

BUDGET BRIEFING

Dr. Christopher Maples, Interim Chancellor
May 9, 2018



TODAY'S BRIEFING

Funding trends in higher education

- National
- Missouri
- University of Missouri System
- Missouri S&T

FY18 budget: guiding principles & actions

FY19 budget: governor & legislative proposals

- Predictions, planning, and guiding principles
- Proposed actions thus far

Helping ourselves thrive into the future

THE STATE OF U.S. HIGHER EDUCATION

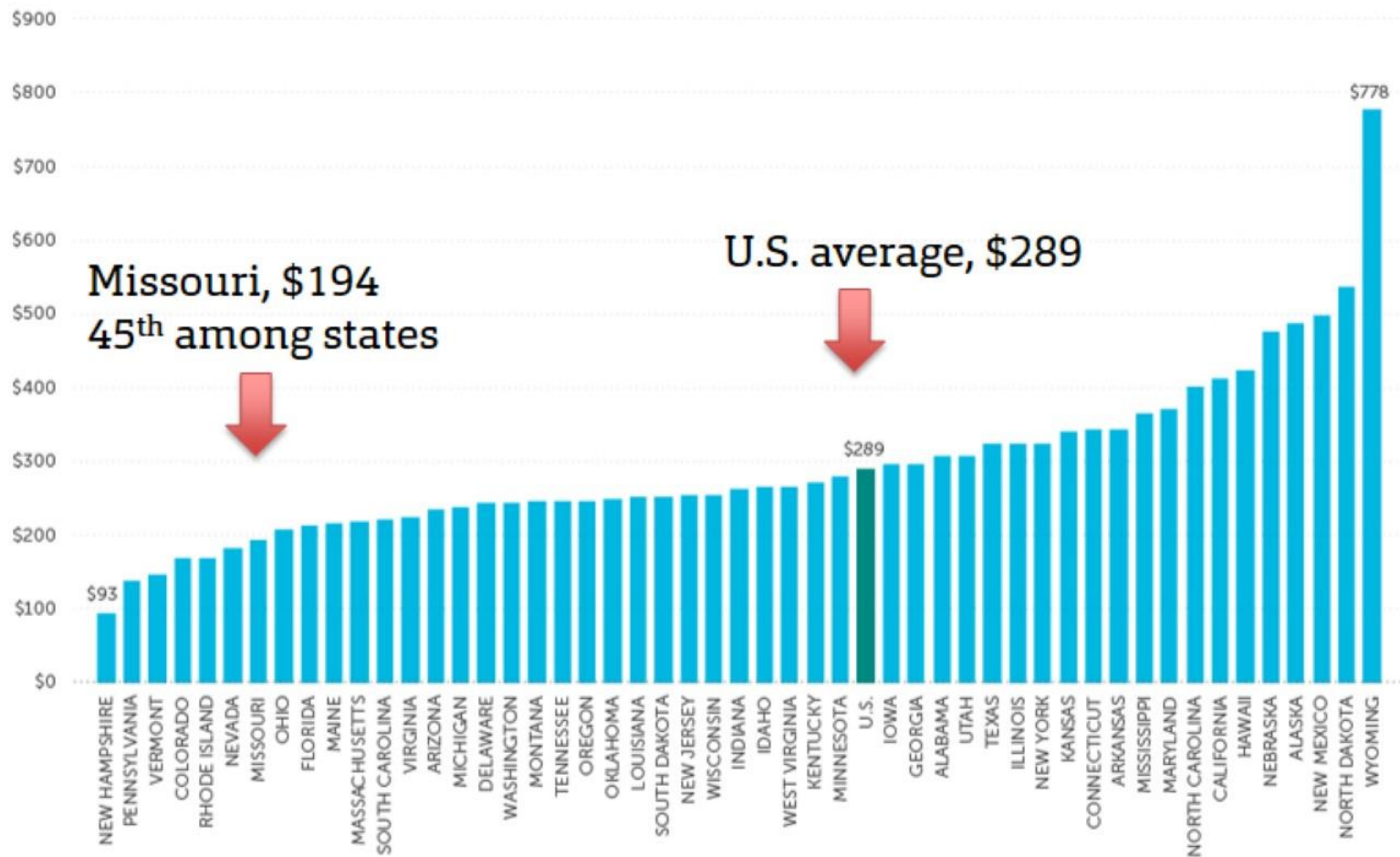
Factors driving U.S. public education budgets

- **Falling state appropriations**
- **Increasing operations costs**
- **Flat to falling tuition per student**
- **Competitive enrollment environment (flat HS graduation rates)**
- **Increasingly competitive research environment**
- **Mandatory state obligations**
- **National policies**

