Colleagues,

My report from yesterday's Budget Work Group (BWG), adding to what Chuck Somerville reported.

Prior to the meeting, I asked for the following data/information:

1. The contents and requirements of the "Expenditure Schedule" that is due May 6.
2. HEPC and other constraints on/regulations concerning tuition and fee increases
3. Anticipated revenues at different levels of permissible tuition
4. Anticipated Fall enrollment, of both new and continuing students
5. Current list of students fees – amounts and types
    a. Proposed fee increases and/or restructuring for this coming year
    b. Any revenues collected from student fees in years past and not disbursed; that is, any surplus fees
6. All other sources of revenue with anticipated amounts for next FY
7. Last year's detailed budget, at least at the Senior VP unit level, with allocations and revenues
8. Any new categories of expenditures, whether already obligated, or anticipated
9. Existing proposals for reduction in budget to compensate for reduced state funding

The attached documents were handed out at the outset of the meeting. While they address some of the data requests, they do not address all of them. Nonetheless, they contain some interesting information.

The outcomes for the Budget Work Group are at the bottom of the first document:

- Recommended FY 13-14 target for Incremental Tuition Revenue (Note: this refers to tuition and fee increases to be paid by students)
- Recommended FY 13-14 target for Salary Enhancement Pool (the 1.25 million "Salary Enhancement Pool" on the budget document comes from not filling currently vacant positions)
- Recommended FY 13-14 target for Discretionary Allocations ("Discretionary Allocations" are operating budget funds)
- Recommended FY 13-14 target for Qualifying Expenses Moved to Revenue Budgets (these are items currently paid for from central funds, like equipment, some adjunct costs, and so forth, that might be moved to department/division/college/school level revenue funds)

Note than none of these targets applies to any year other than the upcoming fiscal year '13-

14. This working group is only charged with figuring out how we are going to proceed for this one year.

Its other charges are also at the bottom of the document:

- Recommended composition of University Budget Advisory Committee
- Recommended mission of University Budget Advisory Committee

These refer to the larger, ongoing Advisory Committee that will help determine the new set of budget parameters for future years. The suggestion that these charges be added to the Working Group's work was made by Council of Chairs. Whatever recommendations the BWG makes would have to be approved by the constituent organizations and groups (i.e. Faculty Senate, Student Government, Staff Council, Dean's Council, and so forth), which would also presumably decide how to pick their representatives. Ideas welcome here!

Now, the Budget Documents: these do not really fulfill the request for data and information I asked for, but, as I said, there is still some interesting stuff in there. The total budget shortfall for next year is $6,806,242, which includes the $1.25 million salary enhancement pool. The information presented here is very general, and there is not indication whatsoever of how the money is allocated to various sub-units of the university (i.e. Academic Affairs, IT, Athletics, Schools of Pharmacy and Medicine, Administration, and so forth). The BWG members asked and got responses to quite a few questions about the various categories of revenues sources and uses, and Chuck covered many of those. I'll be happy to answer what I can, and get answers to those I cannot.

The $1.5 million under "Accumulated Investment Earnings Applied" is money taken from investment earnings for this year. It is a one-time deal, that is, it is not intended to be a regular feature of the budget.

I do intend to ask again for the items on the list that were not presented at the meeting. We cannot make good and careful judgments without good and complete information.

The second sheet are some proposed options for next year, with the main variable being differing increases in Tuition and Fee (Education and General Fees, E&G) revenues. You can see the black boxes where the work of this committee will be inserted. Again, none of the figures here represent anything in place or permanent, but are just trial runs, so to speak.

All members of the BWG agreed that we should make every effort to keep Tuition and Fees increases as small as possible. It seems likely that small marginal increases could make Marshall unaffordable to substantial numbers of students. Nonetheless it is clear that some increased revenues will have to be generated, and the rest of the shortfall made up through budget cuts/savings.

Several suggestions for those cuts came up:

Calling a one-year halt to installing technology in classrooms, but continuing to replace old, nasty, worn out, too-small furniture. The President has asked for a report on the status of classroom, but the Dean and two faculty members and student on the BWG all agreed that this was a reasonable step to take for the year. Savings: $500,000.00.

Cutting the "Funded Depreciation" setaside some for the year. This is money set aside every year to help accumulate funds to replace long-term items (think buildings). This is standard accounting practice, from what I understand, but could be done at a lower amount for a year or two. Potential savings not known at this point, but could be another couple hundred thousand/year.

Departmental budget cuts of 10% could save about $1 million. There was discussion to the effect that all units of the university would have to share in the sacrifice, and widespread, if not enthusiastic, agreement on that point.

Travel: it seems that we are more than likely not bound to the National Travel contract, and could realize substantial savings on travel. The Chief Financial Officer is starting an effort to make that change, and to work towards a paperwork reduction act for travel, which would be useful all around. Potential savings not know, but could be substantial.