



Budget Model Discussion

Open Forums - October 27th and 30th, 2015

Introduction & Overview

- Current Budget Model
 - History and Mystery
 - Total Revenues = State Appropriation + Tuition & Fee Revenues
 - Expenditure Budgets: Base Plus (or minus)
 - Last year +/- change in revenues
- Update MSU Budget Process Working group has developed a proposed model
- Campus feedback is important in moving the process forward
- Goal is to implement new model for FY17

People Involved

- Update MSU Budget Process Working Group
 - Nancy Cornwell, Director of Special Projects in University Communications
 - Chris Fastnow, Director of Planning & Analysis
 - Jeff Heys, Department Head in Chemical & Biological Engineering
 - Terry Leist, Vice President of Administration & Finance
 - Doralyn Rossmann, Assoc. Professor in Library & Faculty Senate Representative
 - Leslie Schmidt, Assistant Vice President for Research
- Budget Office – Project support and research

Review and Input Received From:

- Budget Council – August 18th and October 23rd
- Dean's Council – September 8th
- President's Executive Council – September 29th
- Faculty Leadership – October 14th
- Upcoming: Planning Council ; Faculty Senate

Desired Outcomes

- Provide resources for strategic priorities
- Provide transparency
- Provide incentives to reward progress toward MSU's strategic priorities
- Be dynamic, flexible and predictable
- Provide adequate time for planning
- Respond to change
- Enable effective decision-making at the appropriate organizational levels

Total Allocation – 6 Buckets



Units Outside of the Model

- Includes:
 - Gallatin College
 - Summer Session
 - Extended University - only in FY17
 - PBS Legislative Appropriation
 - Vet Med Legislative Appropriation
 - WWAMI Legislative Appropriation
 - Benefit Pools
 - Tuition Waivers

Formula Matrix

	Instructional/Instr Support Formula	Administrative Formula	Admin Student Support Formula	Facilities Formula
Academic Affairs (AA)				
Colleges w/ Majors	X			
Other AA Units		X	X	
Administrative				
Student Success		X	X	
All Other VPs		X		
Facilities				X
Institutional Costs				
Strategic Pools				

Instructional/Instructional Support Formula

TT Salaries + Other Instructional Salaries + Student Support + Operating

$$\frac{\text{Forecasted SCH}}{\text{Benchmark SCH per instructor type}} \times \text{OSU Benchmark Salaries}$$

NOTE: Forecasted SCH is weighted for Undergrad and Grad differences

Instructional/Instructional Support Formula

*TT Salaries + Other Instructional Salaries + **Student Support** + Operating*

Total Majors × Support Cost per Major

Note: Support cost per major could be based on the current MSU average, a national benchmarks if it can be found, or something brilliant suggested by the audience.

Instructional/Instructional Support Formula

*TT Salaries + Other Instructional Salaries + Student Support + **Operating***

$$\frac{\text{Total Forecasted SCH}}{\text{Total Benchmark SCH}} \times \text{Operating Cost per FTE}$$

Administrative Formula

- National benchmarks will be utilized when possible

$$\textit{Total} = \textit{Current Budgeted Salaries} + \textit{Operating}$$

$$\textit{Operating} = \left(\frac{\textit{Budgeted Salaries}}{\textit{Average Salary}} \right) \times \textit{Weighted Operating Cost per FTE}$$

Administrative Student Support Formula

- National benchmarks will be utilized when possible
- Support for areas impacted by student growth

Admin Student Support

= (Current Headcount – 3yr Avg Headcount) × Support per Headcount

Facilities Formula

- Facilities Cost per Square Footage can be calculated using a percentage of national benchmarks

$$\textit{Allocation} = \textit{Benchmarked Cost per Sq Ft} \times \textit{Total Building Sq Ft}$$

NOTE: Total Building Sq Ft is limited to General Fund Buildings

Institutional Costs

- Costs the university must pay for but can strive to minimize (except salary items)
- These costs will be reviewed on an annual basis

Currently Includes:

- Insurance
- Utilities
- IT Software & Hardware
- Credit Card Processing
- Bad Debt Expense
- Hazardous Waste Disposal
- Commencement
- Foundation MOU
- Legislative Audit
- Litigation
- Convocation
- Library Acquisitions
- Off Campus Rent
- Overhead
- Service Bureau
- Warrant Writing
- Institutional Memberships
- University Reserves
- Pay Plan Pool
- Promotion/Market/Merit Pool

Strategic Pools

- Purpose is to provide funding for investments that align with the strategic plan.
 - Long term investments to the strategic plan
 - Priorities recommended by Planning Council
 - Performance funding, Incentive pools, etc.
- Potential options to consider:
 - Allocate first as a percentage of the total budget
 - Allocate first as a flat dollar amount

Overall Model Recommendations

- Allocate to the Division Level
- Integration of both student credit hours and majors into Instructional/Instructional Support calculation
- Institutional Costs will be allocated before any other calculation
- Management of expenditures are still required as a budget model cannot replace human decision-making

Budget Process

- Timeline aligned with Planning process and annual priority setting
- Ready for initial review by Vice Presidents around December 1st
- The process for budget allocations to individual colleges, units and non-academic departments will be determined by Vice Presidents
 - Results of model are a “Benchmarked” budget and are intended to move the university in the right direction
 - Changes will require a phased-in approach
 - Accreditation requirements need to be considered

Questions?

If you have additional questions or suggestions after today's meeting, please contact Kathy Attebury at attebury@montana.edu or ext. 4391.