MISSOURI HIGHER EDUCATION

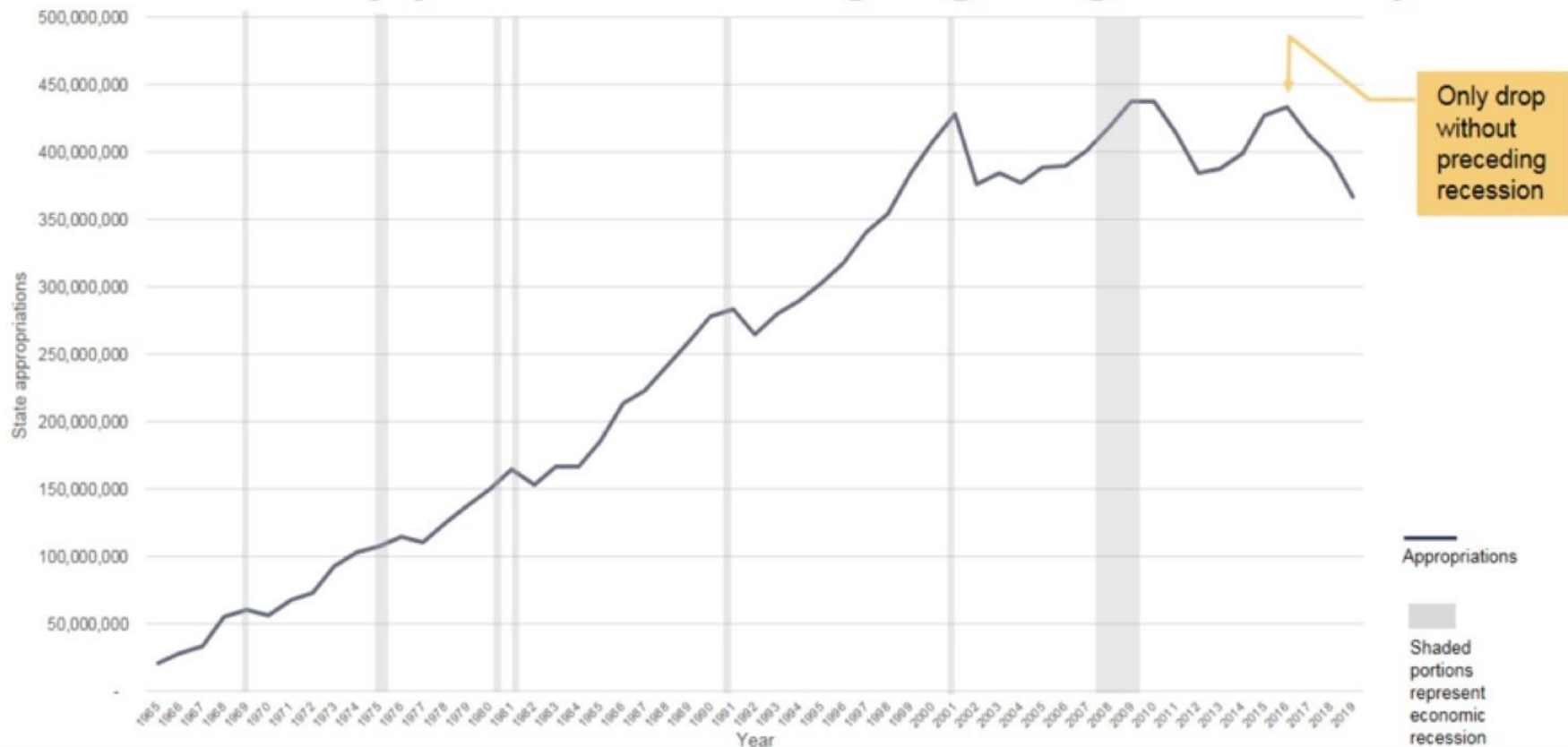
State Higher Education Executive Officers Association (SHEEO)
Fiscal Year 2017 Finance Report, www.sheeo.org

