



Budgets and Budgeting Basics

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Purpose of Budgets

- Align College's core priorities with annual operations objectives and actions
- Optimize the limited financial resources available to meet the goals of the College
- Serve as the College's formal financial plan

Types of Budgets

The College employs the following types:

- Operating budgets (departments and projects)
- Grant budgets
- Capital/Plant budgets
- Conference budgets

College Operating Budget Components

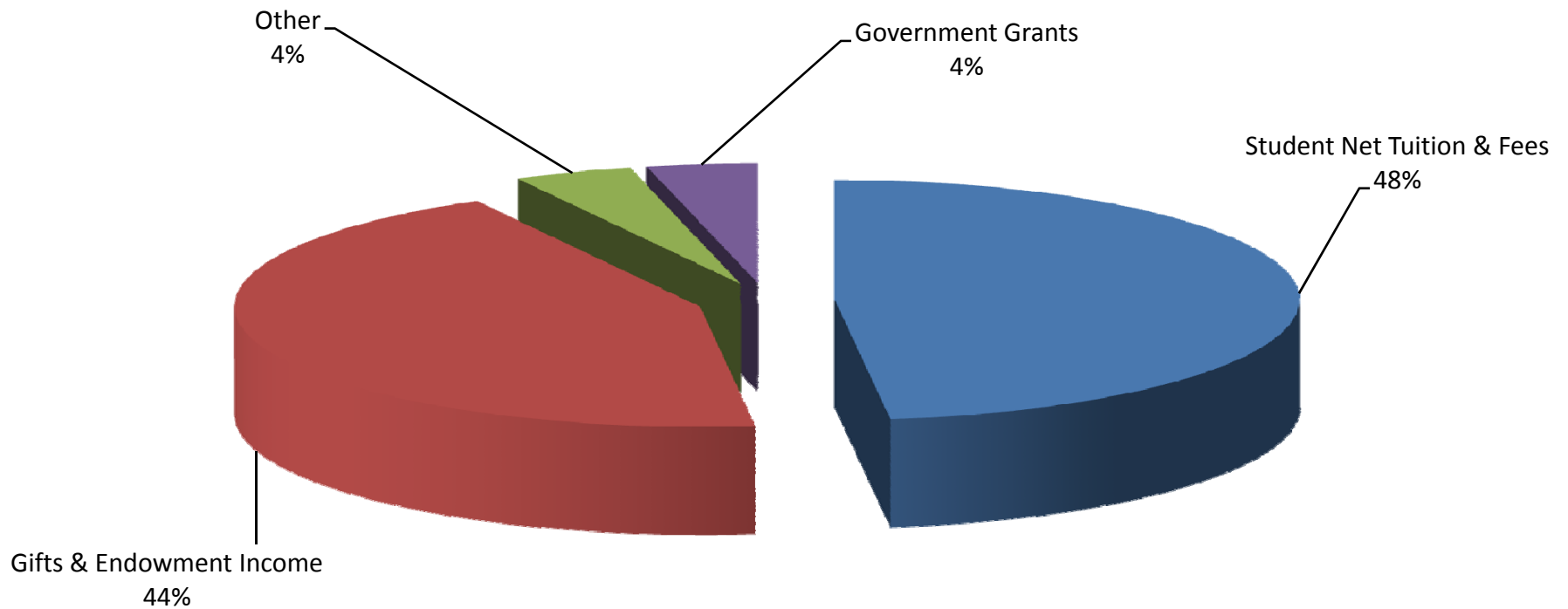
Revenues

- Tuition & Fees (net of Financial Aid)
- Endowment
- Gifts and Grants
- Auxiliary
- Other

Expenses

- Salaries and Benefits
- Library
- Utilities
- Debt Service
- R&R
- Other
(supplies, services, travel and entertainment, etc.)

