Budget Hearings
Fiscal Year 2016
Midwestern State University
January 26-27, 2015
mwsu.edu
Introduction to Budget Hearings

• Why MSU is holding budget hearings
  – Greater understanding
  – Transparency
  – Link to MSU strategic goals

• Presentations will be posted on the Budget Office website (www.mwsu.edu/adminfinance/budget/index.asp)

• Information will be used to help with FY16 budget decisions
Six strategic goals approved by the Midwestern State University Board of Regents:

♦ Strengthen the extent to which MSU’s mission and vision are effectively conveyed both within and outside of the organization, and serve as the basis for decisions.

♦ Establish and implement processes for effective faculty recruitment and retention to ensure the highest quality faculty.

♦ Increase the quality of education provided to students to ensure they have essential competencies to contribute to society, embark on or advance in chosen careers, and engage in lifelong learning.
Six strategic goals approved by the Midwestern State University Board of Regents:

♦ Acquire and incorporate technology (equipment, software, process, etc.) that enhances educational quality and operational effectiveness.

♦ Increase the number and quality of students admitted to and retained in graduate and undergraduate programs.

♦ Expand and diversity university resources.
## Budget Calendar for FY16

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>RFP for Staff Market Compensation Study complete</td>
</tr>
<tr>
<td>ASAP</td>
<td>Any known critical changes due to Budget Office</td>
</tr>
<tr>
<td>February 18</td>
<td>Budget worksheets distributed</td>
</tr>
<tr>
<td>March 18</td>
<td>Budget worksheets due to Budget Office</td>
</tr>
<tr>
<td>March 31</td>
<td>Budget overview/first draft completed</td>
</tr>
<tr>
<td>April 7</td>
<td>Tuition and Fee scenario discussions</td>
</tr>
<tr>
<td>May 15</td>
<td>Review FY16 budget plan. Tuition and Fee rates set by Board of Regents</td>
</tr>
<tr>
<td>May 28</td>
<td>Student Service Fee Allocation Committee meets</td>
</tr>
<tr>
<td>June 1-12</td>
<td>Staff compensation study and recommendations completed</td>
</tr>
<tr>
<td>June 22</td>
<td>Proposed FY16 Budget to Budget Oversight Committee</td>
</tr>
<tr>
<td>January-March</td>
<td>Budget Oversight Committee meets</td>
</tr>
<tr>
<td>July 1</td>
<td>HEAF/Capital Outlay forms due to Vice President/President</td>
</tr>
<tr>
<td>July 15</td>
<td>Final budget requests due to Budget Office</td>
</tr>
<tr>
<td>August 7</td>
<td>Board of Regents’ approval</td>
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</tbody>
</table>
Business Affairs and Finance

mwsu.edu
Budget Hearings

Business Affairs and Finance

By Valarie Maxwell

January 26, 2014
MSU Overview

FY 2015 Operating Budget ~ $99.9 Million

Major components:
- 672 current benefit eligible positions, full-time equivalent faculty and staff
- Our payroll is over $39 Million
- Fringe benefits over $12.87 Million
- Maintenance /operation budgets are $11.57 Million
- Scholarships over $19 Million
- Annual debt service is $8.1 Million

• Operating budget is driven by fall semester enrollment
Business Affairs and Finance

Budget Office
Controller/Business Office
Purchasing Office
Payroll
Human Resources

Facilities Services ~ Presentation to follow
Division Emphasis

• Customer Service Excellence
  – High Quality
  – Efficient
  – Best Practices
• Superb Financial Stewardship
  – Transparent
  – Accurate
  – Timely
• Effective Facilities Management
  – Functional
  – Safe
  – Attractive
Business Affairs and Finance and Budget Office
Business Affairs and Finance and Budget Office

- Staff of 4 FTE (Includes Vice President)

- Financial stewardship
  - Provides financial leadership
  - Financial modeling
  - Project financing
  - Oversight of future bond sales
  - State financial compliance
  - State financial reporting

