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EXECUTIVE SUMMARY

The 2007-2008 Operating Budget Plan for Old Dominion University has been developed from the initiatives outlined in the _____ and the previous actions taken by the Governor and the General Assembly during the 2007 session. This budget document details the relevant components that comprise the University's 2007-2008 Budget and organizes the information in a format that provides a concise explanation of the budget planning process.

Chapter 1 provides an overview of the strategic planning initiatives, and summarizes the policy and program direction for the development of the 2007-2008 budget plan.

Chapter 2 describes the actions of the General Assembly during the 2007 Budget Session that impact the 2007-2008 budget year.

Chapter 3 outlines the University's budget process and provides relevant comparative data on general funding per FTE student, tuition and fee costs, and expenditures by program for the Virginia Public Higher Education Institutions.

Chapter 4 summarizes the program priorities that comprise the Educational and General Program portion of the total budget. The majority of the funded initiatives fall within the instruction and academic support operations of the University.

The E&G appropriation increased from \$196.4 million in FY2007 to \$211.5 million in FY2008.

The proposed FY2008 budget adds 22 Faculty members, 11.75 Professionals/Administrators, and 32

and to the state's requirements. There can be no better investment than in our students.

- . We will continue to build the foundation for a strong, research enterprise. At the same time, to support our innovative teaching and cutting-edge research, we need to invest in information technology.

- . We have grown over the last few years and now is the time to invest in the supporting structures and personnel necessary to serve our students and faculty in their important mission.

The initiatives are continuously evaluated and modified and those that do not lead to significant measurable results will be abandoned. The University must both be responsive to the rapidly changing higher education environment and follow the objectives outlined in the University's Strategic Plan.

CHAPTER 3
2007-2008 BUDGET PROCESS AND RELEVANT COMPARATIVE DATA

BUDGET DEVELOPMENT PROCESS & TIMETABLE

The University's budget development process transcends many months of planning, development of resource requests and initiatives, review and analysis, budget hearings, budget preparation and compilation and interfacing to the University's financial and

- General Assembly Reconvenes April 10, 2007
- **Tuition & Fee Proposal to Board of Visitors** April 6, 2007
- **Budget Guidance Memos with Decisions** May 5, 2007
 - Budget Office Webpage Instructions with detailed Operating Instructions
 - Base Budget realignments (net zero) due June 5, 2007
 - Review of draft budget adjustments for Auxiliaries due June 5, 2007
-

AFFORDABILITY – HISTORICAL COMPARISONS TO VIRGINIA UNIVERSITIES

The University Enrollment Management Commission reviewed the following data assessing ODU's pricing relative to other Virginia doctoral institutions. The conclusion was that ODU was consistently in the bottom in lowest cost for full-time resident and nonresident undergraduate students. Ever mindful of this benchmark, the University's Executive leadership remains committed to accessible and affordable education. Consequently, budget development and resource allocation reflect this approach to balancing student, institutional needs, and student affordability.