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 2016



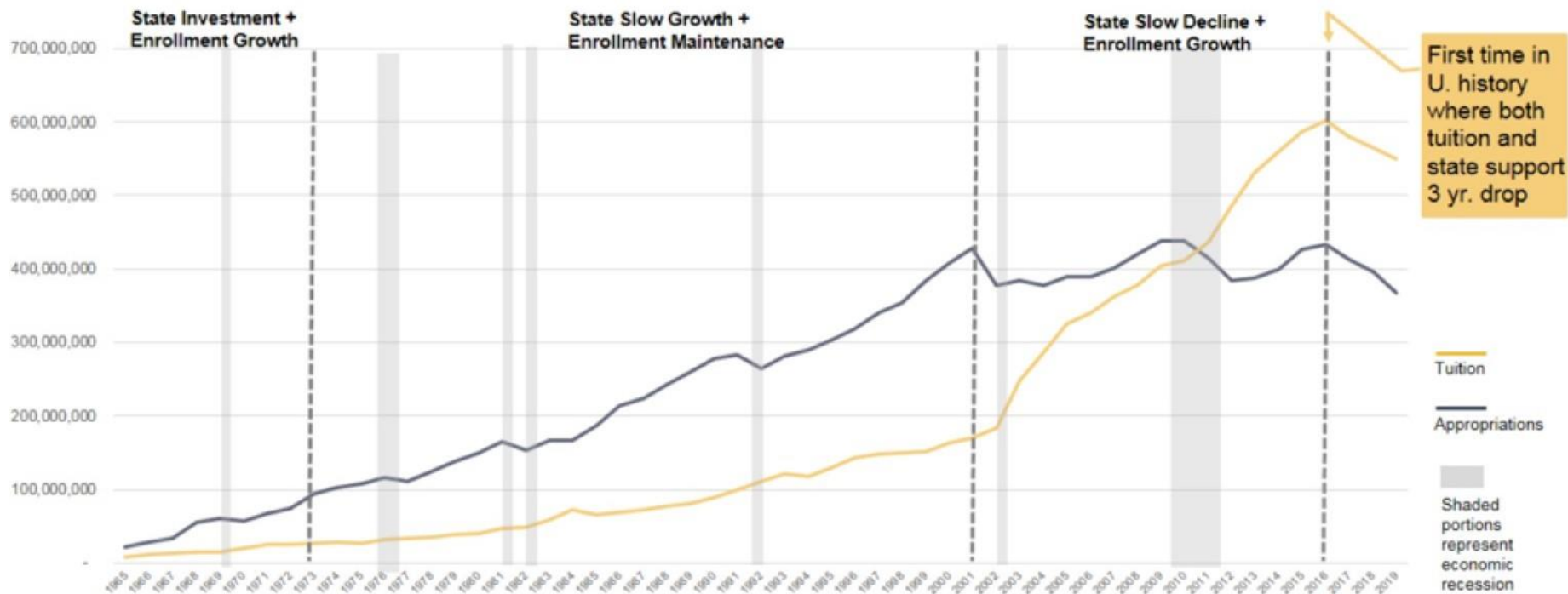
MISSOURI HIGHER EDUCATION

State Support is Changing Significantly



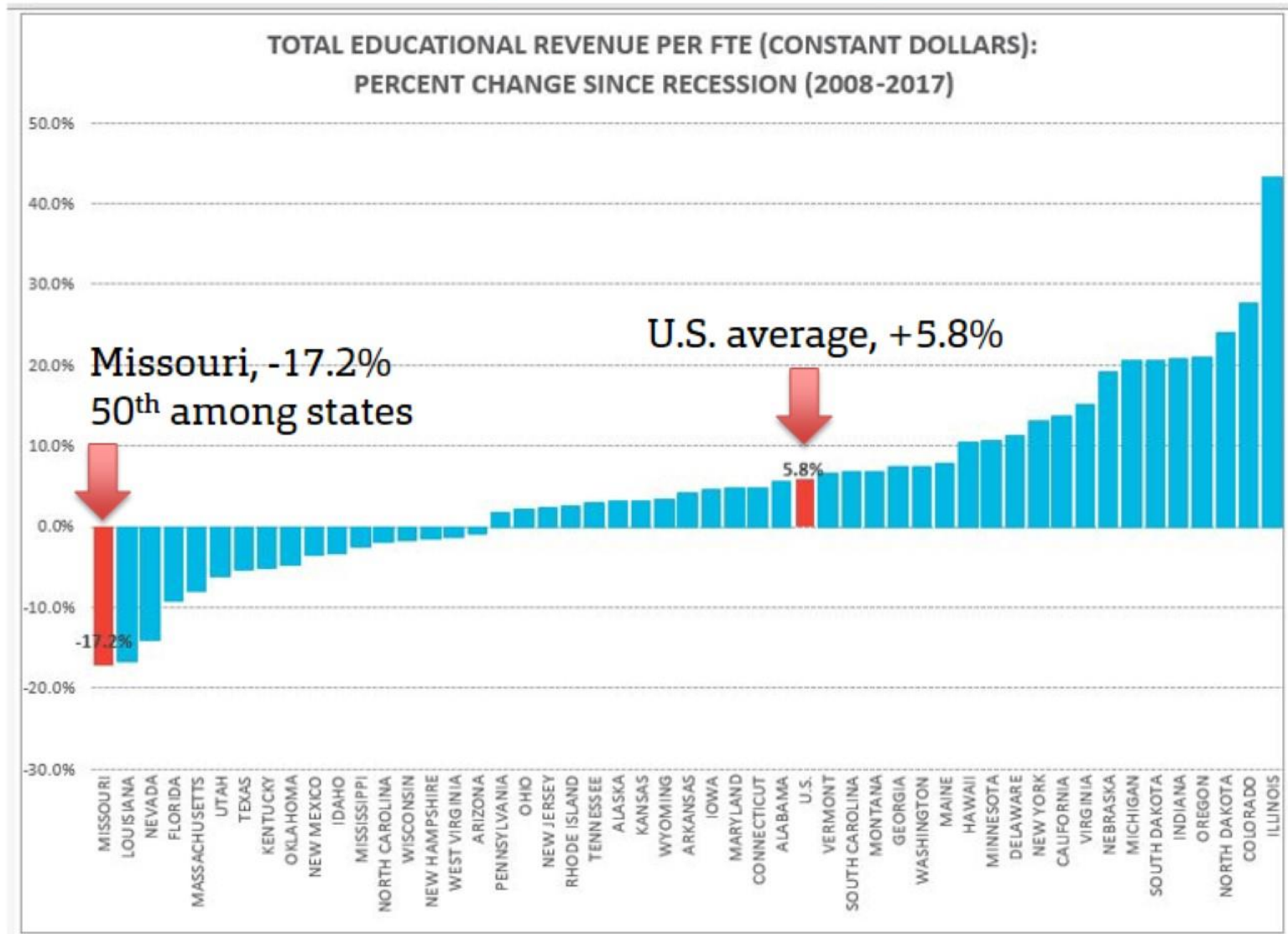
MISSOURI HIGHER EDUCATION

Tuition Replaces State Support as Primary Revenue Source



MISSOURI HIGHER EDUCATION

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UNIVERSITY OF MISSOURI SYSTEM

Operating income in millions, FY18 (projected)

