



 **FITCHBURG STATE
UNIVERSITY**

Fiscal Year 2013 Budget

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April 24, 2012

Board of Trustees
Fitchburg State University
Fitchburg, MA 01420

SUBJECT: FY2013 BUDGET NARRATIVE

Dear Board members:

Although grim economic times persist, Fitchburg State continues to embrace and support its strategic goals: high-caliber classroom instruction, extensive co-curricular student programming, ambitious capital and technology improvement plans, and well-reasoned operational practices—the sum of which has kept us vital and dynamic.

Roughly two weeks ago, Massachusetts House leaders released a proposed budget that held relatively good news given the difficult economic conditions that persist. While the budget only provided for level funding of our appropriation, it did include reserve funds to cover the recently approved collective bargaining agreements. While debate will continue, additional amendments be filed, and a more favorable number conceivable following Senate and conference committee hearings, we do not anticipate any significant alterations.

Cumulative effects of the stubborn recession continue to present us with challenges. We must, therefore, take measures to ensure our solvency and success, preserve our core mission, and make the best possible use of our resources.

Given this financial environment, I would like to present the following overview of our economic plans for Fiscal 2013.

Budget in Brief
FY2013 Operating Budget
Proposed Student Fee Increase with State University Comparisons

We have crafted the enclosed budget proposal with an option for student fee increases, a move that cannot be avoided but that we have attempted to minimize. Additionally, we will have to tap our reserves, intensify cost containment strategies, and continue to pursue contract consolidations. Our past practice of earmarking a portion of new student fee revenues for scholarships may not be possible, but will defer a final decision on that issue until after state appropriations have been finalized.

At our upcoming Finance and Administration Committee meeting on Tuesday, April 24, we will need to decide upon the fee increase before setting the actual budget. For the purposes of this discussion, I have based the numbers in this outline on a \$400 annual student fee increase, and the *FY13 Proposed Budget Highlights and Graphs* reflects that assumption. Once the trustees determine the appropriateness of this recommended increase, the proposed budget will be adjusted as necessary.

FY2013 Operating Budget Scenario (Page 6)

This scenario forecasts revenue totaling \$83,336,834 (column D, line 19) with a proposed \$400 annual student fee increase. Even with this increase, we will be left with a deficit of \$1,500,000. Our current savings will be used to address this deficit. While this would represent the third successive year that we have projected a need to use unrestricted assets to address a budget shortfall, the amount proposed this year is less than half the amount of previous budgets. The proposed amount seeks a balance between student fee increases and adequate cash reserves to fund future capital investments and any deficit that might occur in FY2014 and beyond.

Proposed Student Fee Increase with State University Comparisons (Page 7)

This spreadsheet lists our proposed fee increase using an enrollment multiplier of 3,400 FTE. The additional revenue would be \$1.3 million. Additionally, this spreadsheet illustrates where these increases would place Fitchburg State students in comparison to their peers at other Massachusetts state universities. The operational areas that would realize additional revenues from these increases will include: additional full-time faculty positions, classroom materials, substantial renovations to the Hammond Building, and long overdue preventive maintenance work.

Budget Highlights

Staffing

During my presidency, I have worked hard to maintain staffing patterns conducive to high quality service. During the past year positions have been frozen or left unfilled and, with the exception of full-time faculty, we continue to carefully analyze each position that becomes vacant. With increased program demand and expanding enrollment, I have authorized funds to fill 20 full-time tenure track faculty positions. It is important to note that the state appropriation of \$24.3 million falls well short of the \$32.4 million needed to fully fund our payroll. This shortfall is a further drain on the budget because every payroll dollar not

covered by the state appropriation adds an additional 30 percent to cover employee fringe benefits – or another \$2.35 M.

**Summary of Revenue Sources
(Page 6, Column D, Line 19)**

As noted, total revenue from all sources is projected to be \$83,336,834, with state appropriations and student fees far-and-away the largest segments.

