

EXECUTIVE SUMMARY

PLANNING, BUDGET & ANALYSIS

- > The annual operating budget is developed by a 23-member committee comprised of representatives from all sectors of the University, as well as the Bozeman community.
- > A comprehensive process links the budget to a Five-Year Vision document, and to the assessment of outcomes from investments.

THE FY06 BUDGET DEVELOPMENT PROCESS

- > For FY06, the Office of the Commissioner of Higher Education and the Board of Regents initiated a new approach for the development and approval of campus budgets.
- > The Regents budget process began at their November 2004 meeting.
- > The Regents began their process with the FY05 Expenditure Base Budget, which was then increased by Fixed Cost increases, Pay Plan Costs, inflation, and essential investments that enhanced the quality of education.
- > In addition, a formula based element was also included which added a Marginal Cost/FTE adjustment for Enrollment Growth/Decline, based upon revised FY06 FTE projections.
- > The FY06-07 biennial expenditure budgets were approved at the January 2005 BOR meeting.
- > The Cost of Education (COE) model was updated to reflect revised FY06 FTE projections.
- > Additionally, the Regents mandated a significant change to the funding method in order to allocate a greater proportion of state funds to the smaller MUS campuses.
- > The Regents approach was to set an expenditure budget for each campus, and then distribute State funding, with the assumption that the remaining GAP between expenditures and revenues would be covered by tuition rate increases.
- > Data provided to UPBAC:
 - > Budget amendments for what the Strategic Planning Committee has identified as the University's top seven strategic priorities from its 5-yr Vision process;
 - > an 9-year history of departmental base budgets and an overview of each operation;
 - > academic information drawn from the Delaware Study and Instructional Key Performance Indicators (KPI's); and,
 - > KPI's for the VP Admin & Finance division and the VP Student Affairs division.
- > The Strategic Planning Committee (SPC) reviewed and categorized 200+ strategic priorities. Committee work will continue with an annual progress report.
- > The Athletics Department gave a status update of their current budget plan.
- > New Student Services gave a status update on the Royall recruitment and Fast App investments.
- > ITAC gave a status update on information technology priorities.

ENROLLMENT ASSUMPTIONS REFLECTED IN THE BUDGET

- > Our Summer semester enrollment in FY06 will be about the same as last year.
- > Although (received) freshman application counts are up as compared to this time last year, revenue projections are based upon a conservative enrollment yield because freshman application counts are also up at peer institutions.
- > The yield percentage on applications nationwide is decreasing as more students apply to more than one institution.
- > As we increase our recruitment efforts in more distant states, we can expect our overall applicant yield percentages to decrease. However, as our total pool of applicants expands, our resulting new student enrollment should increase.
- > Continuation of scholarship/waiver programs:
 - > Renewable 4-Year High School Honor awards are earmarked at 234.
 - > Employee Dependent waivers are estimated at 150, slightly above FY05 actuals.
 - > Resident renewable scholarships are being offered to students with specified SAT/ACT test scores.
 - > Non-Resident renewable awards are being offered to students with specified SAT/ACT test scores.
 - > WUE awards are being offered to students with specified SAT/ACT test scores.
- > New nonresident freshman, including WUE, is expected to be slightly above FY05 actuals.
- > Our historic rate of retention, for non-graduating students, from Prior Year Fall semester to Current year Fall semester, will continue for Fall semester FY06.
- > The headcount-to-FTE conversion factor for FY06 will remain essentially the same as in prior years.
- > More work must be done in the coming year to further explore the correlation between tuition increases, the yield on applications, and the retention of continuing students.

REVENUE ASSUMPTIONS

- > The projected tuition revenues are based on comparable FY05 tuition yields per FTE, plus a \$480 increase for a full-time resident student and \$604.80 increase for a full-time nonresident student.
- > Disregarding the MSU General Fund Adjustment between fiscal years, the COE allocation of general fund provides a modest (3.38%) increase with the general fund adjustment between campuses factored in.

PRIMARY CHALLENGES OF THE FY06 PROCESS

- > The Regent approach to biennial budgeting.
- > Applications from high ability students are up and the yield rates on those students is typically lower (because the competition is greater for those students).
- > The yield on the new scholarship/waiver programs are estimated as no trend data is available.