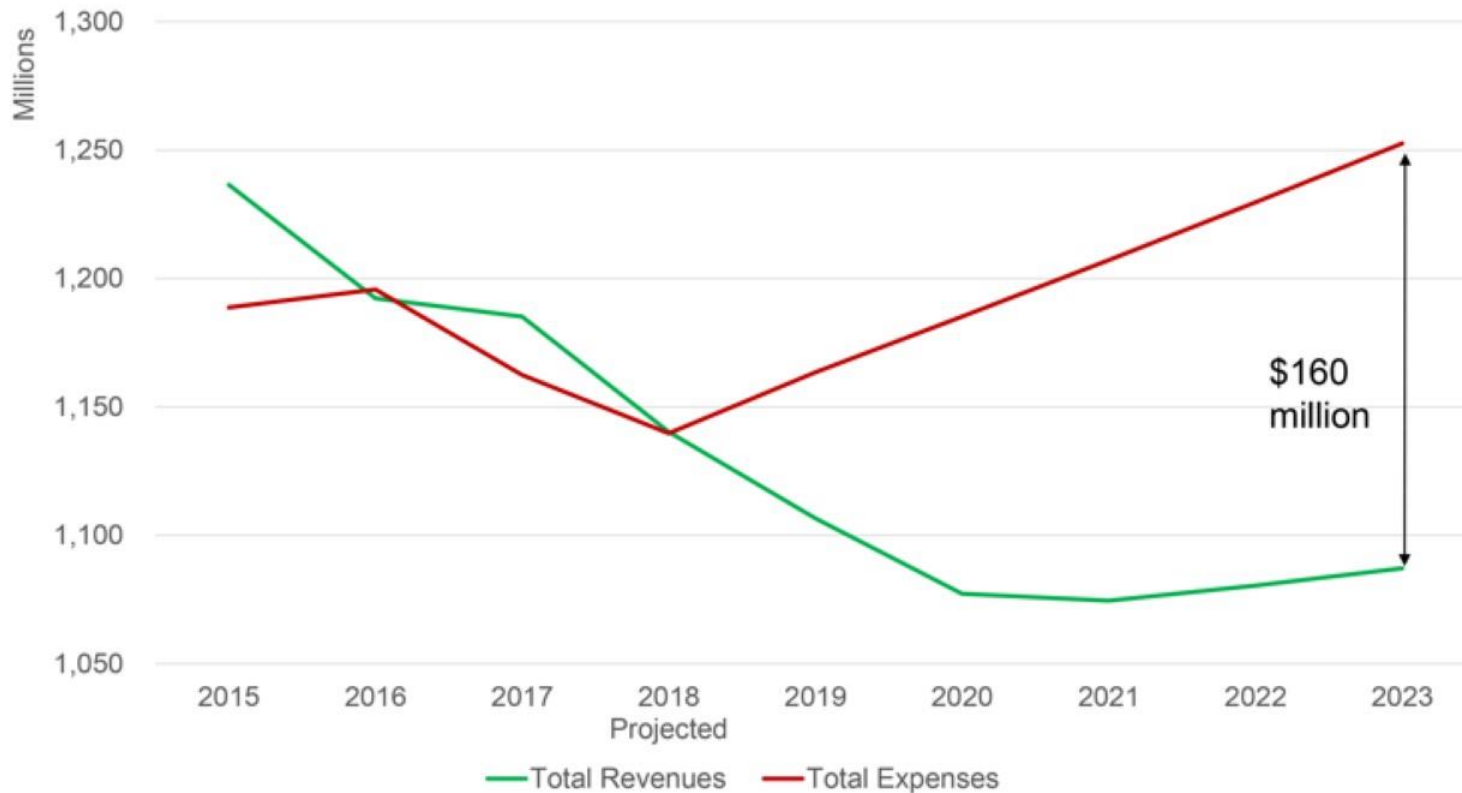
	Operating revenues	Operating expense	Operating income
Columbia	1,342	1,361	(19)
Kansas City	365	384	(19)
Missouri S&T	221	220	1
St. Louis	214	211	3
Total – academic enterprise	2,142	2,176	(34)
UM System	72	71	1
MU Health Care	1,004	897	107
Total consolidated	3,218	3,144	74

UNIVERSITY OF MISSOURI SYSTEM

Without action, a \$150-200 million gap forms

Annual Assumptions

- 1% New Enrollment Growth
- 2% Tuition Increases
- Flat to Declining State Support
- Flat Employee Headcount
- 2% Salary Merit Pool

