

FY19 State Appropriations Reconciliation Final Approved vs. BRC Planning

Potential Adjustments to FY19 Planned Revenues:

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| (1) | Unbudgeted State Appropriations | 3,365,842 |
| (2) | UG Resident Tuition Adjustment | (346,968) |
| | FY19 Potential Budget Adjustments | \$ 3,018,874 |

Known Deviations from FY18 Planned Net Tuition:

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| (3) | Net Tuition Increase Added to Budget Not Realized | 1,532,355 |
| (4) | Budgeted Net Tuition Reduction Taken for FY18 at BRC | (153,054) |
| (5) | FY18 Net Tuition Below FY17 Net Tuition Levels | 262,438 |
| | FY18 Unmet Budgeted Net Tuition | \$ 1,641,739 |
| (6) | FY19 Anticipated Enrollment Decline (one time funded on BRC worksheet) | \$ 977,331 |
| (7) | Potential Additional Funding | \$ 399,804 |

Notes to line items above:

- (1) The FY19 budget presented to the Board of Regents assumed a reduction in state appropriations of \$3,365,842 based on the budget proposed by then Governor Greitens. This included FY18 one-time withholdings becoming base cuts and an additional base reduction of 7.68%. The budget approved by Governor Parsons maintains state funding at the levels actually received in FY18 (after one-time withholdings). This increases revenue above what we projected on the FY19 BRC worksheet by \$3.365 million - see also (1) on page 1 of FY19 Final BRC Worksheet.
- (2) The agreement with the House and Senate, and now Governor, is that if state appropriations remained flat universities would only charge up to 1% tuition increase on in-state, undergraduate students instead of the allowable 2.1% CPI increase. Based on the assumption that state appropriations would be cut, the FY19 budget presented to the Board assumed a 2.1% tuition increase. This will reduce the amount of tuition revenue from the \$1,065,919 estimated on our FY19 BRC worksheet, to \$718,951. This reduces revenues available for FY19 by \$346,968 - see also (2) on page 1 of FY19 Final BRC Worksheet.
- (3) The final FY18 budget assumed an increase to tuition revenue of \$1,532,355 from increased tuition rates approved by the Board, based on enrollment levels at the time (combination of 2.8% CPI increases to undergraduate, graduate and web tuition rates, and \$10.00 per credit hour increase to lower level tuition at the regional campuses). Enrollment declined by almost 2% in FY18 and we did not realize this additional revenue. This creates a base shortfall in our

FY18 budget that must be absorbed in FY19 - see also (3) on page 1 of FY18 Final BRC Worksheet.

- (4) As BRC finalized the FY18 budget last fall, it was anticipated that enrollment overall would be down but it was not known the magnitude of the enrollment decline. BRC did include an estimated reduction in tuition revenue from decreased enrollment of \$153,054 on the final FY18 BRC worksheet. This amount offsets the base shortfall in item #3 - see also (4) on page 1 of FY18 Final BRC Worksheet.
- (5) The Budget Office tracks actual net tuition revenue (tuition and fee revenue minus scholarships and fee waivers) compared to budget throughout the fiscal year. Now that we are at the end of FY18 and know actual net tuition revenue (including summer semester), we realized \$262,438 less net tuition revenue than FY17. This is in addition to the projected net tuition revenue growth of \$1,379,301 we did not meet in items #3 and #4 above (\$1,532,355 - \$153,045). This creates a base shortfall in our FY18 budget that must be absorbed in FY19.
- (6) BRC was provided enrollment projection updates for FY19 during the Spring semester meetings. We discussed anticipated additional enrollment declines for FY19 and included in the revenue expectations for FY19 a net tuition loss due to decreased freshmen enrollments of \$977,331. However, we did not identify base dollars to cover this revenue loss and indicated one-time funds would be necessary in this amount until base budget dollars were identified in FY19. This creates a base budget shortfall in our FY19 budget that must be identified - see also (6) on page 1 of FY19 Final BRC Worksheet.
- (7) The net effect of items # 1 through 6 is \$399,804 of potential additional funding for the FY19 budget. This is after base funding the known budget shortfalls in revenue from enrollment decline in FY18 (items #3, 4 and 5) and estimated base budget shortfall from enrollment decline in FY19 (item #6). The enrollment decline for FY19 is an estimate and the enrollment numbers for Fall 2018 have not improved since BRC last met in April.