

Finance and Personnel Committee

April 24, 2017

Call to Order

Roll Call

Remarks by Board Chair and President

Overview of Meeting Schedule

Recommendation for Approval of Policies

Budget Orientation and Review of 2017-18 Governor's Budget

Types of Funds

- **Unrestricted Funds** - funds which the University retains full control of their use (tuition and fees, state appropriation, auxiliary operations)
- **Restricted Funds** - funds which are externally restricted and may be used only for the purposes established by the provider (grants, contracts, centers of excellence, chairs of excellence)

Auxiliary Enterprises

- **Auxiliary Enterprises** - self-supporting enterprises which furnish services to students, faculty, and staff.

Auxiliaries	
Housing	Bookstore
Post Office	Parking
Food Service	Vending
Residential & Commercial Rentals	Tennessee Miller Coliseum
Telephone Services	Campus Recreation Center
Health Services	

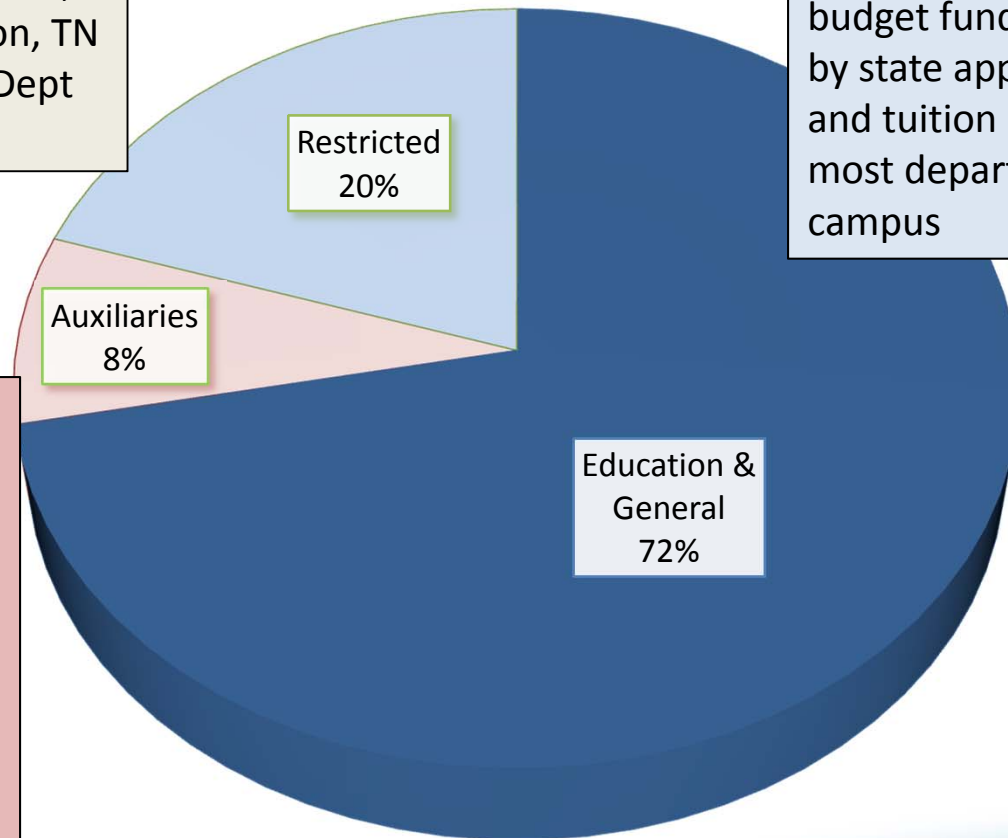
Plant Funds

- **Unexpended Plant Funds** – used for the construction or acquisition of physical properties for institutional purposes
- **Renewal & Replacement** – funds set aside for major maintenance items
- **Retirement of Indebtedness** – funds set aside for the retirement of indebtedness on institutional property.

TYPES OF FUNDS

Grants from outside organizations, i.e. National Science Foundation, TN Department of Education, US Dept of Agriculture, etc.

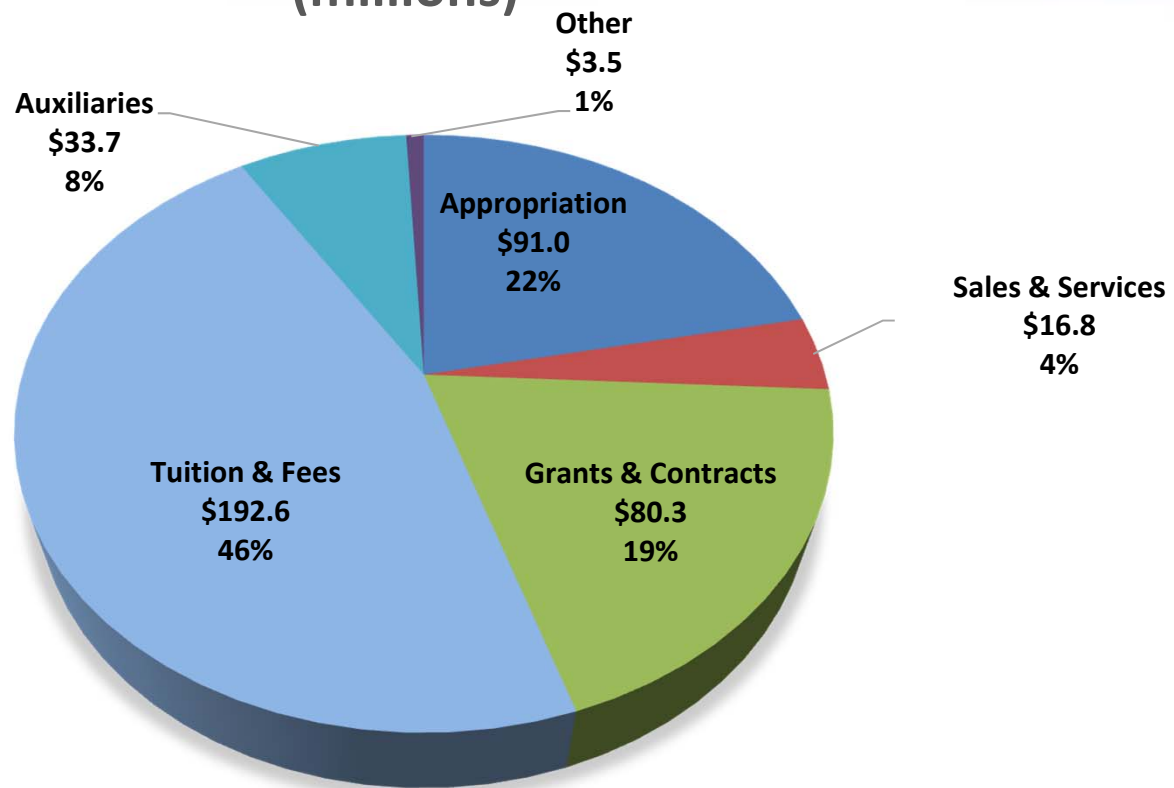
General operating budget funded mostly by state appropriations and tuition and fees, i.e. most departments on campus



Organizations within MTSU which generate revenue and pay all expenses including utilities, building maintenance, benefits. (i.e. Bookstore, Post Office, Housing, Health Services, Recreation Center, TN Miller Coliseum, Vending, etc.)