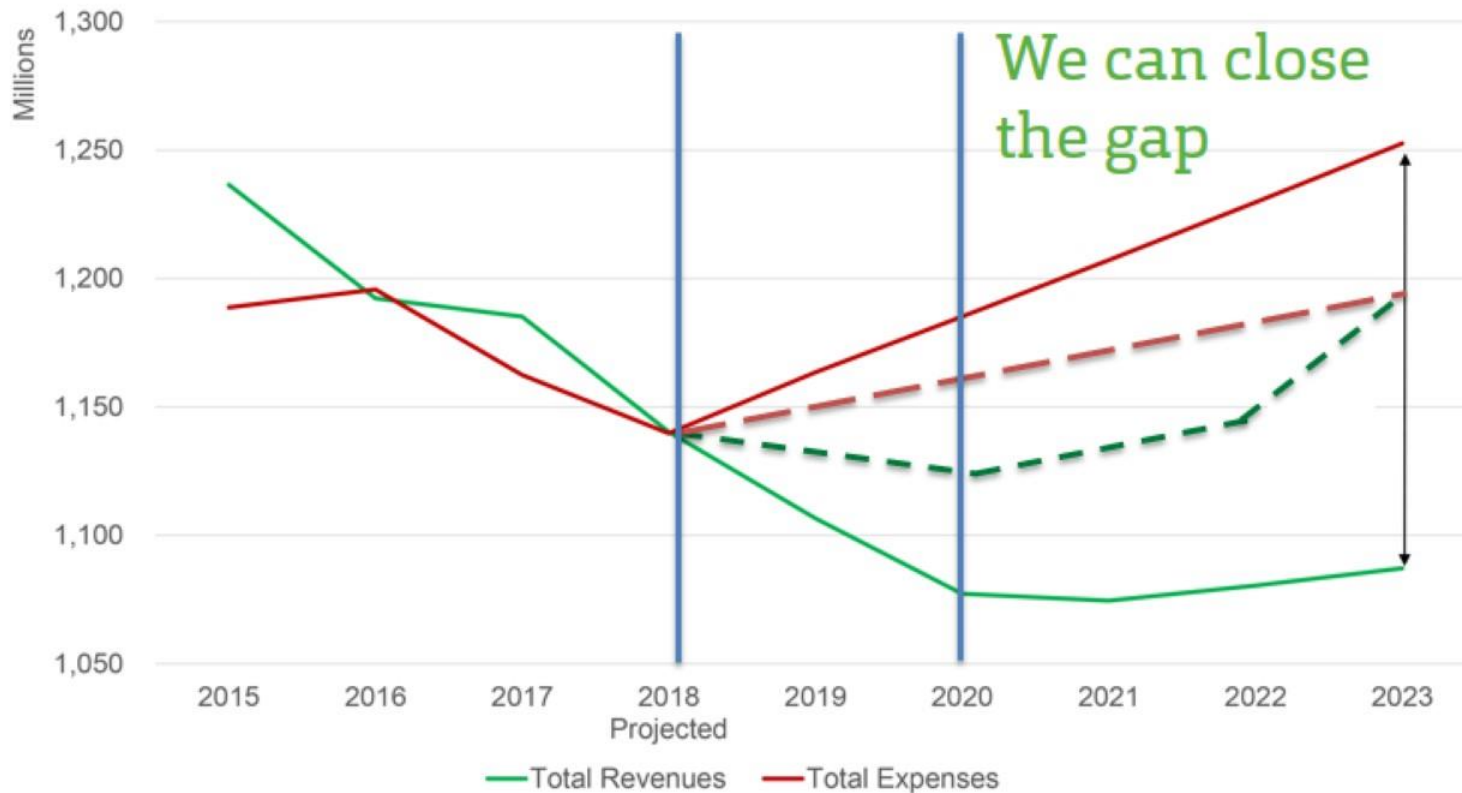


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MISSOURI S&T FY18 BUDGET

Category	Amount
State appropriations	(5,111,581)
Net tuition revenue increase	1,362,200
Unavoidable cost increases*	(1,400,000)
Strategic investments**	(3,605,619)
Total shortfalls	(8,755,000)

* Insurance, utilities, maintenance and repair, promotion and tenure, graduate aid

** Faculty and faculty support, supplemental core instruction, phonathon funding, enrollment contingency

FY18 BUDGET ACTIONS

Guiding principles for FY18

- Protect academic core
- Protect revenue streams
- Perform cuts strategically (no across-the-board reductions)

Reductions and reorganization

- Eliminated 36 vacant staff positions and 15 occupied staff positions
- Eliminated two vice chancellor positions
- Reduced provost's direct reports from 11 to 9
 - Provost's immediate staff reduced from 11 to 6 since 2014

