

**Missouri State University Faculty Senate
Committee on University Budget & Priorities
Report Spring 2023**

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Charge:

The committee shall every year report on student credit hour (SCH) production and ranked and unranked faculty utilization, as reflected in the Faculty Descriptors and Productivity Comparison Summary. The committee’s report should summarize recent and long-run trends.

Introduction

The Faculty Senate Committee on University Budget & Priorities is pleased to present our report on faculty utilization. The faculty utilization report covers FY 2017 to FY 2022. Given the University-wide scope of inquiry for our committee, this spring we chose to also examine the budget impact of athletics at Missouri State University.

Sources of funds

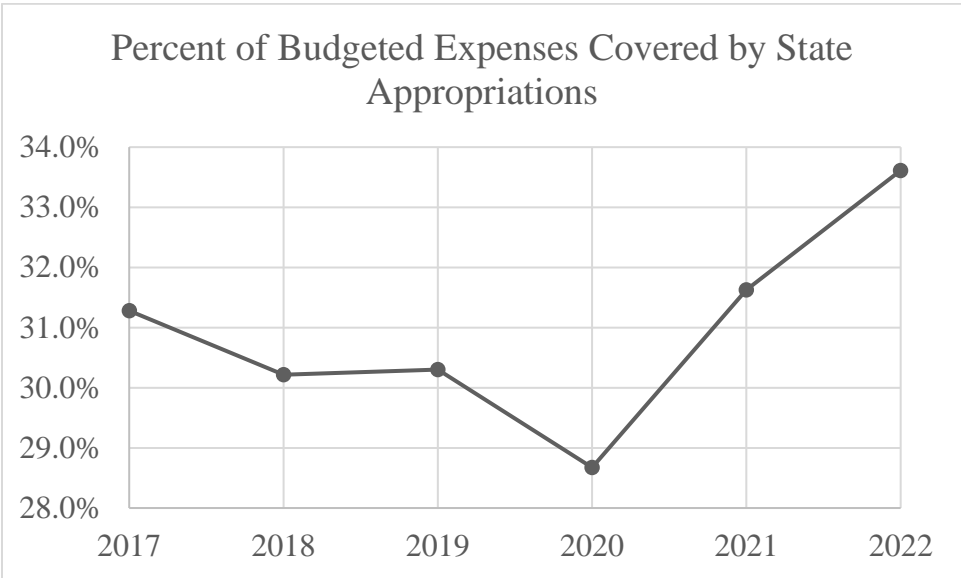
Missouri State University depends on two primary sources of income: state appropriations and tuition/fee payments from students. Table 1 presents state appropriations over the period of 2017-2022 fiscal years. ‘Nominal Dollars’ figures are the actual number of dollars received, unadjusted for inflation. ‘2022 Dollars’ figures adjust the nominal dollars to account for inflation, giving the purchasing power of state appropriations for each year in terms of 2022 dollars. We observe a nearly monotonic downward trend in the purchasing power of state appropriations over the examination period, with the overall purchasing power of state appropriations dropping by 4.75% over the period.

Table 1. MSU System state appropriations by year

Fiscal Year	2017	2018	2019	2020	2021	2022
Nominal Dollars	\$ 83,148,188	\$ 80,899,028	\$ 81,488,737	\$ 79,298,664	\$ 83,000,925	\$ 94,554,726
2022 Dollars	\$ 99,272,736	\$ 94,284,528	\$ 93,281,570	\$ 89,668,331	\$ 89,643,266	\$ 94,554,726
Budget Expenses	\$ 265,823,285	\$ 267,710,392	\$ 268,912,288	\$ 276,559,294	\$ 262,455,456	\$ 281,302,477
State %	31.3%	30.2%	30.3%	28.7%	31.6%	33.6%

Sources: MSU Chief Financial Officer, <https://www.usinflationcalculator.com/>,
<https://www.missouristate.edu/FinancialServices/documentsandreports.htm>

Our data also displays a trend of increasing dependence of Missouri State on state appropriations to fund budgeted expenses.



