-150		
McKethan Park Training Area		300		
McKethan Park Skeet Range		175		
North Post Field #1 and #3		150		
North Post Field #2 (day)		225		
North Post Field #2 (night)		250		
North Post Challenge Initiatives (Note #4)		35		
North Post High Ropes Course (Note #4)		100		
North Post Outdoor Range	230	325	95	41.3%
North Post Red and Blue Loops (Note#4)		35		
North Post Tennis Courts (All)		250		
North Post Tennis Courts (One)		75		
Parade Ground	68	75	7	10.3%
Patchin Field (Soccer/Lacrosse)	105	115	10	9.5%
Swimming Pool	100	105	5	5.0%

Facility Use Fees

	Fee Per Day		Inc	%
	Summer			
	2014	2015	(Dec)	
Classrooms	64	67	3	4.7%
Academic Lecture Halls	-	150		
JM Hall Chapel/Rooms	-	750		
<i>Fee per Camper/Participant</i>				
Barracks	18	18	-	0.0%
Post Facilities	1	1	-	0.0%

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).
3. McKethan Park Pavilion fees vary based on number of attendees.
4. North Post fees for these facilities may include supervision as appropriate and/or limits to number of attendees.

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

	2015				2016		Budget	
	Budget	%	Actual	%	Budget	%	Inc(Dec)	%
Fall Semester								
New Cadets								
Virginia	280	56.0	296	59.2	294	60.0	14	5.0%
NonVirginia	220	44.0	204	40.8	196	40.0	(24)	-10.9%
Total	500	100.0	500	100.0	490	100.0	(10)	-2.0%
Old Cadets								
Virginia	700	58.8	703	57.9	724	59.1	24	3.4%
NonVirginia	490	41.2	511	42.1	501	40.9	11	2.2%
Total	1,190	100.0	1,214	100.0	1,225	100.0	35	2.9%
Total Fall								
Virginia	980	58.0	999	58.3	1,018	59.4	38	3.9%
NonVirginia	710	42.0	715	41.7	697	40.6	(13)	-1.8%
Total	1,690	100.0	1,714	100.0	1,715	100.0	25	1.5%
<i>Cadets on Foreign Study</i>	2		1		2		-	0.0%
Total Potential	1,692		1,715		1,717		25	1.5%
Spring Semester								
Virginia	917	58.6	949	59.1	959	60.0	42	4.6%
NonVirginia	647	41.4	658	40.9	640	40.0	(7)	-1.1%
Total	1,564	100.0	1,607	100.0	1,599	100.0	35	2.2%
<i>Cadets on Foreign Study</i>	33		33		33		-	0.0%
Total Potential	1,597		1,640		1,632		35	2.2%
Average enrollment for the Year (Fall census and Spring)								
	1,610		1,654		1,641		31	1.9%

New Cadet Enrollment *Opening Day*

	FY 2015 Actual			FY 2016 Estimated/Budgeted		
	VA	NVA	Total	VA	NVA	Total
Total Applications	932	1,228	2,160	866	1,033	1,899
Total Acceptances	401	551	952	390	570	960
% of Applicants Accepted	43%	45%	44%	45%	55%	51%
Matriculants	296	204	500	294	196	490
% of Accepted (Yield)	74%	37%	53%	75%	34%	51%

Significant Budget Assumptions Enrollment Notes

Fall Semester

New Cadets

The budget is based on a new cadet class of 490 with 60% in-state cadets. VMI budgeted 500 new cadets for FY 2015 with 56% in-state cadets and enrolled 500 cadets with about 59% in-state cadets.

Old Cadets

An Old Corps (returning cadets) of 1,225 is budgeted for fall 2015 or 35 more than budgeted for FY 2015 and 11 more than actually enrolled last fall. The percentage of in-state old cadets is projected to be 59% and compares to the 58% actually enrolled in FY 2015.

Total Cadets

The budget is based on a total projected "opening" day enrollment of 1,715 cadets with 59% 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 1,690 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 1,682; this compares to 1,700 last census date.

Spring Semester

The spring semester enrollment is budgeted to total 1,599 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 2016 is 1,641 and consists of 1,682 cadets at the fall census date and 1,599 in the spring semester. The average enrollment for FY 2015 is 1,654. **The Superintendent has approved a target average enrollment of 1,625 cadets.**

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.

Total Employment Summary

	2015		2016		Inc (Dec)		
	FTE	Dollars	FTE	Dollars	FTE	Dollars	%
State Funds							
Educational and General Program	360	31,607,000	366	32,352,000	6	745,000	2.4%
Auxiliary Program	106	6,140,000	102	5,948,000	(4)	(192,000)	-3.1%
Unique Military Program	25	2,370,000	25	2,377,000	-	7,000	0.3%
Total State Funds	491	40,117,000	493	40,677,000	2	560,000	1.4%
Local Funds							
Intercollegiate Athletics	42	3,477,000	50	3,718,000	8	241,000	6.9%
Museum Programs	10	597,000	9	591,000	(1)	(6,000)	-1.0%
Local Restricted	11	2,008,000	11	2,143,000	-	135,000	6.7%
Local Unrestricted	9	2,230,000	9	2,078,000	-	(152,000)	-6.8%
Total Local Funds	72	8,312,000	79	8,530,000	7	218,000	2.6%
Total State and Local	563	48,429,000	572	49,207,000	9	778,000	1.6%
Capital Programs							
Maintenance Reserve/Projects Ofc	9	590,000	9	614,000	-	24,000	4.1%
Total All	572	49,019,000	581	49,821,000	9	802,000	1.6%

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 2016

Department	Position	Type Change	# FTE	Note
<i>E&G Program</i>				
Physical Education	Teaching Faculty	New hire	1	1
Applied Mathematics	Teaching Faculty	New hire	1	1
Mechanical Engineering	Teaching Faculty	Buyback from Local	1	1
Comptroller's Office	Classified	New hire	1	2
O&M of Plant - Custodian	Classified	New hire	1	3
O&M of Plant - Buildings	Classified	New hire	1	3
			<u>6</u>	
<i>Auxiliary</i>				
Post Hospital	Trainers	Transfer to Athletics	(2)	4
Auxiliary Services	Admin Prof	Restore funding	1	5
Athletic Facilities	Admin Prof	Transfer to Athletics	(2)	4
Cameron Hall	Classified	Transfer to Athletics	(1)	4
			<u>(3)</u>	
<i>Intercollegiate Athletics</i>				
Sports Information	Admin Prof	New hire	1	6
Sports Information	Admin Prof	Transfer from AUX	1	4
Training and Medical	Admin Prof	Transfer from AUX	2	4
Administration	Classified	Transfer from AUX	1	4
Administration	Admin Prof	Convert PT to FT	1	6
Administration	Admin Prof	Transfer from AUX	1	4
			<u>7</u>	
<i>Private Funds</i>				
Modern Languages	Teaching Faculty	New hire	1	1
Mechanical Engineering	Teaching Faculty	Buyback to E&G	(1)	1
Museum Programs	Classified	Eliminating position	(1)	7
			<u>(1)</u>	
			<u>9</u>	

See accompanying Notes on following page

Total Employment Notes

1. Three new full-time teaching faculty positions are budgeted in FY 2016 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. A Purchasing Office employee was transferred to the Comptroller's Office in FY 2015 to help address increasing State mandates over financial accounting and reporting. This includes implementation of new accounting systems and upgrades to the State's procurement system ("eVA"). This additional position also helps ensure continuity of operations as several senior level and experienced employees have either retired recently or are planning to retire in FY 2016. Savings from the turnover in these positions will largely offset the cost of the new position.
3. A new facilities maintenance employee and housekeeper are added to help maintain Cormack Hall when it becomes operational in FY 2016. This facility is nearing completion of renovation and will be reconfigured to include being the new Physical Education Department.
4. Five existing positions budgeted in the Auxiliary Enterprises Program that support the Athletics Program are being transferred in FY 2016 to the Athletics Program budget. The positions transferred consist of a senior level administrator, two medical trainers, a sports information officer, and an administrative assistant. These positions support all cadet athletics, intramurals and club sports, but are more appropriately budgeted in the Athletics Program. The transfer in FY 2016 will help VMI to more easily comply with new State legislation pertaining to higher education athletic programs.
5. Funding for an Assistant Auxiliary Services Director position is being restored in FY 2016 after being temporarily vacant in FY 2015 due to employee turnover.
6. New NCAA and conference mandates and regulations warrant the addition of a new sports information coordinator position. The part-time business manager position for the Athletics Program is also being converted to a full-time position to help meet the demands of keeping the Program sound financially. This position was a full-time position about 3 years ago but was temporarily made part-time at the request of the incumbent who has since retired.
7. A Museum Store supervisor position at the Virginia Museum of the Civil War at New Market has been eliminated with the retirement of the former incumbent. An existing employee has been promoted to include these duties as part of efforts to reduce operating costs.

Salary Increases and Fringe Benefits

	2015	2016	Inc (dec)	%
State Appropriated Salary Increases				
Teaching Faculty	0.00%	2.00%		
Administrative and Professional Staff	0.00%	2.00%		
Classified Employees	0.00%	2.00%		
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)	12.95%	14.29%		
Optional Retirement System (ORP)--Before	10.40%	10.40%		
Optional Retirement System (ORP)--After	8.50%	8.50%		
Retiree Health Credit	1.17%	1.05%		
Social Security Rate	7.65%	7.65%		
Group Life Insurance	1.32%	1.19%		
Total for VRS Employee	23.09%	24.18%		
Total for ORP Employee--Before	20.54%	20.29%		
Total for ORP Employee--After	18.64%	18.39%		
Health Insurance (Employer share)				
Single	6,348	6,532	184	2.9%
Family	16,680	17,164	484	2.9%
Employee plus one	11,376	11,706	330	2.9%

Notes:

1. The State-initiated salary increase is effective 10 August 2015.
2. Classified employees with at least five years of service will receive an additional \$65 for each year of service up to thirty years.
3. The FY 2016 and FY 2015 Budgets include provision for salary increases to selected employees due to added responsibilities, promotions, merit, and/or market/benchmark adjustments.
4. 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. Beginning FY 2016, this salary supplement was added to most all administrative/professional employee base State salaries and no longer funded by the VMI Foundation.
5. The VMI Foundation funded 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 summaries and schedules are provided:

- ***Budget Highlights***—Provides significant notes and assumptions underlying the State Funds Budget
- ***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 major program (E&G Program, Auxiliary Enterprises Program, and Unique Military Activities Program); provides budgets by department or activity including the number of full-time employees.

State Funds 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 \$40.3 million for an increase of \$1.9 million or 4.9% over FY 2015.

(Note: Reference to FY 2015 revenues and expenditures in this memorandum pertain to "projections" for FY 2015 which may differ from the "budget". The Board of Visitors approved a budget amendment at its January 2015 meeting that revised the FY 2015 "budget" to more closely reflect "projections").

2. State general funds are budgeted of \$9.5 million for an increase of \$599,000 or 6.7% over FY 2015. This increase primarily reflects provision for the State's share of a State-initiated 2.0% increase in employee salaries, 2.9% increase in health insurance premiums, and about a 14% increase in retirement contribution rates (for employees in the Virginia Retirement System or VRS). The State general fund increase also includes restoration of \$258,000 of the State general fund "cuts" totaling \$442,000 in FY 2015.
3. Cadet tuition/other revenue (before deduction for tuition revenue used for cadet financial aid) is budgeted at \$30.8 million for an increase of \$1.3 million or 4.4% increase over FY 2015. The increase generally reflects the increase in tuition rates with some offset for the projected decrease in average enrollment and in total NVA cadets.
4. Cadet tuition revenue allocated for cadet financial aid is budgeted for \$4.1 million for an increase of \$755,000 or 23% over FY 2015. The increase mostly reflects increasing financial need of NVA cadets and a decrease in private unrestricted funds (mostly from the VMI Foundation) that had been budgeted for cadet financial aid in FY 2015. The increase also reflects some projected decline in the number of total cadets with ROTC scholarships.
5. The percentage of cadet tuition/other revenue allocated for cadet financial aid will total 13.3% compared to 11.3% in FY 2015.

Note: VMI continues to review and make changes as appropriate to its cadet financial aid program to bring it to sustainable levels. This includes decreasing the percentage of a NVA cadet financial aid "need" that VMI will cover with financial aid grants from 80% to 70% which began with new NVA cadets in FY 2015. It also includes capping total need-based financial aid grants to all NVA cadets at \$23,550 (about the tuition differential between a NVA and VA cadet) beginning in FY 2016.

6. E&G budgeted revenues and support after deducting cadet financial aid totals \$36.1 million for an increase of \$975,000 or 2.8% over FY 2015.

7. E&G personal services costs are budgeted to total \$32.4 million for a net increase of \$1.1 million or 3.4% over FY 2015. The net increase consists mostly of the following:

- 2% salary increase for all employees
- Additional salary increase for classified employees with at least 5 years of service equal to \$65 for each year of service (up to 30 years); this averages to about an additional 2% salary increase for most but not all classified employees
- 2.9% health insurance cost increase
- 14% increase in retirement contribution rates for employees in the Virginia Retirement System or VRS (this is the majority of VMI employees)
- Three new teaching faculty positions as part of VMI's "Right-Sizing" initiative to increase full-time professors and reduce reliance on part-time professors
- Three new administrative/facilities employees related mostly to conversion of Cormack Hall space to academic uses
- Transfer to the E&G Program of about 3.3% of administrative and professional faculty salary/fringe costs that normally had been funded from private unrestricted funds

The assumption of employee salary supplements reflects a \$200,000 reduction in VMI Foundation (VMIF) and VMI Development Board (VMIDB) private unrestricted income in FY 2016 and increasing program costs in the Local Unrestricted Budget.

8. E&G non-personal services costs are budgeted to total \$10.0 million for an increase of \$809,000 or 8.8% over FY 2015. The net increase includes the following:

- 5% increase in utilities and insurance costs
- Contractual services and other "unavoidable" cost increases (mostly related to facilities)
- Increase in cadet summer foreign study program costs (mostly room/board)
- \$400,000 budget to be allocated for VMI senior executive officers' budget requests (may include personal services)

9. Indirect costs recovered from the Auxiliary Enterprises and the Unique Military Activities Programs are budgeted to be \$6.9 million for an increase of \$268,000 or 4% over FY 2015.

10. E&G Contingencies are budgeted at \$800,000 for a decrease of \$500,000 over FY 2015. This budget represents about 2% of total E&G expenditures including cadet financial aid. The FY 2015 contingencies budget of \$1.3 million includes some significant one-time maintenance projects.

Auxiliary Enterprises Program

11. Auxiliary Enterprise revenues and support are budgeted to total \$19.9 million for a decrease of \$1.4 million or 6.5% over FY 2015. The decrease mostly reflects an overall net decrease in the cadet fees budgeted for the Auxiliary Enterprises Program of \$774 per cadet or 6.3%. It also reflects a reduction in average enrollment of 13 cadets.
12. The net cadet fee decrease consists of increases of about 3% in the fees covering room, board, laundry, and haircuts that are largely offset by a decrease of about 39% in the fee for cadet activities/facilities.

The decrease in the cadet activities/facilities fee reflects the reclassification of a significant portion of this fee to the cadet fee for athletics beginning in FY 2016. This reclassification results from a transfer of "athletic" related costs previously budgeted as Auxiliary Enterprises to the Athletics Program. The costs consist largely of certain employee positions and indirect costs that are more appropriately budgeted as "Athletics" than as "Auxiliary Enterprises".

Making this change beginning in FY 2016 will allow VMI to be more compatible with new State legislation pertaining to higher education Athletic Programs.

13. Auxiliary Enterprise personal services costs are projected to total \$3.6 million or about \$175,000 or 4.7% less than FY 2015. The budget provides for State-initiated employee salary and fringe benefit increases as indicated in Note #7. The budget decrease reflects the transfer of certain employee positions to the Athletics Program as described in Note #12.
14. Auxiliary non-personal services are projected to total \$9.7 million for an increase of \$338,000 or 3.6% over FY 2015. The increase mostly pertains to a 3.0% increase in cadet meal costs (ARAMARK is vendor).
15. The Auxiliary Enterprises Program share of indirect costs (payable to the E&G Program for administration and facilities support) is projected to total \$4.3 million for a decrease of \$650,000 or 13% over FY 2015. This decrease mostly reflects the transfer of indirect costs to the "Athletics Program" as described in Note #12.
16. Auxiliary contingencies are budgeted for \$800,000 or the same level as the amended FY 2015 budget.
17. Small non-capital repairs and improvements to facilities are budgeted for \$700,000 compared to \$2.6 million in FY 2015. The FY 2016 budget includes funding for the relocation of Auxiliary Services Offices from Cocke Hall to Shell/Richardson Hall. The decrease in this budget reflects VMI's use of bond financing to fund major repairs and improvements as described in Note #18.
18. Auxiliary Enterprises debt service is budgeted for \$1.3 million for an increase of about \$54,000 over FY 2015. The increase consists of the start of \$305,000 in debt service on the

first of VMI's three \$4.0 million bond financings for improvements to facilities which is offset by a \$251,000 reduction in debt service payments related primarily to Crozet Hall.

