

# FY20 Budget Update

May 1, 2019

MISSOURI  
**S&T**

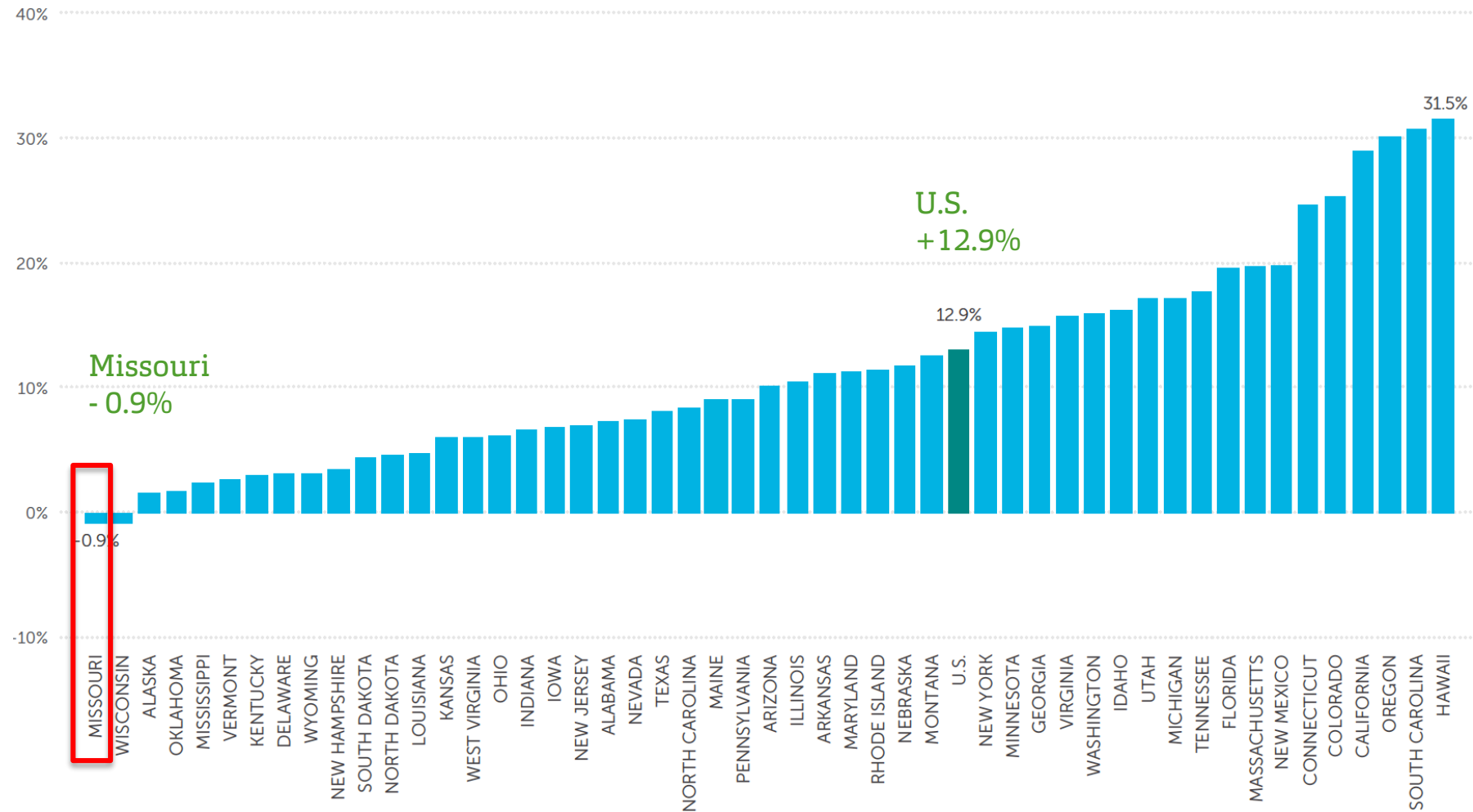


# Long-term Financial Planning

- State funding flat or declining
- Need to shift to an earned revenue model
- Emphasis on student recruitment and retention
- Not a spending problem – a revenue problem
- This can be a short-term challenge
- We can grow and thrive – if we act now

