



Missouri State[™]
U N I V E R S I T Y

Academic Year 2009–2010 Operating Budget

Open Presentation to Faculty and Staff Senates

By Michael Nietzel, President

April 16, 2009

Current Budget Conditions/Constraints

■ External

- Senate Bill 389
 - Tuition controls
 - Consolidation of need-based scholarships
 - 3 year 12.6% plan—3rd year increase not expected for FY10
- Future Funding Formula
 - Adequate operating budgets
 - Strategic initiatives
 - Performance funding



Current Budget Conditions/Constraints

■ External

- Governor's FY10 Budget Recommendations for Higher Education
 - Maintain appropriations and tuition at FY09 rate
 - Full funding for Caring for Missourians (\$39.7m)
 - Equalization of Access Missouri + inflation (\$2.5m)
 - Expand Missouri Promise (\$26.2m)



Current Budget Conditions/Constraints

■ External

- Federal Stimulus Package Stabilization Funds
 - Can be used to maintain operating budgets at the higher of FY08 or FY09
 - Requires that states maintain appropriations to institutions at least at FY06 level
 - Exact funding mechanism at state level still to be determined
 - Implications for FY11 and FY 12



Current Budget Conditions/Constraints

■ External

- Lewis & Clark Capital Projects Initiative
 - Siceluff and JVIC will be completed
 - All other FREUP projects suspended – other funding alternatives under consideration
- Capital Improvements Funding
 - Federal stimulus options
 - Bonding
 - State one-time appropriations



Current Budget Conditions/Constraints

■ Internal

- Cost Center Responsibility and Autonomy
 - Prior principles maintained
 - Salary savings stay within cost center
 - Carry forward protected and no sharing at end of year
- No Mandated Reallocation at Cost Center Level
- Necessary University-wide cost increases for FY10 - \$600-700k
- Budget based on stable revenue from FY09 to FY10
- Stable or slight enrollment increase



Executive Budget Committee

- **Representation from Administrative Council, Faculty Senate, Staff Senate and Student Government Association**
- **Goals for the Committee**
 - Better institutional understanding of the operating budget and its various components
 - Regular monitoring of revenues and expenditures
 - Development and evaluation of budget priorities and strategies for upcoming fiscal years
 - Meetings throughout the academic year to plan and discuss options



Budget Process

- **Beginning in November 2008 and continuing to the present, the Executive Budget committee has met on a frequent basis to monitor budget developments and evaluate options**
- **No recurring Decision Package for FY10**
- **No salary pool increase for FY10**
- **Financial Outlook Website established**
 - November, January and February, Friday Focus
 - Seven updates on evolving budget picture for State and University
 - Two presentations on behalf of Higher Education to Missouri Senate
- **Individual college-level meetings, beginning in March to provide and discuss budget overviews**
- **Budget presentation to the University community through combined Faculty and Staff Senates on April 16, 2009**
- **Budget presented to Board of Governors in May to be voted on in June**



Budget Priorities

- **Maintain employment and salaries for current employees**
- **Fund fixed cost increases and prior commitments through internal reallocation**
- **Fund necessary and high-priority one-time expenditures**
- **Increase fund balance for FY10**