PHILOSOPHICAL BASIS FOR FY06 BUDGET DECISIONS

- > Budget decisions are based upon the principles, values, and priorities set forth by the committee.
- > The principles, values, and strategic concepts and priorities should support the mission and Five-Year vision of the University.
- > The Five-Year vision, strategic concepts, and priorities, along with reports and proceedings of the UPBAC meetings, are posted on the University's web site at <http://www.montana.edu/upba/>.

OVERVIEW OF PRIMARY FY06 BUDGET DECISIONS

- > Base Budget increases, in institutional level fixed costs, will be fully funded.
- > Funds will be earmarked for certain recurring institutional costs, such as the Write-Off of Tuition Receivables.
- > The Legislature's Pay Plan will provide 38% of the necessary funding for:
 - > a \$46/month increase in the medical insurance contribution;
 - > the greater of \$1,005 or 3.5% salary increase for faculty, administrators, professional and classified employees, effective October 1, 2005;
- > A small set of continuing non-base commitments will be funded.
- > A special fund was established for faculty promotion/salary floor increases.
- > Operations and Repair & Maintenance Inflation were included in the expenditure base. The Operations Inflation was distributed proportionally to each executive.
- > Non-base Memorandum of Agreement (MOA) tuition distributions were distributed proportionally to each executive.
- > Funding for Core 2.0, UD Nursing, Student Teaching Placement, Graduate Program, Facilities Services, IT Infrastructure, and Student Success & Retention were BOR approved enhancements to the expenditure base budget.
- > Tuition rates, for all student categories, will increase an average of 9.04%.

FUTURE COMMITTEE ACTIONS

- > A cost benefit analysis of recruitment and retention investments will be assessed and shared with the committee.
- > Strategic initiatives will be reviewed further and updates will be shared with UPBAC.
- > UPBAC will be considering and evaluating tactics proposed by the Strategic Planning Committee.
- > The overall budget process will be discussed and implementation of approved changes will be made.
- > Other subcommittee requests may be assigned.

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		April 18th Draft Budget Base Plan	May 3rd Budget Plan	Comments
1				
2	FTE ENROLLMENT AUTHORITY			
3				
4	Fiscal Year			
5	Resident	8,047.00	8,047.00	
6	WUE	379.00	379.00	
7	Nonresident	2,174.00	2,174.00	
8				
9	Total	10,600.00	10,600.00	
10				
11	FTE ENROLLMENT BUDGET			
12				
13	Summer Session			
14	Resident	789.62	789.62	
15	WUE	10.87	10.87	
16	Nonresident	173.58	173.58	
17				
18	subtotal	974.07	974.07	
19	Fall Semester			
20	Resident	7,921.99	7,921.99	
21	WUE	385.20	385.20	
22	Nonresident	2,214.18	2,214.18	
23				
24	subtotal	10,521.37	10,521.37	
25	Spring Semester			
26	Resident	7,382.15	7,382.15	
27	WUE	361.37	361.37	
28	Nonresident	1,960.30	1,960.30	
29				
30	subtotal	9,703.82	9,703.82	
31	Fiscal Year			
32	Resident	8,047	8,047	
33	WUE	379	379	
34	Nonresident	2,174	2,174	
35				
36	Total	10,600	10,600	

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1			
2	REVENUE BUDGET		
3			
4	Prior Year Fund Balance	0	0
5			
6	General Fund & Millage Main Allocation		
7	Regents COE Allocation	40,416,285	40,416,285
8	General Fund Adjustment between Campuses	(1,020,780)	(1,020,780)
9	General Fund Adjustment between FY06 & FY07	255,000	255,000
10	subtotal	<u>39,650,505</u>	<u>39,650,505</u>
11			
12	Family Practice General Fund	0	0
13			
14	Total General Fund & Millage	<u>39,650,505</u>	<u>39,650,505</u>
15			
16	Tuition		
17	Summer Session	3,338,612	3,338,612
18	Fall Semester	30,332,805	30,332,805
19	Spring Semester	27,573,331	27,573,331
20	Total Tuition	<u>61,244,748</u>	<u>61,244,748</u>
21			
22	Admissions Fee	195,000	195,000
23	Other (loan & late fees)	282,835	282,835
24	Interest Earnings	223,000	223,000
25	Program Fees (MTA, Arch, Art, Engr)	827,565	827,565
26	New Program Fees	410,000	410,000
27	Nursing Fees (Includes Lower/Upper Division)	189,000	189,000
28	Graduate Nursing Fees	65,000	65,000
29	Miscellaneous	425,545	425,545
30			
31	TOTAL NET Revenue	<u>103,513,198</u>	<u>103,513,198</u>
32			
33	Fee Waivers		
34	Summer Session	0	0
35	Fall Semester	0	0
36	Spring Semester	0	0
37			
38	Total	<u>7,559,284</u>	<u>7,559,284</u>
39			
40	TOTAL GROSS Revenue	<u>111,072,482</u>	<u>111,072,482</u>

