

EXECUTIVE SUMMARY

PLANNING, BUDGET & ANALYSIS

- > The annual operating budget is developed by a 21-member committee comprised of representatives from all sectors of the University, and from the Bozeman community.
- > A comprehensive process links the budget to a strategic plan, and to the assessment of outcomes from investments.
- > MSU-Bozeman will present its draft budget, as part of an MSU-wide financial plan, to the BOR for approval at the May meeting.

THE FY04 BUDGET DEVELOPMENT PROCESS

- > The committee began its initial work in December, 2002 and a preliminary balanced budget will be presented at a public open forum on Tuesday, May 6, 2003.
- > Strategic priorities were reviewed and updated with a focus on the continuation of Student Access and Success, specifically in the areas of recruitment, retention, and quality enhancements including essential infrastructure needs.
- > The committee also adopted, as a strategic priority for FY04-05, the expansion of appropriate MSU-Great Falls COT programs in Bozeman.
- > Budget decisions were based upon an array of data including:
 - > budget amendment requests which addressed strategic priorities;
 - > a 7-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.
- > An Evaluation Matrix comprised of different benchmarks was introduced as a tool for measuring the accountability of instructional programs and services.
- > The Athletics Department gave a status update of their current budget plan.
- > The Information Technology Advisory Committee presented a priority list of services that are necessary to the operations of the University, and discussed the impacts of not receiving funding for these services.
- > Changes in the Cost of Education (COE) model were discussed along with nonresident revenue sharing amongst the MSU campuses.

ENROLLMENT ASSUMPTIONS REFLECTED IN THE BUDGET

- > Our Summer semester enrollment in FY04 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 on applications nationwide is decreasing as more students apply to more than one institution.
- > We expect a 3.4% increase in new resident freshman and a 9.1% increase in new nonresident freshman.
- > Our historic rate of retention, for non-graduating students, from Prior Year Fall semester to Current year Fall semester, will continue for Fall semester FY04.
- > The headcount-to-FTE conversion factor for FY04 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 and the yield on applications.

REVENUE ASSUMPTIONS

- > The projected tuition revenues are based on comparable FY03 tuition yields per FTE and a 12.25% tuition increase in FY04 - and in FY05.
- > The COE allocation of general fund, which must still be finalized, will provide a modest (1%+/-) increase.
- > The COE allocation will include a subsidy transfer of general fund to smaller campuses.
- > In addition to the COE subsidy transfer of general fund, \$442,289 of internal funds will be transferred to MSU campuses for their strategic investments.
- > \$650,000 of total revenue is earmarked to cover the final balance of the FY01 student receivables write-offs.

PRIMARY CHALLENGES OF THE FY04 PROCESS

- > The academic profile of the student population was discussed.
- > Nonresident application counts are up compared to past fiscal years, but this is the case at peer institutions also.
- > The economic outlook and war impacts presented challenges in the projections of our enrollment.
- > Changes in the COE model distribute additional funds to the smaller campuses.
- > Legislative decisions affecting Higher Education were made late in the process .
- > Per a Board of Regents request, the University Presidents are expected to develop and implement strategic system investments.
- > Tuition rates won't be set until the May Regents meeting.

PHILOSOPHICAL BASIS FOR FY04 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 goals of the University.
- > The 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 FY04 BUDGET DECISIONS

- > Base Budget increases, in institutional level fixed costs, will be fully funded.
- > Internet access costs will be distributed among all entities within the organization, on the basis of FTE, except for Resnet service and InterNet2 High Capacity Premium.
- > Funds will be earmarked for certain recurring institutional costs, such as the Write-Off of Tuition Receivables.
- > The budgeted University Contingency Reserve was increased by approximately \$500,000 for enrollment growth.
- > The Legislature's Pay Plan will provide approximately 45% of the necessary funding for:
 - > costs of annualizing FY03 salary increases; and,
 - > a \$44/month increase in the medical insurance contribution.
- > A special fund was established for faculty salary floors and promotion increases.
- > A special fund was also established for faculty, professional, administrative, and GTA equity adjustments.
- > Additional funds were reserved for a classified MAP Bonus pool.
- > A small set of continuing non-base commitments will be funded.
- > Tuition rates, for all student categories, are proposed to increase by 12.25% in both FY04 and in FY05.

