



February 7, 2005

To: The Campus Community
From: Karen L. Goldstein
Re: Approved Budgets for Fiscal Year 2006

Attached for your review are the operating and capital budgets for Davidson College for the 2005-06 fiscal year approved by the Board of Trustees at their meeting on February 5, 2005. These budgets were reviewed and endorsed by the Budget Working Group and the Advisory Council on Finance, Personnel and Development prior to being submitted to the Trustees.

I have listed below some of the key issues in our considerations this year.

- A 5.5% increase in tuition and fees. Despite sensitivity to the financial needs of students and their parents, we felt that we needed to recommend such an increase in order to cover the costs of our excellent programs.
- An increase in financial aid that goes beyond the level that would match the tuition increase and serves Davidson's goal to make the college affordable to a diverse socioeconomic body of students.
- An Annual Fund increase of 4% that continues to reflect the generosity of our donors.
- A \$300,000 decrease in annual unrestricted giving from the Duke Endowment.
- A plan to use \$1,419,343 from operating reserves to maintain our programmatic momentum while anticipating near future growth in endowment revenues. Our five year financial planning analysis demonstrated to us that we would see significant growth in endowment revenue once our five-year average moves beyond inclusion of down market years and assuming continued growth in our investments.
- A significant reduction in expenses in technology budgets based on lower costs from desk top computers and a move from a three-year to a four-year replacement cycle. This included savings of \$341,000 from ITS due to repayment of an internally financed network enhancement.
- A 3.5% increase in compensation pools for faculty and staff with two equity pools of \$250,000 each for staff and faculty.
- An increase of 3% in health care premiums with some adjustments to co-payment and deductible costs.

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- A revised subsidy program for health benefit costs for lower-paid employees that would result in a more equitable distribution of costs.
- An increase in energy costs due to the price increases of oil and gas moderated by focused savings on energy use.
- Funding the highest priority programmatic needs including enhanced student programs, public safety initiatives, library acquisitions and many other academic needs, additional staff in admissions, and enhancements in alumni programs and college communications.
- A flat budget for property and liability insurance.

If you have any questions, please feel free to contact me or Ed Kania:

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**Income Budget
2005-2006**

	2005-2006 Unrestricted Budget	2005-2006 Restricted Budget	2005-2006 Total Budget	2004-05 Total Budget	Increase (Decrease)
<u>From Students:</u>					
Tuition	\$45,903,980		\$45,903,980	\$43,248,749	\$2,655,231
Other	365,000		365,000	345,000	20,000
Total From Students	46,268,980	0	46,268,980	43,593,749	2,675,231
<u>From Endowment:</u>					
Total From Endowment	4,631,978	11,301,184	15,933,162	15,020,105	913,057
<u>From Trusts:</u>					
Duke Endowment Regular	950,000		950,000	1,250,000	(300,000)
Other Trusts	426,360		426,360	278,000	148,360
Total From Trusts	1,376,360	0	1,376,360	1,528,000	(151,640)
<u>From Gifts and Grants:</u>					
Living Endowment	3,959,992		3,959,992	3,634,800	325,192
Private Gifts and Grants		926,000	926,000	881,700	44,300
Governmental Grants		1,555,000	1,555,000	1,470,000	85,000
Total From Gifts and Grants	3,959,992	2,481,000	6,440,992	5,986,500	454,492
<u>From Other Sources:</u>					
Current Fund Investments	800,000		800,000	900,000	(100,000)
Other	280,000		280,000	275,000	5,000
Total From Other Sources	1,080,000	0	1,080,000	1,175,000	(95,000)
Total Educational And Gen. Revenues	\$57,317,310	\$13,782,184	\$71,099,494	\$67,303,354	\$3,796,140
Net Revenue from Aux. Enterprises	2,280,449		2,280,449	2,434,224	(153,775)
Transfer from Operating Reserves	1,419,343		1,419,343	1,480,000	(60,657)
Total Budgeted Income	\$61,017,102	\$13,782,184	\$74,799,286	\$71,217,578	\$3,581,708