FY2013 Revenue Sources	
State Appropriation	23,467,647
Collective Bargaining	1,666,053
DCAM	500,000
Financial Aid	5,500,000
Grants	1,614,835
Auxiliary Services	9,139,704
Tuition and Fees	36,181,345
Retained Out of State Tuition	1,400,000
Investment Income	500,463
Sales and Service	1,866,787
Unrestricted Net Assets	1,500,000
Total	<u>83,336,834</u>

**Summary of Operating Expenses
(Page 6, Column D, Line 37)**

Total operating expenses are projected to be \$83,336,834. The bulk of these expenses are directed toward faculty and staff salaries and benefits, student aid and scholarships, physical plant expenditures, technology costs, operation and maintenance, and the expenses associated with the continued major renovation of the Hammond Campus Center and Library.

FY2013 Operating Expenses	
Salaries and Benefits	40,364,017
Financial Aid	5,500,000
Grants	1,614,835
Auxiliary Services	9,141,462
Utilities	4,000,592
Scholarships	2,972,642
Information Technology	3,124,788
Capital	5,500,000
Operation & Maintenance	8,528,114
Debt Service	2,590,384
Total	<u>83,336,834</u>

University Investments

Investments: As a result of earlier action by the trustees, we are in the process of moving our investments from the Commonfund to two local investment firms—Rollstone Bank and Trust and Enterprise Bank along with the national firm of Northern Trust. Our initial investment of \$12 million (invested on Feb. 1, 2008) has increased to \$14.2 million.

Investment Portfolio with Commonfund as of March 31, 2012	
Total Portfolio Value: \$14,292,402	
	<u>Market Value</u>
High Quality Bond Fund	7,085,598
Multi-Strategy Equity Fund	3,143,005
Intermediate Term Fund	1,818,317
Short Term Funds	<u>2,245,482</u>
Total	<u>14,292,402</u>
Year to date investment gains	243,572
Year to date interest/dividends	248,447

Massachusetts Municipal Depository Trust (MMDT): Historically, MMDT has been our standard vehicle for managing short-term cash needs. As part of the review of our investments we examined our cash management and have begun to move some of these funds to other vehicles that are currently providing a better return—again, including local institutions

Facilities Improvement Program

An ambitious facility improvement program continues to transform the campus, and help ensure our long-term viability. These funds have allowed us to address the majority of new facilities and building modernizations targeted in our master plan. Among the actions: modernization of the Anthony Building as a one-stop student service center; partial modernization of Edgerly, Thompson, and Miller Halls; and, of particular note, continued work on the \$57 million science facility, and ongoing renovations to the Hammond Campus Center and Library.

In addition, a number of items not initially included in the plan have been addressed: renovation of the Alumni and Development Center; construction of a self-standing campus police station; acquisition of the Wallace Civic Center; relocation of our Center for Professional Studies to Main Street, and satellite Service Center trade shop renovations. Moreover, the university, primarily through the efforts of our Foundation, has acquired 20 properties over the last several years, immeasurably improving our landscape with new and improved parking, additional green space, and facilities upgrades. This budget, albeit more modestly, continues that trend, while also taking advantage of the historically low cost of construction at this time.

Technology Improvement Program

Our goal of providing state-of-the-art technologies continues, as illustrated by our mediated classrooms, core infrastructure upgrades, new learning management systems, expanded wireless network, enhanced security measures, 24/7 help desk improvements, comprehensive nightly backup systems, updated e-mail archiving systems, high-tech phone switch, new VOIP phones, a piloted lecture capture system, and new VMware workstations. These efforts continue to place us among the best, most technologically advanced campuses in the Massachusetts university sector.

Cost Containment/Savings/Avoidance Initiatives

While our goals and objectives remain focused on our three-pronged mission of teaching, learning, and service, we know it is imperative that our spending patterns be set with an eye toward containing costs. We have intensified efforts to realize

appreciable savings and are continually enacting new strategies. A partial list of recent initiatives includes: system-wide (community colleges, state universities and UMass campuses) procurement initiatives, contract consolidations, a new credit card processing system, and major cost avoidance via purchases with the Massachusetts Higher Education Consortium (MHEC).

Virtual Computers	94,000
Credit Card Processing	50,000
Utilities	36,000
Procard & E-Commerce	15,870
MHEC Cost Avoidance	<u>3,580,627</u>
Total	<u>3,776,497</u>

Summary

This budget plan represents an operational sketch outlining how best to address our current and future economic needs. There is little doubt that our budget challenges will continue, which means we must intensify our efforts to enhance current revenue, protect operating dollars, increase assets, and contain costs.

