

Executive Budget Committee

Minutes of the 2 October, 2013 Meeting

Members attending: Baker, Bennett, Bosch, Cline, Einhellig, Elliott, Foster, Foucart, Gouzie, Groves, Kincaid, McClure, McIntyre (for Giedd), Meyer, Nelson, Parker, Siscoe, Smart, Schneider, Wallentine, Weber

Members Absent: Matthews

Chair Eric Bosch convened the meeting.

Review of Fiscal Year, 2013. Steve Foucart and President Smart reviewed FY 2013. The University received about \$1.5 million in additional revenue and spent about \$1.9 million less than anticipated. \$3.1 million of the additional \$3.4 million went to academics and \$300,000 to administrative expenditures.

Update on Factors Affecting Fiscal Years 2014 &2015. Mr. Foucart and President Smart then reviewed current fiscal issues that have or could influence the University's budget climate:

- a. HB253 override session. The tax reduction bill, which could have resulted in a possible \$6 – 10 million shortfall for the University, did not receive sufficient support for an override, and subsequently the \$3.1 million that had been restricted was released, as was the additional \$1.325 million for health programs on both the Springfield and West Plains campuses. This marks the first year in the past five in which the University actually received an increase in funding.
- b. It is likely that the Governor will propose an increase in funding for higher education in his overall budget proposal, although it may depend to some extent on ongoing tax reform efforts by the legislature.
- c. The University's ability to seek tuition increases without special waivers is capped by the December to December inflation rate. Through August inflation has been running at 1.5%.
- d. Anticipated major state initiatives. There is an anticipated statewide initiative in various health related fields, especially mental health. MSU is working on program enhancements in Behavioral Analysis, Physical Therapy, Physician's Assistant Studies, Communication Sciences & Disorders, and Nursing. The MSU request is for approximately \$1.3 million.
- e. Funding Formula. Last year the University successfully met all five performance goals and received the maximum percentage based on the formula. For any new money that will be available in the upcoming budget, 60% of any increase will be performance based, 10% on equity funding (enrollment), and 30% on weighted FTE. This formula should be favorable for MSU.

Revenue Outlook for FY 2014. Enrollment for fall 2013 is up more than anticipated. The University had budgeted based on tuition dollars from flat enrollment compared with last year's numbers. The University realized a gain of 767 students for a total enrollment of 23,838 for the MSU system with 21,798 on the Springfield campus, including 2,000 enrolled in dual credit programs. The University was up in a number of key categories, including the number who had achieved a 24 or higher ACT, numbers of freshmen, persons of color, graduate students, and transfer students. This overall increase translates into an additional \$1million in revenue.

Major Decision Items. The Committee then discussed utilization of the additional revenue, focusing on the percentage to allocate at this time and to what purpose? One proposal was to begin full-time faculty searches later in the fall semester, for start dates in fall 2014, in part to address the increase in enrollments. This year 18 positions were added, moving the number of full time faculty from 696 to 714.

Discussion and Motion.

Discussion threads included:

- a. The proportion of new funds to commit at this point, and subsequently how many positions this might create given salary and benefits. The variability of salaries among different colleges was also noted.
- b. It was emphasized that new positions would be placed in colleges and programs that showed enrollment growth in majors and/or credit hours.
- c. It was noted that there would probably be support for such an initiative in Faculty Senate.
- d. Colleges would need to have recommendations for positions prepared soon.
- e. There was brief discussion of the merits of including additional support staff or to focus solely on faculty positions.
- f. It was noted that cost centers might be in a position to add funding to that which would be utilized from the new funding.

There was general consensus that the University should move forward with the allocation of somewhere between \$450,000 – \$700,000 of the newly realized tuition revenue toward new faculty lines. The committee moved and approved unanimously a motion to utilize approximately \$600,000 of the new funds for faculty positions.

Subsequent actions.

- a. Further discussion of the details could be conducted in the Academic Affairs Budget Committee and the college budget committees.
- b. The initiative would be subsequently discussed at the Board of Governors Finance Committee meeting on 18 October.
- c. The initiative would be one of the themes of an upcoming *Clif's Notes*.

Next meeting.

The Executive Budget Committee will meet again sometime after the Governor's annual budget message, typically released in mid-January.