The second major source of income for Missouri State University is tuition and required fees. Table 2 presents a comparison of Missouri State University’s in-state undergraduate tuition and required fees with other four-year Missouri state institutions. Missouri State is an education bargain over the 2018-2023 period compared to the state average. In fact, Missouri State fell further behind the state average in the last year. Examining tuition and fee data for FY 2023 alone, we observe that Missouri State University offers lower undergraduate tuition than both the University of Central Missouri and Northwest Missouri State University. **Graduate tuition is lower at only Missouri Southern State University.** The data presented in Table 2 suggest Missouri State can raise tuition within statutory limits and remain an educational bargain for Missourians.

Table 2. In-State Tuition and Required Fees for Full-Time Students Attending Missouri 4-Yr Public Universities

University	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
MO 4-Yr Schools Avg. Undergraduate Tuition	\$8,117	\$8,259	\$8,648	\$8,880	\$9,310	\$9,730
Missouri State University UG Tuition	\$7,306	\$7,376	\$7,588	\$7,938	\$8,808	\$9,138
Percent Difference	-10.0%	-10.7%	-12.3%	-10.6%	-5.4%	-6.1%
University (FY2023)	UG	Grad				
University of Missouri- St. Louis	\$11,883	\$13,154				
Northwest Missouri State University	\$11,878	\$10,795				
University of Missouri-Kansas City	\$11,827	\$12,370				
Missouri University of Science and Technology	\$11,630	\$12,600				
University of Missouri-Columbia	\$11,603	\$11,794				
University of Central Missouri	\$9,360	\$9,456				
Missouri State University	\$9,138	\$9,120				
Southeast Missouri State University	\$9,015	\$9,276				
Truman State University	\$8,690	\$9,960				
Lincoln University	\$8,386	\$9,142				
Missouri Western State University	\$8,243	\$10,314				
Missouri Southern State University	\$8,026	\$8,400				
Harris-Stowe State University	\$6,808	N/A				

Source: Higher Education FactBook retrieved from DHEWD.MO.Gov January 25, 2023

Tuition and fee revenue depends not only on tuition and fee rates but also on student enrollment. Table 3 presents the student enrollment trend from 2018-2022. Similar to state appropriations, we observe a monotonic decline in enrollment (full-time equivalent) over the examination period. Demographic trends ([The Looming Higher Ed Enrollment Cliff | CUPA-HR \(cupahr.org\)](#)) will make increasing enrollment going forward difficult, if not impossible.

Table 3: IPEDS fall enrollment

Year	Full Time	Part Time	FTE
FY 2018	16,509	7,188	18,905
FY 2019	15,657	7,796	18,256
FY 2020	14,830	8,674	17,721
FY 2021	13,790	9,136	16,835
FY 2022	13,135	9,400	16,268

Source: Student Full-time Equivalent (FTE) 2018 to 2022, Retrieve 1/27/2023 from <https://app.powerbi.com/view?r=eyJrIjoiMjMwOGRmNTAtZjZjZS00OGVmLTlmZDI0NTdiYjdjMDkzN2ViIiwidCI6ImNhZDgzMGU0LTU1NGYtNDM2MS1iYWU1LWw4NjUyMzNmYjc3ZiIsImMiOiN9>

The university is increasingly dependent on state appropriations as tuition and fee revenue drop because of declining enrollments, a strategy that is only sustainable until the next economic downturn. All developed economies experience economic downturns which reduce tax revenues. History shows state appropriations to higher education are one of the first areas for legislators to cut spending. **The committee predicts a major budgetary crisis when the downward trend in enrollment is joined by state appropriations cuts to dramatically reduce the university’s two main sources of income.**

Table 4 presents data on faculty utilization based on the production of student credit hours. Total SCH production correlates closely with the enrollment trend observed in Table 3. Given the relatively steady headcounts in the faculty population, these trends have reduced SCH production per faculty member starting in FY 2018.