Note: VMI's three \$4.0 million bond financings through the Virginia College Building Authority (VCBA) began in FY 2014 and continue through FY 2016 with the third bond financing being taken to the Board of Visitors for approval at its January 2015 meeting. The bonds are funding repairs and improvements to Barracks (turrets, parapets, stoops, hot water/showers, and windows), Coker Hall pool, Foster Stadium, Moody Hall, McKethan Park, Heat Plant, Richardson Hall, Cameron Hall, Cabell House, and Virginia Museum of the Civil War at New Market.

Debt service on the three VCBA bond financings total about \$900,000 and are being financed with cadet fees.

19. The Auxiliary Fund Balance is projected to total \$8.9 million at the end of FY 2015, \$8.5 million at the end of FY 2016, and \$7.4 million at the end of FY 2017.
20. State guidelines indicate that the Auxiliary Fund Balance should be about \$8.0 million for FY 2016. VMI's cash flow needs and past experience indicate that a minimum balance of \$6.0 million is considered necessary and prudent.

Unique Military Activities Program (UMA)

21. UMA revenues and support are budgeted at \$7.9 million for an increase of \$159,000 or 2.1%. The total consists of \$3.64 million in State general funds and \$4.22 million in cadet fees and sales.
22. The increase consists of new State general funds of \$75,000 or 2.1% and greater cadet fee revenue of \$84,000 or 2.2%. The cadet fee revenue increase reflects an increase in the cadet UMA fee of \$60 or 2.4% that is offset by the slight decrease in average enrollment.
23. UMA personal services expenditures are budgeted for \$2.4 million for an increase of \$101,000 or 4.4% over FY 2015. This reflects provision for salary and fringe benefit increases as described in Note #7.
24. UMA non-personal services costs are budgeted for \$4.3 million for an increase of about \$24,000 or 0.6% over FY 2015. These costs consist mostly of cadet uniform purchases, (\$1.4 million) and cadet uniform maintenance and other support services (Laundry, Tailor shop, Military Store, Hospital, Regimental Band, and Armory).
25. The UMA Program's share of indirect costs (payable to the E&G Program for administration and facilities support) are budgeted for \$1.2 million for an increase of \$93,000 or 8.5% over FY 2015.

State Funds General Funds

	2015	2016	Inc (Dec)	%
<i>State General Funds--Operating</i>				
<i>Educational and General Program</i>				
State Appropriation--VMI	9,054,000	9,077,000	23,000	0.3%
New Funding ("anticipated")	300,000		(300,000)	
State funding reduction		(183,000)	(183,000)	
Restructuring Act Financial Benefits	109,000	-	(109,000)	-100.0%
State Central Allocation	282,000	620,000	338,000	119.9%
Total	9,745,000	9,514,000	(231,000)	-2.4%
<i>Unique Military Activities</i>				
State Appropriation--VMI	3,570,000	3,645,000	75,000	2.1%
New Funding ("anticipated")	250,000	-	(250,000)	
Total	3,820,000	3,645,000	(175,000)	-2.1%
<i>Cadet Financial Assistance</i>				
State Appropriation--VMI	871,000	971,000	100,000	11.5%
Total General Funds--Operating	14,436,000	14,130,000	(306,000)	-2.1%
<i>Other State Appropriations--Capital*</i>				
Equipment Trust Fund (ETF)	714,000	845,000	131,000	18.3%
Maintenance Reserve Program	790,000	1,219,000	429,000	54.3%
Total	1,504,000	2,064,000	560,000	37.2%
Total All	15,940,000	16,194,000	254,000	1.6%

* 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 State general funds budget decrease of \$231,000 or 2.4% consists primarily of the net effect of a FY 2015 State general fund reduction that exceeds FY 2016 new State funding.

The FY 2015 reduction includes \$300,000 of new State funding that was anticipated and budgeted by VMI, but was not included in the final State Budget for 2014-2016 adopted by the 2014 General Assembly in June 2014 due to a revised State revenue forecast (after the VMI Board approved VMI's FY 2015 Budget in May 2014). The FY 2015 reduction also includes a mid-year \$442,000 decrease in State general funds that was implemented by the General Assembly due to continuing projected shortfalls in State revenues; \$259,000 of this decrease was restored in FY 2016 by the 2015 General Assembly resulting in a net decrease of \$183,000.

The FY 2016 new State funding includes the State's share of a State-initiated 2% salary increase for all employees and an additional salary increase for classified employees with at least five years of service based on \$65 for each year of service ("compression" adjustment). It also includes the State's share of a mandated 14% increase in employer retirement contribution rates (for employees in the Virginia Retirement System) and a 2.9% increase in employer health insurance premiums.

Unique Military Activities

State general funds are budgeted to decrease \$175,000 or 2.1%. It consists of the net effect of a FY 2015 State general fund reduction of \$250,000 that exceeds FY 2016 new State funding of \$75,000. Similar to the E&G Program, the FY 2015 reduction consisted of \$250,000 of new State funding that was anticipated and budgeted by VMI, but was not included in the final State Budget for 2014-2016.

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. The budget increase of \$100,000 or 11.5% is based on the State's funding formula applicable to all State institutions to help make education more affordable and accessible for in-state students.

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 2015	Budget 2016	Inc (Dec)	%
<i>E&G Program</i>				
<i>Tuition--Regular Session</i>				
Gross tuition--current year	27,037,000	28,765,000	1,728,000	6.4%
Less: refunds	(364,000)	(292,000)	72,000	-19.8%
Net potential	26,673,000	28,473,000	1,800,000	6.7%
Less: uncollected	(175,000)	(150,000)	25,000	-14.3%
Net tuition	26,498,000	28,323,000	1,825,000	6.9%
 <i>Tuition--Collection of Prior Years</i>	 100,000	 100,000	 -	 0.0%
 <i>Tuition--Summer Session</i>				
First Term	747,000	606,000	(141,000)	-18.9%
Second Term	541,000	491,000	(50,000)	-9.2%
STP	420,000	450,000	30,000	7.1%
Foreign Study	320,000	512,000	192,000	60.0%
Total Summer	2,028,000	2,059,000	31,000	1.5%
 Total tuition	 28,626,000	 30,482,000	 1,856,000	 6.5%
 <i>Student Fees</i>				
Application fees	76,000	76,000	-	0.0%
Forfeited deposits	5,000	7,000	2,000	40.0%
Late fees	37,000	46,000	9,000	24.3%
Total fees	118,000	129,000	11,000	9.3%
 <i>Other Income</i>				
Interest on notes--Cadets	7,000	12,000	5,000	71.4%
Transcripts	15,000	16,000	1,000	6.7%
Energy Demand	-	35,000	35,000	
Miscellaneous	20,000	20,000	-	0.0%
Total other	42,000	83,000	41,000	97.6%
 <i>Indirect Costs & Admin Fees</i>				
Indirect Costs--grants/contracts	70,000	70,000	-	0.0%
Total indirects	70,000	70,000	-	0.0%

	Budget 2015	Budget 2016	Inc (Dec)	%
<i>Prior Year Expenses Reimbursed</i>	10,000	10,000	-	0.0%
Subtotal	28,866,000	30,774,000	1,908,000	6.6%
<i>Transfer to Cadet Financial Aid</i>	(3,000,000)	(4,100,000)	(1,100,000)	36.7%
Total E&G Program	25,866,000	26,674,000	808,000	3.1%

Auxiliary Program

Cadet Fees--Regular Session

Gross fees--current year	22,656,000	24,096,000	1,440,000	6.4%
Less: refunds	(225,000)	(195,000)	30,000	-13.3%
Net potential	22,431,000	23,901,000	1,470,000	6.6%
Less: uncollected	-	-	-	
Net collections	22,431,000	23,901,000	1,470,000	6.6%
Transfer fees to Athletics Program	(2,741,000)	(5,076,000)	(2,335,000)	85.2%
Net cadet fees	19,690,000	18,825,000	(865,000)	-4.4%

Food Service

Cadet fees-summer session	269,000	270,000	1,000	0.4%
Commission revenue-ARA	84,000	86,000	2,000	2.4%
Total food service	353,000	356,000	3,000	0.8%

Barracks

Cadet fees--summer session	232,000	222,000	(10,000)	-4.3%
Rents--summer camps/others	21,000	25,000	4,000	19.0%
Total Barracks	253,000	247,000	(6,000)	-2.4%

Military Store/Other Sales

	21,000	15,000	(6,000)	-28.6%
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Medical/Other--Cadet fees (summer)

	63,000	58,000	(5,000)	-7.9%
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Parking Fees and Fines

	46,000	38,000	(8,000)	-17.4%
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Total cadet fees/sales

	20,426,000	19,539,000	(887,000)	-4.3%
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Other Income

Rents--Post Housing	332,000	316,000	(16,000)	-4.8%
Rents-Cameron Hall	3,000	3,000	-	0.0%

	Budget 2015	Budget 2016	Inc (Dec)	%
Interest earned on Reserves	32,000	56,000	24,000	75.0%
Miscellaneous	15,000	33,000	18,000	120.0%
Total Other	382,000	408,000	26,000	6.8%
Subtotal	20,808,000	19,947,000	(861,000)	-4.1%
Add: Transfer in from Reserves	404,000	431,000	27,000	6.7%
Total AUX Program	21,212,000	20,378,000	(834,000)	-3.9%

Unique Military Activities

Cadet Fees

Gross fees--current year	4,004,000	4,179,000	175,000	4.4%
Less: refunds	(47,000)	(40,000)	7,000	-14.9%
Net potential	3,957,000	4,139,000	182,000	4.6%
Less: uncollected				
Net cadet fees	3,957,000	4,139,000	182,000	4.6%

Sales and Other Income

Military Store Sales	88,000	84,000	(4,000)	-4.5%
Total UMA	4,045,000	4,223,000	178,000	4.4%

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 \$1.7 million or 6.4% and is attributed mostly to tuition increases of 8.5% for in-state cadets and 5.4% 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.

Write-Off of 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 no accounts greater than \$2,500 that are proposed for write-off by the Board. However, the Superintendent is expected to approve the write-off of eight former cadet accounts during FY 2015 that are under \$2,500 each (ranging from \$48 to \$2,365) and that total \$6,149.

VMI expends considerable effort to collect delinquent accounts including sending them to VMI's outside collection agency or the Office of the Attorney General for help in collection. Once they are deemed uncollectible, they are proposed for write-off in accordance with VMI's policy. However, VMI will continue to hold official transcripts until full payment is received from the former cadets.

Tuition Revenue—Summer Session

Summer session tuition revenue is budgeted to increase \$31,000 or 1.5%. It reflects an average tuition increase of about 5.4% that is offset by a decrease in budgeted enrollment to bring it closer to actual enrollment in summer 2014. The increase in foreign study tuition revenue reflects growth in the number of programs.

Transfer to Cadet Financial Aid

Tuition revenue used to fund cadet financial aid is budgeted at \$4.1 million for an increase of \$1.1 million or 37% over the FY 2015 budget. The actual cost for FY 2015 was about \$3.3 million making the FY 2016 budget increase about \$756,000 or 23% over the FY

2015 actual. The increase is due to the increasing need of all cadets especially out-of-state cadets.

VMI's Admissions and Financial Aid Task Force meets regularly 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 providing some savings in financial aid costs but requires 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 \$1.4 million or 6.4%. This reflects an increase of \$614 or 4.3% in total cadet auxiliary fees consisting of room, board, athletic, medical, cadet activities/facilities, debt service, laundry/dry cleaning, and haircuts. It also reflects an increase in budgeted average enrollment of 1.9%.

Athletic fee revenue is transferred to the Intercollegiate Athletics Program which operates as a Local auxiliary activity. The increase in fees transferred to the Athletics Program reflects the reclassification of a significant portion of auxiliary cadet fees to the cadet fee for athletics beginning in FY 2016. This reclassification results from a transfer of "athletic" related costs previously budgeted as Auxiliary Enterprises to the Athletics Program. The costs consist largely of certain employee positions and indirect costs that are more appropriately budgeted as "Athletics" than as "Auxiliary Enterprises".

Cadet Fee Revenue—Summer Session

The summer session food service and Barracks cadet fee revenue budgets consist of fee increases from 3% to 4% offset by a decrease in budgeted cadet enrollment to bring it closer to actual summer 2014.

Rents on Housing

Rent revenue budgeted for VMI Post Housing reflects the anticipated vacancy of certain units while improvements are made to the housing during the year.

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 2016 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 \$431,000 for FY 2016 and is needed to help fund small capital project improvements and repairs.

VMI's Auxiliary Fund Balance is projected to approximate \$8.9 million at 30 June 2015 and \$8.5 million at 30 June 2016. 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 2016 to be about \$8.0 million.

Unique Military Activities Program

Cadet Fee Revenue

Cadet fee revenue before refunds are budgeted to increase \$175,000 or 4.4%. This reflects an increase of 2.4% in the cadet UMA fee and a 1.9% increase in average enrollment. The cadet UMA fee totals \$2,522 for FY 2016 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	2015	%	2016	%	Inc (Dec)	%
Instruction	17,262,000	48.5%	17,802,000	49.2%	540,000	3.1%
Public Service	92,000	0.3%	96,000	0.3%	4,000	4.3%
Academic Support	5,829,000	16.4%	5,918,000	16.4%	89,000	1.5%
Cadet Services	2,686,000	7.5%	2,766,000	7.6%	80,000	3.0%
Institutional Support	4,938,000	13.9%	4,680,000	12.9%	(258,000)	-5.2%
Physical Plant	4,804,000	13.5%	4,926,000	13.6%	122,000	2.5%
Total E&G Program	35,611,000	100.0%	36,188,000	100.0%	577,000	1.6%

Notes:

1. The percentage of E&G Program funds allocated for Instruction, Academic Support and Cadet Services totals 73.2% in 2016 compared to 72.3% in 2015.
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 a State-initiated 2% salary increase and mandatory increases in retirement contribution rates and health insurance premiums.
3. The decrease in Institutional Support costs primarily reflects the budgeting in FY 2015 of a one-time 2% employee bonus (however, the bonus was not paid due to reductions in State funding that occurred later in the year).

E&G Program

Revenue and Expenditure Budget Changes

FY 2016 Compared to FY 2015

Revenue Increase (Decrease)

General Funds

FY 2015 GF appropriation short of VMI Budget (mostly new funds that were omitted in final State Budget due to revenue shortfalls)	(386,000)	
FY 2015 State "cuts" (\$442,000 less FY 2016 restoration of \$259,000)	(183,000)	
State share of FY 2016 salary and fringe benefit increases	<u>338,000</u>	
Total General Funds		(231,000)

Cadet Tuition/Other Income

Tuition rate increase for in-state cadets (8.5%)	630,000	
Tuition rate increase for out-of-state cadets (5.4%)	1,067,000	
Net enrollment increase for in-state cadets	301,000	
Net enrollment decrease for out-of-state cadets	(270,000)	
Tuition revenue--Summer School (5.4% tuition increase net of overall enrollment decrease)	31,000	
Decrease in refunds and uncollected tuition at year end	97,000	
Less increase in tuition allocated for Cadet Financial Aid	(1,100,000)	
Net increase (decrease) in other revenue	<u>52,000</u>	
Total Cadet Tuition/Other Income		<u>808,000</u>

Total Revenue Increase (Decrease)

577,000

Expenditures Increase (Decrease)

Personal Services:

State-initiated 2% VMI employee salary increase plus compression adjustment for classified employees (effective 10 August 2015)	537,000	
State-mandated employer retirement plan rate increase (14%)	190,000	
State-mandated employer health insurance rate increase (2.9%)	105,000	
Less FY 2015 employee bonuses budgeted (2%)	(453,000)	
Increase in full-time teaching faculty positions ("Right-Sizing")	149,000	
Addition of three new employees (administration/facilities)	94,000	
Transfer-in portion of administrative/professional faculty salary costs previously funded in Local Unrestricted Budget	197,000	
Increase in part-time wage budgets	83,000	
Increase in employee vacancy savings	(24,000)	
Net other adjustments (mostly employee turnover savings)	<u>(134,000)</u>	
Total Personal Services		744,000

Non-Personal Services:

Reductions in departmental budgets due to FY 2015 State "cuts"	(275,000)	
Funds held for allocation (includes possible salaries/bonuses)	400,000	
Summer Foreign Study Program growth	102,000	
Increase in utilities/insurances	110,000	
Increase in facilities maintenance	50,000	
Increase support for Center for Leadership and Ethics	10,000	
Net other budget adjustments	4,000	
Total Non-Personal Services		401,000
<i>Contingencies Budget--Decrease to \$800,000</i>		(300,000)
<i>Indirect Costs--Increase Recoveries from Auxiliary and UMA Programs</i>		<u>(268,000)</u>
Total Expenditures Increase (Decrease)		<u><u>577,000</u></u>

