Executive Budget Committee

Minutes of the 10 February, 2012 Meeting

Members attending: Bennett, Bosch, Cline, Einhellig, Elliott, Foucart, Franklin, Frizell, Gallaway, Gouzie, Hough, Kincaid, Matthews, McClure, Olsen, Parker, Smart, Turk

Members absent: Baker, Wallentine

Chair Eric Bosch convened the meeting.

There was brief discussion of the draft minutes from 26 January. Changes to the discussion of FSEC suggestions for cost center strategies were recommended and will be incorporated into the final draft.

Update on State Appropriations for Fiscal Year 2013.

President Smart reviewed developments of the past week, including the state's successful participation in the recent national mortgage services settlement, which allowed the Governor to apply $40 million to the previously announced reductions to proposed FY 2013 higher education funding, reducing the cuts from approximately $106 million to $66 million, or from 12.5% to about 7.8%.

The presidents of the public institutions of higher education met with the governor earlier in the week. President Smart indicated that the Governor had urged the universities to avoid seeking tuition increases higher than the current inflation rate.

Revised Fiscal Year 2013 Reduction Proposal.

The reduction in the amount of cuts in the proposed higher education budget would reduce the MSU shortfall from about $15.3 million to $11.7 million.

The President reviewed the strategies discussed at the 26 January meeting. One major approach discussed was to reduce tuition hikes from a possible 6.5%, which would have required a waiver, to an amount within the 3.2% waiver threshold. Another would be to not apply any reductions to maintenance & repair/classroom upgrades. In addition, it was proposed that the original obligations for the cost centers be reduced somewhat, with the academic cost centers receiving proportionately larger consideration in the reduced obligations.

Discussion.

It was pointed out that the revised approach to the reductions would employ a smaller amount of one-time funds at the University level than projected for the earlier12.5% anticipated reduction. In addition, the cost centers were urged to carefully apply one-time funds to their share of the cost reduction. There was some discussion of the strategic use of one-time funds vs. ongoing savings, and the ability of cost centers to replenish one-time savings.

Some broader issues were discussed including the somewhat slower than anticipated rise in state revenues, as well as a strong legislative and gubernatorial reluctance for any tax-based revenue enhancement during an election year. The President also indicated that the likelihood for withholding during the balance of the year is not great.

The University itself appears to be currently making up the enrollment shortfall from last autumn, and this bodes well for the coming fall semester. In addition it was noted that the spread in tuition between the University of Missouri and Missouri State could make MSU an attractive option for the coming year.

Faculty Senate President Gallaway discussed a possible strategic 0.5% addition to the proposed 3.2% tuition hike, which would require a waiver. Such an increase could be specifically targeted for scholarships for programs that, if given traction, would have a salutary effect on enrollment and subsequently on University revenue.

Student Government Association President Scott Turk indicated that, based on discussions with fellow student leaders, maintaining a quality educational experience would make a tuition hike up to the 3.2% waiver threshold acceptable to students.

There was also discussion of longer-term issues, particularly to articulate to the state in general and to legislative decision makers in particular the strategic advantage of a robust higher education system and the added value of college graduates to the state's economic well-being.

There was also discussion of how priorities would be set for utilization of the maintenance and repair/upgrade funds, which, in the proposed revision to reductions, would not be affected. Vice-President McClure noted that there are existing plans and that priorities from the Deans would be sought, although it is apparent that there are more needs than currently available resources.

There was additional discussion of long term goals for raising salaries. One estimate was that it would currently require almost $4 million to raise all faculty salaries to the CUPA median were it done on a one-time basis. Such an effort, however, would require additional ongoing funds given that CUPA is currently increasing at approximately 1.75% per annum.

Following discussion, it was the unanimous sense of the committee to endorse the proposed revisions to the reduction plan. The revised plan would next be discussed in Administrative Council and subsequently presented to the Board of Governors, with communication of the proposed plan to the University community.

Next meeting. The next meeting will be scheduled as needed.