	FY2009 Original Operating <u>Budget</u>	Proposed FY2010 Operating <u>Change</u>	FY2010 PRO FORMA Operating <u>Budget</u>
Operating Revenue			
Tuition and Fees	\$ 94,266,755	\$ -	\$ 94,266,755
Scholarships and Fellowships	(18,736,753)	-	(18,736,753)
Grants and Contracts	150,000	-	150,000
Sales and Services of Educational Services	72,600	-	72,600
Other Revenue	<u>803,849</u>	<u>-</u>	<u>803,849</u>
Total Operating Revenue	<u>76,556,451</u>	<u>-</u>	<u>76,556,451</u>
Operating Expense			
Faculty and Staff Salaries	89,135,329		89,135,329
Faculty Promotions		168,000	168,000
Line building and prior commitments		96,705	96,705
Staff positions not filled		(437,406)	(437,406)
Other Personnel	5,321,733		5,321,733
Benefits	26,129,266	250,000	26,379,266
Utilities	3,617,955	87,000	3,704,955
Bad Debt Expense	100,000		100,000
Supplies and services	28,913,081	(25,000)	28,888,081
Matching student fees		75,000	75,000
Cut travel budgets by 10%	<u>-</u>	<u>(165,423)</u>	<u>(165,423)</u>
Total Operating Expenses	<u>153,217,364</u>	<u>48,876</u>	<u>153,266,240</u>
Operating Income (Loss)	<u>(76,660,913)</u>	<u>(48,876)</u>	<u>(76,709,789)</u>
Other Non-Operating Revenues (Expenses)			
State Appropriations	81,508,774		81,508,774
Gifts	482,532		482,532
Investment Income	610,000		610,000
Debt Service - Capital	(1,350,207)		(1,350,207)
Increase debt service - Strong Hall		(9,000)	(9,000)
Decrease internal transfers		204,398	204,398
Operating Transfers - Auxiliaires and Designated	<u>(3,529,057)</u>	<u>-</u>	<u>(3,529,057)</u>
Net Non-operating revenues	<u>77,722,042</u>	<u>195,398</u>	<u>77,917,440</u>
Increase (Decrease) in Net Assets	<u>\$ 1,061,129</u>	<u>\$ 146,522</u>	<u>\$ 1,207,651</u>



Carry Forward Estimate
Operating Fund
Year Ending June 30, 2009

Beginning Balance - July 1, 2008	\$ 15,268,640
FY2009 Unspent Expense Budget, Unanticipated Revenues and Anticipated Expenses	
Unspent Program Enhancement Fund	2,331,873
Unspent non-recurring funds and other budgets	1,954,631
Fringe Benefits on Unfilled Positions	1,500,000
Property purchases	(2,115,000)
Investment Revenue (estimate of actual over budget)	1,000,000
FY2009 excess revenues over expenses	<u>3,114,039</u>
Total Increase in President's Carryforward	7,785,543
FY10 Expenditures budgeted from President's Carryforward	(2,912,974)
Total President's Carryforward as of June 30, 2009	20,141,209
Cost Center Carryover	<u>29,411,002</u>
Projected Carry Forward Balance - June 30, 2009	<u>\$ 49,552,211</u>



Non-Recurring Budget Allocations

Operating Fund

Year Ending June 30, 2010 Compared to 2009

	FY 2010	FY 2009	CHANGE
Start Up for Endowed Professor in Ozarks Studies	\$ -	\$ 2,500	\$ (2,500)
Diversity Outreach	20,000	30,000	(10,000)
Library Materials	100,000	100,000	-
International Initiatives		25,000	(25,000)
Purchase SEVIS Software		55,972	(55,972)
Study Away Program		75,000	(75,000)
Faculty Position - Hospitality & Restaurant Administration (prior commitments)	48,439	121,097	(72,658)
Brick City Lease Maintenance	50,253	50,253	-
Brick City Lease	235,000	235,000	-
Media Support Supplies & Services		15,000	(15,000)
Increase M & R Budget - Generally		250,000	(250,000)
Intercollegiate Athletic Capital Improvements (Title IX)	125,000	115,000	10,000
Replant Trees		50,000	(50,000)
Background Check Expense	48,222	48,222	-
Radio Communication Center Expansion		100,000	(100,000)
New Locks - Campus Security	50,000	150,000	(100,000)
Lead Tracking System		100,000	(100,000)
Enrollment Management Support - Recruiting	150,000	150,000	-
Multicultural Student Services - Kauffman Program	30,000	30,000	-
Enterprise Resource Planning (ERP) System	831,866	1,968,963	(1,137,097)
1/2 of Proposal Development Specialist (last of 3 year commitment)	25,194	33,991	(8,797)
Missouri State Promise		100,000	(100,000)
Other Best Use Financial Aid	200,000	200,000	-
University Advancement Support	200,000	200,000	-
Marketing Initiatives for University Priorities	195,000	185,000	10,000
Funding Faculty, Staff and Student Discounts @ JKHHA	75,000	75,000	-
Property Management Forklift		25,000	(25,000)
Custodial Expense	35,000		35,000
Growth in Tuition Revenue for Summer School to Provost (FY08)	284,000		284,000
Actual Over Budgeted Tuition One-time Expenses (30% of growth) to Provost (FY08)	175,000		175,000
Cooperative Engineering Program Intern for Facilities Management	10,000		10,000
Storage Area Network for FCTL	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Uses of President's Carryforward	<u>\$ 2,912,974</u>	<u>\$ 4,490,998</u>	<u>\$ (1,578,024)</u>