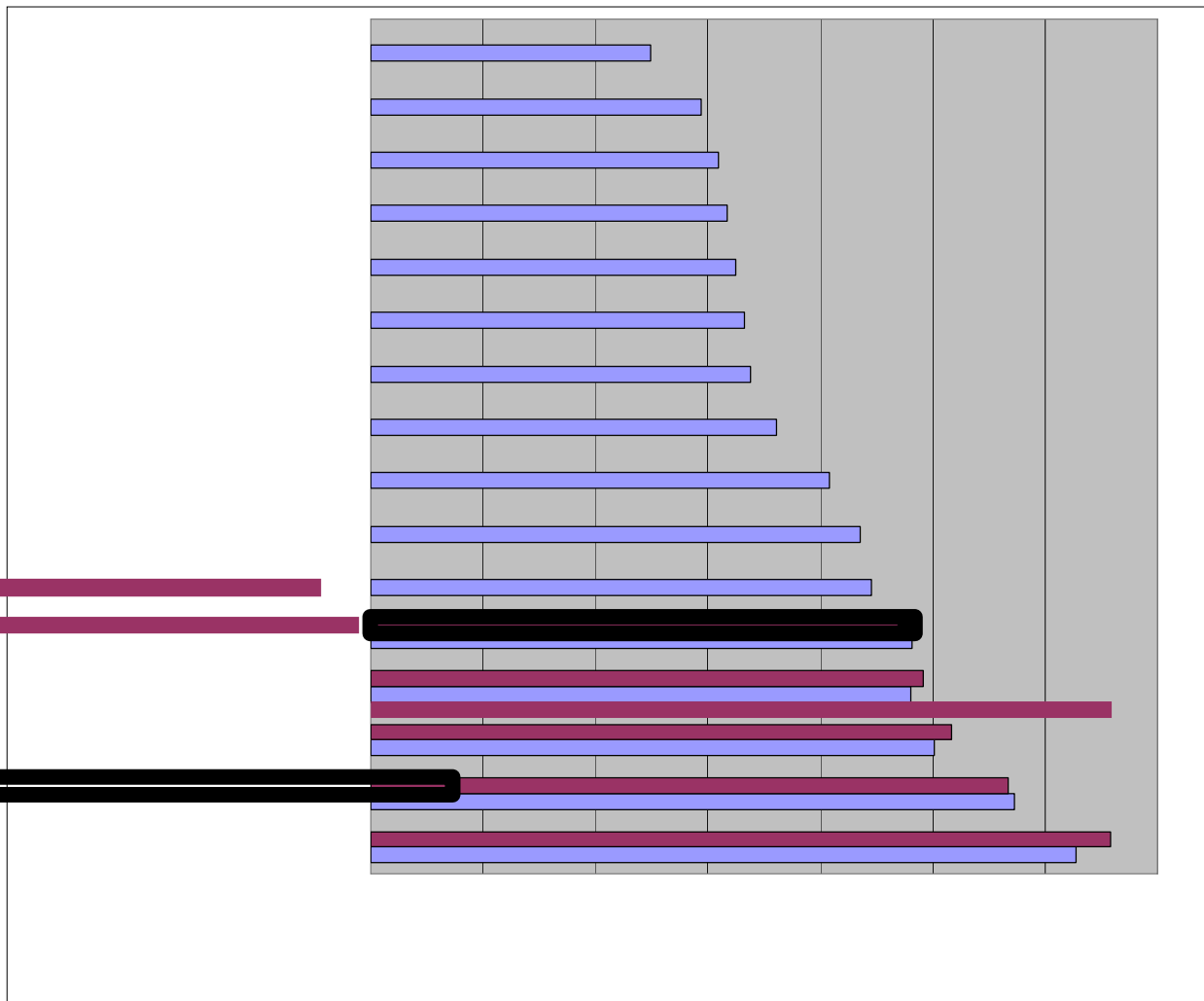
FULL-TIME RESIDENT UNDERGRADUATE TUITION, FEES, AND AVERAGE ROOM & BOARD COSTS (2007-2008)

GENERAL FUNDING PER IN-STATE STUDENT FTE

A preliminary analysis of the 2007-2008 general fund appropriation per in-state, full-time equivalent student reveals that Old Dominion University continues to receive less general fund support than other doctoral institutions except George Mason University. The following analysis includes agency appropriations only. It does not include central appropriation amounts for classified salary increases or the student financial assistance appropriation.

The combined low tuition and general fund support per in-state student FTE indicate that Old Dominion University has fewer resources available as compared to the other Virginia doctoral and research institutions. Nonetheless, the University demonstrates prudent fiscal management by achieving its mission while remaining affordable and accessible to our constituents.

COMPARISON OF FY2007 VS. FY2008 GFS PER IN-STATE FTE



COMPARISON OF GENERAL AND NONGENERAL APPROPRIATIONS FOR VIRGINIA HIGHER EDUCATION INSTITUTIONS

The following analysis includes agency appropriations only comparing the relative State vs. non-general fund support per institution. Note ODU's non-general funds have been adjusted here to reflect the ODU Research Foundation revenues not customarily portrayed in such appropriation comparisons.

Virginia's Public Colleges and Universities Percentage of State Support for 2007-2008 Educational Operating Budgets

E&G EXPENDITURES BY PROGRAM FOR ALL THE VIRGINIA PUBLIC HIGHER EDUCATION INSTITUTIONS

The following chart indicates the total Educational and General Expenditures by Program for all the Virginia Public Higher Education Institutions. The State Council of Higher Education is mandated to report the institutions annual expenditures to the General Assembly every year. With the exception of the College of William and Mary, Old Dominion University's E&G expenditures are the lowest among the doctoral research institutions.

