

VIII

**2016-2017
OPERATING BUDGET**

VIRGINIA MILITARY INSTITUTE

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18 April 2016

MEMORANDUM

TO: The Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

SUBJECT: Proposed Operating Budget FY 2017

The FY 2017 Operating Budget proposal for all programs totals \$85.6 million for an increase of \$3.2 million or 3.9% from the FY 2016 budget. The budget includes State general funds of \$15.7 million for an increase of almost \$1.6 million or 10.9% from FY 2016.

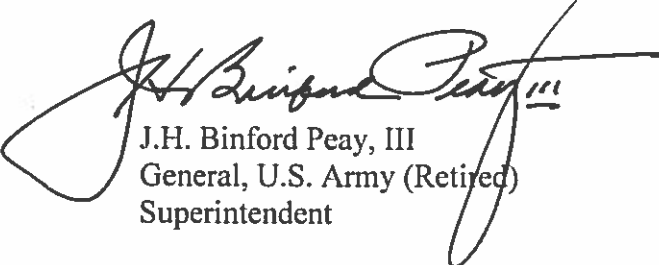
The budget recommends tuition and fee increases of 5.0% (\$1,258) for in-state cadets and 5.3% (\$2,553) for out-of-state cadets bringing total costs to \$26,460 and \$50,769, respectively.

The Fall 2016 opening enrollment is budgeted to be 1,726 and includes 500 new cadets with 61% of the total Corps from Virginia. This is a budgeted enrollment increase from the FY 2016 budget of 0.6% and a decrease from the actual of 0.7%. The average enrollment for FY 2017 is projected to be 1,649 compared to 1,641 in FY 2016.

The budget provides for a State-initiated 3% employee salary increase for all employees and an additional 1% salary increase for teaching and research faculty. The budget also provides for State-mandated increases in employer contribution rates for health insurance of about 9.6%.

The budget proposal addresses many of the high priority budget requests from the senior executive officers to include salary increases and departmental operating funds.

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 2017 Operating Budget

1. The Budget includes State General Funds of \$15,676,000, an increase of \$1,546,000 or 10.9% from 2016 (Exhibit 1).
2. The Budget includes cadet tuition/fees and other revenue of \$50,278,000, an increase of \$1,120,000 or 2.3% (Exhibit 2).
3. The Budget includes private fund support primarily from the VMI Alumni Agencies of \$19,625,000, an increase of \$542,000 or 2.8%. This consists of \$2,392,000 in unrestricted funds (12%) and \$17,233,000 in restricted funds (88%). Unrestricted funds reflect a decrease of \$117,000 or 4.8% over 2016 (Exhibit 3).
4. The Budget includes cadet financial aid from all sources of \$16,362,000, an increase of \$810,000 or 5.2%. This includes an increase in cadet tuition revenue budgeted for financial aid of \$150,000 for a total of \$4,250,000 (Exhibit 4).
5. The Budget for all programs totals \$101,977,000 and reflects an increase of \$4,054,000 or 4.1% (Exhibits 5 and 6).
6. The Educational and General Program (E&G) Budget totals \$47,476,000 and represents an increase of \$1,034,000 or 2.2% (Exhibit 7).
7. The Budget includes 500 new cadets (60% Virginians and 40% Non-Virginians) and a total Corps of 1,726 (61% Virginians and 39% Non-Virginians). This is an increase of 11 cadets in the total Corps or 0.6% compared to the 2016 budget and 12 less than the 2016 actual (Exhibit 8). The average enrollment for FY 2017 (fall and spring) is budgeted to be 1,649.
8. Tuition and fees for in-state cadets total \$26,460 and represent an increase of \$1,258 or 5.0% over 2016. Tuition and fees for out-of-state cadets total \$50,769 and represent an increase of \$2,553 or 5.3% (Exhibit 9).

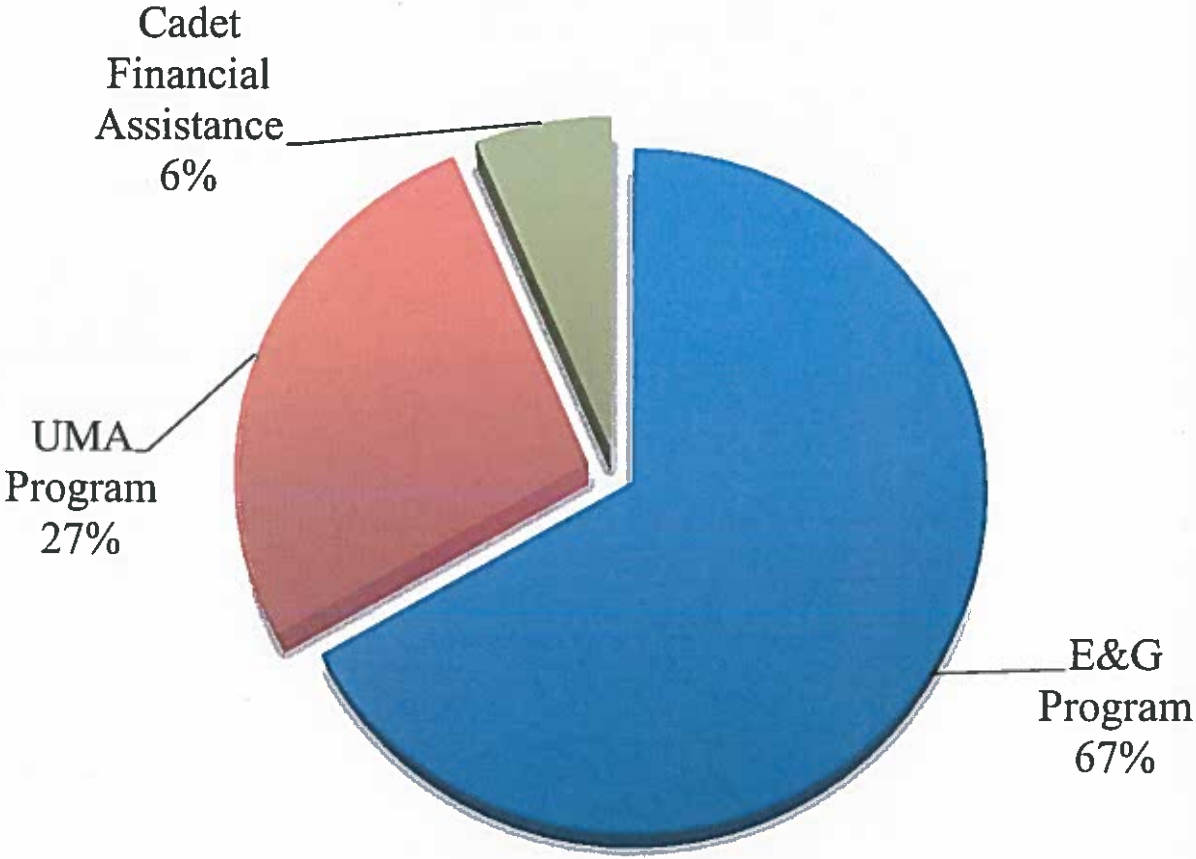
9. A State-initiated salary increase of 3% is budgeted in FY 2017 for employees. The budget also includes an additional 1% salary increase for teaching and research faculty. The budget also provides for a State-mandated increase of 9.6% in employer contribution rates for health insurance premiums.

Total personnel costs are budgeted for \$52.0 million or 61% of the total Budget (excluding cadet financial aid) and include 590 full-time positions (personnel costs comprise 76% of the State E&G budget which has 376 or 64% of the full-time positions). This is an increase of \$2.2 million or 4.4% over 2016 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.

10. The Budget projects a year-end Auxiliary Fund Balance (30 June 2016) of \$11.3 million (Exhibit 11).

State General Funds

	FY 2016	FY 2017	Inc (Dec)	%
E&G Program	9,514,000	10,450,000	936,000	9.8%
UMA Program	3,645,000	4,210,000	565,000	15.5%
Cadet Financial Assistance	971,000	1,016,000	45,000	4.6%
Total State General Funds	14,130,000	15,676,000	1,546,000	10.9%

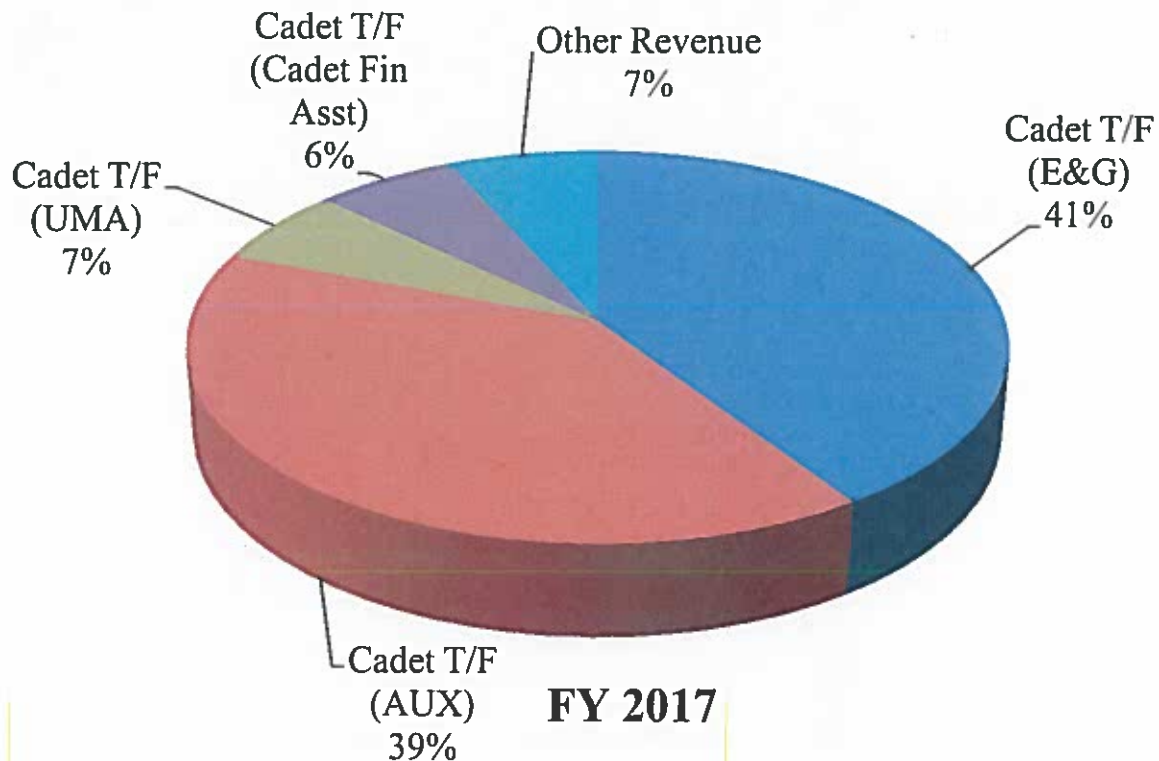


FY 2017

Cadet Tuition/Fees and Other Revenue

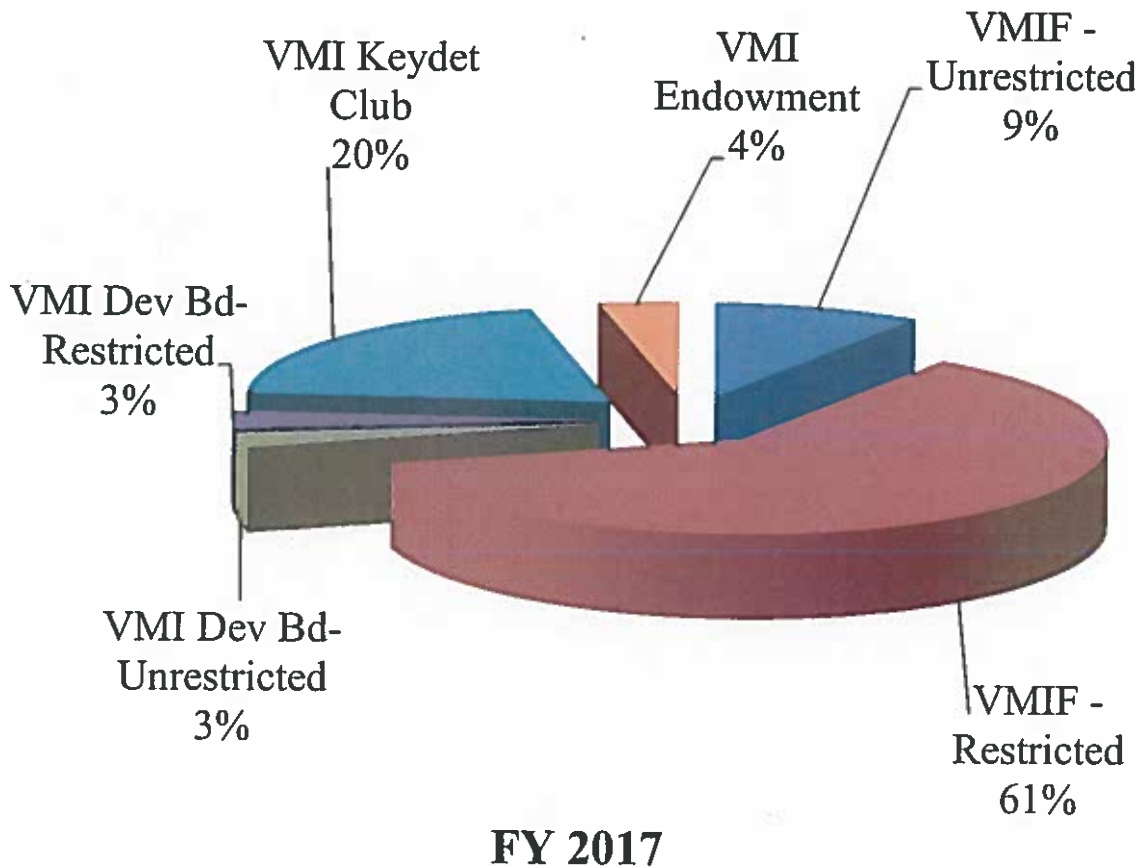
	FY 2016	FY 2017	Inc (Dec)	%
<i>Cadet Tuition and Fees</i>				
E&G Program	26,674,000	27,029,000	355,000	1.3%
Auxiliary Program	25,072,000	26,662,000	1,590,000	6.3%
UMA Program	4,223,000	4,216,000	(7,000)	-0.2%
Cadet Financial Assistance	4,100,000	4,250,000	150,000	3.7%
	<u>60,069,000</u>	<u>62,157,000</u>	<u>2,088,000</u>	<u>3.5%</u>
Less: Cadet Financial Assistance *	(15,552,000)	(16,362,000)	(810,000)	5.2%
Total Cadet Tuition/Fees	<u>44,517,000</u>	<u>45,795,000</u>	<u>1,278,000</u>	<u>2.9%</u>
<i>Other Revenue</i>				
Athletic, CLE and Museum Revenue	2,587,000	2,433,000	(154,000)	-6.0%
Fund Balances	382,000	350,000	(32,000)	-8.4%
Other (includes federal grants)	1,672,000	1,700,000	28,000	1.7%
Total Other Revenue	<u>4,641,000</u>	<u>4,483,000</u>	<u>(158,000)</u>	<u>-3.4%</u>
Total Cadet Tuition/Fees and Other	<u>49,158,000</u>	<u>50,278,000</u>	<u>1,120,000</u>	<u>2.3%</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.*



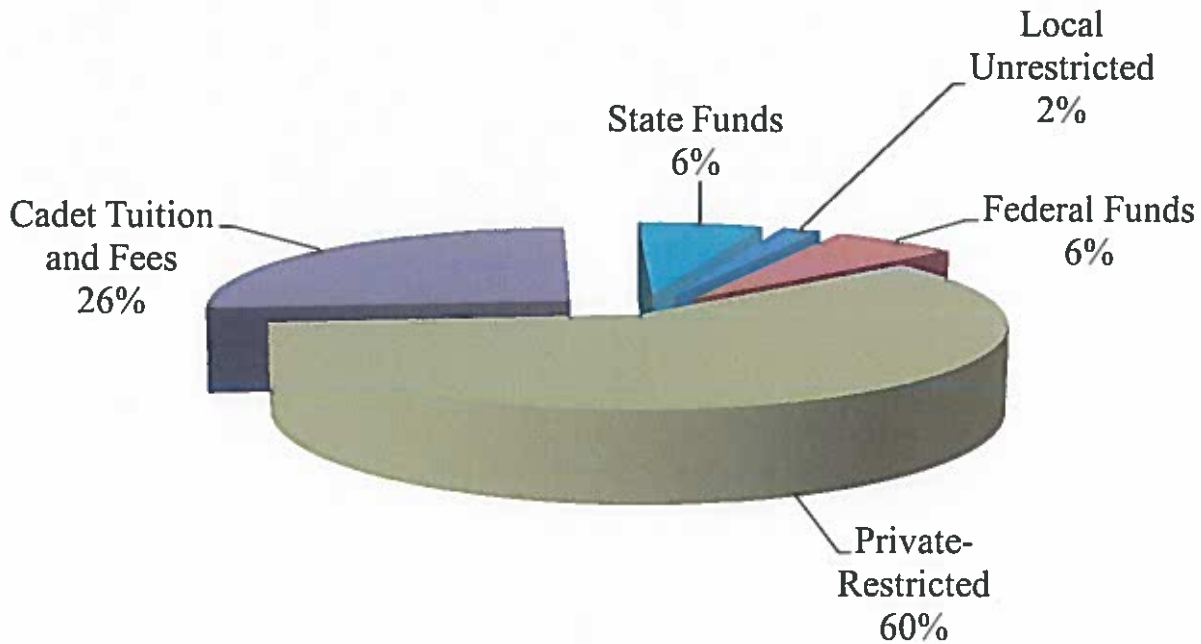
Private Funds

	FY 2016	FY 2017	Inc (Dec)	%
VMIF - Unrestricted	1,919,000	1,802,000	(117,000)	-6.1%
VMIF - Restricted	11,916,000	12,033,000	117,000	1.0%
VMI Dev Bd-Unrestricted	500,000	500,000	-	0.0%
VMI Dev Bd-Restricted	577,000	590,000	13,000	2.3%
VMI Keydet Club	3,500,000	4,000,000	500,000	14.3%
VMI Endowment	671,000	700,000	29,000	4.3%
Total Private	19,083,000	19,625,000	542,000	2.8%



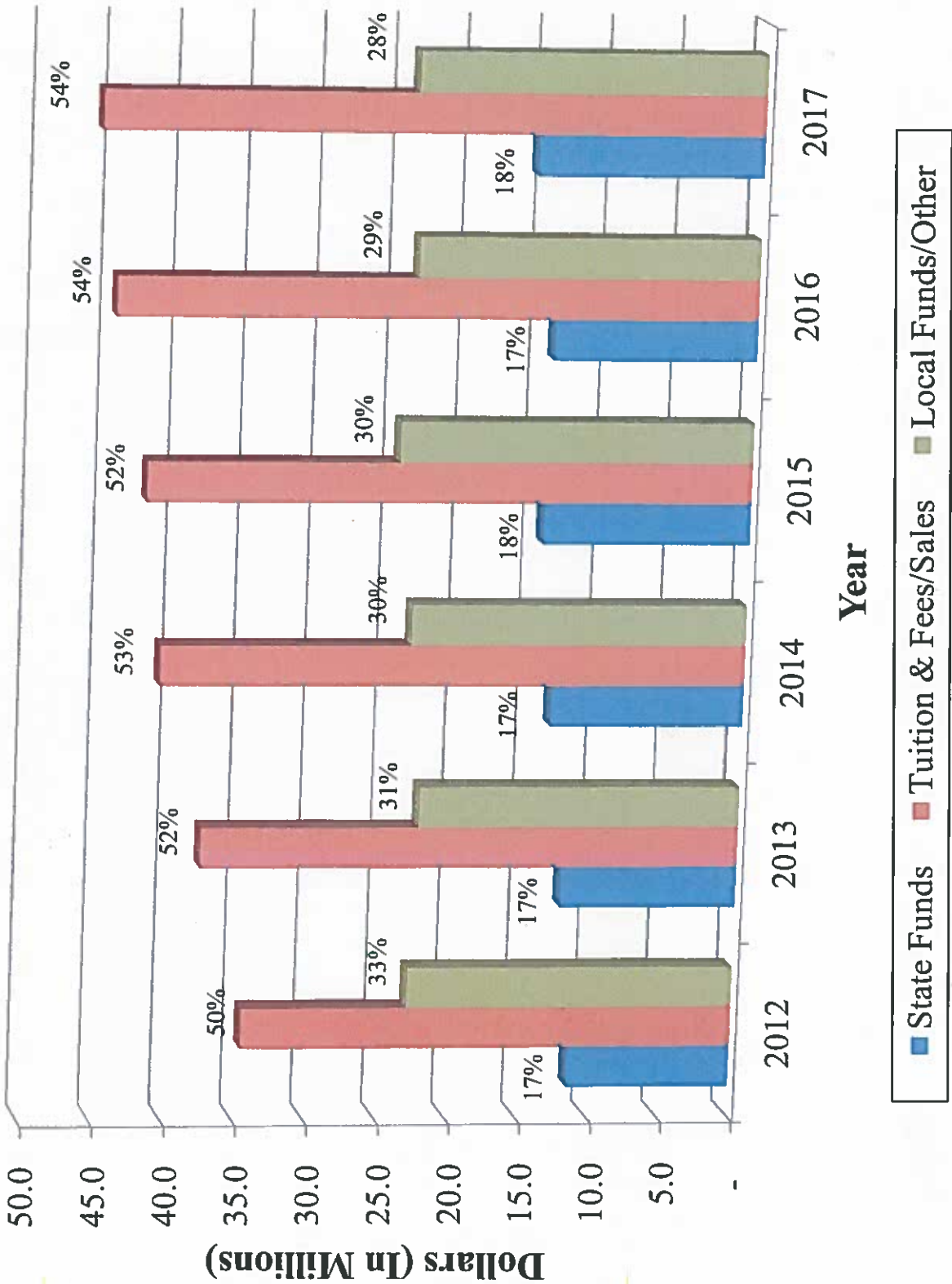
Cadet Financial Assistance

Sources	FY 2016	FY 2017	Inc (Dec)	%
State General Funds	971,000	1,016,000	45,000	4.6%
Cadet Tuition and Fees	4,100,000	4,250,000	150,000	3.7%
Private Funds--Restricted				
VMI Foundation	4,724,000	4,964,000	240,000	5.1%
VMI Development Board	742,000	722,000	(20,000)	-2.7%
VMI Keydet Club	3,228,000	3,591,000	363,000	11.2%
VMI Endowment/Other	428,000	455,000	27,000	6.3%
Total Restricted Funds	9,122,000	9,732,000	610,000	6.7%
Local Funds--Unrestricted				
VMI Foundation (primarily)	316,000	321,000	5,000	1.6%
Federal Funds	1,043,000	1,043,000	-	0.0%
 Total	 15,552,000	 16,362,000	 810,000	 5.2%



