

Hi everyone,

Yesterday a special Faculty Senate session was called so President Morgan could address administrative reorganization and the budget. There were many important and interesting details from this session and I want to share some of them with you.

#### Reorganization

- The updated organizational chart shows an effective date of March 1, but in reality many of these changes were made in January, some are still happening now, and others have yet to come.
- The university is moving to a 3 VP model (there were 4 VPs before). These changes are being made in order to reduce FTE, address administrative bloat, and streamline efficiency.

#### Miscellaneous

- Provost search – 7 candidates were interviewed, the President said it was a good pool, but the committee ultimately decided to suspend the search at this time because of the ongoing issues with pension reform and the budget. The committee felt that this was not the right time to bring candidates to campus in this current climate. Pres. Morgan has asked Dr. Ralston if he would stay on as Provost for another year and he requested Spring Break to mull it over. The President hopes to restart the Provost search in the late Summer/early Fall.
- Many administrative policies are being updated in advance of the SACS accreditation. There were no further details on this.
- Dental – if we can find the savings elsewhere (about \$300k), Pres. Morgan would be open to the university continuing to pay for dental.
- The Saudi Arabian Cultural Mission notified the President on Wednesday that they are willing to reopen the relationship with MSU, at least partially. 3 programs will be offered to those students initially – 2 in engineering, 1 in art.
- The university is going to hire 20-25 international recruiters. These recruiters will be paid on commission when/if students come here. But if the students don't come, the recruiters will not be paid.

#### Legislation

- Money to fund the Folk Art Center has been added to the base budget in the budget bill that was proposed by the House (HB 200). The House budget would also restore the 6.25% cut to Higher Education. The President does not expect this to hold once the bill reaches the Senate, but he is hopeful that some percentage of that money will be restored.
- There are several pension bills going around right now, but the 2 most important ones are Senate Bill 1 (which is being voted on today) and Senate Bill 66.
  - SB1 – increases contribution rates but keeps defined benefits
  - SB66 – would eliminate KERS by June 30, 2019, service credits would not go away and anyone on that would go into the institutions ORP, which the university would have to pay over 30 years.
- There is legislation that would allow more guns to be on campus in response to mass shootings. We have been pushing back against this.
- Because of the many different bills affecting the pension system, the plans regarding voluntary separations/transitional retirement could be affected in different ways. KTRS has given the go-

ahead with the university's plan regarding Sick Leave buyback while KERS is asking us to hold up. Pres. Morgan requests that anyone who is interested in any of the options presented at the Forum (voluntary separation, voluntary reduction of contract, transitional retirements, etc.) submit their proposals by March 15 as requested. However, he feels ethically obligated to sit on those proposals until everything shakes out in Frankfort, thus giving people the option to change their minds (in particular, some of the pension bills would make it impossible for faculty to transitionally retire).

## Budget

- We will be closing Fiscal Year 17/18 with a higher cash balance than at the end of FY 16/17.
- The deficit gap we have to close for FY 18/19 is currently in the low \$4 million range. We will have to figure this out by June 30.
- The university is selling 3 properties – the old golf course on 60, the American Legion Building, and an empty lot across from Walmart. These are not being sold to address budget holes, rather the university is contractually obligated to purchase the old jailhouse (President Morgan does not like it, he does not want it, and he tried every way he could to get out of it to no avail). This will cost somewhere between \$700-\$725k. MSU is also contractually obligated to pay the 3<sup>rd</sup> and final payment for the old Board of Education building this year (\$600k). Pres. Morgan is hoping the sale of those 3 properties will cover our contractual obligations. There are no plans to use the old jailhouse.
- The 1% midyear cut imposed by Governor Bevin resulted in about \$400k that the university had to pay back.
- Pres. Morgan discovered about \$2 million that belongs to MSU in a facilities project account in Frankfort. Those funds were recouped and \$700k will be used to pay off some one-time debts. The remaining \$1.3 million will be used to address the cost overage in the ADUC renovation project.
- ADUC – the total cost overage is \$2.2-2.3 million. CFO Patrick asked the Board of Regents for \$5 million extra to address the overage, which was approved, however there is no expectation that the overage will exceed the roughly \$2 million figure. Since the legislative session is drawing to a close, the BOR thought it would be best to approve more than the anticipated amount in case of any unforeseen issues (the funds have to be approved by the state). We still need to find about \$1 million more to deal with the ADUC overage.
- Pres. Morgan has recommended to the BOR that the university should have a policy mandating cash reserves. He envisions that 5% of the E&G budget, 5% of the auxiliary budget, and 10-15% of medical insurance claims be held back to accomplish this (currently 10-15% of medical insurance claims are held back so this is not a change in policy). Altogether, this would total about \$10 million in cash reserves. The reason for this request is to put the university in a position to have funds in reserve so that, hopefully, we can avoid the same issues that are currently affecting WKU.
- Tuition – Pres. Morgan has recommended to the BOR that tuition should not be raised. Currently MSU has the 2<sup>nd</sup> lowest price tag in the state but, if raised, we would jump over ECU. He would also like to see the Recreation and Wellness Center fee be unbundled from tuition. Students will still have to pay the fee but because it is bundled with tuition, if you do a Google search on MSU's tuition versus ECU's it appears that ECU is cheaper by \$100. Another change will be a \$5 per credit hour facilities fee that will be used to address facilities needs. State legislation requires that the state match this total dollar-for-dollar, so this is a way for the university to raise more revenue and have it matched by the state.

- Out of State Reciprocity – Pres. Morgan has asked Enrollment to look into the option of increasing this in other states. Currently, there are about 9 counties in Ohio that we offer in-state tuition to. We are looking at more counties in Ohio as well as Indiana, West Virginia and Tennessee. This plan will be implemented in phases and it is currently in the development stage.
- Pres. Morgan is hopeful that the remaining \$4 million to address the budget deficit will come from HB200, facilities savings (including the possibility that Laughlin and Wetherby may be taken offline), transitional faculty retirements, and savings from the Health Care Task Force. He does not want to think of involuntary separations until all other options are exhausted. If that does happen, the university will look at IPEDS data to make those decisions. According to the data, classroom faculty is about at peer level but the university is overstaffed by about 200 employees on the staff side.

Those were the most important points I could gather from the meeting. My 2 cents – I think this administration is making very conservative and pragmatic decisions to address years of poor financial decisions made by the previous administration and the attack on public education that we are seeing from Governor Bevin and people of his ilk. Pres. Morgan is aware of the consternation that is being and will be felt as a result of some of these decisions. However, he seems to be committed to safeguarding the employees here as much as possible while protecting the core mission of the university.

If you have any questions about any of this, feel free to ask Rodney or me. There was a lot of ground covered and I tried to take as many detailed notes as possible.

Thanks,  
Jason

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