Instituti	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	O&M	Total
VT	\$ 219,060,968	\$ 33,477,690	\$ 11,514,264	\$ 54,251,359	\$ 12,202,325	\$ 38,628,350	\$ 42,854,477	\$ 411,989,433
UVA	\$ 195,171,903	\$ 11,184,953	\$ 4,017,015	\$ 81,097,187	\$ 19,802,051	\$ 39,855,102	\$ 52,579,833	\$ 403,708,043
VCU	\$ 223,744,059	\$ 5,806,794	\$ 5,240,127	\$ 55,277,359	\$ 12,899,793	\$ 39,926,723	\$ 34,628,381	\$ 377,523,237
GMU	\$ 173,903,215	\$ 721,602	\$ 1,120,010	\$ 35,558,194	\$ 16,961,892	\$ 31,626,917	\$ 22,306,688	\$ 282,198,518
JMU	\$ 93,890,409	\$ 310,924	\$ 888,188	\$ 25,304,182	\$ 8,992,510	\$ 19,142,945	\$ 21,783,223	\$ 170,312,381
ODU	\$ 81,066,205	\$ 13,694,580	\$ 366,414	\$ 33,679,864	\$ 7,307,632	\$ 14,933,844	\$ 14,970,239	\$ 166,018,779
CWM	\$ 65,845,123	\$ 1,619,603	\$ 8,298	\$ 20,142,528	\$ 5,350,670	\$ 12,268,351	\$ 9,441,607	\$ 114,676,180
RU	\$ 45,087,321		\$ 401,193	\$ 9,083,633	\$ 4,078,438	\$ 13,953,754	\$ 8,352,135	\$ 80,956,474
NSU	\$ 32,292,671	\$ 124,635	\$ 476,219	\$ 9,984,919	\$ 5,255,944	\$ 14,180,417	\$ 8,938,659	\$ 71,253,463
VSU	\$ 31,152,550	\$ 123,560	\$ 140,963	\$ 4,455,142	\$ 3,472,943	\$ 6,820,331	\$ 5,922,557	\$ 52,088,046
CNU	\$ 21,340,379		\$ 5,264,455	\$ 6,474,995	\$ 4,067,251	\$ 5,396,218	\$ 5,563,891	\$ 48,107,190
UMW	\$ 23,756,374	\$ 271,875	\$ 280,469	\$ 4,750,318	\$ 4,312,351	\$ 8,959,521	\$ 5,141,909	\$ 47,472,817
LU	\$ 18,606,297		\$ 559,193	\$ 4,975,564	\$ 2,773,729	\$ 10,632,370	\$ 4,246,446	\$ 41,793,599
VMI	\$ 11,911,027		\$ 76,563	\$ 3,342,218	\$ 1,930,210	\$ 5,042,606	\$ 6,107,570	\$ 28,410,194
UVA	\$ 7,122,136		\$ 15,127	\$ 3,554,364	\$ 1,687,596	\$ 2,993,478	\$ 1,866,740	\$ 166,355,8()

**2005-06 Total Educational and General Expenditures by Program
Virginia Public Higher Education Institutions**

Institution	Total	ANNUAL FTE	Exp Less Research per FTE
Virginia Military Institute	28,410,194	1,531	\$18,557
University of Virginia	403,708,043	22,836	\$17,189
Virginia Commonwealth University	377,523,237	24,417	\$15,224
College of William and Mary	114,676,180	7,625	\$14,827
Norfolk State University	71,253,463	5,024	\$14,158
Virginia Tech	411,989,433	28,215	\$13,415
George Mason University	282,198,518	22,569	

2007-08 BUDGET SUMMARY

This section provides an overview of the University's 2007-2008 operating budget. Some significant elements in the proposed plan are presented below.