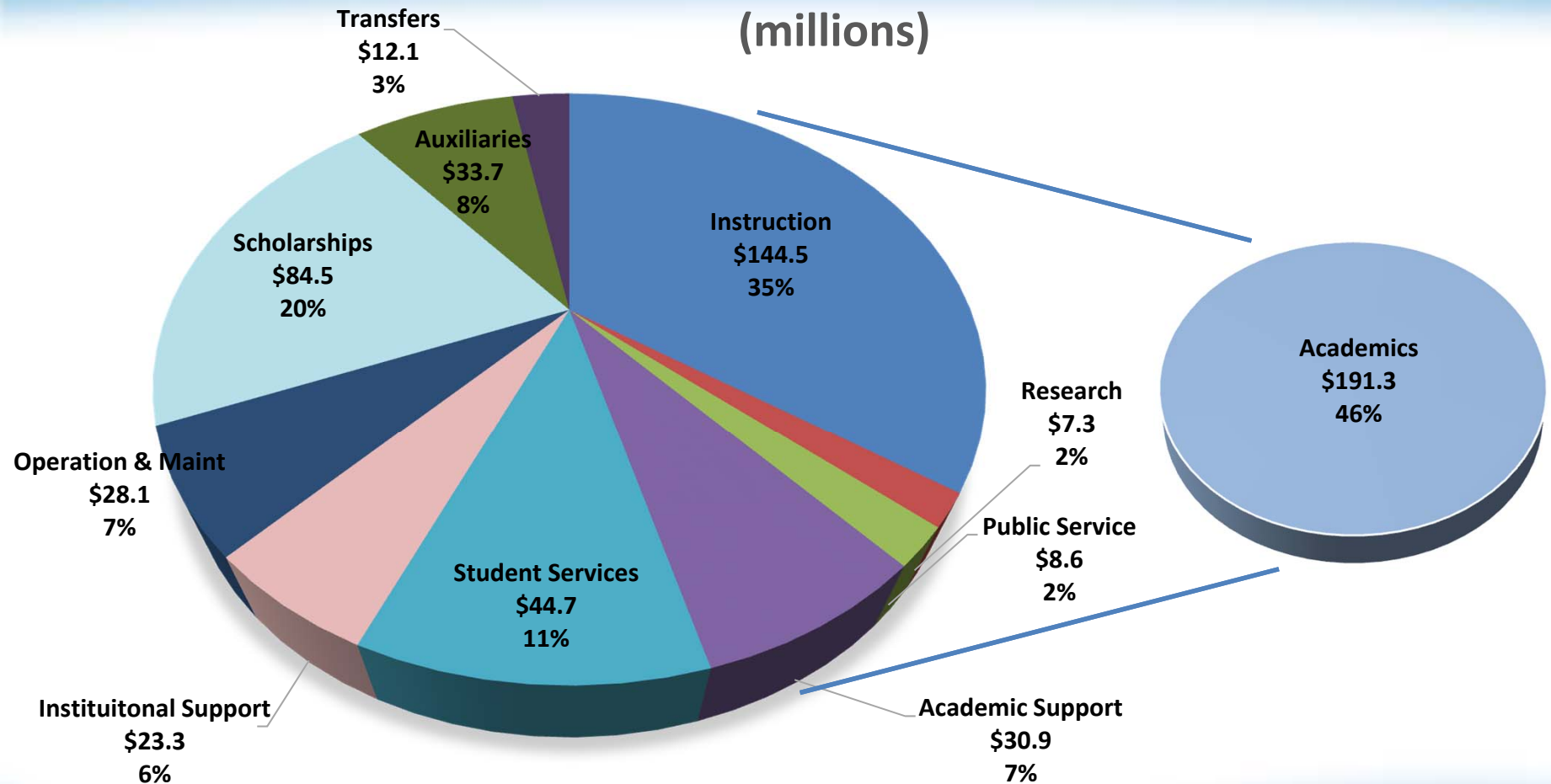
Total Proposed Revenue Budget July 2016-17

(millions)