At the same time, we must continue to operate as a first-rate university regardless of the depth and breadth of the financial challenges we face. I am optimistic that this fiscal plan positions the institution for a viable, progressive, and successful future.

Sincerely,

Robert V. Antonucci
President

FY2011 to FY2013 Operating Budgets

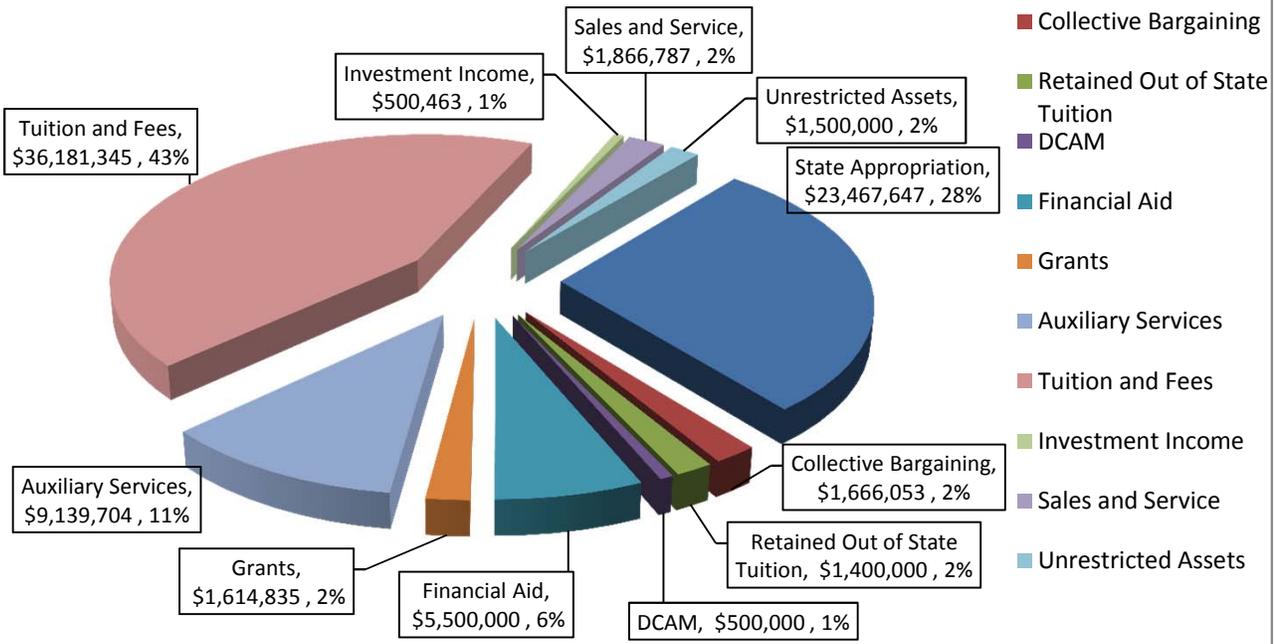
	A	B	C	D
1	Annual Operating Budgets FY11 - FY13	FY2011 Actual	FY2012 Budget \$500 annual fee increase 3400 FTE	FY2013 Budget Forecast \$400 annual fee increase 3400 FTE
2				
3	Revenue Sources			
4	State Appropriation	24,304,557	23,467,647	23,467,647
5	Collective Bargaining			1,666,053
6	Estimated Stimulus	3,098,023	-	-
7	Other State Appropriations	283,514	-	-
8	DCAM	140,046	2,051,554	500,000
9	Financial Aid	5,423,921	5,500,000	5,500,000
10	Grants	1,157,496	1,614,835	1,614,835
11	Auxiliary Services	8,448,499	8,734,939	9,139,704
12	Tuition and Fees	33,878,161	34,609,743	
13	Tuition and Fees			35,381,345
14	Retained Out of State Tuition		836,941	1,400,000
15	Non State Supported Tuition			800,000
16	Investment Income	425,955	500,000	500,463
17	Sales & Service	3,089,807	2,891,454	1,866,787
18	Unrestricted Assets		4,672,935	1,500,000
19	Total Revenue Sources	80,249,979	84,880,048	83,336,834
20				
21	Operating Expenses			
22	Regular Employee Compensation	27,681,266	30,563,020	32,478,532
23	Pension and Ins-Related Exp.	1,907,280	2,787,263	2,772,638
24	Part-Time Salaries	4,765,467	5,106,955	5,112,847
25	Financial Aid	5,491,317	5,500,000	5,500,000
26	Grants	1,182,857	1,614,835	1,614,835
27	Auxiliary Services	8,371,793	8,832,904	9,141,462
28	Department Budgets:			
29	Utilities' Expenses Space Costs	2,911,781	4,089,966	4,000,592
30	Scholarship Expenses Insurance Costs	2,763,193	2,812,949	2,972,642
31	Information Technology	3,988,020	3,843,532	3,124,788
32	Capital	7,874,346	6,851,554	5,500,000
33	Operation & Maintenance	7,689,653	8,613,909	8,528,114
34	Hammond Building		2,000,000	
35	Debt Service	1,397,629	2,263,161	2,590,384
36	Operating Surplus/ Capital Roll / Hammond	4,225,377	-	
37	Total Operating Expenses	80,249,979	84,880,048	83,336,834