Table 4. Faculty Utilization: Student Credit Hours

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Tenured Faculty SCH total	270,356	273,803	265,961	265,391	253,369	232,439
Non-tenured Faculty SCH total	133,856	141,170	145,160	131,038	115,577	121,526
Per Course SCH total	81,837	81,676	77,057	71,709	71,116	49,152
GA and Staff SCH total	64,869	57,069	56,445	56,855	68,401	80,816
Total SCH Production	550,918	553,718	544,623	524,993	508,463	483,933
Tenured FTE	372	366	378	380	394	401
Non-tenured FTE	377	392	382	356	344	309
SCH per Tenured FTE	726.76	748.10	703.60	698.40	643.07	579.65
SCH per Non-tenured FTE	355.06	360.13	380.00	368.08	335.98	393.29

Source: MSU Office of Institutional Research

Table 5 presents information on student credit hour production, tuition and fee revenue, and budgeted expenses per college. All colleges except for Natural Sciences and Agriculture are firmly in the black. The total surplus provided by the colleges is around \$19 million. Added to the FY23 budgeted state appropriations of over \$88 million (adjusted for West Plains), MSU has \$107 million including designated funds to spend outside the colleges, which only spend \$107 million. The FY23 budget indicates an overall MSU surplus of less than \$1 million, indicating that the spending outside the colleges exceeds \$106 million. Therefore, **spending outside of the colleges represents around 50% of all spending at MSU’s Springfield campus.**

Table 5. SCH Production, Revenues, and Costs by College (FY23)

College	SCH	Total Tuition	Fees	Tuition and Fees	Budget Expense	Gain(Loss)	Cost/SCH
Health & Human Services	86,998	\$ 25,049,076	\$ 1,335,319	\$ 26,384,395	\$ 19,518,956	\$ 6,865,439	\$ 224.36
Business	83,699	\$ 23,379,015	\$ 2,667,760	\$ 26,046,775	\$ 20,251,086	\$ 5,795,689	\$ 241.95
Humanities & Public Affairs	60,883	\$ 16,585,035		\$ 16,585,035	\$ 11,962,826	\$ 4,622,209	\$ 196.49
Education	42,015	\$ 12,290,241	\$ -	\$ 12,290,241	\$ 10,145,860	\$ 2,144,381	\$ 241.48
Arts & Letters	77,258	\$ 20,979,732	\$ 561,810	\$ 21,541,542	\$ 21,483,993	\$ 57,549	\$ 278.08
Natural & Applied Sciences	63,721	\$ 17,400,465	\$ 1,209,840	\$ 18,610,305	\$ 18,877,183	\$ (266,878)	\$ 296.25
Agriculture	11,787	\$ 3,177,225	\$ 241,189	\$ 3,418,414	\$ 4,415,221	\$ (996,807)	\$ 374.58
All Colleges	426,361	\$ 118,860,789	\$ 6,015,918	\$ 124,876,707	\$ 106,655,124	\$ 18,221,583	\$ 250.15

Sources: Argos (SCH), <https://www.missouristate.edu/Registrar/Students/detailed-tuition-and-fees.htm>, Budget and Financial Manager (total fees by college), MSU FY23 Internal Operating Budget. Dual-credit and China campus SCH are excluded.

Athletics and the budget

We next examine a major source of expenditures outside the colleges. The MSU website ([Athletics - Office of the President - Missouri State](#) viewed March 3, 2023) presents four goals for athletics. We shall examine two of them here. First, we desire to ‘maintain [sic] a balanced budget.’ Maintaining a balanced budget would require starting with one so, as we shall see, the proper goal should be to *achieve* a balanced budget. The second goal we examine is ‘to be in the top 3 in the MVC All-Sport trophy standings.’

Athletics provides an excellent example of accounting opacity at Missouri State University. Opacity is the opposite of transparency. Transparent financial statements are designed to provide typical readers with the ability to understand the financial position of an organization. Transparency is desirable across all applications of accounting, but especially so in public institutions like Missouri State University.

Table 6 presents the revenues and expenses for Missouri State University athletics. The first oddity we observe is the negative revenue accounting for athletic scholarships. Scholarships are only recognized as cash expenses when payment is issued to the student. As a result of this unique accounting, the total operating revenue for athletics is negative. Examining the operating expenses, we see the seven-figure items include Salaries, Benefits, Travel, Supplies and Services, and ‘Other.’ Note that ‘Other’ accounts for about ten percent of overall expenses. ‘Other’ is an opaque account name that gives no clue as to the expenses charged to it. ‘Supplies and Services’ is also a rather general account containing about \$2 million in expenses. Note also that ‘Supplies and Services’ appears both as an account and an expense category to which that account rolls up, creating additional confusion. Total operating expenses are \$14.7 million, leaving us with an operating loss of over \$15 million.

