

Budget Council Minutes
Tuesday, November 12, 2013

Terry Leist
David Court
Steve Luft
Joel Schumacher

Tricia Cook
Adam Edelman
Don Mathre

Nancy Cornwell
Chris Fastnow
Erica McKay
Others in attendance:
Kathy Attebury, Megan Bergstedt,
Jennifer Joyce, Michael Reidy

I. Call to Order

The meeting was called to order by Chair Terry Leist.

II. Approval of Minutes from September 24, 2013 meeting

The minutes from the September meeting were approved.

III. Information/Announcements/Updates

Strategic Investment Proposals: For SIP proposals awarded for FY13, we are still waiting on assessment plans from several areas so that their allocation can be distributed.

Rapid Action Task Force-2 phase project: There is a projected shortfall in FY14. Of the shortfall, \$1M was the result of a return of F&As to units (colleges). This is needed to help keep research moving. The task force developed a recommendation to address the shortfall which was approved by the President for FY14. The President contributed \$2M of which we are still researching sources (tuition revenues, other areas) without having to utilize funds held in reserves. The other \$1.5M was charged to the task force. The VPR office worked very hard to eliminate about \$500k from the commitment list. The additional \$1M is being covered through current balances.

For FY15, the committee is beginning to work to come up with a recommendation. Restructuring of current budgets may be a part of the solution. Some of the commitments currently being paid from F&As might be paid using central funds. We need to evaluate how we stack up against our peers in terms of how we are funding research and ensuring that we remain competitive in that regard. A lot of ideas generated in the discussions of FY14 will be able to be applied for FY15.

IV. Current Business

Budget Framework

Kathy Attebury presented a summary of different types of budget models, hybrids, tying to the strategic plan. Some things are critical and as we look at the Strategic Plan, we are going to have to look at our resources and determine what is most important. Using web sources, Kathy was able to come up with different types of strategic budgeting concepts and budgeting models. To have an effective budget model, there needs to be an integrated budget and planning committee, as well as an assessment process for follow-through. There are a lot of strategies for turning around a decline of state funding. Could this be one of the roles of the Budget Council?

The Council expressed interest in having different departments/units come to report at meetings on their areas and budgets. Presentation of the materials would be kept to 30 minutes.

There was considerable discussion of different budget models. A common budget model is: Base + (Incremental). The biggest disadvantage is the “use it or lose it” mentality from Kathy’s perspective and the assumption that the existing level of funding is correct. The advantage is that it is simple.

Responsibility Centered Management is a model that focuses on tuition generation. After receiving tuition, the units would then pay for central services that are provided. This is a common business model. This helps units to recognize full cost of programs. It also requires very good activity-based accounting, which we don’t have right now at the University. This also assumes the service centers are operating in the most efficient way possible. This process does allow for accountability for deans/department heads in their units. The chances are that a model that will work best for MSU will be a hybrid.

Mission and Responsibilities

Budget Council members should send ideas to Megan Bergstedt and add Role & Scope.

The meeting was adjourned.