

***PROPOSED 2008-09
EDUCATIONAL BUDGETS
MAIN CAMPUS AND FIRELANDS CAMPUS***

***Proposed to the Board of Trustees
June 25, 2008***

BOWLING GREEN STATE UNIVERSITY
Board of Trustees
June 25, 2008

Background Information for Resolution 2008-

Fiscal Year 2009 Educational and General Operating Budget

General Information

The national and state economic situation remains uncertain. The Federal Reserve is attempting to manage a tricky balancing act – reducing short term borrowing rates to stimulate the economy while keeping a close eye on rising inflation (evidenced by recent increases in food and fuel prices). The State of Ohio's projected budget shortfall of \$733 million prompted the Governor to require expenditure budget reductions of most state agencies in February and March of 2008. For the first time in many years, public higher education was spared a mid-year reduction during fiscal year 2008. However, the possibility of a mid-year reduction to our state appropriations during fiscal year 2009 remains a possibility should the State's economy and general receipts revenue continue to falter.

The educational and general budget presented to the Board for fiscal year 2008 included an anticipated shortfall of slightly more than \$3.0 million. This decline in available funds was primarily due to an unanticipated decrease in enrollment (approximately 350 students). During the course of the fiscal year, approximately \$1.5 million in permanent adjustments were identified. The remaining \$1.5 million shortfall was addressed from a variety of one time sources which require that permanent cuts be identified in fiscal year 2009.

In anticipation of a continuing decline in enrollment in fiscal year 2009, the University has engaged the services of an enrollment management consultant to assist in a multi-year effort to design a comprehensive approach to strategic enrollment management. It is too early to determine what changes may be recommended but it is likely to include changes in the University's approach to recruitment, tuition pricing and discounting, retention and perhaps more.

Funds Available – Revenue

State appropriations for public higher education in Ohio will exceed the amount appropriated in the prior fiscal year for the second consecutive year. The two consecutive year increases are a result of the state's biennial fiscal year 08-09 budget which provided for a 5% and 10% increase, respectively, in exchange for campuses agreeing to hold tuition and general fee increases to zero percent. The Bowling Green campus portion of the additional funding for fiscal year 2009 represents an increase of approximately 9.5% (\$7.2 million) while the Firelands campus portion represents an increase of approximately 11.2% (\$500,000).

The Bowling Green campus is expecting a second year of declining enrollment. The educational and general budget proposed includes an anticipated decline in enrollment of approximately 400 additional students and is reflected in the decrease of \$3.3 million in tuition and fee revenue. The Firelands campus expects to continue to grow modestly which is reflected in the increase of \$200,000 in tuition and fees.

Increases in other revenue and transfers in (Bowling Green campus) include an increase in investment income of approximately \$1,000,000 and a one time transfer in from the President's investment fund of approximately \$600,000.

Funds Applied – Expenditures

Increases in expenditures for the Bowling Green campus are proposed as follows:

- 1 ½% salary pool increase for faculty, administrative and classified staff (approximately \$1.7 million)
- Promotion and tenure, and market adjustment pool of \$500,000
- Increase in health benefits of approximately 7% (\$946,000), increase in Medicare and unemployment rates (\$250,000), and growth in retirement contributions (\$1.7 million); total benefit increases -\$2.9 million
- Increase in purchased utilities of 7% (\$694,000)
- No increase in spending is anticipated in scholarships. The budgetary increase reflected is intended to correct the amount budgeted to reflect historical spending commitments.
- Reduction in equipment/consultants/miscellaneous reflects net changes which included both permanent decreases identified during FY2008 and a change in budgetary practices

Increases in expenditures for the Firelands campus are proposed as follows:

- Increase in salary/wages of \$444,000 (overall 6.9%) of which \$195,452 is included in wage/compensation pool
- Related increase in benefits of \$129,000 including approximately 7% for health benefits
- Modest overall increase in operating expenses of \$50,000 – more than half attributable to purchased utility expenses.

Bowling Green – Operating Deficit

In order to ensure a balanced operating budget in fiscal year 2009, each division head has been notified of the budget reduction expected for his/her division. Any one time reductions identified will be required to be replaced with permanent reductions in fiscal year 2010.