FY18 BUDGET → FY19 BUDGET

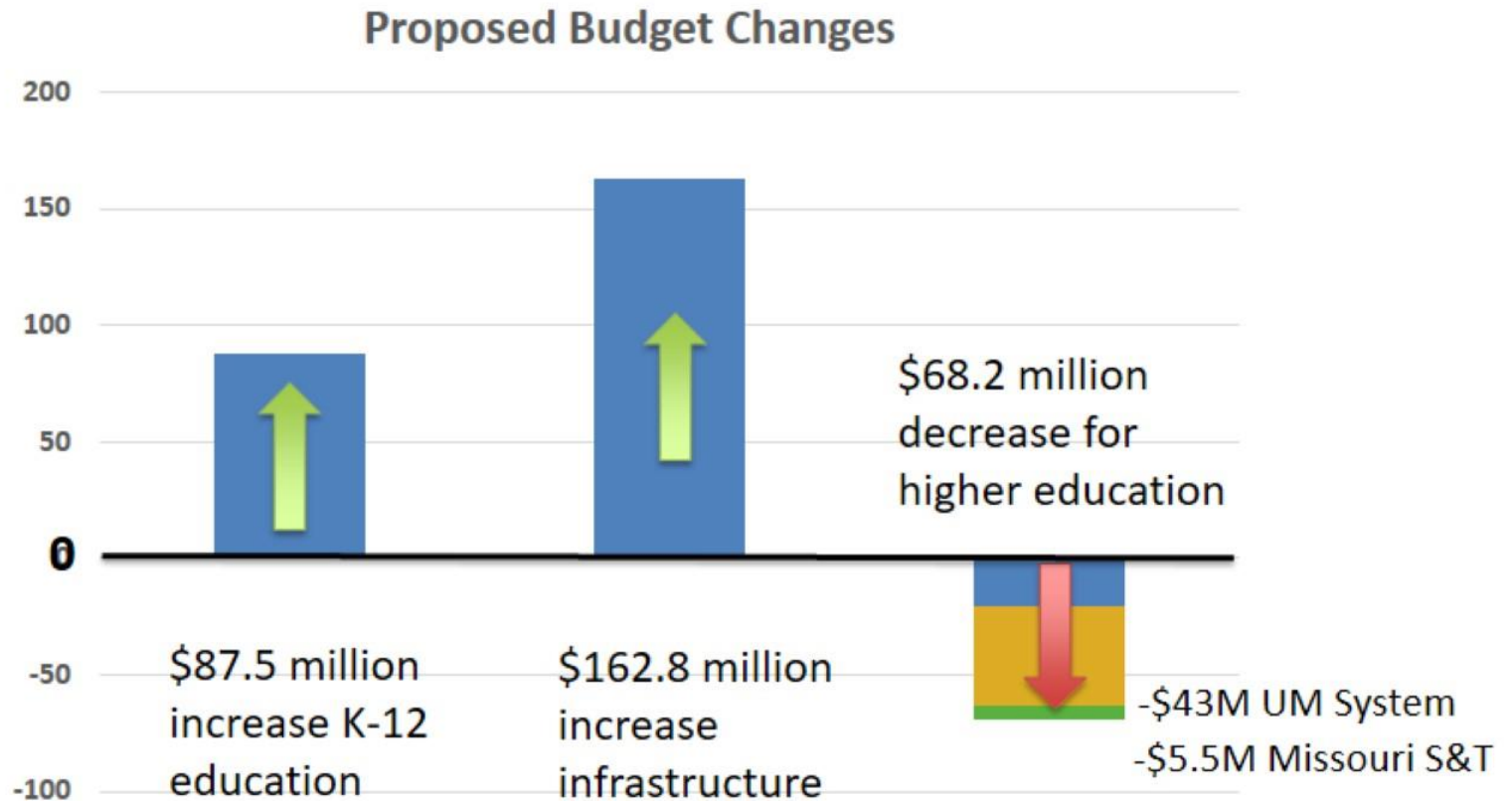
Guiding principles (FY18)

- Protect academic core
- Protect revenue streams
- Perform cuts strategically (no across-the-board reductions)

New guiding principles (FY19 budget)

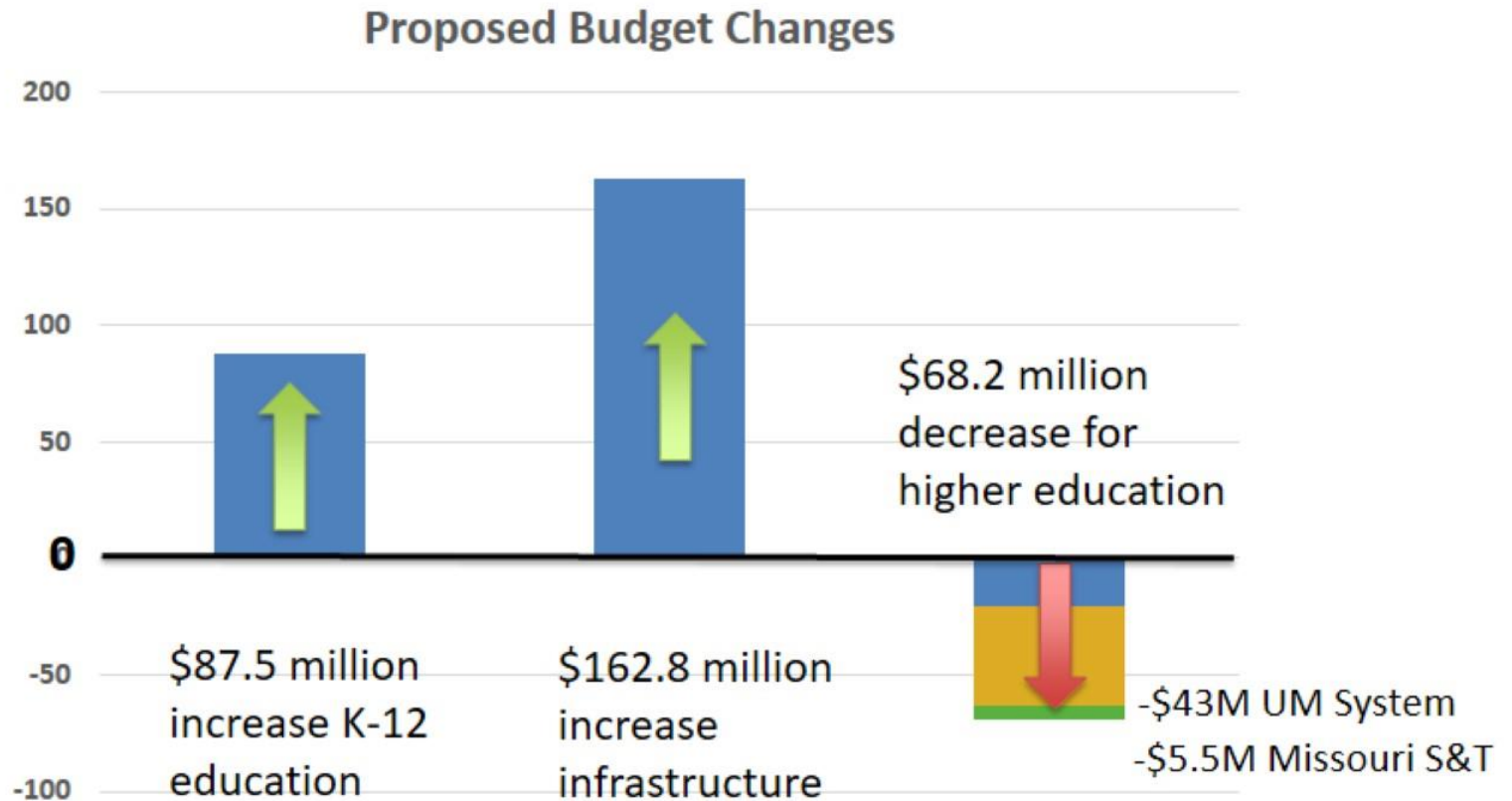
- Enhance academic core
- Enhance/create revenue streams
- Strategic investments for enhanced efficiency/service
- New/different ways to serve students better

