

**Executive Budget Committee**  
*Minutes of the 21 January, 2011 Meeting*

**Members attending:** Baker, Bennett, Bosch, Brown, Byrd, Cline, Cofer, Doman, Federman, Franklin, Gallaway, Gouzie, Harsha, Hayes, Haynes, Kincaid, McCarthy, McClure, Owens, Scott, Swett, Woodard

**Supplementary materials** distributed to the Committee:

1. State appropriation summary for Springfield and West Plains
2. MSU tuition revenue projections
3. MSU budget estimates for FY '12

**Discussion of Governor's 19 January budget address and implications for Missouri State.**

President Cofer reviewed the key points of recent budget developments.

- The process is not over, given that the Governor's proposed budget will be vetted through the legislature.
- The legislature may alter the higher education budget some but probably not greatly.
- MSU has a budget hearing on 2 February.
- A traditional 3% holdback by the Governor needs to be calculated into the 7% reduction which would make the reduction \$5,792,885.

Dr. Cofer then presented the following scenario to the committee for discussion: a tuition increase equal to the CPI for the past two years (4%) + utilization of approximately \$3,000,000 in reserve funds would essentially cover the deficit.

The logic was presented as follows: without a waiver, tuition can only increase by the annual CPI. Last year MSU raised tuition by 2.5% (equal to the CPI cap), but did not apply it. This year another 1.5% could be added in based on the current CPI for a total of a 4% increase without having to secure a penalty waiver. Dr. Cofer reported that he believed that requests for waivers for tuition increases above the CPI would most likely not be approved. Assuming a flat enrollment, such an increase would generate approximately \$2,800,000 at Springfield and \$150,000 at West Plains. The University has traditionally under-budgeted income from tuition, but has also under-budgeted expenses, so while the projections from the tuition increase indicate a net increase over the FY '11 budget of ca. \$11.2 million, the University has also under-budgeted some recurring expenditures of approximately \$ 5.8 million. This differential then provides some funds for reinvestment in academic programs.

The Committee then discussed the following scenario. If the deficit were addressed as noted above, if the Administrative Budget Committee continued to search for additional administrative efficiencies through streamlining, reorganization etc., in the light of retirements, and if college committees looked for ways to reallocate 1-2% within their organization, what initiatives could

be proposed and what opportunities could be explored to take the University to the next level? The cutback budgeting process would then be transformed into a planning process that focused on academic quality and administrative efficacy. Such initiatives would need to be focused, distinctive, and would need to focus on student learning, faculty excellence, and, ideally, employ interdisciplinary approaches. Such initiatives should also be generated with an eye toward the 2011-16 strategic plan.

Further, with the sensitivity to any across-the-board salary increases in the current economic climate, it would be well to wait until next year to attempt to invest in any salary initiatives. For this fiscal year, the institution would address two areas of faculty salary concern: a) to look at equity and market adjustments, and b) to look at increasing the increments attached to promotions. Addressing these may lead to some compression issues, but might still be a good first step. For staff positions, the current Human Resources model should probably be reviewed, and salary ranges should be addressed as anticipated when the plan was developed.

### **Questions and Discussion.**

While this would be a good change in direction from cut-back to forward-thinking planning, there may be present on campus some degree of “initiative fatigue” or “planning fatigue,” and an implied need to adapt one’s work to new initiatives or labels. It was also mentioned that there are other issues that need to be addressed such as deferred maintenance and salary issues. The Provost and President agreed that they plan to take care of the pressing maintenance and facilities issues. Salaries were discussed again later although it was mentioned that legislators were strongly opposed to salary increases.

What sorts of models or frameworks would best be explored in developing initiatives? Examples might include:

American Association of State Colleges & Universities (AASCU), especially the red balloons initiative

Carol Twigg – National Center for Academic Course Transformation

Carnegie Mellon, especially their open learning initiative.

What is appropriate timing for these discussions within the college committees? The consensus was that middle to late April, would be the best time to forward proposals to the Academic Affairs Budget Committee where they could also be vetted for possible matching or assistive funding coming from the President. It was noted that the initiatives requiring ongoing funding would need to be included in future budgets.

Possible themes? The President wanted this to be faculty driven and was reticent to supply examples. Some possible major themes or concept areas for initiatives might be in course transformation, interdisciplinary research, undergraduate research, rural health and rural education. All initiatives should focus on the success of students particularly with respect to

retention and graduation rates. Perhaps a retention rate of 80% by 2020 could serve as one long term goal. Initiatives could utilize both revenue and cost savings components.

### **Discussion of the downside.**

Initiative planning within the colleges will require making choices, and in many cases difficult choices.

There are also concerns that some departments may be short-changed. However, if initiatives were vetted through the college committees, the academic affairs budget committee, and were discussed among the academic leadership, they should ultimately reflect the best and most appropriate proposals.

Another point of consideration is that there may be university-wide issues or initiatives that should be addressed, and where and how should these be generated and subsequently planned?

**Next Steps.** After discussion, the consensus was that the Committee would provide the following guidance to the administrative and college budget committees:

1. Utilize the 4% tuition increase plus \$ 3,000,000 in surplus funds to address the 7% reduction in funding.
2. The administrative budget committee would continue to identify cost saving and efficiency measures for FY '12.
3. The college budget committees would identify appropriate initiatives and also identify a means of funding them through the reallocation of up to 2% of college resources. Dr. Cofer pledged to provide supplementary funds to further support those initiatives that were selected through the competitive process. These initiatives would then be vetted through the academic affairs and executive budget committees and suggestions for supplementary funding forwarded to the President.

Paul Kincaid will draft a communication to this effect for online discussion by the Executive Budget Committee with release to the University community targeted for early next week.

Dr. Cofer again reiterated that the numbers could change as the legislative process moves forward. He promised the administration will keep the budget committees and entire campus community informed throughout the legislative session.