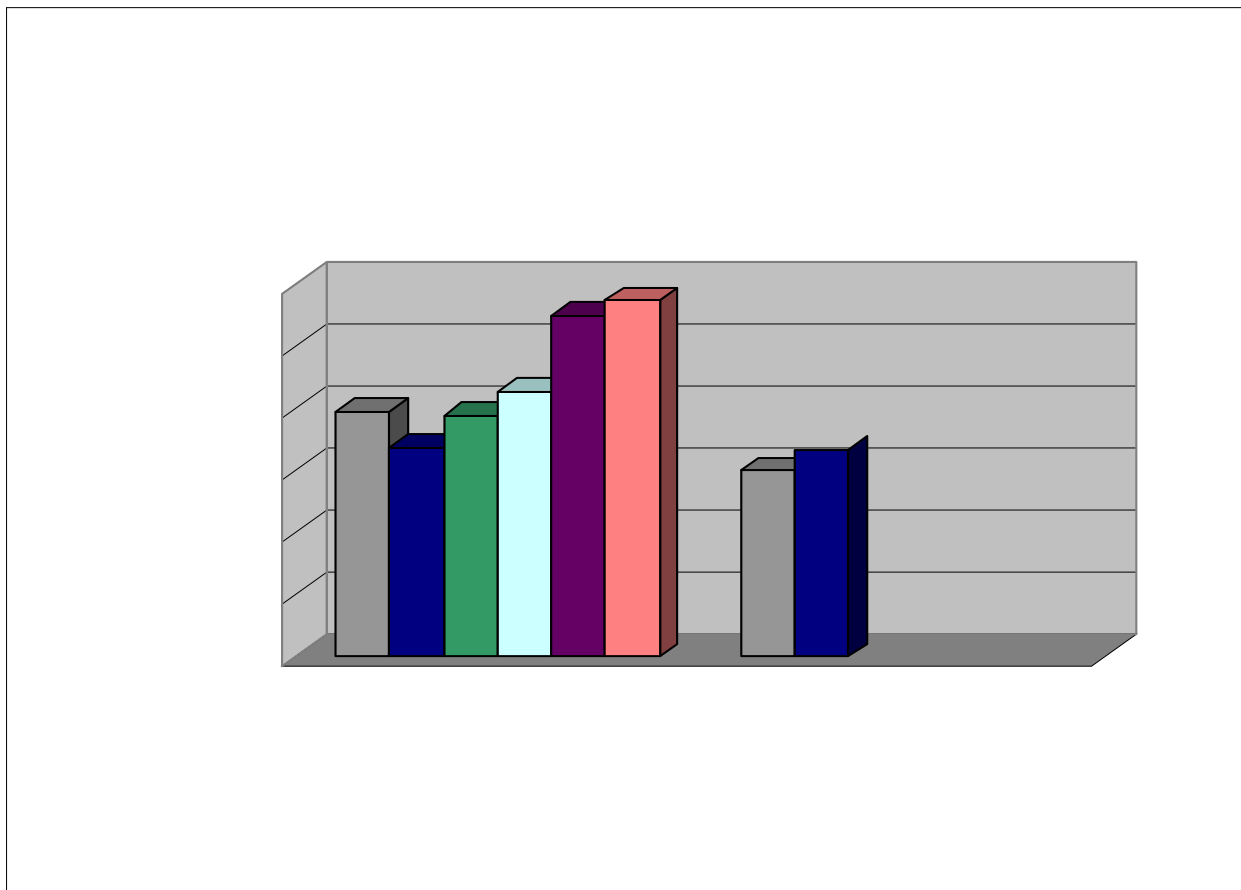
- The budget is based on conservative assumptions related to enrollment projections, revenue calculations and expenditure estimates as contained in the University's Six-Year Plan.
- The budget balances revenues and expenditures within the University's Educational and General programs and other operating funds and contributes approximately \$2.8 million to fund balances in the Auxiliary Services area. This fund balance contribution is consistent with planning for the use of these resources to accomplish future initiatives in that area. Adequate reserves are provided within the budget to address changes in key planning assumptions.
- As approved by the Board of Visitors at the April, 2007 board meeting, tuition and mandatory educational fees for Virginia undergraduates will increase by 7.1 percent for full-time Virginia undergraduates and 6.5 percent for out-of-state undergraduates. With room and board the total increases are 6.5 percent and 6.4 percent respectively. Likewise, the auxiliary student fees, and room and board charges were increased slightly to cover the salary, health-care benefits, indirect cost adjustments and inflationary costs. Auxiliary fees increased by \$ 209, a 10 percent increase, and room and board costs increased \$373, a 5.9 percent increase. The student health fee increased \$10 but \$8 will cover the cost of on-site lab work and students will not be charged separately for lab work. The transportation fee remained constant. In total, tuition, fees and room and board for full-time Virginia undergraduates increased by \$803, a 6.5 percent increase.

Tuition and fees increased 6.6 percent for in-state graduate students, and 6.5 percent for out-of-state undergraduates and 6.5 percent for out-of-state graduates. The increases in tuition were necessary to cover operating expenses and salary and benefit requirements.

