

Executive Budget Committee

Minutes of the 24 January, 2014 Meeting

Members attending: Baker, Bennett, Bosch, Canales, Cline, Einhellig, Elliott, Foster, Foucart, Giedd, Gouzie, Groves, Kincaid, Matthews, McClure, Meyer, Nelson, Parker, Siscoe, Smart, Schneider, Weber

Chair Eric Bosch convened the meeting.

State Appropriation Outlook

President Smart and Mr. Foucart summarized key points of the outlook for FY 2015 state appropriations.

New funding is driven by the Key Performance Indicators. Both the Springfield and the West Plains campuses met all five of their respective KPI's. This resulted in a proposed 5.2% increase in funding, or about \$4,115,000 assuming a normal state holdback of 3%.

The funding formula bill currently in the State Senate stipulates that 90% of new funding be based on the KPI's and 10% on other factors such as enrollment. A parallel bill has been introduced in the House.

The Consumer Price Index for 2013 was 1.5%. This figure regulates the degree to which any proposed tuition increases for the coming year can be set.

The Governor's budget recommendation would provide an 8.2% increase in ongoing funds overall. In addition to direct increases, other areas which could benefit MSU are:

- A 3% increase in on-going funding for STEM education for laboratory space, faculty, and scholarships
- Approximately \$1.7 million in one-time funding for mental health funding (Caring for Missouri), part of which could be applied to specific MSU academic programs
- An increase of \$17 million in the Bright Flight scholarship program as well as an \$8.6 million increase in the Access Missouri scholarships

The Governor's budget recommendation assumes 5.2% growth and assumes an expansion of Medicaid programs in the state.

Revenue Update

President Smart reminded the committee of the 2013-2014 enrollment growth from in fall 2013, which had resulted in a previous executive budget committee recommendation to utilize an expected \$600,000 in new tuition revenues for new faculty lines.

Enrollment for spring 2014 is up about 350 versus an anticipated 600. That coupled with additional expense for online course delivery indicates that the additional growth is actually closer to \$500,000. Another \$100,000 from the University will be added to fulfill the commitment toward the new faculty hires.

FY 2015 Budget Development and Proposal.

President Smart outlined for the committee a budget scenario for new FY 2015 funds with accompanying assumptions

Projected New funding, FY 2015

\$ 500,000	tuition dollars, assuming enrollment gains of current year hold
4,115,000	state appropriation increase of 5.2%
500,000	1.54% tuition increase for graduate and out-of-state undergraduate students
(400,000)	(one-time reimbursement of prior deficits in specific budget areas)

\$4,715,000	projected new funds available for FY '15

There are also certain adjustments in various fees that will be included in the fee resolution proposal for the next Board of Governors meeting, including the formalization of miscellaneous undergraduate and graduate fees in Art & Design and an increase from \$25 to \$30 for a graduate student fee for students in most CHHS programs

Projected Expenditures for New funding, FY '2015

\$ 600,000	funding for new faculty lines created in FY 2014
1,770,000	1.5% cost of living adjustment for all full time employees, including fringe
335,000	faculty promotions granted during FY 2014
202,000	for first year of professor salary incentive program – PSIP, assuming ca. 30 to be granted
147,000	applied to staff salaries, above and beyond the COLA noted above, for certain staff under \$30,000 in annual pay
54,000	1.5% increase in graduate assistantship stipends
930,000	additional fixed costs and inflationary adjustment to ongoing costs
280,000	1% adjustment to operations budgets, excluding salaries and benefits
400,000	other

\$4,718,000	(expenditure scenario for new funding, FY 2015)

Note: to move the 1.5% COLA for all full time personnel to 2% would require an additional \$600,000.

Discussion.

The committee then reviewed the proposed new funding scenario. Discussion focused on these areas:

1. Travel funds as a tool for faculty development and as a recruiting tool were seen as a reason to support an increase in operations.
2. A number of other factors involving increased funding for operations were discussed, including maintenance and upkeep.
3. Discussion indicated that the steady series of modest across the board increases of recent years had created a positive atmosphere, and that subsequently it was an appropriate time to look at an increase in operations.
4. There was some discussion of the overall adequacy of staff salaries and the importance of both the COLA and the proposed adjustment for staff.

Following discussion, the committee unanimously endorsed the new funding expenditure scenario. President Smart noted that should the proposed state funding increase not fully materialize, one fallback would be a tuition increase within the limits set by inflation.

Next Steps and Future meetings.

President Smart noted that the new funding scenario and fee resolution would be discussed with the Board of Governors at the 7 February meeting. Based on the legislative schedule, the Executive Budget Committee will probably next meet in late April.