

Executive Budget Committee

Minutes of the 4 May, 2015 Meeting

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

Chair Eric Bosch convened the meeting.

Outlook for Appropriations and Revenue.

President Smart presented an update on the current state of the appropriations process. The House passed a higher education budget containing a 1.3% increase; the Senate, one containing a 3% increase. After conference negotiation, the House version (House Bill 3) moved forward to the Governor's desk. It is anticipated that the Governor will sign the bill. As noted at last month's Executive Budget Committee meeting, because of equity based funding and because MSU met its performance goals, the actual increase for the University will be 1.5%, the largest percentage increase among the public institutions of higher education. In addition, the University received full funding for the Occupational Therapy and allied health programs. This will provide the basis for developing a strategic initiative pool as envisioned by the Board of Governors.

Additional revenue.

Mr. Foucart has calculated an additional \$254,000 of revenue based on enrollment growth and the continuing assumption that for FY 2016 the University will maintain current enrollment levels.

Based on the revised increase in anticipated funding for FY2016, President Smart had earlier conferred with the Faculty Senate Executive Committee regarding the tentative FY2016 budget, and in particular, the compensation package. As a result of solid agreement at that meeting, President Smart proposed to the Executive Budget Committee that the across-the-board compensation portion of the proposal from the April Executive Budget Committee meeting be increased from 1.6% to 1.8%. The other salary components (staff equity pool, instructor equity pool, professor salary incentive, and new faculty positions) remain essentially the same as proposed in the April meeting. Ten professor salary incentive increases will be awarded, based on PSIP Committee recommendations.

Discussion

A compensation increase of 1.8% would be a full percentage point above the calculated CPI that is employed by the state for various fiscal policy purposes.

President Smart noted that while this proposal is contingent upon the Governor's signature on House Bill 3 and final University budget approval by the Board of Governors, he was confident that the proposal would be approved.

Action

A motion was then proposed and seconded to approve the overall proposal. It subsequently passed unanimously.

Next Meeting.

Unless unanticipated issues arise, this will be the last meeting of the Executive Budget Committee for the current academic and fiscal years.

Addendum: 1.8% Raise Proposal

Revenue Changes

Fee resolution tuition growth, net	1,508,472
FY15 enrollment growth, net	2,060,033
State appropriation increase (Governor's 1.5%)	1,329,362
Other increases	<u>1,293,926</u>
Total net revenue changes	\$6,191,793

Compensation Increases

Pay raise operating fund with fringe	2,148,914
Staff pool	225,000
Instructor equity pool	100,000
GA wage increase	63,654
Faculty promotions with fringe	211,995
Full professor program with fringe (10)	<u>67,300</u>
Total	\$2,816,863

Priority Increases

New faculty positions	800,000
CPI cost center budget increase	186,032
Increased maintenance, security and grounds	181,791
Staff positions for compliance and support	<u>315,582</u>
Total	\$1,483,405

New Expenses

Increased Utilities	379,247
Disability Support Center	25,000
Increased Property Insurance	100,000
ERP budget increase	45,000

Increased rental cost	226,000
Increased athletic costs (raise + MVC requirements)	395,849
Police contract increase	15,000
Compliance	5,100
President's Enhancement	<u>329</u>
Total	\$1,191,525
Strategic Initiatives/Occupational Therapy Bonds	700,000
Total Expense Changes	\$6,191,793