

November 2007

MSU-Northern Budget Plan Narrative for FY08 and FY09.

Below is a summary of the actions the campus has taken or will be taking to ensure a balanced budget in both FY08 and FY09.

Campus's budget planning FY07 to FY08-Original Budget.

- For FY08, the campus estimated a reduction of 55 student FTE.
- To achieve the required level of expenditure reduction for FY08, the campus eliminated 14 positions and reduced operating budgets, resulting in \$697,272 in expenditure reductions.
- Included in the FY08-Original Budget was a payback of the \$143,241 negative fund balance in the General Fund remaining at the end of FY07 and a Tuition Reserve of \$193,368.

FY08-Original Budget to FY08-Adjusted Budget.

- The FY08 Adjusted Budget plans for an additional reduction of 65 student FTE for a total FY07 to FY08 student reduction of 120 FTE.
- Additional reductions:
 - \$176,925 in vacancy savings already identified.
 - Adjunct budgets reduced by \$40,000
 - Elimination of three positions-savings \$71,400
 - Reduce operating budgets \$28,604

Total Reduction \$316,929

- FY08-Adjusted Budget still **contains the \$143,241 payback** of the negative fund balance in the General Fund remaining at the end of FY07.

FY08 to FY09.

- Major assumption/priorities made for FY09 budget planning.
 - Projecting a student FTE reduction of approximately 10%.
 - Salary increase of 3.6% (adjusted for Oct 1).
 - Utility increases of 7.8%
 - Increase budgets for recruitment and marketing
 - Add back one custodial position.
 - Increase in operating budgets for academic and support areas.
 - Add back one education faculty.

- In order to achieve a balanced budget for FY09, given the assumptions and priorities, additional personal services cuts need to be made.
 - Five faculty positions will be eliminate
 - Two retirements- not replaced
 - Two temporary faculty not renewed
 - One faculty reassigned
 - One professional position eliminated
 - Reduction of low enrolled summer session offerings

- These cuts result in approximately \$400,000 in reduced expenditures.

From FY04 to FY09 General Fund expenditures have grown only 7.8%. During this same time frame, the estimated MUS expenditure growth will be 28-30%. Northern has been in a cut mode for many years, unfortunately, with double digit reductions in FTE, it is becoming more challenging to make the necessary expenditure reductions.