to be confirmed by Fee Waiver Committee
 to be confirmed by Fee Waiver Committee
 to be confirmed by Fee Waiver Committee

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1			
2	FY05 BASE BUDGETS (4/1/05)		
3			
4	President		
5	Student Services	19,674	19,674
6	Institutional Support	1,804,365	1,804,365
7	Provost		
8	Instruction	40,409,109	40,409,109
9	Public Service	591,027	591,027
10	Academic Support	8,710,271	8,710,271
11	Student Services	13,621	13,621
12	Institutional Support	568,508	568,508
13	Administration & Finance VP		
14	Institutional Support	3,658,258	3,658,258
15	Facilities Services	13,785,240	13,785,240
16	ITC Computer Costs	2,742,070	2,742,070
17	Research VP		
18	Research	327,666	327,666
19	Public Service	61,082	61,082
20	Academic Support	108,966	108,966
21	Institutional Support	936,441	936,441
22	Student Affairs VP		
23	Student Services	4,940,472	4,940,472
24	Facilities Services	175,434	175,434
25	Institutional Cost Centers		
26	Miscellaneous Accounts	444,419	444,419
27	Benefit Pools	17,358,481	17,358,481
28	Overhead Costs Distributions	(5,142,043)	(5,142,043)
29			
30	TOTAL NET BEGINNING BASE BUDGET	91,513,061	91,513,061
31			
32			
33	BUDGETED NET REVENUE	103,513,198	103,513,198
34			
35			
36	NET REVENUE less BASE BUDGET	12,000,137	12,000,137

Includes \$375,000 Extra Sections

Includes \$561,376 FY05 Utility Supplement

Includes \$50,109 FY05 Pgm 6 OVH Adj

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1			
2	PROJECTED REMAINING BALANCE	12,000,137	12,000,137
3	BASE BUDGET ADJUSTMENTS		
4	President		
5	2.5% Operation Inflation	(6,116)	(6,116)
6			0
7	Provost		
8	2.5% Operation Inflation	(160,052)	(160,052)
9	Core 2.0	(318,100)	(318,100)
10	UD Nursing	(197,199)	(197,199)
11	Student Teaching Placement	(63,000)	(63,000)
12	Graduate Program Enhancements	(400,000)	(400,000)
13	Student Success & Retention Initiatives	(35,000)	(35,000)
14			
15	Provost Subtotal	(1,173,351)	(1,173,351)
16			
17	Administration & Finance VP		
18	2.5% Operation Inflation	(47,694)	(47,694)
19	3.3% Inflation on Repair & Maintenance	(119,522)	(119,522)
20	Continuing Stewardship of Physical Assets	(359,000)	(359,000)
21	Oper., Maint. & Security of Technology Infrastructure	(308,229)	(308,229)
22			
23	VP Admin & Finance Subtotal	(834,445)	(834,445)
24			
25	Research VP		
26	2.5% Operation Inflation	(4,809)	(4,809)
27			
28	Student Affairs VP		
29	2.5% Operation Inflation	(17,155)	(17,155)
30	Core 2.0	(30,000)	(30,000)
31	Student Success & Retention Initiatives	(40,000)	(40,000)
32			
33	VP Student Affairs Subtotal	(87,155)	(87,155)
34			
35	TOTAL BASE BUDGET ADJUSTMENTS	(2,105,876)	(2,105,876)
36			
37	PROJECTED REMAINING BALANCE	9,894,261	9,894,261

