

Report on the Budget Working Group (BWG) meetings, Monday, May 6 and Wednesday, May 8.

The main issue discussed at both of these meetings was the increase in Tuition and Fees (TF) for the upcoming school year. The WV Higher Education Policy Commission (HEPC) regulations mandate that any increase larger than 5% for state residents has to be approved by the HEPC. That limit does not apply to increases for non-resident or Metro rate students. The BWG has been proceeding on the principle that we need to keep increases as small as possible, so as to not price students out of Marshall.

We looked at forecast enrollments for next year, since clearly the revenues generated by TF increases are determined by enrollment. The forecast from Institutional Research is that we will enroll about 244 fewer students next year, of which 164 are undergraduates, 62 are graduates, 113 are graduate transient students, and 12 are SOM students. The model forecasts 107 new Professional students (Pharmacy and Physical Therapy). The net loss, though, is 244. This translates into about 2400 student credit hours less.

We discussed two options for TF increases, one just below the 5% level, and the other above that. The first involved an increase of \$148 per semester for residents, \$248 for non-residents, and \$298 for Metro students. That was by far the preference for all in the room. The total revenue generated by those numbers was just shy of \$2 million. The student representative made several statements to the effect that he'd like to see what would happen if the increase for WV resident students was decreased slightly, and the non-resident increased slightly, since WV tax money was supporting both. At the end of the meeting, we had agreed that \$2 million was a reasonable amount of new revenue to be generated this way, and that we'd see the suggested re-configuration of the numbers at the Wednesday meeting.

Other discussion at the Monday meeting:

The financing of the Pharmacy and Physical Therapy schools was outlined. At this point, those units are keeping all revenues generated from their tuition and fees. Once they are fully enrolled, that is, once they have the full complement of students (four years for Pharmacy, three for PT), the university will charge an overhead fee to those schools, which will come out of tuition and fees. The university gave the Pharmacy school a start-up loan to remodel the building, which will be repaid once there is positive cash flow at the Pharmacy school. St. Mary's hospital paid the remodeling costs for the PT school, and the PT school is currently paying rent to St. Mary's for that space.

We also reviewed the previous meeting's conclusions: there would be a reduction in funded depreciation; classroom enhancements with electronics should be considered for a moratorium, but furniture replacement still needed to continue; a 10% cut to "Base Discretionary Operating Allocations."

Some brief discussion about other issues: I brought up two issues that seemed prominent in the responses faculty members have sent to me, spoken to me about, or otherwise communicated: Administrative compensation, and the Athletics budget. The discussion that followed was brief, and, frankly, a bit defensive. It seems clear from the budget the Athletics department provided that support for that program from the university and student fees is substantial – depending on how you calculate it, from 9 to 11 million dollars in FY '12-'13. This is a combination of scholarships, tuition waivers,

“Institutional Support,” and student fees (Auxiliary and Title IX). The representative from Athletics said that they had been using a figure of \$400,000 reduction in their discussions about next year’s budget. It is not clear at this time (following Wednesday’s meeting, that is) what that exact number will be.

Wednesday’s meeting was largely devoted to looking at the revised TF increase and making sure that we were comfortable with it going forward to the BOG meeting Thursday (today). The rejiggered numbers look like this: In-state students will see a \$143.00 increase per semester (4.82%); non-resident students will see \$258.00 more per semester (3.7%); Metro students will pay \$308.00 more per semester (6.02%). Using the enrollment forecast, this increase yields \$1,944, 903.

This fee increase will make up about 40% of the reduction in state funding; WV resident students account for about 26% of that reduction.

Several other elements of the proposed budget, discussed in prior meetings, were included in the summary budget options document:

The reduction in classroom enhancement monies totaled \$750,000.00. There is a current balance in this year’s budget for classroom enhancement of about \$400,000, which will be used this summer and during next winter break. There had been \$500,000 each for computer equipment for classrooms and furniture for classrooms. We agreed to a one-year moratorium on computer equipment installation, but want to continue replacing our lousy classroom fittings.

Funded Depreciation reduction from \$1.2 million to \$500,000. This is not sustainable in the longer term, but will work for this year and perhaps next.

\$1.5 million one-time transfer from investment earnings. This is not sustainable in the long term either.

In addition, \$1.5 million from Summer School 2012 is being applied to next year’s budget.

The reduction in “Discretionary Allocations” totals \$1.9 million dollars. This comes from a 10% reduction in the allocations to the following offices and organizations: the President; University Communications; University Legal; IT; Finance; Institution; Administration (this is Karen Kirtley’s office, and includes Physical Plant); and Academic Affairs. About half of those allocations are Academic Affairs. Some units affected by this have indicated that they could stand a 15% reduction; the Provost indicated that some parts of the AA budget had to be protected (Advising Center, for example). How these budget cuts are handled will presumably be determined within those units, rather than dictated from above.

Of the total \$6.8 million shortfall we started off with, these cuts combined with the TF increase brings the deficit down to \$1.6 million.

Items still to be discussed: the “Salary Enhancement Pool,” currently set at \$1.25 million. This is intended not just for faculty salary increases, but for classified and non-classified staff. No specifics given on this. That money comes from the approximately \$500,000 saved from the recent

reorganization of Art/Journalism and Education, and from current vacancies. I will definitely want feedback on this item during our meeting today. We have also not discussed the “Qualifying Expenses Moved to Revenue Budgets.” And it’s not at all clear at this point what number the Athletics Department will bring to the table for its budget reduction.

Attached documents:

“Budget Options FY 2014”: the column on the far right is the current proposed budget.

“Summary of Revenue Budget Data”: this has units across the top in my awful handwriting, and the types of revenue accounts those units have down the left hand side. It’s pretty confusing. I’ll be happy to provide whatever guidance I can. Note that there is a lot of room for confusion on this page, so please try not to jump to conclusions based solely on this document.

“Tuition Increase Calculator”: the box called “Total Tuition and Fees” with my handwriting underneath it contains the information about Tuition and Fees being presented to the BOG today.

If you have read this far, thanks for your attention!