FY2013 State University Tuition and Fee Comparisons

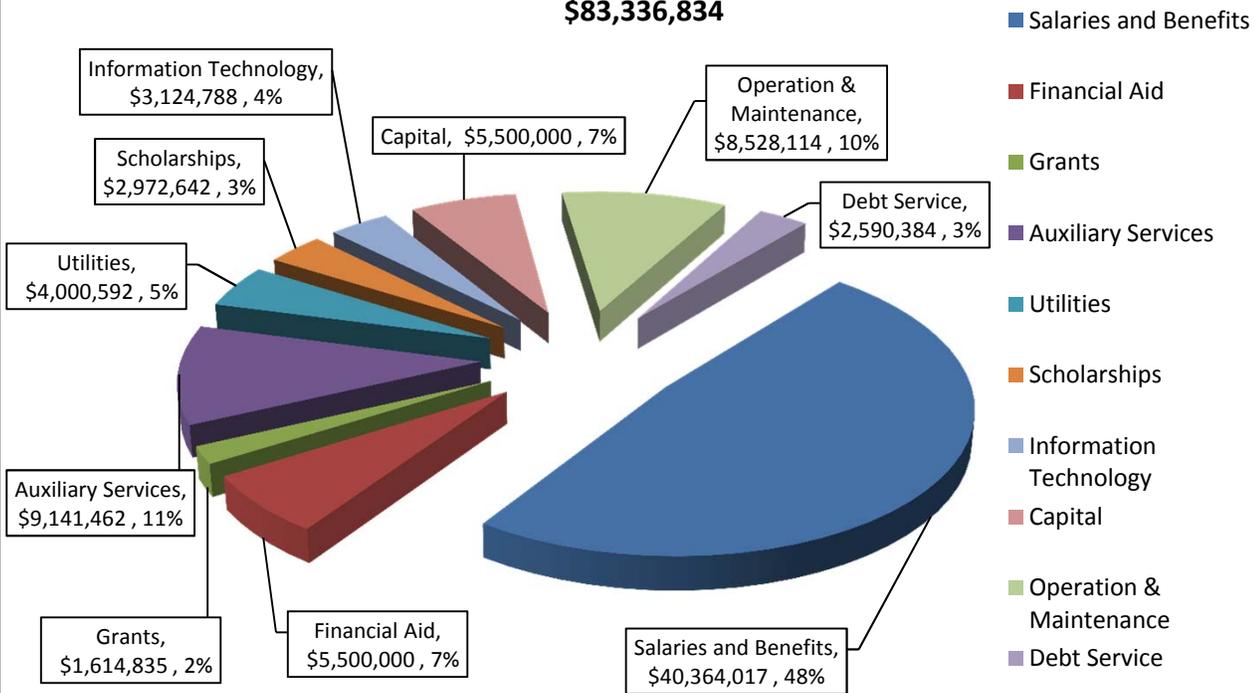
Aggregate Revenue Generated by Proposed Student Fee Increase				
University	Tuition & Fees Current	Annual Increase	Tuition & Fees Proposed	Add'l Revenue 3400 FTE
Fitchburg State	8,300	400	8,700	1,360,000