- Budget preparation
  - Revenue and expense forecasting
  - Salary and fringe benefits
## Business Affairs and Finance and Budget Office

- Maintain Position Control Numbers for EPAF process and ensure budget availability
- Capture board approved salary savings
- Oversight of centralized budgets

<table>
<thead>
<tr>
<th>Group health insurance accounts</th>
<th>TRS surcharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment/workman’s compensation</td>
<td>Building insurance</td>
</tr>
<tr>
<td>Tuition rebates</td>
<td>Debt service</td>
</tr>
<tr>
<td>FTE proportionality within state limits</td>
<td>Fringe expense calculations</td>
</tr>
<tr>
<td>State appropriation spending</td>
<td>Credit card costs</td>
</tr>
<tr>
<td>Institutional legal services</td>
<td>Salary savings</td>
</tr>
</tbody>
</table>
## Business Affairs and Finance and Budget Office

Calculate and/or review all revenue calculations

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident and non-resident tuition</td>
<td>Three-peat income</td>
</tr>
<tr>
<td>Interest income from various sources</td>
<td>Indirect cost</td>
</tr>
<tr>
<td>All student paid mandatory fees</td>
<td>Facility rentals</td>
</tr>
<tr>
<td>Auxiliaries like housing and meal plan revenues</td>
<td>Library fines</td>
</tr>
<tr>
<td>Vending and bookstore commissions</td>
<td>Returned check charges</td>
</tr>
<tr>
<td>Installment and loan origination fees</td>
<td>Administrative overhead</td>
</tr>
<tr>
<td>Scholarship pass-through like Pell, SEOG</td>
<td>Camp incomes</td>
</tr>
<tr>
<td>Late registration and application fees</td>
<td>Gate receipts and ticket sales</td>
</tr>
<tr>
<td>Various sources of sales and services sold</td>
<td>Parking fines and decal sales</td>
</tr>
<tr>
<td>Interdepartmental transfers</td>
<td>Grant income</td>
</tr>
</tbody>
</table>
Business Affairs and Finance and Budget Office

- Fixed Rate Tuition Plans
  - Cohort headcount and SCH estimation
  - Future modeling
- Account Managers Group Meetings
- Working with departments on budget issues
- 2015 is a legislative year
  - Analysis of proposed bill patterns
  - Providing fiscal notes on proposed bills
  - General legislative follow-up
Efficiencies Achieved

- Reassigned 1 FTE within Division
- Revenue and Expense modeling completed
- Printed fewer bound budgets and Legislative Appropriations Requests. Utilized CDs and on-line availability
- Digitized budget workpapers during the FY15 budget cycle
Looking forward as we prepare 2016 budget:

– Institutional legal services
– Implementing any changes from the legislative session
– Group health insurance rate increases – 11%
– Possible staff reclassifications per new IRS guidelines

We are here to help in any way needed.
Controller/Business Office

- Staff of 11 FTE, down 1 FTE from FY13
  - Controller
  - Assistant Controller
  - Director and Assistant Director of Student Business Services
  - 3 Accountants
  - 2 Accounting Assistants
  - 2 Tellers

- Front line for student billings/receivables and all campus deposits
- Accounts payable, travel, university investments, and all financial reporting
- Operations and travel budget reduced over 11% since 2010
Controller/Business Office

Business Office Efficiencies – Going paperless:

- 2014 postage costs compared to 2008 - reduced postage 73% - $17,500
- All student bills and correspondence done via e-mail
- Student refunds continue to shift to direct deposit
- Continue to encourage ACH for vendor payments
- Implementing on-line budget transfers
Controller/Business Office

Student Refunds: Checks vs Direct Deposit:

<table>
<thead>
<tr>
<th>Year</th>
<th>Checks</th>
<th>Direct Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>58.40%</td>
<td>41.60%</td>
</tr>
<tr>
<td>2012</td>
<td>41.03%</td>
<td>58.97%</td>
</tr>
<tr>
<td>2013</td>
<td>37.13%</td>
<td>62.87%</td>
</tr>
<tr>
<td>2014</td>
<td>33.78%</td>
<td>66.22%</td>
</tr>
</tbody>
</table>

