

Executive Budget Committee

Minutes of the 26 April, 2013 Meeting

Members attending: Bennett, Bosch, Chesman, Cline, Einhellig, Elliott, Foucart, Gouzie, Groves, Herr, Kincaid, Matthews, McClure, Meyer, Olsen, Oxendine, Parker, Smart, Wallentine, Williams

Members Absent: Baker

Chair Eric Bosch convened the meeting.

Review of Previous Discussions, Budget and Tuition/Fee Update.

President Smart reviewed previous committee discussion, including two basic premises that a major near term goal of the University, given any new funding, is to increase compensation, and that increased tuition/fee revenue for FY '14 will cover currently anticipated operations costs.

Current planning is based on projections that fall 2013 enrollment numbers and student mix will be equal to that of fall 2012. That, tied with the tuition increase, will net roughly \$1.9 million. Added costs for the University will roughly equal that amount, including \$300,000 in promotion and tenure salary increases, roughly \$705,000 in additional MOSERS commitments minus savings from the recently negotiated medical plan, and additional facilities costs.

Current State of and Outlook for Legislative Appropriations.

Based on the university's achievements with current performance goals, the Governor's budget recommends a 4.3% increase, which amounts to \$3.2 million. The House has recommended \$1,741,634 and the Senate has recommended \$3,047,721. A conference committee will begin work shortly to establish a compromise amount. Current indications are that the most likely final amount of increased funding will be closer to the Senate's \$3,047,721 and the Governor's \$3.2 recommendation.

One potential issue with this scenario would be the introduction of an income tax reduction bill, which would reduce anticipated total state revenue by about \$1 billion. Such a bill would almost certainly be vetoed by the Governor.

Recommendation.

Based on this scenario, a recommendation was made by President Smart to implement a salary increase in July, 2013.

Depending upon the degree of compromise among the House and Senate, raises of between 1.7% and 2.0% could realistically be developed, or a flat dollar amount could be utilized. In addition, given the relatively large number of faculty at the professor's rank (259), and depending upon the level of funds available, a performance incentive program for that rank could also be established. One scenario President Smart suggested would be to establish program whereby a person at the professor rank with five years' service (ca. 200 faculty currently) could apply for an enhanced professor status that would provide a permanent increase (base adjustment) of \$5,000. Examination of CUPA and other data indicates that the professor rank is the one most out of line when normed, and is challenged by salary compression and

inversion. General criteria for such a status would be needed both in the Faculty Handbook and within departmental guidelines. Depending on the final state appropriation increase, it is anticipated that the increase could fund in the neighborhood of 20 to 45 such individual incentives. Another option would be to simply increase the overall raise, which might then be as high as 2.2%.

Such funding as noted above would easily utilize \$2.4 million of a projected \$3+ million state increase. The balance, or roughly \$600,000 would then be utilized for maintenance and renovation. There now appears little likelihood for state issuance of bonds and subsequent participation by the University in that process, as discussed in the February Executive Budget Committee meeting,

Discussion.

It was noted that a Senate Action regarding a salary incentive program at the professor rank was discussed and passed by Faculty Senate in March, 2011.

The Student Government Association representative noted that while SGA was supportive of a faculty salary increase in general, that that portion of additional state funds tentatively reserved for maintenance and renovation be preserved for that purpose. There was also discussion of the relative merits of doing a similar program as an incentive for senior staff at the University.

It was noted that it would take some time, probably a year, for appropriate committees as well as academic departments to develop standards, guidelines, and processes for an incentive program. During the first year the incentive funds of ca. \$300,000 could probably be used on a one-time basis as academic program incentive funds.

The discussion also indicated a general preference for a percentage increase as opposed to dollar amounts.

Consensus and Decision.

Chair Eric Bosch asked for a division of the house, and the Committee unanimously endorsed the proposal for a general pay increase of approximately 1.7% to 2.0% plus development of a professor rank salary incentive program, both of which would depend upon the amount of new state funds available.

Key dates:

Friday, 10 May is the deadline for legislative action on the budget.

Thursday, 16 May is the Board of Governors meeting at which the FY '14 budget plan will be presented.

If necessary, a Budget Committee meeting could be held early the week of the 13th – 17th. It is anticipated that an email communication on the budget may suffice.