



IT-Universitetet

i København

Finance Section
Reference: Iben Vitved Bruhn

8 November 2012

Budget proposal for 2013

This document presents IT University of Copenhagen's budget proposal 2013 for the Board's approval. The 2013 Budget is based on the framework budget approved by the Board on 21 September 2012, but with a slightly slower rate of expansion of faculty and staff.

The first part of this note presents the general assumptions on which the budget is based. The second part shows the detailed budget for operations, which includes all of the university's operating revenue and expenses for next year. The third part indicates the prerequisites for admission of students to the various study programs. The fourth part presents an update of the budget forecast 2013-2017.

1. Budget and assumptions

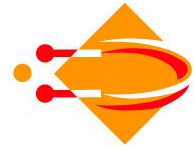
The budget plan for 2013 is based on the following assumptions:

- 1) The Amended budget proposal for 2013 (FFL 2013), as presented by the Government 27 August 2012, is passed by parliament, without substantial changes as regards the IT University of Copenhagen.
- 2) Admission and completion bonus in 2013 will be as expected.
- 3) Recruiting and hiring proceeds as planned in 2013.
- 4) The external research funding is realised as planned.
- 5) There will not be diversions between salaries and other operations in the departments without management approval.
- 6) Rent is set at the current level. There are not embedded expectations of the outcome of the next rent negotiation and adaptation to market levels. Although, these expectations certainly exists.

The Board will be briefed on the Final Government Budget at the board meeting in April 2013.

2. Consolidated budget for 2013

Table 1 on page 3 shows the Management's proposal regarding budget for 2013 for the IT University. The table contains all of IT University of Copenhagen's operating revenue



listed by main items, and the expenses for 2013 allocated to the departments. In addition, table 1 show the university's anticipated operating income in accordance with the budget assumptions described above.

Liquidity at the IT University is expected to remain satisfactory. In December 2012 it is expected to increase the investments in short term bonds and mortgage bonds with DKK 20 million.

Figure 1: Liquidity Forecast for 2013

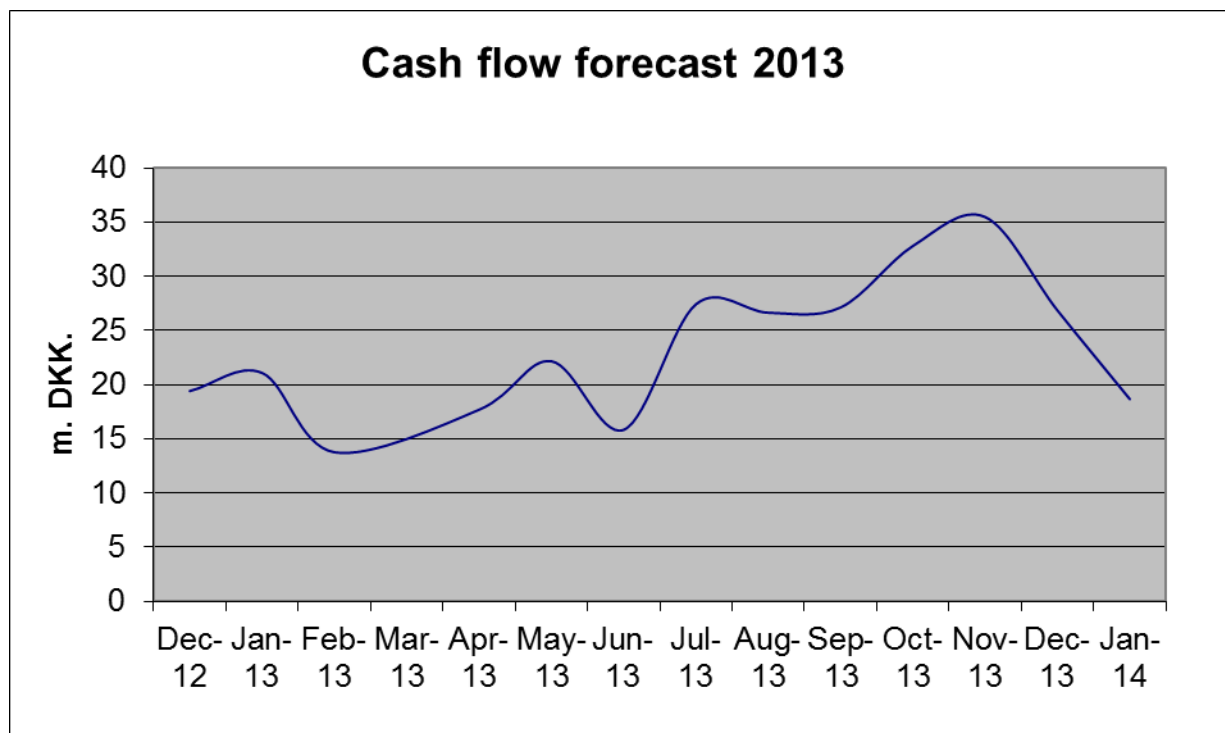


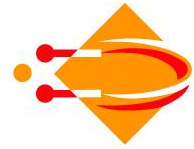


Table 1 Budget 2013, Budget 2012 and Forecast 3 for 2012 (DKK '000)

