

Budget Council Agenda
Tuesday, April 26, 2011
3:30 – 5:00 pm
President’s Conference Room, 10 Montana Hall

Terry Leist	Anne Camper	Martha Potvin
Sue Leigland	Kevin Thane	Shelley McKamey
Dan Moshavi	Dallas Diehl	Doralyn Rossmann
Wendy Stock	Craig West	Jeanne Wilkinson
Allen Yarnell	Jim Rimpau	David Singel
Laura Humberger	Blake Bjornson	Teresa Borrenpohl
Kathy Attebury	Heidi Gagnon	Jim Luebbers
Chris Fastnow	Gail Schontzler, Bozeman Chronicle	

I. Call to Order

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

II. Approval of Minutes of March 22, 2011

The minutes were amended and approved. A motion was made and seconded to approve the minutes as amended.

III. University Wide Information/ Announcements

Terry Leist gave a legislative update, however there has been no action taken yet.

IV. Topics for Discussion:

- Budget Information Training and Discussion

Given the fact that the legislative session is still in session, we don’t know enough yet to be able to make any definite budget decisions. Terry Leist reported that Kathy Attebury and Laura Humberger have put together financial and budget information for the Budget Council to use in their discussions.

Terry Leist distributed and explained a handout – Draft FY12-13 Macro-Analysis Worksheet. Topics discussed included the loss of stimulus funds in FY12 or FY13, the anticipated rebasing of general fund allocations, potential tuition increases and potential pay plans. If there are no increases to the pay plan or tuition, we would have a \$2.3 million deficit to address. It was estimated that a 3% tuition increase would be necessary to cover a deficit of that size and any increases to the pay plan could require more than that (depending on funding from the state). Discussion followed on possible scenarios that might be considered. Rebasing of the general fund allocations is being proposed by the Commissioner’s Office for the purpose of

funding campuses based on their enrollment. This would mean that MSU would receive a decreased allocation compared to previous years. It is hoped that this could be spread over two bienniums. If MSU is not allowed to spread the cut over two bienniums, that would double the anticipated deficit that MSU would need to address.

Kevin Thane, Staff Senate representative, voiced his concerns about the sacrifices that continue to be made by the classified staff with no expectation of salary increases. The increase in student enrollment requires more work for more people and we continue to absorb the workload. He felt that it is the responsibility of the Budget Council to make a statement that tuition increases are necessary so that salary increases can be made for classified employees. Terry explained that this is a Regental decision on whether to increase tuition or not and that he felt that this message has been clearly conveyed to them.

- Purpose of Budget Council

As Chair of the Council, Terry understands from conversations with the President that it is his responsibility to bring recommendations from the Council to the President for consideration. The Budget Council is not responsible for making day to day decisions but to help identify institutional priorities for both investment and disinvestment of funds. President Cruzado is looking for the Budget Council to provide guidance and recommendations to her.

New Mexico State University (NMSU) accepts proposals once or twice a year on possible options for both increases and cuts. They roll up through Deans, Department Heads, Provost, etc. and top items are then taken to the Budget Committee for consideration. Terry will consult with NMSU further to get additional information on how their process works. With the proposal format, Wendy Stock asked if this is an on-going process or if it is only active when there are new monies or cuts to be made. Terry said it is done on a regular basis so that the priorities are identified and the list is ready, regardless of the circumstances.

For training purposes, the Council can meet as often as they would like. Although NMSU only meets 2-3 times a year for working purposes, Terry wants to make sure that the Council members fully understand the budgets and is willing to meet more often, if the Budget Council feels the need.

The “Expenditures by Program” handout was distributed. This is a standard report submitted to the Board of Regents as a budget metric request every September. The report includes state funds and funds from student tuition.

The “Fund Balances” handout was distributed. The budget and finance staff created this document to show fund balances on campus in different types of funds. It includes FY10 year-end balances.

