

**Murray State University**  
**2018-19 Campus Budget and Tuition**  
**Forum**  
**April 6, 2018**



**MURRAY STATE**  
UNIVERSITY

# Agenda

- Overall pressure points
- Legislative impact
- Budget trends
- Tuition proposal
- Budget processes
- Budget proposals



# Pressure Points

- Declining state support
  - Appropriation
  - Maintenance and operations
- Increasing costs
  - Pension
  - Fixed costs
- Enrollment pressure and competition
- Performance funding
- Expectations and outcomes



# HB200 “Budget Bill”

## Impact on Murray State

<b>FY17-18 Appropriation</b>	<b>\$43,570,800</b>
Performance Fund Distribution	\$2,231,300
<b>Total FY17-18 Appropriation</b>	<b>\$45,802,100</b>
FY17-18 Breathitt Veterinary Center (BVC) Budget Internally	(\$2,600,548)
FY17-18 BVC Allocated by budget language	(\$366,900)
<b>Total FY17-18 Available Unrestricted State Appropriations</b>	<b>\$42,774,652</b>

<b>Total FY17-18 Appropriation</b>	<b>\$45,802,100</b>
Governor’s Recommended reduction of the BVC	(\$1,200,000)
6.25% Budget Reduction (based on FY 17-18 Appropriation minus the BVC reduction)	(\$2,787,600)
Senate Appropriation for the BVC	\$3,200,000
<b>Total FY18-19 Appropriation</b>	<b>\$45,014,500</b>
BVC Allocation by budget language	(\$3,200,000)
<b>Total FY18-19 Available Unrestricted State Appropriations</b>	<b>\$41,814,500</b>
<b>Total Change in Available Unrestricted State Appropriations</b>	<b>(\$960,152)</b>

# Other Legislative Considerations

- Increase in Performance Funding of \$31M
- Pension reform
- Possible elimination of Kentucky's State-Wide Employee Tuition Waiver Program
- Continued pressure on performance metrics
- Future stability of state appropriations



# Total Fiscal Challenges

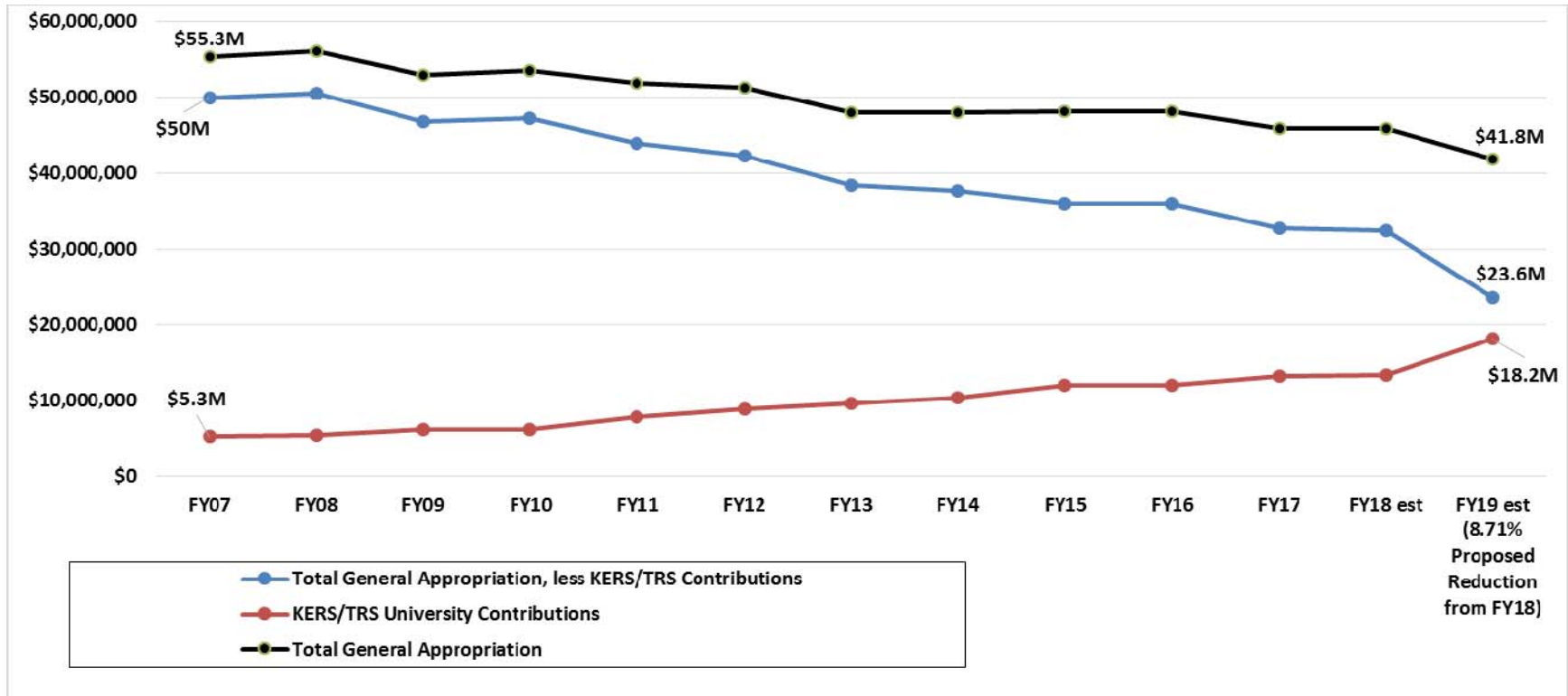
Fiscal Challenge	Projected Revenue Decrease or (Increase)
KERS Pension Rate Increase (from 49% to 84%)	\$4,777,337
FY17-18 Tuition Increase designated to KERS	(\$1,154,050)
FY17-18 Budgeted Net Tuition/Fees vs. Actual	\$7,151,458
Change in State Unrestricted State Appropriation	\$960,152
Projected Performance Funding	(\$1,521,000)
Total Fiscal Challenge	\$10,213,897

