



Campus Communication

April 20, 2011

TO: MSU Billings Campus Community
FR: Rolf Groseth, Chancellor
RE: Fiscal Year 2012 Budget Update

As we come to the close of the academic year at MSU Billings, I would like to update all as to the status of budget planning for the fiscal year that begins on July 1 and explain the variables and undecided elements of the budget we are currently working with before we can finalize the Fiscal Year 2012 budget.

The first thing to note is that we are not standing still. We have lifted the hiring freeze and have commenced recruitment efforts to reinvest in 14 vacant faculty lines in fiscal year 2012. In addition 2.5 FTE in new faculty lines were approved. As the variables and unknown elements in the budget process are decided, we will review available resources to determine whether additional strategic initiatives and investments can be made for fiscal year 2012 and beyond. Through all the deliberations and planning decisions regarding the budget, our focus will remain on providing excellent service to students in every area.

ELEMENTS RELATED TO THE LEGISLATURE

As of this date, the big variable is the status of the state budget and final action by the Montana Legislature and the Governor. **House Bill 2, which is the general funding legislation** for all state agencies — including the Montana University System — is on the Governor's desk awaiting his decision. His actions (he is expected to veto the bill) and the ensuing negotiations between his office and the legislative leadership will eventually provide the overall foundation for our budget. Unless more funding is put back into the Montana University System budget, the system is \$29 million short of its proposed level on January 3 and short of the current funding levels. Throughout the current fiscal year, we have been planning in anticipation of a reduction based on legislative decisions. Multiple scenarios have been considered to address various levels of possible decrease from current funding levels.

Another issue that we have been watching is **House Bill 13, also known as the state pay plan**. The bill was introduced early in the session and carried with it a proposed raise of 1% for state employees in FY12 and 3% in FY13. The University System, its lobbyists and our students were all strong supporters of the bill. It ran into stiff opposition and was tabled in committee, but found a second life this week and was sent to the full House for a vote. After strong debate and economic concerns, the bill was defeated this morning by a vote of 40-60. While a pay plan could be worked out in the final days, HB13 may not be the right legislative vehicle.

Finally, you have been aware of the hard fought progress, both forth and back, of **House Bill 439, the bonding bill**, which has in it funds for the renovation and new space for our Science Hall. It now appears as though this bill will be decided in the final days and may be part of a group of items that will help resolve differences among the two parties, the two houses of the Legislature and two of the branches of government.

The Legislature is expected to continuing meeting through the next few days and could have a budget solution after Easter. The direct effects for our campus will then lie with decisions in late May by the Board of Regents.

ELEMENTS RELATED TO THE BOARD OF REGENTS

Montana University System state support re-balancing between the University of Montana and MSU campuses: In 2006 the Montana University System state support base budgets were established based on resident student enrollments. Since that date the University of Montana campuses have increased a net total of 2,442 student FTE. The Montana State University campuses have increased a net total of 505 student FTE. The re-balancing formula currently being discussed will recognize the relative growth of the UM campuses and the MSU campuses and the state support base budget will be reallocated, in part, based on the changes. Discussions as to the final amounts and the timeline of the allocation are on-going. The initial phase of the reallocation is expected to happen in fiscal year 2012.

Tuition: It is the goal of MSU Billings to keep tuition affordable for our students while preserving first-rate services and academic excellence. At this time we have not received final guidelines from the Board of Regents as to tuition changes for the next biennium. This will probably happen once the Legislature and the Governor have finalized the appropriation for the University System.

PROPOSED TIMELINE

Once the variables and undecided elements of the budget are finalized, we should be able to move forward. The following is a tentative timeline to finalize the Fiscal Year 2012 budget:

- April/May - Current Legislative Session should end (assumption is no special session)
- May – Montana University System state support re-balancing discussions
- May 19-20 Board of Regents Meeting – tuition, re-balancing, legislative and state support discussions
- End of May – Office of the Commissioner of Higher Education should notify us of our fiscal year state support allocation
- June 2 – Preliminary final budget plan developed with decisions made in May on tuition, re-balancing, legislative actions, and state support numbers
- June 9 – Review strategic initiatives and investments for funding possibilities in FY12 and beyond
- June 16 – University Budget Committee meets to review final budget recommendation to be submitted to Chancellor Groseth
- June 30 - Final Budget, in summary, announced and posted on Budget Office web page
- July 1, 2011 - Fiscal Year 2012 begins
- September 22-23 Final Budget, in detail, approved by Board of Regents

As we receive news from our state government leaders, the Board of Regents and others, we will continue to update the campus community with timely and accurate information through email, campus meetings, and the Budget Briefings link at <http://www.msubillings.edu/budgetoffice>.