

FACULTY SENATE
January 14, 2009
REID HALL 104
4:10 PM – 5:00 PM
MONTANA STATE UNIVERSITY-BOZEMAN, MONTANA
Minutes

Members Present: Amin, Becker, Cherry, Fields, Fischer, Gerlach, Igo, Jacobs, Lansverk, , Lei Livingston, Lynch, C. McClure, Mokwa, Neumeier, Osborne, Prawdzienski, Simpson, Sowell, Versaevel, D. Weaver, Wojtowicz, , Zhu

Members Absent: Bangert, Bennett, Eitle, Fleck, Gee, Jackson, Jacobsen, Larson, Maskiell, Political Science, Taylor, Varricchio, Watson, T. Weaver, Wisner

Others Present: David Dooley, Joe Fedock, Craig Roloff

Chair Wes Lynch called the meeting to order at 4:10 PM. A quorum was present.

Announcements – Wes Lynch

- To find the faculty survey for the NWCCU accreditation:
 - Click on <http://www.montana.edu/accreditation/documents/index.html>, then click on Faculty Survey 2008 Report
- President Gamble reminds employees that they must use personal resources to lobby the legislature.
- There may be another OPR (optional retirement program) bill introduced during this session.
- It is not clear whether a bill introduced regarding post tenure review falls under the prerogative of the legislature or BoR.
- To view legislative bills, go to the commissioner of Higher Education's web site: <http://mus.edu/che/che.asp> and click **2009 Legislature** in the left side bar.

Vice President for Administration & Finance - Craig Roloff

- **Budgetary Process for Campus Education and Instruction**
 - The VP of Administration & Finance is responsible for the university budget office and represents all four MSU campuses to the COHE, two regents and, during the legislative session, the governor's budget office, in developing the budget proposal for the university.
 - (Referring to handout) In 2007, UPBAC (budget committee) finalized the budget for FY 2008; at the same time the budget committee was developing initiatives, or new investments to propose, to the governor to be part of the governor's budget for FY's 2010 and 2011. The legislative process has three major components:
 - The governor proposes an executive budget to the legislature in November. The executive budget is made up of an on-going base budget for each state entity and includes annualization of salary costs. Salary increases begin in October. There is a cost to fund salary increases for two full years.
 - Present law adjustments are cost increases that reflect inflationary effects on our current level of services. Examples – library services rise 8-9% each year; gas bill; electric bill, IT services.
 - New proposals (initiatives) are additions to the budget for new things e.g., expand services to 200 more students.
 - In September 2007 all campus finance officers developed the present law adjustments proposals; inflationary increase proposals using detailed market data were gathered to justify.
 - In November 2007, the BoR began discussing the FY10/11 budget.
 - In early 2008, while BoR were discussing the 2010-2011 budget initiatives, UPBAC was discussing the budget for FY09 year.
 - Labor- intensive data entry and reconciliation of accounts are needed to justify to the governor what we pay to each employee, even though a pre-determined lump sum is awarded.
 - Also in early 2008 we reviewed, with the governor, detailed statements of what our current base budget was and how adjustments were to be made. In June/July, in conjunction with the governor's budget office, we talked through each proposal for inflationary increases and

agreed upon numbers. The governor talked about the current state of the economy and whether MSU could freeze tuition for two more years.

