

Budget Council Minutes

Tuesday, October 26, 2010 -- 10:00 - 11:30 a.m.

President's Conference Room

10 Montana Hall

Roloff, Craig	McKamey, Shelley	West, Craig
Camper, Anne	Moshavi, Dan	Wilkinson, Jeanne
Fedock, Joseph	Nehmeh, Adel	Luebbers, Jim
Leigland, Sue	Rossmann, Doralyn	Singel, David
McIlhattan, Sheron	Stock, Wendy	Leist, Terry
Gagnon, Heidi (admin support)	Attebury, Kathy (budget support)	
Lanzendorf, Amy (Exponent newspaper)		

I. Welcome from President Cruzado

Listening sessions held by Dr. Cruzado after her arrival at Montana State University gave her information that made her realize that more open proceedings on budget discussion and decisions were desired. All meetings, materials, minutes, etc. will be open to the public.

II. Opening remarks from President on what she expects (and doesn't expect) of the Council

Planning guides the budget even though the tendency is to have budget drive our planning. Dr. Cruzado suggested this committee keep in mind that they are representing the best interests of Montana State University. Sometimes that means that what is best for the institution may not necessarily be what one individual or specific group would like to see. The committee members should be prepared to support decisions that are in the best interest of the institution.

Dr. Cruzado does not intend for us to meet as often as UPBAC did. This committee is advisory so she doesn't expect us to get involved in the minutia of the budget. She believes that the University should allocate the budgets to people and then let them do their work. Perhaps once a year this committee will need to have a very in-depth involvement with budgets.

She expects 100% participation in meetings and since the Council won't meet as often, it will be very important for members to attend all meetings. Our work might be awkward at first as we work through the dealings of this new committee. Some issues for future discussion include "Budget 101" training and the development of a schedule for future meetings.

III. Discussion of Mission, Areas of Responsibility, and Schedule of Meetings

President Cruzado intended for the committee's involvement to be specifically with state funds. Foundation and Research funds are very restricted in their use so we won't spend much time (if any) on these funds.

One of the committee members asked whether Auxiliary funds were the purview of this committee. The President replied that this was an interesting question and left it to the committee to decide whether decisions regarding Auxiliary funds would be a part of our charge.

President Cruzado suggested that the committee start talking about a planning schedule for as much as a year in advance. The committee might consider having a regularly scheduled time to look at budgets (i.e, third week in February). The President reserves the right to call the group together at any time to address issues that come up.

IV. Questions for President from Council

V. *Action Items*

a. Presentation and Discussion of Housing Enhancements Proposal

Two years ago, the President and Vice President for Student Success asked Craig Roloff to chair a committee to look at student housing on campus. The committee was charged to develop a detailed, long-term business plan for sustaining, enhancing and replacing student housing facilities on the MSU Bozeman campus.

The existing conditions and the market became issues to study, as well as rental rates, occupancy, competition and public/private partnerships. During the time of this work, our campus experienced record enrollments and a shortage of on-campus housing. The committee had difficulty in finding obvious or easy solutions. The presentation was given for the purpose of requesting that the Budget Council recommend this proposal to President Cruzado.

The \$15M project includes two parts: \$7M renovations to current housing and \$8M to build an additional suite-style housing facility. The project would cost \$548,000 per year for six years for interest only payments. Existing obligations decline in 2018 which would then enable MSU to pay on the principal. This project doesn't require any state funds, it only uses auxiliaries funds.

Considerable discussion followed which included operations and maintenance, energy efficiency study and funding of these projects.

Currently there is a consultant conducting a study on the energy issues on our campus to identify areas where we can make changes to increase efficiency. Although it won't be known

until the consultant submits a final report, it is expected that some of the issues identified will be addressed with the proposed renovations to the student housing.

Studies show that students care about the Student Union facility, the gym and on-campus housing. A growing number of students prefer the suite-style housing (4 bedrooms with a common kitchenette, bathroom and living area).

Craig Roloff suggested that if the University is concerned about proposing new building before a legislative session, we could proceed in two phases. At the November Board of Regents meeting, we could ask for authority to proceed with the design. After the Legislative session when we would know more about the state of the budget and economy, we could bring the financing plan to the May Board of Regents meeting. If we are successful in getting approval for new construction, the new facility would be ready for occupancy in the Fall of 2012.

One piece of the financing proposal generated a great deal of discussion. This was the proposal that Auxiliaries Services no longer be responsible for funding costs of recruitment of students (\$320,000). The Finance Plan proposes the funding of this recruitment cost be shifted to University funds (not Auxiliaries Services). Additional revenues generated from higher enrollment should be used to cover recruitment costs, so that Auxiliaries funds can be used to help fund the student housing project. Also part of the financing of the project would likely be a small room and board rate increase (1%), in addition to inflation.

The committee discussed that this issue has already been thoroughly researched and analyzed by a committee with knowledge and expertise of housing issues and that it was appropriate for the Budget Council to decide only whether to support this project or not.

Dr. Cruzado asked that this council decide whether or not to support this proposal and to provide her with a potential alternative(s). The Budget Council concluded that the general consensus was to support this project, however, to express concern about changing the commitment of Auxiliaries funding for recruitment purposes. The Council members also felt that with their limited knowledge of the specific project, they were not able to propose any alternatives.

Information Items

- b. Stadium End Zone Project – not presented
- c. Enrollment Growth Funding – not presented

Next meeting:

The committee felt that budget training would be very beneficial for the members. It was suggested that this training be conducted at the next meeting.