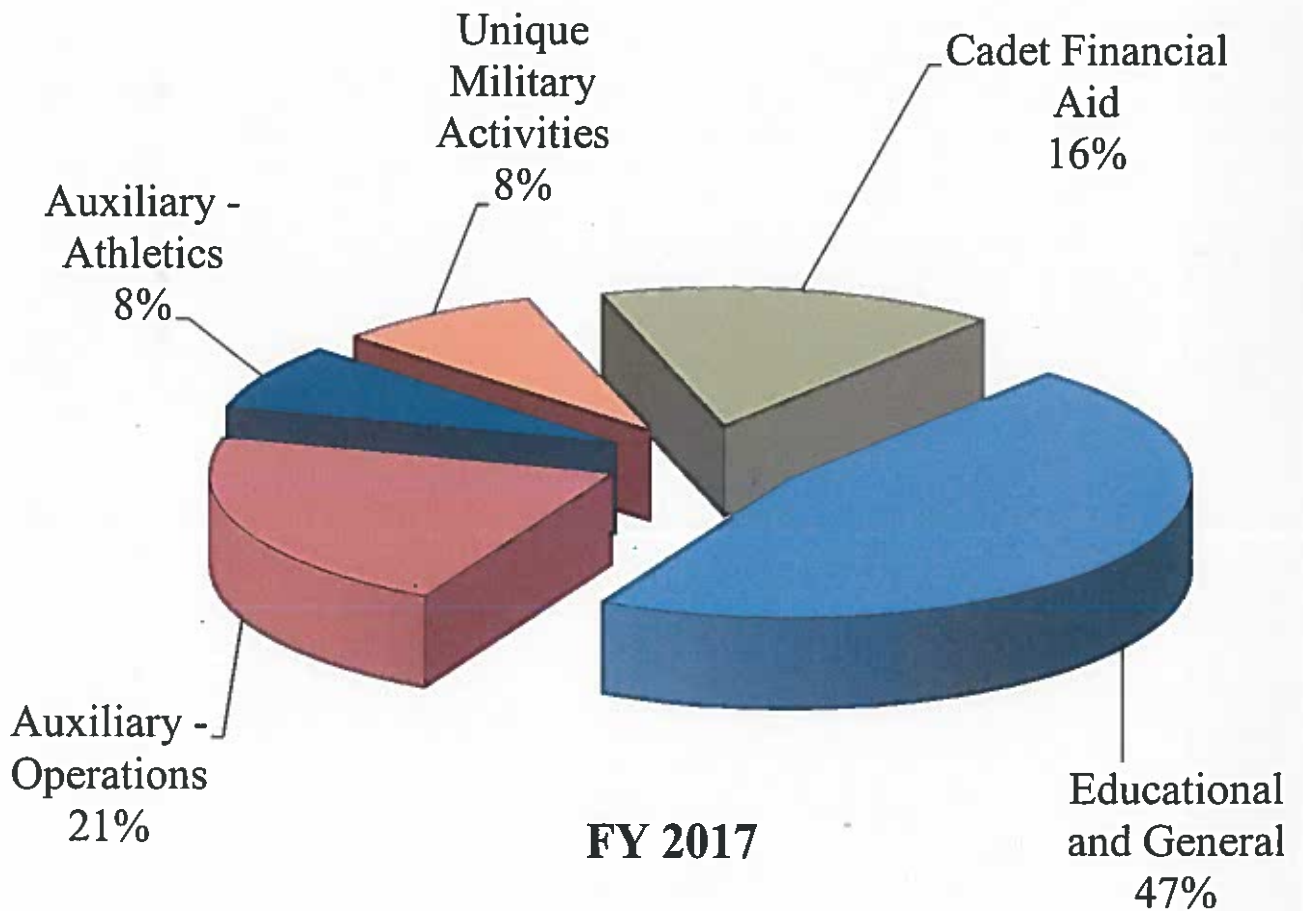
FY 2017

Sources of Revenue



Expenses

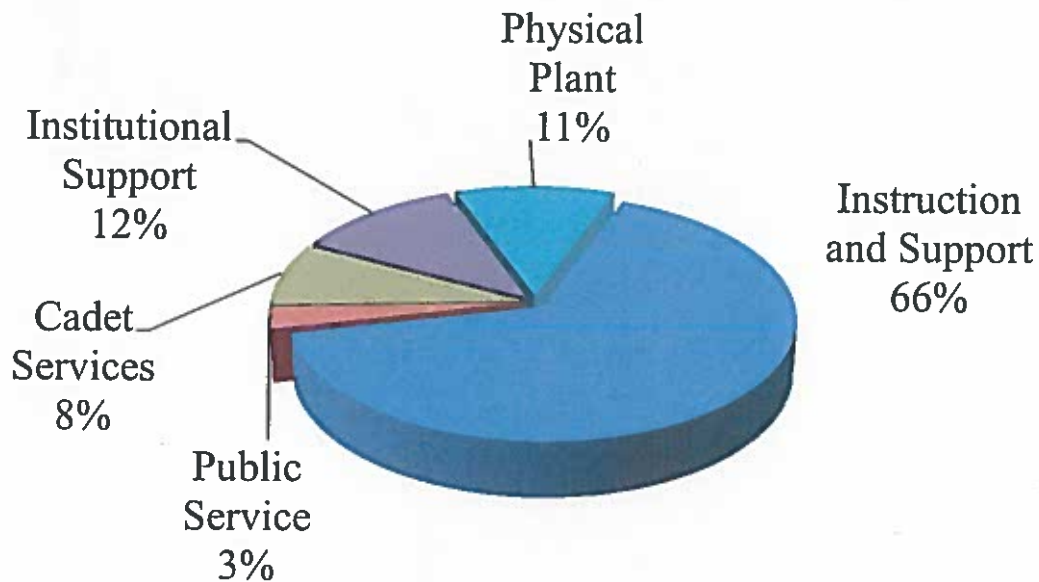
	FY 2016	FY 2017	Inc (Dec)	%
Educational and General	46,442,000	47,476,000	1,034,000	2.2%
Auxiliary - Operations	20,567,000	21,891,000	1,324,000	6.4%
Auxiliary - Athletics	7,494,000	7,822,000	328,000	4.4%
Unique Military Activities	7,868,000	8,426,000	558,000	7.1%
Cadet Financial Aid	15,552,000	16,362,000	810,000	5.2%
Total Expenses	97,923,000	101,977,000	4,054,000	4.1%



Educational and General Program

	2016	%	2017	%
Instruction & Support	30,184,000	64%	31,236,000	64%
Public Service	1,334,000	3%	1,371,000	3%
Cadet Services	3,575,000	8%	3,919,000	8%
Institutional Support	6,276,000	14%	5,612,000	12%
Physical Plant	5,073,000	11%	5,338,000	11%
Total E & G Program	46,442,000	100%	47,476,000	100%

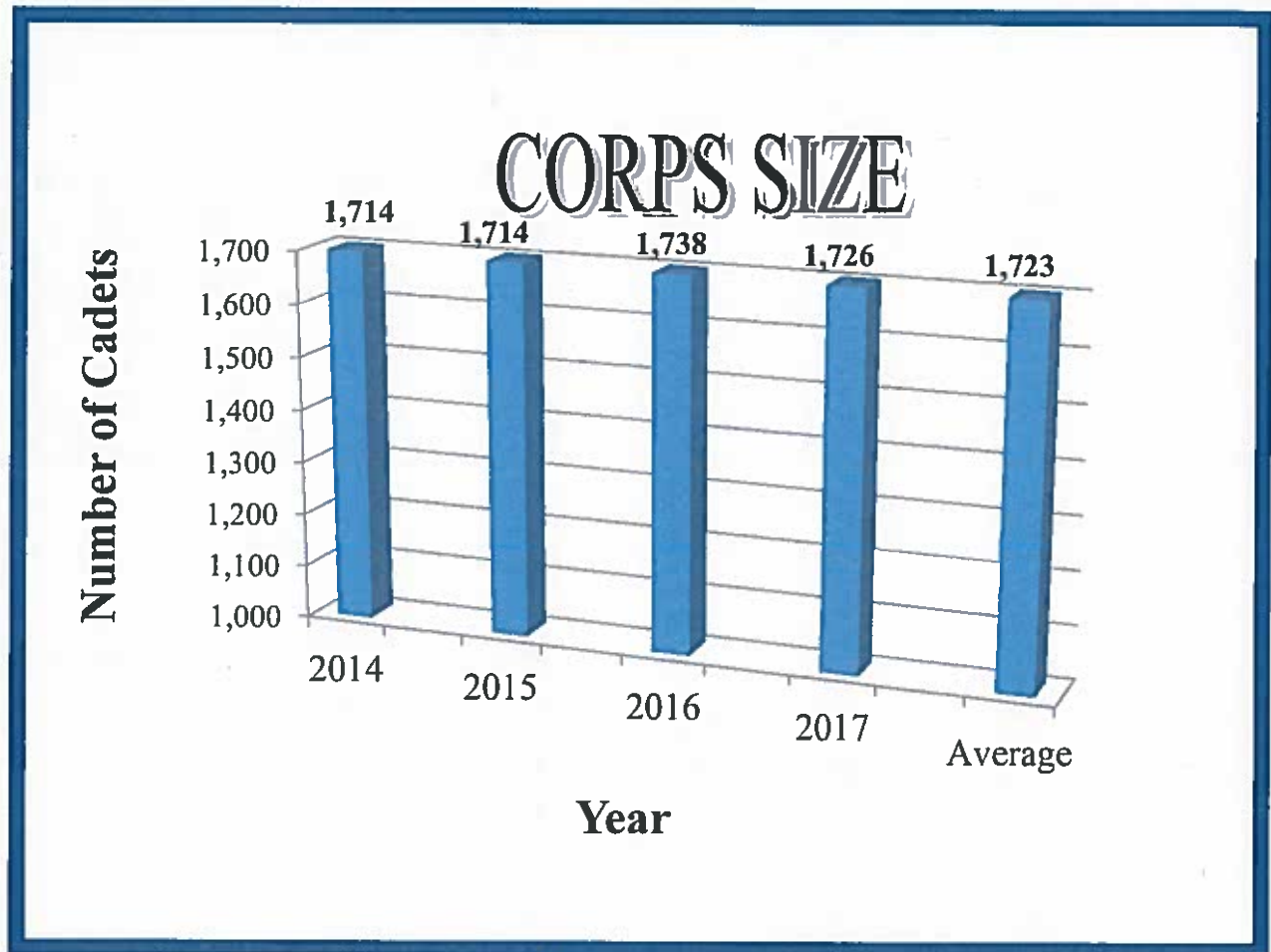
Note: The State E&G Program budget totals \$37.5 million in FY 2017 and \$36.2 million in FY 2016.



FY 2017

Enrollment - Fall

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Budgeted 2017</u>	<u>Average</u>
New Cadets	504	500	495	500	500
Upperclass	1,210	1,214	1,243	1,226	1,223
Total	1,714	1,714	1,738	1,726	1,723
% In-State	59.0%	58.3%	59.3%	61.2%	59.5%



Tuition and Fees

	FY 2016	FY 2017	Inc (Dec)	%
Tuition				
In-State	8,136	8,461	325	4.0%
Out of State	31,150	32,770	1,620	5.2%
Fees	17,066	17,999	933	5.5%
Total Cost				
In-State	25,202	26,460	1,258	5.0%
Out-of-State	48,216	50,769	2,553	5.3%

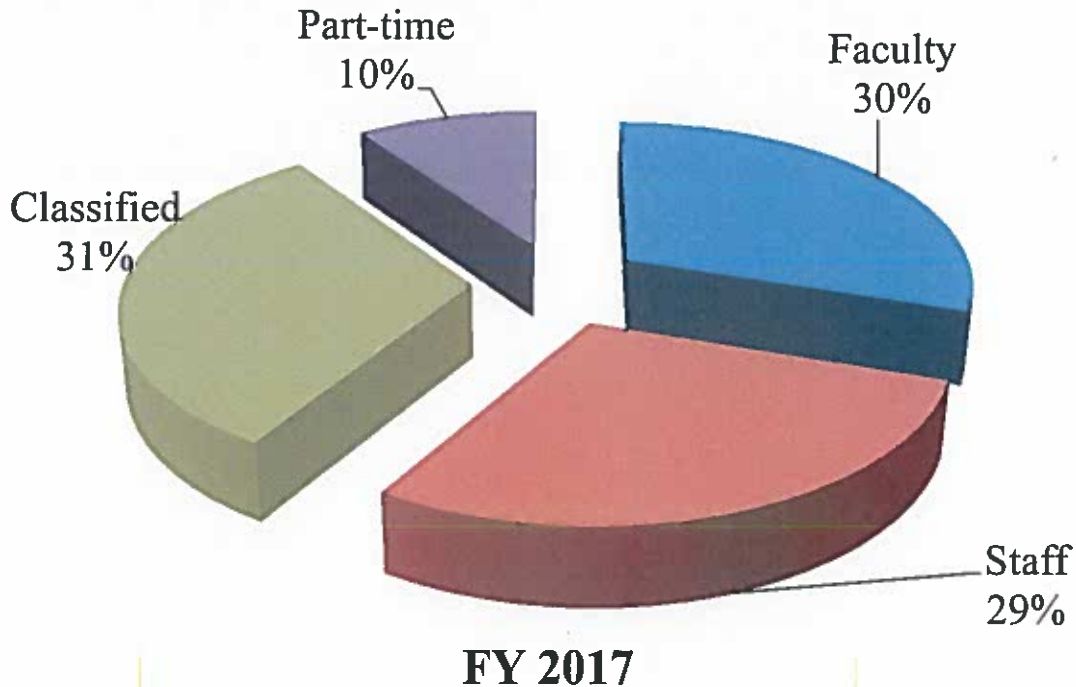
Note: Fees include room, board, medical, cadet activities/facilities, athletic, laundry/pressing, haircuts, and UMA activities.

Budgeted Dollars for Personnel

	FY 2016		FY 2017	
	FTE	Salaries/Fringes	FTE	Salaries/Fringes
Full-time Staff				
Faculty	139	14.8 million	143	15.6 million
Staff	147	14.3 million	147	14.9 million
Classified	295	15.7 million	300	16.4 million
Part-time Staff		5.0 million		5.1 million
Total	581	49.8 million	590	52.0 million

Notes:

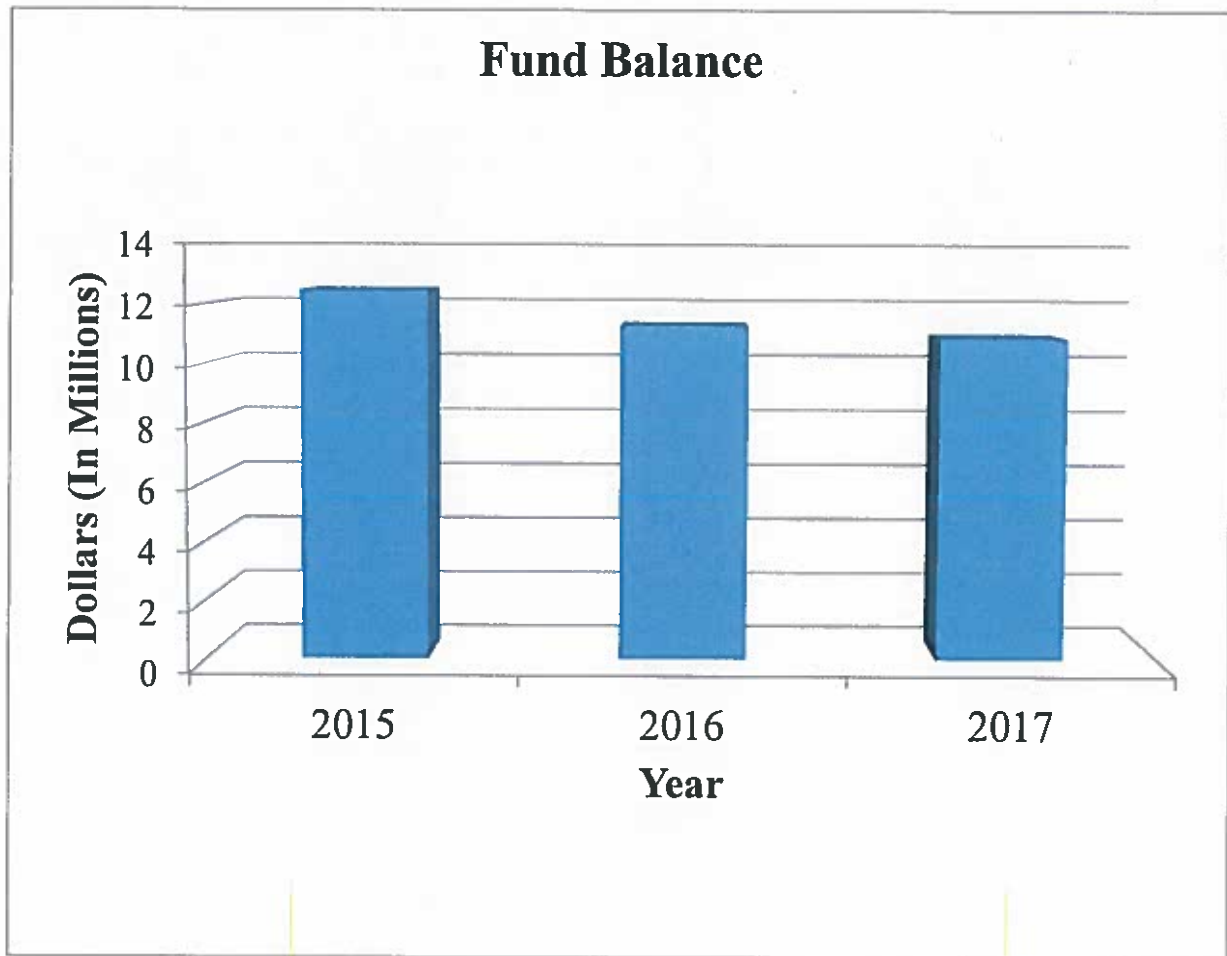
1. FTE counts full-time employees; however, the dollars also include part-time employee wages.
2. The budget reflects an increase of 9 FTE or 1.5%.
3. Salaries and fringe benefits represent 61% of the total operating budget.
4. VMI's 12:1 full-time faculty-to-student ratio (average) is the lowest of all the State's public colleges.
5. FTE and dollars include 7 full-time positions budgeted in Maintenance Reserve/Capital Projects.