The proposed expenditure budget for 2007-2008 for the total University is \$381.1 million, an increase of 6.5 percent over the original 2006-2007 operating budget. This overall increase is primarily attributed to the combined effects of increased state funding and tuition increases, anticipated expenditures in increased student scholarships and loan funds, an increase in grant activity, an increase in gift and endowment transfers from the Educational Foundation, and Auxiliary Services (University Village debt service and parking and student recreation center initiatives). The budget consists of the following components: the Educational and General Programs budget, the Auxiliary Services budget, grants and contracts, gifts and discretionary, scholarships, and student loan funds/direct federal lending. The

Educational and General Programs budget, which includes both general and nongeneral funding sources, is composed primarily of expenditures and revenues in the Instructional Programs.

The E&G budget revenue mix over FY2003 to FY2008 is illustrated by the chart below demonstrating the dramatic shift in the University's E&G revenue mix as a result of the Commonwealth's funding actions.



	2006-2007	2007-2008	\$ Increase
Educational & General Programs	\$191.9	\$199.8	\$ 7.9

Auxiliary Services

CHAPTER 4

2007-2008 EDUCATIONAL AND GENERAL PROGRAM PRIORITIES

The University's 2007-2008 Educational and General budget is based on the strategic program priorities that follow. The funds appropriated by the General Assembly for the 2006-2008 biennium were earmarked for continuation of services coupled with latitude in increasing tuition and fees. The Commonwealth's budget investments consistent with the higher education base adequacy funding model will enable allocations for long standing University needs. Principally, the University will allocate funds for instructional quality investments and faculty/staff compensation adjustments that were not possible over the last two biennia. Together with modest tuition and fee increases Old Dominion looks forward to advancing the institution's strategic agenda. Likewise, the University supports the Commonwealth's continuing investment in higher education consistent with the base funding adequacy model which demonstrates that all Virginia institutions still require substantially more state general funds to attain nationally recognized funding benchmarks in terms of faculty salaries, instructional support, institutional support, and operations and maintenance.

UNIVERSITY-WIDE:

Compensation

The Governor and General Assembly included provisions for merit-based salary increases of 4 percent for state classified employees effective November 25, 2007. Full-time teaching and research faculty, administrators, part-time faculty, graduate teaching and research assistants will receive merit increases of 4 percent. The University will allocate sufficient funding to support faculty and administrator retention. The University will also allocate a centralized pool of over \$1.3 million to address salary issues related to in-band adjustments and internal alignment for classified staff, market and internal alignment for administrative and professional faculty, and compression, equity, retention and promotion funds for teaching and research faculty. In addition, both State funds and tuition dollars were used to cover the increased costs in health care, disability insurance and retirement.

INSTRUCTION AND ACADEMIC SUPPORT PROGRAMS:

University Professor Awards

The designation of University Professor has been established in order to recognize faculty members who are outstanding teachers. Only tenured faculty will be considered for this honor. A maximum of eight tenured faculty may be designated for the award in any one year to a four-year term. University professors receive \$2,500 per year of discretionary funds to support their professional development.

Funding of Full and Part-Time Faculty Positions/Faculty Retention

Base funding has been allocated to support 22 faculty positions in support of academic

needs. Faculty merit, retention, promotion and new faculty funds total \$4.6 million.

University College

Consistent with the Strategic Plan and the Enrollment Management initiative significant examination and focus has been conducted over the past two years to integrate and enhance a continuum of services aimed at student success. To that end, the realignment and creation of the University College continues to evolve.

Library Materials

Old Dominion University's desire to promote and sustain high quality instruction and research is well documented in its Strategic Plan. A strong library collection is an integral component to support such an objective. Base funding of \$300,000 will be allocated to cover the inflationary cost for maintaining journal subscriptions and adding collections during the upcoming year.

Research Initiatives

Funding allocations have been made to continue the Commonwealth Higher Education Research Initiative for the University's expansion of modeling and simulation research and teaching. The Commonwealth also added \$1.5 million for the Virginia Coastal Energy Research Consortium to implement research and development of renewable energy resources, with an initial focus on offshore winds, waves and marine biomass. Strategically, the University should strive to increase our research grants and move towards advancing to the Top 100 research Universities status.

Technology Initiatives

The

Enterprise Data Warehouse projects.

- Mediated classrooms support expansion.

Distance Learning

- Continuation of transition plan for next generation satellite broadcast system (video over IP) and implementation of the system.