Total Budget \$417.8

Total Proposed Expenditure Budget July 2016-17



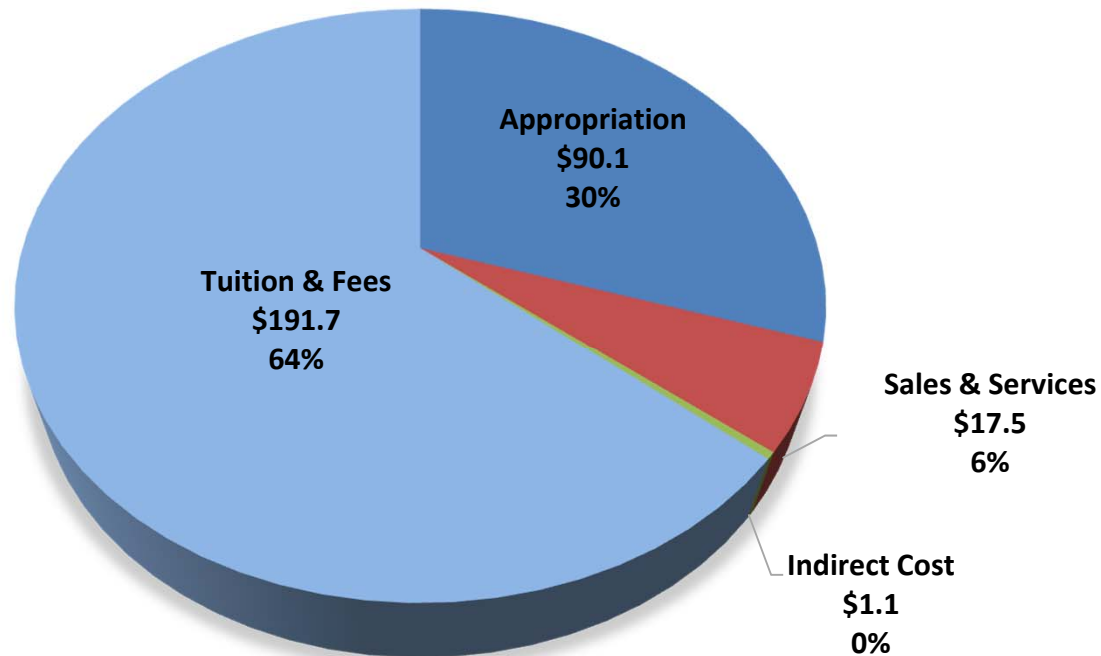
Total Budget \$417.8

Education & General

- **Educational & General (E&G)** - core functions of the University necessary to support the teaching, research, and public service missions of the University generally reported by both functional classifications and natural classifications

Education & General Revenue July 2016-17

(millions)

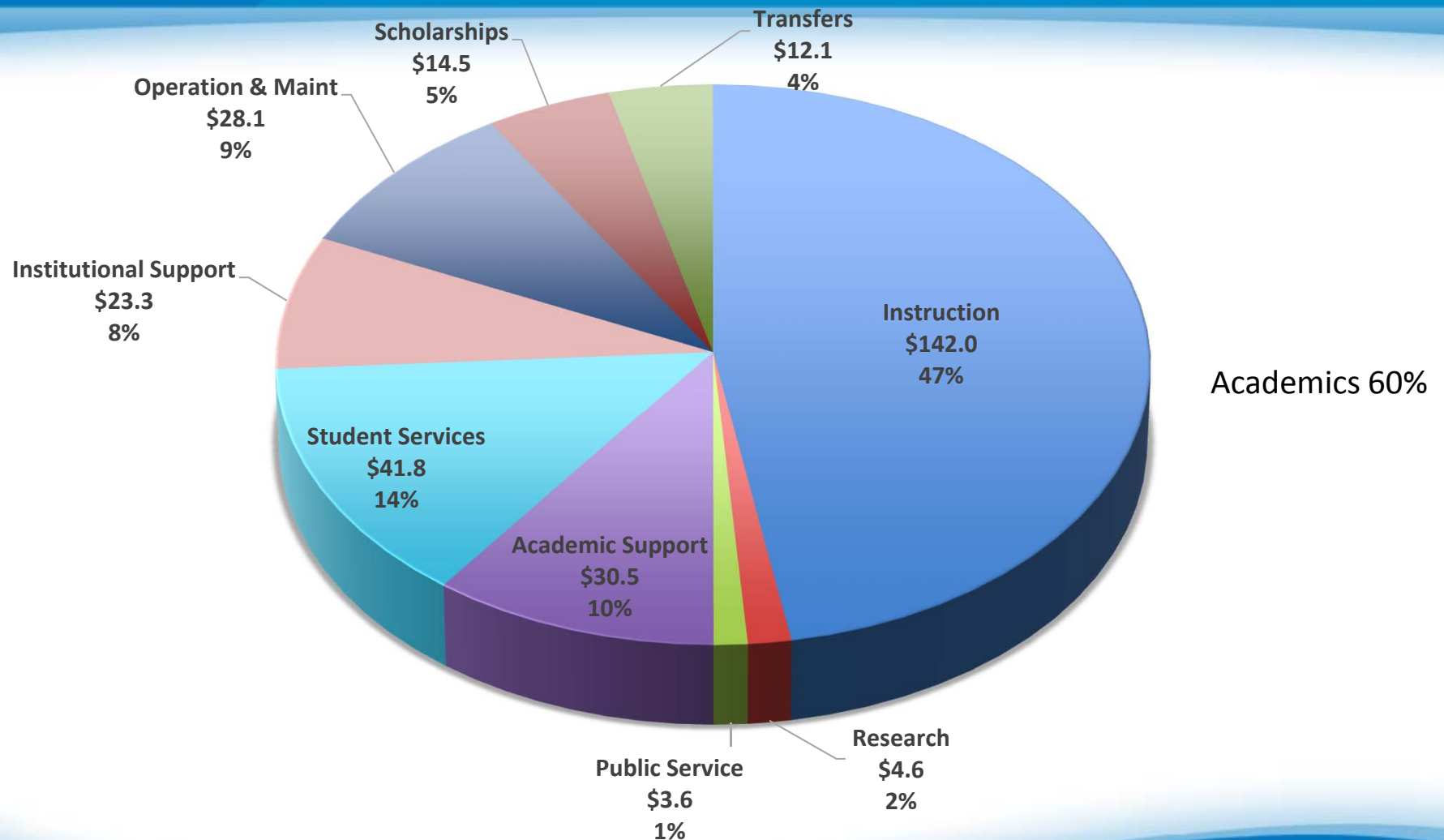


Total E&G Budget \$300.4

Functional Classifications

- Instruction
- Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation & Maintenance of Plant
- Scholarships and Fellowships

July 2016-17 E&G Budget By Functional Totals (Millions)