2008 Revenue



FY09 College Operating Budget

Key attributes of the FY09 budget:

-Balanced

-Reliant on increases in both
tuition and endowment income

-Invests most resources in areas
of key importance to the College:

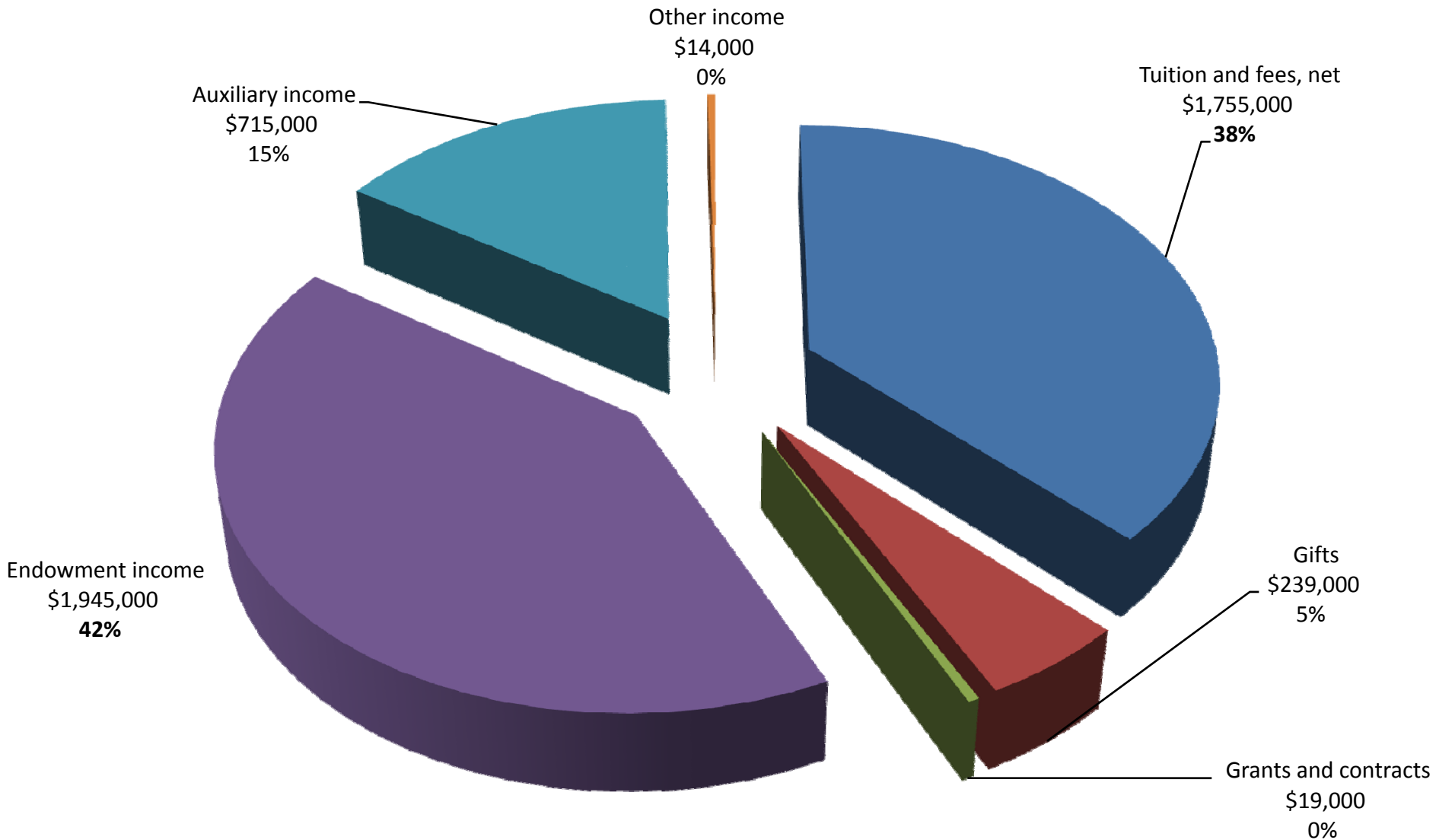
-Salaries and Benefits

-Renewal and Replacements

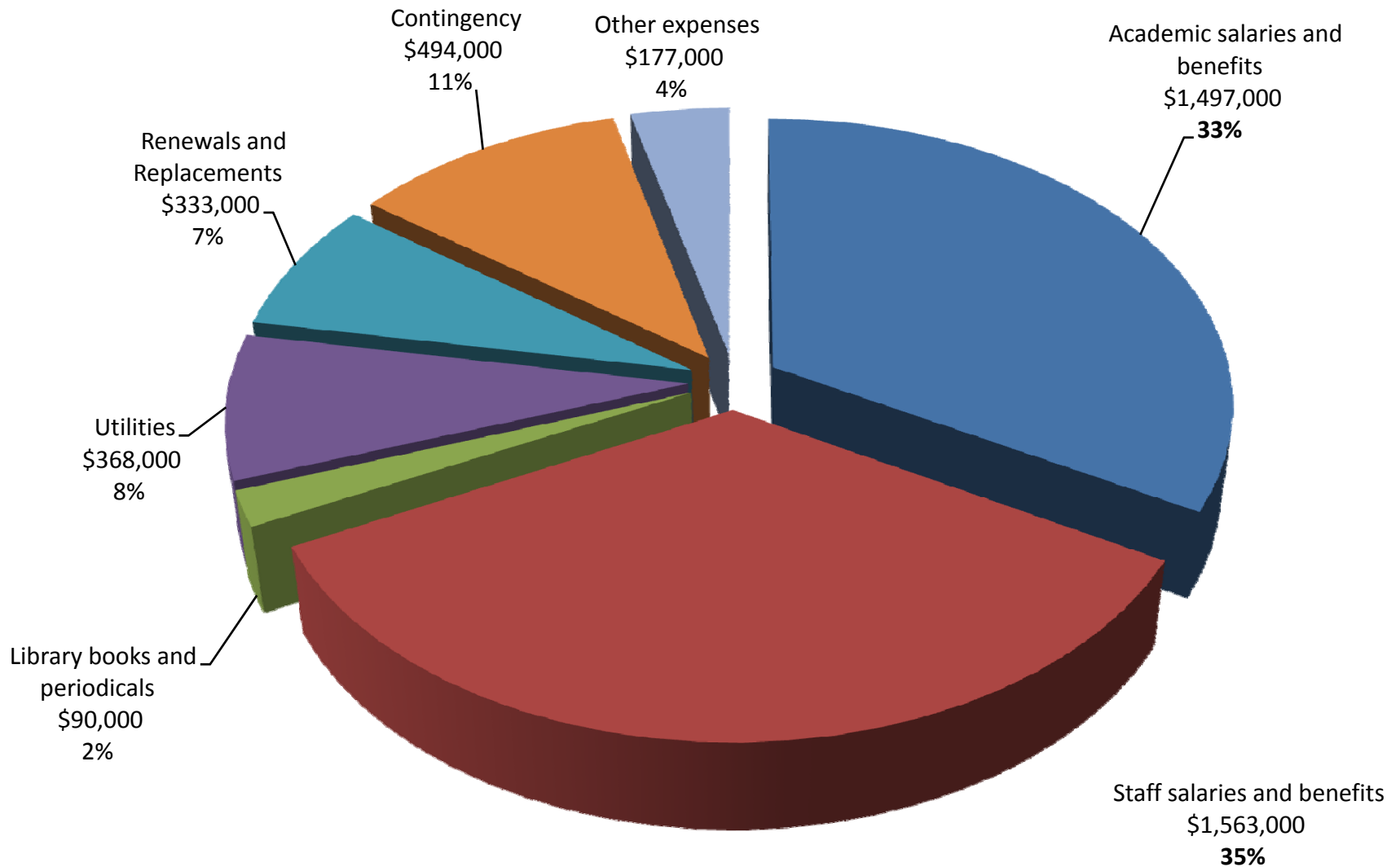
Bryn Mawr College
FY09 Final Budget for Approval
April 24, 2008
(in thousands)