**Auxiliary Enterprises Budget
Revenue and Expenditure Budget Changes
FY 2016 Compared to FY 2015**

Revenue Increase (Decrease)

Cadet fees revenue--rate increase (\$614 per cadet or 4.4%)	1,014,000	
Cadet fees revenue--enrollment increase/improved attrition	456,000	
Less athletic fee portion of rate and enrollment increase	(2,335,000)	
Decrease in Summer Session revenues (adjust budget to actuals)	(5,000)	
Increase interest income on Auxiliary cash balances paid by State	24,000	
Decrease in employee housing rental income	(16,000)	
Increase in use of Auxiliary Fund Balance	27,000	
Net other changes	1,000	
Total Revenue Increase (Decrease)		<u>(834,000)</u>

Expenditures Increase (Decrease)

Personal Services

State-initiated 2% VMI employee salary increase plus compression adjustment for classified employees (effective 10 August 2015)	62,000	
State-mandated employer retirement plan rate increase (14%)	12,000	
State-mandated employer health insurance rate increase (2.9%)	10,000	
Less FY 2015 employee bonuses budgeted (2%)	(54,000)	
Transfer employees to Athletics Program	(245,000)	
Transfer Chaplain admin assistant to Local Funds	(16,000)	
Net employee turnover savings	(43,000)	
Increase in salary contingencies	10,000	
Increase in vacancy savings	(5,000)	
Total Personal Services		(269,000)

Nonpersonal Services

Food Service--cadet meals (3.0% rate increase)	315,000	
Facilities operations/maint cost increases (Barracks/Athletics/Housing)	54,000	
Net cost decrease in cadet support services	(6,000)	
Net decrease in cadet activities costs (mostly Corps Trip)	(17,000)	
Decrease in indirect costs payable to E&G Program	(646,000)	
Net change in debt service costs	61,000	
Increase contingencies budget to \$800,000	150,000	
Reduce small capital/maintenance budget to \$700,000	(470,000)	
Net other changes	(6,000)	
Total Nonpersonal Services		<u>(565,000)</u>

Total Expenditures Increase (Decrease) **(834,000)**

**State Funds
E&G Expenditures**

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
<i>Instruction</i>														
Biology	11	635,147	269,333	904,480	18,000	1,295	3,000	790	1,000	928,565	880,690	47,875	5.4%	1
Chemistry	10	590,843	259,554	850,397	13,790	1,000	7,000	1,294	1,000	874,481	846,018	28,463	3.4%	
Physics/Astronomy	8	463,504	194,786	658,290	4,300	600	4,587	800	950	669,527	651,192	18,335	2.8%	
Civil Engineering	12	875,063	353,115	1,228,178	4,500	500	2,790	100	-	1,236,068	1,124,964	111,104	9.9%	1
Mechanical Engineering	11	858,195	346,834	1,205,029	10,000	500	5,502	2,050	3,000	1,226,081	1,119,127	106,954	9.6%	1
Electrical Engineering	9	704,399	256,130	960,529	3,762	-	1,700	400	800	967,191	938,837	28,354	3.0%	
Applied Mathematics	12	715,167	293,522	1,008,689	3,300	3,500	10,519	1,400	2,800	1,030,208	1,007,740	22,468	2.2%	
Computer Info Science	5	335,649	133,253	468,902	500	1,500	3,500	1,500	-	475,902	473,725	2,177	0.5%	
English, Rhetoric, Hinn S	14	809,727	373,811	1,183,538	2,400	-	1,754	-	2,000	1,189,692	1,176,339	13,353	1.1%	
History	13	826,394	336,932	1,163,326	2,600	-	1,000	-	695	1,167,621	1,123,019	44,602	4.0%	
Internatl Studies	9	550,071	217,103	767,174	1,700	260	2,500	-	2,464	774,098	736,678	37,420	5.1%	1
Economics	14	1,148,375	420,703	1,569,078	2,350	100	4,019	200	-	1,575,747	1,543,808	31,939	2.1%	
Modern Language	11	634,497	290,985	925,482	7,000	4,000	4,406	800	2,000	943,688	928,901	14,787	1.6%	
Psychology	9	519,033	235,666	754,699	3,100	3,500	8,416	-	200	769,915	751,800	18,115	2.4%	
Physical Education	7	410,664	182,600	593,264	6,000	300	2,000	1,091	850	603,505	592,685	10,820	1.8%	
ROTC - Army	4	148,698	59,449	208,147	250	2,500	4,460	-	600	215,957	208,924	7,033	3.4%	
ROTC - Navy	1	27,625	24,324	51,949	500	-	3,381	320	-	56,150	54,597	1,553	2.8%	
ROTC - Air Force	1	31,956	14,259	46,215	3,269	500	600	-	-	50,584	48,364	2,220	4.6%	
ROTC - Army FTX	-	-	-	-	1,000	-	3,120	-	-	4,120	4,500	(380)	-8.4%	

**State Funds
E&G Expenditures**

Department	FTE	Salaries & Fringe		Supplies	Travel	Contract			2016 Total	2015 Total	Inc (Dec)	%	Notes
		Wages	Benefits			Salaries & Fringes	Services	Equip					
ROTC - Navy FTX	-	-	-	650	3,500	500	-	1,750	6,400	7,000	(600)	-8.6%	
ROTC - AF FTX	-	-	-	3,300	4,500	5,000	-	-	12,800	14,000	(1,200)	-8.6%	
CEE-FTX	-	-	-	3,400	-	-	-	-	3,400	7,000	(3,600)	-51.4%	
Writing Center	-	22,093	1,690	23,783	-	-	-	-	23,783	23,394	389	1.7%	
MERC	1	40,667	24,643	65,310	2,000	1,000	1,580	-	69,890	67,603	2,287	3.4%	
Undergrad Research	-	9,300	711	10,011	3,000	500	-	160	13,671	14,011	(340)	-2.4%	
Teacher Education	-	18,360	1,405	19,765	-	-	-	-	19,765	23,091	(3,326)	-14.4%	
Elect Maint Shop	-	-	-	1,000	-	250	120	-	1,370	1,500	(130)	-8.7%	
Metal Shop	1	37,856	26,797	64,653	960	-	-	-	65,613	64,043	1,570	2.5%	
PT Faculty-Reg Ses	-	857,154	65,572	922,726	-	-	-	-	922,726	907,599	15,127	1.7%	
PT Faculty-Sum Ses	-	375,000	28,688	403,688	-	-	-	-	403,688	441,365	(37,677)	-8.5%	2
PT Faculty-STP	-	115,000	8,798	123,798	-	-	-	-	123,798	123,798	-	0.0%	
PT Faculty-Sum FS	-	136,000	10,404	146,404	50,000	264,300	-	-	460,704	303,803	156,901	51.6%	2
Equipment Lease	-	-	-	-	-	-	-	88,700	88,700	88,700	-	0.0%	3
Dean's Discretionary	-	-	-	20,000	30,000	225,314	82,000	5,000	362,314	435,014	(72,700)	-16.7%	4
Dean Faculty Research	-	-	-	-	-	40,000	-	-	40,000	-	40,000	-	
Dean's Faculty Funds	2	253,487	96,130	349,617	-	-	-	-	349,617	441,015	(91,398)	-20.7%	1
Dean's Software	-	-	-	-	-	25,000	41,300	-	66,300	72,500	(6,200)	-8.6%	
Dean's Faculty Travel	-	-	-	-	8,100	-	-	-	8,100	15,000	(6,900)	-46.0%	
Total Instruction	164	12,149,924	4,527,197	16,677,121	122,631	116,155	636,118	113,969	17,801,739	17,262,344	539,395	3.1%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
Museum	1	74,089	20,641	94,730	500	-	1,200	-	-	96,430	92,324	4,106	4.4%	
Total Public Serv	1	74,089	20,641	94,730	500	-	1,200	-	-	96,430	92,324	4,106	4.4%	
<i>Academic Support</i>														
Preston Library	13	729,540	291,915	1,021,455	15,000	3,000	80,000	278,845	4,000	1,402,300	1,372,609	29,691	2.2%	
Info Technology	19	1,197,798	521,447	1,719,245	3,000	10,000	717,416	191,000	5,000	2,645,661	2,551,637	94,024	3.7%	
Dean of Faculty	6	597,398	172,621	770,019	2,000	2,000	4,000	1,000	969	779,988	770,352	9,636	1.3%	
Inst Research/Analysis	4	274,920	103,647	378,567	6,500	2,500	6,500	2,500	4,640	401,207	401,916	(709)	-0.2%	
Internat'l Programs	2	118,478	31,684	150,162	3,000	8,000	9,660	1,000	-	171,822	205,295	(33,473)	-16.3%	5
Clr Leadership & Ethics	-	-	-	-	-	-	110,000	-	-	110,000	100,000	10,000	10.0%	6
Sum Sch Adm--Reg	-	124,645	17,356	142,001	1,000	-	2,027	-	-	145,028	159,530	(14,502)	-9.1%	
Sum Sch Adm--STP	-	-	-	-	4,652	500	-	-	-	5,152	5,152	-	0.0%	
Dean-New Fac Uniforms	-	-	-	-	-	-	-	-	-	-	-	-	-	
Institute Assessmt	-	20,740	1,587	22,327	15,000	10,000	33,400	2,000	-	82,727	86,461	(3,734)	-4.3%	
Program Review	-	-	-	-	-	4,000	4,000	-	1,150	9,150	10,000	(850)	-8.5%	
Inst Writing Program	-	-	-	-	1,400	1,500	5,500	100	1,000	9,500	10,400	(900)	-8.7%	
Inst Honors Program	-	17,733	1,357	19,090	200	300	500	-	-	20,090	20,276	(186)	-0.9%	
Chief Information Ofc	-	-	-	-	1,000	-	6,000	1,000	-	8,000	8,000	-	0.0%	
VMIRL Support	-	-	-	-	-	-	55,000	-	-	55,000	55,000	-	0.0%	
Cadet Assist-Instruction	-	39,124	-	39,124	-	-	-	-	-	39,124	38,483	641	1.7%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
Media Services	-	-	-	-	-	-	15,400	3,000	-	18,400	18,400	-	0.0%	
Moving/Relocation	-	-	-	-	-	15,000	-	-	-	15,000	15,000	-	0.0%	
Total Acad Supt	44	3,120,376	1,141,614	4,261,990	52,752	56,800	1,049,403	480,445	16,759	5,918,149	5,828,511	89,638	1.5%	
<i>Student Services</i>														
Admissions	12	627,354	271,408	898,762	15,000	35,000	395,000	2,000	5,000	1,350,762	1,321,537	29,225	2.2%	
Financial Aid	3	224,905	89,747	314,652	1,500	1,500	2,000	-	-	319,652	302,256	17,396	5.8%	
Registrar	5	298,615	97,966	396,581	9,595	500	10,400	-	2,000	419,076	396,739	22,337	5.6%	7
Cadet Counseling	2	104,044	43,711	147,755	3,000	1,000	2,000	-	-	153,755	151,920	1,835	1.2%	
Disabilities Services	-	40,525	10,005	50,530	2,000	-	1,500	-	-	54,030	51,187	2,843	5.6%	
Miller Academic Center	1	34,058	18,449	52,507	2,954	1,890	3,294	-	-	60,645	61,475	(830)	-1.4%	
Career Services	4	199,272	89,008	288,280	4,640	5,000	5,000	-	-	302,920	297,336	5,584	1.9%	
Cadet Assist-Other	-	89,087	2,042	91,129	-	-	-	-	-	91,129	89,635	1,494	1.7%	
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	1,617,860	622,336	2,240,196	42,189	44,890	429,694	2,000	7,000	2,765,969	2,686,085	79,884	3.0%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract			2016 Total	2015 Total	Inc (Dec)	%	Notes
							Services	Equip	Other					
<i>Institutional Support</i>														
Board of Visitors	-	-	-	-	2,000	13,000	7,000	-	-	22,000	22,000	-	0.0%	
Superintendent	6	533,172	164,526	697,698	3,000	1,000	13,000	2,000	3,000	719,698	688,626	31,072	4.5%	
Chief of Staff	-	-	-	-	2,000	2,000	4,500	-	-	8,500	9,500	(1,000)	-10.5%	
Finance and Admin	6	576,038	188,824	764,862	5,800	5,600	9,000	200	6,000	791,462	773,078	18,384	2.4%	
Treasurer	3	253,851	114,222	368,073	300	-	2,000	-	300	370,673	393,001	(22,328)	-5.7%	8
Comptroller	12	587,834	290,089	877,923	5,000	2,000	13,000	2,540	1,500	901,963	790,167	111,796	14.1%	8
Human Resources	5	288,083	135,371	423,454	3,000	500	10,000	600	400	437,954	414,383	23,571	5.7%	8
Purchasing	4	182,128	77,261	259,389	800	2,500	3,500	200	-	266,389	265,791	598	0.2%	
Communications/Mkt	8	503,709	206,508	710,217	6,000	7,700	56,475	4,000	2,000	786,392	741,343	45,049	6.1%	
Post Security	10	429,299	271,191	700,490	13,500	15,000	8,400	2,600	500	740,490	736,746	3,744	0.5%	
Protocol	2	79,848	42,966	122,814	2,200	500	500	500	2,000	128,514	123,594	4,920	4.0%	
Post Mail	3	92,636	45,815	138,451	8,000	-	145,000	6,500	10,500	308,451	302,046	6,405	2.1%	
Post Transportation	2	63,520	44,709	108,229	100,500	13,200	2,000	800	-	224,729	221,285	3,444	1.6%	
Legislative Affairs	-	-	-	-	200	14,800	1,400	500	-	16,900	16,900	-	0.0%	
Title IX	-	12,240	936	13,176	1,800	5,000	18,500	1,000	-	39,476	39,476	-	0.0%	
Institute Planning	-	-	-	-	800	500	5,000	700	-	7,000	8,000	(1,000)	-12.5%	
Telephone	-	-	-	-	-	-	126,000	-	-	126,000	126,000	-	0.0%	
Central Dispatch	-	-	-	-	-	-	74,000	-	-	74,000	74,000	-	0.0%	
Duplicating	-	-	-	-	40,000	-	18,000	2,000	20,000	80,000	88,000	(8,000)	-9.1%	
Printer Services	-	-	-	-	-	-	40,000	-	-	40,000	40,000	-	0.0%	

**State Funds
E&G Expenditures**

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
Printing/Publications	-	-	-	-	4,000	-	29,100	5,000	1,000	39,100	39,100	-	0.0%	
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%	9
State Fees ("eVA")	-	-	-	-	-	-	-	-	5,000	5,000	5,000	-	0.0%	
State Fees ("ORP")	-	-	-	-	-	-	3,200	-	-	3,200	3,200	-	0.0%	
Credit Card Discounts	-	-	-	-	-	-	12,000	-	-	12,000	12,000	-	0.0%	
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	-	-	-	44,000	49,000	24,000	25,000	104.2%	10
Commercement	-	-	-	-	1,000	-	8,000	-	1,000	10,000	10,000	-	0.0%	
Vacancy Savings	-	(82,000)	(34,000)	(116,000)	-	-	-	-	-	(116,000)	(116,000)	-	0.0%	11
Contingencies	-	-	-	-	50,000	25,000	625,465	100,000	400,000	1,200,465	1,100,000	100,465	9.1%	12
Salary Adjustments	-	60,000	12,174	72,174	-	-	-	-	-	72,174	210,945	(138,771)	-65.8%	13
Bonuses	-	-	-	-	-	-	-	-	-	-	453,000	(453,000)	-100.0%	13
Subtotal	60	3,580,358	1,560,592	5,140,950	259,400	109,300	1,641,912	129,140	677,200	7,957,902	8,207,553	(249,651)	-3.0%	