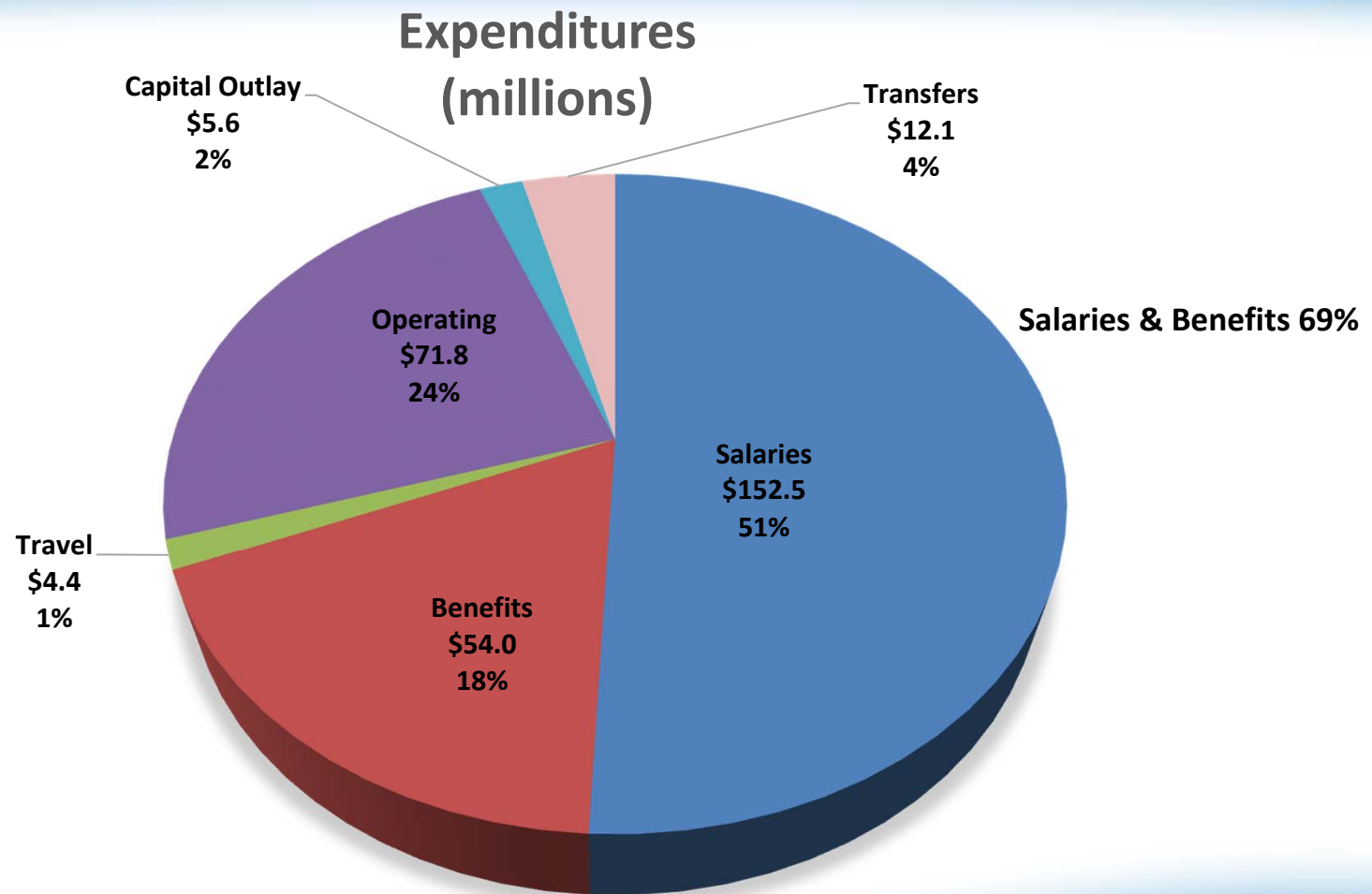


Total E&G Budget \$300.4

Natural Classifications

- Salaries
- Benefits
- Travel
- Operating
- Capital Outlay
- Transfers to Plant Funds

Education & General Budget by Natural Classification July 2016-17



Total E&G Budget \$300.4

Transfer Activity Summary

Funds Transferred from Unrestricted E&G To:	July 2016-17 Budget
Retirement of Indebtedness	\$10,331,305
Unexpended Plant	\$ 1,021,000
Renewal & Replacement	\$ 741,970
Total Transfers	\$12,094,275

Unrestricted Funds Available & Applied

July 2016-17

	<u>Revenues</u>	<u>Expenses & Transfers</u>	<u>Totals</u>
Beginning Fund Balance			\$ 20,432,900
Unrestricted E&G			
Revenues	\$ 300,379,600		
Expenses		\$ 288,305,300	
Transfers		<u>12,074,300</u>	
Subtotal - Expenses & Transfers		300,379,600	<u> </u>
Revenues Over(Under) Expenses			0
Auxiliaries			
Revenues	33,666,400		
Expenses		19,592,800	
Transfers		<u>14,073,600</u>	
Subtotal - Expenses & Transfers		33,666,400	<u> </u>
Revenues Over(Under) Expenses			0
Total			
Revenues	334,046,000		
Expenses		307,898,100	
Transfers		<u>26,147,900</u>	
Subtotal - Expenses & Transfers		334,046,000	<u> </u>
Revenues Over(Under) Expenses			0
Ending Fund Balance			<u><u>\$ 20,432,900</u></u>

Unrestricted Funds Available & Applied

October Revised 2016-17

	<u>Revenues</u>	<u>Expenses & Transfers</u>	<u>Totals</u>
Beginning Fund Balance			\$ 39,854,800
Unrestricted E&G			
Revenues	\$ 298,509,100		
Expenses		\$ 305,523,800	
Transfers		<u>11,466,700</u>	
Subtotal - Expenses & Transfers		316,990,500	
Revenues Over(Under) Expenses			<u>\$ (18,481,400)</u>
Auxiliaries			
Revenues	33,147,200		
Expenses		19,423,700	
Transfers		<u>13,723,400</u>	
Subtotal - Expenses & Transfers		33,147,100	
Revenues Over(Under) Expenses			<u>100</u>
Total			
Revenues	331,656,300		
Expenses		324,947,500	
Transfers		<u>25,190,100</u>	
Subtotal - Expenses & Transfers		350,137,600	
Revenues Over(Under) Expenses			<u>\$ (18,481,300)</u>
Ending Fund Balance			<u><u>\$ 21,373,500</u></u>

Budget Terminology

- **Proposed/Original/July Budget** – presented to the Board of Trustees for consideration at the June Board meeting.
- **Revised Budget** – adjusted to reflect operating plans and financial projections as of October 31, and is presented at the December Board meeting.
- **Estimated Budget** – adjusted to reflect operating plans and financial projections as of April 30. (used as a comparison to year end actual results)

2017-18 Governor's Budget Operating Appropriations

- \$479k in new recurring outcomes-based funding
 - -\$1.9M in Outcomes Formula Adjustments
 - \$2.4M in Share of New Funding
- \$1.1M Insurance Increase
- \$3.0M for partial funding of 3% salary pool

Source: THEC BOT Training Materials

2017-18 Governor's Budget Capital Maintenance Projects

- Maintenance includes projects such as boiler replacement, HVAC updates, roof replacements
- Over last five years, averaged \$65M for higher education
- THEC recommended \$163.9M for 84 projects, including **\$12.2M for MTSU**
- The Governor's Budget includes \$131M for 63 projects, including **\$9M for MTSU**