- In 2009, the legislature will be in session, and we will know our appropriation at the end of April; they will allocate \$30M - \$40M to all campuses and decide what they will allow for tuition and fee increases for campuses. At the end of May, beginning of June, we will finalize our budget for FY10, and implementation of it will begin July 1, 2009.
- Discussion ensued:
 - *How does the current deficit of 2009 impact the budget planning process?*
 - The budget committee uses macro-analysis and a one-page summary of the budget with the individual elements of the budget that have been discussed by the budget committee.
 - It highlights what to expect in enrollment, base budget, what we have identified as fixed costs in the coming year, and commitments made that go for more than one year, the revenues and adjustments that have to be made. Current adjustments are based on the fact that new commitments were identified after the budget had been set. They may be viewed online in the minutes of the UPBAC.
<http://www.montana.edu/opa/coms/upbac.html>
 - Predicting enrollment and revenues is a difficult process. This year 2/3 of MSU's budget is tuition revenue. MSU has approximately 4-5 times the number of applications as actual student enrollment. This makes the statistics on applications and actual enrollment more difficult to project every year. Seven or eight years ago students only applied to 2-3 schools; more recently they apply to 7-8 schools, seeking bargains, and therefore enrollment numbers are only estimates for the coming year.
 - MSU has a complex discounting process, as it provide many students with a large variety of fee or tuition waivers at varying percentages. As we try to calculate how much revenue MSU will have, we also have to project how many of this year's freshman, with the different fee waivers packages, will return as sophomores.
 - This year, after we had finalized our budget, complications of added commitments arose.
 - Another complicating factor included the way in which departments manage their personal services budget. It has increased considerably and one of the main reasons is the hike in total cost of benefits. That is accomplished in the following ways:
 - Full time positions are made into two half-time positions, which mean paying health insurance costs for two people instead of for one person.
 - Awarding a substantial salary increase also increases the employer costs (taxes) for that position without any balancing in the benefits budget.
 - At the end of the year, departments which have left over money move the expense of an employee who was on a designated account to their general operating account (transferring salary costs), and this automatically creates related benefits costs.
 - In the prior year, the return on our CD investments was about 5%. Interest earnings covered the budget gaps, total costs and benefits. Presently, the rate of interest return on CD's is almost nil.
 - *What is being done about the increased benefits' costs?*
 - The benefits' expenses are being moved to the departmental level. Many departments are already responsible for benefits costs.
 - *Do you have any observations about how FS could participate more fully in the shared governance philosophy with respect to UPBAC?*
 - Representatives on a committee represent constituents and must accept the responsibility of keeping their group up to date. After an UPBAC meeting, all materials may be copied, distributed and discussed. The minutes are published on the web site: <http://www.montana.edu/opa/coms/upbac.html>
 - *Faculty Senate learns about deficits when the flexibility of commenting/modifying them has passed. What can we do with respect to the unexpected costs? Can they be sent over to the next year?*
 - Information is sent out as early as possible. Early last fall, deans were informed of the shared projections of FY09 and were asked to begin to plan budget reductions.

The university is, however, enrollment driven and tuition revenues are known, sometimes, fifteen (15) days after the semester has begun. There is no way to avoid that scenario, except to build a large central reserve, and our budgets have been so constrained for the past five-six years that it is not possible. We are budgeted so close to the line, that when a small amount of FTE goes one way or another, it has a huge affect on the budget. Money that has been committed in 2009 shows increases in gas bills, library acquisition costs, and health insurance.

- *How and when was the decision made to push the benefits down to the departmental level?*
 - It was made by UPBAC, discussed at the September meeting, and the decision was made in the early December meeting. The reasoning was that you could not have one group of people making personnel decisions and another group trying to fund the eventual impact.
- *How are you intending to deal with the apparent accumulation of sick leave? Also, there seems to be a 15-day gap between salary increases and when it is paid.*
 - The university budget has about \$800,000 to pay out for TRS employees' sick leave at the point of retirement. Last year it was over \$1M. The TRS employee benefits are the most expensive because of the options they have and their payouts are twice as much as other employee expenses. The governor's office is helping to pay a portion of the overage of this sick leave for this year only. Please email me the second part of the question and I will research it and answer you.
- *What pool of funds do the sick leave payments come from?* In the general operations account in all previous years, departments have had to pay for annual leave payouts. There was a central pool that took care of the sick leave. Now, each department will be responsible for both annual leave and sick leave.

The Faculty Senate meeting ended at 5:00 PM, as there was no further business.

Signature

Wes Lynch, Chair

Signature

Gale R. Gough, Secretary