**Executive Budget Committee**

 *Minutes of the 21 January, 2015 Meeting*

**Members attending**: Baker, Bennett, Bosch, Canales, Cline, DeBoef, Dockery, Einhellig, Elliott, Fairbairn, Fiedler, Foster, Foucart, Greene, Matthews, McClure, McGee, McIntyre, Nelson, Parker, Siscoe, Smart

Chair Eric Bosch convened the meeting.

**Revenue Update**.

President Smart reviewed the outlook for state appropriations for FY 2016, reminding the committee that 30-35% of funding comes from the state and about 65-70% comes from locally generated revenue, primarily tuition and fees. He also reminded committee members that in-state undergraduate tuition increases are limited to the December to December consumer price index which is .8% (8/10 of 1 percent).Out-of-state undergraduate as well as graduate tuition are not tied to the CPI, nor are fees.

There are three basic sources for revenue:

1. Growth that was not budgeted during the current year, and which subsequently brought in unbudgeted revenue.
2. The FY 2016 tuition and fees schedule proposal.
3. FY 2016 state appropriations.

The University anticipates a 2.5% increase in credit hour production over the previous fiscal year, which would generate approximately $1.25 million.

**Tuition and Fee increases**.

An increase of .8% on in-state undergraduate tuition would generate $300,000; an increase of 2% for non-resident undergraduates and for graduate students would raise $600,000. A supplemental increase of $10.00/credit hour for internet-based instruction would generate an additional $650,000 in revenue.

A total of approximately $1,550,000 plus $1,250,000 in credit hour production increases would create an anticipated additional $2,800,000.

**Anticipated Additional Expenditures**.

In addition to general inflation, the University will have to deal with regular annual cost increases for such categories as salary adjustments for promotions, an increase in the minimum wage, additional leasing costs, and increased utility costs.

Taking such additional costs into account, the additional local revenue would still fund a 1% compensation increase for staff and faculty, including graduate assistants.

**Outlook for State Appropriations, FY 2016.**

President Smart reminded the committee of the potential influence of Amendment 10, passed last year which prohibits state budgeting based on independent legislation, such as, for example, anticipated revenues from Medicaid. While it is still quite early to fully anticipate higher education funding, an initial estimate of an increase of 1.3% to 2.5% might be possible, which would generate from $1.2 to $3 million.

**Possible Funding Priorities**.

Assuming a 1% percent increase in compensation from locally generated revenue @ ca. $1.2 million, President Smart asked the committee if an additional $1.5 to $2.5 million were available, where might it be applied? Another question was consideration of additional compensation vs. the addition of positions. Some concern was expressed about instructor-student ratios and the effect of growth in student numbers on instructional quality.

A second major question was: given a modest increase in compensation, what other priorities could the committee initially and provisionally identify that might be applied to additional funding? Subsequent discussion identified these possibilities:

1. Expand existing benefits or possibly fund some new benefits.
2. Place additional resources into contingency funds.
3. Place additional funds into the scheduled Library renovation to speed up its completion.
4. Increase faculty lines in growth areas.
5. Continue to upgrade online instructional capacity.
6. Develop a staff salary incentive program. Scott Fiedler, Staff Senate Chair, indicated that Staff Senate is currently working on proposals that would enhance staff salaries
7. Aside from general maintenance, it was suggested that some programs cannot grow further because of limitations on current facilities.
8. Place more funds in sabbatical leaves.
9. There was discussion of possible funding needs for support of Title IX issues.

**Next Steps.**

The anticipated revenue from tuition and fees is relatively predictable. However, state appropriations for FY 2016 will be uncertain for several weeks. Subsequently President Smart suggested that the committee reconvene, probably in March after spring break, when the appropriations picture might be much clearer. In the interim, he asked committee members to consider the suggestions made for additional discretionary funding, and to ponder other possibilities as well.

**Next Meeting: Mid-March.**