



Standard 2:

Finances

2.1.- Factual Information

2.1.1. Description of the global financial process of the Establishment.

Public Universities in Spain are under strict rules for their finances. The legal frame of the global financial process is defined by the University Organic Law 6/2001 and 4/2007 (LOMLOU), whom states that the different legal bodies "...will draw up a reference model of costs that will enable the public authorities to establish adequate funding for public universities which...to promote their full participation in the European Higher Education Space". Within each University, and at **UM** as well, there is autonomy in the planning, approval and management of its budget following the INSTRUCTIONS OF BUDGET ECONOMIC REGIME OF THE UNIVERSITY OF MURCIA (<http://www.um.es/documents/1922922/4373681/Normas+de+ejecuci%C3%B3n+del+presupuesto+2017.pdf/9e578a58-27fc-493e-98b3-3a11e88296e9>).

The budget of the **UM** is annual, per calendar year (from January 1st to December 31st) and not per academic year (from September 1st to August 31st). Initial approval (project stage) is given by the Governing Council of the **UM** which then submits it for the final approval to the **UM** Social Council. In 2017, the budget of the **UM** is 213,992,239 € (4,67% more than in 2016), with the estimated total costs financed from the following income sources (from mayor to minor):

"Ordinary transfers" (to finance ordinary expenses)	62.29%
"Fees, public prices and other income" (fees and public prices approved by the Regional Government)	17.76%
"Financial assets"	7.49%
"Capital transfers" (to finance capital and investment expenditure)	7.17%
"Financial liabilities"	0.96%
"Patrimonial income":	0,33%

Regarding the main expenses allocation at **UM**, 69.02% are for salaries, 15.89% for real investments and 13.73% are for current expenditure on goods and services.

Based on those principles, any entity (Faculty, Department or Service) follows the same general financial system that means that the **UM** (Vice-chancellor of Economy - *Vicerrectorado de Economía, Sostenibilidad y Ciencias de la Salud*-) covers and centralize the payment of all main expenditures regarding **staff salaries (A in Table 2.1.1)** (harmonized based on academic or support position, see **Standard 9**), **maintenance costs (C)**, electricity and water supplies, cleaning and basic maintenance, air-conditioning, elevators, fire extinguishers, gardening, waste collection...) including services and work contracted out to external companies. The budget managed directly by the **FVETUM** and **VTF** is only oriented to run the **operating costs (B)** and **equipment (D)**, and some **specific maintenance costs**. **VTH** additionally covers some **personnel costs (A)** of veterinarian specialists, internships and residents. Within the budget, Faculties and Departments share the same group and for **operating costs** in 2017 the allocated budget is 2,217,072.85 €.

FVETUM receives from the Rectorate annual funds for direct management as envisaged. The annual endowment for each Centre and Department is calculated based on some consensus criteria. For both 15% of the budget is equal and 70% is variable depending on subjects taught, credits given, credits given in practical laboratory or field classes (according to the degree of experimentability), students enrolled; plus 10% average mark of the upper quintile enrolled, degree of student mobility, percentage of students in external practices, degree of student satisfaction and degree of budget execution. For Departments are considered the following items: visiting professors, credits given, credits given in practical laboratory or field classes (according to the degree of experimentability), students enrolled; also 10% is based on efficiency rate, student satisfaction, degree of mobility of staff, recognized activity, and degree of budget execution.

VTH and **VTF** are not included into these criteria, and it is based on the real **costs of operation, maintenance and equipment** for **VTH**, and subsidiary aid of the **UM** as the Main Patron of the Foundation for **operational costs**.

Table 2.1.- Annual funds from **UM for direct management and envisage.**

	2016-2017	2015-2016	2014-2015	Mean
FVETUM (Including Departments)	111,676.64. -	90,400.20. -	106,286.94. -	102,787.92
VTH	923,402.00. -	884,842.00.-	815.182.00. -	55,333.33
VTF	164,628.58. -	164,775.34. -	154,779.02. -	161,394.31
Total	1,199,707.22	1,400,173.34	1,076,479.96	1,225,453.51

FVETUM= Facultad de Veterinaria de la Universidad de Murcia; VTH= Veterinary Teaching Hospital; VTF= Veterinary Teaching Farm.