Items are categorized by asterisks:

*Two asterisk *** - most probable funds that Budget Council will want to look at

*One asterisk ** - less likely that Budget Council would want to look at

No asterisk - likely not considered by the Budget Council

Terry Leist explained the different funds that are reflected on this report. Considerable discussion followed on the individual line items, their balances and intended use.

President Cruzado would like a list of what Budget Council determines to be the priorities at an institutional level. Provost Potvin suggested that each Vice President be responsible for working through the priorities in their individual areas.

Some funds are easier to designate for other uses, while others are restricted in their use. It was noted that these numbers are a snapshot taken on June 30, 2010 and balances may fluctuate widely. These balances could be reserves that took 20 years to build or they could already be committed for a significant purchase. David Singel asked if there was a way to get information on what the average pass-through was in these funds. It is possible but will take some time to conduct the analysis to determine if there are funds that consistently sit at high balances. The timing of the snapshot sometimes creates a picture that is not an accurate one so the Council needs to be aware of these scenarios when making recommendations.

Example: Orientation shows a \$1 million balance on June 30, 2010. By that date, they had collected registrations and fees for three summer Orientation sessions but the expenses related to conducting those Orientations aren't reflected until July 1 through August 31 of that same year.

One fund that shows a large balance and is regularly considered for reallocating is the Parking Long-term Repair and Maintenance for maintenance of campus parking lots. State statute requires that the parking operation support itself using revenues collected. Terry questioned whether it would be appropriate to look at that money for other uses. He suggested that if Parking Operations were to have extra revenue in the future that exceeded their need, the Parking Operation should consider other options for reducing their revenues (i.e., reducing parking fees).

Retirement Pool payout – This is a reserve for retirement payouts and is allowed by Board of Regents policy. It would be possible to redirect these funds but demographics tell us that we have very high numbers of retirement-eligible employees. Using these unrestricted monies for other purposes is possible but places the institution at some risk. If everyone retired that was eligible, our retirement reserve would not be sufficient.

Purchasing Card Rebate – As we use our purchasing cards for expenditures, we receive rebate funds that get credited back to us. Normally this is money that would be used for institutional purposes so the whole campus would benefit. The only money from this fund is for salary splits for the Purchasing Card staff. The funds are one-time and the revenue changes based on the expenditures and the changes in the annual contract terms. With the economy in its current condition, the next contract might not be as favorable as it has been in the past.

Shelley McKamey thanked Terry Leist for providing this additional detail on these funds. The Council agreed that this is good information to begin with and they are hopeful that pass-through information will be provided in the future to help them make budget recommendations.

- Potential FY12 Budget Reductions:

President Cruzado asked the Budget Council to look at a comparison of 5 & 10% budget reductions and consider how we might propose cuts, if necessary. One of our options is to use current reserves to give us time to consider all available options. Dan Moshavi noted that it would be very easy to drain reserve funds quickly. Using them in that way would only be a band-aid and wouldn't solve the bigger problems. Wendy Stock suggested that MSU make a statement by making strategic cuts, even if they are small, as we want to do right by taxpayers.

Jim Rimpau reports that enrollment numbers are still looking good currently but the last couple of weeks, it seems to be coming back closer to last year's numbers. Increased tuition revenues don't necessarily mean all profit. There are additional costs from increased enrollment and tuition revenues. Based on current housing applications, Allen Yarnell expects that freshman numbers will show an increase although he can't predict how much yet.

Due to a lack of decisions from the Legislative Session and the Governor's Office, budgeting can't happen until we have more information. There are many pieces that need to be finalized (budgets, pay plan, tuition, etc.) before campuses are given their general fund allocations from the state and before any tuition rates can be set.

Budget Council Calendar: Terry Leist asked whether the Council wants to meet over the summer. Jeanne Wilkinson suggested that we need to work on a strategy so we should plan to meet in June and schedule July, if necessary. The Council members were agreeable to meet on this schedule, if need be. Items to work on:

- Identify strategic areas of possible disinvestments or cuts
- Identify institutional priorities

V. Items for Future Meetings: FY12 Budgets
Next Meeting: May 24, 2011