Expense Budget

2005-2006

	2005-2006 <u>Compensation</u>			2005-2006 <u>Program</u>			2005-2006 Total Budget	2004-2005 Total Budget	Increase (Decrease)
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total			
President, Institutional Research, and Trustees	\$596,079		\$596,079	\$373,861	\$179,051	\$552,912	\$1,148,991	\$1,139,310	\$9,681
Academic Affairs	17,197,230	2,431,644	19,628,874	3,609,901	1,354,928	4,964,829	24,593,703	23,805,756	787,947
Admissions & Financial Aid	1,348,342		1,348,342	927,013	0	927,013	2,275,355	2,193,094	82,261
Athletics and Physical Ed.	2,878,657		2,878,657	1,215,345	579,803	1,795,148	4,673,805	4,385,363	288,442
Business & Finance (includes B&F, Business Services, and Human Resources)	1,412,840		1,412,840	275,217	0	275,217	1,688,057	1,517,425	170,632
Information Technology	2,226,172		2,226,172	2,015,665	0	2,015,665	4,241,837	4,414,010	(172,173)
General College Benefits	493,699		493,699	3,511,557	0	3,511,557	4,005,256	4,071,249	(65,993)
General College - Inst'l Expenses	-		0	914,416	0	914,416	914,416	834,416	80,000
Physical Plant	3,862,562		3,862,562	2,917,191	330,003	3,247,194	7,109,756	6,925,767	183,989
Student Life	2,412,357		2,412,357	1,033,746	180,425	1,214,171	3,626,528	3,364,093	262,435
College Relations	2,852,868		2,852,868	1,039,142	87,781	1,126,923	3,979,791	3,639,231	340,560
Financial Aid Expenditures	-		0	7,783,129	8,638,550	16,421,679	16,421,679	14,807,751	1,613,928
Transfer to Capital Budget	-		0	120,113	0	120,113	120,113	120,113	0
Total Expenditures	\$35,280,806	\$2,431,644	\$37,712,450	\$25,736,296	\$11,350,540	\$37,086,836	\$74,799,286	\$71,217,578	\$3,581,708



**Capital Budget
2005-2006**

Description	Total Remaining Estimated Project Cost	Estimated Expenditure 2005/2006	Phys. Plant Cap Budgets, Op & Reserves	Other Dept Cap. Budget & Reserves	Funding Sources	
					Deferred Maintenance Endow. Draw	Gifts
NEW CONSTRUCTION						
Library off site storage	250,000	0				
Childcare Facility	1,000,000	0				
<i>New Construction Subtotal</i>	1,250,000	0	0	0	0	0
INFRASTRUCTURE / UTILITIES						
Infrastructure debt payment	7,666,804	1,232,050			732,050	500,000
Phi & Eu eliminate boilers w/ central utilities	250,000	120,013	120,013			
Energy Management	125,000	50,000			50,000	
Boiler Plant - replace two superior boilers (or build new plant)	2,000,000	0	0			
<i>Infrastructure/Utilities Subtotal</i>	10,041,804	1,402,063	120,013	0	782,050	500,000
ADAPTIVE REUSE, IMPROVEMENT, RENOVATION						
Vail Commons Servery Renovation	1,000,000	1,000,000		1,000,000		
Belk Dormitory Renovation debt payment	1,759,825	638,000		638,000		
Cunningham Renovation	2,500,000	0				
Martin Science Renovation	1,500,000	0				
Historic Campus Renovations	4,500,000	500,000				500,000
Library Refurbishment	2,500,000	0				0
Duke Dormitory Renovation	5,000,000	0				0
Jamieson dormitory upfits	230,000	230,000		230,000		
Admission Office addition	400,000	0				
<i>Adaptive Reuse, Improvement, Renovation Subtotal</i>	19,389,825	2,368,000	0	1,868,000	0	500,000
ROUTINE REPAIRS AND MAINTENANCE						
Tennis Court Resurfacing	55,000	55,000			55,000	
Clay Tennis Court Irrigation repair	8,000	8,000			8,000	
Baker Sports Lobby carpet replacement	60,000	60,000			60,000	
Cunningham HVAC replacement	180,000	0				
Hart/ MCB/ Jamieson roof replacement	75,000	75,000			75,000	
Hart/ MCB/ Jamieson exterior paint	45,000	45,000			45,000	
Smith House carpet & paint	45,000	45,000			45,000	
Laundry window replacement	85,000	0				
Richardson Stadium waterproofing	20,000	20,000			20,000	
Preyer HVAC- combine with basement unit	110,000	0				
VAC Cooling tower replacement	40,000	40,000			40,000	
VAC skylight replacement	120,000	120,000	120,000			
VAC replace old Johnson Controls system	100,000	0				
EH Little Library air handler replacement	60,000	0				
Mass bulb re-lamping	25,000	0				
College Housing Maint projects	100,000	100,000		100,000		
Martin Science carpet and paint- library, G10	75,000	50,000			50,000	
Hodson Hall carpet and paint	75,000	50,000			50,000	
Chambers South end limestone caulking	85,000	45,181			45,181	
<i>Routine Repairs and Maintenance Subtotal</i>	1,363,000	713,181	120,000	100,000	493,181	0