VTF has an independent and significant budget due to the high operational costs. The livestock units of pigs, goats, cattle, goats and poultry are managed by external companies that provide both, animals and personnel for their care and maintenance, and the livestock units of rabbits, horses and sheep are managed by the **VTF** through a contract of the **UM** with a cooperative, which is paid with the **VTF** budget. So far, **VTF** does not own any staff due to the full operational contract with this cooperative.

VTH, as a Foundation, it is self-funded. As mentioned receives an annual endowment from the **UM** (as the Main Patron) which is based on estimated costs of operation on the previous year. Additionally, **VTH** Foundation define its budget every year based on clinical and diagnosis services and the other services (**Table 2.3. D and E**) (mainly from the **UM** to leases and fees, repairs and maintenance, services of independent professionals, insurance premiums, banking and similar services, advertising, supplies and other services. The **VTH** is managed by a Foundation ("*Fundación Veterinaria Universidad de Murcia*" **FUVEUM**) where the majority shareholder is the **UM**, which, for example, in 2016 contributed to the hospital's financing with 923,402 €, while **VTH** itself earned 701,082€. It has a stable income that allows the hiring of its own staff and the renovation of facilities when necessary. On the other hand, **UM** pays the costs related with utilities (electricity, water consumption, heating, and cleaning services) and the salaries of the support staff originally budgeted when the **VTH** was opened. With all these items, the **VTH** budget in the last 3 years has been summarized in **Table 2.2**.

Table 2.2.- Annual budget of VTH.

	2016	2015	2014	Mean
VTH	1,624,484.00. -	1,553,034.00. -	1,354,697. -	1,510,738. -

VTH= Veterinary Teaching Hospital.

The **UM** also calls for other types of support with its own funds to complement the Departments and Faculties in its teaching expenses, such as the call for "fungibles of practices", "works and teaching equipment (so called PORTICOS)", "projects for teaching innovation as well than quality" etc.

For an accurate summary of the annual revenues and expenditures the best tool is the "analytical costs". In 2017, the analytical accounting system has begun to be implemented, but it will not be until 2018 when it will be fully implemented with a new "**UM ELARA** software application", which will allow us to identify exactly what kind of expenses we have in the institution by administrative units, which at present it is difficult to differentiate general maintenance expenses from teacher or researcher maintenance. The data presented in **Tables 2.3.** and **2.4.** summarized both based on the aggregation of the budgets and expenses of the Departments of **FVETUM** and the one managed by the Faculty, and the differentiation of the VTF and VTH, and in this last case making a difference between the Foundation incomes and the **UM** endowment. For maintenance costs (C) it has been estimated based on the whole costs of the **UM** and the surface/space of **FVETUM**.

Table 2.3.- Annual revenues during the last 3 natural years (in Euros).

	2016	2015	2014	Mean
A Public authority (UM budget)				
A.1 Academic staff	7,205,618.31	7,073,600.23	6,700,145.08	6,993,121.21
A.2 Support staff				
• A.2.1 FVETUM (including Departments)	1,416,779.28	1,307,306.67	1,223,388.44	1,315,824.80
• A.2.2 VTH	443,120.64	413,418.13	383,913.12	413,483.96
• A.2.3 VTF				
A.3 Researchers	445,737.32	441,279.95	441,279.95	442,765.74
A.4 Utilities (FVETUM + VTH + VTF)	366,796.24	275,534.37	251,490.86	297,940.49
A.5 Maintenance costs*	--	--	--	--
A.6 General equipment	133,149.69	88,392.65	110,422.86	110,655.07
B Tuition fee (standard students)	666,683.31	687,321.15	747,479.79	700,494.75
C Tuition fee (full fee students) **	--	--	--	--
D Clinical services VTH	467,388	445,461	359,677	424,175.33
E Diagnostic services VTH	233,694	222,730.66	179,838.33	212,087.66
F Another services VTH (UM and other Public Institutions endowment)	544,766.36	471,423.87	431,268.88	482,486.37
G Research grants	1,834,392.99	2,216,420.37	1,327,008.49	1,792,607.28
H Continuing and Postgraduate Education	NA	NA	NA	NA
I Donations	None	None	None	None
J Other sources (renting facilities)	None	None	None	None
Total Revenues	13.758.126,14	13.642.889,05	12.155.913	13.185.642,66

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*Covered directly by the **UM** Vice-Chancellor of Economy; **Not applicable at the **UM** (see section 2.1.4 for details).

