

## Executive Budget Committee

March 21<sup>st</sup>, 2017

**Members attending:** Gallaway, DeBoef, Foster, Wilson, Smart, Foucart, Delvecchio, Matthews, Greene, Holmer, Baker, Gebken, Siscoe, Peters, Morris, Canales, Dockery, Swearingen, Einhellig, Bennett (by phone), Coffman

Chair Janice Greene convened the meeting at 10:00.

We do not expect any more withholdings during this year, but we also do not expect to receive any more of the currently withheld funds. For the next fiscal year, the Governor's recommended appropriation (less the 3% holdback) is \$7,952,000. The reduction for the Springfield campus is \$7,484,000 and for the West Plains campus is \$468,000. Administration believes increased enrollment revenue will cover increases in expenses such as the increase to the MOSERs contribution rate.

The House Budget Committee Chair has developed the committee substitute for the state's budget, and the House Budget Committee will markup the committee substitute next week. The committee substitute adds back half of the engineering money and adds some core money for all colleges and universities except MU. Under this proposal, MSU would receive over \$2 million of its core money back. There is still a long way to go in the state's budget process, and administration believes we should continue to use the Governor's recommended appropriation to develop the University's budget.

President Smart has had several conversations with senate leadership. The senate and the governor appear to be interacting about several matters, including the budget.

Four scenarios for tuition and fee increases were presented. The committee decided to recommend a \$4 per credit hour increase for instate undergraduate tuition, approximately a 4% tuition increase for other categories of students, and a \$11 per semester student fee increase. This increase would be in addition to the \$1 per credit hour tuition increase approved by the Board in February. These increases can be implemented without pursuing a waiver under applicable state law and will generate an anticipated \$3.4 million in additional revenue. Clif will present this recommendation to the Board this week, and the Board will vote on tuition and fees in April.

The committee discussed the possibility of pursuing a waiver. There was significant interest by all universities in pursuing a waiver earlier in the year. But after meeting with the Governor and after multiple conversations with the Commissioner for Higher Education, all (with few if any exceptions) of the public universities have decided it is in their best interest not to pursue a waiver and other universities will follow a model similar to the one the committee recommended.

There was discussion about raising the tuition for internet classes. Conversations are ongoing about that possibility. Internet tuition was increased significantly last year, and there are concerns that we may overprice the market if we raise the rate again this year.

There was also discussion of differential pricing and charging a higher rate for upper division courses. The University already has some college-level and course-level fees. Discussions are ongoing about the possibility of creating a differential pricing model and building in additional

college-level and course-level fees in future years. This could be done without seeking a waiver under state law because the statutory tuition caps are calculated based on tuition and fees charged for all classes, not those charged only for some classes (e.g., upper division courses, courses in particular colleges, etc.).

The discussion then moved to expense reductions. Decisions about reductions are in process. These decisions are guided by the principles discussed previously. Those principles include that cuts will not be equal, they will be strategic and a commitment to protect the academic side.

President Smart asked for 5% reduction scenarios from non-academic units. The bulk of these cuts have begun to be implemented (resulting in an average of 4.9% reductions throughout non-academic units). These cuts include the elimination of 20 open staff lines (of the nearly 300 open positions on campus), the elimination of six staff positions that were currently filled (efforts are underway to help these individuals find replacement employment), the elimination of the non-resident tax credit tuition waiver, the elimination of the summer commencement ceremony, the elimination of the Jefferson City internship program, the elimination of institutional support for the Center for Community Engagement, the elimination of the Missouri Campus Compact, and reductions in numerous services, events, supplies and equipment. Classroom upgrade funds have been preserved. Cuts have also begun to be implemented in the Provost's Office. No college cuts have been made yet.

These cuts will reduce expenses by approximately \$2.8 million, leaving between \$1.2 million and \$1.3 million in cuts remaining to be identified. Colleges and academic units will contribute to these cuts. College budget committees are discussing how to deal with these cuts. The town hall meeting scheduled for April 10 will be the primary venue for the entire University community to discuss strategies for identifying the remaining cuts.

There was a question about the impact of the federal budget on funding for OPT and KSMU as well as other federal support that could impact the University (Pell, research grants, etc.). The federal budget is far from complete, and the federal government budgets on a long timeline. The University is watching the federal budget carefully, but any potential cuts in the federal budget do not need to be accounted for yet in the University's fiscal year 2018 budget.

The group discussed how to present various strategies for expense reductions at the town hall meeting. The committee spent significant time talking about the faculty incentive payment for internet courses. While there was general acknowledgement that all categories of employees at the University are paid less than CUPA averages and that reducing these incentive payments would decrease compensation for some faculty members, there was a difference of opinion amongst faculty representatives on the committee about whether reducing these incentive payments should be considered as an approach to fill a portion of the remaining \$1.2 million budget gap. This discussion will continue in the college budget committees and at the town hall meeting.

Timeline:

- Receive College Recommendations
- Town Hall Meeting at 1:30 – 3 p.m. on April 10 in the PSU Theatre
- Final Executive Budget Committee meeting at 2 – 3:30 p.m. on April 27 in CARR 203