

BUDGET DEVELOPMENT SUMMARY

Narrative Outline

Enrollment

The FY 2015-16 and FY 2016-17 tuition revenue estimates are based on an annualized enrollment of 3,900 FTE, which is 23 FTE less than the FY 2014-15 actual annualized enrollment. Enrollment is monitored on a weekly basis and contacts are made to students who have yet to register. Current analysis shows a further enrollment decline to a total FTE of less than 3,800.

Tuition Revenue

The estimated tuition revenue reflects the enrollment and associated tuition shortfall of \$900K experienced in FY 2014-15 combined with a decrease of \$250K associated with a projected decline in enrollment to 3,900 FTE for FY 2015-16.

As part of the College Affordability Plan (CAP), struck between the Board of Regents, the Governor and the Legislature, resident tuition at the University and at City College will be frozen for an additional two-years in exchange for state funding distributed through the performance based funding (PBF) model.

State Support: Performance Based Funding (PBF)

Present law base adjustments and other state fixed cost increases such as faculty promotions, library, utilities and other inflation, and risk management insurance were not funded directly by the Legislature. Instead, the amount of new state funding justified through present law adjustments was allocated to fund PBF. PBF metrics include improvement in completions, retention, dual enrollment, success after developmental course, and progression. MSUB received 100% (\$434.5K) of the PBF allocation based on the two-year college metrics but just 49% (\$744.1K) of its PBF allocation based on the four-year university metrics.

State Support: Pay Plan

In addition to the \$30M appropriated to the University system for PBF, the Legislature appropriated state funding to partially cover salary and benefit increases. The state pay plan is based on a 50 cent per hour pay increase plus associated employer benefits effective January 15, 2016 and again on January 15, 2017. Actual pay increases for the MUS will be determined through collective bargaining and commissioner office directives. The pay plan for the MUS also includes an increase in the employer contribution for health insurance premiums of 18.8% in the second year of the biennium.

Other Revenues and Transfers In

Other revenue of \$268K includes various student fees and miscellaneous income recorded in the General fund. Transfers include \$600K from campus designated reserves. The estimated amount includes \$200K for retirement termination benefits and \$400K for student scholarships.

Enrollment Reserve

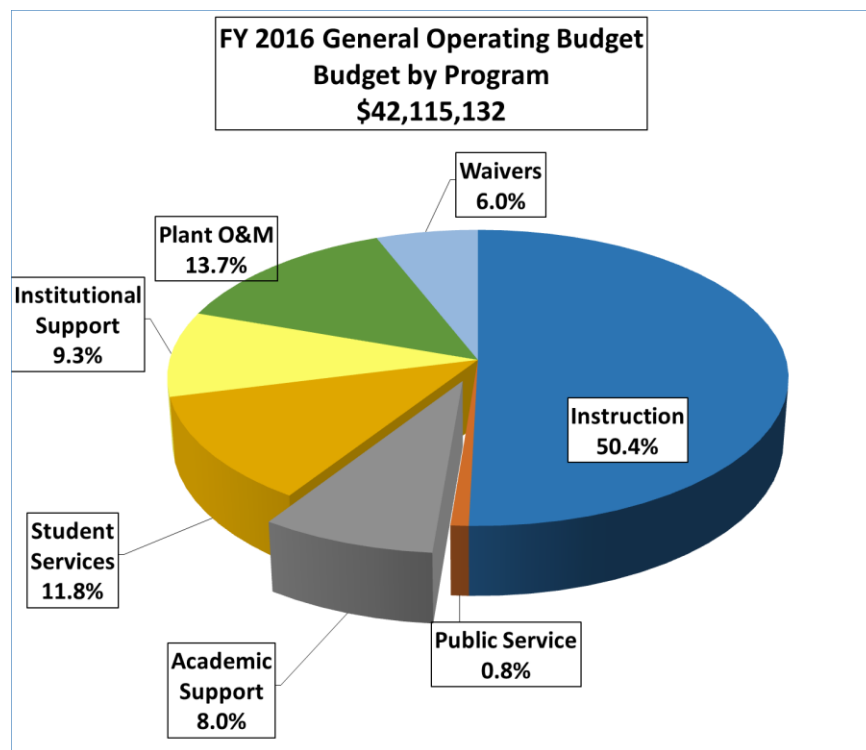
The general operating base budget includes a budgeted enrollment reserve of \$700K. Of this amount, approximately \$250K is earmarked for potential costs associated with Disability Support Services and International Studies. This leaves \$450K available to mitigate tuition shortfalls associated with an enrollment decline. Analysis led to the conclusion our enrollment could fluctuate by 150 FTE of projections. Recent consecutive enrollment declines led to the decision to budget a reserve equal to 150 FTE times \$5,000 or \$750K in addition to the \$250K earmarked for potential costs. The total base budget enrollment reserve is now \$1M. The reserve is sufficient to handle an annualized enrollment between 3,750 FTE and 3,900 FTE.