Vendor Payments: Checks vs Direct Deposit

<table>
<thead>
<tr>
<th>Year</th>
<th>Checks</th>
<th>Direct Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>67.20%</td>
<td>32.80%</td>
</tr>
<tr>
<td>2012</td>
<td>58.78%</td>
<td>40.22%</td>
</tr>
<tr>
<td>2013</td>
<td>57.87%</td>
<td>42.13%</td>
</tr>
<tr>
<td>2014</td>
<td>64.62%</td>
<td>35.38%</td>
</tr>
</tbody>
</table>
Purchasing & Contract Management
Purchasing & Contract Management

Staff of 7
• Includes Director, Assistant Director, Purchasers, Contracts Coordinator, Purchasing Assistant, and Storekeeper

Cost Effectiveness
• Contract Management Responsibilities
  – Increased work load significantly without adding additional personnel
• Making use of state contract pricing
• Paperless initiatives by scanning documents
• Bidding high volume usage items
• On-Line auction for surplus items
Purchasing & Contract Management

Ideas to Improve Operations

- Implementing Banner Systems Upgrade
  - Approvals Module
  - Three Way Matching
  - Receiving Electronically
  - Automatic ordering stores inventory
Purchasing & Contract Management

Challenges

• Maintaining top notch services to campus customer.
  – Balancing increased work load without additional staff

• Implementing new systems upgrade
  – Approvals Module
  – Three Way Matching
  – Receiving Electronically
  – Input automatic ordering stores inventory
Purchasing & Contract Management

Needs

• By adding contract management to our responsibilities, this has doubled our workload which causes a need for one (1) additional staff member to be added

• The need for inexpensive continuing education opportunities to maintain state certifications
Payroll Office
Payroll Office

• Three staff

• Payroll disburses over $33,000,000 in salaries and wages annually

• Responsible for:
  – Federal and state reporting
  – Tax deposits
  – International employee paperwork
Payroll Office

• Payroll *Paper* Processes for FY14:
  – 700 Staff Notices of Employment
  – 800 Faculty Contracts (includes adjunct, GTA, and summer school)
  – 1,912 W-2’s for 2014 ~ only 700 employees have chosen electronic format

• Payroll *Electronic* Processes for FY14:
  – 21,079 Electronic payments - only 121 paper checks
  – Leave Reporting
Payroll Office

Efficiencies

• Implemented Electronic Leave Reporting
• Implemented EPAF's for most personnel transactions
• Will implement electronic timesheets for non-exempt in Spring 2015
• Continue to promote electronic W-2’s
• Only 5 vendors are not electronic
Payroll Office

Needs

• Currently the operational budget is combined with the Business Office budget and we are hoping to change that next year.

• Provide travel funds for employees to attend payroll conferences.

• Certified Payroll Professional training is requested, which is done through the American Payroll Association. Conference geared specifically for higher education.
Human Resources
HR Activity FY 2014

• Support for Total Employee Headcount of 1,325 plus 228 retirees
  – 647 benefit-eligible faculty & staff
  – 678 other employees
  – 228 retirees

• Received 869 applications - Interviewed 225 - Hired 56

• Processed 1,713 Personnel Transaction Forms - PTF (now EPAF)

• Completed Forms I-9 & entered into USCIS E-Verify system

• HR Website accessed 328,882 times - average time on webpage = 1 minute

• Entered insurance and TexFlex records into dual systems – ERS & MSU

• Reconciled and remitted insurance & TexFlex premiums

• Conducted 977 criminal background checks
Programs and Services

• Conduct new employee orientation and exit processing
• Track mandatory training: EEO Discrimination, Ethics, Sexual Harassment, Child Protection, and Campus SaVE
• Enter employee data into Banner; maintain employee files; verify service
• Monitor and track Annual Staff Performance Reviews
• Counsel employees and retirees; resolve insurance disputes
• Resolve employee relations issues / grievances
• Respond to EEOC discrimination and sexual harassment charges
• Maintain Classified Pay Plan and job descriptions
• Draft personnel policies and update the MSU Policies/Procedures Manual
• Assist with International Visa Processing
Programs and Services – Benefits