	FY08	FY09	\$	%
Revenues				
Tuition and fees, net	32,218	33,629	1,411	4.4%
Gifts	7,792	8,136	344	4.4%
Grants and contracts	2,055	2,074	19	0.9%
Endowment income	26,072	28,017	1,945	7.5%
Auxiliary income	16,672	17,387	715	4.3%
Interest/trust income	1,212	1,000	(212)	-17.5%
Other income	5,364	5,378	14	0.3%
Revenues Total	91,385	95,620	4,235	4.6%
Expenses				
Academic salaries	15,837	17,067	1,230	7.8%
Staff salaries	25,265	26,361	1,096	4.3%
Benefits	12,392	13,173	781	6.3%
Library books and periodicals	2,280	2,370	90	3.9%
Utilities	3,628	3,996	368	10.1%
Debt service	5,497	5,450	(47)	-0.9%
Renewals and Replacements	3,330	3,663	333	10.0%
Contingency	506	1,000	494	97.7%
Other expenses	22,649	22,539	(109)	-0.5%
Expenses Total	91,385	95,620	4,235	4.6%
Key Assumptions				
Undergraduate				
Tuition and fee increase	5.0%	5.5%		
Discount rate	40.5%	40.0%		
Student FTE	1,255	1,255		
Salary pool increase				
Faculty	8.0%	8.0%		
Staff	5.0%	5.0%		
R&R increase	10.0%	10.0%		

Revenue increase from FY08 to FY09



Expense increase from FY08 to FY09



Five-year Budget Model

- Primary budget planning tool
- Includes numerous assumptions about changes in revenues and expenses
- Demonstrate effects of alternate key assumptions
- Can incorporate major initiatives and long-term projects
- Prepared by the Treasurer's Office
- Reviewed by the Finance Committee of the Board of Trustees

MODEL Bryn Mawr College Base Budget

Assuming we can implement the Balancing Mission and Resources Taskforce recommendations, below is a model of what we can afford to do.