Budget Reductions

As stated previously, the \$4.4 M revenue shortfall projected in December led to a campus-wide effort to reduce base budget expenditures. In February, the campus community was informed of the detailed budget reductions to be implemented over the next two years. Of the \$4.4M in reductions, just over \$3M will be implemented in FY 2015-16 and an additional \$1.4M in FY 2016-17 without the use of transitional funding. Considering the known and estimated revenue and given current enrollment assumptions, a projected positive balance of \$364K remains in year two of the biennium. This estimate will change based on actual enrollment, tuition collections, and PBF allocations realized during the two years of the biennium.

Impact on Budget by Program

The result of the deliberate budget decisions is an increase in the percentage of the budget allocated to the instruction program from 48.5% in the beginning FY 2014-15 budget to 50.4% in the preliminary FY 2015-16 budget. The goal is 50% of total general operating expenditures. The total percentage allocated to Instruction, Academic Support and Student Services increased from 69.4% in the beginning FY 2014-15 budget to 70.2% in the preliminary FY 2015-16 budget meeting the goal of 70% of general operating expenditures.



Instruction	Public Service	Academic Support	Student Services	Institutional Support	Plant O&M	Waivers	Total
21,231,595	353,616	3,368,878	4,961,409	3,930,339	5,756,958	2,512,337	42,115,132
50.4%	0.8%	8.0%	11.8%	9.3%	13.7%	6.0%	100.0%



MSU BILLINGS FISCAL YEARS 2015-16 & 2016-17 BUDGET DEVELOPMENT SUMMARY

BUDGETED FTE	FY 2015-16	FY 2016-17
4 Year Resident (UG = 2,375, Grad = 240)	2,615	2,615
4 Year WUE	248	248
4 Year Non Resident (UG = 185, Grad = 24)	209	209
CC Resident	766	766
CC WUE	44	44
CC Non Resident	18	18
TOTAL Estimated FTE	3,900	3,900
ESTIMATED REVENUE:		
Tuition:	19,390,465	19,390,465
Other General Fund Revenue (app, installment & late fees; invest income; & adm allow)	267,681	267,681
Total Tuition & Other Revenue	19,658,146	19,658,146
State Support:		
General Fund and Millage	21,727,208	21,664,216
Continuance of 1% MUS-RP Employer Retirement Contribution	129,778	129,778
1% PERS/TRS Employer Retirement Contribution	-	-
Total General Fund - State Support	21,856,986	21,793,994
Transfer In from Reserves (Retirement and Scholarships)	600,000	200,000
ESTIMATED REVENUE	42,115,132	41,652,140
ESTIMATED EXPENDITURES:	FY 2015-16	FY 2016-17
FY 2015 Operating Budget (FY 2016 Beginning Base Budget)	43,321,469	43,321,469
Remove OTOs (Veteran's Success Initiative, Tuning Grant, Dual Enrollment)	(138,238)	(138,238)
Remove scholarship and recruitment expenses funded from reserves	49,000	(351,000)
Remove temp funding for OIS and MSUB-EC positions	(62,066)	(62,066)
Remove miscellaneous temp adjustments	(6,361)	(6,361)
Restore budgeted amounts associated with frozen academic positions	271,547	271,547
Restore budgeted amounts associated with frozen student affairs positions	85,390	85,390
Restore audit budget	18,594	18,594
Restore temp reduction to Yellowstone Hall fundraising budget	30,000	30,000
Restore temp reduction to Leadership Montana budget	9,500	9,500
Annualize classified FY 2015 salary increase	60,000	60,000
Adjusted Base Budget	43,638,835	43,238,835
Fixed Costs & Transfers		
State fixed costs adjustments (DOA insurance, ITSD, SABHRS, Legislative audit, etc)	119,150	134,931
Increase enrollment reserve (Total = \$1M (\$250K plus 150 FTE times \$5,000))	300,000	300,000
OTO additional enrollment reserve funds (phase-in of state funding reduction)	479,394	-
Estimated Faculty Promotion Pool (\$40,000 each year)	40,000	80,000
Estimated utilities increase due to NWE hydroelectric dam purchase	61,500	61,500
Estimated health insurance increase (18.8% in year 2)	-	823,441
Estimated pay plan cost	470,445	987,553
Convert administrator back to tenured faculty position	42,920	85,839
Increase(decrease) in tuition waivers budget	(16,194)	(16,194)
Fixed Costs & Transfers	1,497,215	2,457,070
Adjusted Base Budget with Addition of Fixed Costs	45,136,050	45,695,905
Estimated Revenue less Estimated Expenses	(3,020,918)	(4,043,765)