In the face of these prodigious losses, how does Missouri State athletics ‘maintain’ a balanced budget? In part through the generosity of donors but primarily through the ‘magic’ of operating transfers. The FY23 Budget plans for \$2.4 million in gifts and \$12.8 million in operating transfers. Operating transfers represent the transfer of money from parts of the university where revenues exceed expenses to loss-makers such as athletics. The

lumping of all operating transfers into one line on the budget obscures the origin of these funds, but clues can be found elsewhere in the FY23 budget document. In the accounting for the operating funds for the university, we find an entry for a transfer of \$7,924,118 to collegiate athletics. These operating funds come from tuition and fees (98.26%) and investment income (1.74%). In the accounting for Residence Life, we find an entry for a transfer of \$4,072,925 to athletics. A further transfer of \$200,000 comes from the Great Southern Bank Arena, for a total of \$12,197,043 in identifiable operating transfers, leaving us with \$577,916 in operating transfers not identified in the published budget. The MSU Chief Financial Officer has informed the committee that the remaining operating transfers come from the Auxiliary Support account in the Operating Funds budget, which draws funds from the same pool of funds as the \$7.9 million operating funds transfer mentioned previously.

We conclude that the financial losses in the athletics programs are being borne primarily by students, particularly those living in dormitories. Certainly, arguments might be made that athletics is necessary for a well-rounded university experience, but the people funding athletics (students) have failed to express much interest in maintaining an athletics program. Student attendance at Missouri State University’s home athletic events is anemic. (<https://www.news-leader.com/story/sports/college/msu/2023/01/31/missouri-state-basketball-experience-wyatt-wheeler-attendance-column-kyle-moats-dana-ford-clif-smart/69830114007/>, viewed March 3, 2023)

Table 6. Athletics FY23 Budget

Operating Revenue	FY 23
Scholarships and fellowships	\$ (5,160,554.00)
Sales and services of educational services	\$ (24,299.00)
Sales and services - auxiliaries	\$ 4,606,000.00
Other revenues	\$ 150,000.00
Total Operating Revenue	\$ (428,853.00)
Operating Expenses	
Faculty and Staff Salaries	\$ 5,590,002.69
Part-time help	\$ 376,808.00
Student help	\$ 103,809.00
Overtime	\$ 15,304.00
Graduate Assistants	\$ 202,400.00
Other personnel	\$ 698,321.00
Benefits	\$ 2,376,815.33
Capital outlay	\$ 62,240.00
Travel	\$ 2,654,301.00
Supplies and services	\$ 1,912,121.00
Other	\$ 1,435,030.00
Supplies and services	\$ 6,063,692.00
Total Operating Expenses	\$ 14,728,831.02
Operating Income (Loss)	\$ (15,157,684.02)
Other Non-operating Revenues (Expenses)	
Gifts	\$ 2,382,839.00
Operating Transfers, net	\$ 12,774,959.00
Net Non-operating Revenues	\$ 15,157,798.00
Increase (Decrease) in Net Position	\$ 113.98

Proponents of collegiate athletics programs often cite the positive impact of athletics on the diversity of student bodies. Table 7 presents data on diversity at Missouri State University both with and without athletics.

Table 7. Athletic impact on MSU diversity

	(1)		(2)		(3)		(3) vs.(1)
	MSU	Proportion	Athletics	Proportion	MSU ex Athletics	Proportion	Δ Proportion
White	12,637	78.58%	255	63.91%	12,382	78.95%	0.47%
Black	539	3.35%	81	20.30%	458	2.92%	-14.77%
Asian	338	2.10%	5	1.25%	333	2.12%	1.02%
Hispanic	777	4.83%	15	3.76%	762	4.86%	0.56%
Amer. Indian	53	0.33%	1	0.25%	52	0.33%	0.61%
Native Hawaiian	19	0.12%	4	1.00%	15	0.10%	-23.52%
Two+	598	3.72%	6	1.50%	592	3.77%	1.49%
Other	226	1.41%	0	0.00%	226	1.44%	2.48%
Non-res Alien	895	5.57%	32	8.02%	863	5.50%	-1.13%
Men	6,354	39.51%	194	48.62%	6,160	39.28%	-0.59%
Women	9,890	61.50%	205	51.38%	9,685	61.75%	0.42%
Total	16,082	100.00%	399	100.00%	15,683	100.00%	

Sources: <https://www.missouristate.edu/OIR/provost-dashboards.htm> viewed March 3, 2023.