Income	Budget '13	Budget '12	Forecast 3 '12
Government grants	85,939	80,000	83,113
Tuition	142,316	126,385	132,267
Government grants	0	1,000	328
Grants applied for against competition (Public)	24,000	24,000	17,775
Grants, private and other non-government bodies	6,000	6,000	8,120
Other income including rent	3,585	7,234	6,636
Extraordinary income	0	0	200
Savings on administration and purchasing	-3,359	-1,683	-1,780
Total income	258,481	242,936	246,659
Costs	Budget '13	Budget '12	Forecast 3 '12
Wages and salaries			
Management	4,394	4,270	3,911
- Management pools ¹	975	0	0 ²
Communication Department	5,499	5,180	5,190
Department of Finance and Personnel	12,435	11,358	11,587
- Employer contributions, Flexible job scheme, overtime ect.	2,115	2,341	4,881
IT Department	9,886	10,158	10,012
Facilities Management	5,652	4,708	5,353
Study Administration	13,149	12,289	12,172
Faculty incl. RL and PhD Study Board	63,364	64,725	75,521
- Study Board	17,080	15,247	0
- Research projects	20,183	15,071	15,107
Total wages and salaries	154,732	145,347	143,734
Other operations			
Management	1,485	940	1,290
- Management pools	3,685	3,290	0 ³
Communication Department	3,236	3,276	4,312
Library	1,860	1,610	1,660
Department of Finance and Personnel	4,619	4,918	4,518
- Depreciation and provisions	3,585	2,445	4,212
IT Department	4,333	4,353	5,903
Facilities management	60,922	53,373	55,873
Study administration	10,834	11,729	10,996
Faculty incl. RL and PhD Study Board	5,701	6,550	6,850
- Study Board	540	400	0
- Research projects	3,900	4,396	2,835
Total other operations	104,700	97,280	98,449
Total ordinary operating costs	259,433	242,627	242,183
Result of ordinary operations	-951	309	4,476
Financial income	1,530	1,000	1,510
Financial costs	0	0	0
Total result of the year	579	1,309	5,986

¹ Management pools consist of funds for strategic research areas and projects for increasing efficiency.

² During the year, the pools are distributed among the departments.



The following corrections are made relative to the framework budget for 2013 which the Board approved at its meeting on 21 September 2012.

Operating Income:

Revenue is readjusted since the framework budget from September. Student FTE related to part-time courses is decreased due to a smaller admission. By contrast, the revenue from student FTE related to the Bachelors and Master of Science programmes is increased compared to the September version. The reason for this is both a larger admission than budgeted on the Bachelors programmes and expectations about higher activity per. student.

Operating Costs:

Upon approval of the framework budget for 2013, the Finance Section has negotiated with each department on the budget for 2013 in order to find the optimal resource level compared to the university's upcoming tasks, and in relation to the agreed Strategy.

These budget negotiations have led to relatively small changes in Management's expectations for the university's costs in 2013. Additionally, the university's previous experiences on consumption in departments are reflected in this budget by incorporating knowledge about the realised consumption from the financial year 2012 in the budget for 2013.

3. Revenue from Tuition: Calculation of the Student FTE production

Table 2 on page 5 presents the IT University's income from teaching activities in 2013 divided into MSc's, BSc's, part-time students (master, diploma and single subject students) and completion bonus.

The Management has lowered the expected number of FTEs from part-time students from 135 FTEs to 112 FTEs in 2013 based on analysis from the Finance Section.

Projected revenues in Table 2 are calculated assuming that the tariffs, already published with the Government's Amended budget proposal are adopted.