MSU BILLINGS FISCAL YEARS 2015-16 & 2016-17 BUDGET DEVELOPMENT SUMMARY

GENERAL - Budget Reductions and Reallocations			
1	Permanent Reduction	Reduce tuition waivers by 10%	(114,660) (229,319)
2	Permanent Reduction	Reduce reserve for uncollectible accounts (bad debt writeoff) by 10.2%	(14,943) (29,887)
		Total GENERAL Budget Reductions and Reallocations	(129,603) (259,206)
CHANCELLOR - Budget Reductions and Reallocations			
3	Permanent Reduction	KEMC/Yellowstone Public Radio	(10,000) (10,000)
4	Permanent Reduction	Chancellor's events	(45,180) (45,180)
5	Permanent Reduction	University Relations	(15,000) (30,000)
6	Permanent Reduction	Reduce post-retirement slots equivalent to 1.5 faculty FTE	(149,283) (149,283)
7	Permanent Reduction	Reduce Yellowstone Hall fundraising expense	(115,000) (170,000)
		Total CHANCELLOR Budget Reductions and Reallocations	(334,463) (404,463)
ATHLETICS - Budget Reductions and Reallocations			
8	Permanent Reduction	Tennis - Eliminate 1 head coach	(58,817) (58,817)
9	Permanent Reduction	Tennis - Eliminate operating budget	(70,843) (70,843)
10	Permanent Reduction	Tennis - Eliminate waivers	- (101,340)
		Total ATHLETICS Budget Reductions and Reallocations	(129,660) (231,000)
PROVOST - Budget Reductions and Reallocations			
11	New Investment	Faculty professional development increase	1,800 3,600
12	Permanent Reduction	COE - Eliminate 1.0 FTE reading faculty position (reassign 6A0394 to 6A0406)	(75,019) (75,019)
13	Permanent Reduction	COE - Eliminate 1.0 FTE professional core faculty position	- (92,901)
14	Permanent Reduction	COE - Reduce counseling faculty position to .50 FTE	(33,439) (33,439)
15	Permanent Reduction	COE - Reduce special education faculty position to .50 FTE by request	(29,327) (29,327)
16	Permanent Reduction	COE - Eliminate 1 FTE classified position	(51,830) (51,830)
17	Permanent Reduction	COE - Reassign funding for .50 FTE MCIE classified position to Designated	(26,957) (26,957)
18	Permanent Reduction	CC - Eliminate 2.00 FTE design and drafting faculty positions	- (157,701)
19	Permanent Reduction	CC - Eliminate design and drafting operating budget	- (7,800)
20	Permanent Reduction	CC - Eliminate 1.00 FTE transportation faculty position	(62,603) (62,603)
21	Permanent Reduction	CC - Integrate business tech programs and eliminate a net .75 FTE	12,540 (53,568)
22	Permanent Reduction	CC - Reduce two administrative support classified positions to .50 FTE each	(53,094) (53,094)
23	Permanent Reduction	CAHP - Eliminate temporary 1.0 FTE HHP/REHS faculty line (\$55,000)	- -
24	Permanent Reduction	CAHP - Eliminate 1.0 FTE HHP faculty position	- (99,094)
25	Permanent Reduction	CAHP - Reduce AT operating	(700) (700)
26	Permanent Reduction	COB - Eliminate .75 FTE CAER administrator position (.25 FTE Designated)	(91,630) (91,630)
27	Permanent Reduction	COB - Eliminate 1.0 FTE adjunct faculty position	(86,143) (86,143)
28	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty theater position	(59,199) (59,199)
29	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty biology position	- (66,343)
30	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty English position	(53,854) (53,854)
31	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty mathematics position	(63,065) (63,065)
32	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty psychology position	(70,718) (70,718)
33	Permanent Reduction	CAS - Reduce 1.0 FTE faculty geology position to .50 FTE	(33,654) (33,654)
34	Permanent Reduction	CAS - Eliminate 1.0 FTE faculty music position	(52,443) (52,443)
35	Permanent Reduction	CAS - Eliminate 2.0 FTE classified positions (phase in reorganization)	- (77,458)
36	Permanent Reduction	CAS - Eliminate 3 chair stipends (phase in reorganization)	- (21,497)
37	Permanent Reduction	Reduce faculty overload budget (1 FTE)	- (70,461)
38	Permanent Reduction	Reduce faculty summer session budget (1 FTE)	- (41,202)
39	Permanent Reduction	Eliminate summer session supply budget	- (15,422)