Table 2.4.- Annual expenditures during the last 3 natural years (in Euros).

	2016	2015	2014	Mean
A Personnel				
A.1 Academic staff				
• A.1.1 FVETUM	6,817,644.54	6,631,450.92	6,342,916.33	6,712,339.33
• A.1.2 VTH (Specialists, internship)	387,973.77	383,785.47	357,228.75	376,329.33
A.2 Support staff				
• A.2.1 FVETUM	1,416,779.28	1,307,306.67	1,223,388.44	1,315,824.80
• A.2.2 VTH (Paid by the Rectorate)	443,120.64	413,418.13	383,913.12	413,483.96

A.3 Researchers	445,737.32	441,279.95	441,279.95	442,765.74
A.4 VTH internships				
A.5. Maintenance staff	347,820.62	271,689.55	778,725.56	466,078.58
B Operating costs				
B.1 Utilities				
• B.1.1 FVETUM (Including Departments)	66,935.88	56,391.09	53,891.36	59,072.78
• B.1.1 FVM (Paid by the Rectorate)	22,365.04	37,274.86	29,251.20	29,630.37
• B.1.2 VTH	623,709.44	573,649.29	517,049.19	571,469.31
• B.1.3. VTF	112,437.73	117,734.64	112,950.92	114,374.43
• B.1.3. VTF (Paid by the Rectorate)	12,504.18	20,840.19	16,354.20	16,566.19
B.2 Teaching				
• B.2.1. FVETUM (Including Departments)	122,496.13	79,675.36	95,215.48	99,128.99
• B.2.2. VTH	288,340.00	267,420.88	267,754.92	274,505.27
• B.2.3. VTF	22,724.17	20,817.26	16,687.62	20,076.35
B.3 Research	206,278.86	161,660.95	151,344.59	173,094.80
C Maintenance costs				
C.1 Air conditioning, elevators, fire extinguishers, gardening				
• C.1.1 FVETUM (including Departments)	289,262.47	325,488.99	294,710.92	303,154.13
• C.1.2 VTH	76,779.29	114,489.59	106,661.54	99,310.14
• C.1.3. VTF	163,177.19	182,414.85	169,390.64	171,660.89
C.2 Building (renovations, installations...)				
• C.2.1 FVETUM (including Departments)	18,163.97	13,066.78	10,500.97	13,910.57
• C.2.1 FVETUM (including Departments) (Paid by the Rectorate)	137,490.66	122,969.75	136,231.37	132,230.59
• C.2.2. VTH	259,978.05	299,924.19	238,663.33	266,188.52
• C.2.3. VTF	22,051.54	21,065.78	10,441.25	17,852.86
D Equipment				
D.1 Teaching				
• D.1.1 FVETUM (including Departments)	35,700.36	15,849.67	13,301.75	21,617.26
• D.1.1 FVETUM (including Departments) (Paid by the Rectorate)	9,822.32	10,262.79	7,057.99	9,047.70
• D.1.2 VTH	5,438.00	16,347.00	58,726.00	26,837.00
• D.1.2. VTF	1,654.00	1,494.00	3,809.03	2,319.01
• D.1.2. VTF (Paid by the Rectorate)	5,491.61	5,737.87	3,946.09	5,058.52
D.2 General equipment				
• D.2.1 FVETUM (including Departments)	21,177.84	23,353.83	27,478.19	24,003.29
• D.2.1 FVETUM (including Departments) (Paid by the Rectorate)	34,021.42	34,418.63	41,061.69	36,500.58
• D.2.2 VTH	115.00	1,648.00	196.00	653.00
• D.2.3. VTF	19,764.47	193,878.39	26,555.39	80,066.08
Total expenditure	12,376,699.71	12,225,169.16	12,283,582.21	12,295,150.36

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*Covered directly by the UM Vice-Chancellor of Economy; **Not applicable at the UM.

Table 2.4.- Annual balance between expenditures and revenues (in Euros).