On-going costs and Internal Reallocation

Fiscal Year 2010

**Ongoing Cost Increases
For FY10 (Central)**

Faculty promotions	\$ 168,000
Line building and prior commitments	96,705
Fringe benefits	250,000
Utilities	87,000
Match for sustainability	75,000
Increase debt services-Strong Hall	<u>9,000</u>
 Total (Central)	 <u>\$ 685,705</u>

**Ongoing Cost Increases
For FY10 (Departments/Cost Centers)**

Postage	\$ 75,000
Minimum wage	<u>165,000</u>
 Total (Cost Centers)	 <u>\$ 240,000</u>

**Internal Reallocation of
Recurring Funds FY10**

Lapsed Administrative/Staff positions	
Vice President for Administrative & Information Services	\$ 220,982
Vice President for Student Affairs	70,000
Vice President for Research & Economic Development	7,000
Vice President for University Advancement	22,000
Provost	76,000
President	<u>41,424</u>
	437,406
Internal loan repayment	204,398
Academic Affairs operating expenses	25,000
Travel budget reduction	<u>165,423</u>
 Total internal reallocation	 <u>\$ 832,227</u>

Medical and Dental Insurance Fund

Twelve Months Ended

	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Receipts:					
Missouri State University	\$ 10,586,837.99	\$10,503,554.56	\$10,393,217.80	\$ 9,526,564.74	\$ 8,491,975.27
Employees, Retirees and Former Employees	2,990,788.98	3,519,166.65	3,602,232.91	3,559,872.87	3,260,430.70
Investment and Other Income	123,618.76	360,744.30	224,875.18	113,976.33	35,148.54
Total Receipts	13,701,245.73	14,383,465.51	14,220,325.89	13,200,413.94	11,787,554.51
Disbursements and Administrative Expenses	13,199,643.40	13,252,166.61	11,698,587.39	10,830,083.93	12,098,843.25
Provided (Retained) by University - Board Guidelines	-	-	(1,403,005.14)	(1,663,132.00)	814,000.00
Net Increase (Decrease) in Net Assets	501,602.33	1,131,298.90	1,118,733.36	707,198.01	502,711.26
Net Assets, Beginning of the Year	4,957,552.76	3,826,253.86	2,707,520.50	2,000,322.49	1,497,611.23
Net Assets, End of the Year (Period)	<u>\$ 5,459,155.09</u>	<u>\$ 4,957,552.76</u>	<u>\$ 3,826,253.86</u>	<u>\$ 2,707,520.50</u>	<u>\$ 2,000,322.49</u>

From May 2005 Board of Governors Meeting Report - Guiding Principle #2:

In that budget, provide for a reserve fund that does not fall below 60 days payout, nor exceed 90 days payout. The insurance fund reserve serves two purposes:

1. It provides a cash reserve which would be used to pay incurred medical claims if the University decided to terminate the current self-insured plan and replace it with some other form of medical insurance. Payment of incurred medical claims usually requires enough cash to cover medical expenses for between 60 and 90 days after the plan has been terminated.
2. It provides a cash reserve to operate the insurance plan month-to-month as revenues and expenses rise and fall. In those months when expenses exceed revenues, the reserve fund is used to cover expenses. In those months when revenues exceed expenses, the surplus funds are retained in the reserve fund for future use.



Summary:

FY10 Operating Budget

- Units retain all salary savings and carry-forward with discretion over their expenditure
- Internal reallocation of \$832,227
- Increased recurring expenses of \$685,705
- Nonrecurring allocations of \$2.9 million
- Central carry forward increase \$7.8 million
- Operating recurring reserve of \$3.7 million for FY10
- Medical and Dental Plan maintained; net assets increase - \$500,000

