

MIDDLE GEORGIA STATE UNIVERSITY
Budget Stakeholder Report
Fiscal Year 2016



Dear MGA Stakeholder:

Thank you for your interest in the MGA budget process. Whether you are an employee, student or just an interested community member, we are pleased that you are taking an interest in MGA during this exciting time in our history.

The purpose of this report is to educate you, our stakeholder, about the budget process and the actual sources and uses of the MGA Fiscal Year 2016 budget. Our goal is to promote an inclusive, strategic and transparent budgeting process. To that end, we documented and published the Budget Process this past Spring, we made many budget documents available on our website throughout the year and now we are publishing user-friendly Fiscal Year 2016 budget information. As we develop further as a university we expect increased formalization of the budget process as well as an increase in the amount of information shared with our budget stakeholders.

MGA's mission is to educate and graduate inspired lifelong learners whose scholarship and careers enhance the region through professional leadership, innovative partnerships and community engagement. The FY2016 budget stands behind this mission by allocating resources to go hand in hand with our mission, vision and core values.

To achieve this mission, MGA has committed itself to four core values: stewardship, engagement, adaptability, and learning. These values, along with our transition to a university, were the driving force in our budget planning for Fiscal Year 2016. While this budget reflects the reality of constrained resources, it also dedicates available resources to supporting our students academically to enable them to progress to graduation. After all, graduating students and transforming their lives and communities is our vision.

MGA continues to face fiscal challenges, but we also continue to lead the way in educating the citizens of middle Georgia. With excellent and dedicated faculty, degrees that meet the workforce needs of our communities, and exciting campus life, we remain committed to giving our students a great learning experience and many enjoyable college memories. Likewise, MGA is committed to enhancing the careers and workplace environment of our employees.

Again, thank you for your interest in MGA and we hope you find this report informative.

Overview of Fiscal Year 2016 Budget Process

MGA uses a centralized, incremental planning and resource allocation model which allows for more strategic use of resources, more discretion in budget revision, and more deliberate use of excess funds. The budget process is year round with the Budget Office simultaneously managing the current year budget and developing the next year's budget.

The budget prep process focuses on developing revenue estimates from July to early January. During this time state appropriations and new fees are requested, and revenue projections are submitted. In January, the President sets the Strategic Budget Priorities and the Vice Presidents make their requests through the budget hearings. Budget requests are prioritized and a draft budget is completed with the final submission coming in

early May.

FY2016 will be a year of transition for MGA as we begin operations as a university. MGA has been working with the University System of Georgia (USG) Office of Fiscal Affairs for much of the past year to demonstrate our fiscal readiness to be a university and to develop a sustainable tuition and fees transition plan. The Board of Regents showed their faith in MGA's future by approving the University level change effective July 1, 2015 and by approving a 9% tuition increase and a \$50 per semester increase in the special institutional fee. These revenue increases, along with an increase in the online tuition rate will allow MGA to meet its needs in FY2016.

Still, balancing the budget with the needs as a university was not an easy feat. Revenue declines in other areas resulted in the elimination of 25 vacant positions, short term transfer of some positions to alternative funding sources, and reduced budgets across the board for travel, operating expenses, and equipment purchases.

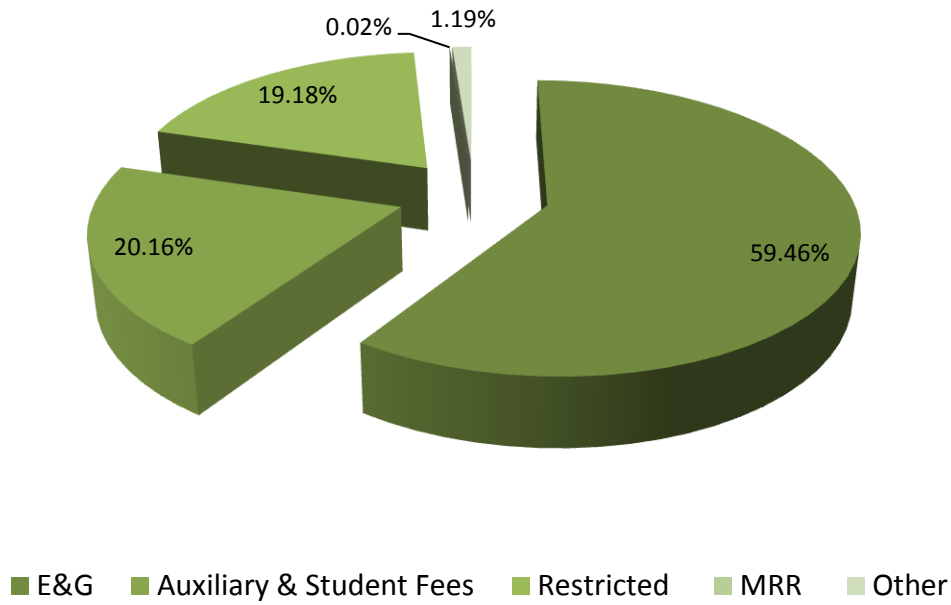
These reductions freed up funds for university investments - a Graduate Dean position, an Adult Education Recruiter, and a Webmaster were some of the strategic investments in the FY2016 budget. Funds allocated to marketing were increased to raise our brand recognition. Students will notice enhancements to Career Services and Counseling, Health Services will be added on each campus, and an office to focus on student internships will become operational. Many full time faculty positions that have been frozen for the past several years will be filled, many with terminally degreed instructors.

