



**Missouri State**<sup>™</sup>  
U N I V E R S I T Y

# **Academic Year 2007–2008 Operating Budget**

Decision Package Allocations

# Current Budget Conditions/Constraints

## ■ External

- Senate Bill 389
  - Tuition Controls
  - Consolidation of need-based scholarships
- Future Funding Formula
- State Appropriation
  - 4.2% increase
  - Cooperative Engineering Program Funding
  - West Plains Stabilization
- Lewis & Clark Capital Projects Initiative



# Current Budget Conditions/Constraints

## ■ Internal

- Third 1% Internal Reallocation
  - 50% to Cost Center
  - 50% to Central Budget for Decision Package
- Cost Center Responsibility and Autonomy
  - Prior Principles Maintained
    - Salary Savings Stay within Cost Center
    - Prior Carryforward (6/30/05) Protected
    - New Carryforward Split 50/50
- Assume Moderate Enrollment Growth and at least an Inflationary Increase in Total Budget



# 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 for upcoming fiscal years
  - Monthly meetings throughout the academic year



# Budget Hearings

- **Between December 6, 2006, and January 15, 2007, colleges, divisions, departments, and units prepared budget requests**
- **The Provost, Chancellor, Vice Presidents, and Chief Financial Officer held hearings between January 15 and 31, 2007, with colleges, divisions, departments, and units to review budget requests**
- **From February 7 through 21, 2006, the Provost, Chancellor, Vice Presidents, and Chief Financial Officer met individually with the President to present their budget requests**
- **On March 19, March 26, and April 2, 2007 the Administrative Council and Executive Budget Committee met to review and evaluate the plans and develop a decision package**
- **Budget presentation to the University community through combined Faculty and Staff Senates on April 19, 2007**





	FY 2007 Original Operating Budget	3.5% Tuition Increase, 100 Add'l FTE, Scholarships and State Appropriations Increase	4.0% Merit, 0.2% Equity, and 0.3% Special Cases Pools, \$107,695 For Graduate Assistants and \$186,000 for Faculty Promotions	Mandatory Changes, Net 1/2 of 1% Reallocation and Decision Package	FY 2008 FORMA Operating Budget	PRO
<b>Operating Revenue</b>						
Tuition and Fees	\$ 89,536,964	\$ 3,559,055	\$ -	\$ -	\$ 93,096,019	
Scholarships and Fellowships	(17,423,536)	(570,100)	-	-	(17,993,636)	
Grants and Contracts	1,159,706	-	-	-	1,159,706	
Sales and Services of Educational Services	2,744,818	-	-	57,826	2,802,644	
Other Revenue	1,111,349	-	-	9,000	1,120,349	
<b>Total Operating Revenue</b>	<u>77,129,301</u>	<u>2,988,955</u>	<u>-</u>	<u>66,826</u>	<u>80,185,082</u>	
<b>Operating Expenses</b>						
Decision Package and Academic Initiative						
Decision Package	-	-	-	1,180,312	1,180,312	
Cooperative Engineering Program	-	485,000	-	-	485,000	
Academic Initiative (30% of growth in student plus add'l internet)	-	266,068	-	-	266,068	
Faculty and Staff Salaries	84,361,314	-	3,529,000	(295,355)	87,594,959	
Special Cases Salary Pool	-	-	254,000	-	254,000	
Other Personnel	5,477,171	-	107,695	88,043	5,672,909	
Benefits	24,947,882	-	796,000	(95,730)	25,648,152	
Utilities	3,188,060	-	-	318,806	3,506,866	
Bad Debt Expense	-	-	-	100,000	100,000	
ERP Maintenance	300,000	-	-	82,862	382,862	
Supplies and Services	31,937,451	-	-	(147,010)	31,790,441	
<b>Total Operating Expenses</b>	<u>150,211,878</u>	<u>751,068</u>	<u>4,686,695</u>	<u>1,231,928</u>	<u>156,881,569</u>	
<b>Operating Income (Loss)</b>	<u>(73,082,577)</u>	<u>2,237,887</u>	<u>(4,686,695)</u>	<u>(1,165,102)</u>	<u>(76,696,487)</u>	
<b>Other Non-Operating Revenues (Expenses)</b>						
State Appropriations	74,697,560	3,133,560	-	-	77,831,120	
State Appropriations-Coop Engineering Prgm	-	485,000	-	-	485,000	
Gifts	1,927,788	-	-	65,741	1,993,529	
Investment Income	645,000	-	-	-	645,000	
Debt Service	(1,306,963)	-	-	-	(1,306,963)	
Operating Transfers	(2,254,143)	(146,000)	-	69,000	(2,331,143)	
<b>Net Non-operating Revenues</b>	<u>73,709,242</u>	<u>3,472,560</u>	<u>-</u>	<u>134,741</u>	<u>77,316,543</u>	
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 626,665</u>	<u>\$ 5,710,447</u>	<u>\$ (4,686,695)</u>	<u>\$ (1,030,361)</u>	<u>\$ 620,056</u>	