Auxiliary Fund Balance

	Actual 6/30/15	Projected 6/30/16	Projected 6/30/17
Fund Balance	12,496,687	11,300,000	10,900,000

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



Budget At A Glance

THE BUDGET AT A GLANCE

This section provides an overview of the budget for the Fiscal Year beginning 1 July 2016 and ending 30 June 2017 (hereinafter referred to also as 2017). 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

	2016	2017	Increase (Decrease)	%
STATE FUNDS				
Educational and General				
General Funds	9,514,000	10,450,000	936,000	9.8%
Cadet Tuition and Other Income	26,674,000	27,029,000	355,000	1.3%
Total Educational & General	36,188,000	37,479,000	1,291,000	3.6%
Unique Military Activities				
General Funds	3,645,000	4,210,000	565,000	15.5%
Cadet Fees and Other Income	4,223,000	4,216,000	(7,000)	-0.2%
Total Unique Military	7,868,000	8,426,000	558,000	7.1%
Auxiliary Enterprises				
Cadet Fees and Other Income	19,996,000	21,314,000	1,318,000	6.6%
Transfer from Reserves	382,000	386,000	4,000	1.0%
Total Auxiliary	20,378,000	21,700,000	1,322,000	6.5%
Cadet Financial Assistance				
General Funds	971,000	1,016,000	45,000	4.6%
Cadet Tuition and Fees	4,100,000	4,250,000	150,000	3.7%
Total Cadet Financial Assistance	5,071,000	5,266,000	195,000	3.8%
Total State Funds	69,505,000	72,871,000	3,366,000	4.8%

	2016	2017	Increase (Decrease)	%
LOCAL FUNDS				
Restricted Funds				
VMI Foundation/Development Bd	12,493,000	12,623,000	130,000	1.0%
VMI Keydet Club	3,500,000	4,000,000	500,000	14.3%
VMI Endowment	581,000	610,000	29,000	5.0%
Federal Funds/NCAA Income	1,272,000	1,273,000	1,000	0.1%
Total Restricted	17,846,000	18,506,000	660,000	3.7%
Unrestricted Funds				
VMI Foundation/Development Bd	2,419,000	2,302,000	(117,000)	-4.8%
VMI Endowment Income	90,000	90,000	-	0.0%
Cadet Athletic Fees	5,076,000	5,348,000	272,000	5.4%
Athletic Revenue/Support	1,508,000	1,422,000	(86,000)	-5.7%
Museum Revenue	761,000	748,000	(13,000)	-1.7%
Conference Income	318,000	263,000	(55,000)	-17.3%
Concessions Income	400,000	427,000	27,000	6.8%
Total Unrestricted	10,572,000	10,600,000	28,000	0.3%
Total Local Funds	28,418,000	29,106,000	688,000	2.4%
TOTAL ALL FUNDS	97,923,000	101,977,000	4,054,000	4.1%
Less: Cadet Financial Assistance	(15,552,000)	(16,362,000)	(810,000)	5.2%
TOTAL REVENUE	82,371,000	85,615,000	3,244,000	3.9%

EXPENDITURES

STATE FUNDS

	2016	2017	Increase (Decrease)	%
Educational & General				
Instruction	17,802,000	18,821,000	1,019,000	5.7%
Public Service	96,000	100,000	4,000	4.2%
Academic Support	5,918,000	6,257,000	339,000	5.7%
Cadet Services	2,766,000	3,018,000	252,000	9.1%
Institutional Support	4,680,000	4,094,000	(586,000)	-12.5%
Physical Plant	4,926,000	5,189,000	263,000	5.3%
Total Educational & General	36,188,000	37,479,000	1,291,000	3.6%
Unique Military Activities	7,868,000	8,426,000	558,000	7.1%
Auxiliary Enterprises				
Operations	18,382,000	18,689,000	307,000	1.7%
Debt Service	1,296,000	2,011,000	715,000	55.2%
Maintenance projects	700,000	1,000,000	300,000	42.9%
Total Auxiliary Enterprises	20,378,000	21,700,000	1,322,000	6.5%
Cadet Financial Assistance	5,071,000	5,266,000	195,000	3.8%
Total State Funds	69,505,000	72,871,000	3,366,000	4.8%

	2016	2017	Increase (Decrease)	%
LOCAL FUNDS				
Educational & General				
Instruction	4,859,000	4,841,000	(18,000)	-0.4%
Research	33,000	33,000	-	0.0%
Public Service	1,238,000	1,271,000	33,000	2.7%
Academic Support	1,572,000	1,284,000	(288,000)	-18.3%
Cadet Services	809,000	901,000	92,000	11.4%
Institutional Support	1,596,000	1,518,000	(78,000)	-4.9%
Physical Plant	147,000	149,000	2,000	1.4%
Total Educational & General	10,254,000	9,997,000	(257,000)	-2.5%
Cadet Financial Assistance	10,481,000	11,096,000	615,000	5.9%
Auxiliary Enterprises				
Intercollegiate Athletics	7,494,000	7,822,000	328,000	4.4%
Debt Service	189,000	191,000	2,000	1.1%
Total Auxiliary Enterprises	7,683,000	8,013,000	330,000	4.3%
Total Local Funds	28,418,000	29,106,000	688,000	2.4%
TOTAL ALL FUNDS	97,923,000	101,977,000	4,054,000	4.1%
Less: Cadet Financial Assistance	(15,552,000)	(16,362,000)	(810,000)	5.2%
TOTAL EXPENDITURES	82,371,000	85,615,000	3,244,000	3.9%

SOURCES OF REVENUE

	2016	% of Total	2017	% of Total	Inc (Dec)	%
State General Funds	14,130,000	17.2	15,676,000	18.3	1,546,000	10.9%
Cadet Tuition/Fees and Sales	44,517,000	54.0	45,795,000	53.5	1,278,000	2.9%
VMI and Alumni Agencies Support						
<i>VMI Alumni Agencies</i>						
VMI Foundation	13,835,000	16.8	13,835,000	16.2	-	0.0%
VMI Development Board	1,077,000	1.3	1,090,000	1.3	13,000	1.2%
Total Foundation/ Dev Bd	14,912,000	18.1	14,925,000	17.4	13,000	0.1%
VMI Keydet Club	3,500,000	4.2	4,000,000	4.7	500,000	14.3%
Total Alumni Agencies	18,412,000	22.4	18,925,000	22.1	513,000	2.8%
<i>VMI Endowment</i>						
VMI General Endowment	400,000	0.5	402,000	0.5	2,000	0.5%
VMI Collins Endowment	196,000	0.2	198,000	0.2	2,000	1.0%
Outside Trusts (scholarships)	75,000	0.1	100,000	0.1	25,000	33.3%
Total VMI Endowment	671,000	0.8	700,000	0.8	29,000	4.3%
Total VMI and Alumni Agencies	19,083,000	23.2	19,625,000	22.9	542,000	2.8%

	2016	% of Total	2017	% of Total	Inc (Dec)	% Inc (Dec)
Other Revenue						
Athletic Revenue/Support	1,508,000	1.8	1,422,000	1.7	(86,000)	-5.7%
Concessions Income	400,000	0.5	427,000	0.5	27,000	6.8%
Museum Revenue	761,000	0.9	748,000	0.9	(13,000)	-1.7%
Program/Conference Income	318,000	0.4	263,000	0.3	(55,000)	-17.3%
Auxiliary Reserves	382,000	0.5	386,000	0.5	4,000	1.0%
Federal Funds/Other Income	1,272,000	1.5	1,273,000	1.5	1,000	0.1%
Total Other Revenue	4,641,000	5.6	4,519,000	5.3	(122,000)	-2.6%
TOTAL	82,371,000	100.0	85,615,000	100.0	3,244,000	3.9%

General Information

GENERAL INFORMATION

Total Operating Budget

The 2017 Operating Budget totals \$102.0 million and includes \$16.4 million in cadet financial assistance. Cadet financial assistance appears twice in the budget - once in the programs from which the funds are derived (mostly local restricted funds) and again in the programs where the funds are reflected as tuition and fees (mostly State funds). The net operating budget without cadet financial assistance totals \$85.6 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 Colleague Finance Departmental Manual approved by the Board of Visitors.

State Budget Process and Calender

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 Chairmen 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 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 of Higher Education for Virginia (SCHEV) no later than 1 July of each odd-numbered year. Updates to the Plan must be submitted to SCHEV no later than 1 July of even-numbered years. 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 2015. The next plan update is required by 1 July 2016.

VMI Budget Process and Calendar

VMI adopts an annual operating budget at the April/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 2017, VMI projects an in-state enrollment of about 61% which would indicate that State general fund support of the E&G Program should approximate 41% of the total E&G budget (67% times 61%). State general fund support budgeted for FY 2017 totals about 28% of the total E&G budget. The shortfall in State funding is about \$4.9 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 \$4.2 million in FY 2017, 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 2017 shortfall in State general funds for the UMA Program is estimated to be approximately \$3.6 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 the State.

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 2017 (the regular session and the summer session held the summer of 2016) 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 2017 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 2020 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

	2016	2017	Inc (Dec)	%
<i>Tuition</i>				
Virginia Cadet	8,136	8,461	325	4.0%
NonVirginia Cadet	31,150	32,770	1,620	5.2%
<i>Room</i>				
	2,586	2,676	90	3.5%
<i>Board</i>				
	6,080	6,292	212	3.5%
<i>Auxiliary Fees</i>				
Athletic	3,090	3,243	153	5.0%
Medical	456	474	18	3.9%
Cadet Facilities/Activities	1,696	2,145	449	26.5%
Total	5,242	5,862	620	11.8%
<i>Quartermaster Charges</i>				
Laundry/Pressing	372	383	11	3.0%
Haircuts	264	264	-	0.0%
Uniforms/UMA Activities	2,522	2,522	-	0.0%
Total	3,158	3,169	11	0.3%
Total Virginia Cadet	25,202	26,460	1,258	5.0%
Total NonVirginia Cadet	48,216	50,769	2,553	5.3%

Significant Budget Assumptions Tuition and Fees Notes

Tuition

The FY 2017 budget increases in-state tuition by \$325 or 4.0% to \$8,461 and out-of-state tuition by \$1,620 or 5.2% to \$32,770. 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 \$1,546,000 or 10.9% for FY 2017 compared to FY 2016. This covers the State's share of funding (about 40%) for the FY 2016 State-initiated 2% employee salary increase, the FY 2017 State-initiated 3% employee salary increase, and a 9.6% increase in employer health insurance premiums. The State general fund increase also includes \$323,000 in new State funding to increase access and completion, \$450,000 in new State funding for the UMA program, but no new funding for operations and maintenance of newly renovated facilities coming on-line (Cormack Hall, Cocke Hall, CPTF Indoor Training Facility).
- c) VMI's share (60%) of State-initiated or mandated increases in employee salaries of 3% and employer contribution rates for health insurance 9.6%.
- d) Increases in funding of approximately \$400,000 for budget requests from the senior executive officers during the budget development process; the funding adds new positions (see section on Total Employment), provides salary increases for selected employees, and funds program cost increases;
- e) Unavoidable cost increases for utilities, insurances, facility preventive maintenance contracts, and other costs;
- f) An increase in budgeted cadet financial assistance of \$150,000 or 3.7% 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 \$90 or 3.5% to \$2,676 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 \$212 per cadet or 3.5% to \$6,292 helps to fund an anticipated 3.0% 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, equipment maintenance, and debt service.

Auxiliary Fees

VMI's comprehensive auxiliary fees covering athletics, medical services, and cadet facilities/activities will increase a net total of \$620 or 11.8% to \$5,862. It consists of a \$153 increase in the cadet athletic fee, an \$18 increase in the medical fee, and a \$449 increase 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, increased debt services costs on bonds issued for facilities improvements, and operation and maintenance of newly renovated and new facilities coming on line. It also funds Athletic Program cost increases and new debt service.

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 2017 complies with the Act.

Quartermaster Charges

VMI's comprehensive quartermaster charges covering laundry/pressing, haircuts, cadet uniforms, and Unique Military Activities will increase \$11 or 0.3% to \$3,169. This increase is minimal due to the additional \$450,000 in State general funds in FY 2017 for the UMA program.

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 1 August 2016 for the Fall Semester and 15 December 2016 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.

All cadets from foreign countries are assessed a fee for health insurance coverage. The fee is expected to approximate \$900 - \$1,000 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 Hall, Cocke Hall, the Barracks, VMI Health Center, King Hall, McKethan Park, the Baffled Firing Range, Military and Leadership Field Training Grounds, classrooms, 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)	%
	2015	2016		
Tuition (Per Credit Hour)				
<i>Virginia</i>				
Regular	318	328	10	3.1%
Student Transition (STP)	350	360	10	2.9%
<i>Non-Virginia</i>				
Regular	994	1024	30	3.0%
Student Transition (STP)	1,094	1126	32	2.9%
Room (Per Week)	125	129	4	3.2%
Board (Per Week)				
5-Meal Plan	58	59	1	1.7%
10-Meal Plan	111	114	3	2.7%
15-Meal Plan	143	148	5	3.5%
19-Meal Plan	182	187	5	2.7%
Auxiliary Fee (Per Term)				
Regular	67	69	2	3.0%
Summer Transition	120	124	4	3.3%
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)	%
	2015	2016		
Morocco	4,500	4,500	-	0.0%
Central Europe	3,900	3,900	-	0.0%
Germany (ME)	4,900	4,900	-	0.0%
Paris	5,950	5,995	45	0.8%
Paris--Berlin	5,200	5,300	100	1.9%
Bolivia (CE-1)	3,500	3,500	-	0.0%
China	4,950	3,950	(1,000)	-20.2%
Spain	-	4,600		

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.

3. Participants earn 3 to 9 credit hours for completing these programs.

Facility Use Fees

	Fee Per Day		Inc (Dec)	%
	Fiscal Year			
	2016	2017		
<i>Fee per Camp/School/Other</i>				
Baseball Field (day)	168	170	2	1.2%
Baseball Field (night)	250	255	5	2.0%
Cameron Hall Arena	336	340	4	1.2%
Cocke Hall Basketball Arena	120	125	5	4.2%
Cocke Hall (Exercise Room)	-	60		
Cormack Wrestling Arena	-	100		
Football Practice Field (day)	205	210	5	2.4%
Football Practice Field (night)	300	305	5	1.7%
Foster Stadium/Upper Field Track	500	505	5	1.0%
Kilbourne Hall Indoor Range	250	255	5	2.0%
McKethan Park Pavilion (Note #3)	75-150	75-150		
McKethan Park Training Area	300	305	5	1.7%
McKethan Park Skeet Range	175	180	5	2.9%
North Post Field #1 and #3	150	155	5	3.3%
North Post Field #2 (day)	225	230	5	2.2%
North Post Field #2 (night)	250	255	5	2.0%
North Post Challenge Initiatives (Note #4)	35	36	1	2.9%
North Post High Ropes Course (Note #4)	100	105	5	5.0%
North Post Outdoor Range	325	330	5	1.5%
North Post Red and Blue Loops (Note#4)	35	36	1	2.9%
North Post Tennis Courts (All)	250	255	5	2.0%
North Post Tennis Courts (One)	75	76	1	1.3%
Parade Ground	75	76	1	1.3%
Patchin Field (Soccer/Lacrosse)	115	120	5	4.3%
Swimming Pool	105	110	5	4.8%

Facility Use Fees

	Fee Per Day		Inc (Dec)	%
	Fiscal Year			
	2016	2017		
Classrooms	67	70	3	4.5%
Academic Lecture Halls	150	155	5	3.3%
JM Hall Chapel/Rooms	750	750	-	0.0%
<i>Fee per Camper/Participant</i>				
Barracks	18	19	1	5.6%
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

	2016				2017		Budget	
	Budget	%	Actual	%	Budget	%	Inc(Dec)	%
Fall Semester								
New Cadets								
Virginia	294	60.0	303	61.2	300	60.0	6	2.0%
NonVirginia	196	40.0	192	38.8	200	40.0	4	2.0%
Total	490	100.0	495	100.0	500	100.0	10	2.0%
Old Cadets								
Virginia	724	59.1	728	58.6	756	61.7	32	4.4%
NonVirginia	501	40.9	515	41.4	470	38.3	(31)	-6.2%
Total	1,225	100.0	1,243	100.0	1,226	100.0	1	0.1%
Total Fall								
Virginia	1,018	59.4	1,031	59.3	1,056	61.2	38	3.7%
NonVirginia	697	40.6	707	40.7	670	38.8	(27)	-3.9%
Total	1,715	100.0	1,738	100.0	1,726	100.0	11	0.6%
Cadets on Foreign Study	2		1		2		-	0.0%
Total Potential	1,717		1,739		1,728		11	0.6%
Spring Semester								
Virginia	959	60.0	929	60.1	989	61.7	30	3.1%
NonVirginia	640	40.0	617	39.9	615	38.3	(25)	-3.9%
Total	1,599	100.0	1,546	100.0	1,604	100.0	5	0.3%
Cadets on Foreign Study	33		48		33		-	0.0%
Total Potential	1,632		1,594		1,637		5	0.3%
Average enrollment for the Year (Fall census and Spring)								
	1,641		1,642		1,649		8	0.5%

New Cadet Enrollment *Opening Day*

	FY 2016 Actual			FY 2017 Estimated/Budgeted		
	VA	NVA	Total	VA	NVA	Total
Total Applications	866	1,039	1,905	898	1,051	1,949
Total Acceptances	430	568	998	414	587	1,001
% of Applicants Accepted	50%	55%	52%	46%	56%	51%
Matriculants	303	192	495	300	200	500
% of Accepted (Yield)	70%	34%	50%	72%	34%	50%

Significant Budget Assumptions Enrollment Notes

Fall Semester

New Cadets

The budget is based on a new cadet class of 500 with 60% in-state cadets. VMI budgeted 490 new cadets for FY 2016 with 60% in-state cadets and enrolled 495 cadets with about 61% in-state cadets.

Old Cadets

An Old Corps (returning cadets) of 1,226 is budgeted for fall 2016 or 1 more than budgeted for FY 2016 and 17 less than actually enrolled last fall. The percentage of in-state old cadets is projected to be 62% and compares to the 59% actually enrolled in FY 2016.

Total Cadets

The budget is based on a total projected “opening” day enrollment of 1,726 cadets with 61% 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 1,700 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 1,695; this compares to 1,717 last census date.

Spring Semester

The spring semester enrollment is budgeted to total 1,604 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 2017 is 1,649 and consists of 1,695 cadets at the fall census date and 1,604 in the spring semester. The average enrollment for FY 2016 is 1,641. **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

	2016		2017		Inc (Dec)		
	FTE	Dollars	FTE	Dollars	FTE	Dollars	%
State Funds							
Educational and General Program	366	32,352,000	376	34,176,000	10	1,824,000	5.6%
Auxiliary Program	102	5,948,000	102	6,192,000	-	244,000	4.1%
Unique Military Program	25	2,377,000	25	2,466,000	-	89,000	3.7%
Total State Funds	493	40,677,000	503	42,834,000	10	2,157,000	5.3%
Local Funds							
Intercollegiate Athletics	50	3,718,000	50	3,875,000	-	157,000	4.2%
Museum Programs	9	591,000	9	604,000	-	13,000	2.2%
Local Restricted	11	2,143,000	11	2,021,000	-	(122,000)	-5.7%
Local Unrestricted	9	2,078,000	10	2,172,000	1	94,000	4.5%
Total Local Funds	79	8,530,000	80	8,672,000	1	142,000	1.7%
Total State and Local	572	49,207,000	583	51,506,000	11	2,299,000	4.7%
Capital Programs							
Maintenance Reserve/Projects Ofc	9	614,000	7	447,000	(2)	(167,000)	-27.2%
Total All	581	49,821,000	590	51,953,000	9	2,132,000	4.3%

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 2017

Department	Position	Type Change	# FTE	Note
<i>E&G Program</i>				
English, Rhetoric and Hum Studies	Teaching Faculty	New hire	1	1
Civil and Environmental Engineering	Teaching Faculty	New hire	1	1
Math Education Resource Center	Teaching Faculty	Buyback from Local	1	2
Learning Center	Admin Prof	Buyback from Local	1	2
Institutional Research	Admin Prof	Convert PT to FT	1	3
Financial Aid	Classified	Convert PT to FT	1	3
Registrar's Office	Classified	Convert PT to FT	1	3
Communications and Marketing	Classified	Convert PT to FT	1	3
Post Security	Classified	New hire	1	4
O&M of Plant - Buildings	Classified	Transfer from CO	1	5
			10	
<i>Capital Outlay</i>				
Maintenance Reserve	Admin Prof	Position reduction	(1)	6
Maintenance Reserve	Classified	Transfer to E&G	(1)	5
			(2)	
<i>Private Funds</i>				
Civil and Environmental Engineering	Teaching Faculty	New hire	1	1
International Studies	Teaching Faculty	New hire	1	1
Math Education Resource Center	Teaching Faculty	Buyback to E&G	(1)	2
Learning Center	Admin Prof	Buyback to E&G	(1)	2
Center for Leadership and Ethics	Classified	New hire	1	7
			1	
Net Increase			9	

See accompanying Notes on following page

Total Employment Notes

1. Four new full-time teaching faculty positions are budgeted in FY 2017 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. Two existing positions budgeted in the Local Program that support the Academic Program are being transferred in FY 2017 to the E&G Program budget. The positions transferred consist of a teaching faculty member who directs the Math Education Resource Center and an administrator in the Leaning Center.
3. Four existing part-time positions are being converted to full-time due to increasing workload demands. The positions in Institutional Research, Financial Aid, and the Registrar's Office support an increased Corps size. The position in Communications and Marketing supports increased marketing efforts.
4. The new Post Security position is necessary to enhance safety and security of Cadets, Faculty, and Staff.
5. One existing position is being transferred from the Capital Outlay Program to the E&G program. The plant maintenance duties of this position changed such that they are no longer eligible to be charged to the Capital Outlay (Maintenance Reserve) Program.
6. One position in the Capital Outlay Program was eliminated due to the restructuring of the Physical Plant department and resulting transfer of an existing employee to a vacant position in the E&G program.
7. A new Assistant Conference and Program Planner was hired to support increased program activities in the Center for Leadership and Ethics.

Salary Increases and Fringe Benefits

	2016	2017	Inc (dec)	%
State Appropriated Salary Increases				
Teaching Faculty	2.00%	3.00%		
Administrative and Professional Staff	2.00%	3.00%		
Classified Employees	2.00%	3.00%		
VMI Initiated Salary Increases				
Teaching Faculty	-	1.00%		
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)	14.29%	14.15%		
Optional Retirement System (ORP)--Before	10.40%	10.40%		
Optional Retirement System (ORP)--After	8.50%	8.50%		
Retiree Health Credit	1.05%	1.18%		
Social Security Rate	7.65%	7.65%		
Group Life Insurance	1.19%	1.31%		
Total for VRS Employee	24.18%	24.29%		
Total for ORP Employee--Before	20.29%	20.54%		
Total for ORP Employee--After	18.39%	18.64%		
Health Insurance (Employer share)				
Single	6,532	7,159	627	9.6%
Family	17,164	18,812	1,648	9.6%
Employee plus one	11,706	12,830	1,124	9.6%

Notes:

1. The State-initiated salary increase is effective 10 November 2016.
2. VMI is funding an additional 1% salary increase for teaching faculty effective 10 November 2016.
3. The FY 2017 and FY 2016 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 certain 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 \$41.8 million for an increase of \$1.5 million or 3.6% over FY 2016.
2. State general funds are budgeted at \$10.45 million for an increase of \$936,000 or 9.8% over FY 2016. This increase primarily reflects annulization of the State's share of the 2016 State-initiated 2.0% increase in employee salaries, provision for the State's share of the FY 2017 3% increase in employee salaries, and the State's share of a 9.6% increase in employer health insurance premiums.
3. Cadet tuition/other revenue is budgeted at \$31.3 million for an increase of \$505,000 or 1.6% increase over FY 2016. The increase generally reflects the increase in tuition rates with an offset for the projected continuing decrease in total NVA cadets.
4. Cadet tuition revenue allocated for cadet financial aid is budgeted at \$4.25 million for an increase of \$150,000 or 3.7% over FY 2016. The increase mostly reflects increasing financial need of NVA cadets and no increase in private unrestricted funds (mostly from the VMI Foundation) that has been budgeted for cadet financial assistance.
5. The percentage of cadet tuition/other revenue allocated for cadet financial aid will total 13.6% compared to 13.3% in FY 2016.

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 in FY 2015. It also includes on-going consideration of reducing NVA cadet enrollment and increasing VA cadet enrollment while maintaining a target average enrollment for the year of 1,625 cadets. Any significant shift to more VA cadets will require significant increases in VA cadet tuition rates to help offset the loss of NVA cadet tuition (a NVA cadet tuition is \$24,309 greater or 3.9 times more than a VA cadet tuition in FY 2017).

