

University Budget Committee Meeting Notes
Tuesday, May 9, 2017 3:00 – 4:30 MCM 305

1. Welcome (Gagnon and Hoar)

- a. Cindy Dell for Susan Gilbertz
- b. Excused: Joy Honea, Barb Wheeling, Cliff Coppersmith
- c. Kaelen Shay from ASMSUB attending

2. Any additions to the agenda?

No additions to agenda were raised.

3. Legislative/OCHE update (Larsen)

a. State appropriation allocations to campuses

The Montana legislative session is over. MSUB did not receive the \$5 million for science building; fundraising continues.

b. Tuition rates

The campus received a message regarding OCHE proposed tuition rates and there was an article on this in the Billings Gazette over this past weekend. OCHE has proposed a small percentage increase for non-residents and the following for residents and WUE students:

- City College – 0% FY18, 0% FY19
- University Campus – 0% FY18, 2% FY19

To cover the state appropriation reduction and present law adjustments, we were projecting the need for increases in tuition rates at significantly higher level; we have a shortfall to address.

There is also a proposed change to the state appropriation to MSUB, an increase.

OCHE has done an analysis of all funding for MUS institutions; this includes state allocation, tuition, and fees. Our MUS peer group (4 year regional institutions) has been identified as Northern and Western. We have higher tuition and lower state allocation than both Northern and Western. OCHE plans to raise tuition at other two and raise the state allocation here. The increased state allocation is not enough to fill our entire budget shortfall.

Are the OCHE tuition rates final?

They will not be official until the BOR meets and approves them 5/25 and 5/26. In addition, tomorrow at 10 am, two regents are scheduled to be here to discuss the tuition rates. They are particularly interested in speaking with students.

c. Pay Plan

The pay plan is reasonably conservative; there is a 1% increase in each of the next two years and it will be applied in February. The legislature funded 70% of this.

d. Long Range Building Plan

Top priorities for MSUB are the requested funding to take down two buildings.

4. FY 2018 Budget Development

a. Projected enrollment, tuition, state support and expenditures

Based on the recommendations OCHE is making to BOR, we have a better idea for our budget. The figures are not yet final, only recommendations until BOR approval. Budget Director Trudy Collins reviewed the current budget figures.

FY18 enrollment projection is 3420 FTE, down 23 FTE from prior FY. This projection was prepared by Tyler Trevor from OCHE; our internal projection is 3428, essentially the same. The budgetary impact of a 23 FTE reduction is roughly $\$5K \times 23 = \$115K$.

Percentage increases presented here are only for tuition, the figures posted on the OCHE website include both tuition and mandatory fees. Tuition rates used in the calculations follow the OCHE recommendations. Mandatory fees are being held flat; however, MSUB will be requesting a health services fee increase.

Co-chair Gagnon clarified that the program, miscellaneous, and course fee increases will all be going forward as proposals to BOR from MSUB along with changes to room and board.

b. Bridge funding – use of reserves

In attempting to manage this shortfall in a strategic way, EBC has discussed doing some of the reduction in the first year and some of the reduction in the second year of the biennium. The intent is to get us to an amount where the first year of biennium gap is manageable given the short timeframe.

There are two places where there is some give in our budget structure:

- Budgeted instructional reserve (\$750K): If confident in our enrollment projections we may want to temporarily reduce the budgeted reserve to decrease the reduction amount in year one.
- Revolving designated reserve (\$2 million): This exists to help in situations not unlike this one. This is a one-time budget bridge to allow us another year to make the reductions to get us to a balanced budget.

Enrollment reserve's purpose is to cushion an unexpected reduction in enrollment. If we don't have it then we will be taking a gamble.

EBC had this same discussion; there is a consensus that it is not prudent to remove the entire enrollment reserve.

We are trying to prudently predict how much we feel comfortable using from the enrollment reserve to fill the budget gap. EBC is recommending taking \$600K out of designated rainy day fund and \$400K out of the enrollment reserve.

Do we have any results on the effect of retention initiatives?

Results are not yet available. We have developed and piloted several strategies such as co-registration courses. The results from the pilots this year were fabulous. In the coming academic year, we are

taking some of these initiatives to scale. Last year retention was up significantly, but then dropped off after the start of semester; infer the drop was due to financial reasons by this timing.

Do not forget the positives of our situation:

- No resident student tuition increase
- State allocation increase

c. Suggestion Box as of May 1, 2017

Provost Hoar prepared a presentation reviewing the background and purpose, mechanism, and categories of responses. Presentation will be posted to the UBC box folder.

UBC wanted ideas that would impact the biennial budget and beyond. UBC received suggestions relating to what the University should/should not do. Not everything submitted to the suggestion box was relevant to the budget discussion. UBC should discuss and recommend those items where we should spend energy to investigate.

Responses were compiled into the following categories:

- program review
- reorganization
- other
- efficiency
- suggestion
- one time

d. Next steps

- Provost Hoar will send suggestions to the fund controllers.
- We will investigate potential savings from the more global suggestions.
- Consider major reductions to reduce the number of impacted units

6. Future meeting dates

a. June 13 10:00 am to noon.