This does not include any increased fixed costs, university priorities or revenue increases.

# Overall Operating Budget Change FY07 – FY18

	State Appropriation	Tuition and Fee Revenue	Other Revenue	Auxiliaries	Total
FY06-07	\$55,278,600	\$44,409,327	\$7,287,708	\$20,284,389	\$127,260,024
<i>% of Total</i>	43%	35%	6%	16%	
FY17-18	\$45,864,000	\$76,504,355	\$11,295,222	\$32,933,631	\$166,597,208
<i>% of Total</i>	28%	46%	7%	20%	
<b>\$ Change</b>	<b>-\$9,414,600</b>	<b>\$32,095,028</b>	<b>\$4,007,514</b>	<b>\$12,649,242</b>	<b>\$39,337,184</b>
<b><i>% of Change</i></b>	<b>-17%</b>	<b>72%</b>	<b>55%</b>	<b>62%</b>	<b>31%</b>

# Appropriation and Pension Systems Contributions History FY07 - FY19 (proposed)





## Appropriation and Pension Systems Summary FY07 Compared to FY19 (proposed)

	Total General Appropriation	Percentage Change from Prior Yr Presented	KERS/TRS University Contributions	Percentage of KERS/TRS of Total General Appropriation	Total General Appropriation less KERS/TRS Contributions	Percentage Change from Prior Yr Presented
	<i>(in millions)</i>		<i>(in millions)</i>		<i>(in millions)</i>	
FY07	\$55.3		\$5.3	9.6%	\$50.0	
FY18	\$45.8	-17.2%	\$13.4	29.3%	\$32.4	-35.2%
-- Less 6.25% proposed reduction	-\$2.8					
-- Less BVC proposed reduction	-\$1.2					
-- Less KERS proposed increased contribution			\$4.8			
<b>FY19 Proposed, including KERS/TRS increase</b>	<b>\$41.8</b>	<b>-8.7%</b>	<b>\$18.2</b>	<b>43.5%</b>	<b>\$23.6</b>	<b>-27.2%</b>
<i>(includes FY18 performance funding amount)</i>						
<b>Comparison to FY07 - FY19 Proposed</b>	<b>-\$13.5</b>	<b>-24.4%</b>	<b>\$12.9</b>		<b>-\$26.4</b>	<b>-52.8%</b>
			<b>243%</b>	<b>KERS/KTRS Increase from FY07- Proposed FY19</b>		

FY19 Total General Appropriation excludes \$3.2M of fenced funding for the BVC.

# Salary and Benefit Examples for Employees in KERS

	Annual Salary Examples		
	\$20,000	\$30,000	\$40,000
Gross Salary and Wages	\$20,000	\$30,000	\$40,000
Retirement at 49.47%	\$9,894	\$14,841	\$19,788
Additional retirement at 84.06%	\$6,918	\$10,377	\$13,836
Total	\$16,812	\$25,218	\$33,624
Health Ins <i>(standard PPO for employee+children)</i>	\$9,557	\$9,557	\$9,557
FICA	\$1,530	\$2,295	\$3,060
Total Direct Benefits	\$27,899	\$37,070	\$46,241
<b>Percent of Benefits to Salary</b>	<b>-139%</b>	<b>-124%</b>	<b>-116%</b>