6. E&G budgeted revenues and support after deducting cadet financial aid totals \$37.5 million for an increase of \$1.3 million or 3.6% over FY 2016.
7. E&G personal services costs are budgeted to total \$34.2 million for a net increase of \$1.8 million or 5.6% over FY 2016. The net increase consists mostly of the following:
 - 3% salary increase for all employees
 - Additional 1% salary increase for teaching faculty
 - 9.6% employer health insurance cost increase

- Buyback of one teaching faculty position and one Learning Center position previously funded from local funds.
 - Conversion of four part-time positions to full-time: one each in Institutional Research, Financial Aid, Communications and Marketing, and the Registrar's Office
 - Transfer of one physical plant employee from the capital outlay program due to change in job responsibilities
 - One new teaching faculty position in English, Rhetoric, and Humanistic Studies and one new faculty position in Civil and Environmental Engineering
 - One new position in Post Security
8. E&G non-personal services costs (excluding contingencies) are budgeted to total \$10.2 million for an increase of \$600,000 or 6.3% over FY 2016. The net increase includes the following:
- 10.8% increase in utilities and insurance costs related to increased rates and new facilities coming on line
 - Contractual services and other "unavoidable" cost increases (mostly related to facilities)
9. Indirect costs recovered from the Auxiliary Enterprises and the Unique Military Activities Programs are budgeted to be \$7.4 million for an increase of \$450,000 or 6.5% over FY 2016.
10. E&G Contingencies are budgeted at \$700,000 for a decrease of \$100,000 over FY 2016. This budget represents about 1.5% of total E&G expenditures including cadet financial aid.

Auxiliary Enterprises Program

11. Auxiliary Enterprise revenues and support are budgeted to total \$21.3 million for an increase of \$1.4 million or 6.9% over FY 2016. The increase mostly reflects an overall 11.8% increase in Auxiliary Fees. The primary components of this increase is a \$153 (5%) increase in the Athletic fee, a \$211 (27%) increase in the debt service fee to support recent VCBA debt issuances, and a new \$155 CPTF fee to support operations and maintenance of the new CPTF facilities.
12. Room and Board fees will increase 3.5% each to support increasing operations and maintenance costs and to cover State mandated salary increases.
13. Auxiliary Enterprise personal services costs are projected to total \$3.7 million or about \$100,000 or 2.9% more than FY 2016. The budget provides for State-initiated employee salary and fringe benefit increases as indicated in Note #7.
14. Auxiliary non-personal services are projected to total \$9.7 million, approximately the same amount as in FY 2016. This is attributed to a 3.0% increase in cadet meal costs (ARAMARK is vendor) offset by six fewer feeding days in FY 2017.

15. The Auxiliary Enterprises Program share of indirect costs (payable to the E&G Program for administration and facilities support) is projected to total \$4.4 million for an increase of \$100,000 or 1.6% over FY 2016.
16. Auxiliary contingencies are budgeted for \$900,000 or \$100,000 over the FY 2016 budget.
17. Small non-capital repairs and improvements to facilities are budgeted for \$1.0 million compared to \$700,000 in FY 2016. The FY 2017 budget includes funding for post security initiatives and beautification efforts.
18. Auxiliary Enterprises debt service is budgeted for \$2.0 million for an increase of about \$700,000 over FY 2016. The increase consists of the start of \$405,000 in debt service on the second and third of VMI's three \$4.0 million bond financings for improvements to facilities and a \$267,000 increase 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), Cocks 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 \$11.3 million at the end of FY 2016 and \$10.9 million at the end of FY 2017.
20. State guidelines indicate that the Auxiliary Fund Balance should be about \$8.4 million for FY 2017. 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 \$8.4 million for an increase of \$500,000 or 6.3%. The total consists of \$4.2 million in State general funds and \$4.2 million in cadet fees and sales.
22. The increase consists of the State's share of salary increases plus new State general funds totaling \$565,000 or 15.5%. The Uniforms/UMA Activities fee did not increase, thus cadet fee revenue is essentially unchanged from FY 2016.

23. UMA personal services expenditures are budgeted for \$2.5 million for an increase of \$100,000 or 3.7% over FY 2016. This reflects provision for salary and fringe benefit increases as described in Note #7.
24. UMA nonpersonal services costs are budgeted for \$4.4 million for an increase of about \$150,000 or 3.5% over FY 2016. These costs consist mostly of cadet uniform purchases, (\$1.45 million), cadet uniform maintenance and other support services (Laundry, Tailor shop, Military Store, hospital, Regimental Band, and Armory), and salary and benefit increases.
25. The UMA Program's share of indirect costs (payable to the E&G Program for administration and facilities support) are budgeted for \$1.46 million for an increase of \$278,000 or 23.5% over FY 2016. This increase represents efforts to achieve full indirect cost recovery from the UMA program. Due to lack of new State funds in past years, the UMA program has not fully paid its share of indirect costs.

**State Funds
General Funds**

	2016	2017	Inc (Dec)	%
<i>State General Funds--Operating</i>				
<i>Educational and General Program</i>				
State Appropriation--VMI	9,077,000	9,761,000	684,000	7.5%
New Funding ("anticipated")	-	63,000	63,000	
State funding reduction	(183,000)	-	183,000	
State Central Allocation	620,000	626,000	6,000	1.0%
Total	9,514,000	10,450,000	936,000	9.8%
<i>Unique Military Activities</i>				
State Appropriation--VMI	3,645,000	3,760,058	115,058	3.2%
New Funding ("anticipated")	-	450,000	450,000	
	3,645,000	4,210,058	565,058	15.5%
<i>Cadet Financial Assistance</i>				
State Appropriation--VMI	971,000	1,016,000	45,000	4.6%
Total General Funds--Operating	14,130,000	15,676,058	1,546,058	10.9%
<i>Other State Appropriations--Capital*</i>				
Equipment Trust Fund (ETF)	845,000	886,000	41,000	4.9%
Maintenance Reserve Program	1,219,000	1,270,000	51,000	4.2%
Total	2,064,000	2,156,000	92,000	4.5%
Total All	16,194,000	17,832,058	1,638,058	10.1%

* *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 increase of \$936,000 or 9.8% consists primarily of new State funding that reflects annulization of the State's share of the FY 2016 State-initiated 2.0% increase in employee salaries, provision for the State's share of the FY 2017 3% increase in employee salaries, and the State's share of a 9.6% increase in employer health insurance premiums. In addition, VMI received an additional \$322,000 in E&G general funds to support access and completion.

Unique Military Activities

State general funds are budgeted to increase \$565,000 or 15.5%. It consists of new State funding that reflects annulization of the State's share of the FY 2016 State-initiated 2.0% increase in employee salaries, provision for the State's share of the FY 2017 3% increase in employee salaries, and the State's share of a 9.6% increase in employer health insurance premiums. In addition, VMI received an additional \$450,000 in new general funds to support the UMA program.

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. The new general funds in FY 2017 represent the first significant new UMA general funds appropriated in several years.

Cadet Financial Assistance

State general funds for cadet financial assistance is limited to in-state cadets with demonstrated need. The budget increase of \$45,000 or 4.6% 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 Fund 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 2016	Budget 2017	Inc (Dec)	%
<i>E&G Program</i>				
<i>Tuition--Regular Session</i>				
Gross tuition--current year	28,765,000	29,557,000	792,000	2.8%
Less: refunds	(292,000)	(363,000)	(71,000)	24.3%
Net potential	28,473,000	29,194,000	721,000	2.5%
Less: uncollected	(150,000)	(150,000)	-	0.0%
Net tuition	28,323,000	29,044,000	721,000	2.5%
 <i>Tuition--Collection of Prior Years</i>	 100,000	 100,000	 -	 0.0%
 <i>Tuition--Summer Session</i>				
First Term	606,000	530,000	(76,000)	-12.5%
Second Term	491,000	386,000	(105,000)	-21.4%
STP	450,000	443,000	(7,000)	-1.6%
Foreign Study	512,000	477,000	(35,000)	-6.8%
Total Summer	2,059,000	1,836,000	(223,000)	-10.8%
 Total tuition	 30,482,000	 30,980,000	 498,000	 1.6%
 <i>Student Fees</i>				
Application fees	76,000	76,000	-	0.0%
Forfeited deposits	7,000	7,000	-	0.0%
Late fees	46,000	46,000	-	0.0%
Total fees	129,000	129,000	-	0.0%
 <i>Other Income</i>				
Interest on notes--Cadets	12,000	14,000	2,000	16.7%
Transcripts	16,000	16,000	-	0.0%
Energy Demand	35,000	35,000	-	0.0%
Miscellaneous	20,000	25,000	5,000	25.0%
Total other	83,000	90,000	7,000	8.4%
 <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 2016	Budget 2017	Inc (Dec)	%
<i>Prior Year Expenses Reimbursed</i>	10,000	10,000	-	0.0%
Subtotal	30,774,000	31,279,000	505,000	1.6%
<i>Transfer to Cadet Financial Aid</i>	(4,100,000)	(4,250,000)	(150,000)	3.7%
Total E&G Program	26,674,000	27,029,000	355,000	1.3%

Auxiliary Program

Cadet Fees--Regular Session

Gross fees--current year	24,096,000	25,732,000	1,636,000	6.8%
Less: refunds	(195,000)	(208,000)	(13,000)	6.7%
Net potential	23,901,000	25,524,000	1,623,000	6.8%
Less: uncollected	-	-	-	
Net collections	23,901,000	25,524,000	1,623,000	6.8%
Transfer fees to Athletics Program	(5,076,000)	(5,348,000)	(272,000)	5.4%
Net cadet fees	18,825,000	20,176,000	1,351,000	7.2%

Food Service

Cadet fees--summer session	270,000	275,000	5,000	1.9%
Commission revenue-ARA	86,000	92,000	6,000	7.0%
Total food service	356,000	367,000	11,000	3.1%

Barracks

Cadet fees--summer session	222,000	207,000	(15,000)	-6.8%
Rents--summer camps/others	25,000	21,000	(4,000)	-16.0%
Total Barracks	247,000	228,000	(19,000)	-7.7%

Military Store/Other Sales

	15,000	15,000	-	0.0%
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Medical/Other--Cadet fees (summer)

	58,000	57,000	(1,000)	-1.7%
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Parking Fees and Fines

	38,000	40,000	2,000	5.3%
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Total cadet fees/sales

	19,539,000	20,883,000	1,344,000	6.9%
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Other Income

Rents--Post Housing	316,000	335,000	19,000	6.0%
Rents-Cameron Hall	3,000	2,000	(1,000)	-33.3%

	Budget 2016	Budget 2017	Inc (Dec)	%
Interest earned on Reserves	56,000	62,000	6,000	10.7%
Miscellaneous	33,000	32,000	(1,000)	-3.0%
Total Other	408,000	431,000	23,000	5.6%
Subtotal	19,947,000	21,314,000	1,367,000	6.9%
Add: Transfer in from Reserves	431,000	386,000	(45,000)	-10.4%
Total AUX Program	20,378,000	21,700,000	1,322,000	6.5%

Unique Military Activities

Cadet Fees

Gross fees--current year	4,179,000	4,186,000	7,000	0.2%
Less: refunds	(40,000)	(40,000)	-	0.0%
Net potential	4,139,000	4,146,000	7,000	0.2%
Less: uncollected				
Net cadet fees	4,139,000	4,146,000	7,000	0.2%

Sales and Other Income

Military Store Sales	84,000	70,000	(14,000)	-16.7%
Total UMA	4,223,000	4,216,000	(7,000)	-0.2%

State Funds

Cadet Tuition, Fees and Other Income Notes

E&G Program

Tuition Revenue—Regular Session

Regular session tuition revenue before refunds is budgeted to increase \$792,000 or 2.8% and is attributed mostly to tuition increases of 4.0% for in-state cadets and 5.2% for out-of-state cadets offset by an increased percentage of in-state cadets in the Corps.

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 four accounts greater than \$2,500 that are proposed for write-off by the Board. These four accounts total \$35,956 (ranging from \$3,536 to \$18,787) and are from former cadets who have either resigned or been suspended. VMI has expended considerable effort to collect these accounts including sending them to VMI's outside collection agency or the Office of the Attorney General for assistance in collection. They are now deemed uncollectible and should be written off. However, VMI will continue to hold official transcripts until full payment is received from these cadets. The Board's approval of the FY 2017 budget includes approval to write-off these accounts.

The Superintendent is expected to approve the write-off of nine former cadet accounts during FY 2017 that are under \$2,500 each (ranging from \$48 to \$1,851) and that total \$5,987.

Tuition Revenue—Summer Session

Summer session tuition revenue is budgeted to decrease \$233,000 or 10.8%. This decrease reflects a trend in recent years of lower summer session enrollment. It reflects an average tuition increase of about 3.0% that is offset by a decrease in budgeted enrollment to bring it closer to actual enrollment in summer 2015.

Transfer to Cadet Financial Aid

Tuition revenue used to fund cadet financial aid is budgeted at \$4.25 million for an increase of \$150,000 or 3.7% over the FY 2016 budget. The actual cost for FY 2016 was about \$4.1 million. 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 revised 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 \$1.6 million or 6.8%. This reflects an increase of \$933 or 6.4% in total cadet auxiliary fees consisting of room, board, athletic, medical, cadet activities/facilities, debt service, laundry/dry cleaning, and haircuts.

Athletic fee revenue is transferred to the Intercollegiate Athletics Program which operates as a Local auxiliary activity. The increase in fees transferred to the Athletics Program reflects the \$153 or 5% increase in the Athletic Fee.

Cadet Fee Revenue—Summer Session

The summer session food service and Barracks cadet fee revenue budgets consist of fee increases of about 3% offset by a decrease in budgeted cadet enrollment to bring it closer to actual summer 2015.

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 2017 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 26 October 2015, and previous exceptions granted by the Superintendent, the following 13 officials are required to live on Post: Superintendent, Deputy Superintendent for Finance, Administration, and Support, 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, Head Basketball 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 \$386,000 for FY 2017 and is needed to help fund small capital project improvements and repairs.

VMI's Auxiliary Fund Balance is projected to approximate \$11.3 million at 30 June 2016 and \$10.9 million at 30 June 2017. Based on past experience for working capital needs, VMI's minimum target for the fund balance is \$6.0 million. State guidelines indicate a desired balance for FY 2017 to be about \$8.4 million. The planned Post Infrastructure Improvements capital project will require matching funds to be provided either through the Auxiliary fund balance, new debt, or a combination.

Unique Military Activities Program

Cadet Fee Revenue

Cadet fee revenue before refunds are budgeted to increase \$7,000 or 0.2%. The cadet UMA fee will remain at the same level as in FY 2016, made possible by the new State general funds provided to the UMA program. The cadet UMA fee totals \$2,522 for FY 2017 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	2016	%	2017	%	Inc (Dec)	%
Instruction	17,802,000	49.2%	18,821,000	50.2%	1,019,000	5.7%
Public Service	96,000	0.3%	100,000	0.3%	4,000	4.2%
Academic Support	5,918,000	16.4%	6,257,000	16.7%	339,000	5.7%
Cadet Services	2,766,000	7.6%	3,018,000	8.1%	252,000	9.1%
Institutional Support	4,680,000	12.9%	4,094,000	10.9%	(586,000)	-12.5%
Physical Plant	4,926,000	13.6%	5,189,000	13.8%	263,000	5.3%
Total E&G Program	36,188,000	100.0%	37,479,000	100.0%	1,291,000	3.6%

Notes:

1. The percentage of E&G Program funds allocated for Instruction, Academic Support and Cadet Services totals 75.0% in 2017 compared to 73.2% in 2016.
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 3% salary increase and mandatory increases in health insurance premiums. In addition, faculty received an additional 1% salary increase.
3. The decrease in Institutional Support costs primarily reflects the budgeting in FY 2016 of \$400,000 in funding for VP requests in the Contingencies account. These requests were budgeted in the appropriate departmental account in FY 2017. In addition, the Auxiliary and UMA recoveries to E&G increased by \$250,000 in FY 2017 further reducing E&G Institutional support expenditures.

**E&G Program
Revenue and Expenditure Budget Changes
FY 2017 Compared to FY 2016**

Revenue Increase (Decrease)

General Funds

New GF appropriation to Increase Access and Completion	323,000	
Adjust FY 2016 budgeted central appropriations to actual	(13,000)	
State share of FY 2017 salary and fringe benefit increases	626,000	
Total General Funds		936,000

Cadet Tuition/Other Income

Tuition rate increase for in-state cadets (4.0%)	331,000	
Tuition rate increase for out-of-state cadets (5.2%)	1,032,000	
Net enrollment increase for in-state cadets	288,000	
Net enrollment decrease for out-of-state cadets	(859,000)	
Summer School (3.0% tuition increase net of enrollment decrease)	(223,000)	
Increase in refunds and uncollected tuition at year end	(71,000)	
Less increase in tuition allocated for Cadet Financial Aid	(150,000)	
Net increase (decrease) in other revenue	7,000	
Total Cadet Tuition/Other Income		355,000

Total Revenue Increase (Decrease) 1,291,000

Expenditures Increase (Decrease)

Personal Services:

State-initiated 3% VMI employee salary increase (eff. 10 Nov 2016)	665,000	
State-mandated employer health insurance rate increase (9.6%)	493,000	
Addition of eight new full-time positions	521,000	
Decrease in part-time wage budgets	(54,000)	
Increase in employee vacancy savings	(50,000)	
Net other adjustments (mostly employee turnover savings)	(27,000)	
Total Personal Services		1,548,000

Non-Personal Services:

Reduce Funds held for VP allocation (in department budgets in FY 2017)	(318,000)	
Summer Foreign Study Program growth	11,000	
Increase in utilities/insurances	329,000	
Increase in facilities maintenance	89,000	
VP Requests funded in departmental budgets	167,000	
Net other budget adjustments	12,000	
Contingencies Budget--Decrease to \$700,000	(100,000)	
Indirect Costs--Increase Recoveries from Auxiliary and UMA Programs	(447,000)	
Total Non-Personal Services		(257,000)

Total Expenditures Increase (Decrease) 1,291,000

Auxiliary Enterprises Budget Revenue and Expenditure Budget Changes FY 2017 Compared to FY 2016

Revenue Increase (Decrease)

Cadet fees revenue--rate increase (\$933 per cadet or 6.4%)	1,499,000	
Cadet fees revenue--enrollment increase/improved attrition	124,000	
Less athletic fee portion of rate and enrollment increase	(272,000)	
Decrease in Summer Session revenues (adjust budget to actuals)	(14,000)	
Increase interest income on Auxiliary cash balances paid by State	6,000	
Increase in employee housing rental income	19,000	
Decrease in use of Auxiliary Fund Balance	(45,000)	
Net other changes	5,000	
Total Revenue Increase (Decrease)	1,322,000	

Expenditures Increase (Decrease)

Personal Services

State-initiated 3% VMI employee salary increase (eff. 10 Nov 2016)	178,000	
Increase in UMA share of Auxiliary expenditures	(48,000)	
Other adjustments	17,500	
Increase in vacancy savings	(5,000)	
Total Personal Services	142,500	