STUDENT AFFAIRS (Campus Life Initiatives):

Program Enhancements

	PSYD Graduate RA Stipend Increase	10,000
	Teacher Education Services	59,402
	IT Security Support	115,829
	Information Technology Infrastructure	155,000
	Commodity Internet Service	60,000
	National Lambda Rail	175,000
	Software & Hardware Contract Increases	100,000
	Classroom Central Senior Engineer Upgrade	11,783
	Salary & Benefit Increases	360,081
	University College	200,000
	Registrar Graduation Specialist	34,033
	Faculty Activity Reporting System Gornto Building Improvements OTO	16,148

	Alumni Communications/Newsletters	34,500
	Alumni Event Planning Software OTO	8,000
	Asst Dir Out-State Recruitment	53,825
	Public Relations Specialists for Colleges (2 FTE)	87,124
	Clerical Support for VP Institutional Advancement	23,123
	Classified Position in University Events	43,562
	Branding Plan Implementation OTO	100,000
	IT Professional for Budget & Finance	89,505
	Accounts Payable Manager	81,678
	Compliance Accountant ARMICS	81,678
	Tax Compliance Consultant OTO	20,000
	Annual Fee for Eduventures	26,000
	Software System technical Support	29,000
	International Undergraduate/Graduate Recruitment	23,000
	Enrollment Management Officer	26,175
	IT Professional for Admissions	70,005
	Operating and Travel Increases	27,112
TOTAL		(486,000)
OPNS & MAINT OF PLANT	Building Rentals	1,747,499
	Utility Costs	210,000
	Property & Worker's Comp Increases	143,820
	Electronic Locksmith	38,116
	Hourly Grounds Worker Position	19,915
	VMASC/Tri-Cities Maintenance Position	37,999
	Tree Evaluation Program	25,000
	Environmental Health and Safety Position	61,259
	Waste Management Consultant	10,000
	Stormwater Program base and OTO	11,500
	Underground Storage Tank Removal OTO	75,000
	Facility Maintenance Contracts	64,000

CHAPTER 5

2007-2008 AUXILIARY SERVICES PROGRAM PRIORITIES

The University's 2007-2008 Auxiliary Services budget reflects a total addition of \$2.8 million to fund balances for the next fiscal year. Adequate reserves are provided within the auxiliary budget to accomplish the program initiatives for FY2007-2008 and beyond. Rate and fee increases were held to a minimum and will be primarily used to fund the employee compensation increases, to address inflationary costs in auxiliary services and programs, and to fund debt service increases on non-Educational and General projects. No state funds are received to support auxiliary service operations.

Auxiliary Indirect Cost Rate

The Auxiliary Services operations are charged an indirect cost recovery rate for services provided by Educational and General operations (such as payroll processing, mail room services, purchasing and billing services). An increase in costs within these Educational and General operations has been documented in the auxiliary cost study submitted to the State Council of Higher Education in Virginia (SCHEV). The study sets the auxiliary indirect cost rate for the biennium. The rate for the 2007-2008 year will remain at the current 11.62 percent as approved by SCHEV.

Student Activity Fee Increase

The student fee component of the comprehensive tuition and fee charge is used to support the following auxiliary programs and operations:

- student organizations and clubs
- intercollegiate and intramural athletics
- Webb Center and student activities
- debt service and maintenance on non-Educational and General facilities.

The Board of Visitors approved a 10 percent increase in student activity fees, which will be used to support institutionally-based and athletic scholarships, staff salary and benefit increases, debt service on new capital projects, such as the Recreational Center and Indoor Tennis Facility, program enhancements, such as football and associated Title IX sports, extended operating hours in Webb Center, and funding to support student programs and organizations.

Compensation

Planning assumptions for the auxiliary budget were consistent with salary and benefit rate increases in E&G funded operations. The University has reserved sufficient auxiliary funding to cover this increase.

Student Housing and Board

The room and board rates were increased by an average of 5.9 percent for 2007-2008. Revenue estimates are based on conservative occupancy rates.

The University continues to plan for improvements to its facilities in order to ensure that its residence halls remain competitive with the surrounding area and other state institutions. In addition, residence life programs, staff salary adjustments, position upgrades as well as inflationary costs of the residence hall operations were addressed in the budget plan.

Organizational changes have been implemented to move housing operations from Student Affairs to Administration and Finance. Residence Life programming will continue to report to Student Affairs.