# Tuition/Discounts Revenue Cost Factors

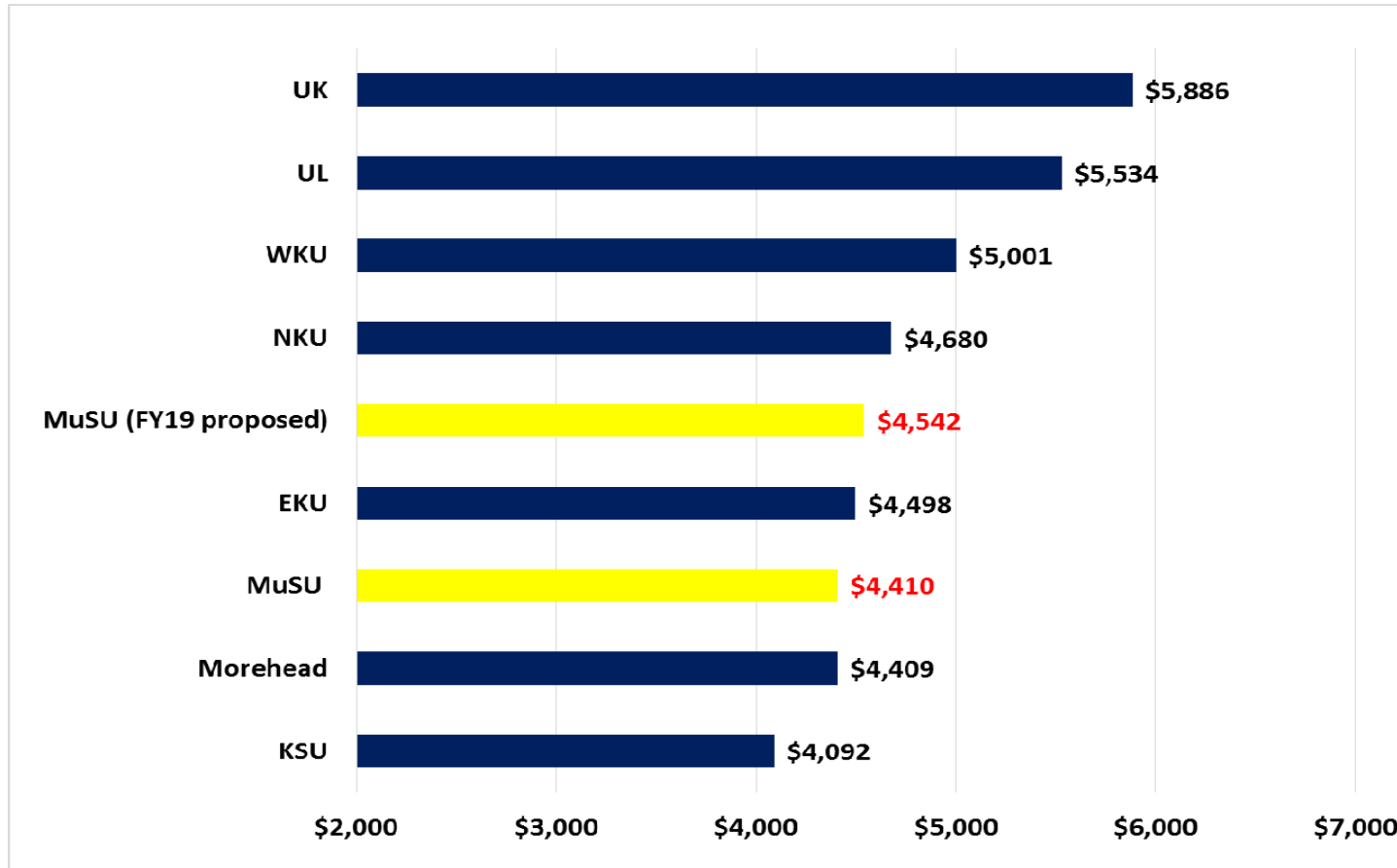
- 3% tuition rate increase = **\$126/\$132 full-time resident, per semester**
- Reset graduate and doctoral tuition rates
  - New web course fee rate and eliminate 130% rate model for online graduate and doctoral courses
  - Establish \$100/credit hour graduate and doctoral online course fee
- Third year of undergraduate tuition/scholarship model
- Expansion of Murray State Promise to entire state



# Proposed Semester Rates at 3%

				Proposed
		2017-18 Rates	Increase	2018-19 Rates
<b>Undergraduate Resident Rates</b>				
	Admitted prior to Summer 2016	\$ 4,170.00	\$126.00	\$ 4,296.00
	Admitted Summer 2016 or after	\$ 4,410.00	\$132.00	\$ 4,542.00
<b>Undergraduate Regional Rates</b>				
	Admitted prior to Summer 2016	Not Applicable		
	Admitted Summer 2016 or after	\$ 8,820.00	\$264.00	\$ 9,084.00
<b>Undergraduate Non-Resident Rates</b>				
	Admitted prior to Summer 2016	\$ 11,364.00	\$324.00	\$ 11,688.00
	Admitted Summer 2016 or after	\$ 11,910.00	\$360.00	\$ 12,270.00