Year	Total expenditures	Total revenues	Balance
2014	12,283,582.21	12.155.913,00	127,692.10
2015	12,225,169.16	13.642.889,05	1,417,719.89
2016	12,376,699.71	13.758.126,14	1,381,426.43

Table 2.4 presents the annual balance between expenditures and revenues where the difference is on a positive balance. It is difficult to ascertain the main reason, since all expenses are covered. In some cases, it is due to the fact that Departments do not use the whole budget and in these cases, there is a carry over to the next year, in some cases needed to invest into new equipment and it is needed to add several years. Also, the last payment of the natural year is done within the first 3 months of the next year due to the slow payment at the end of the year. And probably the main reason is due to the tuition fees that are over the expected revenues. Any balance of the budget, positive or negative, is assumed by the **UM**.

2.1.2. Degree of autonomy of the Establishment on the financial process.

As it has been explained in **section 2.1.1** the financial process is very determined by legal constrains and all Public Universities have to follow the same pattern. The Faculty, it-self, only can obtain for the UM some incomes renting the facilities (mainly lecture halls for events) but it is also centralised. Talking generally, there is some degree of freedom on other activities like research, extension

courses, congresses or symposium organisation...where under the rules of the UM any academic staff can promote the desired activity with extra incomes. FVT also follow the same protocol but the business can be oriented when renting the farm for events, research projects, or the management of this facilities. The entity with more flexibility is the VTH that beside the direct clinical and diagnostic services, can stablish a business plan renting the space for practitioners or to companies for research activities, or any other that the Board of Trustees approve based on the objectives of VTH of teaching of excellence.

2.1.3. % of overhead to be paid to the official authority overseeing the Establishment on revenues from services and research grants

Overheads is mainly applied to the research projects (usually an enterprise contact is 10%), or the continuous education or extension courses, where 5 to 10% is charged. There is not a high pressure in this sense at **UM**. It is not needed to mention, but all clinical work has the adequate VAT (Value-Added Tax).

2.1.4. Annual tuition fee for national and international students

There are no "full fee students" in our system. The Spanish model of University funding is decentralized by the Autonomous Communities, where the University education is essentially public and covers most of the real total cost. The remaining students are "standard fee student". The cost of each credit is annually established by the Regional Government and depends on the experimental grading and the times the student has been previously enrolled in a subject. The Degree in Veterinary has the maximum experimental grading (level 1) and therefore the public prices are:

Table 2.5.- Public price on Euros and per ECTS and the number of enrolments.

Price (€/ECTS)	Enrolment			
	1 st	2 nd	3 rd	4th & following ones
	16.78	33.56	72.71	100.68

With the application of this table of prices (one of the lowest in Spain for a public University, and not modified since last academic year) an **annual tuition fee** for any Spanish, EU student, or a non- EU student with the status of resident, who passed all the subjects the **1st time**, is **1,006.8 €** (60 ECTS x 16.78 €/ECTS). In accordance with the article 81.3 b of the LOMLOU, the Universities charge foreign students over 18 years old who do not have the status of residents (excluding students of Member States of the EU and those to whom the Community scheme is applicable) the fees corresponding to a fourth enrolment.

The **annual direct cost for training a student** in 2016/2017 was **16,925.26 €**, obtained as the sum of the academic staff (A.1) and support staff (A.2) expenditures, teaching operating costs (B.2), and teaching equipment (D.1) as shown in Table 2.1.1, divided by the number of students enrolled in the Veterinary Degree (564.67 students).

2.1.5.- Estimation of the utilities and other expenditures directly paid by the official authority and not included in the expenditure tables.

All the costs directly paid by the Central Services of **FVETUM** have been included in **Table 2.1.4.** as sections A (Personnel, except A.1.2, A.2.2.2 and A.4, paid by the VTH), B.1 (Utilities), C (Maintenance costs), and D.2 (General equipment).

2.1.6.- List of the on-going and planned major investments for developing, improving and/or refurbishing facilities and equipment, and origin of the funding

Every year, any Faculty at **UM** request to the Vice-Chancellor of Economy their main needs for improvement and refurbish facilities and equipment following a protocol of request using the above-mentioned PORTICO **UM** application. Previously on request, the needs and priorities are analysed by the Dean Team with Department Heads and Units, and the Committee for Infrastructure and finances, and **FVETUM** has to be co-financed. Additionally, this year, **UM** has given priority to **FVETUM**, **VTH** and **VTF** to update some infrastructures and equipment. The list of on-going and planned major investments at **FVETUM** are based on the strategic plan for renovation and improvement of the Faculty.