SPECIAL FY04 INVESTMENTS & EXPECTED OUTCOMES

- > A special investment of \$3,500 has been made to the TIP Idea Award Program to reward employees for proposals that enhance productivity and/or reduce costs to the University.

FUTURE COMMITTEE ACTIONS

- > An UPBAC Staffing, Report, and Resources Questionnaire will be submitted to committee members to evaluate the effectiveness of the resources that are provided for decision making.
- > A cost benefit analysis of recruitment and retention investments will be conducted and the results will be assessed and shared with the committee.
- > Possible strategic initiatives for FY05 will be discussed.
- > The overall budget process will be discussed and implementation of approved changes will be made.
- > Subcommittees of the Evaluation Matrix can continue to gather data and complete their sections.
- > Other subcommittee requests may be assigned.

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 4 of 11

		April 29th Budget Draft	Budget Plan	Comments
1				
2	FTE ENROLLMENT AUTHORITY			
3				
4	Fiscal Year			
5	Resident	8,084.29		
6	WUE	453.59		
7	Nonresident	2,136.60		est.
8				
9	Total	10,674.48	0.00	
10				
11	FTE ENROLLMENT BUDGET			
12				
13	Summer Session			
14	Resident	913.08		
15	WUE	15.07		
16	Nonresident	207.20		
17				
18	subtotal	1,135.35	0.00	
19	Fall Semester			
20	Resident	7,906.78		
21	WUE	472.80		
22	Nonresident	2,205.53		
23				
24	subtotal	10,585.11	0.00	
25	Spring Semester			
26	Resident	7,459.05		
27	WUE	450.97		
28	Nonresident	1,940.54		
29				
30	subtotal	9,850.56	0.00	55.17
31	Fiscal Year			104,160.96
32	Resident	8,139.46	0.00	Potential Resident FTE Growth Adjustment
33	WUE	469.42	0.00	
34	Nonresident	2,176.64	0.00	
35				
36	Total	10,785.52	0.00	