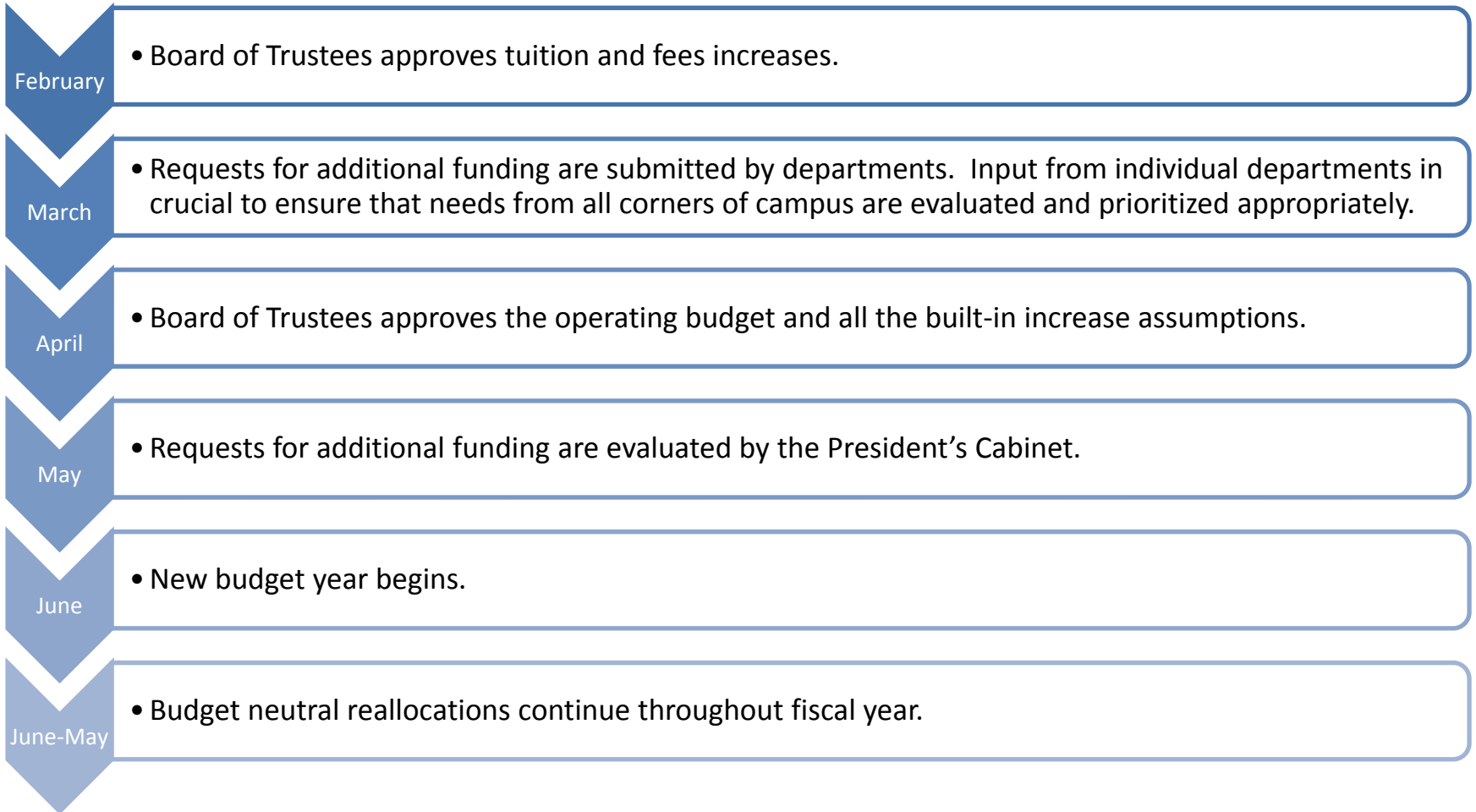
	FY09	FY10	FY11	FY12	FY13	FY14
Revenues						
Tuition and Fees, net	33,629	35,285	37,013	38,665	40,386	42,181
Unrestricted Gifts and grants	8,136	8,353	8,577	8,807	9,043	9,286
Restricted gifts, grants and contracts	2,074	2,078	2,082	2,086	2,091	2,095
Endowment income	28,017	30,411	32,439	34,534	36,867	39,097
Auxiliary income	17,387	18,113	18,870	19,660	20,483	21,341
Interest/Trust income	1,000	1,000	1,000	1,000	1,000	1,000
Other Income	5,378	5,454	5,532	4,048	4,129	4,212
Total Revenues	95,620	100,695	105,513	108,800	114,000	119,212
Expenses						
Academic Salaries	17,067	18,407	19,640	20,955	22,253	23,326
Staff Salaries	26,361	27,568	28,828	30,135	31,518	32,948
Benefits	13,173	13,961	14,659	15,394	16,161	16,969
Library Books and Periodicals	2,370	2,465	2,564	2,666	2,773	2,884
Utilities	3,996	4,191	4,442	4,694	4,991	5,291
Debt service	5,450	5,449	5,448	5,894	4,894	5,529
Replacements and Renewal	3,663	4,030	4,372	4,744	5,052	5,381
Contingency	1,000	1,100	1,200	1,300	1,400	1,500
Other Expenses	22,539	22,485	23,275	23,457	24,312	25,041
Total Expenses	95,620	99,656	104,430	108,264	113,108	118,868
Net	-	1,039	1,084	536	892	344
Key Assumptions						
Undergraduate						
Tuition and fee increase	5.5%	5.0%	5.0%	4.5%	4.5%	4.5%
Discount rate	40.5%	40.5%	41.0%	41.5%	42.0%	42.5%
Student FTE*	1,265	1,265	1,275	1,285	1,295	1,305
Annual Fund growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Salary & Benefits increase						
Faculty	8.0%	8.0%	7.5%	7.5%	6.5%	6.0%
Staff	5.0%	4.5%	4.5%	4.5%	4.5%	4.5%
R&R increase	10.0%	10.0%	8.5%	8.5%	6.5%	6.5%
Non-personnel increase	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Utility cost increase	10.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Library Expense Increase	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Increased Funding						
Program innovation/improvements	200	400	600	600	750	750
One time funding	855	500	500			
Debt to address R&R needs (\$5M debt financing)				325	325	325

*We aspire to achieve this student FTE growth, but in current environment it is uncertain how we can achieve it in this timeframe. We have assumed \$335,000 in additional programmatic costs by year five (FY14).

Measurements of Budget Sensitivity

	Results		
Change	Year 1	Year 5	Year 10
10 additional undergraduate students (base 1255 in year 1)	+\$341,000	+\$398,000	+\$487,000
1% increase in undergraduate discount rate (base 40.5% in year 1)	-\$481,000	-\$594,000	-\$732,000
Annual Fund growth 5% (base 3%)	+\$110,000	+\$644,000	+\$1,567,000
1% additional increase in faculty salaries and benefits	-\$177,000	-\$1,152,000	-\$3,035,000
1% additional increase in staff salaries and benefits	-\$258,000	-\$1,566,000	-\$3,913,000
1% additional increase in R&R spending	-\$37,000	-\$254,000	-\$717,000
1% decrease in non-personnel expense growth rate	+\$214,000	+\$1,178,000	+\$2,684,000