Table 2: Calculation of production of students FTEs etc, for 2013

Admission of students – prognosis 2012,10,18	Budget 2013
Master of Science	450
Bachelor of Science	200

Tariffs	Budget 2013
Tariff 3, Master	96,800
Tariff 3, Bachelor	96,800
Completion bonus, Master	26,598
Completion bonus, Bachelor	56,494
Charges, part-time-student	45,700
Tuition (FTE – old tariff)	50,000
Tuition (FTE – new tariff)	85,000

Revenue	Budget 2013
Master of science, FTEs	751
Bonus triggering MSc	54
Bachelor 1, 2 & 3 STÅ	486
Bonus triggering BSc	120
FTEs, part-time students enrolled before E2010	8
FTEs, part-time students enrolled E2010 and onwards	104
Revenue, full-time students	119,741,600
Total completion bonus	8,215,572
Total revenue part-time (tariff and tuition)	14,358,400
Total Revenue	142,315,572

4, Assumptions regarding admission 2013-2015

Table 3 and 4 on page shows admission assumptions underlying the forecasted revenue. Table 3 shows the necessary enrolment regarding full-time students and table 4 shows the necessary enrolment regarding part-time education.

The expectations for the number of students admitted to part-time educations are reduced to the same level as in 2012. The number of students admitted to Master of IT - Management and Strategy is expected to reach 30 students in 2013. This programme also includes courses from Master of IT - Organization and Implementation. Likewise are expectations to the number of admitted students to Master of IT - Interaction Design and Multimedia reduced, while expectations to Master of IT - Software Construction and Diploma in information Technology remain largely unchanged. The expected number of FTE from part-time students will be 112 in 2013 with these adjustments.



Table 3: Assumptions about admission 2013-2015 (full-time education)

	F13	E13	F14	E14	F15	E15
Master of Science – Digital Design and Communication	0	150	0	150	0	150
Master of Science – E-business	35	85	30	70	35	75
Master of Science – Software Development and Technology	50	60	50	60	50	60
Master of Science – Games	0	70	0	70	0	70
Bachelor – Software Development	0	60	0	60	0	60
Bachelor – Digital Media and Design	0	80	0	80	0	80
Bachelor – Global Business Informatics	0	60	0	60	0	60
Total	85	565	80	550	85	555

Table 4: Assumptions about admission 2013-2015 (part-time education)

	F13	E13	F14	E14	F15	E15
Master of IT – Management and Strategy	0	30	16	27	16	27
Master of IT – Interaction Design and Multimedia	5	9	5	9	5	9
Master of IT – Software Construction	2	8	2	8	2	8
Diploma in Information Technology	20	31	20	31	20	31
Total	27	78	43	75	43	75
Year		2013		2014		2015
Total Admission		105		118		118

5. Admission Requirements for PhD student 2013-2015

Table 5 below shows the admission requirements behind the admission of PhD students at the IT University of Copenhagen. The admission rates are based on the assumption that ITU will attract and spend DKK 30 million in external research funding in 2013, DKK 40 million in 2014 and DKK 45 million in 2015. If external funding does not reach these targets, admission will be correspondingly lower.

Also bounding the PhD admission is the fact that ITU does not at this stage receive any of the funds from the government pool dedicated to growth of the PhD educations.

Table 5: Admission requirements 2013-2015 (PhD students)

	2013	2014	2015
PhD Admission	18	20	20
Total PhD FTE	47	50	57



6. Forecast of revenues, expenses and equity 2013-2017

Table 7 gives an overview of the forecast of revenues and expenses during the period 2013-2017. Table 6 shows the framework budget after second quarter of 2012, which was presented to the Board in September.

The purpose of forecasting is to provide an overview of development in the university's equity in the coming years. The forecast takes account only of already known or anticipated events, and is thus associated with a wide range of uncertainties.

The forecast is based on the following specific assumptions:

- 1) The level of basic funding and revenues from tuition is calculated under the assumption that the Government's Amended budget proposal is adopted.
- 2) Tuition from part-time students is downgraded according to the level for admission as in 2012 on the basis of an analysis of the forecast for the number of pupils in each year from 2013 to 2017 carried out by the finance section in October.
- 3) Revenues from external research funding are downgraded adjusted from by DKK 5 million in 2013 from DKK 35 million to DKK 30 million. The growth target implied in this budget is then additionally DKK 10 million in 2014 and an increase of DKK 5 million per year until a total of DKK 50 million in 2016.
- 4) The revenue is indexed by 1.3 per cent per year, while expenditures and salaries are indexed by 2.0 per cent per year. This means that costs annually grows by 0.7 percentage points more than the revenue and therefore expenditure in 2016 and 2017 exceed revenues as a result of indexation.
- 5) Revenue forecasts are derived from already known resources only.
- 6) Growth in staffing compared to the September version of the framework budget is reduced in this October version. Staffing was decided by the Management on 25 October 2012.