MSU BILLINGS FISCAL YEARS 2015-16 & 2016-17 BUDGET DEVELOPMENT SUMMARY

Permanent			
40 Reduction	Reduce part-time faculty budget (2 FTE)	(70,462)	(140,923)
Permanent			
41 Reduction	Eliminate base merit excess	(50,159)	(50,159)
Permanent			
42 Reduction	Reduce Provost's reserve	(25,000)	(75,000)
Permanent			
43 Reduction	Reassign CARE grants to Indirect Cost	(50,000)	(50,000)
Permanent			
44 Reduction	OIS - Eliminate 1.0 professional (reallocate GF positions to self-support)	(62,230)	(62,230)
Permanent			
45 Reduction	GS - Eliminate 1.0 FTE classified staff	(44,677)	(44,677)
Permanent			
46 Reduction	MSUBEC - Eliminate 1.0 FTE classified staff	(38,700)	(38,700)
Permanent			
47 Reduction	MSUBEC - Eliminate Garfield lease and associated operating expenses	(59,262)	(59,262)
Permanent			
48 Reduction	Library - Reduce 1.0 FTE Contract professional	(67,447)	(67,447)
Permanent			
49 Reduction	ASC - Move .15 FTE Administrator to ASC Fees	(13,453)	(13,453)
Permanent			
50 Reduction	Vice Provost - Eliminate .25 FTE (restructure use of assessment fee)	(18,575)	(37,149)
Permanent			
51 Reduction	IT - Move salaries and operating costs to appropriate fees	(120,000)	(120,000)
Permanent			
52 Reduction	Honors - Reduce operating	(10,000)	(10,000)
Permanent			
53 Reduction	ASC - Eliminate .23 FTE contract professional (Eliminate .77 from ASC Fees)	(13,985)	(13,985)
Permanent			
54 Reduction	GSP - Move .25 FTE administrator to IDC	(31,968)	(31,968)
Total PROVOST Budget Reductions and Reallocations		(1,505,252)	(2,358,475)
VC STUDENT AFFAIRS - Budget Reductions and Reallocations			
Permanent			
55 Reduction	Career Svcs - Reduce 1.00 FTE Administrator	(86,131)	(86,131)
Permanent			
56 Reduction	Fin Aid - Reduce 1.00 FTE Contract Professional	(71,340)	(71,340)
Permanent			
57 Reduction	NSRS/Advising - Reduce 1.00 FTE Contract Professional	(45,746)	(45,746)
Permanent			
58 Reduction	NSRS - Reduce 1.00 FTE Contract Professional (.80 FTE Gen Fund)	(35,223)	(35,223)
Permanent			
59 Reduction	Admissions - Eliminate 1.00 FTE Classified & reassign funding on .50 FTE	-	(17,806)
Permanent			
60 Reduction	Career Svcs - Move .40 FTE Classified to fees	-	(17,148)
Permanent			
61 Reduction	Career Svcs - Eliminate 1.0 FTE Classified position	(38,224)	(38,224)
Permanent			
62 Reduction	Student Svcs - Reassign funding to CC student Life position @ .71	38,224	38,224
Permanent			
63 Reduction	Reduce Commencement operating	-	(15,700)
Permanent			
64 Reduction	VCSA - Reduce travel	-	(2,509)
Permanent			
65 Reduction	DSS - Assign .25 FTE Classified position from fees to general fund	9,833	9,833
Permanent			
66 Reduction	NSRS - Eliminate .23 FTE contract professional	-	-
Permanent			
67 Reduction	Diversity SS - Reduce 1.00 FTE contract professional	(57,030)	(57,030)
Total VCSA Budget Reductions and Reallocations		(285,637)	(338,800)
VC ADMINISTRATIVE SERVICES - Budget Reductions and Reallocations			
Permanent			
68 Reduction	Campus Police - Reduce 1.00 Classified	(53,879)	(53,879)
Permanent			
69 Reduction	Admin VC - Reduce 1.00 Classified	(36,466)	(36,466)
Permanent			
70 Reduction	Admin Svcs shared - Reduce 1.00 FTE Classified	(44,384)	(44,384)
Permanent			
71 Reduction	Financial Svcs - Reduce 1 FTE Classified and assign .50 FTE to IDC	(43,788)	(43,788)
Permanent			
72 Reduction	Human Resources - Reduce 1 FTE Classified	(44,772)	(44,772)
Permanent			
73 Reduction	Business Svcs - Reduce 1 FTE Classified	(38,929)	(38,929)
Permanent			
74 Reduction	Facilities Svcs - Reduce 1 FTE Classified	(60,452)	(60,452)
Permanent			
75 Reduction	Facilities Svcs - Move .25 FTE Classified to rentals	-	(13,382)
Permanent			
76 Reduction	Facilities Svcs - Reduce temp hourly custodial budget	(27,800)	(27,800)
Permanent			
77 Reduction	Campus Police - Move 1.00 FTE Classified to auxiliary operations	-	(63,087)
Permanent			
78 Reduction	Business Svcs - Move .25 FTE Classified to other funding source	(8,903)	(8,903)
Permanent			
79 Reduction	Business Svcs - Move .25 FTE Classified to other funding source	(9,675)	(9,675)
Permanent			
80 Reduction	Financial Svcs - Move 1 FTE Classified to investment income	(36,265)	(72,529)