**State Funds
E&G Expenditures**

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
Recoveries-Athletics	-	(338,000)	(145,000)	(483,000)	(20,000)	(8,000)	(95,000)	(3,000)	(26,000)	(635,000)	(288,000)	(347,000)	120.5%	
Recoveries-Aux	-	(1,009,000)	(432,000)	(1,441,000)	(59,000)	(24,000)	(285,000)	(8,000)	(78,000)	(1,895,000)	(2,299,000)	404,000	-17.6%	
Recoveries -UMA	-	(364,000)	(156,000)	(520,000)	(21,000)	(8,000)	(103,000)	(3,000)	(28,000)	(683,000)	(618,000)	(65,000)	10.5%	
UMA (Demands)	-	(60,000)	(5,000)	(65,000)	-	-	-	-	-	(65,000)	(65,000)	-	0.0%	
Total Recoveries		(1,771,000)	(738,000)	(2,509,000)	(100,000)	(40,000)	(483,000)	(14,000)	(132,000)	(3,278,000)	(3,270,000)	(8,000)	0.2%	14
Total Instit Support	60	1,809,358	822,592	2,631,950	159,400	69,300	1,158,912	115,140	545,200	4,679,902	4,937,553	(257,651)	-5.2%	
<i>Physical Plant</i>														
Administration	7	437,860	156,692	594,552	6,000	4,000	12,000	-	6,000	622,552	607,904	14,648	2.4%	
Construction Office	2	129,282	41,695	170,977	-	-	-	-	-	170,977	161,689	9,288	5.7%	
Bldg Repair/Maint	27	996,800	583,016	1,579,816	235,000	6,000	702,000	4,000	2,000	2,528,816	2,349,288	179,528	7.6%	15
Custodial Service	17	357,028	220,721	577,749	81,600	-	500	10,500	-	670,349	600,506	69,843	11.6%	15
Energy Savings/Demand	-	0	0	-	25,000	-	-	-	-	25,000	-	25,000		
Grounds Maintenance	10	253,249	172,640	425,889	41,400	100	69,000	13,500	1,000	550,889	518,762	32,127	6.2%	15
Heating Plant	4	139,048	95,204	234,252	30,500	2,000	28,000	3,000	-	297,752	304,788	(7,036)	-2.3%	
Utilities	-	-	-	-	889,000	-	-	-	1,936,000	2,825,000	2,755,000	70,000	2.5%	
Property Insurance	-	-	-	-	-	-	-	-	360,000	360,000	345,000	15,000	4.3%	
Plant Contingencies	-	-	-	-	46,000	-	76,000	3,000	-	125,000	200,000	(75,000)	-37.5%	4
Part-time wages	-	255,288	19,530	274,818	-	-	-	-	-	274,818	277,174	(2,356)	-0.9%	16
Alumni Hall Maint	2	51,202	36,557	87,759	6,000	-	400	-	-	94,159	89,948	4,211	4.7%	
Special Projects	-	69,780	5,338	75,118	3,600	500	23,000	1,700	1,200	105,118	35,000	70,118	200.3%	

**State Funds
E&G Expenditures**

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	%	Notes
Vacancy Savings	-	(60,000)	(24,000)	(84,000)	-	-	-	-	-	(84,000)	(60,000)	(24,000)	40.0%	11
Subtotal	69	2,629,537	1,307,393	3,936,930	1,364,100	12,600	910,900	35,700	2,306,200	8,566,430	8,185,059	381,371	4.7%	
Recoveries-UMA Kil/Par	-	-	-	-	(57,000)	-	(55,000)	-	(94,000)	(206,000)	(199,000)	(7,000)	3.5%	
Recoveries-UMA	-	(70,000)	(35,000)	(105,000)	(36,000)	(1,000)	(24,000)	(1,000)	(61,000)	(228,000)	(206,000)	(22,000)	10.7%	
Recoveries-Athletics	-	(248,000)	(122,000)	(370,000)	(128,000)	(1,000)	(86,000)	(3,000)	(217,000)	(805,000)	(332,000)	(473,000)	142.5%	
Recoveries-Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Recoveries-Aux	-	(740,000)	(364,000)	(1,104,000)	(383,000)	(3,000)	(255,000)	(10,000)	(647,000)	(2,402,000)	(2,644,000)	242,000	-9.2%	
Total Recoveries	69	(1,058,000)	(521,000)	(1,579,000)	(604,000)	(5,000)	(420,000)	(14,000)	(1,019,000)	(3,641,000)	(3,381,000)	(260,000)	7.7%	14
Total Physical Plant	69	1,571,537	786,393	2,357,930	760,100	7,600	490,900	21,700	1,287,200	4,925,430	4,804,059	121,371	2.5%	
<i>E&G Summary</i>														
Before recoveries	366	23,172,144	9,179,773	32,351,917	1,841,572	339,745	4,669,227	783,030	3,121,128	43,106,619	42,261,876	844,743	2.0%	
Recoveries		(2,829,000)	(1,259,000)	(4,088,000)	(704,000)	(45,000)	(903,000)	(28,000)	(1,151,000)	(6,919,000)	(6,651,000)	(268,000)	4.0%	
Total E&G	366	20,343,144	7,920,773	28,263,917	1,137,572	294,745	3,766,227	755,030	1,970,128	36,187,619	35,610,876	576,743	1.6%	

State Funds

E&G Expenditure Notes

1. Departmental budget increases or decreases can consist of changes in the number of full-time faculty to meet student demand and to faculty coming back from sabbatical. They can also reflect changes in faculty salaries due to promotions, market adjustments, or turnover (retirement or resignations). The Dean's Faculty Funds budget supplements funding for new and part-time faculty salaries in the academic departments. For FY 2016, it includes \$149,000 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.

Note: The Budgets for all departments with personal services include a 2% State-initiated employee salary increase effective 10 August 2015. They also include increases in the employer retirement contributions rate (for employees in the Virginia Retirement System or VRS) and in health insurance premiums.

2. The part-time faculty budgets for the summer session (regular session and foreign study) reflect an adjustment to bring the budgets closer to the actual costs for summer 2014 and to expected costs for summer 2015. The budget for summer foreign study especially reflects growth in the numbers of programs abroad.
3. 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 \$14.5 million from the ETF since its inception in 1987. VMI is appropriated \$714,000 for FY 2016 or the same as in FY 2015. This program primarily funds instructional equipment, but can also be used for operating hardware and software for administrative computing systems and office computers.
4. The Dean's discretionary budget and the Plant contingencies budget (for facilities maintenance) were decreased due to a reduction in State funds in FY 2015. Many other department budgets were also decreased due to the State funds reduction, but other cost increases for FY 2016 offset these cuts.
5. The International Programs budget decrease reflects the transfer of an administrative position to an instructional department.
6. The Center for Leadership and Ethics budget increase 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.
7. The Registrar's budget increase reflects a management change beginning in FY 2016 of funding the full cost of administrative and professional staff salaries from State programs (E&G, Auxiliary Enterprise, or Unique Military Activities). Previously, 3.3% of all

administrative and professional staff salaries were funded from private unrestricted funds from the VMI Foundation (VMIF). However, in FY 2015 the VMIF began shifting more of its unrestricted funds available to VMI to pay for increasing debt service costs on bonds that were issued on VMI's behalf for construction and renovation capital projects in past years. This results in a reduction in unrestricted funds for VMI programs and operations that has necessitated that costs such as the funding of a portion of staff salaries expense be transferred to VMI's State programs.

8. The Treasurer, Comptroller, and Human Resources departmental budget changes reflect employee turnover savings, the addition of an accounting position, and some salary increases.
9. 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).
10. The Trash budget increase reflects a landfill rate increase by the county.
11. Vacancy savings reflect expected savings from staff turnover and are based on past experience.
12. Contingencies are generally budgeted to mitigate revenue shortfalls and provide for emergencies and other unforeseen costs. The E&G contingency budget totals \$1.20 million for FY 2016 and includes \$400,000 set aside to address various requests for additional funding by the senior executive officers. These requests include more funding for part-time faculty, computer and network maintenance, student services, and other cost increases. The balance of \$800,000 represents about 2% of total E&G expenditures (to include student financial aid). VMI also budgets for contingencies in its Auxiliary Enterprises Program (\$800,000), and Local Unrestricted Funds Budget (\$100,000) bringing total contingency budgets to about \$1.70 million (compared to \$1.85 million in FY 2015).
13. The Salary Adjustments budget reflects funding for salary increases and/or bonuses that the Superintendent may approve in FY 2016 based on merit, increasing job responsibilities, and/or benchmark adjustments. The FY 2016 budget is less than in FY 2015 due in part to the 2% State-initiated salary increase effective 10 August 2015; there were no State-initiated salary increases in FY 2015 although provision was made for a 2% VMI employee bonus. (Note: the bonus was eliminated due to reductions in State funding in FY 2015).
14. 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 2016 recoveries or indirect costs budgets reflect a total increase of \$268,000 or 4% over FY 2015. 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.

15. The Building Repairs and Maintenance, Custodial Services, and Grounds Maintenance budgets include an increase of two positions to support the newly renovated Cormack Hall, some salary increases, and cost increases for contractual services (primarily for HVAC preventive maintenance).
16. The Part-time wages budget is increased to bring the budget closer to actual costs for part-time employees in housekeeping, custodial, and grounds maintenance. This budget also funds overtime pay.

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Food Service		-	-	-	-	30,000	-	6,434,000	140,000	2,000	6,606,000	6,291,000	315,000	1
Food Service Maint	1	24,907	23,667	-	48,574	35,000	-	97,000	2,000	36,000	218,574	160,000	58,574	1
Barracks Maintenance	16	429,331	249,480	-	678,811	170,000	-	174,000	85,000	3,000	1,110,811	1,108,966	1,845	2
Barracks Utilities		-	-	-	-	-	-	10,000	-	330,000	340,000	340,000	-	
Barracks Network	2	98,877	45,244	-	144,121	-	-	71,000	4,000	1,000	220,121	216,014	4,107	
Military Store	8	292,666	135,745	(406,990)	21,421	16,000	500	500	-	1,000	39,421	51,628	(12,207)	3
Tailor Shop	11	293,641	205,420	(499,061)	-	-	-	-	-	-	-	-	-	4
Laundry/Pressing	30	651,540	494,149	(859,267)	286,422	6,000	-	-	8,000	19,000	319,422	298,868	20,554	5
Barber Shop	2	230,895	38,466	-	269,361	12,000	-	4,000	3,000	2,000	290,361	278,111	12,250	
Student Health	10	546,398	245,475	(589,945)	201,928	11,000	-	3,000	-	3,000	218,928	233,172	(14,244)	6
Cadet Insurance		-	-	-	-	-	-	-	-	350,000	350,000	350,000	-	7
Student Union	4	236,412	101,995	-	338,407	17,500	6,000	12,000	5,000	6,000	384,907	388,577	(3,670)	8
Cadet Programs	-	176,031	13,466	-	189,497	65,000	240,000	118,000	60,000	4,000	676,497	673,391	3,106	8
Career Services		-	-	-	-	1,000	-	-	-	-	1,000	1,000	-	
Cadet Counseling	1	90,121	28,512	-	118,633	15,000	-	20,000	4,600	5,000	163,233	164,114	(881)	9
Corps Trips		-	-	-	-	-	110,000	-	-	-	110,000	125,000	(15,000)	10
Glee Club	-	21,799	1,668	-	23,467	500	7,000	1,500	-	1,000	33,467	51,038	(17,571)	11

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Academic Clubs					-	500	2,450	3,000	-	-	5,950	6,500	(550)	
Honor Court	-	33,755	2,582	-	36,337	500	-	2,000	2,000	500	41,337	40,883	454	
Inspector General	1	79,554	16,622	-	96,176	-	-	-	-	-	96,176	90,593	5,583	
Parents Council					-	500	500	5,500	-	-	6,500	7,500	(1,000)	
Post Housing-Maint	4	145,737	83,591	-	229,328	25,000	-	161,000	5,000	1,000	421,328	413,080	8,248	
Post Housing-Utilities					-	-	-	5,000	-	97,000	102,000	102,000	-	
Cameron Hall-Oper	1	53,177	27,379	-	80,556	2,000	-	13,000	5,000	8,000	108,556	133,268	(24,712)	12
Cameron Hall-Maint					-	10,000	-	40,000	-	-	50,000	50,000	-	
Athletic Facilities/Support	3	120,677	39,849	-	160,526	90,000	500	123,000	3,500	2,000	379,526	601,473	(221,947)	12
Weight Room					-	10,637	1,000	1,000	16,000	1,000	67,302	66,330	972	
MLFTG Maintenance					-	5,000	-	5,000	-	-	10,000	70,467	(60,467)	12
Auxiliary-Admin	3	156,343	65,227	-	221,570	20,000	2,000	10,000	-	8,000	261,570	277,291	(15,721)	13
Master Planning					-	-	-	10,000	-	-	10,000	10,000	-	
COOP	1	50,833	29,936	-	80,769	1,000	100	3,000	900	-	85,769	5,000	80,769	13
Post Security	2	160,254	54,597	-	214,851	5,500	-	15,000	8,000	2,500	245,851	244,399	1,452	14
State Fees ("eVA")					-	-	-	-	-	10,000	10,000	10,000	-	

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Museum Support	2	71,536	48,135	-	119,671	10,000	-	-	52,791	-	182,462	178,160	4,302	15
Indirect Costs-E&G					-	-	-	4,297,000	-	-	4,297,000	4,943,000	(646,000)	16
Contingencies		40,000	6,569	-	46,569	20,000	2,000	300,000	150,000	328,000	846,569	650,000	196,569	17
Salary Contingencies					-	-	-	-	-	-	-	40,304	(40,304)	18
Bonuses					-	-	-	-	-	-	-	54,000	(54,000)	
Vacancy Savings		(57,000)	(28,000)		(85,000)						(85,000)	(80,000)	(5,000)	19
Parking - On Post					-	5,000	-	14,000	-	11,000	30,000	30,000	-	
Parking/Storage-Off Post					-	-	-	-	-	94,000	94,000	94,000	-	
Maintenance Projects		23,875	8,356	-	32,231	-	-	699,000	-	1,000	732,231	1,201,720	(469,489)	20
Debt Service-Crozet					-	-	-	-	-	620,000	620,000	874,000	(254,000)	
Debt Service-Cocke					-	-	-	-	-	163,000	163,000	163,000	-	
Debt Service-SIH					-	-	-	-	-	208,000	208,000	204,000	4,000	
Debt Service-Post Imp					-	-	-	-	-	305,000	305,000	-	305,000	21
Total Auxiliary	102	3,999,024	1,948,767	(2,355,263)	3,592,528	584,000	372,050	8,354,500	554,791	6,920,000	20,377,869	21,211,847	(833,978)	

State Funds

Auxiliary Expenditure Notes

1. The Food Service budget increase of \$315,000 or 5% reflects an anticipated meal rate increase of 3.0% for food and labor cost increases projected by ARAMARK, VMI's food service contractor. It also reflects an increase in budgeted enrollment. The projected average cost per day to feed the Corps for FY 2016 is about \$25,000. The Food Service Maintenance budget increase also reflects the addition of a maintenance employee transferred from other Auxiliary programs.
2. The Barracks maintenance budget increase reflects an increase in costs for custodial supplies, HVAC preventive maintenance, facilities repairs and maintenance, and cadet room furniture replacements. These cost increases were largely offset by personal service cost savings due to employee turnover.
3. The Military Store budget decrease reflects an adjustment to the supplies to bring it closer to actual costs in past years.
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).
6. 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). The reduction in this budget reflects a reclassification of certain employees as described in Note #12.
7. 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.
8. 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.

9. The Cadet Counseling program has budgets in all three State programs—E&G, Auxiliary Enterprises, and Unique Military Activities (UMA). The UMA budget originated when new State funding was appropriated due to the assimilation of female cadets.
10. The Corps Trip budget provides funding for a football trip to Richmond. Costs include transportation (buses), meals, and tickets.
11. Glee Club budget decrease brings part-time staff costs closer to anticipated levels.
12. The budgets for Athletic Facilities/Support, Military Leadership Fields Training Grounds (MLFTG), Cameron Hall Operations, and Student Health reflect decreases due primarily to the transfer of the cost of five employees to the Athletics Program budget beginning in FY 2016. This transfer more appropriately allocates the cost of these employees among VMI's programs.
13. The Auxiliary Administration budget and the COOP budget reflect re-assignment of the Emergency Planning Coordinator position to the COOP budget. It also resumes funding for an Assistant Auxiliary Services Director that was temporarily vacant in FY 2015.
14. The Post Security budget funds two Police officers and security guards for Cocks Hall and other facilities. The police officers provide traffic and parking oversight to include security of cadet and employee vehicles. State policy provides that parking is an "auxiliary" function.
15. The Museum Support budget funds 2 of the 8 total employees at the Virginia Civil War Museum (VCWM) in New Market and some 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.
16. The Indirect Costs—E&G budget decrease of \$572,000 or 12% primarily reflects transfer of indirect costs "fully" to the Athletics Program beginning in FY 2016. The Auxiliary Enterprises Program has funded a major portion of these costs in past years. As part of this budgeting change, a reclassification of cadet Auxiliary Enterprise fees is also being proposed so that the Athletics Program can appropriately fund its full share of indirect costs (see Significant Notes and Assumptions for Tuition and Fees).

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.

17. The Contingencies Budget is increased \$150,000 to \$800,000. It represents about 4.1% of total Auxiliary Enterprise expenses less debt service payments. The increase will help fund unforeseen emergency repairs and maintenance of facilities and equipment.
18. The Salary Contingencies budget provides funding for employee salary increases that may be approved later in the fiscal year.

19. The Vacancy Savings budget provides for savings that normally occur in the Auxiliary Enterprises Program due to employee turnover.
20. The Maintenance Project budget totals \$732,000 and funds various facilities repairs, maintenance, and improvement projects. The decline from FY 2015 is attributed in part to the planned bond financing of several major projects that have already been approved by the Board of Visitors.

The VMI Board of Visitors have authorized a total of \$12 million in bond financing for various Post improvements consisting of three separate \$4.0 million financings through the Virginia College Building Authority (VCBA).

21. The Debt Service—Post Improvements budget increase reflects payments beginning in FY 2016 of the first of the three VCBA bond financings as described in Note #20.

