

Marshall University
Action Plan Update
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Budget Process

Workgroup Members

Mary Ellen Heuton - Chair

Staff	Faculty	Students
Carol Hurula	Shane Tomblin	Elisha Hassan
Miriah Young	Tracy Christofero	Samantha DiDomenico
David Steel	Charles Somerville	
Gayle Ormiston	Donald Van Horn	
Maurice Cooley	Daniel Holbrook	
Stephen Kopp	Brian Morgan	
Michael McGuffey	Eldon Larsen	
Mark Robinson	Michael Prewitt	
Matthew Turner	Thelma Isaacs	
Tiffany Bajus		
Majed Khader		

Summary of Activity to Date

- The group has learned about the major components of Marshall's budget and also engaged our employee constituent groups (faculty, classified staff, non-classified staff) to find out more about their salary needs. A big hurdle we've overcome is gaining an understanding of the sources of revenue and how they've historically been distributed. But perhaps our biggest accomplishment is working together to identify areas within the overall university budget that can be explored to find additional revenue, cut costs or share or reallocate resources
- We prepared an initial Fiscal Year 15 Operating Budget that reversed the FY 14 temporary reductions of approximately \$1.9 million from FY 14, while also including the reductions in State appropriations of \$1.3 million from the governor's proposed budget bill. We added expected increases in our budget for the coming year, including higher utility bills and estimates for salary increase pools. Potential one-time sources of funds were not included in the initial budget.
- The Budget Work Group had numerous discussions about the line items that make up the operating budget, which began with a deficit of about \$14 million. They have also

been working with the new format that the budget team has reworked in our accounting system so it is easier to understand our funding sources, and where that money is spent and the segments for review, which are called "Budget Units." To improve efficiency and transparency, our team produced a new document for the operating budget which followed the new budget structure that discloses sources and uses for each budget unit. The handouts for the Budget Workgroup on 2-14-14 showed the components of the initial deficit and the new structure (see <http://www.marshall.edu/2020/budget-work-group/>).

- With this new view of the operating budget, we are exploring ways to close the gap in the budget and discussing items to be considered for the budget model. At the most recent Budget Work Group meeting, the budget team shared that through additional scrubbing of the salary pool amounts, we have identified one time sources of funds that, combined with a modest tuition increase, would result in an almost \$7 million reduction in the operating budget deficit.

Current Challenges

- Determining how much one-time sources or temporary reductions will be used to close the FY 15 budget gap versus beginning to make permanent reductions that will move to a more strategic resource allocation model.
- Marshall's existing dysfunctional budget structure has been pieced together over many, many years. It will take time to thoroughly understand so we are able to shift to a new, transparent and strategic budget model. Initial discussions indicate we will likely end up with a hybrid model that looks at some of the best components of models in use by other institutions and designs one that will work best for Marshall.
- Continued state budget challenges along with efforts to stymie the growth of historical student debt levels require us to rethink all that we do to provide the best services and programs in the most cost effective manner while charging appropriate and affordable tuition and fees.
- A clear and concise budget model will greatly assist in developing a culture of trust and accountability at Marshall. We all are working toward a common goal and our budget systems must reflect that cooperation.

Proposed Next Steps

- The Budget Work Group will continue weekly meetings through mid-April to meet the deadlines for the Fiscal Year 2014-2015 Budget. These meetings will

focus on closing the gap in the FY 15 operating budget. The budget team is pulling together the budget submissions of the budget units to see how they will be able to contribute to the closing of the gap and will share that at the next Budget Work Group meeting.

- Although the focus will be on the budget for the coming year, the work group will also continue to explore issues that could be considered as a new budget model is developed.
- Once the FY 15 budget is complete, the group will meet less frequently and shift its focus to exploring budget models that can work for Marshall. The group will also consider information coming from the other workgroups to ensure the new budget model supports the strategic direction of the University.