The Chancellor of the Ohio Board of Regents presented his ten year Master Plan to the Governor and the Legislature in March, 2008. His plan recognizes the economic challenges and educational needs in the state and establishes goals for increasing enrollment by 230,000 (quantitative measure) over the next ten years. His plan also identifies goals related to increasing the number of degrees granted (qualitative measure) and retaining graduates within the state of Ohio following graduation.

The proposed budget presented for consideration reflects the competing interests and challenges of quantity and quality facing the University. If the University is to succeed under the newly created University System of Ohio, it will be necessary to collectively confront and wrestle with many challenges – financial, operational, organizational and more. Equally as important will be the effort required to assess and identify the strategic opportunities where future investment can yield the outcomes that will be recognized and rewarded by the State of Ohio.

Alternatives and Consequences

The budget represents the assignment of financial and human resources to University priorities. It serves as the financial road map for operating the University during the fiscal year. Without an operating budget, there is little ability to properly direct resources or measure financial performance of departments, divisions, or the University as a whole.

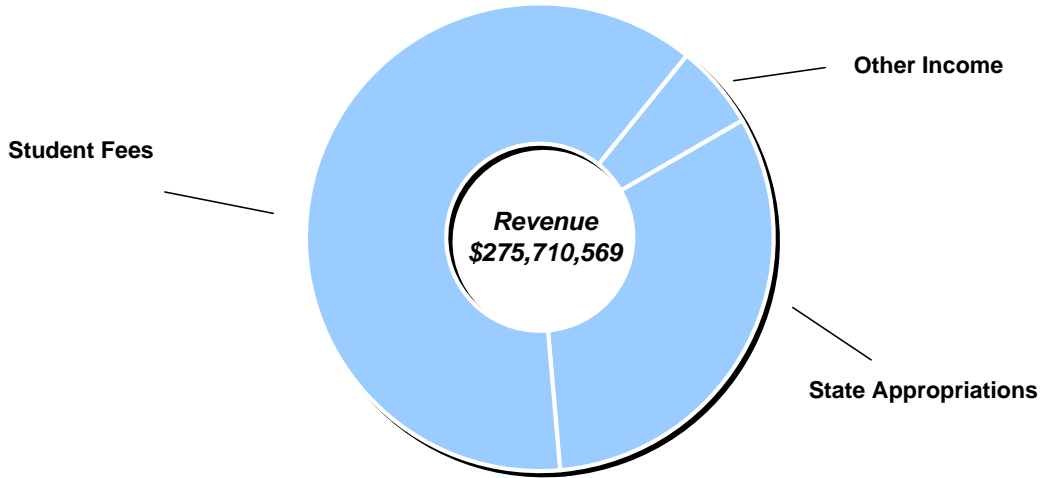
Specific Recommendation and Justification

It is recommended that the proposed budget be approved by the Board of Trustees and implemented for fiscal year 2009.

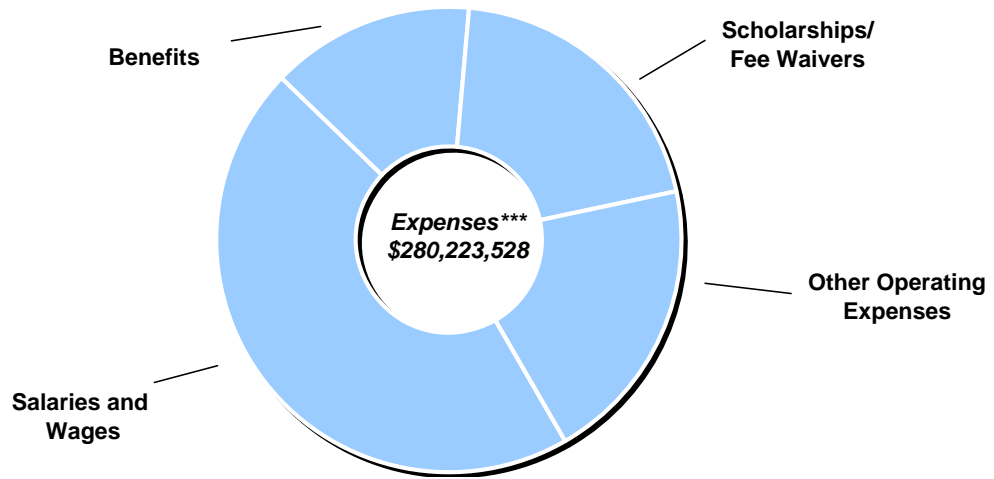
Timetable and Action Required

Approval by the Board of Trustees is requested at its June 25, 2008 meeting.