Nonpersonal Services

Food Service--cadet meals (3.0% rate increase, less meal days)	(6,000)	
Facilities operations/maint cost increases (Barracks/Athletics/Housing)	31,500	
Decrease in off-post storage facility lease costs	(50,000)	
Increase in indirect costs payable to E&G Program	69,000	
Net change in debt service costs	715,000	
Increase contingencies budget to \$920,000	120,000	
Increase small capital/maintenance budget to \$1,000,000	300,000	
Total Nonpersonal Services	1,179,500	
Total Expenditures Increase (Decrease)	1,322,000	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
<i>Instruction</i>														
Biology	11	654,770	287,715	942,485	18,685	700	3,000	1,000	700	966,570	928,565	38,005	4.1%	
Chemistry	10	606,565	266,486	873,051	15,084	1,000	7,000	500	500	897,135	874,481	22,654	2.6%	
Physics/Astronomy	8	482,242	205,038	687,280	5,500	1,500	4,000	-	237	698,517	669,527	28,990	4.3%	
Civil Engineering	13	961,926	391,643	1,353,569	5,790	-	2,000	100	-	1,361,459	1,236,068	125,391	10.1%	1
Mechanical Engineering	11	884,007	363,350	1,247,357	12,000	500	6,552	2,000	-	1,268,409	1,226,081	42,328	3.5%	
Electrical Engineering	9	722,608	271,567	994,175	3,762	-	1,700	400	800	1,000,837	967,191	33,646	3.5%	
Applied Mathematics	14	854,219	362,562	1,216,781	3,000	4,000	12,219	1,300	1,000	1,238,300	1,030,208	208,092	20.2%	2
Computer Info Science	5	309,487	133,890	443,377	2,000	2,000	3,500	3,000	-	453,877	475,902	(22,025)	-4.6%	
English, Rhetoric, Hmn St	15	826,662	416,390	1,243,052	2,000	-	4,154	-	-	1,249,206	1,189,692	59,514	5.0%	
History	13	857,581	375,653	1,233,234	1,500	1,200	1,595	-	-	1,237,529	1,167,621	69,908	6.0%	
Internat'l Studies	9	564,644	249,923	814,567	1,800	1,000	2,500	-	1,624	821,491	774,098	47,393	6.1%	
Economics	14	1,184,727	461,718	1,646,445	2,350	100	4,019	200	-	1,653,114	1,575,747	77,367	4.9%	
Modern Language	11	648,613	285,039	933,652	4,500	4,000	6,206	2,500	1,000	951,858	943,688	8,170	0.9%	
Psychology	9	504,465	252,733	757,198	4,000	3,000	8,216	-	-	772,414	769,915	2,499	0.3%	
Physical Education	8	464,261	221,627	685,888	5,941	300	3,000	1,000	-	696,129	603,505	92,624	15.3%	3
ROTC - Army	4	163,041	49,035	212,076	250	2,500	5,060	-	-	219,886	215,957	3,929	1.8%	
ROTC - Navy	1	28,299	26,166	54,465	500	-	3,381	320	-	58,666	56,150	2,516	4.5%	
ROTC - Air Force	1	32,860	15,141	48,001	3,269	500	600	-	-	52,370	50,584	1,786	3.5%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
ROTC - Army FTX	-	-	-	-	-	1,000	3,120	-	-	4,120	4,120	-	0.0%	
ROTC - Navy FTX	-	-	-	-	1,000	4,400	1,000	-	-	6,400	6,400	-	0.0%	
ROTC - AF FTX	-	-	-	-	4,000	3,800	5,000	-	-	12,800	12,800	-	0.0%	
CEE-FTX	-	-	-	-	3,400	-	-	-	-	3,400	3,400	-	0.0%	
Writing Center	-	22,554	1,725	24,279	-	-	-	-	-	24,279	23,783	496	2.1%	
MERC	1	41,514	26,550	68,064	2,000	-	1,000	1,580	-	72,644	69,890	2,754	3.9%	
Undergrad Research	-	9,300	711	10,011	2,500	-	1,160	-	-	13,671	13,671	-	0.0%	
Teacher Education	-	18,993	1,453	20,446	-	-	-	-	-	20,446	19,765	681	3.4%	
Elect Maint Shop	-	-	-	-	1,000	-	250	120	-	1,370	1,370	-	0.0%	
Metal Shop	1	38,974	28,759	67,733	960	-	-	-	-	68,693	65,613	3,080	4.7%	
PT Faculty-Reg Ses	-	1,159,706	88,717	1,248,423	-	-	-	-	-	1,248,423	922,726	325,697	35.3%	4
PT Faculty-Sum Ses	-	381,563	29,190	410,753	-	-	-	-	-	410,753	403,688	7,065	1.8%	
PT Faculty-STP	-	117,013	8,951	125,964	-	-	-	-	-	125,964	123,798	2,166	1.7%	
PT Faculty-Sum FS	-	138,380	10,586	148,966	-	50,000	276,000	-	-	474,966	460,704	14,262	3.1%	
Equipment Lease	-	-	-	-	-	-	-	-	88,900	88,900	88,700	200	0.2%	5
Dean's Discretionary	-	-	-	-	10,000	50,000	215,314	82,000	5,000	362,314	362,314	-	0.0%	
Dean Faculty Research	-	-	-	-	20,000	10,000	5,000	5,000	-	40,000	40,000	-	0.0%	
Dean's Faculty Funds	-	136,218	33,776	169,994	-	-	-	-	-	169,994	349,617	(179,623)	-51.4%	3,4
Dean's Software	-	-	-	-	-	-	25,000	41,300	-	66,300	66,300	-	0.0%	
Dean's Faculty Travel	-	-	-	-	-	8,100	-	-	-	8,100	8,100	-	0.0%	
Total Instruction	167	12,815,192	4,866,094	17,681,286	136,791	149,600	611,546	142,320	99,761	18,821,304	17,801,739	1,019,565	5.7%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
<i>Public Service</i>														
Museum	1	76,976	21,933	98,909	700	-	1,000	-	-	100,609	96,430	4,179	4.3%	
Total Public Serv	1	76,976	21,933	98,909	700	-	1,000	-	-	100,609	96,430	4,179	4.3%	
<i>Academic Support</i>														
Preston Library	13	760,781	306,929	1,067,710	8,000	4,000	89,000	278,845	1,000	1,448,555	1,402,300	46,255	3.3%	
Info Technology	19	1,201,618	539,597	1,761,215	3,000	10,000	874,461	192,500	5,000	2,846,176	2,645,661	200,515	7.6%	6
Dean of Faculty	6	602,212	192,830	795,042	2,000	2,969	4,000	1,000	-	805,011	779,988	25,023	3.2%	
Inst Research/Analysis	5	296,568	112,301	408,869	5,000	5,000	29,500	3,140	3,000	454,509	401,207	53,302	13.3%	7
Internat'l Programs	2	119,048	43,139	162,187	3,000	8,000	9,660	1,000	-	183,847	171,822	12,025	7.0%	
Ctr Leadership & Ethics	-	-	-	-	-	-	115,000	-	-	115,000	110,000	5,000	4.5%	
Sum Sch Adm-Reg	-	127,399	18,256	145,655	-	-	3,027	-	-	148,682	145,028	3,654	2.5%	
Sum Sch Adm-STP	-	-	-	-	5,152	-	-	-	-	5,152	5,152	-	0.0%	
Institute Assessmnt	-	21,172	1,620	22,792	20,000	10,400	30,000	-	-	83,192	82,727	465	0.6%	
Program Review	-	-	-	-	-	4,000	2,500	1,500	1,150	9,150	9,150	-	0.0%	
Inst Writing Program	-	-	-	-	1,500	2,000	5,500	-	500	9,500	9,500	-	0.0%	
Inst Honors Program	-	18,102	1,385	19,487	200	200	300	300	-	20,487	20,090	397	2.0%	
Chief Information Ofc	-	-	-	-	-	-	-	-	-	-	8,000	(8,000)	-100.0%	6
VMIRL Support	-	-	-	-	-	-	55,000	-	-	55,000	55,000	-	0.0%	
Cadet Assist-Instruction	-	39,940	-	39,940	-	-	-	-	-	39,940	39,124	816	2.1%	
Media Services	-	-	-	-	2,000	-	12,400	4,000	-	18,400	18,400	-	0.0%	
Moving/Relocation	-	-	-	-	-	15,000	-	-	-	15,000	15,000	-	0.0%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
Total Acad Supt	45	3,186,840	1,236,057	4,422,897	49,852	61,569	1,230,348	482,285	10,650	6,257,601	5,918,149	339,452	5.7%	
<i>Student Services</i>														
Admissions	12	655,920	289,235	945,155	15,000	35,000	417,000	2,000	5,000	1,419,155	1,350,762	68,393	5.1%	
Financial Aid	4	211,308	110,501	321,809	500	1,500	3,000	-	-	326,809	319,652	7,157	2.2%	
Registrar	6	323,524	124,288	447,812	10,395	100	10,000	-	2,000	470,307	419,076	51,231	12.2%	8
Cadet Counseling	2	148,456	57,036	205,492	3,000	1,000	2,000	-	-	211,492	153,755	57,737	37.6%	9
Disabilities Services	-	-	-	-	1,000	1,000	1,500	-	-	3,500	54,030	(50,530)	-93.5%	9
Miller Academic Center	2	117,747	48,568	166,315	5,638	1,000	1,500	-	-	174,453	60,645	113,808	187.7%	10
Career Services	4	202,640	88,149	290,789	3,800	5,420	5,420	-	-	305,429	302,920	2,509	0.8%	
Cadet Assist-Other	-	90,944	2,084	93,028	-	-	-	-	-	93,028	91,129	1,899	2.1%	
Orientation	-	-	-	-	-	-	10,000	-	-	10,000	10,000	-	0.0%	
Enrollment Mgmt	-	-	-	-	500	1,000	2,500	-	-	4,000	4,000	-	0.0%	
Total Student Serv	30	1,750,539	719,861	2,470,400	39,833	46,020	452,920	2,000	7,000	3,018,173	2,765,969	252,204	9.1%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
<i>Institutional Support</i>														
Board of Visitors	-	-	-	-	2,000	13,000	7,000	-	-	22,000	22,000	-	0.0%	
Superintendent	6	493,025	177,220	670,245	1,000	1,000	15,000	2,000	3,000	692,245	719,698	(27,453)	-3.8%	
Chief of Staff	-	-	-	-	2,000	3,000	3,500	-	-	8,500	8,500	-	0.0%	
Finance and Admin	6	583,697	197,135	780,832	3,000	7,000	12,400	200	4,000	807,432	791,462	15,970	2.0%	
Treasurer	3	259,390	120,635	380,025	300	-	1,800	-	500	382,625	370,673	11,952	3.2%	
Comptroller	12	610,926	291,525	902,451	3,500	2,000	14,500	2,540	1,500	926,491	901,963	24,528	2.7%	
Human Resources	5	269,600	137,848	407,448	1,500	500	12,100	-	400	421,948	437,954	(16,006)	-3.7%	
Purchasing	4	188,926	82,117	271,043	800	2,500	3,500	200	-	278,043	266,389	11,654	4.4%	
Communications/Mkt	9	490,759	211,180	701,939	6,000	7,700	89,000	4,000	2,000	810,639	786,392	24,247	3.1%	
Post Security	11	488,496	314,634	803,130	13,000	11,000	11,000	5,000	-	843,130	740,490	102,640	13.9%	11
Protocol	2	85,885	41,078	126,963	2,400	1,000	2,300	-	-	132,663	128,514	4,149	3.2%	
Post Mail	3	93,142	42,683	135,825	8,000	-	145,000	6,500	10,500	305,825	308,451	(2,626)	-0.9%	
Post Transportation	2	64,937	48,375	113,312	102,500	17,000	2,000	-	-	234,812	224,729	10,083	4.5%	
Legislative Affairs	-	-	-	-	200	14,800	1,400	500	-	16,900	16,900	-	0.0%	
Title IX	-	16,280	1,245	17,525	1,000	5,000	22,500	1,800	-	47,825	39,476	8,349	21.1%	12
Institute Planning	-	-	-	-	800	700	5,000	500	-	7,000	7,000	-	0.0%	
Telephone	-	-	-	-	-	-	126,000	-	-	126,000	126,000	-	0.0%	
Central Dispatch	-	-	-	-	-	-	74,000	-	-	74,000	74,000	-	0.0%	
Duplicating	-	-	-	-	45,000	-	35,000	-	-	80,000	80,000	-	0.0%	
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	2017 Total	2016 Total	Inc (Dec)	%	Notes
Printing/Publications	-	-	-	-	4,000	1,000	19,100	5,000	-	29,100	39,100	(10,000)	-25.6%	13
Videography	-	-	-	-	-	-	3,200	-	-	3,200	3,200	-	0.0%	
General Insurance	-	-	-	-	-	-	-	-	215,000	215,000	180,000	35,000	19.4%	14
Debt Service Fee	-	-	-	-	-	-	377,000	-	-	377,000	370,000	7,000	1.9%	15
State Fees ("cVA")	-	-	-	-	-	-	-	-	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	-	-	-	-	10,000	-	2,500	-	-	12,500	12,500	-	0.0%	
Staff Uniforms	-	-	-	-	4,500	-	-	-	-	4,500	4,500	-	0.0%	
Trash Collection	-	-	-	-	5,000	-	3,000	-	44,000	52,000	49,000	3,000	6.1%	
Commencement	-	-	-	-	200	-	9,300	-	500	10,000	10,000	-	0.0%	
Vacancy Savings	-	(105,000)	(45,000)	(150,000)	-	-	-	-	-	(150,000)	(116,000)	(34,000)	29.3%	16
Contingencies	-	-	-	-	50,000	25,000	525,000	100,000	-	700,000	1,200,465	(500,465)	-41.7%	17
Salary Adjustments	-	61,050	12,540	73,590	-	-	-	-	-	73,590	72,174	1,416	2.0%	
Subtotal	62	3,601,113	1,633,215	5,234,328	269,900	112,200	1,596,272	128,240	286,400	7,627,340	7,957,902	(330,562)	-4.2%	

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
Recoveries-Athletics		(326,000)	(140,000)	(466,000)	(23,000)	(10,000)	(138,000)	(11,000)	(25,000)	(673,000)	(635,000)	(38,000)	6.0%	
Recoveries-Aux		(925,000)	(396,000)	(1,321,000)	(66,000)	(28,000)	(391,000)	(31,000)	(70,000)	(1,907,000)	(1,895,000)	(12,000)	0.6%	
Recoveries-UMA		(426,000)	(182,000)	(608,000)	(30,000)	(13,000)	(180,000)	(15,000)	(32,000)	(878,000)	(683,000)	(195,000)	28.6%	
UMA (Demands)		(69,000)	(6,000)	(75,000)	-	-	-	-	-	(75,000)	(65,000)	(10,000)	15.4%	
Total Recoveries	-	(1,746,000)	(724,000)	(2,470,000)	(119,000)	(51,000)	(709,000)	(57,000)	(127,000)	(3,533,000)	(3,278,000)	(255,000)	7.8%	18
Total Instit Support	62	1,855,113	909,215	2,764,328	150,900	61,200	887,272	71,240	159,400	4,094,340	4,679,902	(585,562)	-12.5%	
<i>Physical Plant</i>														
Administration	7	477,198	186,554	663,752	4,500	5,500	15,500	-	2,500	691,752	622,552	69,200	11.1%	
Construction Office	2	131,772	43,398	175,170	-	-	-	-	-	175,170	170,977	4,193	2.5%	
Bldg Repair/Maint	28	1,015,258	589,173	1,604,431	235,000	2,000	778,000	8,000	2,000	2,629,431	2,528,816	100,615	4.0%	
Custodial Service	17	369,743	228,044	597,787	93,200	-	2,500	1,500	-	694,987	670,349	24,638	3.7%	
Energy Savings/Demand	-	0	0	-	5,000	-	15,000	5,000	-	25,000	25,000	-	0.0%	
Grounds Maintenance	10	238,198	163,350	401,548	45,000	100	55,000	23,900	1,000	526,548	550,889	(24,341)	-4.4%	
Heating Plant	4	141,980	88,837	230,817	30,500	1,800	28,000	3,000	200	294,317	297,752	(3,435)	-1.2%	
Utilities	-	-	-	-	879,000	-	10,000	-	2,224,750	3,113,750	2,825,000	288,750	10.2%	
Property Insurance	-	-	-	-	-	-	-	-	365,000	365,000	360,000	5,000	1.4%	
Plant Contingencies	-	-	-	-	46,000	-	76,000	3,000	-	125,000	125,000	-	0.0%	
Part-time wages	-	259,288	19,836	279,124	-	-	-	-	-	279,124	274,818	4,306	1.6%	
Alumni Hall Maint	2	50,634	38,750	89,384	6,400	-	-	-	-	95,784	94,159	1,625	1.7%	
Special Projects	-	71,234	5,449	76,683	5,000	1,000	23,000	-	1,000	106,683	105,118	1,565	1.5%	
Vacancy Savings	-	(70,000)	(30,000)	(100,000)	-	-	-	-	-	(100,000)	(84,000)	(16,000)	19.0%	16

State Funds
E&G Expenditures

Department	FTE	Salaries & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	%	Notes
Subtotal	70	2,685,305	1,333,391	4,018,696	1,349,600	10,400	1,003,000	44,400	2,596,450	9,022,546	8,566,430	456,116	5.3%	
Recoveries-UMA KilPar				-	(60,000)	-	(58,000)	-	(97,000)	(215,000)	(206,000)	(9,000)	4.4%	
Recoveries-UMA		(92,000)	(40,000)	(132,000)	(43,000)	(1,000)	(32,000)	(1,000)	(83,000)	(292,000)	(228,000)	(64,000)	28.1%	
Recoveries-Athletics		(274,000)	(118,000)	(392,000)	(128,000)	(1,000)	(95,000)	(4,000)	(247,000)	(867,000)	(805,000)	(62,000)	7.7%	
Recoveries--Utilities		-	-	-	-	-	-	-	-	-	-	-	0.0%	
Recoveries-Aux		(777,000)	(333,000)	(1,110,000)	(364,000)	(3,000)	(270,000)	(12,000)	(700,000)	(2,459,000)	(2,402,000)	(57,000)	2.4%	
Total Recoveries	-	(1,143,000)	(491,000)	(1,634,000)	(595,000)	(5,000)	(455,000)	(17,000)	(1,127,000)	(3,833,000)	(3,641,000)	(192,000)	5.3%	18
Total Physical Plant	70	1,542,305	842,391	2,384,696	754,600	5,400	548,000	27,400	1,469,450	5,189,546	4,925,430	264,116	5.4%	
<i>E&G Summary</i>														
Before recoveries	376	24,115,965	9,810,551	33,926,516	1,846,676	379,789	4,895,086	799,245	3,000,261	44,847,573	43,106,619	1,740,954	4.0%	
Recoveries	-	(2,889,000)	(1,215,000)	(4,104,000)	(714,000)	(56,000)	(1,164,000)	(74,000)	(1,254,000)	(7,366,000)	(6,919,000)	(447,000)	6.5%	
Total E&G	376	21,226,965	8,595,551	29,822,516	1,132,676	323,789	3,731,086	725,245	1,746,261	37,481,573	36,187,619	1,293,954	3.6%	

State Funds

E&G Expenditure Notes

Note: The Budgets for all departments with personal services include a 3% State-initiated employee salary increase effective 10 November 2016. For Academic departments, the personal services include a 4% salary increase for teaching faculty, effective 10 November 2016. They also include a 9.6% increase in employer health insurance premiums.

1. The Civil Engineering budget increase reflects the buy-back from Jackson-Hope funding of one full time teaching faculty position in FY 2017. This frees Jackson-Hope funds to support other academic enhancement initiatives.
2. The Applied Mathematics budget increase reflects the buy-back from Jackson-Hope funding of one full time teaching faculty position in FY 2017. This frees Jackson-Hope funds to support other academic enhancement initiatives.
3. The Physical Education budget increase reflects one new teaching position in FY 2017, the funding for which was reflected in the Dean's Faculty Funds account in the FY 2016 budget.
4. The PT Faculty Regular Session budget increase reflects \$285,000 in new FY 2016 funding that was reflected in the Dean's Faculty Funds account in the FY 2016 budget.
5. 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 \$15.2 million from the ETF since its inception in 1987. VMI is appropriated \$886,000 in FY 2017, an increase of \$41,000 over the amended FY 2016 appropriation. This program primarily funds instructional equipment, but can also be used for operating hardware and software for administrative computing systems and office computers.
6. The Information Technology budget increase reflects increased funding for maintenance and upgrade of the IT network and Colleague ERP system. In addition, funding previously budgeted in the Chief Information Officer account was transferred to the Information Technology account in FY 2017.
7. The Institutional Research/Analysis budget increase reflects the conversion of one part-time position to full-time to meet increasing demands and funding for the new Campus Labs software related to the ongoing SACSCOC reaffirmation of accreditation process.
8. The Registrar budget increase reflects the conversion of one part-time position to full-time to meet increased demands and to better support an increased Corps size.
9. The Cadet Counseling and Disabilities Services budget changes reflect a transfer of positions from the Disabilities Services account to the Cadet Counseling account to better align costs with the appropriate department. The net increase was only 3.4% and reflects the impact of the 3% employee salary increase.

10. The Miller Academic Center budget increase reflects the buy-back from Jackson-Hope funding of one full time position in FY 2017. This frees Jackson-Hope funds to support other academic enhancement initiatives.
11. The Post Security budget increase reflects increased personal services cost for additional security personnel to enhance Post safety and security.
12. The Title IX budget increase reflects stipend costs for an additional title IX coordinator in order to improve investigative capacity within VMI.
13. The Printing/Publications budget decrease reflects the transfer of non-personal funds to the Communications and Marketing personal services budget to help fund the conversion of a part-time position to full-time.
14. The General Insurance budget increase reflects increased payments to the State for property and worker's compensation coverage. This increase brings the budget in line with FY 2016 actual costs.
15. 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).
16. Vacancy savings reflect expected savings from staff turnover and are based on past experience.
17. Contingencies are generally budgeted to mitigate revenue shortfalls and provide for emergencies and other unforeseen costs. The E&G Contingency budget totals \$700,000 in FY 2017, a decrease of \$500,000 from FY 2016. The FY 2016 Contingencies budget included funds reserved for VP budget requests. The FY 2017 funding for VP budget requests are budgeted on the individual department budget line items. VMI also budgets for contingencies in its Auxiliary Enterprises Program (\$920,000), and Local Unrestricted Funds Budget (\$80,000) bringing total contingency budgets to about \$1.70 million, the same amount as in FY 2016.
18. 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 2017 recoveries or indirect costs budgets reflect a total increase of \$447,000 or 6.4% over FY 2016. 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.

