



University Budget Update

February 9, 2018



Takeaways for Today.....

- 2017-2018 – Good
- Next Year (July 1) – Potentially Difficult (Pensions/Budget)
- Kentucky has been cutting for 8-10 years
- We will continue to be a strong university going forward
- Other KY universities and K-12 are in this same situation
- Let's stay student-centered



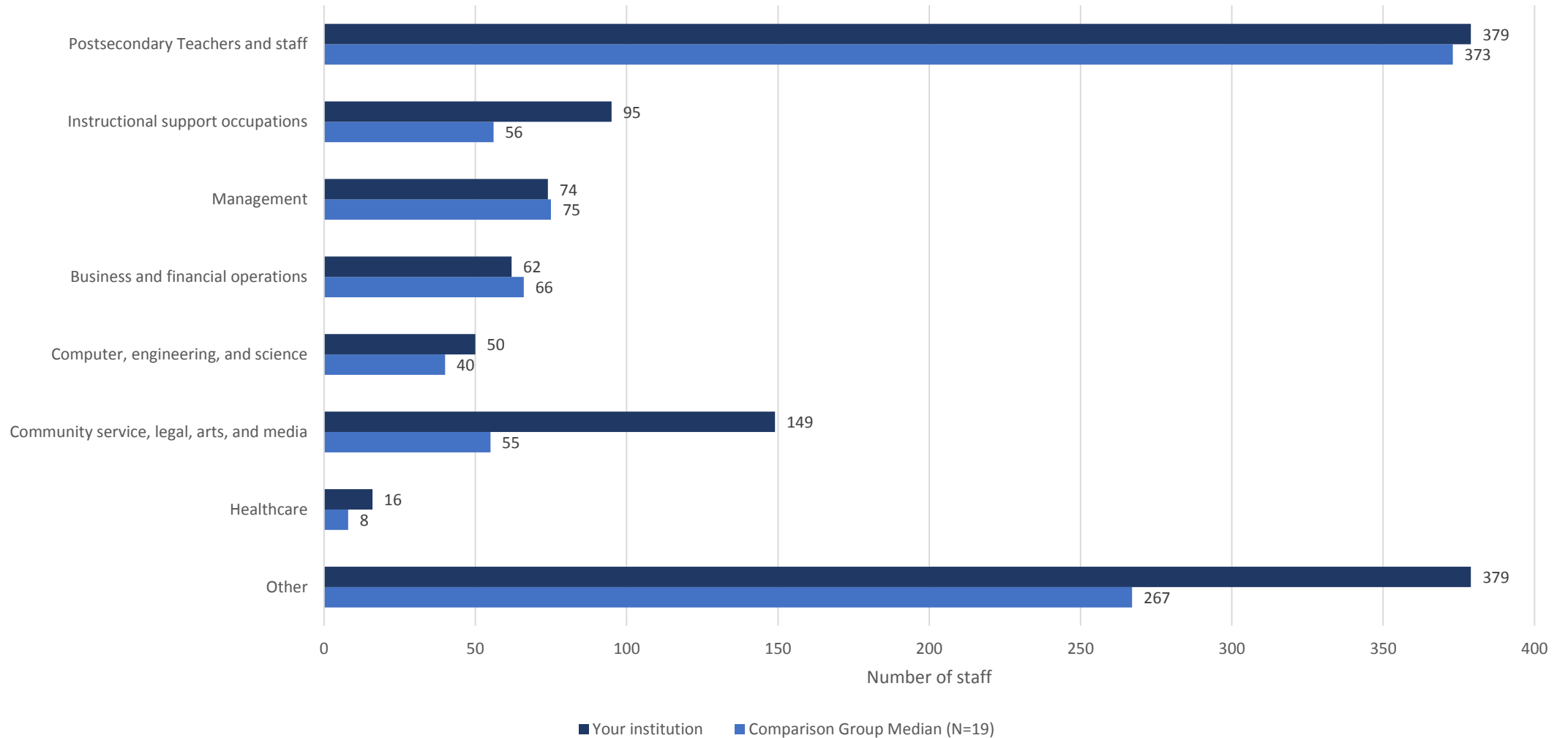
MSU Budget ... In Brief

- \$152 Million Dollar Total Budget
- \$41-42 Million in State Appropriation Fund
 - \$2.8 Million - Craft Academy
 - \$200,000 - KY Folk Art Center
 - = \$38 Million for General State Support
- 820 FT Employees
- \$50 Million Plus in MSU Foundation –
Scholarships and Other University Support
- \$416,000 +/- Mid Year Give Back



A Snapshot of Our Campus Personnel

Figure 18: Full-time equivalent staff, by occupational category: Fall 2015



Next Years Budget (July 1).....

