

Budget Council Agenda
Tuesday, March 22, 2011
3:30 – 5:00 pm
President’s Conference Room, 10 Montana Hall

Terry Leist
Sue Leigland
Dan Moshavi
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 Council was called to order by Jim Rimpau until the arrival of Interim Vice President Terry Leist.

II. Approval of Minutes of February 22, 2011

Several modifications to terminology were requested to more accurately reflect the discussion in the February 22 minutes. A motion was made and seconded to approve the minutes as corrected.

III. Topics for Discussion:

Montana 2030

Jim Rimpau made a presentation on Montana 2030. The presentation handout was distributed at the meeting.

University Budget Overview

Martha Potvin shared a conversation that she had with President Cruzado, who cautioned the committee not to get too involved in the details. President Cruzado expects the Council to set priorities for her in making investments with the institution’s budget.

Terry Leist suggested that providing the Council with a listing of all the funds and their balances may not be the best way to share information because just showing the numbers doesn’t tell the story. Wendy Stock expressed concern about not getting enough information to understand the whole budget picture. Terry would like to further consider which financial information and format would be the best method for educating the Budget Council.

Other suggestions made for possible financial and budget information to be brought to the Council were: summary audited financial statements, historical numbers for use in predicting future trends, and comparative data from peer institutions (IPEDS). David

Singel felt that Budget Council members need to understand all budget issues so that they have a global sense of how money is spent and how decisions are made across the institution. Terry will consider these ideas and will come back with a proposal for sharing financial and budget information and educating the Budget Council.

Process for Budget Council Recommendations and Communications

Considerable discussion took place on identifying a clear role of the Budget Council. Questions posed by attendees included:

- What are the priorities of the Budget Council?
- Does the Council recommend to other governing councils such as University Council?
- Does the Council make recommendations directly to the President?
- Does the Council make recommendations directly to the Chair of the Budget Council for presentation to the President?

Doralyn Rossmann felt that the purpose of the councils is to provide information to the President that she might not otherwise get. Marvin Lansverk shared that all Councils seem to be struggling with the same identity and responsibility issues and there don't appear to be any definitive answers yet.

David Singel urged the Council to be careful not to challenge the President and allow time for the organizational evolution to occur. Wendy Stock expressed concern that the Council would invest a lot of time and it might be unproductive.

As Chair of the Budget Council, Terry Leist will talk to the President to see what she envisions for this Council and will report back to the Budget Council at the April meeting.

Discussion on Base Budget and Increased Enrollment Trends

Jim Rimpau discussed the growth in enrollment from 12,369 in 2008 to 13,560 in 2010. The number of WUE awards are controlled to manage revenue yield. Jim shared with the Council how the numbers are used to predict future enrollment. Predicting enrollment provides important information that is used for budget and revenue purposes.

Predictions are that we will have to make budget cuts in the future. It is challenging to make budget cuts once program additions or enhancements have been made with base budget commitments. Some feel, however, that some programs limp along using "one time only" monies. It was suggested that the additional enrollment tuition be considered as base dollars. This change would allow programs to invest in hiring permanent faculty which would allow them to decrease the need for adjunct faculty. If this change was made and enrollment numbers decline, these programs could be subject to budget cuts.

Allen Yarnell will bring information from Ronda Russell on the recruiting efforts. The recruiting company, Royall, gets the names of prospective students. Admissions staff still works on getting those students to commit to Montana State University.

David Singel questioned whether the Enrollment Committee has a plan for handling an increased number of new freshman and the demands on class capacity. Allen Yarnell shared that the Enrollment Management Committee is aware of this and Jeff Adams in the Provost's Office watches this closely and adds additional sections, when needed.

At this time, housing numbers are looking very strong. We have almost 400 additional paid applications for housing with over 72% of the anticipated applications for next year.

Doralyn Rossmann suggested that the additional revenue from the increased enrollment be considered in the base budget. Wendy Stock felt that the down side of doing this seems pretty minimal. Doralyn felt that making future budget cuts would be easier, if we need to. Dan Moshavi suggested that we don't commit these funds on long-term purposes - perhaps there should be caveats imposed on the spending of these monies as base commitments. It comes down to how much risk we want to assume as an institution.

Because we are expecting to see budget cuts from the state, it is likely that we will also see increased tuition rates to offset some of the cuts. Kathy Attebury stated that it could be some time before we know the full details of the budget and whether there will be a change in the allocations from the Board of Regents such as pay plans, other campuses, etc.

Currently changes are proposed to the process in which budgets are allocated between the University of Montana and Montana State University. These proposed changes would mean cuts to MSU with additional funds going to UM. This could have significant implications for MSU. Shelley McKamey expressed concerns that we have too many unknowns at this time to make any definitive changes. She suggested that we table making any changes for a couple of months until we know more about the financial situation of the state. Other suggestions were to make decisions by fiscal year end and before budgets are set.

IV. Updates

- Regarding student fees, the Commissioner's Office has directed the Universities to keep proposed student fee increases under 2%. If a request exceeds that, the campus needs to explain in great detail the justification for the increase.
- The Athletics Department now reports directly to the President. Athletic fees are proposed to decrease by 2%. Housing is asking for 1.8% increase due to rising food costs. Student Health has requested a 2% increase.

Next Meeting: April 26, 2011