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Unemployment	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	Notes
Food Service	-	-	-	-	-	30,000	-	6,424,000	140,000	6,000	6,600,000	6,606,000	(6,000)	-0.1%
Food Service Maint	1	28,490	14,559	-	43,049	35,000	-	99,000	-	40,000	217,049	218,574	(1,525)	-0.7%
Barracks Maintenance	16	444,966	284,945	-	729,911	150,000	-	202,000	82,000	-	1,163,911	1,110,811	53,100	4.8%
Barracks Utilities	-	-	-	-	-	-	-	10,000	-	340,000	350,000	340,000	10,000	2.9%
Barracks Network	3	138,300	59,125	-	197,425	-	-	71,000	4,000	1,000	273,425	220,121	53,304	24.2% 1
Military Store	8	284,284	142,175	(405,137)	21,322	15,000	500	500	-	2,000	39,322	39,421	(99)	-0.3%
Tailor Shop	11	303,892	214,695	(518,587)	-	-	-	-	-	-	-	-	-	0.0% 2
Laundry/Pressing	30	664,799	483,722	(861,391)	287,130	6,000	-	1,500	8,000	23,000	325,630	319,422	6,208	1.9% 3
Barber Shop	2	235,706	36,866	-	272,572	12,000	-	4,000	2,000	3,000	293,572	290,361	3,211	1.1%
Student Health	10	561,889	267,284	(617,734)	211,439	8,000	3,000	3,000	-	3,000	228,439	218,928	9,511	4.3% 4
Cadet Insurance	-	-	-	-	-	-	-	-	-	350,000	350,000	350,000	-	0.0%
Student Union	3	201,077	75,060	-	276,137	17,500	6,000	12,000	5,000	6,000	322,637	384,907	(62,270)	-16.2% 5
Cadet Programs	-	179,699	13,747	-	193,446	125,000	162,000	150,000	30,000	20,000	680,446	676,497	3,949	0.6% 5
Career Services	-	-	-	-	-	1,000	-	-	-	-	1,000	1,000	-	0.0%
Cadet Counseling	2	108,927	23,376	-	132,303	15,000	-	20,000	4,600	5,000	176,903	163,233	13,670	8.4% 6
Corps Trips	-	-	-	-	-	-	110,000	-	-	-	110,000	110,000	-	0.0%
Glee Club	-	22,254	1,702	-	23,956	500	7,000	1,500	-	1,000	33,956	33,467	489	1.5%
Academic Clubs	-	-	-	-	-	500	2,450	3,000	-	-	5,950	5,950	-	0.0%

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	Notes
Honor Court	-	34,553	2,643	-	37,196	-	-	2,000	2,500	500	42,196	41,337	859	2.1%
Inspector General	1	86,488	16,601	-	103,089	-	-	-	-	-	103,089	96,176	6,913	7.2%
Parents Council	-	-	-	-	-	500	500	5,500	-	-	6,500	6,500	-	0.0%
Post Housing-Maint	4	149,998	87,848	-	237,846	25,000	-	161,000	5,000	1,000	429,846	421,328	8,518	2.0%
Post Housing-Utilities	-	-	-	-	-	-	-	5,000	-	97,000	102,000	102,000	-	0.0%
Cameron Hall-Oper	1	37,021	17,579	-	54,600	1,000	-	14,000	8,000	5,000	82,600	108,556	(25,956)	-23.9% 7
Cameron Hall-Maint	-	-	-	-	-	1,500	-	48,500	-	-	50,000	50,000	-	0.0%
Athletic Facilities/Support	3	135,493	43,486	-	178,979	90,000	1,500	133,000	2,000	2,500	407,979	379,526	28,453	7.5% 8
Weight Room	-	25,932	10,736	-	36,668	10,000	1,000	1,000	16,000	1,000	65,668	67,302	(1,634)	-2.4%
MLFTG Maintenance	-	-	-	-	-	1,000	-	3,000	6,000	-	10,000	10,000	-	0.0%
Auxiliary-Admin	3	159,520	46,534	-	206,054	20,000	3,000	9,000	-	8,000	246,054	261,570	(15,516)	-5.9%
Master Planning	-	-	-	-	-	-	-	10,000	-	-	10,000	10,000	-	0.0%
COOP	1	53,015	12,877	-	65,892	1,000	100	3,000	900	-	70,892	85,769	(14,877)	-17.3% 9
Post Security	2	163,594	60,148	-	223,742	5,500	-	15,000	8,000	2,500	254,742	245,851	8,891	3.6%
State Fees ("eVA")	-	-	-	-	-	-	-	-	-	10,000	10,000	10,000	-	0.0%
Museum Support	2	74,102	51,803	-	125,905	10,000	-	52,791	-	-	188,696	182,462	6,234	3.4% 10
Indirect Costs-E&G	-	-	-	-	-	-	-	-	-	4,366,000	4,366,000	4,297,000	69,000	1.6% 11
Contingencies	-	40,000	6,669	-	46,669	30,000	2,000	250,000	200,000	438,000	966,669	846,569	120,100	14.2% 12

State Funds
Auxiliary Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Less: Uma	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	Notes	
Vacancy Savings	-	(63,000)	(27,000)	-	(90,000)	-	-	-	-	-	(90,000)	(85,000)	(5,000)	5.9%	
Parking - On Post	-	-	-	-	-	5,000	-	14,000	11,000	-	30,000	30,000	-	0.0%	
Parking/Storage-Off Post	-	-	-	-	-	-	-	-	-	44,000	44,000	94,000	(50,000)	-53.2%	13
Maintenance Projects	1	58,968	24,950	-	83,918	60,000	-	789,500	150,000	500	1,083,918	732,231	351,687	48.0%	14
Debt Service-Crozet	-	-	-	-	-	-	-	-	-	887,000	887,000	620,000	267,000	43.1%	15
Debt Service-Cocke	-	-	-	-	-	-	-	-	-	165,000	165,000	163,000	2,000	1.2%	
Debt Service-SIH	-	-	-	-	-	-	-	-	-	206,000	206,000	208,000	(2,000)	-1.0%	
Debt Service-Post Imp I	-	-	-	-	-	-	-	-	-	304,000	304,000	305,000	(1,000)	-0.3%	
Debt Service-Post Imp II	-	-	-	-	-	-	-	-	-	290,000	290,000	-	290,000	0.0%	16
Debt Service-Post Imp III	-	-	-	-	-	-	-	-	-	159,000	159,000	-	159,000	0.0%	16
Total Auxiliary	102	4,129,967	1,972,130	(2,402,849)	3,699,248	676,000	299,050	8,517,791	685,000	7,787,000	21,664,089	20,377,869	1,286,220	6.3%	

State Funds

Auxiliary Expenditure Notes

1. The Barracks Network budget increase reflects employee turnover which resulted in new employees being hired at a higher salary than the incumbents. Salaries for new hires in information technology positions have been rising in order to meet market demand and attract qualified applicants.
2. Tailor Shop costs are budgeted 100% in the UMA Program although the employee positions are included in the Auxiliary Enterprise Program in accordance with State budget policy.
3. 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).
4. 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).
5. 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. The Student Union budget decrease reflects the elimination of one position thus resulting in significant salary and wage savings.
6. 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.
7. The Cameron Hall Operating budget decrease relates to a position that had previously been partially funded in the Auxiliary program that has been transferred and is now fully funded in the Athletics Program.
8. The Athletics Facilities/Support budget increase reflects increased funding for athletic facilities maintenance and operations to more closely match actual costs.
9. The Continuity of Operations (COOP) budget decrease reflects employee turnover and the new employee is not participating in the VMI health insurance program.
10. The Museum Support budget funds 2 of the 8 total employees at the Virginia Museum of the Civil War (VMCW) in New Market and some operating costs of the facility. Auxiliary

Program support of the VMCW recognizes the use of this facility for annual new cadet orientation activities and other VMI activities.

11. The Indirect Costs—E&G budget represents indirect cost reimbursements paid to the E&G Program for Institutional Support and Operation and Maintenance of Plant support provided by the E&G Program to the Auxiliary Program.
12. The Contingencies non-personal services budget increased \$120,000 to \$920,000. It represents about 4.7% of total Auxiliary Enterprise expenses less debt service payments. The increase will help fund unforeseen emergency repairs and maintenance of facilities and equipment.
13. The Parking/Storage – Off Post budget decrease is a result of VMI discontinuing use of a rented off post storage facility. Most of the items previously stored in this facility have been moved back to Post or disposed of through the surplus property system and the facility is no longer needed.
14. The Maintenance Projects budget increase relates to increased funding for maintenance and improvement projects in FY 2017 including safety and security enhancements and Post beautification projects.
15. The Debt Service – Crozet budget increase is necessary to reflect the actual scheduled debt payments to be paid in FY 2017 in accordance with the debt repayment schedule. The debt repayment schedule included a significantly lower payment in FY 2016 and the FY 2017 payment returns to the pre-FY 2016 level.
16. The Debt Service—Post Improvements budget increase reflects payments beginning in FY 2017 of the second and third of the three VCBA bond financings. The VMI Board of Visitors previously 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).

State Funds
UMA Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	Notes
Commandant	12	1,150,479	349,272	1,499,751	20,000	13,500	31,500	3,000	3,000	1,570,751	1,510,634	60,117	4.0%
Corps Marksmanship	1	52,484	10,143	62,627	20,000	1,000	33,500	4,500	-	121,627	109,342	12,285	11.2% 1
Commandant--FTX	-	-	-	-	4,500	2,500	1,500	1,000	500	10,000	5,000	5,000	100.0% 2
Band	2	133,106	70,435	203,541	6,000	5,000	1,500	-	1,000	217,041	204,523	12,518	6.1%
Rat Activities	-	-	-	-	7,000	40,000	14,000	5,000	6,800	72,800	72,800	-	0.0%
Rat Challenge	1	60,054	23,905	83,959	9,000	500	7,000	500	-	100,959	103,744	(2,785)	-2.7%
Chief of Staff-HQ	1	81,653	33,287	114,940	-	-	-	-	-	114,940	107,233	7,707	7.2%
Cadet Counseling	1	59,015	33,146	92,161	500	1,900	3,800	-	-	98,361	96,589	1,772	1.8%
Counselor's Ofc	-	-	-	-	-	-	-	-	-	0	2,000	(2,000)	-100.0% 3
Armory	1	73,540	25,638	99,178	7,870	-	3,000	3,000	500	113,548	110,266	3,282	3.0%
Academic Advising	-	-	-	-	2,000	2,000	2,000	-	-	6,000	6,000	-	0.0%
Honor Court	-	-	-	-	-	-	4,000	-	-	4,000	4,000	-	0.0%
Wages--E&G Demand	-	-	-	-	-	-	-	-	75,000	75,000	65,000	10,000	15.4% 4
Indirect Costs--E&G	-	-	-	-	-	-	-	-	1,170,000	1,170,000	911,000	259,000	28.4% 5
Contingencies	-	23,871	4,858	28,729	-	-	-	-	76,000	104,729	47,944	56,785	118.4% 6
Parade Ground Maint	3	57,964	34,548	92,512	-	-	-	-	30,000	122,512	144,291	(21,779)	-15.1% 7
Kilbourne Hall Maint	1	17,989	23,181	41,170	-	-	-	-	185,000	226,170	211,400	14,770	7.0%

State Funds
UMA Expenditures

Department	FTE	Salary & Wages	Fringe Benefits	Salaries & Fringes	Supplies	Travel	Contract Services	Equip	Other	2017 Total	2016 Total	Inc (Dec)	Notes
Barracks	1	19,844	12,459	32,303	-	-	-	-	83,000	115,303	104,153	11,150	10.7% 8
Student Health	-	-	-	-	-	-	-	-	667,000	667,000	639,000	28,000	4.4%
Military Store	1	57,796	14,519	72,315	1,450,000	-	-	-	407,000	1,929,315	1,857,431	71,884	3.9%
Tailor Shop	-	39,592	3,029	42,621	37,000	-	2,000	5,000	519,000	605,621	584,751	20,870	3.6%
Laundry	-	-	-	-	-	-	-	-	995,000	995,000	985,000	10,000	1.0%
Less: Vacancy Savings	-	(10,000)	(5,000)	(15,000)	-	-	-	-	-	(15,000)	(15,000)	-	0.0%
Total UMA	2.5	1,817,387	633,420	2,450,807	1,563,870	66,400	103,800	22,000	4,218,800	8,425,677	7,867,101	558,576	7.1%

State Funds

UMA Expenditure Notes

1. In addition to increased personal services costs due to salary and benefits cost increases, the Corps Marksmanship budget increase reflects increasing costs in the cadet marksmanship program primarily for supplies such as ammunition.
2. The Commandant-FTX budget increase reflects additional allocation of funds to support rising costs of rat training and the annual year-end fourth class FTX.
3. The Counselor's Office budget decrease reflects elimination of UMA funding for this program.
4. The Wages-E&G Demand budget increase reflects rising E&G wage costs to support the UMA program. These funds are transferred to the E&G program as part of the overall indirect cost reimbursement to E&G.
5. 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 \$450,000.
6. The Contingencies increase reflects a more reasonable contingency amount and is possible due to the new State general funds for the UMA program.
7. The Parade Ground Maintenance budget decrease primarily reflects reduced employer paid fringe benefit costs as a result of employee turnover and selection of less expensive health insurance options.
8. The Barracks budget increase reflects maintenance costs associated with the space occupied by the Commandant's Office. It is considered a UMA program cost rather than Auxiliary. This increase brings the budget closer to actual costs.

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 \$10.6 million for an increase of \$28,000 or 0.3% over FY 2016.
2. Private unrestricted income from the VMIF and DB decreased \$117,000 to \$1.8 million in FY 2017 bringing the total reduction to \$600,000 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 DB 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, Chaplain's Office support, 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 \$195,000 at the end of FY 2016, and about \$126,000 at the end of FY 2017.

Athletics Programs

5. Athletics Program revenues and support are budgeted at \$12.2 million for an increase of \$700,000 or 6.1% over FY 2016. Expenses consist of \$7.8 million for operations and \$4.4 million for scholarships. The increase is attributable to a 5% increase in cadet athletic fees and increased support from the VMI Keydet Club.
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 \$4.0 million, an increase of \$500,000 over FY 2016.
8. Cadet athletic fee revenues are budgeted at \$5.35 million for an increase of about \$270,000 or 5.4%. This reflects an increase of \$153 or 5% in the cadet fee from \$3,090 to \$3,243 in FY 2017.

Museum Systems

9. Museum revenues and expenditures are budgeted to total about \$1.0 million or about the same as in FY 2016.

Center for Leadership and Ethics

10. Center for Leadership and Ethics (CLE) revenues and expenditures are budgeted to total about \$1.4 million with no significant change from FY 2016.

Cadet Financial Assistance

11. VMI funding for cadet financial aid is budgeted for \$4.4 million for an increase of \$150,000 or 3.5%. This funding consists of tuition revenue of \$4.25 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

	2016	2017	Inc (Dec)	%	Notes
<i>VMI Alumni Agencies</i>					
<i>Unrestricted Funds</i>					
VMI Foundation, Inc.					
Endowment Income/Annual Funds	1,730,000	1,611,000	(119,000)	-6.9%	
Debt Service-JM Hall	189,000	191,000	2,000	1.1%	
Total VMI Foundation	1,919,000	1,802,000	(117,000)	-6.1%	
VMI Development Board					
Endowment Income/Donations	500,000	500,000	-	0.0%	
Total Unrestricted	2,419,000	2,302,000	(117,000)	-4.8%	1
<i>Restricted Funds</i>					
VMI Foundation, Inc.					
Endowment Income/Donations	11,916,000	12,033,000	117,000	1.0%	
VMI Development Board					
Endowment Income/Donations	577,000	590,490	13,490	2.3%	
Total VMI Foundation/Dev Board	12,493,000	12,623,490	130,490	1.0%	
VMI Keydet Club					
Endowment Income/Donations	3,500,000	4,000,000	500,000	14.3%	
Total Restricted Funds	15,993,000	16,623,490	630,490	3.9%	2
Total VMI Alumni Agencies	18,412,000	18,925,490	513,490	2.8%	
<i>VMI</i>					
<i>Unrestricted Funds</i>					
VMI General Endowment	80,000	80,000	-	0.0%	
Interest Income and Other	10,000	10,000	-	0.0%	
Total Unrestricted	90,000	90,000	-	0.0%	
<i>Restricted Funds</i>					
VMI General Endowment	320,000	322,000	2,000	0.6%	
VMI Collins Endowment--Operations	186,000	188,000	2,000	1.1%	
Outside Trusts and Other	75,000	100,000	25,000	33.3%	
Total Restricted Funds	581,000	610,000	29,000	5.0%	
Total VMI Endowment	671,000	700,000	29,000	4.3%	3
Total VMI and Alumni Agencies	19,083,000	19,625,490	542,490	2.8%	

Local Funds

VMI and Alumni Agencies Income and Support

Notes

1. VMI Foundation (VMIF) and VMI Development Board (DB) unrestricted spendable income for FY 2017 totals \$2.3 million or about \$117,000 less than in FY 2016. 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 \$16.6 million or an increase of \$630,000 or 3.9%. The increase mostly reflects increases in Keydet Club support for the Athletic Program and restricted support from the VMI Foundation. Both increases can be attributed to the ongoing campaign.
3. VMI endowment income derives mostly from VMI's General Endowment and Collins Endowment. These funds had a 28 February 2016 market value of \$7.2 million and \$3.3 million, respectively, or about 12% below the same date 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 quarters. VMI's endowments are pooled and invested with endowment funds of the VMI Alumni Agencies.

Local Funds Expenditure Summary

	Restricted Budget	Unrestricted Budget	2017 Total	2016 Total	Inc (Dec)	%
<i>Educational and General</i>						
Instruction	4,377,000	464,000	4,841,000	4,859,000	(18,000)	-0.4%
Research	33,000	-	33,000	33,000	-	0.0%
Public Service	524,000	747,000	1,271,000	1,238,000	33,000	2.7%
Academic Support	989,000	295,000	1,284,000	1,572,000	(288,000)	-18.3%
Cadet Services	773,000	129,000	902,000	809,000	93,000	11.5%
Institutional Support	480,000	1,038,000	1,518,000	1,596,000	(78,000)	-4.9%
Physical Plant	149,000	-	149,000	147,000	2,000	1.4%
Total E&G	7,325,000	2,673,000	9,998,000	10,254,000	(256,000)	-2.5%
<i>Cadet Financial Assistance</i>						
	10,300,000	796,000	11,096,000	10,481,000	615,000	5.9%
<i>Auxiliary Enterprises</i>						
Intercollegiate Athletics	881,000	6,940,000	7,821,000	7,494,000	327,000	4.4%
Debt Service	-	191,000	191,000	189,000	2,000	1.1%
Total Auxiliary	881,000	7,131,000	8,012,000	7,683,000	329,000	4.3%
Total	18,506,000	10,600,000	29,106,000	28,418,000	688,000	2.4%

**Local Funds
Restricted Funds Budget
2016-2017**

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)
<i>Expenditures</i>								
Instruction	4,375,000	-	-	2,000		4,377,000	4,403,000	(26,000)
Research	33,000			-		33,000	32,000	1,000
Public Service	336,000			188,000		524,000	497,000	27,000
Academic Support	989,000					989,000	1,222,000	(233,000)
Student Services	741,000	7,000		25,000		773,000	675,000	98,000
Institutional Support	480,000					480,000	467,000	13,000
Physical Plant	65,000	84,000	-			149,000	147,000	2,000
Total Educ & General	7,019,000	91,000	-	215,000		7,325,000	7,443,000	(118,000)
Auxiliary Enterprises	50,000	252,000	409,000	-	170,000	881,000	737,000	144,000
Cadet Financial Assistance	4,964,000	247,000	3,591,000	395,000	1,103,000	10,300,000	9,666,000	634,000
Total	12,033,000	590,000	4,000,000	610,000	1,273,000	18,506,000	17,846,000	660,000

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)	Notes
Revenue									
Income/Donations	12,033,100	590,490	4,000,000	610,000		17,233,590	16,573,849	659,741	1
Federal Funds					1,043,000	1,043,000	1,043,000	-	2
Outside Grants					230,000	230,000	229,000	1,000	
Total Revenue	12,033,100	590,490	4,000,000	610,000	1,273,000	18,506,590	17,845,849	660,741	
Expenditures									
Instruction									
Professorial Chair Funds									
Biology	26,880					26,880	26,630	250	
Chemistry	37,830					37,830	37,730	100	
Economics	23,905					23,905	23,645	260	
Engineering	300,400					300,400	295,890	4,510	
English, Rhetoric & HS	56,210					56,210	55,170	1,040	
History	97,645					97,645	96,485	1,160	
International Studies	59,390					59,390	57,830	1,560	
Physics	32,220					32,220	31,860	360	
Dean's Funds	38,720					38,720	37,760	960	
Total Prof Chairs	673,200					673,200	663,000	10,200	
Departmental Funds									
Biology	52,280					52,280	50,620	1,660	
Civil Engineering	203,600					203,600	188,860	14,740	
Chemistry	23,320					23,320	20,840	2,480	
Computer Science	6,090					6,090	6,090	-	
Economics	66,980					66,980	46,890	20,090	
Electrical Engineering	4,340			2,000		6,340	6,030	310	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)	Notes
English, Rhetoric & HS	89,850					89,850	88,800	1,050	
History	131,116					131,116	136,540	(5,424)	
International Studies	65,220					65,220	18,160	47,060	
Mathematics	17,830					17,830	17,020	810	
Mechanical Engineering	12,240					12,240	8,990	3,250	
Modern Languages	1,950					1,950	1,880	70	
Physical Education	4,350					4,350	4,240	110	
Physics	52,590					52,590	3,620	48,970	
Psychology	65,660					65,660	61,530	4,130	
Total Dept Funds	797,416			2,000		799,416	660,110	139,306	
Faculty Development	261,450					261,450	242,580	18,870	
Jackson-Hope	1,442,500					1,442,500	1,518,000	(75,500)	3
Visiting Scholars	85,250					85,250	83,940	1,310	
Curriculum Development	89,120					89,120	83,670	5,450	
Other Instruction	1,026,080					1,026,080	1,151,280	(125,200)	
Total Instruction	4,375,016	-	-	2,000	-	4,377,016	4,402,580	(25,564)	
Research									
Biology	8,935					8,935	8,825	110	
Chemistry	15,675					15,675	15,705	(30)	
Undergraduate Res	8,000					8,000	8,000	-	
Total Research	32,610					32,610	32,530	80	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)	Notes
Public Service									
Museum Programs									
VMI Museum	66,500					66,500	64,690	1,810	
Stonewall Jackson House	98,440					98,440	85,010	13,430	
VA Mus of Civil War	47,980			188,000		235,980	228,930	7,050	
Total Museums	212,920			188,000		400,920	378,630	22,290	
Lectures and Symposiums	85,440					85,440	82,390	3,050	
Other Public Service	37,540					37,540	36,070	1,470	
Total Public Service	335,900	-	-	188,000	-	523,900	497,090	26,810	
Academic Support									
Preston Library	135,254					135,254	105,223	30,031	
Information Technology Departmental Funds	71,900					71,900	70,780	1,120	
International Studies	11,880					11,880	11,760	120	
Music	22,170					22,170	20,990	1,180	
Biology	12,480					12,480	12,200	280	
Total Dept Funds	46,530					46,530	44,950	1,580	
Leadership Program	461,210					461,210	725,230	(264,020)	
Dean's Office									
Fellowships	18,730					18,730	18,210	520	
Faculty Awards	64,950					64,950	64,180	770	
Faculty Development	190,500					190,500	193,090	(2,590)	
Outside Grants	-					-	-	-	
Total Dean's Funds	274,180					274,180	275,480	(1,300)	
Total Academic Support	989,074	-	-	-	-	989,074	1,221,663	(232,589)	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)	Notes
Student Services									
Departmental Funds									
Intercollegiate Athletics	8,208	6,570				14,778	14,036	742	
Band	12,710					12,710	16,120	(3,410)	
Cadet Programs	345,123					345,123	241,113	104,010	
Chaplain's Office	159,090					159,090	173,110	(14,020)	
Commandant	7,400					7,400	7,130	270	
Cadet Counseling	8,950					8,950	8,380	570	
Music	25,110					25,110	23,250	1,860	
Total Dept Fund	566,591	6,570		-		573,161	483,139	90,022	
Graduate Fellowships	71,240					71,240	70,000	1,240	
Cadet Awards	92,030			25,000		117,030	111,170	5,860	
Other Student Services	11,000					11,000	11,000	-	
Total Student Services	740,861	6,570	-	25,000	-	772,431	675,309	97,122	
Institutional Support									
Comm & Marketing	188,890					188,890	183,900	4,990	
Superintendent's Office	291,520					291,520	283,020	8,500	
Total Inst Support	480,410	-	-	-	-	480,410	466,920	13,490	
Physical Plant									
	65,040	83,920				148,960	147,120	1,840	
Total E & G	7,018,911	90,490	-	215,000	-	7,324,401	7,443,212	(118,811)	

Local Funds Restricted Funds Budget

Source/Activity	VMI Foundation	Development Board	Keydet Club	VMI Endowment	Federal Grants/Other	2017 Total	2016 Total	Inc (Dec)	Notes
<i>Auxiliary Enterprises</i>									
Intercollegiate Athletics	50,000	252,541	409,000		170,000	881,541	737,084	144,457	3
Total Auxiliary	50,000	252,541	409,000	-	170,000	881,541	737,084	144,457	
<i>Cadet Financial Assistance</i>									
Athletic Scholarships	43,230	247,459	3,591,000		60,000	3,941,689	3,572,236	369,453	
Cadet Scholarships	4,920,959	-	-	395,000		5,315,959	5,050,317	265,642	
Federal Grants and Loans					1,043,000	1,043,000	1,043,000	-	
Total Cadet Financial	4,964,189	247,459	3,591,000	395,000	1,103,000	10,300,648	9,665,553	635,095	3
Total Restricted	12,033,100	590,490	4,000,000	610,000	1,273,000	18,506,590	17,845,849	660,741	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 \$18.5 million for FY 2017 is about 3.7% more than FY 2016. 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**

	2017				2016		Inc (Dec)
	FTE	Salaries/FB	Faculty Develop	Undergrad Research	Other	Total	
<i>Local Restricted</i>							
<i>Academic Programs</i>							
New faculty-Fine Arts	1	83,000				83,000	3,000
New faculty-Civil & Environmental Eng	1	100,000				100,000	100,000
New faculty-International Studies	1	83,000				83,000	83,000
Faculty-Mathematics	-	-				90,000	(90,000)
New faculty - Philosophy	1	94,000				94,000	3,000
New Faculty - History	1	81,000				81,000	3,000
New Faculty - Arabic	1	83,000				83,000	3,000
Faculty development-leaves		60,000				60,000	-
Faculty development-travel & projects			100,000			100,000	-
Undergraduate Research				190,000		190,000	10,000
MERC Tutors		61,000				61,000	1,500
Program Development Grants					16,500	16,500	(83,500)
Learning Center Director	-	-				-	(110,000)
Learning Center Tutors		61,000				61,000	1,500
New faculty-Physical Education	1	80,000				80,000	-
Center for Leadership & Ethics					300,000	300,000	-
Faculty Recruitment					50,000	50,000	-
Total Jackson Hope	7	786,000	100,000	190,000	366,500	1,442,500	(75,500)

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. The FY 2017 allocations were approved at the March 4, 2016 Jackson-Hope Board of Overseers meeting.