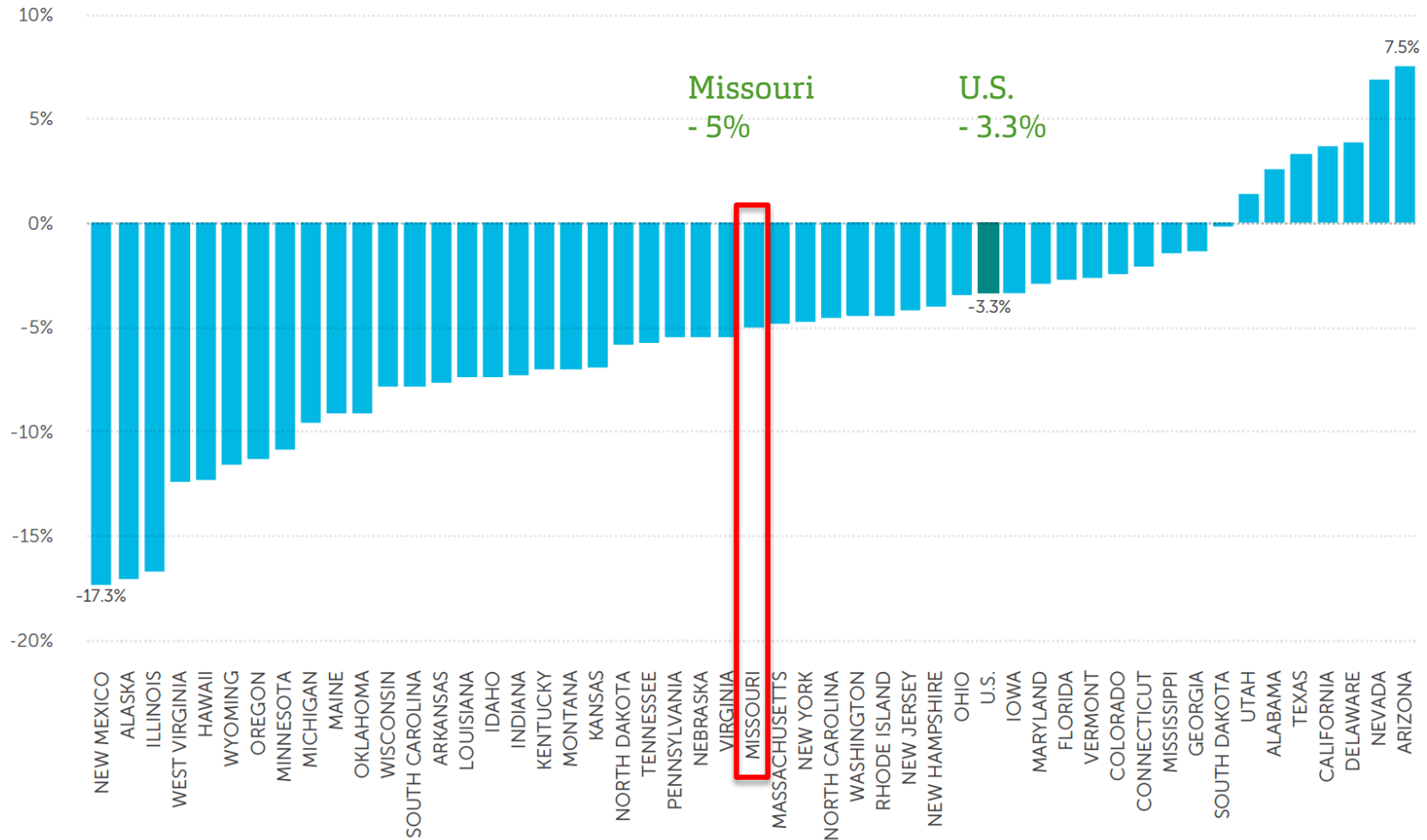
# Revenue per FTE (full-time equivalent)