Source: THEC BOT Training Materials

2017-18 Governor's Budget

Capital Budget

- Capital Maintenance
 - \$131M for 63 projects
 - \$9.0M for MTSU:
 - \$2.8M for Alarm System Updates
 - \$1.9M for Piping and Manhole Replacement
 - \$1.8M for Roof Replacements
 - \$1.8M for Keathley University Center Mechanical and HVAC Upgrades
 - \$700k for Elevator Modernizations
- Capital Outlay
 - \$343M for 13 projects across higher education
 - No projects for MTSU

Source: THEC BOT Training Materials

Overview of Current Tuition and Fee Structure

Tuition and Maintenance Fees

Tuition and Maintenance Fees (per credit hour)

Undergraduate In-State Maintenance Fee	\$275
Over 12 hours	\$55
Undergraduate Out-of-State Tuition	\$989
Over 12 hours	\$199
Graduate In-State Maintenance fee	\$443
Over 10 hours	\$88
Graduate Out-of-State Tuition	\$1,227
Over 10 hours	\$244

TN E-Campus (per credit hour)

TN eCampus Undergraduate In-State	\$385
TN eCampus Undergraduate Out-of-State	\$1,099
TN eCampus Graduate In-State	\$553
TN eCampus Graduate Out-of-State	\$1,337

-includes \$110 online course fee per credit hour

TN eCampus are online courses provided through the Tennessee Board of Regents. All courses are charged per hour and viewed separately from MTSU courses. TN eCampus courses do not apply to the full-time maximum for MTSU registration fees. Any MTSU course fees would be in addition to the hourly rate.

MTSU E-Rate (per credit hour)

Undergraduate eRate	\$413
Undergraduate Online Course Fee	\$10
Graduate eRate	\$665
Graduate Online Course Fee	\$15

eRate is available to students who are classified as non-residents of Tennessee and who are enrolled exclusively in online courses

Corporate Partnership Rate

Undergraduate eRate	\$413
Undergraduate Online Course Fee	\$10

The Corporate Partnership rate is available to out of state students who are employed by companies with a formal partnership with MTSU to develop and deliver a degree completion program. In-state students pay the undergraduate in-state maintenance fee.

Mandatory Student Fees

Program Services Fee

	Per Term *
Debt Service	\$ 204.00
Athletics	\$ 175.00
Parking	\$ 109.00
Technology Access	\$ 112.50
Health Services	\$ 83.50
Student Government	\$ 35.00
Postal Services	\$ 12.00
Recreation Center	\$ 55.00
International Fee	\$ 10.00
Sustainable Campus	\$ 8.00
Facilities Fee	\$ 36.00
Total Program Services Fee	\$ 840.00

*Part-time rate \$ 70 per credit hour

Non-Mandatory Student Fees

Specialized Course Fees (per credit hour)

Aerospace (all courses)	\$15
Agribusiness/Agriscience (except horse labs)	\$20
College of Business (all courses)	\$35
College of Education (upper division courses)	\$25
College of Media & Entertainment (all courses)	\$10
Engineering & Engineering Technology (all courses)	\$20
Nursing (upper division courses)	\$35

Certain academic programs require expensive maintenance/ updating of equipment and software and the employment of highly qualified staff. The high cost of instruction for these programs is offset by these specialized course fees.

Materials Fees

Art Labs	\$20/credit hour
Biology Labs	\$7.50/credit hour
Chemistry Labs	\$7.50/credit hour
Concrete Management Labs	\$15/course
Geosciences Labs	\$2.50/credit hour
Horse Science Labs	\$150/course

Materials fees are used to purchase expendable lab supplies for the convenience of the students. The supplies are consumable products that the student will use up during the semester.

Other Course Related Fees

Flight Training		
	Use of Aircraft	\$115 - \$235/hr
	Instruction	\$ 17 - \$ 50/hr
	Use of Simulators	\$ 50 - \$100/hr
Geosciences Field Trip Fee		\$ 20 / credit hour
Distance Education		
	Undergraduate	\$ 10/credit hour
	Graduate	\$ 15/credit hour
Applied Music Fees		\$175/1 credit hour
		\$325/2 or 3 credit hours

IncludED Textbooks

ASTR 1030	\$105 DIGITAL/\$156 PHYSICAL
PSCI 1030	\$ 96 DIGITAL/\$131 PHYSICAL
UNIV 1010	\$ 63 DIGITAL ONLY

A pilot program to make textbooks available to students on or before the first day of class in either digital or physical format. Participation is voluntary for Faculty and not all sections of these courses require the IncludED textbooks. Participation in IncludED means required materials are provided as part of tuition and fees. This allows financial aid to be applied to the course materials.

Other Incidental Fees

Study Abroad	\$ 100
Deferred Payment Service Fee	\$ 50
Post Office Box Non-Resident Student (per term)	\$ 12
Post Office Box Non-Student (per year)	\$ 8

Fines and Penalties

Deferred Payment Late Fee	\$ 25
Late Registration Fee	\$ 100
Returned Check Fee	\$ 30
Diploma Fee (AFTER 1ST)	\$ 10
Handicapped Parking Fine	\$ 200

Application Fees and New Student Orientation

Undergraduate Application	\$25 - \$30
Graduate Application	\$30 - \$35
New Student Orientation	\$10 - \$85

Application fees are non-refundable fees required at time of application to MTSU

The new student orientation program at MTSU is called CUSTOMS. It helps new students make the transition into the university and is designed a little differently for each type of new student. Families are encouraged to participate.

Motor Vehicle Registration

Faculty / Staff Parking Permits	\$ 130
Temporary Parking Permits (daily)	\$ 2
Executive Parking Permits	\$ 185

Faculty, staff, and executive parking permits are annual fees, but may be paid through payroll deduction monthly.