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# Decision Package Allocations

## PROVOST

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Spanish Faculty (1.0 FTE-\$40,000 Salary)	\$ 51,475	
Health Administration Faculty (1.0 FTE-\$90,000 Salary)	109,485	
Hispanic Outreach Faculty (1.0 FTE-\$60,000 Salary)	74,679	
Sports Medicine and Athletic Training Faculty (1.0 FTE-\$85,000 Salary)	103,684	
CTM/Applied Consumer Sciences Faculty (1.0 FTE-\$42,000 Salary)	53,795	
Home Land Security Institute Staff (up to 2.0 FTE-\$103,275 Salary)	130,000	
Graduate Assistant Funds (11 waivers)	60,000	
Program Support-Provost Allocation	90,000	\$ 300,000
Library Materials	100,000	100,000
<b>TOTALS</b>	<b>\$ 773,118</b>	<b>\$ 400,000</b>



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# Decision Package Allocations

## VICE PRESIDENT FOR ADMINISTRATIVE AND INFORMATION SYSTEMS

<u>Description</u>	<u>Recurring Allocation</u>	<u>Non-recurring Allocation</u>
Title III Personnel Commitment-(1/3) Web Services	\$ 24,058	
Title III Personnel Commitment-(1/3) Computer Services	17,788	
Title III Personnel Commitment-(1/3) Equity & Diversity	17,905	
Background Check Coordinator (part time position)	12,918	
Reimbursement for Insurance Deductibles		\$ 50,000
Implement Compensation Evaluation System		53,833
Increase M & R Budget-Generally		250,000
Increase M & R Budget-Carillon and Hammons Fountain Repairs		625,000
Replant Trees		50,000
Title IX Obligation		115,000
<b>TOTALS</b>	<u>\$ 72,669</u>	<u>\$ 1,143,833</u>





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# Decision Package Allocations

## VICE PRESIDENT FOR RESEARCH AND ECONOMIC DEVELOPMENT

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Missouri Innovation Center Match	\$ 10,000	
Proposal Development Specialist (1.0 FTE-\$52,000 Salary)*	33,991	\$ 33,991
Operation funds for Community and Social Issues Institute	5,000	
<b>TOTALS</b>	<b>\$ 48,991</b>	<b>\$ 33,991</b>

\* Three Year Commitment



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# Decision Package Allocations

## VICE PRESIDENT FOR STUDENT AFFAIRS

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Orientation Budget Funding Increase-SOAR Fee Increase	\$ 55,000	
Diversity & Outreach Support	10,000	
Recruitment Travel and Operations		\$ 80,000
General Operating Funds for Recruitment and Admissions	25,000	
Financial Aid Counselor-Scholarship Area (1.0 FTE-\$29,000 Salary)	41,154	2,500
<b>TOTALS</b>	<b>\$ 131,154</b>	<b>\$ 82,500</b>



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# Decision Package Allocations

## VICE PRESIDENT FOR UNIVERSITY ADVANCEMENT

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Annual Giving Program Enhancement		\$ 25,000
Creation of a Directory for Alumni & Development Efforts		15,000
Planned & Deferred Giving & Kansas City (2.0 FTE-\$95,000 Salary)	\$ 125,000	
<b>TOTALS</b>	<b>\$ 125,000</b>	<b>\$ 40,000</b>