Local Unrestricted Budget FY 2017

	FY 2017 Allocation				FY 2016		Notes		
	FY 2017 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total	Budget		Inc (Dec)	%
Revenue									
VMI Endowment	90,000	90,000			90,000	90,000	-	0.0%	1
VMI Foundation	1,802,000		1,802,000		1,802,000	1,919,000	(117,000)	-6.1%	2
VMI Development Board	500,000			500,000	500,000	500,000	-	0.0%	2
Athletic Revenue	1,422,000	1,422,000			1,422,000	1,508,000	(86,000)	-5.7%	3
Cadet Fees--Athletics	5,348,000	5,348,000			5,348,000	5,076,000	272,000	5.4%	3
Museum Systems	748,000	748,000			748,000	761,000	(13,000)	-1.7%	4
Conference Revenue--CLE	263,000	263,000			263,000	318,000	(55,000)	-17.3%	5
Concessions Commissions	427,000	427,000			427,000	400,000	27,000	6.8%	6
Total Revenue	10,600,000	8,298,000	1,802,000	500,000	10,600,000	10,572,000	28,000	0.3%	
E&G Expenditures									
Instruction									
Faculty Salary Supplements	464,000		464,000		464,000	456,000	8,000	1.8%	7
Public Service									
Daniel's Award	-	-	-		-	-	-	-	
Museum Systems--Revenue	747,000	747,000			747,000	741,000	6,000	0.8%	4
Total Public Service	747,000	747,000	-	-	747,000	741,000	6,000	0.8%	
Academic Support									
Dean's Funds									
Dean's Official Fund	7,000	7,000			7,000	7,000	-	0.0%	
Center for Leadership/Ethics	263,000	263,000			263,000	318,000	(55,000)	-17.3%	5
Computers - IBM Match	25,000		25,000		25,000	25,000	-	0.0%	8
Total Academic Support	295,000	270,000	25,000	-	295,000	350,000	(55,000)	-15.7%	

FY 2017 Allocation

	FY 2017		FY 2017 Allocation		FY 2016		Inc (Dec)	%	Notes
	Budget	VMI	VMI	VMI	Budget	VMI			
<i>Student Services</i>									
Commandant's Official Fund	3,000		3,000		3,000		-	0.0%	
Chaplain's Office Support	126,000	54,000	72,000		131,000		(5,000)	-3.8%	9
Total Student Services	129,000	54,000	75,000	-	134,000		(5,000)	-3.7%	
<i>Institutional Support</i>									
Staff Salary Supplements	666,000	83,000	583,000		612,000		54,000	8.8%	7
Mortgage Subsidies	95,000		95,000		117,000		(22,000)	-18.8%	10
Superintendent's Funds									
Quarter's--Rent/Enter	80,000		80,000		80,000		-	0.0%	
Allotment	30,000	30,000			30,000		-	0.0%	
Travel	10,000	10,000			10,000		-	0.0%	
Protocol Office--Gifts	5,000	5,000			5,000		-	0.0%	
Local Bank Fees/Charges	2,000	2,000			2,000		-	0.0%	
Board of Visitors' Meetings	9,000	9,000			9,000		-	0.0%	
Membership Dues	3,000	3,000			3,000		-	0.0%	
VA Hi-Ed Bus Council Dues	8,000	8,000			8,000		-	0.0%	
Contingencies	80,000	80,000			80,000		-	0.0%	11
Total Institutional Support	988,000	230,000	758,000	-	956,000		32,000	3.3%	
<i>Cadet Financial Aid</i>									
ROTC Room/Board Grants	170,000		170,000		165,000		5,000	3.0%	12
Cadet Financial Aid	150,000	125,000	-	25,000	150,000		-	0.0%	13
Athletic Scholarships	475,000		475,000		500,000		(25,000)	-5.0%	14
Cocke Scholarships	1,000	1,000			1,000		-	0.0%	
Total Scholarships/Grants	796,000	126,000	170,000	500,000	816,000		(20,000)	-2.5%	

	FY 2017 Allocation					FY 2016		Notes
	FY 2017 Budget	VMI Funds	VMI Foundation	VMI Dev Bd	Total	Budget	Inc (Dec)	
Auxiliary Enterprises								
<i>Athletics</i>								
Operations	6,940,000	6,940,000	-	-	6,940,000	6,757,000	183,000	2.7% 3
<i>Debt Service</i>								
JM Hall Renovation	191,000		191,000		191,000	189,000	2,000	1.1%
Total Debt	191,000	-	191,000	-	191,000	189,000	2,000	1.1%
Total Expenditures	10,550,000	8,367,000	1,683,000	500,000	10,550,000	10,399,000	151,000	1.5%
Excess (Deficiency)	50,000	(69,000)	119,000	-	50,000	173,000	(123,000)	-71.1%
<i>Add: Beginning Fund Bal</i>	196,000	195,000	1,000	-	196,000	39,000	157,000	402.6%
<i>Less: VMIF Direct Pays</i>	(120,000)		(120,000)		(120,000)	(120,000)	-	0.0% 15
Ending fund balance	126,000	126,000	-	-	126,000	92,000	34,000	37.0%

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 \$1.45 million as of 29 February 2016).
2. VMI Foundation (VMIF) and VMI Development Board (DB) spendable income totals \$2.3 million. It consists of \$2.1 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 in athletic revenue for FY 2017 primarily reflects one football guarantee game versus two in FY 2016 and one less home game. The increase in Cadet Fees - Athletics reflects a 5% increase in the cadet athletic fee for FY 2017.
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 2017 are generally expected to approximate FY 2016 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 2017 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.
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, the Associate Chaplain, and the part-time administrative assistant.
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 80 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.
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 unrestricted funds as necessary to supplement "need-based" student financial aid from private restricted funds, State funds, cadet tuition revenue, and federal funds.
14. VMI Development Board income is budgeted for athletic scholarships to help supplement Keydet Club funds raised annually for this purpose. For FY 2017, 95% of Development Board unrestricted income is being budgeted for athletics with a goal of eventually reducing this to 75%.
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 Operating Revenues and Support

	2016 Budget	2017 Budget	Inc (Dec)	%	Notes
<i>Revenue and Support</i>					
<i>Revenue</i>					
Cadet Fees	5,076,000	5,348,000	272,000	5.4%	1
Guarantees--Football	405,000	315,000	(90,000)	-22.2%	2
Guarantees--Basketball	350,000	350,000	-	0.0%	3
Gate Receipts--Football	192,000	144,000	(48,000)	-25.0%	4
Gate Receipts--Basketball	42,000	35,000	(7,000)	-16.7%	
Gate Receipts--Baseball	-	-	-		5
NCAA Academic Assistance	169,000	170,000	1,000	0.6%	6
NCAA /Conference Revenue	278,000	337,000	59,000	21.2%	6
Sales and Other Income	241,000	241,000	-	0.0%	7
Total Revenue	6,753,000	6,940,000	187,000	2.8%	
<i>Support</i>					
VMI Development Board					
Restricted Endowment	246,000	252,000	6,000	2.4%	
Superintendent's Discretionary	50,000	50,000	-	0.0%	8
Keydet Club	272,000	409,000	137,000	50.4%	9
VMI Unrestricted Income	90,000	90,000	-	0.0%	
VMI Concessions Commissions	83,000	80,000	(3,000)	-3.6%	
Total Support	741,000	881,000	140,000	18.9%	
Total Revenue and Support	7,494,000	7,821,000	327,000	4.4%	

Local Funds

Intercollegiate Athletics Revenues

Notes

1. The Cadet Fees budget increase primarily reflects a \$153 or 5% increase in the cadet athletic fee bringing it from \$3,090 to \$3,243.
2. Football Guarantees total \$315,000 in FY 2017 for a contest against the University of Akron. The FY 2016 guarantees consisted of Ball State (\$330,000) and Richmond (\$55,000).
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 \$144,000 and consists of 4 home games at about \$28,000 per game except for the Citadel game which is budgeted at \$60,000. The FY 2016 budget was \$192,000 and consisted of 6 home games.
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 2017, the same as in FY 2016.
9. The Keydet Club is budgeted to provide \$4.0 million in donations and endowment income to the Athletic Program in FY 2017, an increase of \$500,000 over FY 2016. This funding supports athletic scholarships and program operating costs. Most of the funding is needed for scholarship costs which are budgeted for a total \$4.4 million in FY 2017 and include funding from other sources.

**Local Funds
Intercollegiate Athletic Expenditures**

Department	FTE	Salaries & Supplies				Travel	Recruiting	Officials	Other	2017 Total	2016 Total	Inc (Dec)	Notes
		Fringes	& Equip										
Football	11	907,284	107,200	176,000	79,800	27,000	100,001	1,397,285	1,334,636	62,649	1		
Basketball	5	494,065	38,262	100,000	35,000	60,000	61,738	789,065	736,381	52,684	2		
Track--Men	2	134,922	9,550	40,125	2,500	-	7,825	194,922	181,999	12,923			
Track--Women	2	134,923	9,550	40,125	2,500	-	7,825	194,923	182,001	12,922			
Wrestling	2	107,685	12,100	40,000	5,688	3,000	11,212	179,685	190,827	(11,142)	3		
Baseball	3	217,250	35,501	92,000	12,000	20,000	12,999	389,750	378,502	11,248			
Soccer--Men	1	73,362	10,200	26,300	2,000	8,000	2,000	121,862	116,441	5,421			
Soccer--Women	2	125,487	2,600	49,838	900	9,950	1,712	190,487	183,011	7,476			
Lacrosse	2	134,692	37,200	51,500	12,000	10,000	9,300	254,692	242,186	12,506			
Swimming	1	68,642	14,200	42,000	2,600	200	9,000	136,642	104,864	31,778	4		
Water Polo--Women	1	67,182	4,675	59,600	9,725	1,000	7,000	149,182	147,026	2,156			
Rifle	0	21,088	21,200	8,546	200	-	1,250	52,284	50,901	1,383			
Training/Medical	4	246,702	18,200	-	-	-	24,250	289,152	305,192	(16,040)	5		
Strength/Condition	2	160,166	17,000	-	-	-	3,000	180,166	135,370	44,796	6		
Sports Information	3	201,914	45,000	-	-	-	115,000	361,914	309,105	52,809	7		

**Local Funds
Intercollegiate Athletic Expenditures**

Department	FTE	Salaries & Supplies					2017 Total	2016 Total	Inc (Dec)	Notes
		Fringes	& Equip	Travel	Recruiting Officials	Other				
Sports Marketing	1	51,756	-	-	-	12,000	63,756	71,283	(7,527)	
NCAA Acad/Assist	0	169,968	-	-	-	2,500	172,468	171,410	1,058	
Administration	9	726,801	10,000	15,000	-	202,791	954,592	881,903	72,689	8
Conf Dues/Penalty		-	-	-	-	66,400	66,400	66,400	-	
Indirect Costs-E&G		-	-	-	-	1,540,000	1,540,000	1,440,000	100,000	9
Repay VMI Loan		-	-	-	-	30,000	30,000	30,000	-	10
Transfer to Reserve		-	-	-	-	-	-	172,562	-	11
Contingencies		-	-	-	-	112,000	112,000	62,000	50,000	12
Total Athletics	50	4,043,889	392,438	741,034	164,913	2,339,803	7,821,227	7,494,000	327,227	

Note: See Details of Other Expenditures following this schedule.

Intercollegiate Athletic Expenditures
Details of Other Expenditures
2017

	Football	Basketball	Training/ Medical	Administration	Total	Notes
Telecommunications	1,500				1,500	
Home Game Expenses	30,700	10,000			40,700	
Guarantees		6,000			6,000	
Medical Services			17,000		17,000	
Photography	11,050				11,050	
Graduate Assistance Expenses					-	
Advertising and Promotion					-	
Medical Insurance				102,103	102,103	1
Dues and Fees	4,000	3,000	1,450	35,000	43,450	
Postage				5,000	5,000	
Bank Card Charges				7,500	7,500	
Plant/Equipment Maintenance	531			5,000	5,531	
Awards and Prizes				10,000	10,000	
Rent--AD/Head Coach	20,000	25,000			45,000	
Miscellaneous	32,220	17,738	5,800	38,188	93,946	
Total Other Expenditures	100,001	61,738	24,250	202,791	388,780	

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 3% employee salary increase and mandatory increases in employer health insurance premiums. It also largely reflects greater team travel resulting from seven away games in fall 2016.

Note: All Athletic Program employees are receiving a 3% employee salary increase (See Significant Budget Assumptions—Salary Increases and Fringe Benefits schedule).

2. The Basketball budget increase includes an approximately \$30,000 increase in Southern Conference charges for officials and brings this budget more in line with FY 2016 actual expenditures.
3. The Wrestling budget decrease relates to lower employee fringe benefit costs because a new hire is not participating in the Institute's health insurance program.
4. The Swimming budget increase reflects new private donations to support operations costs including travel, supplies, and equipment.
5. The Training/Medical budget decreased due to elimination of a full-time trainer position which was replaced with a graduate assistant position.
6. The Strength/Conditioning budget increase relates to increased employer fringe benefit costs due to plan changes for one employee and a reallocation of supplies line budget from other programs to more accurately reflect past actual spending.
7. The Sports Information budget increase reflects elimination of a vacant position offset by increased costs for Southern Conference mandated ESPN3 broadcasting of athletic events.
8. The Administration budget increase primarily reflects increased salaries and wages due to hiring a new position, the 3% employee salary increase, and increasing fringe benefit costs.
9. The increase in Indirect Costs-E&G is to bring the Athletics Program closer to fully paying indirect costs for services provided by the E&G Program.
10. The Athletics Program carried over from FY 2015 a \$478,000 cumulative fund balance deficit from prior years. VMI currently plans to curtail this deficit over 15 years at about \$30,000 a year.

11. The Transfer to Reserves reflects projected 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. These funds may also be used to address the fund balance deficit as described in Note #10.

12. A Contingencies budget of \$112,000 is provided in FY 2017 primarily for unforeseen expenses and shortfalls in budgeted revenues and support. Contingencies in past years have been budgeted well below desired levels due to insufficient available funding.

**VMI Museum Operations
Revenues and Expenses**

	FY 2017 Budget		FY 2016 Budget		Inc (Dec)	%	Notes
	VMIM	VMCW	SJH	Total			
Revenue and Support							
Admissions		190,000	95,000	285,000	(10,000)	-3.4%	1
Sales	140,000	105,000	60,000	305,000	1,000	0.3%	1
Contributions and Grants	16,000	3,000	77,000	96,000	(2,000)	-2.0%	2
Endowment Income	28,000	188,000		216,000	(2,000)	-0.9%	3
Reserve Funds			50,000	50,000	-		4
Other Income		10,000	2,000	12,000	(2,000)	-14.3%	
Total Revenue and Support	184,000	496,000	284,000	964,000	(15,000)	-1.5%	
Operating Expenses							
Personal Services	92,000	314,000	198,000	604,000	14,000	2.4%	5
Merchandise for Resale	66,000	50,000	36,000	148,000	4,000	2.7%	
Other Operating	25,000	132,000	50,000	207,000	(14,000)	-6.3%	6
Total Expenses	183,000	496,000	284,000	963,000	4,000	0.4%	
Excess (Deficiency) Revenue	1,000	-	-	1,000	(19,000)		
Add: Fund Balance, begin	30,000	65,000	(1,000)	94,000	23,000	32.4%	
Fund Balance, ending	31,000	65,000	(1,000)	95,000	22,000	30.1%	

Museum Systems Notes

1. Admissions and sales are budgeted for a total of \$590,000 or \$9,000 (1.5%) less than in FY 2016.
2. Contributions and grants consist mostly of gifts to the Stonewall Jackson House (SJH) which are budgeted for a total of \$96,000 in FY 2017 or \$2,000 less than FY 2016. 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 \$99,000 and \$189,000, respectively, in FY 2017 for Museum programs that benefit cadets, faculty, and visitors. This total support of \$288,000 is an increase of about \$10,000 or 3.6% over FY 2016. 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 \$3.3 million as of 29 February 2016, a decline of about \$500,000 from the same time last year.
4. Reserve funds for the SJH consist of \$50,000 in unexpended cash donations from past years held by the VMI Foundation (VMIF) on behalf of the SJH. The SJH Reserve funds total about \$434,000 as of 31 March 2016 and are mostly spendable for SJH operations as needed.
5. The Museum personal services budget reflects an increase of about \$14,000 or 2.4%. This consists of the net effect of a 3% State-initiated salary increase and mandatory fringe benefit increases that are offset by savings from employee turnover during FY 2016.
6. Other operating costs consists largely of supplies, utilities, facility maintenance, advertising, and contractual services. The budget decrease of 6% reflects reduced budgeted operating costs at the SJH to more closely reflect actual expenditures in past years.

**Local Funds
Center for Leadership and Ethics**

	2016 Budget	2017 Budget	Inc Dec	%	Notes
Revenue and Support					
Cash Donations	519,000	516,000	(3,000)	-0.6%	1
Endowment Income	315,000	458,000	143,000	45.4%	2
Conference Income	318,000	263,000	(55,000)	-17.3%	3
VMI E&G Program Support	110,000	115,000	5,000		4
Superintendent's Discretionary	25,000	-	(25,000)		
Rental Income	10,000	6,000	(4,000)	-40.0%	
Total Revenue and Support	1,297,000	1,358,000	61,000	4.7%	
Expenses					
Personal Services	820,000	866,000	46,000	5.6%	5
Conference Expenses	340,000	345,000	5,000	1.5%	3
Program/Other Expenses	129,000	147,000	18,000	14.0%	6
Total Expenses	1,289,000	1,358,000	69,000	5.4%	
Excess (Deficiency) Revenue					
	8,000	-	(8,000)		
Beginning Fund Balance	300,000	308,000			
Ending Fund Balance	308,000	308,000	-		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 3% salary increase and mandatory increases in employer paid health insurance premiums.
6. Program and Other expenses include several cadet programs addressing leadership and ethics. It also includes a faculty/cadet leadership development program in FY 2017. 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	2016	2017	Inc (Dec)	%	Notes
<i>State Funds</i>					
<i>General Funds</i>					
Student Financial Aid	971,000	1,016,000	45,000	4.6%	1
Total General Funds	971,000	1,016,000	45,000	4.6%	
<i>Cadet Tuition and Fees</i>					
E&G Program	4,100,000	4,250,000	150,000	3.7%	2
Total State Funds	5,071,000	5,266,000	195,000	3.8%	
<i>Local Funds</i>					
<i>Restricted</i>					
VMI Foundation					
Merit and Other Scholarships	4,682,000	4,921,000	239,000	5.1%	
Athletic Scholarships	42,000	43,000	1,000	2.4%	
Total VMI Foundation	4,724,000	4,964,000	240,000	5.1%	3
VMI Development Board					
Athletic scholarships	242,000	247,000	5,000	2.1%	3
VMI Keydet Club--Scholarships	3,228,000	3,591,000	363,000	11.2%	
VMI BOV Endowment	293,000	295,000	2,000	0.7%	
NCAA/Conference Assistance	60,000	60,000	-		
Outside Trusts	75,000	100,000	25,000	33.3%	
Total Restricted	8,622,000	9,257,000	635,000	7.4%	
<i>Federal Grants/Aid</i>					
SEOG	91,000	91,000	-	0.0%	
PELL	952,000	952,000	-	0.0%	
Total Federal Aid	1,043,000	1,043,000	-	0.0%	4

Sources/Programs	2016	2017	Inc (Dec)	%	Notes
<i>Unrestricted</i>					
VMI Development Board--Athletics	500,000	475,000	(25,000)	-5.0%	3
ROTC Room/Board Grants	165,000	170,000	5,000	3.0%	5
Financial Aid (primarily need-based)	150,000	150,000	-	0.0%	3
Cocke Scholarship	1,000	1,000	-	0.0%	
Total Unrestricted	816,000	796,000	(20,000)	-2.5%	
Total Local Funds	10,481,000	11,096,000	615,000	5.9%	
Total All	15,552,000	16,362,000	810,000	5.2%	6

Cadet Financial Assistance

Notes

1. State general funds are budgeted to increase \$45,000 or 4.6% to \$1,016,000 as approved by the 2016 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 \$4.4 million or a \$150,000 increase (3.5%) over the FY 2016 budget. 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 39% of the Corps in FY 2017 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 was a cost savings measure to curtail the growing cost of cadet financial assistance and to bring the program into financial sustainability.