Universities Sorted by Annual Tuition and Fee Costs					
Universities	Tuition	Fee	Total	Amount of Increase	Total Annual Tuition & Fees
	Per DHE FY2012				FY2013
MA College of Art	1,030	8,670	9,700	700	10,400
Fitchburg State	970	7,330	8,300	400	8,700
MCLA	1,030	7,046	8,076	500	8,576
Westfield State	970	6,918	7,888	500	8,388
Salem State	910	6,820	7,730	500	8,230
Worcester State	970	6,684	7,654	450	8,104
Framingham State	970	6,610	7,580	500	8,080
Bridgewater State	910	6,644	7,554	500	8,054
MA Maritime Academy	1,396	5,444	6,840	342	7,182

FY2013 Revenue Sources
\$83,336,834



FY2013 Operating Expenses
\$83,336,834



**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: April 24, 2012
FROM: The President	REQUEST NUMBER: 13-11/12
SUBJECT: Student and Technology Fee Increase	

It is requested that the Board of Trustees of Fitchburg State University increase the following annual student fees, effective for the fall semester 2012.

Day School Student Fee Increase

University Fee: \$400.00 for FY2013

Technology Fee: \$10.00 for FY2013

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: April 24, 2012
FROM: The President	REQUEST NUMBER: 14-11/12
SUBJECT: GCE Undergraduate & Graduate Student and Technology Fee Increases	

It is requested that the Board of Trustees of Fitchburg State University increase the following annual student fees, effective for the fall semester 2012.

GCE Undergraduate Student Fee Increase

\$8.00 per Credit Tuition Increase for FY2013

\$2.00 per Credit Capital Fee Increase for FY2013

GCE Graduate Student Fee Increase

\$10.00 per Credit Tuition Increase for FY2013

\$2.00 per Credit Capital Fee Increase for FY2013

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: April 24, 2012
FROM: The President	REQUEST NUMBER: 15-11/12
SUBJECT: Extended Campus Programs Fee Increase	

It is requested that the Board of Trustees of Fitchburg State University vote to approve an increase of up to \$30 maximum to the Extended Campus program rate with individual program rates approved by the President effective for the fall semester 2012.

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: April 24, 2012
FROM: The President	REQUEST NUMBER:
SUBJECT: FY2013 Budget	16-11/12

It is requested that the Board of Trustees of Fitchburg State University approve the FY2013 Budget as presented by the President.

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: April 24, 2012
FROM: The President	REQUEST NUMBER: 17-11/12
SUBJECT: Roll Forward of Funds to FY2013 Budget	

It is requested that the Board of Trustees of Fitchburg State University vote to approve that on-going capital projects roll forward into the FY2013 University Budget.

Minutes of Meeting Held on April 24, 2012 at 3:00 p.m.

**FITCHBURG STATE UNIVERSITY BOARD OF TRUSTEES MEETING
Finance Committee
Wednesday, April 24, 2012
3:00 p.m.
President's Conference Room
300 Highland Avenue, Fitchburg, MA 01420
Sanders Building**

Committee Members Present: Anna Maria Clementi, Carol Vittorioso

Committee Members Absent: Robert Pontbriand

Also Present: Robert V. Antonucci, Robin Bowen, Jay Bry, Gail Doiron,
Kelli Lundgren, Michael Shanley

The meeting was called to order by Chairman Vittorioso at 3:05 p.m.

The consideration of the Board of Trustees minutes from January 23, 2012 was presented.

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to approve the minutes of the meeting held on January 23, 2012 as
(2-0) presented.

President Antonucci then referenced the FY2013 budget packet. He stated he was in Boston recently, which gave him an idea of where we currently stand for FY13. The final budget will not be available until September, but more information will be available in May. He also mentioned this has been the easiest year as we know the basic allocation. The house and government included the collective bargaining funds of the three unions.