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# Decision Package Allocations

## CHIEF FINANCIAL OFFICER

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Grad Assistant-Planning & Budgeting (\$12,000 Stipend \$7,380 Waiver)	\$ 19,380	\$ 2,000
<b>TOTALS</b>	<b>\$ 19,380</b>	<b>\$ 2,000</b>



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# Decision Package Allocations

## PRESIDENT

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Equity & Diversity Operation Funding	\$ 10,000	
For Compliance Software-Equity & Diversity		\$ 10,000
<b>TOTALS</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>



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# Decision Package Allocations

## UNIVERSITY WIDE

<b>Description</b>	<b>Recurring Allocation</b>	<b>Non-recurring Allocation</b>
Increase M & R Budget-Boiler		\$ 1,500,000
Enterprise Resource Planning (ERP) System		1,900,000
FY 2008 Missouri State Promise		150,000
FY 2008 Best Other Use Financial Aid		200,000
Wellness Program		200,000
Background Check Expense		48,222
Distance Learning Incentives		150,000
<b>TOTALS</b>	<b>-</b>	<b>\$ 4,148,222</b>



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# Decision Package Allocations

	Summary - Recurring	
	<u>Allocated</u>	<u>percent</u>
Provost	\$ 773,118	65.51
Vice President for Administrative and Information Services	72,669	6.16
Vice President for Research and Economic Development	48,991	4.15
Vice President for Student Affairs	131,154	11.11
Vice President for University Advancement	125,000	10.59
Chief Financial Officer	19,380	1.63
President	10,000	0.85
Total	<u>\$ 1,180,312</u>	<u>100.00</u>



## Carry Forward Estimate and Non-Recurring Budget Allocations

### Operating Fund

Year Ending June 30, 2008

<b>Beginning Balance</b>	\$	<u>5,621,515</u>	<b>Allocate to non-recurring initiatives:</b>	
<b>Current Year Adjustment</b>			Provost Program Support	300,000
Investment Revenue		2,000,000	Library Materials	100,000
Unused FY07 One-Time Medical Insurance		450,000	Distance Learning Incentives	150,000
Lapsed Fringe Benefits		1,000,000	Implement Compensation Evaluation System	53,833
Unspent Program Enhancement Fund		2,000,000	Reimburse Insurance Deductibles	50,000
Retained Medical Insurance - December 31, 2006		<u>1,000,000</u>	Increase M & R Budget - Generally	250,000
<b>Total Increase in President's Carryforward</b>		<u>6,450,000</u>	Increase M & R Budget - Carillon and Hammons	
<b>Total President's Carryforward</b>		<u>12,071,515</u>	Fountain Repairs	625,000
			Increase M & R Budget - Boiler	1,500,000
			Intercollegiate Athletics Capital Improvements (Title IX)	115,000
			Replant Trees	50,000
			Background Check Expense	48,222
			Enterprise Resource Planning (ERP) System	1,900,000
			1/2 of Proposal Development Specialist (three year commitment)	33,991
			Recruitment Travel and Operations	80,000
			Financial Aid Counselor set up	2,500
			FY 2008 Missouri State Promise	150,000
			FY 2008 Best Other Use Financial Aid	200,000
			Annual Giving Program Enhancement	25,000
			Creation of a Directory for Alumni & Development Efforts	15,000
			Compliance Software-Equity & Diversity	10,000
			Planning and Budgeting Graduate Assistant set up	2,000
			FY 2008 Wellness Program	<u>200,000</u>
			<b>Total Uses of President's Carryforward</b>	<u>5,860,546</u>
			<b>Unobligated President's Carryforward</b>	6,210,969
			Cost Center Expense Carryover - Same as FY 2006	11,885,585
			Cost Center Salary Savings Carryover - Same as FY 2006	2,955,421
			Year End Encumbrances - Same as FY 2006	<u>2,596,515</u>
			<b>Projected Net Assets, June 30, 2008</b>	<u><u>\$23,648,490</u></u>