Shades of Green

MGA's total FY2016 budget is \$102,415,696. The budget is comprised of what the Budget office refers to as many "shades of green" or "pots of money". Each "pot of money" has a different funding source and allowable expenditures. These include the following:

- ***Education & General (E&G)***: "Funds earmarked for current operations of the educational program of the college or university. " This includes State Appropriations, Tuition, and Other General Revenues & Fees.
- ***Auxiliary & Student Fees***: Auxiliary Funds are "various business operations conducted on a campus which have as their expressed purpose the provision of services to students, faculty, and staff." They include funds for Housing, Food Services, Stores & Shops, Health Services, Transportation & Parking, Other Organizations and Athletics. Additional operations financed by student fees are Student Activities – including the Macon Campus's Recreation & Wellness Center and Technology Fees.
- ***Restricted (also called Sponsored Operations)***: "Funds earmarked for current operations of the educational program of the Institution. Restricted expenditures are separately identified and matched in amount with restricted revenues." These are also referred to as grants or contracts funds.
- ***Major Repairs & Renovation (MRR)***: "Funds derived from internal and external sources are to be used for major refurbishment, construction, maintenance, and/or acquisition of Capital Assets." MRR often includes bond funds from Georgia State Financing and Investment Commission that allow us to take care of items on our deferred maintenance list. (MRR funds are not a part of the original budget.)
- ***Other***: Other funds include Indirect Cost Recovery and Departmental Sales and Service.

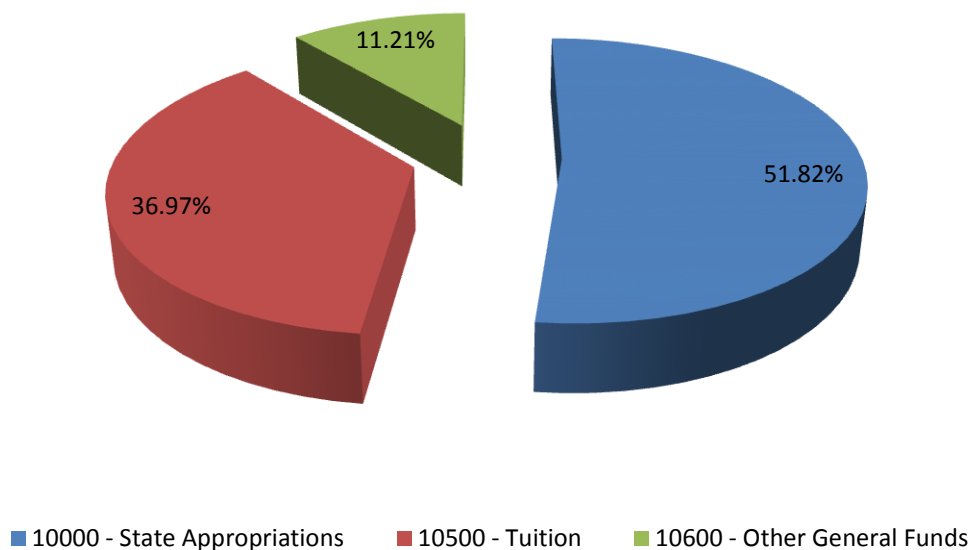
Different Shades of Green



Education and General

The total Education and General (E&G) budget is \$60,898,912 with funding from state appropriations, student tuition, select student fees and other miscellaneous revenue. As a unit of the University System of Georgia (USG), MGA receives approximately 52% of the E&G budget from State Appropriations. Historically, State funding levels of the E&G fund were at 75% with tuition and fees making up only 25%, but as has happened all across the country, the level of state support has fallen drastically in the past fifteen years. Tuition is expected to bring in nearly 37% of E&G funds, while other miscellaneous revenue and fees will account for close to 11% of revenues as shown in the following chart:

