Fiscal Year 2012-13 Preliminary Springfield Campus Operating Fund Budget

Presentation to Board of Governors
Clif Smart, Interim President
May 17, 2012
Budget process

- **Collegiate budget committees**
  - Examines and develops recommendations for the collegiate budget.

- **Academic Affairs Budget Committee**
  - Reviews, refers and make recommendations from the proposed college budget committees as well as the provost’s academic areas and other areas of responsibility.

- **Administrative Budget Committee**
  - Examines all of the administrative areas on campus.

- **Executive Budget Committee**
  - Receives input from the various budget committees and cost center heads.
  - Make recommendations to the president who in turn recommends to the Board of Governors appropriate budget actions.
Executive Budget Committee members

- Chaired by Dr. Eric Bosch
- President
- One faculty member elected by each of the collegiate budget committees
- Chair of Faculty Senate
- Chair of Staff Senate
- President of the SGA
- Chair of the Academic Affairs Budget Committee
- Chair of the Administrative Budget Committee

- Chief Financial Officer
- Provost
- Department Head, School of Agriculture
- One representative of the academic deans
- Chancellor of the West Plains campus
- Up to two additional representatives from the Administrative Council
Executive Budget Committee

• Started meeting in September 2011
• A Strategic goal: to provide a raise to employees
  • Developed mid-year FY12 raise proposal for 1.2% + $400 which was approved by the Board
• Reviewed the impact on the budget for potential reductions in state appropriations and operating cost increases to the university.
  • Agreed on cost reduction and revenue generating measures for the budget
Key budget development events

- Early October
  - Anticipated state appropriation decrease was 5%, approximately $3.8 million
- January: Governor Nixon presented his budget
  - 12.5% decline in appropriations to higher education, $9.6 million decrease to MSU
  - Looking at a $15.3 million shortfall to cover in our operating budget
  - Anticipated need to request a tuition/fee waiver above the CPI limitation, eliminate the repair and maintenance and president’s enhancement fund budgets for FY13
- February 7, 2012: Governor Nixon restored $40 million to higher education from the national mortgage lawsuit settlement
  - Reduced our state appropriation reduction to 7.78%
  - Avoided tuition/fee waiver request
  - Restored the repair and maintenance budget
  - President’s enhancement fund budget still eliminated
Legislative update

• Budget has moved through the Missouri General Assembly
  • First the House, and then the Senate, reduced the cut so that the higher education budget would be the same for FY13 as it is for this year — i.e., no reduction.

• Missouri State was left out of a $3 million budget compromise to provide additional state appropriations to seven state universities.

Next step

• Governor ensures the proposed budget is balanced and decides what, if any, holdbacks to make (required by state law)
• Hopeful he will make that decision by mid-June
Key operating budget assumptions

- Budgeted state appropriations are reduced 7.78% from FY12, $5,889,000
- FY12 mid-year raise budgeted along with normal faculty promotions
  - Cost centers covering mid-year raise and associated increased fringe rate through cost reductions
  - Fringe rate increased from 32.5% to 33.8% to cover increased contributions to the state retirement program and University contributions to the health insurance fund
- Tuition and fees are based on the Board approved fee resolution.
- 80% of new COBA enrollment fee included in operating revenue, $1,120,000.
  - For FY14 it will reduce to 20%, a reduction of $840,000.
- Credit hours are based upon FY11 actual enrollment.
- Greenwood Laboratory School moved to designated fund to better track progress toward self sufficiency
### Projected Impact of Decreased State Appropriations and Cost Increases

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.78% Decrease in State Appropriations</td>
<td>$(5,889,000)</td>
</tr>
<tr>
<td>Salary Raise, Promotions, Fringe Rate Increases, Benefits, Hiring</td>
<td>$(3,734,000)</td>
</tr>
<tr>
<td>Increase Bad Debt to Prior Year Actual</td>
<td>$(600,000)</td>
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<tr>
<td>Increased Utilities</td>
<td>$(576,000)</td>
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<tr>
<td>Other</td>
<td>$(538,000)</td>
</tr>
<tr>
<td><strong>Total Projected Impact of Decreased State Appropriations and Cost Increases</strong></td>
<td><strong>$(11,337,000)</strong></td>
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### Projected Funding Sources

<table>
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<tr>
<th>Description</th>
<th>Impact</th>
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</thead>
<tbody>
<tr>
<td>Tuition, Fees and Other Revenue Increases over FY12 Budget</td>
<td>$4,813,000</td>
</tr>
<tr>
<td>Cost Center Budget Reductions</td>
<td>$3,194,000</td>
</tr>
<tr>
<td>Reduction of President's Enhancement Fund</td>
<td>$2,052,000</td>
</tr>
<tr>
<td>Increased Transfers from Non-Operating Funds</td>
<td>$1,125,000</td>
</tr>
<tr>
<td><strong>Total Projected Funding Sources</strong></td>
<td><strong>$11,184,000</strong></td>
</tr>
</tbody>
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| Estimated Change in Revenue and Expenses for FY13                          | $(153,000) |
| One-Time/Non-Recurring Cost Allocations                                   | $(1,079,000) |
| **Projected Change in Net Assets for FY13**                               | **$(1,232,000)** |
Remaining budget process

• Complete the FY13 budget for presentation and approval at the June Board meeting
  • Including designated, auxiliary and West Plains budgets.
• Assume 7.78% reduction in state appropriations
• If state appropriations increased, recommend:
  • Additional amount first cover any potential budgeted deficit
  • Any remainder be placed into the President’s Enhancement Fund until actual fall enrollment and increases to health care costs are known
• After fall 2012 semester 4th week census reports are received, Executive Budget Committee will prepare recommendations on how to best utilize any additional state appropriation funds.