Housing

Residence Halls	\$377-\$3,065
Apartments	\$741-\$3,548
Summer Conferences	\$25-\$45/night
	\$100-\$180/week

FOCUS Act

Impact on Setting Fees

THEC Guidance

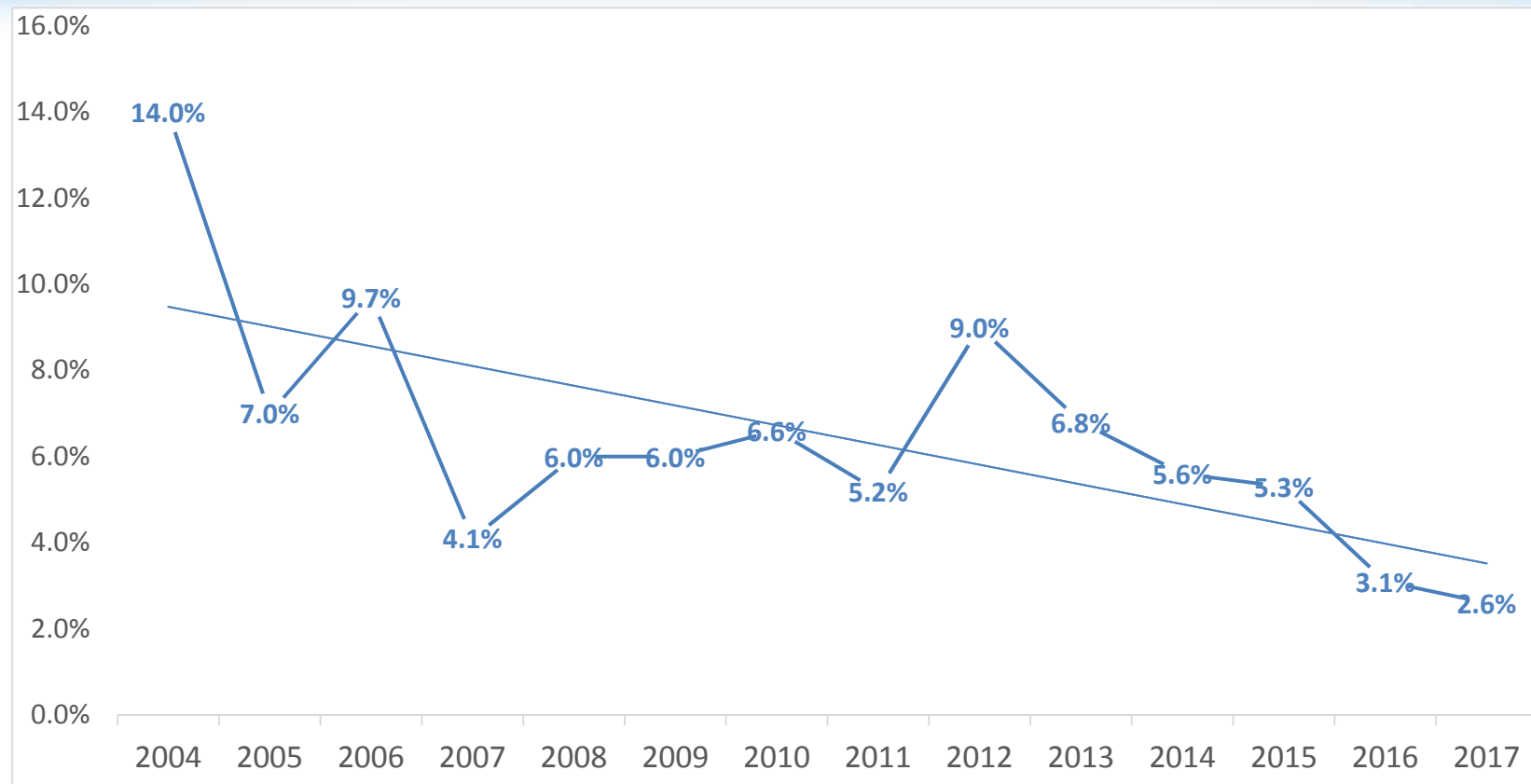
- THEC sets a guideline for undergraduate in-state maintenance fee increases in the fall, i.e. 0-4%.
- After the legislature passes the state budget, THEC issues binding ranges – one for in-state maintenance fees and one for in-state maintenance fees and mandatory fees combined.
- The THEC meeting is May 11.

Annual Board Decisions

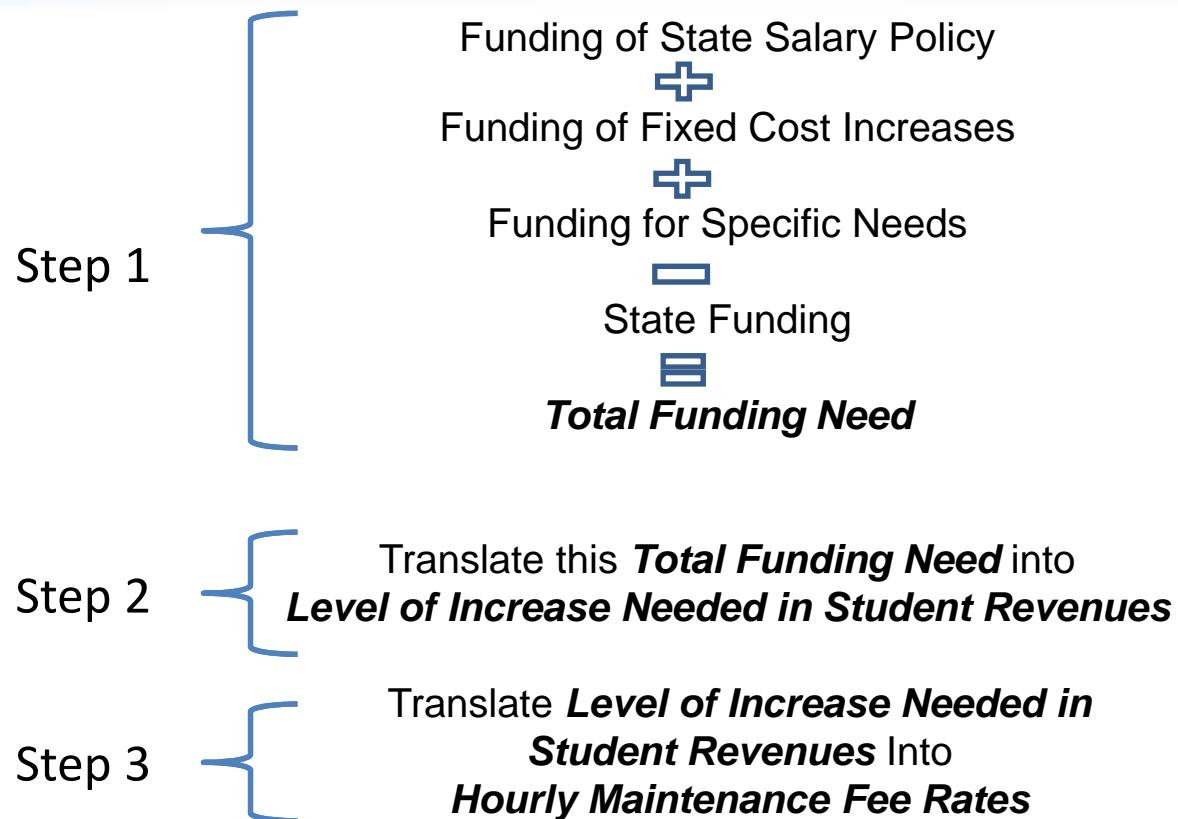
- 1) Maintenance Fees and Tuition Rate Increases
- 2) Mandatory and Non-mandatory Fee Increases
- 3) Budget Approval
- 4) Salary Compensation Plans
- 5) Capital Projects Priorities
- 6) Capital Maintenance Priorities