State Funds
UMA Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Commandant	12	1,109,929	329,705	1,439,634	18,000	12,500	31,500	6,000	3,000	1,510,634	1,486,315	24,319	
Corps Marksmanship	1	50,665	9,677	60,342	21,300	1,700	21,000	4,500	500	109,342	87,384	21,958	1
Commandant--FTX		-	-	-	500	2,000	1,000	1,000	500	5,000	5,000	-	
Band	2	126,184	64,839	191,023	7,000	3,500	2,500	-	500	204,523	194,706	9,817	
Rat Activities		-	-	-	9,000	40,000	13,000	3,000	7,800	72,800	72,800	-	
Rat Challenge	1	58,965	27,779	86,744	8,000	500	7,000	1,500	-	103,744	99,667	4,077	
Chief of Staff-HQ	1	76,424	30,809	107,233	-	-	-	-	-	107,233	104,688	2,545	
Cadet Counseling	1	58,967	31,422	90,389	500	1,900	3,800	-	-	96,589	92,045	4,544	
Counselor's Ofc		-	-	-	-	-	-	-	2,000	2,000	2,000	-	
Armory	1	71,751	24,145	95,896	7,000	-	3,000	3,000	1,370	110,266	106,203	4,063	
Academic Advising		-	-	-	2,000	2,000	2,000	-	-	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		-	-	-	-	-	-	-	911,000	911,000	824,000	87,000	2
Contingencies		23,268	4,676	27,944	-	-	20,000	-	-	47,944	60,623	(12,679)	
Parade Ground Maint	3	59,970	56,321	116,291	-	-	-	-	28,000	144,291	144,377	(86)	
Kilbourne Hall Maint	1	21,636	11,764	33,400	-	-	-	-	178,000	211,400	205,642	5,758	
Barracks	1	19,440	11,713	31,153	-	-	-	-	73,000	104,153	105,042	(889)	

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Student Health				-	-	-	-	-	639,000	639,000	687,000	(48,000)	3
Military Store	1	56,330	14,101	70,431	1,400,000	-	-	-	387,000	1,857,431	1,972,909	(115,478)	4
Tailor Shop	-	38,784	2,967	41,751	37,000	-	2,000	5,000	499,000	584,751	572,066	12,685	
Laundry				-	-	-	-	-	985,000	985,000	909,000	76,000	5
Bonuses				-	-	-	-	-	-	0	58,000	(58,000)	
Less: Vacancy Savings		(11,000)	(4,000)	(15,000)	-	-	-	-	-	(15,000)	-	(15,000)	
Total UMA	25	1,761,313	615,918	2,377,231	1,510,300	64,100	110,800	24,000	3,780,670	7,867,101	7,864,467	2,634	

State Funds

UMA Expenditure Notes

1. The Corps Marksmanship budget increase consists of a greater allocation of the Marksmanship Director salary to this program to more appropriately reflect his efforts spent on this activity.
2. 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 \$75,000.
3. The Student Health budget decrease primarily reflects the transfer of some sports medicine staff costs to the Athletics Program resulting in a smaller allocation of their costs to the UMA Program.
4. The Military Store budget decrease consists of a reduction in the cadet uniform purchases budget to bring it closer to anticipated spending levels based on past experience.

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.

5. The Laundry/Dry Cleaning budget increase reflects the addition of a new laundry worker plus a State-initiated salary increase of 2% plus a "compression" adjustment for classified employees averaging to about an additional 2% salary increase. Health insurance premiums and retirement contributions were also increased.

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:

- ***Budget Highlights***—Provides significant notes and assumptions underlying the Local Funds Budget
- ***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 Funds 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.
- ***Local Unrestricted Budget***— Provides by source of support the allocation of funds to programs and activities.
- ***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 Virginia Museum of the Civil War at New Market, and the Stonewall Jackson House.
- ***Center for Leadership and Ethics***—Summarizes the budgeted revenues, support and expenditures for the program.

- ***Cadet Financial Assistance Summary***—Provides by source the components of the various grants and scholarships budgeted for cadets.

Local Funds Budget Highlights

Local Unrestricted Funds

1. Local Unrestricted Funds are budgeted for \$10.5 million for an increase of \$1.5 million or 17% over FY 2015. The increase is due to greater Athletic revenue from cadet athletic fees (see State Funds Budget Highlights Note #12). The Athletic Program is included in the Local Unrestricted Funds budget because it is considered a “local auxiliary enterprise” program.
2. Private unrestricted income from the VMIF and VMIDB decreases \$200,000 to \$2.2 million in FY 2016 bringing the total reduction to \$400,000 since FY 2014. The VMIF notified VMI in November 2013 that its funding was being reduced from \$2.6 million in FY 2014 to \$2.0 million by FY 2017.

Note: The VMIF and VMIDB income reduction was necessary to bring the VMIF into compliance with its endowment spending policy and meet increasing debt service costs on bonds issued in the past on behalf of VMI for major construction projects.

3. The Local Unrestricted Funds budget supports faculty salary supplements, a portion of the Superintendent’s salary, mortgage subsidies, cadet financial assistance, and academic programs. The budget also includes unrestricted revenues and support for Intercollegiate Athletics, Museum Operations, and the Center for Leadership and Ethics.
4. The Local Unrestricted Fund Balance is projected to total \$39,000 at the end of FY 2015, \$92,000 at the end of FY 2016, and have a deficit of about \$11,000 at the end of FY 2017. This deficit is projected to grow significantly in the future due to reductions in VMIF unrestricted funding and increasing program costs. Faculty and staff salary supplements are being transferred to VMI’s State E&G Program beginning in FY 2016 to help minimize the deficit.

Athletics Programs

5. Athletics Program revenues and support are budgeted at \$11.6 million for an increase of \$1.6 million or 16% over FY 2015. The FY 2016 budget consists of \$7.5 million for operations and \$4.1 million for athletic scholarships. Most of the increase relates to operations and consists of certain employee positions and indirect costs transferred in from the Auxiliary Enterprises Program (see State Funds Budget Highlights Note #12).
6. Athletic operating expenses provide for employee salary and fringe benefit increases (see State Funds Budget Highlights Note #7).
7. The Athletics Program budget assumes Keydet Club private donations for scholarships and operations will total \$3.5 million or the same level budgeted in FY 2015.

8. Cadet athletic fee revenues are budgeted at \$5.1 million for an increase of about \$2.2 million or 81%. This reflects an increase of \$1,388 or 81% in the cadet fee from \$1,702 to \$3,090 in FY 2016. This fee increase results mostly from a reclassification of fees and certain costs from the Auxiliary Enterprises Program (see State Funds Budget Highlights Note #12).

Museum Systems

9. Museum revenues and expenditures are budgeted to total about \$1.0 million or about the same as in FY 2015.

Center for Leadership and Ethics

10. Center for Leadership and Ethics (CLE) revenues and expenditures are budgeted to total about \$1.3 million with no significant change from FY 2015.

Cadet Financial Assistance

11. VMI funding for cadet financial aid is budgeted for \$4.25 million for an increase of \$505,000 or 12%. This funding consists of tuition revenue of \$4.1 million and Local Unrestricted Funds of \$150,000. The Administration continues to closely monitor and adjust its financial aid policies to ensure sustainability (See State Funds Budget Highlights Note #5).

Local Funds

VMI and Alumni Agencies Income and Support

	2015	2016	Inc (Dec)	%	Notes
VMI Alumni Agencies					
Unrestricted Funds					
VMI Foundation, Inc.					
Endowment Income/Annual Funds	1,879,000	1,730,000	(149,000)	-7.9%	
Debt Service-JM Hall/Crozet	189,000	189,000	-	0.0%	
Total VMI Foundation	2,068,000	1,919,000	(149,000)	-7.2%	
VMI Development Board					
Endowment Income/Donations	550,000	500,000	(50,000)	-9.1%	
Total Unrestricted	2,618,000	2,419,000	(199,000)	-7.6%	1
Restricted Funds					
VMI Foundation, Inc.					
Endowment Income/Donations	12,138,000	11,916,000	(222,000)	-1.8%	
VMI Development Board					
Endowment Income/Donations	584,000	577,000	(7,000)	-1.2%	
Total VMI Foundation/Dev Board	12,722,000	12,493,000	(229,000)	-1.8%	
VMI Keydet Club					
Annual Giving	1,800,000	1,900,000	100,000	5.6%	
Athletic Operating Fund (AOF)	1,699,000	1,600,000	(99,000)	-5.8%	
Total Keydet Club	3,499,000	3,500,000	1,000	0.0%	
Total Restricted Funds	16,221,000	15,993,000	(228,000)	-1.4%	2
Total VMI Alumni Agencies	18,839,000	18,412,000	(427,000)	-2.3%	
VMI					
Unrestricted Funds					
VMI General Endowment	84,000	80,000	(4,000)	-4.8%	
Interest Income and Other	10,000	10,000	-	0.0%	
Total Unrestricted	94,000	90,000	(4,000)	-4.3%	
Restricted Funds					
VMI General Endowment	342,000	320,000	(22,000)	-6.4%	
VMI Collins Endowment--Operations	190,000	186,000	(4,000)	-2.1%	
Outside Trusts and Other	62,000	75,000	13,000	21.0%	
Total Restricted Funds	594,000	581,000	(13,000)	-2.2%	
Total VMI Endowment	688,000	671,000	(17,000)	-2.5%	3
Total VMI and Alumni Agencies	19,527,000	19,083,000	(444,000)	-2.3%	

Local Funds

VMI and Alumni Agencies Income and Support

Notes

1. VMI Foundation (VMIF) and VMI Development Board (DB) unrestricted spendable income for FY 2016 totals \$2.4 million or about \$200,000 less than in FY 2015. 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 income 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 \$16.0 million or a decrease of \$0.2 million or 1.4%. The decrease mostly reflects some decrease in cash donations that more than offset 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 2015 market value of \$8.3 million and \$3.8 million, respectively, or about the same as last year. 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% 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	2016 Total	2015 Total	Inc (Dec)	%
<i>Educational and General</i>						
Instruction	4,403,000	456,000	4,859,000	4,935,000	(76,000)	-1.5%
Research	33,000	-	33,000	40,000	(7,000)	-17.5%
Public Service	497,000	741,000	1,238,000	1,237,000	1,000	0.1%
Academic Support	1,222,000	350,000	1,572,000	1,364,000	208,000	15.2%
Cadet Services	675,000	134,000	809,000	921,000	(112,000)	-12.2%
Institutional Support	467,000	1,129,000	1,596,000	1,553,000	43,000	2.8%
Physical Plant	147,000	-	147,000	169,000	(22,000)	-13.0%
Total E&G	7,444,000	2,810,000	10,254,000	10,219,000	35,000	0.3%
<i>Cadet Financial Assistance</i>	9,665,000	816,000	10,481,000	10,562,000	(81,000)	-0.8%
<i>Auxiliary Enterprises</i>						
Intercollegiate Athletics	737,000	6,757,000	7,494,000	5,977,000	1,517,000	25.4%
Debt Service	-	189,000	189,000	189,000	-	0.0%
Total Auxiliary	737,000	6,946,000	7,683,000	6,166,000	1,517,000	24.6%
Total	17,846,000	10,572,000	28,418,000	26,947,000	1,471,000	5.5%

**Local Funds
Restricted Funds Budget
2015-2016**

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)
<i>Expenditures</i>								
Instruction	4,401,000	-	-	2,000		4,403,000	4,505,000	(102,000)
Research	32,000			-		32,000	40,000	(8,000)
Public Service	311,000			186,000		497,000	473,000	24,000
Academic Support	1,222,000					1,222,000	990,000	232,000
Student Services	644,000	6,000		25,000		675,000	873,000	(198,000)
Institutional Support	467,000					467,000	376,000	91,000
Physical Plant	64,000	83,000	-			147,000	169,000	(22,000)
Total Educ & General	7,141,000	89,000	-	213,000		7,443,000	7,426,000	17,000
Auxiliary Enterprises	50,000	246,000	272,000	-	169,000	737,000	1,117,000	(380,000)
Cadet Financial Assistance	4,725,000	242,000	3,228,000	368,000	1,103,000	9,666,000	9,453,000	213,000
Total	11,916,000	577,000	3,500,000	581,000	1,272,000	17,846,000	17,996,000	(150,000)

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)	Notes
Revenue									
Income/Donations	11,915,909	576,940	3,500,000	581,000		16,573,849	16,815,726	(241,877)	1
Federal Funds					1,043,000	1,043,000	1,066,000	(23,000)	2
Outside Grants					229,000	229,000	115,000	114,000	
Total Revenue	11,915,909	576,940	3,500,000	581,000	1,272,000	17,845,849	17,996,726	(150,877)	

Expenditures

Instruction

Professional Chair Funds

Biology	26,630	26,200	430
Chemistry	37,730	36,860	870
Economics	23,645	23,075	570
Engineering	295,890	287,320	8,570
English Rhetoric & HS	55,170	52,860	2,310
History	96,485	93,935	2,550
International Studies	57,830	55,960	1,870
Physics	31,860	31,170	690
Dean's Funds	37,760	36,200	1,560
Total Prof Chairs	663,000	643,580	19,420

Departmental Funds

Biology	50,620	48,380	2,240
Civil Engineering	188,860	154,146	34,714
Chemistry	20,840	18,060	2,780
Computer Science	6,090	12,180	(6,090)
Economics	46,890	37,551	9,339
Electrical Engineering	4,030	5,610	420
		2,000	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)	Notes
English Rhetoric & HS	88,800					88,800	88,235	565	
History	136,540					136,540	259,476	(122,936)	
International Studies	18,160					18,160	19,060	(900)	
Applied Mathematics	17,020					17,020	22,043	(5,023)	
Mechanical Engineering	8,990					8,990	10,764	(1,774)	
Modern Languages	1,880					1,880	1,790	90	
Physical Education	4,240					4,240	4,080	160	
Physics	3,620					3,620	3,560	60	
Psychology	61,530					61,530	54,174	7,356	
Total Dept Funds	658,110			2,000		660,110	739,109	(78,999)	
Faculty Development	242,580					242,580	254,350	(11,770)	
Jackson-Hope	1,518,000					1,518,000	1,473,500	44,500	3
Visiting Scholars	83,940					83,940	81,480	2,460	
Curriculum Development	83,670					83,670	77,160	6,510	
Other Instruction	1,151,280					1,151,280	1,235,987	(84,707)	
Total Instruction	4,400,580	-	-	2,000	-	4,402,580	4,505,166	(102,586)	
Research									
Biology	8,825					8,825	8,585	240	
Chemistry	15,705					15,705	15,435	270	
Undergraduate Res	8,000					8,000	16,250	(8,250)	
Total Research	32,530					32,530	40,270	(7,740)	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)	Notes
Public Service									
Museum Programs									
VMI Museum	64,690					64,690	88,860	(24,170)	
Stonewall Jackson House	85,010					85,010	-	85,010	
VMCW at New Market	42,930			186,000		228,930	270,813	(41,883)	
Total Museums	192,630			186,000		378,630	359,673	18,957	
Lectures and Symposiums	82,390					82,390	78,750	3,640	
Other Public Service	36,070					36,070	34,080	1,990	
Total Public Service	311,090	-	-	186,000	-	497,090	472,503	24,587	
Academic Support									
Preston Library	105,223					105,223	120,679	(15,456)	
Information Technology Departmental Funds	70,780					70,780	68,400	2,380	
International Studies	11,760					11,760	11,530	230	
Music	20,990					20,990	19,480	1,510	
Biology	12,200					12,200	11,630	570	
Total Dept Funds	44,950					44,950	42,640	2,310	
Leadership Program	725,230					725,230	487,765	237,465	
Dean's Office									
Fellowships	18,210					18,210	17,470	740	
Faculty Awards	64,180					64,180	62,520	1,660	
Faculty Development	193,090					193,090	201,730	(8,640)	
Outside Grants	-					-	-	-	
Total Dean's Funds	275,480				-	275,480	281,720	(6,240)	
Total Academic Support	1,221,663	-	-	-	-	1,221,663	1,001,204	220,459	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)	Notes
Student Services									
<i>Departmental Funds</i>									
Intercollegiate Athletics	7,776	6,260				14,036	14,314	(278)	
Band	16,120					16,120	33,945	(17,825)	
Cadet Programs	241,113					241,113	345,155	(104,042)	
Chaplain's Office	173,110					173,110	227,900	(54,790)	
Commandant	7,130					7,130	6,840	290	
Cadet Counseling	8,380					8,380	7,050	1,330	
Music	23,250					23,250	30,353	(7,103)	
Total Dept Fund	476,879	6,260		-		483,139	665,557	(182,418)	
Graduate Fellowships	70,000					70,000	67,751	2,249	
Cadet Awards	86,170			25,000		111,170	117,350	(6,180)	
Other Student Services	11,000					11,000	11,000	-	
Total Student Services	644,049	6,260	-	25,000	-	675,309	861,658	(186,349)	
Institutional Support									
Comm & Marketing	183,900					183,900	134,820	49,080	
Superintendent's Office	283,020					283,020	241,371	41,649	
Total Inst Support	466,920	-	-	-	-	466,920	376,191	90,729	
Physical Plant									
	64,440	82,680				147,120	169,446	(22,326)	
Total E & G	7,141,272	88,940	-	213,000	-	7,443,212	7,426,438	16,774	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2016 Total	2015 Total	Inc (Dec)	Notes
<i>Auxiliary Enterprises</i>									
Intercollegiate Athletics	50,000	246,084	272,000		169,000	737,084	1,196,974	(459,890)	3
Total Auxiliary	50,000	246,084	272,000	-	169,000	737,084	1,196,974	(459,890)	
<i>Cadet Financial Assistance</i>									
Athletic Scholarships	42,320	241,916	3,228,000		60,000	3,572,236	3,358,656	213,580	
Cadet Scholarships	4,682,317	-	-	368,000		5,050,317	4,948,658	101,659	
Federal Grants and Loans					1,043,000	1,043,000	1,066,000	(23,000)	
Total Cadet Financial	4,724,637	241,916	3,228,000	368,000	1,103,000	9,665,553	9,373,314	292,239	3
Total Restricted	11,915,909	576,940	3,500,000	581,000	1,272,000	17,845,849	17,996,726	(150,877)	4

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 Budget Schedule.
2. Federal Funds consist primarily of PELL grants for cadets with financial need.
3. See the Local Funds Budget section of this Budget Book for the Jackson-Hope, Athletics, and Cadet Financial Assistance program budgets.
4. Total Restricted income of \$17.8 million for FY 2016 is about 1% less than FY 2015. The budget increases or decreases among departmental and program budgets generally reflect changes in the level of cash donations from year to year. Budgets often include a combination of cash donations and endowment income. Budget increases may also reflect new endowment gifts.

