

MEMORANDUM

TO: UAH Community

FROM: Robert A. Altenkirch, President

DATE: July 16, 2013

SUBJECT: Proposed FY2014 Budget

As we begin to finalize the budget for Fiscal Year 2014, I thought I would summarize some of its main aspects. A presentation made to the UAH Budget and Planning Committee can be found at <http://www.uah.edu/budget/budget-information>.

This past legislative session, the base operating appropriation for FY14 for UAH was set at \$42.1 million, an increase of 1.42% over the FY13 base operating appropriation of \$41.5 million. Additionally, \$250,000 was appropriated for the State Climatology Program and \$750,000 as a state match for expansion of the Nursing program. The base operating appropriation is approximately 22% of total operating expenses. State appropriations to UAH have declined by approximately \$16.0 million, or 27.5%, from the FY08 level.

Mandated cost increases for FY14 include an increase in the university's contribution to the Alabama Teacher's Retirement System from 10.08% to 11.71% of salary (there is no increase in the employee rate this year), which amounts to approximately \$1 million for UAH, an increase of nearly 6% in contributions to the Alabama Public Education Employees' Health Insurance Plan amounting to \$90,000, and an estimate of approximately \$350,000 annually to meet the Federal Healthcare Mandate. These mandated cost increases total more than twice the increase in the base operating appropriation.

As a result of conservative fiscal management and cost containment efforts, a tuition increase for the 2013-14 academic year has been minimized to \$398 per year for students taking 30 semester hours per year, for both in-state and out-of-state students. In-state tuition for 30 semester hours per year for 2013-14 is set at \$9,192, and out-of-state tuition is set at \$21,506. Institutional based merit scholarships are projected to exceed \$12 million, or nearly 19% of tuition revenues, up from 14% in 2007-08.

In order to continue to recognize employee contributions and maintain a competitive compensation structure, we have allocated a merit-based salary increase pool equal to 2.5% of current salaries. Additionally, a pool of approximately 0.6% of current salaries has been set aside to address structural salary equity issues.

The proposed operating budget will be presented to the Board of Trustees for consideration and approval at the September 12-13 Board meeting.

As you know, one of our Goals is to "Strengthen and maintain a financial, physical, and personnel infrastructure that supports continuous quality enhancement and the pursuit of

excellence in research and education.” The FY14 Budget was constructed, as subsequent budgets will be, with this Goal in mind. Managing revenues and expenditures strategically will allow us to continue to address our Goals and continue to enhance the UAH experience.

Thanks,

Bob