FY19 GOVERNOR'S BUDGET PROPOSAL



- **7.7% cut to public higher education (\$68.2M)**
 - **Does not include 3% reserve (released only once in last 30 years)**
- **Additional 10% of core funding tied to performance measures**
- **Last year: ~10% reduction in core state funding**
- **Does not include line items**

FY19 LEGISLATIVE BUDGET PROPOSAL



- **\$68.2 million restored**
- **No performance-measure funding this year**
- **60% line item funding in core budget**
 - **Expand Project Lead The Way**
 - **Mechanical Engineering at Missouri State-S&T cooperative program**

FY19 BUDGET PLANNING

\$5 million reductions/investments to balance budget

- Reduction in state appropriations still possible
- Planning for slow/no enrollment growth and a change in student mix
- Tuition and fee increase
- Increases in operating costs
 - Planning for a 2% merit increase pool (\$2 million, or 40% of \$5 million)
 - Increase in medical benefits costs +
 - Some increases in mandatory costs

Investment needed to implement strategic plan

PROPOSED FY19 BUDGET ACTIONS

Division	Current GRA	Proposed reduction / reinvestment	% reduction
Advancement	4,545,892	631,235	13.9%
Chancellor	1,044,883	170,000	16.3%
Diversity, Equity and Inclusion	1,032,081	30,000	2.9%
Finance and Operations	12,900,821	626,000	4.9%
Marketing and Communications	1,821,547	50,000	2.7%
CASB	23,925,103	957,000	4.0%
CEC	39,717,790	1,588,712	4.0%
Provost – Academic Administrative Support	21,253,357	1,320,000	6.2%
Student Affairs	4,590,900	288,000	6.3%
TOTAL	110,832,372	5,660,947	5.1%

PROPOSED FY19 BUDGET ACTIONS

Division	Completed or proposed actions
Advancement	<ul style="list-style-type: none">• Eliminate Corporate Relations (5 FTE)
Chancellor	<ul style="list-style-type: none">• Eliminate 2 FTE
Diversity, Equity and Inclusion	<ul style="list-style-type: none">• Reduce E&E
Finance and Operations	<ul style="list-style-type: none">• Reduce HR staff by 1 FTE• Reallocate staff, reduce E&E, charge for special support services in IT• Move 1 University Police FTE to non-GRA• Reduce University Police E&E• Eliminate 1 FTE in VC office• Review institutional research function
Marketing and Communications	<ul style="list-style-type: none">• Reduce E&E

PROPOSED FY19 BUDGET ACTIONS

Division	Completed or proposed actions
CASB	<ul style="list-style-type: none">• Reduce E&E• Reduce faculty and staff positions (strategically cancelling searches)
CEC	<ul style="list-style-type: none">• Reduce E&E• Reduce faculty and staff positions (strategically cancelling searches)
Provost – Academic Administrative Support	<ul style="list-style-type: none">• Use internal talent for CAFÉ initiative (eliminate full-time director position)• Reduce supplemental support for academic units• Review centralizing OSP post-award process• Invest in first-year experience
Student Affairs	<ul style="list-style-type: none">• Move some Career Fair expenses to non-GRA funding• Eliminated Office of Professional Leadership and Campus Engagement (completed December 2017)• Reduce student waivers in athletics, replace with non-GRA sources• Reduce staffing