**BGSU Educational Income and Expense Budget
Main Campus 2008-09**



Revenue Source	Budget	Percentage
State Appropriations	\$88,309,467	32.03%
Student Fees	\$171,298,328	62.13%
Other Income	\$16,102,774	5.84%
Total	\$275,710,569	100.00%



Expense	Allocation	Percentage
Salaries and Wages	\$127,426,738	45.47%
Benefits	\$39,852,470	14.22%
Scholarships/Fee Waivers	\$57,051,144	20.36%
Other Operating Expenses	\$55,893,176	19.95%
Total	\$280,223,528	100.00%

*** Expenses shown prior to essential budget cuts

Bowling Green State University

**Current Unrestricted Educational & General Revenue and Expenditures Budget
Fiscal Year 2008 Compared to Projected Fiscal Year 2009**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>Increase/Decrease</u>		<u>Notes</u>	<u>% of Total Funds Available</u>
			<u>\$ Amount Δ</u>	<u>Percent Δ</u>		
Funds Available						
State Appropriations:						
State Share of Instruction	76,731,766	84,020,403	7,288,637	9.50%	(1)	30.47%
Postsecondary Education	189,064	189,064	-	0.00%		0.07%
Success Challenge	4,100,000	4,100,000	-	0.00%	(2)	1.49%
Total State Appropriations	<u>81,020,830</u>	<u>88,309,467</u>	<u>7,288,637</u>	<u>9.00%</u>		<u>32.03%</u>
Tuition & Fees:						
Instructional Fees	147,330,678	144,342,963	(2,987,715)	-2.03%	(3)	52.35%
Non-Resident Fees	21,549,727	21,606,942	57,215	0.27%		7.84%
Misc./Off-Campus Fees	5,724,634	5,348,423	(376,211)	-6.57%	(4)	1.94%
Total Tuition and Fees	<u>174,605,039</u>	<u>171,298,328</u>	<u>(3,306,711)</u>	<u>-1.89%</u>		<u>62.13%</u>
Other Income	6,838,761	8,445,110	1,606,349	23.49%	(5)	3.06%
Total Revenues	<u>262,464,630</u>	<u>268,052,905</u>	<u>5,588,275</u>	<u>2.13%</u>		<u>97.22%</u>
Transfers In from Other Funds	5,353,628	7,657,664	2,304,036	43.04%	(6)A	2.78%
Total Funds Available	<u>267,818,258</u>	<u>275,710,569</u>	<u>7,892,311</u>	<u>2.95%</u>		<u>100.00%</u>
Funds Applied						
Salaries & Wages:						
Faculty Salaries	67,445,469	69,105,336	1,659,867	2.46%	(7)	25.06%
Admin/Professional Salaries	23,297,103	23,693,910	396,807	1.70%	(8)	8.59%
Classified Wages	21,949,565	22,308,244	358,679	1.63%	(9)	8.09%
Fellowships/Graduate Assistants	10,224,312	10,224,312	-	0.00%		3.71%
Student Assistant Wages	2,053,859	2,094,936	41,077	2.00%	(10)	0.76%
Sub-Total Salaries & Wages	<u>124,970,308</u>	<u>127,426,738</u>	<u>2,456,430</u>	<u>1.97%</u>		<u>46.22%</u>
Employee Benefits	36,924,473	39,852,470	2,927,997	7.93%	(11)	14.45%
Sub-Total Salaries, Wages & Benefits	<u>161,894,781</u>	<u>167,279,208</u>	<u>5,384,427</u>	<u>3.33%</u>		<u>60.67%</u>
Operating Expenses:						
Supplies	4,551,420	4,551,420	-	0.00%		1.65%
Travel, Meals & Catering	1,299,326	1,299,326	-	0.00%		0.47%
Information & Communication	2,932,738	3,057,738	125,000	4.26%	(12)	1.11%
Maintenance & Repairs/Rentals & Leases	2,197,845	2,197,845	-	0.00%		0.80%
Utilities	9,827,046	10,521,531	694,485	7.07%	(13)	3.82%
Fee Waivers/Graduate Assistants	26,772,144	26,772,144	-	0.00%		9.71%
Scholarships	27,309,608	30,279,000	2,969,392	10.87%	(14)	10.98%
Equipment/Consultants/Miscellaneous	29,194,581	28,841,281	(353,300)	-1.21%	(15)	10.46%
Sub-Total Operating Expenses	<u>104,084,708</u>	<u>107,520,285</u>	<u>3,435,577</u>	<u>3.30%</u>		<u>39.02%</u>
Total Salaries, Wages, Benefits & Op. Exp.	265,979,489	274,799,493	8,820,004	3.32%		99.69%
Operating Contingency	2,418,931	2,418,931	-	0.00%		0.88%
Total Unrestricted E&G Expenses	<u>268,398,420</u>	<u>277,218,424</u>	<u>8,820,004</u>	<u>3.29%</u>		<u>100.57%</u>
Transfers Out to Other Funds	2,490,891	3,005,104	514,213	20.64%	(16)	1.07%
Total Funds Applied	<u>270,889,311</u>	<u>280,223,528</u>	<u>9,334,217</u>	<u>3.45%</u>		<u>101.64%</u>
Net Funds Available Less Funds Applied	<u>(3,071,053)</u>	<u>(4,512,959)</u>	<u>(1,441,906)</u>	46.95%	(17)	-1.64%

