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

- Postsecondary Teachers and staff: 379
- Instructional support occupations: 95
- Management: 74
- Business and financial operations: 62
- Computer, engineering, and science: 50
- Community service, legal, arts, and media: 149
- Healthcare: 16
- Other: 379

Comparison Group Median (N=19)
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

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<td>2807</td>
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<td>Director, Internal Audits</td>
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<td>1.00</td>
<td>12</td>
<td>85,889</td>
<td>85,889</td>
<td>0.80</td>
<td>65,711</td>
<td>65,711 move 0.2 FTE to School of Business Admin (teach 2 accounting courses per year) - TBD</td>
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<td>Salaries &amp; Wages</td>
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<td>-</td>
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<td>(20,178)</td>
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<td>250</td>
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<td>13,627</td>
<td>(3,202)</td>
<td>10,425</td>
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<td>FICA</td>
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<td>(1,544)</td>
<td>5,027</td>
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<td>Travel</td>
<td>2,075</td>
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<td>(104)</td>
<td>1,971</td>
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<td>1,971 (5% reduction ($104))</td>
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<td><strong>Internal Audits Total</strong></td>
<td><strong>115,331</strong></td>
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<td><strong>115,331</strong></td>
<td><strong>(28,415)</strong></td>
<td><strong>89,416</strong></td>
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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?