Local Funds Jackson-Hope Program

		2016			2015	Inc
		Faculty	Undergrad			(Dec)
FTE	Salaries/FB	Develop	Research	Other	Total	
<i>Local Restricted</i>						
<i>Academic Programs</i>						
1	80,000				80,000	3,000
						(79,000)
1	90,000				90,000	2,500
1	91,000				91,000	3,000
1	78,000				78,000	3,000
1	80,000				80,000	80,000
	60,000				60,000	-
		100,000			100,000	-
			180,000		180,000	-
	59,500				59,500	1,500
				100,000	100,000	33,000
1	110,000				110,000	3,000
	59,500				59,500	1,500
1	80,000				80,000	3,000
				300,000	300,000	-
				50,000	50,000	(10,000)
7	788,000	100,000	180,000	450,000	1,518,000	44,500
Total Jackson Hope					1,473,500	

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."
2. This is a preliminary accounting of the FY 2016 budget submitted prior to the April 17, 2015 Jackson Hope Board meeting.

Local Unrestricted Budget FY 2016

	FY 2016 Allocation						Total	FY 2015		Notes
	FY 2016 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	VMI	Budget		Inc (Dec)	%	
Revenue										
VMI Endowment	90,000	90,000				90,000	94,000	(4,000)	-4.3%	1
VMI Foundation	1,919,000		1,919,000			1,919,000	2,068,000	(149,000)	-7.2%	2
VMI Development Board	500,000			500,000		500,000	550,000	(50,000)	-9.1%	2
Athletic Revenue	1,508,000	1,508,000				1,508,000	1,630,000	(122,000)	-7.5%	3
Cadet Fees--Athletics	5,076,000	5,076,000				5,076,000	2,741,000	2,335,000	85.2%	3
Auxiliary Fund Balance--Ath	-	-				-	315,000	(315,000)		3
Museum Systems	761,000	761,000				761,000	756,000	5,000	0.7%	4
Conference Revenue--CLE	318,000	318,000				318,000	361,000	(43,000)	-11.9%	5
Concessions Commissions	400,000	400,000				400,000	307,000	93,000	30.3%	6
Total Revenue	10,572,000	8,153,000	1,919,000	500,000	10,572,000	10,572,000	8,822,000	1,750,000	19.8%	
E&G Expenditures										
Instruction										
Faculty Salary Supplements	456,000		456,000			456,000	430,000	26,000	6.0%	7
Public Service										
Daniel's Award	-	-				-	10,000	(10,000)	-100.0%	
Museum Systems--Revenue	741,000	741,000				741,000	754,000	(13,000)	-1.7%	4
Total Public Service	741,000	741,000				741,000	764,000	(23,000)	-3.0%	
Academic Support										
Dean's Funds										
Dean's Official Fund	7,000	7,000				7,000	5,000	2,000	40.0%	
Center for Leadership/Ethics	318,000	318,000				318,000	344,000	(26,000)	-7.6%	5
Computers - IBM Match	25,000		25,000			25,000	25,000	-	0.0%	8
Total Academic Support	350,000	325,000	25,000			350,000	374,000	(24,000)	-6.4%	

FY 2016 Allocation

	FY 2016		FY 2016 Allocation		FY 2015		Inc (Dec)	%	Notes
	Budget	VMI	VMI	VMI	Budget				
		Funds	Foundation	Dev Bd	Total				
<i>Student Services</i>									
Commandant's Official Fund	3,000		3,000		3,000	3,000	-	0.0%	
Chaplain's Office Support	131,000		131,000		131,000	45,000	86,000	191.1%	9
Total Student Services	134,000	-	134,000	-	134,000	48,000	86,000	179.2%	
<i>Institutional Support</i>									
Staff Salary Supplements	612,000	80,000	532,000		612,000	795,000	(183,000)	-23.0%	7
Mortgage Subsidies	117,000		117,000		117,000	135,000	(18,000)	-13.3%	10
Superintendent's Funds									
Quarter's--Rent/Enter	80,000		80,000		80,000	80,000	-	0.0%	
Allotment	30,000	30,000			30,000	30,000	-	0.0%	
Travel	10,000	10,000			10,000	10,000	-	0.0%	
Protocol Office--Gifts	5,000	5,000			5,000	5,000	-	0.0%	
Local Bank Fees/Charges	2,000	2,000			2,000	2,000	-	0.0%	
Board of Visitors' Meetings	9,000	9,000			9,000	9,000	-	0.0%	
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	80,000	80,000			80,000	100,000	(20,000)	-20.0%	11
Total Institutional Support	956,000	227,000	729,000	-	956,000	1,177,000	(221,000)	-18.8%	
<i>Cadet Financial Aid</i>									
ROTC Room/Board Grants	165,000		165,000		165,000	158,000	7,000	4.4%	12
Cadet Financial Aid	150,000	50,000	100,000	-	150,000	400,000	(250,000)	-62.5%	13
Athletic Scholarships	500,000			500,000	500,000	550,000	(50,000)		14
Cocke Scholarships	1,000	1,000			1,000	1,000	-	0.0%	
Total Scholarships/Grants	816,000	51,000	265,000	500,000	816,000	1,109,000	(293,000)	-26.4%	

	FY 2016 Allocation					FY 2015 Budget	Inc (Dec)	%	Notes
	FY 2016 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total				
<i>Auxiliary Enterprises</i>									
<i>Athletics</i>									
Operations	6,757,000	6,757,000	-	-	6,757,000	4,860,000	1,897,000	39.0%	3
<i>Debt Service</i>									
JM Hall Renovation	189,000		189,000		189,000	189,000	-	0.0%	
Total Debt	189,000	-	189,000	-	189,000	189,000	-	0.0%	
Total Expenditures	10,399,000	8,101,000	1,798,000	500,000	10,399,000	8,951,000	1,448,000	16.2%	
Excess (Deficiency)	173,000	52,000	121,000	-	173,000	(129,000)	302,000	-234.1%	
<i>Add: Beginning Fund Bal</i>	<i>39,000</i>	<i>39,000</i>	<i>-</i>	<i>-</i>	<i>39,000</i>	<i>285,000</i>	<i>(246,000)</i>	<i>-86.3%</i>	
<i>Less: VMIF Direct Pays</i>	<i>(120,000)</i>		<i>(120,000)</i>		<i>(120,000)</i>	<i>(120,000)</i>	<i>-</i>	<i>0.0%</i>	15
Ending fund balance	92,000	91,000	1,000	-	92,000	36,000	56,000	155.6%	

Local Unrestricted Funds Notes

1. VMI Endowment income of \$90,000 consists primarily of spendable income on the unrestricted portion of VMI's General Endowment; the income is based on 5% of the average endowment market value for the past 12-quarters (the market value of the unrestricted endowment was about \$1.6 million as of 28 February 2015).
2. VMI Foundation (VMIF) and VMI Development Board (DB) spendable income totals \$2.4 million. It consists of \$2.2 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 to meet the repayment requirements on the \$45 million bond issue.

3. Athletic Revenues consists of gate receipts (football and basketball), guarantees (football and basketball), NCAA and Southern Conference sponsorship revenues, and sales and other income. The decrease for FY 2016 primarily reflects one football guarantee game versus two in FY 2015.

Cadet athletic fees for FY 2016 reflect an 85% increase due mostly to a reclassification of fees and certain costs from the Auxiliary Enterprises Program to the Athletics Program. This reclassification more appropriately budgets certain "athletic" related personnel and indirect costs in the Athletics Programs. This reclassification also provides additional cadet fee revenue that replaces the need for use of Auxiliary Fund Balance in FY 2016.

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 income and expenses for FY 2016 are generally expected to approximate FY 2015 levels.
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, but some private donations from the VMIF have been necessary to support conferences. VMI also provides support in its State Educational and

General Program (E&G) for the CLE. Private support from the VMIF and E&G Program support are budgeted in those programs.

6. VMI earns commissions on sales in the bookstore, PX, and vending operations. The commissions approximate 16% of sales overall and are paid by the outside contractor (Follett and ARAMARK) to VMI for the use of the space to operate the concessions. The increase for FY 2016 reflects VMI's new contract with Follett in the Bookstore and its greater commission percentage on sales.
7. Local unrestricted funds provide 4% of the cost of faculty salaries and 3.33% of the cost of certain administrative/professional staff salaries. These funds also provide about 75% 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 decrease in the staff salary supplement reflects the elimination of private fund support of most administrative/professional staff salaries due to decreasing private unrestricted income and growing program costs requiring the use of private unrestricted support.

8. 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.
9. 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.
10. 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 90 employees). VMI discontinued this program for new employees effective 1 January 2010 as a cost saving measure.
11. Contingency funds of \$80,000 are budgeted to cover unanticipated costs especially costs that are not appropriate for State funding. The budget is reduced for FY 2016 due to decreasing income and growing costs (see Note #7).
12. 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.
13. 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. The decrease also reflects decreasing income and growing costs (see Note #7).

14. VMI Development Board income is budgeted for athletic scholarships to help supplement Keydet Club funds raised annually for this purpose.
15. 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

	2015 Budget	2016 Budget	Inc (Dec)	%	Notes
Revenue and Support					
Revenue					
Cadet Fees	2,741,000	5,076,000	2,335,000	85.2%	1
Guarantees--Football	605,000	405,000	(200,000)	-33.1%	2
Guarantees--Basketball	325,000	350,000	25,000	7.7%	3
Gate Receipts--Football	159,000	192,000	33,000	20.8%	4
Gate Receipts--Basketball	41,000	42,000	1,000	2.4%	
Gate Receipts--Baseball	2,000	-	(2,000)	-100.0%	5
NCAA Academic Assistance	80,000	169,000	89,000	111.3%	6
NCAA /Conference Revenue	271,000	278,000	7,000	2.6%	6
Sales and Other Income	227,000	241,000	14,000	6.2%	7
Total Revenue	4,451,000	6,753,000	2,302,000	51.7%	
Support					
VMI Development Board					
Restricted Endowment	237,000	246,000	9,000	3.8%	
Superintendent's Discretionary	400,000	50,000	(350,000)	-87.5%	8
Keydet Club	480,000	272,000	(208,000)	-43.3%	9
VMI Unrestricted Income	94,000	90,000	(4,000)	-4.3%	
VMI Concessions Commissions	80,000	83,000	3,000	3.8%	
Auxiliary Fund Balance	315,000	-	(315,000)	-100.0%	8
Total Support	1,606,000	741,000	(865,000)	-53.9%	
Total Revenue and Support	6,057,000	7,494,000	1,437,000	23.7%	

Local Funds

Intercollegiate Athletics Revenues

Notes

1. The Cadet Fees budget increase primarily reflects a \$1,388 or 82% increase in the cadet athletic fee bringing it from \$1,702 to \$3,090. This fee increase results mostly from a reclassification of fees and certain costs from the Auxiliary Enterprises Program.

The reclassification of fees and costs between the Auxiliary Enterprises and the Athletics Programs pertains mostly to certain employee positions and indirect costs that are more appropriately budgeted as “athletics” than as “Auxiliary Enterprises”. Making this change beginning in FY 2016 will allow VMI to be more compatible with new State legislation pertaining to higher education Athletic Programs.

2. Football Guarantees total \$405,000 in FY 2016 and consists of Ball State (\$330,000) and Richmond (\$75,000). The FY 2015 guarantees consisted of Bowling Green (\$320,000) and Navy \$285,000).
3. Basketball Guarantees generally consist of four or five games ranging from about \$75,000 to \$85,000 each.
4. The Football Gate Receipts budget totals \$192,000 and consists of 6 home games at about \$32,000 per game. The FY 2015 budget was \$159,000 but ticket price increases helped generate actual receipts of about \$179,000.
5. Admission fees will no longer be charged at baseball games in order to encourage attendance. Many baseball games are held in the spring and during the week when attendance can be difficult.
6. 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.
7. 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.
8. Superintendent’s Discretionary funds are budgeted for \$50,000 in FY 2016 compared to \$400,000 in FY 2015. VMI’s Auxiliary Enterprises Fund Balance will also no longer be used in FY 2016 to support Athletic operations. The Administration is increasing cadet

athletic fees in FY 2016 (see Note #1) that will include additional funding to help bring the Athletics Program closer to financial sustainability and structural balance.

9. The Keydet Club is budgeted to provide \$3.5 million in donations and endowment income to the Athletic Program in FY 2016 or the same level as in FY 2015. This funding supports athletic scholarships and program operating costs. Most of the funding is needed for scholarship costs which are budgeted for a total \$4.1 million in FY 2016 and include funding from other sources.

**Local Funds
Intercollegiate Athletic Expenditures**

Department	FTE	Salaries & Fringes	Supplies & Equip	Travel	Recruiting	Officials	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Football	11	884,635	85,591	156,627	80,635	33,293	93,855	1,334,636	1,265,567	69,069	1
Basketball	5	474,002	31,317	127,969	28,091	38,113	36,889	736,381	730,887	5,494	
Track--Men	2	121,672	12,735	36,356	5,514	520	5,202	181,999	178,981	3,018	
Track--Women	2	121,672	12,737	36,356	5,514	520	5,202	182,001	178,982	3,019	
Wrestling	2	117,453	8,305	40,721	8,323	3,641	12,384	190,827	190,479	348	
Baseball	3	205,096	32,784	94,811	7,491	19,959	18,361	378,502	379,322	(820)	
Soccer--Men	1	68,103	9,864	22,660	3,433	9,780	2,601	116,441	110,560	5,881	
Soccer--Women	2	120,591	10,084	37,454	5,410	8,323	1,149	183,011	186,647	(3,636)	
Lacrosse	2	125,712	26,198	58,575	5,410	9,156	17,135	242,186	239,112	3,074	
Swimming	1	65,948	2,387	31,798	1,040	208	3,483	104,864	102,753	2,111	
Water Polo--Women	1	64,920	9,772	46,818	3,480	2,164	19,872	147,026	148,992	(1,966)	
Rifle	0	20,315	4,884	16,646	1,623	-	7,433	50,901	30,000	20,901	2
Training/Medical	5	263,577	16,750	-	-	-	24,865	305,192	157,042	148,150	2
Strength/Condition	2	135,370	-	-	-	-	-	135,370	137,806	(2,436)	
Sports Information	2	244,030	16,801	-	-	-	48,274	309,105	198,871	110,234	2

**Local Funds
Intercollegiate Athletic Expenditures**

Department	FTE	Salaries & Fringes	Supplies & Equip	Travel	Recruiting	Officials	Other	2016 Total	2015 Total	Inc (Dec)	Notes
Sports Marketing	1	55,983	520	-	-	-	14,780	71,283	57,232	14,051	3
NCAA Acad/Assist	0	168,860	-	-	-	-	2,550	171,410	82,500	88,910	4
Administration	7	628,690	17,000	17,895	-	-	218,318	881,903	661,538	220,365	2
Conf Dues/Penalty		-	-	-	-	-	66,400	66,400	66,400	-	
Indirect Costs-E&G		-	-	-	-	-	1,440,000	1,440,000	620,000	820,000	2
Prior Year Expenses		-	-	-	-	-	-	-	235,000	(235,000)	5
Bonuses		-	-	-	-	-	-	-	48,000	(48,000)	6
Repay VMI Loan		-	-	-	-	-	30,000	30,000	-	30,000	5
Transfer to Reserve		-	-	-	-	-	172,562	172,562	-	-	7
Contingencies		-	-	-	-	-	62,000	62,000	50,000	12,000	8
Total Athletics	49	3,886,629	297,729	724,686	155,964	125,677	2,303,315	7,494,000	6,056,671	1,437,329	

Note: See Details of Other Expenditures following this schedule.