- Moving Pieces/People for Performance Funding and Other Strategic Metrics Designations
- *'Earn to Learn'* – Designated Student Wages
- A Few Reinvestments – Mainly Due to Pending Budget Gap
- Travel Reductions of 5% Across-the-Board (More in some areas)
- Fractional Loads – Designated as .10 = 1 course, etc.
- Use of “One-time, Non-recurring Funds” to Retire Selective Debt
- An Attempt To Move Funds in the Right Areas to Reduce Transfers
- Attempt to Protect Our “Core” Educational Mission
- View Almost Line-by-Line Categorical Budgeting



Internal Audit

Functional Category: Institutional Support

Performance Funding Components: N/A

| Roster | | Retire. | | | 2017-18 | 2017-18 | 2018-19 | 2018-19 | 2018-19 | | |
|--------|------------|---------------------------|------------|------|----------|---------|------------|---------|---------|------------|--|
| ID | Print Name | Job Title | Plan Desc. | FTE | Contract | Salary | Annualized | FTE | Salary | Annualized | Comments |
| 2807 | | Director, Internal Audits | KTRS | 1.00 | 12 | 85,889 | 85,889 | 0.80 | 65,711 | 65,711 | move 0.2 FTE to School of Business Admin (teach 2 accounting courses per year) - TBD |

| Object Description | Opening Budget | Fund Balance | Recurring Base Budget | 2018-19 Recurring Changes | 2018-19 Base Budget | 2018-19 Fund Balance | 2018-19 Opening Budget | Comments |
|------------------------------|----------------|--------------|-----------------------|---------------------------|---------------------|----------------------|------------------------|--|
| Salaries & Wages | 85,889 | - | 85,889 | (20,178) | 65,711 | - | 65,711 | move 0.2 FTE to School of Business Admin |
| Medical Insurance | 6,576 | - | 6,576 | (1,315) | 5,261 | - | 5,261 | |
| Life Insurance | 48 | - | 48 | (10) | 38 | - | 38 | |
| Dental Insurance | 312 | - | 312 | (62) | 250 | - | 250 | |
| KTRS | 13,627 | - | 13,627 | (3,202) | 10,425 | - | 10,425 | |
| FICA | 6,571 | - | 6,571 | (1,544) | 5,027 | - | 5,027 | |
| Supplies | 425 | - | 425 | - | 425 | - | 425 | |
| Travel | 2,075 | - | 2,075 | (104) | 1,971 | - | 1,971 | 5% reduction (\$104) |
| Memberships | 175 | - | 175 | - | 175 | - | 175 | |
| Telephone Device Profile | 84 | - | 84 | - | 84 | - | 84 | |
| Postage | 49 | - | 49 | - | 49 | - | 49 | |
| Internal Audits Total | 115,831 | 0 | 115,831 | (26,415) | 89,416 | 0 | 89,416 | |



Starting Estimates of Deficit For Next Year

(\$10-12 M.)

- \$2.5 Million - 6.25% State Reductions (Currently Known)
- \$3.2 Million - New Pension Cost Increases
- \$1.0 Million - Loss of International Students (Saudi's)
- \$1.0 Million - Estimated Fixed Cost Increases (Estimating)
- \$2.0+ Million - Loss of Tuition of Domestic Students (Estimating)
- \$1.5 Million - Increased Health Care Costs (Possibly Less)
- \$200,000 - KY Folk Art Center Eliminated in State Budget
- xxxx - Misc



Estimates of Where We are Presently for Next Year

(Initial \$10-12 M. Now Down to \$5 M. or less)

- Removing Some Vacant Lines
- Not Filling Vacancies
- Reorganization Within Units
- Pension Control Measures
- Paying Down Strategic Debts
- Reducing Some Non-core Areas
- Repositioning Some Areas and Consolidating
- Full-time to Part-time
- Selective Contracting and Outsourcing
- Etc.



University “Shared-Responsibility” Deficit Reduction Strategies

- \$ 500,000 – Facility Cost Reduction Goal (Taskforce)
- \$1,500,000 – 2019 Health Care Reduction Goal (Taskforce)
- \$ 250,000 – Dental Insurance (MSU Paid to Optional)
- \$ 350,000 – Discontinue Sick Leave ‘Retirement Service Credit’
- \$ 300,000 – Administrative Reduction and Reorganization Goal



Themes You May See... Which May Include Difficult Decisions

- A Push for Enrollment and Increased Retention
- Continued Repositioning of People
- Discussions on Scholarship Areas – Refocus for the Next Year
- Tuition “Shy” or “Limited”
- Less Buildings, Smaller/Tighter Physical Footprint
- Pension Pressures May Require Some Outsourcing
- Non-Strategic Property Disposition
- Benchmarking to Universities That Look Like Us - Review All Areas
- Slim Down in Non-Core Areas (Program/Unit Elimination)
- Voluntary Employment Separation Options
- Non-Voluntary Employment Separation



What Will Our Future Be.....

- Student-Centered
 - Student Success
 - Efficient Through Innovation
 - More Efficient Campus
 - Let Our Strategic Plan Guide Us (Winners and Losers)
 - Everyone Helps With Recruiting and Retention
-
- We would ask you to keep pushing forward!



Voluntary Employment Separation Options



Takeaways for Today.....

- Let's Stay Student-Centered
- Lets Be Morehead State - Not Fractured





Questions?