# Academic Incentive Funds

## ■ Recurring

- 30% allocation to Provost of estimated tuition revenue from new on-going full-time equivalent students (100 FTE for FY 2008-\$175,400)
  - Additional \$80,668 for FY07 growth in internet semester credit hours
- \$5 per SCH for growth in dual credit semester credit hour production (no growth in FY2007)
- Provost retained funds from discontinued Roles and Rewards program (\$148,000)

## ■ Non-recurring

- Growth in tuition revenue from summer school semester credit hour production when compared to Summer 2006.
- 30% allocation of excess actual over budgeted tuition revenue for one-time expenses and incentives (Fall07 and Spring08 estimated credit hour production is 437,030 SCH)
  - As long as total revenues exceed the budget and
  - As long as University-wide expenses do not exceed the budget
- \$150,000 New Distance Learning initiatives fund established



# Medical and Dental Insurance Fund

	Two Months	Twelve Months Ended				
	Ended	December 31,	December 31,	December 31,	December 31,	December 31,
	February 28,	2006	2005	2004	2003	2002
	2007					
<b>Receipts:</b>						
Missouri State University	\$ 1,760,886.73	\$10,393,217.80	\$ 9,526,564.74	\$ 8,491,975.27	\$ 7,038,442.32	\$ 6,524,640.83
Employees, Retirees and Former Employees	596,369.73	3,602,232.91	3,559,872.87	3,260,430.70	3,104,680.25	2,834,046.81
Investment and Other Income	109,361.49	224,875.18	113,976.33	35,148.54	33,970.53	72,263.70
<b>Total Receipts</b>	<b>2,466,617.95</b>	<b>14,220,325.89</b>	<b>13,200,413.94</b>	<b>11,787,554.51</b>	<b>10,177,093.10</b>	<b>9,430,951.34</b>
Disbursements and Administrative Expenses	1,722,848.22	11,698,587.39	10,830,083.93	12,098,843.25	11,215,783.35	9,677,905.74
Provided (Retained) by University - Board Guidelines	-	(1,403,005.14)	(1,663,132.00)	814,000.00	-	-
Net Increase (Decrease) in Net Assets	743,769.73	1,118,733.36	707,198.01	502,711.26	(1,038,690.25)	(246,954.40)
Net Assets, Beginning of the Year	3,826,253.86	2,707,520.50	2,000,322.49	1,497,611.23	2,536,301.48	2,783,255.88
Net Assets, End of the Year (Period)	<u>\$ 4,570,023.59</u>	<u>\$ 3,826,253.86</u>	<u>\$ 2,707,520.50</u>	<u>\$ 2,000,322.49</u>	<u>\$ 1,497,611.23</u>	<u>\$ 2,536,301.48</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:

## FY08 Operating Budget

- **Units retain all salary savings and prior carry-forward with discretion over their expenditure**
- **Change in Revenue**
  - 4.2% increase in state appropriation
  - \$485,000 state appropriation for cooperative engineering program (net of standard 3% Governors withhold)
  - 3.5% increase in required student fees
  - 100 additional FTE Students
  - \$5.71 million revenue increase



# Summary:

## FY08 Operating Budget

- **Cost of continuing budgeted**
  - 4.0% merit + 0.2% equity + 0.3% special circumstances salary increase pools (faculty, staff, grad assistants)
    - CY 2006 CPI = 2.5%
  - \$186,000 for faculty promotions
  - \$160,000 for minimum wage increase
  - 10% increase in utilities (\$318,000)
  - Scholarships and Fellowships
  - Library Materials (\$100,000 recurring and \$100,000 non-recurring)



# Summary:

## FY08 Operating Budget

- **\$1.180 million decision package (65.5% to Provost/Academic Affairs)**
  - 7 new faculty positions
  - 1 academic/research support position
  - 1 student support position
  - 2 fund raising positions
- **\$5.8 million in one-time expenditures for special projects, financial aid, academic initiatives, and support services**
- **\$620,000 Unbudgeted Operating Funds (on-going)**
- **\$589,000 increase in University carry-forward**