# Semester Tuition and Mandatory Fee Rates Kentucky Universities (all rates, except for MuSU FY19, are for 2017-18)



# Tuition and Budget Calendar

- CPE Approve Rate Cap - April 27, 2018
- University Budgeting Process - ongoing
- Board of Regents Finance Committee - May 1, 2018
- Board of Regents Approve Rates - May 11, 2018
- Board of Regents Approve Budget - June 8, 2018
- CPE Approve Rates - June 22, 2018



# Budget Process

- Comprehensive Program and Administrative Review
- Vice Presidents, Deans, Budget Advisory Committee and others
- Decisions based on:
  - Enrollment
  - People
  - Revenue and cost avoidance
  - Regulatory and life safety



# Academic Affairs

## Items Proposed for Reductions

- Program review process
- Programs closed, reduced or restructured
- FTE reductions
- Adjuncts reduced
- Extra compensation, services, graduate assistantships, waivers, student workers and travel





# Academic Programs Overview

- Commitment to shared governance
  - President Davies and Chairperson Williams Letter
- Commitment to rigor and academic excellence
- Advancing new programs
  - Drone
  - Engineering
- Online programs
- Restructuring of regional campuses
- Partnership with WKCTC on remedial programs



# FY19 Budget Proposal Revenues

Appropriated net reduction due to state budget		(960,000)
Performance Funding, portion from new \$31M		1,521,000
<b>Total Appropriation</b>		<b>561,000</b>
Tuition and Mandatory Fee increase due to 3% rate incr-gross		2,800,000
Prior year enrollment decline-gross		(11,100,000)
New FY19 Students (175)-gross		900,000
<b>Total Gross Tuition and Fees</b>		<b>(7,400,000)</b>
Prior year enrollment decline-discounts		3,200,000
Dean's Scholarship		(1,500,000)
Third year of new undergraduate tuition/discount model		(4,400,000)
Elimination of graduate scholarships due to new model		2,800,000
Other discount adjustments		(52,000)
<b>Total Discounts</b>		<b>48,000</b>
<b>Course Fees</b>		<b>170,000</b>
<b>Web Fee increase for undergraduates</b>		<b>250,000</b>
<b>TOTAL DECREASE IN REVENUES</b>		<b>(6,371,000)</b>



# FY19 Budget Proposals Funding Needs/Priorities

	COLA (estimated 1% per yr) salary and fringes		(907,000)
	Increase of minimums of non-exempt grade scale		(10,000)
	Faculty promotions/awards and staff awards		(115,000)
	KERS rate increases from 49.47% to 84.06%		(4,777,000)
	Health insurance (applies to 2018 plan year)		(175,000)
	FICA matching		(96,000)
	Other fringe benefit changes		(298,000)
	Liability/property insurance		(23,000)
	Utilities		(122,000)
	<b>TOTAL INCREASE IN OPERATIONAL EXPENDITURES</b>		<b>(6,523,000)</b>
	<b>TOTAL NEED, BEFORE REALLOCATIONS</b>		<b>(12,894,000)</b>



# FY19 Budget Proposals Reallocations

	FY18 Tuition rate increase for pensions		1,154,000
	Possible pension cost avoidance		1,046,000
	<b>Budget changes being developed:</b>		
	Parking permit increase of 50%		
	Reduction of sick bank days cap to 20		
	Elimination of employee computer and bike loan programs		
	Move out of state Workers Compensation and insure with private carrier		
	Review of employee/spouse/dependent waiver program		
	Reduction of overtime budget due to good management of overtime		
	Reclassification of vending funds		
	<b>Unit reorganizations, reductions and reallocations including:</b>		
	Reduction in force (10-15 positions)		
	Elimination of vacant positions (20-30 positions)		

# FY19 Budget Proposals Reallocations, continued

	Outsourcing options:		
	Dining Services		
	Buildings and grounds services		
	Operational fleet maintenance and rental fleet		
	Health Services		
	Postal and delivery services		
	Note: If all of the above were done, approximately 175 positions would be employed by a third party.		
	Total overall reallocations		10,694,000
<b>TOTAL Initial Proposed Reallocations/Reductions</b>			<b>12,894,000</b>



# Call to Action!!

## Recruit and Retain Students

### Fall 2018 Goals

1,650 Freshmen-207 increase (Fall 2017=1,443)

700 Transfer Students-142 increase (Fall 2017=558)

1,530 Graduate Students-150 increase (Fall 2017=1,381)

Increase retention and progression by 1% = 100 students

**100 undergraduate students generate approximately  
\$500,000 of net tuition revenue.**

Questions?



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