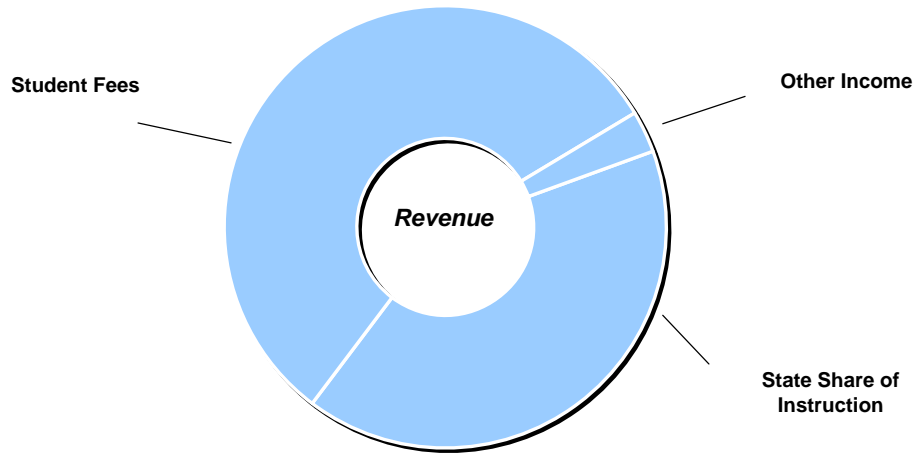
Note: FY = fiscal year July 1 - June 30

Explanatory Notes to E & G Budget Summary Page:

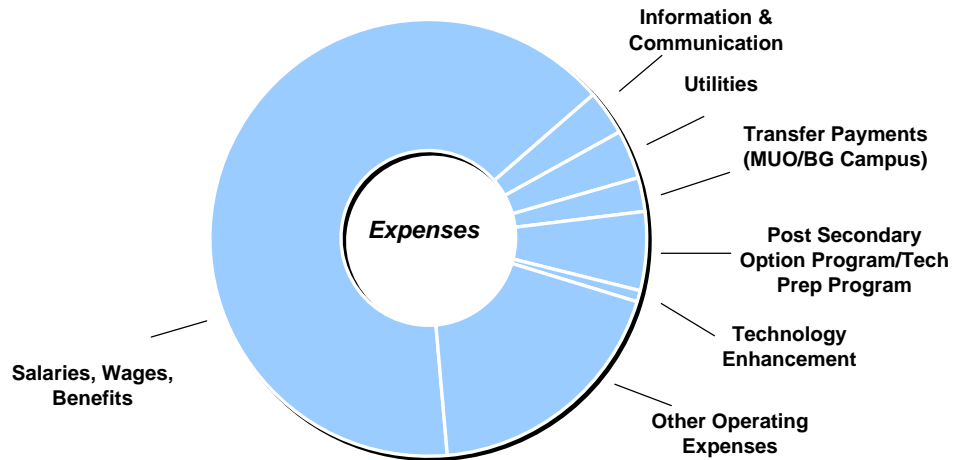
- (1) State Appropriations Assume:
SSI funding at 10% above FY 08 level; using estimate from OBOR
as estimated by LSC (Legislative Service Commission) on 1/2/08
(Tuition subsidy at 2% above FY08 level; less capital component adjustment of (\$6,566))
- (2) New revenue line due to change in budget practice: Success Challenge included in FY08 and FY09
- (3) Projecting a decrease of 400 fewer undergraduates enrollments from FY08
- (4) Reflecting continuation of off-campus enrollments from FY08
- (5) Other Income = an increase of \$1.6 million
\$1.0 million - Investment Income increased
\$157,246 - increase in F&A allocation to E&G
\$143,500 - new commencement fee (\$35)
\$128,690 - purchasing card rebates
\$141,100 - increase in late payment charge (\$100)
- (6) Change in budgeting practices for transfers into E&G budget:
Infrastructure Transfers - \$1,378,000
Increase in overhead assessment - \$233,923
Compensation for Proj. Mgrs. From Res. Life - \$65,258
(A) Includes 1-time funding provided by the President's Investment fund (reserves)
to offset reduction in student financial aid of \$600,000
- (7) Includes 1.5% salary increase and \$496,000 for mkt adj/promotions/tenure, plus
\$152,185 for 3% salary pool increase in FY2008 for summer
- (8) Includes 1.5% salary increase, \$25,000 mkt adj and (\$8,981) permanent cut
- (9) Includes 1.5% salary increase, \$45,000 reclassifications and (\$43,634) permanent cut
- (10) 1.5% increase for grad assistants to be funded by internal reallocations
Includes 2% for minimum wage increase (affects student positions)
- (11) Includes 46% increase in Medicare and 8.8% decrease in Worker's comp due to workforce changes
Includes 8% increase in Retirement funding due to salary increases and adjustments to
actual expenses from prior year - \$1.7 million
Includes 7% increase in Health Care costs - \$946,436
Includes 185% increase in Unemployment due to anticipated workforce changes
- (12) Includes \$125,000 for billing expenses of Bursar's Office (funded by late payment revenue)
- (13) Includes 10% increase for purchased utilities - \$671,195; 5% in water/sewage \$21,283
- (14) Has been increased to cover current unbudgeted obligations; has been decreased
by \$885,000 to contribute funding toward 1.5% salary/benefit increases.
- (15) Includes (\$390,000) permanent cut (FY2008) and \$36,700 increase in commencement budget
(funded by commencement fee revenue)
- (16) Change in budgeting practices for transfers out of E&G budget:
Other Deductions - \$350,213
Increase in Parking FW due to \$10/permit = \$25,000
Increase due to more BG1 Cards issued = \$2,500
- (17) Includes \$1,531,698 from prior year shortfall. Each division's share of the permanent
cuts required has been identified. Those cuts that are to be covered with one
time funds in FY2009 must be covered permanently by FY2010.

**BGSU EDUCATIONAL INCOME AND EXPENSE
FIRELANDS COLLEGE 2008-09**

Grand Total \$13,514,444



Revenue Source	Budget	Percentage
State Share of Instruction	\$5,522,187	40.86%
Student Fees	\$7,567,257	55.99%
Other Income	\$425,000	3.14%
Total	\$13,514,444	100.00%



Expense	Allocation	Percentage
Salaries, Wages, Benefits	\$8,786,747	65.02%
Information & Communication	\$455,663	3.37%
Utilities	\$495,000	3.66%
Transfer Payments MUO / BG Campus	\$315,000	2.33%
Post Secondary Option Program/Tech Prep Program	\$796,061	5.89%
Technology Enhancement	\$129,288	0.96%
Other Operating Expenses	\$2,536,685	18.77%
Total	\$13,514,444	100.00%