THE STATE OF U.S. HIGHER EDUCATION

Our environment is changing, and the long-term trends are not going away

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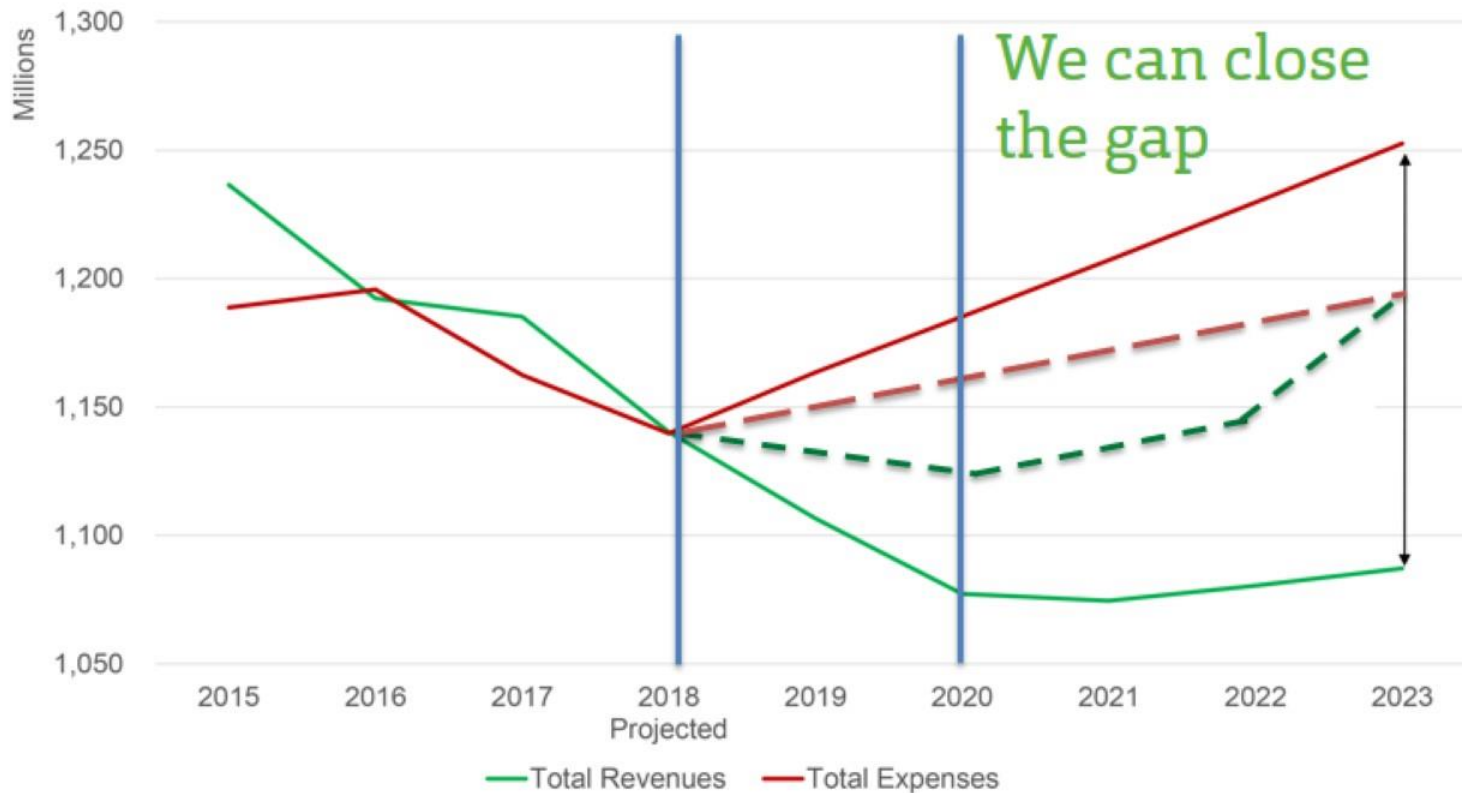
UNIVERSITY OF MISSOURI SYSTEM

What kind of university will we be in 5–10 years?

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HELPING OURSELVES THRIVE

We must change significantly as an institution to thrive

- Must enhance our quality, which will require investment
- Investment will not come from the state
- Very little investment will come from tuition, and it must be program-specific
- Administrative review will generate some investment, but it won't solve all of our needs
- Academic innovation, productivity, and program review will remain keys to our success

HELPING OURSELVES THRIVE

What kind of university will we be in 5–10 years?

- Where do we all see opportunities to excel?
- Opportunities to grow revenue in new and innovative ways
- Missouri S&T is starting from a position of strength
 - Strong or steady enrollment compared to other UM campuses
 - Increases in faculty numbers compared to other UM campuses
 - We offer remarkable ROI and remain a great value
- We will not excel by doing more with less
- Must invest in the success of our people and our students

HELPING OURSELVES THRIVE

Opportunities to enhance revenue & reputation

- Moving to “highly selective” status
- Growing partnerships with other institutions
 - Missouri S&T-Missouri State Cooperative Engineering Program
 - Engineering technology degrees?
 - Research partnerships with public and private sectors?
 - Joint degrees with UM campuses (e.g., PhD in Renewable Energy Engineering with Columbia; joint actuarial degree with UMSL)?
- Undergraduate “Minors” as “Certificates”?
- Professional graduate degrees?
- Incentivizing IP and patent activity?
- Additional/creative opportunities for post-docs, NTTs, etc.

HELPING OURSELVES THRIVE

Ask yourself “What can I do? What can we do together?”

- S&T is in a good place
- We can change our future
- I look forward to our journey together

In charting our course to the future, we are mindful of our path from the past

Brad Henry

PICTUREQUOTES.COM

I HAVE NOTICED
EVEN PEOPLE WHO CLAIM
EVERYTHING IS PREDESTINED,
AND THAT WE CAN DO
NOTHING TO CHANGE IT,
LOOK BEFORE THEY
CROSS THE ROAD.

STEPHEN
HAWKING

Inspirational
Quotes

THANK YOU!



MISSOURI
S&T