



Friday, May 6, 2016

Dear Colleagues and Friends,

Finals have ended and last night we began the celebration of our graduates with the first of our college convocations, culminating tomorrow morning with commencement. There have been many successes this year for our students, faculty, and staff. We have also faced some challenges. I continue to be impressed by the humble manner in which everyone at MSU Billings acknowledges our successes and the determined and cooperative way we address those challenges.

One of the challenges we have faced recently is constructing the annual budget in light of decreasing enrollments. Over the past several months the University Budget Committee (UBC) and the Executive Budget Committee (EBC) have been working to shape the budget for the coming year, and they recently finalized the Fiscal Year 2016-17 budget. As part of the biennial budget process in the spring of 2015, the university created a projected budget for FY 2016-17 based on several key assumptions including pay-plan, enrollment, state allocation, and performance based funding. Several of these areas are now much better known and allow us to construct a budget with more accurate revenue estimates.

It is important to remember that our FY 2015-16 enrollment was 267 FTE below the fiscal year budget target, equating to a loss in planned revenue of approximately \$1.34 million. Fortunately, for FY 2015-16 we were able to cover this gap through the Enrollment Reserve and funds received from Montana State University as a phase-in of our decrease in state allocation. As we prepare for the second-year of the biennium, enrollment models predict that it is unlikely we will see an enrollment increase this next year. With that in mind, the UBC and EBC both recommended we construct the FY 2016-17 budget with a forecasted enrollment of 3,587, or 313 FTE below our original estimate at the beginning of the biennium. Our actual enrollment next year will impact revenue, and consequently, our ability to meet our budget.

On the positive side, we did meet our performance based funding metrics for the coming year and as such earned the full funding available for next year, as well as earning back the funds for the current year. By reaching the metrics this year, we earned \$760,706 for our current fiscal year that we had not expected and will receive an additional \$760,706 for FY 2016-2017 that we hadn't previously included in our revenue estimates. We received the FY 2015-2016 funds in January and UBC and EBC developed a plan to invest those funds by June 30, 2016. At the March Board of Regents meeting we learned that the Performance Based Funding we earned back for FY 2015-16 can be carried forward to FY 2016-17.

Given the dramatic change in the timeline for using the \$760,706 in Performance Based Funding, we returned to EBC and UBC to reconsider those investments and look for investments that would have the most impact on retention and persistence of our students. The UBC recommended that we carry the performance based funds from this year into next year. These additional performance based funds added

\$1.5 million in revenue for FY 2016-2017 that hadn't been included in our biennial plans and more than closed the expected gap of \$1.34 million. UBC and EBC also recommended that we invest \$760,706 of the performance based funds specifically to address student retention, and to a lesser extent student recruitment, since the performance based funds are awarded when retention rate and degree completion increase. In order to invest the \$760,706 in retention initiatives for next year, we needed to reallocate \$500,203 in previously allocated funds. The retention initiatives developed by UBC and EBC are presented on the third page of the attached document and the \$500,203 in reallocations are presented on the second page of the attached document. During the coming year, we will focus our attention on improving the success of our students through these initiatives and increasing our enrollment through an increase in retention and persistence.

Attached is a budget packet that contains the MSU Billings General Operating Budget by Program for 2016-17, the Fiscal Year 2016-17 Budget Reallocation Summary, and the Retention and Recruitment Initiatives Summary by Program. You will note that UBC and EBC placed an emphasis on producing a budget that was at least 50% instructional.

Thank you all for your ongoing commitment to our students and the vitality MSU Billings.