MSU BILLINGS FISCAL YEARS 2015-16 & 2016-17 BUDGET DEVELOPMENT SUMMARY

Permanent			
81 Reduction	Staff Development - Reduce training budget	(10,000)	(10,000)
Permanent			
82 Reduction	Staff Bonuses - Reduce budget	(23,404)	(23,404)
Permanent			
83 Reduction	Admin Services - Reduce operating budgets	(66,700)	(66,700)
Permanent			
84 Reduction	Facilities - Reduce special projects budget	(10,000)	(10,000)
Permanent			
85 Reduction	Facilities - Reduce lease payments	(7,600)	(7,600)
Permanent			
86 Reduction	Facilities - Reduce building operation and maintenance budget	(38,000)	(76,000)
Permanent			
87 Reduction	Facilities - Reduce utilities operations budget/Increase recycling income	(20,000)	(20,000)
Permanent			
88 Reduction	Business Services - Reduce operations budget	(6,600)	(6,600)
Permanent			
89 Reduction	Facilities - Reduce utilities budget	(48,686)	(77,595)
Total VC ADMIN Budget Reductions and Reallocations		(636,303)	(815,945)
Grand Total Budget Reductions and Funding Reallocations		(3,020,918)	(4,407,888)
ESTIMATED TOTAL EXPENDITURES		42,115,132	41,288,017
<u>SUMMARY</u>			
TOTAL Revenue		42,115,132	41,652,140
Adjusted Base Budget		43,638,835	43,238,835
Fixed Cost Increases		1,497,215	2,457,070
Net Investments and Reductions		(3,020,918)	(4,407,888)
TOTAL Expenditure Budget		42,115,132	41,288,017
Estimated Unallocated Revenue		0	364,123