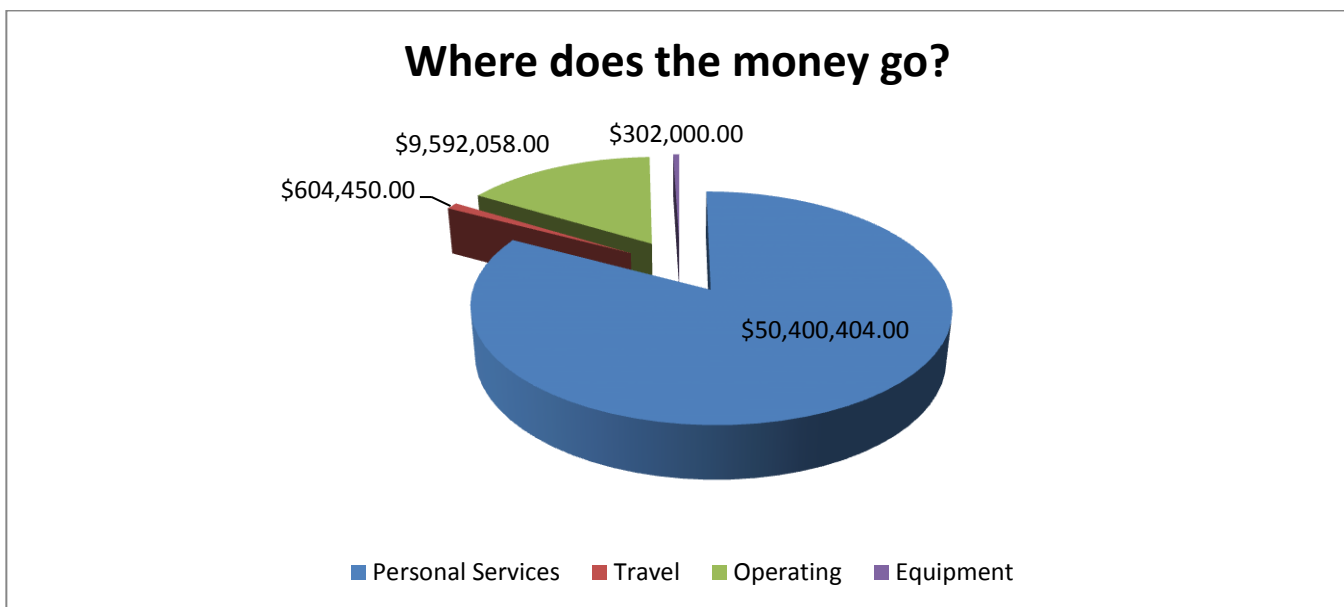
Where does the money come from?



The majority of the educational and operational expenditures of the institution are in the E&G funds and can be broken down into four main categories:

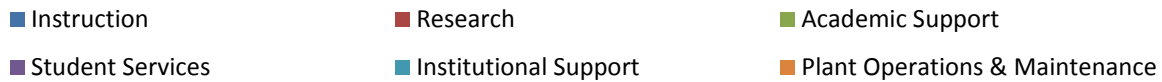
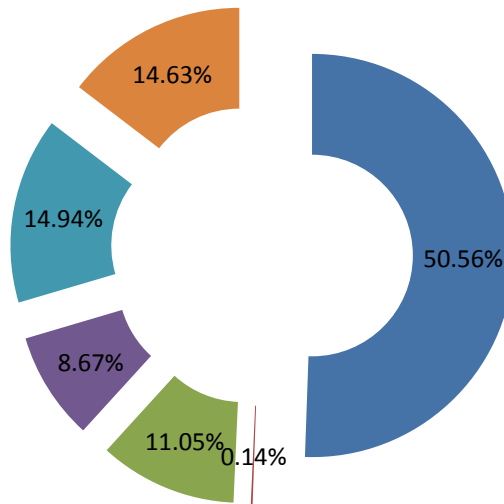
1. **Personal Services:** Full-time faculty and staff, part-time faculty and staff, summer faculty, and student assistants plus all related benefits.
2. **Travel**
3. **Operating:** Supplies & materials, repairs & maintenance, rents, other operating, small-value equipment, printing & publications, per diem & fees, contracts and telecommunications, etc.
4. **Equipment/ Capital Outlay:** Library collections and any individual items over \$5,000.