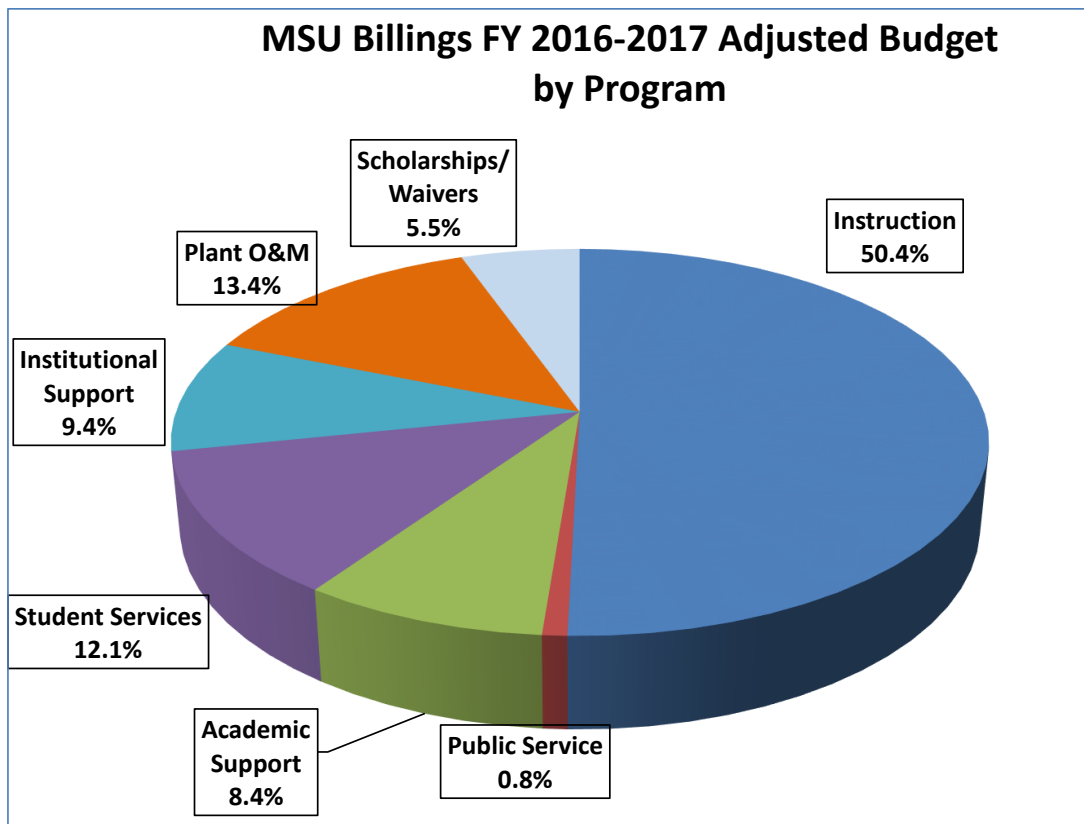
Sincerely,


Mark

## MSU Billings

### General Operating Budget by Program

	FY 2016-2017 Budget by Program		Reallocations by Program (see attachment 2)		Retention Initiatives (see attachment 3)		FY 2016-2017 Adjusted Budget by Program	
Instruction	\$ 20,799,585	49.8%	\$ (167,509)	-0.8%	\$ 530,706	69.8%	\$ 21,162,782	50.4%
Research	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Public Service	358,690	0.9%	(1,000)	-0.3%	-	0.0%	357,690	0.9%
Academic Support	3,476,039	8.3%	(32,973)	-0.9%	90,000	11.8%	3,533,066	8.4%
Student Services	5,060,589	12.1%	(63,923)	-1.3%	80,000	10.5%	5,076,666	12.1%
Institutional Support	3,951,978	9.5%	(72,469)	-1.8%	60,000	7.9%	3,939,509	9.4%
Plant O&M	5,733,216	13.7%	(110,329)	-1.9%	-	0.0%	5,622,887	13.4%
Waivers/Scholarships	2,346,337	5.6%	(52,000)	-2.2%	-	0.0%	2,294,337	5.5%
<b>Total</b>	<b>\$ 41,726,434</b>	<b>100.0%</b>	<b>\$ (500,203)</b>	<b>-1.2%</b>	<b>\$ 760,706</b>	<b>100.0%</b>	<b>\$ 41,986,937</b>	<b>100.0%</b>
Estimated Revenue	41,226,231						41,226,231	
Carry over PBF	760,706						760,706	
<b>Total</b>	<b>\$ 41,986,937</b>						<b>\$ 41,986,937</b>	
Net Revenue	\$ 260,503						\$ -	