Note: For FY 2015, 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 \$9.5 million or about \$600,000 more than in FY 2016.

The athletic scholarship budget totals \$4.4 million or about 7.3% more than in FY 2016. It funds the equivalent of about 107 full scholarships (about 53% VA cadets) or about 59% of the NCAA maximum allowable for VMI's 10 men's and 7 women's sports receiving

scholarships. Football is allocated about \$2.05 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 is budgeted to remain consistent with the prior year amount. PELL grants are awarded to needy cadets and the actual award amount for eligible cadets is determined by the U.S. Department of Education; VMI does not determine who is eligible for these grants. The total PELL amount can vary from year to year depending on the level of need of the cadets applying for the grants.
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 70-75 new (3-year and 4-year) ROTC scholarship cadets bringing the total ROTC scholarship cadets in the Corps to about 350-375 or 21% to 22% of the Corps.
6. VMI's cadet financial assistance budget totals \$16.4 million for an increase of \$800,000 or 5.2% over FY 2016. This compares to an increase in tuition and fees of 5.0% for in-state and 5.3% 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 \$57.9 million for FY 2017 which is comparable to the 28% in FY 2016. This 28% "tuition discount" consists mostly of restricted funds that are required to be used for financial assistance (financial aid budget consists of 69% restricted funds and 31% 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>					
	2012	2013	2014	2015	2016	2017
Corps Data						
Total Enrollment (Fall Opening)						
Budget	1,604	1,663	1,695	1,690	1,715	1,726
Actual	1,638	1,689	1,714	1,714	1,738	
Actual Over (Under)	34	26	19	24	23	
New Cadet Enrollment						
Budget	495	500	490	500	490	500
Actual	509	509	504	500	495	
Actual Over (Under)	14	9	14	-	5	
% Virginians						
Budget	59.0%	60.1%	58.1%	58.0%	59.4%	61.2%
Actual	58.8%	58.4%	59.0%	58.3%	59.3%	
Tuition and Fees						
Virginia	20,630	21,568	22,492	23,890	25,202	26,460
% Increase	6.0%	4.5%	4.3%	6.2%	5.5%	5.0%
Non Virginia	39,610	41,544	43,480	45,946	48,216	50,769
% Increase	5.8%	4.9%	4.7%	5.7%	4.9%	5.3%
VMI Financial Aid	11,696,000	12,148,000	12,825,000	14,353,000	15,552,000	16,362,000
% Increase	11.3%	3.9%	5.6%	11.9%	8.4%	5.2%

(Fiscal Year Ending)

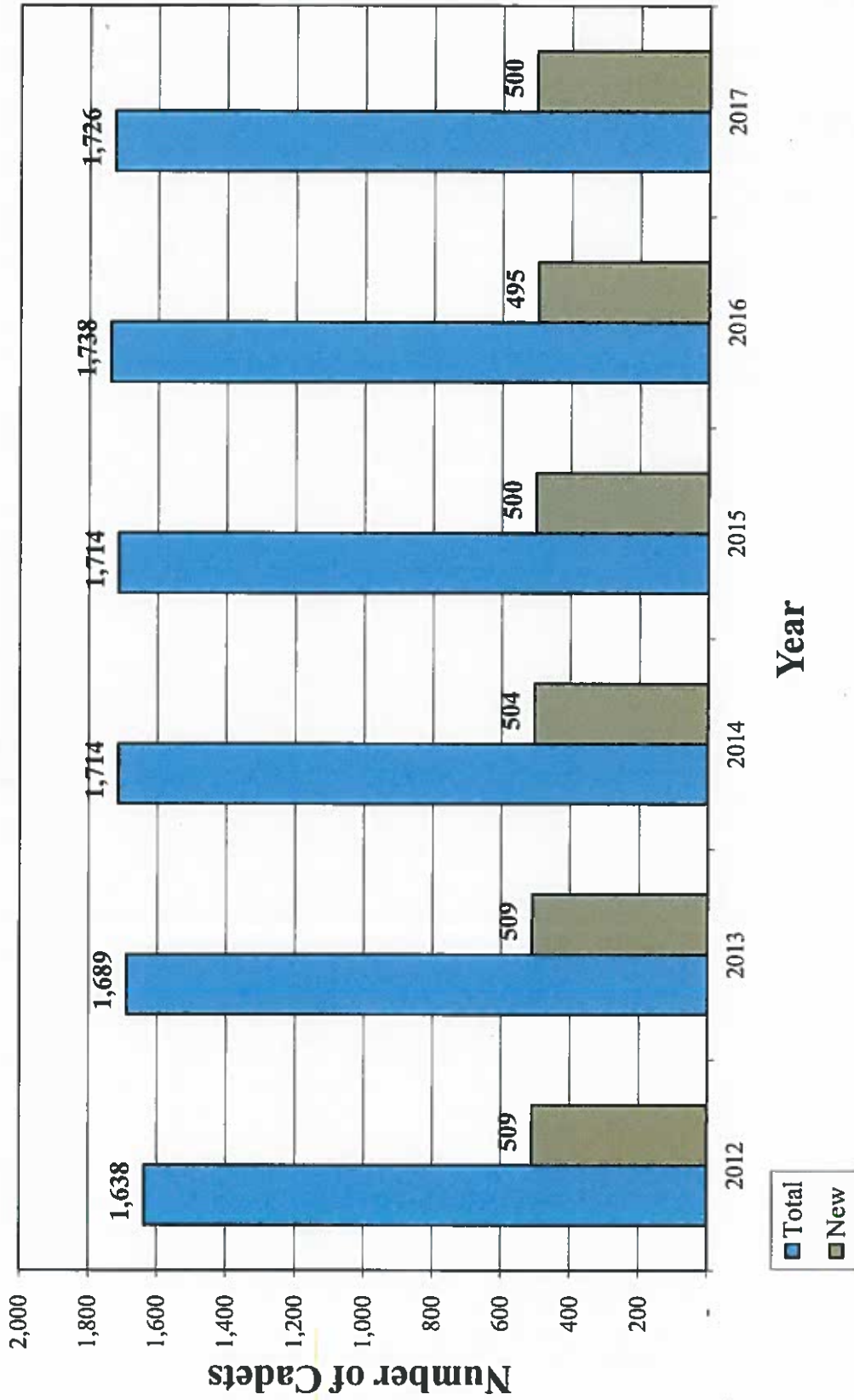
	2012	2013	2014	2015	2016	2017
VMI Workforce						
Total Full-time Employees	530	547	562	572	581	590
Total Full-time Teaching Faculty (included in total above also)	124	130	132	136	139	143
Total Payroll (Salaries and fringes) % Increase	41,027,000 1.8%	43,588,000 6.2%	46,189,000 6.0%	49,019,000 6.1%	49,821,000 1.6%	51,953,000 4.3%
Budgets						
Total Operating Budget % Increase	68,865,000 2.9%	72,510,000 5.3%	77,765,000 7.2%	81,153,000 4.4%	82,371,000 1.5%	85,579,000 3.9%
Total State General Funds % Inc (Dec)	11,458,000 -8.2%	12,340,000 7.7%	13,480,000 9.2%	14,436,000 7.1%	14,130,000 -2.1%	15,676,000 10.9%
Total Cadet Tuition/Fees/Sales % Increase	34,504,000 11.5%	37,701,000 9.3%	40,873,000 8.4%	42,107,000 3.0%	44,517,000 5.7%	45,795,000 2.9%
Total Private Funds Support % Increase	17,549,000 -2.8%	16,916,000 -3.6%	17,631,000 4.2%	19,527,000 10.8%	19,083,000 -2.3%	19,625,000 2.8%
Total Other Funds % Increase	5,354,000 -1.5%	5,553,000 3.7%	5,781,000 4.1%	5,083,000 -12.1%	4,641,000 -8.7%	4,483,000 -3.4%

	<i>(Fiscal Year Ending)</i>					
	2012	2013	2014	2015	2016	2017
Sources of Funds As % of Total Budget						
Total State General Funds	16.6%	17.0%	17.3%	17.8%	17.2%	18.3%
Total Cadet Tuition/Fees/Sales	50.1%	52.0%	52.6%	51.9%	54.0%	53.5%
Total Private Funds Support	25.5%	23.3%	22.7%	24.1%	23.2%	22.9%
Total Other Funds	7.8%	7.7%	7.4%	6.3%	5.6%	5.2%
Total Sources	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of E&G Budget for Instruction/ Academic Support/Student Services	68.9%	71.0%	71.9%	72.3%	73.2%	75.0%
Key Financial Balances						
<i>(Actual 30 June or projected for 2016 and 2017)</i>						
VMI General Endowment	7,458,283	7,782,482	8,505,582	8,100,000	7,500,000	7,500,000
VMI Collins Endowment	3,373,472	3,551,715	3,874,562	3,800,000	3,400,000	3,400,000
Auxiliary Fund Balance	7,560,844	9,502,646	10,751,154	12,496,687	11,300,000	10,900,000
Local Unrestricted Fund Balance	866,152	316,039	(131,483)	39,000	196,000	126,000
Total Fund Balances	19,258,751	21,152,882	22,999,815	24,435,687	22,396,000	21,926,000

	<i>(Fiscal Year Ending)</i>					
	2012	2013	2014	2015	2016	2017
Balance of Outstanding Debt						
<i>(Actual 30 June or projected for 2016 and 2017)</i>						
JM Hall (\$2.3 mil original)	1,629,000	1,513,000	1,388,000	1,259,000	1,125,000	983,000
Cocke Hall Annex (\$2.0 mil original)	1,406,000	1,302,000	1,197,000	1,086,000	970,000	847,000
Crozet Hall (\$11.2 mil original)	8,182,000	7,760,000	7,260,000	6,730,000	6,433,000	5,854,000
South Institute Hill (\$2.85 mil original)	2,850,000	2,750,000	2,645,000	2,535,000	2,415,000	2,290,000
VCBA 2013A Projects (TBD)			4,000,000	4,085,000	3,935,000	3,780,000
VCBA 2014A Projects (TBD)				3,565,000	3,565,000	3,450,000
VCBA 2015A Projects (TBD)					3,915,000	3,915,000
Total Debt Outstanding	14,067,000	13,325,000	16,490,000	19,260,000	22,358,000	21,119,000

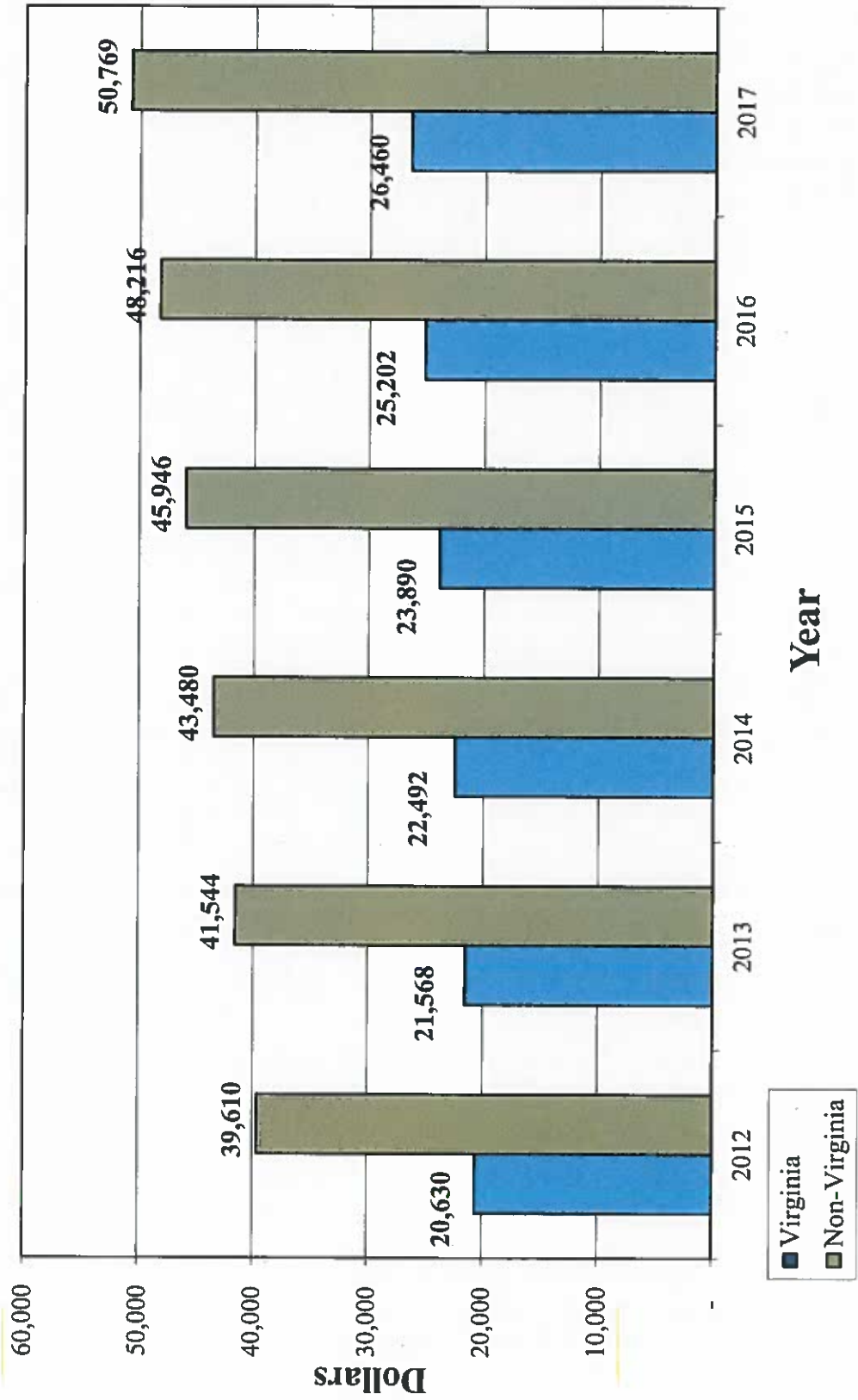
Note: All Supplementary data above reflects budget figures except where "actual" noted

Enrollment Total and New Cadets



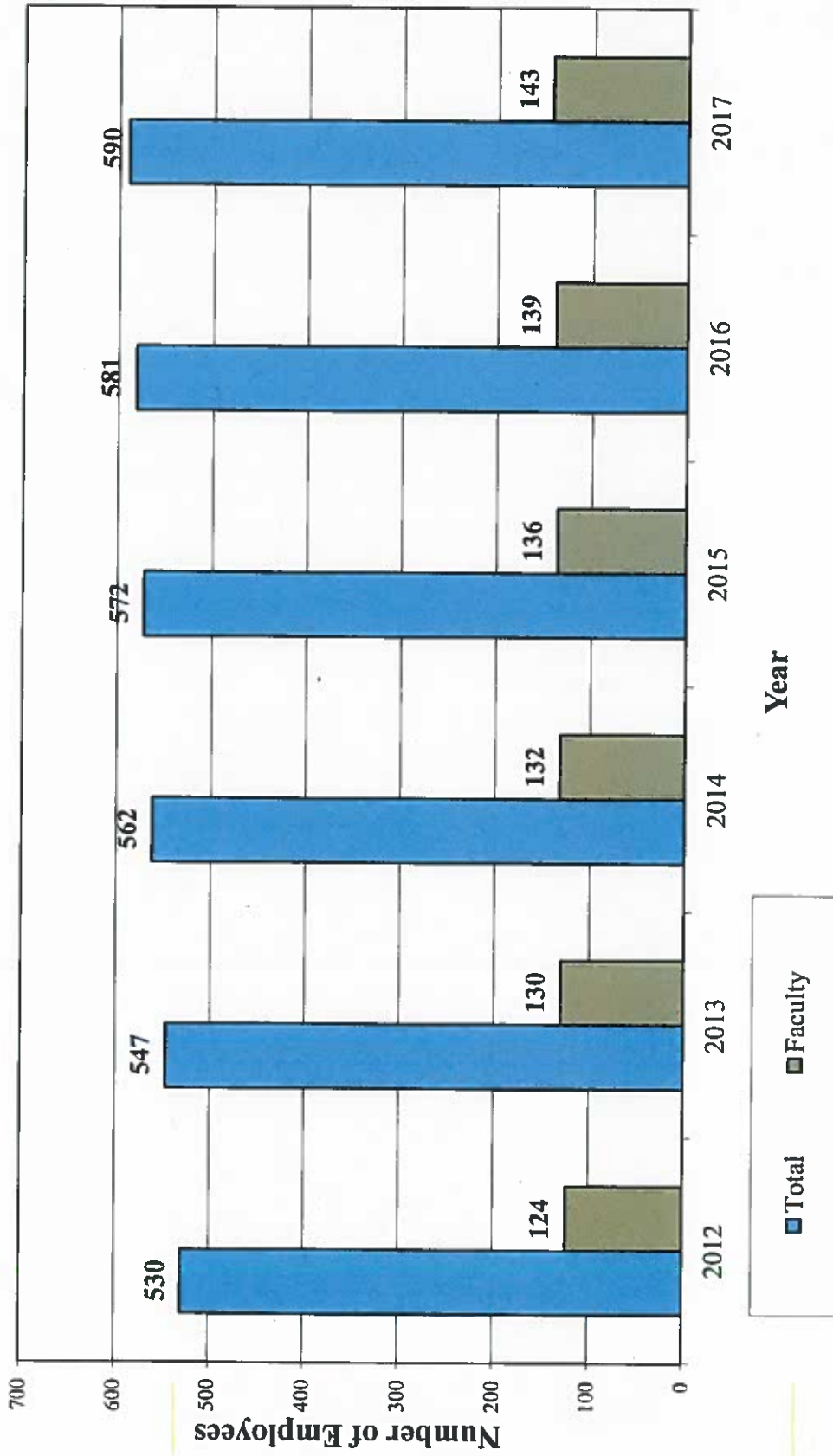
Tuition and Fees

In-State v. Out-of-State

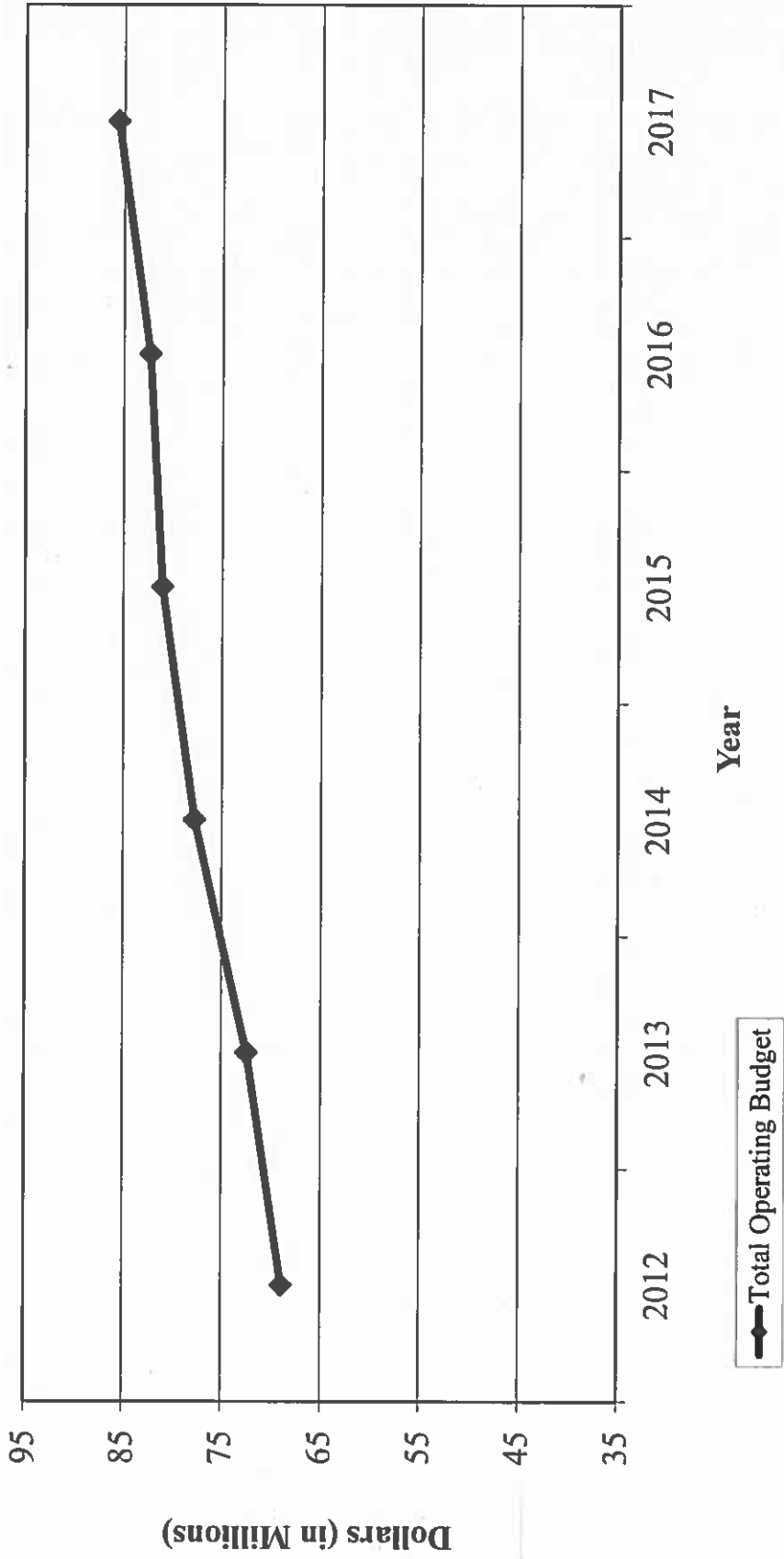


VMI Workforce

Total Employees vs. Teaching Faculty



Total Operating Budget



Key Financial Balances

