

Executive Budget Committee

Minutes of the 9 May, 2014 Meeting

Members attending: Baker, Bennett, Bosch, Canales, Cara, Cline, Einhellig, Elliott, Foster, Foucart, Gouzie, Groves, Kincaid, Matthews, McClure, McGee, McIntyre, Meyer, Nelson, Parker, Schneider D., Schneider S., Siscoe, Smart

Chair Eric Bosch convened the meeting.

Review of legislative activity/ summary of state appropriation. President Smart and Mr. Foucart reviewed the operating budget for FY 2015, recently approved by the General Assembly. Highlights include:

A 5 percent increase in higher education funding. Combined with MSU's achievement of key performance indicators for 2014-2015, the increase is almost 5.2%.

For capital projects, some "50-50" projects have been funded through House Bill 2012. For Missouri State, \$2.25 million will be provided by the state to be matched by \$2.25 in private gifts from the Missouri State Foundation to fund the Welcome Center, which will focus on student recruitment and success.

Discussion still continues on bond funding other capital projects. The outcome was unclear at the time of the meeting, but Missouri State had \$40 million for the new construction of the Ozarks Health and Life Sciences Center on the Springfield campus, and also about \$20 million in maintenance and repair/renovation of Hill and Ellis Halls in Springfield and various projects on the West Plains campus. The hope is that one of these directions – new or renovations – will be funded through the passage of Senate Bill 723 before the session ends May 16.

Items from the Governor's budget that did not receive legislative funding were additional funding for STEM education initiatives and a Caring for Missouri proposal applicable to the programs and services of the College of Health & Human Services. However, the General Assembly did approve more scholarship funds than the Governor had originally requested.

President Smart also noted the General Assembly's override of the Governor's veto of SB 509 (reduction in state income taxation), pointing out that implementation will not occur until FY 2017, and the subsequent likelihood that while not as sweeping as a similar proposal last year, will essentially mean that state funding will remain flat in the near term.

Update on Revenue. President Smart and Steve Foucart then presented an update on anticipated revenue for the coming year, including additional tuition revenue from increases for nonresident undergraduate and graduate fees as well as resident graduate fees, assuming generally flat growth and the same student mix as 2013- 2014; previously unbudgeted tuition funding from enrollment growth for FY '2014; the 5.16% appropriation increase, and payment of some one-time obligations.

Revenue Changes

New Tuition	\$466,068
FY14 enrollment growth	971,102
5.2% state appropriation increase	4,053,477
Revenue Decreases	<u>(596,800)</u>
	4,893,847

Key Elements of the Budget Proposal for 2015 were then reviewed, including a 1.5% pay increase, an additional flat amount plus fringes applied to approximately 305 low paid staff, a graduate assistantship wage increase, funding for 30 faculty members under the professor salary incentive program and this year's promotion obligations.

Compensation Increases

1.5% pay raise operating fund	\$1,251,944
Fringe for above	433,182
Staff salary additional increase	97,797
Fringe for above	33,838
GA wage increase	53,045
Faculty promotions with fringe	310,926
Full professor incentive program/fringe (30)	<u>201,900</u>
	2,382,632

Other proposed priority increases for FY 2015 include a 1.5% increase in cost center budgets as opposed to the 1% discussed by the Committee earlier, additional international faculty travel funds, as well as additional maintenance and the Board of Governors' directed expenditure for the addition of women's tennis for Title IX compliance:

Priority Increases

New faculty positions	\$600,000
1.5% cost center budget increase	338,386
Faculty international travel	75,000
Increased maintenance, security, and grounds	250,000
Women's tennis	<u>250,000</u>
	1,513,386

President Smart then summarized new expenses for FY 2015:

New Expenses

Increased Utilities	\$ 250,000
Disability Support Center	125,000
West Plains increase	177,598
Increased property insurance	157,000
ERP budget increase	106,996
Increased rental cost	52,921

Fee waivers	<u>64,000</u>
	\$933,515

<u>Decision Items</u>	\$ 64,314
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<u>Total</u>	\$ 4,893,847
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Discussion of the proposal included questions about the expectations for enrollment growth and demand for university housing. MSU is currently holding its own on enrolment, with a number of other institutions in the area experiencing declines. In addition, the number of returned housing contracts has gone up.

There was also brief discussion regarding international faculty travel. A faculty committee has been formed to recommend to the Provost guidelines for such travel.

Endorsement. Following discussion of the proposals, the Committee voted unanimously to endorse the proposal.

Next meeting. Unless unusual circumstances such as a budget holdback necessitate an autumn meeting, the next meeting of the University Executive Budget Committee will likely be sometime in January after the release of Governor's FY 2016 budget message.