<https://web3.ncaa.org/directory/sportSponsorship/open?orgId=669>, viewed September 12, 2022.

For each category, we show the total population at Missouri State, the category population within athletics, and the hypothetical population at Missouri State without an athletics program. For each category, we provide a percent change in the group proportion at Missouri State caused by an elimination of athletics. Our results show that the elimination of the athletics program would reduce Black enrollment by 81 and Native Hawaiian enrollment by 4. Other historically underrepresented group proportions increase because of the reduction in overall enrollment a hypothetical elimination of athletics would cause. This reduction in diversity is lamentable but can be offset. At present, we are spending \$5,481,789 to fund 196 athletic scholarships, equivalent to \$27,983 per student-athlete. Using this same per-student cost, we could offer 85 diversity scholarships for \$2,378,520, which is a great deal less than the \$15 million we currently lose on athletics. Further, we could award these scholarships based on academic merit, not athletic ability.

Table 8 provides data regarding both athletic goals mentioned previously, including financial losses per sport and MVC rankings. Budgeted financial losses are from the FY23 budget. For each sport, we report the percentage of expenses covered by revenue. We present sports sorted by dollar loss, starting with the greatest loss. We calculate totals for all sports and an average MVC ranking. The losses in every sport show that we are not achieving our goal of a balanced budget in any sport. We are also falling short of the goal of being 3 or higher in the all-sport ranking for the MVC. At present, our average MVC ranking is 4.63.

Table 8 demonstrates an interesting correlation: The more money we lose participating in a sport, the worse we tend to perform in that sport. For example, the top three money losers are in sports where we are ranked 8, 6, and 6. From a ranking perspective, our cheaper sports are propping up our more expensive ones. This observation provides an interesting opportunity for us to make progress on both the balanced budget goal and the MVC ranking goal. By eliminating expensive sports in which we perform poorly, we can decrease the sporting budget deficit while improving our MVC rank at the same time. Table 9 presents the impact of a hypothetical elimination of football, men’s basketball, baseball, and volleyball. By eliminating these four sports, we can save \$6,524,266 per year and improve our MVC ranking to 2. Because three of the four sports proposed

for elimination are men’s sports, one or more women’s sports might need to be eliminated to achieve the gender equality required by Title IX, resulting in additional savings.

Table 8. Financial losses and rankings per sport - current situation

FY2023 Budget - Current Situation					
Sport	Revenue	Expense	Gain (Loss)	% covered	MVC ranking
Football	\$ 1,211,350	\$ 4,317,167	\$ (3,105,817)	28.06%	8
M. Basketball	\$ 1,246,796	\$ 2,793,940	\$ (1,547,144)	44.63%	6 *
Baseball	\$ 72,767	\$ 1,106,160	\$ (1,033,393)	6.58%	6 **
W. Basketball	\$ 963,653	\$ 1,988,298	\$ (1,024,645)	48.47%	3 *
Volleyball	\$ 13,000	\$ 850,912	\$ (837,912)	1.53%	9
W. Track	\$ -	\$ 693,041	\$ (693,041)	0.00%	
Softball	\$ 23,772	\$ 700,598	\$ (676,826)	3.39%	2 **
W. Soccer	\$ 29,928	\$ 608,052	\$ (578,124)	4.92%	2
W. Swimming	\$ 2,200	\$ 559,723	\$ (557,523)	0.39%	
M. Soccer	\$ 159,852	\$ 706,586	\$ (546,734)	22.62%	1
M. Swimming	\$ 5,800	\$ 426,721	\$ (420,921)	1.36%	
W. Golf	\$ -	\$ 258,896	\$ (258,896)	0.00%	
All Sports	\$ 3,729,118	\$ 15,010,094	\$ (11,280,976)	24.84%	4.63

Sources: Accessed 2/24/2023

[2022 Volleyball Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

[Missouri Valley College Football Conference Standings | FOX Sports](#)

[2022 Men's Soccer Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

[2022 Women's Soccer Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

[2022-23 Men's Basketball Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

[2022-23 Women's Basketball Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

[2022 Baseball Standings - Missouri Valley Conference \(mvc-sports.com\)](#)

