

Fiscal Year 2012-13 Preliminary Springfield Campus Operating Fund Budget

Presentation to Board of Governors

Clif Smart, Interim President

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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

7.78% Decrease in State Appropriations	\$ (5,889,000)
Salary Raise, Promotions, Fringe Rate Increases, Benefits, Hiring	(3,734,000)
Increase Bad Debt to Prior Year Actual	(600,000)
Increased Utilities	(576,000)
Other	<u>(538,000)</u>
Total Projected Impact of Decreased State Appropriations and Cost Increases	(11,337,000)

Projected Funding Sources

Tuition, Fees and Other Revenue Increases over FY12 Budget	4,813,000
Cost Center Budget Reductions	3,194,000
Reduction of President's Enhancement Fund	2,052,000
Increased Transfers from Non-Operating Funds	1,125,000
Total Projected Funding Sources	<u>11,184,000</u>
Estimated Change in Revenue and Expenses for FY13	\$ <u>(153,000)</u>
One-Time/Non-Recurring Cost Allocations	<u>(1,079,000)</u>
Projected Change in Net Assets for FY13	\$ <u>(1,232,000)</u>



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.