Review of Indicated Student Revenue Increase

Maintenance Fee History



Decision Framework



Suggested Student Revenue Increase

	Amount
Personnel Costs	\$ 5,924,000
Scholarships & Discounts	1,551,800
Other Fixed Costs and Specific Needs	2,546,000
FY 17-18 Budget Need	<u>\$ 10,021,800</u>
Outcomes Funding	479,000
Funding for 3% Salary Pool	3,007,800
Health Ins./401k Match	1,110,000
FY 17-18 Incr. in State Funds	<u>\$ 4,596,800</u>
Unmet Need	\$ 5,425,000
Maintenance Fee Increase Needed	3.50%

Review of Mandatory & Non-Mandatory Fee Requests

Mandatory Fee Requests

FY2017-18

FY 2017-18 Mandatory Fee Requests

Fee	Current	Proposed	Increase	Student exposure	Prior increase	Revenue Generated
Athletics	\$175	\$200	\$25	Fee increase approved by SGA Executive Committee 11/28/2016	FY 10-11 \$25	\$940,000

The Conference USA's adoption of providing athletic scholarships that provide funds to pay the full costs of attending college has had an effect on the athletic scholarship budget. This additional annual cost of \$400,000 - \$500,000 is only partially covered in the first three years by the Conference. MTSU's adoption of providing full costs of attendance to athletes is critical in leveling the recruiting field. In addition, the decline in enrollment since 2012 has also resulted in a decrease of \$1 million in the athletic fee revenue generated annually.

Athletic Fees

Fiscal Year 2016-17

University	Amount per Semester
APSU	\$200
ETSU	\$225
MTSU	\$175
TSU	\$160
TTU	\$228
UOM	\$225

FY 2017-18 Mandatory Fee Requests

Fee	Current	Proposed	Increase	Student exposure	Prior increase	Revenue Generated
Parking	\$109	\$111	\$2	Fee increase approved by SGA Executive Committee 11/28/2016	FY16-17 \$2	\$70,000

Parking Services is a 100% auxiliary enterprise operation and is totally dependent on the Parking fee for its shuttle services for students, utilities and maintenance cost of the Parking office and shuttle buses, and various parking lots, campus lighting, and sidewalk maintenance projects. The \$2 increase is also needed for mandatory salary and benefit increases.

FY 2017-18 Mandatory Fee Requests

Fee	Current	Proposed	Increase	Student exposure	Prior increase	Revenue Generated
Health Services	\$83.50	85.50	\$2	Fee increase approved by SGA Executive Committee 11/28/2016	FY16-17 \$2	\$70,000

Student Health Services is a 100% auxiliary enterprise operation and is totally dependent on the Student Health Services fee for its services to students and operations and its portion of the shared capital cost (with Campus Recreation) for the 202,000 square foot building. The \$2 increase is needed for: required salary and benefit increases, inflationary cost of software support and medical supplies, and overhead costs.

FY 2017-18 Mandatory Fee Requests

Fee	Current	Proposed	Increase	Student exposure	Prior increase	Revenue Generated
Recreation Center	\$55	\$57	\$2	Fee increase approved by SGA Executive Committee 11/28/2016	FY16-17 \$2	\$70,000

Campus Recreation is a 100% auxiliary enterprise operation and is totally dependent on the Recreation Center fee for its services to students and operations and its portion of the shared capital cost (with Student Health) for the 202,000 square foot building. The \$2 increase is needed for salary increases, benefit increases, and to cover inflationary costs of recreational programs and services provided to the student body.

FY 2017-18 Mandatory Fee Requests

Fee	Current	Proposed	Increase	Student exposure	Prior increase	Revenue Generated
Student Government Association (SGA)	\$35	\$40	\$5	Fee increase approved by SGA in 2014	FY16-17 \$10	\$190,000

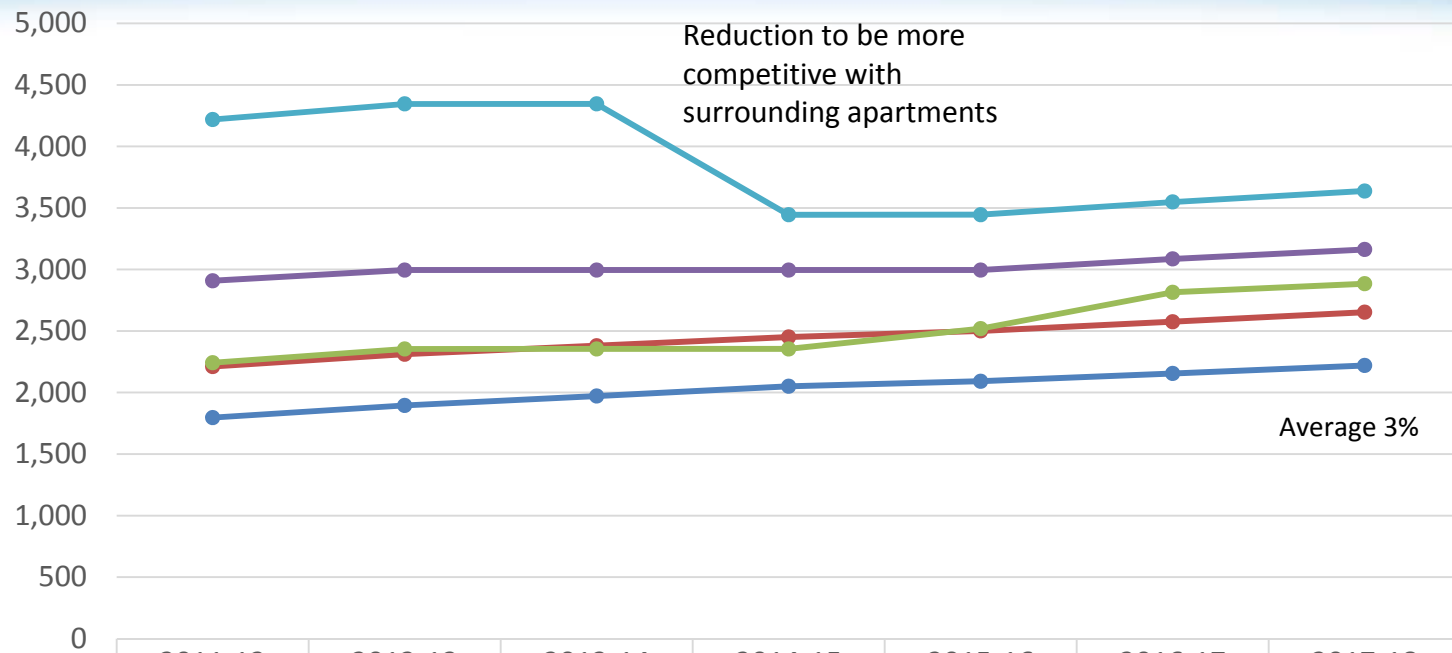
In 2014, SGA Resolution 2-13-F proposed increasing the fee by \$5 per semester for four consecutive years to a total of \$40 per semester. The new funds will be used to fund student organization activities, student programming, SGA operations, bringing distinguished lecturers and big events to campus, and support for sports clubs. These funds are managed by the SGA. This is the final year of the previously approved increase.