MGA's E&G budget is heavily personal services at 83%, followed by operating at 16% with the remainder in travel and equipment.



E&G funds cover most all academic and operational divisions across campus. Higher education institutions use a standardized group of functions to classify expenditures and aid in comparison and benchmarking across sectors. Appropriately, over 50% of E&G expenditures support the Instruction function. Operation & Maintenance of Plant (Facilities/Campuses and Safety & Security) and Institutional Support are tied at a distant second.

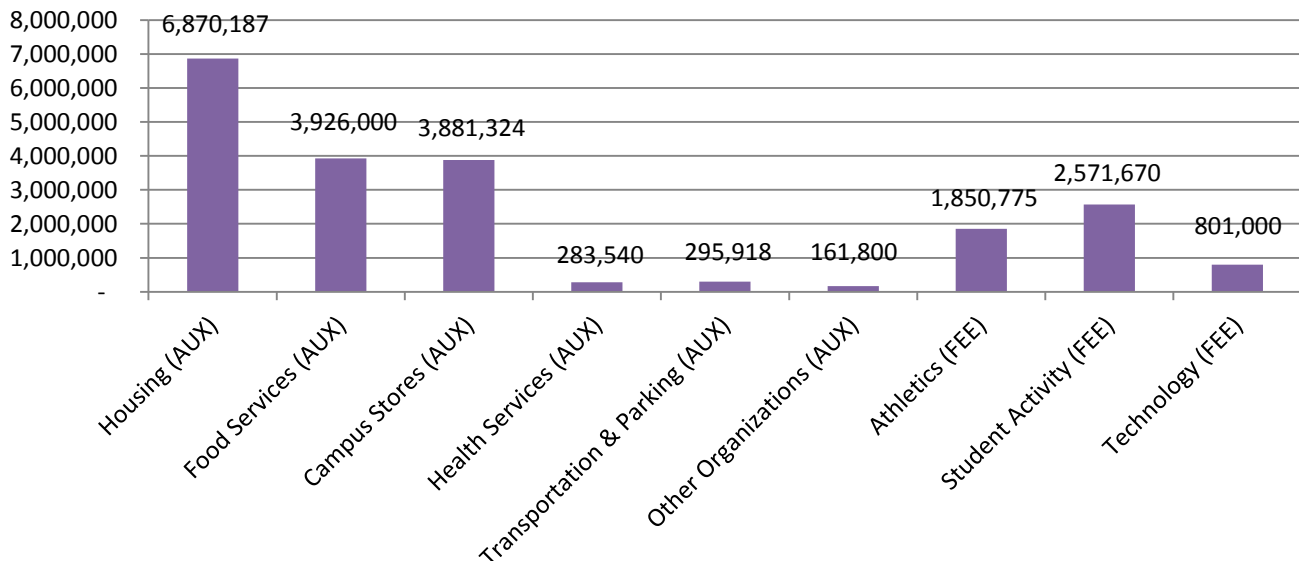
Budget by Function



Auxiliary and Student Fees

Auxiliary enterprises are activities that exist to provide a service, either directly or indirectly, to students, faculty and staff for which a fee is charged. These enterprises must operate on a self-supporting basis and include Housing and Residence Life, Bookstores, Food Services, vending and other. The chart below shows the breakdown of auxiliary budgets:

Auxiliary and Student Fee Budgets by Fund



MGA charges multiple student fees with most of those fees budgeted and accounted for separately from E&G funds to provide more oversight. These fees require an advisory committee of students and faculty to review the budget and make recommendations to the President concerning the expenditure of those funds.

Other

The majority of the Restricted Funds are funds flowing through the institution such as Federal Pell grants and other types of financial aid. The MRR fund source (Major Repairs & Rehabilitation) provides approximately \$1.3Million for renovation of campus facilities.

In Summary

MGA is going through exciting transitions in every area. The budget and the sources/uses of the budgeted funds will continue to evolve for several years, especially as the university attempts to diversify the revenue stream and shift away from the heavy reliance on State Appropriations. A renewed focus on the recruitment, retention and investment in faculty and staff will stretch the budget as we move forward.

MGA has weathered many fiscal challenges in the past few years, but has managed to not only survive, but to adapt and thrive. The FY2016 budget is a perfect example of this adaptability as we have allocated resources in support of our mission, our vision and our core values. We look forward to a strong year of continuing to adapt and move forward as a university.