The President then referenced page two of the budget packet, which forecasts revenue totaling \$83,336,834. While the budget only provided for level funding, it did include reserve funds of \$1.5 million to cover the recently approved collective bargaining agreements. We are also proposing a \$400 student fee increase based on 3,400 FTE. The additional revenue would be \$1.3 million. The President said enrollment looks good currently, but we won't know final numbers until September. The housing numbers are down a bit, which is not good news.

There was a question whether on-campus housing included Leominster and Fitchburg. President Antonucci stated that yes, the policy had changed and Leominster is included for on-campus housing, which has been a great recruiting tool.

The President then referenced page three of the packet, which outlines revenue sources, operating expenses, and investments. The budget includes \$1.5 million in unrestricted net assets. We are in great fiscal shape. Salaries and benefits are the majority of the operating expenses; however, tuition and fees help in that area. The investment summary chart shows the investments being transferred from the Commonfund into two local investment firms; Rollstone Bank and Trust and Enterprise Bank along with the national firm of Northern Trust.

We anticipate the transfer will be complete in approximately one month.

On page four of the packet, the President referenced the Massachusetts Municipal Depository Trust (MMDT), where we typically manage short time cash needs; however as part of our investment review, we have begun to move some of these funds to local institutions that have a high return. Projects are currently under review and will be presented to the Board at a later date.

Also referenced is the Technology Improvement Program. In order to offer our students the most current technology, we are also asking for a \$10 increase in technology fees.

President Antonucci then referenced the FY2011 to FY2013 Operating Budget chart. This is a balanced budget with a \$400 fee increase based on 3400 FTE.

The FY2013 State University Tuition and Fee Comparison chart shows each proposed university increase.

President Antonucci noted that the \$1.5 million in unrestricted assets comes from investments. We currently have \$12 million in MMDT of which \$1.5 million would come in as liquid assets. He said we watch the budget very closely and spend and invest wisely. We are currently hiring 20 new faculty members, which limits the number of adjuncts hired.

Ms. Clementi asked if tenured faculty affects the budget. President Antonucci answered that every rank comes with a salary increase according to the collective bargaining agreement. Along with these increases, there are also post tenure reviews that may allow for another 3-6 percent increase on a four-year cycle. These increases are built into the budget.

The President presented the fee increase to the students and they understand why there is an increase; however they do like to see how they will benefit from the increase. They have certain requests, such as not reducing the recreation center hours, more choices at Holmes Dining Hall, etc.

The President informed the Board that MSBC is looking for requests for bonds and we would like to take advantage of that to complete the third phase of the Hammond Building renovation. We have expressed an interest and will come back to the Board before moving forward. Phase three will renovate the library and will cost approximately \$10 million and the fourth phase will be completed with approximately another \$10 million. Students are happy with the renovations and these much-needed updates make this a very nice building.

Ms. Clementi asked about the possibility of student loan rates rising. It appears they may double from 3.4 percent to 6.8 percent. The President stated that 70 percent of our students that get Financial Aid have loans.

President Antonucci then moved on to the vote recommendations. The votes will be brought forward to the full Board at the May 8 meeting, where Ms. Vittorioso and Ms. Clementi will provide a report.

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to accept the recommendation of a \$400 Student fee increase and a \$10
(2-0) Technology Fee increase as presented.

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to accept the recommendation of a \$8.00 per credit tuition increase and a \$2.00
(2-0) per credit capital fee increase for GCE Undergraduate students as presented.
And a \$10.00 per credit tuition increase and \$2.00 per credit capital fee increase
for GCE graduate students.

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to accept the recommendation of an increase of up to \$30 maximum to the
(2-0) Extended Campus program rate as presented.

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to accept the recommendation to approve the FY2013 budget as presented.
(2-0)

Upon a motion duly noted by Ms. Clementi and seconded by Ms. Vittorioso it was

Voted: to accept the recommendation to approve that on-going capital projects roll
(2-0) forward into the FY2013 university budget as presented.

President Antonucci thanked the Board and mentioned the university is in good shape.

With no further business before the Board, the meeting was adjourned at 3:35 p.m.

Respectfully submitted:

Carol Vittorioso
Ex-Officio, Finance and Administration
Board of Trustees