Intercollegiate Athletic Expenditures
Details of Other Expenditures
2016

	Football	Basketball	Training/ Medical	Administration	Total	Notes
Telecommunications	1,592				1,592	
Home Game Expenses	33,878	10,404			44,282	
Guarantees		14,000			14,000	
Medical Services			19,455		19,455	
Photography	10,404				10,404	
Graduate Assistance Expenses					-	
Advertising and Promotion					-	
Medical Insurance				127,365	127,365	1
Dues and Fees	8,323	7,283	5,410	37,513	58,529	
Postage				6,346	6,346	
Bank Card Charges				3,225	3,225	
Plant/Equipment Maintenance	520			3,121	3,641	
Awards and Prizes				10,404	10,404	
Rent--AD/Head Coach	19,484			24,244	43,728	
Miscellaneous	19,654	5,202		6,100	30,956	
Total Other Expenditures	93,855	36,889	24,865	218,318	373,927	

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 Football budget increase reflects a State-initiated 2% employee salary increase and mandatory increases in retirement contribution rates and health insurance premiums. It also largely reflects greater team travel resulting from the change from the Big South to the Southern Conference.

Note: All Athletic Program employees are receiving a 2% employee salary increase (See Significant Budget Assumptions—Salary Increases and Fringe Benefits schedule).

2. Budget increases in these programs primarily reflect the reclassification of certain athletic related costs from the Auxiliary Enterprises Program to the Athletics Program (See Athletics Revenue Note #1).
3. The Sports Marketing budget increase primarily reflects employee turnover and hiring of a new Sports Marketing Director.
4. The NCAA Academic Assistance budget increase reflects greater income from the NCAA and the Conference for support of athletic tutors and supporting costs.
5. The Athletics Program carried over from FY 2014 a \$443,000 cumulative fund balance deficit from prior years. VMI currently plans to curtail this deficit over 15 years at about \$30,000 a year. This deficit includes \$98,000 from FY 2014 (VMI had estimated that the FY 2014 deficit would be \$235,000 and budgeted to repay this amount in FY 2015; however, a 15-year payback instead was implemented).
6. A State-initiated 2% employee salary increase is budgeted in FY 2016. There was no salary increase in FY 2015, but a 2% VMI employee bonus was budgeted (Note: No bonuses are being paid in FY 2015 due to reductions in State funding that occurred mid-year and precluded payment of bonuses).
7. The Transfer to Reserves reflects FY 2016 unspent income that will be carried over to FY 2017 to help bring the Athletics Program closer to meeting 100% of its State-mandatory indirect cost obligation to VMI's Educational and General Program.
8. A Contingencies budget of \$62,000 is provided in FY 2016 primarily for unforeseen expenses and shortfalls in budgeted revenues and support. It also includes some new funding for certain teams and support programs that the Athletic Director may allocate in FY 2016.

**VMI Museum Operations
Revenues and Expenses**

	FY 2016 Budget			FY2015 Budget		Inc (Dec)	%	Notes
	VMIM	VMCW	SJH	Total	Total			
Revenue and Support								
Admissions		200,000	95,000	295,000	300,000	(5,000)	-1.7%	1
Sales	134,000	105,000	65,000	304,000	303,000	1,000	0.3%	1
Contributions and Grants	16,000	5,000	77,000	98,000	93,000	5,000	5.4%	2
Endowment Income	32,000	186,000		218,000	219,000	(1,000)	-0.5%	3
Reserve Funds			50,000	50,000	47,000	3,000		4
Other Income		12,000	2,000	14,000	13,000	1,000	7.7%	
Total Revenue and Support	182,000	508,000	289,000	979,000	975,000	4,000	0.4%	
Operating Expenses								
Personal Services	87,000	293,000	210,000	590,000	596,000	(6,000)	-1.0%	5
Merchandise for Resale	62,000	50,000	36,000	148,000	151,000	(3,000)	-2.0%	
Other Operating	28,000	133,000	60,000	221,000	226,000	(5,000)	-2.2%	6
Total Expenses	177,000	476,000	306,000	959,000	973,000	(14,000)	-1.4%	
Excess (Deficiency) Revenue								
	5,000	32,000	(17,000)	20,000	2,000	18,000		
Add: Fund Balance, begin	25,000	33,000	16,000	74,000	71,000	3,000	4.2%	
Fund Balance, ending	30,000	65,000	(1,000)	94,000	73,000	21,000	28.8%	

Museum Systems Notes

1. Admissions and sales are budgeted for a total of \$599,000 or \$4,000 (1%) less than in FY 2015.
2. Contributions and grants consist mostly of gifts to the Stonewall Jackson House (SJH) which are budgeted for a total of \$98,000 in FY 2016 or \$5,000 more than FY 2015. SJH gifts consist mostly of a large grant from the Lee-Jackson Foundation.

Note: VMI's State Educational and General Program and Auxiliary Enterprises Program also provide support of \$96,000 and \$182,000, respectively, in FY 2016 for Museum programs that benefit cadets, faculty, and visitors. This total support of \$278,000 is an increase of about \$8,000 or 3% over FY 2015. This support consists mostly of funding for some of the personal services costs of Museum employees.

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 2015 or about the same balance as the prior year.
4. Reserve funds are budgeted for \$50,000 and consist of unexpended cash donations from past years held by the VMI Foundation (VMIF) on behalf of the SJH. These funds total about \$434,000 as of 31 March 2015 and are mostly spendable for SJH operations as needed.
5. The Museum personal services budget reflects a decrease of about \$6,000 or 1%. This consists of the net effect of a 2% State-initiated salary increase and mandatory fringe benefit increases that are offset by savings from employee turnover at the VMCW during FY 2015.
6. Other operating costs consists largely of supplies, utilities, facility maintenance, advertising, and contractual services. The budget decrease of 2% reflects efforts to contain costs.

**Local Funds
Center for Leadership and Ethics**

	2015 Budget	2016 Budget	Inc Dec	%	Notes
Revenue and Support					
Cash Donations	617,000	519,000	(98,000)	-15.9%	1
Endowment Income	301,000	315,000	14,000	4.7%	2
Conference Income	346,000	318,000	(28,000)	-8.1%	3
VMI E&G Program Support	100,000	110,000	10,000		4
Superintendent's Discretionary	-	25,000	25,000		1
Rental Income	15,000	10,000	(5,000)	-33.3%	
Total Revenue and Support	1,379,000	1,297,000	(82,000)	-5.9%	
Expenses					
Personal Services	776,000	820,000	44,000	5.7%	5
Conference Expenses	444,000	340,000	(104,000)	-23.4%	3
Program/Other Expenses	127,000	129,000	2,000	1.6%	6
Total Expenses	1,347,000	1,289,000	(58,000)	-4.3%	
Excess (Deficiency) Revenue					
	32,000	8,000	(24,000)		
Beginning Fund Balance	1,000	300,000			
Ending Fund Balance	33,000	308,000	275,000		7

Center for Leadership and Ethics Notes

1. Cash donations consist mostly of gifts already received and held by the VMI Foundation. The donations are restricted or available for use by the Center for Leadership and Ethics (CLE). Most of the gifts are from a few large donors.
2. Endowment income derives from endowment gifts for the CLE for certain positions or operations and programs in general. The growth in endowment income reflects appreciation on endowment investments and the receipt of outstanding pledges.
3. The CLE holds 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 may require private donations to help cover all expenses. Conference expenses will vary annually based on the number of conferences held and the expected attendance.
4. VMI State E&G support is provided to supplement private funding for the CLE. E&G support derives from State funds including cadet tuition revenue. CLE programs and activities are an integral part of a cadet's VMI education.
5. The Personal Services budget increase provides for a State-initiated 2% salary increase and mandatory increases in retirement contributions and health insurance premiums. The budget increase also reflects the cost of an Associate Director for a full-year in FY 2016 compared to only a partial year in FY 2015.
6. Program and Other expenses include several cadet programs addressing leadership and ethics. It also includes a faculty/cadet development program in FY 2016. Other expenses consist mostly of 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 over \$200,000 annually and are not included in the CLE budget.
7. The CLE fund balance consists mostly of conference income that has been received but not fully spent by the end of the fiscal year.

Cadet Financial Assistance

Sources/Programs	2015	2016	Inc (Dec)	%	Notes
State Funds					
General Funds					
Student Financial Aid	871,000	971,000	100,000	11.5%	1
Total General Funds	871,000	971,000	100,000	11.5%	
Cadet Tuition and Fees					
E&G Program	3,000,000	4,100,000	1,100,000	36.7%	2
Total State Funds	3,871,000	5,071,000	1,200,000	31.0%	
Local Funds					
Restricted					
VMI Foundation					
Merit and Other Scholarships	4,573,000	4,682,000	109,000	2.4%	
Athletic Scholarships	44,000	42,000	(2,000)	-4.5%	
Total VMI Foundation	4,617,000	4,724,000	107,000	2.3%	3
VMI Development Board					
Athletic scholarships	260,000	242,000	(18,000)	-6.9%	3
VMI Keydet Club--Scholarships	1,800,000	1,900,000	100,000	5.6%	
VMI Keydet Club--AOF	1,219,000	1,328,000	109,000	8.9%	
Total Keydet Club	3,019,000	3,228,000	209,000	14.5%	3
VMI BOV Endowment	314,000	293,000	(21,000)	-6.7%	
NCAA/Conference Assistance	35,000	60,000	25,000		
Outside Trusts	62,000	75,000	13,000	21.0%	
Total Restricted	8,307,000	8,622,000	290,000	3.5%	
Federal Grants/Aid					
SEOG	91,000	91,000	-	0.0%	
PELL	975,000	952,000	(23,000)	-2.4%	
Total Federal Aid	1,066,000	1,043,000	(23,000)	-2.2%	4

Sources/Programs	2015	2016	Inc (Dec)	%	Notes
<i>Unrestricted</i>					
VMI Development Board--Athletics	550,000	500,000	(50,000)	-9.1%	3
ROTC Room/Board Grants	158,000	165,000	7,000	4.4%	5
Financial Aid (primarily need-based)	400,000	150,000	(250,000)	-62.5%	3
Cocke Scholarship	1,000	1,000	-	0.0%	
Total Unrestricted	1,109,000	816,000	(293,000)	-26.4%	
Total Local Funds	10,482,000	10,481,000	(1,000)	0.0%	
Total All	14,353,000	15,552,000	1,199,000	8.4%	6

Cadet Financial Assistance

Notes

1. State general funds are budgeted to increase \$100,000 or 11.5% to \$971,000 as approved by the 2015 General Assembly. 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 \$4.25 million or an \$850,000 increase (25%) over the FY 2015 budget and a \$506,000 or 14% increase over the FY 2015 actual cost. 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 40% of the Corps in FY 2016 and about 65% are projected to qualify for need-based financial aid. Approximately 45% of in-state cadets qualify for need-based aid which results in an overall average of about 53% 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 generally funded 80% of the required need of out-of-state cadets through FY 2014, but in FY 2015 began funding about 70% of the need of out-of-state cadets starting with the new class out-of-state cadets. This policy change is a cost savings measure to curtail the growing cost of cadet financial assistance and to bring the program into financial sustainability.

Note: For FY 2014, 59% of VMI's graduates had loans. This consisted of 55% of in-state graduates with an average loan balance of \$23,767 and 67% of out-of-state graduates with an average loan balance of \$31,404. According to USA Today, average indebtedness nationally for 2013 graduates (last year available) was \$28,400.

3. Cadet financial assistance from the VMI Foundation (VMIF), the VMI Development Board (DB), and the VMI Keydet Club (KC) is budgeted to total \$8.8 million or about the same level as in FY 2015.

The athletic scholarship budget totals \$4.1 million or about 4.2% more than in FY 2015. It funds the equivalent of about 108 full scholarships (about 58% 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 \$2.0 million of the total budget and has about 57 full scholarships or about 90% of the NCAA maximum.

4. Federal aid funding for PELL grants are budgeted to decrease about 2% to bring the budget closer to expected funding. 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 351 or 21% of the Corps (compared to 376 ROTC scholarship cadets in FY 2015 or 22% of the Corps).
6. VMI's cadet financial assistance budget totals \$15.5 million for an increase of \$1.2 million or 8.4% over FY 2015. This compares to an increase in tuition and fees of 5.5% for in-state and 4.9% 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 about 70% of the need of out-of-state cadets with the general policy of requiring needy cadets to assume some loan amount.

This budget represents 28% of VMI's total projected tuition and fee revenues of \$56.5 million for FY 2016 which is comparable to the 27% in FY 2015. This 28% "tuition discount" consists mostly of restricted funds that are required to be used for financial assistance (financial aid budget consists of 68% restricted funds and 32% unrestricted funds). VMI's "tuition discount" is significantly less than private institutions (average discount rate estimated of approximately 35%-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. However, the increasing number of cadets with demonstrated financial need and the extent of their need have required VMI to use increasingly more of its tuition revenues to meet the demand for financial aid. VMI needs more "restricted" scholarship endowments to minimize the amount of tuition revenues that it must allocate to cadet financial assistance. The VMI Campaign "An Uncommon Purpose" will hopefully result in a significant increase in such endowments.

Supplementary Information

Key Budget Statistics Six-Year Review

	<i>(Fiscal Year Ending)</i>					
	2011	2012	2013	2014	2015	2016
Corps Data						
Total Enrollment (Fall Opening)						
Budget	1,542	1,604	1,663	1,695	1,690	1,715
Actual	1,603	1,638	1,689	1,714	1,714	
Actual Over (Under)	61	34	26	19	24	
New Cadet Enrollment						
Budget	490	495	500	490	500	490
Actual	501	509	509	504	500	
Actual Over (Under)	11	14	9	14	-	
% Virginians						
Budget	59.9%	59.0%	60.1%	58.1%	58.0%	59.4%
Actual	59.6%	58.8%	58.4%	59.0%	58.3%	
Tuition and Fees						
Virginia	19,460	20,630	21,568	22,492	23,890	25,202
% Increase	8.2%	6.0%	4.5%	4.3%	6.2%	5.5%
Non Virginia	37,452	39,610	41,544	43,480	45,946	48,216
% Increase	5.4%	5.8%	4.9%	4.7%	5.7%	4.9%
VMI Financial Aid	10,512,000	11,696,000	12,148,000	12,825,000	14,353,000	15,552,000
% Increase	11.2%	11.3%	3.9%	5.6%	11.9%	8.4%

(Fiscal Year Ending)

	2011	2012	2013	2014	2015	2016
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VMI Workforce

Total Full-time Employees	520	530	547	562	572	581
Total Full-time Teaching Faculty <i>(included in total above also)</i>	123	124	130	132	136	139
Total Payroll (Salaries and fringes)	40,317,000	41,027,000	43,588,000	46,189,000	49,019,000	49,821,000
% Increase	3.9%	1.8%	6.2%	6.0%	6.1%	1.6%

Budgets

Total Operating Budget	66,923,000	68,865,000	72,510,000	77,765,000	81,153,000	82,371,000
% Increase	4.2%	2.9%	5.3%	7.2%	4.4%	1.5%
Total State General Funds	12,484,000	11,458,000	12,340,000	13,480,000	14,436,000	14,130,000
% Inc (Dec)	-2.2%	-8.2%	7.7%	9.2%	7.1%	-2.1%
Total Cadet Tuition/Fees/Sales	30,947,000	34,504,000	37,701,000	40,873,000	42,107,000	44,517,000
% Increase	9.1%	11.5%	9.3%	8.4%	3.0%	5.7%
Total Private Funds Support	18,056,000	17,549,000	16,916,000	17,631,000	19,527,000	19,083,000
% Increase	-1.5%	-2.8%	-3.6%	4.2%	10.8%	-2.3%
Total Other Funds	5,436,000	5,354,000	5,553,000	5,781,000	5,083,000	4,641,000
% Increase	14.9%	-1.5%	3.7%	4.1%	-12.1%	-8.7%

(Fiscal Year Ending)

	2011	2012	2013	2014	2015	2016
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Sources of Funds As % of Total Budget

Total State General Funds	18.7%	16.6%	17.0%	17.3%	17.8%	17.2%
Total Cadet Tuition/Fees/Sales	46.2%	50.1%	52.0%	52.6%	51.9%	54.0%
Total Private Funds Support	27.0%	25.5%	23.3%	22.7%	24.1%	23.2%
Total Other Funds	8.1%	7.8%	7.7%	7.4%	6.3%	5.6%

Total Sources	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of E&G Budget for Instruction/ Academic Support/Student Services	67.2%	68.9%	71.0%	71.9%	71.9%	72.6%

Key Financial Balances

(Actual 30 June or projected for 2015 and 2016)