Housing Fee Requests

FY2017-18

Housing History

Rates Per Semester



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
— Dorm	1,796	1,895	1,971	2,050	2,091	2,154	2,219
— Renovated Dorm	2,211	2,311	2,380	2,451	2,500	2,575	2,652
— Single Apt	2,242	2,354	2,354	2,354	2,519	2,814	2,884
— Scarlett Commons	2,908	2,995	2,995	2,995	2,995	3,085	3,162
— Family	4,218	4,345	4,345	3,444	3,445	3,548	3,637

FY 2017-18 Housing

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Residence Halls	\$377 – \$3,065	\$388 – \$3,162	\$11 – \$97	FY16-17 \$10 - \$90	\$390,448
Apartments	\$741 – \$3,548	\$759 – \$3,637	\$18 – \$89	FY16-17 \$22 – \$93	\$64,456

A 2.5% increase is proposed for apartments and a 3.0% increase for residence halls to cover the increasing cost of utilities, plant, and maintenance costs.

Non-Mandatory Fee Requests

FY2017-18

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Decrease	Prior increase	Revenue Reduction
Concrete Industry Management MBA	\$39,000 per 10 week session	\$25,000 per 10 week session	\$14,000 per 10 week session	FY13-14 new	-\$84,000

This is an Executive MBA cohort program designed for executives in the Concrete Industry. The program is 18 months covering 12 courses or 36 credit hours in 10 week sessions. The program is primarily taught on-line along with some on-campus weekend sessions. A reduction is recommended to put the program more in line with other MBA programs. This concentration is specifically designed for executives in the Concrete Industry and is the first of its kind in the world. The industry and trade associations have committed \$90,000 to the CIM department to support development of this industry focused graduate degree program.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Chemistry Materials Fee	\$7.50 / Credit hour	\$10.00 / Credit hour	\$2.50 / Credit hour	FY11-12 \$2.50	\$45,000

Expenses associated with instructional lab activities and consumable supplies, including gases and cryogenes, common solvents, and disposal of chemical waste has increased since FY11-12 when the fee was last increased.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Nursing Course Fee	\$35 / Credit hour	\$100.00 / Credit hour	\$65 / Credit hour	FY15-16 \$10	\$650,700

The Nursing program is in high demand and the current fee is not sufficient to cover the high cost of updating/ maintaining equipment and software used in the eight campus labs, providing sufficient faculty, supporting Student Advisory Board functions, clinical partnership activities, a student clinical documents management system, clinical placement system fees, and pinning ceremonies. As more of the MSN program is moving toward online courses, additional faculty are needed to support the effort. Currently, with 28 faculty in the department, only 4 Clinical Track faculty and the Health Systems Manager are funded from this fee.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Theatre and Dance Course Fee		\$15.00 / Credit Hour	\$15 / Credit Hour	NEW	\$51,000

To support materials, instructional, and artistic support staff (accompanists, etc), equipment and technology for effective delivery of curricular program.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Liberal Arts Course Fee		\$10.00 / Course	\$10 / Course	NEW	\$460,000

To support training and professional development for instructors, encourage pedagogical innovation by all faculty, and create and maintain spaces that support innovation in the provision of courses, such as active learning spaces and informal learning spaces for students.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Distance Education Fee	\$10/ Credit hour (undergraduate) \$15/ Credit hour (graduate)	\$30 / Credit hour	\$15 - \$20/ Credit Hour	FY07-08 \$10/ Credit hour (undergraduate) \$15/ Credit hour (graduate)	\$1,224,000

Raising the Distance Education Fee would allow the University College to further support departments' efforts to hire adequate faculty to meet student demand for online courses while also reducing reliance upon the online courses offered through the TN eCampus collaborative. This increase would support approximately 18 faculty for departments committed to offering additional online sections of high demand courses, new online courses, and fully-online degree programs.

FY 2017-18 Non-Mandatory Fees

Fee	Current	Proposed	Increase	Prior increase	Revenue Generated
Applied Music Fees	\$175/1 credit hour \$325/ 2 or 3 credit hours	\$190/1 credit hour \$340/ 2 or 3 credit hours	\$15/1 credit hour \$15/ 2 or 3 credit hours	FY08-09 \$25 credit hour	\$8,500

Applied Music fees are paid by students for private instruction. This increase is to support the rising costs of master classes (music stands, performance scores used in lessons, technology), instrument purchases, and major repairs.

Summary of Fee Requests

FY2017-18

Summary of Incidental Fee Requests and the Revenue Generated

	# of Requests	Revenue
Mandatory Fees	5	\$1,340,000
Non-Mandatory Fees	8	\$2,355,200
Total Fee Requests	13	\$3,695,200

Projected Annual Impact of Requested Fee Increases Based on 15 hour enrollment Fall and Spring

	\$ Increase	% Increase
Current Maintenance Fee	\$6,930	
Current Mandatory Fees	\$1,680	
Total Maintenance & Mandatory Fees	\$8,610	
3.5% Maintenance Fee Increase**	\$ 243	3.5%
Requested Mandatory Fees	\$ 72	.2%
Total Fee Increase	\$ 315	3.7%
New Maintenance Fee	\$7,173	
New Mandatory Fees	\$1,752	
New Maintenance & Mandatory Fees	\$8,925	3.7%

**THEC's recommendation for the Maintenance Fee increase is 0-4%

Other Business

Adjourn