

Executive Budget Committee

Minutes of the December 15, 2010 Meeting

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

Members absent: Owens, Scott

Supplementary materials distributed to the Committee:

1. Itemized list of scholarships funded by the University.
2. Budget reduction scenarios.

Discussion of Scholarships.

The scholarships listed are performance based and currently have fixed values.

The distributed list does not include the following: (a) \$4 million in scholarship funds transferred to the athletics budget; (b) Scholarships under Access Missouri are not included since this program will not be in force in 2011 and (c) Pell grants. While the number of Board of Governors scholarships may vary the number of presidential scholarships (30) and multicultural scholarships (50) are now fixed. Dr. Doman agreed to collect information on the real value of scholarships to Missouri State in terms of recruitment and also to gather information on the approaches of other institutions with respect to scholarships in times of budget cuts. Scholarships would be compared to scholarships at peer institutions and Missouri colleges.

Discussion of Budget Reduction Scenarios and the Budget Process.

Dr. Cofer provided background on the possible levels of budget cuts. Dr. Cofer stated that the current expectations of cuts vary widely - from 10 to 20 % although he expects that the cuts will not be higher than 20%. Budget reduction scenarios, all based on the current budget, included examples using two possible appropriation reduction percentages (15 and 20%), with and without scholarship reductions, and with the West Plains Campus included with the Springfield Campus as well as separately. Dr. Cofer proposed the utilization of 1/3 of the current reserves each of the next three years to partially offset the budget reduction. In addition, resources realized from a modest increase in tuition and modest growth in student numbers are planned to partially offset the reduction. Based on these numbers and the proportion of state funding to tuition revenue, this results in an expected across the board budget reduction of 5-6.2 %.

There was discussion of the pros and cons of suggesting a range of reductions as opposed to focusing on the upper estimate. Concerns were expressed about the consequences of the actual cuts being lower than the high estimate and Colleges subsequently losing funds to central administration. Concerns were also expressed about the possibility that cost centers would focus on the low end of an expected range since this would be “easier” to meet. The committee

ultimately agreed that a range would be provided but that Budget Committees would be asked to prepare for the high end of the range – 20%.

Concern was expressed about personnel reductions since approximately 75% of the budget involves salaries. It was stated that, as the process develops, it would become clear that there are certain functions (positions) that cannot be cut. In the process of reviewing functional areas of the budget each cost center is expected to develop priorities and outline areas to protect. Impending retirements were mentioned. The Provost stated that there would be an effort made to preserve funding for promotions.

Concern was expressed that the current composition of Colleges be accurately reflected in the calculation of potential budget cuts (for example the transfer of Ag to the Provost's Office).

It was decided that reductions would initially be across the board by cost center and budget function. Dr. Cofer displayed spreadsheets with the proposed cuts for each division/cost center on campus based on an across the board approach. It was noted that this does not necessarily take into account dynamics of cost centers, program activities, enrollment, etc. Cost centers could set priorities among functions provided that the overall budget goal is met. *Typical functions include:* Instruction, Research, Public Service, Academic Support (e.g. museums, galleries, certain centers), Institutional Support (executive offices, Finance, etc.), Operation & Maintenance of Plant (proportionately calculated) and Non-Mandatory Transfers Out. Dr. Cofer was asked to compare MSU spending in these functions to peer institutions and estimated that expenses in instruction were probably average while some other areas were either slightly above or slightly below average. It was agreed that actual comparisons would be needed by the executive committee in order to effectively evaluate each area as the budget process proceeds.

Dr. Cofer noted that funding for certain significant recurring "off-budget" items that have been given non-recurring funding in successive years should be funded as recurring items - possibly through allocation of funds from tuition dollars derived from increased enrollment. There was also discussion of the pros and cons of utilizing recurring money for most of a center's reduction and using a small portion of one-time money to cover the balance, vs. concept of using one-time money to plug critical gaps when recurring money has been cut. Dr. Cofer clearly stated that all cost centers should refrain from using non-recurring money to fund budget cuts.

There was significant discussion of the role of tuition in the overall budget picture. Reducing or cutting in revenue producing areas should be avoided or done very cautiously. There was some discussion of making an effort to increase summer school enrollment and activity following on earlier discussions of summer schools incentives for departments. The Provost stated that retention efforts are another way of keeping and preserving dollars and urged that effort and resources continue to be put into that area.

There was discussion about the presentation of guidelines to campus budget committees and it was agreed that the Executive Committee should refrain from broadly suggesting or imposing any universal approaches at this point, and instead, to let them rise from the cost center and college committees.

Conclusions and Actions.

1. The Executive Committee will share with college, Academic Affairs, Administrative, and West Plains Budget Committees a budget reduction target of 6.2% (corresponding to the high end of the range) along with a brief explanation of the basis and underlying calculations.
2. Guiding principles would be provided for committees to follow. These would, in part, be based derived from those developed by the College of Health & Human Services.
3. Paul Kincaid will prepare a draft document which will first be distributed to all Executive Committee members for approval with the goal of making this available to cost centers and campus budget committee members before the holiday break.

Next Meeting. To be scheduled for a date after the holiday break.

Submitted by:

Lynn Cline