 <b>MSU BILLINGS FISCAL YEAR 2016-17 BUDGET REALLOCATION SUMMARY</b>		
<b>INSTRUCTION</b>		
1	Permanent Reallocation System Travel	(2,000)
2	Permanent Reallocation CO-OP Education Stipends (align with enrollment)	(2,650)
3	Permanent Reallocation Intersession (align with enrollment)	(3,023)
4	Permanent Reallocation Summer Session (align with enrollment)	(59,910)
5	Permanent Reallocation Part-time Faculty pool (align with enrollment)	(96,356)
6	Permanent Reallocation Other Items	(3,570)
<b>TOTAL INSTRUCTION</b>		<b>(167,509)</b>
<b>PUBLIC SERVICE</b>		
7	Permanent Reallocation KEMC/YPR	(1,000)
<b>TOTAL PUBLIC SERVICE</b>		<b>(1,000)</b>
<b>ACADEMIC SUPPORT</b>		
8	Permanent Reallocation Grants and Sponsored Programs	(32,973)
<b>TOTAL ACADEMIC SUPPORT</b>		<b>(32,973)</b>
<b>STUDENT SERVICES</b>		
9	Permanent Reallocation Enrollment Services	(19,914)
10	Permanent Reallocation Athletics	(25,000)
11	Permanent Reallocation University Relations	(1,500)
12	Permanent Reallocation Student Life	(17,509)
<b>TOTAL STUDENT SERVICES</b>		<b>(63,923)</b>
<b>INSTITUTIONAL SUPPORT</b>		
13	Permanent Reallocation Administrative Vice Chancellor's Office	(1,500)
14	Permanent Reallocation Chancellor's Office	(1,570)
15	Permanent Reallocation Leadership MT (participation to be funded with other funds)	(9,500)
16	Permanent Reallocation Reserve for Uncollectible Accounts	(20,899)
17	Permanent Reallocation State IT System Services	(38,000)
18	Permanent Reallocation Alumni Relations	(1,000)
<b>TOTAL INSTITUTIONAL SUPPORT</b>		<b>(72,469)</b>
<b>PLANT OPERATION AND MAINTENANCE</b>		
19	Permanent Reallocation Plant Operation and Maintenance	(31,201)
20	Permanent Reallocation MSUB Extended Campus downtown lease - (move operations to campus)	(79,128)
<b>TOTAL OPERATIONS AND MAINTENANCE</b>		<b>(110,329)</b>
<b>SCHOLARSHIPS AND WAIVERS</b>		
21	Permanent Reallocation Waivers (align with enrollment)	(52,000)
<b>TOTAL SCHOLARSHIPS AND WAIVERS</b>		<b>(52,000)</b>
<b>Grand Total</b>		<b>(500,203)</b>

## Retention and Recruitment Initiatives Summary by Program

Short Description	Instruction	Academic Support	Student Services	Institutional Support	Total
Early alert software	\$ 22,000				\$ 22,000
Peer mentors	25,000				25,000
Supplemental instruction	40,000				40,000
Advising (Faculty and Professional)		70,000			70,000
Dual enrollment	75,000				75,000
High impact practices	65,000				65,000
Grad students R&R		20,000			20,000
Pathways	40,000				40,000
Summer bridge	30,000				30,000
PT faculty dev	20,000				20,000
Professionals assist w/curr dev	20,000				20,000
Jacket Pride				60,000	60,000
Market research			80,000		80,000
Nursing director	80,000				80,000
Contingency	113,706				113,706
	<u>\$ 530,706</u>	<u>\$ 90,000</u>	<u>\$ 80,000</u>	<u>\$ 60,000</u>	<u>\$ 760,706</u>