* current as of 2/24/2023

** 2022 standings

Table 9. Financial losses and rankings per sport - hypothetical situation

FY2023 Budget - Reformed Athletics						
Sport	Revenue	Expense	Gain (Loss)	% covered	MVC ranking	
Football	\$ 1,211,350	\$ 4,317,167	\$ (3,105,817)	28.06%	8	-
M. Basketball	\$ 1,246,796	\$ 2,793,940	\$ (1,547,144)	44.63%	6	*
Baseball	\$ 72,767	\$ 1,106,160	\$ (1,033,393)	6.58%	6	**
W. Basketball	\$ 963,653	\$ 1,988,298	\$ (1,024,645)	48.47%	3	*
Volleyball	\$ 13,000	\$ 850,912	\$ (837,912)	1.53%	9	-
W. Track	\$ -	\$ 693,041	\$ (693,041)	0.00%		
Softball	\$ 23,772	\$ 700,598	\$ (676,826)	3.39%	2	**
W. Soccer	\$ 29,928	\$ 608,052	\$ (578,124)	4.92%	2	
W. Swimming	\$ 2,200	\$ 559,723	\$ (557,523)	0.39%		
M. Soccer	\$ 159,852	\$ 706,586	\$ (546,734)	22.62%	1	
M. Swimming	\$ 5,800	\$ 426,721	\$ (420,921)	1.36%		
W. Golf	\$ -	\$ 258,896	\$ (258,896)	0.00%		
Remaining Sports	\$ 1,185,205	\$ 5,941,915	\$ (4,756,710)	19.95%	2.00	

Recommendations

The accounting system at Missouri State University carefully tabulates all expenses by unit but lumps all tuition/fee revenue into one budget line-item for the entire university, which is in accordance with the accounting standards for universities. Doing so provides no visibility on revenues at the college and department level and creates unnecessary opacity regarding the sources of funds at the University. Without a matching of revenues and expenses, opportunities for efficiency improvement go unnoticed and resources are not efficiently allocated based on the demand for the services we provide. The committee recommends generating additional accounting reports which utilize the matching of revenues and expenses.

Our financial statements need to provide more clarity on the sources of funds for operating transfers to allow users of these financial statements to know from where subsidies for underperforming units are coming. Every dollar spent at the university can be traced back to a person, whether that person is a taxpayer, a student, or a contributor. We at the university have a fiduciary responsibility to act in the best interests of these parties. Operating transfers of vague origin appear to make money appear from nowhere, in a similar fashion to state appropriations. Such ‘free’ money tends to be spent accordingly. The university maintains detailed records of the sources and destinations of each operating transfer dollar, but such records are available only to specific university personnel and the external auditor. As such, they do not provide the visibility to allow other stakeholders to monitor the sources and uses of funds.

Opacity in accounting statements creates opportunities for waste and fraud. While fraud is certainly an issue at Missouri State (e.g., <https://www.justice.gov/usao-wdmo/pr/former-bookstore-manager-sentenced-stealing-11-million-missouri-state-university>), the money lost to waste is almost certainly an order of magnitude greater than the money lost to fraud. Leaders of loss-making revenue-generating units should be held accountable, required to annually report the causes of losses in their units and develop credible action plans to reduce losses. These action plans should contain specific loss-reduction action items with named responsible individuals and due dates for each action item. Loss-reduction goals should be negotiated between leaders of loss-producing units and their direct supervisors with final goal approval coming from central administration. Annual reports of progress toward loss-reduction goals should be made publicly available to allow for oversight and

accountability of loss-generating units. A similar system of accountability should be developed to control spending in non-revenue-generating units.

Our current budgeting methods financially constrain productive units while subsidizing underperforming units. Given the impending enrollment cliff and the certain reduction of state appropriations during the next economic downturn, the committee recommends taking steps now to change our budgeting protocols to transfer resources from underutilized units to units with greater demand for their services. Resources should be reallocated with the goal of maximizing the benefits of our spending to students and taxpayers. Inefficient units (including athletics) should not be protected from resource reductions. We should avoid excuses and platitudes in making budget decisions and rely upon cold hard facts. The very survival of the institution might depend on doing so.