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 5 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	REVENUE AUTHORITY		
3			
4	Prior Year Carryover	0	0
5			
6	General Fund & Millage Main Allocation		
7	Regents COE Allocation		
8	Enrollment Growth COE Adjustment		
9			
10	subtotal	0	0
11			
12	Family Practice General Fund	0	0
13	Distance Learning General Fund	0	0
14			
15	Total General Fund & Millage	0	0
16			
17	Gross Tuition	0	0
18			
19	Interest Earnings	0	0
20			
21	Other	0	0
22			
23	TOTAL GROSS Authority	0	0
24			
25	Fee Waiver Budget	0	0
26			
27	TOTAL NET Authority	0	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 6 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	REVENUE BUDGET		
3			
4	Prior Year Deficit	(651,524)	
5			
6	General Fund & Millage Main Allocation		
7	Regents COE Allocation	37,914,081	
8	Enrollment Growth COE Adjustment	0	0
9	Bozeman Fund Transfers to other MSU campuses	(442,289)	
10	MSU General Fund Adj between FY04 & FY05	2,500,000	
11	subtotal	39,971,792	0
12			
13	Family Practice General Fund	319,367	
14	Distance Learning General Fund	0	0
15			
16	Total General Fund & Millage	40,291,159	0
17			
18	Tuition (12.25% incr, excluding Summer)		
19	Summer Session	2,942,454	
20	Fall Semester	25,352,238	
21	Spring Semester	23,107,514	
22	Summer Surcharge	169,338	
23	Total Tuition	51,571,544	0
24			
25	Admissions Fee	195,000	estimate - to be confirmed
26	Other (loan & late fees)	225,000	estimate - to be confirmed
27	Interest Earnings	325,000	estimate - to be confirmed
28	Program Fees (Nursing, Art, Arch)	1,150,003	estimate - to be confirmed
29	Miscellaneous	315,838	estimate - to be confirmed
30			
31	TOTAL NET Revenue	93,422,020	0
32			
33	Fee Waivers		
34	Summer Session	0	0
35	Fall Semester	0	0
36	Spring Semester	0	0
37			
38	Total	0	0
39			
40	TOTAL GROSS Revenue	93,422,020	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 7 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	FY03 BASE BUDGETS (4/1/03)		
3			
4	President		
5	Student Services	19,625	
6	Institutional Support	1,757,034	
7	Provost		
8	Instruction	38,439,423	
9	Public Service	883,436	
10	Academic Support	7,989,333	
11	Student Services	13,076	
12	Institutional Support	399,752	
13	Administration & Finance VP		
14	Institutional Support	3,173,003	
15	Facilities Services	11,285,743	
16	ITC Computer Costs	2,315,943	
17	Research VP		
18	Research	367,872	
19	Public Service	59,892	
20	Academic Support	65,143	
21	Institutional Support	915,426	
22	Student Affairs VP		
23	Student Services	4,733,252	
24	Facilities Services	163,222	
25	Institutional Cost Centers		
26	Miscellaneous Accounts	463,470	
27	Benefit Pools	15,326,454	
28	Overhead Costs Distributions	(3,895,654)	
29			
30	TOTAL NET BEGINNING BASE BUDGET	84,475,445	0
31			
32			
33	BUDGETED NET REVENUE	93,422,020	0
34			
35			
36	NET REVENUE less BASE BUDGET	8,946,575	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 8 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	PROJECTED RESERVE BALANCE	8,946,575	0
3			
4	BASE BUDGET ADJUSTMENTS		
5			
6	Provost		
7	Program Enhancements deferred to FY04		
8	Civil Engineering Faculty Line	(60,000)	
9	COB Finance Faculty Line	(85,000)	
10	Modern Language Faculty Line	(40,000)	
11	Cell Biology & Neuroscience Faculty Line	(45,000)	
12			
13	D003 VP Health Sciences/WWAMI Director	(50,000)	
14	D006 General Studies Seminars	(43,440)	
15	D002 Distance-Delivered Cohort Programs	(16,000)	
16	D015 Academic Affairs Operations	(250,000)	
17	D012 VMB Faculty Line	(33,755)	
18	D014 GTA Lines	(50,000)	
19	D013 Core	(67,510)	
20	D007 MTA Faculty Line		\$38,920 to be funded in FY05
21	D008 College of Business Faculty Line		\$80,000 to be funded in FY05
22	D009 CS Faculty Line		\$65,000 to be funded in FY05
23			
24	Administration & Finance VP		
25	D018 Jail Costs (line of credit)	(12,000)	
26	D019 Increased Receivable Collection Costs	(19,000)	
27	D020 Banner/Netwk Software License Increase	(28,804)	
28	D021 Unix System Administrator	(47,000)	
29	D022 Banner Internet Native Forms (POC) #2	(3,828)	\$21,266 One-time capital outlay funded by OLP
30	D023 Materials & Off-campus Services Inflation	(38,709)	
31	D024 Banner Internet Native Forms-Prod #2	(31,907)	\$108,262 One-time capital outlay funded by OLP
32	D025 Major Maintenance Expansion of Operations	(53,211)	
33			
34	Student Affairs VP		
35	D030 Sports Facilities Custodial Chemicals & Supplies	(6,529)	
36			
37	Institutional Cost Centers		
38	Miscellaneous Accounts		
39	Benefit Pools, includes FY03 commitments	(162,876)	\$45,980 assoc benefits to be funded in FY05
40	Overhead Costs Distributions		
41			
42	TOTAL BASE BUDGET ADJUSTMENTS	(1,144,569)	0
43			
44	PROJECTED RESERVE BALANCE	7,802,006	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 9 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	PROJECTED RESERVE BALANCE	7,802,006	0
3			
4	EARMARKED RESERVE FUNDS		
5			
6	[A004] University Contingency Reserve	(1,391,989)	
7			
8			
9			
10			
11	[A007] Write-Off of Tuition Receivables	(280,000)	
12	[A006] NSL Bad Debts Write-Off	(12,000)	
13			
14	TOTAL EARMARKED RESERVE FUNDS	(1,683,989)	0
15			
16	PROJECTED RESERVE BALANCE	6,118,017	0
17			
18			
19	DISTRIBUTION OF PY CARRYOVER FUNDS		
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30	TOTAL PY CARRYOVER FUNDS	0	0
31			
32	PROJECTED RESERVE BALANCE	6,118,017	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 10 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	PROJECTED RESERVE BALANCE	6,118,017	0
3			
4	FIXED COSTS BASE BUDGET INCREASES		
5			
6	A002 N.R.I.S. State Library Costs	(16,636)	
7	A003 SABHRS Costs/DOA	(7,321)	
8	A005 Increased Workers Comp Ins Costs	(31,129)	
9	A008 Biennial Audit Costs	19,051	
10	A009 Increased Liability Insurance Premium	(290,424)	
11	A010 Inflation for Library Acquisitions	(191,281)	
12	A011 Excess Utilities Costs Contingency	(177,084)	
13	A012 Off Campus Rentals	(9,909)	
14	A013 Increased Property Insurance Premium	(366,404)	
15	G006 Internet 2	(169,239)	
16			
17	TOTAL FIXED COSTS BASE INCREASES	(1,240,376)	0
18			
19	PROJECTED RESERVE BALANCE	4,877,641	0
20			
21			
22	PERSONAL SERVICES BASE BUDGET INCREASES		
23			
24	B001 Benefits Pools - Medical Insurance	(659,472)	
25	B002 Salary Annualizations	(888,934)	
26	G001 TIP Idea Award Program	(3,500)	
27	G002 Salary Floors and Promotion Increases	(117,007)	
28	G003 Classified MAP Bonus Pool	(71,305)	
29	G004 Admin/Professional Performance Adjustments	(47,684)	
30	G005 GTA Salary Market Adjustments	(10,152)	
31	Dxxx Faculty Market Equity Adjustments	(35,000)	
32			
33	TOTAL PERSONAL SERVICES BASE INCREASES	(1,833,054)	0
34			
35	PROJECTED RESERVE BALANCE	3,044,587	0