**FIRELANDS COLLEGE
BUDGET FOR 2008-09**

	2007-08 APPROVED BUDGET	2008-09 PROPOSED BUDGET	\$ INC.	% INC.
<u>REVENUE:</u>				
State Share of Instruction	\$4,447,509	\$4,946,090	\$498,581	11.21%
Access Challenge	527,414	576,097	\$48,683	9.23%
TOTAL STATE SHARE	<u>\$4,974,923</u>	<u>\$5,522,187</u>	<u>\$547,264</u>	<u>11.00%</u>
Instructional Fees	\$6,950,381	\$7,145,085	\$194,704	2.80%
General Fees	284,216	292,172	\$7,956	2.80%
Nonresident Fees	20,000	20,000	\$0	0.00%
Lab Fees	46,000	50,000	\$4,000	8.70%
Educational Outreach	60,000	60,000	\$0	0.00%
TOTAL STUDENT FEES	<u>\$7,360,597</u>	<u>\$7,567,257</u>	<u>\$206,660</u>	<u>2.81%</u>
OTHER INCOME	\$425,000	\$425,000	\$0	0.00%
Vending, rental, library fines				
TOTAL FUNDS AVAILABLE	\$12,760,520	\$13,514,444	\$753,924	5.91%
<u>EXPENSES:</u>				
Salaries and Wages:				
Contract Salaries	\$5,068,903	\$5,406,314	\$337,411	6.66%
Classified Salaries	1,188,515	1,282,642	\$94,127	7.92%
Wage/Compensation Pool	182,553	195,452	\$12,899	7.07%
Sub-Total Salaries and Wages	<u>\$6,439,971</u>	<u>\$6,884,408</u>	<u>\$444,437</u>	<u>6.90%</u>
Staff Benefits:				
Retirement	\$897,351	\$963,817	\$66,466	7.41%
Health Insurance	748,638	798,123	\$49,485	6.61%
Other	127,133	140,399	\$13,266	10.43%
Sub-Total Staff Benefits	<u>\$1,773,122</u>	<u>\$1,902,339</u>	<u>\$129,217</u>	<u>7.29%</u>
Operating				
Temporary Employment	\$349,268	\$355,530	\$6,262	1.79%
Supplies	235,393	239,456	\$4,063	1.73%
Travel	104,359	113,720	\$9,361	8.97%
Information & Communication	482,535	455,663	(\$26,872)	-5.57%
Maintenance and Repair	595,414	586,633	(\$8,781)	-1.47%
Utilities	460,250	495,000	\$34,750	7.55%
MUO Transfer Payments	140,000	165,000	\$25,000	17.86%
BG Campus Transfer Payments	50,000	50,000	\$0	0.00%
Fee Waivers/Scholarships	0	0	\$0	
Post Secondary Option Program/Tech Prep Program	749,500	796,061	\$46,561	6.21%
Miscellaneous	241,450	244,529	\$3,079	1.28%
Equipment	218,857	176,931	(\$41,926)	-19.16%
Contingency	171,527	171,527	\$0	0.00%
Technology Enhancement	133,287	129,288	(\$3,999)	-3.00%
Transfer to Parking	114,389	117,821	\$3,432	3.00%
Sub-Total Operating	<u>\$4,046,229</u>	<u>\$4,097,159</u>	<u>\$50,930</u>	<u>1.26%</u>
TOTAL FUNDS APPLIED	\$12,259,322	\$12,883,906	\$624,584	5.09%
Net Funds Available Less Funds Applied	501,198	630,538	\$129,340	25.81%

Notes on Firelands Budget – 2008-09

Revenue:

- Enrollment – projected to remain at same levels as FY2008
- State Share of Instruction – 10% increase proposed by state
- Access Challenge – relatively constant

Expenses:

- Contract – additional faculty positions, one administrative position, part-time faculty to meet course demands and prior year salary increases
- Classified Staff – three new/replacement positions and prior year salary increases
- Benefits – according to guidelines
- Travel – increased number of faculty
- Information/Communication – lower amounts requested from departments
- Utilities – based on guidelines
- MUO – increased enrollments in Nursing program
- PSEOP – increased enrollments