

Fiscal Year 2014 Operating Budget-Springfield Campus Preview

Clif Smart, President
Board of Governors
Finance & Facilities Committee Meeting
May 16, 2013

Summary Highlights

Increases in Operating Revenue

\$1,747,000 – Expected increased revenue from increased enrollment and tuition/fee increases, net after scholarships and fee waiver increases

\$2,384,000 – Increase in state appropriations (\$2,457,827 less standard 3 percent holdback) – Please note that the Governor must still sign the budget into law

\$4,131,000 – TOTAL

Increases in Operating Expenses

\$ 800,000 – Expected approximate increases in utilities, rent for Brick City, and other expenses

\$3,517,000 – Employee compensation approximate increases for Springfield and West Plains Operating funds

(\$186,000) – Less net cost reductions

\$4,131,000 – TOTAL

Compensation Recommendation

\$2,353,000 – 2 percent across-the-board raise (with fringe benefits) beginning July 1, 2013 for all full-time faculty and staff employed before April 1 for Springfield and West Plains operating funds – also includes 2 percent increase for graduate assistants

\$ 865,000 – Required contribution increase from the University to MOSERS (state retirement system) net of anticipated cost saving from our new health care contract

\$ 299,000 – Faculty promotions

\$3,517,000 – TOTAL

As part of the compensation plan, pay ranges for staff will be adjusted by 1 percent effective July 1, 2013. This adjustment is consistent with our policy to annually adjust ranges pursuant to changes in the Employer Cost Index. Those employees paid below the bottom of the new ranges will receive an adjustment to bring them to the minimum of their range prior to the 2 percent salary increase being applied.

This means that 100 percent of the increase in state appropriations, plus a major portion of the increase from tuition and fees (more than 85% of new money), will be invested in our faculty, staff and graduate assistants. This also means that with the mid-year raise and this 2 percent raise on July 1, we will have increased salaries by 4 percent during this calendar year. Those are actions we can feel good about.

Full Professor Incentive Program

Provost Frank Einhellig and I recommend to the Board implementation of the Full Professor Incentive Program, which would provide an additional pay for those at the rank of professor who have continued to perform at a high level by conducting great research, being great teachers and mentoring students. While this is a selective program, the goal is to provide the monetary increase to up to 100 professors who would be phased in over time. To be eligible, a faculty member would have to be in the full professor rank for at least five years at Missouri State.

This summer and fall, Frank will work with a faculty committee to develop the criteria and application process. Applications will be accepted and reviewed in the spring of 2014. The first group of recipients would be funded for Fiscal Year 2015, beginning July 1, 2014. Our intent is to award at least 20, with more possible depending on the budget.

Proposed Springfield Campus Operating Fund Budget

	2014 Operating Fund Budget	2013 Revised Operating Fund Budget	Change
Operating Revenue			
Tuition and fees			
Based Upon FY13 Budget Enrollment	\$ 115,118,284.75	\$ 113,109,504.21	\$ 2,008,780.54
FY13 Enrollment Growth	618,477.31	-	618,477.31
Scholarship Growth	1,571,147.05	-	1,571,147.05
Differential Fees	274,394.00	1,120,000.00	(845,606.00)
Scholarships and fellowships	(21,659,247.27)	(19,873,298.96)	(1,785,948.31)
Other revenues	1,693,809.00	1,513,809.00	180,000.00
Total Operating Revenue	<u>97,616,864.84</u>	<u>95,870,014.25</u>	<u>1,746,850.59</u>
Operating Expenses			
Faculty/Staff/Other Salaries	98,747,697.49	97,343,226.17	1,404,471.32
Proposed 2% Raise and Benefits	2,233,883.00	-	2,233,883.00
Benefits	36,179,877.22	34,814,707.73	1,365,169.49
Utilities	3,947,876.00	3,920,230.00	27,646.00
Rentals	2,844,529.00	2,105,597.00	738,932.00
Supplies and services	25,313,789.29	27,415,243.82	(2,101,454.53)
Total Operating Expenses	<u>169,267,652.00</u>	<u>165,599,004.72</u>	<u>3,668,647.28</u>
Operating Income (Loss)	<u>(71,650,787.16)</u>	<u>(69,728,990.47)</u>	<u>(1,921,796.69)</u>
Other Non-operating Revenues (Expenses)			
State appropriations	73,017,555.00	70,752,553.00	2,265,002.00
Federal Pell grants to students	-	-	-
Gifts	630,000.00	630,000.00	-
Investment income	200,800.00	335,000.00	(134,200.00)
Interest on capital asset-related debt	-	-	-
Other non-operating revenue (expense)	30,000.00	30,000.00	-
Debt Service Transfers	(1,341,397.25)	(1,340,396.00)	(1,001.25)
Operating Transfers, net	(1,821,108.00)	(1,910,184.00)	89,076.00
Net Non-operating Revenues	<u>70,715,849.75</u>	<u>68,496,973.00</u>	<u>2,218,876.75</u>
Increase (Decrease) in Net Assets Including Non-Recurring	<u>(934,937.41)</u>	<u>(1,232,017.47)</u>	<u>297,080.06</u>
Non-Recurring Allocations Included in FY14 Budget	<u>935,373.50</u>	<u>1,079,602.00</u>	<u>(144,228.50)</u>
Increase (Decrease) in Net Assets Excluding Non-Recurring	<u>436.09</u>	<u>(152,415.47)</u>	<u>152,851.56</u>

2013 adjusted to reflect full year impact of 2013 mid-year raise