**Capital Budget
2005-2006**

Page two	Total Remaining Estimated Project Cost	Estimated Expenditure 2005/2006	Funding Sources			Gifts
			Phys. Plant Cap Budgets, Op & Reserves	Other Dept Cap. Budget & Reserves	Deferred Maintenance Endow. Draw	
Description						
LIFE SAFETY AND CODE COMPLIANCE						
Campus ADA Compliance	125,000	125,000			125,000	
Richardson Dorm Fire doors	30,000	30,000			30,000	
Little Dorm sprinkler system	50,000	50,000			50,000	
<i>Life Safety and code Compliance Subtotal</i>	205,000	205,000	0	0	205,000	0
GROUNDS:ROADS,WALKWAYS,LANDSCAPING						
Tree Maintenance	45,000	45,000			45,000	
Campus Entrance Renovation	500,000	0				
Baker lot pavement repair/ re-striping	8,000	8,000	8,000			
Martin Court F walkway replacement	50,000	50,000			50,000	
Town Cemetary fence repair	5,000	5,000	5,000			
Patterson Court circle road repair	150,000	50,000			50,000	
<i>Ground: Roads, Walkways, Landscaping Subtotal</i>	758,000	158,000	13,000	0	145,000	0
EQUIPMENT						
Motorpool vehicle replacement cycle	50,000	50,000		50,000		
General grounds equipment	35,000	35,000	35,000			
<i>Equipment Subtotal</i>	85,000	85,000	35,000	50,000	0	0
TOTAL CAPITAL NEEDS	\$33,092,629	\$4,931,244	\$288,013	\$2,018,000	\$1,625,231	\$1,000,000



**Capital Budget
2005-2006**

Remaining Project Costs
250,000
1,000,000
1,250,000
6,434,750
129,987
75,000
2,000,000
8,639,740
0
1,121,820
2,500,000
1,500,000
4,000,000
2,500,000
5,000,000
0
400,000
17,021,820
0
0
0
180,000
0
0
0
85,000
0
110,000
0
0
100,000
60,000
25,000
0
25,000
25,000
39,815
649,815



**Capital Budget
2005-2006**

Remaining Project Costs
0
0
0
0
0
500,000
0
0
0
100,000
600,000
0
0
0
\$28,161,38



Historical Student Charges

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Tuition	\$ 18,954	\$ 19,883	\$ 20,658	\$ 21,464	\$ 22,301	\$ 23,146	\$ 24,049	\$ 24,987	\$ 26,211	\$ 27,653
Student Activity Fee	190	199	206	214	222	231	240	250	262	277
Post Office Box Fee	N/A	N/A	N/A	N/A	N/A	25	25	26	27	29
Laundry Fee	487	513	531	550	571	593	616	640	671	708
Total - Tuition & Fees	19,631	20,595	21,395	22,228	23,095	23,995	24,930	25,903	27,171	28,667
Room	2,980	3,129	3,239	3,352	3,470	3,605	3,746	3,892	4,083	4,308
Meals	2,656	2,789	2,887	2,988	3,102	3,223	3,348	3,479	3,649	3,850
Total Student Charges	25,267	26,513	27,521	28,568	29,666	30,823	\$ 32,024	\$ 33,274	\$ 34,903	\$ 36,825

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Tuition	5.4%	4.9%	3.9%	3.9%	3.9%	3.8%	3.9%	3.9%	4.9%	5.5%
Student Activity Fee	5.6%	4.7%	3.5%	3.9%	3.9%	3.9%	3.9%	4.2%	4.8%	5.7%
Post Office Box Fee	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	4.0%	3.8%	7.4%
Laundry Fee	5.2%	5.3%	3.5%	3.5%	3.9%	3.9%	3.8%	3.9%	4.8%	5.5%
Total - Tuition & Fees	5.4%	4.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	4.9%	5.5%
Room	5.1%	5.0%	3.5%	3.5%	3.5%	3.9%	3.9%	3.9%	4.9%	5.5%
Meals	5.0%	5.0%	3.5%	3.5%	3.8%	3.9%	3.9%	3.9%	4.9%	5.5%
Total Student Charges	5.3%	4.9%	3.8%	3.8%	3.8%	3.9%	3.9%	3.9%	4.9%	5.5%

	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years	2 Years	1 Year
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
	To	To	To	To	To	To	To	To	To	To
	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06

Tuition	4.4%	4.3%	4.2%	4.3%	4.3%	4.4%	4.5%	4.8%	5.2%	5.5%
Student Activity Fee	4.4%	4.3%	4.2%	4.3%	4.4%	4.5%	4.6%	4.9%	5.3%	5.7%
Post Office Box Fee	N/A	N/A	N/A	N/A	N/A	N/A	3.8%	5.1%	5.6%	7.4%
Laundry Fee	4.3%	4.2%	4.1%	4.2%	4.3%	4.4%	4.5%	4.7%	5.2%	5.5%
Total - Tuition & Fees	4.4%	4.3%	4.2%	4.3%	4.3%	4.4%	4.5%	4.8%	5.2%	5.5%
Room	4.3%	4.2%	4.1%	4.2%	4.3%	4.4%	4.6%	4.8%	5.2%	5.5%
Meals	4.3%	4.2%	4.1%	4.2%	4.3%	4.4%	4.5%	4.8%	5.2%	5.5%
Total Student Charges	4.4%	4.3%	4.2%	4.2%	4.3%	4.4%	4.5%	4.8%	5.2%	5.5%