

Budget Council Minutes
Tuesday, June 28, 2011
3:30 – 5:00 pm
President’s Conference Room, 10 Montana Hall

Terry Leist
Sue Leigland
Jeff Jacobsen
Wendy Stock
Allen Yarnell

Anne Camper
Sheron McIlhattan
Dallas Diehl
Craig West
Jim Rimpau

Martha Potvin
Shelley McKamey
Doralyn Rossmann
Jeanne Wilkinson
David Singel

I. Call to Order

The meeting was called to order by Chair Terry Leist and introductions were made.

II. Approval of Minutes of May 24, 2011

Wendy Stock’s comment in the second paragraph was amended to read ‘personnel services’ rather than ‘personal services.’ A motion was made and seconded to approve the minutes as amended.

III. University Wide Information/Announcements

President Cruzado is inclined to approve the recommendations that were made regarding budget reallocation, but nothing formal has been received.

Council discussed whether we would like to have President Cruzado come back to visit with the Council further. The idea was found to be favorable, but a discussion about when to have President Cruzado back will be held at a later date.

IV. Topics for Discussion:

- Campus Budget Proposal Process

President Cruzado mentioned that New Mexico State University had a budget proposal process that we might consider. Kathy Attebury was in touch with their Budget Director and reported the following information:

NMSU legislature meets for 30 days one year and 60 the next for a total of 90 days; a process which seems to be a bit slower than ours. The NMSU state funding formula consists of three pieces. Office equipment replacement is a central process through the allocation pool that they get from the state. Operating budgets are funded very similar to our House Bill 2 and cover everything except salaries. Compensation budgets are funded similar to our House Bill 13. Our funding formula is based on FTE and theirs is

based on student credit hours. Overall, the NMSU system is very similar to the MSU system.

The NMSU reallocation form is used for reallocation within either a college or a unit. If we were to use their form, we might want to expand that to include reallocation across units. As it stands now, when we reallocate within a college it doesn't go through a budget proposal process. Kathy Attebury will follow up with the NMSU Budget Director to find out what portion of the budget is available during reallocation process. Wendy Stock would be interested in seeing across unit percentages also.

Faculty lines at NMSU do not go through a budget hearing process; they are managed through the Provost's Office. They use IPEDS and Delaware data when making these decisions. They also do a study on course load and class size. Non-faculty lines are developed through the budget process. Funding for staff, operations and equipment are the only pieces that are run through the budget council and its discussions.

NMSU provides each of their colleges or units with target cuts based on 2, 6, and 10% scenarios. Executives review and rank their college/unit proposals and make preliminary recommendations to the Budget Council. The Budget Council reviews preliminary recommendations, holds hearings to address concerns, and makes advisory recommendations to the President. The process is very similar to the former UPBAC process. Our previous process tended to make more across-the-board cuts than strategic cuts and was also used for allocating new monies.

Terry Leist discussed the workshop that he and Martha Potvin attended "Prioritizing Academic and Administrative Programs". This is a very inclusive process that takes 12-18 months. It involves going through programs and ranking them according to your top 10 criteria. This is different than creating a waiting list of priorities to fund when monies become available. After the workshop, the MSU attendees discussed that when we develop our core themes, we might consider holding 5-10% of the current budget to devote to investments of the institution's strategic plan. This process can be used for either making cuts or investing new monies, working from the top or bottom of the list depending on available funding.

Terry recommended that the people chosen for this task be relieved of other committees and meetings in order to focus their effort on working through this process, which is intensive and requires a lot of data. The academic and administrative programs should be considered at the same time and then an intermediate group could tie together both programs by providing data.

David Singel asked if there are comparisons of other institutions that are doing this; institutions that already have a low cost per student credit hour. Do they have experience with real strategic reallocation based on a lack of funds? Terry Leist clarified that this is not about reducing costs, this is about changing what is done in terms of which programs to keep and which ones to cut.

The subject was discussed on how to perpetuate this system once it has been implemented. Jim Rimpau pointed out that this is not designed to do annually, but probably every 5-10 years when you work on your strategic planning. Anne Camper noted that it sounds more like strategic planning, followed up by budgeting.

Program reviews should be done on a regular basis, rather than waiting for 20 years. Wendy Stock suggested the Budget Council follow along behind the work of the Planning Council. They have been working hard on creating a strategic plan, mission statement and core values for the University. Martha Potvin recently read a warning that land grants should be cautious in what they invest in for service. It isn't always recognized by the legislature.

- 4 Campus Allocation Process

Terry explained that we tried to hold each campus close in their funding from the state and from tuition (lines 5 and 25 of the handout) to a similar proportion of the four campus total. Explanations were given for the rebasing model of the campuses. The \$9 million cut was spread across the campuses in a manner that protected funding for the Great Falls and Northern campuses. Each campus keeps their tuition money and only state money is reallocated. A rebasing discussion will occur again in FY13 to decide whether changes are needed.

- Projected FY12 Macro-Analysis for Bozeman

Kathy Attebury presented the FY12 Macro-analysis, which has been updated with the current data. The enrollment growth commitment of \$1.8 Million was based on a 1 year average, with 2/3's of the money in the base and 1/3 in one-time commitments. The increase in the operations and maintenance costs is primarily for new space in the Animal Bio-Science building.

We expect to have some funds that might be reinvested. In a year, the President would like to see our reserve fund balances reduced. It will be acceptable to have balances in the scholarships, graduate stipends, and retirement reserves. Excess funds will be put into the University reserve and can either be spent or can be used if tuition doesn't come in at projected levels.

- FY11 Reserve Balances

\$4.6 million is what we currently have in reserve balances. Because there is a high focus on need-based aid and potential changes to the Pell grant system, it was suggested that we consider increasing investments to student financial aid, university revolving reserve, the graduate stipend pool and administrative information system (technology) investments (i.e, Degree Works).

Degree Works is an advising tool that would service every student on each of the four campuses. The program could help increase retention at all of the campuses as it is an investment of the infrastructure.

It was suggested that this proposal be presented to the University Council to show the benefits of purchasing this program. Doralyn Rossmann doesn't support asking for authority to purchase it, as this decision should be made in Budget Council. It was suggested that this instead be presented to University Council as an informational item.

Allen Yarnell agrees that while it would have been best if we had a call for funding proposals, there wasn't time because the money became available recently with only two weeks to spend it. Sheron McIlhattan stated that this is a learning process; maybe we can learn something from this for the next time that funds become available on short notice. Terry Leist reiterated that this is why we need to have a priority list ready.

Terry Leist suggested that we top off the revolving reserve, using available funds. Money from the revolving reserve can be used in other places and for other general purposes, but once funds are placed in a restricted/specific reserve, they can only be spent for that purpose.

Allen Yarnell made a motion to support Terry's recommendation to provide funding for the purchase of Degree Works (exact amount to be determined) and then to place the remainder of the money into the reserve accounts.

Terry Leist clarified that the Budget Council doesn't necessarily need to take action/vote on this proposal, he just wanted to give them a heads up so that they know about it and can voice any major concerns. This is a proposal that is supported by President Cruzado.

Allen Yarnell recommended that a vote be taken so that the Budget Council is on record as supporting the proposal as endorsed by the President. Concern was voiced by some members that they felt that they couldn't vote on it as they don't know enough about the specific details. They would, however, be willing to say that they support the recommendation of the President.

No further discussion followed. A vote was taken and the motion passed, with 1 member abstaining from the vote.

I. Items for Future Meetings: Budget Proposal Process

Next Meeting: August 23, 2011