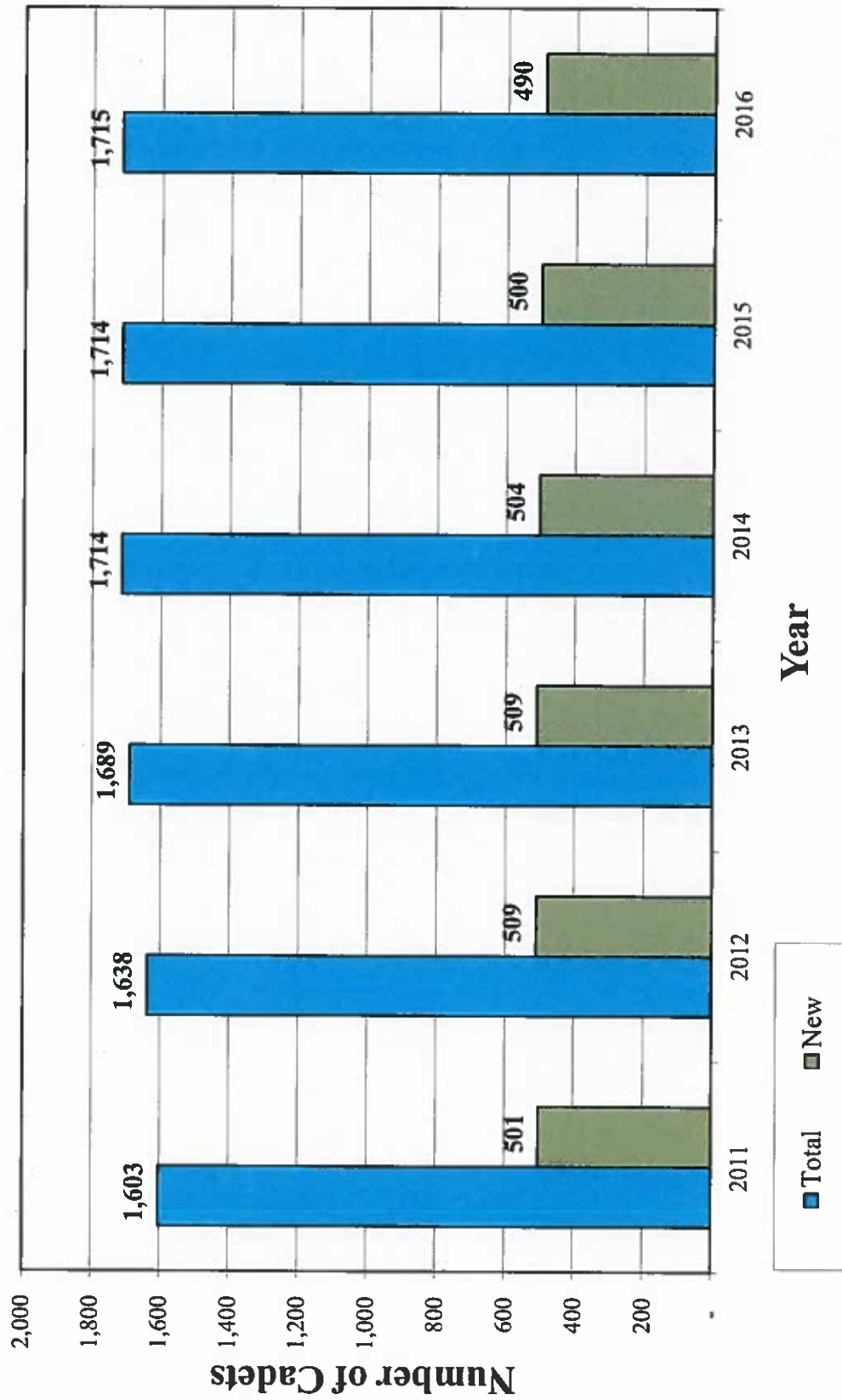
VMI General Endowment	8,203,136	7,458,283	7,782,482	8,505,582	8,300,000	8,300,000
VMI Collins Endowment	3,836,066	3,373,472	3,551,715	3,874,562	3,800,000	3,800,000
Auxiliary Fund Balance	8,946,101	7,560,844	9,502,646	10,751,154	8,900,000	8,491,000
Local Unrestricted Fund Balance	1,464,181	866,152	316,039	(131,483)	39,000	92,000

Total Fund Balances	22,449,484	19,258,751	21,152,882	22,999,815	21,039,000	20,683,000
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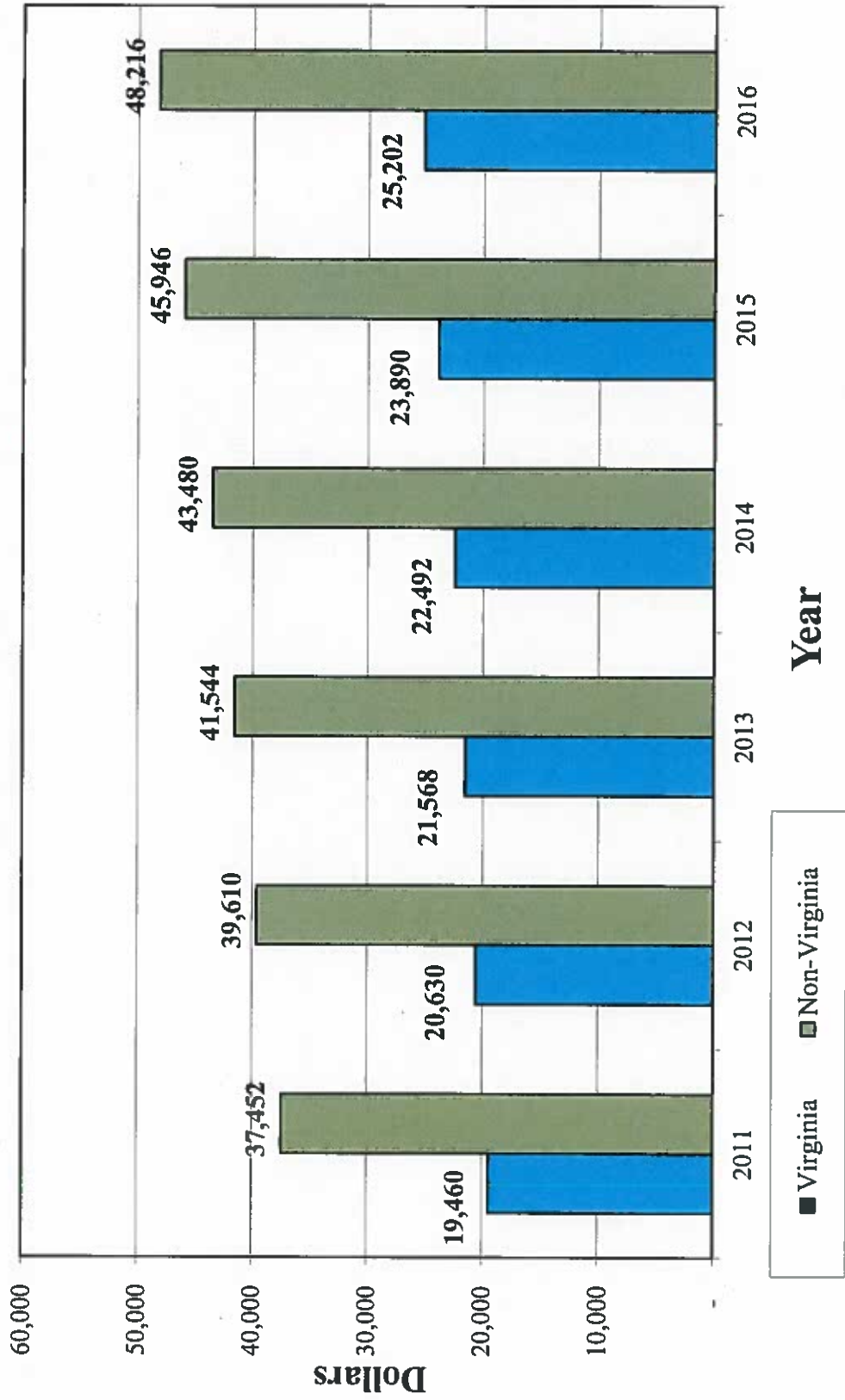
	<i>(Fiscal Year Ending)</i>					
	2011	2012	2013	2014	2015	2016
Balance of Outstanding Debt						
<i>(Actual 30 June or projected for 2015 and 2016)</i>						
JM Hall (\$2.3 mil original)	1,739,000	1,629,000	1,513,000	1,388,000	1,259,000	1,125,000
Cocke Hall Annex (\$2.0 mil original)	1,506,000	1,406,000	1,302,000	1,197,000	1,086,000	970,000
Crozet Hall (\$11.2 mil original)	8,637,000	8,182,000	7,760,000	7,260,000	6,730,000	6,433,000
South Institute Hill (\$2.85 mil original)	2,850,000	2,850,000	2,750,000	2,645,000	2,535,000	2,415,000
VCBA 2013A Projects (TBD)				4,000,000	4,000,000	3,850,000
VCBA 2014A Projects (TBD)					4,000,000	4,000,000
VCBA 2015A Projects (TBD)						4,000,000
Total Debt Outstanding	14,732,000	14,067,000	13,325,000	16,490,000	19,610,000	22,793,000

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

Enrollment Total and New Cadets

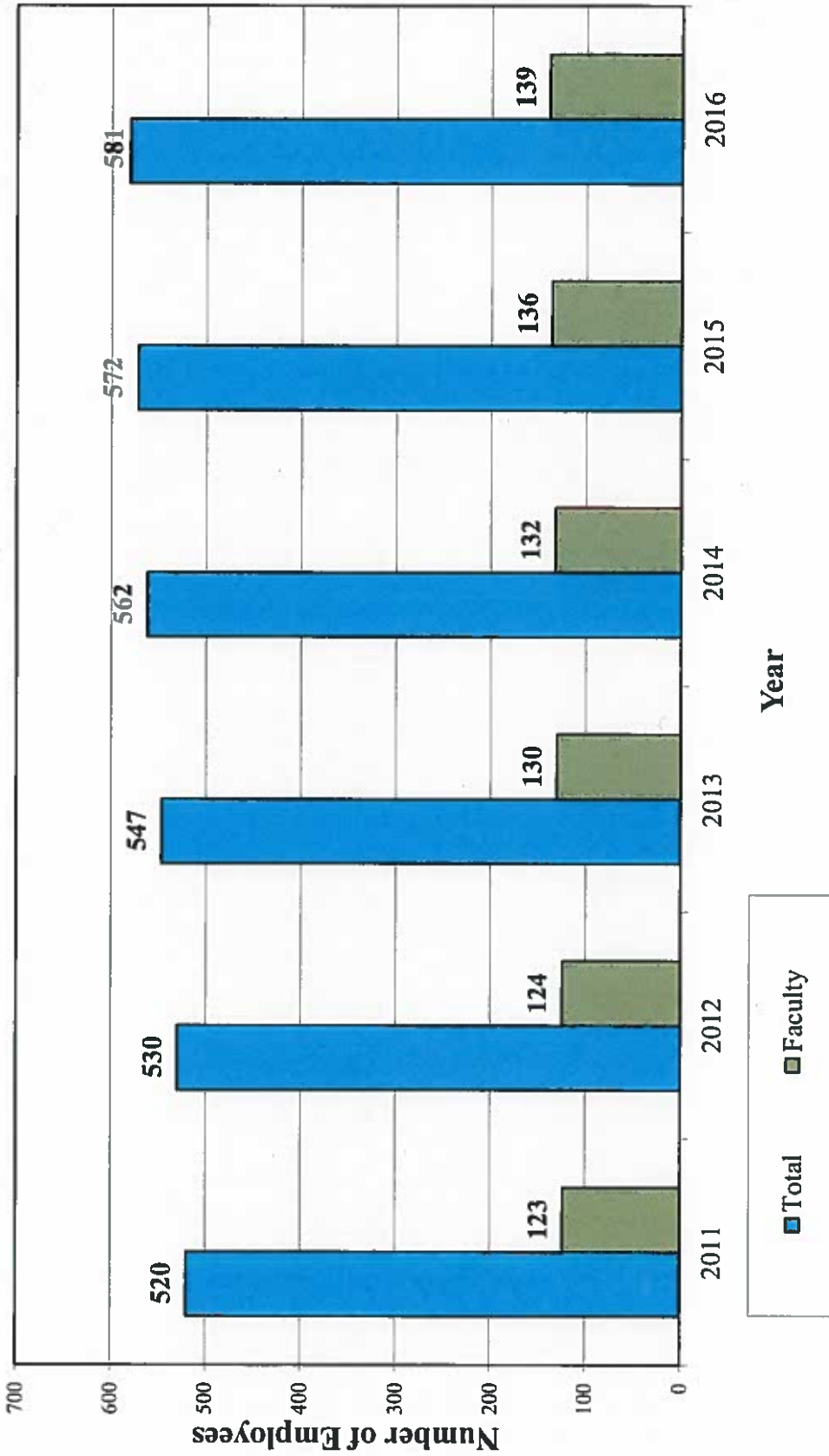


Tuition and Fees In-State v. Out-of-State

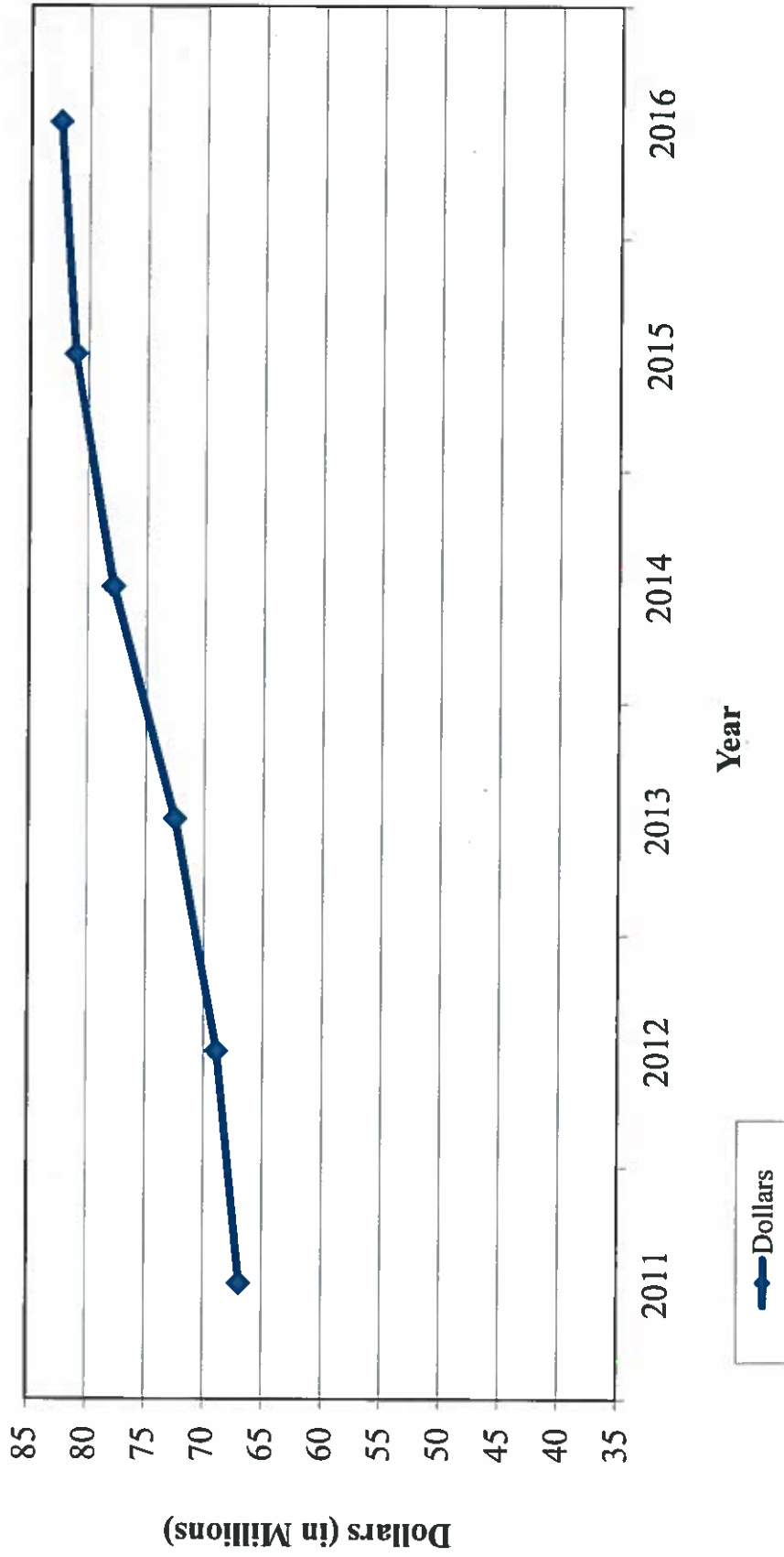


VMI Workforce

Total Employees vs. Teaching Faculty



Total Operating Budget



Key Financial Balances