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1			
2	PROJECTED REMAINING BALANCE	9,894,261	9,894,261
3			
4	EARMARKED RESERVE FUNDS		
5			
6	University Reserve (Transfer to New Acct)	(300,000)	(300,000)
7	University Contingency	(79,260)	(79,260)
8	Settlements Account	(100,000)	(100,000)
9			
10	Write-Off of Tuition Receivables	(225,000)	(225,000)
11	NSL Bad Debts Write-Off	(12,000)	(12,000)
12			
13	TOTAL EARMARKED RESERVE FUNDS	(716,260)	(716,260)
14			
15	PROJECTED REMAINING BALANCE	9,178,001	9,178,001
16			
17			
18	FIXED COSTS BASE BUDGET INCREASES		
19			
20	N.R.I.S. State Library Costs	(16,636)	(16,636)
21	Insurance Premium Increases	(557,752)	(557,752)
22	Warrant Writer Increases	(1,267)	(1,267)
23	Audit Increases	(13,046)	(13,046)
24	SABHRS Costs/DOA	(20,722)	(20,722)
25	Increased Workers Comp Ins Costs	(53,558)	(53,558)
26	Employee Retirement Contribution Increases	(298,403)	(298,403)
27	Inflation for Library Acquisitions	(236,781)	(236,781)
28	Off Campus Rentals	(13,847)	(13,847)
29	Adjustment to Utility Appropriator	(263,761)	(263,761)
30	Excess Utilities Costs Contingency	(252,091)	(252,091)
31	IT License Software Support	(51,490)	(51,490)
32			
33	TOTAL FIXED COSTS BASE INCREASES	(1,779,354)	(1,779,354)
34			
35	PROJECTED REMAINING BALANCE	7,398,647	7,398,647
36			
37			
38	PERSONAL SERVICES BASE BUDGET INCREASES		
39			
40	Benefits Pools - Medical Insurance	(723,059)	(723,059)
41	Salary Annualizations	(503,383)	(503,383)
42	FY05 FLSA/MAP/Tenure/Floor Adjustments	(64,934)	(64,934)
43	Faculty Promotion/Floor Increases	(118,500)	(118,500)
44	3.5% Salary Increases	(2,514,336)	(2,514,336)
45			
46	TOTAL PERSONAL SERVICES BASE INCREASES	(3,924,212)	(3,924,212)
47			
48	PROJECTED REMAINING BALANCE	3,474,435	3,474,435

Includes \$10,137 Benefits
 Includes \$392,534 Benefits

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1			
2	PROJECTED REMAINING BALANCE	3,474,435	
3			
4	CONTINUING NON-BASE COMMITMENTS		
5			
6	In-Load Tuition Distributions	(504,885)	
7	UND/Sacred Heart/HealthOne Denver	(22,304)	
8	Int'l Student Recruitment Program	(66,250)	Includes \$6,250 Benefits
9	Lower/Upper Division Nursing Course Offerings	(444,864)	Includes \$62,114 Benefits
10	Graduate Division Nursing Course Offerings	(65,000)	
11	Disability Accommodations	(115,920)	Includes \$20,184 Benefits
12	Retention First Year Initiative Program	(34,326)	
13	Army ROTC 1st Year R & B Scholarships	(42,960)	
14	AFROTC 1st Year R & B Scholarships	(42,560)	
15	Visitor Parking Permits	(6,000)	
16	Royall Student Prospects List Agreement	(345,630)	
17	Athletics Service Costs	(120,000)	
18	Program Fees (MTA, Arch, Art, Engr)	(827,566)	
19	Out-of-Load Tuition Distributions	(146,170)	
20			
21	TOTAL CONTINUING NON-BASE COMMITMENTS	(2,784,435)	
22			
23	PROJECTED REMAINING BALANCE	690,000	
24			
25	NEW NON-BASE COMMITMENTS		
26			
27	New Program Fees	(410,000)	
28			
29	MOA Tuition Distributions by Executive		
30	President	(24,119)	
31	Provost	(7,599)	
32	VP Admin & Finance	(167,379)	
33	VP Research	(12,518)	
34	VP Student Affairs	(68,385)	
35			
36	TOTAL NEW NON-BASE COMMITMENTS	(690,000)	
37			
38	PROJECTED REMAINING BALANCE	0	