• Administer programs for active and retiree insurance benefits: health, dental, prescription, life, dependent life, AD&D, STD, LTD, & Texflex

• Serve as Plan Administrator for 403b Plans: Texas Optional Retirement Program (ORP) and Voluntary Tax-Sheltered Annuity Program (TSA)

• Responsible for Texa$aver 457 Deferred Compensation Plan

• Administer the Staff Education Incentive and the Dependent Educational Assistance Programs

• Advise TRS and ORP retirees and process retirement paperwork

• Administer the Sick Leave Pool

• Ensure compliance with Family Medical Leave Act (FMLA), the Americans with Disabilities Act Amendment Act (ADAAA); FLSA, USSERA, Affordable Care Act (ACA), etc.

• Plan and host employee events: Annual Pinning Luncheon, Annual Staff Awards, Summer Sizzlers, Hardin Christmas Party
FY 16 Recommendations – Equivalent /Budget neutral
Employee Educational Budget

• **Staff Education Incentive Program**
  – FY14 – $62,830

• **Dependent Education Assistance Program**
  – FY 14 - $46,534

• **Fiscal Year 2016**
  – Additional funding determined by FY2016 increase to local tuition and fees
Departmental Needs

- **MSU Classification and Compensation Study by external entity**
  - In 2015, the Department of Labor will amend the existing Fair Labor Standard Act (FLSA) as directed by President Obama. The modifications may change the positions qualifying for an exemption under the FLSA, as well as, increase the minimum salary required for such employees.
  - **Tentative Timeline for Study**
    - January 16, 2015 – Request for Proposal Issued
    - February 10, 2015 – Proposals Due
    - February 11-20, 2015 – Committee Interview and Select
    - March 1, 2015 – Study Commences
    - May 31, 2015 – Study Complete
Departmental Needs

- **MSU Classification and Compensation Study**
  
  - The Classification study entails a comprehensive evaluation of staff duties to provide recommendations for improvements and modifications to current job titles and descriptions as well as ensure each employee is allocated to the proper classification in regards to FLSA Exempt or Non-Exempt status.

  - The Compensation Study involves a salary market survey, examination of internal equity, and implementation strategies to ensure salary is commensurate with labor markets and peer institutions within the competitive area.
Departmental Needs

- **HR Staffing**

  The HR Department has had a budgeted position on hold since September, 2013. This vacancy has created an extreme hardship for the Human Resources Department.

  - The HR Department is currently staffed at 3.75 FTE compared to 4.50 FTE in previous years.
  - Current HR staffing level is 1 / 219 employees (Based on FTE of 822)
  - Recommended HR function staffing level – 1.3 / 100 employees

  *Reported by Society for Human Resource Management (SHRM)*

  - Using recommended guidelines MSU HR staffing should be 10.68 FTE – this would include the Payroll Office.
Departmental Needs

- Approval to fill the Assistant Director position vacant since September, 2013. The Assistant Director duties include Employee Development and Compliance.

  ➢ Training:

  ✓ Supervisory: effective coaching, disciplining, performance management, communication, effective delegation, establishing new supervisory skills
  ✓ Incoming Staff - mentor program, new employee orientation
  ✓ Workshops: Effective hiring/interviewing, time management, conflict management, diversity, HR modules and process review
  ✓ Mandatory Training: Harassment, Discrimination, Ethics, Campus SaVE, Child Protection

  ➢ Compliance

  ✓ Affordable Care Act (ACA)
  ✓ International Visa Processing/Immigration Compliance
  ✓ Fair Labor Standards Act (FLSA)