Webb University Center

The Webb University Center continues to host an ever increasing number of University events, training sessions, job fairs, and conferences, requiring extended operating hours. In order to meet the Webb Center demand schedule a number of operational coverage and maintenance investments are included in the FY2008 base budget including media support hourly funds, utility and insurance costs, equipment replacement and maintenance repairs. In addition, one-time resource needs funding for carpet replacement, cafeteria tables and chairs and computer software are included. Funding for security and equipment to operate Webb on a 24 hour basis is also included.

TELETECHNET Instructional Enterprise

As authorized by the General Assembly in the 1996-98 biennium, the University received approval to offer TELETECHNET programs outside the Commonwealth. Consistent with the guidance from the General Assembly, these programs must be self-supporting, and operational costs will be funded directly from students enrolled in these programs. Additional markets have been explored, and investments have been made to continue to develop several initiatives with the military. These programs will be evaluated in terms of program quality, access, and cost-effectiveness.

Village Development

As authorized by the General Assembly in the 2000-2002 biennium, the University completed the Ted Constant Convocation Center and Parking Projects. These projects were funded with non-state funds and the increase in debt service has been anticipated through previous budgets. Sufficient fund balances are available to ensure that future operating costs related to these projects are budgeted. The University Village development requires prudent management including increased security presence by the Public Safety Department.

Student Health Center

At the April meeting, the Board of Visitors approved the proposal to increase the student health fee from \$55 to \$60 per semester. The \$10 annual increase will be charged to all full-time students and any part-time students wishing to participate in the programs and services offered by the student health center. The revenue increase was planned so that \$8 of the \$10 increase will cover the cost of on-site lab work and the

University will no longer charge student users for lab work since it will now be part of the Health Fee. The net additional revenue generated from the fee will be used to fund staff salary and benefit increases, and medical and lab supplies.

Parking Services

The University did not increase the transp

CHAPTER 6

UNIVERSITY REVENUE SUMMARY

The University receives revenue from a variety of sources. The following revenue sources are used in financial planning for higher education:

- Educational and General Tuition and Fees
- Commonwealth Appropriations
- Grants/Contracts/Gifts
- Student Loan Funds
- Auxiliary Services Revenue

The following graphs summarize the sources of the University's revenue and provide a comparison between the 2006-2007 and 2007-2008 fiscal years.

- Bar graph showing summary of revenues by major sources.
- Bar graph showing summary of revenues by General v. Nongeneral funding v. student loan funds.
- Pie graph comparing 2006-2007 to 2007-2008 by revenue fund source (Educational and General, Auxiliary, Grants/Contracts/Gifts, and Student Loan Funds revenue).
- Pie graph comparing 2006-2007 to 2007-2008 Educational and General programs by revenue source.
- Bar graph comparing 2006-2007 to 2007-2008 Auxiliary Services programs by revenue source.

CHAPTER 7

UNIVERSITY EXPENDITURE SUMMARY

Old Dominion University utilizes the revenue that it receives to fund a variety of activities and programs. The following expenditure classifications used in higher education budgeting fall into the following major categories: Educational Programs, Auxiliary Services, Grants & Contracts, Gifts/Discretionary, Scholarships & Fellowships, and Student Loan Funds.

Educational and General Programs (E&G):

- Instruction
- Research and Sponsored Programs
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operations and Maintenance of Plant

Auxiliary Services:

- Expenditures by Program Functions

The following graphs summarize the uses of the funds within each of these two categories by program and major expense and compare the 2005-2006 to 2006-2007 expenditures.

- Bar graph comparing 2006-2007 to 2007-2008 Total Expenditures by Fund Category.
- Pie graph comparing 2006-2007 to 2007-2008 E&G by program areas.
- Pie graph comparing 2006-2007 to 2007-2008 E&G by expense category.
- Pie graph comparing 2006-2007 to 2007-2008 Auxiliary by program function category.
- Pie graph comparing 2006-2007 to 2007-2008 Auxiliary by expense category.

DATA FORMAT

The data format to present the budget numbers is consistent with the changed format introduced in 2003 as compared to previous editions of the University's Operating Budget & Plan. Specifically, the budget disaggregates the presentation of what use to be rolled up to the "Educational & General" budget. In years prior to FY2003, the E&G budget was actually inclusive of E&G budgets as well as our internal ledgers devoted to: grants and contracts; gifts/discretionary; scholarships and fellowships; and student loan funds. These respective budgets are now disaggregated and presented discreetly to present a clearer picture of University resources.