Common to FVETUM Main Building, VTH and VTF	Main building (Units A, B, C).	VTH	VTF
<ul style="list-style-type: none"> -New and updated signboard -New biosecurity sing. -New and powerful wifi routers 	<ul style="list-style-type: none"> -Accessibility ramp in unit A, back door. -Electronic control access to Unit C and A different from the main entrance. -Additional wheel-chair access to Unit A, back door. -New electronic doors. -Hall of Unit A, Main building, adapted for exhibitions. -Elevator renovation (under study) -Laboratories renovation some specific infrastructure (example: Anatomy) 	<ul style="list-style-type: none"> -Equine clinics floor renovation -Equine/large animal isolation unit refurbish -Area of exercise of horse for diagnostic -Equine adaptation to vehicles -Cat waiting room -Clinical skill unit and dummies -Equipment update: Magnetic Resonance (under study by the UM) 	<ul style="list-style-type: none"> -New quarantine facilities -Adequacy of barns and sidewalks -Laundry and biosecurity Adequacy

The amount of the planned major investments, already carried out, underway or planned, will sum up over 300,000 €, 80.000€ of them are under PORTICO.

2.1.7.- Prospected expenditures and revenues for the next 3 academic years. It is difficult to estimate the expenditures and revenues for the next years.

As mentioned before and after the economic crisis, **UM** budget has increased since last year and particularly this current year 4.6%. There is a plan toward 2020 with the Regional Government to maintain this trend. It is expectable that this increase in the general budget will also have a similar impact on the **FVETUM**.

2.1.8.- Description of how and by who expenditures, investments and revenues are decided, communicated to staff, students and stakeholders, implemented, assessed and revised.

The **FVETUM** Infrastructure and Finances Committee (chaired by the Dean and with Faculty Secretary and elected members of the FB) analyse the needs previously study with the Department Heads and Units. This Committee is in charge of proposing the distribution of the ordinary budget and evaluating any other source of income, expenditures or investment proposed by the Departments to the Faculty Council. The Faculty Council, subsequently, approves the budget to be implemented. The Departments and the Faculty Council are responsible for communication to staff and students, as well as for the implementation and supervision of the budget, which is managed by the administrative (administrative Secretary of **FVETUM**). Every year, the annual economic report is approved by the Faculty Council.

VTF expenditures, investments and revenues are identified by Director and Secretary that after evaluation is submitted to the Governing Council of the Farm for comments and approval. Faculty Board is also informed periodically. In the case of **VTH** follow the same pattern, and instead of the Governing Board is the Board of Trustees the body that analyse and approve the investments.

2.2. Comments

- The global finances process of **FVETUM** is legally defined and has its positive aspects such as the centralised payment of salaries or all general maintenance and operational expenses. Also, **VTH**, **VTF** and Departments manage their own budgets, so, Faculty centralise a very limited budget the limits the capacity of action in many cases, although and following the decision taken process (**section 2.1.8**) has the capacity to harmonise the different actions.
- Following the same idea, **FVETUM** has limited capacity for additional income and resides in the Departments and **VTF**, and especially **VTH**, have the possibility of doing so.
- The **UM** is sensible to the exceptional needs of the **FVETUM** due to the large and unique infrastructures of the Faculty. However, not always is conceit that the cost of a veterinary student is much higher than others and the budget distribution rarely take into consideration this fact.

2.3. Suggestions for improvement

- Any improvement in the budget according to the general budget if the **UM** is assumed that will be applied in the future, but in addition it is important to understand that the day by day cost of the whole Faculty (**FVETUM**, **VTH** and **VTF**) needs a differentiated and special support.
- Renovation equipment as well as a new more up-dated equipment it is urgently needed to maintain and be more competitive as a reference **VTH** for practical training and education of the students.
- Also, the investment on dummies to acquire clinical skills is very important and the **UM** is about to launch the call for high cost practical training infrastructures where the **FVETUM** together with the clinical Departments will co-finance.
- For external fundraising one potential source are the donations. In the past, it has obtained some for **VTH** and mainly for **VTF**. There some attempts to explore this funding with enterprises on specific