Budget Timeline



Components of Departmental Budgets

Centrally Budgeted

Salaries and Benefits Expenses:

- Faculty compensation
- Staff compensation
- Students
- Benefits

account codes 51000-51523

Components of Departmental Budgets Controlled by Departments

Operating Expenses:

- Supplies (account codes 51701-51799)
- Services (account codes 51801-51899)
- Travel and Entertainment (account codes 52200-52303)

Budget Reallocations

- Department may request a budget reallocation at any time during a fiscal year.
- The reallocation must be budget neutral.
- Can not involve moving money between payroll and operating lines.
- The reallocation process will never result in a budget reduction to a department (unless this is the exact nature of the request).

Benefits of Budget Reallocation

- Properly allocated budget is a better planning tool for the department for the current as well as future fiscal years.
- It ensures that the actual expenses better match budgeted values.
- It ensures that all the funds dedicated to a specific type of activity in the College-wide budget grow at the same rate.

Unallocated Budget

	Budget	Actual Expenses	Budget Balance
51701 Office Supplies	\$ 500	\$ 79	\$421
51703 Duplicating	\$ 500	\$ 611	(\$111)
51718 Teaching Supplies		\$ 243	(\$243)
51801 Postage		\$ 120	(\$120)
51899 Miscellaneous Expense	\$ 2,000		\$2,000
52204 Student travel & fieldtrips		\$ 1,208	(\$1,208)
52300 Entertainment		\$ 639	(\$639)
Total Budget	\$ 3,000	\$ 2,900	\$100

Allocated Budget

	Budget	Actual Expenses	Budget Balance
51701 Office Supplies	\$ 100	\$ 79	\$21
51703 Duplicating	\$ 500	\$ 611	(\$111)
51718 Teaching Supplies	\$ 300	\$ 243	\$57
51801 Postage	\$ 100	\$ 120	(\$20)
51899 Miscellaneous Expense	\$ 200		\$200
52204 Student travel & fieldtrips	\$ 1,300	\$ 1,208	\$92
52300 Entertainment	\$ 500	\$ 639	(\$139)
Total Budget	\$ 3,000	\$ 2,900	\$100

Allocated budget makes it easier to identify sources of budget overruns as well as budget surpluses.

Unallocated Budget

	FY09 Budget	FY10 Budget
51701 Office Supplies	\$ 500	\$ 500
51703 Duplicating	\$ 500	\$ 500
51718 Teaching Supplies		
51801 Postage		
51899 Miscellaneous Expense	\$ 2,000	\$ 2,000
52204 Student travel & fieldtrips		
52300 Entertainment		
Total Budget	\$ 3,000	\$ 3,000

Allocated Budget

	FY09 Budget	FY10 Budget
51701 Office Supplies	\$ 100	\$ 100
51703 Duplicating	\$ 500	\$ 500
51718 Teaching Supplies	\$ 300	\$ 300
51801 Postage	\$ 100	\$ 100
51899 Miscellaneous Expense	\$ 200	\$ 200
52204 Student travel & fieldtrips	\$ 1,300	\$ 1,339
52300 Entertainment	\$ 500	\$ 500
Total Budget	\$ 3,000	\$ 3,039

Assumption in the above example:

FY10 budgets for travel and entertainment increased by 3%.

Budget Reports

- Budget managers should review their budget reports on a regular basis.
- The review should provide assurance that:
 - There are no unexpected charges to the budget;
 - All expected charges appear;
 - Charges appear in appropriate budget lines;
 - Department/project is on target not to exceed the total operating expense budget.

Using Budget Reports

If you find problems on your budget report take action:

- Contact the Treasurer's Office if the budget is not correct or should be reallocated.
- Do a journal entry to rectify any erroneous transactions. (In some cases you will have to contact the Controller's Office for assistance.)

College Reporting

- Results of all College budgets are combined and reported to the Board of Trustees at every meeting.
- Although this report is at a highly summarized level, the Treasurer's office reviews all the detailed lines to make sure that there are no significant variations in revenues and expenses year-to-year and current year to budget.