TOTAL EDUCATIONAL REVENUE PER FTE: PERCENT CHANGE, FY 2013-2018



# College Enrollment, State by State

PUBLIC HIGHER EDUCATION FULL-TIME EQUIVALENT (FTE) ENROLLMENT:  
PERCENT CHANGE, FY 2013-2018

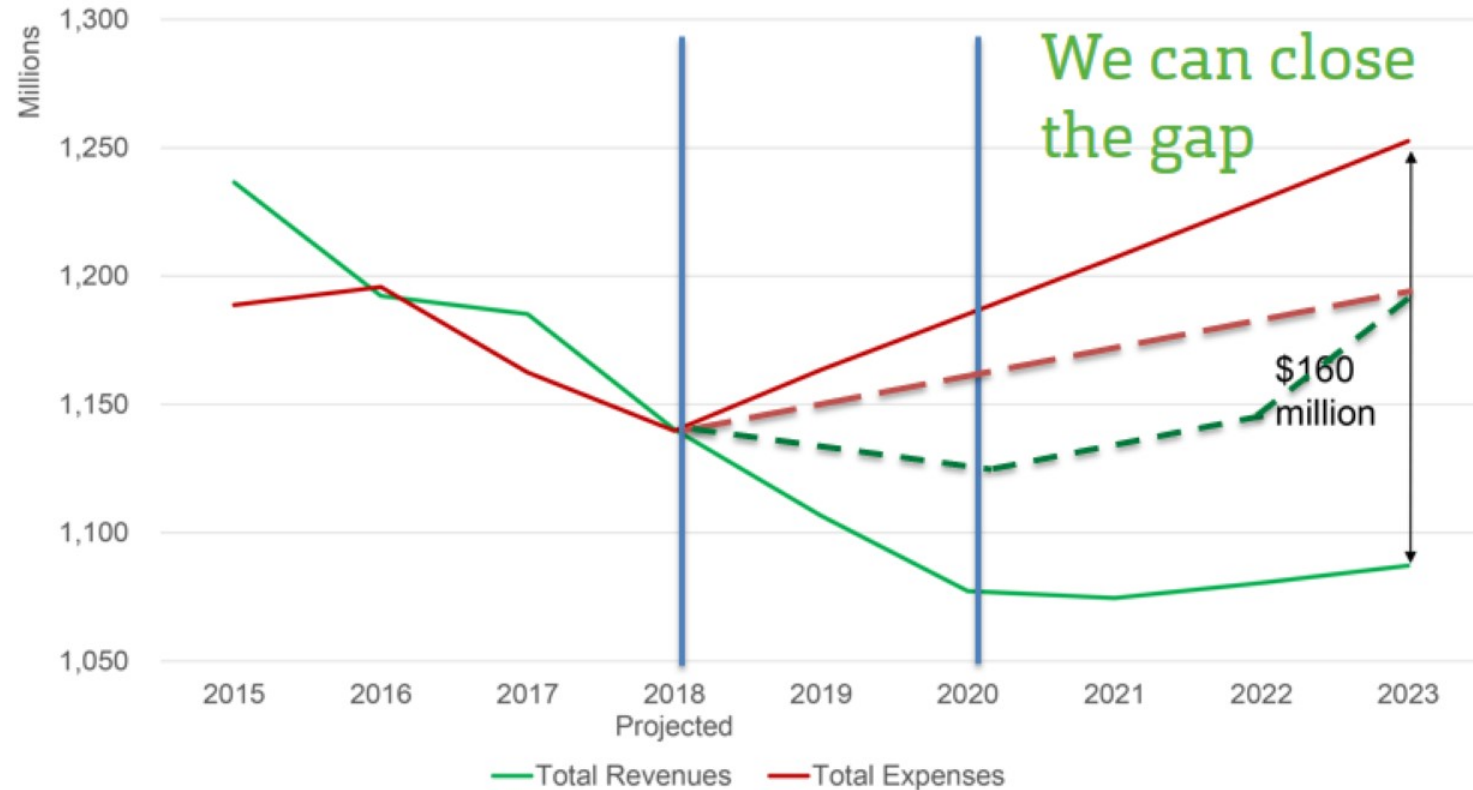


# The Growing Budget Gap

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



# State Appropriations

## State Appropriations Planning

- FY19 approved state appropriations booked at \$50.2M
  - \$47.1M built into general revenue allocation
  - \$3.1M set aside for strategic priorities and budget contingencies
- FY20 flat state appropriations anticipated
  - State revenue is uncertain

# Marginal Changes – General Revenue

Net tuition and fees shortfall from FY19 budget - \$1.2M

- Decline of 93 first time freshman (FTF)
- Decline of 151 master's students
- Application fee waiver

# Marginal Changes – General Revenue

## Increase in scholarships for undergraduate students

- \$1M “Full Load to Finish” Scholarship
  - Missouri Pell-eligible and near-Pell-eligible
- \$330,000 increase for first-time freshman scholarships



# Marginal Changes – General Revenue

## Decrease in non-resident graduate students - \$1M

- 10% decline in new international master's students
- 5% decline in new non-resident master's students

# Marginal Changes – General Revenue

## Potential Additional Enrollment Decline

- Impact of decline:
  - 100 fewer MO Resident FTF = \$1.3M
  - 200 fewer MO Resident FTF = \$2.7M
  - 300 fewer MO Resident FTF = \$3.8M
- Increase in scholarship awards authorized
- Student mix can have further effect on revenues