Montana State University
 University Planning, Budget & Analysis Committee (UPBAC)
 Final FY04 General Operations Budget Plan
 June 10, 2003

Page: 11 of 11

	April 29th Budget Draft	Budget Plan	Comments
1			
2	PROJECTED RESERVE BALANCE	3,044,587	0
3			
4	CONTINUING NON-BASE COMMITMENTS		
5			
6	C001 In-Load Tuition Distributions	(396,670)	
7	C002 University of North Dakota	(11,406)	
8	C003 Sacred Heart	(10,800)	
9	C004 HealthOne Denver	(12,510)	
10	C005 Int'l Student Recruitment Program	(66,250)	
11	C006 Math 085 Agreement	(22,515)	
12	C007 Lower Division Nursing Course Offerings	(163,846)	
13	C008 Upper Division Nursing Course Offerings	(175,495)	
14	C009 WebCT Campus Support	(95,750)	
15	C011 Enrollment Management Analyst	(62,500)	
16	C012 Disability Accommodations	(110,920)	
17	C013 Retention First Year Initiative Program	(44,326)	
18	C014 AFROTC 1st Year R & B Scholarships	(42,512)	
19	C015 Army ROTC 1st Year R & B Scholarships	(40,960)	
20	C016 Visitor Parking Permits	(6,000)	
21	C017 Transfer Student Recruiter	(50,000)	
22	C018 Royall Student Prospects List Agreement	(212,910)	
23	C020 On-Line Student Application System	(14,850)	
24	C021 Athletics Service Costs	(120,000)	
25	Program Fees (MTA, Arch, Art, Engr)	(883,371)	
26	Out-of-Load Tuition Distributions	(114,713)	
27			
28	TOTAL CONTINUING NON-BASE COMMITMENTS	(2,658,304)	0
29			
30	PROJECTED RESERVE BALANCE	386,283	0
31			
32	NEW CONTINUING NON-BASE COMMITMENTS		
33			
34	C010 WebCT Banner/Admin Support	(46,200)	
35	C019 Royall Montana Search	(28,952)	
36	Additional NR Fee Waiver Authority	(100,000)	
37			
38	TOTAL NEW CONTINUING NON-BASE COMMITMENTS	(175,152)	0
39			
40	PROJECTED RESERVE BALANCE	211,131	0