The FTEs regarding Academic Staff are reduced in 2013 as a consequence of the revision of external research funding, but the FTEs to postdoc positions are increased to support research in general.

The increase in technical administrative staff is reduced. But to ensure the implementation of the necessary efficiency projects, two respectively three temporary positions to project managers have been included in the years 2013 to 2015.

The need for teaching FTEs has been analysed and the recruitment of permanent senior academic staff and external lecturers has been reduced since the September version of the framework budget.



Table 6: Forecast 2013-2017 presented to the Board in September 2012

(DKK 1,000)	Prognose 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
Government grants	83,113	85,939	88,053	89,464	85,029	86,134
Tuition	130,098	142,773	146,878	144,140	142,429	145,030
Government funds (Matchfond etc.)	328	-	-	-	-	-
Grants applied for against competition (Public)	22,380	28,000	32,000	36,000	40,000	40,000
Grants, private and other non-government bodies	5,595	7,000	8,000	9,000	10,000	10,000
Other income	8,008	4,950	5,015	5,080	5,146	5,213
Ekstraordinary income	200	-	-	-	-	-
Savings on administration and purchasing	(1,780)	(3,359)	(3,258)	(3,295)	(3,271)	(3,314)
Total Revenue	247,943	265,303	276,688	280,389	279,333	283,063
Payroll - based on 2012 and implementation of E-buss	143,379	157,794	169,958	179,702	184,921	189,412
Other operating expenses - based on 2012	94,341	94,038	91,846	91,854	94,250	96,275
Other expenses - takeover 5'th floor Strategic research areas and efficiency poll	5,508	8,556	7,171	7,315	7,461	7,610
		3,751	3,411	3,480	3,549	3,620
Total Costs	243,228	264,140	272,385	282,351	290,182	296,917
Result of the Year	4,715	1,163	4,303	(1,962)	(10,849)	(13,854)
Equity	44,041	45,204	49,507	47,545	36,696	22,841

Full-time Employees (FTE)	Prognose 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
Academic Staff FTE	128,26	142,41	157,90	169,38	173,55	175,84
Part-time Lectures FTE	30,40	30,62	32,17	32,89	32,93	32,95
Administrative Staff FTE	126,49	131,61	133,61	133,61	133,61	133,61
Total Full-time Employees	285,15	304,65	323,69	335,88	340,09	342,40

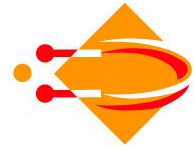


Table 7: Forecast 2013-2017. October 2012

(DKK 1.000)	Prognose 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
Government grants	83,113	85,939	88,053	89,464	85,029	86,134
Tuition	132,267	142,316	146,610	145,209	143,355	146,007
Government funds (Matchfond etc.)	328	-	-	-	-	-
Grants applied for against competition (Public)	20,716	24,000	32,000	36,000	40,000	40,000
Grants, private and other non-government bodies	5,179	6,000	8,000	9,000	10,000	10,000
Other income	8,146	5,115	5,181	5,249	5,317	5,386
Ekstraordinary income	200	-	-	-	-	-
Savings on administration and purchasing	(1,780)	(3,359)	(3,258)	(3,295)	(3,271)	(3,314)
Total Revenue	248,169	260,011	276,587	281,627	280,431	284,213
Payroll - based on 2013 and implementation of E-buss	143,734	154,732	168,512	178,163	180,607	183,159
Other operating expenses - based on 2013	98,449	100,965	99,452	98,890	102,115	104,277
Strategic research areas and efficiency poll	-	3,735	3,351	3,418	3,486	3,556
Total Costs	242,183	259,432	271,314	280,472	286,208	290,991
Result of the Year	5,986	579	5,274	1,155	(5,779)	(6,778)
Equity	45,312	45,891	51,165	52,320	46,541	39,763

Full-time Employees (FTE)	Prognose 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
Academic Staff FTE	128.26	141.27	157.11	169.23	170.73	171.73
Part-time Lectures FTE	30.40	29.12	30.17	29.89	28.93	27.95
Administrative Staff FTE	126.49	131.06	133.25	133.25	130.75	129.25
Total Full-time Employees	285.15	301.44	320.53	332.37	330.41	328.93

Revenues and completion bonuses relating to the three bachelor programmes will not affect the budget with full effect until 2015.



IT-Universitetet
i København

7. Recommendation

With the above assumptions in mind, the Management presents this budget with the conviction that it shows the financial state of the university, and finds that the result for 2013 and onwards is a fair description.

The Management recommends that the Board approve this budget for 2013.