# Marginal Revenue Changes

<b>Marginal Revenue Shortfall Projection for FY2020</b>	
Net tuition and fees shortfall from FY19 Budget	\$1.2
Increase in scholarships for undergraduate students	1.3
Decrease in non-resident graduate Students	1.0
<b>Subtotal Revenue Declines</b>	<b>\$3.5</b>
Potential additional enrollment decline revenue shortfall -Based on decline of 200 FTF	\$2.7
<b>Projected Net Revenue Decline from Tuition &amp; Fees</b>	<b>\$6.2</b>

# Marginal Expense Changes

Increases in Operating Expenses for FY2020	
Increase in benefit costs	\$1.0
2% merit salary pool	2.0
1% equity pool	1.0
Faculty promotion/tenure/post tenure review	0.2
All other increases (M&R, insurance, utilities, other)	0.6
<b>Subtotal Cost Increases</b>	<b>\$4.8</b>

# Marginal Changes

## FY2020 Budget Planning Summary – General Operating Fund

Original projection for net tuition shortfall	\$3.5
Increase in operating expenses	4.8
<b>Original Budget Shortfall</b>	
Potential additional enrollment decline revenue shortfall	\$2.7
<b>Currently projected FY2020 budget shortfall (~11%)</b>	<b>\$11.0</b>

# Proposed Budget Actions – General Revenue

## Cuts will not be across the board

- Cuts will vary by department, within units, and across the campus, from 0% to 100% of GRA (General Revenue Allocation)
- Staff positions will be eliminated through a combination of retirements, not filling vacant positions, and layoffs
- Some services will be reduced
- Tenured faculty lines will not be eliminated, but will be held open until net revenue growth occurs
- Reinvestment will be made in selected areas to enhance revenue growth

# Proposed Budget Actions – General Revenue

## Colleges

- Hold open tenured faculty lines
  - VSP lines will be held open until VSP costs have been paid and until marginal revenue increases
  - Faculty lines will be filled strategically as enrollment and net tuition and fee income increase
- Some staff lines may be eliminated
- Colleges holdbacks equate to ~7% of their GRA (General Revenue Allocation)

# Proposed Budget Actions – General Revenue

## Academic Support Services

- Costs will be moved to other sources when possible
- Budgets and services will be reduced strategically to focus on the most value-added student-service offerings
- Look for ways to deliver services differently
- Eliminate vacant lines in library and reduce GRA-funded acquisitions budget (plan to replace GRA over time with F&A investment)



# Proposed Budget Actions – General Revenue

## Other Provost Areas

- Enrollment Management reductions will be determined by new Vice Provost for Enrollment Management (~7%)
- Global will have all GRA support removed and will be restructured. Responsibility for distance education will reside with the Deans and become an integral part of the academic vision and mission of the colleges.
- Responsibility for CAFÉ will move to the Deans; CAFÉ will be redesigned with reduced funding and staff.

# Proposed Budget Actions – General Revenue

Total reductions for the Provost's areas, including holding faculty lines open in Colleges, is 9% of the General Revenue Allocation

# Proposed Budget Actions – General Revenue

## Administrative and Support Units

- Research and Graduate Studies will have GRA reductions of 11% overall, with the primary reductions in Sponsored Programs
- Chancellor's office, Marketing & Communications, and Diversity, Equity, & Inclusion will reduce their respective budgets by 10% on average.
- Advancement will reduce their GRA support 9% overall with cuts ranging from 0% to 19% across units.

# Proposed Budget Actions – General Revenue

## Administrative and Support Units

- Finance and Operations will achieve reductions of 10% overall with some departments being held harmless. Reductions at the division level range from 7% to 11%.
- Student Affairs GRA funding will be reduced by 10% overall with cuts across the division between 8% and 50%.
- Auxiliary service budgets will face as-yet-uncertain cut percentages due to reduced freshman and sophomore classes.
- Workforce will be reduced through attrition and layoffs
- Delivery of some services will change and some services will be reduced

# FY20 Budget – Actions Already Taken for Future

- Increased scholarship award levels for FTF
- Department chairs wrote letters to help recruit FTF
- Increased digital/social media marketing of application fee waiver, non-thesis master's program
- Hired a new vice provost of enrollment management and negotiating a contract with an outside firm to help increase our applicant pool
- Contracted with company to evaluate international master's graduate student transcripts and other process changes including taking their first semester before they arrive
- Negotiated new international agreements and new scholarships for undergraduate international students